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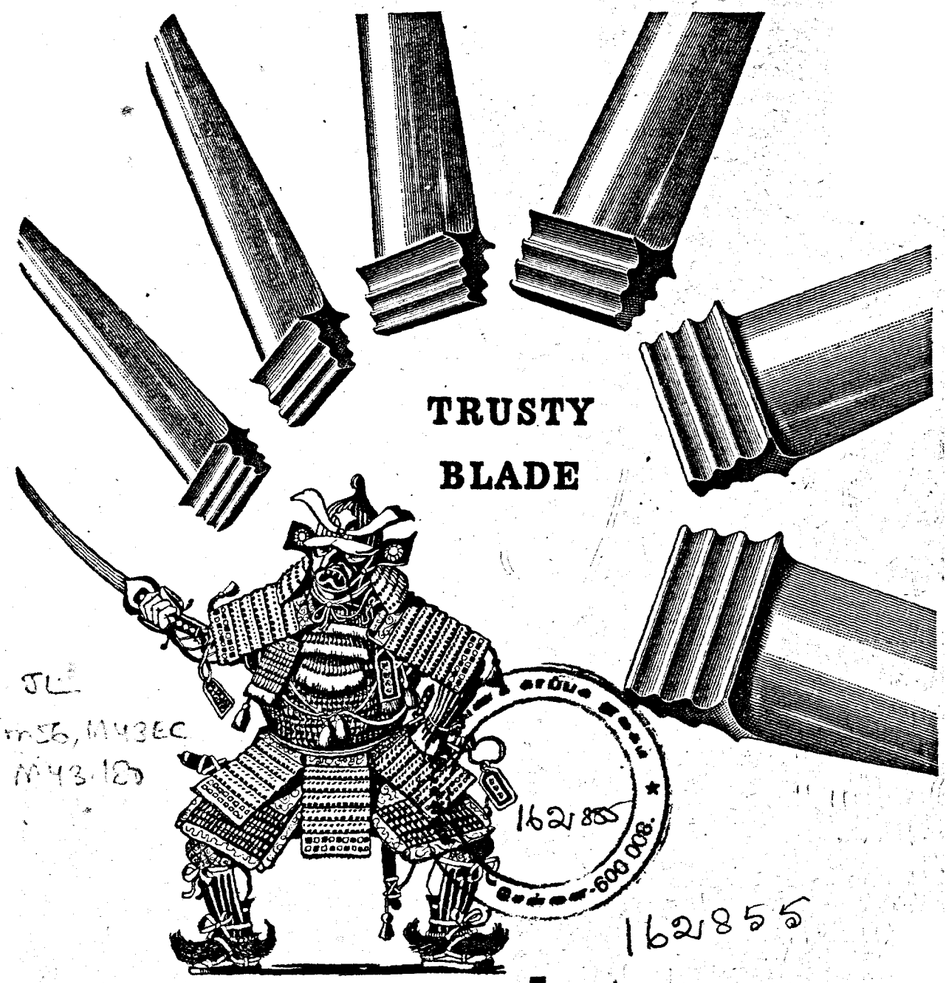

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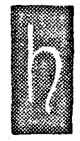

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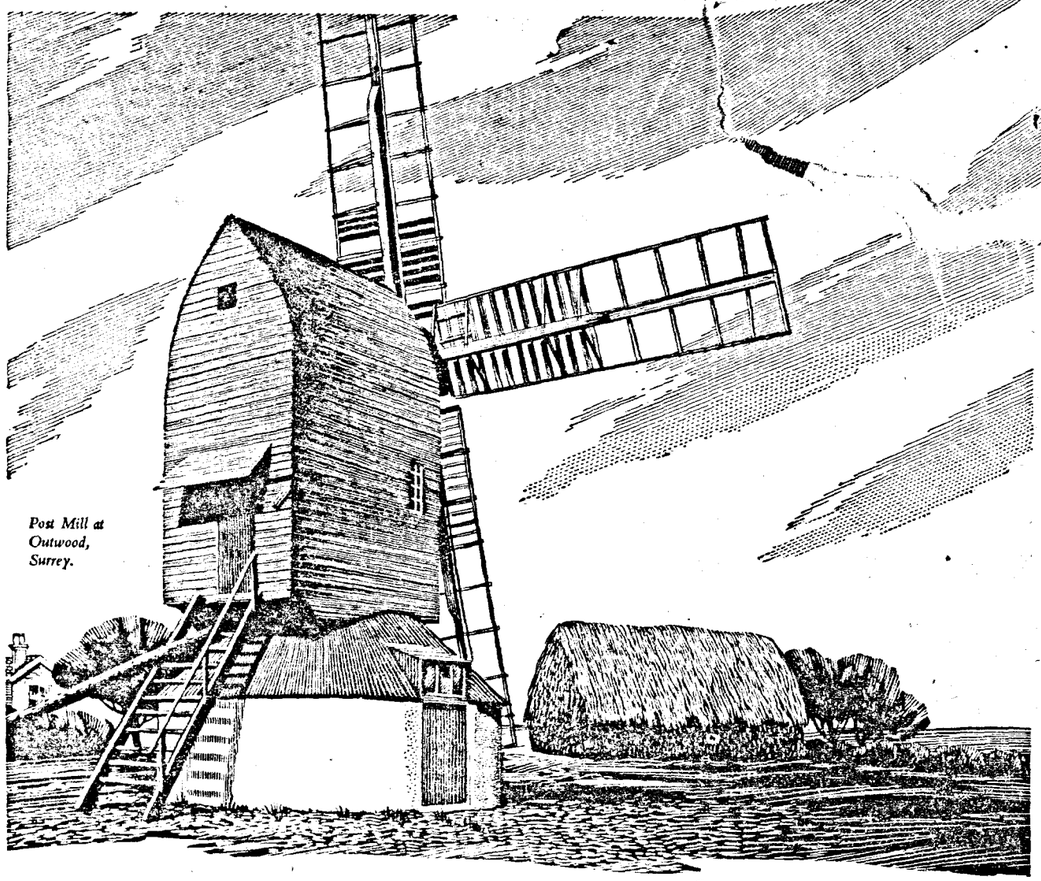

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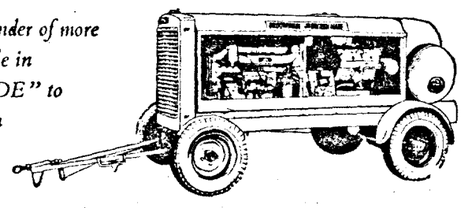

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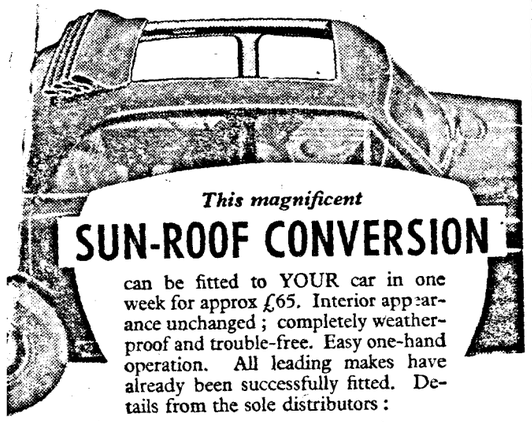

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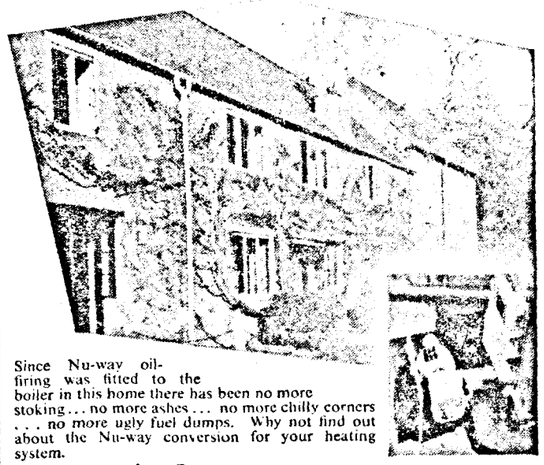

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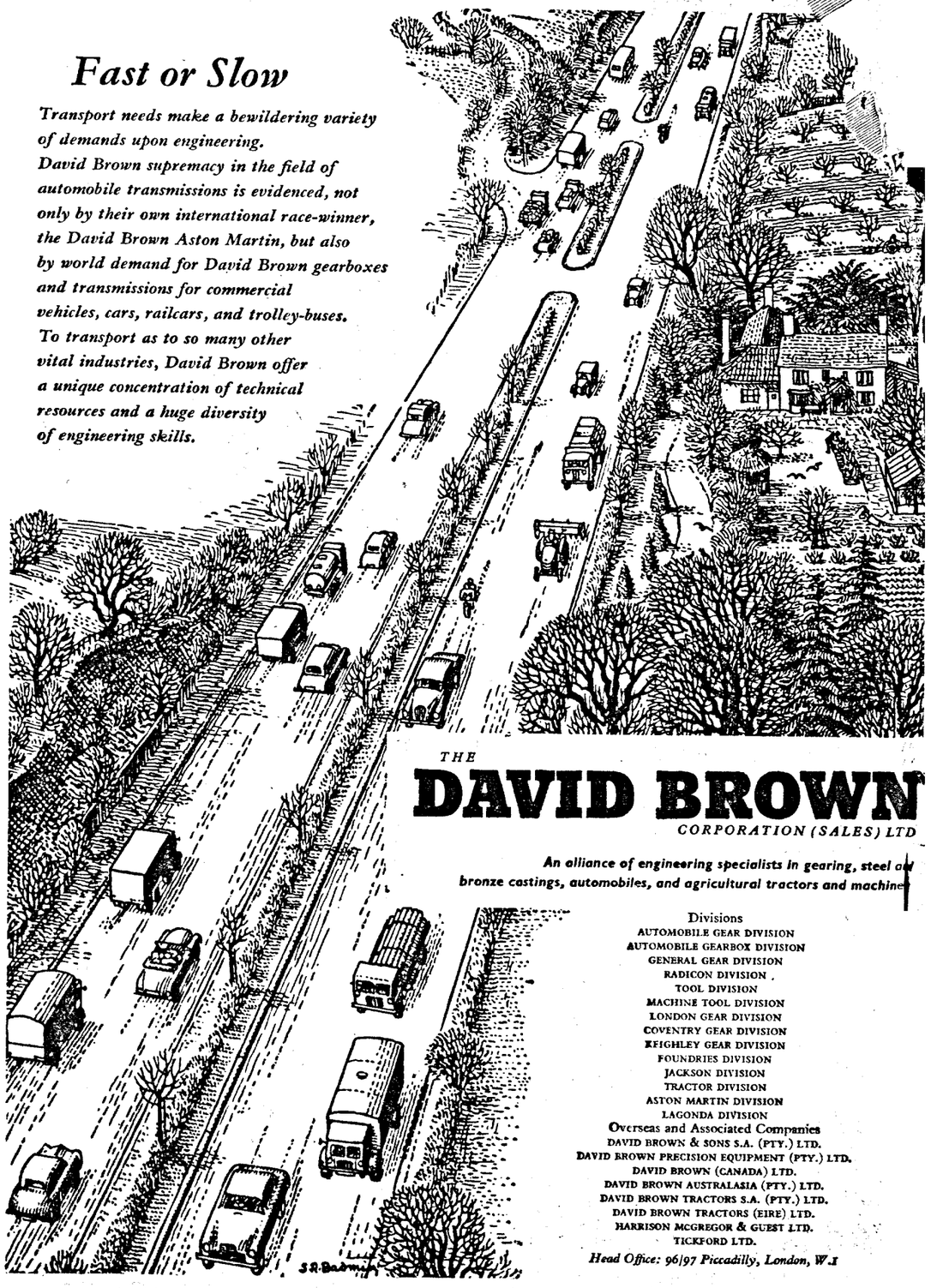

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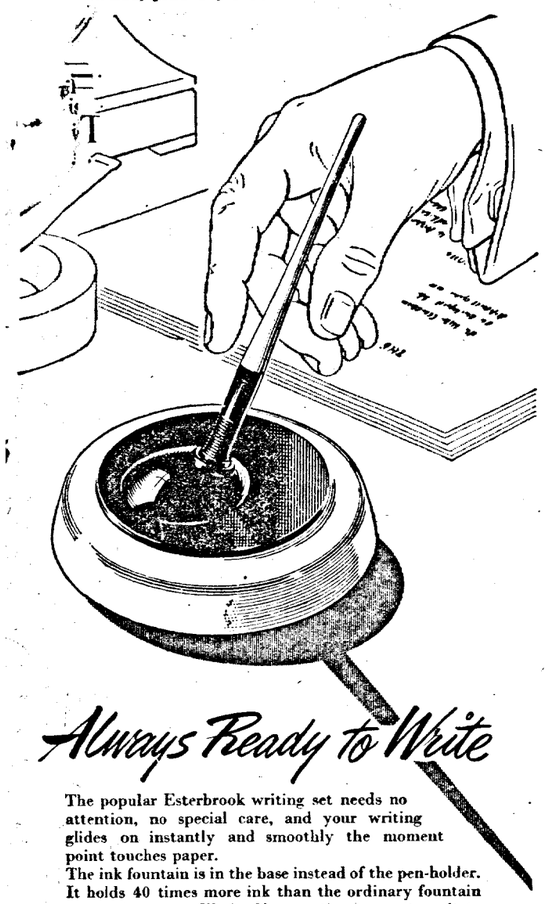

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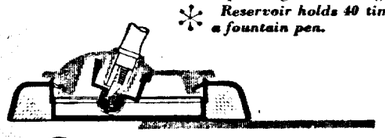

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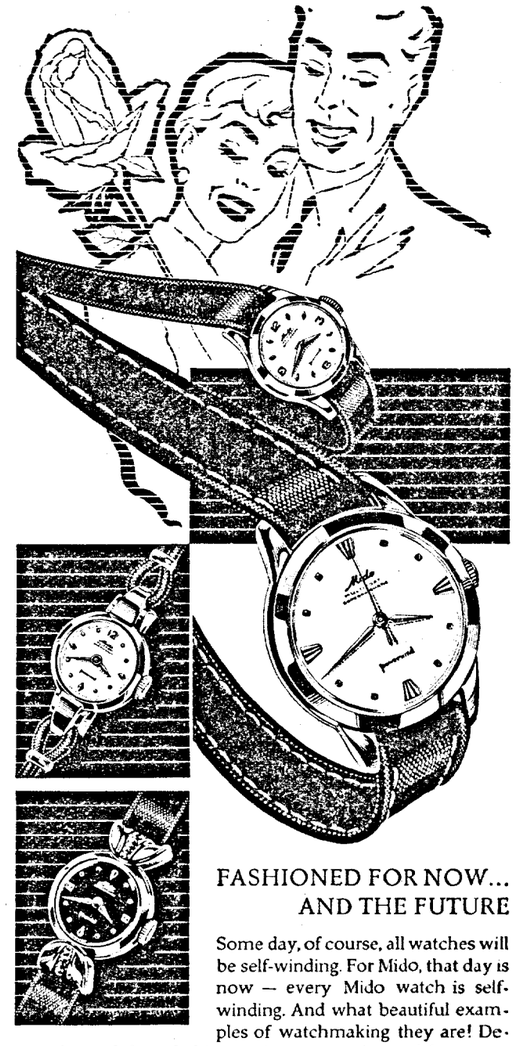

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The Press of Our Times

LORD SELBORNE'S bid to go back to 1643 by setting up a triumvirate to license the press has no friends. His Press Authority Bill has been denounced by the Press Council itself as "misguided and reactionary." So it is; and so, too, would be any attempt to give powers of command or control over the press to the Press Council. The only significance of this Bill and similar unacceptable proposals is that they do reflect, absurdly, a real anxiety. Education, people used to say half a century ago, would do the trick: a generation of popular schooling, and popular taste and discernment would follow. But the most conspicuous fruit, in fact, has been the popular press, which is as widely criticised as it is widely read

One can see from Lord Selborne's Bill what the anxiety is. In wanting Sir William Haley's principled *Times* of today to set the "standard" for the rest he agrees with some 230,000 other people, perhaps 5 per cent of those who buy the *Daily Mirror*. In not wanting twisted news, intrusions on privacy, photographs calculated to do injustice or cause distress, and the exploitation of grief he has the agreement of very many more. It was this desire for "better" newspapers that provided half the support for setting up the Press Council three years ago; the other half came from the Labour party's distrust of the concentration of capitalist power in Fleet Street. It can be agreed that licensing or control would be tyrannical, intolerable and unworkable; and that the only proper curb for the press—as for any other body or person in the land—is the ordinary law of the land (including perhaps the law of trespass). The sanctions of the law in Milton's day were ruder, but the principle stands: "If they be found mischievous or libellous, the fire and the executioner will be the timeliest and most effectual remedy that man's prevention can use." Yet the more general question remains. Can we go on any longer saying that the free British press is the best in the world?

In fairness it has to be recognised that much of the criticism of the popular press can itself be called "misguided and reactionary." To a large extent the complaint against the popular press is that it is popular; it is a complaint against "vulgarity." It is a protest against the revolution in methods of presentation and communication by which, through the Northcliffe, Beaverbrook and Geraldine House eras, newspapers have with great skill been made understandable and attractive to now literate but non-literary millions of ordinary people; against newspapers which can be looked at rather than read, with their own deft form of basic English; and against a process of selection that tends to put all sorts and conditions of men and women (especially women) before politicians and diplomats (unless they are missing). This is an attitude of superiority. There is no more reason for setting up *The Times* of 1956 as a standard for all newspapers than there would be for setting up the pre-Northcliffe *Times* of 1900. Indeed, the tables could be turned; someone might introduce a Bill laying down that "all newspapers should say and display what they have to

say in language and lay-out which the people, educated to a defined stage in state schools, will understand" —an 11+ standard, so to speak, with parity of esteem. The truth is that the rise of the popular press has been no isolated or capricious phenomenon. Certainly it has been very largely the remarkable achievement, both journalistic and commercial, of remarkable individuals. But it has been an inseparable part of the growth, warts and all, of twentieth-century democracy; and the essence of a free press is variety and freedom of choice.

To say all this is, of course, to explain the warts rather than to explain them away. It is not enough to say simply that this is what the millions want (which is not altogether true) or to retort by saying, truly enough, that the less popular press has its blinkers, too, in the selection of news and themes. Catering for the common taste, in whatever field, carries with it special dangers. It tends to under reach itself. The process by which in much of the popular press the important is made a trivial, and the trivial important, can be defended in a free and democratic society. Equally, the accent on titillation can, as a consistent diet, especially perhaps for Sunday breakfast, be deplored, or, according to one's view of these things, denounced. Stricture is reserved for the exaggerated attention given to sex and crime, but, however shocking, this particular manifestation of contemporary popular taste may well be less important than the use of the half-truth and the sacrifice of facts to triviality and sensation. T[illegible] this is not simply to strike the superior attitude [illegible] can be put to the democratic test. Sex is at an [illegible] popular, whereas paradoxically, judged simp[illegible] medium of information, the popular press is no[illegible] most avid customers will say that "you can't b[illegible] what you see in the papers."

This point should not be misunderstood, as [illegible] often is. The suggestion is not that newspapers te[illegible] lies; nor is it, whatever the politicians may say, that they habitually distort the truth for political reasons. It is rather that in the process of fitting news and information into their popular formula too many newspapers too often twist them out of shape and give a misleading or incomplete impression; and in so doing they undermine the authority and respect which a free press ought to have. This is the really disturbing tendency. It is no more susceptible, of course, than any of the other latter-day characteristics of the press to regulation or enactment. Only the press itself, its publishers and its editors—and their customers—can grapple with it. In the end public opinion will decide. The argument comes back to where it started—to the role of education in the formation of popular taste; and the eventual outcome, when education itself and public opinion are both powerfully influenced by the press (and by other, newer means of communication), is one of the great riddles of our times.

Half Measures in Cyprus

IF the Government's decision to send Lord Radcliffe to Cyprus proves to be the beginning of the long unravelling of the Cypriot tangle nobody will be more pleased than this journal. Unfortunately, it looks much more likely to turn out to be one more example of the futility of doing things by halves.

Lord Radcliffe's mission ought to be a token to the Cypriot people that when the Government talks of giving them self-government under a liberal constitution, it means what it says, and success against the terrorists will not cause it to go back on its promise. But to the Cypriots, in their present mood, self-government is only a means to an end—self-determination. And on this vital point, the Prime Minister's statement last week gave them little satisfaction—though he did, it is true, for the first time acknowledge in plain and positive terms the Cypriots' claim to decide their own national status.

But, while the "principle" is accepted, its "application" is left to an indeterminate future; Sir Anthony ended all the hopes that had been allowed to burgeon that the British Government had decided to name a day when the Cypriots can vote on the national status they want. This, together with the assumption—in spite of all the evidence to the contrary—that the Cypriots would co-operate in the absence of Archbishop Makarios, seems to have foredoomed Lord Radcliffe's mission to failure. In an explosive situation, a gesture deprived of the ingredients essential for success can be worse than no gesture at all.

The Government puts the blame for its decision to hold back, after all, on self-determination largely on the resolute Turkish refusal to allow Cyprus to go to Greece, with the implied threat of civil war in the island should the British withdraw. But Turkey's fears for the security of its southern ports should Cyprus pass out of British hands have been known for a long time. They are real and rightly command a good deal of sympathy; but they do not render all other considerations of no account.

The test here is pragmatic. Refusal to name a date for the application of self-determination does not guarantee continued British control of the island at all. On the contrary, in view of the hardening of Cypriot opinion this year, it would seem to make it far more probable that the British will be forced to leave—ignominously, and sooner rather than later. If this is so, then it should be a purpose of British diplomacy to get the Turks to understand it, and each successive Turkish refusal to understand it is not a success, but a

[illegible]e, for Britain. The Cypriots must one day be [illegible]d to vote on their future status; by Sir Anthony's [illegible]ptance of the "principle" of self-determination the [illegible]ish Government now admits that this has become [illegible]itable. If, when that happens, the Cypriots then [illegible]de to change their status, they will have to get not [illegible]y Greek but Turkish assent, for which they will have [illegible] negotiate; by then they will have their own representatives to speak for them.

The Government has failed to convince the Turks of all this. Apparently it can see no good purpose in enlisting the good offices of Nato to help it in its task. Cyprus, it is true, is primarily a British, not a Nato, defence post, but Nato is closely interested in a quarrel that has shot to pieces the defence arrangements on its eastern flank. Its participation in the international negotiations that must precede any solution of the Cyprus problem might make it easier for the Turks to play a positive part in place of this present *non possinus*. Naturally enough, preoccupied with the need to safeguard its oil interests in the Middle East, and to honour its treaty obligations to its remaining Arab protegés, the British Government is reluctant to give up the advantages of the *status quo*. The temptation to give way to its own backbenchers and to take refuge behind Turkey's attitude must be strong. But it is too late to dig its toes in now. Once the Cypriot claim has been clearly acknowledged in principle there is bound to be continued agitation for a definite date when it can be exercised in practice.

At the time of going to press, Cyprus is being debated in the Commons, and it is not known whether anything of substance will be added to the Prime Minister's statement last week. But it is clear that if Lord Radcliffe's mission is really to be the first step towards pacification, three things are essential. First, the Cypriots must be made to believe that the introduction of self-government is not an attempt to fob them off with a second-best, but an essential preliminary to enosis—assuming that, once they have the running of their affairs in their own hands, they will still want to be governed from Athens. Only a definite date for the exercise of their choice can do this. Secondly, if there is to be any forward move, the deportation of Archbishop Makarios will have to be undone; he will have to be brought back, at least to London. If he is really the only representative whom the Greek Cypriots will accept—and there is no evidence to confute this—to refuse to treat with him, simply because he is a political prelate and none too scrupulous about the use of violent men to gain his ends, is unwise; moral scruples, however well-founded, defeat themselves when they lead to the use of British soldiers indefinitely to keep an alien people under British rule. If the Archbishop is ever effectively discredited, it will be by the people of Cyprus, not by the British Government.

Finally, the campaign against the terrorists, which has recently enjoyed some encouraging successes, has to be carried on, and with undiminished vigour. But it must be pursued without recourse to such expedients as collective punishments. These are wrong; whether technically legal or not, they are repugnant to all principles of law; and their practical value is dubious, at best. Has any information been extracted from any Cypriot town or village through this kind of pressure? The collective punishments are turning against Britain the general mass of Cypriots without whose goodwill no satisfactory settlement, now or later, is possible.

The Noble Classes—I.

Peers from the People

THOUGH the public continues to be deeply interested in the peerage, it is doubtful how far mass observation of the daily lives, fortunes and misadventures of the nobility through the medium of the press (and latterly with the aid of television and domiciliary visits) provides a picture with any precision of outline. The exercise of the vestigial constitutional powers of the nobility is probably the least interesting feature to the average commoner; but the arrival of the "backwoodsmen" to swell the adverse vote against the bill to abolish hanging last week may prompt some people to ask just who the British nobility is, in the second half of the twentieth century, in standard sociological terms.

There is a wealth of genealogy in the reference books, but there are very few statistics in the modern sense. The purpose of this short article, and a subsequent one, is simply to indicate the possibilities of the statistical approach to the nobility, made in much the same way as is now normal for other social strata or groups. The material is incomplete; but it puts to the test of a few figures some widely held beliefs about this class, and it may even throw some light on its future in an egalitarian age.

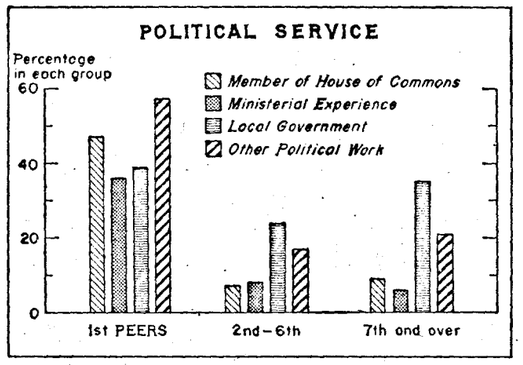
The study of a social class can be powerfully helped by the modern device of sending out a detailed questionnaire for answer by a sample in it; but it may be doubted if the nobility—particularly the older nobility—is yet responsive to detailed questionnaires. The method adopted here has been to analyse and tabulate the biographical details of about 830 hereditary peers who composed the House of Lords in 1954 and set out in *Dod* and *Who's Who*. This omits 16 Scottish peers and about 50 Irish peers. Moreover, not all peers give full and frank details of their *curricula vitae*. But it probably gives a fairly reliable picture of the class.

It is well known that, though the peerage is an ancient order, most titles are recent. The figures given here show that 21 per cent of the peerage is newly created, and a further 19 per cent of titles are held by the first descendant. Over half consist of first, second and third holders of the title—peerages mainly created in this century. Mr L. G. Pine calculates, in his recent study of the peerage*, that of 870 peerages—including Irish—extant in 1955, at least 395 were created since Queen Victoria's death. Only 20 per cent are held by the eighth (or later) holder of the title—go back, that is, on an average life-span, to the eighteenth century.

This is less true of the three higher orders of the peerage than of the two lower, which together make up 71 per cent of the peerage. Twenty-eight per cent of barons and 29 per cent of viscounts are newly ennobled, but only 4 per cent of earls. Nearly a third of the earls are eighth holders of the title or even older. There is less readiness to create new earls—ex-prime ministers are limited in supply—and this, the most ancient of English titles, has not been unduly inflated. Dukedoms have been for some years reserved to royalty, and marquisates are also not freely given. There is thus a clear distinction between these degrees of precedence and the commoner run of barons and viscounts.

But it is a mistake to suppose that the peerage has been inflated in any Gilbertian manner. As the accompanying chart should suggest, the currency has suffered far more than the peerage at the hands of successive governments. The number of titles has, of course, increased—from 200 in the middle of the eighteenth century to about 870 today in a fairly steady line (but with a significant pause in the eighteen-forties and fifties). This does not mean that the proportion of peers in the population has increased ; on the contrary there has been a tendency to decline from about 22 per million in the eighteenth century to about 17 per million today. The proportion of the later Middle Ages was almost certainly higher ; later in this century the proportion might increase again if the population ceased to grow.

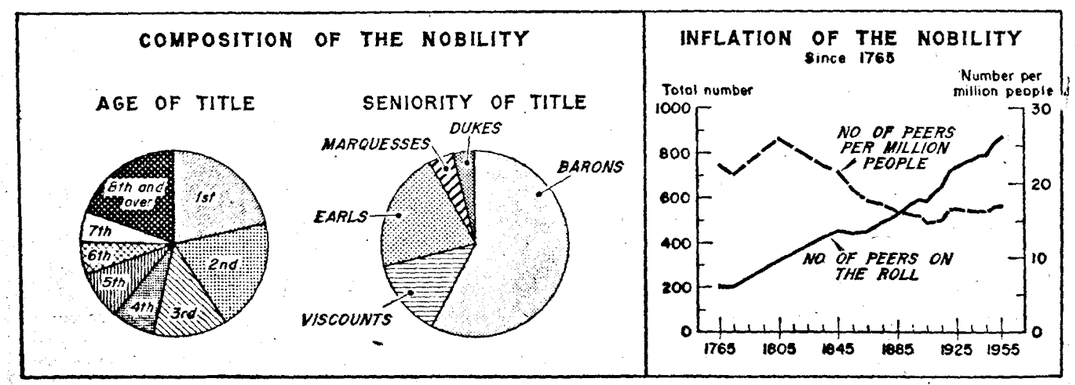
The growth of the peerage in numbers is, of course, the result of the ratio between creations and extinctions. Peerages in Britain are relatively shortlived, compared with continental nobility, because the title descends only to the male heir (occasionally though the female line). Elsewhere all noble offspring are noble ; in Britain the other children have mere courtesy titles which do not pass to their children. If the British nobility had not been maintained by new creations since the French Revolution it would by now have died out ; the old French nobility is still alive. The ratio between creation and extinction is getting on for

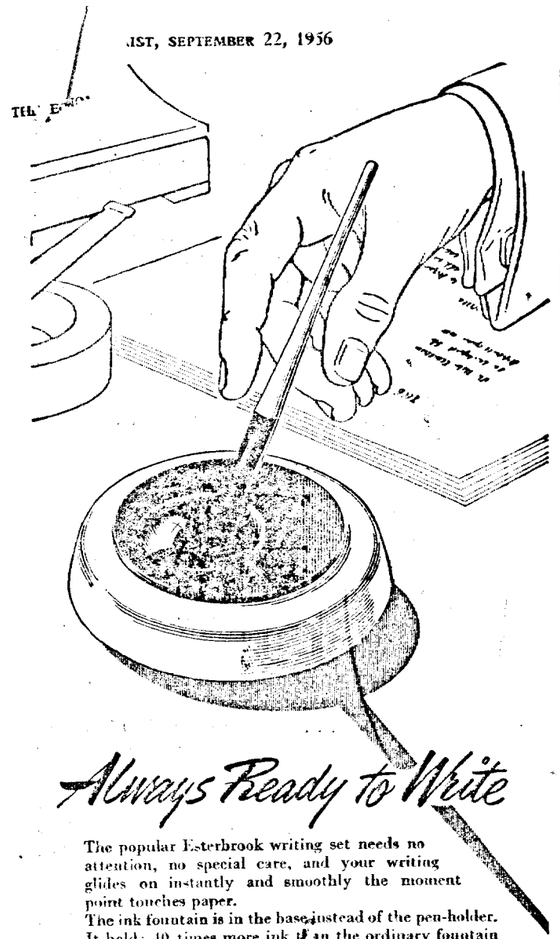


2:1. In the last twenty years 235 peerages have been created (over 100 by Labour governments) and 135 have become extinct, an average of 11.7 creations and 6.7 extinctions a year. At the present net creation rate of 5 per annum, there would thus be 1,100 peers by the end of the century. But if a series of egalitarian governments ceased creating peers—among other things—it would still require 150 years to extinguish the peerage (and 350 years for the baronetage).

It does not follow that egalitarian governments would cease creating peers. The peerage, in fact, is no caste, and never has been ; it has always been permeable by commoners who gave service to the state — first by military prowess, later through trade (an early example was the contracting firm of de la Pole which was ennobled in the fifteenth century and ended as Earls of Suffolk.) The old and the new peer have always worn

* The Story of the Peerage. By L. G. Pine. *Blackwood*. 322 pages. 25s.





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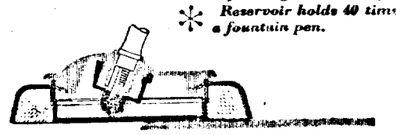

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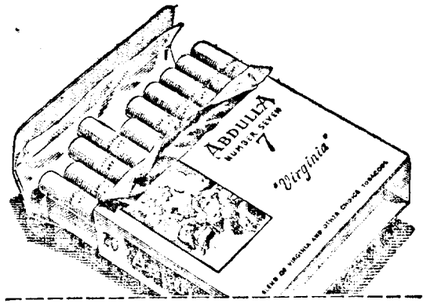

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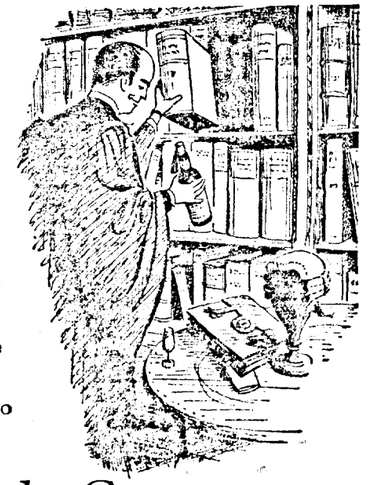

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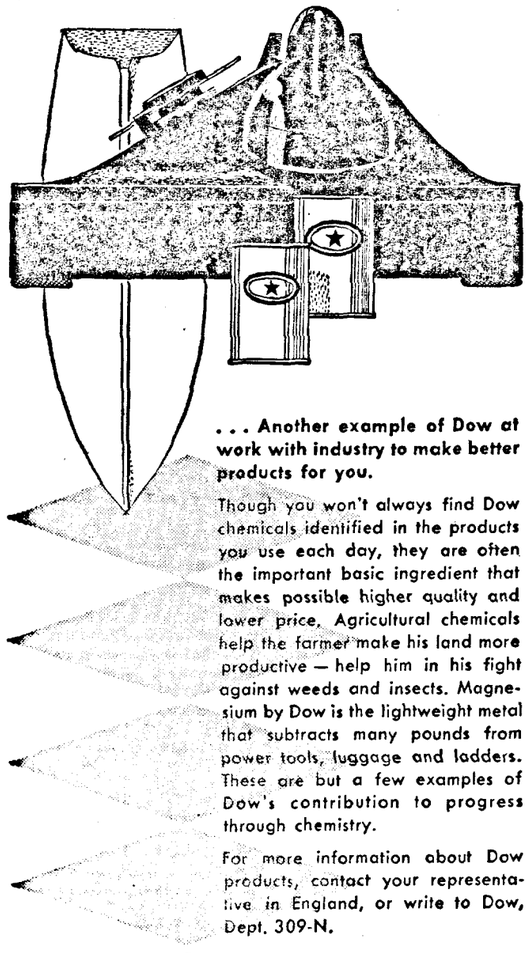

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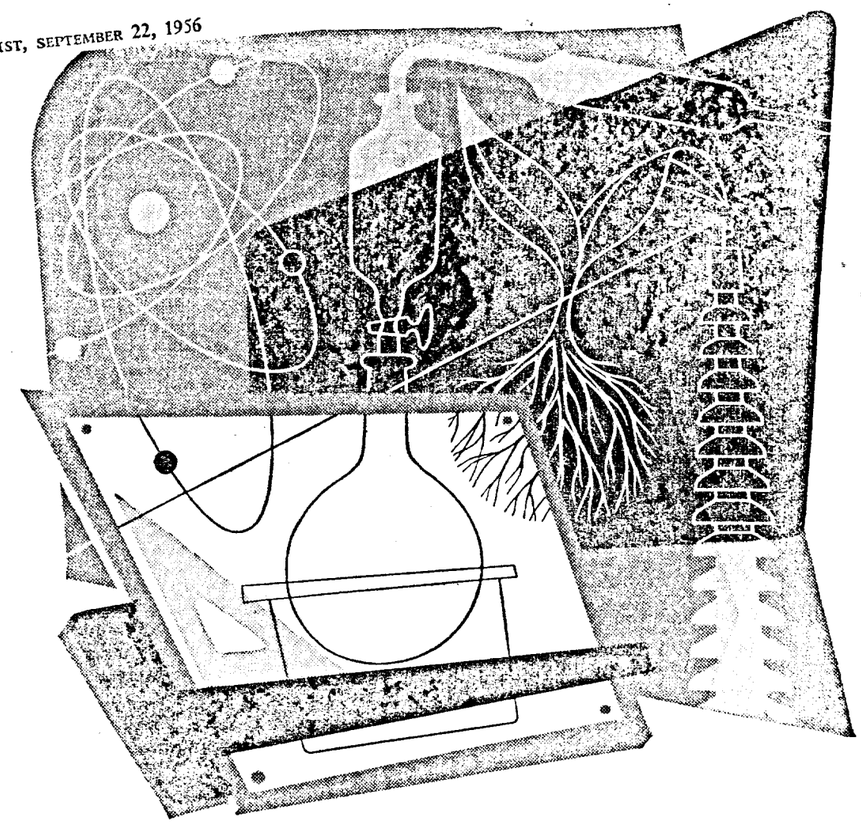

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Other Eden?

THE vital tussle over Suez has not been brought to a head yet. It is not clear what shape the proposed association of canal users (who are still conferring as *The Economist* goes to press) will, after all, take. It is less clear than seemed likely a week ago whether the circumstances which would draw the users together in a collective boycott—that is, the abrupt running down of the canal traffic under Egyptian management, allied to President Nasser's refusal to facilitate the users' convoys—are going to arise. There is still uncertainty about how the heavy cost of such a "sea lift," and especially of the substitution of other sources of oil supplies, would be met. The hope that the calamitous affair may be in sight of entering, for the first time, a phase of negotiation is only a hope.

It is therefore an appropriate moment to seize the opportunity of looking homewards and attempting a first judgment of the record of the two political parties in the past two months. Throughout the Suez crisis, while most other independent newspapers have hurried to take sides, *The Economist* has found itself critical of both Sir Anthony Eden and the Labour leaders, but without getting as excited about the relatively narrow difference between them as the two parties gradually seem to have themselves become. Now that there is a pause for breath in the crisis, it is possible to weigh the record of the Government and the alternative government in more detail.

In order to be fair, judgment should begin not from the afternoon of July 26th, when President Nasser made his announcement that he had seized the canal, but from a short time after that—from, say, the time of the Cabinet meeting of July 30th, which faced a situation not essentially different from that which later confronted Parliament in its debate on August 2nd. To pass over those first few hours without comment is, admittedly, to pass over a question that many people feel is a damaging and embarrassing one for the Conservatives—namely, how near Britain's finger came to the trigger at the first onset of the crisis ; but this is a question that cannot now be answered. Nobody can tell at this stage whether Britain really would have used force against Egypt during the first forty-eight hours if it had had the force available and in position ; the fact is that the force was not available and in position, and this realisation overwhelmed the dangerous initial impulse (undoubtedly, the impulse was there) before it had time to be translated into hard-and-fast intention. Once this had happened, however, a basic choice of aims lay before the statesmen of this country.

One course was to set as our sole aim the safeguarding of our interests in the canal ; the other was to say that our aim must be not only to safeguard our interests, but also (in a phrase that has been too much used) to "slap Nasser down." In retrospect, this, surely, is where all the major politicians—of both parties—went wrong. To have adopted the first course would still have meant that Egypt should be warned that to persist in its flagrant nationalist intentions would bring down economic or military sanctions upon its head ; but it would also

have meant that everything possible should be done to enable President Nasser to save face for himself as we tried to save the canal for ourselves. It would have been the way, not of ultimatum backed by angry cries, but of negotiation backed by quiet determination. Instead, the Government chose to proclaim that President Nasser was the new Hitler, and to make plain to him that Britain's aim was to shake him, not only in his policies, but also in his personal position. And so—after reading and rereading Mr Gaitskell's speech of August 2nd, it is impossible to see how Labour can deny this—did Her Majesty's Opposition.

★

The parties therefore emerged from the debate of August 2nd with apparently united agreement that President Nasser had got to be made publicly to climb down. The split between Government and Opposition opened only at the next stage: on the means to get this very difficult aim achieved. The Opposition was at an advantage here because it did not have to, and therefore did not, suggest any effective means at all. Labour supported the Menzies mission's proposals (which were presented in Cairo as an ultimatum, not as a basis for negotiation), but its view apparently was that, if Egypt did not accept them, then the dispute should simply be referred to the United Nations. If this meant going to the Security Council, the case would merely have come back to the Cabinet within a fortnight, with a Russian veto attached and everything the same as before; if it meant going to the General Assembly, the matter would have been discussed for several weeks longer, but again without any action that might induce President Nasser to climb down. From the start it was evident that at some stage it would be both morally right and politically and diplomatically expedient to take the dispute to the United Nations. But at this stage Labour's policy was not a policy at all; it was an evasion.

The Government, on the other hand, had to suggest some policy for securing the united (and appallingly difficult) political objective of making President Nasser give way publicly; the split in the country that now appeared opened largely because many people misunderstood what this policy was. The *Manchester Guardian* opined flatly that the Government was "preparing to go to war immediately if the Menzies mission fails." If this had indeed been the cold-blooded intention—if Sir Anthony had really been prepared to act independently of the American alliance and to fly in the face of the realities of present balance of power politics—then all the attacks upon the Tories would have been justified. A policy of this sort would have been infinitely worse than the Opposition's expedient of having no policy at all. In fact, however, the *Guardian* and others, in ascribing this intention to the Government, went too far. It was not an intention but a serious risk. The most dangerous factor at this stage was that a detailed military plan had—properly and contingently—been drawn up, presumably complete with an "earliest possible" D-day and so forth; and a military plan can acquire a dread momentum of its own—besides gravely increasing the risk of accident, or of a more or less spontaneous combustion, if President Nasser, faced with what in effect were ultimatums, went over the edge with brinkmanship of his own. Moreover, the Government did intend to put the military plan into operation under certain conditions; the principal of these conditions, however, was that the Government should feel assured that it could use force without involving the consequences in damaging the alliance and the Commonwealth of which the *Guardian* sensibly warned. Finally, Ministers were at this stage over-emphasising the possibility of using force, for deliberate purposes of external consumption. It is probable that history will summarise the Government's policy at this stage as one of extreme verbal bellicosity and three-quarters—but note, only three-quarters—bluff.

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Usually, there is nothing to be said for a policy of bluff. In this case, however, three arguments could be advanced for it. The first was that loud menaces might scare President Nasser away from taking any further step that would make a clash inevitable. There was something to be said for this view: it had become obvious that President Nasser's wisest personal course would be to avoid doing anything that might bring the United States to agree that Britain and France would be justified in using force, and President Nasser is an intelligent enough man to recognise the obvious. Indirectly, therefore, the menaces may possibly have influenced the Egyptian President not to go forward swiftly to hang the so-called British "spies" or to arrest the canal pilots when they resigned their jobs, to keep the Cairo mob in order, and to agree at least to meet the Menzies mission. Clearly, however, the purpose of the military bluff (in so far as it was bluff) was not merely to frighten President Nasser from taking further provocative steps. Some Ministers also hoped that it would frighten him into acceptable co-operation with British aims.

It was this second argument for the bluff that was absurd, and contradicted the first. Given that one of Britain's aims was to strike him down by diplomatic defeat, President Nasser was not at all likely to co-operate in this aim out of fear of being struck down by military defeat instead. He knew as well as anyone that America and the rest of the world were opposed to the threat of an Anglo-American invasion of Egypt. There remains then the third—and most subtle—argument for a policy of sabre-rattling at this time.

This argument—the phrase here is not original—was that Britain should "so frighten our friends that they would come in and save us from our foes." There is almost certainly in this argument a strong element of *ex-post* rationalisation of a policy that was originally

started for quite other reasons; many of Sir Anthony Eden's most fervent admirers would admit that he has been forced into any success under this heading rather than that he has plotted the course from the first. But on Wednesday of last week he was able to announce an apparent success. Apart from the essential fact of American involvement, there are certain subsidiary advantages in the proposal for a canal users' association: it could provide a gathering haven for Suez technicians who would otherwise be hopelessly dispersed in other jobs, and the formula of "technicians under users' control and canal ownership under Egypt's" might even—and may still—provide the basis for an eventual negotiated solution. But the real point about the new Dulles-Eden plan, as announced on Wednesday of last week, seemed to be this. Given that some pressure must be brought upon President Nasser to make him accord with our proper aims and interests, and given that military action must in this context be ruled out, the only alternative source of pressure lay in economic measures and particularly, as the ultimate sanction, in boycott of the canal itself; but Britain could not afford this unless America agreed to join with it and, perhaps, foot part of the bill.

How far, then, has Sir Anthony's policy of three-quarters bluff paid off? At this stage, a week after the announcement, it is very difficult to say. Nobody can be sure to what lengths America would in fact go in supporting a boycott; and the attitude of other important maritime nations is more nerve-rackingly doubtful still. If they do not give sufficient backing, the whole of Sir Anthony's new policy could be an expensive fiasco. But, at the moment, it is fair comment that America would have been unlikely to go as far as it has now gone, in an election year, unless Mr Dulles had been afraid that Britain and France would otherwise have gone further.

★

There remains the question of reference of the dispute to the United Nations. Up to last week the Government's wisest course would have been to have talked more about this but not to have done any more than it in fact did; too early a reference to the long processes of United Nations debate might have hamstrung any effective practical action. But once the machinery for concerted economic measures, including boycott, can be finally agreed with the United States—whether as a plan of action or a firm platform for negotiation—all objections to a reference to the Security Council surely vanish. It was presumably on this reasoning, having got the final green light from Washington for the users' association idea as last week's debate was about to begin, that Sir Anthony Eden announced his intentions about the Security Council—thirty hours later than he should have done, as the debate was ending.

That seems to be the fairest summary of the bewildering political events of the past seven weeks. Three points for internal political digestion seem to stand out from the analysis. The first is that the most crucial—and most regrettable—decision was taken at the very beginning, when it was decided that President Nasser must be "slapped down"; both political parties agreed to this decision, although Sir Anthony probably went further in the wrong direction than the more emollient Mr Gaitskell would have done. The second point, however, is that, given the decision to try to dethrone President Nasser, the Government's policy of bellicosity and bluff was more logical than Labour's lack of any policy at all; indeed, Sir Anthony may even have scored a success by his tactics—through scaring America, not President Nasser, into co-operation. The third point is that resort to the United Nations, though indispensable at the right moment both because of the nature of the world and because of Britain's moral commitments, has been used too much by the Government's critics as a red herring; in particular, if the idea of a users' association had been submitted to the General Assembly before Britain and America had agreed upon it, the assembly would probably have gone on talking until next Christmas about under which article it could legally be set up. If the second and third of these points could be considered in isolation, this other Eden we have seen in action in the last seven weeks would not appear to be so very different from the skilled diplomat we used to know.

★

But they cannot be considered in isolation. The original mistaken decision personally to bring down Nasser—*debellare superbum*—has dictated the subsequent course of events. If support for the users' association is not now secured from a great majority of maritime nations—and, still more, if it is not most firmly sustained by America—then Britain faces a severe diplomatic defeat. Even if it avoids this, economic measures by a users' front, including the boycott, would not necessarily bring Egypt to its knees; in any case, the attempt to do so is bound to be expensive—and, meanwhile, the traffic is still obstinately moving through the canal. All this seems a heavy risk to run for the sake of dethroning a Middle East dictator who, if a Hitler, is much littler; and who might more easily, and more realistically, have been brought to reason by firmness backed by negotiation, instead of being confronted from the start by firmness backed by ultimatum alone.

Aspects of the Suez crisis are also discussed in Notes of the Week on pages 943, 944, 945 *and* 947, *and in Business Notes on pages* 982 *to* 988. *Articles from correspondents on the French attitude to Suez and on Egypt's economic vulnerability appear on pages* 968 *and* 973.

Free Trade With Europe

EARLY in July, the Economic Secretary to the Treasury breached the Maginot line of British indifference to European integration by announcing that "no subject" would "more attract the attention of the Government in the months ahead" than that of British relations with the proposed European common market about which France, Germany, Italy and the Benelux trio are now negotiating. President Nasser has proved Sir Edward Boyle wrong; but the Suez crisis has not removed the need to clarify the British attitude toward one of the most hopeful prospects left to the western world. Mr Macmillan himself set the ball rolling at the OEEC's July meeting by inspiring the proposal that a working party should report by New Year on the chances of creating a "free trade zone" of OEEC countries round the six-nation common market. This working party will begin its work on Monday, and, as the common market talks between the Six have already begun and will reach the level of a ministerial meeting next month, it is clear that its study will be no mere academic investigation of possibilities, but a preliminary negotiation for a link with a common market. That is why the Government now needs to define its policy quickly, despite its preoccupations.

Admittedly, the European common market is still not a certain starter. The French in particular are tempted to shy away from it. But the Spaak report, on which the negotiations between the Six are based, tackles the difficulties realistically; and even in France the "new drive" towards European economic unity has made headway in the last year. If the advance towards a common market begins and Germany gains access to a European market in which tariffs against its goods gradually disappear, while tariffs against British goods remain at their present level, the results could be disastrous to Britain's trade.

The Government can hardly commit itself today to a full customs union with wide delegation of powers to federal institutions; for one thing, such a union would cover only one eighth of British trade, at the expense of the Commonwealth trade that accounts for one half. But a free trade zone, in which Britain would gradually abolish trade restrictions with Europe but retain independent tariffs for the rest of the world, is another matter. It would associate her with the common market while preserving the great majority of imperial preferences. As most of the other OEEC countries could be expected to join Britain in a free trade area, she would gain a special relationship with the countries that take a quarter of her trade without sacrificing her Commonwealth links. The fragile base of British prosperity would be widened.

The sudden discovery that imperial preference is not an insurmountable obstacle to closer economic co-operation with Europe is probably the clearest sign that the Government is in earnest. The Commonwealth Relations Office, which fears any weakening of economic ties at a time when so many colonies are becoming independent, may be a little worried; but the Treasury and the Board of Trade look as if they are near to being convinced. The essential fact seems to be that nine-tenths of Commonwealth imports into Britain are agricultural and primary products which either do not compete with European goods, or enter free of duty, or are likely to be excluded for a long time from effective participation in the common market.

Apart from Canada (which hopes to sell more manufactures to Britain in time), the Commonwealth countries that set the highest store by imperial preference seem to have little to lose. Detailed talks with the Commonwealth have not begun; but preliminary consultations suggest that they will not raise insurmountable difficulties. It is worth noting that the average rate of imperial preference has been halved since 1937 and is not now high—about 5 per cent (though in some cases the preferences go over 50 per cent). Imperial preference is a wasting asset, eaten into by rising prices which lower the real value of absolute rates of duty that Gatt forbids governments to raise; by the independent trading policies of the ever more numerous former dependencies; by the difficulties of Australia with her balance of payments; and by Canada's gradual adoption of free trade policies.

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The free trade zone scheme can therefore be treated on its merits. What are those merits? If the common market proposals of the Six are to be the model, a free trade area would mean the gradual abolition over fifteen years of tariff, quota and other restrictions on trade with Europe. Britain is a high tariff country; the average rate of duty on manufactured goods is 20 to 25 per cent, permitting peaks of 30 per cent on cars and 40 per cent on cameras. Yet this amounts to protection less for the life than for the frailties of the British economy. A fifteen-year transitional period ought to enable threatened firms to adapt themselves to new competition and to take the opportunity of entering the new markets. Further, the common market project is replete with safeguards that could presumably be invoked whenever balance of payments trouble developed. It is certain that, whatever the habitual pessimists may say, no British industry, not even cotton, would, as such, be uncompetitive; some marginal firms only would have to undertake far-reaching reconversion. Many, like the heavy equipment industries, based on cheap steel, would be admirably placed to expand. If the experience of the European Coal and Steel Community is any guide, the opening of frontiers does not so much kill off marginal firms as encourage most firms to reorganise to exploit a wider market.

This conclusion is reinforced by the fact that the European Six represent the most rapidly expanding major market in the world. While Commonwealth imports have remained static around $12,000 million since 1950, the total imports of the Six have increased from $11,000 to over $19,000 million. And as yet Britain has benefited by this growth only to a limited extent, her exports to the Six rising from $700 to $1,100 million between 1950 and 1955.

The contrast between the opportunities for Britain in joining the free trade area and the dangers of not doing so are admirably illustrated by the case of Benelux, the only low-tariff area within the Six. Making all due allowance for the fact that Benelux is a centre of transit trade and that its production is largely complementary to Britain's, it is surely instructive that, with only one-eighth of the population and one-seventh of the income of the Six as a whole, it should account for half Britain's trade with the area. If the Six adopt a common tariff against the outside world, the consequent raising of average Benelux tariffs will be as dangerous for Britain as the lowering of French, German and Italian ones would be hopeful. Mutual tariff concessions with the Six might recoup some of the lost advantages. But the nature of Britain's trade with Europe suggests that it would be in the weaker bargaining position. Moreover, the Gatt regulations require that any concessions would have to be generalised to all Britain's trading partners. An important aspect of the free trade area plan is that American interest in European unity would probably secure a United States blessing for geographically limited trade concessions which it would not otherwise countenance.

The virtue of the threat of the common market is that it is making the Government and informed opinion examine the implications of free trade with Europe. Perhaps some people at the Conservative Central Office are looking askance at certain of those implications (although they are now noticeably less worried about the imperial complications, they still think that a reduction in tariffs will annoy some of the industries that contribute to their party funds). But economic, as distinct from party political, examination shows that the opportunities far outweigh the dangers of a bold trade policy. Britain now has to treat this matter as her own interest, and not simply as a manœuvre to meet the disturbing will to unity of the Six. And the Six with whom the exploratory talks, under the pseudonym of an "OEEC working party," are to be held need to be convinced of this new direction. The British have indulged too long in double talk on Europe for doubts to be dispelled merely by hints. What is needed now is an unequivocal public statement of support for a free trade area. The Government is still consulting industry, and cannot make that statement before October. But the longer it hesitates, the greater the risk that the advantage of Britain having at last given a lead in a phase of European integration will be dissipated.

This is not merely a matter of economics. There is no getting over the fact that Britain, in working for a free trade zone, would be undertaking a major political reorientation. The impetus towards European unity among the Six would be considerably increased—though less than if Britain had made an equivalent gesture over the EDC before the crisis of 1954. For the smaller nations, like the Scandinavians, the Austrians and the Swiss, the contradiction between their fear of living alongside a giant and their need to open their frontiers as widely as possible to trade would be largely dissipated. The problems of European unity, which have hitherto been primarily political, would be reduced to the economic and social scale. If Britain, late though it is, takes the lead in championing a free trade area for Europe, she will have done more than the OEEC alone or the Six alone could have done in realising the aims the OEEC's founders set for the survival of Europe in 1947. The circumstances of that survival have radically changed in ten years. But Suez points the need for a more self-reliant Europe just as sharply today as the threat of poverty and of Russian invasion did in the first days of Marshall Aid. The opportunity should not be missed.

Slavery in Fiction and Fact

DRED: A Tale of the Great Dismal Swamp.
By Harriet Beecher Stowe.
Sampson Low, Son, and Co.

Dred must not be judged by the rules of art. To do so would be to condemn it. The book is a remarkable instance of the impossibility of combining the expression of a definite moral with an artistically evolved course of actions and events. . . . Dred contains the elements of a good tale, but it is anything but satisfactory in its development. . . . We can hardly blame the author for these imperfections. A depiction of the evils of slavery was her main object. . . . Her assertions are, however, still better illustrated by the actual events that are taking place in the United States, than by those which imagination or experience have strewn over the pages of her novel. The attack on Sumner in the Senate House was a more audacious act of violence than that which Mrs Stowe's villain perpetrates on Clayton in the woods of South Carolina. The comments on Brooks' chivalric action in the Southern newspapers and the conduct of the Missouri invaders in Kansas show more forcibly the fierce determination and reckless brutality of the slave-holding population than any scene throughout the volume; the horsewhipping of the meek and defenceless Father Dickson, the burning of the school where Clayton and his sister taught the children of their own slaves to read and write, the desertion and indignation of friends and neighbours as soon as his abolitionist tendencies were detected—all fade into insignificance when compared with the violence and intolerance to which each fresh account of actual transactions testifies. What is of perhaps the greatest and most painful significance among the many stirring events which are agitating the States, is the last surrender of the anti-slavery party in the House of Representatives, corroborating the opinion of Mrs Stowe's shrewd and worldly wise Frank Russel, that in case of extremities the Free States would be found to have one other interest much nearer at heart than the cause of humanity.

The Economist
September 20, 1856

The Homeless in London

TRAMPS are a dying race : the few who survive contracted the habit when young, and will not change their ways for a mere welfare state. On the Embankment, London's traditional home-from-home for the down-and-out, the London County Council runs an office to find any such a bed for the night ; it usually closes down, its work done, at five in the evening. Recently, the Salvation Army sent out a party on Christmas Eve to give money to anyone who might be homeless on the streets. It had some difficulty in trying to persuade the only man it met to accept five shillings : he turned out to be a policeman. At Rowton Houses, the commercial organisation providing "Hotels for the Working Man," a bed in a single cubicle can be got for half a crown a night : a sign of the times is that they are converting some of the houses into "super-special accommodation." (They will be comfortable enough and more expensive than the cubicles, even though not as super-special as all that.) In London, in short, poverty is fast disappearing. But need remains.

There is a safety net for those who are driven by need into homelessness : provided, for example, by the LCC's reception centre at Camberwell, a former workhouse which looks like what it was. The men coming in are greeted by great hunks of bread and marge and the traditional mugs of steaming soup, and in the room where the newcomers wash, a bottle, labelled "live vermin," and destined for a research establishment, makes it plain that no wanderer is unwelcome. The centre's clients divide into two broad groups. About the first group there is nothing particularly pathetic : well shaven, in their decent suits, they are obviously labourers between jobs, who take this opportunity of a cheap bed and the good offices of the Ministry of Labour, who will find them work in the morning. They often spurn the bread and marge, having spent their last money on a meal—and probably, for that matter, a drink—before coming on to the stricter rations provided from public funds.

Some of these labourers, called by the LCC "wayfarers," come back again and again ; these are congenital drifters, who work here and there, on the harvest or by the seaside in the summer, settling down in a town for the winter, even having a regular itinerary and going back each year to a particular farm. A few workshy ones are sent to a "designated centre," where they can be made to work ; and recently the first prosecution was made of a man who refused to accept any of the jobs found for him, and declared his intention of relying on national assistance. But such slackers are the exception. Most wayfarers are resourceful and amusing characters, who simply prefer to move from one casual job to another. The London catering trade, for example, relies on them greatly, and their main nuisance value is that they make things untidy for planners.

The second group at the centres—and a far more serious problem—consists of those who have been driven there by personal or domestic problems ; the men may be the fathers of the "homeless families" discussed later in this article. Most of these are victims of their own recklessness or incompetence in face of the world. At the Camberwell reception centre a Scots steelworker arrived back with his first week's wages from his new job as a kitchen porter. When asked to give up some of this money in payment for his keep, he recited a long and incomprehensible story about his wife, which was thought to be the usual lead-swinging. But in the end it turned out that, when he had been earning eleven pounds a week, he had been ordered by a court to pay three pounds of it to his wife, from whom he was separated. Falling on bad times, he came down to a weekly wage of about six pounds: but it did not occur to him that so imposing a thing as a court order could be changed in his favour. It fell to the LCC officer at Camberwell to sort out his muddle. Similarly, a wife came, a nervous wreck, into a Salvation Army hostel in the East End. She begged for shelter for herself and her children ; she and her husband had, quite without realising what it meant, made hire purchase agreements for six pounds a week, and simply had nothing left with which to feed the children.

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These are by no means extreme examples of the ignorance, or improvidence that really springs from ignorance, which lies at the root of much of the family homelessness in London. While earning quite enough for their needs, people may be evicted for arrears of rent because they do not want to get behind with the hire purchase on a television set, or because they make themselves intolerable as neighbours by filth or noisiness. Their circumstances are likely to be depressingly similar : children of improvident or mentally deficient parents, marrying young, having large families, so that their own disorganised youth is followed by a disorganised married life. They may never have had a chance of seeing how life might be better run. There is an alarming story of two such families who lived in the shell of a bombed-out house, so animal-quiet that for some time neither knew of the other's existence ; they were finally dislodged by the demolition of the house. The parents may even prefer such a life, having no other with which to compare it, and enjoying their independence. It is the children who suffer, for if they do not know any better they cannot be expected to live any better than their parents: problem families breed problem families.

The old answer to the problem of the children was to separate them from their parents and put them in a home. This may still have to be done in the case of parents of quite hopelessly weak mind or character. But it is a bad practice psychologically, a confession of failure sociologically—and also very expensive. The search for better ways of handling them is intensive and has become untidy ; a committee is at present investigating the overlapping of the various agencies concerned with trying to help them in their own homes. For those who have fallen right through the net and become homeless, however, there is one experiment that deserves special mention.

In 1953, the LCC set up what it calls "special units," where, in flats provided by the council, suitable families can live together under the supervision of a woman superintendent, who tries to train the parents to keep house and to care for the children. The theory is that the conditions should simulate those in the world outside ; the men pay rent about the same as they would have to pay for the same kind of accommodation in the real world, but the conditions are designed to give the families as much incentive as possible to improve themselves. Factors such as the element of competition in keeping clean the kitchens they share are powerful in making the mothers begin to realise the benefits of a properly conducted home ; many have never before had a chance of comparing the advantages of ordinary housekeeping over downright sluttishness.

When they are thought to have reached normal standards and have saved a certain amount of money, the families are put out into ordinary council accommodation and left to get on with life like anyone else. In the two houses converted for this purpose there are sixteen families, and so far thirty-two families have been taken in. One was a complete failure, for the family had to be broken up when the father was sent to prison ; and four of the original families are still in the special units, their future in the balance. But the superintendents, who keep up friendships with the resettled families, say that they are happy and houseproud ; in these cases the vicious circle of recurring problem families seems to have been broken, although none has stood the real test of success, that of time. The LCC are hopeful enough to have planned to set up two more units, for fifteen more families.

The problem families, who are ignorant of the art of ordinary living, are not the only people who need a safety net below the welfare state. Apart from the perennial problem of lonely old age pensioners (especially those who are too proud or too obstinate to go and live in the too few "eventide homes"), perhaps there are two sorts of case which most obviously require increased attention : that of the drunkards who need proper care in order to keep a job and have a chance of improving themselves ; and, still more urgently, that of released prisoners, cast out from their former families, who need a home of some kind to keep them from their old habits and companions. In general, however, a visit to the homeless in London leaves one more optimistic than a first sight of some of this human driftwood might suggest. The poor are always with us, but now that there are not so many of them the problem of controlling the safety net seems to be gradually coming into hand.

Notes of the Week

Ragged Convoy in London

PRESIDENT NASSER'S plain sailing through the Suez Canal of all the ships that have sought passage since the resigning pilots departed has put a new complexion on the projected users' association. No longer can this be presented as an immediate remedy for a traffic jam. It has become a long term design to restore confidence in international law and in the canal. The key theme is that one man must not be left in a position to exercise subtle pressure or discrimination, while paying lip service to the principle of free passage.

The first hours of the conference which opened at Lancaster House on Wednesday were necessarily spent in making mental adjustments to this new situation. They revealed a measure of agreement about what was desirable in the long run, but clear differences of opinion about what immediate steps should be taken. Mr Dulles presented his concept of the users' association as a body which would seek Egyptian co-operation, but would also provide machinery for organising traffic either through the canal or round the Cape as circumstances might dictate. In a word, what he seemed to be proposing was not boycott now, but boycott if need be.

The eighteen powers that are debating in London as *The Economist* goes to press are not out of the confusion of mind into which they have been thrown by, on the one hand, British and French phrases such as "inviting submission" and "demanding co-operation"—both of which preclude assent—and, on the other, Egypt's day-to-day success with convoys. But there seems at least to be a fairly widespread grasp of the fact that in approaching a final settlement with President Nasser, who as the man in possession has strong cards in his hand, the canal users will need to keep as many cards up their sleeve as possible.

President Nasser's strong hint on Wednesday about his ability to take over oil installations in Egypt indicated that he, too, was squaring up for the tussle to come.

Mr Dulles's six-point plan, presented very tentatively and accompanied by an invitation to suggest amendments, was welcomed by the representatives of Britain, France, Norway, Italy, Australia, New Zealand, Western Germany, Holland and Portugal. Their flags and those of the United States represent over 65 per cent of the canal traffic in the first six months of 1956; if Liberia and Panama are included as tanker flags of convenience, the figure rises to 83 per cent. But an overwhelming majority of canal traffic is not the same thing as an overwhelming majority of interested nations. The 22 governments represented at the first London conference are already reduced to 18, and the political dangers involved in a further loss of solidarity are plain.

In London this week, Sweden, Iran and Denmark shied away from the users' association in the direction of an early reference to the United Nations. (Mr Dulles had not excluded resort to the UN; the association would, he said, be able to get matters "into shape" for that body.) Pakistan rejected the association scheme outright, and, together with Spain, advocated negotiation in the form that President Nasser has proposed. Simultaneously the Soviet government, using a western journalist as a stalking-horse in its familiar manner, mooted the idea of a "summit" conference of six powers, with India, Egypt and Russia confronting America, France and Britain. With so many variants being offered, this second London conference seems unlikely to achieve even the limited amount of unity that made the Menzies mission possible.

Asians in Two Minds

A BLESSING to count as the conference began was that there was no diametrical opposition between Asia and the West on the Suez issue. The five "Bandoeng States" among the eighteen—Japan, Turkey, Iran, Pakistan and Ethiopia—had decided to give the Big Three's projects the benefit of the doubt and to come to London. Further, although over twenty Asian and Soviet bloc states (plus Jugoslavia and Panama) had accepted President Nasser's plan for a different kind of conference, one of them—India—is doing diplomatic overtime in Cairo to make sure that negotiation between east and west shall not become impossible.

Broadly speaking, all the Afro-Asian users of the canal are torn by two emotions. All are inevitably stirred by the spectacle of a non-European standing up to the palefaces and disproving their claims to superiority, especially in technical efficiency. In this context it is relevant to compare President Nasser not to Hitler, but to the Japanese, who gave widespread pleasure to Asians when they defeated Russia in 1905, when they humiliated Europeans in China in 1938, and when they swept them out of South East Asia in 1942. (The Japanese disillusioned their admirers only when their "Greater East Asia Co-Prosperity Sphere" turned out to award the Japanese all the prosperity and the other Asians only the "Co-.")

But at the same time there are Asians, not only in Pakistan and Iran but in India and the Arab states, who are far too dependent on the canal to wish to see it pass into the hands of a dictator unrestrained by any checks and balances. Iran's robust resistance to pressure against coming to London—an impulse strong among the many who still admire Dr Mossadegh—reflects its rising dependence on the canal as its oil exports regain their old dimensions. (Iran shipped nearly 3 million tons more oil via Suez in the first six months of 1956 than in the same period of 1955.) And although the Arab League has paid its emotional tribute to President Nasser's act of nationalisation, some of its members—Saudi Arabia in particular—are increasingly doubtful about his actions and ambitions. The current Saudi *rapprochement* with Iraq, almost inconceivable six months ago, suggests misgivings about getting embroiled at Egyptian instance in radical ventures that bode no good for Arab dynasties.

How They Came Together

WHILE on the first day of the emergency parliamentary session the parties split unnecessarily far apart on the Suez issue, on the second day they unexpectedly but fortunately came much closer together. There was no promise of this at the opening of proceedings on the Thursday. Mr Selwyn Lloyd did his usual orthodox lawyer's job of presenting the brief, but threw in an unworthy charge that Mr Gaitskell was using a national crisis for party advantage. Mr Robens then did his best to prove him right by a deplorable (and personally revealing) speech, full of some extraordinarily extravagant accusations. Fortunately, the debate then took a turn for the better. The turning point came when Sir Lionel Heald, a former Tory Attorney-General, effectively jogged the Government's arm in the direction of promising not to use force without United Nations backing. Arrangements seem to have been made that as many "moderate" Tory MPs as possible should get a chance to speak—partly, apparently, in order to impress opinion abroad that the Conservative species is not wholly bloodthirsty; this moderate group now proved to be larger than most people expected. It spent the next few hours, on the floor and off it, bundling the startled "gunboat Tories" aside, and urging that the Prime Minister should give a promise about the United Nations before the end of the debate. While this was going on, the atmosphere was further improved by a calm elder statesman's speech from, of all people, Mr Shinwell.

The scene was thus favourably set for the party leaders. They reversed their showings of the previous day, Mr Gaitskell putting up a very good parliamentary performance (which he has followed by an excellent speech to the Foreign Press Association on Monday of this week), and Sir Anthony Eden rather a bad one. Mr Gaitskell had by now realised what the scheme for (in his aphorism) the Cape users' association was supposed to be about; he urged the Prime Minister to confirm the impression that the danger of force had now receded and to promise that the Government's next step would be to take a recalcitrant Egypt to the United Nations. When Sir Anthony stood up he had certainly decided to give this promise, but he delayed it until his peroration, became entangled by interjections, and gave Mr Gaitskell the opportunity to appear to winkle it out of him. Labour let out a shout of triumph and then went on cheering for nearly a minute. If Mr Gaitskell had quickly withdrawn his censure motion and left the matter there, he would have been left in full possession of the field; why he did not do this—and why he cast doubt on what was now regarded as his own handiwork, by writing next day to *The Times* complaining that Sir Anthony had not made his position clear—remains something of a mystery. But Thursday was Mr Gaitskell's day, just as Wednesday had been the Prime Minister's. There is a useful parliamentary lesson here: that moderation in oratory pays.

Liberals Against Nationalism

MEETING at Stresa, the Liberal International has declared that a "supra-national regime" on the Suez Canal is essential to protect the welfare and development of Asia and Africa as well as of Europe. It explains that it has no thought of an imposed regime, but begs all concerned to reflect on history's bitter lessons about the consequences of violating agreements, and to accept voluntary limitations on sovereignty. It is not very clear how the Liberal International has convinced itself that a supra-national system would in no way infringe Egypt's independence. But it is undoubtedly true that Liberals who have consistently campaigned for supra-national institutions in Europe are in a position to urge similar ideas upon African and Asian leaders without being accused of discrimination.

There was a sharp point, too, to the argument advanced by an Italian member of parliament at Stresa: that Italians and Germans in particular ought to be able to draw on their own experience to persuade the newly independent peoples of the perils and evils of perverted nationalism. It was fully recognised at Stresa that the "new nations" are bound to be intensely suspicious of anything that looks like an attempt to rob them of the fruits of their struggles for independence. The International reaffirmed its support for the emancipation of dependencies, and made the point that only by building up an international society based on respect for law and on scrupulous fulfilment of pledges can freedom, national or personal, be protected and enlarged. One may well question the view, expressed by several delegates, that if European union had already been achieved it would have been possible to avert any serious conflict of interest between the West and the "Bandoeng" world of Asia and Africa. But the International's arguments in other respects deserve a wide hearing wherever unreasoning nationalism is rampant, both east and west of Suez.

Bromides from Bromley

MR MACMILLAN'S speech on Wednesday to the Young Conservatives at Bromley is reported to have been received by those Young Conservatives without visible enthusiasm; it will be received in the same way by the country at large. For connoisseurs of the Chancellor's economic instincts, Mr Macmillan insisted again what a very undoctrinaire fellow he is in choosing the weapons with which to fight inflation; unfortunately he also gave the impression that one of the doctrinaire impressions he wants to avoid is that, at a pinch, he would fight inflation really hard. For connoisseurs of the Chancellor's diplomacy, Mr Macmillan once again deployed the right statistics about real wages, in an effort to reason with workers who are going to meet resistance to their wage demands; he also threw out an obvious offer of personal friendship—but of no surrender—to Mr Cousins, which represents the right tactics at this time. What the country really wanted to know, however, was whether Mr Macmillan has yet decided to trim his policies to accord with the economic consequences of the Suez crisis. His implied answer was that he has not, because he does not yet know how the crisis will turn out and therefore what the economic consequences will be. The rumours this week that the Government was considering the possibility of an autumn budget, and the subsequent official denial of them, both have no firmer foundation than that.

Unconditional Independence for Ghana

THE Colonial Secretary's announcement of the date for the Gold Coast's independence could not have been held back much longer. It therefore had to be made before the delegation of members from Ashanti and the Northern territories had time to return to their constituents and tell them that their bid for delay and for the imposition of safeguards for minorities in the constitution by Britain was in vain. At the twelfth hour, Dr Busia and the other Ashanti leaders had abandoned their intransigent demand for federation and were clearly ready to negotiate on a very much more limited set of safeguards for the minorities they represent. But the Colonial Secretary's despatch to the Governor, Sir Charles Arden-Clarke, contained only a formal expression of the British Government's hope that "all sections of the community will be able to work together for the common good." It leaves entirely to the Gold Coastians themselves whether the constitution will embody even the degree of devolution recommended by Sir Frederick Bourne and broadly accepted by Dr Nkrumah and the leaders of the Convention People's Party.

This, however, was almost inevitable. Any attempt to force safeguards on the Nkrumah government could quickly be frustrated after independence day on March 6th next: Dr Nkrumah controls two-thirds of the votes in the new assembly, which is the conventional majority required for changing a written constitution. Mr Lennox-Boyd no doubt considered that, since independence has been won and must be given, it was better to give it freely and unreservedly, and on the assumption that the Gold Coast government will act responsibly. Both the Colonial Office and the Commonwealth Relations Office, which will handle relations with the new state when it becomes an independent member of the Commonwealth, are naturally anxious that Ghana should be launched without any residual bickering between Gold Coastians and British. Commonwealth membership has, in fact, yet to be fixed up; and the position of British expatriate civil servants, police and army officers,

which the new state will need to keep for some time ahead, ought not to be made difficult at the transition.

Fortunately, first indications are that the announcement has proved a douche of cold water to the Ashanti extremists and they have now offered to treat on the Bourne proposals; while Dr Nkrumah, probably in response to energetic but tactful and unofficial pressure from the Colonial Office, has agreed to a conference at which the chiefs as well as opposition MPs will be represented. All who care for African advancement must hope that this more responsible mood on both sides will last, and that from the discussion there will emerge an agreed constitution embodying safeguards and making possible a working two-party system of parliamentary democracy.

Cyprus Limps On

THE debate on Cyprus last week was an unprofitable affair. It was also unrealistic. Opposition spokesmen, who as politicians should have known better, ignored the political obstacles in the way of any significant change in Sir Anthony Eden's Cyprus policy so long as the Suez crisis persists. Even more disquieting was the way in which Government spokesmen, with an optimism that flies in the face of the available evidence, insisted that present measures filled the bill and would eventually bring peace and a satisfactory settlement to the island. Mr Lennox-Boyd declared that only terrorism prevented the introduction of a constitution. But in the absence of Archbishop Makarios, who among the Cypriots is to negotiate with the Government about a constitution? Mr John Hare, Minister of State for the Colonies, said that the Grivas diaries demonstrated conclusively that the Archbishop was not a "moderate" and vindicated the Government's decision to deport him. But neither he nor the Colonial Secretary had anything to say about the "moderate" Cypriots whom the Government hopes will step into Makarios's shoes once Eoka has been brought under control.

The only important new information produced during the debate concerned the terms of reference under which Lord Radcliffe is working on a constitution. These provide that, in addition to external affairs and defence, the Governor is also to keep internal security in his own hands. During the negotiations with Archbishop Makarios last February the formula was that internal security should be retained by the Governor "as long as he thinks necessary," and the Government's refusal to state a definite time for handing it over to a Cypriot minister was one of the bones of contention. The Colonial Secretary justified the new decision to retain permanent control of internal security on the grounds that it was necessary to prevent a revival of the "very dangerous subversive organisation" that the Grivas documents had disclosed. Clearly, however, it will make agreement on a constitution more difficult than ever. Moreover, Mr Lennox-Boyd's categorical statement that self-determination is not "in present circumstances a practical proposition" seems to indicate that the Government is still not thinking of linking self-government with self-determination. Yet in Cypriot eyes, this link is likely to grow stronger, not weaker, the longer the crisis drags on. It is depressing that Lord Radcliffe's constitution, the one constructive move on which the Government is engaged, should be doomed to such an inauspicious start.

At the moment, Cyprus is clearly a casualty of Suez. But last Friday's debate left the disturbing impression that even if there were no Suez crisis, the Cyprus problem would be limping along just as painfully.

Party Congress in Peking

IN Peking, the Chinese Communist party is holding its first congress since 1945. It has not been able entirely to avoid references to the "cult of personality," for after Stalin himself no Communist leader has been the object of such organised adoration as Mao Tse-tung, and in view of recent developments in Russia it was evidently felt that the honour paid to him and the concentration of governmental and party power in his hands required some explanation. His second-in-command in the party, Liu Shao-chi, told the comrades that Mao "firmly believes in the strength and wisdom of the masses, initiates and advocates the mass line in party work, and steadfastly upholds the party's principles of democracy and collective leadership," so that all was well; there could be no conflict between the formula of collective leadership and the supreme personal authority of Chairman Mao.

On a more mundane level the Congress was informed of the outlines of China's second Five-Year Plan. Mr Liu declared that by 1962 China expected to produce 70 per cent of the equipment needed for economic construction, and to raise steel production to over 10½ million tons. Average wages of workers and peasants should by 1962 have risen by 25 to 30 per cent. Meanwhile, however, it seems that the masses may have to practise wage restraint a little longer; they have recently been warned that their jam is for tomorrow, not for today. Some of China's few surviving capitalists were prosecuted not long ago for "offering high wages in contravention of labour regulations," and an organ of the Communist press has explained that "workers should be told that their former high wages were unreasonable, a remnant of the outmoded capitalist system and a strategic manœuvre of the capitalists."

A Settlement—But Shush

AFTER three weeks of unnecessary strike comes the glad news that the Clydeside shipbuilding craftsmen have voted to go back to work. The settlement is apparently on the same terms as those which averted a stoppage on Tyneside, but which were then kept secret; the majority by which the Clyde men voted to call off the strike is being kept secret too. It is now revealed, however, that the men are not going to get the guaranteed minimum wage for which they struck; on the other hand, they are no longer going to suffer when their piecework pay falls through no fault of their own, and the antiquated structure of piecework rates is to be revised after constructive consultation with the unions. It is not clear that these terms differ greatly from those that the employers offered before the strike began; the secrecy that has surrounded the settlement, which has annoyed some sections of the press, therefore looks suspiciously like a device to save the union's face. But if it has also saved any further dislocation in the programme for delivery of ships, this particular silence may be golden.

Economic Sanctions Against Whom?

ECONOMIC sanctions against Egypt are in fashion. It is to be hoped, however, that any new ones will be more intelligently applied than the blocking of "Egyptian sterling," which took place at the beginning of the crisis. The sensible objective of this sanction was to block the Egyptian Government's sterling balances; in the hurry of the moment, however, Britain decided that "private Egyptian accounts" should be indiscriminately blocked as well. This has caused some absurd anomalies, which bureaucracy seems to be taking an unconscionable time to iron out.

"Private Egyptian accounts" in Britain fall into three main groups. First, there are those which belong to Egyptian companies. These were allowed sterling by the Egyptian exchange control only to the extent of their contractual engagements. The blocking of these accounts simply means that British creditors will not get paid, or rather that a charge that should be laid on Egyptian accounts will now often be temporarily transferred to the British Government's own Export Credit Guarantees Department. This cannot have been what the Government intended. It is sensible enough to impede British exports to Egypt for the time being, but not to block payment by Egypt for exports that have already been received there.

The Key Wage Claim

THE Confederation of Shipbuilding and Engineering Unions decided last week to put in its claim to the employers for a "substantial" wage increase—without defining exactly what "substantial" means. The employers have already said that this year they will grant no increase at all; it is not clear whether this means that they also will not negotiate about fringe benefits. But as the retail price index has risen by less than 2 per cent since the confederation got its last increase, this March—and as since then engineering output has fallen, profit margins have probably declined and some employers assumed that this is the claim that may trigger off a winter of industrial trouble and strikes.

Table I.—INCREASES IN BASIC WAGES SECURED BY THE CONFEDERATION SINCE 1950

	Skilled Workers	Unskilled Workers
November, 1950 .	11/-	8/-
November, 1951 .	11/-	11/-
November, 1952 .	7/4	7/4
April, 1954	8/6	6/6
March, 1955	11/-	8/-
March, 1956	12/6	9/6

The accompanying tables are drawn up as a guide to how serious the trouble might be. The first table shows the size of the annual increases in wages secured by the confederation in the last six years. It will be seen that up to 1952 annual increases were regularly negotiated each November; there was a delaying action—and a threat of strikes—during negotiations for the 1953 claim, and the cycle has since moved on to settlement in March or April of each new year instead. If there is an early breakdown in negotiations this year, strike action could presumably be expected about November; if negotiations drag on, with some hope of settlement, matters might not come to a head, one way or another, until March or April. But if the employers think that they can defer trouble by offering some sort of an increase, the table suggests that they will not succeed in doing so with an offer below, say, the 7s. 4d. granted in 1952; in view of the annual increases to which the workers have become accustomed since then, anything lower would now be regarded by the unions as tantamount to *tipping with coppers*.

The second table shows the strength of the unions involved. In all, it is estimated that some three million workers in engineering shops and shipyards would be affected by any wage increase. The confederation, however, is only negotiating directly for the 1,250,000 of them, spread over forty unions, who are affiliated to it; the unions concerned, of course, affiliate to the confederation only that part of their membership which is engaged in engineering. The table shows that the relatively left wing Amalgamated Engineering Union, having the biggest representation in the confederation; then come Mr Cousins's Transport and General Workers (100,000), Sir Tom Williamson's General and Municipal Workers (95,000), Mr Hill's Boilermakers (75,000), Mr Gardner's Foundry Workers (65,000) and the communist-dominated Electrical Trades Union (50,000).

How determined is the confederation? It learned two lessons from the only recent strike it has organised, that against the British Motor Corporation in July. The sobering lesson was that many union members are not well disciplined for direct action; the exhilarating one (for the confederation) was that its power stretches menacingly across the economy. The confederated unions' "outside" members would certainly be told to refuse to handle any "black" supplies from factories affected by any new stoppage; this would be particularly important in the case of the Transport and General Workers' dockers and lorry drivers. Thanks to the Cousins-Campbell partnership [illegible] evident at Brighton, [illegible] Campbell's National Union of Railwaymen would probably refuse to handle any "black cargo" from affected factories, too.

Table II.—UNIONS IN THE CONFEDERATION

	Members Affiliated to Confederation	Total Membership
Amalgamated Engineering Union	500,000	854,000
Transport and General Workers	100,000	1,277,000
General and Municipal Workers	95,000	805,000
Society of Boilermakers	75,000	88,000
Foundry Workers	65,000	76,000
Electrical Trades Union	50,000	224,000
Engineering and Shipbuilding Draughtsmen	50,000	59,000
Metal Mechanics	27,000	38,000
Sheet Metal Workers	25,000	42,000
Vehicle Builders	20,000	60,000
Thirty Other Unions	243,000	...
Total	1,250,000	...

The second sub-division of "private Egyptian accounts" consists of bank accounts which have been built up in London by Egyptian nationals, in defiance of the Egyptian exchange control. This is refugee money—most of it belongs to Jews—which is not really likely to be used for the benefit of Egypt. A stop on these accounts is perhaps not immediately serious, since most of the money was not intended for use anyway, until the refugees could follow their cash to Europe. As a result of this warning, however, the refugees are likely in future to build up their funds in Switzerland rather than London. This is a minor—but surely it was an avoidable ?—blow to the status of sterling.

★

The third and most extraordinary anomaly concerns the remaining group of private Egyptian accounts—those that belong to British nationals resident in Egypt. These people are now being encouraged to send their wives and families home ; but the wives and families, when they arrive, find they can draw only limited amounts for personal maintenance, presumably according to some bureaucrat's idea of what is right. There is already a story of at least one reasonably affluent British wife who has spent (on her children's school kit) most of the money which she brought over with her, and now finds that her husband cannot remit from Egypt ; there is the story of an even richer Englishman who was yachting in British waters when the crisis broke, and now finds that he cannot draw money to pay his crew ; and absurdities of this kind are likely to multiply so long as the control remains. What good purpose this restriction on private accounts serves is difficult to see. It certainly causes inconvenience to the British people concerned, but it leaves the Egyptians undisturbed—and perhaps even laughing. It would be better to unblock the private accounts straight away, and set up some discriminatory mechanism which would operate only if this led to any of the wrong sort of leaks.

Bulganin's Windmill

PREOCCUPIED by Suez, press and public alike have hardly noticed the arrival in Washington of a fresh message on disarmament from Marshal Bulganin. True, the official American comment that the message contains "nothing new" is largely justified. The Soviet government is giving no ground on the key issue of international inspection, and, apart from a hint that it might prefer to negotiate disarmament bilaterally with the United States rather than through the United Nations, its statement is mainly devoted to repeating familiar propaganda points. But two of these points, familiar though they may be, call for comment in the light of other current events.

Marshal Bulganin lays particular stress, first, on the claimed demobilisation of over 1,800,000 Soviet soldiers, and, secondly, on the approach of conscription in Western Germany. By careful selection of such facts, he manages to contrast a communist world which is stripping its armed strength down to the bone with a western world still engaged in an all-out arms drive. These images scarcely correspond to present realities. General Gruenther, on his farewell tour of Europe, is sounding vain warnings about the inadequacy of many Nato members' short terms of military service ; the council of Western European Union has been learning of Herr von Brentano's alarm at the prospect of sizeable withdrawals of allied troops from Germany ; and in Western Germany itself the original timetable and scale of rearmament seem daily more and more impracticable. These and other trends make Marshal Bulganin's denunciation of the supposed "arms race" in the West look rather like Don Quixote's assault on the windmill.

It is also unfortunate for the Soviet premier that, on the day when he despatched his claim that "the Soviet Union's unilateral reduction of its armed forces indisputably testifies to its love of peace," the Hungarian defence minister, General Bata, was announcing that the manpower cuts which his country, like Russia, had made in its forces, involved no significant loss of striking power.

Wrong Recruits for Bonn

ON both flanks the omens are now bad for the prospe of Western Germany creating the kind of citize army that its allies, and its own democratically mind elements, would wish to see. On the one hand the par politicians are preoccupied by next year's elections and ful aware of the unpopularity of conscription ; and the idea a term of service of not more than twelve months has be grasped at by Christian Democrats anxious to regain son of the electoral ground already lost to the opposition. C the other, there is growing reason for disquiet about th kind of men most likely to volunteer for service in an arm which, if the present trend continues, will contain mo volunteers than conscripts. It is the least desirable elemen who show the greatest eagerness to don uniform.

At Minden last weekend the former members of th military branch of the Nazi SS held their biggest rally t date. Ostensibly summoned to discuss welfare question the gathering, 10,000 strong, was an open demonstration c unrepentant arrogance. The Waffen SS men assured eac other that the new German army would be of no use witho them. They were encouraged in this confidence not only b the Bonn government's deplorable offer to reinstate them i their previous ranks, but also by the appearance at Minde of Dr Mende, the opposition Free Democrat party's defenc expert. Dr Mende's party seems confident that after th elections it will either come to power in alliance with th Social Democrats, or be able to name its own terms fo realigning itself with the Christian Democrats. This prospec lent weight to Dr Mende's words when he tried to wash the record of the Waffen SS and assured its forme members that any who wish to join the new army will b accepted before long—the implication being that the officia committee set up to scrutinise stains on individua escutcheons is to be brushed aside.

It is ominous that there should be any question of enrolling former SS men at all, whether their personal records are black or not. The reputation of the military SS may not reek as strongly as that of the political branch, but most of its members were devoted Nazis, and their conduct at Minden confirmed the belief that many of them have not changed their views. More evidence in this direction can be expected within a few days, for the release from prison of Admiral Doenitz, Hitler's appointed successor, seems bound to provoke some illuminating reactions.

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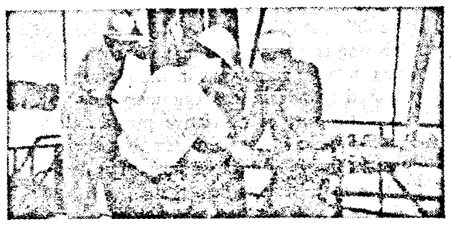

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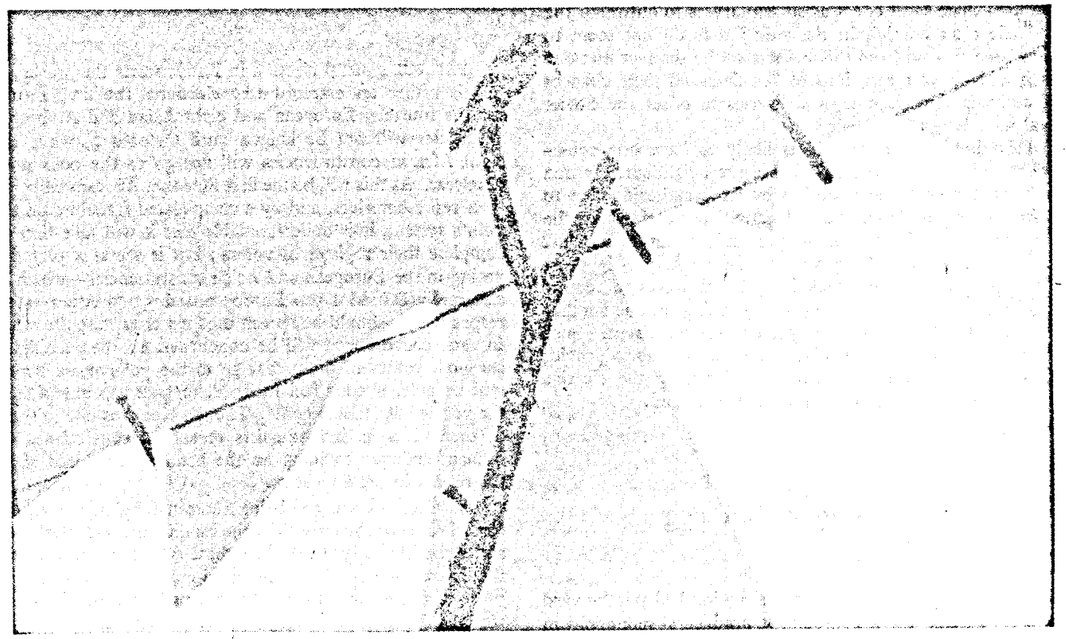
Black oil gushes to wash white clothes whiter



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The Logic of Israel's Reprisals

A DEATH-ROLL of over sixty represents a black week on the Israel-Jordan frontier. Lately, an increase of minor forays by Arabs has been ascribed by the Israelis to a reduction of discipline because frontier posts are being manned with more civil guards and less army units than in Glubb Pasha's day. Early in September there occurred the worst of these incidents—an affray in the south in which six Israelis were killed and for which the Mixed Armistice Commission has held Jordan to blame. In the night of September 11th-12th the Israeli forces staged one of the planned retaliatory raids of the kind they have not perpetrated for many months. They claim that such reprisals always deter intruders for some months. They must regard the immediate local effect as so salutary as to outweigh the bad effect on opinion in the west; they do not seem to have been swayed from this belief even by the fact that one such raid—a year ago, into Syria—damaged their chances of securing American arms deliveries to offset the Soviet deal with Egypt.

This time, too, their raid is likely to have one consequence which benefits an Arab League neighbour. Jordan is without a parliament, and is by its constitution due to hold elections by November. Elections or no elections, the country is torn by faction—republican versus monarchist and Hashimite, east bank versus west bank, pro-Egyptian versus pro-Iraqi. An attack from Israel serves to remind these factions that unless they stop gunning for one another they may not have any country left to quarrel about. Such an attack not only unites adversaries; it could also provide King Hussein with a pretext for postponing the election until inter-Arab friction over Suez has abated.

Trimming a Bad Egg

As soon as the National Farmers' Union had put forward its scheme for a compulsory producers' monopoly in egg marketing, it was clear that there was nothing to be said for it, and a great deal that should be said against it. For the modified scheme which the Government is now prepared to accept there is still nothing to be said; all that has happened is that a few of the more obvious (although not always the more serious) objections to the original scheme have, for the sake of the look of the thing, been removed. As the commissioner at the public inquiry had recommended, the restrictive machinery of registration need not now apply to the man who keeps less than fifty chickens in his back garden. More important, the Government recommends that even registered egg producers (this means the farmers, not the hens) should be allowed to sell eggs directly to retailers (that is, outside the monopoly scheme) if they get a special sort of licence (the conditions for which do not seem very onerous); they will also be able to sell eggs directly to consumers and to institutions such as hospitals and restaurants if they get another sort of licence (which would apparently be given more or less without conditions at all). The scheme, in short, is one that will not now completely destroy the possibility of competition; it will merely make competition more difficult. As the National Farmers' Union has put it, "several of the Government's modifications" are from its point of view (i.e. from the point of view of rigging the market) "neither necessary nor helpful," but "they do not materially affect the basic marketing conditions laid down in the original submission." As an outsider might put it, the Government is apparently prepared to admit into egg marketing, by statutory provision, the sort of restrictive practice that the Restrictive Trade Practices Act is to try to turn out of industry in general through judicial enquiry; but perhaps the matter is now no more serious than that.

Kenya at the Hustings

A FATEFUL general election in Kenya starts this week. It is rather an extraordinary election: the final results for the fourteen European and eight Asian and Arab constituencies will not be known until October 2, while the eight African constituencies will not go to the polls until next year. As this will be the first time that Africans will elect their representatives, and by a complicated franchise on the points system, it is understandable that it will take time to complete their register of voters; but it seems a pity that voting in the European and Asian constituencies—which in size rarely exceed 1,500 European and 5,000 Asian voters respectively—should be spread over ten days. As the result in each constituency will be announced on the evening of the poll, voters in those that go to the polls subsequently will be able, if they feel inclined, to take account of how the voting has already gone. Though Kenyans like to think of themselves as individualists of settled convictions, the human tendency to jump on the band-wagon could affect the results in the final seats.

The elections are not being contested by parties in the formal sense of the term; but the candidates, both European and Asian, broadly divide into those who are satisfied with the Lyttelton experiment in multi-racial government, and those who are not. In the Asian constituencies, of course, the main split is between those who accept Lyttelton and those who back African demands for a multi-racial common franchise. In the European constituencies the battle is between the cautiously liberal group which supports Mr Michael Blundell, the Minister of Agriculture, and a more reactionary "opposition" group. The Blundellites agree that multi-racial government must be continued, but they insist that present communal strengths in the legislature should be approximately maintained for some considerable time. The "opposition" group consists of two sets of candidates who in four or five seats are splitting the anti-Blundell vote: the set of sitting members who support Group-Captain Briggs in desiring a considerable pro-European modification, though not now the total abandonment, of the Lyttelton settlement; and the Federal Independence Party, which appears to want a peculiar form of apartheid with permanent white domination of Kenya. At present Blundell and anti-Blundell factions among elected European members are about equal. But even if the Briggsites won a clear majority of seats, it would not follow that members of their group would replace the present ministers, for Kenya has nothing like party and cabinet government. There is little doubt, however, that three or four gains by the Briggs group would darken the prospect for racial co-operation and make the next stage of constitutional evolution much harder.

Back to the Bear-Garden

COCK-FIGHTING is a sport which sounds picturesque in historical novels, and looks gay in sporting prints. It is, however, illegal, a fact which has not prevented its survival in many parts of England. The recent conviction of thirty-six people at Chester was fairly obviously one of those cases when, in order to ensure publicity which may warn off future offenders, reputable people of some standing are chosen by the authorities as sacrificial victims. As meetings are held in other areas under conditions of much less profound secrecy than those reported from Chester, one suspects that the claim that great detective work was involved in this case is so much poppycock.

Was it "unfair" that these people at Chester should suffer heavy fines for an offence that others commit with impunity elsewhere? To answer that, one can only look at the report of the case. In making it plain that there was no evidence for charges of gambling a police officer emphasised that "It was a quiet meeting of people of good standing." In some instances they had come from far away to take part in what appears to have been a very well-organised show—there was a prefabricated cock-pit with a sponge-rubber floor—and there is something inevitably comical in the story of the lady who took refuge and was found under a pile of hay, and of the man who had the weights of his birds written in a copy of the Rubáiyát of Omar Khayyám. But one bird "had the tattered remains of an eye hanging out of the socket." Sixty-two live birds were brought into court, some of them injured, and fourteen dead ones were found on the farm. Nobody (except those wishful thinkers who say that birds really love fighting) could deny that this is an extremely cruel sport, regardless of its illegality or, for that matter, of its Olde Englisheness. The great puzzle is why, when these people were breaking the law in this peculiarly beastly way in any case, they did not go the whole hog and put some money on their birds? It would have ensured them at least a modicum of public sympathy.

Swedes Slightly to the Right

THE Social Democrats' loss of two seats in last Sunday's elections in Sweden may not at first sight seem of much significance. The party has been in office, with one three-month interval, since 1932 and it still holds the allegiance of half the electorate. But in a country where family tradition is the dominating consideration for most voters even a small setback may foreshadow a political trend of some importance. Moreover, the Farmers' party, the Social Democrats' partner in the coalition, has lost seven seats, while the Conservatives have gained nine, and may get another from the Farmers when the postal votes are counted. The result is that the coalition can now only muster 127 seats out of 231. Ironically, the immediate result is a strengthening of the position of the Farmers, who, although left with only 19 seats, now hold a delicate balance between the Social Democrats (108) and the opposition parties—Conservatives (40), Liberals (58), and Communists (6).

The coalition has already been showing some signs of strain, as the Socialists and the Farmers have different definitions of just food prices; and the fall in the Farmers' vote appears to have been at least partly caused by their supporters' dissatisfaction with the alliance. The Social Democrats, for their part, may soon start to think about forming a new alliance with the opposition parties, thereby freeing themselves from dependence on the uncertain and dwindling support of the Farmers, but submitting to an inevitable check in their programme. More houses and lower taxes seem to be more important to the Swedes at the moment than a further development of the social services.

President Tubman's Tour

PRESIDENT TUBMAN of Liberia, who was recently inaugurated for his third term, is quite pointedly avoiding Britain on his autumn tour of Europe. Accompanied by his commercial adviser, he will visit Italy, France, Western Germany, Holland, Sweden and Switzerland—in all of which countries he may expect a warm welcome, for they are all active in the development of Liberia. Italy is interested in civil engineering contracts, Germany in new plantations, Holland in palm produce and trade, Sweden in iron ore (like the Americans) and Switzerland in supplying tech-

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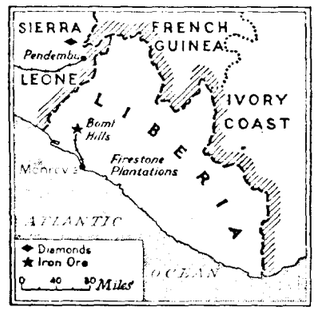
nical services. France's commercial interests are smaller, but as a colonial neighbour France is keen to develop neighbourliness. Britain apparently is interested neither in neighbourliness nor in trade ; nor yet even in cultural relations, for though Liberia is an English-speaking as well as a dollar area, there has never been a British Council representative in Monrovia. Everything is left to an extraordinarily languid British Embassy, which permitted the Foreign Office to give great offence by not arranging for a special representative to attend the President's inauguration last January, although every other interested country did so—including, for the first time, the Soviet Union.



Foreign Office attitudes to Liberia need overhauling, at a time when the Colonial Office is in the process of creating independent West African states itself. Liberia may conjure up comic ideas—but perhaps more thought should be given to the fact that the value of its imports and exports tripled between 1949 and 1955, that, willy-nilly, it is an important entrepôt for Sierra Leone's diamonds, that President Tubman is determined to keep an open door for European enterprise in spite of the predominance of American interests, and that it has an important strategic position. If President Tubman will not stop off in London for a few days, perhaps the Board of Trade might exert some pressure to have his commercial adviser (who formerly worked in a British firm) invited to drop in—and given enough red carpet treatment to report favourably back to the President.

The Swiss and the Atom

THE Swiss are the first prospective recipients of American atomic fuel to make gestures welcoming the goods but not the American inspectors who accompany them. The Swiss government is having difficulty in persuading the Foreign Affairs Committee of the upper house to approve the agreement with the United States for the purchase of half a ton of enriched uranium for experimental reactors in the next five years. The opposition draws its strength from a feeling that the American supervision clause is incompatible with Swiss neutrality. The Russians have dexterously cast aspersions on this neutrality by hinting that they would also negotiate a bilateral agreement if the Swiss would apply for one. The offer is not likely to be taken up, and the government hopes to iron out its difficulties with the parliamentarians by explaining its case to them better than it has so far done. The case is basically that Switzerland must develop her atomic research to keep her vital electrical and engineering industries abreast of their competitors and to diversify her sources of power ; and that to obtain the raw material she must accept the supervision of those who have it. The fact that the Russians have subscribed to the draft charter of the International Atomic Agency, which includes this requirement, implies that wherever the Swiss turn they will have to comply with it. As the *Neue Zuercher Zeitung* has put it: "In the atomic age, all too provincial concepts of sovereignty are of little use."

Nevertheless, it is true that the atomic age is, as the traditionalists fear, incompatible with the historic view of an immaculately neutral Switzerland, free from all ties. The Swiss interest in the OEEC's cooperative atomic energy plans shows that. It is also true that the need to supervise the use of fissile materials painfully highlights the dependence of "have-not" nations in atomic industry. The Swiss, sensitive about their neutrality, have reacted quicker than most to this subordination. But there are many among the growing number of countries with which the United States is signing bilateral atomic agreements which may be shorter tempered than the Swiss when their public opinion wakes up to atomic realities. The State Department is already more concerned at the prospect than most of the recipients themselves. American support for the International Atomic Agency, and also for "Euratom," is partly due to the realisation that the sooner fissile materials are distributed and controlled on an international basis, the better.

Indonesia Bites Its Roubles

IN spite of the brotherly affection which he has expressed for the Russians, President Soekarno has shown a good deal of caution in negotiating the terms of the $100 million loan which has just been arranged between Russia and Indonesia. The projects which are to be assisted have not yet been specified and each one is to be dealt with carefully and separately ; moreover, the Indonesian government retains the right to refuse further credit if it is not satisfied with progress made during the first three years of the loan. The Indonesians seem to have learnt from Burma's disastrous experience to scrutinize carefully the goods and prices offered by Russia.

While this agreement was being signed in Jakarta, President Soekarno issued a joint statement with Mr Bulganin in Moscow on the beauty of the Bandoeng spirit and the wickedness of imperialism and military pacts. This statement has been criticised in the Indonesian press, by Nationalists as well as by the main Moslem parties. They are anxious that Indonesia should not be too visibly committed to the Soviet bloc and fear, very naturally, that President Soekarno's statement may "arouse doubts among our friends in America as to the sincerity of our friendship for them." The president's answer to these comments, which follow the publication of sweeping accusations of corruption, has been a decree imposing a heavy penalty upon any newspaper which dares to criticise "the president, vice-president, or any other officials." This move gives the measure of the government's failure to inspire confidence in its political or economic leadership. Even the Russian loan, which appears to be a positive achievement, is intended to play a part in a much publicised five-year plan which, so far as is known, does not yet exist in a coherent form. This failure has disappointed the hopes aroused by the vigorous performance of the "caretaker" administration which was in office until last March, and has given weight to the views of those who regard Indonesia as a bad investment risk.

Letters to the Editor

Liberals Start by Running

SIR—Your homework on the forthcoming Liberal Assembly is not up to your usual high standard. You seem to have assumed that items from the Party Executive are inevitably placed early in the agenda. Not so does the party override its local associations. You should not have stopped at page 20.

Quite apart from a probable emergency resolution on Suez, there are four, not two, resolutions submitted by the Executive ; your comment overlooks a substantial and detailed motion on restrictive practices and trade barriers, to be moved by Mr Donald Wade, MP.

Your acid comment upon a constituency resolution on inflation implies that the Liberal Party is only now starting to tackle this subject. Inflation has, in fact, figured on the agenda of most of the postwar assemblies ; but, with a lack of complacency which some would commend, the Putney Association evidently believes that a "true radical solution" has still to be found, at any rate on the political level.—Yours faithfully,

Leeds RICHARD WAINWRIGHT

On Beef and Milk

SIR—You suggest in your issue of September 8th that it should be possible for the small farmer to change from milk to beef production. This alternative is open to very few. The small farmer must maintain a large turnover per acre if he is to live. In producing milk, he makes use of bought feeding stuffs and in this way he overcomes the handicap of a small acreage. Few small farmers are in the position to wean calves profitably. Where beef calves are readily available, they may be grown profitably to a certain stage, but after that the return per acre from beef is not good enough to cover high overheads. The use of bought animal feeding stuffs is unprofitable after the weaning stage, and the small farmer faces his greatest disadvantage.

In his dilemma, he may turn to pigs or poultry, but here he is up against the problem of heavy capital expenditure which is necessary these days for the efficient production of eggs and bacon. On rented land the landlord cannot be expected to erect such specialist buildings, and only a few landlords would be willing to accept such buildings as improvements under the Act. In fact, you have touched on the fundamental difficulty facing the small farmers of today. If they are unable to make a living out of milk, many of them will go under.—Yours faithfully, FRANK SYKES

Warminster, Wilts

Investment Trusts Compared

SIR—The following facts will clarify some of the generalities contained in your article on August 18th.

There are well over 200 investment trust ordinary stocks quoted in London, and the market in these is broadening, as investment trusts are enjoying increasing popularity. The actual amount of new capital raised from cash subscriptions for new issues (granted a quotation) by investment trusts, excluding value of conversion rights, has been as follows:—

Year to March 24th		*Year to March 24th*	
1951	£2,417,758	1954	£10,903,921
1952	£2,301,595	1955	£23,195,267
1953	£2,288,947	1956	£23,190,344

Surely this is a creditable effort.

Investment trust equities have done better than industrial equities generally, not only because of gearing in their capital structure, but also because asset values of the total funds contained in their portfolios have risen to a greater extent than the *Financial Times* Industrial Index. Although admittedly the management expenses (usually only ½ of 1 per cent of total assets) have to be paid, the investor is, in fact, obtaining the benefit of this management at a considerable discount.

Reference to the "time lag" in the receipt of dividends is clearly unimportant during a period of inflation, particularly as asset values are far more important, in the long run, than past dividend receipts. Several trusts have recently referred to the fact that they have purposely invested their funds at a lower rate of interest but in securities of a higher grade, i.e., usually those with greater earnings cover for their dividend payments. Surely the fact that industrial dividend payments generally are at least two and a half times covered, and quite frequently more than four times covered, must be taken into account. This is a great change compared with before the war. Consequently, as investment trusts are now paying out approximately 80 per cent of their total income, the likelihood of having to draw on reserves to maintain current dividends envisages a first-class slump, of 1931 dimensions. Before such a slump could take place the Governments of this country, the United States, and Canada, where the majority of the assets are held, would certainly have injected a major dose of inflation into their economies.

The fact that well-managed assets can be bought at a very considerable discount has caused investment trust equities to become increasingly popular with insurance companies, pension funds and other institutions. Consequently, it is often investment trust equities which are bought for the investment of 'insurance policies with profits and contributions to pensions funds." Thus, far from being a source of competition, these "various forms of indirect investment" contribute towards the popularity of investment trusts.—Yours faithfully,

London, E.C.4 G. W. ASHFIELD

Minding Other People's Business

SIR—It has long been recognised in sound and hard working industries that the onset of problems in organisation, marketing, manufacturing and engineering is usually insidious and is certainly indigenous to the process of executive control. Experience has shown that it is almost impossible for executives who are never unemotionally detached to find solutions to problems which are invisible because of their familiarity.

Your article is fair when stating that consultants have made useful contributions to the efforts to raise standards of British management and productivity since the war, but it only touches on a comparatively unimportant facet of consultancy work when referring to "putting in a new system."

The most valuable contributions of consultants are concerned with questions of policy and organisation which have to be devised and related to the logic of what has to be done. When these problems have been highlighted the average efficient business can take care of the routines itself ; in fact, the virile consultant likes to feel that the routine activities of control are better left in the hands of the business. No experienced consultant lightly advises changes in established procedures.

It is now realised that successful industry reflects three influences—the operational activities ; administration needed to support and sustain them ; and a third concerned with the effectiveness of propagating an understanding of policy and carrying it out efficiently. The third is always concealed by too intimate contact with the routine activities so that the sight of the logic of the work to be done is lost. A consultant is almost the only and usually by far the most effective means for exposing it.

The really valuable consultant is the man who exists by consultancy as a career. He is trained and deeply experienced in perceiving basic problems. It is probable that misunderstanding has arisen in this country by the sale of consultancy by time. The brilliant flash of perception cannot be sold in this manner, neither is it related to the size of the consulting firm. Therefore it may be logical to pay for consultancy on the basis of the values contributed. This is the normal approach of the medical profession and it is not unknown amongst enterprises who realise the value and make full use of consulting services for highlighting insidious industrial problems.—Yours faithfully, F. COLIN SWALLOW

Doncaster

Books & Publications

The White House Files

EISENHOWER: THE INSIDE STORY.
By Robert J. Donovan.
New York: *Harper and Brothers.* 441 pages. $4.95.

MR DONOVAN is the lucky reporter from the *New York Herald Tribune* whose privileged access to White House files has filled members of Congress with envy. Oddly enough his book reveals little that would not have been known to assiduous readers of the American press, and what little new there is does not contribute much to the reputation of the Eisenhower Administration.

The publishers' claim that Mr Donovan provides a unique insight into the inner workings of government is true only to the extent that its main source is the Cabinet minutes and that no previous Cabinet has kept them. But journalists have been given presidential material before, and some of them have made better use of it. Mr Donovan was obliged to work at great speed—which is unfortunately apparent. The relatively few items of new material are padded out with summaries of well-known facts and long quotations from public statements and even articles by other journalists. The book abounds in loose ends and unasked questions; the reader ends it none the wiser about how most of the really important decisions of the last three and a half years were made.

Nevertheless, there are some revealing details and some questions, of lesser moment, are answered. Do, for instance, the President and his colleagues talk to each other in the same homiletic way in which they address the public? Yes, apparently they do. Does Mr Benson, the Mormon Secretary of the Agriculture, open Cabinet meetings with a prayer? He did the first time; the next time the President forgot and received a pained note; after that sessions started with a minute's silent reflection. When Stalin died the President complained at the lack of plans or studies foreseeing this eventuality; but there is no evidence in the book that this complaint led to any greater foresight later. When the recession began in the autumn of 1953 there was very energetic talk in the Cabinet of the actions which the Administration must take to prevent "another 1929": when it was over the Secretary of the Treasury remarked that the things the Administration did were without great effect.

After his first session of Congress Mr Eisenhower was so fed up with the Republican leaders, especially over the way they had treated the mutual aid programme, that he talked about forming a third party. This line of speculation petered out in a search for the right name, but his failure to get all his programme enacted in his first term was one of his motives in deciding to try for a second. When he was fit and well he leaned towards retirement next year; after his heart attack and the boredom of life on the Gettysburg farm, he decided to consult his advisers about a second term. The decision was taken on Friday, January 13th, in the President's study. The advisers he chose to ask were twelve men, all of whom were deeply committed to his running again—except for his brother, who tried to sum up both sides of the question.

By far the best chapter in the book is the first, because a verbatim transcript was apparently kept of the meeting of the future Cabinet before the inauguration. The new chieftain and his henchmen are seen round a table composing a collective speech. As the general reads his draft his colleagues make respectful comments, and Mr Charles Wilson blurts out: "You flew the flag! It was wonderful!" By contrast the Cabinet minutes proper seem to be brief summaries, somewhat expanded for the period when the President was away after his heart attack. Despite recent propaganda, of which Mr Donovan and his publishers are among the victims, about the new significance that the Republicans have given to the institution of the Cabinet, these minutes leave much the same impression as the memoirs of former Democratic Cabinet members. The discussions are inconclusive and the important decisions are made elsewhere.

Presumably foreign and defence policies are nowadays decided in the National Security Council and decisions on political tactics are not made in formal meetings at all. No inside history of the White House can be told without much more information than Mr Donovan offers about the numerous presidential assistants and liaison men who are so close to the throne. They seem to fall roughly into two categories, men with a background either in politics or in publicity. On such crucial questions as what the President should do about Senator McCarthy, the public relations men were on the side of boldness and the politicians on the side of caution. Perhaps one should speak more politely about public relations men in future.

Ultra Ultra

ON FREEDOM AND FREE ENTERPRISE: *Essays in Honour of Ludwig von Mises.*
Edited by Mary Sennholz.
USA: *Van Nostrand.* London: *Macmillan.* 347 pages. 25s. $3.50.

NOT all the essays in this volume display the awe-inspiring last-ditch intransigence of Professor von Mises himself, that Hereward the Wake of ultra-ultra-liberalism. Professor William Rappard removes a substantial underpinning from the Master's argument with his reference to deliberate democratic decisions involving material sacrifice; M. Bertrand de Jouvenel's terse and brilliant essay on "Order vs. Organisation" plants a charge of explosive quite as lethal to elaborate praxeological constructs as to the pretensions of planners; Professor Machlup ends a paper on methodology and technique in the social sciences with a plea for mutual tolerance. Mostly, however, whether dealing with a technical point, a question of policy, a political problem, or an aspect of scientific method, the contributors to "Freedom and Free Enterprise" show themselves as ultra-ultra as Professor von Mises could wish. The least deviation from *laisser-faire* means a headlong rush down the road to serfdom; outside the free market, all action is blindfold; the distribution of wealth arising from free exchange is sacrosanct; even—in one marvellous museum-piece—the only true charity is private investment. Outside the ultra-ultra school there is no salvation; for the New Economics, Keynesian and neo-Keynesian, no contempt and loathing is black enough.

There are some excellent essays in the collection. Professor W. H. Hutt makes a valuable and original contribution with his "Yield from Money Held"—though his argument is not, as he holds it to be, an invincible club with which to batter Keynes. The reaction expressed by Dr Louis Spadau against the sort of economic reasoning which works from aggregate to aggregate without taking human decisions into account is undoubtedly a healthy one—though it is a pity that the weight of his argument should rest so heavily on mathematical technicalities. But what a curious world these ultra-ultra-liberals live in. That it is a world in which all trees grow up to the sky and every non-teetotaller dies in the horrors is the least of its oddities. It is a world in which *homo œconomicus* is not merely a handy abstraction, not even merely an ideal citizen, but an actual norm. Party manifestoes, so Professor von Mises has noticed, invariably claim that their policies will bring material betterment. Therefore—in the teeth not merely of all systematic sociological inquiry but of all everyday observation—men desire material benefit at whatever cost.

As corollaries to this proposition, no one, in this world of the ultra-ultras, allows solidarity with his fellows, desire for approval, or fear of disapproval, to modify his actions in pursuit of wealth. No one stops thinking about his material standard of living in order to act on a generous or envious impulse, pay off a score, comply with a taboo, or merely enjoy the negative pleasure of not weighing pros and cons. Nobody translates unrecognised psychological stresses into inconsistent economic demands. Questions of status, prestige, loyalty, continuity, have no legitimate existence. Consequently, but for bad economic doctrines, power-hunting politicians, and the resulting deplorable laws, there would be no trade unions (and presumably no business monopolies or oligopolies either), no national barriers, no sticky prices, no unemployment, no inflation, and practically no taxes.

It is a world of some merit as a stage for catallactic exercises; but it is hardly relevant to the concerns of the policy-maker or adviser, who must take workers and business men, consumers and taxpayers and savers, as they are. One wishes that, instead of impugning the *bona fides* and ridiculing the intelligence of that vast majority of not altogether evil and imbecile fellow-economists who disagree with them, the disciples of Professor von Mises would take time off to look at the humanity of human action.

Standard Bearer of Democracy

MAZZINI.
By Gaetano Salvemini. Translated from the Italian by I. M. Rawson.
Cape. 192 pages. 18s.

WHEN Gaetano Salvemini's "The French Revolution" was translated last year, English readers were astonished by the penetration with which this Italian scholar had been writing fifty years ago and because he could be read so profitably today. Salvemini is still an active student of politics and history, and his current writings are still an oracle to great numbers of his fellow-countrymen. English readers now have a chance to see another of his early works, a book that remains the clearest summary of Mazzini's views. It comes out in translation with the author's blessing, and he has made some changes and additions for the occasion.

As Salvemini points out, very justly, the best of Mazzini is his life, tragic, dramatic, ringing absolutely true to immovable standards of conduct. This volume is more about his thought. To students of human nature, Mazzini will be chiefly interesting as a personality; but to students of the nineteenth century in general, he will rather be a set book reflecting, as no other writer did, the climate of thought in Europe between 1830 and 1850. This was the age of romanticism, and Mazzini was the romantic in politics, the great admirer of Byron. It was an age of democratic and nationalistic revolutions; and Mazzini was the prophet of democracy and nationalism, the standard-bearer of a new Italy, the missionary of a new deist religion intended to correct the errors of Rome, the champion of the common people everywhere and of the fight for popular emancipation. To these causes Mazzini gave his life, and for them he lived in exile and poverty.

As a study of Mazzini, this book is quite admirable. It is as clear as crystal, and a limpid style reduces Mazzini's mystical notions to intelligibility. It is written with great sympathy, but also with scholarly detachment. It is short; the translation is good; and the print most readable. A particularly interesting chapter is that on the analogies of his ideas with socialism. Salvemini is always interested in the extent to which Mazzini's ideas were internally consistent, and in considering how important they were in their effects. Mazzini himself was always concerned with thought as an influence upon action. He has here an ideal interpreter.

Advice to Ghana

BLACK POWER.
By Richard Wright.
Dobson. 358 pages. 25s.

IN the valedictory epistle to Dr Kwame Nkrumah with which Mr Wright concludes this report on a visit he made to the Gold Coast in 1953, he urges the Prime Minister to build the Volta River scheme out of the Gold Coast's own resources, to avoid dependence on Russia as carefully as dependence on Britain, to keep clear of corruption, and to find "African solutions for African problems." What African solutions may be, Mr Wright confesses himself at a loss to know, except that they must involve a degree of coercion and regimentation such as even the cruel and rapacious British never dared to use; but he does give some thought to the problems facing an independent Ghana. (By 1953, Mr Wright realised, Ghana had reached its 1783—all over bar the hauling down of the last union jacks.)

As an American—a coloured writer of distinction—Mr Wright was much shocked by the poverty of the Gold Coast, the main reason for which, of course, he laid at the door of the British, who, he considered, had milked the country instead of developing it as America had been developed. Little matters like the productivity of labour, the shortage of capital, the narrow basis of the economy based on cocoa did not enter into the analysis; the Gold Coast, the size of Britain, had only one-tenth the inhabitants—which was all the proof of exploitation that he, as a Marxist, needed. The gold was being taken out, as the slaves had been, and that was all there was to it.

But on the problem of African mentality, Mr Wright is more interesting. It was not long before he found that, though he is of African descent, his own mind was western, empirical and scientific. He found himself out of sympathy with *ju-ju*, with those rogues, the chiefs, with African laziness and ignorance, with African treatment of women, with tribal custom, with African financial morality, with almost everything. But he put the blame for most of it on the excessive influence of the white overlord, which, though it had mercilessly broken tribal society (which he disliked) and left a void into which the Convention People's party (which he admired) had entered, had not offered Africans a satisfying existence. Since Mr Wright feels that the western way of life is neurotic and played out, this is hardly surprising. His final plea, therefore, is for a new African renaissance, born of the self-confidence engendered by African success in driving the British out, which shall neither be the individualism of the West nor the primitive communalism of tribal life—which was so fine before the British came, but is so irritating to progressive, pro-Nkrumah people now.

In his reactions to modern Africans Mr Wright is always interesting and sensitive; but this is, nevertheless, a disappointing book. One expects it to reveal, just because the author is a coloured American, an intelligent American reaction plus something special. In fact, one seems to get something less than an intelligent American reaction. But if Dr Nkrumah can screw the whole cost of the Volta scheme out of his electorate, nobody, it is now clear (and Mr Wright may be astonished to learn), will be more thankful than the British taxpayer and the Canadian and British aluminium companies. Rugged independence, especially, is nowadays conceded without a struggle.

Dossier on Saucers

REPORT ON UNIDENTIFIED FLYING OBJECTS.
By Edward J. Ruppelt.
Gollancz. 315 pages. 18s.

AN unidentified flying object is something for which the United States Air Force can find no rational explanation. Since the late 1940s, a good many UFOs were seen and tracked over the United States and a special intelligence section was set up to investigate the reports. When Mr Ruppelt first became involved in the investigation in 1951, the project was at its lowest ebb. Official ridicule had been poured on "flying saucers" until reputable witnesses became so discouraged that they stopped reporting phenomena in the sky. However, the objects themselves went on reappearing with such regularity that scepticism gradually changed into a suspicion that something was flying that could not be explained away in terms of weather balloons, meteorological phenomena, optical illusion, reflected lights, birds, and so on. All these can and do deceive both radar and experienced observers, but some UFOs could not by any amount of manipulation be fitted into any of these categories. But neither could Mr Ruppelt's investigators ever get evidence on what they were.

In 1953 Mr Ruppelt presented a dossier on nearly 1,600 reported sightings to a panel of scientists. Half the total had been tracked down with a fair degree of certainty to aircraft, balloons, etc., and even hoaxes. In 23 per cent

of the cases there were not enough data to reach a conclusion, but there were 429 cases, or nearly 27 per cent of the total, for which no reasonable explanation could be found. These were genuine Unidentified Flying Objects, and by that time there were quite a number of responsible people prepared to say they were genuine spaceships. The scientists did not go as far as this, nor does Mr Ruppelt. The panel would not guess what the UFOs might be, but did press for their continued investigation. There the matter rests. Mr Ruppelt's account of UFO investigations up to 1953, when he left the air force, reaches no conclusions and is written in a palsy-walsy style calculated to knock the romance out of saucers and their spacemen. It leaves a crawling feeling of discomfort, of contact with the inexplicable, that more enthusiastic believers in saucers have been unable to convey.

Philosophy's Mortuary

PHILOSOPHY, POLITICS, AND SOCIETY.
Edited by Peter Laslett.
Basil Blackwell. 199 pages. 18s.

IT seems rather odd that this collection of articles should be introduced by a stark editorial assertion that "For the moment, anyway, political philosophy is dead." For why go to the trouble of laying out the bodies if the editor is really convinced that his verdict is correct? Perhaps it was merely the taste for tidiness—the publishers' need to make their series on modern philosophy comprehensive—which landed Mr Laslett with the embarrassing task of putting flesh on the skeletons in the modern philosopher's cupboard.

The collection brings out forcibly the poverty of modern political philosophy. Professor Gallie offers a stimulating essay on liberal morality and social morality; Professor Oakeshott discurses charmingly and unconvincingly on political education; Mr Weldon analyses trivialities with vigorous logic; and Mr Laslett himself takes a brave but wild jump into the problems of the "face to face society." However, most of the essays consist of modern treatments of well-worn topics. Law, sovereignty, natural rights, Plato's political analogies, and, of course, the general will, have the breath of life blown into their dry bones. But they are hollow and stuffed men; they crack at the joints. The articles read too much like analytic exercises. They convey little feeling for the problems which such concepts were designed to solve. As Mr Laslett remarks, the contributors "give the feeling that they have turned their attention to politics only because the curriculum of their university requires it."

For the most part the reader will look in vain for any philosophical treatment of problems thrown up by recent social developments. Equality, planning, the welfare state, ideologies, property—all such concepts badly need re-examination. Yet, so it seems, the philosopher's Owl of Minerva is still flapping dutifully over the scene of past problems.

Mr Laslett offers some explanations of this regrettable state of affairs. Perhaps the development of the social sciences has stolen much of the philosopher's ammunition; perhaps the success of Marxism has swamped serious attempts to justify political principles. More probably logical positivism has killed political philosophy. Philosophers have had to withdraw from the world and re-examine their logical and linguistic apparatus. While doing this they have stuck up a notice over political philosophy saying "Temporarily railed off pending examination and repair." This may be so. But Mr Laslett never asks whether there is any necessary connection between the reluctance of modern philosophers to tackle political philosophy and their ideas about method. Is it, after all, merely a passing fashion not to think too much or too clearly about political concepts? Mr Laslett thinks that there are signs that "our philosophers" are "preparing to take up their responsibilities towards political discussions once more." His optimism is certainly not justified by the samples which he serves up in his collection.

Nobleman-Bishop

THE PROTESTANT BISHOP.
By Edward Carpenter.
Longmans. 411 pages. 35s.

AMONG the signatures to the invitation to William of Orange in 1688, especially important was that of Henry Compton, sixth son of the Earl of Northampton and Bishop of London. His was the only episcopal signature, and it demonstrated that the Church of England was not unanimously committed to the doctrine of non-resistance, that shield between the Stuart monarchy and revolution. Canon Carpenter has done a valuable service in writing the life of this nobleman-bishop, who was so influential in forming Anglican opinion in a period of tension and uncertainty and who was a colourful and controversial figure, twice the favourite for the Archbishopric of Canterbury and twice frustrated. As a younger son Compton first tried the army, but found that "preferment, like other things, is more easily imagined than compassed." To one in debt and with aristocratic connections the Church offered quicker and more lucrative rewards. Ordained in 1666, he rapidly collected livings. Burnet described him unkindly as the "property and tool of the Earl of Danby"; and it was indeed through Danby's influence that Compton was made Bishop of Oxford in 1674 and, a year later, Bishop of London.

But, as Burnet admitted, Compton was also "a bold man, an enemy to the Papists, and one that would speak and act freely." Compton's insistence upon being allowed to instruct the Princesses Mary and Anne in the Anglican faith earned for him the hostility of their father, the future James II, and may have cost him the Archbishopric in 1677. His practical bent and his combatant temper fitted him better for politics and administration than for theological exposition. "Not every Article in the Thirty-nine," he remarked bluffly, "obliges to an explicit belief. It is enough for many of them that they are not opposed." He led a vigorous campaign against Roman Catholicism and worked hard for a common Protestant front at home and abroad, being prepared for a measure of Prayer Book revision. He was quick to sound the alarm against James II, of whom he said: "We have a Prince of another religion . . . the least we can expect is that he should promote it all he could."

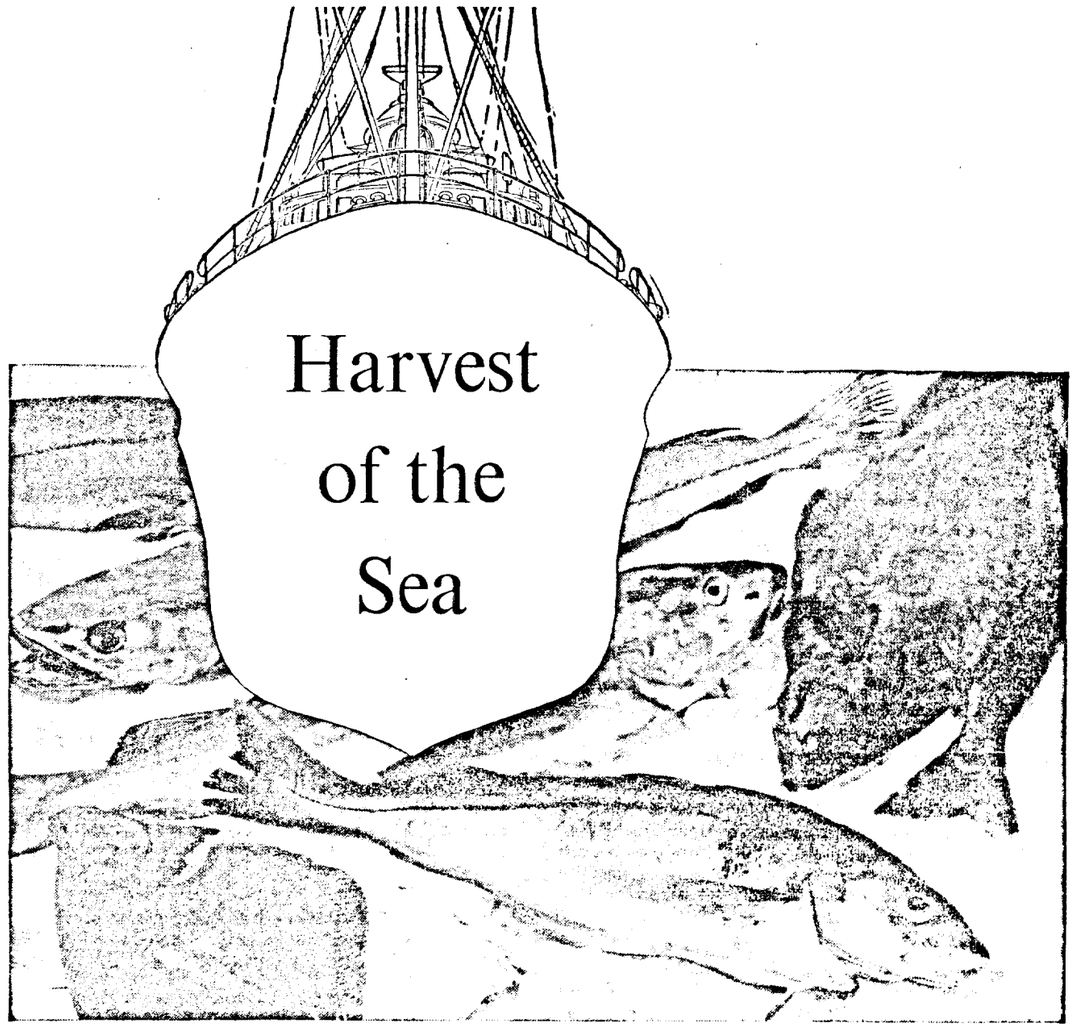
James said sourly of Compton that he talked more like a colonel than a bishop. In 1688 Compton enthusiastically acted as he had talked. He arranged the flight of Anne, assumed a military command, and in captain's uniform rode through the streets of Oxford with drawn sword. But despite his services, and partly because of the incongruity of his martial zeal, he was again passed over for Canterbury. Disappointment made him a disgruntled high Tory who helped to sabotage comprehension, attacked occasional conformity and supported Dr. Sacheverell. But if resentment made Compton inconsistent, Canon Carpenter's careful study of his diocesan work and his constant generosity reveals the pleasanter side of this vigorous, conscientious and unsubtle aristocrat. Canon Carpenter's biography shares with the subject the qualities of robustness and shrewdness; in addition it is lit by humour and wide scholarship.

Shorter Notice

THE ROYAL PARKS OF LONDON.
By Richard Church with drawings by Victor Cooley.
Ministry of Works Guide Book. *Her Majesty's Stationery Office.* 60 pages. 2s. 6d.

The "lungs of London," as Lord Chatham used to describe the parks, are portrayed here with a freshness which will be a delight to many users of them. With useful maps, imaginative line drawings and some reproductions of old prints, this is excellent value for half-a-crown.

The royal parks are the property of the Sovereign and they owe their beginnings to the hunting zeal of Henry VIII but for public access to them all credit must be given to the Stuart Kings. Just over a hundred years ago management of them was handed over to the Office of Works and Public Buildings and their expenses were transferred to public funds. The fashion parades in the parks are no more, changing tastes and the income-tax inspector have thinned out the horse-riders in Hyde Park and the cafeterias may seem a mundane, although more hygienic, substitute for the old custom of "selling milk from a red cow." But the beauty of the parks remains undiminished and Mr Church is a charming guide through them. the starting of *pell mell* (a sort of croquet) by Charles II in St James's Park, his founding of an aviary near Birdcage Walk; the siting of Clarence Gate to allow Mrs Siddons an uninterrupted view of Regent's Park—these are the sort of facts which enliven Mr Church's itinerary.



There's much to be thankful for when our farmers have gathered in their harvest. Only too often the difference between a good year and a bad one depends on the caprice of Nature. We all know how late frost can ruin outdoor crops, how rain can mildew ripening fruit, and it only needs a heavy thunderstorm to lay low acres of corn.

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American Survey

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

Fight for the Senate

Washington, D.C.

THE Republicans are making no secret of the fact that in attempting to regain control of the Senate they are facing a mathematically difficult task. They start from a tantalisingly close position. The Democrats have a majority of only two, 49 seats to 47, which they owe to Senator Wayne Morse of Oregon, who was elected in 1950 as a Republican and went over to the other side, after an interim period as an independent. But the particular contests which are being decided this November offer more opportunities to the Democrats than to the Republicans.

Of the ninety-six seats in the Senate thirty-five, and possibly thirty-six, have to be filled this year, thirty-two because of the normal expiration of six-year terms, three, in Kentucky, South Carolina and West Virginia, because of vacancies, and one in Texas, where Senator Daniel will nearly certainly become Governor. Whether this vacancy in a normally safe Democratic seat will be filled by a "special election" or by appointment is still uncertain. Of the thirty-five seats being contested in November, eighteen are held by Democrats, seventeen by Republicans. But nine of the Democratic seats are southern and absolutely safe, and a tenth, Arizona, can probably be added to this list, because Senator Carl Hayden has been a member of Congress ever since Arizona has been a state and received an impressive number of votes in last week's primary election.

On the Republican side only five states have been marked "safe" on the map, and two of these, Utah and South Dakota, with some hesitation. In Utah Senator Bennett, who is now seeking a second term, captured his seat from a Democrat in 1950 but the Democrat held it by personal qualities alone, and the state has voted solidly Republican in elections since. In South Dakota, a normally safe Republican stronghold, Senator Francis Case is reported to be uneasy about the impact being made by his Democratic opponent, a Mr Holum.

Assuming that these "safe" seats are indeed safe, the Republicans have twelve contests to worry about and the Democrats only eight. This probably exaggerates the Republican's handicap. In three of the "doubtful" midwestern states, Indiana, Wisconsin, and Iowa, it would take a farm revolt of very substantial proportions to shake Senators Capehart, Wiley and Hickenlooper. It is difficult to guess what will happen in a fourth, North Dakota, because there has just been a complete realignment of local political forces, which is bound to strengthen the Democratic opposition to Senator Milton Young.

The main Democratic hopes are concentrated on three eastern states, Maryland, Pennsylvania, and Connecticut, which were held by the Democrats in the recent past; one midwestern state, Ohio, where their candidate has an exceptional flair for capturing votes; and a western state, Colorado, which has a habit of dividing its electoral favours between the two parties.

In Pennsylvania and Connecticut two Republicans who are strong supporters of President Eisenhower's "progressive approach" are in danger: Senator Duff, who won Pennsylvania in 1950 by a margin of three and a half per cent of the votes, and Senator Bush, who captured Connecticut from a Democrat in 1952 with only two and a half per cent to separate them. Since then, in 1954, the Republican state governments have been overthrown in both places. There could hardly be a greater contrast between the two Democratic challengers. In Connecticut Mr Thomas Dodd, a former agent of the Federal Bureau of Investigation, is concentrating on Communism. He denounces Mr Dulles for breaking his electoral promise to "liberate" the captive peoples of Europe, discovers a plot to admit the Chinese "reds" to the United Nations once the American elections are over, and calls for the arraignment of Russia for a string of war crimes beginning with the Katyn massacre. Mr Joseph Clark, the Democratic candidate in Pennsylvania, on the other hand, is seeking to sustain the impetus of the drive for domestic reform that made him the first Democratic mayor of Philadelphia for generations.

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The Democrats ought to pick up Maryland, where their majority of registered voters increased still further this year, and Ohio, where their candidate, the present Governor, Mr Frank Lausche, has made a habit of winning. But they are capable of fumbling in both. Few Maryland Democratic leaders are happy about the unfortunate chain of circumstances that has landed them with a demagogic pavement contractor, Mr Mahoney, as their standard bearer. In past years factional bitterness has repeatedly handed the elections on a plate to the Republican minority, but as this one approaches the Democrats' distaste for their own candidate could be overborne by their wish to dispose of the undistinguished Republican incumbent, Senator John Marshall Butler, who was swept in on a McCarthyite wave in 1950.

In Ohio the Democrats' problem stems from the eccentric tactics of their champion, on whose personal drawing power

all hope of victory rests. A few weeks ago Mr Lausche seemed a certain winner. He had been elected Governor for the fifth time in 1954 by a margin of 213,000 votes in the same election in which the present Republican Senator, Mr Bender, had staggered into the Senate to fill out the rest of Mr Taft's term with a majority of less than 3,000. Mr Lausche has a compelling personality, whereas Mr Bender is a jovial nonentity. But opinion in Ohio is veering against Mr Lausche because of the lengths to which he is prepared to go in order to retain Republican votes which he has normally received when running for the governorship.

In Colorado, the western state where the Democrats are thought to have their best chance, the result is likely to be very close. Two strong candidates, each with his own popular following built up over a long period—Mr Dan Thornton, the colourful former cowboy who has been the Republican Governor of the state, and Mr John Carroll, the New Deal Democrat whose third attempt this is to become a Senator—are fighting for the inheritance of the retiring Republican, Senator Eugene Millikin.

In addition to these five states the Democrats have a chance in three others, Illinois, California and Idaho, in which three young political newcomers, Mr Stengel, Mr Richards and Mr Church, are challenging Republican Senators. In California, where the Democrats always lose—although they have now 800,000 more registered voters—because of their inability to produce leaders, they for once have a candidate who is fighting an efficient campaign. Mr Stengel's chances in Illinois against Senator Dirksen have been improved by a scandal in the Republican state administration, while Mr Church, who could not normally expect to win in Idaho, could benefit from the growing feeling among the Republicans of that state that their McCarthyite Senator, Mr Welker, may not be their best advertisement.

Republicans have to ward off the attacks in all, or almost all, these areas and make gains themselves in the small group of states where opportunity offers. Their best prospects seems to be in New York and Kentucky, where victories for Mr Jacob Javits and Mr John Sherman Cooper would not merely add precious votes to the Republican total but would supply much needed leadership to the Eisenhower wing of the party in the Senate. But Mr Javits faces strong frontal opposition from the Democratic mayor of New York City, Mr Wagner, while being obliged to guard his rear from harassing fire from the extreme Republican right. In Kentucky Mr Cooper has to fight against a habitual Democratic majority, but should be helped by the mutual detestation between the Democrat's Governor and their senatorial candidate.

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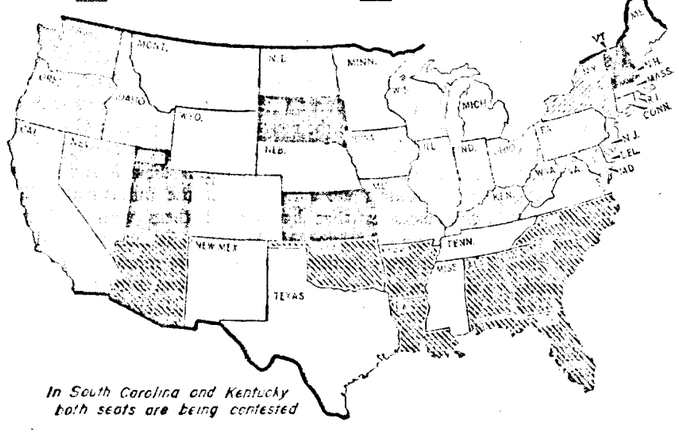
But it may well be in the Pacific northwest, where problems of natural resources and hydro-electric power provide the main issues, that the control of the Senate will be determined. President Eisenhower's immediate entourage was responsible for pressing two strong Republican candidates into this battle, Governor Langlie of Washington and Mr McKay, who was Governor of Oregon before he was Secretary of the Interior. Mr Langlie's prospects have been dimmed by the vote in the primary election last week. While neither he nor the incumbent Democrat, Senator Magnuson, was opposed in his party's primary, 138,000 more people turned out to express loyalty to the Senator than did the same for his opponent. On the other hand, the fight in Oregon is likely to be very close and extremely bitter, since the Republicans intend to bring every available resource to the task of punishing Senator Morse for deserting the party.

Finally, there are three other states in which, despite the odds against them, the Republicans might be able to scrape up extra senatorial votes. Mr Thruston Morton, who is running for the second Kentuckian seat, might be carried in on the coat tails of Mr Eisenhower and Mr Cooper; and, with the help of the Democratic feud in Nevada, the Democratic Senator there faces strong opposition from the vigorous young Republican who holds the state's only seat in the House of Representatives. Finally, the number of enemies made by the indiscreet young Democratic candidate in West Virginia, Governor Marland, has led the local Republicans to suppose that this normally Democratic state may restore to Washington Mr Chapman Revercomb, an arch conservative, an isolationist and the state's only previous Republican Senator.

SENATE ELECTIONS

SEATS AT STAKE THIS YEAR

Safe Democrats (10) — Safe Republicans (5)
Doubtful Democrats (6) — Doubtful Republicans (12)



In South Carolina and Kentucky both seats are being contested

COMPOSITION OF PRESENT SENATE AFTER 1954 ELECTIONS

Democrats - 49 • Republicans - 47

There are two Senators from each state. One-third must be re-elected every two years when any vacancies must also be filled. Senators are chosen by all the voters in the state.

Some of the seats listed as doubtful are obviously safer than others. In several cases the personalities of the candidates may prove decisive or the outcome may hinge on special local conditions. But the map shows why political experts believe that next November the Democrats are more likely to hold or improve their present edge in the Senate than are the Republicans to gain a majority.

The assignment is, however, based on estimates of relative party strength as shown in recent state-wide elections.

Endorsement from Labour

LAST week the general board of the American Federation of Labour and Congress of Industrial Organisations overwhelmingly endorsed Mr Stevenson and Senator Kefauver for the coming elections. But this endorsement which, in theory, is taken to express or influence the sentiments of some fifteen million workers, in practice signifies much less. The action of the general board ratified an earlier vote by the executive council of the AFL-CIO. Urged on by Mr Reuther, the council endorsed the Democratic candidates by 17 votes to 5, but among the dissenters were the presidents of the two largest unions in the federation—Mr Beck of the International Brotherhood of Teamsters and Mr Hutcheson of the Brotherhood of Carpenters. Another opposition vote was cast by Mr Randolph, head of the Sleeping Car Porters, and this may express the disappointment of many Negroes at the Democratic party's evasive attitude towards civil rights. The total membership of the unions whose heads opposed an endorsement for Mr Stevenson is about 2.5 million.

There is much evidence to suggest that endorsement by the leadership of the AFL-CIO will not bring with it the rest of organised labour. Both the AFL and the CIO, which were at that time separate and rival bodies, supported Mr Stevenson in 1952. But an estimated 39 per cent of organised labour voted individually for General Eisenhower. Earlier this summer, moreover, the Gallup poll indicated that 56 per cent of union members would favour Mr Eisenhower this November. The Democratic platform's unequivocal stand against the Taft-Hartley labour law, the rising cost of living, the efforts of the AFL-CIO's committee on political education and Mr Stevenson's personal campaign in key industrial areas will no doubt reduce this figure. But Republican strategists seem justified in asserting that many American workers will disregard the recommendations of their unions and support an Administration with which they associate record employment and a high level of prosperity.

Endorsement by organised labour counts more heavily in local and congressional elections. In crucial states such as Ohio, Illinois and Indiana, the unions' capacity to give financial support to "friendly" candidates and to get out the vote can secure the margin of victory. The AFL-CIO are trying to raise $3 million for a campaign fund to educate voters and assist individual candidates—only a few of whom will be Republicans friendly to labour. Much of the money is collected from union members and this raises legal problems which a number of Republicans have long been anxious to investigate. When the Senate subcommittee on elections met this week, Senator Curtis of Nebraska promised to look into the matter.

It's Dearer by Rail

THE full-scale inquiry by the Interstate Commerce Commission into the accounting procedures of the railway companies may bring fundamental changes in the structure of both passenger fares and freight rates. In essence, the argument concerns the allocation of overhead costs between freight and passenger services. On the present basis, enforced by the ICC, the railways show a large and chronic deficit on their passenger operations, offset by a healthy profit on the carriage of freight, especially coal. The coal shippers and other big users of rail freight argue that they are being charged at an inordinately high level to subsidise huge passenger deficits incurred through inefficient operation. The contrary view is that the passenger services are being forced to bear a heavy share of overhead costs which would have to be incurred even if the passenger services were completely abandoned, and that part, at least, of the deficit on passenger operations is thus a book-keeping illusion.

While the ICC has been considering this debate in leisurely fashion, the railways in the east of the United States have brought matters to a head by requesting permission to raise both passenger fares and freight rates. The New York Central, the Pennsylvania and four other eastern railways have applied for a spectacular increase of 45 per cent in first class fares, which would raise the cost of first class rail travel in most cases well above the equivalent air fare. This has been interpreted as a disguised move by the railways to divest themselves completely of their unprofitable de luxe operations, on which the six railways in question lose $47 million a year, but the railways claim that they are merely raising fares to cover operating expenses which at present run 48 per cent above revenues. Commuters on the New York Central's suburban services also face sharply increased fares. Long distance third-class fares will be raised as well if the ICC approves, but only by 5 per cent, as this traffic is more profitable. Finally, the New York Central has decided to lease or sell some 700 of its most uneconomic stations, ranging from small halts where no tickets are sold at all to large terminal buildings such as that in Detroit.

Freight rates throughout the United States were raised by 6 per cent last March, after a combined application to the ICC by all the railway companies. Since then the steel strike and higher labour costs have lowered profits on freight operations, especially in the east, and a further round of substantial wage increases is expected to follow from the present negotiations with railway employees which are being conducted under the threat of a national rail strike. The eastern railways have, therefore, informed the commission that they will ask for a further rise. But on this occasion they may be supported neither by their colleagues in the southern and western United States, where revenues from freight are more satisfactory, nor by those eastern companies that specialise in the profitable hauling of coal.

Creditworthy Consumers

CONSUMER credit, which consists mainly of borrowing on hire purchase agreements, has been given a certificate of respectability by President Eisenhower who said at a recent press conference that he did not consider it too high. Mr Stevenson, and others who feel that the volume of consumer credit outstanding is at a dangerous level, are finding it difficult to justify their fears. In July the total of hire purchase credit rose, for the fifth month in succession, to a new record of over $29 billion; other personal loans and charge accounts in department stores amounted to a further $8 billion. More than $15 billion—over half of all the borrowing on hire purchase—is incurred on motor cars, and in spite of the decline in sales this year, borrowing to buy new automobiles has continued to rise.

Many American economists still argue that this heavy debt could, if incomes fall, aggravate a depression. But even at the level of $37 billion, credit outstanding is equivalent to less than 10 per cent of the national income. This, the President and his advisers feel, is not an unhealthily high proportion. Mass production demands mass means of financing purchases if high output rates are to be maintained, and the severity of the recent decline in employment in such areas as Detroit has clearly been mitigated by the extensive use of credit facilities to stimulate the sales of new cars. Repossessions of automobiles from borrowers who fail to keep up their instalment payments have been surprisingly low; surveys show that the use of instalment credit is concentrated in the middle income groups, especially among young families with the expectation of higher incomes; and experience suggests that heavy debtors continue to buy new goods on hire purchase as they gradually pay off their debts. Over half of all American families with incomes between $3,000 and $7,500 a year owe money on hire purchase agreements—a sign that consumer credit has lost its stigma and become socially acceptable.

But to the Federal Reserve, which is applying a squeeze to ward off inflation, consumer credit may appear dangerously immune to monetary control. The higher interest rates paid by the finance companies for their funds have been passed on to the customers, but new borrowing is still running ahead of repayments, and the 1957 automobile models, which are about to be unveiled, will give it added impetus. If the rise becomes too sharp President Eisenhower may remember his request, made at the beginning of 1956, for a study of consumer credit to determine whether it should be more directly controlled.

Calm on the Potomac

FROM A SPECIAL CORRESPONDENT

LAST week, when headlines told of racial violence in the South, white and Negro school children in Washington quietly re-entered their classrooms to begin their third year together. Immediately after May, 1954, when the Supreme Court banned racial segregation in publicly financed schools, the District of Columbia's Board of Education, reinforced by President Eisenhower's wish that the nation's capital should serve as a "model," acted on a plan to begin desegregation in the following term. This was a formidable undertaking in view of the highly inadequate and unequal facilities of the existing dual school system and the fact that coloured children considerably outnumbered white. So far, the revolution has produced no major disturbances. But its pressures have seriously widened the cracks that were already there in the school structure and could result in serious educational handicaps for the generation now in.

Before September, 1954, Washington had two school systems, not by statute, but because congressional appropriations designated funds separately for the white and coloured schools. While white schools operated below capacity, coloured school enrolment grew from 36 per cent twenty years ago to 65 per cent this year. Consequently, Negro schools became seriously overcrowded and understaffed and the growing disparity had not been assessed owing to the separate testing of the two systems. By the early 1950s, the impracticability of this situation, combined with the post-war economic and social evolution of Washington's Negroes, had forced even some observers with segregationist sympathies to realise that integration must eventually come. But, neither the necessary money to equalise conditions nor a definitive plan for integration was produced in time, and after September, 1954, harassed teachers found themselves instructing simultaneously some forty or fifty white and Negro pupils, ranging from the highly privileged to the destitute and from the near moron to the genius. Even the simplest communication in such classes is extremely time consuming.

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Last March, the results of the first series of uniform tests conducted in the desegregated schools leaked to the press. They revealed a startling lag in the achievement of the students. With Negroes, on an average, lagging behind whites, almost 1,800 of the city's 4,000 10th grade (16 year old) children were four years or more behind in arithmetic, and more than a thousand were as bad in reading. Subsequent tests have shown that the average level of children in most Washington grades is from several months to two years below national standards. In order to achieve more homogeneous classes, a "four-track" plan is being tried experimentally in the 10th grade this year. It divides each class, according to ability, into groups studying one of four curricula; "honours," "college preparatory," "general" and "basic." Combined with stiffer standards for promotion the new system may solve many practical problems, but it has also been accused of restoring segregation by educational achievement.

The handling of the difficult revolution in Washington has been criticised both for being too "gradual" and for being too precipitous. Owing to the uneven distribution of the races throughout the city, many schools are still preponderantly white or coloured. Desegregation has been slowed down by a controversial "option plan" intended to promote stability and continuity. It allows children to remain in the school where they were in September, 1954, until they graduate to the next level in the educational system. In schools with a high proportion of Negroes, considerable "policing" by the faculty has been necessary. Negroes moving from the more authoritarian coloured schools into the freer atmosphere of the white schools are said to "let off steam," but few serious problems have developed. Police records show a definite rise in minor "racial incidents." According to the chief of police, however, few of these involve the schools themselves.

Recent sociological studies reveal that many children experience varying depths of unhappiness and dissatisfaction, in the process of adjusting to racial integration. This can affect both their scholastic performance and their social status and can seriously lower morale. But at the same time, considerable evidence has been found to support the view that segregationist instincts give way when strongly challenged by such ideals as respect for law and order. A newspaper poll indicated at the time of the Supreme Court decision that 52 per cent of the white population of the District of Columbia was opposed to desegregation. So far as is known, this attitude has not changed fundamentally, but has become one of acceptance and "make the best of it."

Today the moral initiative appears to be with the advocates of integration who have forced their opponents into defending segregation on the grounds of expediency. This week a congressional subcommittee has opened extensive public hearings on alleged lowered school standards and increased juvenile delinquency in Washington. Dominated by what the *Washington Post* calls the "*arrière-garde* Southern thinkers," the investigation has been denounced in advance as "propaganda." Since the early part of the summer the subcommittee's chief counsel, a former "hatchet man" for a notorious southern political machine, has interviewed almost 400 people on all phases of the school situation. The first polite session on Wednesday, with the chairman of the Board of Education and school principals as witnesses, focused on the problems of integration. The counsel of the committee pointed to the rise in operating costs since desegregation and brought out the fact that in predominantely coloured schools 65 per cent of eighth grade pupils were three to four years behind in reading skill compared with 12 per cent in mainly white schools. Witnesses were questioned about "native abilities" of both races, retarded students and the exodus of white families from certain districts. In general, it was felt that progress was being made but that more preparation, more teachers and better facilities were essential for eventual success.

The New Stevenson

Washington, D.C.

LAST week the "new Stevenson" was unveiled on television at a cost of $280,000 for half an hour. It was a "saturation broadcast" of a Democratic party rally at Harrisburg, Pennsylvania, which meant that, however much the viewer turned the knob, he kept coming to Mr Stevenson. Most people who saw the show agreed that it was a flop. Certainly, Mr Stevenson worked hard at not being an intellectual. He staged his speech in what is for him the least congenial of settings—a mob of ten thousand banner waving enthusiasts, most of whose hands he had previously had to shake. He avoided wit and allowed himself only one clumsy bit of humour. He mispronounced *élite* as "e-light" and read a dictionary definition of it, thus demonstrating to rural viewers, who are supposed to dislike him as an intellectual "city slicker," that the word and its concept are strangers to his vocabulary.

Few people will blame Mr Stevenson for dropping the rapier for the bludgeon. Most of his difficulties last week were due to bad stage management. The camera angles exaggerated instead of concealing his lack of inches. He was frequently caught out by that terrible trap, the teleprompter, the cameras fixing mercilessly on the desperate, hunted look in his eyes as he lost track of his artfully penned phrases on the concealed screen. But part of the problem is that the Democratic candidate is his own speech writer. He is not a good one, if the test of a speech is its suitability for the speaker rather than its readability in the collected works. Mr Stevenson has neither the vocal resonance nor the breathing control to make effective play of the lengthy and delicately orchestrated sentences that he composes.

Exhausted by his handshaking and worried about his text, Mr Stevenson looked to the television viewers like the unhappiest of men. With President Eisenhower's health as one of the main issues, the Democratic challenger looked in much worse condition than his opponent. This is not, in fact, a correct impression. The "new Stevenson" is much more effective in person than he has been so far on television. When he arrived at his headquarters in Washington last week he came with a springy step, a glad hand and a ready smile, to demonstrate that he was a "proper fighter."

Although some of his admirers are afraid that he will wear himself out too early in the campaign, Mr Stevenson's whirlwind start has built up enthusiasm inside the party organisation. Since the Democrats are the majority party the task is not to convert Republicans but to inspire Democrats to revert to their normal allegiance and come out and vote. In the course of doing this Mr Stevenson has made only one major concession to expediency: his indication, in qualified terms, that he might end conscription. The excuse that is being made for him is that he had received word that Mr Eisenhower was going to do this himself on the eve of the election.

Old Soldiers Gather

FROM A CORRESPONDENT IN LOS ANGELES

IN spite of a steady decline in membership and prestige, the American Legion, which recently held its annual convention in Los Angeles, reaffirmed the very policies that are causing it to lose influence. With a minimum of debate, the 3,200 delegates adopted resolutions expressing the Legion's distrust of the United Nations and international alliances, opposing the admission of Communist China to the United Nations and attacking the controversial Fund for the Republic.

Since the second world war, the American Legion has become more and more of a political organisation. Nominally its main emphasis is still on problems affecting ex-servicemen, but it is now devoting increasing attention to general political questions. And the convention clearly demonstrated that xenophobia is becoming a permanent part of the Legion's personality. But if the delegates were in complete unanimity on all political questions, there was some debate on organisational affairs. A fight between a group within the Legion, the "40 et 8," and the national executive committee was resolved, after heated bickering, in favour of the committee. In spite of the "unhealthy and

most discouraging " drop in membership, peacetime servicemen are still not considered eligible for the Legion, and the committee was overwhelmingly sustained in refusing to delete a " Caucasians only " clause from the Legion's constitution. When it came to their proper affairs, the delegates advocated increases in pensions for disabled ex-servicemen, the establishment of a pension system for all needy veterans over 65 years of age and compulsory military service.

The resolutions on foreign policy, the informal discussions on the floor of the convention, the boos for Mr Adlai Stevenson, the sentiments in favour of states rights expressed by Legion leaders—all combined to create an image of an organisation oriented towards the right wing of the Republican party. Whatever more liberal forces may once have existed within the Legion, are now either silent or gone. For the Legion has had to pay for its policy of expressing views on issues not directly related to veterans' affairs. Many legionnaires have left, offended by the intemperate manner in which the Legion has attacked all who disagreed with it.

Formerly, the American Legion's self-adopted role as the guardian of the nation's virtues went without serious challenge. But now it represents little more than ten per cent of American veterans, and its demands are not as quickly accepted by either the legislature or the press. Since its recent national commanders have been almost totally indistinguishable from each other, less and less attention is being paid to their utterances. The newly elected head of the Legion is Mr Wilbur Daniel ; his military service consisted of only a short period in basic training, and he appears to differ in no way from his predecessors.

It is reported that there are some elements within the leadership of the Legion who are greatly concerned with its present course and threatened decline. But it is extremely doubtful whether very much can be changed in the foreseeable future. The permanent staff obviously makes many of the decisions, and seems committed to an outmoded brand of isolationism while the conventions appear neither willing nor capable of charting a new course. The overwhelming majority of the 2.8 million legionnaires seem quite happy to leave matters of policy in the hands of their present leaders. The delegates, for their part, are content with marching in parades, listening to Mr Nixon, sightseeing and purchasing medals—marking their attendance at the convention—to pin on to their overseas caps.

Strike Against Income Tax

FROM A CORRESPONDENT IN SALT LAKE CITY

THE refusal of Mr Bracken Lee, the Republican Governor of Utah, to pay income tax to the federal government is only one, although the most colourful, of a number of recent protests against this tax. But his is based on rather unusual grounds. Mr Lee, who was defeated last week in his bid for re-nomination, contends that it is unconstitutional for the federal government to use tax moneys to aid foreign nations. He filed his tax return last January, but did not enclose the money he owed, except for the payment due on his salary as Governor. Thus he hopes to force a court test of his claim that there is no provision anywhere in the Constitution granting the United States government the right to appropriate public funds for the support of foreign countries. He insists that he will go to the Supreme Court if necessary to prove his case. The Secretary of the Treasury in Washington replied that the government would " proceed in the usual manner to collect the taxes," and federal agents have attached Governor Lee's bank account.

Mr Lee's stand is a reminder that isolationism is not altogether a dead issue in America, particularly in the areas which are geographically remote from Washington and cut off by mountains or plains from the sea and the world at large. His defiance has also a flavour of the independent philosophy of the old frontier days. But the fact that his revolt seems to be inspired more by dislike of foreign aid than by hostility to the federal income tax as such has eliminated some potential sympathisers who think Mr Lee would have a stronger case if he had withheld payment of federal tax on his income as a State Governor. They believe that there is constitutional warrant, based on the doctrine of " reciprocal immunity," for challenging the federal government's right to tax a salary paid to a state official.

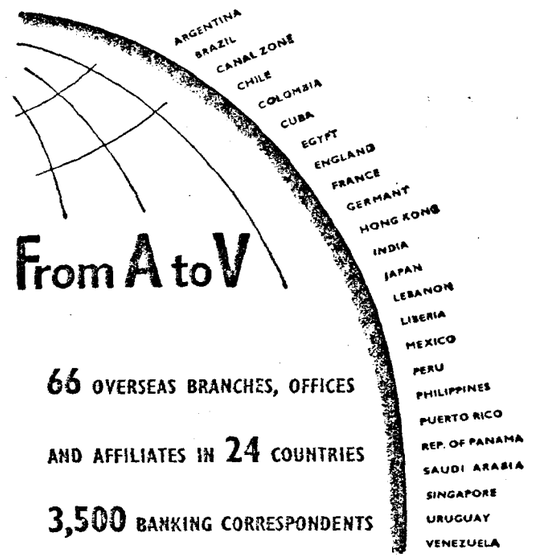
Meanwhile, Mr Lee is receiving aid and comfort from a responsible quarter—Mr Coleman Andrews, who resigned not long ago as Collector of Internal Revenue, the country's chief tax official. Mr Andrews has spoken out strongly to the embarrassment of his former colleagues in Washington, against what he terms the " iniquitous " federal income tax. He has also taken to the lecture platform to spread his doctrine that income tax at present levels is both unfair and an encouragement to evasion, particularly in the higher income brackets. He argues that

> if Congress ever allowed the Revenue Service to have enough money for all-out enforcement of the income tax, the demand for repeal would become so great within a year that it would be irresistible.

Governor Lee is a less effective advocate. An address before the New York City Rotary Club drove a number of listeners away before the end. But he has a small, scattered, but very vocal following of wealthy citizens, including some of the Texas oil millionaires, who helped to underwrite Senator McCarthy's earlier belligerency. He is also one of the idols of a Californian group dedicated to the abolition of the income tax. Unlike Mr Andrews, who refuses to say what he wants as a substitute, Governor Lee favours a return to state responsibility for local affairs and believes the states should contribute their proportional share of money to the federal government for its running expenses.

Meanwhile, however, the mounting public discontent over heavy income taxes is being reflected in Congress. A proposal for putting a top limit on it was discussed during the last session. The alternative method of raising revenue which is most favoured—this does not mean that it is likely to be enacted—is some form of much stiffer sales, or excise, tax. At present personal income taxes are bringing in about $35 billion a year and corporate income taxes another $20 billion, out of a total national revenue of $68 billion.

The issue in Governor Lee's position was blurred by his long-standing and very vocal criticism of President Eisenhower, whom he calls a " New Dealer," with the thunderous approval of his audiences of mining and cattle men. But his isolationism and his opposition to the President stimulated strong resistance to him in Utah, and this brought on his downfall. Mr Lee's supporters regret that there was no chance of his income tax case being tried before the elections, for they believe that his stand would have endeared him to the voters.



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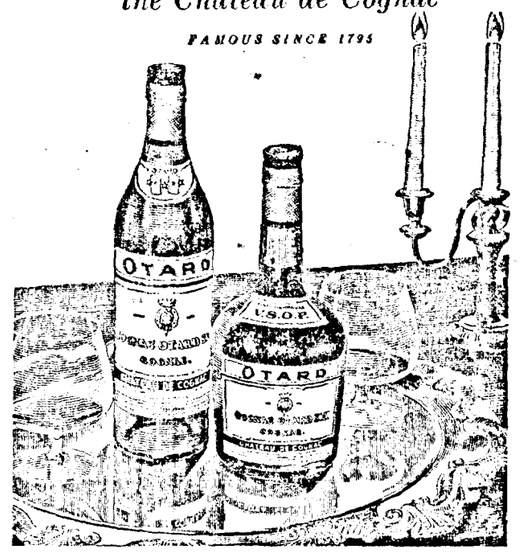

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cient to make this solution acceptable to the north. At present, however, it represents only a tragedy that has left an intensified legacy of distrust—the most serious obstacle to the emergence of a united and prosperous Sudan.

Reunion of Laos

FROM OUR SPECIAL CORRESPONDENT LATELY IN VIENTIANE

LAOS has made its own peculiar contribution to ideological thought. "Our country," its prime minister, Prince Souvanna Phouma, has now said, "has no intention of joining any block, even the neutralist block." "Neutrality," he elaborated, "is more neutral than neutralism," adding that his country aspired to be the Switzerland of the Far East. This understandable, indeed praiseworthy, aim is complicated by Laos's geographical nearness to communist China, and by the prime minister's eagerness to receive economic aid from all and sundry in order to begin the long process of modernising this delightfully unmodern country. But the acceptance of foreign aid and the preservation of complete neutrality are uneasily reconcilable. There is only one Switzerland, and the attainment of Swissness involves sacrifices.

Agreement was reached last month in Laos whereby the illegal occupation of the two northern provinces of Phong Saly and Sam Neua by the pro-communist Pathet Lao was ended in exchange for the return of the dissidents to the national fold. The agreement was achieved because the Pathet Lao decided to want it, although a tribute must be paid to the very efficient International Control Commission, whose activities had an undoubted catalytic effect on the slow processes of conciliation. It had been clear for some months that the communists wanted to make a change in Laos. They realised that continued occupation of the two northern provinces was simply driving the Royal Laotian government into the western camp, and that their complaint that the failure to hold elections to unify Vietnam was a breach of the 1954 Geneva agreement could always be very reasonably parried with the charge that what they were doing in Laos was equally illegal. On top of all this, the Pathet Lao themselves were increasingly weary of being cooped up in the mountains and jungles, and many doubtless wished to return to a more civilised existence. Thus it seems to have dawned on all ranks on the communist side that the communist revolution in Laos would never be achieved in this way, and a much better tactic was to combine the advantages to be derived from a profitable agreement with the glory of being the good boys of South East Asia.

The reward was twofold: an increase in Laotian neutralism, and the dissemination of Pathet Lao elements throughout the Laotian body politic. In exchange for the reversion of the two provinces to its authority, the royal government has promised to form a government of national union—in which Pathet Lao leaders will presumably serve—and to hold supplementary elections throughout the kingdom to increase the membership of the National Assembly, in which Pathet Lao candidates will undoubtedly win seats. Some western observers fear that this will lead inevitably to communist subversion of the regime. Indeed, some have found more cause for flurry in the observance of the Geneva agreement in Laos than in the breach. It is doubtful whether this gloomy view is justified.

There is no question of Laos "moving out of the western camp," as some would have it, for the simple reason that it never was in it. The Royal Laotian government was temporarily, and artificially, aligned with the West on account of the open fighting which was going on with the Pathet Lao forces, and the interference from the communists across the frontier in North Vietnam. The fighting ended, the reversion of Laos to its natural neutrality is entirely to be expected. The Laotian delegation which recently visited Peking, in a cordial atmosphere which has disturbed some people, made no pronouncements which would not be expected from any small neutral country making contact with a large neighbour. No provision has yet been made for economic aid from China, and the Laotian prime minister recently stated that his country wished to continue receiving American aid, which is running at the rate of about $50 million a year. The present attitude of Laotian leaders to Seato is that they do not object to its protection provided it is left to them to ask for it; this is an attitude they have maintained all along.

The Prodigal Brother

The future seems to depend a great deal on whether the Pathet Lao leaders are determined communists or merely recalcitrant Laotians. Their chief, Prince Souphanouvong, is a relative of the King, and brother to the prime minister. It is not impossible that the prodigal brother, given a comfortable post in the national government, will reform his ways. It cannot be assumed that he aspires to be the Laotian Lenin. It can plausibly be argued that, in nearby Vietnam, the Viet Minh were only reluctantly driven from nationalism into communism and dependence on China, and that the reverse experiment—that of union rather than division—is worth trying in Laos. The skill with which the government handles the situation during the next few months will count for much; so will the clash of personalities, which in this part of the world plays a more important role than that of principles. The supplementary elections for the National Assembly—probably to be held early in 1957—will provide the next important pointer in Laotian affairs.

Economic Pressure on Egypt

BY A CORRESPONDENT

EGYPT'S financial and economic structure has so far stood up surprisingly well to the strains of the past three years. Despite a considerable fall in the value of its cotton exports, and a great increase in government expenditure and borrowing, the price-level and cost of living have remained remarkably steady. The inflationary effect of the government's expenditure appears to have been neutralised by the deflationary effect of realising foreign assets to cover the adverse balance of payments.

The pattern of the country's trade has changed considerably in recent years. Britain has lost its traditional

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place as the best customer for Egypt's exports, but it still takes the lead as regards imports. In the first seven months of this year, Britain had a favourable balance of trade of over £12 million. Egypt has generally had unfavourable balances with most of Western Europe and with the United States. On the other hand, it has expanded its trade with Asiatic countries and has substantial favourable balances with India, China and Japan. Its trade with Eastern Europe, being on a barter basis, is more or less balanced, with some credit owing, usually in favour of Egypt.

Despite the fact that since 1947 Egypt has been outside the sterling area, most of its trade has been financed on a sterling basis, and it has been able to meet its deficits with Western Europe and America by obtaining transferable sterling from its debtors, supplemented, where necessary, by drawing on its accumulated sterling balances. In the two years to February, 1956, the sterling balances were reduced by £E44 million, though the dollar balances increased by £E14 million. The sterling balances have therefore been of the greatest value to Egypt in covering its international indebtedness; they have also been used both to meet its dollar deficit and to increase dollar reserves.

The Suez Canal dues have also been an important source of foreign exchange, amounting last year to some £E30 million gross. Of this, rather more than half was released to the Canal Company to cover payment of dividends and other liabilities abroad. However, it may be estimated that Egypt obtained a net £E10-12 million of foreign exchange from this source, and a stoppage of these receipts could have a serious effect on its balance of payments.

Switch in Import Trade

The position of the reserves in March last was that Egypt had £E139 million in sterling (of which £E33 million was in free accounts); £E25 million in US dollars; and £E11 million in other currencies. The free sterling may well have been reduced during the five months to the end of July, when the British Government imposed a rigid control over drawings. It is not clear whether the similar control imposed in the United States will be enforced equally strictly to prevent drawings on the dollar reserves. The gold can be freely disposed of, but as this is regarded as the main security for the currency, the Egyptian government will probably be reluctant to part with it.

It looks, therefore, as if Egypt would very soon be forced to restrict imports from Western Europe and America, replacing them where possible with imports from elsewhere. It is not easy to estimate how serious the [illegible] on the country's economy. Egypt is still predominantly an agricultural country, 70 per cent of the population being employed (or unemployed) on the land. Their average income per head is less than £E20 per annum—an income which is barely above minimum subsistence level. Egypt is practically self-sufficient in food supplies, except for wheat, which it has arranged to obtain from Russia. Of imports from Britain, three-fourths are machinery, metals and metal manufactures and chemicals, and probably the main effect of an embargo on exports from Britain and France would be to slow down the progress of development and industrialisation. For the rest, it might enforce a certain degree of austerity on the small proportion of the population which is addicted to Scotch whisky, Bradford woollens and French perfumery. Prices of imported goods would tend to rise.

It should not, however, be assumed that Egypt could not procure any urgently needed supplies from other countries. German (and Italian) traders are making great efforts to capture the Egyptian market, and would welcome the opportunity to fill the vacuum created by British and French economic measures. The Egyptian clearing account with West Germany has before now been allowed to develop a very large unfavourable balance, and it would not be surprising if Egypt was able to obtain a substantial amount of credit in this way.

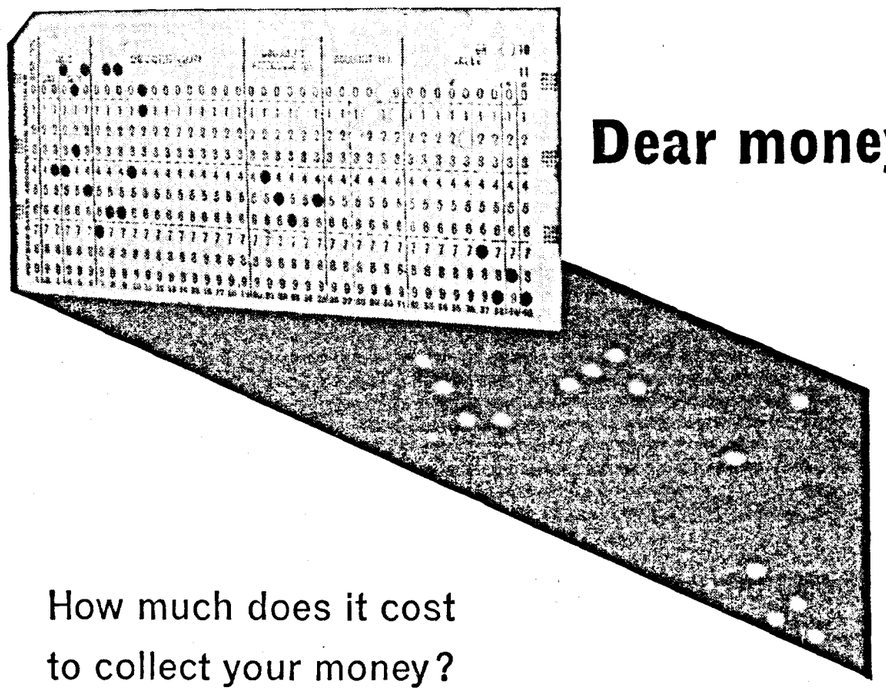
Egypt's most essential import is mineral oil—especially kerosene for domestic use. Indigenous production of oil which last year amounted to 1.8 million metric tons, covers about two-thirds of requirements, but consumption could not easily be reduced, and if the oil companies refused to deliver supplies, the shortage would be felt acutely throughout the country. But the oil companies might well hesitate to apply pressure of this kind which might cause trouble with the other Arab countries. Egypt is already trying to set up a pan-Arab oil marketing organisation, and it has strong claims on Saudi-Arabia. In the event of trouble, the Anglo-Egyptian oil fields and their installations would be a hostage to fortune. Moreover, Egypt was the destination of nearly half of the 790,000 tons of Soviet and Rumanian oil that passed through the canal from North to South in the first six months of this year.

Double-Edged Weapon

Altogether, further economic measures by Britain and France alone are not likely to have any immediate effect on Egyptian policy. They would be more effective if supported by Western Europe generally, as well as by the United States. They would certainly cause Egypt some embarrassment and necessitate a diversion of trade as well as a slowing-down of the development programme, but it would be a long time before they could cause anything like a breakdown in the economy.

Further economic sanctions would also be damaging to Britain. Apart from the loss of a valuable export market, where we have a substantial favourable balance of trade, there are many British interests—banking, insurance, hotels, local companies, etc., as well as commercial and industrial concerns—which would be vulnerable to reprisals. The same is true of France. All economic sanctions tend to be double-edged.

In fact, the British Government has already taken the [illegible] blocking Egypt's sterling balances. This step can be fully justified because the British Government has a claim against the Egyptian government in respect of its holding of Suez Canal shares, and until that claim has been satisfied, it is entitled to block Egyptian government assets under its control. This measure must have the effect, very soon if not immediately, of stopping British exports to Egypt, as it is from these sterling balances that the Egyptian control provides sterling for imports. Any further economic sanctions would have little additional effect, and might well prove more damaging to Britain than to Egypt. The slowing-down of the canal traffic, with the loss of revenue and of foreign exchange earnings and the general loss of confidence in Egypt which that would entail, will probably weigh more heavily with Colonel Nasser than any further economic sanctions.



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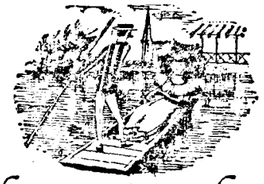

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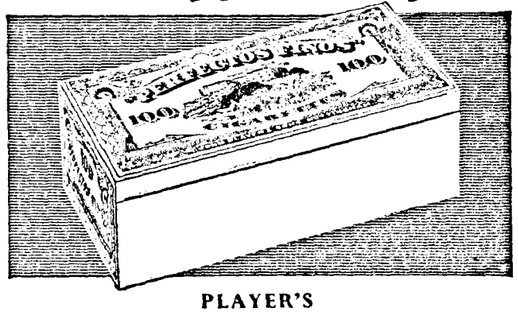

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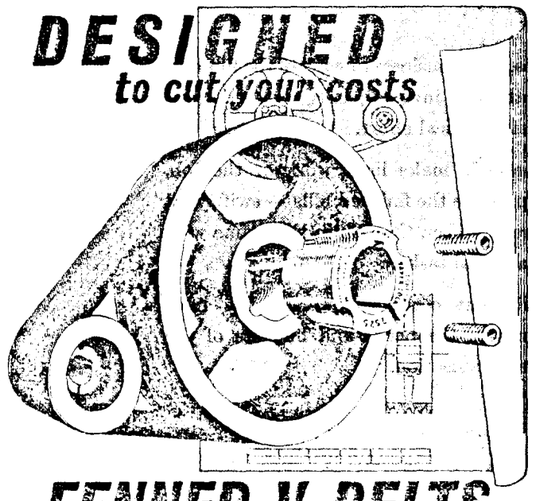

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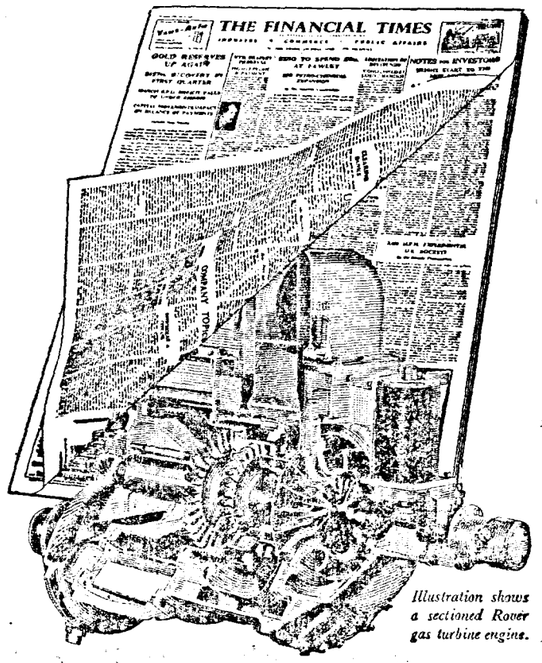

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France and Suez

THE unity in action of the British and French governments over Suez has been such that the French role and French attitudes have not in London been clearly distinguished from British. When a distinction has been essayed it has been grossly oversimplified. Labour party speakers and the *Daily Herald* have accused France of trying to embroil Britain in its Algerian failure by encouraging Sir Anthony Eden to wave a sword at Colonel Nasser's head. The French Socialists have replied that they would have reacted similarly to Nasser's coup at Suez whatever the Algerian situation. There is more to this difference of attitude than the fact that the French Socialists are in power and the Labour party is in opposition. The French, passionate politicians themselves, have been more responsive than the Labour party, for instance, to the element of passionate power politics in Nasser's game. Certainly the violence of the initial French reaction to the Nasser coup was due to the smart of seeing Nasser's hand in many phases of the Algerian rebellion. But even the Frenchmen who were most convinced of the need for a more liberal policy than M. Lacoste's in Algeria gave fiery support to the policy of overthrowing Nasser.

Even left-wing French politicians have become, like the British conservatives, convinced that if "Nasser gets away with it" the pan-Islamic movement will be given an impetus to which there is no measurable end. It is this which has led to what the French call "the anti-Munich complex." They are not thinking only of Algeria or North Africa, but of French negro Africa, half of which is Moslem ; and of the problems involved in having a potentially hostile coalition on the south coast of the Mediterranean. With such perspectives it is understandable that they have not been eager to follow the Labour party's advice and refer Suez to the United Nations, which they regard as ineffective.

Mixed Feelings

In Paris, it is only gradually dawning on a political opinion unwilling to believe it that the threat of force against Nasser is past. The government, which continues to enjoy an amazing immunity to criticism, is not blamed for any retreats ; France's allies tend to be held responsible. Confronted with Mr Dulles's canal users' association, the French are a prey to very mixed feelings. On the one hand the common front of America, Britain and France on Middle Eastern questions is an achievement which French policy has long sought. Yet from the beginning of the Suez crisis the rather unlovely anti-Americanism that is always ready to come to the surface has reared its head. During the days when the London talks were languishing for lack of Mr Dulles, absent in Lima, the French parliament had already produced a minatory motion for American ears which emphasised the dangers to the Atlantic alliance. More recently the French press has been quick to blame American diplomacy for the failure of the Menzies mission to Cairo. None of these accusations has been levelled at the British. Yet for the moment the attainment of unity of action takes precedence over all. If, however, Nasser were to win all along the line there might be a return of anti-Atlantic feeling, especially if the North African repercussions were rapidly obvious.

Just as it has been easy in London to think of the French as merely seeking alibis for failure in Algeria, so there has been a tendency to see them fighting to the last British soldier. It is true that French fire-eating has been considerably devalued by the obvious incapacity of France to "go it alone" in the Middle East. But had the French sent their warships, and the two divisions which they ostentatiously camouflaged light sand-colour in green and brown Algeria, their contribution to any Suez expedition would have been considerable. Was it only bluff when they prepared two of the best divisions originally brought from Germany in this way ?

Similarly it has been tempting to see the united French facade over Suez as a proof of complete rigidity. In fact there has been a considerable evolution of opinion. Its most important manifestation has been over Algeria. Originally there was a tendency to make an Algerian solution depend upon an Egyptian one. But as soon as it became clear that the Suez crisis was not a nine days wonder and that a "long haul" would be required, it was realised that Algeria's problems must be faced in their own right. It may also be that the government discovered that the effect of the Suez crisis in a country where the balance of power between 500,000 French troops and 20,000 elusive rebels is strongly rooted in local conditions, has been less than the alarmists originally forecast. The government has recently been elaborately preparing its next proposals of reform in Algeria. Whether they will be satisfactory is another story. But the fact remains that French reactions to Nasser are not now, even if they once were, a mere offshoot of the Algerian crisis. In a sense French alarm has been touched off by the contrary thought—that one day the Algerian rebellion might appear as a very secondary aspect of the eruption of Islam engineered by Nasser.

Poland's New Deal?

POLAND'S new five-year plan which Mr Jedrychowski, a vice-premier, has this week undertaken to present to the Sejm next month, reflects the political changes which have recently taken place. Even in the balance-sheet for the past six years, the list of achievements is coupled with a confession of past mistakes. The provisional blueprint for the future takes into account the economic discontent of which the Poznan rising was only a single violent expression. It promises more flexible planning, a greater reliance on incentives and greater consideration for the Polish consumer. The report ends with a pledge of a new deal for the small craftsmen and traders.

* In terms of progress in heavy industry, the six-year plan ended in 1955 could be considered a success. Though some targets for basic raw materials have not been reached, the defence drive gave such a spur to certain branches that, according to the published figures, the very stiff pace originally planned for metallurgy and chemicals was actually greatly exceeded. The output per head of many basic industrial commodities is now between a third and a half of the British levels, which for Poland is quite an achievement. Helped by the postwar shift of its frontiers, the country has advanced rapidly on the road to an industrialised society. But it is now admitted that the price of this industrial revolution was not only high, but unnecessarily so.

The high cost in terms of human suffering is attributed to a multiplicity of factors. The initial bias in favour of heavy industry was coupled with too tight planning, little provision being made for building up stocks. The defence drive of 1951-53 increased the pressure on resources and

INDUSTRIAL PRODUCTION

Unit	1949 act.	1955 Plan	1955 act.	1960 Plan	1960 plan (1955=100)
Hard coal mn. tons..	74·0	100·0	94·5	110·0	116
Crude steel „ „ ..	2·3	4·6	4·4	7·2	163
Cement „ „ ..	2·3	5·0	3·8	6·8	178
Elec. power, bn. kWh..	8·3	19·3	17·8	29·9	168
Cotton fabs. mn. m..	404·0	609·0	565·0	681·0	122
Woollen fabs. „ „ .	50·0	75·0	76·0	87·0	117
Sugar '000 tons	740·0	1,190·0	890·0	1,350·0	138
Wireless sets, '000 units	66·0	300·0	461·0	860·0	187

played havoc with plans. There were not enough consumer goods to supply the towns and to tempt the farmers to sell. In the countryside the regime got the worst of both worlds: state and collective farms—which still own only one-fifth of the land—could not meet the demand for foodstuffs, while there was no system of incentives to get supplies from the private smallholders. Not only did agricultural production lag far behind that of industry as well as behind its own targets (it rose by 19 instead of 50 per cent during the plan), but it was extremely difficult to extract surpluses for the towns at a time when urban population was growing very fast (urban employment increased by about two million during the six-year period). Thus for wage-earners there was a complete discrepancy between promise and fulfilment. They were promised an increase of wages of more than 50 per cent compared with 1949; it is officially admitted that real wages rose by merely 13 per cent and that, for a period, they actually declined.

There is no question of abandoning planning or the goal of industrialisation. In the next five years national income is to be raised by half, industrial production increasing by about 55 per cent and agricultural output by about a quarter. Yet within the established framework planning is to be more flexible, more decentralised, with greater scope for initiative from below. Above all, a genuine effort is apparently to be made to improve living conditions. To raise real wages, salaries and rural incomes by 30 per cent

DISTRIBUTION OF INVESTMENT
(percentage)

	Industry	Building	Agricul. and forestry	Transport	Housing	Social	Total incl. other
1951-55*	48·3	3·6	8·2	12·2	10·7	4·6	100
1956-60†	45·9	4·7	12·3	9·7	14·4	6·3	100

* 1955 prices. † 1956 prices.

in five years is, at least on paper, the primary objective of the plan. The share of consumption cannot be increased without a corresponding reduction in investment. True, investment need not be cut in absolute terms; it should actually be 45 per cent higher in the next five years than during the last plan. Its share in the national income, however, is to be reduced to between 17 and 18.5 per cent. The development of production will thus have to depend much more on quick yielding projects, on a fuller use of existing capacity and, to an unspecified extent, on the transformation of military plants to peaceful purposes.

The decline in the proportion ploughed back is to be accompanied by a substantial shift of emphasis in investment. Agricultural equipment, housing—which is sadly inadequate—as well as schools and hospitals are to be the main beneficiaries, while the budgetary axe is to be applied to some branches of engineering, to transport and to public administration. Even so, the pledge to the consumers will be kept only thanks to Soviet aid. Polish planners are also relying on the benefits of closer co-operation within the Soviet bloc and, incidentally, seem more interested than before in trade with the West.

Agriculture may prove the most difficult sector of the plan, though the draftsmen have been much more modest than in the past; they foresee a 25 per cent increase over the five-year period. For crops this is expected to be obtained partly through the extension of the cultivated area to 15.8 million hectares and even more through increased yields. It is also hoped to raise the numbers of horned cattle by about a quarter to nearly 10 million head (that of cows more slowly to 6.3 million by 1960) and the stock of pigs to 12.5 million. Agricultural production is to be fostered through increased supplies of fertilisers, tractors and equipment. Farmers are promised that their coal allocations will be duly delivered, that they will get building materials and consumer goods. The government is, however,

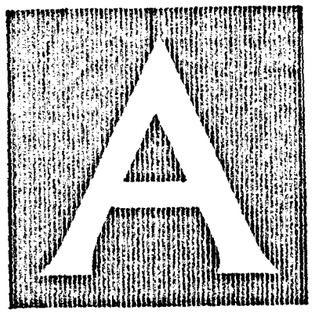
AGRICULTURAL PLANS

	Production (mn tons)		Yield (quintals per hectare)	
	1951-55 Average	1960 Plan	1951-55 Average	1960 Plan
Grain	11·7	14·2	12·8	14·2
Potatoes	30·0	38·0	113·0	140·0
Sugar beet	6·5	9·2	180·0	220·0

particularly vague about the projected pace of collectivisation. The emphasis on incentives and on the "mistaken" coercion of the past points to a new attempt to coax the kulaks to play their part in increasing production; here the planners may meet with a rebuff.

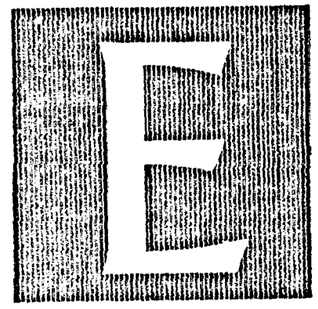
The planners do not hide the fact that in housing as in light industry they are planning merely the first timid steps to relieve acute shortages. To dispel the worst grievances, a two-year transition programme has also been outlined. This envisages an immediate increase in the lowest wages, which have been allowed to fall below the subsistence level, and measures enabling small traders and artisans to compete on more equal terms with co-operatives and state shops.

The whole new plan is really a transitional one. After years of unrewarded exertions the Polish people are promised a greater share of the profits. The new policy seems to contain no threat for the regime in the towns, where it controls the "commanding heights" of nationalised industry and trade. In the countryside the adventure may be more dangerous. The projected sale of tractors to collective farms must have raised many an eyebrow in Moscow (in the Soviet Union they are the property of state-owned machine tractor stations). In general, the regime is less master of the situation in the countryside, where it has opted for concessions because it needs quick results. The shape of the plan is apparently not final. It is to be debated at various levels, and the amendments, if any, will be interesting pointers.



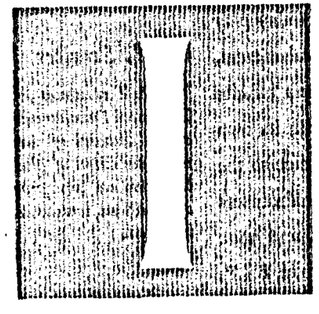
The first stage of the Kariba hydro-electric scheme will cost about £78 million. When the original contracts were announced disappointment was felt in this country because the main contract for the civil engineering work, worth about £25 million, had gone to an Italian firm. Consolation, however, may now be derived from the fact that with exception of the transmission lines, all the electrical equipment for this major electrical generation and distribution project will be supplied by Great Britain.

KARIBA



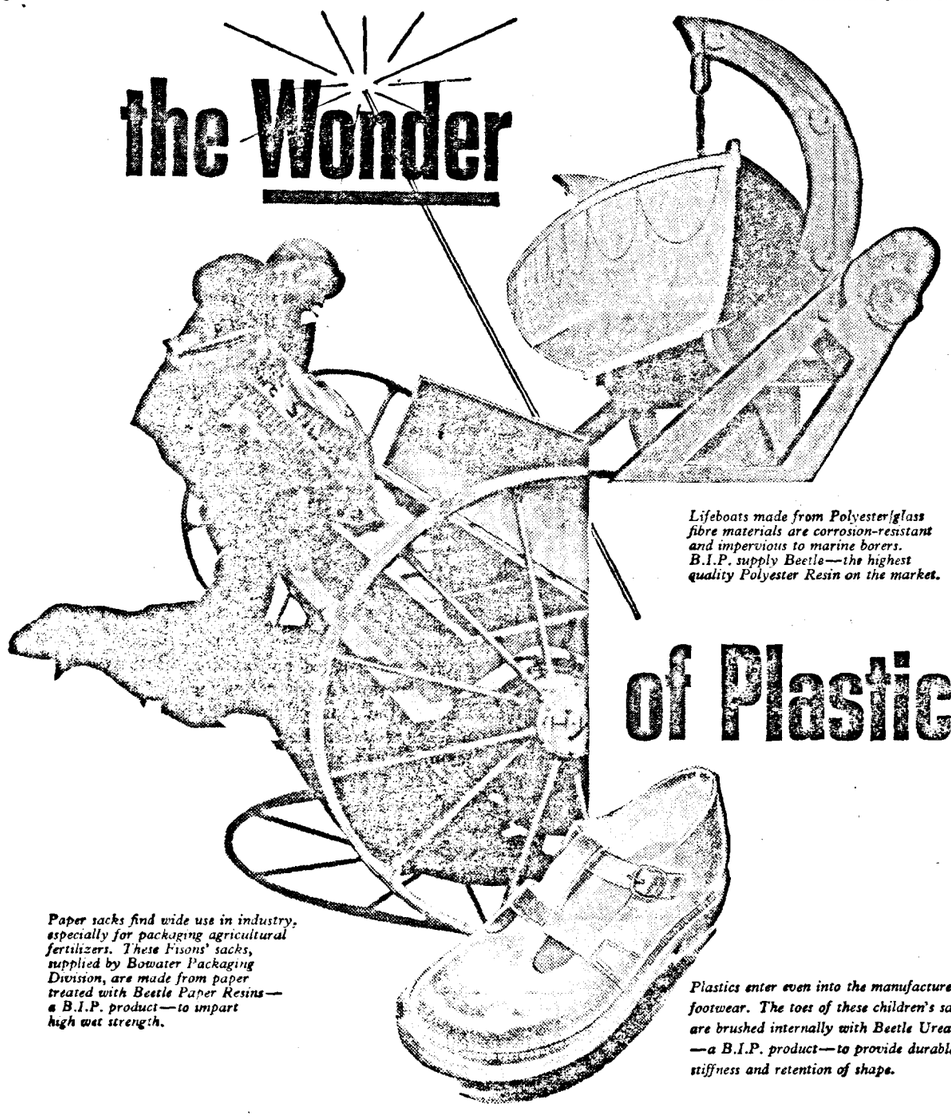
The first five water-wheel alternators which will generate electric power from the waters of the Zambesi are to be built by Metropolitan-Vickers. Each alternator will weigh as much as 750 tons, and this order alone is worth £1¾ million. The British Thomson-Houston Company is to supply 330,000 volt switchgear which will control this power, at six sub-stations from Kariba to Bulawayo.

MILLIONS



This is one of the first two orders for such high voltage switchgear to be received by British firms, and this part of the contract is worth more than £2 million. Metropolitan-Vickers have received the other high voltage switchgear order which is for air-blast circuit breakers for the Snowy Mountains hydro-electric scheme in Australia. For the Kariba project these two A.E.I. companies, which compete one with the other in many spheres, have together received orders worth £4 million.

the Wonder of Plastics



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THE BUSINESS WORLD

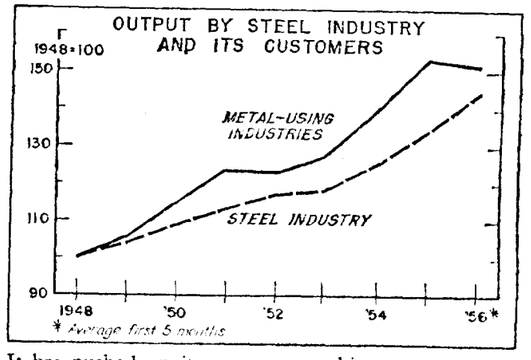
Steel Cannot Freeze

DURING the 1954-55 boom, as during other surges of economic activity in Britain since the war, output in the industries that use steel shot up at a rate that the British steel industry was quite unable to match. And last year that growth out of balance in the industrial structure of the country played a significant part in the balance of payments difficulties that led the Government to apply its successive measures of credit restraint. Exceptionally large imports of steel as well as coal had to be brought in to help make more metal goods than ever before, since home supplies could not meet the full demand: and not enough of the extra metal goods were sold abroad.

This year credit restraint has effectively checked the growth of output in the metal-using industries, but it is taking some time for their steel demand to respond. In the first half of the year their production seems actually to have fallen below the level of twelve months before; but they bought nearly 11 per cent more steel. The amount they actually used, so far as can be judged from statistics of steel deliveries, imports and reported stocks in all hands, seems to have been lower in the second quarter of this year than in the first; but the pressure of total demand for steel has not greatly moderated. At the end of June the consuming industries' stocks of steel were very high—about 3¼ million tons of finished steel, 14 per cent up on a year before.

So far, not many of these steel customers seem to be using up those stocks and cutting down orders for fresh steel, though some that had been importing heavily on their own account have certainly ceased to buy steel abroad. They have, after all, good reason to suspect that some increase in steel prices cannot be long delayed; and many of them may feel that unless inflation is checked a good deal more decisively than it has been so far, heavy stocks of steel will remain a good thing to hold. Moreover, with the gradual shift towards exports and capital goods, their output may soon be on the upgrade again. On the other hand, these unusually high stocks are becoming steadily more expensive to finance: and the possibility that a significant number of customers might decide to fall back on them more or less at once does constitute quite a significant built-in uncertainty in steel market prospects during the next six months or so.

The industry, to do it credit, is at present much less concerned with short-term market prospects than with long-term prospects of expansion—for its customers and itself. It has been raising its output more rapidly during the last two or three years than ever before, even if it has not managed to keep up with its customers.



It has pushed up its own output this year—to a rate of, say, 21.3 million ingot tons—at the same time as its customers' output fell off. And it is revising upwards its production plans for the next seven years. As the Iron and Steel Board records in its second annual report this week, the industry is now prepared to raise its output to 23½ million ingot tons by 1958, something over a million tons more than it originally intended by then; and the British Iron and Steel Federation has been talking for some time of 28 million ingot tons a year by 1962.

That would mean doubling the output of the British steel industry in 15 years ; but at the rate of expansion they achieved between 1948 and 1955, the main metal-using industries would double their output in 10 years. Even though steel consumption need not rise quite as fast as output of the goods made from it, as efficiency in its use increases over the years, the 1953-55 demonstration of the sheer rate of climb that these customer industries can achieve once given their head may leave some misgivings. So may international comparisons with other steel industries. British steel output, at present, is growing and is planned to grow proportionately faster than output in the United States. Russian output has been and is growing faster, but the extent to which it is significant in international competition is still uncertain. Output in Western Germany has recently been growing much more rapidly and has passed the British level. That has been the recovery from a collapse of production ; but the extent to which Germany has been spending money on development suggests that for some years at least it will go on expanding faster than Britain.

Investment in West German steel last year, for example, appears to have been close on twice as much as in British steel. Development expenditure in Britain, as measured by the Iron and Steel Board's figures of expenditure on schemes costing more than £100,000 each, did in fact decline a few years ago, particularly when allowance is made for the fall in the value of money.

	£ million		£ million
1946	5	1951	62¼
1947	30	1952	65
1948	40½	1953	49
1949	50½	1954	52
1950	56¼	1955	58

In real terms, last year's expenditure probably bought little more development than in 1947. It is fair to say that the expenditure expected this year may be nearly half as high again in money: in real terms, perhaps, around the peak levels of investment achieved in 1950-52. The steel industry, moreover, was bedevilled with politics in the years when its capital expenditure faltered ; whatever his intentions, the presence of Mr Hardie breathing down one's neck was not entirely likely to promote confidence among steelmakers in the future of their industry.

Other discouragements have had a more lasting tenure. One potent factor influencing the steel industry's ability and willingness to invest in steel development since the war has been the policy of stable, controlled, and therefore low prices it has followed. The steelmasters may fairly be said to have chosen this policy before the war ; in principle, perhaps, most of them still believe in it ; but during and since the war the actual price control has always been largely in the hands of outside authorities. Since the war, the guarantee of stability for which the industry was prepared to exchange its powers to raise prices as it chose has been a dead letter ; at no time has demand slackened enough to make significant declines in price a live issue. Stability, therefore, has meant first that the industry has been unable to take advantage of its sellers' market—except through export premiums on selling steel abroad, the amount of which has also been broadly controlled. Secondly, the controlled price has seldom been adjusted upwards as fast as steelmaking costs have risen. Thirdly, the costings upon which the maximum price is fixed, while generous in their allowances for depreciation (based upon replacement costs), allow profit margins based upon capital employed only at written-down historical costs. In some cases—though not all—such margins hardly encourage expansion of output of certain kinds of steel.

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Narrow margins, it may be said, did not prevent the major steel companies from showing handsome profits in the year ending in October, 1955 ; and though those profits do not seem likely to be quite so handsome this year, it will probably be extra costs to be absorbed, thinner pickings from export premiums, and the cost of the maintenance men's ban on overtime that affect them, rather than margins on home output. But the question is whether those margins and the extra allowances for depreciation over and above historical costs of plant—both after tax—are such as to encourage the expansion of output. This is partly a technological question: the dramatic improvements in productivity offered by a strip mill over the older processes of making thin flat steel, for example, make it well worth while putting in new plant or large-scale extensions, even with the present capital cost of plant. For certain kinds of heavy steel, where no such dramatic technical changes have taken place, expansion at current capital costs—out of the net return that the controlled price offers—is a much more dubious proposition. This is not simply a matter of self-financing, though the industry is leaning in that direction. Given an adequate net return on new investment, self-financing or raising money outside is a choice of policy ; without it, neither is on.

It is highly understandable that the steel industry should have declined the Government's invitation to join in the price freeze. A review of prices is now in train, taking into consideration not only the several additions to direct costs that were not taken into account when steel prices were raised in May, but also the whole estimation of capital employed, the depreciation formula, and the margins to be allowed on different products. To the outsider, no great disagreement is apparent between the price-controlling authority, the Iron and Steel Board, and the steel industry itself over the fact that prices need generally to be adjusted upwards, though there are plenty of arguments over detail. The more immediate disagreement might come this autumn between the industry and its price controllers on one side and the Government on the other. If price stability in steel is incompatible with growth, which is more important ?

Price List for New Pensions

NOW that the "self-employed" pension arrangements have been duly placed on the statute book, the assurance offices are vying with each other to produce attractive pension arrangements which will comply with the requirements laid down in this year's Finance Act. The Chancellor claimed to have implemented the Tucker II Committee's recommendations in a simple and modified form. That may be so ; but the policies that the offices are offering are surprisingly diverse in type and number and the complexity of choice for the self-employed man who at last has a fair deal for retirement must seem quite bewildering. This article is intended to make his task a little easier.

What he may decide to set aside for pension rests on several factors. One is the amount that he thinks he can spare out of his income, given the standard of living he is used to, the obligations he has already assumed, and his marginal tax rate. But in any event his contribution will be subject to limits at the upper end according to his income and his age. The maximum standard contribution is £750 a year or 10 per cent of net relevant earnings, whichever is less. But the over-forties can go to higher limits, if they wish, because they have a shorter remaining working life out of which to build up their pension. For them the limits are:

Born	Maximum Contribution lesser of	
	£	Per cent of Earnings
1914-15	825	11
1912-13	900	12
1910-11	975	13
1908-09	1,050	14
1907 or earlier	1,125	15

This means, for example, that a self-employed or professional man of 48 with an income of £6,500 could use £910 of it (if he wished) towards a pension—with the premium allowed for tax relief. The limits of advantage are set by an income of £7,500 and an age of 50. The rest is for him to choose.

He will soon find that if he wants to secure any benefits beyond a straightforward pension on his own life it can be done only at the expense of a reduced pension for a given premium. The highest pension should be secured by a deferred annuity, with no right to the return of premiums if he should die before attaining pension age. Yet there would be some reluctance to recommend policies in this form alone: the policyholder himself may understand his decision to go for the highest pension knowing that if he does not survive to pensionable age there will be nothing, but his dependants or other potential beneficiaries may feel very aggrieved to discover that nothing is coming back from the sum paid in on the policy.

The Act allows pension payments to be guaranteed for 5 and for 10 years and most offices are quoting on one of these bases. A wealthy man who elects for a guaranteed pension might reflect that if he dies before the guarantee expires he may merely be contributing to the Exchequer, for the annuity payments outstanding under the guarantee will not only be subject to income tax, and perhaps surtax, but to estate duty as well. Policies that provide for the return of premiums in the event of the death of the contributor before he reaches pensionable age vary between allowing no interest at all and allowing up to 4 per cent. Those offices that bind themselves to return only the premiums without interest can apply the interest they earn on the funds of those who do not reach pensionable age by offering correspondingly higher pensions for those who survive. There seems no way of avoiding any return of premiums being aggregated with the deceased's estate for estate duty.

There has been a rush—particularly on the part of offices with good bonus records for ordinary whole life and endowment assurances—to provide with-profit deferred annuities which will increase with bonuses allocated during the years of contribution. Some of these offices are applying the same rate of reversionary bonus to deferred annuities as for ordinary business. This is surprising. Traditionally, bonuses come from profit on interest, expenses of management and mortality in the life fund concerned. On each of these points pension funds for the self-employed will show differences compared with normal participating life funds. Interest from self-employed pension investments will accumulate tax free against the standard rate of 7s. 6d. in the £ for life funds. Expenses of management can hardly correspond, for while the offices will be involved with increased administration to satisfy the Inland Revenue's requirements, the commission terms to brokers and agents are lower than for ordinary business and there can be no dealings with the new pension policies by way of loan or surrender during their currency. Mortality will affect deferred annuities in the completely opposite way to whole life or endowment assurances—a low mortality rate for annuitants being "a bad thing" for the assurance offices. But no doubt there is much to be said for simplicity and a uniform

What a Yearly Premium of £100 Will Buy in Pension

(A)—WITHOUT PROFIT DEFERRED ANNUITIES

	Age at entry next birthday			Pensions Payable	Guaranteed Period
	35	45	55		
No return of premiums in event of death :	£	£	£		Years
Commercial Union	623	331	133	Monthly	5
Return of premiums without interest in event of death :					
Eagle Star	554	293	116	,,	5
Equity & Law	548	284	112	,,	5
Legal & General	536	282	112	,,	5
Liverpool & London & Globe	543	285	114	,,	5
London Assurance	518	276	111	Quarterly in advance	5
Norwich Union	553	292	117	Monthly	5
Prudential	455	251	104	Quarterly (*a*)	10
Royal	543	285	114	Monthly	5
Scottish Amicable	535	278	110	Quarterly	5
Scottish Equitable	553	284	112	Monthly	5
Scottish Provident Institution	545	281	111	,,	5
Scottish Life	517	281	115	,,	5
Sun Life	542	277	108	Quarterly in advance	5
Return of premiums with interest :					
Compound Interest					
Commercial Union ..... 3 %	545	289	117	Monthly	5
Friends' Provident ..... 3 %	512	272	110	,,	5
Atlas ..... 3½ %	477	253	101	,,	10 (*b*)
London Life ..... 3½ %	532	286	117	,,	5
National Provident ..... 3½ %	507	278	114	,,	5
Scottish Widows' ..... 3½ %	473	264	109	,,	5
Guardian ..... 3½ %	550	281	113	,,	5
Clerical Medical & Gen. ..... 4 %	505	268	108	,,	5
Northern (*d*) ..... 4 %	567	305	129	,, (*c*)	5
Scottish Union & National .. 4 %	513	272	109	Quarterly	5
Standard ..... 4 %	515	274	109	Monthly	5
Yorkshire ..... 4 %	540	282	112	,,	5
Return of premiums but no guaranteed period for pension payments :					
Equitable Life (*d*) ..... 3 %	562	303	128	...	None
Northern (*d*) ..... 4 %	533	314	132	(*c*)	None
Pearl ..... 3½ %	516	275	111	*Quarterly* in advance (*c*)	None

(C)—REVERSIONARY ANNUITIES COUPLED WITH DEFERRED ANNUITIES

Pension at age 65 monthly and guaranteed for 5 years but payable to widow on death, whether before or after 65: Age at entry next birthday (assuming husband and wife of same age) :

	35	45	55
	£	£	£
Scottish Widows' :—			
Without profits (*a*)	307	173	76
With profits (*a*) :—			
Basic pension	209	132	65
Possible pension if assumed rate of 4½% compound bonus is maintained	391 *b*	200 *b*	80 *b*

(*a*) No premiums returned. (*b*) If husband dies before retirement age pension for widow would be less because fewer years' bonuses had accrued.

(D)—DEFERRED ANNUITY WITH EARLY RETIREMENT BENEFITS

Pension at age 65 monthly and guaranteed for 5 years or on earlier retirement through ill-health : Age at entry next birthday :

	35	45	55
	£	£	£
Norwich Union (*a*)	464	251	104

(*a*) Return of premiums without interest on death.

Footnotes to Table A :—(*a*) Beginning on policy anniversary before 65th birthday. (*b*) Annuity increased by 7·45% for 5 years guaranteed period and 10·25% for no guaranteed period. (*c*) Payments begin on policy anniversary following 65th birthday. (*d*) The number of premium payments is *one more* than the difference between 65 and the age next birthday at entry.

(B)—WITH PROFIT DEFERRED ANNUITIES

	Age at Entry next Birthday						Premiums Returned on Death	Bonus Rates Assumed in B
	35		45		55			
	A Basic Pension	B Possible Pension including Bonuses	A Basic Pension	B Possible Pension including Bonuses	A Basic Pension	B Possible Pension including Bonuses		
	£	£	£	£	£	£		
Equity & Law	413	641	231	319	100	116	Interest	30s. % compound
Legal & General	401	581	230	299	100	115	Note	30s. % simple
Liverpool & London & Globe	385	627	223	317	100	121	,,	42s. % simple (*a*)
London Life	443	577	249	299	107	118	3½%	20s. % simple
National Provident Institution	407	590	235	305	104	119	3½%	30s. % simple
Pearl (*b*)	368	589	215	301	97	116	3½%	40s. % simple (*a*)
Royal	385	627	223	317	100	121	None	42s. % simple (*a*)
Scottish Amicable	395	628	212	310	97	117	,,	40s. % compound (*a*)
Scottish Equitable	394	627	211	309	97	117	,,	40s. % compound
Scottish Union & National (*d*)	383	535	220	286	97	112	4 %	30s. % simple
Scottish Widows' Fund	312	584	197	299	92	114	3½%	44s. % compound (*a*)
United Kingdom Provident	328	659 (464c)	205	316 (261c)	96	119 (110c)	3 %	45s. % compound (*a*)

(*a*) Same rate of bonus as for ordinary whole life and endowment business. (*b*) No guaranteed period ; pensions paid quarterly in advance commencing with policy anniversary following attainment of annuity age. (*c*) Figures in brackets are results with minimum guaranteed bonus. (*d*) Pensions payable quarterly.

rate of bonus for all classes of with-profit business will have a commercial value for offices who can point to a favourable record in the past. The difficulty for the contributor is that one element in his pension is contingent on what happens in future. He has to make assumptions about future rates of bonus—but they remain assumptions which may be exceeded or might not be reached.

Under the Act pensions can be drawn early on the grounds of ill-health, when the normal procedure would be to apply the premiums paid to date to purchase a reduced pension. If, however, the premium were to be loaded appropriately there seems no reason why a policy should not be taken which would provide the same pension either at a selected age or in the event of earlier retirement through ill-health. Such an arrangement would have obvious attractions if it secured Inland Revenue approval and if a satisfactory definition of "ill-health" could be devised.

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Most offices give the contributor an option to take a joint pension with his wife when he retires, though the pension secured on their joint lives will be lower than the pension on his life alone. It is also possible to arrange for reversionary annuities for widows, to begin on the husband's death, whether it occurs before or after retirement age, provided they do not exceed in amount the husband's pension. Since such policies can be written so that the husband has no interest in them from the outset, they can form a separate estate for duty purposes (and thus attract a lower rate) whereas a return of premiums would be aggregated with the estate and attract duty at the rate applicable to the total estate. A combination of a deferred annuity without return of premium on death with a reversionary annuity for the surviving widow has its attractions ; but if part of the premiums is used for reversionary annuities there will be less available for pension—and owing to the facts that life cover is provided and that women live longer than men, reversionary annuities tend to use up a lot of premiums.

Life cover can be provided by the new pension policies only to the extent of return of premiums (with or without interest) or by reversionary annuities. But the offices will be anxious to obtain further business by providing additional life cover. Here the most common suggestion is for reducing term assurances, under which the cover is greatest at the beginning and falls with each premium payment. Supplementary benefits of this nature, however, are outside the scope of the new pension arrangements ; the premiums rank only for life assurance relief and their appeal will depend on individual taste and circumstances.

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The Act allows pensions to start at any age between 60 and 70 and offices are showing a welcome flexibility in arranging their contracts so that the benefits may be drawn at any age between these limits. Some are showing on the policy the pension secured at each age from 60 to 70 in return for a given premium, and where the policy is expressed as payable at age 65 options for earlier or later retirement are given. In some cases it is possible to defer the decision regarding a guaranteed period for the annuity until retirement takes place. Incidentally, there is no need for actual retirement to take place before the "pension" starts to be drawn. Earlier retirement than at age 60 is only permitted by the Act where it is the custom in any particular occupation for there to be an earlier retirement age, in which case the lower limit drops to 50 ; and on the grounds of ill-health.

Incomes of the self-employed can fluctuate fairly widely. Should the self-employed contributor wish to pay fluctuating premiums, according to his changing income, he would normally be able to do so by buying, in effect, a series of "single premium" policies. But most offices are suggesting annual premium contracts with "paid-up" policy options under which adjustments to subsequent changes in income can be made if desired.

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Although negotiations with the Inland Revenue about the precise conditions of the new policies are not yet complete, most offices have now published rates and forms of contract. But it seems likely that some appreciable modifications will occur in them as the market settles down and finds out which type of contract has the most appeal. It is too early to say; the self-employed can now pay pension premiums out of their gross income, but the effect of these far-reaching concessions on the disposition of their incomes remains to be seen. Their main appeal will obviously be to the surtax payer, who will be able to make some nice calculations about the net cost of his contributions from the top slices of his income. The individual whose rate of contribution will be sufficiently high for the resultant pension to be liable to surtax may well be more tempted by the "fringe" benefits permitted. In any list of specimen rates at this stage some omissions are inevitable, but professional and self-employed people who have been eagerly awaiting the opportunity to take advantage of the new arrangements can now pause and consider the variations of policies and premiums that the life offices are now offering. Rates must be considered in conjunction with policy conditions and it does not follow that if an office quotes a better rate than another for retirement age 65 it will necessarily show better results if retirement is taken at 60 or at 70. A little tax-free interest on premiums may be lost by deferring a decision until the market is more settled, but there is plenty of time to obtain the tax concession within this fiscal year.

Business Notes

The Cost of Going Round

To calculate the cost to shipowners and their customers of sending ships round the Cape of Good Hope instead of through the Suez Canal is still impossible. Indeed, the amount of shipping that has been diverted so far is modest, though it happens to include some of the more impressive liners. P & O and Orient Lines have diverted their passenger liners and a few cargo liners, but still hope to maintain at least a small service through the canal to India. The French lines serving Indo-China and the Dutch lines will go round the Cape. So will British troopships. As yet it is certain only that the number of ships diverted could be increased, and that diversion would involve extra costs falling quite unevenly on the different routes. At one extreme is Australia: no change is proposed at present in passenger fares to Australia nor has the conference made any change so far in liner freight rates on that route; the detour round the Cape takes one or two days longer, and the cargo shipowner's risk is largely that of losing valuable cargo to intermediate ports, while the passenger line is at risk on the cost of providing extra ships to serve passengers to India or losing his Indian passage money. At the other extreme a tramp ship belonging to Silver Line has been chartered to take about 8,000 tons of sugar from Britain to Port Sudan with the option to the shipowner to go round if necessary. If that option is exercised, and an extra 30 days taken for the voyage, the freight charge will be nearly £15,000 higher.

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Such arrangements do not mean that the extra costs for these runs can be exactly calculated. Clearly shipowners' costs must rise and the rise must be steep on some routes. The 15 per cent increase announced on Far Eastern freights (but not on intermediate freights) and the 20 per cent increase that P & O has announced for its Far Eastern passengers on the *Chusan*, diverted round the Cape, take account of that. War risk insurance rates on cargo for the Suez area have been raised in two stages by 5s. per £100, though it is fair to add that a high proportion of the war risk on hulls is insured through the shipowners' mutual clubs. The clubs have not changed their rates and shipowners will only suffer if the club gets a claim and has to make a call. Costs at Cape Town and other South African ports seem certain to rise and there may be losses of time, too, as congestion in those ports increases. Fuel oil is already 34s. 6d. per ton dearer in South Africa than at Aden and diesel oil 33s. 6d. dearer. There are now rumours of an increase of as much as 60 per cent in Cape Town port dues. Hull insurances have not so far risen; in general they are on fairly long contract.

A number of shipowners have recently received requests from the Egyptian authorities to pay their dues to the new canal authority account. So far as the British and French owners are concerned, they have no permission to make payments to the new Egyptian canal authority even if they wished.

British Exports to the East

So far the burdens placed on British exports to the East are small. The increase in liner freight rates applies at present only to shipments between Europe and the Far East, a region which collectively takes some five per cent of Britain's total exports; liner rates to Australasia, by far the largest market, are fortunately not affected. The burdens will become weightier, however, if freight rates between Europe and the Indian sub-continent have to be increased. India alone takes nearly five per cent of Britain's exports, mainly machinery, iron and steel and other metals, transport equipment and chemicals. It is on these goods, not consumer goods, that higher freight charges are felt though the extent of the increase varies with the volume and value of the cargo. To take an example at one end of the scale: a 15 per cent increase in freight rates to India would raise the landed cost of a jute loom by £40 to £7,700 c & f Calcutta, an increase of only 0.5 per cent. The landed cost of a small boiler, on the other hand, would rise by £100 to £1,700, an increase of six per cent.

For goods already ordered for the Far East the additional freight charges will fall to the buyer's account, as provided by the contract of sale. For new business the buyer will certainly be pressed to pay the full increase. Whether British exporters will be obliged to absorb a part of it depends partly on the state of demand—which for most capital goods is still buoyant—and partly on what their competitors in Western Europe do. But Britain cannot reckon with its Continental competitors alone. Japan is presenting a formidable challenge in Eastern markets for capital as well as consumer goods, and the much shorter haul is to its advantage.

Higher freight rates, however, are not the only extra costs to be considered. Delays in shipments, and the difficulty of securing freight at all will become expensive if a large part of the traffic has to be diverted round the Cape and the shortage of freight will not apply to Indian and Far Eastern markets alone; Eastern Mediterranean and Red Sea ports would certainly be sharply affected. Delays in shipments mean delays in receiving payment, and the exporters' working capital would be stretched. The credit squeeze will thus be reinforced from an unexpected quarter.

Where the Shoe Pinches

Two areas that will obviously be much affected if more ships are diverted are the Mediterranean, which relies to an appreciable extent on shipping passing to and from the Suez Canal, and India, where the lengthening of the voyage if ships have to go round the Cape will be great. The difficulties in the Mediterranean are somewhat alleviated by the decision of the shipowners' conferences to leave it to the companies' individual discretion whether or not to cut out their Mediterranean calls. P & O will still call at Marseilles and Genoa with such cargo there as it is able to send through the Canal, and the Dutch lines intend to continue calling at Marseilles. The Dutch ships will have to go into the Mediterranean and out again into the Atlantic.

India is probably the shipowners' worst headache. To go to Bombay round the Cape involves a loss of time of about 11 days on a fast vessel. To keep up a reasonable schedule to Australia, therefore, India must be omitted. Yet lines with long-established connections with India would be most reluctant to abandon it. P & O has a few sailings planned, some of which it apparently still hopes to send via Suez. But as yet there is no agreement in the Indian Conference to raise freight rates. Obviously if Suez became impossible even the Indian members of the conference might have to agree to higher charges. The more these longer voyages become necessary the greater will be the demand for tramp tonnage. If the tramp freight market so far fails to reflect that demand, it is because the policy of charterers so far is to wait and see. At the moment the volume of business has actually diminished and it is possible that however the Suez crisis is resolved tramp freights will rise because of the backlog of business.

Financial Pressure on Egypt

The monetary sanctions taken against Egypt by many of the users of the Suez Canal have so far shown no sign of bringing Egyptian trade to a standstill. This is partly because Egypt is now receiving a proportion of the Canal dues, estimated at between one-third and a half, in a form in which the foreign exchange can be used without hindrance. Moreover Egypt has at its disposal a gold reserve of about £60 million which could be used to finance essential imports. The restrictions on payments by certain of the Canal users, however, is causing a considerable reorientation of Egyptian trade, mainly towards the Communist countries and towards a number of the Bandoeng nations which have gone out of their way to counteract the sanctions of the Western Powers. The key move by the West was the British Government's decision to remove Egypt from the transferable sterling account area and to control, and if necessary stop, payments into and out of Egyptian sterling accounts. Personal withdrawals of up to £100 have been permitted for Egyptians residing in Britain but commercial payments out of Egyptian accounts have been persistently refused except for transactions covered by confirmed credits arranged before July 27th. There is a mounting number of British exporters to whom money is due but who are prevented from receiving payments which importers in Egypt would be perfectly willing to make, and for which the sterling is available in London. The predicament of holders of private accounts, discussed on page 947, is another oddity of the regulations. The latest published figures suggest that the freely available Egyptian sterling amounted to about £27 million when Egypt was removed from the transferable account area. The balance in the blocked No. 2 Account is about £110 million.

The similar immobilisation of Egypt's French franc assets has been of much less importance, for these balances (other than those belonging to the Suez Canal Company) are meagre and francs do not have the virtue of transferability and were not used outside Franco-Egyptian trade. The United States has blocked Egyptian government accounts but has not interfered with private dollar accounts. No other European countries have similarly immobilised Egyptian assets. Since Egyptian trade with them was for the most part conducted in sterling the departure of Egypt from the transferable account system has removed the principal mechanism by which trade between Egypt and the rest of Europe was financed. The recent Egyptian embargo on all imports from countries which have placed restrictions on Egyptian assets is largely a propaganda move, which makes a virtue of necessity; since Egypt is without means of payment these countries have virtually stopped current exports to Egypt.

Many countries East of Suez have made special arrangements for easing the pressure of these payments restrictions on Egypt. India has made rupees available, pending a more permanent settlement, for payments due by Egypt for imports from India. Indonesia is deferring payments in respect of its shipments to Egypt. China has used some of its sterling to establish a 20 million Swiss franc account in favour of Egypt in Switzerland. Japan has announced that Egypt will be allowed to defer payments for certain imports from that country. The main development which is preventing sterling and other payments restrictions from becoming a stranglehold on Egypt is, however, the income which Egypt is receiving in readily available foreign currency from many of the ships using the Canal.

Rescue by American Oil?

The American Government, after consulting the four largest oil-producing States, has declared that, if tankers could not use the Suez Canal, the United States could produce an additional 500,000 barrels of crude oil a day (25 million tons a year); if the pipelines to the Eastern Mediterranean were cut as well, a further 600,000 b/d could be found, making a total increase of 1,100,000 b/d or 55 million tons a year in American domestic output. Some 13 million tons a year of Middle East oil are at present shipped to the United States, and the first charge on the extra domestic output would be to replace this. The extra American supplies could be supplemented by additional shipments from Venezuela to Europe, although to the extent that these were merely a diversion of Venezuelan oil now shipped to the United States, the availability of American oil for export would be reduced by a corresponding amount.

How much, under the American government's two assumptions, is Western Europe likely to need? Under normal conditions, Western Europe would have consumed

this year some 100 million tons of Middle East oil. The pipelines to the Mediterranean, if they remain open, could carry 40 million tons of this, leaving 60 million tons to come either round the Cape or from the Western Hemisphere. To ship 30 million tons round the Cape would take up roughly as much tanker tonnage as 60 million tons shipped through the Suez Canal as the voyage round the Cape is nearly twice as long. This would leave 30 million tons to be brought across the Atlantic—rather more than the American government assumed, but still well within America's ability to supply. Tankers enough to transport this amount could probably be found. There would be a saving of the equivalent of about 100 T-2's now employed in carrying Middle East oil to the United States. Over a score of tankers could be taken out of the American government reserve fleet, and at least as many again out of the American coastal trades, although the season of peak demand for coastal tankers to stock up fuel oil for the American winter is just beginning. These savings, reinforced by the fully integrated operation of the world's tanker fleets, should suffice.

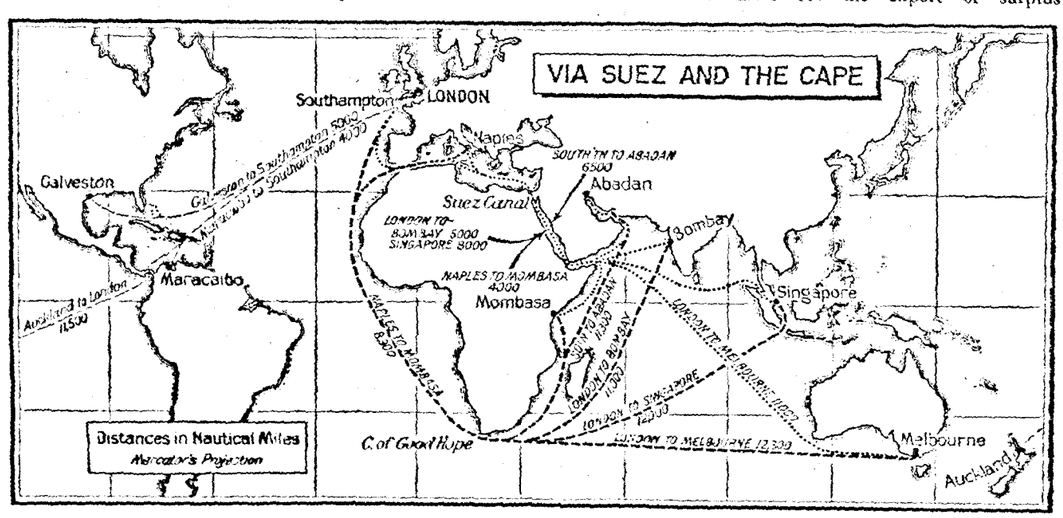
Even Without the Pipelines?

IF the pipelines were to be closed as well as the Suez Canal, some 70 million tons of oil would have to be brought across the Atlantic, even if 30 million tons could still be loaded in the Persian Gulf for shipment round the Cape. Another 70 million tons of Western Hemisphere oil for Europe could probably be found, and the American oil companies might not be averse to demonstrating to the Arabs that the world could manage, at a pinch, without 70 per cent of the Middle East's oil. But the world tanker fleet, already intensively employed, would in that case have to be squeezed to take a further 40 million tons across the Atlantic, a voyage nearly half as long again as that from the Eastern Mediterranean terminals.

Given full scale emergency conditions in Europe, rationing of supplies for essential needs, and the complete integration of the world tanker fleet, even this should be possible. But what of the cost? At the current price of Texas crude at $2.90 a barrel, Europe's additional supplies—even if they could be obtained without paying premium prices—would cost $650 million (if the pipelines to the Mediterranean remained open) or $1,500 million (if they were cut), without counting extra freight costs. The British share of this burden would depend, in part, upon the pattern of distribution within Europe of the supplies still brought from the Persian Gulf and Eastern Mediterranean terminals, if they were open. But this country consumes between a fifth and a quarter of all the oil shipped to Europe, and is hardly likely to escape bearing an equivalent share of the additional dollar cost. This is enough to dim the attractions of any boycott, but if the cost had to be incurred, there is much to be said for the suggestion that the extra imports of dollar oil might be repaid in kind at a later date. The total sum involved would be the same, but such an arrangement would have the merit of guaranteeing a future American market in which the dollars to repay the loan could be earned.

Finding the Dollars

IF the Canal Users' Association were to impose a boycott of the canal and compels traffic to use the longer Cape route, the resultant shortage of Middle East oil would call for substantial diversion of oil from the Western Hemisphere to Britain and the rest of Western Europe. The problem of paying for that oil is among the issues that have been under discussion in London and Washington in recent days. Three possibilities have been considered. The first is that the dollars required to pay for Caribbean and other Western Hemisphere oil should be made available on normal commercial terms through the Export-Import Bank. Facilities of up to $500 million have been mentioned in the United States. Whether the British and other governments concerned would, or should, regard the financing of oil as an appropriate purpose for which dollar indebtedness should be incurred is still for them to decide. A second possibility is that the oil in question should be paid for in local currencies, under arrangements similar to those for the export of surplus



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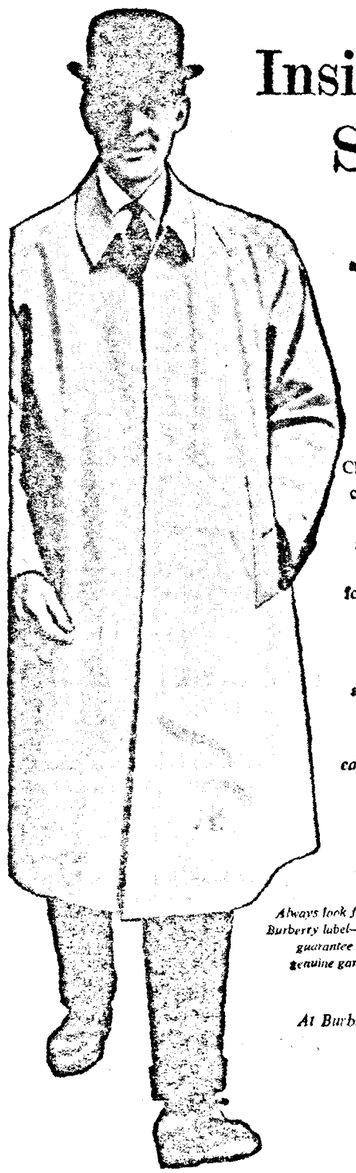

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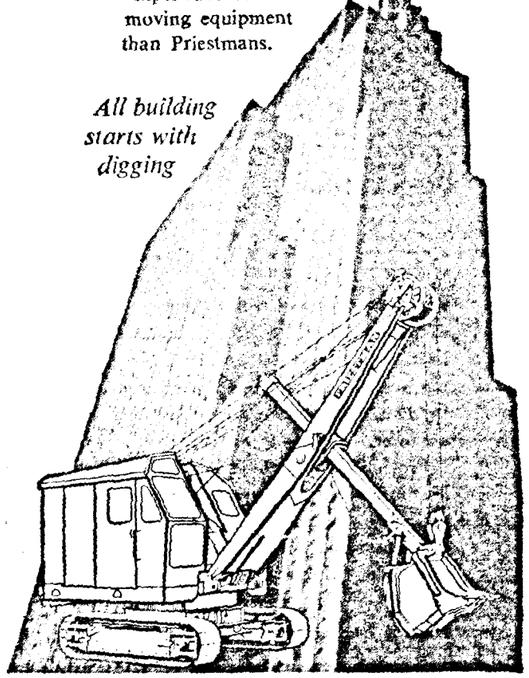

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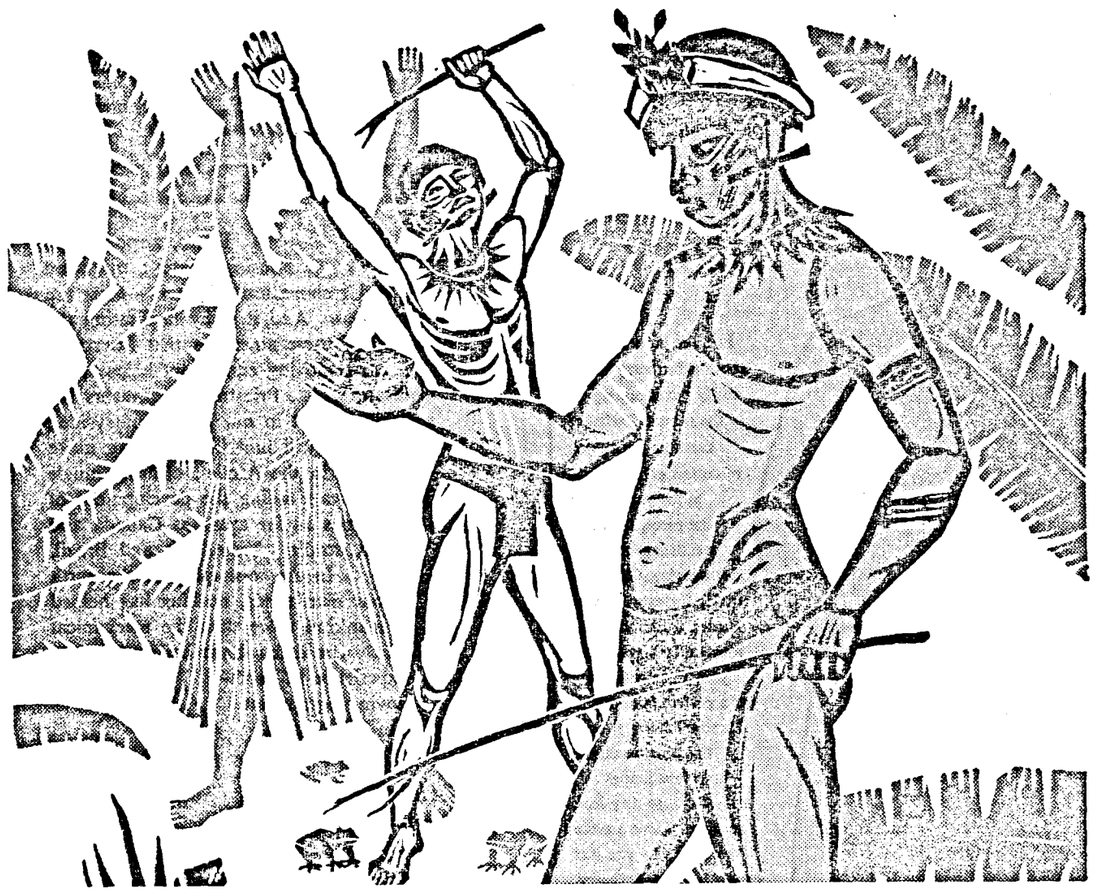

Rainmaker extraordinary

THE ORINOCO INDIANS thought frogs had the power to make rain. As protection against drought they kept frogs captive. Then, if it got too dry, the captives were paraded and given a gentle beating; the idea was to make them croak and so bring on a shower.

Protection today is less bizarre, more scientific. Not least in modern industry where protection—product packaging—is often the key to successful marketing on a national scale. Today "Fiberite" cases, and cartons made from "Thames Board" are used with confidence by every division of industry, to deliver their goods and display them to advantage.

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agricultural produce. There is, however, no exact parallel between these operations. The agricultural surpluses are already in American government ownership, having been acquired through the Commodity Credit Corporation. There is no similar organisation that could acquire dollar oil for dollars and then resell it to Western Europe against local currencies.

It has also been suggested from the European side that sales of Western Hemisphere oil should conform to those which already exist in respect of Middle East and Trinidad oil under arrangements made with other American companies. The effect of this would be that sales in the sterling area and other non-dollar countries would be made for sterling and in dollar areas for dollars. These arrangements, however, are based on the fact that the American companies concerned spend sterling on an appropriately substantial scale. The producing countries accept sterling in respect of royalties and in most cases the profits of the operating companies are subject to United Kingdom tax. These reservations could not apply for Western Hemisphere oil, though it would be open to American companies to increase their sterling expenditure, as has recently been done for example in the supply of oil piping from Britain to Venezuela.

These possibilities have so far been discussed in the vacuum caused by complete uncertainty about the intentions of the Canal Users' Association if Egypt remains obdurate. If a boycott of the canal becomes inescapable, heavy additional expenditure will be incurred and special payments arrangements will have to be devised. But until a major diversion of oil traffic round the Cape occurs these remain matters of conjecture.

Afterthoughts on Commodities

PRICES of the commodities most sensitive to the Suez troubles have sagged this week after their sharp rise last week. Tin, copper and the other non-ferrous metals have declined and rubber is slightly cheaper. While convoys are still passing through the Suez Canal few consumers are inclined to buy more than they need; indeed consumers have throughout shown a somewhat surprising reluctance to build up stocks. Nor do the professional market operators seem willing to take much of a view one way or the other. The decline in copper has been helped by the resumption of work by Africans at most of the mines on the Rhodesian copperbelt, though no one can be confident that fresh troubles will not break out.

The increase of 15 per cent in liner freight rates from the Far East is small in relation both to the cost of Eastern commodities and to the fluctuations in price that are common in these markets. Of far more importance would be the disruption of shipments, and consequent shortage of nearby supplies, that would follow the wholesale diversion of traffic round the Cape. It is that contingency that maintains prices of commodities, such as rubber, that are basically rather weak. The appreciation in the value of commodities as they approach European shores is illustrated by prices of raw jute from Pakistan. While jute firsts for October/November shipment fetch about £88 a ton cif Europe, there is a premium of about £8 a ton for the same jute on a steamer east of Suez, and a premium of about £10 a ton for cargoes west of the canal. The fear of an interruption of shipments has evidently spread now to the London tea market. Prices of common tea have risen, despite the news of increased production in North India last month. It is not only the shipment of tea to the west that would be delayed. Shipments of Ceylon tea to Australia are already

	July 26	Sept. 13	Sept. 20
Tin, cash, per ton	£758½	£822½	£798½
Copper, „ „	£288	£310	£297
Rubber, spot, per lb	27d	29d	28⅛d
Wool top futures (Dec.), per lb	114d	129½d	130¼d

affected by the reduction in the number of vessels calling at ports in the Indian Ocean on their way east.

The bulk of India's exports—tea, jute goods, oils and oilseeds, manganese ore and cotton—is normally shipped via Suez. If freight rates from India go up it may not be possible for India to pass on to buyers the full increase in such commodities as manganese ore, which are sold in competition with suppliers nearer to Europe. Prices of its imports, in addition, would probably have to absorb most of an increase in freight rates. India's foreign reserves, already fully committed to the five-year plan, would thus be squeezed from both sides of the trade account.

No Autumn Budget?

AN official spokesman has this week denied a new crop of rumours that Mr Macmillan was already making plans for the introduction of an emergency budget this autumn to cope with the domestic strains of the Suez crisis. There are no such plans. This does not mean, of course, that the Chancellor has set his face against a supplementary budget whatever the circumstances; it simply means that no such change has yet occurred as would justify special budgetary measures—and might also mean that no such change is expected. Obviously, the Suez crisis has already imposed an additional strain both upon the budget and upon the economy; but, in terms of actual budgetary expenditure, the addition so far may be presumed to be within the range of changes that often occur within a budget year, and might even pass virtually unnoticed unless, as in this instance, special circumstances draw attention to them. They are not of a magnitude to require a recasting of the budget.

Equally obviously, the wider economic repercussions of the Suez crisis are only just beginning to develop, but nobody has yet any basis for estimating their nature, magnitude or duration. No decision would ever be taken to introduce a supplementary budget in conditions of such uncertainty—unless even the best assumption showed it to be necessary. Short of a quick settlement of the whole dispute, the best (economic) assumption now is that a substantial proportion of the normal flow of traffic continues to pass through the canal. If that happens, the additional burden upon the domestic economy in the immediate future would be slight (though it would be far from negligible on the balance of payments). But if traffic

through the canal is seriously diminished or stopped, the domestic burden will depend upon how far and how quickly alternative routes and sources of supply can sustain Britain's trade. Neither the nature nor the extent of the resultant disturbance can yet be assessed—and, more significant from the budgetary point of view, it is impossible to guess how the balance would rest between inflationary and deflationary influences. A slackening of exports would be deflationary, but of imports, inflationary.

Suez Markets

On Wednesday afternoon as the buying for the new account developed investment markets seemed to be shaking off a little of the Suez fears that had been restraining them. An advance developed in oil shares, not only those Western hemisphere oil shares that had been good propositions on the worst possible assumptions about Suez but also BP and Burmah, the two companies most obviously vulnerable to any interruption of the canal traffic. Shipping shares that had been heavily bought during the previous three days became a little irregular and even the gilt-edged market, though it is not affected by buying for the account, developed a firmer tendency. The background to this small, but possibly significant, change was the stronger tone of sterling. The same market tendencies supplemented by a rise in some of the hire purchase shares and by the continued strength of gold mines continued on Thursday.

	July 26	Sept. 12	Sept. 19
Shipping			
Aviation Shipping	7/8½	7/7½	8/4½
Coast Lines	28/9	28/9	29/–
London & Overseas Freighters	81/–	127/6	127/6
Reardon Smith	40/9	39/6	42/6xd
Stanhope Steamship	25/9	28/–	30/9
"Canal" Oil			
British Petroleum	174/4½	145/3	143/9
Burmah	111/10½	87/6	88/9
Western Hemisphere Oil			
Apex (Trinidad) Oilfields	38/–	43/9	46/3
Shell Trinidad	58/9	58/1½	61/3
Ultramar	41/–	42/9	46/6

Nevertheless there has been no general expansion of business on either the gilt-edged or the industrial side of the market. The rally in gilt-edged probably reflects mainly an adjustment of books and a slight change of view by the jobbers. Save in the shortest dated stocks, where some banks are believed to have been nibbling, the volume of business has been remarkably small, and despite the modest relief that Wednesday brought, Suez continues to set the pattern of the markets. But there is nothing dramatic in it; the *Financial Times* government security index is hardly perceptibly changed, from 83.54 to 83.41, in a week and the industrial index has remained almost steady at 181.3 on Wednesday if compared with 181.2 a week earlier. As the table suggests there has also been some considerable buying of shipping shares, and some of it has been "new time" buying which suggests short-term speculation.

Commercial Demand for Sterling

The foreign exchange market has this week confirmed the truism that there is a limit to what bears can do. Sterling, oversold consistently for weeks past, has at last begun to feel the impact of genuine commercial demand. It has been strong particularly against those continental currencies such as the German mark, Belgian and Swiss francs against which it had previously been weak. In relation to the German mark the rate for sterling has lifted to 11.69¾ or well above the lower "gold point" of 11.67⅞.

Against the dollar the sterling rate remains steady at $2.78⅛ or just above the Bank of England support point. No official intervention appears to have been called for. Although the whole of the Trinidad Oil money has now been paid there has been no sign of the resulting offer of dollars and demand for sterling in the market. This transaction is presumed to have been completed by a direct deal between the Texas Company and the Exchange Equalisation Account. Security sterling has continued to weaken, the rate falling to $2.59½, and the premium on US dollar securities quoted in London has again widened. It touched 8¼ per cent (over $2.80) at one point on Thursday and some official sales of US stocks were needed to bring it back to 7¼ per cent. The Suez crisis continues to dominate this and every other section of the foreign exchange market. In the prevailing uncertainty dealers are unwilling to run positions of any size, and this is making for unusually thin and potentially volatile markets.

German Central Bank Battle

The German government last week published the bill that seeks to establish a new central bank. This marks the final stage of the government's plan, first drafted in 1950 to replace the proud and independent Bank deutscher Laender. The Bank was established by the Allies after the war on a formally federal basis (on the lines of the Federal Reserve System) and with complete autonomy *vis à vis* the

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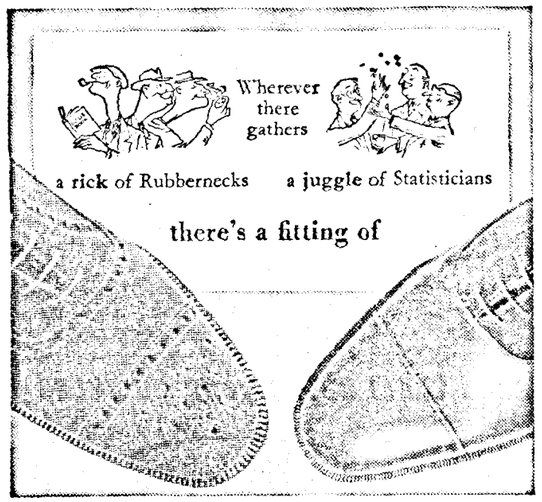

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German government. The government has not relished the co-existence of "a law unto itself" (the phrase is Dr Adenauer's) and aims in its new scheme to increase its own influence. The projected inroads into central banking autonomy have been fought hard by the Bank deutscher Laender, and especially by its chairman, Dr Vocke; the bill now published represents a certain compromise, but one that is weighted heavily on the government's side.

The proposed *Bundesbank* would be both more centralised and more politically controlled than the Bank deutscher Laender. The existing bank, although it has carried out a strong central policy, is owned by the individual *Land* central banks; and its board of directors comprises the presidents of those banks, though under an independent chairman. The Bundesbank would be a central institution, with the Land organisations merely as branches; moreover, all its directors at the head office would be appointed by the government, whilst the branch directors would be appointed by the *Bundesrat* (the federal second chamber representing the Land governments).

The new bill also proposes that the government itself shall be given increased influence in the sphere of the central bank's operations; it increases the government's right to borrow from the bank to 50 per cent of the bank's sales of Treasury bills and bonds. The bank's open market operations could to this extent be directly offset. The Bank deutscher Laender and its influential friends have understandably declined to accept the government's "compromise," and intend to carry the fight into the crucial debates in the two houses of parliament.

The State of the Airlines

THE progress of the air transport industry, as reported by Sir William Hildred, director of the International Air Transport Association, at IATA's annual general meeting held in Edinburgh this week might be summed up as:

Passenger traffic ...	excellent.
Freight	big improvement on the last year.
Mail	could do better if it tried.
Profits	weak, showing net loss on international routes.
Efficiency ...	liable to be handicapped by inadequate ground services.

The airlines were meeting for the first time since the stormy conference held at Cannes earlier in the year when it was agreed to introduce a new and lower third-class fare into the two-tier fare structure of air transport. Those operators who then gave their assent with marked reluctance cannot have gained much comfort from Sir William's figures showing that the industry as a whole was making a bare operating profit in 1955, before meeting charges, of only 1.1 per cent out of a turnover of slightly more than £1,000 million, with every indication that the international services were not even giving this return..

It is, however, hardly fair to give the impression, as the airlines often like to do, that pressure of public opinion from outside is forever obliging operators to cut their rates as soon as the services look like showing a more comfortable margin of profit. The pressures to reduce fares come mitially from inside IATA, from the ginger group of airlines that believe a high rate of turnover can outweigh shaving of the profit margin. These are the airlines that are constantly on the search for bigger aircraft to carry more passengers and then for lower fares to get the extra passengers to fill the bigger aircraft. Buying policy, in their scheme of things, is directly linked to operating efficiency.

The fact that traffic is rising at an increasing rate—16 per cent more passengers in 1955 compared with only a 13 per cent increase in 1954 and 18 per cent more freight (a direct result of more sensible tariffs?)—was offered by Sir William as evidence that the industry's expansion plans for the 1960s are not as wildly optimistic as many of its critics have supposed. But the scars of Cannes are still tender, some worn with an air like the tattered ears of a tabby cat, others not so visible; both Sir William and the current IATA president, Lord Douglas, diplomatically keyed their speeches to one issue on which all the airlines could agree. This was the inadequacy of the ground services within whose framework the airlines are obliged to operate. The owners and managers of airports and of the traffic control system that spans the air routes are always fair sport for the operators who use their services but have little say in their planning. There is no doubt that traffic congestion in the air is becoming serious.

AEI Profits Fall

EVEN the giants of industry are now feeling some attrition of profit margins. The half yearly figures of Associated Electrical Industries reflect the tendency. Compared with the corresponding half of 1955, turnover was £2.6 million higher, but trading profit, assuming an unchanged appropriation to fixed assets replacement reserve, was £1.4 million lower.

	1955 1st half	1955 2nd half	1956 1st half
		£ million	
Value of Output (excluding inter-company trading)	58.6	69.2	61.2
Trading Profit	6.50	6.83	5.18
Orders Received	67.1	73.4	66.9

Orders received (mainly for delivery within three years) have also fallen off. The group naturally has no difficulty in maintaining its second interim dividend for which the 8½ million ordinary shares issued in March this year do not yet participate at 2½ per cent. The market found the interim statement disappointing, and AEI ordinary stock fell 1s. 9d. to 65s. 6d.

Lorries on Show

THE market for commercial vehicles has been more competitive and at the same time more steady than the market for passenger cars. One result is that production has held up fairly well this year in spite of the slump in passenger car sales. The Commercial Motor Show, which opened in London on Friday, is the largest of its kind to be held, a collection of leviathans apparently communing

with each other over the heads of visitors who creep between the flanks of buses and apparently endless road tankers and under the shadows thrown by trailers with as many wheels as giant centipedes.

	1955 (7 months,	1956 Jan.-July)
Production	189,746	193,540
Exports	90,422	96,343

The ingenuity that has gone into the design of these vehicles is considerable, not only to give the mechanical strength they need to carry heavy loads under awkward conditions, but also to ease the strain on the crews by using every possible mechanical and hydraulic trick to cut down the manhandling. These developments are now beginning to reach the more humble type of lorry and light van. The two big innovations of the show were Vauxhall's power steering on heavy Bedford vans for an extra £38 and Standard's two-pedal control on vans for an extra £16. It is only since the middle of the summer that the home market has shown any sign of feeling the credit squeeze. Sales of light vehicles are reported to be slowing down and there is a fairly widespread tendency to squeeze a few more months out of lorries, or to buy second-hand before replacing them.

Money for American Oil Companies

SEPTEMBER is normally an active month in the new issue market and despite inactive investment markets—perhaps almost because of them—the institutions seem to have money available for the issues that take their fancy. Two groups of borrowers are ready to bid for money—the smaller gilt-edged borrowers and the American oil companies. The latter are prepared to offer attractive terms. Caltex Oil has this week placed £3 million of 6 per cent guaranteed loan stock 1971-76 at £98 per cent. It is a private placing arranged by Morgan Grenfell and Company, and the stock will not be quoted. It will help to finance the group's Indian refinery and is guaranteed by the three main operating companies of the Caltex group, of which Standard Oil of California is the largest. The yields of £6 2s. 6d. per cent flat and £6 3s. 6d. to redemption to the latest date are certainly attractive. They do not necessarily set the pattern for the issue planned in a few weeks' time for Esso Petroleum, which is to be much larger. It is expected to take the form of a debenture issue to the public, with a quotation. One of the reasons for delaying the operation a few weeks is the difficulty, in the present state of the Suez affair, of writing a public prospectus.

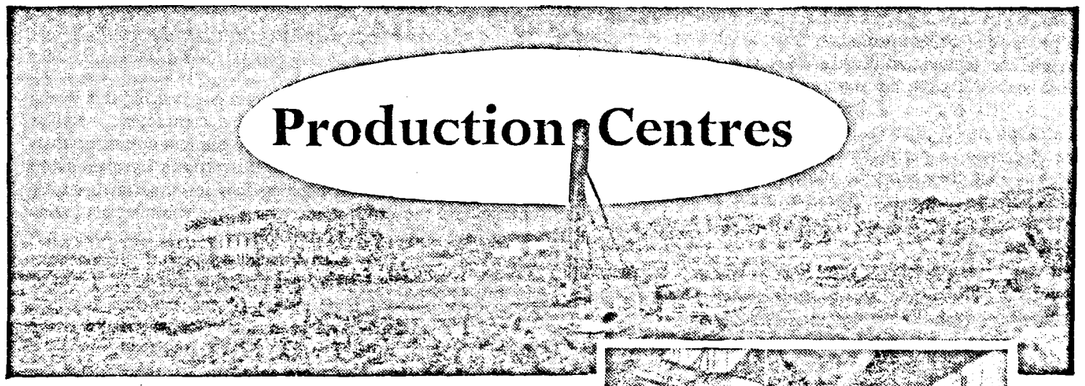
On the gilt edged side of the market new ground has also been broken with the first trustee issue for a long time with a 5½ per cent coupon. The East African High Commission yesterday opened its lists for £3½ million 5½ per cent stock dated 1980-84 at £93½, of which £3 million of the total was offered for public subscription, the balance being taken up by colonial Government funds. The proceeds are to be devoted to railway and harbour development. The yield basis—£5 11s. 8d. per cent flat and £5 12s. 2d. per cent to final redemption—was considered in the market to be reasonably attractive; it is better than the redemption yield of £5 10s. 1d. per cent offered on the recent issue of 5½ per cent New Zealand stock which now stands at a premium of ¾ per cent. Among the home corporations Croydon has raised a loan of £1 million, redeemable in August, 1961, which is being placed privately at £99 per cent. Dealings in the East Africa stock are expected to start on Monday and in the Croydon stock on September 27th.

Mr Clore Buys Dolcis

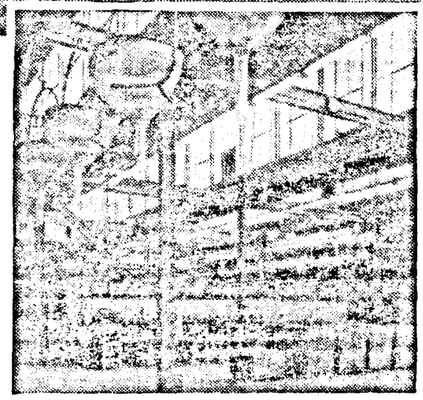
SEARS—Manfield—Dolcis—the building of Mr Charles Clore's shoe trade group, must surely be complete when ordinary shareholders of Dolcis have accepted his offer of one non-voting "A" share of Sears Holdings and six shillings cash for each 5s. unit of Dolcis. They will accept. The offer, with Sears standing around 14s., is worth nearly £1 and Dolcis 5s. units have come up from 13s. 4½d. to 19s. in a month. Holders are being offered the best price their stock has commanded for several years. No struggle for control is in prospect; the Dolcis Board has recommended acceptance; the chairman and managing director, Mr F. J. Stratton, is joining Mr Clore as chairman and managing director of his whole shoe group, and the largest shareholder—the Swiss Bally group believed to hold about a quarter of the stock—is understood to be accepting. So Mr Clore's group, already the largest shoe distributor in this country, will have about 1,500 shoe shops, perhaps a tenth of the shoe shops in this country. It will be important, though nothing like so big, in shoe manufacturing too. The recent acquisitions, Manfield and Dolcis, make a smaller proportion of the shoes they sell than does Freeman Hardy and Willis.

What the Dolcis merger does envisage is first a rounding off of the range of shoes, men's, women's and children's, that the group will sell; Dolcis will be the high grade end of that range. Secondly it strengthens management; the bringing in of Mr Stratton and his team is not the first objective but it is useful. Now all the shoe undertakings of the Sears group—Freeman Hardy and Willis, Trueform, Phillips Character Shoes, Curtis Shoes, Manfield and Dolcis—will be transferred to a new company with assets approaching £18 million, probably to be called The National Shoe Corporation. It takes no enormous stretch of the imagination to see that the company need not for ever remain an almost wholly owned subsidiary of Sears Holdings and that some day when the group wants liquid funds for other development, a quotation for the National Shoe ordinary stock and a sale of a minority of it might be the answer.

Mr Clore is buying well, even though this is a rounding off purchase and not this time a picking up of fantastically undervalued and under-employed assets that could be put to work. Taking the Sears "A" at their market price he is giving £5¼ million (including over £1½ million of cash) for net tangible assets at a balance sheet value of £4.8 million which are subject to £1.6 million of preference shares and other prior charges, but which include over



Site clearance at Padiham, May 1954



Production of cathode-ray tubes, June 1955

From site clearance to production in 12 months

INCREASED PRODUCTION essential to National prosperity and a higher standard of living can only be accomplished through efficient team-work backed by modern methods and equipment.

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Sponsors: North Western Industrial Estates Ltd.

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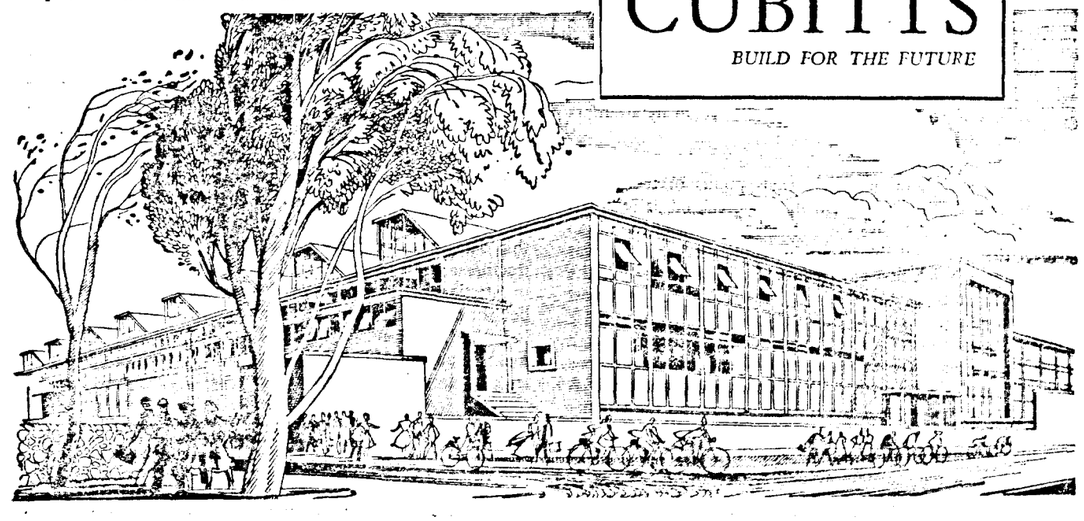

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£500,000 of cash. Dolcis has a recent dividend record of 20 per cent 1½ times covered so that the earnings even with the present deployment of capital are reasonable. And Mr Clore may still redeploy some of that capital. The assets contain £1.3 million of freehold properties and the substantial profit—£363,000 that the company realised on the sale of certain properties in the year ended January 31st—suggests that they must be undervalued. It will be surprising if the new group does not mobilise some of those hidden reserves by selling freeholds and leasing the properties back, setting free at the cost of an increased rent cash that could be used for expansion—not, perhaps, in the shoe trade.

Britannia's 6-month Set-back

AFTER a melancholy inquest on proving flights with the modified version of the Bristol Britannia, the British Overseas Airways Corporation has thrown up all hopes of putting the Britannia into service next month as scheduled. It will give no probable date when it expects to start these often-postponed services, and has disbanded the massive organisation, spreading from crews to traffic clerks and maintenance shops, that was set up ready for the Britannia's introduction. It is suggested that three to six months will be needed to rectify the troubles that douse the flames in the Britannia's engines, sometimes singly but at other times, as on the recent proving flight in normal monsoon conditions, in all four engines at once.

The corporation is already running well into the red on this year's operations; it is alarming to contemplate what this further delay will do to its out-turn by the end of the financial year. The cost of preparing the organisation needed for operating Britannias falls entirely on BOAC, whatever financial arrangements it has managed to make about the cost of test flying; besides, the corporation's patchwork fleet is steadily losing its traffic on any routes where it meets more than the minimum of competition. It is another unfortunate experience for BOAC in its attempts to support British aircraft.

The cause of the Britannia's engine troubles is known. Pockets of ice accumulate in various points of the engine cowling and the ducts through it, and break off at intervals when they melt and raise the moisture content of the air to a level that puts out the flame. Bristol's first reaction was to attempt a quick first-aid treatment aimed at heating the cowling to stop ice forming and smoothing out the most troublesome pockets. It is now only too apparent that these emergency measures have not been successful, even though their first trials were encouraging. Weather is capricious and will not always provide bad conditions to order. A fairly drastic re-design of the installations round the engines now seems inevitable to keep the ice away. The root of the trouble is in the basic design of the Proteus engine, which is based on a reverse flow system where the air is drawn in well to the back of the engine, so that it has to flow past the ice-collecting pockets inside the cowling before it reaches the compressor. In other turbo-prop engines where the air flows straight through from front to back, this complication seems to be largely avoided.

ITA's First Birthday

COMMERCIAL television in Britain is a year old this week, and advertisers and programme contractors are alike older, wiser and not necessarily any the less optimistic than they were twelve months ago. Advertisers have probably paid about £10 million booking fees for time on the ITA circuits and the production costs of the commercials themselves have added a good deal to that sum. This income has almost certainly not been enough to permit all the contractors to break even, but it is probable that at least two of them have covered their outgoings even during this first year. Those that have been losing most heavily have drastically streamlined their organisations during the summer, and have had their costs further reduced by the growth of networking between the three main ITA stations, which enables the cost of the more expensive programmes to be divided between the three contractors sharing them.

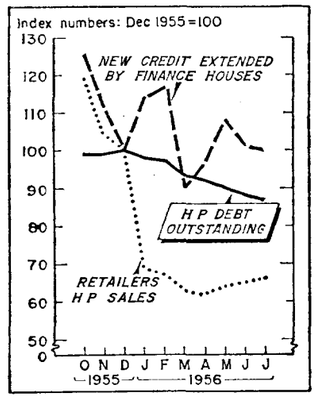
During September, television advertising has come out of the doldrums it was in for most of the summer; most of the companies that already advertise on television have increased their appropriations. These advertisers appear to have used the slack summer months as a time for weighing up the results of their first ITA experiments; now they have dropped their original tip-and-run approach and have decided that ITA advertising should take its place in their sales plans along with other accepted advertising media. The results have been occasionally embarrassing to the programme contractors who wooed these same advertisers during the summer with lavish promises of bonus time free of charge with every so many minutes booked. It is taking some ingenuity to fit these bonuses in with the regular bookings and there is a great deal of speculation about the future of these schemes.

The strong card of the ITA has been the smooth and steady way its audience has grown. When services started a year ago, there was doubt about how many sets could receive the second programme, how many would be converted to take it, and what the volume of television sales would be. The opening of the second service coincided happily with a television boom that has increased the number of sets able to receive ITA programmes from 200,000 when the service opened to 1,750,000 today and a probable 2 million by Christmas when the Yorkshire transmitter starts working. This gives a potential audience of roughly 6 million, and the records show that 65 to 70 per cent of those who can choose, settle for the ITA programme. With this data the advertising managers of the programme contractors are given some hard basis on which to sell their unquestionably expensive time which advertisers previously bought on trust rather than figures. As the time available is limited, competition for bookings at favoured times may make it possible for them to increase the rates slightly, at least by dropping the bonus schemes.

HP Debt Still Falling

IN July retailers did a slightly increased hire purchase business both through the furniture shops and through the radio and electrical goods shops, though the furniture shops did not do an increased proportion on their total trade on hire purchase terms. Despite the steadier tendency in new hire purchase business, the nation's total hire purchase debt continued to fall. It was estimated in July at thirteen per cent below the figure of "at least £450 million" established at the end of 1955. The nature of the Board of Trade's indices and the methods that have been used for restraining hire purchase make that fall inevitable. Total outstandings have declined every month this year, and if no change is made in the present control orders are likely to go on falling for several more months.

This is partly because the index (December 1955=100) of hire purchase debts outstanding is steadied by the large volume of running hire purchase debt to which only marginal sums are added and paid off each month. The index which dropped from 88 in June to 87 in July, assumes a longer and smoother pattern than the two indices of HP transactions by retailers and new credits extended by finance houses. The retailers' index rose one point to 66 in July, continuing its steady rise since its low point of 62 in April. The finance house index fell one point to 100 in July and has been falling since the seasonal peak of the motor trade in May. Moreover, the hire purchase debts now being paid off were largely entered into before the February restrictions came into force. Those new ones now being contracted are based on 50 per cent deposits for a wide range of articles. That has little bearing on the finance house section



of the index which represents money credit extended, but the retail index of new hire purchase transactions measures not money borrowed, but value of goods sold.

SHORTER NOTES

It was learned in the market on Thursday that the long expected splitting of the units of Royal Dutch stock is to take place at the end of October or early in November. At present London deals in the stock in units of 100 florins and New York in units of 50 florins. After the split both markets will deal in units of 20 florins.

★

Strong progress is disclosed in the half-yearly statement of United Drapery Stores. The group is paying an interim dividend on a capital of £6,932,108 which is the precise equivalent of the 25 per cent paid a year ago on a capital of £3,466,054 before the 100 per cent free scrip issue. These are the group's half-yearly figures:

Six months ended July 28

	1955	1956
	£	£
Group trading profit	2,935,043	3,235,087
Group net profit (after tax)...	1,228,251	1,354,902

The chairman, Sir Brian Mountain, told shareholders when the report was issued last May that the figures for the first quarter of the new year showed a satisfactory increase. He now reports that the rate of increase has been maintained in the second quarter and has indeed continued since July 28th.

Company Notes

METAL INDUSTRIES. A moderate financial squeeze, such as the country is now experiencing, has useful by-products. Not the least of them is the showing up of weak spots in industry before it is too late. The report of Metal Industries, the statement of the new chairman, Sir Charles Westlake, and the report of the investigation carried out by Cooper Brothers and Company provide as good an example of a weakness uncovered just in time as the investing public could wish for. The company had a trading profit of £640,576 in the year ended March 31, 1955, and a trading loss of £544,923 in this latest year. When he spoke to shareholders in September last year the previous chairman foresaw some temporary check to profitability, "but looking further ahead than the current year I am glad to say that I am firmly confident as to the future." Now the dividend is nil instead of 9 per cent and shareholders learn from their new chairman that the group's reserves were overstated and it has been found wise to reduce them by £867,352. They learn from the report of Cooper Brothers, that the group has had no strong central secretarial or accountancy departments, that the chairman and head office in Glasgow have been remote from the businesses, and that as a result of directives given without appreciation of their effect, of bad accounting, and of inaccurate budgeting and costing and rapid changes in policy there has been a serious deterioration in the businesses of the group.

The board has quickly and fully accepted the devastating report of these accountants. Metal Industries had a long and successful record as shipbreakers and dealers in scrap metals and has still a large investment in British Oxygen. Cooper Brothers have not criticised the more recent decision to widen the base of the business into electrical manufacture and mechanical engineering. But it is apparent that in accepting their report the directors have taken a long stride back towards the shipbreaking starting point. The metals division actually increased its profits last year. The weaknesses and the recommendations mainly affect the electrical and mechanical engineering divisions. In the electrical division three companies have been closed and activities concentrated in the remaining two. From the mechanical engineering division Sentinel Wagon has been sold to Rolls-Royce since the financial year closed. It is now disclosed that that subsidiary made a loss of £600,000. So the sale to Rolls-Royce for around £1½ million which has cleared the group's whole bank overdraft (£1,434,619) must be welcomed.

Shareholders whose £1 stock units paying no dividend stand at 20s. 9d. must reflect that such a price still reflects a future for their company. If they wonder what it holds there is this crumb of comfort. The chairman reports that the

"trends show a heartening measure of recovery." He intends to forecast the future at the meeting on October 9th.

★

QUALCAST. Record profits by Qualcast, the Derby firm that makes lawn mowers and castings, are returned for the year ended June 30th. The chairman had foreshadowed that record in a letter to the employees last July. He is now able to propose a final dividend of 16¼ per cent thus maintaining the total payment for this year at 24 per cent on a capital increased by the 10 per cent free scrip issue of October last year. In fact though the profit broke the previous year's record it did so by a fairly narrow margin. Trading profits advanced by £34,000 to exceed £1 million for the first time and profits before tax showed an advance of £29,000, but owing

	Years ended June 30th	
	1955	1956
Consolidated earnings:—	£	£
Trading profit	957,722	1,001,412
Depreciation	117,223	119,141
Pensions and Directors' and auditors' emoluments	78,825	81,704
Taxation	409,352	430,899
Tax refund	—	12,000
Net profit	*373,962*	*369,668*
Ordinary dividend cost	147,727	162,500
Ordinary dividend (per cent)	24	*24
To Reserve	175,000	157,049
Added to Carry forward	48,232	47,100

5s. Ordinary share at 13s. 7½d. yields £6 8s. 11d. per cent.
* On capital increased by 10 per cent scrip issue.

partly to an increase in the profits tax charge and partly to the inclusion of a recovery of tax in the previous year there was a slight decline in the net profit after tax.

Despite the strong figures and the unbroken progress, it does not appear that the company has wholly escaped the effects of the squeeze and of the setback in the motor industry, for which it makes castings. The chairman has already reported a cutback in foundry production which he had not expected to have to make so soon. The dividend however remains conservative. Less than half the net taxed profit—£165,519 out of £369,688—is distributed as ordinary and preference dividends.

DISTILLERS. The chairman of Distillers, Sir Henry J. Ross, is adamant that he will not break down the group's profit into its whisky and gin section and its industrial section. He said as much in the company's full accounts when he offered, as a consolation prize, the information that the greater proportion of the group's total earnings (which were £9.2 million in 1956 compared with £7.9 million in 1955) was attributable to the whisky and gin companies, but that "on the other hand, our industrial and general operations are satisfactory and profitable." He added that the industrial businesses should contribute steadily improved results in the future. To emphasise his decision not to give details, Sir Henry made a further disclaimer at the meeting in Edinburgh last week. The board had, he said, again reviewed all the circumstances and had confirmed its decision "that the operations of the group should be taken as a whole." Instead of figures shareholders are to get an illustrated brochure giving them a clearer picture of the background and progress of the group's industrial enterprises.

They appear to have accepted his ruling: there were neither comments nor questions from those present. But some shareholders must surely be wondering why the board is so secretive about these thriving industrial enterprises. The chairman went out of his way to proclaim that all their operations are entirely within the powers contained in the company's Memorandum of Association, though no one has suggested that they were not. He claimed also that the company had broadened its interest as a carefully planned programme which should be a safeguard in adverse economic conditions and that in normal circumstances the industrial assets should make an increasingly valuable contribution to earnings. He added naturally that the expansion into the chemicals and plastic industries had needed substantial investment, a need that had been largely met by ploughing back profits. The yield on the capital employed, he said, compared "favourably with that of other similar organisations." Is its progress then not something that shareholders might be proud of—if they had the facts?

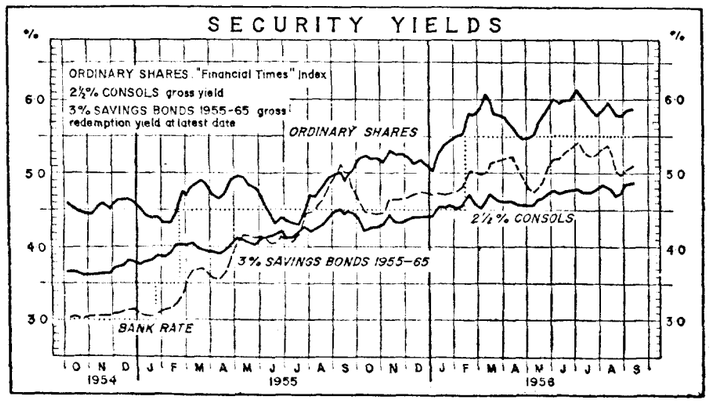
LONDON STOCK EXCHANGE

Next Account begins: October 3rd
Next Contango Day: October 3rd
Next Settlement Day: September 25th

PRICES this week show little change; gilt-edged again touched a new low point for the year, the *Financial Times* index of Government stocks declining slightly to 83.35 on Tuesday under the influence of the projected East African loan, while the index of industrial stocks stood virtually unchanged at 181.3 on Wednesday.

Electrical stocks rallied on dealings in the new account on Wednesday; on balance, AEI lost 3s. to 67s. 3d., but Radio Rentals gained 3s. 3d. to 44s. Engineering shares improved, Babcock and Wilcox rising to 81s. and Swan, Hunter to 53s., but steels were again depressed, Stewarts and Lloyds dropping 1s. 6d. to 62s. 9d. and Dorman Long 9d. to 25s. 10½d. Stores were firm on Wednesday, J. and F. Stone rising 1s. 9d. and United Drapery 1s. 1½d. in anticipation of the interim statement. This section was dominated by a spurt in Debenhams, 3s. 3d. higher on balance at 41s., and a rise of 4s. 6d. to 41s. 6d. in Mappin and Webb. Dolcis jumped 2s. 9d. to 19s. after the bid from Sears. Gains in shipping shares were again extensive; Britain Steamship rose 2s. 9d. to 20s. 6d., Reardon Smith 3s. to 42s. 6d. xd, Stanhope 2s. 9d. to 30s. 9d. and Furness Withy 2s. 3d. to 56s. 9d. Among the liners, P and O deferred gained 2s. 6d. to 32s., Cunard 1s. 6d. to 25s. and Royal Mail 1s. to 38s.

"Western" oils again advanced, Ultramar rising 3s. 9d. to 46s. 6d. and Shell Trinidad 3s. 7½d. to 61s. 9d. There was on balance another small decline in British Petroleum which, despite a late rally, was 1s. 6d. lower at 143s. 9d., Burmah, however, recovering to gain 1s. 3d. to 88s. 9d. Kaffirs became active on Tuesday, the new OFS and West Rand mines making widespread gains. Winkelhaak jumped 1s. 9d. so 17s. 3d. on rumours of a further reef strike. Tins were again strong and Consolidated Zinc touched 70s. before easing to 68s. 3d. Messina jumped 8s. 9d. to 183s. 9d. and Rio Tinto 3s. 9d. to 85s. for the registered stock. Rubbers and teas improved strongly during the week.



FINANCIAL TIMES INDICES

1956	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Cons.	Yields: Ord.
			%	%
Sept. 13	180·5	92·98	4·88	5·91
„ 14	181·2	93·07	4·86	5·89
„ 17	181·0	93·02	4·88	5·89
„ 18	181·3	92·97	4·90	5·88
„ 19	181·3	92·98	4·89	5·88
			Total bargains	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956 Sept. 13	6,313
„ Low	169·7 (Mar. 8)	92·85 (Aug. 13)	„ 14	6,899
			„ 17	8,867
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 18	8,301
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 19	8,247

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Sept. 19, 1956 High	Prices, Jan. 1 to Sept. 19, 1956 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 12, 1956	Price, Sept. 19, 1956	Net Yield, Sept. 19, 1956 §	Gross Yield, Sept. 19, 1956
					£ s. d.	£ s. d.
98⅛	97	Funding 2½% '52-57	98¼	98⅜	3 5 5	4 17 10
94⅜	93½	War Loan 3½% '55-59	94⅛	94⅛	3 10 3	4 16 0
91⅜	88⅛	Funding 2½% '56-61	90⅜	90⅜	3 15 7	4 17 9
100⅞	99⅛	Exchequer 5% 1957	99⅜	99⅜	2 3 4	5 1 4
99⅛	97	Conversion 4% '57-58	97⅛	97⅛	3 5 1	5 5 0
97⅝	95⅜	Serial Funding 2½% 1957-59	97⅛	97⅛	3 4 11	4 10 5
94⅞	91	Conversion 2½% '58-59	94⅜	94⅜	3 12 10	4 11 10
92¼	88⅛	Exchequer 2½% 1960	91⅛	91⅛	3 13 3	4 11 8
95⅛	92¼	Exchequer 3½% 1960	94⅜	94⅜	3 7 11	4 14 9
88⅛	83	Savings Bonds 3% '55-65	85⅛	85¼	3 14 6	5 2 11
82⅝	77⅛	Funding 3% '59-69	77⅜*	77⅜*	4 0 10	5 10 3
92¼	85⅜	Funding 4% '60-90	86⅜	86⅛	6 19 10	9 2 0
81⅝	75⅛	Savings Bonds 3% '60-70	75⅜	75⅛	4 1 1	5 11 4
98⅛	97⅜	Conversion 4½% 1962	97⅝	97⅜	3 1 1	5 0 8
91⅜	88⅛	Exchequer 3½% '62-63	90⅜	90⅜	3 7 10	4 16 2
102½	94⅜	Exchequer 5½% '63-64	97⅜	92	3 7 10	4 16 2
102½	91	Conversion 5½% '63-64	111⅛	102½	German 7% 1924	115⅞ 115⅜
213	149	Savings Bonds 2½% '64-67	209½	137	German 5½% 1930	209⅛ ...
212	160	Savings Bonds 3% '65-75	226	208	Japan 5% 1907	224 225
284	190	Victory 4% '20-76	275½	247½	Japan 5½% Conv. 1930	267 268½
96⅛	90	Consols 4% '20-76	90⅛	90⅜	3 8 5	5 5 5
83⅛	78	Funding 5% '66-68	78⅜	78⅜	4 0 5	5 10 2
88⅜	81⅛	Conversion 3½% 1969	82⅜	82	3 17 2	5 10 11
83⅜	76⅜	Treas. 3½% '77-80	77	76⅜	3 9 11	5 6 1
86⅛	75⅜	Treas. 3½% '79-81	76⅛	75⅜	3 10 1	5 5 11
72⅜	65½	Redemption 3% '86-96	65⅝*	65⅝*	3 5 3	4 19 7
81⅛	74⅜	Funding 3½% 1999-2004	75⅜	74⅜	3 0 6	4 18 0
84⅜	76⅛	Consols 4% aft. Feb. '57	77⅛	77⅛	2 19 10	5 4 4
77	69¼	War Ln 3½% aft. Dec. '52	70⅜	70⅛	2 17 11	5 1 5
76⅞	68⅛	Conv. 3½% aft. April '61	68⅜*	68⅜*	2 18 4	5 1 5
66⅜	59⅜	Treas. 3% aft. April '66	59⅝*	59⅝*	2 17 11	5 0 8
56⅜	50⅛	Consols 2½%	51⅛*	51⅛*	2 16 2	4 17 7
56⅜	50⅛	Treas. 2½% aft. April '75	51⅜*	51*	2 16 4	4 17 11
93⅜	90	Br. Elec. 4½% '67-69	90⅜	90⅛	3 11 7	5 12 10
80⅛	73	Br. Elec. 3% '68-73	75⅜*	75⅜*	3 18 9	5 9 6
79⅛	71⅜	Br. Elec. 3% '74-77	72⅛*	71⅛	3 14 2	5 5 7
95	86⅛	Br. Elec. 4½% '74-79	86⅜*	86⅜*	3 6 1	5 5 10
83⅛	77⅜	Br. Elec. 3½% '76-79	77⅛	77⅛	3 10 0	5 6 3
96⅛	84⅜	Br. Gas 4% '69-72	84⅜	84⅜	3 12 10	5 11 1
87⅜	80⅛	Br. Gas 3½% '69-71	80⅛	80⅛	3 15 4	5 9 6
75⅜	67	Br. Gas 3% '90-95	67⅛	67⅛	3 5 0	4 19 9
80⅞	73	Br. Trans. 3% '68-73	75⅜*	73⅛*	3 18 9	5 9 6
90⅜	83⅞	Br. Trans. 4% '72-77	84⅜	84	3 8 1	5 7 0
73⅜	67	Br. Trans. 3½% '78-88	67⅛	67⅛	3 8 10	5 2 8

Prices, Jan. 1 to Sept. 19, 1956 High	Prices, Jan. 1 to Sept. 19, 1956 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 12, 1956	Price, Sept. 19, 1956	Yield, Sept. 19, 1956
		% %	STEEL & ENGINEERING			£ s. d.
7	5	7 *a* 8 *b*	Babcock & Wilcox £1	79·4½	80 7½	3 14 5
3¼	2	3½ *a* 10⅝ *b*	Cammell Laird 5/-	10 6	10 6	6 13 4
8	5	3 *a* 5 *a*	Dorman Long £1	26 6	26 –	6 3 1
5	3	5 *a* 8½ *b*	Guest Keen N'fold £1	47 6	46 9	5 2 8
4	2	4 *a* 6 *b*	Metal Box £1	55/6	53 6	3 14 9
12	6	12½ *b* 5 *a*	Stewarts & Lloyds £1	64 3	63/–	5 11 1
8	4	8 *b* 4 *a*	Summers (John) £1	37 9	37 3	6 8 10
11	6	11 *b* 3 *a*	Swan Hunter £1	53 6	53 6	5 4 8
8	4	8½ *b* 4 *a*	United Steel £1	39 10½	39 6	6 6 7
4	2	7½ *b* 4 *a*	Vickers £1	42/1½	42 4½	4 14 5
			TEXTILES			
6	4	6 *b* 4 *a*	Bradford Dyers £1	20 6	20/–	10 0 0
3	2	3 *a* 5 *b*	Brit. Celanese £1	15/–	14 6	11 0 8
2¼	1	6½ *b* 2¼ *a*	Coats (J. & P.) £1	22 3	22 3	7 17 4
4	2	6 *b* 4 *a*	Courtaulds £1	35 6	35/–	5 14 3
5	4	5 *b* 5 *a*	Fine Spinners £1	13 6	13 3	15 1 10
7½	5	5 *a* 7½ *b*	Lancs. Cotton £1	25/3	25/–	10 0 0
2¼	1	10 *b* 2¼ *a*	Patons & Baldwins £1	30 3	30/–	8 6 8
			MOTORS & AIRCRAFT			
3½	2	6½ *b* 3½ *a*	Bristol Aeroplane 10/–	20/–	19/–	5 5 3
8½	4	8½ *b* 4 *a*	British Motor 5/–	6 6	6 6	9 12 4
2¼	1	5 *b* 2¼ *a*	Ford Motor £1	31 6	31/–	4 16 9
3	2	3 *a* 4 *a*	Hawker Siddeley £1	47 9	46 6	3 15 3½
12½	6	12½ *c* 10 *a*	Leyland Motors £1	47 6	47 6	5 5 3
12½	6	12½ *b* 5 *a*	Rolls-Royce £1	107/6	110/–	3 3 7
			SHOPS & STORES			
3	2	3 *a* 5 *a*	Boots Pure Drug 5/–	14 9*	14 9	4 14 11
7½	4	7½ *a* 20 *b*	Debenhams 10/–	37 9	40/–	4 17 6
4½	2	4½ *b* 15 *a*	Gt. Universal 'A' 5/–	37 6*	37/–	8 8 11
32½	17	32½ *b* 17½ *a*	Marks & Spen. 'A' 5/–	60 6	60/–	4 3 4
20	9	20 *b* 25 *a*	United Drapery 5/–	20/6	21/–	7 14 9½
36⅜	20	20 *a* 64/10½	Woolworth 5/–	57/6	56 3	5 0 9
			OIL			
14	7	18/10½ *a* 10 *b*	British Petroleum £1	145/–	143 9	3 12 7
5	2	17½ *b* 5 *a*	Burmah £1	87 6	88 9	3 18 11
7½	4	7½ *a* 10 *b*	Burmah Castrol 10/–	48/1½	46/9*	5 2 8
4	2	8½ *b* 4 *a*	Royal Dutch 100 fl.	54/9	50/–	5 0 0
8	4	8 *b* 4 *a*	Shell Reg. £1	81/10½	72 6	3 6 2
			SHIPPING			
7	4	10½ *a* 7½ *b*	Brit. & Com'wealth 10/–	60/–	52 6	5 14 10
3	3	5 *a* 5 *a*	Canadian Pacific $25	$69	$66½	$67 4 2 4
14	8	14 *b* 10 *b*	Dorman Long £1	26 10½	27 6	6 7 3
10	4	10 *b* 4 *a*	Dunlop Rubber 10/–	18 9	18 9	7 9 4
8	4	8½ *b* 4 *a*	English Elect. £1	66/1½	47 3	5 2 7
9	4	9½ *b* 4½ *a*	General Elect. £1	65 6	46 9	5 17 11
6	4	6 *b* 4 *a*	Imp. Chemical £1	49/10½	41/3	4 12 6
8	4	8 *a* 12½ *b*	Imp. Tobacco £1	62/9	45/–	8 13 4
$141½	$141½	$2·90c	$3·75c Inter. Nickel n.p.v.	$211	$204	$202½ 3 6 6
7	4	12½ *b* 7½ *a*	London Brick £1	51 10½	51/3	7 16 2
6	5	6⅝ *a* 15½ *b*	Monsanto Chemicals 5/–	24·6*	24/6	4 12 8
4	2	4½ *a* 12 *b*	Tate & Lyle £1	65/–	63/–	5 4 9
6	4	6½ *a* 12½ *b*	Tube Investments £1	60/–	59 4½	4 14 4½
5	4	5 *a* 20 *b*	Turner & Newall £1	104 4½	102 6	4 17 7
9	6	9½ *b* 6 *a*	Unilever £1	76·10½	76/3	4 2 8
11	5	11½ *b* †5 *a*	United Molasses 10/–	57/1½	56 6	5 2 8
2	1	†7½ *b* †2½ *a*	Cons. Tea & Lands £1	24 –	24 6	14 4 0
2	1	5 *a* 2/10½	London Asiatic Rbr. 2/–	2·0½	2 0½	18 13 4
30	15	30 *b* 15 *a*	United Sua Betong £1	44/4½	46/3	19 9 0
			MINES			
50	20	50 *b* 20 *a*	Anglo-Amer. 10/–	7⅞	7⅞	4 17 5
80	20	80 *a* 120 *b*	De Beers 5/– Def. Reg.	105/–	101/3*	9 17 6
			Free State Geduld 5/–	88/1½	89	Nil
12½	5	12½ *a* 12½ *b*	Randfontein £1	37/–	36 6	13 6 8
30	23	30 *c* 23 *c*	London Tin 4/–	9/–	9/3	12 4 8
75	46	75 *a* 202½ *c*	Rhokana £1	43½	45	6 2 1

(*c*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 10¾ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Prices, 1955 Low	Prices, Jan. 1 to Sep. 19, 1956 High	Prices, Jan. 1 to Sep. 19, 1956 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Sept. 12, 1956	Price, Sept. 19, 1956	Yield, Sept. 19, 1956 £ s. d.
94⅛	79	80½	74⅜	Aust. 3½% '65-69	75⅛	75⅛	6 0 10
101⅛	87	87½	72	Ceylon 4% '75-75	75	75	6 6 3
103⅜	87⅛	88⅛	82½	N. Zealand 4% '76-78	84⅛	84⅛	5 3 10
88	87⅛	64½	57⅜	L.C.C. 3% aft. 1920	59	59	5 1 8
99	83	85⅝	83½	Liverpool 3% '54-64	84	84	5 10 7
84	65	68⅛	61	M.Wtr. 'B' 3% '54-2003	62½	62½	5 4 0
102½	94⅛	97½	92	Agric. Mort. 5% '59-82	93½	93⅛	5 8 6
102½	91	111⅛	102½	German 7% 1924	115⅞	115⅜	...
213	149	209½	137	German 5½% 1930	209⅛	209⅛	...
212	160	226	208	Japan 5% 1907	224	225	...
284	190	275½	247½	Japan 5½% Conv. 1930	267	268½	...

New York Closing Prices

	Sept. 12	Sept. 19		Sept. 12	Sept. 19		Sept. 12	Sept. 19
	$	$		$	$		$	$
Balt. & Ohio	47¼	48	Am. Smelting	51¼	51½	Inter. Paper	123	118½
Can. Pac.	34½	34¼	Am. Viscose	33½	34¼	Nat. Distill.	28¼	27⅛
N.Y. Cent.	36⅛	37¼	Col. of Am.	15	15	Sears Roebuck	32	31⅛
Pennsyl.	23½	23½	Chrysler	69	72½	Shell	88	87⅞
Amer. Tel.	172½	172½	Gen. Elec.	61¼	58½	Std. Oil of N.J.	54⅞	54⅜
Stand. Gas	11½	11⅞	Gen. Motors	47¼	46⅞	U.S. Steel	67¼	66⅛
United Corp.	6⅛	6⅛	Goodyear	77⅞	75¼	Westinghouse	55⅛	54⅜
W. Union Tel.	19½	19	Inter. Nickel	105	103¾	Woolworth	46¼	45⅜

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*i*) On 17½% Tax free. (*l*) To latest date. (*v*) On 15% Tax free. (*w*) On 14%.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 15th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £44,844,000 compared with a deficit of £11,797,000 in the previous week and a deficit of £29,627,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £11,929,000, bringing the total deficit to £439,280,000 (£503,008,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Sept. 17, 1955	April 1, 1956 to Sept. 15, 1956	Week ended Sept. 17, 1955	Week ended Sept. 15, 1956
Ord. Revenue					
Income Tax	2085,500	443,666	515,537	6,217	11,395
Surtax	144,000	27,500	33,000	900	900
Death Duties	170,000	85,700	77,800	2,700	2,200
Stamps	58,900	34,600	29,400	1,000	2,100
Profits Tax, E.P.T.	216,750	83,700	86,600	3,000	3,400
Excess Profits Levy	4,000	12,700	3,000	200	100
Special Contribution and other Inland Revenue	1,000	250	160	...	...
Total Inland Rev.	2680,150	688,116	745,497	14,017	20,095
Customs	1204,000	525,403	533,740	23,094	23,774
Excise	953,350	378,845	409,745	4,645	5,145
Total Customs and Excise	2157,350	904,248	943,485	27,739	28,919
Motor Duties	92,000	17,323	18,577	...	141
PO (Net Receipts)	...	7,100	8,600	750	450
Broadcast Licences	28,000	7,200	7,600	...	...
Sundry Loans	50,000	22,352	24,331	...	...
Miscellaneous	200,000	35,597	38,971	67	614
Total	**5187,500**	**1681,936**	**1787,061**	**42,573**	**50,219**
Ord. Expenditure					
Debt Interest	670,000	294,165	332,811	10,150	13,573
Payments to N. Ireland Exchequer	61,000	23,926	26,683	...	...
Other Cons. Fund	10,000	5,795	4,520	...	...
Supply Services	5941,918	1547,819	1688,880	61,700	81,300
Total	**4682,918**	**1871,103**	**2052,894**	**71,850**	**94,873**
Sinking Funds	37,000	16,731	16,965	350	190
"Above-line" Surplus or Deficit	**205,899**	**282,798**	**29,627**	**44,844**	
"Below-line" Net Expenditure	297,109	156,482*	17,699	11,929	
Total Surplus or Deficit	**503,008**	**439,280**	**47,326**	**56,773**	
Net Receipts from:					
Tax Reserve Certificates	50,154	121,409	– 575	895	
Savings Certificates	15,290	13,500	– 700	4,000	
Defence Bonds	– 5,266	– 21,459	– 1295	24	

* Including £5,174,000 to International Finance Corporation.

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Sept. 17	3,450·0	2,056·2	251·0	...	5,737·2
1956					
June 16	3,240·0	1,216·0	240·6	...	4,756·6
„ 23	3,280·0	1,193·5	269·7	...	4,753·3
„ 30	3,270·0	1,257·7	268·5	5·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,240·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,360·0	1,161·2	261·9	...	4,783·0
„ 18	3,420·0	1,155·8	262·4	0·8	5,358·7
„ 25	3,450·0	1,346·2	257·3	...	5,053·5
Sept. 1	3,440·0	1,330·3	228·5	...	5,038·9
„ 8	3,510·0	1,322·4	255·9	1·8	5,020·1
„ 15	3,540·0	1,324·9	256·8	...	5,121·7

THE MONEY MARKET

CREDIT continued short in Lombard Street during the past week. Before the week-end the market just succeeded in balancing its books without official help, but on Saturday and on each of the first three days of this week the Bank has stepped in with small purchases of bills. Nonetheless, the market was obliged to take small loans at Bank rate on Tuesday and again on Wednesday, when more than half the discount houses were affected. Rates on overnight loans reached 5 per cent, and occasionally even more. December bill maturities were sold at 5⅛ per cent, a bare ½ per cent below the market's rate at the tender on Friday last.

At that tender, the market made a further reduction in its bid, by 2d. to £98 14s. 6d. per cent. Credit had been very short in the preceding week; sterling had been weak and Suez appeared to have taken an ominous twist. Total applications for the high volume of £290 million of bills again on offer fell by £25.8 million to £404.2 million, so that the market's allotment rose from 55 to 61 per cent of its own application. At yesterday's tender, the offer was reduced to £280 million, and next week the excess of new bills over matching maturities will fall from £50 million to £20 million.

The Treasury bill rate in the United States has this week risen from 2.770 to 2.908 per cent, its highest level since the early 'thirties.

LONDON MONEY RATES

	%		%
Bank rate (from 4% 16·2·56)	5½	**Discount rates**	
		Bank bills: 60 days	5⅝
Deposit rates (max)		3 months	5⅝–5½
Banks	3½	4 months	5⅝–5½
Discount houses	3½*	6 months	5½–5⅝
Money Day to day	3½–5	Fine trade bills:	
Short notice	4½	3 months	6–6½
Treas. bills 2 months	5⅛	4 months	6–6½
3 months	5½	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Sept. 21, 1955	Sept. 12, 1956	Sept. 19, 1956
Issue Department:			
Notes in circulation	1,767·4	1,893·0	1,893·8
Notes in banking dept.	33·0	32·4	42·6
Govt. debt and securities*	1,796·3	1,921·2	1,921·2
Other securities	0·7	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	13·3	16·8	22·0
Treasury special account	2·6	...	...
Bankers	263·1	227·0	225·4
Others	66·0	70·6	71·7
Total	345·0	314·4	319·1
Securities:			
Government	278·4	260·8	252·6
Discounts and advances	32·2	20·5	25·1
Other	17·4	17·2	17·3
Total	328·0	298·5	295·0
Banking department reserve	35·4	34·3	44·6
"Proportion"	% 10·2	% 10·9	% 13·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Sept. 16	290·0	344·8	290·0	81 5·52	80
1956					
June 15	240·0	396·0	240·0	100 4·20	41
„ 22	240·0	358·7	260·0	101 8·17	62
„ 29	260·0	401·9	280·0	102 8·55	55
July 6	280·0	462·4	280·0	101 1·84	61
„ 13	280·0	433·9	270·0	99 9·37	61
„ 20	270·0	418·4	270·0	100 3·42	50
„ 27	260·0	361·0	260·0	99 6·39	75
Aug. 3	270·0	399·1	270·0	100 3·79	57
„ 10	280·0	409·9	280·0	100 5·84	62
„ 17	280·0	393·4	280·0	100 0·43	62
„ 24	270·0	405·2	270·0	101 2·95	50
„ 31	290·0	385·0	290·0	100 6·41	83
Sept. 7	290·0	430·0	290·0	101 4·50	55
„ 14	290·0	404·2	290·0	102 0·77	61

* On September 14th tenders for 91 day bills at £98 14s. 6d. secured 91 per cent, higher tenders being allotted in full. The offering yesterday was for £280 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September 19	Market Rates: Spot: September 13	September 14	September 15	September 17	September 18	September 19
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜
Canadian $	...	2·71 11/16–2·71 13/16	2·71 11/16–2·71 13/16	2·71⅝–2·71¾	2·71⅝–2·71¾	2·71⅝–2·71¾	2·72–2·72⅛
French Fr.	972·65–987·35	98⅛–98⅜	98⅛–98⅜	98⅛–98¼	98⅛–98⅜	98⅛–98⅜	98⅛–98⅜
Swiss Fr.	12·15⅞–12·33⅞	12·18⅜–12·19	12·18⅜–12·18⅝	12·18⅜–12·18⅝	12·18⅜–12·19	12·19–12·19⅛	12·19–12·19⅛
Belgian Fr.	138·95–141·05	139·12½– 139·17½	139·12½– 139·17½	139·12½– 139·17½	139·15– 139·20	139·22½– 139·27½	139·27½– 139·32½
Dutch Gld.	10·56–10·72	10·63–10·63⅝	10·62⅝–10·63⅝	10·62–10·62⅜	10·62⅛–10·62⅜	10·62⅛–10·62⅜	10·62–10·62⅛
W. Ger. D Mk.	11·67⅛–11·84⅛	11·68⅜–11·68⅝	11·68⅜–11·68⅝	11·68⅜–11·68⅝	11·69–11·69⅛	11·69⅜–11·70	11·69⅛–11·70⅛
Portuguese Esc.	79·90–81·10	80·00–80·15	80·00–80·25	80·00–80·15	80·00–80·15	80·00–80·15	80·00–80·15
Italian Lire	1736½–1762½	1739½–1740¼	1739½–1740¼	1739½–1740¼	1740–1741	1740¼–1741¼	1741–1741¼
Swedish Kr.	14·51½–14·59½	14·39½–14·39½	14·39½–14·39½	14·39½–14·39½	14·39½–14·40	14·40½–14·40½	14·41–14·41½
Danish Kr.	19·19½–19·43½	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·34–19·34½
Norwegian Kr.	19·86–20·15	19·96½–19·97	19·96½–19·97	19·96½–19·97	19·96½–19·97	19·96½–19·97	19·96½–19·97
One Month Forward Rates							
United States $		⅜–⅝c. pm	⅜–⅝c. pm	⅜–⅝c. pm	½–⅝c. pm	½–⅝c. pm	½–⅝c. pm
Canadian $		⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm
French Fr.		1 pm–1 dis	1 pm–1 dis	1 pm–1 dis	1 pm–1 dis	1 pm–1 dis	1 pm–1 dis
Swiss Fr.		3½–4½c. pm	3½–4½c. pm	3½–4½c. pm	3½–4½c. pm	3½–4½c. pm	3½–4½c. pm
Belgian Fr.		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
Dutch Gld.		2½–1½c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm
W. Ger. D Mk.		3½–3½pf. pm	3½–3½pf. pm	3½–3½pf. pm	3½–2½pf. pm	3½–2½pf. pm	3½–3pf. pm
Italian Lire		1 pm–1 dis	1 pm–1 dis	1 pm–1 dis	1 pm–1 dis	1 pm–1 dis	1 pm–1 dis
Swedish Kr.		1½–¼o pm	1½–¼o pm	1½–¼o pm	1o pm–par	1o pm par	1o pm par
Danish Kr.		5–2o pm	5–2o pm	5–2o pm	5–2o pm	5–2o pm	5–2o pm
Norwegian Kr.		1o pm–1o dis	1o pm–1o dis	1o pm–1o dis	1o pm–1o dis	1o pm–1o dis	2o pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/7½	251/7½	...	251/7½	251/7½	251/9½

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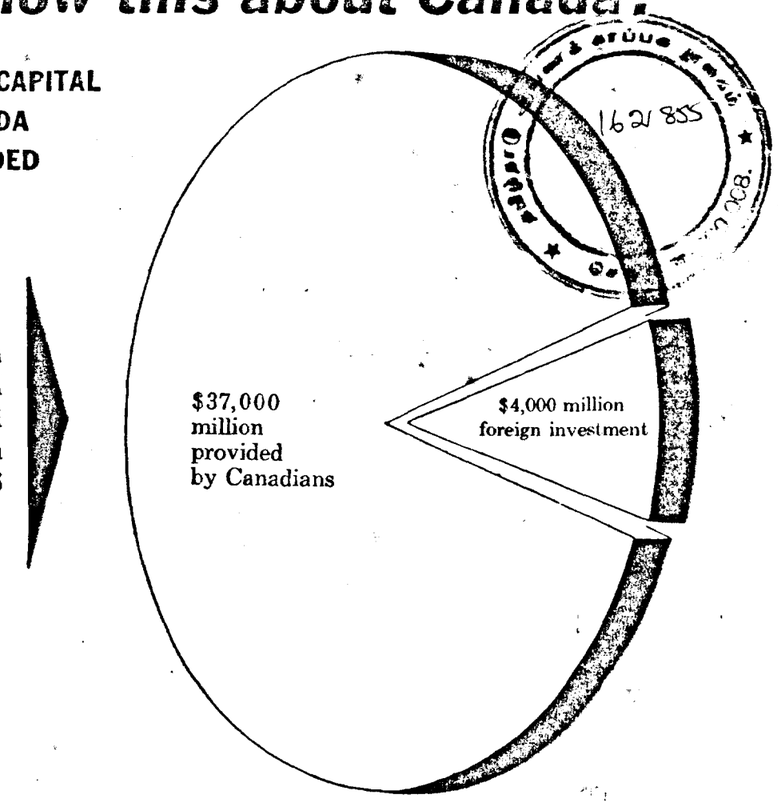

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COMPANY MEETINGS

DAVY AND UNITED ENGINEERING COMPANY LIMITED

OUTSTANDINGLY SUCCESSFUL RESEARCH WORK

MR D. F. CAMPBELL DETAILS IMPORTANT CONTRACTS

The eighty-third annual general meeting of the Davy and United Engineering Company Limited, will be held on October 11th at Sheffield.

The following is the statement by the chairman, Mr D. F. Campbell, circulated with the report and accounts:

The trading profit of the Group for the year has increased from £626,153 to £673,013 and the net profit, after the deduction of taxation has increased from £196,792 to £232,700.

The Company's Works and those of its subsidiaries have again been fully employed and a considerable amount of work has been subcontracted so as to deal with the large volume of orders. In particular, the demand for rolling mill plant has continued unabated and the same applies to the rolls which are made at your Middlesbrough Works. There was some fall in demand for Sugar Machinery, but the capacity at your Glasgow subsidiary, Duncan Stewart & Company, Limited, was fully employed on other products. Since the year ended, there has been some revival in demand for Sugar Plant, and we have received a contract for a complete Sugar Factory for India.

PRODUCTIVE CAPACITY ENLARGED

Since the end of the War, the productive capacity of the Group has been greatly developed and progressively enlarged, both as regards designing and manufacturing. The volume of orders obtained has fully justified this policy and, indeed, the Order Book today is greater by a considerable margin than it has ever been before. This, coupled with a forecast of future prospects over the next few years, has led your Directors to the conclusion that a further scheme of expansion should be implemented at an early date.

The first stage will be directed towards the provision of additional plant within the existing buildings at the Sheffield and Glasgow Works, coupled with a further development at Middlesbrough. At the same time, your Directors have decided to close down the Iron Foundry in Sheffield. The trend of design in our products over recent years has been markedly away from cast iron and towards cast and fabricated steel, so that little more than one quarter of the output of the Iron Foundry is now absorbed within the Group. When the Foundry is closed towards the end of 1956, the Fabricating Department will be moved from Park Iron Works to the Foundry Building.

Expansion in manufacturing facilities, to be successful, must be matched by a corresponding expansion in the output of drawings and designs. The old offices at Park Iron Works are no longer adequate for their purpose and a completely new office block is now under construction at Darnall to house the Design and Administrative Staffs. It is thus intended that Park Iron Works, which has been occupied by the Company since 1840, will in due course be vacated and offered for sale. The resultant concentration on one site of your Company's activities in Sheffield should make for greater economy and efficiency in many ways.

As a second stage in the expansion programme, your Directors have under consideration the establishment of further machine and erecting shops at Darnall.

LARGE VOLUME OF EXPORTS

Apart from its substantial share in satisfying the machinery requirements of the Steel and Non-Ferrous Industries in this Country, the Group is undertaking a large volume of export work, amounting at present to about half of its production. This does not take into account the Company's share of the important contract for the construction of a complete integrated Steel Works at Durgapur in West Bengal, India. As a Member of the British Consortium, the Indian Steel Works Construction Company Limited, which has been formed by the Metallurgical Equipment Export Company Limited (MEECO), to undertake this contract, your Company will be responsible for supplying the whole of the Rolling Mill equipment; the Wheel, Tyre and Axle Plant; the Central Maintenance Departments and the Foundry.

These responsibilities include, in addition to the mill machinery proper, the provision of buildings, electrical equipment, cranes, furnaces and, in fact, the complete installations other than the Civil Engineering work. This contract is the largest ever undertaken in the Company's history.

ROLLING MILL EQUIPMENT

In recent years, your Company has specialised in Rolling Mill equipment for the production of steel and non-ferrous strip. In previous statements to Stockholders I have referred to a large group of contracts, totalling more than £4 million in value, placed with us by Richard Thomas & Baldwins Limited and The Steel Company of Wales Limited for mills for the production of Tinplate by modern continuous methods, both at Ebbw Vale and Velindre in South Wales.

The main units of machinery included in these contracts have now been satisfactorily completed and are in operation. They comprised two 5-stand Tandem Cold Reduction Strip Mills and their associated Temper Mills, requiring the manufacture in series of 32 cast steel mill housings weighing about 100 tons each. All these mills were delivered promptly to time and went into production without trouble, rolling accurate strip from the inception.

TRIBUTE TO STAFF AND WORKPEOPLE

While we may take justifiable pride in this successful outcome, I refer to it particularly to stress the debt which Stockholders owe to the skill of our designers, the fine craftsmanship of our workpeople and the high level of administrative ability shown by the staff in all grades. We have indeed an exceptionally fine and loyal body of men and women and I am sure that Stockholders will wish to record their appreciation of all which they have done during the year under review.

This achievement has been followed by a further contract from The Steel Company of Wales of about £2 million in value, which includes a new 4-stand Tandem Cold Strip Mill, the conversion of the Slabbing Mill at Abbey Works to a Universal Mill and a wide range of ancillary equipment.

NEW METHODS

I have also referred in my previous statements to the work being done in our Research Department in the development of various kinds of instruments for the efficient operation of rolling mills. It is gratifying to record that this work has been outstandingly successful and that the newly formed Instruments Department has already secured a substantial volume of orders for equipment in this new field.

The first commercial application of our method of controlling automatically the gauge or thickness of steel strip delivered by a mill has proved highly successful. Further orders have been received at home and abroad and negotiations are proceeding to licence manufacturers in Canada and the United States of America.

CONTROL OF INFLATION

The control of inflation is one of the vital questions of the present time and much has been said and written on the contribution which Private Industry should make. In a Company such as yours, prices are based upon estimates of cost, made in many cases before the machinery can be designed in detail. To this is added a margin of profit calculated to produce in a normal year's operation a fair and reasonable return upon the capital employed. A high proportion of our cost, namely that represented by purchased materials, is outside our control. Similarly, rates of wages are governed by National Agreements.

It is clear that some measure of stability in these elements of cost is now imperative if this Company is to remain competitive in World Markets, but the only elements in our price structure which are within our own direct control are those related to productivity and profit margins. Productivity has been steadily increasing in all your factories during recent years and this has come, not only from a good standard of effort by our employees, but mainly from the sustained attention which has been given to the installation of modern plant and the best method of using it.

PROFITS POLICY

On profits, I would say that in a time of full employment and with a record Order

Book, our policy is to increase the return on the capital employed, not by increasing the margin of profit included in our prices, but by shipping more goods through our Factory doors in any year per capita of employment. The further expansion and modernisation to which I have referred will give a further impetus in this direction and enable your Company to contribute in an ever increasing degree to the re-equipment and expansion of the Metals Industries at Home and to the Export Trade upon which this Country's livelihood depends.

GAS PURIFICATION AND CHEMICAL COMPANY

GROUP'S WIDESPREAD RAMIFICATIONS

DEVELOPMENT OF NEW PRODUCTS

The eighty-second annual general meeting of Gas Purification and Chemical Company, Limited, was held on September 18th in London.

Mr J. R. Sorsbie (Chairman and Managing Director) presided and, in the course of his speech, said:

Net profits of the Group for the year before taxation amounted to £464,270, compared with £296,256 for the previous 15 months period. These earnings are the equivalent of 88.8 per cent on the Share Capital in issue at the end of the year. The final dividend which we are proposing will bring the total distribution up to 40 per cent per annum as against the equivalent of 22 per cent in the previous year.

In the course of his review of the Group's activities, the Chairman said: Only one Company was temporarily affected by the credit squeeze. However, the ground lost in February has since been regained.

The business of Grundig (Great Britain) Limited remains very good indeed and expanded further during the year. The outstanding organisation and management of Grundig (Great Britain) Limited is further illustrated by its impact on the progress of Wolsey Television Limited which was acquired by the Group in March, 1955.

Besson and Robinson Limited has been the object of a great deal of attention by the Group and we have made a substantial capital investment in this company during the year and its prospects for the current year show a marked change. The output of electric relays has been very nearly doubled and we have added the production of two electric motors.

Smart & Brown (Machine Tools) Limited had a strenuous and very successful year. In addition to the expansion of their own business the management of Modern Machine Tools Limited and Besson and Robinson Limited has been integrated with that of Smart and Brown to the benefit of all the Companies concerned.

We are very fortunate in acquiring the business of E. G. Irwin and Partners Limited in November, 1955, since that Company will indeed play a key part in our future development programme.

In March of this year we acquired Electric Audio Reproducers Limited.

The order books of the Group are so full that we are now turning to outside sources of production in addition to our own in order to obtain goods which we know we can sell and for which we already have orders.

IMPORTANT NEW DEVELOPMENT

The most important item affecting our future prospects is undoubtedly the connection which we made during the year with Usines Gustave Staar SA of Brussels. The Staar record changer has already had a warm reception, and I can assert that it has been recognised as a highly saleable article. It is being manufactured by Smart & Brown (Machine Tools) Limited and thus further diversifies the Group's output with a product which will undoubtedly find its place in the market for record changers for many years to come, and will contribute substantially to our dollar exports.

The connection with Staar of Brussels has developed very happily and other products of unique design will be exploited by our sales company, Staar Electronics Limited, during the next few months. In the meantime they have been granted a licence exclusive to Great Britain for the production of the Kinder electric motor.

The activities of our Group are broadly based and include manufacturing Companies which have substantial contracts from HM Government. We can look forward, therefore, to an active year and to reaping the reward of all the hard work that has been put into the manufacture and exploitation of our new products, which should add substantially to the profitability of the Group, not only this year but for many years to come.

During the past 12 months we have been spending our time very largely in consolidation, but you may anticipate that we are again entering into another growth period.

The report and accounts were adopted.

THE GOLDEN HOPE RUBBER ESTATE LIMITED

SIR ERIC MACFADYEN'S ADDRESS

The fiftieth annual general meeting of The Golden Hope Rubber Estate, Limited was held on September 17th in London, Sir Eric Macfadyen, chairman of the Company, presiding.

In the course of his address he said: We harvested 7,590,300 lb of rubber as compared with 7,327,020 lb the previous year and additionally 362,000 lb from our new subsidiary company Klanang Bahru. Our rubber selling price averaged 8½d. per lb more than in the previous year. Against that our costs rose by 5¼d. per lb, of which some 3½d. was due to higher export duty and cesses and the balance to higher wages.

Oil palm products amounted to 1,113 tons oil and 287 tons kernels—against 488 tons and 136 tons.

In 1954-55 gross revenue from all sources exceeded expenditure (inclusive of export duties) by £289,536. The surplus this time was £377,332. Taxes were heavier and, having no windfall comparable with the £35,799 provision freed last year after the war damage grant settlement, the amount available for allocation is much the same at £245,596 against £236,248. Reserve allocations amount to £107,358 as compared with £102,881 and a repetition of the 25 per cent dividend will cost £5,030 more owing to the increase in capital now ranking for dividend. We shall then be left with a carry forward of £37,018 against £37,177 brought in.

The report was adopted.

THE DISTILLERS COMPANY LIMITED

Supplementary statement to shareholders made by the Chairman at the Annual General Meeting held in Edinburgh on Friday, September 14, 1956.

The Chairman said:

"In view of the criticism expressed in certain sections of the press, I feel that in the interests of our shareholders I should make a short statement with regard to the request for a detailed breakdown of the profits earned by the various divisions of this organisation.

"You will be aware that over a number of years the Company has broadened and diversified its interests, particularly in the chemical and plastics fields. This has been carried out as a carefully planned programme, and all these operations are entirely within the powers contained in the Company's Memorandum of Association.

"It is your Board's considered opinion that diversification of the Group's activities is a sound policy which has been fully justified by results. The steady consolidation of our assets in the industrial field gives the group a spread of earning power which should be a safeguard in adverse economic conditions. In normal circumstances it should make an increasingly valuable contribution to our earnings.

"The constantly expanding and changing character of the chemical and plastics industries has of course necessitated substantial investments, which to a large degree have been met by ploughing back profits earned on these enterprises. These industrial developments have followed a logical and progressive pattern, and, as I have reported in my annual statements to shareholders, they have in the main proved successful and profitable, with the overall yield on the capital employed comparing favourably with that of other similar organisations.

"Having again reviewed all the circumstances, the opinion of the Board is that the operations of the group should be taken as a whole. The conservative policy of this Company, and its marked progress over the years, are the best assurances for the future that we can offer to our investing shareholders, the great majority of whom I am sure will readily approve the attitude of your directors on this matter.

"In order to give our shareholders a clearer picture of the background and progress of our industrial enterprises than is possible in my annual statements, an illustrated brochure is now in course of preparation. This will be circulated in due course and I feel sure you will find it of considerable interest."

After the Chairman had called for any comments or questions, to which there was no response, the Report of the Directors and the Accounts for the year ended March 31, 1956, were unanimously adopted.

POWELL DUFFRYN LIMITED

COMPENSATION CLAIMS SETTLED

SIR HERBERT MERRETT'S REVIEW OF GROUP ACTIVITIES

The annual general meeting of Powell Duffryn Limited was held on September 19th in London, Sir Henry Wilson Smith, KCB, KBE (deputy chairman), presiding.

The following is an extract from the statement by the chairman, Sir Herbert Merrett, which had been circulated with the report and accounts for the year ended March 31, 1956:

At last our claims for compensation for our nationalised assets have been settled. We received a net figure of £2,557,868 for our Power Stations, the final item in dispute. This brings the total compensation of the Group under the Coal Industry Nationalisation Act to £15,964,712, compared with a book value at December 31, 1946, of £12,608,478.

GROUP'S NEED FOR WORKING CAPITAL

The proceeds of the sale of the Compensation Stock strengthen the cash position of the Company, but there is no intention to make any further capital distribution as a result of the settlement referred to above. Although the cash position of the Group is for the moment good, Shareholders will see that we have capital commitments exceeding £3 million, and that there are a number of proposals for further development which will require still more capital expenditure. Moreover, the Group's need for working capital has increased substantially, not least because of recent upward movements in the price of coal.

The profits of the year again show an improvement upon previous years, before taking into account items of income of a non-recurring nature. It is unlikely that such items will appear in future accounts.

We have enjoyed a fair share of the limited quantity of coal available for export, and are well equipped to deal with a much greater quantity should it become available. I am afraid, however, that the immediate future offers little prospect of any increase in the quantity of coal we shall be allowed to send overseas.

GROUP ACTIVITIES

In the year under review there was a further substantial increase in the activities of *Stephenson Clarke Limited* and of its Associated Companies. Stephenson Clarke itself not only continued its traditional role as one of the leading coal distributors in this country, but also played a major part in the successful operation of the large-scale coal import programme. The Company's fleet of ships remains fully employed and, with an eye on the future, various steps are being taken to diversify its range of activity.

Maris Export and Trading Company Limited had an exceptionally good year due to the continuance in 1955 of still sizeable exports of British coal combined with greatly increased activity on sales of American coal to this country and to the Continent. Immediate prospects are inevitably more favourable under the second head than under the first.

Associated Coal and Wharf Companies Limited by its published results has shown once more the valuable nature of this particular investment. This Company too made a significant contribution in relation to the coal import programme, for which its wharves and discharging plant are eminently suitable. In addition to the healthy state of its normal coal business, the Company is making satisfactory progress in the development of fuel oil distribution.

Weatherfoil Heating Systems Limited has well maintained its progress. The Company's turnover last year exceeded previous years, and the forward order book indicates a continuance in the current year of a high level of activity. To its normal business it has added the sales agency for Dravo Oil Fired Space Heaters, an appointment which has made an encouraging start.

In Northern Ireland, the business of John Kelly Limited, in which we are equal partners with William Cory & Son Limited, continues to be well run and active.

Despite the changes which have taken place in the nature of the activities of *Cory Brothers & Company Limited* in recent years, the Company continues to show good results and increased turnover, especially in oil storage, distribution and bunkering.

The Barry storage and bunkering installation has shown further expansion, and a site is now being prepared for the erection, in stages over the next few years, of new tanks with a capacity of 150,000 tons, which will bring the total storage to nearly 300,000 tons. Additions are also being made to the storage and bunkering facilities at Ipswich and at Las Palmas. Long-term contracts have been made with major Oil Companies which justify the expectation of reasonable profits at all these depots in the coming years.

At Aden, where we have a very important organisation, employing more than 700 people, we are adding to our facilities for lighterage, bunkering, engineering, etc., and have made a good start as representatives of the Ford Company.

Business in Spain continues on a satisfactory basis, and the new Oil bunkering station in which we are interested at Ceuta on the North African coast should be in operation next year.

There has been an expansion of our business in the Timber industry, both at home and abroad, and as part of our programme in this country a new Insulation Board Mill is now in course of erection in Wales and should be in operation in 1957. We expect that its output will find a ready market, as the products which the mill is to manufacture are now being imported in substantial quantities.

Cambrian Wagon & Engineering Company has maintained its output and its profits on a steady basis. The new department engaged in the manufacture of liquid-storage containers has increased its output, and further expansion is planned for the near future.

Rhymney Engineering Company, in which we are associated with International Combustion (Holdings) Limited, was fully and profitably employed during the year.

Powell Duffryn Technical Services Limited have had a successful year. Their area of employment is widening and their services are in greater demand than they have been since the formation of the Company.

Powell Duffryn Carbon Products continue to produce heat-exchangers, etc., and have under active consideration a number of interesting and soundly based developments of their business.

I am pleased to say that our new building in the City of London has now been completed and already accommodates the bulk of our Group Companies previously housed in various buildings in London since the war.

CHAIRMAN'S RETIREMENT FORESHADOWED

My agreement for service with your Company expires in a few months, and at the end of that time I do not intend to seek re-election either as Chairman or as a Director of the Company. It is the intention of your Board to appoint Sir Henry Wilson Smith, KCB, KBE, to the Chairmanship of the Parent Company and its principal operating subsidiaries, and with the knowledge I have obtained of the strength and sound judgment of Sir Henry, I shall pass over my duties to him with the greatest possible confidence.

The report and accounts were adopted.

ALLIED INDUSTRIAL SERVICES

RECORD TRADING

The twenty-second annual general meeting of Allied Industrial Services Limited will be held on October 10th at Bradford.

The following is an extract from the circulated Statement of the Chairman, Mr Frank W. R. Douglas, for the year ended June 30, 1956:

It is indeed a pleasant duty to be able to report yet another year of record trading and profits. The figures, to which I shall refer in a moment, have been achieved by continuing improvement in efficiency assisted by a greater output at the Factories, due to further additions and extensions since last year.

From the Directors' Report and Company's Accounts you will see that after making provision for depreciation, Directors' Remuneration and Taxation on the Profits for the year, the net profit amounts to £327,999. After taking into account the balance from the previous year, and one or two minor adjustments, there remains a disposable sum of £374,762; the suggested distribution and allocation of which your Board now submits for your approval.

We have decided to recommend a final Ordinary Dividend of 21 per cent, making, with the Interim dividend of 6½ per cent, a total of 27½ per cent for the year. After transferring £170,000 to General Reserve, bringing it up to £570,000, the carry forward on Profit and Loss Account stands at £39,737, as compared with £40,484—the figure of a year ago.

Since the commencement of the year, our turnover has not been discouraging, and, always provided there is no international upheaval or serious interference with industrial output and production at home, I hope we may be able to lay before you figures not less satisfactory than those shown for the past year.

KEPONG (MALAY) RUBBER ESTATES

IMPROVED PROFIT

The fifty-first annual general meeting of Kepong (Malay) Rubber Estates, Limited, was held on September 19th in London, Mr T. J. Cumming, chairman, presiding.

The following are extracts from his circulated statement for the year ended December 31, 1955:

The profit for the past year, before providing for taxation, amounted to £434,041, a substantial improvement when compared with that for the previous year. This was due mainly to the better average net price realised for our crop, viz., 32.26d. per lb. It is proposed to pay a final dividend of 15 per cent, less tax, making a total of 25 per cent, less tax, for the year.

The estimated crop was 10,004,260 lb, but this figure was not reached mainly owing to difficulties of maintaining a full quota of tappers on the Johore areas. The actual crop for the year amounted to 9,674,759 lb.

Steady progress is reported from the Oban (Nigeria) Rubber Estates, Limited, in which we have a substantial interest. Up to the present, 8,800 acres have been opened, 5,500 acres planted and 2,400 acres budded.

During the current year there has been a serious falling off in the market for latex, and recourse to the manufacture of smoked sheet has had to be made to a certain extent. At one time it seemed likely that the market price would stabilise itself at round 2s. per lb, but since the Suez Crisis there has been a substantial rise. For the current year, our estimate is 10,108,040 lb.

The report was adopted.

GORDON (MALAYA) RUBBER ESTATES

INCREASED TRADING INCOME

The thirty-third annual general meeting of Gordon (Malaya) Rubber Estates, Limited, was held on September 19th in London, Mr T. J. Cumming, chairman, presiding.

The following are extracts from his circulated statement for the year ended December 31, 1955:

The crop harvested from our Estates during the year was 1,910,100 lb against our estimate of 2 million lb, the shortfall being due in the main to resting a small area of seedling rubber and to unsettled labour on certain divisions.

The average selling price realised for all grades over the year being 31.3d. per lb against 21.22d. in 1954, is reflected in the increase in trading income from £193,367 to £259,184.

The profit on actual estate operations was £79,877; adding investment and other income and providing for other expenses, including no less an amount than £46,542 for taxation, we are left with a balance of £33,507 to be brought into Appropriation Account. The amount brought forward from the previous account was £11,311, and other credits to the account bring the amount for disposal to £49,857. We have transferred £13,000 to General Reserve, and £5,000 to Provision for Replanting. We recommend a dividend of 10 per cent, less tax, on the Ordinary Stock, leaving a balance of £13,801 to carry forward.

The report was adopted.

SALTS (SALTAIRE) LIMITED

INCREASED TRADING PROFIT

The thirty-third annual general meeting of Salts (Saltaire), Limited, was held on September 19th at the registered office, Saltaire, Yorkshire, Sir Frank B. Sanderson, Bt, chairman, presiding.

The following is an extract from the statement circulated with the report and accounts:

Profit on trading of the Group for the year ended March 31, 1956, amounts to £1,071,193, compared with £827,013 for the previous year. After charging £592,500 for taxation, the net profit of the Group amounts to £501,433. £200,000 has been transferred to General Reserve. The Board recommends payment of the following dividends, subject to Income Tax, at the same rates as last year; (a) a final dividend of 3½ per cent on the 7 per cent Non-Cumulative Preference shares; (b) a dividend of 12½ per cent on the Ordinary shares. The dividends for the year absorb net £208,150 and there remains a balance of £660,070 which it is proposed to carry forward.

The shareholders' interest aggregates £6,853,603, represented by fixed assets £1,592,487, trade investments £101,109 and net current assets £5,631,007, less the provision for future Income Tax of £471,000.

SUBSIDIARY COMPANIES

The volume of business of the subsidiary companies has expanded during the year under review, an increased proportion being for export, including the dollar countries. All our subsidiaries have made profits and have contributed towards the results which are now before you.

Wool Values.—Since the decline at the commencement of the Australian wool-selling season at the end of August, 1955, prices have been more stable than for a considerable number of years. This stability lasted until the end of our financial year and there has been a hardening tendency since that date. A maintenance of reasonably level values will do much to ensure confidence.

FUTURE PROSPECTS

In my address last year I intimated that production had been well maintained since the commencement of the current financial year, and that our factories were running practically to capacity, limited only by the shortage of labour.

I am happy to be in a position to state that since the beginning of this financial year we have maintained a high rate of machinery activity and have sufficient orders on hand to ensure the continuance of this level of production for the next few months. Nevertheless, it is important that I should strike a warning note. Competition is perhaps more severe today than at any time since the war. The margin between costs and selling prices is less. Your group of companies, however, have most modern machinery and every effort is being made to keep down production costs by ever-increasing efficiency.

A good demand for our products is being experienced from both home and export markets, and given reasonably settled conditions, I feel we can look to the future with justifiable confidence.

The report and accounts were adopted.

ASSAM FRONTIER TEA

INCREASED COSTS

The sixty-eighth annual general meeting of The Assam Frontier Tea Company Limited was held on September 19th in London, Sir Charles Miles, OBE, chairman, presiding. The following are extracts from his circulated Review for the year ended December 31, 1955:

The profit for the year, after charging Depreciation and deducting Taxation and Indian Estate Duty, amounts to £222,17[illegible]. This compares with £281,128 for 1954, a. the fall in profits is entirely due to the substantially increased payments to labour, si. proceeds were slightly higher than those the previous year. Your Board recommend a dividend of 15 per cent on the Ordinar Stock.

Fine quality teas have continued to sel well, but prices for medium and commo descriptions have, for some time, been nea to or under costs of production. This company's teas realised most satisfactory pri on the London market, where the aver price obtained was approximately 6s. 8 per lb, compared with 5s. 11d. per lb 1954. In Calcutta, the season closed a an average of 39.42 annas per lb, compared with 46.08 annas per lb for the previou year. Whereas in London, the average price was higher than that received in 1954, the Calcutta figure was well below last year's level.

With regard to 1956, our crop to the end of July is 3,419,520 lb, which compares with 3,201,760 lb for the same period last year. Every effort is being made to produce ever better teas. The report and accounts were adopted.

ZALONI TEA ESTATES

MR ADDINSELL'S STATEMENT

The forty-fourth annual general meeting of the Zaloni Tea Estates, Limited, was held on September 13th in London, Mr Jack Addinsell, the chairman, presiding.

The following is an extract from his circulated statement for 1955:

Since the close of the financial year agreement has been reached between representatives of the Tea Industry in North India and the Indian Government for the payment of bonus to tea garden labour which has had to be back-dated to the year 1953. After providing for the bonus for 1955 profit worked out to £44,488, a reduction of £30,294 on 1954. This was mainly accounted for by lower sale prices and an increase in costs. In respect of the years 1953 and 1954, the bonus is expected to cost £15,400. Your Board recommend a dividend of 20 per cent.

Our tea crops in the postwar years have risen from 642,347 lb in 1946 to 886,414 lb in the year under review. The manager estimates 920,000 lb for the current ye As the young areas come to full maturity further capital expenditure will be necessary.

The company's cash position, which at the end of 1954 showed merely a nominal credit balance, had improved by December 31, 1955, to a figure of £43,889. It is still necessary, however, for the company to continue to conserve its liquid resources.

As a result of a revaluation of the Fixed Assets a Capital Reserve amounting to £77,420 has been created. It is the directors' intention to recommend a free scrip issue o one £1 share for every two held. The repor was adopted.

AIR EDITION

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SEPTEMBER 29, 1956

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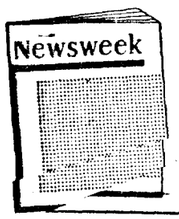

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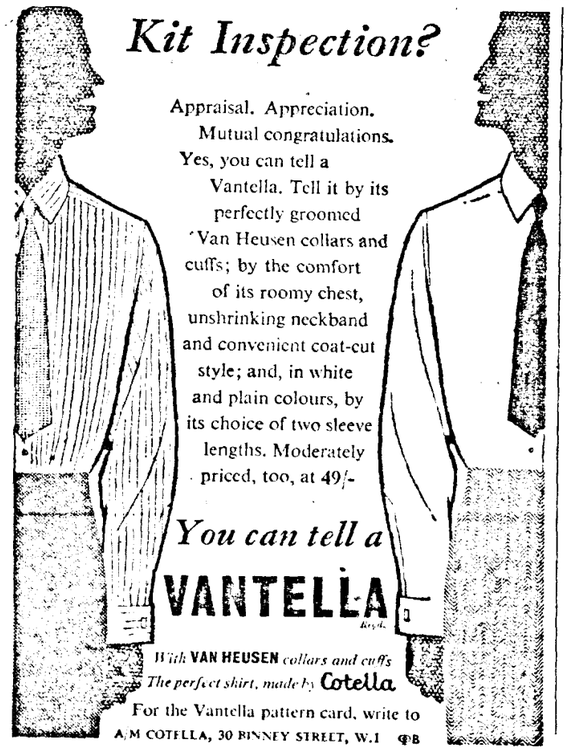

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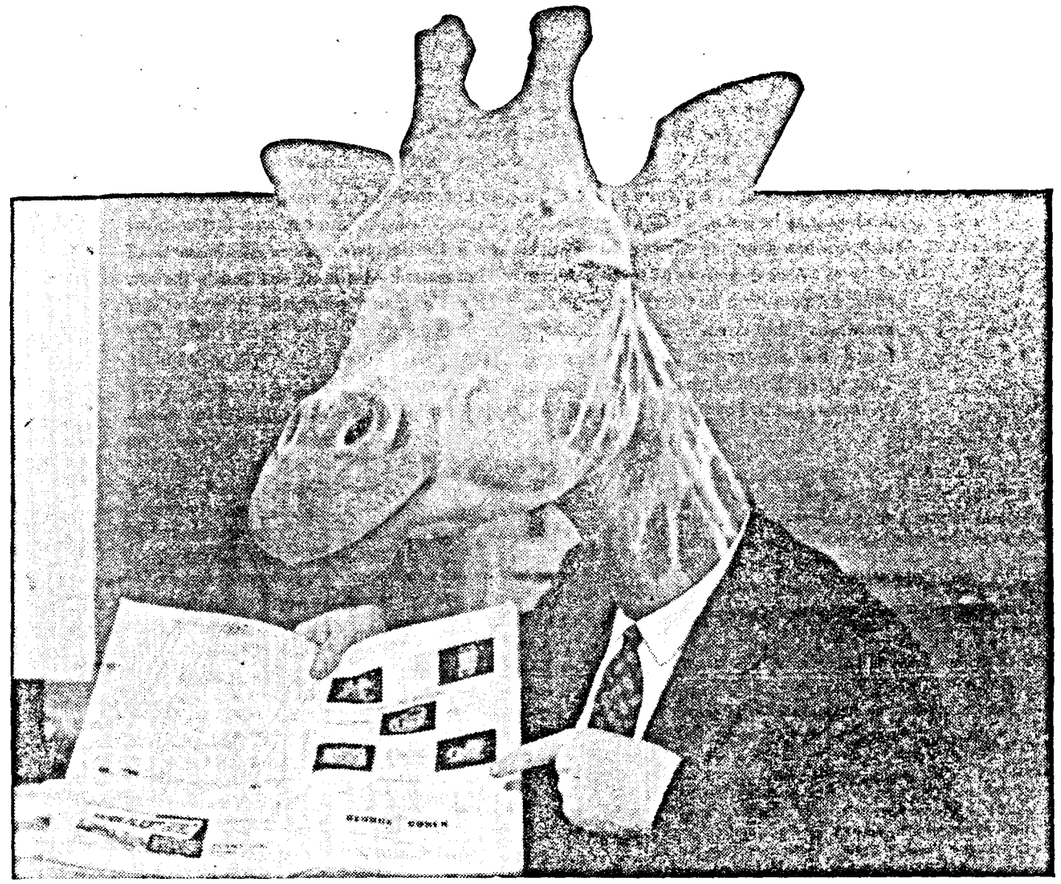

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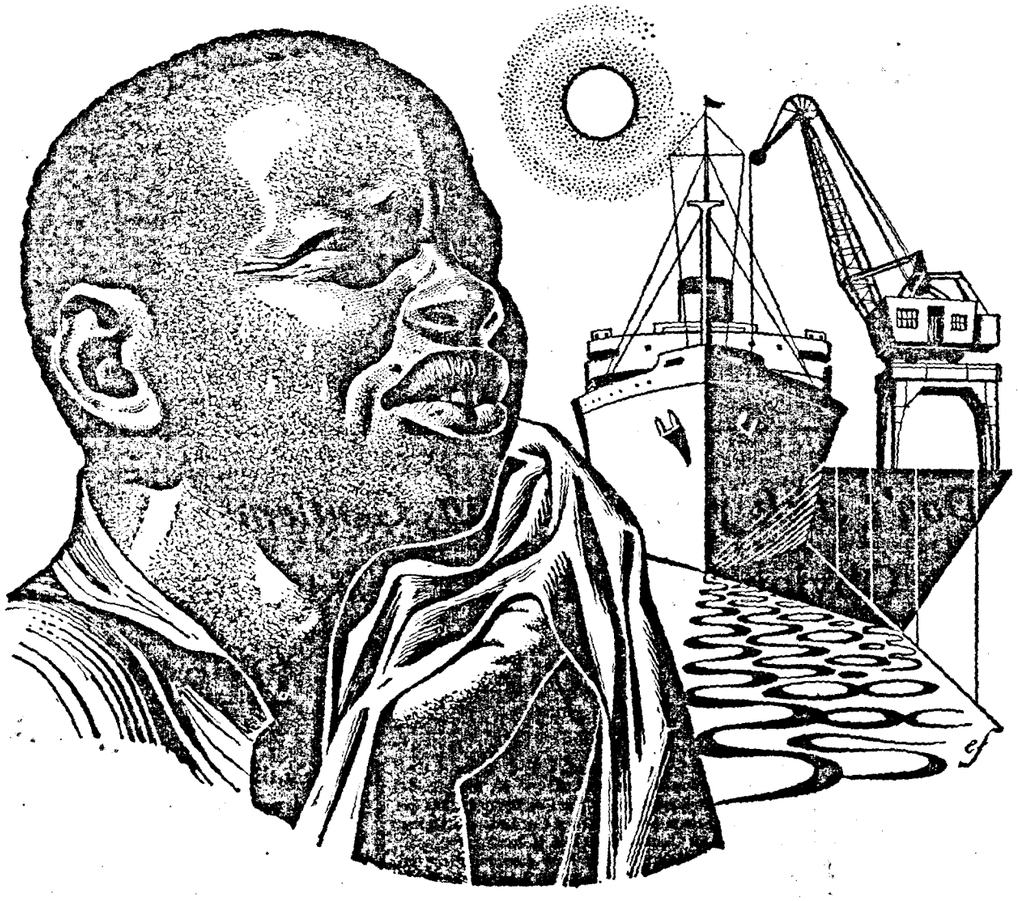

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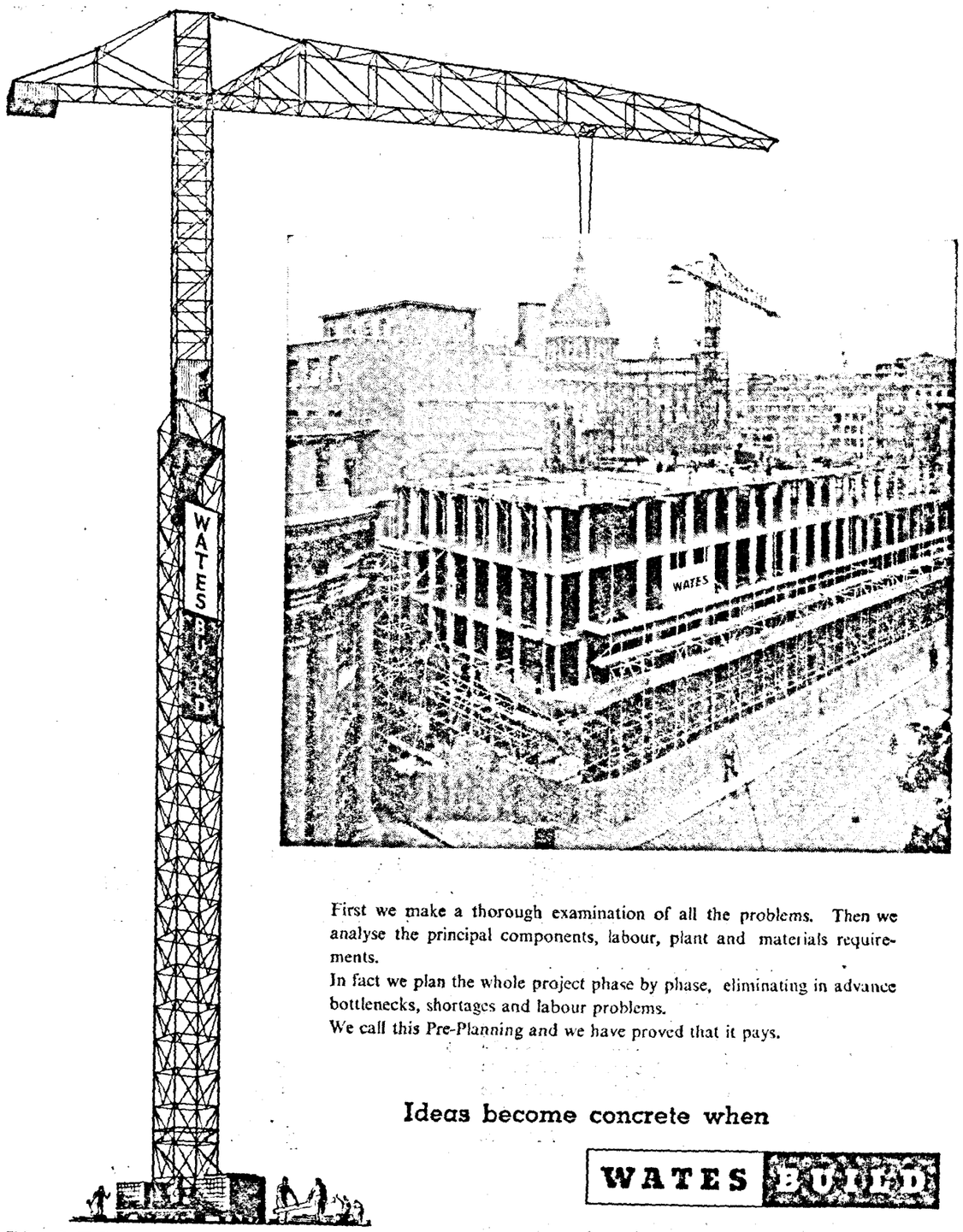

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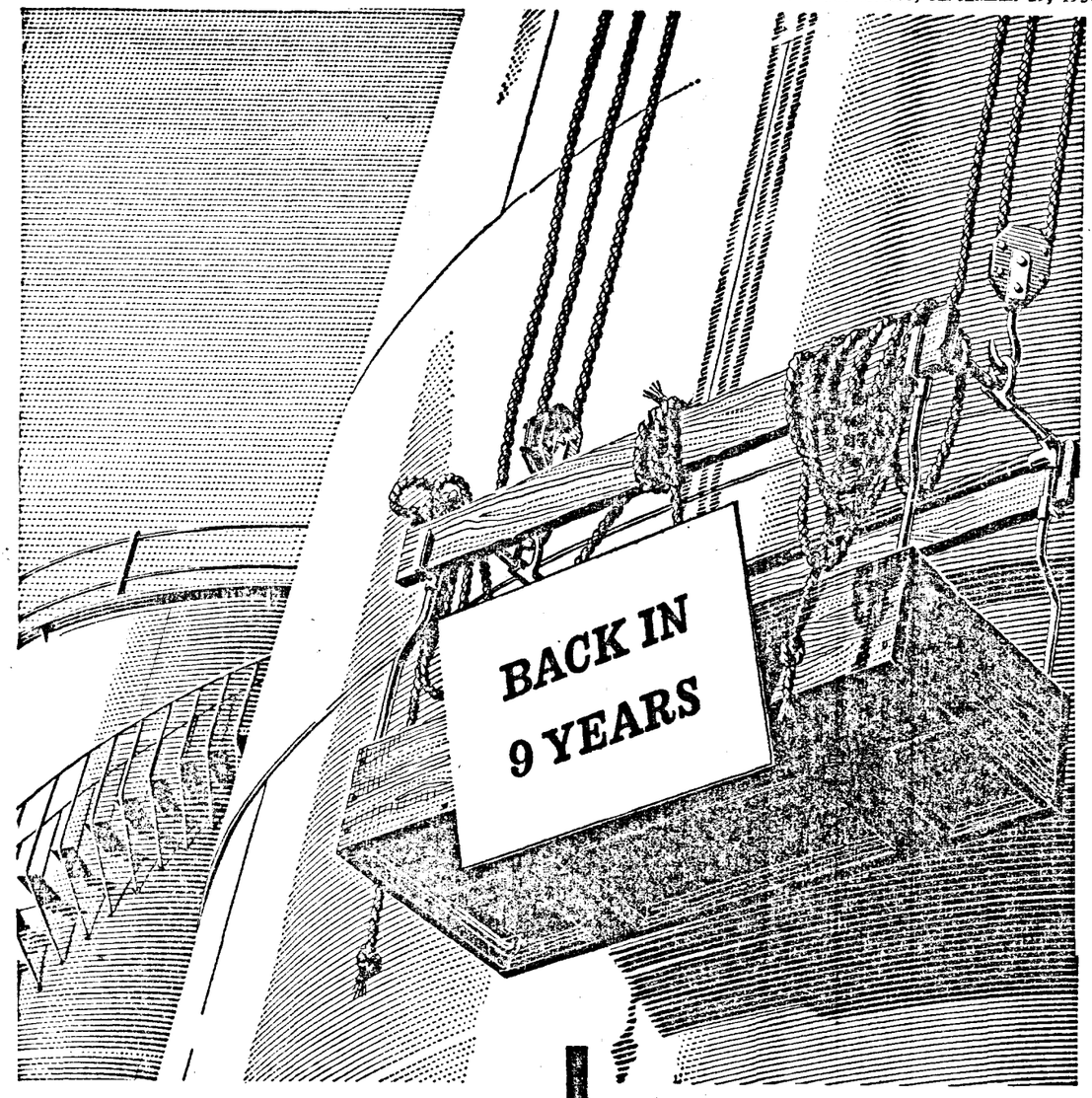

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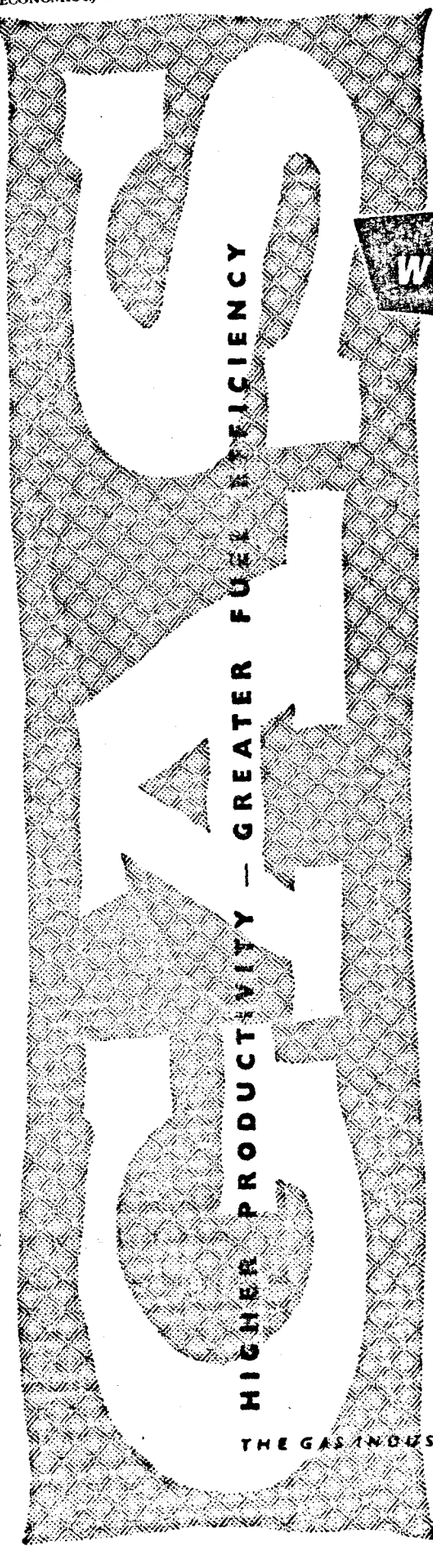

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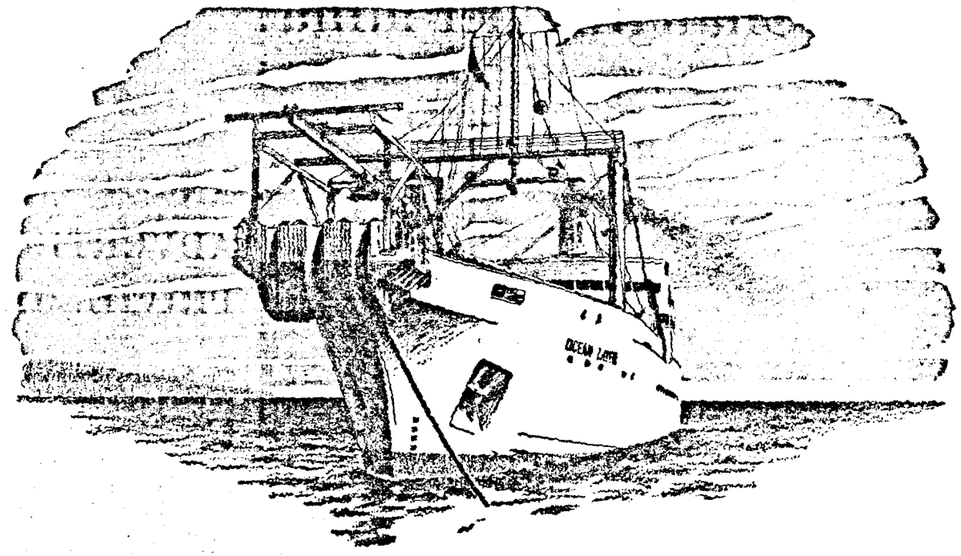

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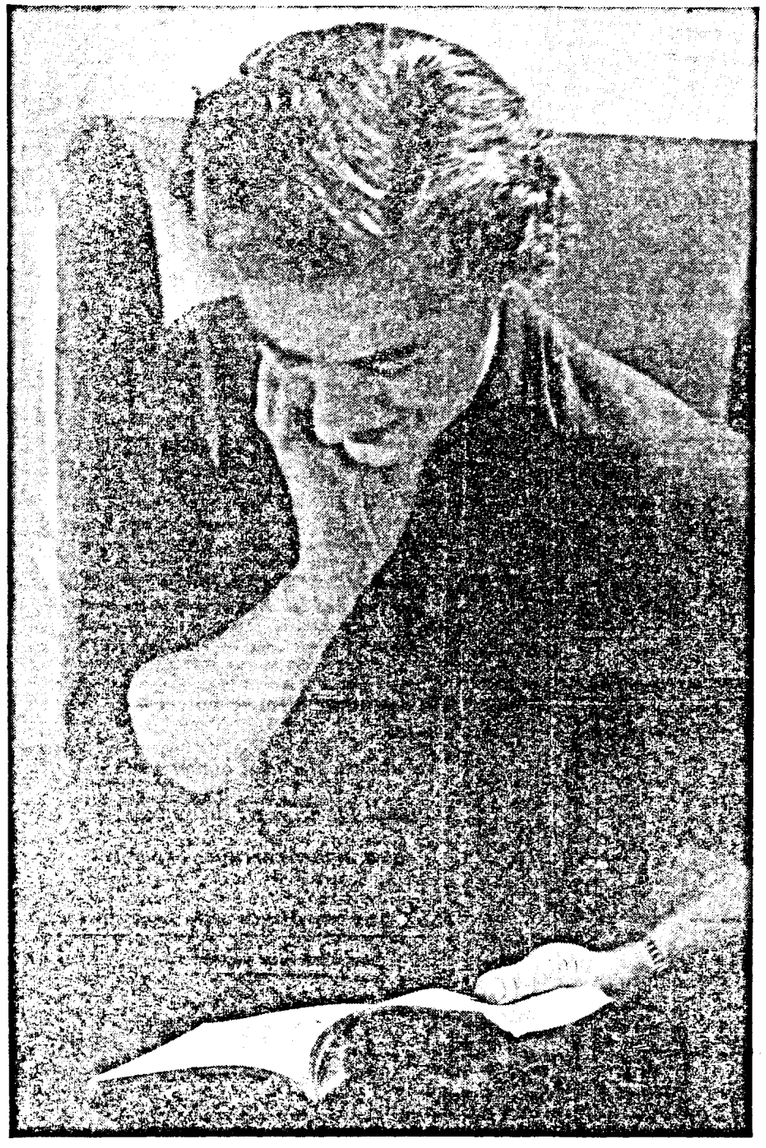

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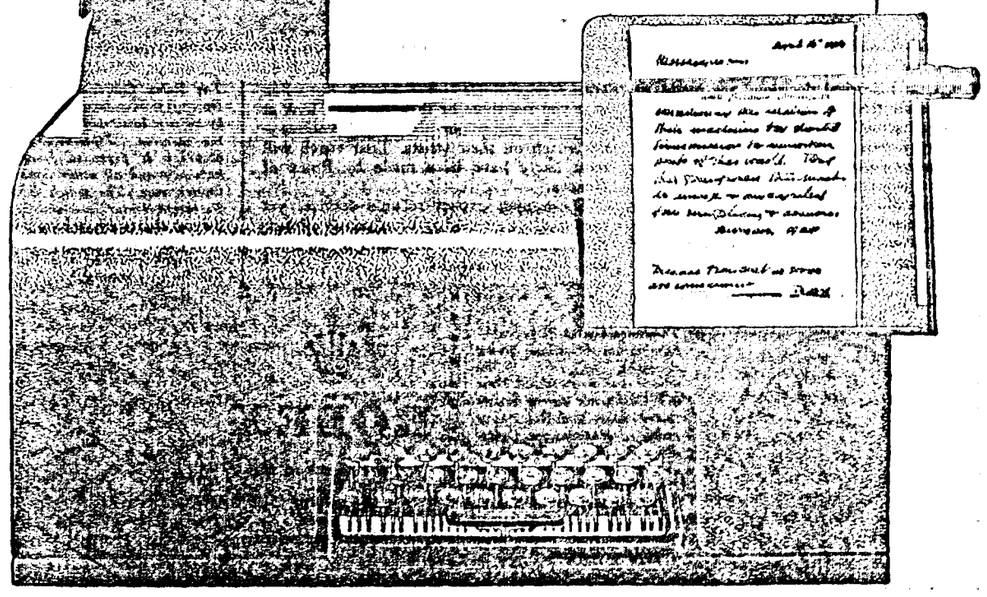

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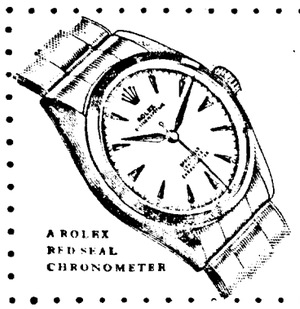

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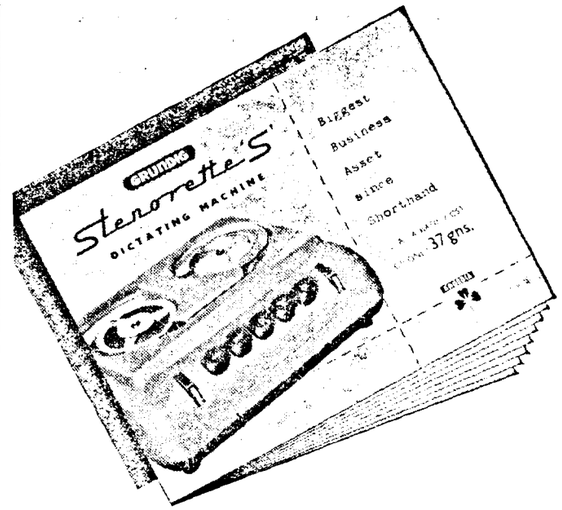

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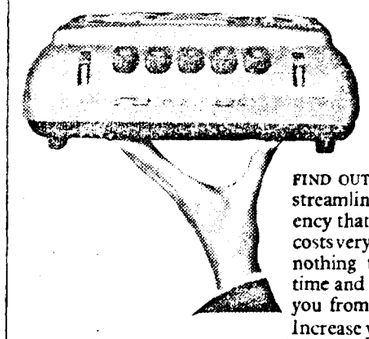

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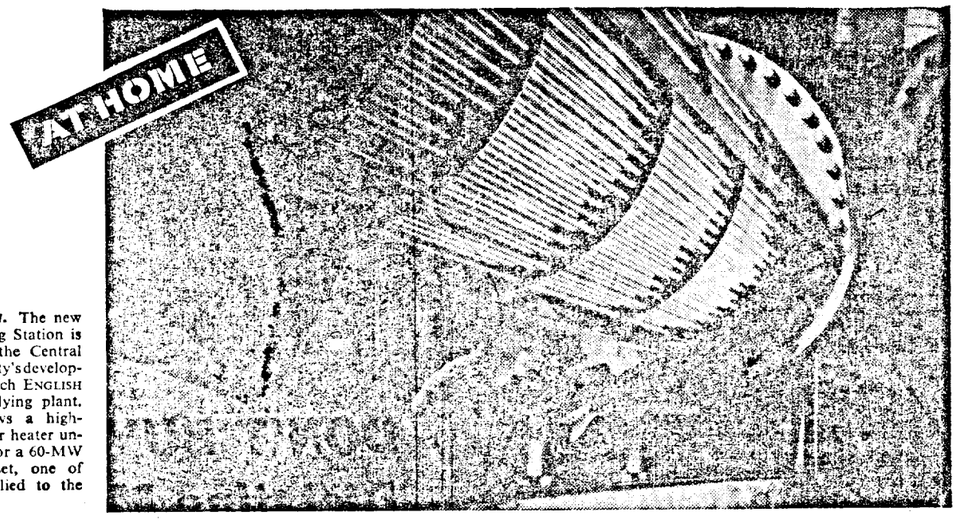

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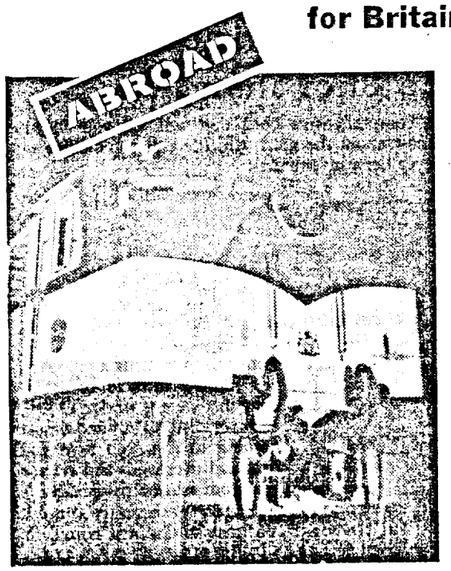

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SEPTEMBER 29, 1956

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Poker Play for Canal Users

THE state of business in the Suez Canal affair is that, at the Egyptian end, traffic is still working normally; that, at the United Nations, both the British and French, on the one hand, and the Egyptians on the other, have established that they merit a hearing before the Security Council; and that, on the users' front, eighteen nations have agreed to set up some sort of Suez Canal Users' Association. They have outlined this new body in terms so vague as to disquiet all those who do not want to see President Nasser win, though total despondency is still premature. Their eighteen plenipotentiaries are meeting in London on Monday to forge the new instrument, which is likely to be known as SCUA. Meanwhile, however, their foreign ministers are emitting statements in such variety, and so uneven in emphasis, that confusion of mind is inevitable. Now is the time to analyse events and to discover to what end the users can wield such weapons as they are able to manufacture.

There are three courses open to the client who considers his interests to have been flouted or denied. One is to exercise pressure: he can stop paying for goods and services, or transfer his custom elsewhere. Another is to negotiate in order to get the wrong righted or adjusted. The third is to shrug his shoulders and accept that he has been worsted. What the two London conferences of Suez Canal users have made clear is that a majority of the users rightly rate the last course as out of the question. They do not feel safe if passage depends on decisions taken by Egypt alone, and some of them add that thus to surrender all vestige of control would have boundless ill effects on other interests all over the world. (Europeans think this about their existing investments: Asians about their prospects as good risks for future investors.) What is more, most users do not accept the argument that President Nasser has only taken what is his own. While recognising that the canal is itself an integral part of Egypt, they do not recognise that, as a corollary, he was entitled to seize without notice and at the point of army guns the local assets of a company which, though registered in Egypt, is international in ownership and direction, and in the broader obligations which it shares with Egypt itself.

Once surrender to President Nasser is ruled out—and this is the consensus in Britain—the alternatives are pressure and negotiation, and, contrary to much argument in recent weeks, these are not incompatible; they can be complementary. This is the point to emphasise at this moment when negotiations may for the first time become possible; it has been blurred in the flurry of loose (and perilous) talk about resort to force, which still offers no solution and would put its users in the wrong—though it cannot but remain an ultimate sanction if the 1888 Convention is violated (a contingency which has not arisen yet) or if action has to be taken in defence of persons or property against attack. The milder forms of pressure—those which are compatible with negotiation—begin with the withholding of dues pending negotiation and proceed up a scale

that includes boycott of the canal, and, if greater impact is needed, boycott of Egyptian goods and services. Readiness to withhold dues entails the corollary of readiness, if need be, to take these sterner measures, however painful they may temporarily be to the users themselves. To ensure that all minds are clear on this point should be one of SCUA's first duties on Monday. For if a client withholds dues and, later, meets with Egyptian refusal to let him through without payment, his only alternatives are to give in (in which case he might as well have surrendered before bluffing) or else to go round by the Cape. Last week some free nations were uncertain—indeed, were perhaps refreshingly uncertain in these regimented days—whether they could get their shipowners to sail in an ordained direction. To get eighteen signatures on to the final document, the tougher members present had to agree to water it down and to say that users "may," and not "must," pay SCUA their dues.

At one end of the scale, Britain and France were always ready to exercise currency control for the purpose; at the other, Italy says that it must pay its dues to Egypt—although to upbraid it as a blackleg, as M. Pineau has done, is to disregard its vulnerability as the only major trading power wholly within the Mediterranean. Between these extremes lie most of the shipowning nations shown in the adjoining table, including the country of SCUA's original inventor, Mr Dulles. But he seems to have to water his invention down every time he opens his mouth. While he rightly says, first, that "war is not the way," and, secondly, that "Egypt must not get away with it," he is averse to any step that smacks of economic boycott; and is therefore unready to take the wholesale Treasury measures which are the only way of inducing American ships (and, numerically far more important, American-controlled tankers flying the Panamanian and Liberian flags) to stop paying their dues to Egypt. He said on Wednesday in Washington that for the purpose of cutting President Nasser down to size he is ready to rely on time, attrition and the chagrin he hopes Egypt will suffer as supertankers and pipelines multiply on alternative routes. But to assume this is to want the end but to shrink from the means; for—let there be no doubt about it—to negotiate with an ambitious dictator without keeping some means of leverage during the negotiation is to concede him the victory right away.

★

The case for negotiation is now being pressed on all sides—by Asians as well as Europeans and Americans; one of its principal advocates is Mr Krishna Menon, as he hurries, indefatigable but planless, from embassy to embassy and capital to capital. Negotiation has not, as some aver, already proved impossible; it has not yet been tried. Mr Menzies, whose mission was a take it or leave it affair demanding internationalisation or denationalisation of the canal, had no mandate to try it, and met with point blank refusal. What is the users' bargaining position? Admittedly, if negotiations begin now, it will be a weaker position than was expected when the world assumed that President Nasser would be unable to keep the canal traffic moving; and President Nasser holds the ace of trumps, the canal itself. But the strength of SCUA will depend—as in poker—on the combination of cards in its hand, and on its poker face—in this case, on its readiness seriously to apply pressure, if need be.

For just how strong is President Nasser's hand? In addition to his physical possession of the canal, he has now run it for a fortnight without mishap and is recruiting pilots, seemingly in plenty; and he is reinforced by the conviction that the maritime powers are at sixes and sevens. He has shown his hand so far as to say that even if only 20 per cent of the normal traffic uses the canal, this can pay its way and show a small profit. But, in offset, he holds weak cards as well. He needs more profit than this modicum, or his exchequer and foreign exchange positions will suffer seriously; winter conditions will test new pilots more severely than does summer weather; last and worst, his unwillingness to meet the users' demands for checks and balances is throwing him into most unneutral attitudes. An article from our Cairo correspondent on page 1057 explains that the biggest setback so far administered to his ego is the patent dismay of some Arab and Asian neighbours at his readiness, in flouting the west, to fall back on Russia. He needs to recover some lost ground among his friends and neighbours; hence his rush to Saudi Arabia this week—no pleasure trip at the height of the summer's heat. Finally, the strength of his hand will begin to deteriorate as soon as the users can show that they are not at sixes and sevens.

PRINCIPAL SUEZ CANAL USERS
1956 (six months)

By flag	Net Registered Tonnage	Per cent
British	17,653	27·3
Norwegian	9,587	14·8
Liberian	7,343	11·4
French	6,169	9·5
Italian	4,497	7·0
Panamanian	4,310	6·7
Dutch	3,053	4·7
Swedish	1,377	2·1
United States	459	0·7
German	394	0·6
Other	9,783	15·2

If negotiations are to take place between two parties neither of which holds all the cards, how should SCUA play its hand, and what should be its aim? What pattern, short of the wholly international one that President Nasser has rejected, would restore confidence to its members? *The Economist*, in its issue of August 18th and during the first users' conference, suggested two second-bests, either of which might work even now. One was that a permanent users' council—a forecast of SCUA—should supervise a board of management made up of an Egyptian majority but also of user representatives, and should be ready to apply sanctions in the event of any departure, whether deliberate or involuntary, from a new edition of the 1888 Convention. The second possibility was that a consortium of maritime nations should take over management and training for a fixed period, thereafter handing over to a management composed of Egyptians. (Wing-Commander Ali Sabry, President Nasser's *chef de cabinet*, is quoted as having said that Egypt vainly suggested some months ago that the Suez Canal Company should train Egyptians in some numbers at Egyptian government expense, and that he still thought this a good way of working towards complete Egyptian staffing and control.)

It is perhaps best to look less far ahead, until next week's SCUA meeting has revealed whether the users in fact are able to combine sufficiently to play their poker hand with all the cards that are vital to negotiation. If not, it is they, not President Nasser, who will lose the game; and it will be their own fault.

Peace of Blackpool?

LABOUR seems to have passed the first stage on the road to political recovery. The party assembles for its annual conference at Blackpool next week with a settled leadership, but without a policy. It is not altogether cynical to suggest that, on the whole, it might be wise to keep things that way.

Certainly, the party's unity around its new leadership is impressive. Mr Gaitskell has had many hard things said about him in these columns; the leader of a major British party usually does. But today, on the anniversary of the time when his tide came in at Margate, it is right to take note of how remarkable have been his achievements in his present office. When he was handed the reins by Lord Attlee, one's apprehension was that as a moderate and sensible Labour leader—who was not also a hero of the trade union movement—he might be going to be a desperately lonely man. Without a faithful bodyguard of like-minded supporters immediately behind him, regarded by the intellectuals as too right wing and by the trade union right wing as too intellectual, it seemed that he could rule Labour's wilder men only by persuasion, and that persuasion might mean conciliation. If one could have foreseen the alarming change in the balance of trade union power that has taken place this year, that apprehension would have been stronger still.

In fact, however, Mr Gaitskell has not only ruled Labour's wilder wing; for the time being he seems to have absorbed it. Although the delegates from the constituency parties remain as militant as ever—and next week may even elevate the tiresome Mr Zilliacus to the National Executive—it is Mr Gaitskell's capacity to influence Labour's left-wingers at Westminster that has proved important; some people are beginning to wonder whether Mr Bevan should not now be called an ex-Bevanite himself. In part, Mr Gaitskell's success has been due to the power of patronage, and in part to the trend of public opinion against the Tories: he has gained upon the swings. But his greatest success has sprung from an essentially personal quality: from his personal ability to make his moderate opinions seem sensible to all manners and unexpected factions of Labour MPs, once he is given the opportunity to present them. He is, quite simply, bidding fair to be the most quietly dominant chairman the Parliamentary Labour Party has ever had.

So far, only the process of policy re-thinking has taken some of the gilt off the unginger-bread. It has been said that a party leader cannot be better than the policies his party puts out. This is unjustified; Mr Gaitskell has proved a better leader than these cruel words imply. But many of Labour's wiser tacticians are beginning to realise that the system of seeking a policy through study groups has been a mistake. Labour policy must spring from the heart, acting upon the most pressing problems of the day; it cannot be processed from a haphazardly-collected and oddly-assorted committee of heads—say, Mr Crossman's, Mrs Castle's and Mr Sam Watson's—acting upon the problems that they think (or say they think) will be most pressing in 1959-60. This may seem a strange conclusion, when Labour has so often been urged to think instead of feel. In fact, however, the real need for Labour has always been to think and feel instead of striking postures; and to ask a Labour committee not to strike postures, when it has a public document to compile, is against the nature of the beast.

Yet even these study group documents should not be taken too tragically. They have avoided the two worst traps. One important trap was that they should not too specifically commit the next Labour Government to certain undesirable lines of action; so far, apart from the recommendation to municipalise all rented housing—which would not, in fact, be administratively capable of fulfilment—the documents have been unspecific in the extreme. The second important trap was that, even if unspecific, they should not set a tone of policy that would be long remembered, and could not then be ignored; fortunately the statements to date have been so turgid that they have been very widely forgotten already. The oratory about them next week does not seem likely to alter that. When the date for the next election is announced, and Labour has to draw up an election manifesto in some hasty fortnight, one suspects

that the national executive will still be able to compose it in accordance with the apparent needs of the hour and without too much reference to what has unwisely been set down on paper before. That, after all, was the fate of some things that were in "Challenge to Britain."

Of course, the pressures upon Mr Gaitskell may still go awry. If Mr Bevan gets the treasurership next week—and, still more, if he does not get it (the odds are discussed in a Note of the Week on page 1030)—some people fear that his strategy may then be to lash out after so many months of continence; it is an important political fact that Mr Bevan is still personally inimical to Mr Gaitskell. The emergence of Mr Cousins and the changed balance of power in the trade union movement may still be a political nuisance. The Suez crisis could still turn out in a way that would be personally disadvantageous for Mr Gaitskell. Above all, pressures for a more extreme policy may still swell up from the rank and file of the party, and Mr Gaitskell may still bow to them. One will be watching out for these next week, though in an initial attitude of some disbelief. At the moment, Blackpool looks like being a place of bright lights and some gaiety; one cannot yet see the rock.

Unforgettable People

MOST of us are refugees from refugees. It is not really true that they are "forgotten people." They are, rather, people about whom we should like to forget. A vague feeling of guilt makes us recoil, in classical Freudian style, from the thought of our homeless and helpless fellows. It is less emotionally disturbing to turn mind and conversation on to Mrs Penomareva's hats or Mr Liberace's clothes, even on to the more serious problems of navigation through Oxford and Suez. Mercifully, a few devoted people refuse to push all thought about refugees to the back of the mind, and instead give of their best to help them. But the mass of mankind grasps at excuses for its inaction. And some of the excuses that come to hand are plausible: "Surely an enormous amount has already been done for these people?"—"But there are so many of them; where can you even begin?"—"What's the good of talking about solving the problem when new refugees keep coming?"

There is enough basis for these arguments to make them worth examining—although there is not enough to justify despair. Since 1945, hundreds of millions of pounds have been given, from public funds and private pockets, to help refugees build themselves new lives, or at least to save them from death. Yet there are more refugees in the world today than there were in 1945; and still they come. War in Palestine and Korea, partition in India and Vietnam, persecution in China and in the Arab world have driven around twenty million people from their homes in Asia. In Europe, the ten million "displaced persons" found in the ruins of Hitler's empire represented only part of the postwar refugee problem. There were, too, the Finns whose homes had been annexed by Russia, Greeks uprooted in the civil war, Spanish republicans who had crossed the Pyrenees before 1939, survivors of East European Jewry whose one thought was to flee from the places where their communities had been butchered—and on top of all these, the twelve million Germans expelled from East Prussia, Silesia, the Sudetenland, and other parts of Eastern Europe. Even if one sets aside those DPs (the great majority) who were returned to their own countries soon after the end of the war in Europe, there is left a total of well over thirty million refugees.

And still they come. So accepted a feature of our age is the refugee that only the more spectacular escapes make news—a Polish airman landing on Bornholm, a Jugoslav braving the Adriatic on a raft, an athlete or dancer from Eastern Europe eluding his team while visiting a western capital, a band of Epirots who fight their way south into Greece, bringing with them the Albanian frontier guards who at first tried to stop them and then decided to come along too. Behind them, almost unnoticed, presses the broader stream: seamen jumping ship, aged Jews at last allowed to leave Balkan countries, Hungarians and Czechs emboldened by the Red Army's withdrawal from Austria to attempt the still dangerous frontier crossing, the Germans fleeing the "Democratic Republic," over 500 of them a day. Nobody (except the political police) knows how many try to escape, are caught and suffer for it, although occasionally a fugitive is shot down in full view of helpless onlookers across the frontier. But it is painfully clear that the stream is not drying up.

So vast and unending a problem is indeed sickening to contemplate. There is all the more need to look again, as unemotionally as possible, at the specific facts behind the dreary procession on the horizon, and to consider where, if anywhere, some new effort can be applied to good effect. And as soon as this is done, it becomes clear that there is one facet of the refugee problem which calls for special attention in Britain and other countries, and is small enough in its proportions for a complete solution to be perfectly practicable.

The plight of nearly all refugees is miserable. They have lost homes and belongings, family and friends. But for some among these millions there is an additional loss: they have lost their country. The German from Silesia, the Hindu from Dacca, the Korean or Vietnamese fleeing from the communist north, the Palestinian Arab in Syria or Jordan, all have at least the advantage of finding themselves among their own fellows. The refugee from Eastern Europe is that much worse off than they. He is in a strange land, his

helplessness increased by inability to understand the language. He does not know the ways of the people who surround him, and, whether they ostracise or discriminate against him or not, he feels unwelcome and alone. Above all, he has forfeited the protection of his government; he has no passport, no inherent legal rights, no particular claim on the attention of anybody.

For these very reasons, he should command the special attention of the international community—not because he is a victim of communism (victims of fascism have fully as good a claim) nor because he is a European; but rather because he has lost his country, and must rely solely on the humane instincts of humanity as a whole. His peculiarly unhappy position has been repeatedly recognised by the United Nations. Although the UN has handled specific emergency relief programmes for Palestinian and Korean refugees, it has maintained the distinction between "national refugees"—uprooted, but remaining within the bounds of national states and under the protection of national governments—and those refugees who find themselves in strange lands, unable or unwilling even to seek aid from a consul. It was with these latter—in the Far East as well as in Europe, Spaniards and Armenians as well as Czechs, Balts and Ukrainians—that the UN High Commissioner for Refugees was directed to concern himself when his office was set up in 1951.

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The first High Commissioner, Dr van Heuven Goedhart, whose sudden death this summer was a very real blow to the cause he championed, was confronted with a notably painful task. Two big temporary UN agencies, Unrra and the International Refugee Organisation, had disposed of the great majority of the DPs of 1945. Unrra had repatriated seven million who were willing to return home; the IRO had resettled in new homelands over a million who were not. The problem no longer loomed large on the face of Europe, and the inevitable happened: large-scale international aid was shut off just at the point when support on a relatively modest scale would have sufficed to finish the job. The High Commissioner was instructed to watch over the interests of those refugees who still lacked the protection of a national government. He found nearly half a million of them in penury; and he was given no fresh funds with which to help them.

For five years Dr Goedhart begged and badgered his way across the world. He and his very small staff had to devote to fund-raising campaigns time and energy which they could ill spare from their other duties. About 160,000 of their charges were resettled overseas through the Intergovernmental Committee for European Migration, the United States "escapee programme," and other public and voluntary agencies. There is hope that perhaps another 100,000 will eventually be admitted to overseas countries. But it has long been clear that for the majority of the High Commissioner's remaining charges the only chance of breaking out of their present wretched existence is to make themselves self-supporting in the countries where they have spent the postwar years—principally, Germany, Austria, Italy and Greece.

Many former DPs have already succeeded in this. For many of those who still live in camps, slums, former barracks or jails, the road to re-establishment as self-respecting citizens has been blocked by obstacles insuperable to the unaided individual but by no means too high for him if he can get a leg-up. Experienced craftsmen have lacked the essential tools of their trade; promising youngsters have had no opportunity to acquire skills; men and women who could earn a fair living in an industrial centre or on a farm have had to stay in camps to tend sick or aged relatives. In all too many cases the gap between misery and a new life has been pitifully small.

The High Commissioner's Office has therefore made it its first concern to help these unfortunates to help themselves. Some of the funds it has scraped together have had to go to help provide the essentials of existence; although, when the IRO was wound up, the governments on whose territory the refugees remained accepted the duty of maintaining them, and although this very meagre public maintenance has been supplemented by voluntary bodies, many refugees still live from hand to mouth in foul surroundings. But wherever possible small sums—usually loans—have been provided to enable a refugee to build a little house or to buy tools, to obtain schooling for a child, to finance a co-operative business or a shop. The results have shown that, even after a decade of demoralising stagnation, many thousands of the refugees are still able and willing to build themselves new lives.

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Theirs, then, is a very special problem. Although a certain proportion of them are debarred by sickness or age from any hope of becoming self-supporting, the majority ask only for a modest amount of help to enable them to make a fresh start. Two years ago the High Commissioner prepared a programme to provide precisely this kind of aid; he estimated that it would cost only £4,300,000, spread over four years. So far, however, appeals to public and private generosity throughout the world have brought money in at not much more than half the necessary rate. If the response does not improve—and quickly—the record of the great effort made in the first postwar years to save the East European refugees will be irreparably tarnished. If we are not humane enough to heed the appeal of these tragic figures out of sheer charity, have we not reason at least to make one more effort to clear our own consciences—an absurdly small effort when seen against what has already been done? To spoil a ship for a ha'p'orth of tar is peculiarly mean when the ship happens to be an ark of refuge.

When is a Liberal not a Liberal?

LIKE the worm, the Liberal party is always said to be turning. Like the atom, it often seems to be splitting. The turning point that most Liberals were thinking of as they gathered at Folkestone for their annual assembly this week was that which they think they see in their fortunes ; much more important, however, is the turning point that not sufficient of them see in their functions. The split that they will immediately be reminded of, and will as immediately want to forget, is that caused by the defections to the Labour party in the past year of Mr Dingle Foot and two appendages ; but the split to which their attention really needs to be directed is a (partly unconscious) one within their own faithful ranks.

This is the split between those Liberals who now realise that the object of keeping their party alive is to help jog the Government—which is now, and is always going to be in the foreseeable future, formed by one of the other two parties—towards certain specific policies with which Liberalism is identified ; and those who still act as if the only object of keeping a Liberal party alive is in order to keep it alive. The second school stands by an unhappy tenet—a tenet which it will sometimes actually publicly proclaim—that the most important thing for the Liberals to do is to keep striving to show that there is a recognisable difference between them and the other two parties ; the first group realises that the most important thing for the Liberals to do is to try to make the other two parties as much like the Liberals as possible. The split is basic, for it is a split between attachment to an ideal and attachment mainly to a concept of self-importance. Quite clearly, the Liberals' future must lie with those attached to an ideal.

It is with this in mind that the Liberals should make their decisions about the main problems before them : about policy, about the role and record of the party in Parliament, and about the role and intentions of the party in the constituencies. About policy, the best advice to them can be summarised in a sentence. The sensible course is for Liberals to concentrate on championing specific measures which the other parties know they should carry out, but do not want to ; the useless course is to champion popular but meaningless policies which the other parties would like to carry out, but cannot. Every Liberal knows in his heart what these popular but meaningless policies are: to cite the clearest examples—the abolition of conscription while maintaining adequate defence, conquering inflation while maintaining overfull employment, establishing the rule of international law by talking like international lawyers, and (worthiest, but emptiest, phrase of all) "humanising industrial relations by giving the workers a feeling of co-partnership."

The constructive policies required from a Liberal pressure group seem to be equally obvious. Looking towards Labour, the most fruitful fields of Liberal pressure now are to keep on publicising and fighting some of the offences against liberty and of the restrictions to production thrown up by modern trade unionism, and to keep on probing some of the problems of economic inefficiency arising from Labour's nationalisations ; official action on these fronts has been inhibited because Labour's two most sacred cows are apprehended by the Conservative Government to be very dangerous bulls from which to keep away. Looking towards the Tories, the Liberals' most useful task is to help fight fear of the inconvenience of change, especially the sort of change occasioned by the removal of distortions. The Tories have shown some courage in facing, or preparing to face, some of these inconveniences—in removing subsidies, preparing to tackle rent control, in their monopolies legislation, and their edging towards freer trade ; but they would benefit from more pressure behind their elbows. If the Liberals concentrated on these specific problems, they could with advantage avoid party involvement in major but less clear cut issues on which they have nothing much to say: and they should try to avoid constantly putting up Mr Clement Davies in order to say it.

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It is with the embarrassing topic of Mr Davies's future that the second main item that should be on the Liberals' agenda—the role of their party in Parliament—inevitably merges. One of the most welcome, though largely unnoticed, features of this Parliament has been the success of the three English and Scottish Liberal members in gradually filling the role that independent MPs used to fill some years ago. Their achievement has been praiseworthy, especially in view of the sketchiness of the organisation behind them ; the Liberal party in the constituencies would do well to follow their example by concentrating much more on what might be called the committee, rather than the second reading, stage of prospective legislation and reforms. By their hard and detailed work on a variety of technical, and especially industrial, matters few members of this parliament have served the country more assiduously than Mr Grimond, Mr Holt and Mr Wade.

But, unfortunately, Mr Davies—and through him, perhaps unfairly, the Welsh half of the Liberal party in the Commons—has been given the reputation of standing outside this line of development. When Mr Davies comes forward to make his speeches (on major occasions only), he too often gives the impression that his main objective is to show that he can be impartially critical of both the other parties, although he seems willing to be flatly opposed to one of them only if he is sure that he will soon be able to fill his ration of being equally flatly opposed to the other. This is not a recipe for giving the Liberal party a practical reformist's name. It may well be the inevitable consequence of his leadership of a party that still strives to be too much of a party and too little of a pressure group ; probably the fault lies much more in his star than in himself. But the conclusion prevalent among most non-Liberals at Westminster—that Mr Davies, after years of most devoted service, would perform a further service now by handing over the leadership to Mr Grimond—is too widely spread for any honest commentator to ignore it, however ungrateful such a conclusion may seem.

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There remains the problem of the Liberal party in the constituencies. This at once raises the emotional question: how many election candidacies ? Here again the realistic answer seems obvious. The right decision is to have sufficient candidacies to keep the local constituency parties alive ; in an imperfect world, they will not be kept alive unless sufficient of them are allowed to enjoy the fun of engaging in elections every five years. The wrong decision is to try to keep constituency parties alive merely in order to run candidates at elections. Although the Liberals have made a hearteningly better showing in by-elections in the last year, they need to be frankly warned against a flame of optimism. There is no evidence that the party would win a single additional seat if a general election were held tomorrow (indeed, if the Tories yielded to the growing temptation of putting up candidates at Montgomery and Huddersfield West, it might have two net losses). There is still force in the cruel crack that the Liberals' decision to adopt a medical hypnotist as their prospective Parliamentary candidate at Chelsea represents their most hopeful throw yet in the face of a mass television election. But the Liberals' task now is to make such cracks unworthy ; and this brings them back to where this article started, to confront their party's basic dilemma.

Is Liberalism to be regarded as a gleam in the eye of old men who remember battles long ago, and of young ones who have sometimes (let us face it) come into the party largely because they like playing politics and feel that they would not be sufficiently important in either of the larger parties' organisations ? Or is it (this is its real appeal to its most effective new members) a doctrine to be impelled on non-Liberal governments by a pressure group, which can legitimately sharpen itself by playing a part—every five years, and in about one-fifth of the available constituencies—in electoral politics, but which is mainly characterised by hard and specific attachment to two major principles: those of defending individual liberty against bureaucratic organisations, and of opposing "protective" economic distortions ? That is the real split among the Liberals ; understanding of it could provide their real turning point. Every delegate at Folkestone, from the leader of the party downwards, has to indulge in some honest self-criticism to find out on which side of the turning he stands.

Notes of the Week

Battle of Llandudno?

ON the surface, it would seem that not since Baldwin's early years has the Tory party been so at odds with its leaders. For this year's annual Conservative conference at Llandudno on October 11th-13th there is a record number of 394 resolutions, and the vast majority are either downright critical or at best leaven their praise of Government policy with urgent pleas for new, or different, action. Mr Oliver Poole, the party chairman, has taken pride in "a particularly genuine attempt" to give time for criticisms to be debated, but faced with such an agenda it would have needed some remarkable gerrymandering to keep the critics out.

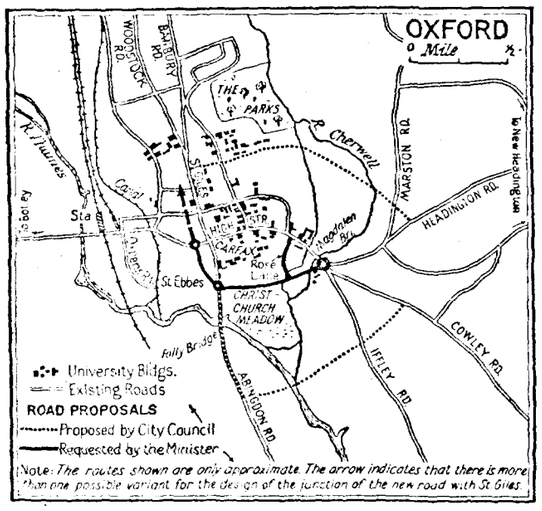
Nevertheless, there does seem to have been, if not gerrymandering, at least some of the usual tactful arrangement ; and the "starred" motions (i.e. those chosen for debate) deserve close study to see how many of Llandudno's promised rows are really likely to explode. The party leaders seem to be running their biggest risks on the first day. The morning session will open with a debate on Suez, on which a revolt from the floor is still possible ; then—a dangerous piece of timing—the afternoon session will open with a motion that roundly condemns "the Government's apparent inability to reverse trends resulting from Socialist maladministration," a motion which Mr Butler, who is to speak for the platform, will clearly have to oppose. In arranging the programme for the second day, however, the party managers have been much more circumspect. From the 59 resolutions on economic policy (mostly calling for amelioration of the living conditions of the middle class) and the 31 demands for lower taxation, the organisers have picked two chummy exhortations which the platform should be able, with kind words about good intentions, modestly to accept. On one or two other subjects—notably on farming and industrial relations—the

cratic leadership (which could well be thoroughly collective) by "elective, controlled and responsible leadership subject to recall." Here are ideas that seem to be full of dynamite. Elsewhere, however, Mr Hochfeld has expressed his view that the Sejm is no longer a body in which the workers' representatives fight against other parties; it is "as a whole, an emanation of the National Front in which the Workers' Party provides the guidance." This is much less exciting. Mr Hochfeld's ideas, in fact, hardly seem to question the supremacy of the party, although they do threaten the autocratic tyranny of the party bureaucracy and of individual party bosses.

Clearly, a good deal will depend on the new electoral law that a special commission is now drafting. Will it make it possible to bring into the Sejm enough deputies who are not communist-controlled to influence its debates? Poland, unlike some other satellites, has nominally retained two other parties, beside the Communist party. Even so, it is highly improbable that the regime would willingly allow an alternative government to develop within the walls of parliament.

Town, Gown and Mr Sandys

DESPITE the inevitable heartburning, Mr Sandys's directive about Oxford's roads should be accepted without further argument about the main issue; it is high time this long controversy was settled. The Minister has avoided the chief danger: the danger of searching for a compromise



that would merely diminish Oxford's attractions without providing any relief to its traffic problem. At the cost of one drastic blow to those attractions (and, it should not be forgotten, at the cost of specific harm to St Hilda's and Magdalen College School), Mr Sandys's solution seeks to give the maximum relief to the congestion in the centre of Oxford by the closing of Magdalen Bridge to motor traffic. Once it was apparent that the widely canvassed proposal for "intermediate relief roads," so far away from the centre that none of the city's amenities would be affected, was unacceptable, the issue boiled down to whether the Parks or Christ Church Meadow should be sacrificed to provide the alternative road to the High. And since Congregation itself had narrowly voted in favour of the Meadow if an inner relief road had to come, the Minister was left with a choice between the north and south sides of the Meadow. Once his choice had thus been narrowed, he was right to choose the north side, thereby reviving—though with variations—Dr Sharp's plan for a Merton Mall, which both preserves as much as possible of the Meadow's amenities and provides the most convenient alternative for traffic formerly using the High.

Three provisos should be entered, while one accepts the main plan. First, since passions are no longer involved once St Aldate's is crossed and condemned St Ebbes is entered, there is a strong case for reconsidering the later reaches of "Sandys Avenue." Instead of turning up a widened New Inn Hall Street parallel to the Cornmarket, the new road might well be extended to the broad Oxpens Road. This would provide an easier approach to the stations, and if coupled with the building of a new shopping centre in that area, would materially assist Mr Sandys's aim of removing congestion (including that caused by pedestrians and prams) from the centre of the city.

Secondly, since Mr Sandys's decision will be justified only if it does succeed in providing "peace and dignity in the heart of the University," the question arises whether this one relief road is enough: the city council will probably suggest that a link between Marston Road and north Oxford, emerging north of the Parks, should be built at the same time. Thirdly, it is going to be very important to ensure that the extension of Rose Lane from the High to the new road, for the convenience of local traffic, can in fact be "designed in such a way as not to attract through-going traffic."

Earning Merdeka

MR LIM YEW HOCK, Chief Minister of Singapore, has won another round. A fortnight ago he won a unanimous vote of confidence in the Assembly on his policy of approaching the Colonial Office next year with a demand for independence. He has now put to the proof his policy of "earning merdeka" before asking for it. His predecessor, Mr Marshall, wanted independence on the ground that without it he could not hope to ensure that a democratic Singapore could survive against the assaults of communism. Mr Lim is determined to show that with the increased power wrested by Mr Marshall from the Colonial Office he can demonstrate the ability of Singapore's existing democracy to root out communism. He has now expelled five alien Chinese well known to be communist organisers, cancelled the licence originally granted to the Chinese Middle Schools Union, which has long proved to be a kind of communist-dominated over-age schoolboys' union, and proscribed two innocuously-named communist-front organisations, the Singapore Women's Federation and the Chinese Gong Musical Party. Just as there is nothing picturesque about the last named, so there is nothing moderate about the Middle Schools Union or the Middle

Road group of industrial unions, based on a union whose general secretary is now to be deported.

Mr Lim's action promptly brought Mr Lee Kuan Yew, leader of the People's Action Party, and a large delegation to his door. Whereupon Mr Lim not only invited them in, but the press too, and thus obtained excellent publicity for his cutting denunciation of the trouble-makers, his grim promise to put down disorder "ruthlessly," and his own policy for upholding democracy by putting down communist intimidation. This resolution to govern the colony has brought him an undertaking from the Liberal Socialists, who hold the balance in the Assembly, to back him when his actions are debated in ten days' time. Mr Lee Kuan Yew has once again been worsted; but as his position as a figurehead becomes clearer, so does the strength of the organisation behind him. Mr Lim has only begun his fight; but he has shown how ready many Singapore Chinese are to find and to follow a leader who tries to free their lives from communist physical and moral "squeeze."

A Bullet in the Ballet

ON Thursday there were three developments in the affair of the Bolshoi Ballet. The Foreign Office announced that it had informed Moscow, on the previous day, that the Government could not interfere in the legal proceedings against Mrs Ponomareva. The Bolshsoi company asked for their British visas; and the Soviet Ministry of Culture promised that "by tomorrow morning everything will be clear." Some points might well have been made clear earlier. Once a warrant is out for the arrest of a person who has failed to answer his or her bail, however minor the offence in the charge, nothing can be done to quash it. The Government, however much reasons of state seem to justify interference, is powerless, and rightly; the law itself is irreversible. The police are apparently also quite unable to relax their watch for the bail-breaker.

That is why Mrs Ponomareva has had to remain extra-territorially encapsulated in the Russian Embassy, and Covent Garden has faced a possible loss of £40,000 owing to the Bolshoi Ballet's threat not to visit London. What was not quite clear, however, was whether this threat was simply intended as a reprisal or in fear that a ballerina would be had up in the same way (though any English store detective who hears Russian being spoken is henceforth likely to find urgent business in another department).

It might, however be worth the Soviet government's while to examine its own logic in the matter. As a reprisal was it not going rather far? Does it not set a precedent which might preclude any Russian entertainers or athletes visiting Britain, and which stultifies obvious Russian interests in showing their prowess here? Has it not so overdone matters as to weaken British sympathy for the Russian position in the matter—and the British, while they think the Russians have made an incomprehensible fuss, are also wishing their own revered law was not, on occasion, such an ass. Does it not suggest that what the Russians want for all their visiting celebrities, if not for all their visitors, is diplomatic immunity? If so, is this not a demand for *Herrenvolk* treatment—or a confession that Russians are liable to land themselves in court in their own country occasionally but that this is too shameful a state secret to be revealed?

Crust or Crumb?

FROM next Monday, "national" flour is no longer subsidised, nor are millers any longer obliged to produce it. In considering the problems thus raised, the bakery trade was right to reject, at a conference last week, the idea of a national price for bread. The plant bakeries are proposing that their 1½ lb loaf should sell at 10d. in or near the ports where flour is landed, and 10½d. elsewhere—with a 1d. extra for sliced and wrapped bread. In *The Economist* of September 8th it was suggested that 10½d. would be a reasonable competitive charge if the price of flour remained unchanged. Since then, however, national flour has been reduced in price by 3s. a sack, and the large bakeries have very properly trimmed their basic price to 10d.

This price is going to provide some uncomfortable competition for the small bakers. Their national association has recommended 11d. as their minimum for the 1½ lb loaf, and in parts of the country where the plant bakeries do not deliver, the new price may be more than 11d. But it is not a straight case of bakers in the country putting up their prices while those in the towns are forced down to the plant bakeries' 10d.; the London master bakers recommend 11d., and those in East Anglia 10d. It looks as if the trade would do well to study East Anglia's methods. But if the small bakers are going to have any success in selling at 11d. or more (with perhaps another halfpenny, too, for delivery), they must concentrate on their declared aim of producing a better loaf for the extra money. What is more, they must convince the public that it is better.

It cannot be said that they have made much effort to do this so far. They have had five months' warning of decontrol, five months in which to extol crusty loaves, to point out, perhaps, how they strengthen the teeth and curl the hair, and how delicious they are when served hot and crisp. Instead, their approach to the public has had a note of self-pity, with its tales of family bakers going out of business and its underlying assumption that the nation owes them a living even if it prefers cheaper, if more woolly, bread to their own "craftsmen's loaves." Nor was it a good idea, in statements on the wireless and in the press, to emphasise that, with the end of control, the small baker will try to increase his profit margin—justifiable as such an increase may in most cases be. The trade has something to learn about public relations; they are an essential part of the competition in which, to the public benefit, bakers should now be engaged.

Return of Seretse

THE Government's decision to permit Seretse Khama to return to Bechuanaland is welcome. The way was opened by his agreement to follow his uncle Tshekedi's example and to renounce the chieftainship of the Bamangwato tribe for himself and his children. This is a step which he has, in fact, been willing to make for some time, but he wished to make it in Bechuanaland, not here; his concession on this procedural matter, and the alliance which he struck with his uncle during the latter's visit this summer,

has enabled the Commonwealth Relations Office to withdraw its previous conditions for his return as a private person—that the tribe should have already elected a chief. This the tribe has firmly refused to do, and it is unlikely to do so now.

The Government has undertaken to set up an advisory council to help the existing native authority, Rasebolai Kgamane, who was appointed in the absence of a chief by the British High Commissioner for the territories; since both Seretse and Tshekedi will be free to serve on this council, it needs no great perspicacity to predict that to a considerable extent they will, before long, jointly run Bamangwato affairs. This is all to the good on two provisos. One is that they do, in fact, work jointly instead of trying to stab each other in the back; the other is that development is in the direction of some form of constitutional government. Seretse's decision is perhaps another indication to add to others that have been seen recently in East and West Africa that the institution of chieftainship is of declining significance in Africa.

The decision may evoke angry criticism in South Africa, where what matters is that Seretse has a white wife. But it shows that the British Government is prepared to come to decisions of its own about the High Commission territories—though the Labour party will take some credit for having jostled it this way. Last August Labour announced that if it came to power it would lift the ban on Seretse in any event.

Turnover in Trinidad

THE massive figure of Mr Albert Gomes has so dominated the political landscape in Trinidad that his sudden disappearance seems almost against nature. But his defeat, with his entire party, at the elections for a new and enlarged legislature is a familiar colonial phenomenon: a desire for change in colonial elections often exaggerates the swing of the pendulum when a large number of newly enfranchised voters comes to the poll. Mr Gomes stood, on the whole, for stability and businesslike administration; in the eyes of Trinidadians he was, if anything, rather too close to business interests. They therefore turned leftwards; and leftwards meant towards Dr Eric Williams and his People's National Movement. This is a new, but responsibly-officered, party (Dr Williams himself is an Oxford graduate, and one of his MPs is a figure well-known to Englishmen, Mr Leary Constantine); its general philosophy corresponds with that of Mr Norman Manley in Jamaica. Trinidad, with its oilfields, is by far the most prosperous island in the British West Indies. The People's National Movement, which won 13 out of 24 elected seats (there are also 12 nominated and ex-officio members in the legislature) may be expected to consider how far this justifies larger social benefits for its citizens, but the oilmen probably need not be too scared.

The most hopeful aspect of Dr Williams's victory is that his People's National Movement is a federal-minded party. It is linked, albeit perhaps still only loosely, with Mr Gramley Adams's party in Barbados and with Mr Manley's supporters in Jamaica. There is thus a real prospect that, when the time for a federal election arrives, a single federal party, which may be described as a Labour party, will present a federal programme. If so, this will be much to the good. Mr Gomes made a sizeable personal contribution to federation; but it was not easy to see how he would work in harness with Mr Manley, who is obviously a coming federal leader. By putting Dr Williams in power Trinidad seems to have resisted the island's temptations to indulge in sectionalism. Although this may mean some controversial left wing measures, it should also ensure a more rapid advance towards the Caribbean Dominion.

Guarding Italian Democracy

IN Rome, anxiety over Suez and speculation about the manœuvres of the two Italian socialist parties have been temporarily overshadowed by a flurry over the activities of the new *Corte Costituzionale*. Provision for this court was written into the postwar constitution, but not until last December, nearly eight years after the new constitution came into force, were the political difficulties involved in the election of its members finally overcome. Since its first meeting last April, however, the court has shown that it means to take seriously its job as the supreme guardian of Italy's democratic constitution.

It has already issued a number of important judgments invalidating laws left over from the fascist regime, including some that give the police various arbitrary powers; for instance, over individual freedom of movement. The court's decisions, however, have aroused strong criticism, not only from the extreme right but also, apparently, from within the government. More important, the president of the court, Senator De Nicola, has apparently been driven to the conclusion that its decisions were not always being respected. For these reasons the senator, who is one of the most honoured public figures in Italy and was Head of State from 1946 to 1948, last week threatened to resign as president.

In Italy those who are in favour of retaining the arbitrary powers of Mussolini's police can plausibly argue that strong weapons may possibly be needed against the communists. But to allow relics of the fascist regime to remain on the statute book accords ill with the practices of a democracy. The court was set up to make sure that Italy's laws conformed with its democratic constitution, and it is clearly essential that its authority should be firmly established at the outset of its career. Senator De Nicola has done his best to ensure this. Fortunately, he has now allowed himself to be persuaded to withdraw his resignation, and it is not likely that he would have done so without satisfactory assurances from the government about the future of the court.

Setback for Bolivia

BY the usual standards of the Andean republics, last week's riots in Bolivia were on a modest scale; three policemen were killed, three seriously injured and the government newspaper offices and radio station were burnt

down. By Saturday night everything was under control. The president proclaimed a state of siege and thirty members of the opposition Socialist Falange party took refuge in foreign embassies. Nevertheless, the outbreak has shown that the ruling party, the National Revolutionary Movement (MNR), has failed to induce the opposition to confine itself to parliamentary methods of protest, and that economic progress is in danger of being sacrificed to a bitter political struggle.

The MNR, now headed by President Hernan Siles Zuazo, came to power in 1952 after a popular revolution. It has concentrated on securing the support of the tin miners and peasants by a programme of nationalisation and land reform, and it commands little middle-class support. In August, after winning a decisive electoral victory, it risked granting an amnesty to anyone exiled since the 1952 revolution. Many exiles returned, and it is these whom the government now accuses of fomenting last week's outbreak.

Yet the average townsman had plenty of reason for discontent without any prodding by politicians. The cost of living rose 44 per cent in two months at the beginning of this year; food, in spite of generous American aid, is still very short and there are acute foreign exchange difficulties. The right-wing opposition blames the government's economic policy for this situation. Bolivia is a land of considerable possibilities. A British official report has argued that it could become self-sufficient in food supplies in three to five years, and that its timber as well as its minerals is a great potential source of wealth. But if last week's upheaval was the beginning of a drift back into the political instability for which the country was notorious before 1952, a drift which would extinguish hopes of carrying out long-term economic and social reforms, Bolivia may never climb out of its present poverty.

Battle for a Library

AMONG the old houses of the Ile St. Louis in Paris none is of greater historic interest than the former mansion of the Czartoryski family, which is now the subject of bitter dispute between the Warsaw government and the Polish emigration in Western Europe. Since 1838 it has housed the famous Bibliothèque Polonaise, founded by the poet Mickiewicz and his friends in exile after the failure of the Polish rising of 1830. It was intended to be, and became, a great storehouse of Polish literature and historical documents out of reach of the powers which had partitioned Poland. For many years it was legally owned by the Polish Historical and Literary Society formed by exiles in Paris, but in 1893 ownership was transferred to the Cracow Academy of Arts and Sciences, which had received guarantees of autonomy as a learned body from the Austrian authorities. In 1940 the library was occupied and wrecked by the Germans, but the most valuable of its contents had already been hidden and more were recovered from Germany after the war. Since then the restored library has again been administered by the Historical and Literary Society, but it has now been claimed by the reconstituted Cracow Academy. The case has gone to the French courts, and the first round has been won by the Academy. An appeal is pending.

If the legal finding is finally in favour of the Cracow Academy, an old centre of Polish culture will become yet another agency of communist propaganda in Western Europe; and in view of the falsifications of history which have been made official doctrine in Poland, it is only too likely that many documents will disappear. But the collection is a concern not only of Poles; it is also a resort of scholars of all countries concerned with the history of Poland, and it is a historic monument of the city of Paris. The best solution might be for the French government to nationalise the library, keeping it open and available without discrimination to scholars of all nations and all parties. No communist state is in a position to object to a government nationalising a piece of property in its own capital.

Quarrel on Olympus

A FLAMING row is now in progress over the television and newsreel rights in the Olympic Games. The arrangement for these in previous years—admittedly with certain variations—has been that the television and news companies have pooled their resources to film the entire games, each contributor taking from the pool what he wanted to use in news reports. Those using more than a

Forever Congresses

From the fourth century to the sixteenth, councils and synods continually met, and laboured to establish and preserve one faith throughout Christendom. While kings waged war, nobles rode out in feud or to foray, while traders were also plunderers and conquerors, and there was general strife, these councils and synods kept Christendom united, and formed a kind of public tribunal which all the combatants acknowledged and partly obeyed. It is not without reason, therefore, that M. Guizot ascribes to their predominance over the warring classes in the early ages of Christianity the promotion of peaceful communication and the advance of civilisation. What synods and councils then were, congresses and associations are in our time. They meet at Brussels, at Bristol, at Berlin and Glasgow, at Albany and Cheltenham, etc., etc., to gather and spread abroad knowledge, or find means to promote the welfare of all. They enlighten governments and people—help to remove the restrictions of the former and lessen the vices of the latter. Their object—and none can be higher or more noble—is to investigate the natural laws, moral and physical, which all men must follow in small things and in great—in rivetting a piece of iron or in constructing codes of laws—to achieve welfare. Though unfortunately for ourselves we dissent from the pursuits of some of these modern councils, believing that they have adopted old prejudices without investigation, and, like their predecessors, act before they know, there are others, such as the Congress at Brussels, to promote the removal of all obstacles to the commerce of foreign countries and the associations for the promotion of knowledge, whether they meet at Albany, or Cheltenham, or Glasgow, on which we cannot bestow too much honour.

The Economist

September 27, 1856

certain fixed amount (last time it was nine minutes per day) paid the games committee for the excess: the committee received a free copy of the entire film, and rights to distribute it in countries not covered by the companies in the pool. The committee now wants to organise the principal filming of the games itself, and to hand out at cost price to the companies three minutes of film a day. It is not clear whether the companies would have the right to choose the bits they might happen to prefer. The companies have threatened a boycott in protest at these arrangements. The fundamental difference between the two sides is that the games committee regards any film of the Olympics as entertainment over which it has sovereign rights ; the news companies say that television is now one of the most important media for bringing news into the home—and that for the committee to demand such tight control over the news they can circulate is to threaten freedom of the press and the whole doctrine of editorial responsibility. No doubt both sides have reasons which lie nearer their wallets than their hearts, but both support their arguments with high moral principles.

★

Those principles can be left aside. There are two practical issues here. First, the public would be likely to get a better service if the news companies—who, after all, have the accumulated experience and know-how—were allowed to organise their own coverage of the games. The precedents of the 1948 London games, when the committee sold the rights for a full-length film to one company but allowed a newsreel pool to operate as well (under better conditions than are apparently envisaged at Melbourne), and of the 1936 games, when Hitler gave some of the rights to his girl friend, are neither directly relevant nor particularly satisfactory.

Secondly, the Melbourne games committee seems to be fortified in its determination to stand firm by an honest belief that a boycott by the television companies, by leaving a more open market for its film, might enable it to make larger profits for amateur sport. This belief is Luddite nonsense. If there is not adequate coverage of the events by television, amateur sport all over the world is going to lose a lot of money that it would otherwise have got ; odd Olympic sports like weight-lifting, which at the moment attract hardly any supporters at all, had relied on this publicity to bring in new enthusiasts in future years. Partly because the people in Australia, which has not got television, do not understand what television is, the Olympics committee seems to be in danger of making an Olympian ass of itself.

More About the Garbett Case

THE case of Lady Garbett, evicted from her Sussex farm because of inefficient farming, continues to attract much stupid criticism. The farm is still Lady Garbett's property, and the Ministry of Agriculture is being attacked for its intention to repair it at the owner's expense. In fact the Ministry and the local agricultural committee seem to be remarkably patient. Lady Garbett has so far declined either to sell the farm or to let it to an approved tenant. In these circumstances, what are the authorities to do but put the farm in decent order ? Why else did they take it over?

In the Garbett case, heart-burning about individual liberty and bureaucratic interference has inhibited proper discussion of the principle at stake. This is whether the state, under safeguards and as a last resort, should possess the right to oust an inefficient farmer. The principle was accepted after the war by all the main agricultural organisations. It can be justified on two fairly respectable grounds. One is that the state ought to possess some sanction against inefficiency in the farming which it subsidises ; the other is that Britain is too small and crowded for any flagrant misuse of land to be tolerable.

Clearly these arguments no longer seem as strong as they once did. But both still carry weight—particularly the "scarce land" argument which looks beyond the present situation (when agricultural land is not particularly precious) to the future (when it may become so). Yet theory and experience alike suggest that, in a democratic country, physical sanctions are far inferior to economic pressure as a way of combating inefficiency. That being so, the state's coercive powers over farmers had better be scrapped, at least until some clearer need for their existence arises. But the worst way to go about this change is to hurl brickbats at a Government department which is merely applying a once-agreed principle in the most lenient manner.

Interplanetary Good Manners

THE International Astronautical Congress in Rome has found its more technical proceedings somewhat hampered by security requirements. The relation between space-travel research and guided-missile research is too close, and the potential strategic importance of artificial satellites too obvious, for a quite uninhibited exchange of information. One of the questions discussed, however, unmistakably transcended all national rivalries and anxieties ; it also tickles the fancy. Supposing—a large supposition—that any "sapient life," as distinct from lichens and other low organisms, exists either on the solar planets or in other systems which may one day become accessible to explorers, a new and difficult ethical and political problem will arise. No earth-ship, said one delegate, should land on an inhabited planet without an invitation. There must be no ambition to conquer ; no projection into space of "the bleak and devastating crimes of mankind."

These are exemplary sentiments, and if they had inspired the policy of merely terrestrial explorers and colonists in past centuries history would present a less deplorable record. But the problems in the way of securing the needful invitation look forbiddingly difficult. Communications is one of them ; even the most remarkable linguistic gifts can hardly achieve a tricky diplomatic *démarche* before their possessor has had a chance to apply them to any process of learning. The rule laid down in Rome for interplanetary good manners is in fact all too like the well-known instruction to would-be swimmers: "Hang your clothes on the hickory limb, but don't go near the water." Luckily the problem, however baffling, was agreed to be something less than immediate ; the space experts turned to talking about next year's football-size satellites, and thereby came down to earth.

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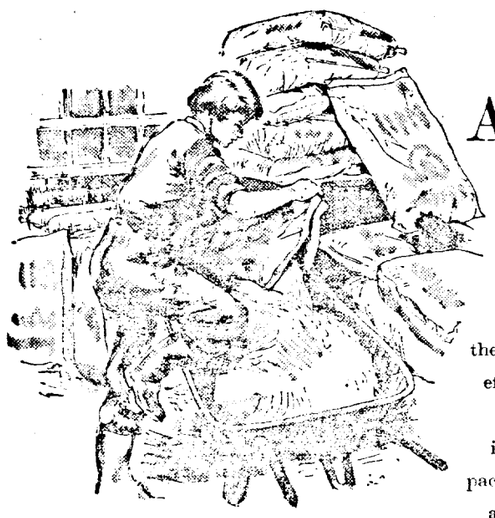
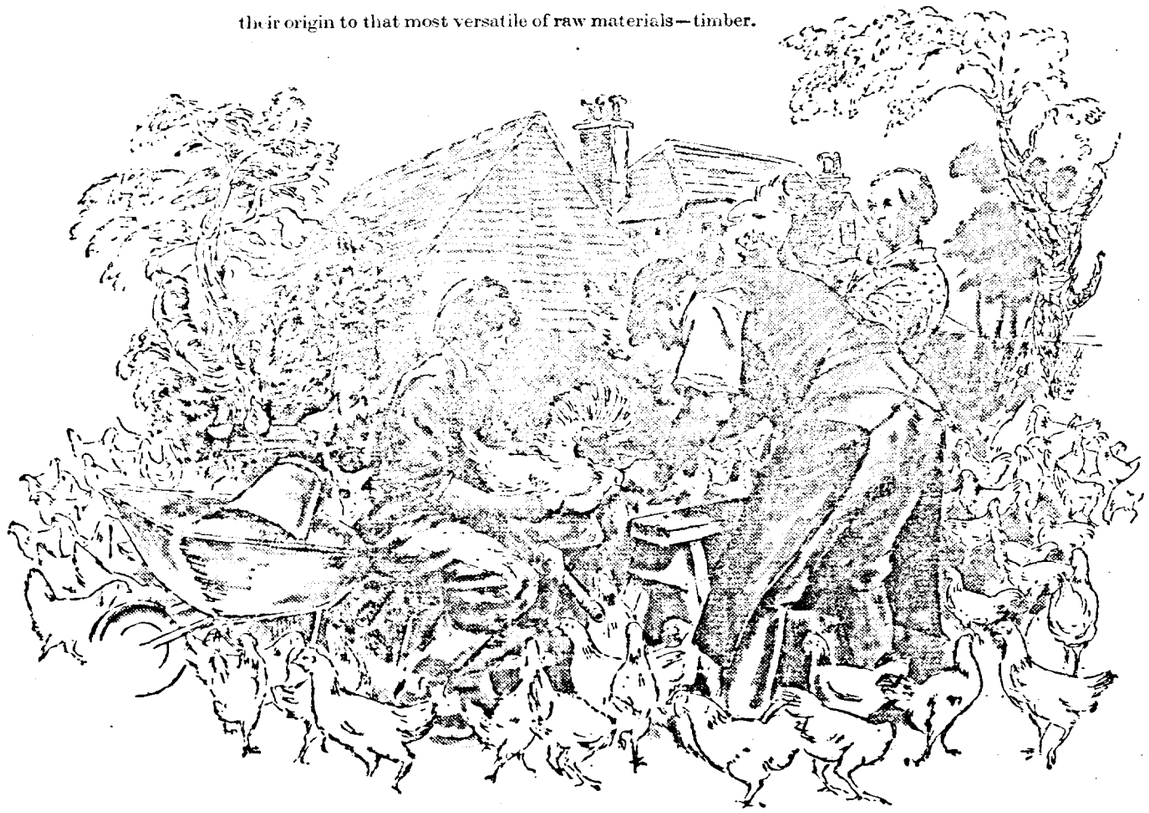


Australorp, Rhode Island, Leghorn, Sussex; there is hardly a part of the world that has not contributed something to the vocabulary of poultry raising. And farmer tending chickens is a traditional scene as valid for Kent as for Carolina or the Cape. In recent times, however, the scene has changed in one small, but important, particular. The meal now comes to the farm in paper sacks—multiwall sacks, strong, of several thicknesses—that bring the feed clean and then go for burning. Quietly, these paper sacks have effected a revolution in the hygienic carriage of all kinds of materials, from poultry meal to chemical powders. And this revolution is by no means confined to farming. Manufacturers now use Bowater packaging for all manner of goods. Shop windows, shelves and counters are gayer, neater, cleaner—thanks to protective Bowater wrappings.

The tree from the far-off Bowater forest is much more today than just a provider of newsprint. Your cleansing tissues, madam; your hardboard, sir; all owe their origin to that most versatile of raw materials—timber.



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Letters to the Editor

Other Eden?

SIR—You say that the main thing to be said for Sir Anthony Eden's policy is that he has frightened and forced the Americans into doing for us something they might not otherwise have done. But before chalking this up to his credit, should you not ask a question? Is this a statesmanlike way of behaving towards a vital ally? If, as I submit, it is the reverse, then your main argument in support of the Prime Minister becomes a capital charge against him.—Yours faithfully, PETER CALVOCRESSI
Frankfurt-am-Main

How They Came Together

SIR—Your report last week of the Suez debate unwittingly gives a false impression. You say "arrangements seem to have been made that as many 'moderate' Tory MPs as possible should get a chance to speak." That implies that the government exercises power over Mr Speaker as to whom he shall call, and thereby controls our debates. Although this is quite untrue, it could leave unfortunate impressions abroad, especially in the Communist countries.

Early Thursday morning I was told that 43 members wanted to speak. Backbenchers' time was limited to four hours, and it was obvious that less than half of these would "get in." Mr Speaker, who is a servant of the whole House and not a government stooge, at his absolute discretion tries to see that all shades of opinion get a fair hearing. I do not believe any government could make arrangements for a debate to take the course it desires. If this were not so the House would cease to be a free Parliament.

The real explanation is that most Tory MPs are keen supporters of the United Nations and this emerged from the debate. It may be that your misunderstanding arose from your assumption that the Suez group represents the majority of Tory MPs, which is far from the truth.—Yours faithfully,
House of Commons CYRIL OSBORNE

Economics at Sheffield

SIR—It was kind of you to notice our business at Sheffield in your issue of September 8th, though I was disturbed to learn that we had failed to satisfy your requirements. Readers of papers before Section F (Economic Science and Statistics) of the British Association are acutely aware of the congregation whom they are addressing. This applies particularly to the president of that section. Should we direct our remarks to the faithful few who attend, the larger number who may read the gist of our proceedings in *The Economist* and elsewhere, or one's colleagues, supposing the paper appears subsequently in a learned journal? A "keynote speech" presumably should be read and understood by the country at large. The chance of reaching so wide a public depends upon the perception of the reporters who may be attracted to our meetings and upon the editors of the national press who have to find space for extracts from our discussions. Whether in 1956, a speech on the consequences, or some of them, of competition as an instrument of policy in an industry producing 15 per cent of the gross national output strikes such a note is a matter of opinion. Personally I think it does and I am sorry not to have your support.—Yours faithfully, GILBERT WALKER
Birmingham

President Tubman's Tour

SIR—It is a pity, before making allegations such as are contained in your issue of September 22, that you do not ascertain the facts.

You accuse "an extraordinarily languid British Embassy" of the responsibility, *inter alia*, for not arranging with the Foreign Office for a special representative to attend President Tubman's Inauguration this year.

Nothing could be further from the truth. I have been Her Majesty's Ambassador in Liberia for the past four years, and it was through no fault of mine that I was the Queen's only representative at the Inauguration Ceremonies. On the contrary, in spite of all my efforts no special representative was forthcoming.

Your article contains other innuendoes and implications which convey an impression far from the truth.—Yours faithfully, C. F. CAPPER
Army and Navy Club, S.W.1.

Time Out for Defence

SIR—In your August 11th issue of *The Economist* you discuss the doctrine of "defence essentiality" as it has been applied to the American watch manufacturing industry. In the course of the discussion you make the following statement: "One of the most conspicuous developments has been the increase in 'upjewelling' or remanufacture of watches after they have been imported—a loophole which the American Treasury has been trying unsuccessfully to persuade Congress to close." I am afraid that you have allowed yourself to be persuaded of the validity of some of the arguments advanced by the American watch manufacturers for legislative action designed to fortify their already almost complete monopoly in the high-jewelled watch field.

In the first place, it is not true to say that upjewelling is a "conspicuous development." It has been going on for many decades and has been upheld by the courts as far back as 1933. Furthermore, the remanufacture of watch movements after they have cleared Customs, in order to increase the jewel count, is no different in practice from the remanufacturing of thousands of other items imported into the United States. Indeed, the encouragement of the use of American labour to further fabricate imported articles has always been, as I am sure you know, a fundamental tenet of US tariff policy.

In the second place, as to your statement that there has been an "increase in upjewelling," I would like to quote from the recent report, to which you referred in your editorial, of the US Tariff Commission:

> No official statistics are available on the extent of upjewelling in the United States, but the proportion of imported movements that are upjewelled is very small.

This has also been the opinion of the American Watch Association for some time.

Your editorial writer, following the lead of official statements of the US Treasury, has used the word "loophole." This word means, in my opinion, something which was not visualised when the original action was taken. It is very difficult to see how the practice of upjewelling can be so defined, since the Congress thoroughly understood that upjewelling had been going on and would continue to go on when it passed the original law in 1930. There has never been any question legally about it, as I have previously pointed out. You may be interested in the fact that the Treasury is no longer referring to this practice as a "loophole," but rather has adopted the phrase, "a recently developed deficiency in the provisions of the Tariff Act of 1930 relating to watch movements." This currently used phrase, however, is subject to the same criticism as the word "loophole."—Yours faithfully,
SAMUEL W. ANDERSON
American Watch Association, Inc.,
Washington, D.C.

Independence for Ghana

SIR—I have an irrepressible suspicion that the "conventional majority required for changing a written constitution" to which you alluded with reference to the Gold Coast is that operative under a Bi-cameral Legislature—one of the pivotal points on which the Opposition are "intransigent."

Those constitutional theoreticians who invented this conventional majority would have laboured in vain if they had meant it to be used so decisively even under a Uni-cameral Legislature such as we have in the Gold Coast.—Yours faithfully, THEO. BRODIE-METHOS
London, S.E.27

Books & Publications

Lessons from Byzantium

HISTORY OF THE BYZANTINE STATE.

By George Ostrogorsky. Translated by Joan Hussey.

Basil Blackwell. 575 pages. £4 4s.

THE vitality of Byzantine studies is one of the most conspicuous features of the present historical landscape. A glance at the comprehensive bibliography of this volume gives an immediate and impressive idea of the number of countries in which work of major importance is being done. Professor Ostrogorsky is by birth a Russian; he received his historical training in Germany and is at present professor of history in Belgrade. In his own person, therefore, he well illustrates the unusual extent to which this field of study transcends national frontiers, and the biographies of other distinguished scholars in the subject would reveal the same characteristic.

From the reader's point of view, perhaps the most significant fact about the author's background is his German historical training. Technically this book is a product of the critical and massively learned school of history built up in Germany in the course of the last century. It is entirely appropriate that it should first (in 1940) have appeared in German as a volume in the well-known *Handbuch der Altertumswissenschaft*. Although it can be read straight through as a history of the Byzantine state from 324 to 1453, its true value can only be appreciated if it is used as a guide, indicating the main outlines of the subject, suggesting lines of further inquiry, and providing the essential bibliographical references for such inquiries. For this purpose it is beyond question the best book covering the whole subject at present in existence. It is a masterpiece of exact and concise scholarship.

The word "State" in the title is used designedly to indicate the main emphasis throughout the work. It is planned as one of five volumes on Byzantine civilisation in the series to which it originally belongs. Professor Ostrogorsky's task is to describe Byzantine organisation as a going concern. Without confining himself within the limits of a constitutional or administrative history but following the fortunes of the Empire as they unfold, he constantly returns to its internal condition for an explanation of external events. Thus, for example, although, as everybody must, he looks on the battle of Mantzikert in 1071 as a fatal turning point in Byzantine affairs, he regards it as a symptom rather than a cause of decline:

> The Empire was internally played out: the system wherein its strength had lain during the previous centuries had broken down, and, for precisely this reason, the real source of its strength—Asia Minor—had been abandoned almost without a blow.

The nature and causes of this internal collapse are matters on which more light is urgently needed. The whole of Byzantine history is a study of withdrawal, recovery and stabilisation on an ever narrower foundation. This fact gives an ominous significance to the present widespread interest in the subject; it also means that Byzantium contains countless lessons for the politicians in their study of the possible. From this point of view Professor Ostrogorsky's learned volume is (all unconsciously maybe) a treatise with practical implications. One can only hope that he will continue the studies on the internal condition of the Empire where his own specialised contributions to the subject have chiefly lain; again and again we have suggestions in this book (like the passage just quoted) which seem obviously right but are still tantalisingly elusive.

This review cannot conclude without a special word of praise for the translation. It is the work of one of our leading Byzantinists and it is therefore not surprising that it shows an entire grasp of the subject. What is more remarkable is that it reads as if it had been written in English from the start, and most readable English at that. The one point which is open to criticism in an otherwise admirable and enterprising production (once we grant that the price of four guineas is inevitable) is the shoddy little paper folder holding the maps; they, and indeed the price, call for something better than this.

Real Russia

THE CHANGING WORLD OF SOVIET RUSSIA.

By David J. Dallin.

Yale University Press. London: *Cumberlege.* 431 pages. 40s.

THIS is an expanded version of Mr Dallin's "The Real Soviet Russia," first published in 1944. The earlier book did much to correct the exaggerated optimism, generated by wartime alliance, which tended to relegate the uglier sides of communist rule to the past. It has once again become a necessary book today, when wishful thinkers are beginning to bury communism along with Stalin. The great bulk of the earlier book has been reincorporated. On the basic factors that make up Soviet society—inequality, exploitation of the peasants, and dependence on forced labour—Mr Dallin has found little grounds for altering much of what he wrote twelve years ago. The reason for this, though Mr Dallin is too modest to say so, is the accuracy with which he was then able to foretell some of the future trends in the development of Soviet society. But Mr Dallin possibly underestimates the recent pace of evolution in one respect: the disbanding of forced labour. The reason for this move is now evident—a deficit of twenty millions in population; this figure was published by the Soviet government recently, but too late for Mr Dallin to take into account. Evidently Stalin and Hitler between them did greater ravage to the population of Russia than even Mr Dallin allowed for.

The last, and only completely new, part of Mr Dallin's book analyses post-war Soviet domestic and foreign policy. In foreign policy Mr Dallin draws no conclusions and makes no predictions. On the home scene he sees hope of ultimate evolution towards a free society. But he does not explain either how freedom is possible so long as the communist party insists on its monopoly of all power, or how and by whom this monopoly will be ended. Indeed, as he shrewdly points out, those who suffer most from the communist regime, the peasants, are the least capable of overthrowing it, while those most capable of doing so, the new bourgeoisie, are the least inclined. Are they then likely to press for freedom, which will endanger their privileges?

Parts of the additional matter in this volume necessarily seem rather thin in comparison with the dynamic "The Real Soviet Russia." But for new readers this volume provides an excellent up to date, sober, balanced and informative guide to the Soviet Union.

Working Mothers

WOMEN'S TWO ROLES: *Home and Work.*

By Alva Myrdal and Viola Klein.

Routledge and Kegan Paul. 221 pages. 25s.

"EGALITÉ oblige" is the keynote of this enterprising book: equality of duties as well as of rights between men and women, and mainly the right and duty to work outside home. The authors analyse the position of women in France, Great Britain, Sweden and the United States in the light of two important factors: the human one of a lengthened expectation of life combined with a smaller birthrate, and the economic one of a shortage of manpower. Inevitably for those such as Fru Myrdal and Dr Klein, who see many advantages in women going out to work, the crux in these four western industrial countries is children.

It is, generally speaking, true that the planned family of today takes only about fifteen full-time years of a woman's adult life. Married women in increasing numbers are seeking paid employment. The tables in this book are unfortunately not all built on the most up-to-date figures, which are difficult to come by. The authors rightly plead for more factual studies to follow this one.

Employers' problems, the effects on the children, contemporary feminine dilemmas and the next steps; all are intelligently presented. The practical difficulties are well met, human and emotional ones less so. The all-too-small supply of aunts and grandmothers to help in times of family crises will be still further diminished if full-time paid employment of women over forty takes the place of part-time and voluntary work. After giving their blessing to the argument that there should be more opportunities for a fifty-fifty division of a woman's time between domestic and outside work, the authors declare later in the book that "as a more or less permanent pattern of employment for married women . . . part-time work seems to us neither practicable nor desirable." The fact is that most families prefer a wife and mother not to be working full-time, and observation suggests that full-time work before the children are fully grown-up is only possible for the woman of exceptional drive, excellent health and first-rate nervous energy. It is not possible to discuss all married women in the same breath where employment problems are concerned. But the authors are, of course, right in their emphasis on the point of view that a home is the joint responsibility of husband and wife. Only so can wives work outside home.

Servant of Jordan

A CRACKLE OF THORNS.

By Alec Seath Kirkbride.

John Murray. 201 pages. 21s.

AT one point in this book Sir Alec Kirkbride (who was for thirty years a pillar of the Kingdom of Jordan) has no difficulty in convincing a shepherd of Bethlehem that he is a ghoul. He has just explored a ghoul-ridden cave:

> The boy: 'Why did they not eat you?'
>
> Myself: 'Because a ghoul never harms a ghoul. Have you ever seen a man as tall as I am?' The boy moved away and would not come near me as we walked back across the hills. His companion pretended to be vastly amused by the whole business, but twice I caught him looking at me rather thoughtfully.

More sophisticated acquaintances, such as journalists, were less easily cowed, though they too were often given a dose of his fee-fi-fo-fum treatment. Sir Alec had the Arab habit of revealing little until time and familiarity had softened the approaches; only then would he offer admission to the storehouse of his knowledge, till in the end his stories would emerge gem by gem, told with insight and the humour that comes of understatement. This slight but agreeable book provides them without the daunting preliminaries. It also reveals an unsuspected talent: one of its illustrations is his excellent sketch of Mar Saba monastery done from the stone on which Edward Lear must have sat a hundred years earlier.

The book is dedicated to King Abdullah, who is its hero. He emerges from it with all his attractions as well as some of his faults—dignified, humorous, debonair, devout, instantaneous in the uptake, full of commonsense, impatient with those who say much and do little. ("He pushed through the guards and gave one of the more prominent ringleaders, who was shouting at full vent, a tremendous slap across the face. . . 'What nonsense is this? You want to fight the Jews? Very well, there is a recruiting office for the Arab Legion just over there.'") He had no time for the tram-burning nationalist in his creased civvy suit.

Nor has Sir Alec. "It became more difficult to establish with the newcomers the sympathetic co-operation which had marked my relations with their fathers"; so he had the good sense to go before he had outlived his great value both to Jordan and to Britain. His book, which is entertaining and very well written, will give pleasure to anyone who has ever enjoyed himself in the highlands of Moab and Edom: its drawback is that it consists only of twenty-four aperitifs to the absorbing piece of Arab and British history he could write if he were minded to do his duty by posterity.

The End of *Laisser Faire*

LAISSEZ FAIRE AND THE GENERAL-WELFARE STATE: *A study of conflict in American thought, 1865-1901.*

By Sidney Fine.

Michigan University Press. London: *Cumberlege.* 478 pages. 60s.

ONE merit of this book is that it reminds us that, over the last eighty years, American ideas about the role of the state have changed quite as much as our own. Despite the language of pure *laisser faire* which American business men are apt to speak on occasions calling for formal oratory, the dominant assumption in the United States today is that the state should play a positive role in promoting the general welfare. This is a far cry from the decades after the civil war when the American disciples of the English classical economists regurgitated the principles of their masters shorn of all reservations, and when *laisser faire* ideas were accepted in a more rigid and uncompromising form than was ever the case in Britain. This shift of attitude is not simply the result of the New Deal. The foundations of the old orthodoxy were already under challenge in the last two decades of the nineteenth century, and it is the conflict of those years between the defenders of the negative state and the advocates of positive state action that forms the core of Professor Fine's book. There are resemblances to England, but socialist ideas played a negligible part in the United States, and the change of attitude towards the state took place within the framework of an exclusively liberal tradition. It is the transmutation of an ideology rather than its displacement; the story of how American liberalism became detached from *laisser faire*. As a contribution to the intellectual genealogy of the liberal-reform movement in America in the mid-twentieth century it is of contemporary relevance, and it is of particular interest to Englishmen, who are apt to regard positive government activity in the United States as an *ad hoc* response to depression and war.

Professor Fine's exposition, though somewhat copious, is scholarly and judicious. He ranges widely, beyond formal ideas into the subterranean world of implicit attitudes and assumptions, from the academic thinkers and popularisers to the clergymen and judges, the business men and the popular movements. It is, however, the formal ideas that get most space, and the professors and publicists who appear as the pacemakers. In writing this kind of intellectual history one can either start with the seminal ideas and raid the works of individual writers for illustration, or concentrate on the writers and summarise their distinctive contribution to the general body of ideas. Professor Fine has chosen the second method. It has certainly enabled him to present an impressive amount of fresh material in an intelligible form. But there is something unprepossessing about the succession of dead writers, each trailing a cloud of quotations from once renowned and now forgotten works; and despite the skill with which Professor Fine has disinterred them, one sometimes feels choked by the dust of old controversies.

The accumulation of detailed summaries does indeed show more effectively than any general outline how intellectual fashions change. But after a while one begins to wonder how many of these writers deserve such elaborate exposition, except perhaps to warn modern professors and publicists that their most confident assumptions may look very odd fifty years hence. They certainly wrote enough—the bibliography of their works runs to some twenty-four pages—but subtract the few originals like Henry George, and one cannot help suspecting that most of the rest, while great guns in their own day and circle, are only popguns.

Marx and the Middle Ages

STUDIES IN THE AGRARIAN HISTORY OF ENGLAND IN THE THIRTEENTH CENTURY.

By E. A. Kosminsky. Edited by R. H. Hilton. Translated from the Russian by Ruth Kisch.

Basil Blackwell. 397 pages. 37s. 6d.

THIS book is a translation of a work that first appeared in Russian in 1935 and was republished in a revised and enlarged form in 1947. Medievalists will look to it for light on thirteenth-century England, and students of Soviet culture for the clues it affords to scholarship in twentieth-century Russia. The former will be greatly enlightened and the latter somewhat relieved. There

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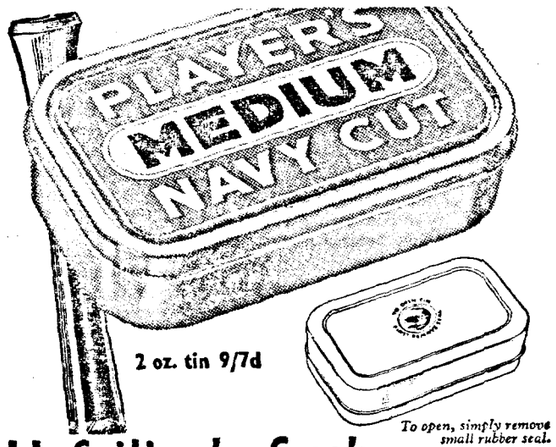

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is a long and distinguished tradition of Russian work on English agrarian history which in origin owed a good deal to apparent analogies between the peasant problems of post-emancipation Russia and those of medieval England. The names best known in the English speaking world are those of Vinogradoff and Savine. Academician Kosminsky, who was a pupil of Savine and who graduated before the Revolution, belongs to this tradition.

Although he assures us that his work has been written "on the basis of Marxist-Leninist method" and uses Marxist terminology, there is little distinctively Marxist either about the questions he poses or the methods he employs to answer them. Nor, apart from an occasional genuflection to Lenin and Marx, is there much ostentatiously Marxist about the presentation. The greater part of the work is an attempt, by an intensive study of the Hundred Rolls of 1279, to give statistical precision to our notions about the manor. How far did the country consist of manors? What was their usual size? What were the differences between manors of different size? How large was the demesne in relation to the holdings of villeins and freemen? What were the social and economic divisions among the peasantry?

On such central questions Professor Kosminsky has collected a wealth of precise statistics clearly analysed and lucidly presented. Their chronological and geographical limitations are obvious: despite some excursions fore and aft of 1279 and into areas not covered by the Hundred Rolls, the most reliable of his statistics are confined to some five counties covered by this source, and to those problems which it is capable of illuminating. Nevertheless despite—or perhaps because of—these limitations, the author's statistical conclusions constitute one of the most impressive contributions to medieval social history since Vinogradoff and Maitland.

The wider verdicts which the author occasionally passes on his statistics are a different matter. Unsubstantiated generalisation is an occupational disease of historians, and the gap between Professor Kosminsky's facts and some of his larger deductions is probably no greater than is commonly found among non-Marxist historians of equal distinction. But his Marxist assumptions bias his deductions in a single direction. "What was it," he asks, "that divided the knights from the great barons and linked them so closely with the upper ranks of the free tenants and the burgesses?" A difference, he answers, in their economic interests, the antithesis between an embryonic form of capitalist production and the feudal form of production. It may be so, but his answer is a foray into speculation well in advance of the main army of his facts. Nor, in this form, is it a very plausible speculation, since after all the conflict between gentry and magnates has been in some form or other a recurrent feature of English history.

For the most part, however, the reader is free to concentrate on the pupil of Savine without being too much distracted by the disciple of Marx. The importance of the work and the excellence of the translation make one hope that other Russian contributions to English history will be translated. There are works written before 1914 still hardly known in England. There is a new generation of scholars, many of them Professor Kosminsky's pupils; it would be interesting to know what these latest Marxists make of English history.

Trade Disputes Down Under

INDUSTRIAL RELATIONS IN AUSTRALIA.
By Kenneth F. Walker.
Harvard University Press. London: *Cumberlege.* 407 pages. 60s.

THIS is the first attempt at a general account of industrial relations in Australia, but it is disappointing. It is confined to relations between unions, management and industrial tribunals; relations on the job, such as foremanship and apprenticeship and the position of women workers, are given little attention, except in the context of conflict between workers and management. "Australian Arbitration and its Alternatives" would have been an apter title. Again, it is disappointing in its choice of examples. These are drawn from industries established before tariffs changed the face of Australian manufacturing. The great twentieth century industries, such as steel, chemicals, textiles, rubber, paper, tobacco and motor vehicles, get very little mention. And despite the prominence given to the arbitration system, there is nothing about its effects upon the status and organisation of the white-collar worker.

The main part of the book is descriptive: first of arbitration machinery; then, in fair detail, of relations between organisations of workers and employers in four industrial examples (coal mining and furniture making in New South Wales, meat slaughtering in Queensland, and metal mining at Broken Hill); and then of the general pattern in the pastoral, metal and stevedoring industries. Lastly, there are eighty pages of "evaluation." The author is a psychologist with training in economics and anthropology, who spent ten years in the Australian Department of Labour and National Service—which seems to have had regrettable effects on his literary style.

The work would be more welcome if the claims made in the preface were less ambitious. Professor Walker insists that his approach has been "analytic rather than descriptive," and that he has used the "ecological approach" characteristic of Professor John T. Dunlop of Harvard. The first claim is true only in so far as the "evaluation" involves the application of certain categories of relations between unions and employers which the author has either invented or borrowed; there is nothing esoteric about them, and they are very much the categories which any man of common sense would suggest if he had had any industrial experience at all. The application of the categories so as to show casual elements at work is another matter; and here Professor Walker is vague and inclined to be platitudinous.

The claim about "ecology" is also of little value. If we are to take an ecological view of any social process, presumably we must view it in terms of the whole social and geographical environment in which it takes place. If we are considering Queensland meat-slaughterers, it means discussing the environment not only of their meatworks but of the towns they live in, and the special social patterns of Queensland and Australia. If we are discussing Broken Hill miners, ecology will lead us to discuss in some detail the consequences of living in the middle of a desert. Professor Walker has not neglected these considerations, but there is not enough of them to give his work a special ecological twist. At the most they are incidental to the business of describing, for each industry, the particular relationships that arbitration tribunals take into account.

Statistical Signpost

AN INTRODUCTION TO BRITISH ECONOMIC STATISTICS.
By Ely Devons.
Cambridge University Press. 251 pages. 22s. 6d.

IT may seem surprising that, with the growing wealth of economic statistics, little has been written to describe them for the general user. Readers of these columns may recollect a book with a similar title published some two years ago under the auspices of the National Bureau of Economic and Social Research, but it was concerned not so much with describing existing information as with discussing what kind of statistics are really needed. The Royal Statistical Society is doing a valuable service in publishing pamphlets by experts on particular fields of statistics; one set of these has been brought together in a volume and a second is in the press. Otherwise, would-be users of statistics have had to discover what exists from a wide variety of publications. They will welcome this book, therefore, which attempts to produce under one cover a general survey of the major British economic statistics—where the information is to be found, what it means and how reliable it is.

But it does not take long to perceive the difficulties of such a task. First, it is impossible to include all kinds of economic statistics in such a small compass. When Professor Devons made his selection, he unfortunately found he had to exclude the whole of public finance because, as he admits, "of the peculiar difficulty and intricacy in interpreting the available statistics." But the fields he covers—quite extensively—include population, manpower, distribution, transport, trade, prices and national income.

The second major difficulty arises from the changing nature of economic statistics, particularly at the present time when a good deal of effort is being put into their improvement. Even by the time this book was published, some of the series had been superseded by others, while a number of important new indicators had been added. In some respects, therefore, this book is already out of date.

There is, however, much useful information in it, particularly for those who want to delve back into the past and to be shown just how different series of figures can be reconciled. Equally valuable is the lesson that Professor Devons teaches of how official statistics can be misinterpreted without knowledge of the regulations governing their collection. This comes out most clearly in the statistics of manpower, which have always been closely related to the various national insurance schemes. There will be few users of statistics who will not learn something from this book, and many difficult points are ably discussed. Perhaps it should be added that it shows where to find the statistics; it does not reproduce them.

Federal Comparisons

FEDERALISM AND CONSTITUTIONAL CHANGE.
By William S. Livingston.
Oxford University Press. 390 pages. 42s.

THIS book submits to a close comparative examination the process of constitutional amendment in federal states. As such it is to be recommended, if only because the process of formal amendment may turn out to be a vital factor in the development of a federal constitution: if amendment proves to be easy, as in Switzerland, changes in the working of the constitution can take place by formal amendment; if it proves to be difficult, as in Australia, those who have to work the constitution have to find other ways of changing it. This means that any worthwhile examination of change in federal constitutions must take into account not only the business of formal amendment, but also such matters as judicial review, financial relations between the centre and the regions, and arrangements made between the civil services of the two sorts of government. Mr Livingston has not done this, though his title suggests that he would like to have done so. Instead, he has done two things: painstakingly compared the formal amendment processes of the major federal states, and used the amendment process to illustrate his general theory of federalism. Internal evidence suggests that the book started out as a simple thesis on the amendment process alone, and was later enlarged to carry the weight of the theory.

The essence of this theory is that federalism is not simply a legal system, as some earlier writers have characterised it, but is a reflection of diversified social conditions. A society has federal qualities, in that it contains divergent social elements which demand recognition and expression; and "federal government is a device by which the federal qualities of the society are articulated and protected." This being so, the important things in federalism are not its formal characteristics, but its "instrumentalities." By an instrumentality Mr Livingston appears to mean an institution, a convention or an institutionalised political habit which the society could not do without. He uses the term to cover both formalised institutions and habitual political acts—even long-standing prejudices and taboos. Constitutional amendment in a federal state is an instrumentality, and Mr Livingston hopes that by showing how constitutional amendment operates in accordance with the social pressures of the state in question, he will illustrate his general theory of federalism.

The difficulty of such an approach is that of striking a balance between the theory and its illustration. This is where the book has gone astray. The illustration is excellent, to the extent that the reader finishes the book with a clear idea of how various federations amend their constitutions; but the theoretical application is skimped. This is a pity. But the book does tidy up a neglected aspect of the study of federal government.

Aristocratic Nurseries

THEIR FIRST TEN YEARS.
By Marion Lochhead.
Murray. 259 pages. 21s.

THIS is an account of nursery management from early Victorian times, when sin was sin and self-expression had not yet come into vogue, to the late Edwardian days of the cult of Peter Pan. It is largely devoted to the "aristocratic nursery"—beginning with that of Princess Victoria herself—or to those of the famous: the splendid one of Maurice Baring, the more modest but equally happy one of Mary Vivian Hughes, the dim one of Beatrix Potter, the cruelly repressed one of Augustus Hare, or the lively and comic one of Charles Dodgson.

The most interesting feature of the book is the contrast it presents between the approach to life of English, French and American children of the period. While all have similar standards of behaviour, English—and even more Scottish children—appear to be almost hag-ridden by religion, while the French take it more for granted. The salient fact of nineteenth-century American childhood is its far greater freedom from nursery control. It need scarcely be mentioned that both French and American children fed better.

Miss Lochhead's survey is a compilation from memoirs of the notable, with a repetition of routine and experience that is sometimes tiresome; yet it has some value, for the castles have been given to the nation, the manor houses divided into flats, and the families, reduced from twelve, through sixes and fours, to the couple or only child, have a different idiom indeed. To them the tale of dolls' houses inhabited by penny wooden dolls, rocking horses, brass water-cans and baths in front of the nursery fire with night clothes warming on the brass fender rail is almost as remote as stories of King Arthur or Robin Hood, while fears of the dark or of sin and its corollary hell fire tend to be replaced by dreams of space travel and spacemen.

Shorter Notice

THE NEW OUTLINE OF MODERN KNOWLEDGE.
Edited by Alan Pryce-Jones.
Gollancz. 623 pages. 18s.

The title of this volume, though carrying the advantage of a considerable fund of goodwill, dating from the original "Outline" of 1931, has the defect of starting criticism off on the wrong foot by suggesting an aim which is not attempted, let alone achieved. What is "outlined" here is not modern knowledge as a whole—heaven forbid—but, to quote the Editor's excellent preface, those particular topics which make "active and insistent demands" on the reasonably alert-minded reader in this decade; and within those topics themselves the reader is provided sometimes indeed with a sketch map, but elsewhere with something more like a snapshot from a key eminence or a set of compass bearings. This flexible and various approach to diversity is surely the right one; painting and atomic science, political theory and para-psychology, cannot equally be "outlined" or potted. Whether the proper choice, of topic or of treatment, has been made is quite another question, and there seem to be sufficient obvious omissions to ensure a negative answer.

Modestly confining criticism here to the section dealing with politico-economic themes, one notes an unevenness that others have detected elsewhere. Mr T. E. Utley's paper on democracy and totalitarianism is a model of snapshot-from-an-eminence technique. Mr R. F. Harrod supplies a remarkably comprehensive and beautifully balanced summary of the present state of economics, which, however, is more a self-contained feat of exposition than an aid to further progress. M. Francois Lafitte's account of the welfare state is a beautiful job, perfectly blending description and comment; a sketch map and compass in one. But Lord Boyd-Orr ponders an outline of his own earlier works, complete with the abyss-revealing remark that "the obstacles to increasing production and to adjusting distribution" (of food) to a satisfactory level "are social, economic and political in character," and therefore "outside the scope of this essay"; and Dr Thomas Balogh's paper on international economics, a good, round, competent statement of the well-known Balogh point of view, is a happy hunting ground for connoisseurs of those slanted phrases and loaded words which contributors to such a volume as this really ought to eschew. Mr Christopher Hollis is perhaps rather too intelligent about international organisations; the topic urgently calls for a *catalogue raisonnée*, rather than an essay proper. The most serious criticism, however, must be reserved for a paper which does not appear at all, and whose subject unfortunately makes more "active and insistent demands" on most people's attention than any other in the entire volume. This New Outline of Modern Knowledge offers no information on the arts of war.

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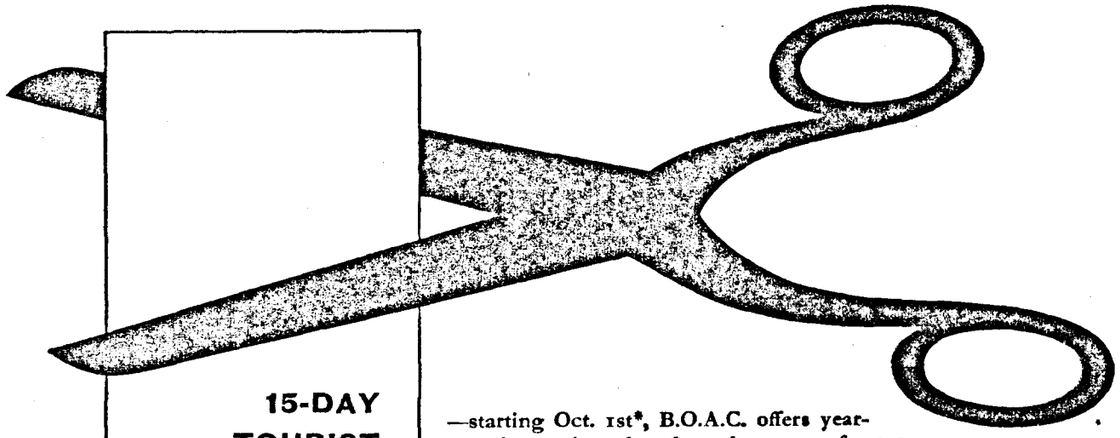

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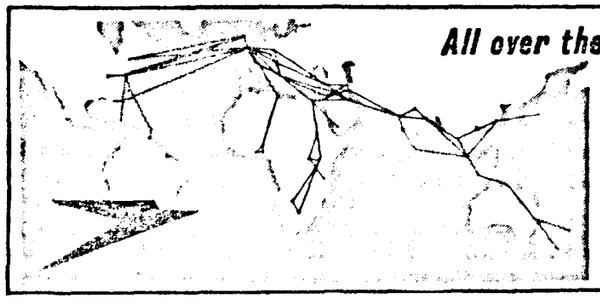

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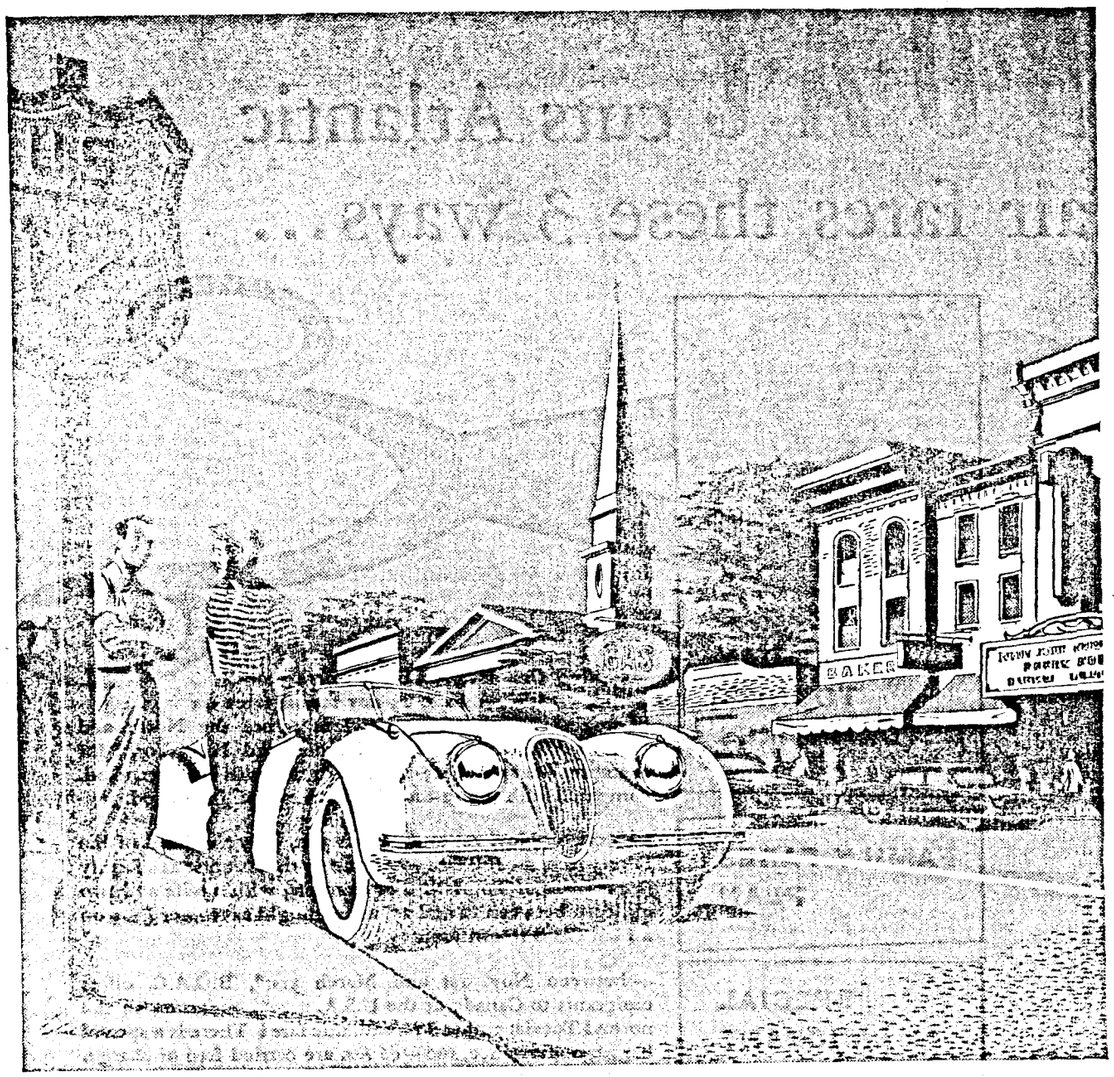

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Poor Man's Party

Washington, D.C.

LAST Sunday the *New York Times*, noting that " most of the campaign issues have long been apparent," listed them as " the President's health, Mr Nixon, foreign policy, defence policy, farm income." Judging from the emphasis in election speeches so far, this seems a fair assessment. Yet most of the thirty million or so Americans who will vote in November for Mr Stevenson and against Mr Eisenhower will do so for none of these reasons. Most of them will vote Democratic (as they have always voted Democratic) for reasons which are essentially economic. While millions of people in the South will vote Democratic because the Republicans are still held responsible for the Civil War and its aftermath and a comparatively few people throughout the country will vote Democratic from intellectual motives, the great bulk of Democratic strength, in the North at least, comes simply from people who argue as a Harlem housewife recently argued: " Why, we've always voted Democratic because the Democrats are more for us poor folks, aren't they ?"

It is undoubtedly true that the basic economic policies of the two great parties—certainly as reflected in their actual achievements in the past decade and even as reflected in their election platforms—have come strikingly closer together, more so than in Britain. Yet economic considerations undoubtedly remain the most significant reason for voting one way or the other, on the Democratic side at least. The " independents " who will decide the outcome of the election may choose on grounds of foreign policy or of Mr Nixon's fitness to be President. Those issues are thus undoubtedly of great importance, but they will affect comparatively few voters in the national totals. The Democrats know perfectly well where their root strength lies. They are certain that all the economic progress—and economic progressivism—of Mr Eisenhower's four years will not undermine more than a small margin of this strength, simply because voting habits are so firmly fixed. And yet they know they must continue to re-emphasise their basic role as the champion of the " little guy " against the " big shots "—and they have been doing so more than the *New York Times* gave them credit for.

The Democratic theme in the economic field—leaving out of this analysis the farm problem and the alleged " giveaway of natural resources," campaign issues which also have economic roots—is that the Republicans have favoured the rich few at the expense of the people generally. This phrase creeps into nearly every Democratic speech, sometimes with a maliciousness that makes wealthy businessmen shiver in front of their television sets.

The theme is developed along two broad paths. First, it is contended that the nation is really not as prosperous as it seems—or as the Republicans claim. The figures come tumbling from Democratic mouths and mimeographing machines in a torrent. There are still around 2,700,000 unemployed, more than during Mr Truman's Administration. Over 50 communities have enough unemployment to be counted officially as distressed. The astonishingly high figure of 8,000,000 families (which includes some single individuals) have incomes of less than $2,000 a year—almost one fifth of all the families in the country. Gross national product, even at the present annual rate of $408 billion, is nearly $20 billion below what it would be if the nation had " full prosperity." The economy has been growing at a slower rate during the Eisenhower period than during the Truman period. The Republicans are charged with exaggerating the increase in the income of the working force by statistical legerdemain—and so on and so on.

Second, and probably more effective, is the charge that prosperity has been very badly distributed and that the gap between the well-off and the working man has increased. Here the theme has many variations. Largely, it is alleged, because of the Republican policy of " hard money," earnings from interest have been advancing some 65 per cent faster than wages. People buying homes have had to pay more for their mortgages, small businessmen and farmers have been squeezed for credit—all to help a few rich bankers. For this and other reasons, business failures have reached a record postwar high, and profits of larger corporations have increased sharply while those of smaller businesses have stayed level or declined. Indeed, corporate profits have risen almost a third faster than the personal incomes of people generally. Furthermore, so the argument runs, tax policy has been wickedly devised to favour the rich and the corporations at the expense of the ordinary man: witness the 1954 Republican Tax Bill with its relief for earnings from dividends.

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As always, practically anything can be proved by statistics. The genuine economic issue comes down to this: the Democrats believe that the federal government has a large and growing role in creating more prosperity for those who have been left behind the general advance, while the Republicans

...lieve that the economy will grow faster—with more benefits for all—with a minimum of government interference. The real question, of course, is whether the Democrats, if they are elected to office, would do anything about the troubles they profess to discern. There is considerable evidence that they would not.

First, there is the political ideology of Mr Stevenson himself. No less a person than Mr Truman has termed him "a conservative" at heart, and there is nothing in his liberal speeches and proposals to erase in many minds the conviction that Mr Truman is right. Mr Stevenson has not, in fact, been as aggressive on the economic front as have lesser Democrats—though the "new" Mr Stevenson is undoubtedly less cautious than the old. In a widely read article in *Fortune* magazine last year, Mr Stevenson argued that there was no longer any reason for a conflict between business and government; if he believes this he can scarcely also back the policies that would be necessary to alter significantly the pattern of income distribution in the country. Perhaps most significant of all, Mr Stevenson is widely believed to have as much distaste for inflation as any Republican—a distaste which, if it exists, would deter him from any such surge of federal government spending or any such radical reversal of monetary restraint as the Democratic formula would appear to require.

But more important than this is the probability that the basic balance of power in Congress will be not much altered by the election, even should there be a Democratic sweep. Mr Truman's last four years saw the passage of only one important piece of "liberal" legislation—the Public Housing Act of 1949—and even that began to be frustrated even before he left office by the annual process of appropriating inadequate funds. The block of Democrats in Congress whose thinking reflects the kind of talk that is heard in a Democratic election campaign is much smaller than would be supposed, and includes not more than half the Democratic members. Although Southerners in Congress have backed a great many of the reform measures proposed by Democratic Presidents, they have been supporting fewer and fewer in recent years. However liberal Mr Stevenson's proposals might be, their chances in Congress would be doubtful at best.

What is more, in the crucial area of monetary policy, Mr Stevenson would have to live with an "independent" central bank just as Mr Eisenhower has done, and as Mr Truman did in the last twenty months of his term. It would take a radical change indeed to put the Federal Reserve Board back again into the Treasury's bottle. As long as it remains out of that bottle, "hard money" will remain the national policy when inflation threatens, no matter how much the Democrats may complain.

Barnstorming

DURING the last ten days the presidential campaign has really got off the ground with all four candidates flying around the country storming barns—in fact as well as in metaphor. President Eisenhower, in particular, after making his first campaign speech outside Washington at the national ploughing contest in Iowa, returned to the farm four days later in Illinois. Thus he sandwiched the ...ise promised to farmers in his speech at the same contest, between two slices, the second fairly thick, of what the Republican Administration had actually done for agriculture. This concentrated nourishment of the farmers' votes was inspired by a series of opinion surveys which suggested that the Republicans, in the words of one columnist, had better "hitch up their farm belt." This view was apparently confirmed by the Vice President, Mr Nixon, after the first few days of his round-country flight.

He also seems to have been concerned at the lack of enthusiasm among Republican workers and the lack of interest among voters generally, and to have confirmed the growing feeling that a victory for Mr Eisenhower was no longer a foregone conclusion. Mr Nixon apparently recommended more personal appearances—much more effective in these circumstances than television addresses—by the President. Mr Eisenhower immediately added to his campaign schedule very substantially in order to spend more time in places where contests are likely to be close. His obvious sincerity and vigour should attract many of the doubting independent voters and prove not only that he is keen on his job but also that he is fit for it.

Meanwhile Mr Nixon himself has been on his best behaviour, speaking with responsibility and restraint, in a way which makes his critics look unfair. The two Democratic candidates are following the high road just as assiduously as are their opponents, but experienced observers doubt whether all—or any—of the contenders can stay out of the mud as the campaign grows more desperate. So far few constructive plans for the future have developed from the challenging speeches and exhausting journeys, but Mr Stevenson has now begun to issue his "blueprints for a new America," documents which will give his solutions for the country's problems in more detail than is possible from electioneering platforms. The first dealt with the provision of a better life for old people.

Small Comfort for Home Builders

ALTHOUGH total expenditure on new construction, pushed up by the expansion in industrial building, is running slightly ahead of last year, the number of new houses being started, now at an annual rate of about 1,100,000, is 20 per cent lower than at this time last year. As a result, the housing industry is complaining bitterly that it is being forced to bear more than its share of the harsh measures necessary to ward off inflation. With less than two months to go to the presidential election the Administration could hardly ignore pleas from such a powerful political group, and last week it announced several measures designed to ease the builders' plight without impairing the national policy of credit restraint to avoid inflation.

The government plays several parts in the complicated American mortgage market. Through the Veterans' Administration it guarantees mortgages on houses bought by ex-servicemen, a large programme which covers about a quarter of all the mortgage debt in the United States. A further 10 per cent of American mortgages are insured by the Federal Housing Authority. Last week the government announced that the down payment required in order to obtain FHA insurance of a mortgage on a house valued at less than $9,000 would be reduced from 7 to 5 per cent. With government insurance more readily available, applicants for mortgages are theoretically put in a stronger position. But the real shortage which is curtailing house building is not in the demand for mortgages but in the supply of funds to the mortgage market. The government already assists this market through the Federal National Mortgage Association—condemned by its initials to the nickname "Fannie Mae"—which acts as a secondary mortgage market, buying VA-guaranteed and FHA-insured mortgages from the original sellers. The government has now in effect raised the price that "Fannie Mae" will pay for mortgages. It has also enabled savings and loans associations, which often buy mortgages, to increase their resources by borrowing more from the Federal Home Loan Bank system.

None of these measures seems likely, however, to draw funds into the mortgage market as a whole. VA-guaranteed and FHA-insured mortgages still yield only 4½ per cent interest, and although these are often bought at a discount, which in effect raises the yield above 4½ per cent, they are still unattractive when alternative investments are now yielding 5½ per cent or more. The one sure way of stimulating house-building would therefore be, paradoxically, to raise interest rates on government-guaranteed mortgages—a move which would be as unpopular with house purchasers as it would please the builders, and one which could add significantly to the inflationary pressure in the economy. Last week's steps, although they may do little harm to the policy of credit restraint, are also unlikely to stimulate much building of houses.

Vacancy in Court

FROM A CORRESPONDENT IN WASHINGTON DC

MR JUSTICE MINTON'S imminent retirement from the Supreme Court, because of ill health, gives President Eisenhower his third opportunity to fill a vacancy there. But it has been suggested that he may wait until he has—or has not—been reconfirmed in office by the voters on November 6th. If he does act he intends, he says, to appoint someone who has already had substantial judicial, as well as legal, experience. In that case, the new Justice will be the only member of the nine-man court who has qualified under this standard. Mr Justice Harlan, the junior member of the present Court, served on the Federal Circuit Court of Appeals for one year. Of the other members of the Court, two Justices, Messrs Frankfurter and Douglas, came from the academic world with some previous experience in government, and the other five came directly from the world of politics. Justices Black and Burton had been in the Senate; Justices Reed and Clark had been, respectively, Solicitor General and Attorney General; and the Chief Justice had been Governor of California and a candidate for Vice President. Mr Minton himself did have prior judicial service, but his approach was regarded, even by his friends, as the product more of his years in the Senate than of his term as a judge. Although previous judicial service used to be more common than it has been in recent years, of the 87 Justices who have served on the Court during its century and a half of existence, only 60 per cent have had any such experience, and less than half of them spent as much as five years as judges before going on the Supreme Bench.

The nature of the Court's work suggests that experience in the legislative or executive branches of the government may, indeed, be more useful to the new Justice. Leading cases on the Court's docket for the term which is about to begin raise questions of broad public policy. Four cases will be heard involving the penalties attached to membership of the Communist party. In the field of business regulation the Court will hear the government contend that the economic alliance between the General Motors Corporation and the Du Pont Chemical Company should be dissolved and, in the National Lead case, that individual use of a zone pricing system can be forbidden without proof of a combination or conspiracy to restrain trade. While no cases specifically dealing with the problems of race relations are at present on the Court's list, it is not unlikely that several will come up during the term.

Despite the political characteristics of the office, appointments to the Supreme Court have not always followed party lines. There is at least a possibility that purely political considerations may lead the present Republican Administration to appoint a Democrat—and to appoint him before the election. A bold stroke, calculated to attract the Negro vote in the key industrial states, would be to name Judge William Hastie, a distinguished Negro jurist, formerly Governor of the Virgin Islands under a Democratic Administration, and now an Appeals Judge. Another possibility would be Senator Sam Ervin of North Carolina, a southern Democrat, once a State Court Judge, whose appointment might help to keep at least some southern states in the Republican column. If the President is looking for a judge who has achieved high professional distinction, he will have difficulty in finding one, since most of the leaders of the Bench are virtually disqualified by age or, in the case of Chief Judge Clark of the Federal Second Circuit, by a record of decisions highly critical of some of the Administration's policies, particularly as they affect individual liberty. Justice Minton came from the Federal Circuit covering Indiana, Illinois and Wisconsin. There is no member of that Circuit Court, however, who appears to be particularly qualified for the appointment. Geography may, therefore, be taken into consideration only to exclude candidates who come from the same states as present members of the Court.

Once he is appointed, the new member of the Court, like all federal judges and high policy-making officials, will have to be confirmed by the Senate. For this he will have to wait until January, when Congress reconvenes; a Justice who is appointed when Congress is not in session serves only subject to senatorial action. Since 1789 nine nominees have been directly rejected by the Senate—only one in the last fifty years—and nine have been withdrawn or had their appointment postponed because of senatorial opposition. But recent delays in the confirmation of Mr Justice Harlan, President Eisenhower's latest appointee to the Court, and of Judge Sobeloff to an Appeals Court, suggest that any candidate who is suspected of strong views on racial questions might meet similar difficulties, particularly if the next Senate is controlled by the Democrats.

More Work for the "Eximbank"

IF the Export-Import Bank were called upon to make large loans to European importers of American oil it would be performing a familiar role, but under abnormal conditions in an area where its operations have been on a relatively small scale. In the twelve months ending in June, 1956, the bank's most active period so far, it authorised loans totalling $376 million to governments and private firms in 39 countries. Of this, $156 million was for Latin America, $150 million for Asia, and only $36 million for Europe. Since the end of its fiscal year the bank has extended its commitments in Latin America by agreeing to advance $151 million to Brazil and $100 million to the new government in the Argentine. Both of these loans, which will be spent mainly on rehabilitating railways, are regarded as " initial advances " to be followed by further loans as the development programmes are carried out.

The Export-Import Bank, which, unlike the International Bank, is an agency of the United States government, had its lending authority prolonged by the Senate earlier this year, and can now make loans for periods extending up to 1963. It has an authorised capital of $1 billion, and may borrow from the United States Treasury up to a limit of $4 billion. It is not allowed to have more than $5 billion of loans, guarantees and insurances outstanding at any one time, but the total outstanding at the end of June was well below this, at $2.6 billion. Last year, as it has done for twenty years, the bank paid the entire cost of its operations out of its earnings.

The functions of the " Eximbank " are more limited than those of the International Bank, although it sometimes imposes less stringent conditions on its borrowers than does the international organisation. The " Eximbank " is concerned solely with stimulating the flow of trade between the United States and other countries, both directly by enabling foreign importers to pay for specific American exports, and indirectly by lending money for economic development abroad on condition that the money be spent on American equipment or technical services. The bank's largest loans have been made directly to governments, but it also lends extensively to private firms, following a policy of supplementing and supporting the investment of private capital. While the major share of its activities last year was concerned with large loans for economic development, the bank also grants lines of credit to American exporters to enable them to extend credit to their overseas customers. Credit lines amounting to nearly $200 million have been arranged since this scheme began at the end of 1954 and, as funds are becoming more difficult to obtain privately, an increasing number of American exporters are applying to the Export-Import Bank for assistance.

Cleansing Labour's Stables

DOCKERS in New York and other east coast ports have threatened to go on strike if their contract with the New York Shipping Association is not renewed before October 1st. Negotiations broke down earlier this month because of the union's insistence that the bargaining cover other ports, besides New York. They are unlikely to be resumed until a decision has been made in the jurisdictional dispute between the International Longshoremen's Association and its bitter rival on the New York waterfront, the International Brotherhood of Longshoremen, which has petitioned the National Labour Relations Board for another election to decide which union should represent the dockers in their negotiations with the employers. The NLRB has now granted the request, against the wishes of the ILA, and the election will be held in a month's time. Meanwhile the ILA is under strong pressure from government agencies to keep its men working at the docks.

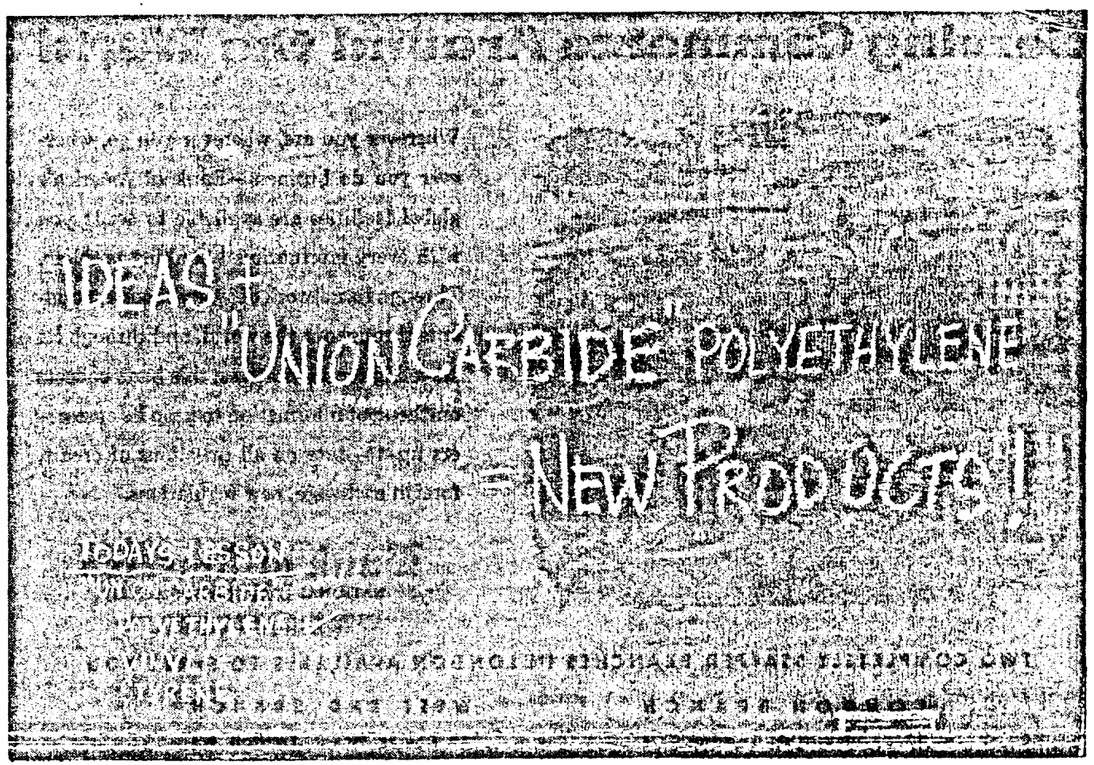
Any prospect of reconciliation between the two unions under the auspices of the national labour organisation, the AFL-CIO, was removed last week when it reminded the public of the unsavoury nature of the ILA leadership. Mr Meany, in refusing to readmit the dockers' union to the AFL-CIO, implied that the ILA has not abandoned the corrupt practices for which it was expelled from the federation in 1953. This is only the latest example of the determination of the AFL-CIO to step in where legal sanctions are ineffective in eliminating racketeering from its member unions. Following a report by the ethical practices committee of the national body, the Distillery Workers' Union was recently asked to show why it should not be suspended for irregularities in the control of its welfare funds. Formal investigation of charges of corruption in two other unions have also been started.

One practice to which the committee was particularly opposed is the device of the " paper local "—the grant of a charter for a local union to a racketeer who serves no union members but who engages in a conspiracy with corrupt employers to prevent—for a price—the organisation of their workers into unions. The new broom has been given added force by the public's horror at the blinding of a well-known newspaperman with acid as he was leaving a broadcasting studio. Seven men have been charged with conspiring to intimidate him and other prospective witnesses before a Grand Jury which is investigating racketeering in clothing and road transport.

A Keystone State

FROM A CORRESPONDENT IN PENNSYLVANIA

THE choice of Harrisburg, the capital of Pennsylvania, for the official opening of the Democratic presidential campaign two weeks ago was no accident. For Pennsylvania, once a Republican fortress which gave Mr Hoover thirty-six of his fifty-nine electoral votes in 1932, is now one of the keys to Democratic hopes of victory. Its two Senators, and sixteen of its thirty Representatives, are Republican. But in 1954 it elected a Democratic Governor by a margin slightly larger than that by which Mr Eisenhower carried the state two years earlier. Philadelphia, where for a long generation the Democratic party lived only as the tame accomplice of a corrupt and complacent Republican city machine, has since 1951 been governed by an alliance of Democrats and civic reformers who have cleared slums and cleaned up the spoils system with equal



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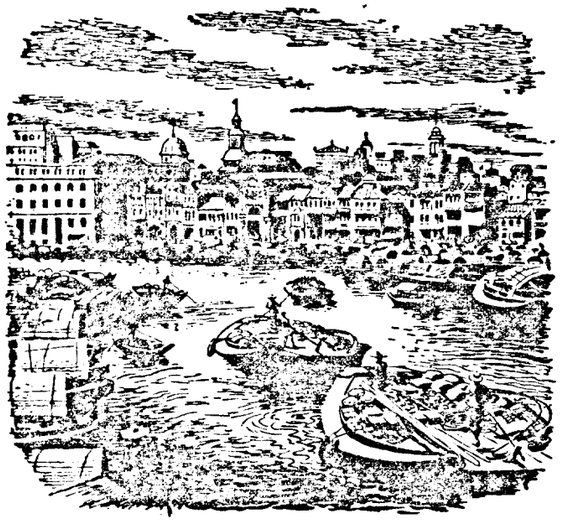

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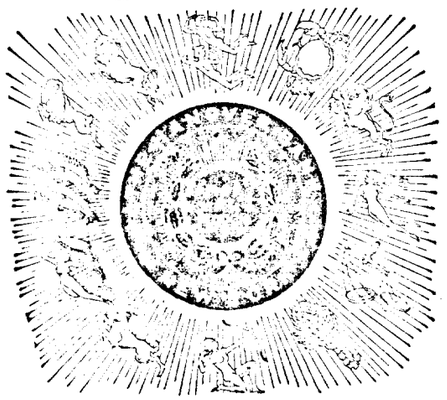

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energy and effectiveness. Pittsburgh, under Mayor David Lawrence, has long been a Democratic stronghold.

Both Governor Leader and Mayor Lawrence are confirmed supporters of Mr Adlai Stevenson, whose choice of another Pennsylvanian, Mr James Finnegan, to manage his campaign this year was a sign of Mr Stevenson's gain in political shrewdness since 1952, and a major factor in his successful fight for the nomination. Mr Finnegan is an astute politician; he also represents the new, post-Truman Democratic party, with its fresh, relatively young leadership and its emancipation from the old-fashioned city bosses. He was a key figure in the administration of Mr Joseph Clark, who wrested Philadelphia from the Republicans in 1951 and served four years as reform mayor. And now Mr Clark is challenging Mr James Duff, a former Governor of the state and an early backer of Mr Eisenhower's nomination in 1952, for his seat in the United States Senate. In Pennsylvania this autumn, each party seems to be putting its best foot forward.

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But both sides have their troubles. The Democrats have found cleaning up Harrisburg an even tougher job than cleaning up Philadelphia. There may have been corruption in the previous state regime, but the central and intractable problem is finance. Under the state constitution, a Governor cannot succeed himself. Each incumbent is thus tempted to spend freely, and let his successor pay the bills. But paying them is made next to impossible by a further constitutional provision, which prohibits a graduated income tax. Mr Leader's Republican predecessors, notably including Mr Duff, left him a deficit of some $300 million. Still worse, the Democrats had narrowly failed to win control of the upper house of the state legislature. Mr Leader had promised not to renew the state sales tax; without a majority in the state senate he could not carry his alternative tax proposals. The upshot was a drearily protracted struggle, until finally Mr Leader had to swallow a 3 per cent sales tax, instead of the previous 1 per cent. Even at that, the state's financial problem is not solved, a fact that largely obscures the Leader administration's substantial achievements in such fields as health and education.

The Governor intends to campaign vigorously this autumn, fighting to get the control of the state legislature that he so desperately needs. Some Clark supporters fear that this will hurt their candidate, by giving prominence to the sales tax imbroglio and confusing the issues in the contest for the United States Senate. This may be undue pessimism, for although Mr Leader has lost some of his first glamour he remains an attractive campaigner, young, intelligent, and obviously sincere. His farming background may also be helpful in the rural areas where Mr Clark is not well known.

Becoming known outside the Philadelphia area is one of Mr Clark's tasks; a more difficult one is that of converting his deserved reputation as a municipal reformer into political capital of the kind that will elect him Senator. To many independents and even Republicans, he symbolises the return of good government to the city. But his campaign against "single-interest government in Washington," and on behalf of the progressive side in national political issues, may not be so popular with these same voters. By calling Mr Duff "a timid liberal who won't fight for liberal causes," Mr Clark perhaps hopes to make the distinction between himself and his opponent one of personal qualities more than issues. And when Mr Duff calls Mr Clark "a sincere socialist," he is, among other things, trying to do just the reverse.

If the Democrats in Pennsylvania are encountering the perils of success, the Republican party is divided in failure. There is no love lost between Mr Duff's forces and the old guard which ruled Pennsylvania when it was a safe Republican preserve. At present the state organisation is in the hands of the latter. So Mr Eisenhower's adopted home (his farm retreat is at Gettysburg) is, ironically, resistant to the President's attempt to bring his party up to date. Democrats hope that the old guard Republicans will quietly sabotage Senator Duff's candidacy, just as Republicans hope that the Democratic professional politicians in Philadelphia will seek revenge upon Mr Clark for having destroyed the patronage system in that city. Maybe such internal difficulties will cancel out; if anything, the advantage is with Mr Clark, for the Democratic professionals know that he will not be nearly the trouble to them in Washington that he was in Philadelphia, and they respect his talents as a vote-getter.

There are those who maintain, however, that all these parochial considerations will count for little in a presidential year. Pennsylvanians are not given to splitting their tickets (voting for one party's nominee for President, and another's for Congress). Republicans, especially, argue that Mr Eisenhower is unbeatable and that Mr Duff, who can ride the presidential coat tails without the ideological contortions of some of his Senate colleagues, will win, despite his age (seventy-three) and his opponent's remarkably energetic campaigning. They may be underestimating the appeal of youth and a fresh outlook in a state somewhat weary of being a political backwater. It is no secret that Mr Duff, like most of the more liberal Republicans in the Senate, has made disappointingly little use of the opportunity given him by Mr Eisenhower's ascendancy. When Mr Clark asks the voters to "fill the empty chair," he is reminding them not only of Mr Duff's rather sketchy attendance record in the Senate, but of this more general failure of the liberal Republicans to change the face of their party in Congress. At present, the odds are still that Pennsylvania will vote for Mr Eisenhower. But unless the President's margin of victory is a big one, Mr Clark may well be the next junior Senator from the state.

CONSUMER PRICES in the UNITED STATES

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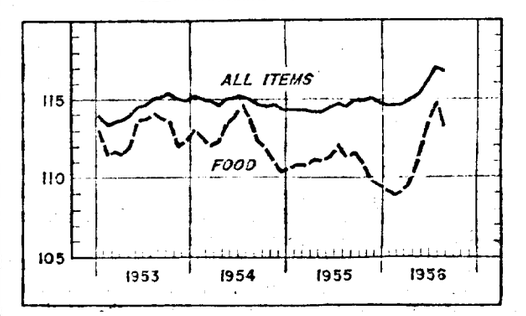
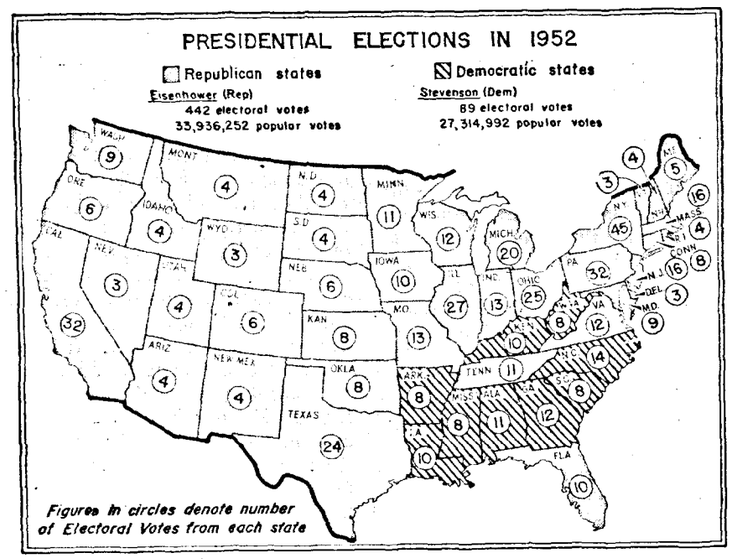


The Electoral College

Washington, D.C.

MR STEVENSON does not need to have as many people vote for him as vote for Mr Eisenhower to be elected President this year. All that counts is that he should have 266 of the 531 votes in the electoral college. For strictly speaking it is the presidential electors, not the President, who are chosen in the forty-eight states on November 6th under electoral laws differing in each state. In turn, these electors assemble in the state capitals on December 17th to elect the President and Vice President. Nominally, and according to the intention of the "Founding Fathers," they have a free choice. But since 1820, only five electors, one of them a Tennesseean in 1948, have deserted the candidate to whom they were previously committed.



Each state has as many electors as it has Senators and Representatives combined; this gives an advantage to the smaller states since they all have two Senators, regardless of size, and only the number of seats in the lower House is related to population. Moreover, the fact that the electoral power of the various states is determined in advance gives an advantage to the South. It saves southern states from being penalised for the exceptionally low voting turnout which results from election laws which disenfranchise large sections of the population—primarily the Negroes—and from the general apathy about politics in places where a single party is almost permanently in control.

But the large northern industrial states also have a strong interest in the archaic electoral system. This arises from the fact that under the Constitution it was left to the state legislatures to decide how electors should be chosen. In the early days of the Republic the individual states experimented with a variety of ingenious devices. One of these provided that each voter should cast a single ballot for a statewide list of electors, so that a party which is victorious in a state by the narrowest of popular margins carries its whole vote in the electoral college. This method soon replaced the other systems. All states now deliver block votes, and it is obviously the ones with the largest number of electoral votes to offer that attract the most attention when candidates are chosen and partisan issues are defined.

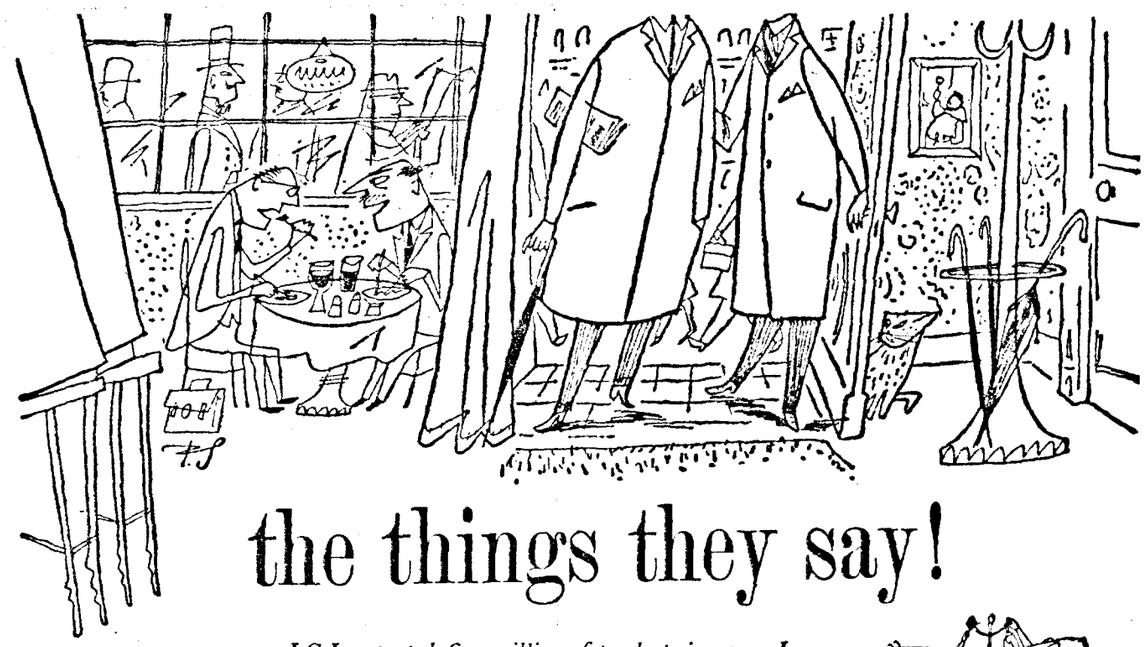
Although repeated attempts have been made, including one in the Senate this year, to modernise the method of choosing Presidents, they fail precisely because so many interests draw special advantages from the present machinery. The simplest solution, a straightforward popular vote, seems the least acceptable because both small states and the South would lose influence by it.

Plans for keeping the presidential electors as units of calculation even if not as actual personages, and dividing their votes in proportion to the popular votes, have run up against strong opposition from liberals. They argue that both the Senate and the House of Representatives are biased against the big cities—the Senate because states of all sizes are represented equally and the House because the constituency boundaries are drawn up by state legislatures dominated by rural interests. Therefore, to offset this, the urban interests, especially racial minorities and trade unions, deserve to retain what special influence they have on the Presidency by virtue of their key position in evenly divided states with large electoral votes.

Advocates of electoral reform claim that two-party systems will be encouraged in states traditionally dominated by one party once the minority vote begins to count in the national totals. Enlightened defenders of the *status quo* argue that, on the contrary, Democratic and Republican votes in the big industrial states would almost cancel each other out. The two parties would then concentrate on their more conservative wings operating in states where large and perennial margins could be the decisive factor in the presidential race.

In the last election Mr Stevenson received 89 electoral votes from nine states, all southern except for West Virginia, against General Eisenhower's 442 votes from thirty-nine states. Some Democrats claim that their candidate has an excellent chance of making the South solid again; this, with West Virginia, would start him off with 146 votes and the recapture of a number of other border states that frequently go Democratic would put him up to 179. This would leave him with only 87 more votes to pick up from the North and West in order to win.

Various optimistic calculations have been cited by Democrats, making use of states which Mr Stevenson lost by less than five per cent or which have shown striking Democratic gains in the congressional and local elections in the intervening years. It is clear that if he has the South and the border lands, he could manage to win by scraping together one or two of the farm states, some of the western states and a few of the industrial states with large electoral votes. It cannot be said that, against Mr Eisenhower, this seems very probable; but at least it is less discouraging than trying to reverse the margin of 6,622,740 popular votes that the President ran up in 1952.



the things they say!

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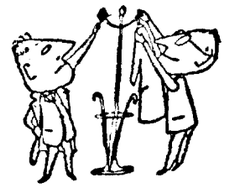

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The World Overseas

Asian Pressures for a Suez Settlement

FROM OUR CAIRO CORRESPONDENT

To most people here, the Suez Canal crisis appears to move inevitably towards negotiations with President Nasser and it is difficult to see what useful purpose is served by refusing to face this fact. The reference to the Security Council can hardly produce any other result; and India and the Arab states have done their utmost to influence Nasser in favour of conciliation at this late stage. Indeed, however much the Arabs and Asia have given their support to the claims of Egyptian sovereignty, they have not lost sight of the importance of free navigation to their own economies. Mr Krishna Menon made much of this point while he was in Egypt, pursuing throughout his visit the ultimate aim of negotiations. He has, it is said, taken assurances from Egypt which offer bases for direct discussion of the issues at stake.

President Nasser will not, of course, agree to denationalise the management of the Suez Canal. But no one knows how far he is prepared to go in accepting conditions, guaranteed within an international convention, which will limit the managerial freedom of his own canal administration. It seems clearly possible to secure a convention backed by the United Nations and the great powers which would give an international structure to a national administration and Nasser has for long said he is willing to discuss a solution along these lines. The Menzies mission, which has been the only direct contact with the Egyptian government, did not investigate this possibility. It seems essential now that the western powers should learn how strong would be the guarantees and how far they would cover the needs of the maritime nations. Not to do so would suggest that any commitment by Nasser would be unacceptable. This may be the attitude of Britain and France, but it is hardly likely to be the attitude of the United Nations.

President Nasser's friends rather than his opponents have probably been the greatest influence in favour of moderation. From the outset he was surprised not so much by the strength of western reaction, which he duly assessed in the terms of Sir Anthony Eden's first broadcast speech on the subject, but by the dismay of much of Asia. The threats of the western powers, no matter what emphasis was put on their precautionary nature, overlaid this dismay. They roused popular nationalism to the point where governments could do no more than approve in public the whole course of Egyptian policy. The subsequent events, from the first London conference to the Menzies mission, sustained eastern resistance, because the methods used were still judged to be high-handed. The weakness of the second London conference decisions, the obvious distaste for military measures and resistance even to a canal boycott, have brought Nasser's friends nearer to his "enemies." They, too, want a workable settlement.

The position is now approaching a neat point of balance. India did not like the nationalisation of the Canal Company nor the abrupt, polemic manner in which it was done. The oil-bearing states of Iraq and Saudi Arabia, faced with a possible boycott of the canal which, for lack of adequate shipping, would cut their oil output (and therefore their revenues) by one-third, have come nearer to actual friendship than for many a year and together have pressed for moderation by Egypt; this was the outcome of the meeting between their kings last week in the torrid heat of the Persian Gulf. The vagueness of phraseology in the communiqué issued after the Riyadh conference of King Saud, President Kuwatly of Syria and President Nasser only reached something like precision in its reference to the desire for negotiations. Jordan, Syria and Lebanon are anxious about Israel. The weakening of the western position is therefore paralleled by the less obvious weakening of the position of Egypt. There is a two-way pressure for a reasonable settlement which could only be destroyed by insistence upon the form of words, on international management, on the Dulles plan.

It can be argued with reason that the anger of the western powers made a contribution to this state of affairs by bringing to the minds of the peoples of Asia the gravity of the issue which is at stake. But in the process much has been lost. The threats strengthened Nasser; the failure to implement them will strengthen him further. Yet his failure to consult the Bandoeng powers or even inform them, or to tell the much tighter corporation of Arab states, had disturbed confidence in him, however much his right to nationalise the canal was recognised. Nasser's foundations were shored-up by precipitate anger from the west. At more practical levels, the departure of the western European pilots has left vacancies on the canal which Russians, Poles, Jugoslavs, as well as Egyptians are now filling. The pool of experienced pilots upon which depends the ability to impose freedom of navigation is evaporating. The process continues inexorably. When the momentum of Arab support is falling, Canada announces the decision to send Sabre jets to Israel. There are reports of plans for possible new oilpipes, through Turkey and even through Israel. The west seems determined not to have Arab support if it can possibly avoid it.

In the light of the current situation, the more promising approach to a settlement seems to be by contact with Asia through India, rather than by efforts to secure ineffectual votes through the United Nations. Asians argue that, by comparison with the weakness of their economies, their dependence on the Suez Canal is greater than that of the western powers. They want a secure canal. If the aim is a secure canal, then this is best achieved by bringing a willing Asia into the final field of agreement. To squeeze a reluctant assent from it, for the pleasure of apparent victory, is to sacrifice the substance of security in the years to come.

Shall Lebanon Copy Nasser?

FROM OUR SPECIAL CORRESPONDENT IN BEIRUT

THE next few days may prove to be fateful ones in the story of the Lebanese oil industry. By the end of September, the Iraq Petroleum Company is required to reply to the communication received from the Lebanese government last month on the tax issue. The contents of the government communication have not been made public here, but Saeb Salam, the Minister of State dealing with oil problems, has been quoted in the press to the effect that the government rejected the company's claim that its business in the Lebanon was conducted on a non-profit-making basis; assessed its profits over the past four years at about £L45 million; computed the tax due thereon at £L12 million; and, for good measure, imposed on the company a fine of £L12 million for issuing a false declaration. Saeb Salam has not denied the press reports. Meantime, there are unofficial reports that the company, last Saturday, requested submission of the matter to arbitration under the terms of its 1931 agreement with Lebanon on the conditions for company operations there.

At first, the Lebanese government required an answer to its formidable statement within five days. That period of grace was later extended by another thirty days. If no reply is forthcoming within the time limit, or if the reply proves unsatisfactory, the government could demand payment within two months, in default of which it could presumably proceed against the company as against any other tax defaulter, namely, by seizure of its assets in the Lebanon. These include the small but efficient refinery at Tripoli, the installations in the pipeline terminal area, the numerous workshops and stores, not to mention the company hospital (which any country might envy), clubs, canteens and other institutions for workers' welfare.

There is still more at stake. Work must soon begin on a new pipeline planned to carry a further 9 million tons of oil to the Mediterranean from Homs in Syria, and the question arises whether the terminal should be at Tripoli (Lebanon) or Banyas (Syria). For technical reasons, the decision must be taken by early October at the latest. As a pipeline terminal, Tripoli has slight advantages over Banyas. Loading, for instance, is less often stopped by bad weather. But the difference is small, and weighs little or not at all when thrown into the balance with the goodwill or ill-will of the governments concerned. The Syrian government, despite its strong anti-western complexion, has so far shown much realism in its dealings with the oil companies; the Saudis and the Iraqis, even more interested than the countries of transit in keeping the oil flowing, are encouraging Syria in this attitude. According to Egypt's Middle East News Agency, the Saudi and Iraqi governments, after the recent meeting between their Kings, indicated where the balance of advantage for themselves lay by calling on the Syrian government to take such measures as would ensure the safety of the pipelines running through Syrian territory.

The Iraq Petroleum Company can afford to face the crisis calmly. Its Lebanese business is a convenience, but in no way vital to its operations as a whole; and convenience loses much of its appeal in the face of vexatious government interference. But the loss on the Lebanese side would be considerable if the company were forced out of business. In Tripoli, 2,500 workers would lose their present employment; which means employment at wage-rates comparing very favourably with those paid by local contractors, quite apart from the company's elaborate welfare apparatus. In addition, IPC expenditure in the Lebanon is running at an annual rate of over £L25 million—about £3 million sterling. Nearly half this goes on wages and salaries; over £L2½ million on local purchases; nearly £L7 million on works and buildings; over £L1 million on rents, hotels and travel agencies; while miscellaneous expenditure, such as rail freight, post, telephones and the rest, accounts for nearly £L2½ million. Other results of a transfer elsewhere of company activities would be a rise in the price of all oil products in the Lebanon, and loss of government revenue, amounting to some £L7 million annually, on the basis of the company's present offer, through the choice of Banyas as the terminal of the new pipeline. An economic setback of that order might well have immediate political consequences in Tripoli, and later in the rest of the country, as the repercussions spread. Tripoli is a largely Moslem city, and it is clearly difficult to predict Moslem reactions in the present upsurge of Arab nationalism. But IPC's record in dealing with its employees has been such that many might decide that the responsibility for their plight must be sought outside the company.

Solomon's Judgment?

The Lebanese oil problem is further clouded by continuing uncertainty over the American Tapline. Profiting by the experience of IPC, the Americans hoped to avoid the difficulties of allocating pipeline royalties on a ton-mile basis by leaving the whole problem of allocation to the transit states—in this case, Saudi Arabia, Jordan, Syria and Lebanon. It was an ingenious device, but so far it has not worked. Saeb Salam returned from the conference held in Riyadh to settle the matter with the firm statement that agreement had been reached on the basis of equal shares. The lack of confirmation has been deafening. Instead, there are strong suggestions that the Saudi government proposes a division into five equal shares, of which Saudi Arabia, as both producing and transit state, should get two, and the others, as transit states only, should get one each.

The reported Saudi suggestion for division on a 40:20:20:20 basis is in fact a generous one. On a ton-mile reckoning, Saudi Arabia would get 70 per cent. But still agreement is lacking. A cynic has prophesied that the four states will soon refer the matter back to Tapline, with a request that the Americans should, after all, divide the shares as they please. What is one to think of Arab unity if after so much palaver the mothers can think of nothing better than to hand their baby back to Solomon?

How comfortable does the Lebanese government feel about its prospects of copying President Nasser? The latest government move, which is the despatch of Saeb Salam on an urgent mission to Damascus, betrays some nervousness. He has recently committed himself to several statements on the oil industry that are now coming home to roost. In addition to his wrong forecast about shares of the Tapline profits, he said that the Syrian government would never agree to the diversion of the new pipe to Banyas instead of Tripoli; and that the Iraq government would never agree to a pipeline through Turkey to Iskenderun—a line now being prospected. The public is growing increasingly uneasy at lack of confirmation of his assertions. The parliamentary Oil Commission, which was due to question the foundation for them at a meeting on Wednesday, has postponed this till Monday next so as to afford Salam a chance to substantiate at least one of them. If he returns from Damascus empty-handed, his immediate political future would seem to be in jeopardy.

Indian Views on Suez

FROM OUR CORRESPONDENT IN INDIA

INDIA'S attitude to the Suez dispute is quite cool and practical. It wants a solution which will at once avoid war and ensure free passage through the canal and it thinks it can be better attained by talking to Colonel Nasser than by moving troops or forming users' associations.

India's difference with the western powers is primarily not one of morality but of political judgment. Few in India approve of Nasser's methods of overnight seizure, nor would many like to leave the canal in totally unfettered Egyptian control, but virtually all consider that military action would not work. The only result, they feel, would be an Algerian-style guerilla war, the blocking of the canal, and the sabotage of western oil installations all over the Middle East. They dismiss complacently the possibility that a successful military action would dictate terms to Nasser.

Indeed, Indians do not see the situation in terms of the individual Nasser, his breaking of contracts and his methods of running Egypt at all. They look on it as part of that resurgence of Asia and Africa of which Mr Nehru talks so often, and which consists so largely of the removal of every possible limitation of Afro-Asian sovereignty. If there were no Nasser, there would be somebody else. To Indians, the only course to be taken when a special regime of the Suez type is challenged is to renegotiate with it. One cannot stand on 19th century rights without creating more bitterness than they are worth; and reminders of the difficulties the Egyptians will have in running the canal fall upon unwilling ears.

Nevertheless, because Indians consider Nasser's nationalisation as something which cannot be undone, indeed something he was within his rights in doing—however much they may disapprove of the way in which he did it—it does not mean that they forget the interest other nations also have in the canal. Nearly three-quarters of their own trade passes through the canal—a far higher proportion than that of Great Britain, and they are profoundly alarmed at the thought of the burden on their foreign exchange position that a diversion of shipping round the Cape would involve. Nor do they overlook the possibility that if Egypt had the right to discriminate against particular ships or to raise tolls as it liked, it might conceivably discriminate against their ships, and raise tolls on their traffic. Therefore, they are very eager for negotiations with Egypt, not just so that Nasser's seizure of the canal may be ratified, but also so that it can be kept in order. Indian advice in Cairo has been steadily in favour of moderation, and it may well explain, not only the care with which Nasser has avoided further hostile acts, but also his expressed willingness to bind himself to the sort of agreements India would like to see made.

Indians indeed do not take too tragic a view of the gap between their advisory committee and the western-advocated internationalisation. Even an international canal authority could not prevent Egypt from exercising its sovereign rights to interfere with transit; it did so against Israeli ships under the company. On the other hand, Indians do not believe that the Egyptians could ever lightly disregard the advice of an advisory committee which would contain themselves, the Russians, and the western powers. Indians have no objection to their scheme of an advisory committee being strengthened; they would, for example, find an Egyptian canal authority with some non-Egyptian members perfectly acceptable. Their point is only that it is useless to present solutions which it is known Nasser will not, perhaps cannot, negotiate on, and that, since force is excluded, some basis must be found from which both sides can negotiate. That is also why they prefer Mr Krishna Menon's talks to a reference to the United Nations. They suspect that once both sides have taken up formal positions in New York, negotiation becomes unnecessarily difficult.

Few have praised Nasser's action as a stroke for freedom; there was far more praise for Britain for naming a date for Gold Coast independence. Fewer still have seen England and France as big bad wolves; rather has there been regret at seeing them act so out of what Indians conceive to be their character. There is regret, too, at seeing Britain in particular lose prestige. Nobody has believed that Britain and France would, or could, really use force. Rather have they been seen as old aunts threatening to spank naughty Johnny although he runs faster and they lack the physical strength to catch him. Most Indians do not want to see Britain and France reduced to unimportance, or to be left with a world split between Russia and America. The return of Britain especially to milder courses has therefore been genuinely welcome. It has been treated, not as weakness, but as a sign of the capacity to recognise facts, a capacity Indians have always considered a major British virtue.

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Black Mood in Paris

FROM OUR PARIS CORRESPONDENT

LAST Friday has become in French eyes a diplomatic Black Friday; it was the day on which it became clear that the original scheme for a Suez Canal users' association would be watered down and would not lead to a rapid boycott of Egypt. French opinion was more united than British (or than French has been since 1945) in hoping for forceful action to beat down President Nasser. The revulsion at the loss of that hope after so many martial speeches has been proportionately violent. The government's protest and its reservation of its "freedom of action" in joining the users' association have weighed little beside the shattered hopes, especially since the pause before the American elections promises further delays in taking decisions. Equally the Franco-British appeal to the Security Council and the visit of Sir Anthony Eden and Mr Selwyn Lloyd to Paris seem, in the shadow of French disappointment, to be a regrouping of forces after retreat.

For the government, however, the visit is essential: common Franco-British policy in the United Nations and after could have been more discreetly prepared, but public evidence of the *entente cordiale* was necessary at the critical moment of shock. For the government continues to maintain that its aim is international control of the canal; that this is the basis on which Nasser should be brought to negotiate; and that even force cannot be excluded should he refuse. However, when an unfortunate newsreel flashes M. Mollet on cinema screens affirming that there will be no bogging down over Suez, the audience reaction is not flattering.

Anger Against Allies

The government has been criticised by the conservatives for its "vain threats" and some Mendèsiste Radicals, like the young M. Hernu, are now claiming that military action could and should have been taken at the outset of the crisis. But M. Robert Lecourt, speaking for the Catholic MRP, has said that "our bitterness is not directed at the government." The French government acquiesced in the revised users' association in the name of solidarity with its Atlantic allies. It is against those allies that feeling is aimed—mainly the United States, but also others, notably Italy for paying canal dues to Egypt and weakening the association. A large number of parliamentarians have stressed that failure over Suez would deal a "fatal blow" to the Atlantic alliance. Even MM. Mollet and Pineau have expressed "bitterness" and "anxiety" and blamed risks of future war on "those who have been weakest" with Nasser in the last two months.

On the surface Britain has escaped lightly in this chorus of resentment, despite early hints in the press (not echoed by the government, which has constantly stressed solidarity with Britain) that it had failed France by accepting too quickly the revised users' association. Yet Britain's stature too has been diminished. *Le Monde's* bitter comment is that the Franco-British team is an alliance of "possessors dispossessed" while M. Reynaud has concluded that "the Franco-British tandem is no longer enough." For the French reaction has not been entirely, or even most profoundly, a search for scapegoats. The need for renewal has been one of the themes that has crystallised within the last few days. The "Europeans," even fairly new ones like *Le Monde*, have gained points by claiming that Suez shows that European unity is more urgent than ever and that Britain should take steps towards it. M. Pineau has made the point in his talks with Sir Anthony Eden. The French government has already endorsed the recent recommendation of M. Jean Monnet's action committee for a united states of Europe that the Six should establish European atomic power production targets in the light of Suez. This Saturday, M. Mollet meets Dr Adenauer to discuss the obstacles, such as German resistance to European ownership of fissile materials, which hamper the drafting of the Euratom Treaty.

All these themes are likely to emerge in violent terms when parliament reassembles within the next fortnight. The government faces a threefold crisis. It will be challenged to find some effective riposte to Nasser, if only because so many politicians, like M. Lacoste, link Suez with Algeria. The Algerian reforms, too, must be tackled before the United Nations session in November—and the conflict between those who want negotiations with the rebels and those, like M. Lacoste, who want to grant a charter dispensing with prior discussion (and that only after President Nasser's fate is clear) will be a keen one. Finally inflation, despite the rousing success of the national loan to finance Algeria, is still threatening. The Socialists remain the lynchpin of any majority and M. Mollet's position is still strong. But events are moving fast. Last week several of M. Mollet's own ministers made noises off suggesting the government might resign over Suez. The atmosphere of governmental crisis, absent in April, has returned.

Japan's Sick Man

FROM OUR TOKYO CORRESPONDENT

PLUS ÇA CHANGE. . . . To few countries does the saying apply more forcefully than to Japan. Before the war, Big Business nakedly made and unmade governments. Despite the blessings of democracy conferred since the war, Big Business continues, scarcely less nakedly, to do exactly the same. The businessmen made and broke the Yoshida government, and the Hatoyama government now is threatened with a like fate.

If there is a difference, it is that few governments, even in Japan, have called out quite so loudly to be unmade, and few Japanese prime ministers have tumbled so fast from a high peak of popularity as has Mr Ichiro Hatoyama. The Japanese, who normally hedge their every remark with courteous platitudes so vague at to suggest—misleadingly—vacuity, can also be cruelly outspoken. They are being so now about Mr Hatoyama. The Prime Minister who so recently was cheered in the streets is jeered at as Japan's *hirune shuso*—the nearest translation is "afternoon-nap-prime-minister"—or scathingly referred to as "the robot."

Mr Hatoyama is, self-confessedly, a sick man. But there has been nothing quite like his loud and constant preoccupation with his health since the heyday of Mohammed Mossadegh. This naturally feeds the rumours and swells the legends, already legion, about his physical and mental state. It is not too much to say that the Japanese people have ceased wondering when the Prime Minister is going to make up his mind, and are now chiefly concerned about whether he has a mind to make up. Like Dr Mossadegh, Mr Hatoyama when he appears in public often disconcerts

The case of

Thaumetopœa pityocampa...

In Spain, where soil erosion is a major problem, pine trees are grown extensively to aid conservation. As mature trees are felled for timber young trees must be planted to replace them, in order to maintain the cover on the steep hillsides. The young replants are often destroyed by the larvæ of the pine processionary moth, *T. pityocampa.*

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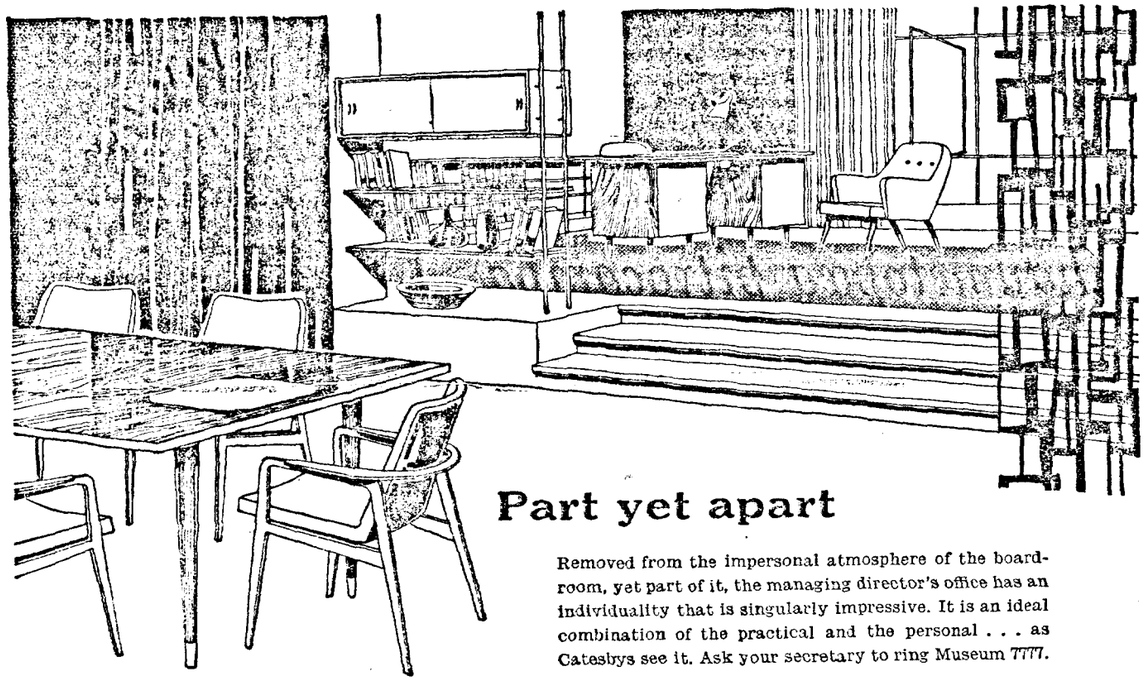

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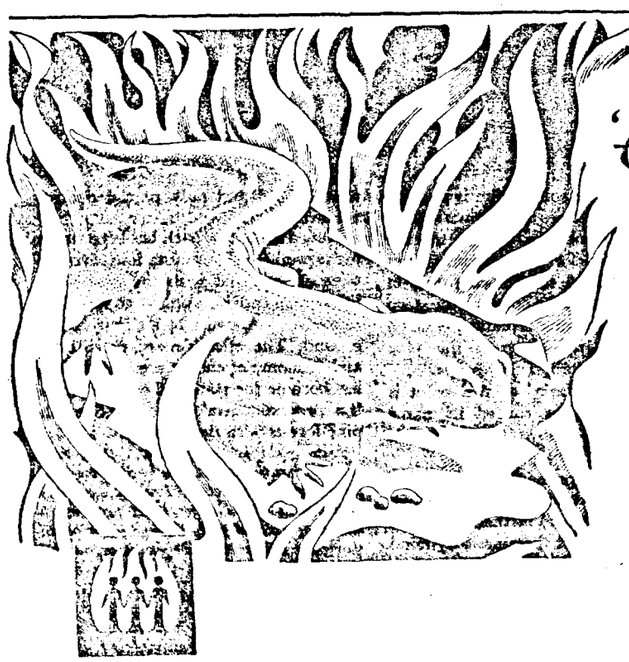

'Ever in the fire and never consumed'...

THIS IS ONE of those legendary associations that bear no real relation to the truth. Salamanders are amphibians, the black and yellow species 'Fire Salamander' being common still throughout North Africa and Central Europe. Far indeed from being fireproof, he is found only in the dampest places.

There is nothing mythical however about the fire-resistant properties of ASBESTOLUX, one of the most up-to-date manufactured products of The Cape Asbestos Company. Non-combustible and therefore widely used in modern building practice, this asbestos insulation board is mainly composed of Amosite asbestos fibre, from the Company's own South African mines. It is this Amosite, with its high specific volume, i.e. millions of long, thin hair-like fibres per pound, that gives to ASBESTOLUX many of its outstanding qualities—high insulating efficiency, good strength/weight ratio, and extreme durability due to its indifference to temperature, moisture, chemicals, insects and fungi.

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WORLD'S LARGEST PRODUCER OF AMOSITE AND "CAPE BLUE" ASBESTOS

his audience by bursting into tears, either of sorrow or of joy. When the veteran conservative politician, Bukichi Miki, died this year, the Prime Minister called a press conference, during which he wept copiously. And, when a public meeting applauds him, or children greet him with well-drilled "*Banzais!*", Mr Hatoyama also weeps. This tearful habit has an unnerving effect on all present.

Even more worrying to the Japanese is that Mr Hatoyama now spends an increasing part of his day tucked up in bed. This attracted so much unfavourable comment that it evoked a public explanation, which few people found very consoling. "The Prime Minister, when he goes to bed in the afternoon, does not sleep all the time," an official explained; "sometimes he stays awake to read a little." Another disconcerting Hatoyama habit is to stay away from Cabinet meetings as much as possible; his Cabinet colleagues however are less perturbed by this than they might reasonably be, because, when Mr Hatoyama does attend, he is apt to agree with everyone who speaks, even when the speakers are in violent opposition to one another. This habit of cordially agreeing with people who offer him quite contradictory advice frequently causes great confusion: on one recent occasion, Mr Hatoyama warmly endorsed the choice made by the Foreign Minister, Mr Shigemitsu, as to who should be Japan's ambassador to the Philippines, then later in the same day no less warmly approved the quite different choice suggested by someone else.

Honourable Retirement

In these melancholy circumstances, the business groups who put Mr Hatoyama in power would now be glad to be rid of him. What restrains them is that they cannot agree among themselves who his successor from within the Liberal-Democrat Party should be. The party is composed of various contending factions who were forced into an uneasy merger after the Socialists succeeded in healing their own schisms: fear of the Socialists holds them together, but otherwise they have no agreed policy. As one Japanese politician explains it, with revealing candour: "Mr Hatoyama should be allowed to make an honourable retirement, but he cannot be asked to come off the stage, because there is no one to arrange the next scene."

One man who would like to combine the roles of scene-shifter, stage-manager and star is Mr Ichiro Kono, who is nominally Minister of Agriculture and Forests, and is actually Mr Hatoyama's chief adviser and effective foreign minister. A recent cartoon in the *Asahi Shimbun* showed Mr Hatoyama seated in a chair and a maid packing his suitcase; the maid asks: "How many shirts shall I pack, sir?", and Mr Hatoyama replies, "Please ask Mr Kono." Mr Kono has considerable ambition, but so far he has preferred manipulating Mr Hatoyama to risking the vengeance of the other factions by trying to get power directly.

Matters have, however, been brought near a head by the Russo-Japanese talks. After the failure of the Shigemitsu-Matsumoto mission, Mr Kono encouraged Mr Hatoyama to announce that he would proceed to Moscow himself accompanied, of course, by Mr Kono. This incensed the powerful business groups, as well as a large section of the Liberal-Democrat Party, including Mr Shigemitsu, who feels himself to be in an impossible position, holding the post of foreign minister while Mr Kono in fact dictates foreign policy. The former prime minister, Mr Yoshida, wrote an open letter to Mr Hatoyama in which he resoundingly demanded: "Inexperienced and ailing Prime Minister, why are you going to Russia and taking the rash step of inviting the red menace?" When the business groups made it emphatically clear that on this point they supported Mr Yoshida, the government hastily announced that Mr Hatoyama's Moscow trip would be deferred, at least until Mr Matsumoto had revisited Moscow to try to find out if Mr Hatoyama would really be able to achieve anything.

Whatever the final outcome of the prolonged Russo-Japanese negotiations, it seems unlikely that Mr Hatoyama can hold on to the premiership very much longer. Mr Kono is therefore being impelled to seek a continuation of his power through a new medium, Mr Kishi—since he still shrinks from an open bid in his own name. But there are other contenders for the premiership who are now sharpening their political swords in preparation for the battle. The Socialists hope that the ensuing struggle will entirely disrupt the Liberal-Democrat Party, thus enabling them to form a government; and the Communists, thinking along the same lines, are busily denouncing "left-wing adventurers" who preach outmoded violence, and are making united-front overtures to the Socialists. Perhaps the most disturbing factor in the whole confused situation is that the ultra-nationalists have suddenly emerged from a long period of obscurity to express loud disgust at the sorry spectacle, and are threatening to assassinate politicians who refuse to mend their ways. The Japanese business groups can make and break governments, but have yet to demonstrate their ability to make them work. *Plus ça change . . .*

Problems for Dutch Politicians

FROM OUR CORRESPONDENT IN HOLLAND

THE Dutch cabinet crisis drags on. Each party in turn has tried to form a new government; the latest attempts have been frustrated by disagreement over the scope of economic controls and now the Labour party's turn has come round again. But in spite of the political crisis, Queen Juliana opened Parliament last week with all the traditional ceremony. The first official attendance of her daughter, Crown-Princess Beatrix, made the cortège with the golden coach even more colourful than usual; but the ceremonial could not conceal the public's concern that three months after the elections, a government still could not be found. In her opening speech, the Queen stated with great emphasis "that it had not yet appeared possible" to resolve the crisis; this was taken to be a reproach to the politicians.

Since the outgoing cabinet could not lay down the lines of future policy the Queen's speech could not be of much significance. The budget, too, suffered from the effects of the crisis. The Minister of Finance bluntly described the dangers in Holland's economic position but showed no concern about the future; he optimistically remarked that the present boom would probably continue for at least the next six months. The budget deficit is around 900 million guilders (nearly £86 million) but the minister could give no indication whether it would be met by higher taxes, cuts in expenditure or by some other means. An appeal for an internal loan is unlikely to be successful. But more taxes are unacceptable to all the right-wing parties.

Two main features of the budget were the increased expenditure on education and housing and the apparent determination to press ahead with developing the welfare state at all costs. About one billion guilders (4.6 per cent of Holland's national income) has been allocated to public education. Housing is to get 300 million guilders, an increase of about 50 million over last year's figure. The building programme provides for 75,000 new houses; this will be the highest number ever reached but it is still not high enough to meet the urgent need.

The difficult question of whether or not to raise the rents of prewar houses has still not been answered. Maintenance costs have increased much more than rents which are still too low to encourage private ownership. The gap between the rents of new and prewar houses is steadily increasing. The outgoing government and all the political parties agree that there must be a drastic increase in prewar rents; this is bound to have inflationary effects because the socialists will not allow increased rents without compensating wage increases. Social services are also devouring steadily growing amounts of public money. Next January every Dutchman who is 65 years old will be granted a state pension, and this too will have an inflationary effect. None of the political parties dares to oppose further wage increases and these may well upset the precarious balance between production and consumption. This balance is already in great danger as a result of the general wage increase of last March. The politicians lack the courage to tell the voters that consumption is already too high and that more wages can be justified only by increased output and higher productivity. The budget produced by the outgoing cabinet shows clearly that the new government will have some difficult decisions to take. The Dutch are consuming more than they earn and the vital question is not how to divide the national cake but how to enlarge it.

Chinoiseries in South Vietnam

FROM OUR SAIGON CORRESPONDENT

A BOLT recently fell out of the blue sky on to the Chinese minority in South Vietnam. It was "nationalised" by President Ngo Dinh Diem, much as President Nasser nationalised the Suez Canal. On August 21st a decree published by the South Vietnamese government declared that all Chinese children born in Vietnam were Vietnamese, and must take Vietnamese names. One peculiarity of the decree—apart from the fact that it concerned only the Chinese—was that it was retrospective, so that not only all Chinese children born in Vietnam in the future become Vietnamese, but also all Chinese children born there in the past. Since some families have lived in the country for several generations, octogenarian Chinese are finding a new nationality thrust upon them without option in their declining years. This is undoubtedly the most decisive step yet taken by any South East Asian country to assimilate its Chinese minority.

The Chinese in Vietnam number just under a million, of whom about 800,000 live in the Nationalist south. Under the French colonial regime the Chinese were attracted in large numbers from South China to the fertile rice lands of the Mekong delta, where, with the commercial acumen for which they are renowned, they soon took the bulk of the rice trade, and indeed many other trades, under their almost exclusive control. Under the 1930 Treaty of Nanking between France and the Kuomintang government, the Chinese in Vietnam enjoyed a special status which to a large extent combined the privileges of distinguished foreigners with the advantages of resident natives. They had their own schools, far-reaching economic rights, and a commercial and administrative autonomy which made them almost a self-sufficing community. This state of affairs was always resented by the Vietnamese nationalists.

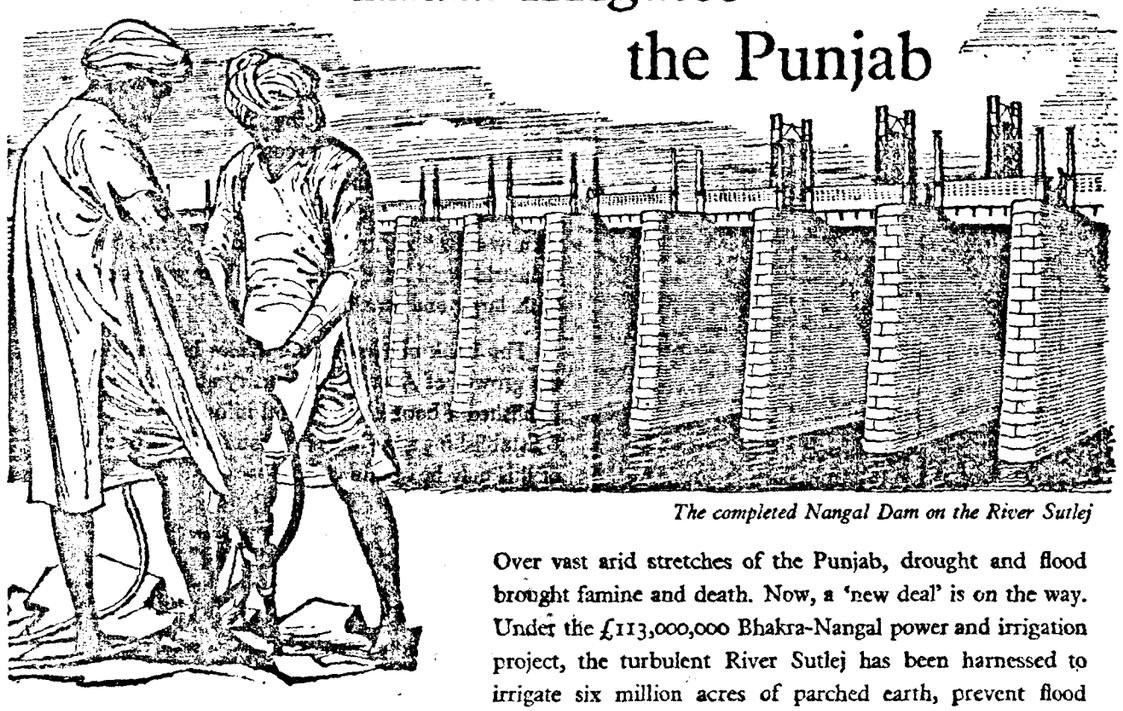
But the situation since Vietnam became independent has been delicate. To dismantle the Chinese commercial structure overnight, on top of the drastic modifications already made to the French trading system, would demolish an already shaky economy. The Chinese must be got rid of, to please the nationalists; but they must be kept in being to satisfy the economists. The way in which the South Vietnamese government has tried to resolve this dilemma is worthy of remark. In addition to the law which "vietnamifies" all Chinese children ever born in Vietnam a second, more usual, edict prohibits the practice by foreigners of eleven professions. These involve most of the retail trade and almost the entire intermediary rice trade, both the especial province of the Chinese. The effect of the first law is of course to allow all the Vietnam-born Chinese (they are estimated at 500,000) to continue in the jobs from which the second law would otherwise have excluded them. In this way, it would seem, the demands of nationalists and economists are brilliantly reconciled.

A Mortal Affront

There is, nevertheless, some uneasiness in Saigon about this apparent masterstroke—and not merely among the Chinese, whom it most closely concerns. The 300,000 Chinese not born in Vietnam will presumably have to abandon their professions unless some way round the edict (such as operating under the name of a Vietnamese member of the family) can be found. Some Vietnamese traders fear that the Chinese who become Vietnamese will acquire "official" commercial advantages they never had before. But economic considerations are not the only ones. The Chinese, who for about 5,000 years have regarded themselves as superior to all the other nations of the earth, consider it a mortal affront to be saddled with the nationality of a state which in the past they have thought of as a dominion of the Chinese empire. Chinese sentiment is not mollified by the official attitude of the Vietnamese government that they are conferring a favour on the Chinese by taking them into the bosom of the body politic.

Meanwhile Taipeh has registered "deep concern" at the South Vietnamese action, and recalled its Saigon representative for consultation. Peking—which under the communist constitution regards all overseas Chinese as Chinese nationals—has so far remained silent. Many of Vietnam's Chinese, who are basically non-political, may feel they can continue their business under the fiction of being Vietnamese, as did the Jews of mediæval Spain under the fiction of being Christians. Those that do will at least escape some of the disadvantages of belonging to an alien, and often resented, minority.

India irrigates the Punjab



The completed Nangal Dam on the River Sutlej

Over vast arid stretches of the Punjab, drought and flood brought famine and death. Now, a 'new deal' is on the way. Under the £113,000,000 Bhakra-Nangal power and irrigation project, the turbulent River Sutlej has been harnessed to irrigate six million acres of parched earth, prevent flood disasters and provide enough electricity for over 100 towns. The Bhakra-Nangal project means an immense construction programme: the huge, 680-foot-high Bhakra Dam on the Sutlej—one of the highest ever planned; a smaller dam, the Nangal, eight miles downstream; five power plants; a 3,000-mile network of canals; new roads, railways and towns. With compressed air equipment, the project is taking shape. Atlas Copco rock drills and air compressors are in action drilling tunnels, excavating dam sites and building mountain roads to raise life above the existence level for millions in the Punjab.

Helping polio victims to breathe

Compressed air is versatile. Atlas Copco provide the means for all its many applications. In a Scandinavian hospital, respirators of a new type that pump air under pressure into the lungs of polio patients to help them with their breathing, are run off a small Atlas Copco compressor centrally situated in the building.
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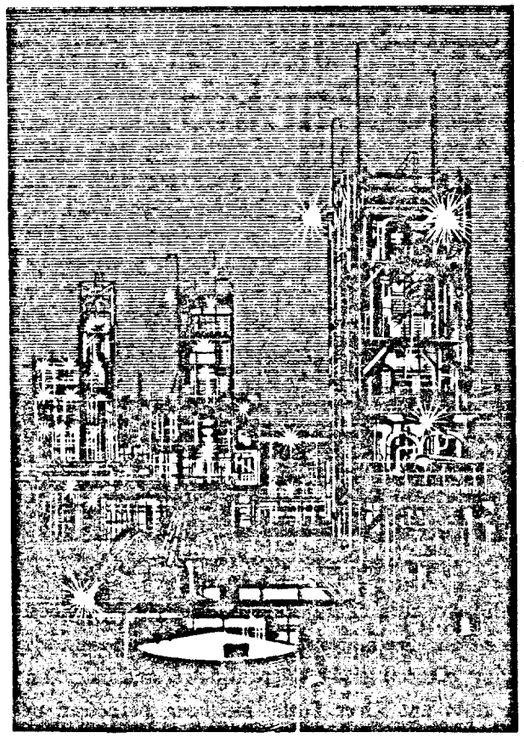

Night view of a chemical factory, New South Wales

AUSTRALIA *to-day . . .*

This installation producing rayon acetate was recently completed at a cost of £6,000,000. It illustrates the great industrial strides being taken by Australia. With the help of overseas capital and "know-how" Australia is extending her secondary industries and offers attractive opportunities for both large and small enterprises.

The Bank of New South Wales has assisted in the growth of Australian industry and has recently published a booklet of factual information entitled "Establishing a business in Australia". A free copy of this may be obtained from —

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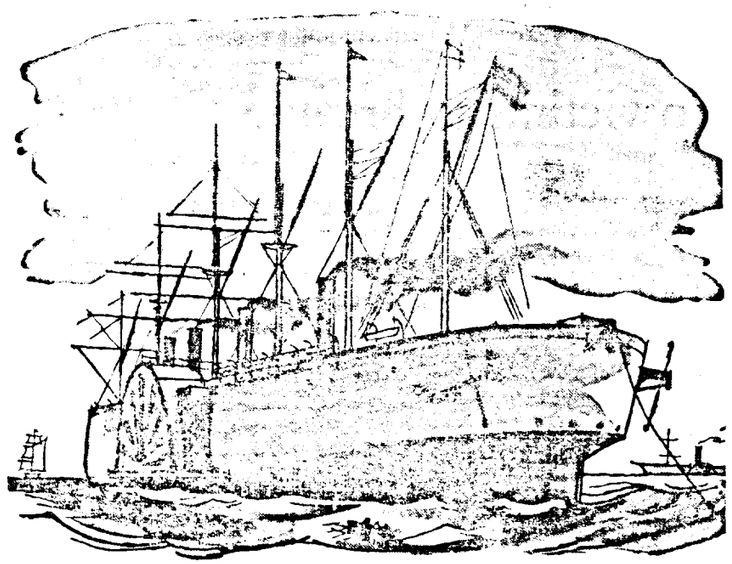
Twelve years before Cable Contact



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Since then, commerce with Latin America has increased enormously, and with it have grown the influence and interests of the Bank. Today, the Bank holds a unique position as the *only* British bank in Latin America. It has Branches in most of the important trading centres of that vast Continent.

Up-to-date reports on local markets, trading regulations and general economic conditions, are received regularly from branches overseas and are summarised in the Bank's *Fortnightly Review*, which is distributed to customers and made available to those who have business in Latin America, Portugal or Spain.

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THE BUSINESS WORLD

Bretton Woods Triplets

IT has become a familiar and even monotonous convention in commenting on the annual meetings of governors of the International Monetary Fund and the International Bank for Reconstruction and Development to make the contrast between these Bretton Woods Twins—to draw attention to the pale cheeks and functionless life of what Keynes called Master Fund and to the vigorous, purposeful activity of Miss Bank. The contrast remains. But before returning to that theme it would be well to note that the family has been enlarged and that Miss Bank, with a certain precocity for so young a lady, has produced an offshoot—the International Finance Corporation whose first appearance was made at Washington this week.

It was a notable appearance, not as a record of achievement (for the IFC is only two months old and has not yet done any business) but for the promise contained in the remarkably sane, level-headed speech of its President, Mr Robert Garner who, until called to the IFC, was Mr Eugene Black's Number Two at the World Bank. Mr Garner's first point was that the IFC is going into the private enterprise business and will help to finance projects which, because they are not governmental or do not rank for governmental guarantees, are outside the scope of the bank. In choosing its partners it will look primarily for good management. Technicians, argues Mr Garner, are plentiful; good managers are rare. In his words "there must be 'know what' as well as the 'know how'." The new corporation will not be an easy lender—"we must earn returns commensurate with the risks we undertake"—and it will lend on participating terms. But the exercise of the rights of conversion attached to its fixed interest loans will not occur until the IFC sells its holdings, as it normally intends to do, to private investors. It will, as a general rule, go into partnership with local investors in the countries where it does business.

Finally, with a highly topical eye on recent developments, it will look in its ventures on "standards of business conduct, the treatment by public authorities of private investment whether local or foreign, respect for the validity of contracts." As Mr Garner said, metaphorically looking President Nasser in the eye, "confidence is a plant slow to grow but easy to kill." If the IFC lives up to this overture it has a constructive and beneficial life before it; it will be a valuable supplement to the activities of the World Bank.

★

The bank goes from strength to strength. In the past year, which saw the tenth anniversary of the day on which it began operations, it made loans to the equivalent of $396 million and brought the total of loans made in this first decade to $2,720 million, spread in 150 separate operations over 42 different countries—so far without a falter of default. Meanwhile, an ample cushion of resources has been accumulated to take the impact of losses which sooner or later, even in the most ideal of conceivable but realistic worlds, are bound to occur. By steadfastly levying its 1 per cent per annum guarantee charge on all loans and ploughing back profits, reserves against losses have been built up to $227,658,769 which represents more than 10 per cent of the effective loans of $2,001.8 million held by the bank (which has sold some securities to private investors and in many cases has not disbursed the full amount lent). The position is one of impressive strength and prompts the question whether orthodoxy and caution have not been sufficiently satisfied to allow a considerable diminution in the guarantee commission of 1 per cent—a figure which adds appreciably to the cost of borrowing from the bank and which swells the international demand for US dollars.

The tale of the IMF is best told in the figures showing its activity and capacity to make ends meet:

	Years to April 30th		
	1954	1955	1956
	$	$	$
Income	4,985,199	2,346,426	1,675,335
Expenditure	5,009,159	4,989,371	5,341,601
Deficit	23,960	2,642,945	3,666,268
Currency sold by fund	231,290,000	48,750,000	38,750,000
Currency repurchased from fund	145,106,000	276,275,000	271,661,333

For the past two years the fund has steadily been unwinding its business. At the end of April the outstanding facilities made available by the IMF had been reduced to a mere $278 million. After all the fanfare with which the new technique of "stand-by" credits was announced more than two years ago, it is disappointing to learn that last year no drawings were made under such arrangements. The result of this inactivity is all too clearly reflected in the income and expenditure figures. They show a steadily widening deficit. Far from providing a positive contribution to the supply of scarce currencies in the world, the fund on its own account has become an appreciable net consumer of dollars.

It would be more than unfair to blame the fund for the miscarriage of those hopes of a relatively rapid return to the normality of a free and truly multilateral system of international payments on which the Bretton Woods blueprints were drawn. The inability of the world to recapture that logical balance and inherent equilibrium of international payments which was undermined by the first world war and shattered by the second, is due to deeper causes than the mere insufficiency of a technical piece of mechanism. But there must be something profoundly wrong with the constitution or management—or both—of an institution which has in ten years of life failed so obviously to adjust itself to the world and the conditions in which it has been called upon to function.

The fund was to have been a fount of constructive advice, a wise counsellor that would not only be listened to but heeded. That advisory function could not be dissociated from the active work of the IMF in making available to its members the currencies they might need to tide them over temporary balance of payments difficulties. For reasons that may have been outside the fund's control, but to which it should have adjusted its operations and techniques, there has been no substantial demand for its facilities to which it was able to accede. Deprived of any practical day-to-day business activity, the fund has inevitably been equally barren in its advisory role, in the confidence and respect it has been able to command from its member countries, and in its impact on monetary policies throughout the world.

It may mean a major operation to transform the fund into an institution that will do more than draw up the admirable reports and the compilation of statistics that flow from its experts. If so, a promising chance of achieving such a metamorphosis is provided by the appearance of a new broom, Dr Per Jacobsson, who is to succeed Mr Ivar Rooth as managing director and chairman of the Executive Board. Dr Jacobsson needs no introduction to Europe or, indeed, to the world, for there are few capitals that have not felt the intellectual and emotional impact of this peripatetic emissary from the Bank for International Settlements. His appointment carries with it an ironic echo of the Bretton Woods Conference. It was at this meeting in 1944 that the United States delegation, led by Mr Morgenthau and Dr Harry White, bulldozed through the conference a resolution to the effect that the Bank for International Settlements should be wound up at the first opportunity. The ostensible reason was that the International Monetary Fund could be presumed to do in future all that the BIS had been doing, and more. The true reason was the almost pathological aversion which the New Dealers in the United States had developed for an institution which, for them, represented the combined power of central banks and which had dared during the war to remain in contact, studiedly correct though it was, with the Reichsbank and its President, Dr. Schacht. That resolution, though passed, was never implemented and there is poetic justice in the fact that it is the man from the BIS who should now be called upon to breathe life into the rigid, atrophied limbs of the IMF.

*

Whether he can do so will depend first and foremost on his ability to remove the fund from the orbit of politics into which it was thrust by the decisions of the Savannah conference and, in particular, by the influence vested in the executive directors, men admirable in themselves but whose allegiance is owed in the first place not to an international institution but to the countries they represent. As it emerged from Bretton Woods and Savannah, the World Bank had the same defect of birth imprinted upon it; but thanks to the influence and vigour of the Wall Street bankers who were called upon to administer it, that handicap was soon overcome and the politicians were relegated to the comparatively subordinate position which, in an institution such as this, they should hold. If Dr. Jacobsson can secure the same victory for the IMF and can break the suspicion that this institution is no more than a minor desk of the US Treasury and State Department, he will have taken the first step towards making it a real power, an influence for good and an active participant in the business of supplementing that cushion of international reserves without which the ideal of multilateral convertibility of currencies will be a mirage ever receding with the horizon.

It will, however, need more than a change in its Articles of Agreement or in the manner in which it is operated to bring to life the world for which the IMF was intended. At Bretton Woods most of the progenitors of the fund, and Keynes in particular, were still dominated by the fear of unemployment and depression and by a repetition after World War II, of the "boom and bust" sequel to World War I. The latest annual report of the fund and most of the speeches made in Washington this week acknowledge how wide of the mark those fears were: they recognise that the major problem is that of inflation—that as Mr George Humphrey, the US Secretary of the Treasury, said, it is "peace and prosperity that has caused the real trouble." As long as this persists and, in particular, as long as there is no inevitable unanimity in the rate at which inflation proceeds and in the effectiveness of the steps to counter it, it will be inordinately difficult to achieve the Bretton Woods ideal of a world of convertible currencies and stable exchanges.

More Golden Fleece

FOR the first time in five years wool prices have risen sharply at the start of a new season. Since the 1956-57 auctions opened in Sydney on August 27th prices of merino wools have risen up to 15 per cent above the closing values of the season which ended in mid-July; the drop in prices last July has been more than made good, and merinos are now at their highest point for two years. Though crossbred prices will not be fully tested until the New Zealand sales begin at the end of next month, fine crossbreds are up to 15 per cent dearer than at the end of last season, while medium crossbreds are over 10 per cent dearer. The fleece that lost some of its lustre in the last two years once more has the golden look.

The strength of the market has gladdened hearts far from the rolling pastures of the outback. Wool is the most valuable export of the whole overseas sterling area. To Australia, the world's largest producer, it has given a badly needed boost to the Commonwealth's earnings of foreign exchange; to Australia's suppliers, among whom Britain comes first, it offers the hope of some relief from repeated import cuts—at the cost naturally of some adverse pressure on Britain's own terms of trade.

A firm opening to the sales was expected. World consumption was buoyant, stocks were rather low in Britain and other countries, and floods and delays in shearing had held up the movement of Australian wool to auction. Bradford buyers, traditionally bearish at the start of a new season, were for once mildly bullish. Yet few buyers can have expected prices to rise as far—and as fast—as they have. Competition at the auctions has been widely spread—Japan, after a slow start, has been buying more heavily—and almost all the wool on offer has been sold. War scares, rather than the small delay in shipments that would be caused by the closure of the Suez Canal, probably stimulated the bidding; the cancellation of the Brisbane sales certainly did. But will the advance be held?

Some decline in prices may well come in the next few weeks. Buyers should soon have met their most pressing needs for wool, and then they can play a more deliberate hand. There were signs of weakness in some merino wools this week, and the decline in futures no doubt reflects a belief that a reaction is due. That view could go awry if war clouds gathered again over Egypt, or if the Brisbane sales, now scheduled for the first and third weeks of next month, ran into trouble. The unions have refused to handle the "black" wool lying at Brisbane, a legacy of the shearing dispute, and statements made by the Commonwealth government suggests that it may intervene. A clash is possible, and could spread to other wool centres.

What of the more distant prospect? The wool industry is well served by statistics, but they suffer from the common defect—they tell only about the past. The Commonwealth Economic Committee's latest figures for eleven main consuming countries show that consumption of virgin wool in the second quarter of this year continued to run at the high rate of the first quarter; for the first half of the year as a whole consumption was 8½ per cent higher than in the same period of last year. If that rate of increase is being maintained—and the demand for wool hardly suggests a decline—consumption in those countries is running at an annual rate of some 1,880 million lb. Taking consumption in the rest of the world at no higher than last year's figure of 925 million lb, the world total amounts to about 2,800 million lb.

THE DOMINIONS' WOOL CHEQUE

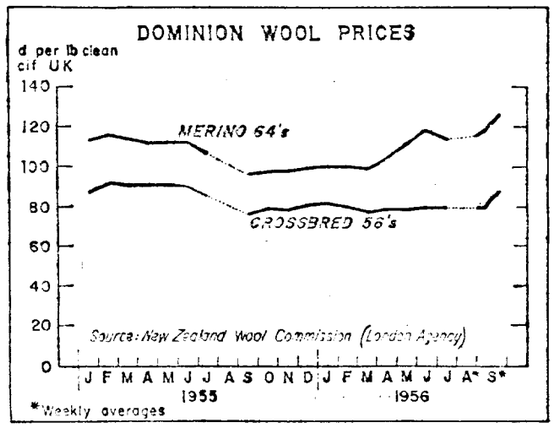
	1953–54	1954–55	1955–56
Australia :—			
£ million	312	282	267
lb „	1,144	1,189	1,299
New Zealand :—			
£ million	88	93	88
lb „	408	437	443
South Africa :—			
£ million	64	59	53
lb „	268	290	296

The forecast of world production in 1956-57 just matches this projection of demand, at 2,800 million lb clean, a new record and an increase of three per cent over 1955-56. Once again that increase mainly reflects a further rise in the Australian clip, this time of six per cent to 830 million lb. Production in New Zealand and South Africa is expected to increase by about two per cent to 320 million lb and 160 million lb respectively. The decline in production in Argentina is expected to be reversed by the recent incentives to farmers, and a

rise of perhaps five per cent to 220 million lb has been forecast. As the carry-over into the new season was no larger than normal, the only other sources of supply are the 35 million lb of surplus wool that the United States government will offer to the market, and the running down of the British strategic stock; this might add 10 million lb, making about 2,845 million lb in all.

Though the figures on both sides of the equation are tentative, they suggest that supply and demand for 1956-57 should be as closely balanced as anyone has a right to expect. That prospect does not rule out some decline from the present level of prices, but nobody would expect it to go far.

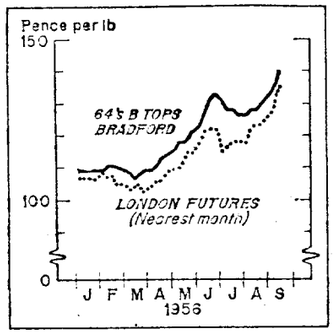
The rise in world consumption seems to be mainly the result of increasing activity in the worsted section of the industry. The steady narrowing of the premium for merino wools up to the end of last year served its purpose. Merinos became more attractive and consumption revived. Fashion, too, played a part. Whether prompted solely by the need for a change, or by the relative cheapness of merino wools as well, women's



fashions began to swing back to worsted cloth, and therefore mainly to merino wool, and away from woollen cloth, and therefore from crossbred wool.

The switch is illustrated by the latest figures of consumption in the British woollen industry. In July the rate of consumption was only slightly lower than in June and six per cent higher than in July last year. The rate of consumption in topmaking (the worsted process), however, was slightly higher than in June and 13 per cent higher than a year ago; consumption of merino wool was nearly 25 per cent higher than a year ago, whereas consumption of crossbred wool showed no change. The rate of consumption in the woollen section, in contrast, was three per cent lower than in June, and nearly eight per cent lower than a year ago. Demand for fine wools as a whole suggests that a similar shift has occurred in other countries.

The revival in the fortunes of the worsted section has also been helped by growing consumption in China, India and other eastern markets. These countries, at least for the present, are content to import the bulk of their tops from the older-established industries in the West, and now rank among their largest customers. World exports of tops in the second quarter of this year were nearly 15 per cent higher than in the first quarter and over 125 per cent larger than in the same quarter of 1955. Exports from Britain were 13 per cent higher than in the first quarter, and reached the highest quarterly rate for several years. China has become by far the largest market for British tops, with India in second place.



But the western industries do not have the worsted field to themselves. The phenomenal expansion in the Japanese industry, which has now drawn close to Germany—the fourth largest consuming country—presents a formidable challenge. Japan often dominated the bidding for fine wools last season; it was mainly Japan's withdrawal from the market that caused the sharp drop in prices of Australian wool last July. Japan's purchases are only one of the unknowns that could give the expected balance between supply and demand an unexpected tilt. There are others that could be thrown on to either end of the scale, and when the balance is so fine, a small weight can make a bumping difference. On what view will the trade buyer base his policy? He will hardly expect a big fall in prices, and obviously will not wish to leave himself uncovered, but the risk of being over-bought may seem greater. The season opened under troubled skies. When they disperse the credit squeeze, wage demands and competition in wool goods will seem all the more obvious. Wool prices are comparatively high and the buying season is still young.

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Business Notes

Less Capital for Electricity

DURING 1955 the Central Electricity Authority brought into commission 1,665,000 kilowatts of new generating capacity, and spent in all about £213 million on capital account. This was more new capacity in a year than ever before, and twice as much as in any prewar year (it was, indeed, rather more than the authority had had Government permission to bring in, performance for once having outrun expectations). This year, having cut its capital budget twice, CEA expects to spend only about £195 million; up to 1960 its capital programmes run fairly level, though in 1960-63, with the nuclear plants beginning to come in, the capacity to be commissioned reaches about 2,350,000 kW a year. These are still vast programmes for the plant makers; but electricity supply industry's claims on national investment resources will grow from now on at nothing like the rate they have since the war. This easing of pressure on the extra production that plant makers manage to achieve is already being felt directly by other industries that need heavy electrical equipment, such as steel. In a wider sense, it means that for the next few years, in which the resources available for total industrial investment in Britain can probably be counted upon to continue rising, electricity will be taking a more moderate bite out of them.

The industry's plans to finance more of its investment from revenue appear to have been halted this year by the decision to freeze its prices until March, 1957; they were not in fact being pursued any too vigorously last year. In 1955-56, as its annual report published this week points out, CEA set aside £11.7 million for the replacement of fixed assets over and above its normal depreciation provision of £56¼ million, showed a consolidated surplus of only about £12 million (as against nearly £19 million in 1954-55) after paying nearly £40 million in interest, and provided about 30 per cent of its capital expenditure from internal resources. That is less than it provided in 1954-55: this year the finance from within will fall even farther short of what the board would consider really necessary. The decision to freeze prices, says the report, was taken by the authority, having regard

> to the condition of the national economy and to Government statements about the need to stabilise prices. The added burden will seriously reduce the industry's financial working margin, will involve a number of Area Boards in individual deficits, and at the same time will reduce the internal resources available to finance the industry's capital requirements.

It is true that Lord Citrine said this week that "there will be no deficit for the industry as a whole in the current year." But this cold counting of the cost raises the question whether such decisions ought even nominally to be taken by nationalised boards. Ought they not to run their own industries, and let the Government make its own mistakes?

What Power Costs

IT cost the Central Electricity Authority about £368 million in 1955-56 to generate, transmit, and distribute 69,449 million units of electricity from its 274 power stations, which have a total output capacity of 18,845,000 kilowatts. Fuel—nearly 41 million tons of coal and coke breeze, 222,000 tons of oil and 61,000 tons of other fuels—accounted for £147 million of its costs. Capital charges—depreciation and interest—took £99 million. Salaries and wages took £77 million (leaving out those of employees concerned mainly with selling appliances or working on CEA's capital construction programmes). Materials, goods and services bought out cost £27 million; rents, rates and insurances £18 million. Since the electricity it sold brought in £380 million, the nationalised electricity industry as a whole showed a surplus of £12 million. On the average, the power it sold had risen only 32 per cent in price since 1937-38.

Only increased technical efficiency can stem the wave of rising costs. This industry's structure of costs is unlike those of most other industries; moreover, it has changed radically in the last 30 years. Until the war, fuel was a steady and relatively small element in electricity costs, little more than a quarter of the cost per unit sold as much as capital charges; today it is significantly higher—though nuclear plant will eventually begin to increase the relative weight of capital charges again. For the moment, measurements of thermal efficiency are probably the best indices of productivity in electricity supply, since they show what use the industry is making of the factor of production that counts most. Thermal efficiency in CEA plants is gradually increasing as more and more modern plants are commissioned and take over the bulk of the load—it was 24.35 per cent in 1955-56, as compared with about 21 per cent in 1947-48, just before nationalisation. But these figures are not particularly high by international standards; nor have they enabled the authority to keep pace with mounting fuel prices, and thus hold fuel costs per unit level. The same is true of "capital productivity," of which one measure is the industry's load factor; though this improved fractionally during the year, it could not offset the rise in the value of the industry's capital equipment, so that capital charges per unit rose also. The "labour productivity" that the authority has recently been singling out—sales of electricity per employee—did in fact rise more than wages and salaries did, so that labour costs per unit sold actually fell. Unfortunately in the electricity industry labour costs and labour productivity matter comparatively little.

Motor Outlook Worse

VEHICLE output in August was severely affected by the BMC strike and by a greater concentration of annual holidays in that month than in previous years. But the drastic drop of more than 50 per cent, from 55,865 cars and 22,219 commercial vehicles in August 1955 to 25,706 cars and 11,626 commercial vehicles last month—the lowest August output for four years—seems to be more than can be explained merely by strikes and holidays, particularly as the industry had begun to show rather better figures in June and July. Although September can hardly be as bad as August, credit restrictions at home and import cuts overseas will mean that the autumn as a whole is unlikely to show the customary revival in car sales. So far this year home and export markets have been equally poor. Home registrations to the end of July were down by 10 per cent on 1955 and overseas shipments—including August—were 13 per cent lower; but since output for the eight months was as much as 14 per cent lower there has presumably been some reduction of the industry's stocks.

Individual experiences of the manufacturers are still rather varied. Ford has now raised its daily production rate to 1,500 cars, lorries, and tractors, broadly the same as a year ago. The company's output dropped earlier this year while production was built up on the new Consul, Zephyr, and Zodiac models. More than half of these cars, and of Anglias and Prefects, are exported and there are waiting lists in a number of overseas markets. Rootes also claims that "sales demand, at home and abroad, is good," but it announced this week that 500 workers would have to be sacked, giving "shipping difficulties" as a major reason. Vauxhall, on the other hand, has had to lay off about a thousand workers—six per cent of its labour force—in the last few weeks and the rest will start to work a "nine-day fortnight" this week. Cuts in home and overseas sales of both cars and trucks have now reduced the company's production to about a fifth below its level in the spring. There has been little change at the BMC factories, although a few of the dismissed Austin workers have been re-engaged and Morris thinks that it may soon be able to resume a five-day week. Most of the 49,000 now employed by British Motor are on a four-day week with some working only three days.

Standard, moreover, has run into further trouble. Both its maintenance electricians and its draughtsmen are on strike because some of them have been dismissed. This week the company decided to stop work on cars for five days to check its electrical equipment, then start up again. Standard is also worried about production of its new Ferguson tractor: it has told its workers that delay in introducing the new tractor into world markets might seriously affect "long term plans to employ the maximum number of people on this product."

Advances to State Boards

THE Exchequer last week made a second series of advances to the nationalised industries, under the new financing arrangements specified in this year's Finance Act. The latest advances, made to the Central Electricity Authority, the Gas Council, the British Transport Commission and the Scottish Electricity Boards totalled £35.5 million, bringing the total advances since mid-August to £62.7 million. These Exchequer funds replace bank and market money for the capital requirements of the boards, and in addition finance the repayment of the bulk of the boards' existing bank overdrafts. Those repayments are now being made on the 17th of each month; the September statement of the clearing banks, due to be released in the coming week, will reflect both the first and the second of these repayments, since the banking period runs from August 15th to September 19th. Simultaneously with the publication of the bank statements, the Treasury will publish the total indebtedness of the seven state industries affected by the new arrangements (which include the two airways corporations in addition to those shown in the table). At August 15th, this was £123.4 million; and the plan is to reduce it to around £60 million by March next. Before the revenue season opens in the new year, however, the rate of repayment is expected to be limited to around £5 million a month.

EXCHEQUER ADVANCES TO STATE INDUSTRIES*
(£ million)

	August	September
Central Electricity Authority	14	24
Gas Council	5	4
British Transport Commission	5	5
North Scotland Hydroelectric	2·2	2·5
South Scotland Electricity	1·0	..
Total	27·2	35·5

* Under Finance Act, 1956, and excluding National Coal Board, which draws funds from the Exchequer under separate Acts, from 1946 to 1956.

£14¼ million for General Electric

THE institutions, it is believed, now have a little more money to invest, and there will certainly be no shortage of drinkers at the well so soon as word gets round that it is no longer dry. General Electric Company is fortunate to be at the head of the queue. It proposes to raise £14¼ million to finance its increased stock and work in progress. It will do so by a two-pronged operation underwritten by Morgan Grenfell and Company which is addressed to stockholders only but is obviously designed with the big institutions in mind, most of whom doubtless hold one or other of the company's stocks.

First, the company invites all classes of stockholders to subscribe at par for £6 million of 6 per cent unsecured loan stock dated 1976-81. The new stock is redeemable at £101 between 1976 and 1981 or at par in 1981. With a yield of 6 per cent for a minimum period of 20 years and a premium on redemption between the first and the last dates tending to hold the price up towards the end of the stock's life, it should be attractive to insurance companies and pension funds—more attractive probably than the company's existing 4 per cent unsecured loan stock 1975-80 which stands at 80. So long a run at 6 per cent cannot easily be obtained elsewhere.

There is also a small plum for all ordinary shareholders. The company also offers as rights to ordinary stockholders 4,285,320 new ordinary shares of £1 each at £2 per share in the ratio of three for ten. Against a market price of around 45s. 3d. for the existing ordinary stock when the issue was announced the value of the rights was modest. It is more modest now that the price has fallen to 42s. 9d. Unfortunately the prospectus does not include an estimate of future dividends. Nor did Sir Harry Railing, the Chairman, go much further at the meeting on Thursday, though he thought that profit margins might shrink. The directors point out that in the first four months of the current year sales have increased; costs have also continued to rise and sales of certain classes of consumer goods are still conditioned by government restrictions. This is a reference to hire purchase controls; these probably affect General Electric with its emphasis on consumer goods at least as much as they affect other electrical manufacturers. Indeed the Chairman on Thursday emphasised the company's policy of expanding on the capital goods side. Shareholders will probably assume that they are buying the new stock on the basis of an unchanged 14 per cent dividend to yield 7 per cent. The company has been at pains to spread the payments for the new stocks over a long period; half the purchase price of the ordinary shares is payable on January 4th next year and the final £50 on the loan stock on January 11th.

Bill Rate Up Again

THE Treasury bill allotment rate has risen for the third successive week. Last week's tender was complicated by the fact that the bills on offer will span the Christmas holiday, and thus included 90 and 92 day maturities as well as the standard 91 day bill. For the standard bill the discount market cut its application price even more sharply than in the two preceding weeks—by 4d. to £98 14s. 2d. per cent, equivalent to a rate of discount 3s. per cent higher than that accepted at the last tender in August.

Profits—ICI and the Others

IMPERIAL CHEMICAL INDUSTRIES announces a group half-yearly profit for the first six months of 1956 of £20,325,000, compared with £20,855,000 in the first half of 1955. After allowing for taxation (£9,915,000 against £8,880,000) the net income, assuming—though naturally there is no such promise—that the profit-sharing bonus will again be based on a 10 per cent dividend, the net profit after tax was £10,410,000, compared with £11,975,000 in the first half of 1955.

The interim dividend is maintained at 4 per cent. The market took the news of the fall of about £500,000 in the gross profit and of about £1½ million in the net figure in its stride. The £1 stock units rose from 41s. 9d. to 42s. 6d. after the announcement, notwithstanding the indication that profits tax and the change from investment allowances to initial allowances must bear sharply on the company. The group turnover that produced these lower profits was sharply up at £221 million, against £206 million, so that the ratio of profit to turnover has been sharply squeezed. The directors point out that the group's stable price policy will continue to affect profit margins in the current half-year; but they hope that total turnover will be somewhat increased.

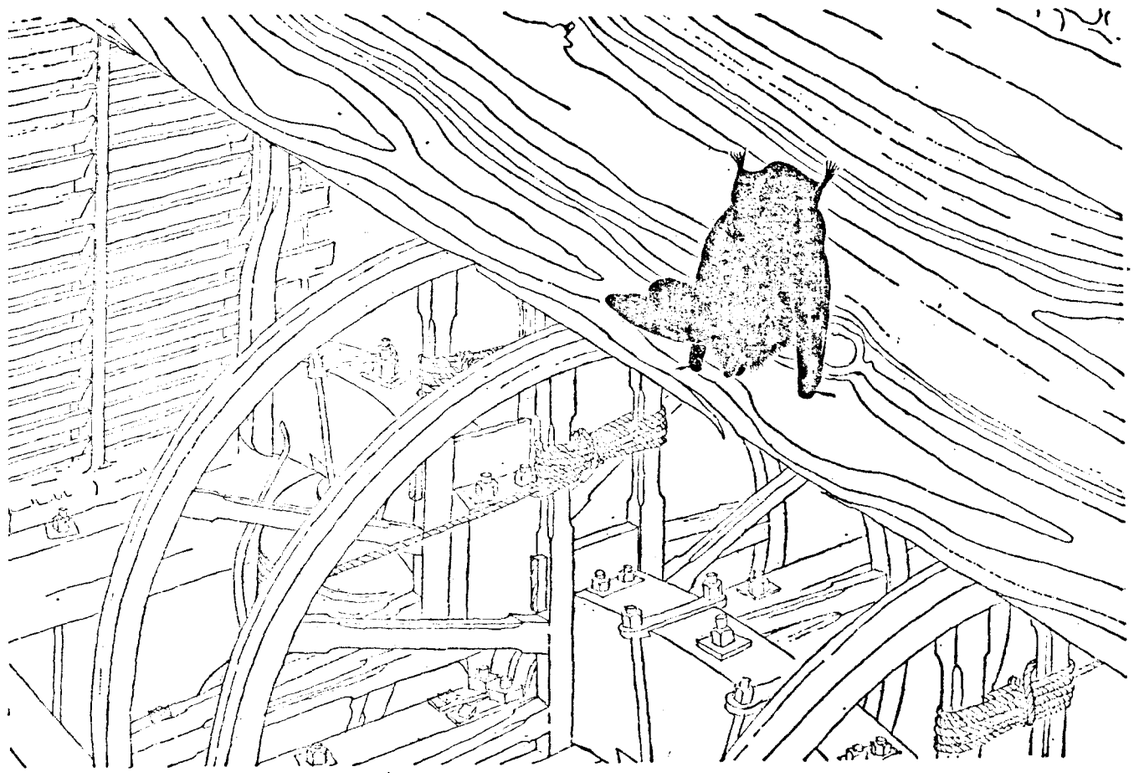
With the publication of the half-year's figures from Imperial Chemical Industries on Thursday the main crop of half-yearly profit statements from British industry is gathered in. The figures from Ford Motor Company, the only representative of the motor trade among the regular half-yearlies, is chief report still to come. As a whole the crop is light—too light to approach a fair sample of what British industry has achieved in the first half of 1956—but it contains a few pointers. These are the most up-to-date reports on earnings obtainable. And they are roughly conterminous. All the manufacturing companies are reporting for the first half of the year and the retail companies for the six months February to July.

Profits of the manufacturing companies have remained high, but there is evidence that net earnings and the ratio of profit to turnover have, with some exceptions, been squeezed. That conclusion is supported by warnings from various other companies whose figures could not be tabulated. Such a warning has come from Brotherton and Company, the chemical manufacturers, whose trading profits were substantially below those of the first half of 1955. But the shrinkage in earnings has not been uniform. John Dickinson has reported a six months' profit before tax well above that of the first half of the previous year, though below that of the second half. As far as the figures go the retailers seem also to have escaped punishment. Both United Drapery and the John Lewis partnership report higher profits. But had the sample included stores with a different emphasis in their merchandise the showing might well have been different.

THE HALF-YEAR'S PROFITS

	First half of previous year £'000	Second half of previous year £'000	Change per cent	Latest half-year £'000	Change per cent
Associated Electrical					
Turnover	53,600	69,200	+18·1	61,200	−11·5
Profit after depreciation	6,500	6,850	+ 5·1	5,189	−24·2
Profit to Turnover: per cent	*11·1*	*9·9*		*8·5*	
Bowater					
Turnover	41,421*			44,729	+ 8·0
Gross profit	6,604			7,715	+ 16·9
Net profit	2,161			2,557	+ 18·3
Imperial Chemical					
Turnover	205,009	N.S.		222,000	+ 7·8
Profit after depreciation	20,855	N.S.		20,525	− 2·5
Profit to Turnover: per cent	*10·1*	N.S.		*9·2*	
Net profit	11,975	N.S.		10,410	−13·1
Royal Dutch Shell					
Turnover	983,624	1,068,342	+ 8·5	1,095,157	+ 2·5
Gross profit	218,978	247,864	+13·0	252,199	+ 2·0
Profit to Turnover: per cent	*22·3*	*23·2*		*23·0*	
Net profit	70,728	89,264	+26·2	84,014	− 5·9
United Drapery†					
Gross profit	2,155	3,156	+ 7·5	3,235	+ 2·5
Net profit	1,223	1,226	− 0·2	1,355	+10·5

* Half of full year. † Year ends January 31st.



'To me,' said the Bat, 'it seems quite topsy-turvy that British farming, which is both highly-skilled *and* the country's biggest single industry, should get so little credit for its enterprise and achievement. Are you not with me?'

BUT TOWN MOUSE SAID

You talk above my head

'For,' he continued, 'my mind is filled with the idea that shoving something in the ground and selling what comes up is a pretty easy way to earn a living!' Which provoked, as it should, an indignant squeak.

BAT 'EASY! When a season's profit can be written off by a run of unseasonable storms? When half your life is a constant battle against fickle British weather? You say "easy" at crack of dawn one morning next winter when there's work to be done and the wind's like a knife!'

TOWN MOUSE 'So! They chose the life didn't they?'

BAT 'And where would you be if they hadn't? Just think of the hill farmers, for instance, carrying on producing plenty of splendid lamb in spite of fluctuating prices, and snowdrifts ten feet deep!'

TOWN MOUSE 'They're subsidised, aren't they?'

BAT 'Subsidised! Farm subsidies have stayed virtually put since 1951 although costs have rocketed—yet production's gone up 10%. There's more land under the plough, more tractors to do the ploughing, more . . .'

* * *

But Town Mouse had turned away. He was determined not to be confused by facts once he had made up his mind. He was resolved never to admit that the British farmer, in return for only a fair living, does us really proud.

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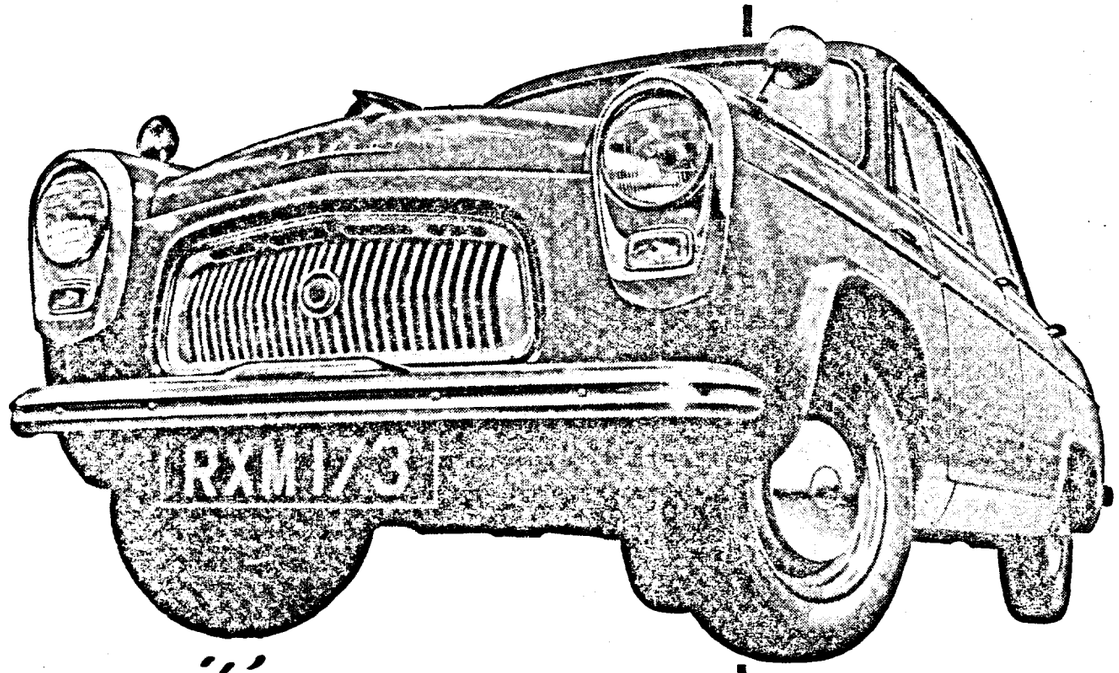

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Hence the average rate of allotment on the whole issue rose over the week from £5 2s. 0.77d. per cent to £5 3s. 4.86d. per cent, the highest rate since early April, when the rate-structure was still in process of settling down after the shock of the mid-February increase in Bank rate to 5½ per cent. On the eve of the Suez crisis, the average allotment rate was slightly under 5 per cent.

This stiffening of bill rates may have owed a little to the rise in New York rates—the US Treasury bill rate rose from 2.770 to 2.908 per cent last week, and to the new peak, since the early 'thirties, of 2.985 per cent this week—and it may also have reflected psychological influences, notably the sustained pressure on sterling. But the main cause, unquestionably, was the persistent shortage of credit supplies in the short loan market. The credit tendency has been easier in the past few days, but last week discount houses were "in the Bank" for seven-day loans at Bank rate on three successive days; although the authorities gave assistance by buying bills some very high rates were paid for new loans in the open market. This tightening of money rates has, indeed, extended at times to the renewal of "old" money (other than the "good" money portion that is still charged at the basic rate of 3¾ per cent) as well as to new overnight loans. The principal cause of this stringency seems to have been not so much any deliberate toughening of official tactics as the technical effects of the pressure on sterling. When the authorities are selling exchange, the first effect is to take sterling funds off the market—and although the authorities may return the funds without undue delay, by buying bills, the return occurs only after stringency has been experienced. It seems possible, too, that gilt edged operations have worked in the same direction. Despite the quiescence in the gilt edged market, the authorities seem to have succeeded in selling stock on balance. Yesterday the market was tendering for bills that included the much-sought end-December maturity; that special influence, and the easier tendency of money, may have given pause to the rise in bill rates.

Tourist Tales from an Expert

It was rather stupid of the Federation of British Industries to issue an official rejoinder to Mr Francis Rogers's unbuttoned remarks about British products this week; he may congratulate himself on having stung a pachyderm, if on little else. What Mr Rogers had to say—informally, after a farewell lunch on his return to the United States—was not particularly unfair; it was simply not as useful as one might have hoped from someone who had been head of a productivity and technical co-operation mission to British industry for the past six-and-a-half years. Anyone can hear the same kind of complaints from some of the American tourists one meets as Mr Rogers apparently has from hundreds, and they are partly justified, though usually annoyingly unspecific. What one had hoped to get from Mr Rogers were much more penetrating comments, favourable or unfavourable. One did not.

The American tourist footloose in a market deceptively like his own but in fact stratified altogether differently often does find the goods he thinks of buying to take home "shoddy, lacking in style, and generally over-priced." The tourist would rarely think of buying a car or a refrigerator over here, things in which the United States obviously leads: he expects to get more of those for his money at home—and does. He may not be able to afford the expensive hand-made luxury goods in which Britain competes fairly well, if conservatively, with other countries in Western Europe, and in which the United States has no chance to compete at American rates of wages. What he does not appreciate, and complains about, is that here the vast array of goods in between does not present the variety, the ingenuity of styling, and the range of competitive prices that he gets in the department store, the super market and the discount house back home. Some of the varieties he could find in that middle range at home, moreover, are to be had in Britain only at a much more expensive level. The British market is still largely led from the top, not the middle: the design effort and the quality go in there. The things we mass produce are not the best value for money that we make, as America's are.

In the long run, it is perhaps to be hoped that the emphasis of our market for consumer goods will shift towards the American pattern. In the meantime, the tourist's complaint about quality that Mr Rogers quoted has perhaps more direct relevance to British industrial practice. Inspection is an aspect of quantity production that many British firms have not mastered, and to which some pay insufficient attention. Mr Rogers had a good point there—though he might better have illustrated it from his own experience than from tourists' tales. That experience gave him more time and opportunity to see British industry whole than most foreign observers get. There was little to indicate that he had taken the chance.

The Contracts Britain Did Get

Most of the publicity about British contracting overseas is reserved for the ones that got away: on big Commonwealth jobs like Kariba, perhaps it should be. The Board of Trade this week, in a review of British contracting overseas during 1955-56, observes that there are growing opportunities in Australia, where a large number of buildings

BUSINESS DONE BY BRITISH OVERSEAS CONTRACTORS
(£ million)

	Sterling	Dollar	Non-Sterling		Total
			OEEC	Other	
Contracts obtained in year ending:					
31/3/55	54·8	6·8	9·3	1·0	71·9
31/3/56	69·7	22·6	5·8	10·8	108·9
Work done in year ending:					
31/3/55	65·6	2·7	1·6	0·4	70·3
31/3/56	59·0	19·0	5·3	3·9	87·2
Work outstanding on:					
31/3/55	55·5	4·7	7·7	0·9	68·8
31/3/56	82·9	15·7	8·7	7·8	115·1

and civil engineering projects are under way or being planned, and "it is disappointing that British contractors are not, as yet, more active there." The decline in Britain's share of orders from projects financed by the World Bank, again, is similarly depressing.

Even so, reports the Board, the value of work done during the year ended March, 1956 by 55 building and civil engineering firms operating overseas was £87 million, against £70 million in 1954-55; and they obtained contracts totalling £108 million last year, against a total of £71 million the year before. It is difficult to estimate at all accurately the proportion of British and local labour used in these contracts, and the costs of labour and of materials rose differently in different areas; but an allowance of, say, 5-10 per cent for the general rise in prices would still mean an increase of about 15 per cent in the volume of work done. Except in the dollar areas, contractors have generally rather more than a year's work outstanding. The share of this work done in dollar areas rose from 5 per cent in 1954-55 to more than 20 per cent in 1955-56, as the result of successful tendering in Canada, and British contractors have good chances of further contracts there.

Lloyds Bank Capital Changes

LLOYDS BANK took the bank share market by surprise this week by coupling a decision to raise its dividend with a plan for streamlining its capital. The present paid-up capital comprises £17,966,000 in £5 "A" shares, 25s. paid and subject to a "reserve liability" of 75s., and £1,437,000 in fully paid "B" stock, the dividend on which is limited to 5 per cent, but is not a prior charge—it ranks up to that amount *pari passu* with the "A" capital. The object of the scheme is to simplify and improve the marketability of the capital by getting rid of the reserve liability and merging the two classes into a single fully paid, full-equity category. Since the "A" capital has been receiving a gross dividend of 3s. per 25s. paid-up, and the "B" capital 1s. per £1 unit, the merger is to be achieved by first reducing the nominal amount of each £1 "B" unit to 8s. 4d., and then by consolidating both classes into £1 fully paid shares. This will produce a total paid-up capital of £18,565,000, or £838,000 less than the present capital; but this difference, representing the reduction in the nominal amount of the "B" stock, will naturally pass to capital reserve. In addition, the directors propose to transfer £1,162,000 from inner reserves to the published general reserve, so that total published reserves will be raised for their end-June total of £15,000,000 to £17,000,000.

This plan, which is subject to approval by the Court as well as by shareholders, seems to hold the balance fairly between the two classes of capital. The "A" capital will benefit by relief from the uncalled liability (and from the slight impairment of marketability that this liability involves); against these advantages it will suffer the minor loss of 3 per cent of the equity and 1 per cent of voting power. The "B" capital will have an even clearer advantage in marketability—because of merger with the much larger "A" capital—and will henceforth rank for any increases in dividend. The 7 per cent (actual) final dividend that the directors intend to pay for 1956 (compared with the 6 per cent previously paid each half-year on the "A" shares) will, if the plan is approved, have the effect of raising the current year's return on the "B" stock to £5 8s. 4d. per cent. The "A" shares will get the equivalent of 13 per cent this year in any case—for the 7 per cent final will be recommended for them even if the scheme does not go through.

On the whole capital, the increase will cost roughly £185,000 gross and £105,000 net, compared with last year's total net cost of £1,281,000. The decision to make this increase, which is not an inseparable part of the scheme, may seem a little surprising in a year in which the bank has shown a substantial depreciation in its government securities: the difference between book and market values disclosed at June 30th last was £13 million, or 4¼ per cent. The bank affirms, however, that the absence of writing-down is a matter of policy, not of necessity, and recalls that, since all the securities have fixed dates (the majority within ten years) the difference will disappear if the portfolio is held to maturity. The present year of high money rates has certainly been one of buoyant revenues for the banks—and this increase in dividend by Lloyds Bank will still leave it as the only big bank that has not quite restored its distribution to the level that obtained before the reductions made in the early thirties. In 1929 Lloyds paid 16⅔ per cent, and in the three following years came down to the 12 per cent that obtained until 1953; on an equivalent basis, the new rate on the "A" shares will be 16¼ per cent.

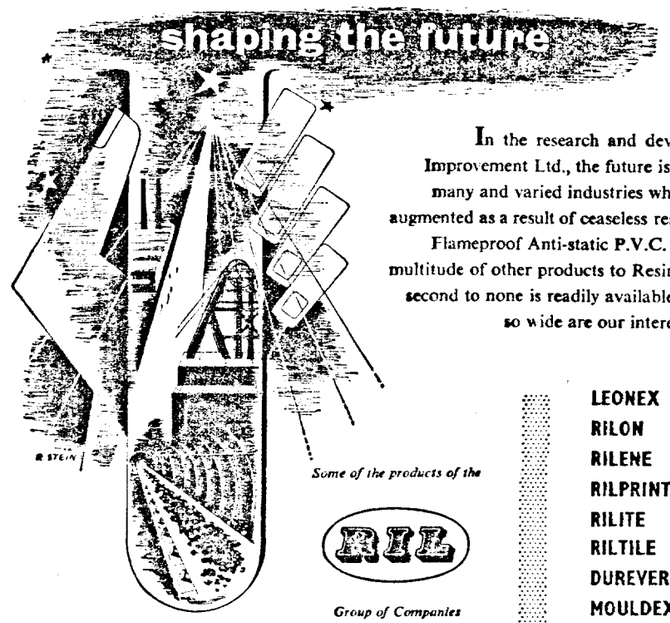
Roads into Cities

THE conference on urban motorways held last week by the British Road Federation had several useful results. It caused, first of all, a considerable amount of useful material on urban road problems to be collected and presented by a number of traffic experts from different countries. Similar problems are being faced in most countries, different perhaps only in degree. But the discussion and some of the papers showed that urban motorways—or express highways, with restricted access, running right into the heart of big cities—are by no means a solution by themselves to urban road congestion. A student of these papers might perhaps feel that no combination of palliatives, urban motorways, ring roads, off-street garages, or parking meters, will in fact provide a complete solution; perhaps congestion downtown will ultimately have to be relied upon to choke off further traffic that may want to come in.

But at least in Britain these palliatives have yet to be tried, and the closing address of the Minister of Transport showed that he was aware both of the need not to build national motorways that begin and end in urban bottlenecks and of the need to apply the price mechanism in some form to street parking:

> The free right of one man in one large motor-car to occupy 80 or 90 square feet of the Queen's highway in the inner zones of our cities has got to stop. This means that the flood of one man car commuters has got to be regulated by the price mechanism, and that is why we are going to have parking meters, and we shall have to charge for this right.

The special report on street parking space in central London, prepared by the London and Home Counties Traffic Advisory Committee, is expected to be completed



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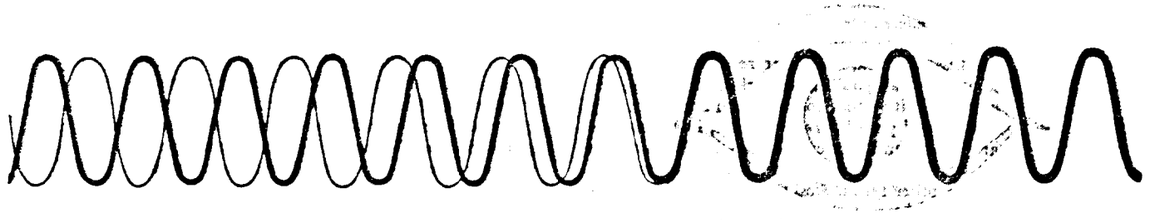

Electricity for Productivity

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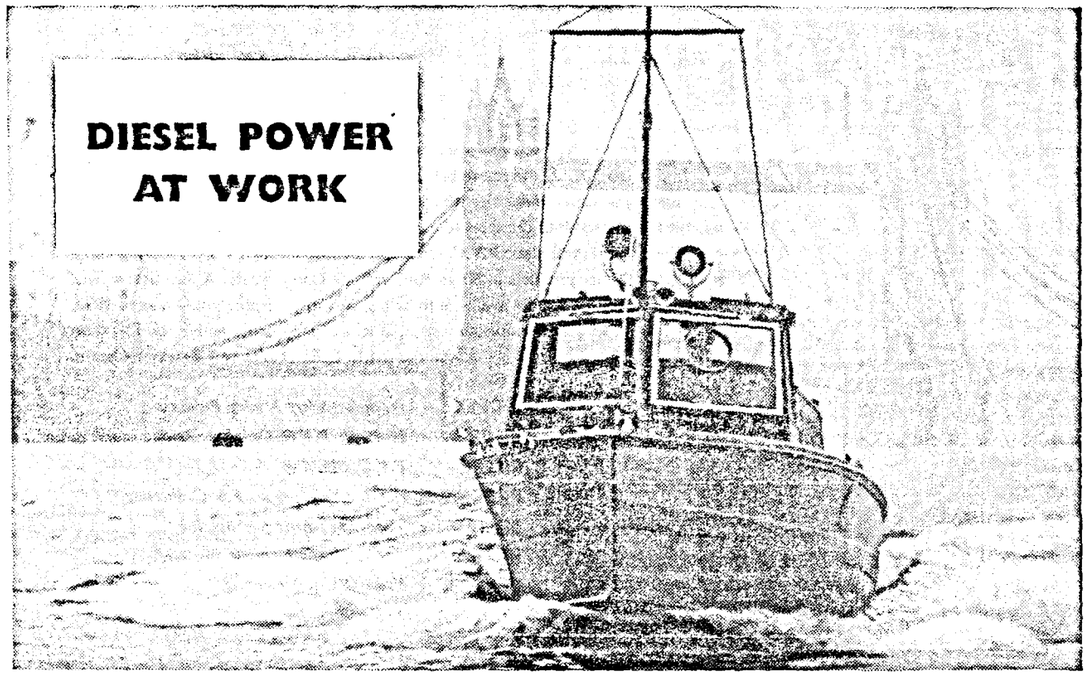

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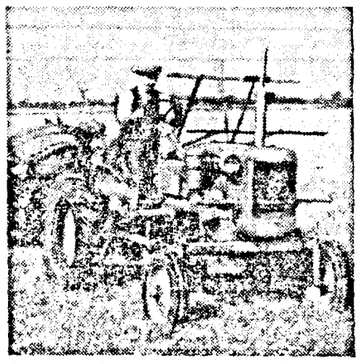

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this week. This survey and the legal authority of this year's Road Traffic Act should give Mr Watkinson the basis for the first introduction of parking meters in this country.

Cycles in Trouble

THE recession in the cycle industries in the last few months has become even worse than in the related vehicle industries, though—so far—it has not led to such widespread sackings. The major cause of the decline, moreover, is the squeeze at work on the home market, rather than poor export performances. By the end of July home deliveries of bicycles had dropped like a plummet to just a half of last year's level—which presumably allowed some reduction of stocks. Exports had fallen by only 5 per cent; total output had declined by 19 per cent. The motor cycle makers have fared no better. Home deliveries up to the end of August were 38 per cent lower than last year, exports were just about holding their own, and total production had dropped by 23 per cent.

In the last few months the cut in home deliveries of both types of cycle has been really drastic. Between June and August motor cycle supplies were 65 per cent down on last year; and in June and July, bicycle deliveries were cut by as much as 80 per cent. Some of the industries' sales overseas have been disappointing too. Bicycle exports to the United States, where the industry had scored a major postwar success, have fallen by 44 per cent in number so far this year, and by £1 million in value. Increases recorded by other European bicycle makers in the same period suggest that prices rather than the recent increase in the American import tariff are to blame, and the £500,000 increase in British motor cycle sales there this year is no consolation.

Apart from the seasonal fillip that Christmas gives the home market, the industries face a long, bleak winter before sales can be expected to improve. Most manufacturers must be reviewing their labour requirements. Short time working and redundancy first appeared about six months ago and several firms, including BSA, are now working a four day week. Tube Investments, the largest bicycle manufacturer, has announced that up to 1,250 of its cycle workers—a tenth of the total—will be dismissed over the next six months as a result of the reorganisation of its four cycle subsidiaries into the British Cycle Corporation. Although the company has offered compensation similar to that agreed in the BMC dispute and has given this advanced general warning, local union officials are at present opposing the sackings on the grounds that the compensation is too little and the individual redundancy notices—one week in most cases—are too short.

August Trade

THE detailed trade figures for August suggest that the claims of the seaside were largely responsible for the sharp deterioration in the balance of British overseas trade. Exports amounted to £253.4 million fob, nearly £13 million less than in July, but the average of the two months, at £260 million, was 6¼ per cent higher than in the same months of 1955. Last year's figures, however, were swollen by the overspill from the transport strikes in earlier months, while this year's figures are swollen by a capital item—the repayments of silver to the United States. Allowing for these distortions the Board of Trade believes that exports in July and August were probably about 10 per cent higher in value and over 6 per cent higher in volume than in the same months of 1955, thus broadly maintaining the rate of increase in the first half of the year. Though prices of engineering exports rose by two points to 108 (1954 = 100) last month, a fall in prices of metals and "other manufactures" left the composite index unchanged; with import prices as a whole also unchanged, the terms of trade remained at 97. The decline in exports was fairly widely spread, though particularly marked in shipments of road vehicles and aircraft, ships, tractors and textile machinery, steel and cotton textiles.

Imports, which tend to suffer less from the holidays, rose by £2.2 million to £322.3 million cif in August; for the first eight months of the year imports have remained notably high, being 1½ per cent higher by value and a little higher by volume than in the same period of 1955. Imports of iron and steel, despite the recent decline, were still over £21 million higher than in the first eight months of last year, and imports of non-electric machinery were nearly £12 million higher. Among basic materials a rise of £16 million in metal ores and scrap and of £9½ million in rubber partly offset declines in timber and wool. In the food group, a rise of nearly £40 million in meat, dairy products, fruit and vegetables virtually cancelled out the decline in beverages—a decline in value rather than volume—and in feeding stuffs. Petroleum imports showed a rise of £34 million.

Shipping Through Suez

THE Far Eastern Shipping Conference lines have rescinded the 15 per cent surcharge on Far Eastern freights just one week after it was imposed. It was cancelled for two reasons. The increase was unpopular with some of the shipowners and perhaps with higher authority too. Secondly, the traffic through the Suez Canal has proceeded in a volume and with a smoothness that had not been expected. Freight rates beyond Suez are thus back where they started for no change had been made in Australian Conference rates or in those of the Indian Conferences where not only Indian but some other shipowners also have rigidly opposed any increase.

Three convoys a day—two southbound and one northbound—were passing through the canal last week, with an average of about 35 ships a day. This rate is not much lower than is usual at this time of the year. In May an average of just over 45 ships passed through each day, in June 44 and in July 46. Undoubtedly the diversion of some vessels around the Cape has helped Egypt with the problem of canal pilots. These re-routings have affected mainly the big passenger liners and cargo ships on the Australian run—where the Cape voyage adds only a day or two to the journey. The number of cargo vessels that have been diverted on the Far Eastern, Indian, and East

African trades has been much fewer. But whether the new "Authority" will be able to cope with the seasonal increase in traffic—if it appears in the canal this year—remains to be discovered.

For the shipowners there are enough problems already. The ultimate costs to the liner owner of diverting his vessels around the Cape are still quite incalculable. They depend partly upon how much intermediate cargo and passenger revenue is lost by the diversion. For an example, there is the loss of Middle Eastern and Indian passengers and freight on the P & O vessels travelling to Australia via the Cape, although P & O are retaining the 20 per cent increase in fares to passengers on the *Chusan,* which is to go to India round the Cape as announced. The final cost will also depend upon the disorganisation and awkward positioning of ships that will inevitably result from these diversions. As the result of arrangements already made, liner schedules will be put out for at least another month.

A Bombshell for Tin Shares

CAMP BIRD, the mining company of which Mr John Dalgleish, the investment adviser, obtained control last year threw a bombshell into the tranquil backwater of the tin share market this week. The board proposes to make takeover bids for no less than eighteen tin mining companies not associated with any big management group, including some of the best and strongest, and, if 75 per cent acceptances are obtained, to give Camp Bird shares in exchange for the shares of these companies. Camp Bird would thus turn into a sort of mining finance house and investment trust for tin. The residence of the tin mining companies would be transferred to Malaya. The idea of a strong financial group doing what London Tin, British Tin Investment and the Tronoh group do for their associates is not in itself bad. Big groups can afford the best technical advice and can pool certain costs. But shareholders will want to look at the details of the offer with some care before deciding whether this particular plan for a merger is one they want to accept.

Company	Price Offered	Net Assets per Share	Net Liquid Assets per Share	Current Price
	s. d.	s. d.	s. d.	s. d.
Chenderiang	11 9	28 7½	15 10	15 0
Gopeng	9 9½	6 7½	5 1½	11 9
Hongkong	5 5	7 4½	2 1½	6 0
Ipoh	24 1½	34 9	31 9	27 9
Kent	3 8½	3 10½	3 1½	4 3
Killinghall	7 0½	9 3	6 4½	8 0
Kinta Kellas	5 8	6 4½	3	6 3
Kinta Tin	15 2½	13 6	9 9	17 6
Malaysian	1 0	5 10½	1 10½	1 3
Merlimau	7½	1 1½	3	7½
Pengkalen :—				
Ord.	13 10½	15 0	14 9	15 4½
Part. Pref. Ord.	15 7	5 0	5 0	17 4½
Rambutan	10 5½	22 0*	19 0*	24 6
Renong Ord.	10 11½	14 9	13 6	13 0
Selayang	1 1½	2 0	1 9	1 9
Sungei Kinta	15 2½	25 9	4 6	17 6
Tanjong	20 0	12 10½	10 1½	23 9
Tekka Ltd.	5 5½	17 10½*	4 1½*	6 6
Tronoh	5 8½	7 10½	3 9	8 0

* Allowing for return of capital.

Camp Bird proposes to take over the shares on the basis of average market prices from July 27th to September 21st this year, giving in exchange shares of Camp Bird taken on the same basis at 13s. 10½d. Before approaching the boards of the companies and making formal offers Mr Dalgleish proposes to increase the capital of Camp Bird by 5,380,000 shares of 10s. each. Though it proposes to give shares, not cash, Camp Bird would be buying a great sum of cash. On the board's own showing the cash and quoted investments of the tin companies amounts to £2¼ million and it is the redeployment of that cash that presents one of the big attractions for Camp Bird. Another is the high yield, often in the region of 20 per cent, that can be obtained from these tin shares. Will the Chinese shareholders that are quite numerous in some of these companies care to sacrifice their high yield basis for an unknown fate but almost certainly for a lower yield basis? What would the price of Camp Bird ordinary be if there were several million additional shares about, many of them in the hands of potential sellers?

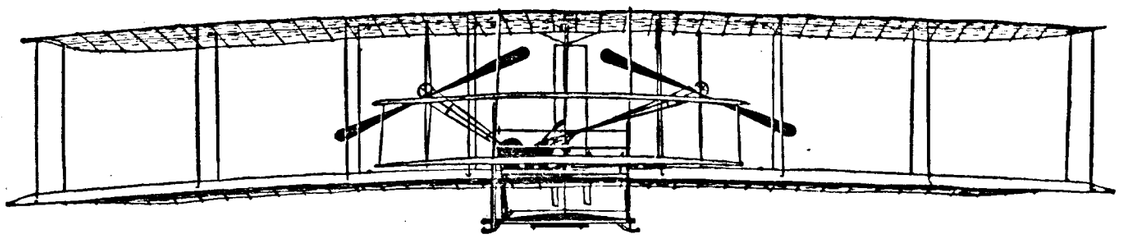
Mr Dalgleish tells the tin shareholders that his proposals are an "alternative to the threatened series of liquidations and waste of assets." But these assets are not bankrupt—they are well managed and successful companies. Their market value on his own counting is £4.4 million and their gross dividend payments £900,000 a year. Nor is tin a depressed industry. With a regulation scheme just starting it is looking forward to a more stable future. But as the table shows the basis proposed by Camp Bird is for most companies less than either their net assets or the present market price.

Styrene from Shell

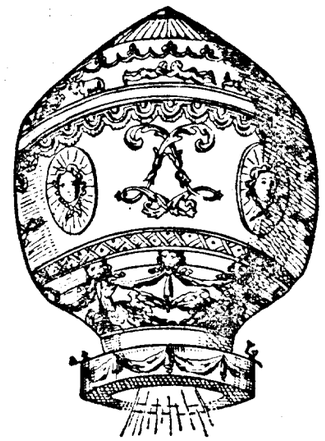
SHELL CHEMICALS is investing a further £1,750,000 in an installation at the Petrochemicals plant to produce styrene monomer. Styrene is the essential ingredient in the plastic material, polystyrene (which gives clear, translucent mouldings as well as certain high-duty products) and also in synthetic rubber. The Shell plan involves using part of the styrene output to produce moulding powders (in a plant already built on the Petrochemicals site by the former management, against the day when a styrene plant would be erected there to feed it, which has worked hitherto largely on imported styrene). A substantial tonnage of styrene will also be taken up by the International Synthetic Rubber Consortium for its 50,000-ton rubber plant being built at Fawley next to the Esso refinery. Esso, in turn, is in process of building a chemical plant to provide the rubber factory with its other essential raw material, butadiene.

Few companies undertake the whole gamut of chemical processing from raw material to final product. Expansion of the chemical industry in Britain is characterised by a series of interrelated plants owned by different companies, each of which carries out a certain number of chemical reactions before passing the product to the next process stage. The International Synthetic Rubber Consortium, which will be one of the principal customers for the new Shell plant,

What the Wright brothers' plane



was to the Montgolfier balloon



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is itself owned by four of the major tyre manufacturers who will use its product. The principal supplier of styrene until now has been Forth Chemicals, which is part of a chemical complex established by British Petroleum, Distillers and Monsanto and in which several other chemical producers now have part. Capacity at Forth Chemicals has been expanded several times over to meet demand, but the supply of the basic raw material, ethylene gas, from the British Petroleum refinery at Grangemouth is not big enough to enable Forth to make the 12,000 tons or so of additional styrene a year that the Fawley rubber plant will need. Shell's ethylene capacity, both at Petrochemicals and at Stanlow, is undergoing a major expansion that will make Shell one of the largest ethylene producers in the country.

Until the Fawley plant begins production in 1958 Britain will continue to import the bulk of its requirements of synthetic rubber. Consumption of synthetic this year may amount to some 40,000 tons, twice as much as last year, and imports will probably fall short of the 70,000 tons authorised. The import quota for next year was announced this week. The total is 80,000 tons, of which 20,000 tons will be special purpose rubbers, the same as this year; the quota for general purpose synthetic is increased to 60,000 tons.

The New Air Fares

LITTLE was said at the annual meeting of the International Air Transport Association last week about the reduced fares for the North Atlantic which were agreed at a stormy meeting at Cannes during the summer and the first of which are intended to come into force next Monday. The reason for this silence is that some governments have still to ratify the new rates and until they do, the airlines cannot put them into effect. Next Monday's reductions (if governments make up their minds) are not drastic. They amount to a new 15-day excursion fare that will save roughly 20 per cent of the price of a return ticket to North America. The really big cuts, involving the introduction of a third-class fare approximately 16 per cent cheaper than today's tourist rates, is not due to come into force for another 18 months, and the 10 per cent cut in first-class fares is intended for next April.

Until they know whether the governments involved have approved the changes, the airlines cannot get down to deciding whether they will run services at five different fares over the North Atlantic or whether one or more of them will be dropped. The tariffs so far agreed provide for: two kinds of first-class service, one standard and the other de-luxe; a tourist class; a 15-day ticket; and finally a third-class. There is a good deal of discussion whether both third-class and tourist services can be operated simultaneously and there is a possibility that today's tourist class may go.

Some indication of the reserve with which some North Atlantic operators must view these fare cuts lies in a revealing speech this week by the president of the Dutch airline, KLM. M. Aler made no secret of his view that it was touch and go whether the airlines did not put their fares up rather than down. He took a frankly critical view of the cost of operating the big American jets; competition for deliveries has forced KLM to order these before it would wish, for hitherto its practice with new types of aircraft has been to leave their proving to more thrusting operators. An undercurrent of doubt about future levels of traffic ran fairly persistently through the IATA meeting that M. Aler had just left; airlines are afraid of a cut in international postal rates for air mail which could eat into their narrow profit margins and they are looking round for means of cutting operating costs through improved ground control and fewer formalities that consume so much time and manpower at airports. But the pace-setters of the airline industry are troubled by none of these inhibitions; they are pushing ahead with preparations for the introduction of new fares and new aircraft.

Competition, *à la* Citrine

IT is not easy to know how seriously to take Lord Citrine's announcement this week that the Central Electricity Authority intends to invite tenders from three American companies, as well as the plant makers in this country, for certain very heavy transformers. This might be counted as moving some way towards the recommendations of the Herbert Committee that tendering for CEA's huge equipment purchases in this country should be opened to international competition. The Herbert Committee felt that though the electricity supply industry here wields huge countervailing power, it needed wider competition among its suppliers than was afforded by British makers who on occasion quote uniform prices. This has never appeared to worry CEA—at the Duke of Edinburgh's study conference this summer, Lord Citrine went on record as seeing some merit in the practice.

Has the authority now changed its attitude towards competitive tendering? It would be premature to think so. In fact, this week's announcement seems to have originated from an approach by the three American companies concerned: CEA is prepared to invite tenders from them, but has no plans at present to go any wider afield. Heavy electrical equipment embodies a great deal of labour; with American rates of pay about three times those in Britain, and a 20 per cent duty on foreign equipment of this kind, "unless special arrangements are made," these three outsiders are not likely to offer very sharp competition to the allied British manufacturers. Such equipment, which can certainly be had here, hardly qualifies for entry under duty-free arrangements. Even if it did, the competition seems likely to be very mild indeed. If it were Swiss, Italian or German manufacturers that CEA is inviting to tender, it would be a different matter.

Cocoa Unstirred

IT would take a major calamity nowadays to upset the placid tenor of the raw cocoa market. For months prices have remained within a narrow range, and the violent fluctuations of recent years are a mere memory, painful though it may be to some. The Suez troubles left the market almost unmoved, and the first official forecast of

the 1956-57 Gold Coast crop, which was rather lower than expected, caused hardly a ripple. The forecast is for a main crop of 205,000 tons, compared with an actual output of 218,000 tons in 1955-56. Prices rose slightly after the announcement but quickly dropped back, and Accra cocoa for November-January shipment is now about 218s. 6d. a cwt, cif UK. The British West African marketing boards are asking about 6s. 6d. a cwt more.

Manufacturers of cocoa products, having suffered severely when prices fell, are sitting comfortably. Prices are stable and relatively low, and stocks are large enough to take care of any interruption in supplies or fall in output. Hence manufacturers have no need to follow the market up; they are content to buy when prices ease. World production in the 1955-56 season that ends this month is estimated by Gill and Duffus at the record figure of 835,000 tons, an increase of 40,000 tons over 1954-55. Even if world consumption rises this year by some 10 per cent to 770,000 tons, that would still leave another 65,000 tons to be added to stocks. The producing countries, whose income from cocoa has dropped sharply, are less happy. But their long-term interest lies in a steady expansion of world consumption and that is best encouraged by low prices.

SHORTER NOTES

Applications for the East Africa High Commission's issue of £3 million of 5½ per cent stock at £98 10s. were allotted in full up to £100,000, the larger applicants receiving 94 per cent of their applications. Dealings started on Monday and a discount of ⅛ was established.

★

After more than six months' negotiation, agreement has now been reached on piece-work rates for the use of power-loading equipment in South Wales coal mines. A number of power loaders have been idle while the discussions have gone on: when they come into use it will greatly increase the proportion of Welsh coal output that is loaded as well as cut by machine.

The Transatlantic telephone cable came into operation this week, two months ahead of schedule. This 2,000-mile double cable link has taken just under three years to make and lay: it will carry 35 simultaneous speech circuits and a number of telegraph circuits to supplement the existing telegraph cables and the radio telephone links.

★

The pensions provided by London Assurance shown in Table A on page 980 of last week's issue of *The Economist* include in the event of prior death the return of premiums with interest at 3½ per cent. Since the tables were prepared Legal & General Assurance have revised their schemes to offer larger benefits.

★

At the meeting of Triplex Safety Glass Company the stockholder's resolution proposing that £10,000 be voted to the directors was defeated after the chairman, Sir Graham Cunningham, had said "in no sense do the board support this motion but it would be churlish if they did not express their thanks to this elderly stockholder."

★

The Rio Tinto Company has formed three new subsidiaries to undertake its exploration work in Africa, Rio Tinto Mining Company of Central Africa with a capital of £1 million, Rio Tinto (Northern Rhodesia) with a capital of £300,000, and Rio Tinto (Southern Rhodesia) with a capital of £50,000.

★

A useful survey of the sources and nature of domestic banking statistics has been made by Mr Manning Dacey in the current issue of the *Journal of the Royal Statistical Society* (Part 2, 1956, price 15s.). The survey does not extend to government finance or interest rates, but deals comprehensively with sources for deposits and assets of the clearing banks and Bank of England, note circulation, advances, and bank clearings, scrutinising charges on definition and series and other factors relevant to proper interpretation. It includes valuations of some of the main statistics, generally by annual averages.

Company Notes

CALICO PRINTERS. For a cotton textile company to produce sharply higher profits is now rare enough to attract surprise, pleasure, and a second look at the figures. Calico Printers' Association, with a net profit in the parent company of £538,041 in the year ended June 30th, compared with £394,973, and an unchanged dividend of 15 per cent, has done remarkably well. If the consolidated profit figure of £691,424 against £1,092,646 does not seem to bear out that favourable impression it is because of the inclusion of tax credits of only £144,479 compared with £666,948. Excluding those recoveries consolidated net profit showed a healthy rise of £211,247 at £546,945.

This rise in earnings does not imply that the group has somehow acquired immunity from the troubles of the cotton textile industry. The preliminary statement makes it clear that the group suffered a loss of bulk orders for commission printing for the export markets and that its volume of commission printing declined. Speciality printing and the group's range of special finishes have filled, and apparently more than filled, the gap both in the print works and in the merchanting end of the business. Indeed, in spite of declining business to some export markets the merchanting turnover increased. Calico Printers is also the royalty owner of "Terylene" the patent for which is due to expire in mid-1958 unless an extension is agreed to cover the lost time that the war years represent. And with Terylene coming into much greater production its royalty income increased by the modest figure of £75,000 gross. As a whole, the figures point to a vigorous and successful effort by the group to restore its fortunes and it is not surprising that the £1 shares rose by 2s. to 35s., at which price they yield £8 11s. 5d. per cent.

	Years to June 30	
	1955	1956
	£	£
Group net profit	335,698	546,945
Add: Tax recoveries	666,948	144,479
Total	1,092,646	691,424
After charging:		
Depreciation & upkeep.	1,141,075	1,141,987
Taxes	535,919	730,809
Net profit of Parent	394,973	558,041
Less: Subvention payments	153,604	...
Add: Tax recoveries	446,294	138,000
Reserves	400,000	400,000
Ordinary Dividend cost	173,426	173,426
Ord. div. (per cent)	15	15
Balance forward	284,345	300,426

★

JOHNNIES. Although the production of gold in the Union of South Africa continues to rise, its source is being redistributed. As a South African would argue, the stable price at which the American Treasury converts gold into dollars will compel many of the old mines on the Rand to suspend operations if the costs of production continue to rise—production from the new mining areas more than compensating for the decline. Johnnies is not over-represented in the new areas and its main stake in the Orange Free State has proved a costly investment, from which the return remains problematical; the southern section of Freddies was closed down at the end of March and the northern section is being worked in the hope that future developments will enable the mine to be profitable. The balance sheet at June 30th shows that a further £974,769 was needed to write investments down to their market value, but the right to claim tax relief in respect of individual investments, while the aggregate market value remains above the book value, has resulted in the company again being virtually free of UK taxes. The rising production of uranium, which is likely to provide sufficient revenue during the life of the ten-year contract to offset losses in gold production by the low-grade producers, has brought considerable benefit to Randfontein and East Champ d'Or, two of the mines under Johnnie's management, but operations ceased at the end of last year at New State Areas, and the continuance of mining operations at Government Gold Areas, the directors say, depends upon the level of working costs. Other spheres in which the company has an interest include platinum, diamonds, coal and base metals, all of which contribute to the increase in investment income. Prospecting for gold in the Rand was intensified during the year. The dividend has been restored to 17½ per cent after being cut to 15 per cent last year. At market values the £1 shares in the company, standing at 41s. 9d. to yield £8 7s. 8d. per cent, are backed by assets of £4 1s. a share.

	Years ended June 30,	
	1955	1956
	£	£
Cash and Treasury bills	2,521,045	1,176,097
Loans to subsidiaries	383,296	410,400
Shareholdings:		
at book value	10,854,813	12,733,521
at market value	20,038,728	20,595,365
Written off investments in year	4,938,118	974,769
Investment income	1,461,857	1,863,236
Share-dealing	326,416	557,701
Other income	316,041	253,155
Total income	*2,104,314*	*2,454,092*
Taxation	46,425	104,762
Ordinary dividend	454,250	529,958
Ord. div. (per cent)	15	17½

★

LONDON TIN. To the average investor the company balance sheet and profit and loss account of London Tin Corporation, largest of the investment and management groups in tin mining, has more meaning than have the consolidated accounts. That is because management is exerted through shareholdings that normally amount to less than 50 per cent and the companies of the group are usually not subsidiaries. The company this year has brought itself nearer to that typical mining finance house pattern by selling, principally to the public in Malaya, part of its investments in Lower Perak Tin Dredging and Berjuntai Tin Dredging, both of which ceased to be subsidiaries. From those sales came most of the investment profit of £478,602, against £216,202 that the accounts to April 30th shows. The transfer to general reserve of £400,000 compared with £75,000 represents the bulk of the share dealing profit. The net income after tax of £883,642 against £687,833 handsomely covers the dividend which at 30 per cent, against 28 per cent, costs £624,146 net.

The company has recently been building up its interests outside tin mining and outside the tin-bearing areas. The chairman, Mr J. Ivan Spens, now tells shareholders something more of these outside investments. They amount to £1,299,122, a sum approximately covered by the general reserve of £1,200,000. They comprise 24½ per cent of the group's total investments and 20½ per cent of them are in American and Canadian stocks. The transatlantic spice together with the fact that the group's quoted investment portfolio with a book value of £5,022,984 has a market value of £8,060,978, gives the 5s. shares at 10s. 3d. a long-range interest.

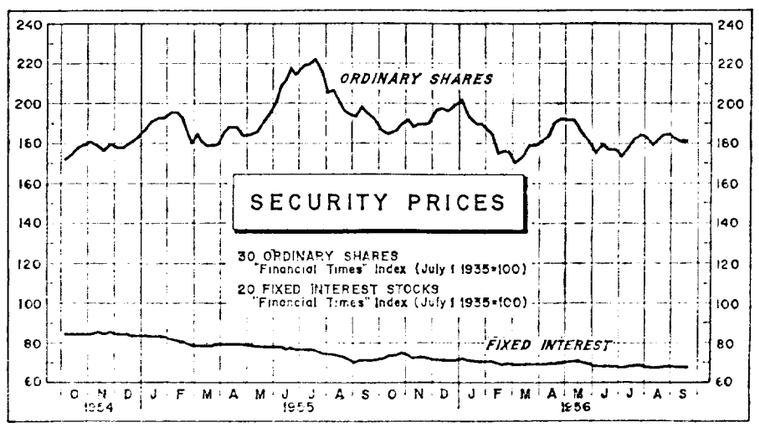
LONDON STOCK EXCHANGE

Next Account begins: October 3rd
Next Contango Day: October 3rd
Next Settlement Day: October 9th

PRICES of both Government stocks and industrial shares were again stable this week, but business has been small. The new East African loan, which was just over-subscribed last week, has remained steady at ⅛ discount.

The decline on Wall Street caused leading industrial shares to ease slightly on Wednesday, though the London demand for transatlantic stocks remain strong and the official dollar premium reached 7 per cent. Associated Portland Cement were quoted ex the scrip issue at 40s. 3d. with the new shares at 41s. The announcement of the terms of the £14½ million GEC issues caused electrical equipment suppliers to weaken further; GEC lost 4s. 6d. to 42s. 9d. and AEI 4s. 3d. to 63s. William Doxford rose 3s. 3d. to 70s. 6d. on the results and Harland and Wolff 2s. 6d. to 29s. 9d. after receiving the £15 million order from Royal Mail, but other engineering stocks declined, Babcock and Wilcox losing 4s. 3d. to 76s. 9d. Steel shares again drifted lower, Stewarts and Lloyds falling 2s. 9d. to 59s. 9d. Although textiles were generally depressed, Patons and Baldwins rose 2s. 6d. to 32s. 7½d. and Calico Printers jumped 2s. to 35s. after the results had been announced. The rise in shipping shares was checked by profit-taking, but Furness Withy gained 9d. to 57s. 6d.

Fluctuations in British Petroleum have been smaller this week; on balance the stock closed 9d. lower at 143s. Other oils turned easier; Royal Dutch dropped 4 to 80¾ and "Shell" Transport 3s. 6d. to 151s. 6d., but Shell Trinidad gained 3d. 9d. to 65s. Kaffirs were again dull after an earlier rally, but SA Land rose 1s. 3d. on the purchase of adjoining property. Malayan tins continued to advance up to the announcement of the Camp Bird plan; Kinta, which had gained 2s. 10½d., then lost 1s. 7½d. to 17s. 3d. xd and Tanjong lost 1s. 9d., remaining 2s. 3d. higher on balance at 23s. 9d. xd. Rubbers were firm and tea shares improved.



FINANCIAL TIMES INDICES

1956	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
Sept. 20	181·0	92·98	4·89	5·89
„ 21	180·6	92·98	4·89	5·91
„ 24	181·3	92·95	4·88	5·88
„ 25	181·3	92·84	4·87	5·88
„ 26	180·5	92·69	4·87	5·91
			Total bargains	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956 Sept. 20	7,962
„ Low	169·7 (Mar. 8)	92·69 (Sept. 26)	„ 21	7,211
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 24	8,057
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 25	7,187
			„ 26	7,639

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Sept. 26, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 19, 1956	Price, Sept. 26, 1956	Net Yield, Sept. 26, 1956 § £ s. d.	Gross Yield, Sept. 26, 1956 £ s. d.
98 16/32	97	Funding 2¾% '52 57	98 16/32	98 16/32	3 5 8	4 18 11
95⅝	93½	War Loan 3% '55-59	94 10/32	94 10/32	3 10 4	4 16 2
91⅛	88 18/32	Funding 2½% '56-61	90 18/32	90 18/32	3 15 10	4 18 1
100 7/32	99¼	Exchequer 5% 1957	99 18/32	99 22/32	2 2 8	5 2 3
99 18/32	97	Conversion 4% '57 58	97 18/32	97½	3 5 8	5 6 0
97 22/32	95½	Serial Funding 2½% 1957	97 18/32	97 18/32	3 5 3	4 11 3
94 22/32	91	Conversion 2% '58-59	94 18/32	94 18/32	3 13 4	4 12 7
92⅛	88 5/32	Exchequer 2½% 1960	91 18/32	91 18/32	3 13 7	4 12 1
95 5/32	92½	Exchequer 3% 1960	94 18/32	94 18/32	3 8 2	4 15 2
88⅛	83	Savings Bonds 3% '55-65	85½	85 5/32	3 14 10	5 3 4
82¼	77⅛	Funding 3% '59-69	77⅛*	77⅛*	4 0 8	5 10 2
92¼	84½	Funding 4% '60-90	86½	84 15/32*	7 3 1	8 19 6
81⅛	75½	Savings Bonds 3% '60-70	75½	75½	4 0 11	5 11 3
98⅛	97⅞	Conversion 4½% 1962	97⅞	98	3 1 1	5 0 9
91⅛	88½	Exchequer 3% '62-63	90½	90½	3 8 1	4 16 6
87⅛	83 3/32	Exchequer 2½% '63 64	86½	86½	3 12 4	4 16 10
81 4/32	76½	Savings Bonds 2½% '64 67	78½	77 15/32*	4 1 10	5 6 2
79⅛	72½	Savings Bonds 3% '65-75	72½	72½	3 15 10	5 7 3
96⅛	90	Victory 4% '20-76	90½	90½	3 8 7	5 5 8
85 5/32	78	Funding 3% '66-68	78½	78 16/32	4 0 8	5 10 7
88⅛	81½	Conversion 3½% 1969	82	82	3 17 4	5 11 1
85⅜	76½	Treas. 3½% '77-80	76½	76 16/32	3 9 9	5 5 10
84½	75⅜	Treas. 3½% '79-81	75⅜	76 4/32	3 9 10	5 5 9
72⅛	65½	Redemption 3% '86-96	65½*	66*	3 5 0	4 19 3
81½	74⅜	Funding 3½% 1999-2004	74⅜	74⅜	3 0 6	4 18 1
84⅜	76½	Consols 4% aft. Feb. '57	77⅛	77⅛	2 19 10	5 4 5
77	69½	War L'n 3½% aft. Dec. '52	70⅛	70 4/32	2 17 11	5 1 5
76⅞	68½	Conv. 3½% aft. April '61	68½*	69 4/32*	2 18 3	5 1 4
66½	59⅜	Treas. 3½% aft. April '66	59⅜*	60*	2 17 6	4 19 11
58½	50⅜	Consols 2½%	51⅛*	51⅛*	2 16 1	4 17 6
56⅛	50½	Treas. 2½% aft. April '75	51*	51⅛*	2 16 3	4 17 9
98⅜	90	Br. Elec. 4½% '67 69	90⅛	90⅛	3 11 8	5 13 1
80½	73	Br. Elec. 3% '68-73	73½*	73⅜*	3 18 8	5 9 4
79⅛	71⅜	Br. Elec. 3% '74-77	71⅜	71⅜	3 14 1	5 5 5
95	86½	Br. Elec. 4½% '74-79	86⅜*	86⅜*	3 6 2	5 6 0
83 18/32	77⅜	Br. Elec. 3½% '76-79	77½	77 16/32	3 9 9	5 6 0
90⅞	84⅛	Br. Gas 4% '69-72	84⅛	84⅛	3 12 10	5 11 2
87⅞	80⅛	Br. Gas 3½% '69-71	80⅛	80⅛	3 15 3	5 9 5
73½	66 16/32	Br. Gas 3% '90-95	67½	66½*	3 5 1	4 18 11
80 7/32	73	Br. Trans. 3% '68-73	73⅛*	73⅛*	3 18 8	5 9 4
90⅛	83⅜	Br. Trans. 4% '72-77	84	84⅛	3 7 11	5 6 11
73⅛	67	Br Trans. 3% '78 88	67⅛	67⅛	3 8 9	5 2 7

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1956 High	Low	Prices, Jan. 1 to Sept. 26, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Sept. 19, 1956	Price, Sept. 26, 1956	Yield, Sept. 26, 1956 £ s. d.
94⅜	79	80½	74⅛	Anst. 3½% '65 69	75½	75½	6 0 10
101⅛	87	87½	72	Ceylon 4% '75-75	75	75	6 6 3
105⅞	87 15/32	88½	82½	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87⅛	64½	57½	L.C.C. 3% aft. 1920	59	59	5 1 8
99	85	89½	83½	Liverpool 3% '54-64	84	84	5 10 7
84	66	68¼	61	M.W.tr.'B'3%'54-2003	62½	62½	5 4 0
102½	94½	97½	92	Agric. Mort. 5% '59 89	93½	93½	5 8 6
122½	91	117½	102½	German 7% 1924	115½	115½	...
213	149	209½	187	German 5½% 1930	209½	209½	...
212	160	226	208	Japan 5% 1907	225	226	...
254	190	275½	247½	Japan 5½% Conv. 1930	265½	269½	...

Prices, Jan. 1 to Sept. 26, 1956 High	Low	Last Two Dividends (*a*) (*b*) (*c*) %	%	ORDINARY STOCKS	Price, Sept. 19, 1956	Price, Sept. 26, 1956	Yield, Sept. 26, 1956 £ s. d.
				BANKS & DISCOUNT			
50/-	41/1½	7 *b*	5 *a*	Barclays £1	43 6	44 –	5 9 1
56 10½	50/3	6 *b*	6 *a*	Lloyds 'A' £5, £1 pd.	54 –	54 6	5 10 1
72 4½	61/–	9 *b*	9 *a*	Midland £1, fully pd.	67 –	67 6	5 6 8
70 –	59/9	9 *b*	9 *a*	N. Prov. 'B' £5, £1 pd.	62 –	62 6	5 15 2
77/9	66/6	8 *b*	8 *a*	Westmstr 'B' £4, £1½ pd.	68 6	68 6	5 16 9
45 6	28/–	3½ *b*	2½ *a*	Alexanders £1	30 6	30 6	4 2 0
46 –	29/3	5 *b*	5 *a*	Nat. Disc. 'B' £1	33 6	34 –	5 17 8
50/–	40 6	6½ *b*	6½ *a*	Union Disc. £1	46 6	46 –	5 8 0
35 9	30 6	4 *b*	4 *a*	Bare. (D.C.O.) £1	33 –	33 –	4 17 0
41 9	33/–	7½ *b*	7½ *a*	Chart. Bk. of India £1	34 6*	34 –*	8 16 6
				INSURANCE			
29	16½	12½ *a*	37½ *b*	Leg. & Gen. £1	26½	26½	1 17 4
25½	20	†47½ *b*	†20 *a*	Pearl £1, fully pd.	20½	20½	5 14 6
48½	40½	†117½ *c*	†125 *c*	Prudential 'A' £1	45½	45½	4 19 11
				BREWERIES, ETC.			
119/–	106/–	33 *b*	10 *a*	Bass £1	115/–	117 6	7 6 4
24 10½	19 9	6 *a*	11½ *b*	Distillers £8	20 6	20 6	5 13 9
45 10½	38 6	25 *c*	10 *a*	Guinness 10/–	40 –	40/–	6 5 0
76/–	67/–	7 *a*	14 *b*	Whitbread 'A' Ord. £1	68 –	68	6 3 6

Prices, Jan. 1 to Sept. 26, 1956 High	Low	Last Two Dividends (*a*) (*b*) (*c*) %	%	ORDINARY STOCKS	Price, Sept. 19, 1956	Price, Sept. 26, 1956	Yield, Sept. 26, 1956 £ s. d.
				STEEL & ENGINEERING			
85/6	64/–	7 *a*	8 *b*	Babcock & Wilcox £1	80/7½	77/6	3 17 5
14 *c*	9/4½	4 *a*	4 *a*	Cammell Laird 5/–	10/6	10/–	7 0 0
35/–	25/1½	8 *c*	3 *a*	Dorman Long £1	26/–	25 6	6 5 6
54/9	40/–	3½ *a*	8½ *b*	Guest Keen N'fold £1	46 9	46 3	5 3 7
55/6	41/6	4 *a*	6 *b*	Metal Box £1	53 6	53 9	5 14 5
75/–	57/10½	12½ *b*	5 *a*	Stewarts & Lloyds £1	63/–	59 9	5 17 2
48/–	36/6	8 *b*	4 *a*	Summers (John) £1	37/3	36 7½	6 11 0
57/–	46/6	11 *b*	3 *a*	Swan Hunter £1	53/6	55 6	5 0 11
49/9	37/6	8½ *b*	4 *a*	United Steel £1	39 6	38 9	6 9 0
44/7½	32/4½	7½ *b*	2½ *a*	Vickers £1	42/4½	42 1½	4 15 0
				TEXTILES			
24/6	19/4½	6 *b*	4 *a*	Bradford Dyers £1	20/–	19 9	10 2 6
23/7½	14/–	3 *a*	5 *b*	Brit. Celanese £1	14 6	14 6	11 0 8
25/10½	21/9	2½ *a*	6½ *b*	Coats (J. & P.) £1	22 3	22 –	7 13 1
44/–	33/3	4 *a*	6 *b*	Courtaulds £1	35/–	34 6	5 15 11
21/3	12/3	5 *a*	5 *b*	Fine Spinners £1	13 3	13 –	15 7 8
30/–	22/3	7½ *b*	5 *a*	Lancs. Cotton £1	25/–	24 9	10 2 0
33 –	26/–	2½ *a*	10 *b*	Patons & Baldwins £1	30/–	32 6	7 13 10
				MOTORS & AIRCRAFT			
22/4½	16/3	3½ *a*	6½ *b*	Bristol Aeroplane 10/–	19/–	18 6	5 8 1
9/–	5/10½	8½ *b*	4 *a*	British Motor 5/–	6 6	6 6	9 12 4
44/3	29/3	2½ *a*	5 *b*	Ford Motor £1	31 –	31 –	4 16 9
49/3	29/9	12½ *b*	3 *a*	Hawker Siddeley £1	46 6	46 6	3 15 3
48/3	38/3	10 *c*	12½ *c*	Leyland Motors £1	47 6	47 6	5 5 3
115/10½	85/6	5 *a*	12½ *b*	Rolls-Royce £1	110/–	110 –	3 3 7
				SHOPS & STORES			
18/10½	13/10½	14 *c*	3 *a*	Boots Pure Drug 5/–	14 9	14 9	4 14 11
41/4½	29/–	20 *b*	7½ *a*	Debenhams 10/–	40/–	39 9	6 13 6
44 9	32 9	15 *a*	47½ *b*	Gt. Universal 'A' 5/–	37/–	37 –	8 8 11
71/1½	57/10½	17½ *a*	32½ *b*	Marks & Spen. 'A' 5/–	60/–	59 6	4 4 0
25 6	19/1½	20 *b*	2½ *a*	United Drapery 5/–	21/–	21 6	7 11 7
64/10½	53/10½	36⅔ *b*	20 *a*	Woolworth 5/–	56/3	55 9	5 1 8
				OIL			
183/9	99/–	†5 *a*	†10 *b*	British Petroleum £1	143 9	142 6	3 13 3
117/9	63/–	5 *a*	12½ *b*	Burmah £1	88 9	90 –	3 17 9
£87½	£58½	6 *a*	14 *b*	Royal Dutch 100 fl.	£84½	£82	2 5 0
171/–	103/3	†5 *a*	†13½ *b*	Shell Reg. £1	155/–	153 9	3 7 10
				SHIPPING			
38/–	28/6	...	...	Brit. & Com'wealth 10/–	36/–	37 6	4 5 4
27/–	20/4½	2½ *a*	7½ *b*	Cunard £1	25/–	24/–	8 6 8
35/9	27/–	5 *b*	3 *a*	P. & O. Def. £1	32/–	32/–	5 0 0
				MISCELLANEOUS			
75/3	45/–	15 *c*	5 *a*	Assoc. Elect. £1	67 6	62 6	4 16 0
45 6	34/10½	5 *a*	17½ *b*	Assoc. Port. Cem. £1	41 6	41 3	4 7 3
60/9	42/3	7½ *b*	4½ *a*	Bowater Paper £1	46 9*	45 9*	5 4 11
54/9	45/3	4 *a*	8½ *b*	B.I.C.C. £1	50 –	49 6	5 1 0
81/10½	40/4½	8 *b*	4 *a*	Brit. Aluminium £1	72 6	68 9	3 9 7
60/–	45/9	†7½ *b*	†10½ *a*	Brit. Amer. Tob. 10/–	53/–	54/–	5 12 9
$69	$56⅜	3 *b*	3 *a*	Canadian Pacific $25	$67	$64½	4 5 5
37/10½	24 9	4⅓ *c*	14 *a*	Decca Record 4/–	27 6	27 6	6 7 3
25/9	17/6	4 *a*	10 *b*	Dunlop Rubber 10/–	18 9	18 9	7 9 4
66/1½	46/–	8½ *b*	4 *a*	English Elect. £1	48 9	46 3	5 8 0
65/6	42 6	4½ *a*	9½ *b*	General Elect. £1	47 6	42 6	6 11 9
49/10½	41/3	4 *a*	6 *b*	Imp. Chemical £1	43 3	42 9	4 13 7
62/9	45/–	12½ *b*	8½ *a*	Imp. Tobacco £1	48 6	48 6	8 13 4
$211	$141⅜	$2·90c	$3·75c	Inter. Nickel n.p.v.	$202½	$200	3 7 8
64/6	50/–	12½ *b*	7½ *a*	London Brick £1	51 3	51 3	7 16 2
30/3	22/9	15½ *b*	6½ *a*	Monsanto Chemicals 5/–	24 6	24 –	4 13 8
69/1½	55/3	12 *b*	4½ *a*	Tate & Lyle £1	63 –	63/–	5 4 9
69/6	54/3	12½ *b*	6½ *a*	Tube Investments £1	59 4½	57 6	4 17 5
115/6	95 9	20 *b*	5 *a*	Turner & Newall £1	102 6	101 3	4 18 9
82 9	61/7½	6 *a*	9½ *b*	Unilever £1	76 3	75 7½	4 3 4
58 –	34/1½	†5 *a*	†11½ *b*	United Molasses 10/–	56 6	55 3	5 5 0
40/–	23 6	†2½ *a*	†7½ *b*	Cons. Tea & Lands £1	24 6	25/–	13 13 0
2 10½	1 9½	5 *a*	15 *b*	London Asiatic Rbr. 2/–	2 0½	2 0⅞	18 13 4
61 9	37/6	15 *a*	30 *b*	United Sua Betong £1	46 3	47 6	13 13 11
				MINES			
8½	6 3/32	20 *a*	50 *b*	Anglo-Amer. 10/–	7 7/32	7½	4 14 10
135 7½	94 4½	120 *b*	80 *a*	De Beers 5/– Def. Reg.	101 3*	96 3	10 7 8
96 10½	67/6	...	...	Free State Geduld 5/–	88 9	87 4½	Nil
50 6	36 3	12½ *b*	12½ *a*	Randfontein £1	37 6	37 6	13 6 8
10 11½	8 6	28 *c*	30 *c*	London Tin 4/–	9 9½	10 0½	11 13 6
46	35	2b2½ *c*	75 *a*	Rhokana £1	45	42½	6 3 6

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*i*) On 17½% Tax free. (*l*) To latest date. (*v*) On 15% Tax free. (*w*) On 14%. (*y*) Yield basis 9%.

New York Closing Prices

	Sept. 19 $	Sept. 26 $		Sept. 19 $	Sept. 26 $		Sept. 19 $	Sept. 26 $
Balt. & Ohio.	43	48⅛	Am. Smelting	51¼	50⅞	Inter. Paper	118½	113⅜
Can. Pac.	34⅛	33⅛	Am. Viscose	34⅛	33¼	Nat. Distill.	27⅛	27
N.Y. Cent.	37⅛	37⅜	Cel. of Am.	15	15	Sears Roebuck	51⅛	50⅜
Pennsyl.	25¼	23⅛	Chrysler	72⅛	73	Shell	87⅛	84⅛
Amer. Tel.	172½	170⅜	Gen. Elec.	58⅜	58	Std. Oil of N.J.	54⅛	54
Stand. Gas	11⅛	11⅛	Gen. Motors	45⅛	46⅛	U.S. Steel	66⅛	66⅛
United Corp.	6⅛	6¼	Goodyear	75⅛	72	Westinghouse	54⅜	53⅜
W. Union Tel.	19	18⅜	Inter. Nickel	103⅜	103⅛	Woolworth	45⅜	45

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe:	
Production and Consumption	Sept. 8th	Production and Trade	This week
Manpower	Sept. 15th	British Commonwealth	Sept. 8th
External Trade	Sept. 22nd	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Sept. 15th
Industrial Profits	July 14th	United States	Sept. 22nd
		World Trade	July 14th

Prices and Wages

	Unit	1953	1954	1955	1955			1956 (7)			
		mid-June			Sept. 13	Sept. 20	Sept. 27	Sept. 4	Sept. 11	Sept. 18	Sept. 25
WORLD PRICES											
Commodity Price Indicator: (1)	1952=100	89	99	93	97	97	96	93	94	94	93
All items	"	93·2	119·6	92·0	96·0	95·2	95·2	95·9	94·3	94·3	93·1
Food	"	87·0	88·7	83·2	77·8	77·6	77·8	82·8	83·8	85·3	84·7
Fibres (2)	"	80·0	81·5	95·7	101·2	100·5	100·5	96·9	97·5	97·4	96·7
Metals	"	95·9	93·5	106·9	117·6	118·7	117·5	99·4	100·2	102·5	98·7
Other items		Monthly averages			1955			1956			
BRITISH WHOLESALE PRICES		1953	1954	1955	June	July	Aug.	May	June	July	Aug.
Materials used in:	June 30,										
Non-food manufacturing (excl. fuel)	1949=100	145·8	143·5	152·4	150·7	153·8	156·5	155·9	155·2	154·1	155·8
Mechanical engineering	"	145·7	150·4	168·1	163·8	166·1	173·4	177·0	176·3	176·1	178·0
Electrical machinery	"	155·2	160·5	185·7	181·0	183·3	190·3	189·7	184·2	185·2	187·1
Building and civil engineering	"	130·4	131·4	137·3	136·3	136·7	138·6	141·7	141·8	142·6	143·4
Miscellaneous	"	128·7	130·7	137·1	136·5	137·2	138·7	141·3	141·4	142·8	143·3
Products of:											
Non-food manufacturing (excl. fuel)	"	125·2	125·5	129·6	129·3	129·6	130·0	135·4	135·5	135·8	135·9
Food manufacturing	"	138·6	139·1	143·9	143·3	143·6	143·6	146·8	146·8	148·5	148·7
Commodities:											
Cotton, raw (4)	"	140·6	155·0	149·7	150·6	150·8	152·4	164·6	164·9	160·5	155·6
Wool, raw	"	171·1	160·8	142·0	148·7	141·9	142·0	141·6	146·5	144·3	144·8
Rubber, No. 1 RSS, one month future	"	199·1	197·9	329·9	305·9	370·7	410·6	247·5	234·5	265·4	291·0
Softwood, imported	"	144·1	145·0	154·9	154·4	154·8	155·3	155·8	156·0	155·3	155·6
Copper, ex-warehouse (5)	"	217·6	213·4	295·7	278·4	281·5	306·7	289·1	258·6	242·2	260·2
UK RETAIL PRICES											
Interim index:	June 17,										
All items	1947=100	140	143	149	150	150	149	157	157	156	157
	Jan. 15,										
All items	1952=100	105·8	107·7	112·6	112·9	113·3	112·5	102·5	102·4	102·0	102·3
Food	"	111·3	114·2	122·8	124·8	125·6	122·4	104·2	102·9	101·1	101·7
All items	1938=100	228	232	242	243	244	242	255	255	254	255
Food	"	253	239	257	261	263	256	274	271	266	267
Rent and rates	"	129	134	138	138	138	138	145	145	145	146
Clothing	"	253	255	256	255	255	262	262	262	262	263
Fuel and light	"	207	216	228	219	219	231	243	250	250	251
Household durable goods	"	286	284	288	285	285	286	309	309	309	309
Drink	"	256	257	260	260	260	263	264	266	266	266
Tobacco	"	387	387	389	387	388	388	418	418	418	418
Purchasing power of £ (based on all consumer spending)	1938=100	42	41	39	39	39	39	37	37	37	37
UK TERMS OF TRADE											
Import prices:											
All items	1954=100	101	100	103	103	102	102	106	105	103	103
Food, drink and tobacco	"	97	100	101	101	98	97	105	102	99	99
Basic materials	"	103	100	104	104	104	105	105	105	106	106
Export prices:											
All items	"	101	100	102	102	103	102	105	106	106	106
All manufactures	"	101	100	102	102	103	102	105	105	106	106
Metals	"	105	100	104	104	105	103	111	111	113	112
Engineering products	"	100	100	103	102	103	103	105	107	106	108
Textiles (excluding clothing)	"	99	100	100	101	101	99	99	98	99	99
Terms of trade:											
Ratio of import to export prices	"	100	100	101	101	99	100	101	99	97	97
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	77·5	86·1	127·7	128·0	130·0	129·9	162·2	155·5	156·2	157·9
UK WAGES											
Weekly wage rates:	June 30,										
All workers	1947=100	136	142	151	152	153	153	164	164	164	164
Men	"	134	140	150	151	151	151	163	163	163	163
Women	"	140	146	155	155	155	155	166	166	167	167
Weekly earnings: (6)											
All workers	s. d.	160 1	171 9	187 2	...	...	...	197 9	...	...	...
Men	"	189 2	204 5	222 11	...	...	...	235 4	...	...	...
Women	"	102 5	108 2	115 5	...	...	...	119 9	...	...	...
	Oct.,										
All workers	1938=100	301	323	351	...	...	...	371	...	...	...
Men	"	274	296	323	...	...	...	341	...	...	...
Women	"	315	333	355	...	...	...	368	...	...	...

(1) The Alexandria spot quotations for Karnak and Ashrams cotton have been replaced by the current month futures quotation at Alexandria. (2) Figures up to July, 1955, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper; from May, 1955, onwards the proportion of copper sold at fixed prices has been taken into account. (3) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (4) New series based on January 17, 1956=100. (5) Surveys made twice a year; annual figures relate to October survey. (6) Revised series based on Liverpool spot market prices, as from July 1, 1954. (7) Revised figures for August 7th, 14th, 21st and 28th respectively: fibres 80·4, 81·3, 81·3 and 83·1; August 28th, food 92·5. (8) Figures relate to April.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1953 = 100)												
1948	54	87	82	79	...	52	70	62	70	70	90	69
1954	114	106	109	109	112	122	102	109	110	109	104	109
1955	133	116	111	121	129	130	105	118	118	113	111	...
1956, February	130	115	111	128	127	125	...	115	112	141	113	...
„ March	137	123	107	133	132	132	...	130	128	115	119	...
„ April	138	125	100	137	140	131	...	122	120	116	119	...
„ May	132	127	112	138	143	133	...	130	127	109	120	...
„ June	...	...	113	138	138	134	...	...	130	124	118	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas[3]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira
IMPORTS (c. i. f.)												
1948	243	7,249	285	56·08	264[4]	152[4]	11·36	70·36	414	310	413	64·2
1954	1,416	10,561	674	123·11	1,601	825	14·98	127·04	905	606	766	111·6
1955	1,922	11,790	678	136·74	2,029	956	17·03	140·93	1,016	648	859	116·1
1956, February	1,730	11,675	590	145·86	1,775	1,088	17·92	143·90	996	603	783	129·7
„ March	2,171	13,937	669	172·26	2,164	1,001	16·18	169·02	1,084	601	802	107·1
„ April	2,004	13,241	606	164·00	2,274	1,156	14·64	151·69	1,193	762	1,018	108·1
„ May	2,091	...	939	174·36	2,228	1,121	15·86	160·42	1,136	880	980	107·1
„ June	2,118	...	767	175·40	2,419	...	15·64	170·37	1,222	792	964	91·9
EXPORTS (f. o. b.)												
1948	165	6,171	228	36·18	151[4]	39[4]	4·11	47·99	226	172	332	45·9
1954	1,321	9,581	554	121·94	1,832	380	9·59	85·33	764	347	683	78·2
1955	1,514	11,566	608	139·94	2,142	467	9·19	96·72	851	377	745	73·1
1956, February	1,593	11,725	542	121·98	2,043	415	7·90	96·60	740	409	543	93·4
„ March	1,937	13,330	646	141·75	2,345	332	8·72	116·97	861	446	558	88·6
„ April	1,750	13,593	530	140·16	2,690	319	7·86	102·89	982	434	744	88·5
„ May	1,758	...	676	129·33	2,495	241	8·04	106·28	933	472	897	79·8
„ June	1,923	...	711	139·00	2,760	...	...	106·49	899	449	974	44·6
BALANCE												
1948	− 78	− 1,078	− 57	−19·90	− 113	− 113	− 7·25	−22·37	− 188	− 138	− 81	− 18·3
1954	− 95	− 980	− 120	− 1·17	+ 231	− 445	− 5·39	−41·71	− 141	− 259	− 83	− 33·4
1955	− 408	− 224	− 70	+ 3·20	+ 113	− 498	− 7·84	−44·21	− 165	− 271	− 114	− 43·0
1956, February	− 137	+ 50	− 48	−23·88	+ 268	− 673	−10·02	−47·30	− 256	− 194	− 240	− 36·3
„ March	− 234	− 607	− 23	−30·51	+ 181	− 669	− 7·46	−52·05	− 223	− 155	− 244	− 18·5
„ April	− 254	+ 352	− 76	−23·84	+ 416	− 837	− 6·78	−48·80	− 211	− 328	− 274	− 19·6
„ May	− 333	...	− 263	−45·03	+ 267	− 880	− 7·82	−54·14	− 203	− 408	− 83	− 27·3
„ June	− 195	...	− 56	−36·40	+ 341	...	...	−63·88	− 323	− 343	+ 10	− 47·3
VOLUME OF EXTERNAL TRADE (2) (1953 = 100)												
IMPORTS												
1948	48	86	59	84	...	...	90	57	64	71	85	46
1954	139	110	121	108	125	117	98	104	126	114	115	99
1955	198	122	120	123	152	136	108	113	146	119	128	91
1956, February	176	115	...	109	133	146	111	104	135	112	121[5]	...
„ March	216	135	...	128	157	138	99	128	150	109		...
„ April	201	130	...	151	168	186	89	119	160	142	...	...
„ May	211	...	...	143	163	...	96	...	153	154	...	...
„ June	209	...	...	...	175	...	...	...	...	137	...	...
EXPORTS												
1948	37	69	48	48	...	...	55	66	34	70	69	55
1954	122	109	108	116	124	111	102	107	113	115	110	95
1955	136	127	118	132	142	121	94	124	124	117	115	71
1956, February	144	115	...	113	130	102	84	126	109	117	96[5]	...
„ March	171	131	...	131	151	92	93	152	124	129		...
„ April	150	132	...	128	172	80	84	128	137	129	...	...
„ May	151	...	...	...	160	...	...	...	129	138	...	...
„ June	164	...	...	...	175	...	...	...	...	133	...	...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. Italy includes Trieste. (3) New drachmas introduced May 1, 1954 (1 new drachma = 1,000 old drachmas). (4) Thousand million drachmas. (5) Bizonal area. (6) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 22nd, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £35,405,000 compared with a deficit of £44,844,000 in the previous week and a surplus of £5,450,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £11,651,000, bringing the total deficit to £486,356,000 (£507,265,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Sept. 24, 1955	April 1, 1956 to Sept. 22, 1956	Week ended Sept. 24, 1955	Week ended Sept. 22, 1956
Ord. Revenue					
Income Tax	2085,500	458,277	531,095	14,611	15,559
Surtax	144,000	28,400	33,900	900	900
Death Duties	170,000	89,300	89,500	3,600	2,700
Stamps	58,900	35,900	30,400	1,300	1,000
Profits Tax, EPT	216,750	88,700	91,400	5,000	4,800
Excess Profits Levy	4,000	12,900	3,200	200	200
Special Contribution and other Inland Revenue	1,000	250	160	...	...
Total Inland Rev.	2680,150	715,727	770,656	25,611	25,159
Customs	1204,000	548,551	557,191	23,148	23,451
Excise	953,350	384,615	414,785	5,770	5,040
Total Customs and Excise	2157,350	933,166	971,976	28,918	28,491
Motor Duties	92,000	17,323	18,577	...	...
PO (Net Receipts)	...	150	1,750	*Dr.* 6,950	*Dr.* 6,850
Broadcast Licences	28,000	7,200	7,600	...	...
Sundry Loans	30,000	22,572	24,405	220	74
Miscellaneous	200,000	52,475	58,976	16,876	5
Total	**5187,500**	**1746,613**	**1833,941**	**64,677**	**46,880**
Ord. Expenditure					
Debt Interest	670,000	299,086	340,536	4,921	7,725
Payments to N. Ireland Exchequer	61,000	23,926	26,883	...	...
Other Cons. Fund	10,000	5,431	4,520	238	...
Supply Services	3941,918	1601,619	1762,880	53,800	74,200
Total	**4682,918**	**1930,061**	**2134,819**	**58,958**	**81,925**
Sinking Funds	37,000	17,001	17,326	270	360
"Above-line" Surplus or Deficit	**200,449**	**318,203**	**5,450**	**35,405**	
"Below-line" Net Expenditure	306,816	168,133	9,707	11,651	
Total Surplus or Deficit	**507,265**	**486,336**	**4,257**	**47,056**	
Net Receipts from:					
Tax Reserve Certificates	51,470	122,388	1,316	979	
Savings Certificates	12,600	12,800	− 600	− 500	
Defence Bonds	− 5,557	− 22,205	− 2291	− 775	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means advances: Public Depts.	Ways and Means advances: Bank of England	Total Floating Debt
1955					
Sept. 24	3,480·0	2,000·0	263·4	...	5,743·4
1956					
June 23	3,280·0	1,193·6	279·7	...	4,753·3
„ 30	3,270·0	1,257·7	268·5	5·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,161·2	231·9	...	4,783·0
„ 18	3,420·0	1,155·6	262·4	0·8	5,658·7
„ 25	3,450·0	1,146·2	257·3	...	5,853·5
Sept. 1	3,480·0	1,330·3	228·5	...	5,038·9
„ 8	3,510·0	1,322·4	225·9	1·8	5,060·1
„ 15	3,540·0	1,324·9	256·8	...	5,121·7
„ 22	3,590·0	1,325·1	254·5	...	5,169·6

THE MONEY MARKET

Following the sustained stringency of credit, the discount market raised the Treasury bill rate for the third week in succession at the tender on Friday last. The bills on offer were those spanning the Christmas holiday, and Tuesday's bills were 90-day maturities and Wednesday's 92-day. For these, the market bid at £98 14s. 6d. per cent and £98 13s. 11d. per cent respectively; for the 91-day bills it reduced its bid by a further 4d. to £98 14s. 2d., representing a discount rate of over 5⅝ per cent. This compares with a rate of only a fraction over 5 per cent four weeks previously.

Total applications for the £280 million on offer at last week's tender dropped by £24.2 million to £380.0 million; and the market's average allotment on all maturities rose from 61 to 65 per cent. At yesterday's tender, for the December 31 and new year maturities, the offer was further reduced, by £20 million to £260 million.

Credit supplies have been somewhat more plentiful this week. A small amount of special help was needed on Monday, but on the following two days conditions were comfortable, notwithstanding repayments of seven-day loans at the Bank.

The Treasury bill rate in New York rose further this week from 2.908 to 2.985 per cent.

The price of silver on the London market rose, from 78¾d. an ounce on Monday to 79¼d. on Wednesday.

LONDON MONEY RATES

	%		%
Bank rate (from 4½ % 16/2/'56)	6½	**Discount rates**	
		Bank bills: 60 days	5⅞
Deposit rates (max)		3 months	5⅞–5¾
Banks	3½	4 months	5⅞–5¾
Discount houses	5½*	6 months	5¾–5⅝
Money Day-to-day	3½–4½	**Fine trade bills**:	
Short periods	4½–4¾	3 months	6–6½
Treas. bills 2 months	5⅛	4 months	6–6½
3 months	5⅛	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Sept. 28, 1955	Sept. 19, 1956	Sept. 26, 1956
Issue Department:			
Notes in circulation	1,766·4	1,882·8	1,880·6
Notes in banking dept.	33·9	42·6	44·7
Govt. debt and securities*	1,796·2	1,921·2	1,921·3
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	14·5	22·0	12·9
Treasury special account	2·6	...	...
Bankers	239·3	225·4	230·9
Others	68·2	71·7	72·4
Total	324·6	319·1	315·2
Securities:			
Government	278·6	252·6	252·3
Discounts and advances	11·1	23·1	18·3
Other	17·2	17·3	17·4
Total	306·9	293·0	288·0
Banking department reserve	36·4	44·6	46·7
"Proportion"	11·1	13·9	14·7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Sept. 23	280·0	369·7	280·0	61 5·14	69
1956					
June 22	260·0	358·7	260·0	101 8·17	62
„ 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	452·4	280·0	101 1·84	61
„ 13	280·0	435·9	270·0	99 9·47	61
„ 20	270·0	418·4	270·0	100 3·82	50
„ 27	260·0	381·0	260·0	99 6·39	73
Aug. 3	270·0	399·1	270·0	100 3·79	57
„ 10	280·0	409·9	280·0	100 5·84	62
„ 17	280·0	393·4	280·0	100 0·43	62
„ 24	270·0	405·2	270·0	101 2·95	50
„ 31	290·0	385·0	290·0	100 6·41	80
Sept. 7	290·0	430·0	290·0	101 4·50	65
„ 14	290·0	404·2	290·0	102 0·77	61
„ 21	280·0	380·0	280·0	103 4·86	55

* On September 21st tenders for 91 day bills at £98 14s. 2d. secured 55 per cent, higher tenders being allotted in full. The offering yesterday was for £280 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September 26	Market Rates: Spot: September 20	September 21	September 22	September 24	September 25	September 26
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜
Canadian $	...	2·71½–2·72	2·71½–2·71¾	2·71½–2·72	2·72–2·72½	2·72½–2·72⅝	2·72½–2·72⅝
French Fr.	972·65–987·35	982–988	982–987	987–993	985–988½	985–988½	984–989
Swiss Fr.	12·15·5–12·33·5	12·19½–12·20½	12·20½–12·20½	12·20½–12·21	12·21½–12·21⅝	12·21½–12·21⅝	12·20½–12·21½
Belgian Fr.	138·95–141·05	139·25–139·30	139·30–139·35	139·32½–139·37½	139·42½–139·47½	139·40–139·45	139·25–139·30
Dutch Gld.	10·56–10·72	10·61½–10·62	10·62½–10·62½	10·62½–10·63	10·63–10·63½	10·62½–10·62½	10·61½–10·62½
W. Ger. D-Mk.	11·67·5–11·84·5	11·69½–11·70½	11·70½–11·70½	11·70½–11·70½	11·70½–11·71½	11·71–11·71½	11·71–11·71½
Portuguese Esc.	79·90–81·10	80·00–80·15	80·00–80·15	80·00–80·15	80·00–80·15	80·00–80·15	80·00–80·15
Italian Lire	1736–1762½	1741–1742	1742½–1743½	1743½–1744	1744–1745	1746–1747	1746–1747
Swedish Kr.	14·35½–14·56½	14·41½–14·42	14·41½–14·42½	14·42–14·42½	14·42½–14·43½	14·43½–14·44½	14·43½–14·44½
Danish Kr.	19·35½–19·48½	19·35½–19·36	19·35½–19·36	19·34½–19·35	19·34½–19·35½	19·34½–19·35½	19·34½–19·35½
Norwegian Kr.	19·85–20·15	19·97½–19·98	19·97½–19·98	19·97½–19·98	19·98–19·98½	19·98–19·98½	19·98–19·98½
One Month Forward Rates							
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅜–½c. pm	⅜–½c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
French Fr.		1 pm 1 dis	par 2 dis	par 2 dis	par 2 dis	par 2 dis	par 2 dis
Swiss Fr.		3½–2½c. pm	3½–2½c. pm	3½–2½c. pm	3½–2½c. pm	3½–2½c. pm	3½–2½c. pm
Belgian Fr.		½ pm	½ pm	½ pm	½ pm	½ pm	½ pm
Dutch Gld.		2½–2c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm	1½–1¼c. pm	1½–1¼c. pm
W. Ger. D-Mk.		3½–3¼c. pm	3¼–3c. pm	3¼–3c. pm	3¼–3c. pm	3–2¾c. pm	3–2¾c. pm
Italian Lire		1 pm 1 dis	1 pm 1 dis	1 pm 1 dis	1 pm 1 dis	1 pm 1 dis	1 pm 1 dis
Swedish Kr.		1c. pm par	1c. pm par	1c. pm par	1c. pm par	1c. pm par	1c. pm par
Danish Kr.		5–2c. pm	5–2c. pm	5–2c. pm	5–2c. pm	5–2c. pm	5–2c. pm
Norwegian Kr.		20 pm par	20 pm par	20 pm par	20 pm par	20 pm par	20 pm par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/7½	251/7	...	251/7	251/7	251/7½

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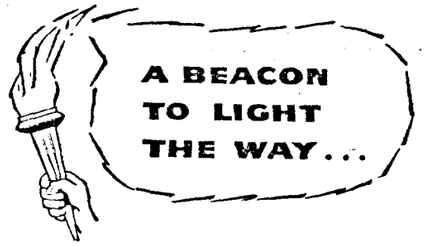

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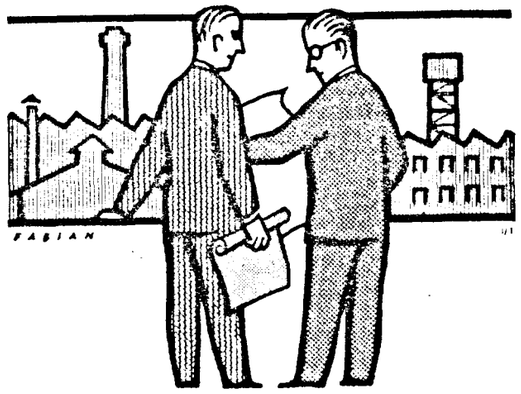

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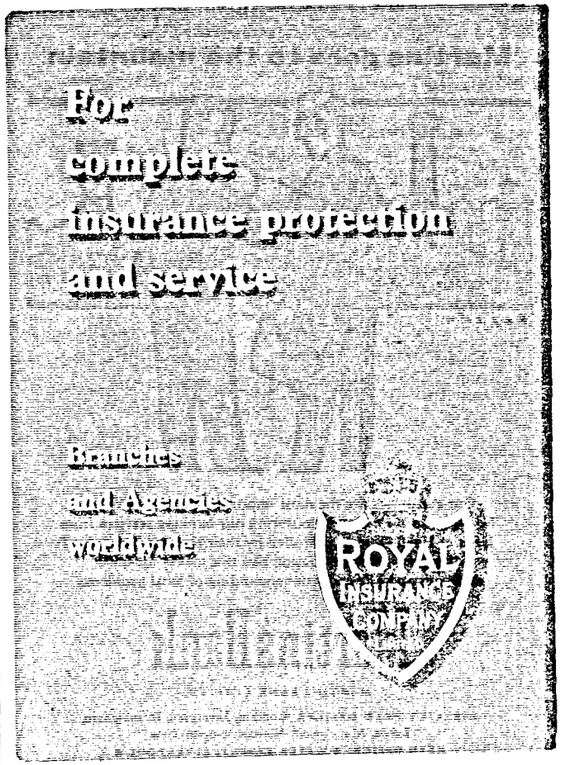

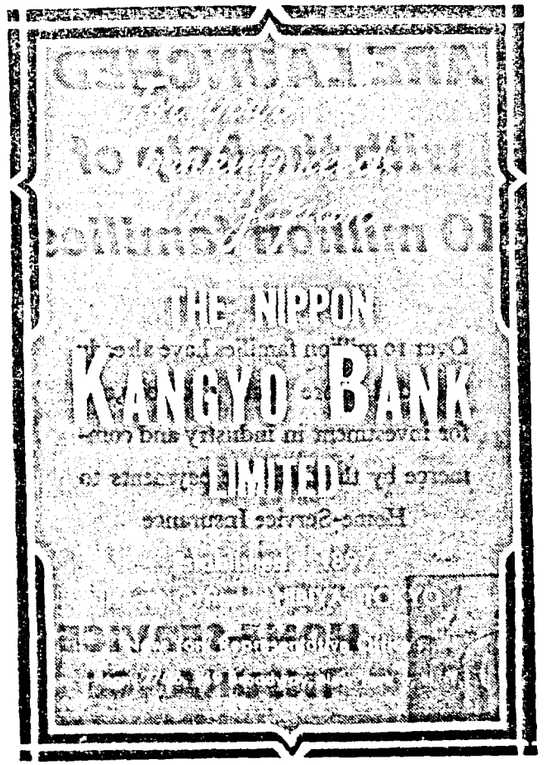

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CVS-414

AN ANNOUNCEMENT BY
CAMP BIRD LIMITED
TO MALAYAN TIN SHARE INVESTORS

IN ORDER to prevent undue speculation and rumours concerning CAMP BIRD and the MALAYAN TIN MINING COMPANIES listed below, the CAMP BIRD Directors wish to announce as widely as possible our intention to lay before investors in these companies our proposals for the consolidation of the many interests involved, OUR OFFICIAL OFFERS TO SHAREHOLDERS IN THE INDIVIDUAL COMPANIES WILL BE CIRCULATED IN DUE COURSE.

Our REASONS for making these proposals, and the METHOD whereby we propose to implement them, are given below. May I ask all interested shareholders to study these facts most carefully?

BACKGROUND

THERE are now three major European-controlled tin mining groups in Malaya: The London Tin Corporation Ltd., British Tin Investment Corporation Ltd., and the "Tronoh" Group.

However, 18 tin mines listed below are financially separate companies, although some have interlocking boards of directors, and some have a common administration and management. Operational management, however, is carried out by professional management concerns in Malaya, under contract to, but not owned by, the tin companies.

IT IS THESE 18 MINES, WHICH CONSOLIDATED WOULD FORM A NEW, LARGE AND STRONG TIN MINING GROUP, WHICH ARE THE SUBJECT OF OUR PROPOSALS.

It is our belief that unless steps are taken to consolidate these individual companies, with their large unemployed cash reserves, and to bring them into a common financial group, we shall see very soon a series of despairing liquidations of these tin mining properties in Malaya, which may easily lead to the ruin and total loss of a great and profitable industry to the British investor.

The companies with which we are concerned have amassed liquid assets totalling over £2,250,000. These are not being remuneratively employed.

Today, because of the extremely low market price of tin shares, there is an increased attraction to persons looking for a short-term capital profit by demanding the liquidation of these companies. The appeal to shareholders to secure capital repayments is also strong when no constructive alternative employment of stagnant assets is put forward.

However, it is the experience of the Camp Bird Directors that shareholders do not seek capital repayments—and the consequent problem of re-investment—when management invests their money with skill and dynamism. In illustration, Camp Bird shareholders recently refused a capital repayment of 9*s.* per share, and in the past few weeks have applied for more than 2 million new shares in a rights issue involving the issue of only 1,377,000 shares.

The purpose of this Notice is to lay before investors the constructive alternative to the threatened series of liquidation and waste of assets.

STATISTICS

The estimated life of the tin mining properties concerned varies from two years to 45 years. Other available areas are held which have not yet been fully explored.

It should be realised that we are discussing one of the largest mining industries in the world, currently enjoying high profitability. This is not some collection of worked-out properties.

The aggregate statistical picture of the 18 companies in question shows the following:

Market Valuation of Shares at 13th September, 1956	On basis of latest published Accounts		
	Nett Cash and Quoted Investments	Gross Dividends	Yield on Market Price
£4,400,000	£2,250,000	£900,000	20.4%

If the above nett cash and quoted investments are put to active use, earnings will be substantially increased. Until this is done, however, it is not surprising that the liquidation threat overhangs these companies.

PROPOSALS

Camp Bird proposes a more constructive solution to what is, after all a PROBLEM OF PROSPERITY AND HIGH EARNINGS, not the liquidation of a bankrupt industry.

Three essential demands of the situation are:

1. That the surplus liquid assets held in London by the tin companies be invested in Western Hemisphere industrial and other fields (not excluding the dollar area) **so that investors are no longer dependent entirely on the fate of the Malayan tin industry.**
2. That the operating tin mining companies shall be domiciled in Malaya; and that, **after allowing for suitable dividends and the repatriation of original capital, future surplus profits shall be invested in Malaya,** in developing either the tin mining industry or other Malayan commercial and industrial developments. These changes will bring a closer integration of the companies concerned in the Malayan economy and make available new investment opportunities for investors resident in Malaya.
3. **That the individual companies shall be grouped into a single powerful company, with finances centralised and cash assets fully employed.**

METHOD

The following is our proposal for meeting the above situation:

CAMP BIRD proposes to offer its own Shares in exchange for shares in the tin mining companies, on an equitable basis, subject to 75% or more acceptance by shareholders of the individual companies.

It is intended to approach formally the directors of these tin companies forthwith.

ADVANTAGES TO SHAREHOLDERS

I CAN summarise the benefits which this consolidation will bring to investors in these Malayan tin companies:

- ★ **A more realistic market valuation for your investment.**
- ★ **By holding Camp Bird shares you will enjoy maximum profits from the tin companies, and also the greater security provided by a wider diversification of investment.**
- ★ **Increased overall earnings following the re-investment of surplus funds in Western Hemisphere interests, and the proposed redeployment of surplus profits arising in Malaya in future.**
- ★ **Upon domiciling the operating tin mining companies in Malaya, we can expect these companies to be able to pay higher dividends than now possible, because of the current taxation basis in Malaya.**

ADVANTAGES TO THE TIN MINING INDUSTRY

THESE are technical factors of importance to the industry itself—but which nevertheless are likely to result in immediate and direct benefits to shareholders:

- ★ **Substantial economies in the U.K. direction and administration.**
- ★ **Prestige as one of the largest tin mining groups in the world.**
- ★ **Ability to afford and employ the highest standard of direction, management and mining technology.**
- ★ **Diversification of interests through re-investment of future surpluses in Malaya.**
- ★ **Power to negotiate with the Malayan authorities with a single voice as to the conduct of the existing and the future development of the tin mining industry.**

CONCLUSION

Investors in CAMP BIRD can expect to enjoy an exceptionally high rate of income from the consolidated tin mining properties.

It should be possible, with proper management, fully to employ the combined assets of these 18 tin mining companies so that the stock market values reflect their earning capacity.

We believe you will recognise the merits of these proposals and will give us your support, and I would welcome the comments of any shareholders of the following companies:

Chenderiang Tin Dredging, Ltd.	**Kinta Kellas Tin Dredging Co., Ltd.**	**The Renong Tin Dredging Co., Ltd.**
Gopeng Consolidated, Ltd.	**The Kinta Tin Mines, Ltd.**	**Selayang Tin Dredging, Ltd.**
Hongkong Tin, Ltd.	**Malaysiam Tin, Ltd.**	**Sungei Kinta Tin Dredging, Ltd.**
Ipoh Tin Dredging, Ltd.	**Meru Tin, Ltd.**	**Tanjong Tin Dredging, Ltd.**
Kent (F.M.S.) Tin Dredging, Ltd.	**Pengkalen, Ltd.**	**Tekka, Ltd.**
Kiilinghall Tin, Ltd.	**Rambutan, Ltd.**	**Temoh Tin Dredging, Ltd.**

Yours sincerely,

JOHN DALGLEISH,
Chairman.

CAMP BIRD LIMITED
96A Mount Street
London, W.1.

PLEASE DETACH HERE

PLEASE COMPLETE AT ONCE AND POST IMMEDIATELY

To: John Dalgleish, Chairman, Camp Bird Limited, E
96A Mount Street, London, W.1.

I .....
(Block letters, please)

of .....

hold shares in .....

.....

.....

and, after reading your statement, I am:

IN FAVOUR **NOT IN FAVOUR**
(Delete inapplicable)

of your proposals. My comments on your proposals are .....

.....

.....

COMPANY MEETINGS

UNITED DAIRIES LIMITED

A SATISFACTORY YEAR'S TRADING

EXPANSION IN A NUMBER OF DIRECTIONS

FURTHER INCREASES IN COSTS

PROGRAMME OF MODERNISATION OF LONDON SHOPS

CAPITALISATION OF RESERVES

MR LEONARD MAGGS'S STATEMENT

The forty-first annual general meeting of the members of United Dairies Limited was held on September 21st at The Connaught Rooms, Great Queen Street, London, W.C., Mr Leonard Maggs (Chairman and Manager Director) presiding.

The secretary (Mr Ernest Evanson, ASAA) read the notice convening the meeting and the report of the auditors.

The following is the Statement by the Chairman to the Members which had been circulated with the report and accounts for the year ended March 31, 1956, and was taken as read:

Once again, I am happy to be able to report a satisfactory year's trading, and expansion in a number of directions.

The published accounts give a clear picture of the state of the company's affairs, but I would add a few comments.

The Profit and Loss Account reveals an amount of £470,069 brought into profits from operations in previous years. This occurs mainly because the prices received for products sold to the Ministry of Food between October 1, 1952, and the end of control were provisional: final prices have now been agreed, and the resulting excess has been credited to the Profit and Loss Account. That account has received also the benefit of payments for the year ended September, 1953, from a scheme designed to adjust manufacturing costs of milk products according to throughput.

These transactions extinguish, except to a small extent, our outstanding accounts with the Ministry of Food.

DEPRECIATION ALLOWANCES

The depreciation to buildings, plant, machinery, transport and other items amounts to £1,188.571, equivalent to £3,256 per day. This amount, which is, of course, well in excess of the Inland Revenue's wear and tear allowances, is increasing each year and reflects the higher costs of replacements in this age of inflation. As you may recall, we adopted a straight-line basis of depreciation in 1946-47; as this is at the rate of ten per cent per annum for plant and machinery, the installations made in the year ended March 31, 1947, are now written off.

Our industrial freeholds are depreciated at the rate of 2½ per cent per annum, and non-industrial freeholds at the rate of 1 per cent per annum. The bulk of our freeholds are industrial, and they have now been written down to just over half the cost.

A provision of £200,000 for advertising has been created in the subsidiary companies, and is shown in the Profit and Loss Account. It is necessary in these days to keep brand names in front of the public and we have made, therefore, this comparatively modest allocation for our milk products now marketed under the name of "WILTS."

RESERVES

The reserves of the group at March, 1956, were £11,486,268 against a total at March 31, 1955, of £10,330,224.

These reserves now exceed the issued share capital.

COSTS AND PROFITS

During the year under review there were further increases in wages, fuel and transport costs. These are the main direct costs of milk distribution and manufacture, and reflect in all other items of expense.

In the current year we have to face a very substantial increase in our contributions to local rates because commercial premises have had to bear the brunt of the alterations brought about by re-assessment.

The Ministry of Agriculture, Fisheries and Food continues to control the purchase price and the maximum retail selling price of milk for liquid consumption.

During the period of inflation distributors have suffered from the lag arising between increases in costs and the adjustment of margins, but I am glad to say that arrangements have been made to ascertain more quickly the effect of increases and make adjustments for them in the margins.

As I pointed out last year, the diminishing concentration of population in urban areas, and in London in particular, adds to the cost of distribution, as the quantity that can be sold on individual rounds decreases.

We have continued our efforts, therefore, to sell orange drink and chocolate drink ("Lactachoc") as a means of combating rising costs.

MILK PRICES

The prices of milk for manufacture into milk products are now negotiated directly between the trade and the Milk Marketing Board, both in England and Wales and in Scotland. As no agreement on prices could be reached in respect to certain important products for the year beginning October 1, 1955, it fell to Consultants, under the arrangements mentioned to you last year, to determine the prices.

During the year under review we benefited considerably, although fortuitously, from rising prices in the markets for butter and cheese.

I mentioned last year that with the co-operation of the Milk Marketing Board there had been a revival in the export trade in condensed milk, but I am sorry that the new prices of milk are less favourable in relation to world prices, and in consequence we are less able to hold our own against foreign competition, particularly from Holland.

The stocks of milk products held on government account have now been cleared, but the trade has had to undertake the responsibility of selling a large quantity of tinned skimmed condensed milk to manufacturing users, thereby restricting the market for current manufacture.

MILK SUPPLIES

The summer of 1955 was one of high temperatures, and was a testing time for deliveries of milk from farms. The keeping quality of the milk was good, and credit for this improvement must be given to the schemes which are worked jointly by the English and Scottish Milk Marketing Boards and the trade.

Attention is now being given similarly to the compositional quality of milk, which has shown a tendency to deteriorate in the last few years. In time, no doubt, there will be a scheme of differential payment according to quality.

The railway strike in May, 1955, caused some difficulty, as London is dependent to some extent on rail-borne supplies, but thanks to the efforts of all concerned, the supply of milk in London was maintained. In outlying areas, where manufacturing facilities are not equal to the full supply of local milk, our people undertook prodigies of improvisation in their efforts to overcome the temporary dislocation.

PRODUCTION OUTPACES LIQUID CONSUMPTION

In spite of the efforts of the National Milk Publicity Councils—joint undertakings of producers and purchasers of milk to foster increased liquid consumption—the rate of milk production continues to outpace liquid consumption, and this has resulted in an increase in the manufacture of milk products to a record level.

The present system of price guarantees by the Government is somewhat obscure and many of us would like enlightenment on the operation of the plan of payment. It is apparently designed to place a ceiling on milk production in Great Britain, as the Government no longer guarantees the full price for milk produced in excess of the target figure. Manufacture in excess of this figure will therefore presumably have some depressing effect on the overall return per gallon to the producer. With the great improvement in breeding and feeding of dairy cows, lactation yields have risen markedly in recent years. In consequence, producers have found that higher production, although it involves increased manufacture, by no means signifies a reduction in net farm incomes. How much further milk producers will pursue this policy is impossible to forecast, but the uncertainty in the present position makes it difficult for the industry to make satisfactory plans for the future.

DEVELOPMENT

When there has been opportunity and advantage we have continued to absorb other concerns into our business.

We are pursuing our programme for the modernisation of our London shops, and are pleased with the attractive appearance of those re-modelled. A few have been adapted for self-service in specially selected neighbourhoods, but we are adhering mainly to the classes of goods we have always sold.

In the country, the two small milk collecting depots at Wrexham and Dunchurch have been closed as a result of a re-arrangement of milk supplies.

Our factory at Hemyock in Devonshire, which manufactures spray process milk powder, has been re-equipped with modern plant of greater capacity. It may be recalled that this factory was the first in the country to make this particular product.

At two of our cheesemaking factories—Bailey Gate in Dorset and Ellesmere in Shropshire—new cheese stores, with the most modern systems of temperature and humidity control, have been erected. We hope that these measures will help to put our cheese on the market under the best conditions.

When Ministry of Food control ceased a voluntary grading scheme for butter and cheese was inaugurated. I am proud to say that with very few exceptions (and those only minor) all manufacturers of butter and cheese in the country agreed to become members. Undoubtedly grading of these products has helped to improve the quality of the home manufacture.

TRANSPORT AND ENGINEERING COMPANIES

Dairy Supply Company, Limited: The Dairy Supply Company, Limited, has had another most successful year, sales having reached the highest level ever recorded during their 75 years' trading.

Continuing their policy of developing specialised machinery for the dairy industry, they have recently put on the market a new machine which automatically salts, mixes and cools the curd in the manufacture of cheese. This latest example of mechanisation is giving a good account of itself, and was awarded a Silver Medal (highest award) at the London Dairy Show held last October.

Mickleover Transport Limited: Mickleover Transport Limited, in addition to work for other subsidiary companies, has continued to receive orders from commercial and government undertakings, particularly in the field of design and manufacture of highly specialised types of vehicle, the production of which constitutes a record in the history of this company.

The research and development of fibreglass plastic components for vehicles continues, and the experimental production of vehicle bodies from this material is now proceeding.

The road haulage undertakings which this company operates have, in spite of rising competition, maintained their progress, and have satisfactorily met the increased demands for their services.

UD Engineering Company Limited: During the year the manufacturing facilities of UD Engineering Company Limited, including the extension to which I referred last year, have been kept fully occupied; in fact the period has been one of record achievement, including, among other things, the successful completion of the second contract received from the USSR.

The past year has also seen an increase in demand for the company's de-crating and re-crating machines, which, originally developed for dairies, are now being manufactured for other industries and for service in many countries overseas. Other development work is in hand, and during the current year there will be further additions to the company's wide range of bottling and mechanical handling equipment.

New industrial techniques are providing fresh outlets for our specialised refrigeration knowledge and plant, whilst the demand for conventional equipment—for example two 50-ton ice-making plants at present being erected for Iran—continues at a satisfactory level.

There are signs that the credit squeeze at home and in some countries abroad may temporarily reduce the level of orders, but our engineering products enjoy a high reputation, and in the knowledge that there is a need for them in the world markets we can look forward to the future with confidence.

OVERSEAS INTERESTS

Australia.—Conditions in Australia are much the same as I reported to you last year. The results are appreciably better this year than last, but it still looks like being some time before we can expect a satisfactory return on our investment in that country.

During the year under review our subsidiary company has been of assistance to us by shipping to the United Kingdom milk powder to satisfy a demand which was greater than our ability here to satisfy.

New Zealand.—Our subsidiary company has again had a satisfactory year, and has made a useful contribution to the profit of the group. The recent expansion of our main factory there has lowered production costs.

DIRECTORATE

To the general regret of his colleagues, Mr J. H. Maggs has decided not to seek re-election as a director.

Mr Maggs has been a Member of the Board since United Dairies Limited was incorporated in 1915 and was Chairman from 1922 until 1942 when he retired from management. Since that time he has continued to help us with the benefit of his wide experience and has kept a great interest in all the activities of the subsidiary companies.

He has occupied the office of President of the Long Service Corps from its inception and has had close to his heart the well-being of the old servants of the associated companies.

During his term of office he saw introduced a measure of compulsory pasteurisation of milk, and contributed largely to the campaigns to secure this very necessary piece of legislation.

The large scale bottling of milk after pasteurisation, the introduction into the milk industry of the six day working week, the transportation of milk in bulk, were all brought to fruition during the days of his leadership and he bore the principal burden in regard to the company's finances.

You will want, no doubt, to join with his colleagues to wish to him, and to Mrs Maggs, health and happiness, and to congratulate him on the completion of 41 years as a director of your company.

Mr J. G. Stokes, before his appointment to the board of the company in 1929, was the managing director of our subsidiary company Salter & Stokes Limited, of which the principal business is butter and cheese. His knowledge of these markets has been of immense value to the company.

THE INFLATIONARY SPIRAL

Some years ago I referred in my remarks to the inflationary spiral, and the need for reaching a state of some stability. Prices and costs have continued to rise disconcertingly, and we seem to have reached a situation when what goes up does not come down, but goes up further.

I welcome, therefore, the attempt by the nationalised industries to secure a period of stability in the costs of goods and services.

TRIBUTE TO THE STAFF

On behalf of the Board, and I am sure I may include the members, I should like to thank the management and staff for their loyal co-operation and devoted service, which have contributed so much to the prosperity of the company.

The report and accounts were unanimously adopted and a final dividend on the Ordinary Stock at the rate of 10 per cent actual, less tax, making 15 per cent for the year, was approved.

The retiring director, Mr J. Gordon Stokes, was re-elected and the remuneration of the auditors, Messrs Peat, Marwick, Mitchell and Company, was fixed.

At a subsequent extraordinary general meeting resolutions were passed approving (1) the conversion into Stock of the unissued shares of the company on being issued and fully paid up; and (2) the capitalisation of £591,360 of the reserves and its issue to stockholders in Ordinary shares in the proportion of one new share for every £10 stock held.

The proceedings terminated with a vote of thanks to the chairman, directors and staff.

GOLD MINES OF KALGOORLIE (AUST.)

PROGRESS OF MERGER

The fifth annual ordinary general meeting of Gold Mines of Kalgoorlie (Aust.) Limited, was held on September 10th in Melbourne.

Mr G. Lindesay Clark, BSc, MME (the Chairman), presided and, in the course of his speech, said:

(All figures are quoted in Australian currency.)

In the year under review the companies taken over in the Kalgoorlie field were placed in liquidation, and their properties transferred to Gold Mines of Kalgoorlie (Aust.)

Limited. The amalgamation of the operations of the South Kalgurli, Boulder Perseverence and Kalgoorlie Enterprise mines, with those on our original leases, has required a great deal of work which is not yet completed.

From October 5, 1955, all production has been treated in the Gold Mines of Kalgoorlie mill on the Company's property. Operating experience has shown the mill to be capable of a throughput in excess of that designed and since the close of the year the average treated per four weeks has been 41,400 tons.

Company ore treated amounted to 452,070 tons, from which 119,531 oz of fine gold were recovered in bullion and concentrates, equivalent to a recovery grade of 5.29 dwts per ton. Net profit was £239,249 compared with £102,922 for the preceding year.

The transfer of treatment to Gold Mines of Kalgoorlie mill resulted in a fall of costs of 3.3s. per ton, cost of mining was held steady, and development redemption charge was raised .9s. per ton. The overall result was a fall in total operating costs of 2.5s. per ton. This trend has continued into the current year and it is hoped, provided the Australian cost structure does not continue to rise, that average costs for the current year will be lower than those for 1955/56.

The Company maintained a steady dividend programme during the year, dividends being paid at the rate of 9d. per fully paid share at October 27, 1955, and May 4, 1956. The Board will be considering the next dividend within a month.

ORE RESERVES

Ore reserves at March 31, 1956, were estimated to be 1,574,000 tons at 5.9 dwts per ton grade compared with combined reserves of the Company and subsidiaries at March 31, 1955, of 1,558,000 tons at 5.8 dwts grade.

Last year, of 25,278 feet of development 30 per cent was in ore which assayed, as sampled, 8.1 dwts over 63 inches. Since the end of the year 13,280 feet of development has been done of which 23 per cent was in ore assaying 9.9 dwts over 63 inches.

PYRITES PRODUCTION

Part of our pyrites production is being railed to Fremantle for production of acid and subsequent recovery of gold. This will provide an attractive economic source of sulphur for the manufacturers of acid and, in due course, added income to the Company. It has led to the locking up of gold in pyrites and calcines which have been roasted and not yet cyanided. This gold, already included in production reports, amounts to approximately £160,000 in value, and the accumulation has only now ceased. It is expected that this gold will be recovered within the next nine months. In the interim, this delay in receipts from gold, together with the expenditure needed on capital account and for renovating the mines, has led to a temporary severe strain on our cash resources.

The report and accounts were adopted.

LONDON TIN CORPORATION

CHAIRMAN'S STATEMENT

The Thirtieth Annual General Meeting of London Tin Corporation Limited will be held on October 23rd at The Chartered Insurance Institute, 20 Aldermanbury, London, E.C.

The following is the statement by the Chairman, Mr J. Ivan Spens, OBE, which has been circulated with the report and accounts for the year ended April 30, 1956:

ACCOUNTS

The net profit for the year ended April 30, 1956, after providing £955,000 for taxation, was £883,642 compared with £687,833 in the previous year.

The dividend of 30 per cent less tax at 8s. 6d. in the £ paid on June 29, 1956 (compared with 28 per cent less tax at 8s. 6d. in the £ for the previous year), took £624,146, leaving a balance for the year of £259,496. This balance represents approximately the profits less losses on investments realised during the year less taxation and, with £339,514 brought forward from last year, brought the balance on Profit and Loss Account to £599,010. The sum of £400,000 has been transferred to General Reserve, leaving £199,010 to be carried forward.

A substantial part of the total profit on the sale of investments was derived from the sale of shares in Lower Perak Tin Dredging Limited and Berjuntai Tin Dredging Limited. The shares were sold in the ordinary course of business mainly to the general public in Malaya but a substantial shareholding in each Company has been retained. These Companies, as explained in the Directors' Report, have ceased to be subsidiaries of this Corporation.

GENERAL RESERVE

The General Reserve is now raised to £1,200,000, which approximates to the total book cost of investments outside the Tin industry held by the Corporation and its wholly-owned subsidiary The Anglo-Oriental and General Investment Trust Limited at the close of the year.

At August 31, 1956, 24½ per cent of the total group investments was invested outside the Tin industry. The total amount so invested at that date was £1,299,122 of which 20½ per cent was in USA and Canadian stocks.

PRICE OF TIN

The average London cash price of Tin metal during the year under review was £770 per ton. This figure is within the range where the Buffer Stock management would not enter the market under the International Tin Agreement. The average London cash price last year was £723 per ton.

The International Tin Agreement came into force on July 1, 1956, and the first meeting of the International Tin Council was held in London on July 2, 1956

MALAYA

Malaya is expected to reach Independence within the Commonwealth during 1957, and the observations of His Excellency the High Commissioner in the course of an address during November, 1955, should be noted. After referring to the part played in the development of Malaya by external capital and private enterprise His Excellency continued:

"It is therefore, and will remain, the policy of the Government to accord such industry and enterprise fair and considerate treatment; to foster an atmosphere in which the overseas investor who is genuinely concerned with the development on sound lines of the country's productive resources can invest and conduct undertakings in this country without fear of discrimination or unfairness; and last, but not least, to continue the present policy whereby the overseas investor can, after payment of local taxes and obligations, remit to his country within the framework of ordinary and reasonable Exchange Control requirements, funds for the payment of dividends and for the repatriation of capital"

Of the 40 dredges under the management of Anglo-Oriental (Malaya) Limited, at the end of the year under review there were 30 in operation and ten were idle. There is no suitable mining land at present available for five out of the ten idle dredges. The remainder included two which were being transferred to new areas, one being rehabilitated, one closed down for security reasons, and one being specially equipped to deal with clay. The total output during the year under review was 17,003 tons of tin concentrates, compared with 17,595 tons during the previous year.

The security situation continues to improve, but prospecting is still restricted.

THAILAND

The output from the dredges under Anglo-Oriental (Malaya)'s management in Thailand increased to 1,278 tons during the year compared with 626 tons in the previous year due to two more dredges having been brought into production.

BURMA

No active mining was possible during the year: but since the close of the year it has been possible, although difficult, to visit the mines and examine the plants in order to see which, if any, can be rehabilitated. It is thought that, if security can be restored in the areas concerned, one or two small dredges might be brought into production in a reasonably short time.

NIGERIA

The mines under the management of A. O. Nigeria Limited produced 4,707½ tons tin concentrate during the year, compared with 4,441 tons in the previous year. Columbite production was 882½ tons as compared with 1,102¼ tons in the previous year.

Prospecting continues actively in Nigeria and every endeavour is made each year to bring in new reserves of tin ore to replace as much as possible of those extracted.

During the year under review special attention has been given by A. O. Nigeria Limited to the problems of ore dressing and the possible need for larger capacity plant.

NYASALAND

Since the close of the year we have disposed of our interest in London Nyasaland Mining Corporation Limited, our operations having been abandoned and the cost having been written off as incurred in accord with our usual practice.

STAFF

Our thanks are due to the Management and Staff throughout the organisation for the work carried out during the year.

NYASALAND RAILWAYS LIMITED

MR W. M. CODRINGTON'S STATEMENT

The twenty-fifth annual general meeting of Nyasaland Railways Limited was held on September 26th in London, Mr W. M. Codrington, CMG, MC (chairman and managing director), presiding.

The following is an extract from his circulated statement:

Operating receipts amounted to £891,843 compared with £855,861 in 1954. Operating expenditure rose from £651,580 to £728,767, leaving a net operating surplus of £163,076 compared with £204,281 for the year 1954. The ratio of expenditure to receipts was 81.71 per cent compared with the 1954 figure of 76.13 per cent.

After providing £61,060 for interest on the 3½ per cent First Debenture Stock and £127,550 for interest at the agreed rate of 4 per cent on the Consolidated Income Debenture Stock, we have been able to increase the recommended distribution to the Ordinary Shareholders from 2½ per cent to 3½ per cent.

Last year I mentioned the intention of the Board to raise further prior charge capital in order to provide for much needed additional facilities to cope with our increasing traffics. We hoped that the legal formalities involved in such an operation would have been quickly completed. In this we were disappointed. As a result, the rise in the bank rate and the credit squeeze intervened before we were able to raise our new money. We have, therefore, had to conserve as much of our cash as possible in order to meet the cost of new works, new rolling stock, etc. It is on the strength of our own cash resources that we have placed orders for two more "G" class locomotives and four African passenger coaches.

INDUSTRIAL DEVELOPMENT

Though some mineral exploration is taking place in Nyasaland, no valuable minerals which would carry remunerative rates have so far been discovered. Increases in low-rated agricultural products such as maize, or the carriage of low-grade minerals, might be of little direct value so far as an increase in net receipts is concerned; and while we should doubtless benefit—through increased imports—from any intensification of economic activity, we must bear in mind that a higher proportion of low-rated traffic, often involving increased capital expenditure, is a doubtful blessing. There are, however, signs of industrial development which indicate that the advantages of Nyasaland for certain types of "secondary" industries is being increasingly recognised. Progress in this direction would undoubtedly be stimulated as soon as cheap power became available in quantity; but we understand that though a start is being made on a coffer-dam or barrage which will have the effect of helping to stabilise the level of Lake Nyasa, it is unlikely that a start will be made with the big hydro-electric scheme in the near future.

LAKE SERVICE

The loss on operating the Lake Service during 1955, including provision for renewals, amounted to £45,465, which was somewhat less than the previous year's loss of £53,591. As I reported to you last year, the reduction in the rate of interest from 5 per cent to 4 per cent on the Consolidated Income Debenture Stock—a saving to the Company of nearly £32,000 per annum—was agreed with the Federal Government in return for which the Company undertook to continue to operate the Lake Service. The cargo handled rose slightly from 9,427 tons to 9,917 tons during the year under review. The number of passengers carried on the Lake increased from 6,907 in 1954 to 23,664. This was due to the Ilala having been in service the whole year, whereas in 1954 she was out of commission for a considerable period while undergoing repairs as a result of extensive damage to her hull. The new vessel which we are erecting for account of the Federal Government was recently launched and should be in service by the beginning of next year.

The report was adopted.

HACKBRIDGE CABLE HOLDINGS

SATISFACTORY TRADING

The eighth annual general meeting of Hackbridge Cable Holdings Limited was held on September 21st in London, Sir W. Wavell Wakefield, MA, MP (Chairman), presiding.

The following is an extract from his circulated statement:

For the first full trading year, ended March 31, 1956, of our enlarged Group, I am pleased to be able to record another satisfactory period of trading in all sections. Although, as anticipated, the exceptional results achieved last year by the newly acquired subsidiaries have not been maintained, they are still substantially in excess of the average profits for a normal year anticipated at the time of purchase. Their contribution during the past year to the total Group trading profit, before taxation, is more than one-third of the purchase consideration paid to acquire them. Last year the acquisition showed a capital surplus accruing to the Group on consolidation in excess of £200,000.

The trading profit of the Group is £472,937. After providing £56,353 for depreciation and £229,479 for taxation, the net profit is £187,105. Your Directors recommend a final dividend of 20 per cent, less tax, making 30 per cent, less tax, for the year.

The Revenue Reserves—apart from the substantial Reserve for Future Taxation—have increased during the year by £98,264, making a total of £413,900, against £315,636 at March 31, 1955.

Trading since the end of the year has continued to be satisfactory, and it is expected that the results for the current year will again be satisfactory, provided no exceptional unforeseen circumstances arise. I am again able to report satisfactory progress in our development work, including further improvement of the sheathing of cables with aluminium by the direct extrusion process as an alternative to lead.

CHANGE OF NAME

It has been felt for some time—and particularly so since the acquisition of the new subsidiaries—that our present registered name is misleading in regard to the general scope of our activities. A special resolution at an Extraordinary General Meeting will therefore be proposed that the word "CABLE" be deleted, so that the registered name of the Company will become "HACKBRIDGE HOLDINGS LIMITED."

The report was adopted, and the special resolution, changing the name of the Company to "HACKBRIDGE HOLDINGS LIMITED," was approved.

PYE LIMITED

NEW COMPANIES' CONTRIBUTION TO GROUP

CONTINUED EXPANSION AND RECORD PROFITS

The Twenty-seventh Annual General Meeting of Pye Limited was held on September 26th in London, Mr C. O. Stanley, CBE (the Chairman), presiding.

The following is an extract from his circulated statement:

Last year I forecast that the new companies we had purchased during the year would this year contribute to the Group's profits not less than a quarter of a million pounds. The new companies actually contributed more than this amount, and you would therefore have expected our group profits to be increased by this amount. They have, however, fallen below our expectations by over £100,000 because of the increase in Purchase Tax on television and radio sets from 50 per cent to 60 per cent imposed by the Chancellor of the Exchequer in October, 1955. We decided not to increase our television prices to cover the increase in tax, consequently our margin of profit was considerably reduced.

Serious manufacturers reflecting on the present press propaganda for the stabilisation of existing prices, must feel that for them to give any undertaking on this issue would be unrealistic when they are dependent on a vast number of suppliers of services and materials from telephones to tungsten. What I can say now is that it is our intention to reduce our margin of profit on domestic radio and television sets, and, if prices on which we are dependent remain firm, not only could we stabilise our existing prices but we might well be able to reduce them. In addition, we are devoting an ever-increasing proportion of our effort in consolidating our hold on world export markets. These two actions will to some degree result in a reduction in profits, but we are fortunate that our dividend is covered so many times.

DEVELOPMENT OF OTHER INTERESTS

Last year I told you we were concentrating on building up those sides of our business which are not based on the popular television and radio set market, and I am glad to say that we have made considerable strides in these directions. Our scientific instrument companies have expanded and have shown an increase in profit contribution. Our television camera and Transmission Division has grown and has had outstanding success in underwater television application.

There is a great increase in the demand for television cameras for industrial purposes and it is now obvious that as automation evolves, the industrial television camera will play an ever increasing part in many automation schemes. Our Communications business has had considerable success and has gained a great reputation for the scientific advances incorporated in its designs.

Group earnings at £2,331,848 before Taxation are at a record high level, being some £130,000 in excess of the previous year, whilst Profits after taxation of £1,083,321 are some £45,000 in excess of the previous year.

The report and accounts were adopted.

PURNELL & SONS, LIMITED

(Printers and Bookbinders)

INCREASED TURNOVER OFFSETS RISING COSTS

The Twenty-second Ordinary General Meeting of Purnell & Sons, Limited, was held on September 28th in London.

The following is the statement by the Chairman and Managing Director, Mr W. Harvey:

I have pleasure in submitting to you the Accounts of the Company for the year 1955.

The Profit of the Group for the year, before providing for Taxation, is £627,357, as compared with £603,962 in 1954, an increase of £23,395. From this Profit has to be deducted Taxation £342,788 and added Interest of Minority shareholders in a Subsidiary Company's Loss of £2,216, leaving a balance of Profit for the year applicable to the Shareholders of Purnell & Sons, Limited, of £286,785, as compared with £301,572 in the previous year. To this year's Profit has to be added the balance brought forward from the previous year of £653,909, making a balance available for allocation of £940,694. From this amount your Directors have provided £100,000 as a Reserve for Contingencies, which together with Dividends to Shareholders amounting to £125,263 leaves a balance to be carried forward of £715,431, which compares with £652,119 brought forward from 1954. It will be seen that the Group Profit of the preceding year has been maintained for the year under review, and additional costs incurred during that year have been offset by increased turnover. You will observe from the Balance Sheet that the Fixed Assets have increased by £151,756, which is represented by additional Factory space, Houses for Employees and New Plant. During the year under review your Directors have acquired a substantial interest in the British Coated Board and Paper Mills, Limited, which Company produces a range of paper that your Company is now using and having regard to the importance of maintaining adequate supplies of its raw materials your Directors are of the opinion that this investment will be of much value to your Company in the future.

GROUP FULLY EMPLOYED

The early part of this year has seen a major dispute in the printing industry, largely turning upon the question of wages differentials between the many unions involved, and the result of the protracted negotiations between the printing employers and the unions have culminated in new agreements involving a substantial increase in costs. Even now these claims have not entirely culminated and the new wage rates are subject to a sliding scale related to the cost of living index. Whilst, therefore, I am able to report that our Group this year has been fully employed and I anticipate the Company's results in 1956 will be satisfactory the position must be regarded against this background of greatly increased costs. It is neither possible nor desirable, nor in my view in the long run in the interests of your Company that these substantial increases in wages should immediately be reflected in increased prices beyond the point that is absolutely necessary, and the ratio of expected profit must for the time being be affected accordingly. It has consistently been the policy of this Company to absorb its additional costs by increased turnover and we are making every effort to continue this policy in the Company's many printing and publishing activities.

Once again, I wish to pay tribute to my colleagues on the Board, all of whom give their full time to the Company and to express my thanks to the Staff and workpeople for their services during the year under review.

The report and accounts were adopted.

WESTERN MINING CORPORATION

PROBLEM OF CONTINUING INFLATION

The twenty-third annual ordinary meeting of Western Mining Corporation Limited was held on September 13th, in Melbourne.

Mr G. Lindesay Clark (the chairman) presided and, in the course of his speech, said:

(All figures are quoted in Australian currency.)

Net profit for the year was £291,536 which is approximately £77,000 higher than for the previous year.

Dividends from Central Norseman Gold Corporation and Gold Mines of Kalgoorlie comprised just over three-quarters of total revenue and was £31,608 higher than for 1954/55; due to our increased investment in Gold Mines of Kalgoorlie. Administrative expenses totalled £21,921 compared with £18,569 in 1954/55.

No call was made during the year on the 931,450 partly paid shares which were issued to members in November, 1954. The uncalled balance of these shares is 6s. 6d. (2s. 6d capital and 4s. premium). The intention is not to call up these funds until it becomes necessary. Maximum notice of the call, compatible with requirements, will be given.

The Company has maintained a steady dividend programme, Dividends Nos. 16 and 17, each of 6d. per fully paid share and 3d. per partly paid share, having been paid on August 19, 1955, and February 24, 1956, respectively.

Gold mining companies, in general, faced rising costs during 1955/56 as a result of the continuing inflation throughout the country. Only Gold Mines of Kalgoorlie was able to reverse this trend by effecting substantial reductions in treatment costs following extension of its mill to treat ore from all the mines purchased by it during the past two years.

The only change of significance in the Corporation's investments was the exchange of the 534,062 fully paid shares held in New Coolgardie Gold Mines No Liability for 149,537 fully paid shares in Gold Mines of Kalgoorlie, which company acquired the whole undertaking of New Coolgardie Gold Mines in October, 1955.

The Commonwealth Government announced, last March, that it would extend for a further three years to June 30, 1959, the provisions of the Gold Mining Industry Assistance Act. Under this Act companies whose costs of production exceed £13 10s. per ounce of fine gold produced are entitled, subject to certain conditions, to receive three-quarters of that excess by way of government subsidy with a maximum subsidy of £2 per ounce. This subsidy has been of marked benefit to high cost and marginal producers in the industry including companies in this group.

The companies of the Group in Western Australia produced and treated 1,117,527 tons of ore for a recovery of 300,080 ounces of fine gold.

The report and accounts were adopted.

CRYSTALATE LIMITED

RECORD PROFIT

The annual general meeting of Crystalate, Limited, was held on September 26th, in London, Mr Jack Lesser, chairman and managing director, presiding.

The following is an extract from his circulated statement:

The consolidated accounts of the Group show a profit of £111,688 as compared with £86,617 for the previous year. The taxation charge is £58,343 as compared with £35,750 to March 31, 1955. The taxation charge for this year is proportionately higher than for the previous year because for the year ending March 31, 1955, reliefs were obtained in respect of taxation losses brought forward.

Both the Balance Sheet of Crystalate Limited, and the Consolidated Balance Sheet of the Group continue to show a sound financial position. The optimism expressed in my speech last year has been confirmed by the results of this year's trading. Output and profit of the Group has been the highest yet achieved. The directors recommend an increase in the dividend to 12½ per cent as compared with last year's dividend of 10 per cent.

In thinking of the future the prosperity of those sections of the Plastics Industry in which your companies are engaged is sensitive to and dependent upon the conditions prevailing in the industries which they supply. The policy of your Board of steady expansion of both plant and factory space has already justified itself as shown in the results. These expansions should permit of even further increased output. Therefore, stockholders can retain full confidence in their Group's future. The report was adopted.

BRITISH HOMOPHONE

IMPROVED OUTPUT

The annual general meeting of The British Homophone Company, Limited, was held on September 26th in London, Mr Jack Lesser, chairman and managing director, presiding.

The chairman in the course of his speech said: The profit of the Group for the year under review is £47,444 compared with £28,819 for the previous year. The taxation charge for this year is £23,318, leaving a profit of £24,126 as compared with £13,271. The Consolidated Balance Sheet continues to strengthen and shows a very healthy position.

In the year under review the turnover and trading profits of the British Homophone Company were similar to those of the previous year. In my last year's speech I stated that steps were being taken to increase the volume of production. During the first four months of the current year these measures have borne fruit; the company's output has improved and a consequential increased profit is resulting. In 1937 your company entered into an agreement not to engage in the manufacture of commercial gramophone records. This agreement expires in March, 1957, and will thus permit us to enlarge the field of the company's activities.

With regard to Ebonestos Industries, Limited, it is gratifying that the trading figures confirm the information I gave you at the last annual general meeting. In point of fact, both turnover and profit for this year are the highest since the formation of the company.

I am glad to be able to report that to date the turnover and profit of Ebonestos Industries, Limited, are being maintained.

The report and accounts were adopted.

APPOINTMENTS

UNIVERSITY OF GLASGOW

APPOINTMENTS COMMITTEE

The University Court hope shortly to appoint an Appointments Officer. Salary about £1,000 per annum, according to experience and qualifications. F.S.S.U. and children's allowance. Further particulars may be obtained from the Secretary of the University Court, The University, Glasgow, W.2.

ROBT. T. HUTCHESON,
Secretary of University Court

THE UNIVERSITY OF LEEDS

SENIOR AGRICULTURAL ECONOMIST

Applications are invited for the post of Senior Agricultural Economist for general duties in the Provincial Agricultural Economics Service. Salary: Men, £1,070 x £45-£1,175 x £40-£1,260; for women the scale is at present slightly lower. It is expected that the Service will shortly be assimilated into University salary scales, which include family allowances in appropriate circumstances.—Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds, 2 (from whom further particulars may be obtained), not later than October 15, 1956.

SPERRY GYROSCOPE COMPANY LIMITED will be opening a new factory in the Bracknell new town, Berkshire, in the Spring of 1957. It is proposed to appoint a Chief Accountant to take charge of accounting functions in this new unit. Applications are invited from Chartered Accountants to fill this senior position. Applicants should be in the age group 30-37 years, and have at least five years' experience in a responsible commercial position. Experience of mechanical accounting is also very desirable. The person appointed will be expected to train his own staff and be capable of acting on his own responsibility. The salary range will be £1,500 to £1,750 per annum, according to experience. Housing facilities may be available. The successful applicant will be expected to spend approximately three months in the Head Office of the Group at Brentford, commencing at the beginning of 1957.—Applications, which will be treated in strict confidence, should be addressed to the Controller, Sperry Gyroscope Company Limited, Great West Road, Brentford, Middlesex.

THE NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS

invites applications from consultants with experience in making surveys and advising on costing, work study, clerical methods, planning and programming, and capable of taking charge of, and developing, the new Advisory Service for the Building Industry. Experience in supervising and directing the work of specialist consultants is essential. Work involves an appreciable amount of travel in the U.K. Salary according to age and experience. Contributory Pension Scheme.—Write, giving details of age, education, experience and present salary, to the Director of the Federation, at 82 New Cavendish Street, London, W.1.

APPLICATIONS FOR PRODUCTION TECHNICAL posts are *limited to men and women meeting the* following specification: Graduate (Science-Grafton Calibre-Equivalent qualifications); *subjects*—Science, Maths or Engineering; Ability to consider problems quantitatively with the drive, tact and personality to influence the adoption of the results of their work. Selected candidates will be trained in the technical background of the problems and will then be given responsibility (under the guidance of senior management) for particular projects. There are four vacancies—*three in the Home Counties and one in* Scotland. Successful applicants will probably be in the £ 600 range, 24-30. The positions are pensionable; the organisation is rapidly expanding and holds out interesting prospects of promotion.—Please apply Box 524.

APPLICATIONS ARE INVITED from men or women with a degree in science, who have experience of modern techniques of sales promotion and preferably some knowledge of printing. The successful applicant will be required to promote the sales of a number of learned journals for an experimental period of two or three years, and will receive a substantial salary. *Applicants up to sixty years of age will be eligible for* the post.—Box 522.

EXCEPTIONAL OPPORTUNITY FOR EXECUTIVE SALESMEN

FOR LANCASHIRE, YORKSHIRE AND SCOTTISH TERRITORIES

A large, successful, internationally known American manufacturing company, firmly established in Great Britain, requires top-flight executive salesmen of outstanding calibre to work with top retail executives in the above territories.

If you are between 25 and 35, and possess the following qualifications, *send a summary of your personal* particulars, education, and past and present employment.

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(b) The flexibility to learn and apply new merchandising techniques, and the *understanding* that one must follow orders before being able to give orders.
(c) A desire to build a successful career with a large, powerful and *rapidly expanding company.*
(d) The ambition to work *for financial security* for yourself and your family.
(e) A good *education and personality*, energy and enthusiasm, ambition, a capacity for hard work and an excellent character.
(f) Present residence *in, or intimate knowledge of the* above-named areas.

All applications will be treated as strictly confidential, and should be sent to *Box 515.*

INTERESTING POSITION in large organisation concerned with advertising, for person capable of preparing economic and statistical *reports. Would suit B.Sc.* Economics or Associate-Fellow of the Library Association. Experience would rank equally with qualifications.—Box 516.

MANAGER OF INSURANCE DEPARTMENT required in world-known manufacturing business at Accrington. Attractive terms and *conditions.* Fully pensionable. Permanent situation.—Write, stating age, experience and present salary, to Box 517.

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The Senate of The Queen's University of Belfast invites applications for the post of Tutor in Practical Work in the School of Social Studies from January 1, 1957, or such later date as may be arranged. Initial placing on the salary scale of £650 x £50 to £1,000, plus F.S.S.U. benefits, *will depend on qualifications and experience.* Candidates should hold a University degree and have had practical experience in a family case work agency recognised *for training*, but arrangements to gain such experience can be made for a successful candidate who is otherwise well qualified. Post-graduate qualifications in specialist fields of social work would be an advantage. Applications *should be submitted by November 24,* 1956. Further particulars can be obtained from G. R. Cowie, *M.A., LL.B.*, Secretary.

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The Board invite applications from suitably qualified persons for the post of General Manager of the Board.

The salary scale is £2,000 x £100-£2,500 per annum, and the commencing salary will be determined by reference to qualifications and experience.

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Preference will be given to suitably qualified ex-Service candidates.

The appointment will be subject to the Conditions of Employment laid down by the Board, which include a provision that eligible staff shall contribute to the Northern Ireland Local Government Officers' *Superannuation Scheme.*

Applications must be made on the prescribed form, copies of which may be obtained from the Secretary, Milk Marketing Board for Northern Ireland, Castlehill Road, Belfast.

The closing date for the receipt of applications will be Saturday, October 27, 1956.

MARKET ECONOMIST—*A leading firm of Seed-crushers, Edible Oil Refiners and Feeding Stuffs* Manufacturers requires the services of a young man to study and advise on market *trends of raw materials.* He will be required to obtain and summarise relevant information from official and non-official sources, both in the U.K. and overseas. He will also have to collect, analyse and present statistics. Applications are invited from men aged 25-35 who are able and willing to spend at least three *months of the year travelling abroad.* Previous experience in the Oilseed, Oil, Oilcake and Grain Markets or of statistical work relating to these markets, is desirable. An honours degree in economics is an advantage, but not essential. The starting salary will be £1,250-£1,500 per annum, according to age, qualifications and experience. The post is pensionable.—Please apply in writing to The Secretary, J. Bibby and Sons, Ltd., King Edward Street, Liverpool, 3.

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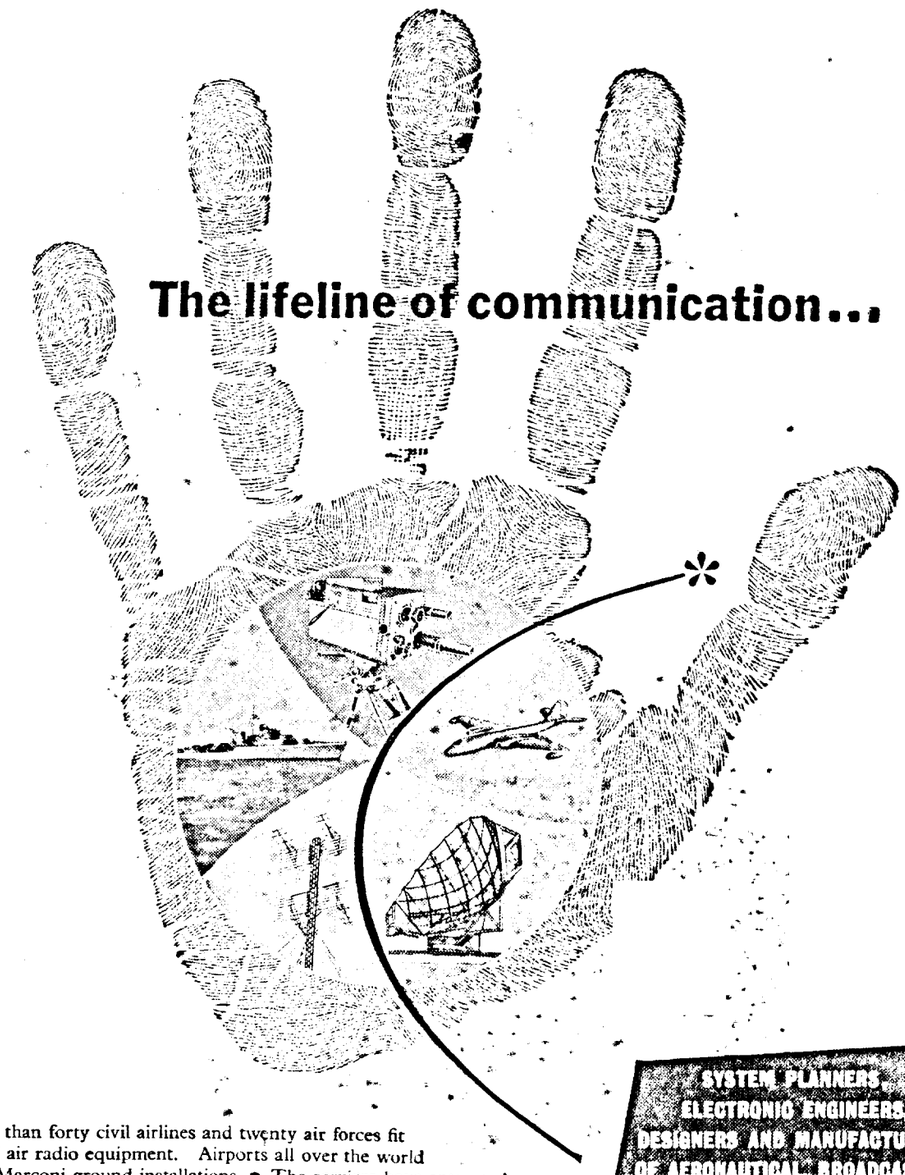

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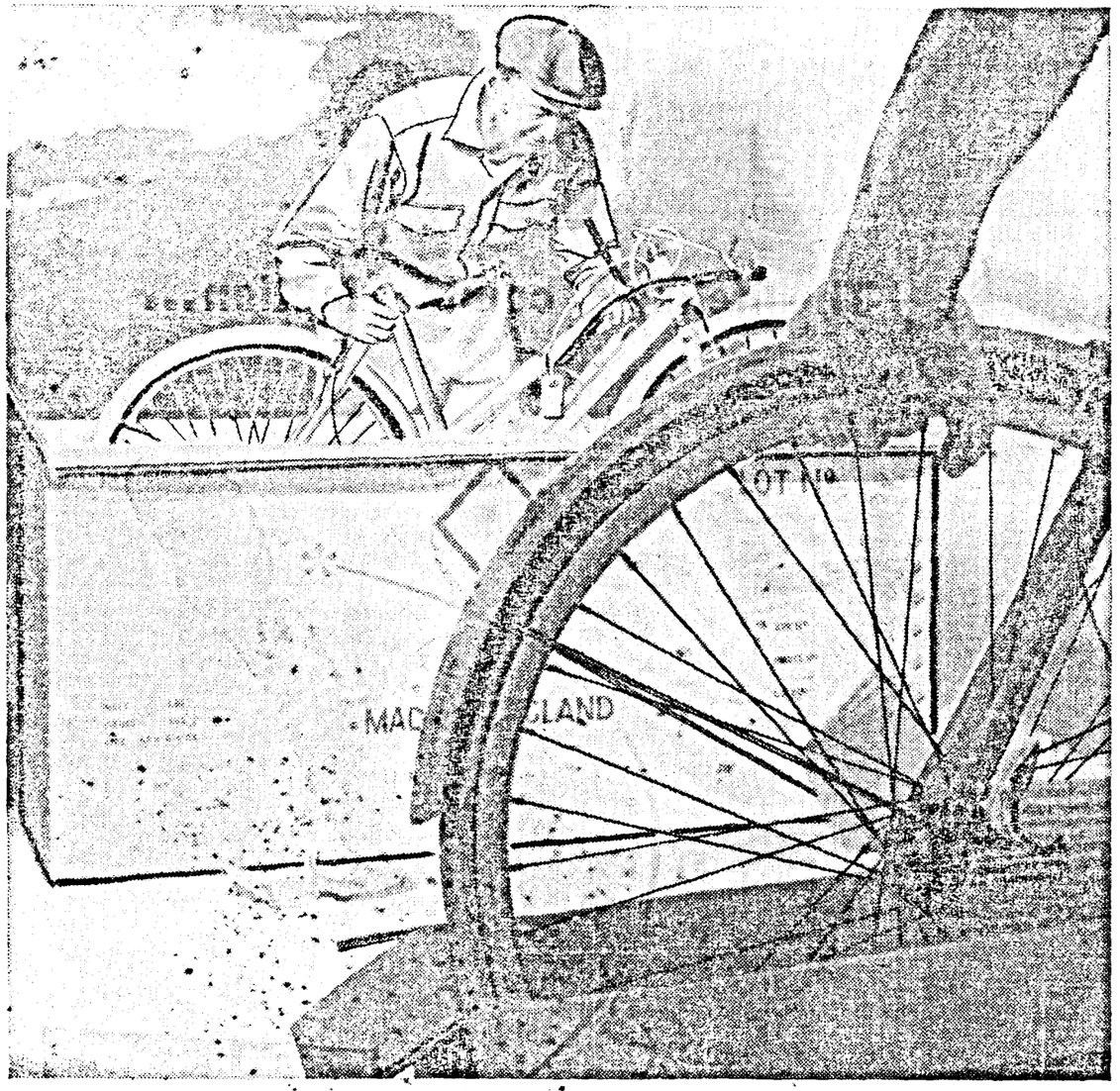

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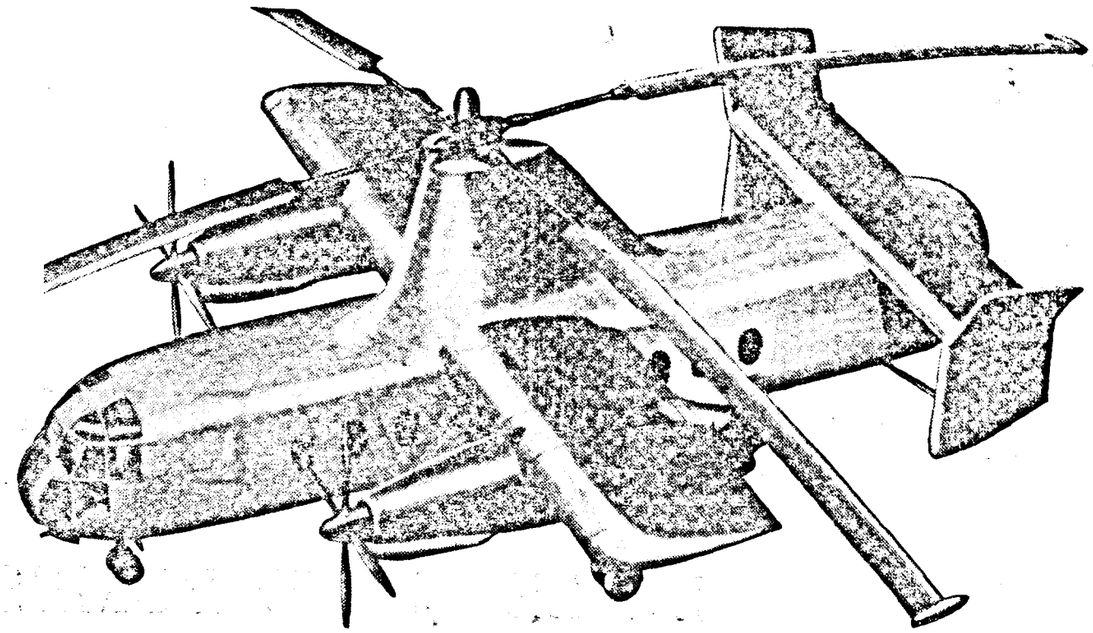

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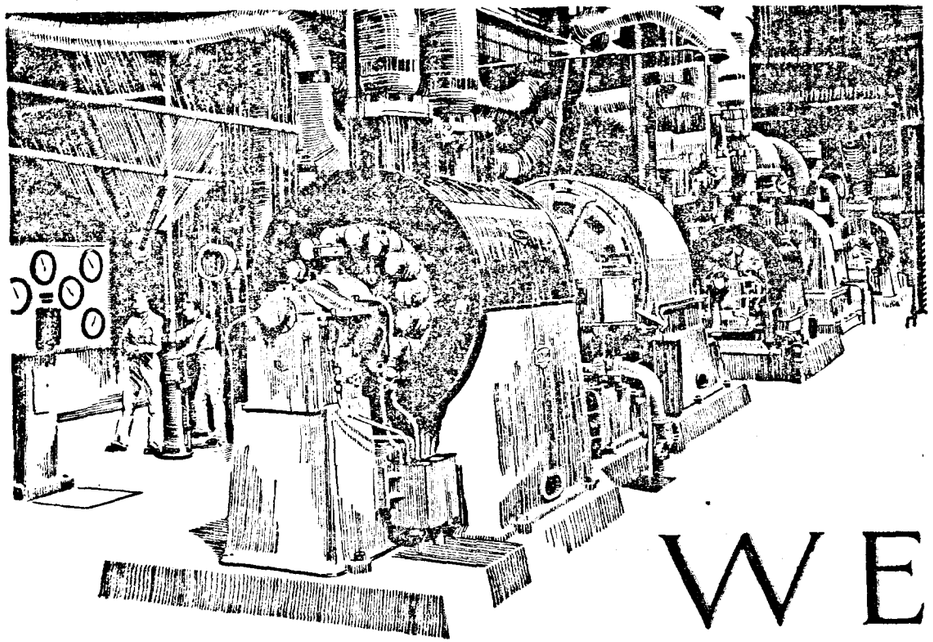

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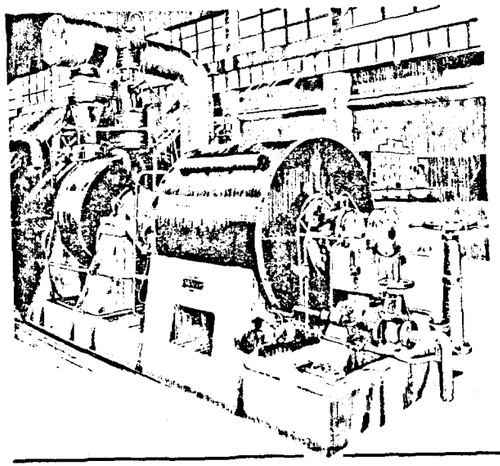

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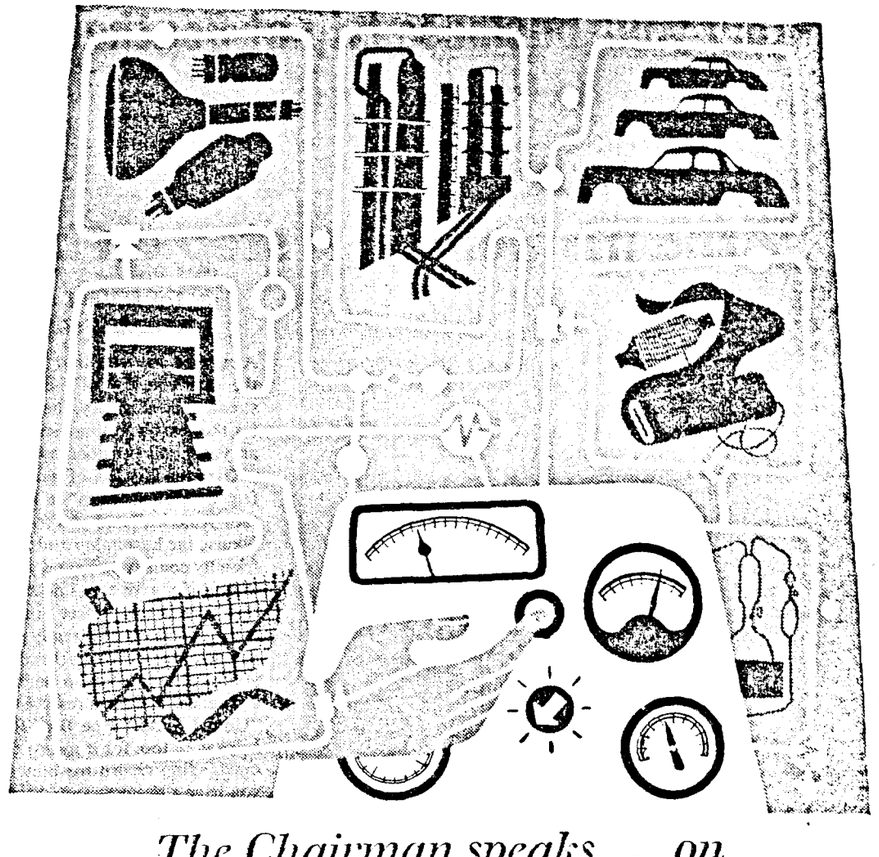

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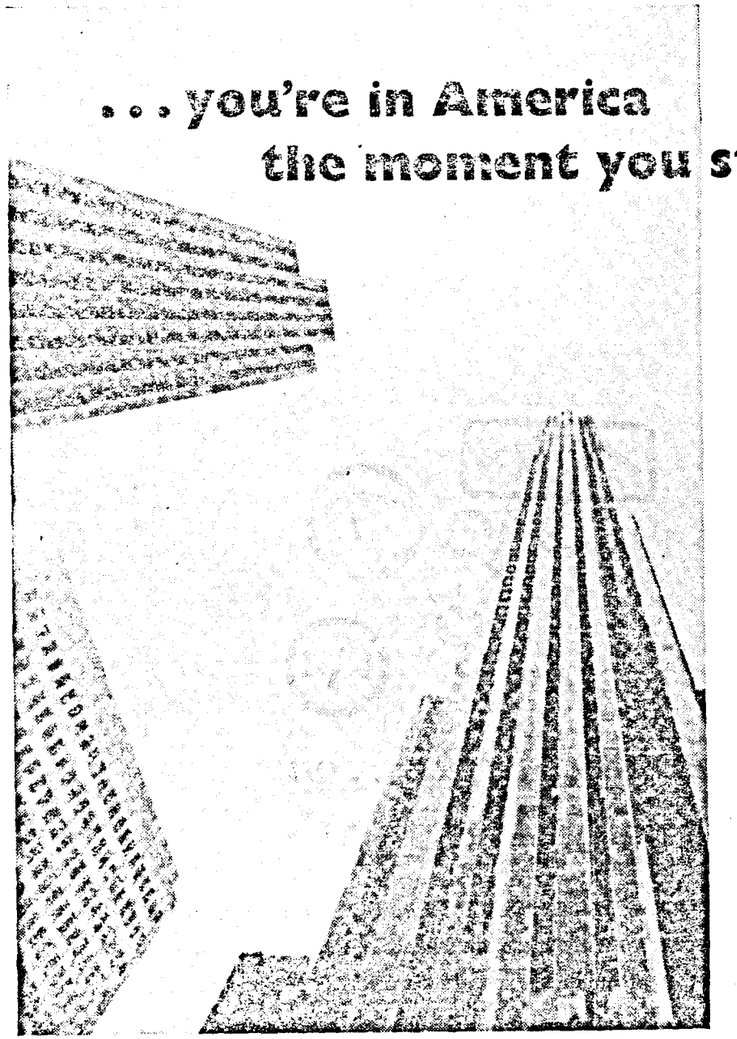

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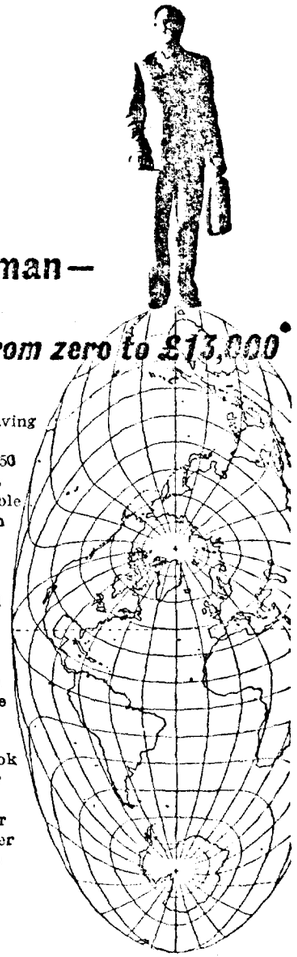

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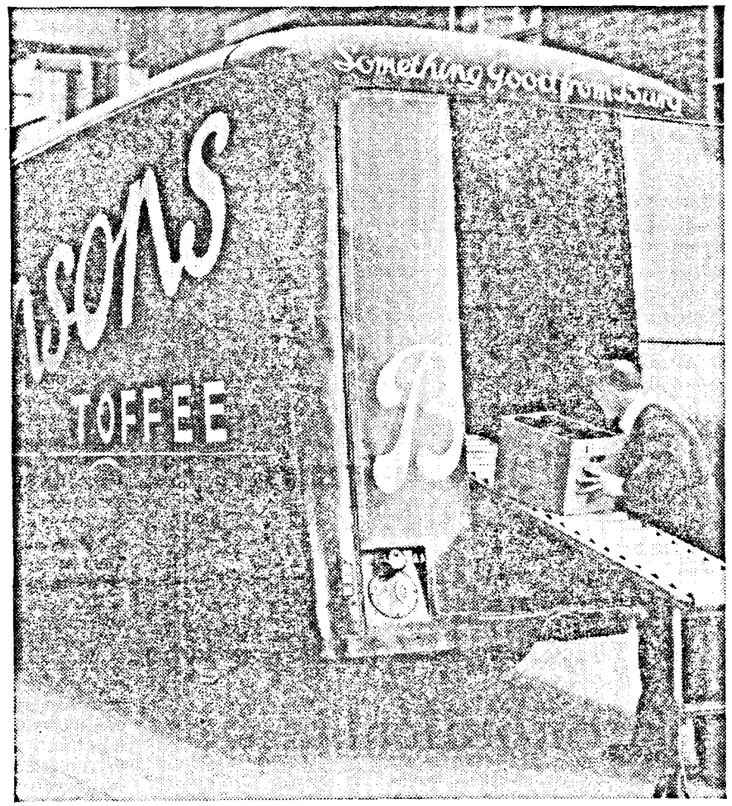
CRC 13

One man helped this confectionery firm to overcome invoicing delays



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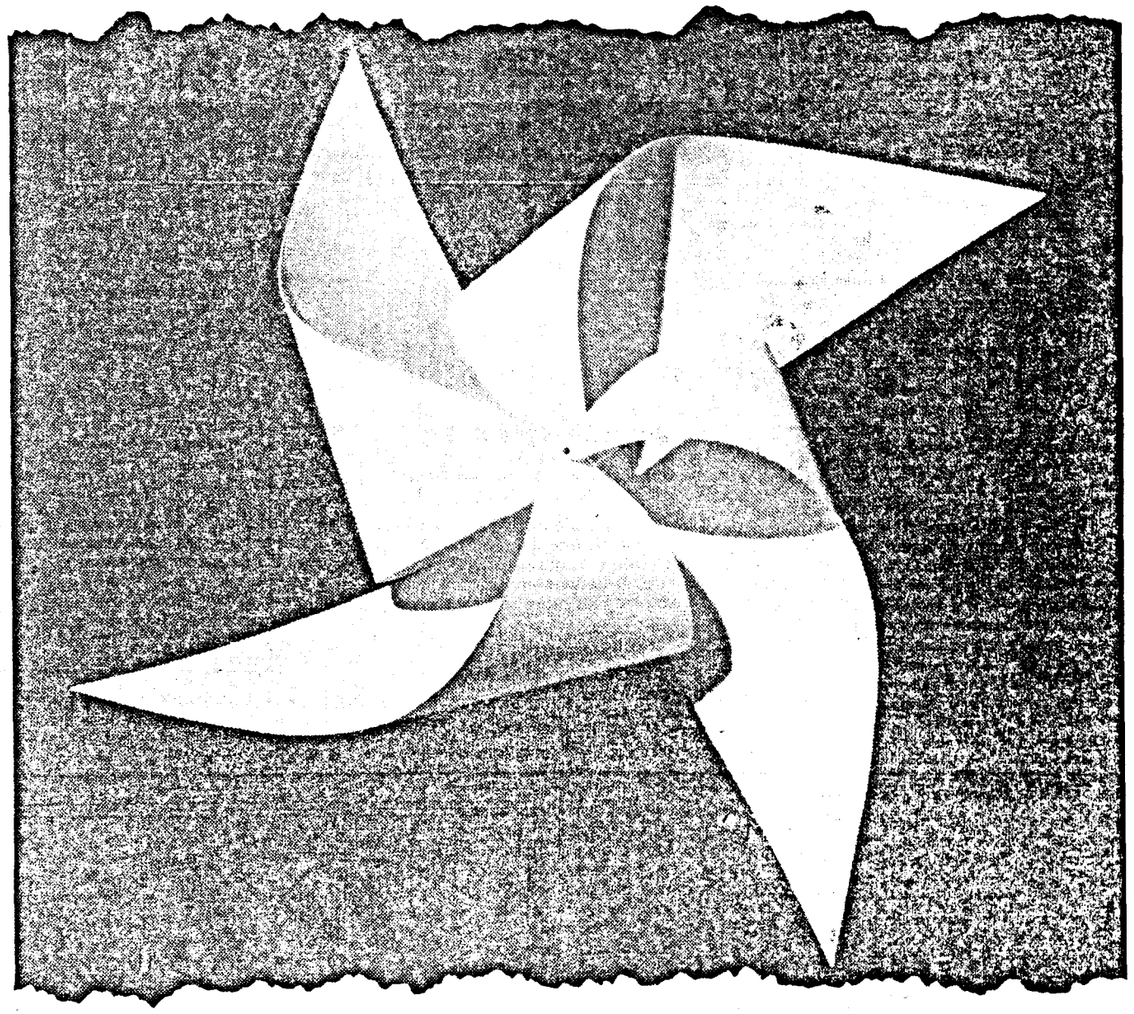

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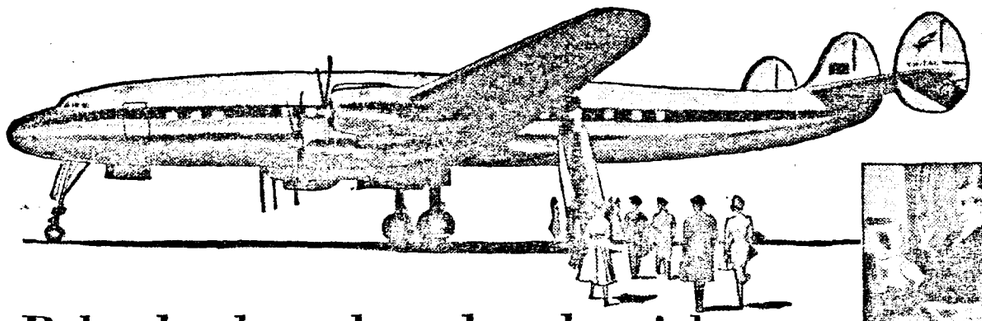

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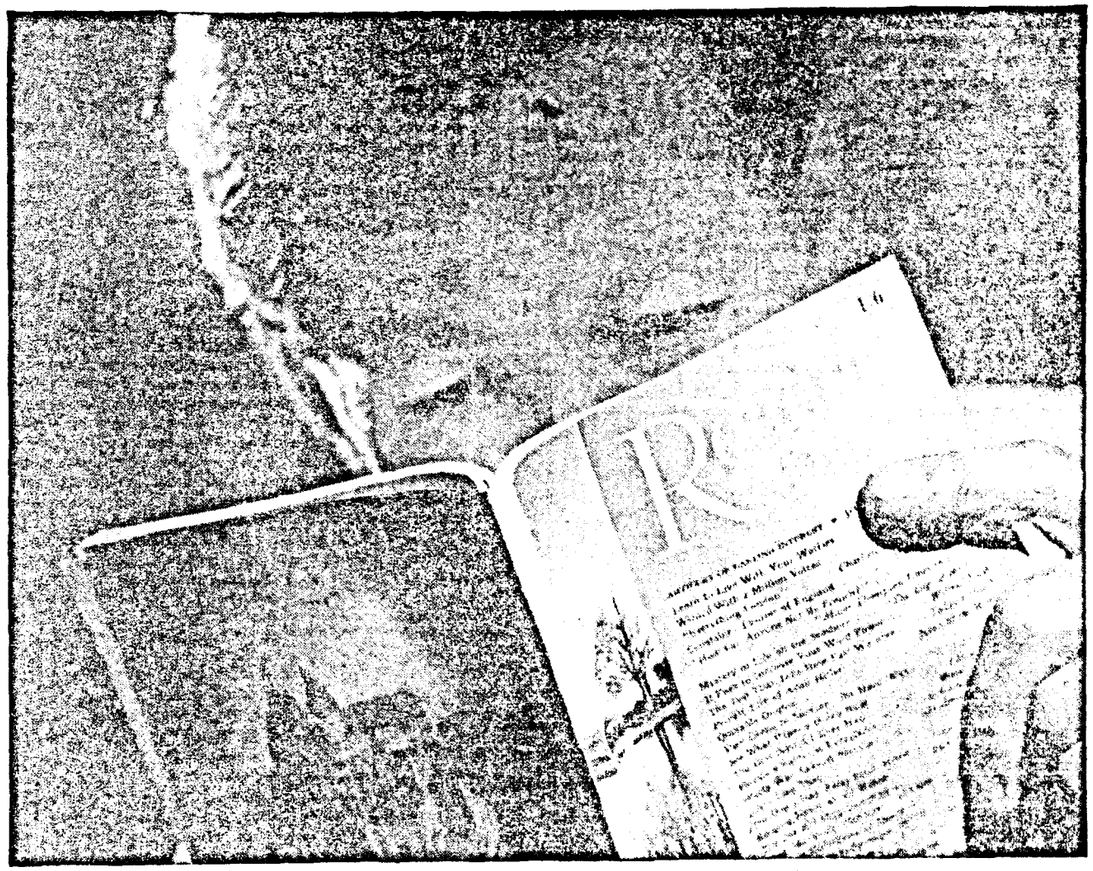

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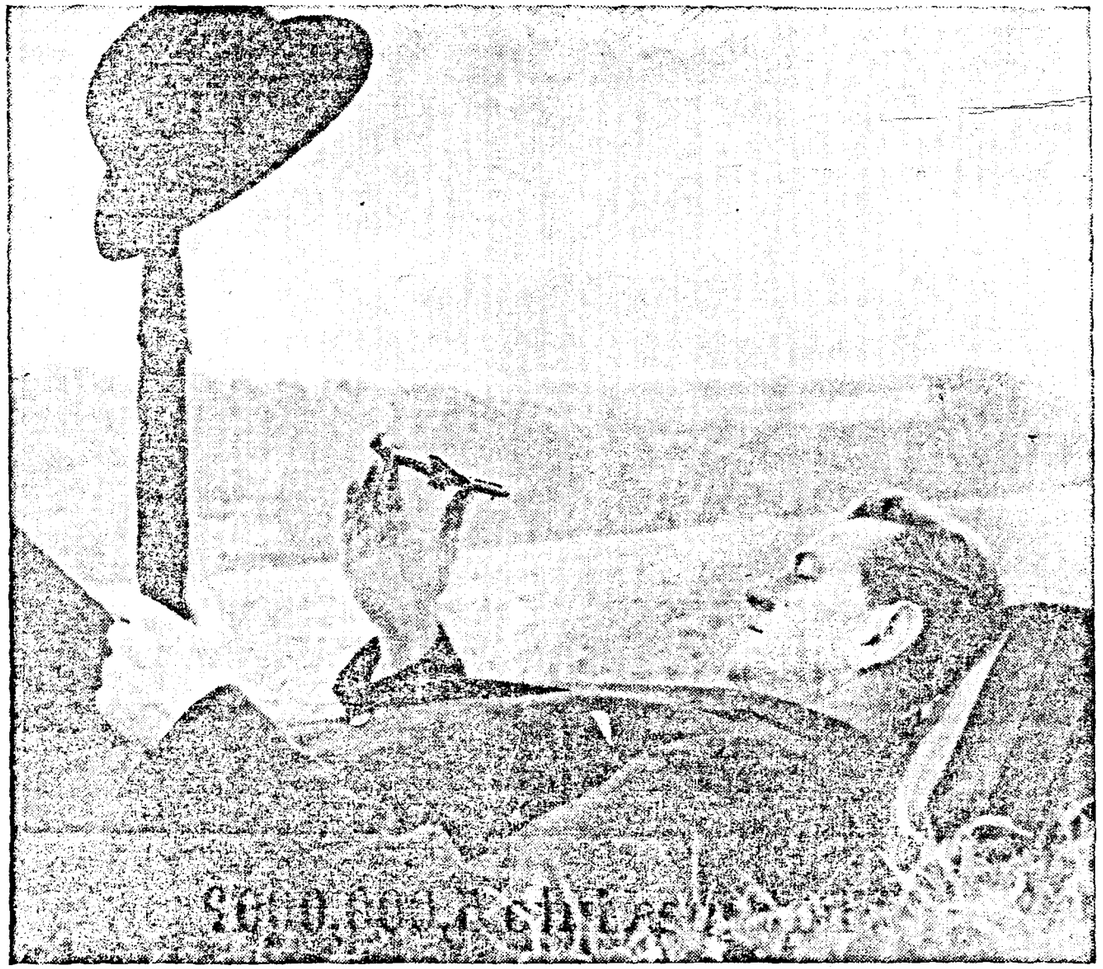

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OCTOBER 6, 1956

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JOHN BULL'S MODEL IRELAND
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Channel Crossing

"ANGLO-FRENCH friendship has never been so firm," said Sir Anthony Eden last week; and the communiqué issued after his talks with M. Mollet restated this claim at length. Certainly the *Entente Cordiale*, now in its fifty-second year, has a far from decrepit look at the moment. The Prime Minister's own visit to Paris, and the news that the Queen will visit France next spring both testify to its present health; and so does the Government's new enthusiasm for free trade arrangements with Europe, though here the connection with the *Entente* may not catch the eye at first glance. But this clasping of hands across the Channel at an uncomfortable moment in the development of the Suez crisis inevitably evokes, on many sceptical faces, a certain smile. Sir Anthony's visit—and even the Queen's—could so easily be seen as no more than an attempt to revive France's confidence and regain its goodwill after the recent strains. And the way the Franco-British appeal to the Security Council was announced—just after Mr Dulles's return to America—might be taken to imply that the Government felt so strongly obliged to underline its solidarity with France that it was quite prepared to underline its lack of solidarity with the United States. It is not surprising that some should claim to discern, behind all the heartening talk, merely the sight of "two aged colonialist ladies" standing skirt to skirt the better to wield their brollies against their young persecutors.

If that suspicion were justified, there would be little to say in favour of maintaining the *Entente*. The modern world has no place for a pair of petulant old ladies, unwilling to admit that they are no longer strong enough, even in concert, to take on all comers, united only when challenged by Asian-African nationalism, and blind to the fact that by aligning their crinolines they simply provide a better target for anti-colonialist catapults. Britain and France were once known as champions of nationalism against the sterile legitimist dogmas of the Holy Alliance; they would be false to their own best traditions if they sought to shape a new Holy Alliance today. True, their original *Entente* was an agreement about spheres of influence in Africa and elsewhere; but it was an agreement intended to remove points of friction between two nations which were no longer expansionist, and it was neither anti-nationalist nor in any other way opposed to the trend of the times. In later years, developing into a flexible, organic bond, it helped to rally democratic Europe in the face of danger in 1948 as in 1914. But since 1948 it has been perhaps overshadowed by new multi-national instruments and groupings, defensive and economic, European and inter-continental. Is there still a worthy role for a mere *au pair* arrangement in the age of the North Atlantic Treaty and the OEEC, the six-nation coal-steel community and common market, the Baghdad and Manila pacts, and the towering military strength now concentrated in the hands of two new "super-powers"?

There is indeed such a role. Unity at this moment between Britain and France as the two nations whose interests were most directly affected by President Nasser's action at Suez is, admittedly, natural and desirable. The absence of a forehanded policy and programme for the Middle East—concerted between these two, between them and the United States and with the Middle Eastern countries—is the most lamentable aspect of the Suez crisis. But the crisis is in itself no basis for the *Entente* of the future; and, certainly, to extend that basis now in the direction of a rigid resistance to every Asian and African claim would have disastrous results. Moreover, those who want to see the *Entente* survive have no need to scratch around to find work for it to do. An urgent task lies close at hand: a task that is positive, not simply defensive, a task which calls for close Franco-British teamwork, but which is of the greatest importance not only to the real interests of the two partners themselves, but also to the wider community of nations to which both belong.

★

Several current developments, not all of them at first sight connected, indicate the nature of this task. For the past six months the Nato allies have been anxiously wondering how to put new life into the Atlantic idea, but their search has been unfruitful; the Pearson committee set up by the Atlantic Council, which has just been reviewing its findings in Paris, does not seem to have mustered many encouraging suggestions. And the primary task of military readiness remains. The chain reaction set off by American and British talk of smaller armed forces has produced predictable results in Western Germany, where the Federal government has announced its decision to limit conscription to twelve months. Almost simultaneously Dr Adenauer launched in a speech at Brussels a new formula for West European unity (embracing Britain), derived from the argument, a novel one in his mouth, that the United States may sooner or later decide its attitude to Europe quite arbitrarily and with scant regard for European feelings. And now the Government has announced a firmly positive—and wholly commendable—approach (which is discussed in a note on page 25) to the idea of a European free trade area built around the proposed six-nation common market. Political as well as economic reorientations are ultimately implied in this new attitude

To many minds, there will seem to be a natural connection between the idea of a "third giant" economic grouping, big enough to meet the competition of the dollar as well as that of the rouble, and the idea of a West European "third force" with defence and political as well as economic aims and mechanisms. But it is vital here to make very clear distinctions between the desirable and the dangerous. The idea of building up a "third giant" obviously contains the seeds of both hope and disaster. The motives involved, like most human motives, are mixed. Britain's new attitude to the European economic projects may stem partly from fear of the economic consequences of inaction, in face of a closer association of its continental competitors and clients, partly from the desire to help France to get over the shock of Suez; but it springs, too, one must earnestly believe, from a realisation at last of the priceless invigoration that freer trade and a broader competition can bring both to Europe at large and, particularly, to the still soft-muscled British economy. France's present enthusiasm for the *Entente* may largely reflect a sense of being let down by the United States—and so may Dr Adenauer's new European initiative; but they reflect, too, the "European idea."

Whatever the mixture of motives, there seem now to be new possibilities of drawing together the resources of continental Europe and of Britain, backed up in some degree by the Commonwealth. But the alternatives that confront the West must be frankly faced. On the one hand, there is the danger, which should not be blinked, of a plunge into a new European experiment motivated by anti-Americanism and by hostility to Asian-African nationalism. On the other, there is a fresh chance, which should be seized, to erect on this side of the Atlantic the sturdy pillar which Americans themselves have long wished to see bracing this end of the oceanic bridge. It is worth noting that Mr Dulles during his press conference on Tuesday, gave strong expression to this wish and a hearty blessing to those of the new projects that would help to realise it.

The first of these alternative courses would satisfy two of Moscow's dearest aims: the isolation of Western Europe from America and from the "Bandoeng" world. The second, far from alienating the United States, could transform into reality the vision which internationally minded Americans have begun to think delusive—the vision of a self-respecting Western Europe, a friend and partner of the United States, not its perennial suppliant. This is not only the path of idealism; it is the path of interest, too.

★

Here lies the real task for the *Entente*. Britain and France can prove that their partnership of half a century still has a unique value. United, not merely in defensive but in constructive action, they can help continental Europe and the Commonwealth to build a solid edifice that will support the Atlantic bridge, not strain it. Divided, or associating only fitfully and without forethought when their narrowest interests happen to coincide, they can do little or nothing to check the growth of shortsighted, corrosive, parochial, "third force" neutralism on the Continent and of disenchantment in America. The task before them now is to remould the *Entente*—whose outstanding characteristic is precisely that it has been regularly remoulded throughout its existence to meet a series of fresh challenges—so that it will answer to the needs of tomorrow, not those of yesterday.

Report from Blackpool

Mr Gaitskell scored a quiet triumph at this year's Labour conference; Mr Bevan marked up a very noisy one. The despatches below are from our special correspondents attending the conference. They discuss how far there seems to be a firm foundation for the hopes that have been expressed this week that Labour may have found a new unity—or for the opposing stories that the party may face a new period of internal strife. They also discuss what effect the conference is likely to have on Labour's policies.

THE first thing one needs to say about the Blackpool conference is that Mr Gaitskell handled the task of leadership, especially in the crucial opening debate on Suez, quite magnificently. The second thing one will be asked to say is whether Mr Bevan's election to the treasurership seems to presage a new period of unity on the left—or something quite the opposite. Here the observer from Blackpool can only report a personal opinion. Unfortunately, that opinion must be that the Mr Bevan who has been seen in action this week, despite his good behaviour at the *Tribune* meeting on Wednesday, did not look precisely like a prospective player of happy families. It seems only too possible that familiar pressures may now again be about to crowd in upon Mr Gaitskell; what is unfamiliar is the quiet confidence that one is beginning to feel about his capacity to control them.

On arriving at Blackpool on Sunday night one found that talk of these pressures was already more widespread than most pre-conference comment had anticipated. The apparently desperately close running in the Brown-Bevan battle for the treasurership, and the rather too smooth operating that was going on in the tap-rooms to pick up odd shavings of woodworkers' and shopworkers' votes, had first rattled the factions' nerves and then rattled their tempers: the old split between Bevanite and non-Bevanite leered uncomfortably across the lobby and lounge of the Imperial Hotel. Not, admittedly, that the split approached the bitterness of the civil war of some recent years; but the atmosphere was marked by what Mr Nigel Dennis would call the "rustle of withdrawing woollens." Down the middle of the split, moreover, walked two imposing figures. One was that of Mr Frank Cousins, busy agreeing with nobody in particular but reportedly doing so in a sufficiently uninformative way to give both factions the willies; the other was that of Lord Attlee who, on what he regarded as a purely social visit, was buttonholing Bevanites and ex-Bevanites with just sufficient abandon to remind people that the old leader was considered to be less identified with the right than is his successor. "Attlee's lobbying for Nye as treasurer," said one libellous cynic; and the point of that remark lay several layers deep.

It is difficult to say how far these tensions were merely a smoke-room miasma, how far they had communicated themselves to the mass of delegates who streamed out of their boarding houses into the Winter Gardens next morning. Looking back, however, even though most of the newspapers have not agreed with this, it seems fair to say that the crux of the conference was reached in this opening session; it was reached because for the first two hours the leadership looked as if it might be heading for disaster. The story of that critical opening debate on Suez is told in one of the notes on page 21. Here it is only necessary to say that when Mr Gaitskell rose to speak, with the floor in far too full cry on Colonel Nasser's side, it looked as if the whole machinery of the conference might be rearing away out of Mr Gaitskell's hands; when Mr Gaitskell sat down he had not only restored the conference to responsibility, but had turned its ovation towards himself.

Thus, at twelve-thirty on the first morning, the conference reached what was really its climacteric. The major apprehension one had felt before the Blackpool meeting was whether Mr Gaitskell, who had surprised so many people in the past year by the firmness of his control over the Parliamentary Labour party, would be able to exert a similar magnetism over the party conference; the latter task looked harder, even if not—do not let us fool ourselves about the real seat of power in the Labour movement—quite so basically important. Now, in the most difficult circumstances possible, Mr Gaitskell had succeeded before the conference; he was to repeat this success, though in a much easier atmosphere, in his speech on equality on Wednesday. It is in the light of this that one can turn to examine his likely relationship with the two "awkward men in his life," of whom so much has been written both before and from Blackpool.

★

To deal with the lesser personality first. The problem of Mr Frank Cousins—the "chap the Tories have been building up as a bogeyman in case Nye turns sound"—continued to diminish at Blackpool. The speech that he made on Monday—despite his almost defensive interjection that the "old type of Socialism" still looked good to "some people"—was really a continuation of the process of affable back-scratching with the old guard on which he has been engaged ever since the first awkward weekend at Brighton; Mr Cousins's moderation was the more impressive because the left wing on the floor was waiting to acclaim any militancy from him with a roar. Two hours later, when the vote of his union saved the executive from defeat on a motion about "secret police" powers, Mr Cousins's role in the party seemed to be made clearer still. He may be going to be one of the voices urging that more nationalisations should be put into the Labour programme; but he does not look at all likely to kick over any buckets that Mr Gaitskell chooses to set up, least of all if Mr Bevan should now start kicking too. There were also some signs at Blackpool that Mr Cousins's union may be rather more moderate during the coming wage struggles than appeared likely just after Brighton: this is discussed in a Note of the Week on page 25.

What, then—the six hundred and thirty seat question—of Mr Aneurin Bevan? Here one can only set down what seems to be the best authenticated guess, without any certainty that it is the right one. The best authenticated of the many stories now circulating about Mr Bevan's intentions is that he wants the shadow foreign secretaryship. The best authenticated of the many stories now circulating

about Mr Gaitskell's likely reaction to such a demand is that he will not at present accept it. If this reading is correct, a battle of tactics may lie ahead. Mr Gaitskell's best tactics are obvious: to welcome Mr Bevan as a powerful personality back into the higher counsels of Labour (he did this by implication on Wednesday), but to say that great bitterness would be caused by any sudden displacement of Mr Robens. It is even possible that he has started upon the second part of these tactics already. One has certain suspicions that the "Society for the Prevention of Beastliness to Alf" which sprang up among Mr Gaitskell's young men from Tuesday onwards ("Well, anyway, you can't say he's worse than Selwyn Lloyd") was not a wholly spontaneous foundation.

It is much more difficult to judge what Mr Bevan's reaction to such tactics would be. His wisest course would be to agree to Mr Robens' temporarily continued caretakership with showy magnanimity, and to try to work his passage into the job by another year of good behaviour; if he is capable of another year of good behaviour he might, incidentally, also be capable of being a very good Foreign Secretary indeed. But Mr Bevan, to put it mildly, has not always been the coolest of tacticians when his ambitions are at stake. If he makes it plain that he wants the shadow secretaryship immediately after the parliamentary party reassembles at the end of this month—and says that otherwise he will enter the contest for the leadership—the Keep Calm group of MPs (who are getting very excited about this) will urge Mr Gaitskell to let Mr Bevan replace Mr Robens. But if Mr Gaitskell stands firm he will almost certainly find a majority from the rest of the parliamentary party to support him; and, of course, he will win any contest for the leadership by a street.

That, then, is the best report one can make on the apparent situation, as of Thursday morning, from Blackpool. It is a report that may seem to be concerned too much with personalities, and too little with policies; but, apart from one new influence upon Labour policies which is discussed in the note immediately below, it is the balance of personalities that will tend to determine what sort of policies Labour has. And on this balance it seems possible to reach a fairly definite conclusion. On the three other occasions since the war when Mr Bevan's star has appeared to be rising, fears have been expressed in these columns that the Labour party might be going to embrace Bevanism. This time, the defences against that look much stronger than before. Indeed, the real question may be whether—to the detriment of Labour's election chances but probably without any real danger to its policies—another dreary display of prima donnaism is about to commence; or whether—and this would be by far the best result both for Labour and the country—Mr Bevan is now going to allow himself to be absorbed, painlessly and profitably, into Mr Gaitskell's party. It is a party that urgently needs Mr Bevan as lieutenant. Some of his former associates would be willing to show him the way.

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From Equality to Nationalisation?

THE main influence upon the development of Labour policy in the coming year may not be the strengthening of Mr Bevan (if he has been strengthened) so much as the almost accidental effect of a decision taken twelve months ago at Margate. When it was decided there that the most important of the four Labour policy statements to be drawn up during 1955-56 would be that on equality, the intention was that equality should thereby be thrust into the forefront of Labour policy for the next election. In fact, however, it now looks as if a more likely result is that those documents that have been written first will be the first to be partially forgotten. Although the weird and unwonderful housing statement was sharpened this week (by an executive proposal that leaseholders should be enabled to buy the freehold of their houses during any period of their lease), the equality statement fortunately had water, not spirit, surreptitiously added to it. Labour now seems likely to enter its next period of office with two rather vague feelings about taxation policy. One of them—and this is, at bottom, a respectable feeling—is that a man's income tax and surtax burden should be determined by the totality of new purchasing power that becomes available to him rather than by what the inland revenue at present defines as his income; this may lead either to acceptance of Mr Kaldor's proposal to replace surtax by an expenditure tax (if this proves administratively possible) or else to a capital gains tax and to an attempt to check expense accounts (if the Tories have not done something to check them already). The other vague Labour feeling is, of course, that death duties should be increased; but it now looks less likely than it did a short while ago that a driving force behind the next Labour government will be the desire "to do another 1909." Mr Gaitskell specifically stated on Wednesday that, with the sentiments in the equality document accepted, the details of any action must be left to decision by the next Labour Chancellor immediately before his first (or subsequent) budgets. It will be of advantage to Labour if this means that some of the dreary passions it has aroused in its own breast by this debate on higher taxes for Lady Docker can now be temporarily laid in limbo.

The spotlight may thus turn to the policy documents projected for 1956-57, of which the most widely publicised look like being those on education and nationalisation. When a Labour study group draws up a document on nationalisations, it is inevitable, for appearances' sake, that it should begin by saying that it wants a lot more of them; in the climate of today, however, it seems less likely to name specific industries than to expound a policy of setting up state investment trusts to take up a part share in industry in general. This idea, like the ideas in the equality document, is capable of being made to look very radical and frightening at first sight, and then watered down in practice into nothing much more than an inactive and unimportant new finance corporation for industry. But the period of making the idea look very radical and frightening may lie just ahead, and this may please "old fashioned socialists" like Mr Cousins and Mr Bevan. Mr Gaitskell may conceivably have the opportunity of appearing to appease, without actually appeasing, his awkward new allies in high office at the right time.

Mr Gaitskell's Suez Triumph

THE most important moment in the conference was not when Mr Bevan's election to the treasurership was announced on the Tuesday morning, but when Mr Gaitskell carried off his remarkable triumph in the Suez debate on the day before. The initial proceedings were ominous. After a chairman's address by Mr Gooch, which showed just how dull a worthy right winger can sound, and some more than usually irritating pedantry about conference arrangements, the emergency motion on Suez was moved from the floor by delegates from the City of London and from Harrow.

These two delegates were a great misfortune; the best that can be said for them is that they proved to be the sort of people that the task of keeping socialism alive in the City and in Harrow presumably turns one into. The gentleman from the City thought that all Colonel Nasser had done was to nationalise a profit-making company which had drawn large dividends from the canal and which had for many years exploited Egyptian workers; his seconder from Harrow said that there was no doubt that the Labour party stood on the side of the Egyptian people in this dispute. The conference roared its applause. On the platform Lord Attlee doodled, but other faces were burning; any reasonably marginal voter at the conference must have found his temper burning, too. From this bad start, matters quickly turned to worse. As the debate was taking place on a motion too broad for a meaningful vote, the attitude of the Labour party was likely to be judged solely from the balance of applause; and the applause at this stage was wholly for Colonel Nasser. Even the representative of the Jewish Socialist party seemed to temper his speech tactfully to the prevailing wind, at any rate compared with his very effective counterpart at the Trades Union Congress; he was eloquently pro-Israel rather than emphatically anti-Nasser. When Mr Gaitskell stood up, to an extremely perfunctory welcome, for his first speech as leader to his assembled party, he faced one of the most awkward situations of his career.

All who have criticised Mr Gaitskell in the past, and who will undoubtedly do so on occasions in the future, should pause to consider the dilemma he faced at this moment. If he had retreated before the fire of the floor, the results would have been appalling both for the country and his party. But unless he did retreat it was very difficult to see how he could protect his standing before the conference; it should be remembered that if he had got even the mild form of the bird that was handed out to Mr Griffiths in the debate on civil liberties that afternoon—and if the press had had to contrast this with the rollicking ovation that was to greet Mr Bevan's triumph in the treasurership next morning—then we would all have been writing very different things about the implications of Blackpool. Up in the gallery one searched mentally for the key phrases one would use if in Mr Gaitskell's position—and searched in vain.

It is a measure of Mr Gaitskell's seed of genuine greatness that he seized upon the most tactful approach apparently by instinct, and thereby turned the political tables in a trice. He suggested to the party that it was in danger of doing the "very thing that the Tories wanted it to do": the Tories were trying to confuse the issue by making Labour look unpatriotically pro-Nasser. Instead, Mr Gaitskell insisted, the real issue to concentrate upon was that the use of force in this dispute would be disastrous. The proper course was to try to solve the problem by negotiation, on the analogy of collective bargaining in the industrial field, although, as in collective bargaining, if negotiations failed it was right to hold the option in the last resort to call a consumers' strike against use of the canal. In this speech Mr Gaitskell finally came home to alliance with most moderate opinion on the Suez dispute in this country; more immediately important, however, he also got home to the conference. As he spoke, one could see the log jam of emotions breaking; as he sat down, two full minutes of cheering came up to greet him. In Lord Attlee's day the leader used constantly to be met by tumultuous applause at the beginning of his speech, and by polite clapping from the faithful at the end; it is a sign of real progress that, under the new leader, things now go the other way round.

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How Many Votes to the Left?

RIGHT up to the last unofficial call-overs round the breakfast tables, neither of the two main candidates for the treasurership was given more than an even chance, and no one expected a margin of more than 100,000 either way. Mr Bevan's victory by 274,000 was therefore more convincing than expected: of the many explanations offered the two most plausible were that Mr Brown failed to get as many constituency votes as he expected and that Mr Bevan pulled in some unexpected small craft unions. It was even whispered that at the last minute some leading figures on the right took fright at the prospect of what might follow a Bevan defeat and surreptitiously let it be known that it might be better if he won after all. Technically, Mr Bevan won only on a minority vote—3,029,000 out of 6,470,000—but the terrific ovation which greeted the result left no doubt that his supporters saw it as decisive. He himself has interpreted it as a definite sign that voting strength within the party conference has swung to the left.

How pronounced has the leftward swing really been? The purest test of it can probably be found in the elections for the women's section—the only other office, apart from the treasurership, voted for by the whole conference. Apart from Dr Summerskill, the ladies concerned were sufficiently nonentities to be regarded as pieces of political litmus. The five right-wing ladies in possession held their seats comfortably with around 5 million votes each, but they dropped on average some 800,000 from last year. The two left-wing runners-up—Mrs Jeger and Miss Jennie Lee (Mrs Bevan)—just topped the 2 million mark. Had Mr Bevan done no better than his wife he would have been beaten by nearly two to one. The extra million votes he

got came from the centre, which was willing to give him another chance, but would almost certainly turn sharply against him if he starts any real trouble again.

Provided he does not start any such trouble, however, his position as treasurer should be secure for some years. He now has two props beneath him besides the narrow margin of his vote. One is that the Amalgamated Engineering Union certainly will not be able to put up Mr Pannell as a diversionary candidate again, so that, if Mr Bevan is challenged next year, he can presumably count on the AEU's additional 630,000 votes. The other is that the sitting member in Labour elections clearly has a great advantage, because some delegates appear to vote for mass re-elections on principle (or on a lack of it). This has been confirmed by the other elections to the executive this week. The most extraordinary result on Tuesday was not Mr Bevan's margin for the treasurership, but the confirmation of Mr Casasola, who had got into the trade union section in mid-year only because of Mr Cousin's elevation to the general secretaryship of his union. Mr Casasola, of the AEU, moved the famous resolution against "German rearmament" at Scarborough and is certainly to the left of Mr Bevan. Another new arrival among the trade union members was Mr Walter Padley, of the shop workers. The right puts at least an uneasy question mark against his name.

In the constituency section, the same names appeared—with Mr Silverman confirmed in *his* temporary seat—but the order was intriguingly changed. Mr Wilson, whose chumminess with Mr Gaitskell has pained the left, dropped from first to third and shed nearly 200,000 votes. Mr Crossman, another who is regarded as a renegade, dropped 150,000 votes. This, however, was partly because the former Bevanite vote was split by a new arrival. Mr Zilliacus, who was not elected, got 235,000 votes; one can guess from whom these came.

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On Young Heads and Old Ones

"YOU will have noticed," said the good party man as we bumped our way into the Winter Gardens, "that we have got more young delegates this year." We ricochetted off a teenage carbon of Mr Michael Foot, but with a red scarf as well as a red tie over his blue suit, six pens or pencils in his outside breast pocket, and carrying Mr Aneurin Bevan's book "In Place of Fear." "And some of them," added the good party man, "look pretty horrible." It is unfair to argue from the particular to the general. But one of the two main impressions that emerged from observing the speakers this year was the welcome increase in the number of younger men on the floor. The other was the quite appalling drop in the oratorical calibre of Mr Gaitskell's supporters on the platform.

This latter point is important. A year ago, with Mr Attlee and Mr Morrison there and with Mr Gaitskell as third reserve, the Labour platform presented an impression of experienced defence in depth. This year, Mr Gaitskell's main lieutenants were Mr Griffiths and Mr Wilson. Mr Griffiths, by riling the floor with an inconsequential speech on security procedure on the first day, got a bad reception which he unfortunately did deserve; while Mr Wilson got a good reception which he unfortunately did not merit. Mr Wilson—and Mr Greenwood in the housing debate—seem to have taken over the role of doing for Labour's re-thinking what Mr Liberace has done for Brahms; they strive to make it acceptable to the mass audience by skating quickly over most of the things that are worthwhile in it. In addition, one of the most widely used and affection-inspiring right wing trade unionists on the platform is unhappily becoming inaudible. As far as the conference is concerned, this lack of experienced spokesmen may not matter so much, but it does matter for Labour's strength on the front bench in the House of Commons. One of Mr Gaitskell's new session resolutions should be to try again to bring Sir Frank Soskice and Sir Hartley Shawcross into more active politics.

And another reflection raised by this week's performances is, of course, that if only Mr Bevan could be as faithful a lieutenant as he is a fiery leader he would be able to fill many of Labour's most aching voids.

Comparative Tyranny

Extremes meet. Despotism and Republicanism are both upon their trials, and for the same crime, and with every apparent probability of a precisely similar result. In the two hemispheres, in two countries which, both in position, national character, social condition, and political institutions, present the widest discrepancies, a violent tyranny rides rampant, and tramples alike upon law, justice, and decorum. We have long been taught to regard the United States as the land *par excellence* of freedom. . . . We have always been accustomed, on the contrary, to regard the kingdom of Naples as the scene of the stupidest and harshest oppression, where free speech and free movement are alike prohibited, and where every subject is a slave to three several tyrants, the monarch, the policeman, and the priest. . . . Yet, if anything, the Slave Party in America take precedence, in the degree and character of their tyranny, over their fellow despot of the Two Scilies. . . . The Pro-Slavery Party in Kansas have overpowered the free settlers by force of arms, and violently overthrown, or rather prevented the formation of, the Government according to prescribed regulations: they have in fact destroyed the Constitution of Kansas—just as Ferdinand destroyed that of Naples. . . They, like him have prohibited free speech, and made difference of opinion a punishable crime. They, like him, have superseded the ordinary tribunals, and have imprisoned, flogged and banished their opponents at their own arbitrary will. They have burned, pillaged, slain. . . The truth is, we fear, as Tocqueville long since pointed out, that in no country do the theory and reality of liberty so little harmonise as in the United States. Nowhere is the ruling party or the ruling power so intolerant of opposition or dissent. . . . The "tyranny of the majority" is substituted for the tyranny of a monarch. . . . Of all tyrannies it is of necessity the most unchecked, the most inescapable and the most irresistible.

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The Newer China

PEKING has just witnessed two triumphal occasions —the annual parade on October 1st, and the eighth congress of the Communist Party. The congress did not take the form of a procession through the streets, but it was nevertheless a victory parade. There had been no party congress since 1945, and the Chinese communists' successes in the intervening eleven years gave them plenty of scope for self-congratulation. It is their claim that they have carried out two distinct revolutions within a decade. They have, first, in Marxist-jargon, "completed the bourgeois-democratic revolution" by overthrowing the Kuomintang (though it may be objected that this neither benefited the bourgeoisie nor established democracy); and they have gone on to carry out the "socialist" revolution which was always their real goal.

Liu Shao-chi, who delivered the main report to the congress, asserted that the decisive victory in the process of "social transformation" had already been won. The past twelve months have certainly been months of dramatic change. A year ago the Chinese economy strongly resembled that of Russia during Lenin's NEP period; only the "commanding heights" of heavy industry, finance and foreign trade were firmly in the government's hands. Even the rulers themselves seemed at that time to envisage a fairly slow erosion of private property, but since last autumn it has been engulfed at a startling speed—a process which, with the prospects it opens up for China's second five-year plan, is further discussed in an article on page 60.

The "social transformation" may very well not be as far advanced as it looks on paper, and the peasants, in particular, may lose some of their docility if lean years follow the recent bounteous harvests. But there is clearly a need to survey the "newer China" that is now taking shape, and the party congress has provided ample material for such an analysis. For the world at large, the key question must be "What is China's likely course in external policy?" But the answer is dependent on a number of factors, some of them purely domestic; and it may be wisest to begin by trying to assess what kind of a communist state China now is. Is it moving away from Stalinism, or towards it? Or is its nature so different as to make that question irrelevant?

The reaffirmation of Mao Tse-tung's unique eminence as head of both party and state was perhaps the most striking feature of last month's congress. Mr Mao, who brought the party to power through revolution and civil war, may be compared to Lenin rather than to Stalin; but his personal cult has been so built up in the Stalinist manner that his colleagues could not now throw doubt upon it even if they wished to do so. In fact they have shown no such inclination. The dogma of his infallibility is blandly reconciled with the fashionable stress on collective leadership by the easy argument that he embodies the collective will. In the words of a brief history of the party published on the eve of the congress, he

> not only knows how to integrate the universal truth of Marx-Leninism with the actual practice of the Chinese revolution, but also firmly believes in the strength and wisdom of the masses, initiates and advocates the mass line in party work, and steadfastly upholds the party's principles of democracy and collective leadership.

In his speech, Mr Liu claimed that since Mr Mao secured full control over the party in 1935, it had never made a mistake. It is admitted that in recent years certain leading communists have disputed this claim; but how wrong they were is proved by the fact that they are now dead. Mr Mao has managed to remove his opponents much more quietly than Stalin did; even the chief among them, Kao Kang, was never tried, but was reported to have committed suicide in a fit of remorse. His fate is periodically recalled as a warning to others; and a further reminder, of a truly Stalinist type, was given at this congress when Li Li-san, who led the party in 1928 and fell out with Mr Mao, was publicly produced and duly reviled himself for misdeeds caused by "the foul traits of the petty bourgeois which ran through my blood."

It seems that even loyal communists find it hard to reconcile the dogma of Mr Mao's democratic instincts with the fact that there has not been a party congress since 1945. While firmly denying that there has been any lack of "inner-party democracy," the leaders have now produced a new party constitution, which provides for congresses at both local and national levels at least once a year. The promises now given that there will in future be real opportunities for rank and file members to have their say suggest that there has been a certain muttering. Whether these promises will be honoured is another matter.

In other respects, too, the Chinese communists' speech patterns make it hard to tell if they now contemplate any "thaw" on the lines of the latest communist proceedings in Russia and Eastern Europe. In Russia, the communists never seriously pretended that the propertied classes could be converted into enthusiasts for "socialist transformation." At the Peking congress, however, Mr Liu dwelt at length on the party's success in converting capitalists by "helping them to solve their ideological problems." (In passing, he added that an "important practical education for them" had been the regime's action against "unlawful bourgeois activities"; the reference was to the "five antis" campaign of recent years, in which thousands of businessmen were executed or imprisoned, while heavy fines were levied on most of their fellows.) Mr Liu likewise claimed that many "middle peasants"

now recognised the superiority of co-operatives and were applying to join; he did not mention that what got most of them in was official discrimination against non-members in such decisive matters as credits and supplies of tools and fertilisers.

"Education and persuasion," Mr Liu insisted, were the regime's main instruments; "compulsory methods of reform" were applied only to the "few individuals who adopt a hostile attitude towards socialism." Even convicted counter-revolutionaries were dealt with by "combining punishment with leniency" (a phrase that still rings harshly in the ears of Britons and others who fell into Chinese hands in Korea); a mere "handful" had to be executed "in response to public indignation." There was nothing new in these statements, and although the head of the political police admitted to the congress that a few innocent people had been wrongly arrested, there is no sign of any purging of police bosses such as has become *de rigueur* in Eastern Europe; nor has a Chinese Beria been named against whom popular anger could be diverted. The only suggestion of relaxation came when the head of the Supreme Court said bluntly that "We lack some urgently needed basic laws, such as a criminal code, a civil code, a labour law. . . ."

Against this background, it is difficult to take seriously the address to the congress by the head of the Italian Communist delegation, Signor. Scoccimarro, who declared that

> to those who refuse every common action with the communists, accusing them of calling for democracy today only to destroy it tomorrow, of wanting common action with other parties in order to eliminate them and set up their own party dictatorship, we shall now be able to reply by telling them of your experience, which disproves such charges with the eloquence of facts.

It is true that the Chinese communists have allowed certain other parties to survive in form and name, for sound tactical reasons; but, like their counterparts in Eastern Europe, these "parties" are mere wraiths, profuse in their praise for every communist move. The Peking rulers themselves seem almost indifferent to the idea that their technique in this respect should inspire others; indeed, they gave the impression at the congress that they were quite unruffled by the present discontents of western communism. The goal they emphasise is that of industrialisation, with its direct appeal to every backward country. It is their economic performance, not their political methods, which they proclaim to the world; and despite the praise lavished upon them by western comrades, it is, naturally, to the under-developed countries that this still predominantly peasant nation, even less suited to Marx's original pattern than Russia, presents itself as holding the keys of salvation.

There are signs that the Peking rulers are now realistically accepting some of the essential conditions for success in their economic struggle. Birth control, only lately reviled as a capitalist-Malthusian sin, was discussed at the congress and is now officially approved —although the emphasis is not on the danger of over-population, but on the damage done to productivity by untimely child-bearing. The reduction in the size of the army was presented by Marshal Peng. the Defence Minister, as a contribution to the economy rather than to international relaxation. Not only, he said, had the army released many of its men; it had also switched 31 divisions and eight regiments on to constructional and other work (so that China both benefits from their labour now, and keeps them mobilised in their normal formations, ready for any military need that may arise). And the government has shown increasing anxiety to reassure the millions of Chinese settled in other countries, many of whom have evidently complained bitterly about the treatment meted out to their relatives in the homeland. Their importance is obvious; the overseas Chinese, if they can be won for Peking, represent a ready-made network not only for propaganda and political infiltration but also for the expansion of foreign trade essential to China's economic future.

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What does all this imply in terms of Peking's external policy? It is always rash to assume that preoccupation with big domestic projects will necessarily prevent a nation from giving trouble to its neighbours (in China's case, the Burmese can testify to this today). The Chinese communists show no sign of insulating themselves in a hermit kingdom; on the contrary, they are working hard on Japanese opinion, they have recently called for a new conference on Indo-China, and they took the occasion on Monday to demonstrate their military might to such opportune visitors as the President of Indonesia and the Prime Minister of Nepal. Their utterances about Formosa remain in the somewhat muted key adopted last year at the time of the Bandoeng conference; but connoisseurs of the diplomatic scene must have noted the resemblance between Peking's current formula—to try all peaceful means of getting what it wants, but not to renounce the use of force in the last resort—and certain declarations lately made in connection with Suez.

China's evident inclination to attain hegemony in Asia not by war but by economic and political pressure is, however, based on a firm foundation of reasoning. At present, to experiment with open violence, for Formosa or any other objective, would not only involve the risk of disastrous conflict with the United States and the collapse of many cherished economic plans; it would also wipe out the Chinese communists' recent political and diplomatic gains, for they would frighten their Bandoeng friends into fits, and smudge the shining image of peaceful progress with which they now seek to dazzle the eyes of the whole under-developed world. They have gripped their own country with an iron frame, and they can afford patience. Mr Mao—like Stalin before him—is in much less of a hurry than Mr Khrushchev.

Notes of the Week

Open Door to Europe

THE meeting of Commonwealth finance ministers last week and the statements made by the Chancellor of the Exchequer and the President of the Board of Trade on Wednesday were momentous occasions. The Government, it is clear, has realised the immense advantages Britain could gain from the creation of a free trade area in Europe. The Chancellor carefully pointed out that no decision had yet been taken, that industry, the trade unions, and the Commonwealth governments had yet to give their views, and that technical problems had yet to be solved; but he made it clear that the Government is looking with both courage and imagination at this project, which may open a new era in Europe's economic, and perhaps in its political history. The Commonwealth ministers, too, he said, had shown great sympathy for an idea which could so increase the prosperity of Europe, their vital market and source of capital. And, he observed, if Britain goes into the discussions with the six Messina powers, it must go "looking for an answer," not "hoping to find no answer." The Government, so long blamed for dragging its feet in Europe, has awoken to the urgent necessity of giving a lead.

The scheme outlined by the Chancellor was not unfamiliar. Contrary to the reports from Washington last weekend, he did not put forward any grandiose scheme for a free trade area embracing both Europe and the Commonwealth. The ideas the Government has been considering, which have been known for some time and which were discussed in *The Economist* two weeks ago, are more limited. Britain alone, without the Commonwealth countries, would join the continent in a free trade area. In such an area internal tariffs would be gradually abolished, but Britain could preserve its special tariff arrangements with the Commonwealth and with them the whole system of preferences which binds it. Agricultural products, the special interest of the Commonwealth, would be excluded from the scope of the free trade area with Europe—a price which, at least for the present, has to be paid for a bold British initiative towards a wider European market.

The most encouraging aspect of the ministers' statements is their evident awareness that Britain must do this, not merely because a continental European customs union would damage British trade in Europe, and give our European competitors an overwhelming economic strength which would drive us from other markets, but because of the immense possibilities that a wider free market opens up for Britain. The fruits of new industrial methods and sources of power can be reaped, the Chancellor pointed out, only by large economic units. The little markets of Europe are becoming parochial, and will slip farther and farther behind the industrial giants, the United States and Russia, in efficiency. But Europe, which has lately shown such remarkable economic vigour even in the straitjacket of its present frontiers, will face wholly new perspectives if it becomes an open market of over 200 million people. For British industry, such a market opens up a great future. To shirk it is to invite senility. And the Government which offers a lead in creating such a market may be taking a step historically as decisive and valuable for both Britain and Europe as Marshall Aid.

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Rifts in the Wages Cloud?

THE Labour Party conference is a meeting of leading trade unionists as much as of politicians. When delegates at Blackpool could take their eyes off Mr Bevan this week, there was a great deal of quiet talk about the prospect of wage disputes this winter. Over the claim that most people have expected to be the crucial one—the claim for a "substantial increase" by the Confederation of Engineering and Shipbuilding Unions, with which Mr Cousins's Transport and General Workers' Union, the Amalgamated Engineering Union, and thirty-eight other unions are associated—the talk was much more of possible means to peace than of likely resorts to war.

The confederation's leaders think they can see two possible ways ahead. First, and most simply, although they recognise that they have not much chance of an early offer of a straight wage increase, they think that they might get one "once things start moving on other fronts." The "other front" of which there was most talk at Blackpool—and it is a front, of course, on which the union side is also represented by Mr Cousins's transport union—is the claim of the busworkers. Although London Transport is trying to stand firm against a wage increase on its buses, the unions believe that there are some other bus companies up and down the country that could not only afford an increase, but would actively welcome one—in order to attract more drivers. There is some justification for the argument that it was the busworkers' increase of 14s. a week last October that was the original pacemaker for last year's round of wage increases. The union leaders do not expect such a large round this year, but some of them are still convinced that they will get something. The immediate importance of this belief is that the confederation seems unlikely to bring its dispute to a head until the bus talks either break down or else start moving.

Secondly, however, if a straight wage increase is still refused, some of the confederation's wiser leaders—and Mr Cousins himself may be being gradually hoisted into this category—now seem much more willing to talk about the possibility of an increase in "fringe benefits" instead. The

most topical of these possible benefits are those concerned with redundancy agreements: something of a split may be emerging between those union leaders who still think that the proper response to a fall in demand is to spread work across a three- or four-day week and those who are at last beginning to play with the idea of "let the employers sack people straightaway, but with generous severance pay and a guaranteed five-day week for the rest." Mingled with these views about redundancy policy is a desire for greater pensions benefits (although these are not a popular alternative to wage increases with younger workers), and for a very wide reassessment of piece work possibilities (which would involve moving some workers who are still on time rates to a system of payment by results). Complicated arrangements of this sort might seem difficult to work out on a national level, but the unions are now more willing to try. If the engineering employers, while still turning down a flat rate wage increase, were to offer discussions on these matters, one's impression is that the confederation would at least give the proposal consideration. This might be the employers' best course now.

Third Thoughts from Mr Dulles

JUST as the users' association was setting up its flimsy mechanism, and as everyone was flying in for this week's Security Council meeting, Mr Dulles gave his Suez kaleidoscope one more shake, and produced a pattern that is not altogether to British taste—although, since (according to a message from our Washington correspondent on page 43) it is satisfying to the average American eye, it would perhaps be narrow-minded of Europeans to feel too indignant about it.

He said, for instance, that there was "no detectable change" between the users' association as first conceived and the one now contemplated. Yet what he first conceived was—if his impassioned plea at the opening of the second Suez conference meant anything—that there must be a solution "in conformity with justice and law," by which he seemed to mean that, while western sabre-rattlers must not use force, President Nasser must not get away with forcible destruction of the international basis on which the canal was worked. Today, having discarded all major bargaining points, Mr Dulles is saying that only time and chance can bring President Nasser to repentance. The difference is very great.

He also incensed British opinion by striking the pose of an honest broker between colonial powers and dependent or formerly dependent peoples. Most Britons do not feel they need such an intermediary between themselves and, say, Mr Nehru or Dr Nkrumah. They also believe that these two, and others like them, feel the same way.

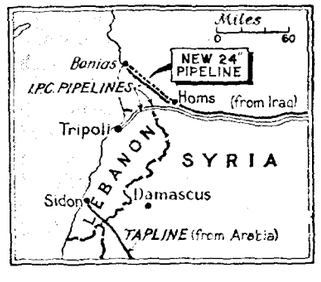
But a more serious and more constructive criticism needs to be made of Mr Dulles's and indeed of all current statements on the Suez issue. None, at present, refers to the original cause of the trouble—which was Afro-Asia's need for development, and the West's interest in seeing this materialise in all countries that want it and are prepared to turn themselves into good investment risks, and to pay as much attention to domestic development as to the delights of xenophobia. A re-injection of this point into the Suez debate is more important, at the present stage, than preaching to Britain about the need for "peaceful constructive evolution" in the Commonwealth; granny at Westminster has been sucking that egg for some time. Perhaps some member of the Security Council will speak up during the debate now under way.

When The Pipe Turns . . .

GRIMM'S *Fairy Tales* tell of a motive for killing the goose that laid golden eggs, but one that was not worth the weight of an egg in gold. Perhaps the Lebanese government, in holding to a course that has turned away a lucrative pipeline, had some valid reason for its decision but neither this journal nor certain influential members of the Lebanese opposition can see it. By sticking to its plan to tax the Iraq Petroleum Company prohibitively in breach of a previous agreement, and to take over the company's assets if the tax demands are not met, it has—after multiple warnings—deflected new company investment. October 1st was the zero hour at which, for seasonal reasons, the IPC had to decide whether its new pipeline from Homs to the coast should emerge at Tripoli in Lebanon or Banias in Syria. Inevitably, it has opted for Banias.

Lebanon had been "promised" (though only by its own Minister of State, Saeb Salam), that Syria would support its stand. But the Syrian Premier said in Damascus on Wednesday merely that Syria would not countenance a transfer of existing pipelines; he said nothing of any promise to bar the building of a new pipe. The Iraqis, who live at the producing end, do not mind where the pipe emerges so long as exports keep on going up.

The incident coincides with an interesting development farther east—a realisation on the part of oil-producing states that safe passage for their export to its chief market is as vital to them as to Europe. The sudden spectacle of export routes in jeopardy at Suez and in Lebanon prompted the thought that oil was thicker than bad blood. The Kings of Iraq and Saudi Arabia put their heads together, and King Feisal and the Ruler of Kuwait are talking of regular "exchanges of information." In addition, the American-trained Director of Oil Affairs in the Saudi Ministry of Finance has visited Iraq and gone on to Iran. In Baghdad he exchanged information with the Iraqi Minister of National Economy, "in conformity with the agreement for a unified oil policy between Iraq and Saudi Arabia." He also discussed a proposal for convening an Arab oil conference, the first of its kind, and said that the governments of Iraq and Saudi Arabia were anxious to work out a unified oil policy for all the producing countries. Hence, clearly, his visit to Iran. If the outcome of all this were a producers' association, while Europe gave birth to an oil consumers' association, the states that merely control transit (*via* canals or pipes) might find themselves between two fires.



Egypt Claims its Dollars

ONE of the very few items of hard news to emerge from last week's Bank and Fund meetings in Washington was the announcement that the International Monetary Fund had allowed Egypt dollar facilities to the tune of $15 million. In some western capitals the timing as well as the nature of this news were calculated to jangle even nerves that had been dulled by the recent balancing feats of the State Department and its chief; the Fund is not an instrument of the United States, but its offices are in Washington, and at first sight the deal looked to some people a little too fair. But it is perfectly understandable; and the suspicions were unworthy. In the ordinary course of business any member country, when not in debt to the Fund, is entitled to buy from it foreign currency up to the value of 25 per cent of its own original contribution in any one year. Egypt, before this transfer, was not in debt to the Fund. Its withdrawal of $15 million was its maximum entitlement for this year, one-quarter of its quota of $60 million.

Admittedly, according to the Articles of Agreement of the Fund, the facilities it provides are intended to enable members "to correct temporary maladjustments in their balances of payments without resorting to measures destructive of national or international prosperity." Further, the basic purpose of the Fund is "to facilitate the expansion and balanced growth of international trade." It can hardly be said in this case that the automatic working of the Fund has much relevance to its own objectives. But among all the members Britain has been one of the most insistent that the right to draw 25 per cent is indeed automatic. Objection would scarcely have been possible.

Leader of the Liberals

PENSIONING off an old servant is a sad business, but when the Liberals have paid their tributes to Clement Davies, they are bound to feel relieved that their leadership, like that of the two main parties, has now moved into the next generation. Mr Grimond should suit them well. He is intelligent, a likeable personality, an effective speaker and free from the pretentiousness which is the bugbear of small parties. He should be realist enough not to set the party's sights too high, and able enough to hold out some hope of hitting the modest targets in range.

Unfortunately, however, last week's Liberal Assembly did not help him very much in suggesting what those targets should be. The assembly duly shrilled its appeal for the early abolition of conscription. It set up committees to keep co-ownership under review, to produce a Liberal solution to inflation and to "restate" the free trade doctrine in modern terms. More practically, it also called for the end of de-rating (as a half-way house to the rating of site values) and was more courageous than the other two parties in suggesting that the farmers, as well as industry, should be at least partially subject to this reform; but the row which accompanied this was a reminder that the few scattered constituencies the Liberals think they may have a chance to win are mostly agricultural ones. The most constructive speech in the assembly came from Mr Grimond himself. Speaking nominally on automation, he restated Liberal economic ideas in modern terms and urged that all brakes on competition and progress should be whipped out; by keeping up this sort of fire, but also by making it a little more specific, Mr Grimond can both perform a useful service and feather his own political nest.

Settlers' Choice

THE white settlers in Kenya have moved slightly to the right. The Asians, though the results in their constituencies are harder to assess, seem to have moved slightly to the left. Both of the settlers' extreme wings were defeated—the apartheid-minded Federal Independence Party along with the Capricorn Society candidates. The Blundell group has come out of the election one down, and the Briggs Independent group, which opposes the Lyttelton plan, one up. This does not mean that the Governor must seek unofficial European ministers from the Briggs group, though he will have to find at least one new minister as the result of the defeat of Mr Wellwood. The Blundellites now number six, the Briggsites eight.

Broadly the Kenya electors—those that bothered to go to the poll at all—voted for the men they knew. Personalities counted most with them. But it does not follow that policies did not count at all. Group Captain Briggs disavowed any intention to try to overturn the Lyttelton settlement, and Mr Blundell disavowed any intention to make any further radical changes before 1960. Since, even so, he lost Mr Wellwood, while the other minister, Mr Havelock, only scraped home, he probably feels that his refusal to espouse a dangerously liberal line was well justified. But it has caused him to be dubbed "just another white man" by leading Africans and Asians. It will be surprising if the result of the election is not used by strongly nationalist African leaders at the African elections next March against moderate policies and personalities—such as Mr O'Hanga, the able African member of the Council of Ministers.

The final result of the election may therefore be to provide anti-white politicians of the other races with a platform, without providing the white settlers with a policy. Mr Blundell has failed to give them a realistic lead towards an inevitable sharing of power with the other races. Group Captain Briggs has merely won support for sniping without fighting. The low poll among the whites suggests that large numbers do not consider themselves as permanent residents at all, but as short-service immigrants who cannot be bothered either with Briggs or Blundell, reckoning the Africans will get the place anyway—by which time they will be out for good. It is not a cheerful picture.

Soldiers of the Queen

THE Suez crisis has put a temporary damper on off-the-cuff statements about national service by politicians of both right and left; they know guiltily well that the army has been stretched once more to the limit. This however

has given a breathing-space to examine the effect of the differential pay code, which came into force last April, on regular recruiting. Last week the Minister of War gave some rather general figures of progress. He said that army regular recruiting to July this year was 8 per cent up on the corresponding period of 1955. This means all regular recruits—everyone except national servicemen. It includes the "quasi national serviceman," doing three years with the colours and four with the reserves for the extra pay, as well as the man with a nominally longer period of service who is reserving the right to opt out after his first three years. These categories cover 90 per cent of the "regular" recruits.

The really important factor is, of course, the numbers engaging themselves for 6 or 9 years. These are the true professionals, now ten per cent of the total; but to them may safely be added another 5 per cent of the three-year men who, after a few months, now change to longer service. The number of these enlistments is now in all about 420 a month, or 5,000 a year. This is not an impressive showing, and it is precarious. If it were assumed that men only take on a three-year engagement now because it is a better-paid alternative to national service, and would cease to enlist if the alternative was not national service but no service at all, the position would be grave; for, on an average service for the rest of 8 years, the regular strength of the army without the three-year men would be 40,000. The usual answer to this pessimism is that without the discouraging influence of national service many of the three-year men would extend their service or engage for 6 or 9 years at the outset. But how many?

Between the wars, on a lower population, regular army enlistments steadily averaged 30,000 a year, making easily possible a purely professional army of over 200,000. Applications were around 75,000 a year, and did not vary with unemployment, though in 1937-9 they were tending to decline. The RAF was not then a competitor with the army for volunteers. There is a theory that this is, or was, the basic proportion of the male population which wants a service career, irrespective of inducements. If so, and if the proportion is still unchanged, national service is today inhibiting 20,000 to 25,000 would-be regulars from accepting more than a three-year engagement. That looks too big a figure to be true. The basic fact remains that, if conscription goes and if we are to provide an army of even 130,000-150,000 men, we would need 10,000 to 12,000 more volunteers a year than we are getting now. Would they come forward? The plain fact is that nobody knows. But it does not look very likely.

Tito's Crimean War

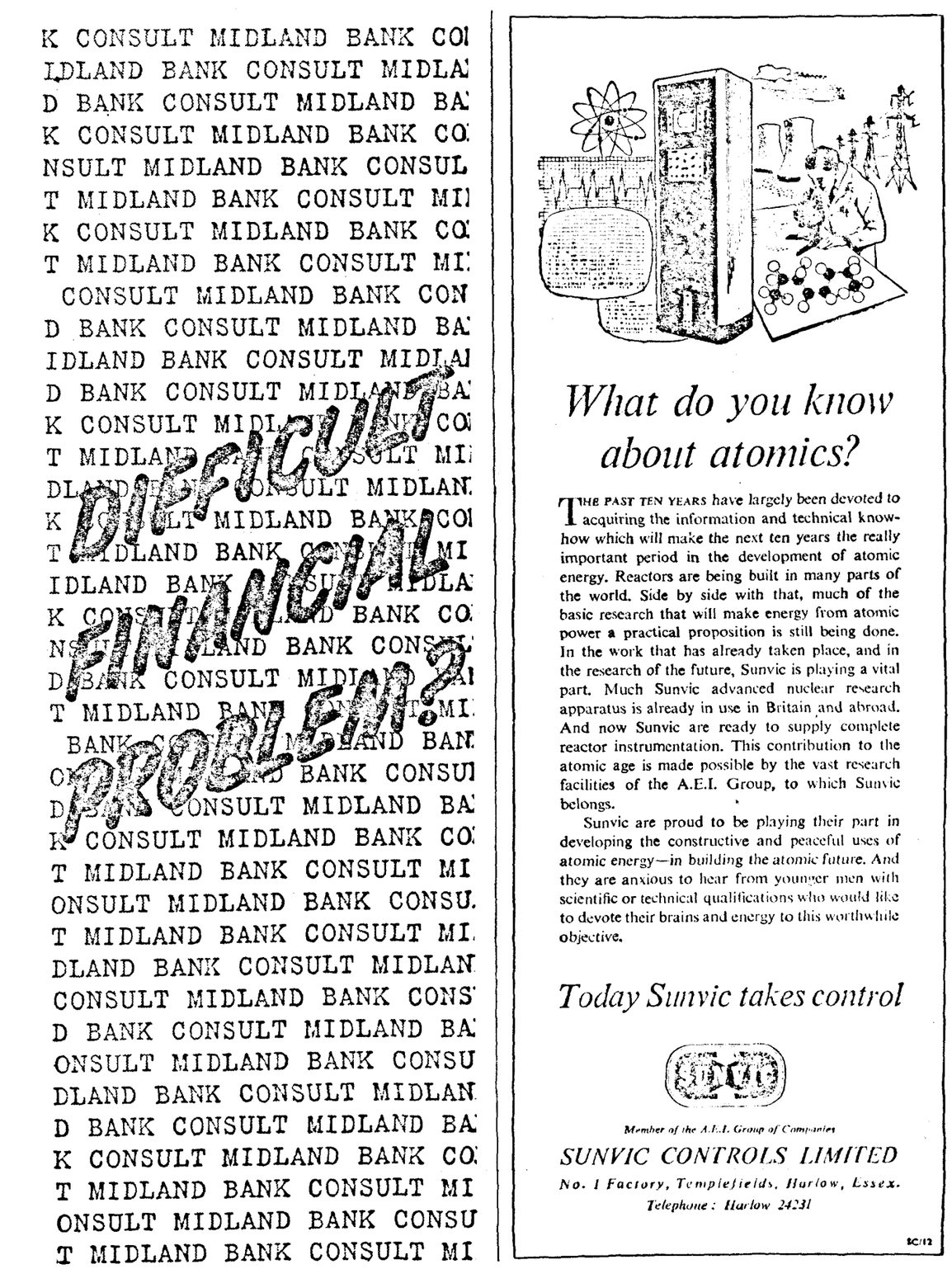
A DENSE sea-mist seems to shroud the activities of the Russian, Jugoslav and Hungarian leaders now "resting" on the Crimean coast, although sometimes they can be glimpsed going for walks together. Moscow has been the most cagey about what is going on. The official Jugoslav spokesman insists that everything—even, surprisingly, the famous Soviet letter to the satellite communist parties warning them against Jugoslavia—is quite "normal"; but he does admit that there are "outstanding questions and differences of view" between Belgrade and Moscow. On Wednesday, however, *Pravda*, without directly mentioning the Crimean talks, insisted that these differences had been "considerably narrowed." Budapest radio is the most outspoken; it has stated flatly that Mr Gerö, Mr Rakosi's successor as Hungarian party secretary, has gone to the Crimea to have talks with Marshal Tito about Hungarian and Jugoslav "co-operation in building socialism"—a polite euphemism for the marked differences that still exist between Belgrade and Budapest.

In such a misty atmosphere speculation and rumour naturally thrive. Differences within the Kremlin about "destalinisation" in general and Tito in particular no doubt exist. But it is probably much too melodramatic to suggest that Mr Khrushchev is seriously imperilled (although he may be inconvenienced) by his advocacy of more liberal policies and that Marshal Tito flew to the Crimea with him primarily to help bolster his position. The fact is that, after all their back-slapping in Moscow in June, both the Russians and the Jugoslavs are now suffering from disenchantment. The Jugoslavs are disturbed—and it seems were on the point of saying so openly—by the apparent determination of the Russians to maintain as far as possible their dominant position in Eastern Europe, and disgusted by the timidity with which all the satellite leaders (except the Poles) are eyeing the bright new trail that the Jugoslavs feel they have blazed. The Russians, or some of them, are worried lest "destalinisation" in Eastern Europe should get out of hand, and they are put out by the Jugoslav's obvious determination to retain complete independence.

In this situation the doubts about the correctness of Soviet-Jugoslav relations felt within the Russian leadership (and perhaps also within the Jugoslav) were bound to grow. It is not surprising if the earlier talks on Brioni island were prickly rather than cosy. And if Mr Khrushchev came to feel that he had taken on more than he could safely tackle by himself, Marshal Tito, who has committed himself so strongly to the view that Russia has genuinely changed course, may equally have come to feel that the issues at stake were too important to be settled with only one member of Russia's "collective leadership."

A Regime on Trial

POLITICAL trials in communist countries used to be a complete travesty of justice; until recently the odious pattern set by Moscow before the war has been the model for all Eastern Europe. But the first trials of those involved in the Poznan riots last June look at first sight as if they may mark a break with the past—though it is early days yet to say. Two years ago the Polish authorities might well have dispensed with legal niceties and resorted to mass executions; and in cases like that of the three youths accused of joining in the brutal murder of a security policeman, it would have been easy to let the dead man's colleagues take justice into their own hands. But it was decided otherwise. The trials have been held in public, in the presence of unbiased foreign observers and correspondents. Defence counsel have been allowed to argue hotly with the prosecution, and many unpleasant things have been said about the regime. Last, but by no means least, defendants have been allowed to



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withdraw confessions made under police interrogation from fear of physical punishment. (It must, moreover, be remembered that in Poland extorted evidence was not a novelty introduced by the communists.)

By making this new approach, the communists evidently hope to draw a distinction between rioting workers, whose grievances are admitted, and trigger-happy hooligans. (So far there has been no talk of foreign agents.) Yet, in a sense, the regime's treatment of a whole generation is now on trial in Poznan. The youngsters now in the dock were barely in their teens when the war ended. Since then, the regime has clearly not succeeded either in winning their sympathy or calming their tempers. The fact that they acted during an outburst of long-accumulated collective anger against the security police, who symbolise the most hated side of the regime, was openly put forward as an extenuating circumstance on behalf of the accused.

Poznan has confronted the regime with the dilemma inherent in the post-Stalinist relaxation drive: how far can the lid formerly held down by the strong arm of the police be lifted without risking an explosion? Most communists seem to have drawn from Poznan the lesson of caution; but the Poles seem to see in it a challenge to experiment with bolder moves and quicker reforms.

Productivity in Hospitals

THE more efficient use of hospital beds, described by the Ministry of Health a year ago, was continued in 1955. According to the department's latest annual report (Cmd 9857), the number of available beds was almost exactly the same at the end of the year as at the beginning —481,563; but the waiting lists for beds showed another big reduction, from 474,000 at the end of 1954 to 453,000.

More Struck Against Than Striking

COVENTRY people are proud of Standard Motors' record as an employer; trade unionists rather smugly compare them with the British Motor Corporation in Birmingham. But in spite of their willing co-operation with the unions, and in spite of their efforts to keep their employees at work by running a three-day week, the Standard Company faces a strike of 105 electricians which has threatened to shut down their whole plant and put 5,000 workers out of their jobs. The motives for this strike are malicious and petty; but it is having some unexpected effects on workpeople's minds which bear watching.

In their first panic at the realisation that the days of motor factory work for anyone and everyone were over, some trade unionists took up the attitude that nobody anywhere should lose his job. The leaders of the unions at Standard are more sensible and have stated that they accept the right of management to dismiss redundant workers, provided that they are consulted about the details of its application, and that those sacked are given sufficient compensation to tide them over until they can find work elsewhere. On August 23rd the company announced at a works meeting that a number of workers would have to be dismissed, and the unions asked for a delay of forty-eight hours, to consider cases of individual hardship. The stay was granted; the Electrical Trades Union, however, submitted no names, but its members walked out on strike. Although they say they are not striking against the need to dismiss workers when there is no more work for them, it is hard to see what else they can object to, as the company fully complied with its agreement about prior consultation. Two days later they returned to work, saying they had a plan whereby all sackings would be made unnecessary. This plan was never produced, nor is there any evidence of its existence. Shortly afterwards, the electricians (most of whom belong to the ETU, although there are a few members of the Transport and General and Amalgamated Engineering Unions) walked out once more on strike, and are still out. The strike has not been recognised by either the TGWU or the AEU, and the district secretary of the Confederation of Shipbuilding and Engineering Unions, to which all three unions are affiliated, has urged the men to go back to work. The ETU has, however, followed its usual practice of declaring all strikes official.

After some four weeks without electrical maintenance, the company decided that continued working of the factory might be no longer safe or efficient—the closing of the factory would have deprived all the workers (except the ETU members, who draw strike pay) of their earnings. In agreement with the other unions, the management therefore decided that their own electrical engineers should overhaul the equipment, and that after five days the factory would start again working its normal three-day week. This means that workers will be able this week to work only one day less than usual. The company has a large stock of finished cars which they would be only too glad to run down before restarting production; continued working is an asset to them in goodwill rather than in hard cash.

This is, in fact, strike breaking by Standard, but the other unions, putting the interests of their members first, are conniving at it. A strike of the company's draughtsmen has been settled by agreement, which would be unthinkable if the draughtsmen had any conviction of the justice of the electricians' case. Standard workers are reacting angrily against the men who are jeopardising their jobs, and plainly feel cordial towards the management in their obvious efforts to help. Bitterness towards the electricians is increased by rumours that some of those ostensibly on strike have already found themselves jobs elsewhere—electricians are still in demand in Coventry—and it is also said that they are demanding preferential treatment in the painful business of losing jobs, and thus indulging in craftsmen's snobbery.

No secret is made of communist power in the ETU. Normally they are very ingenious in putting themselves at the head of a hopeful strike, in order both to appear as the spearhead of the progressive working class, and to put some spurious life into the class war—but here they have underestimated the goodwill between Standard and the vast majority of its employees. In fact the strike is for once greatly improving the state of labour relations. Its most harmful effect is to delay the installation of new plant for the Standard tractor, which was to have absorbed some of Coventry's unemployed—this delay is a further grievance held against the communists. The other workpeople even say that if the factory can run for four weeks with no regular electricians, it is reasonable to think that many of them are unnecessary. If this meant a reduction in the power of the ETU, nobody would be more pleased than most of their fellow trade unionists.

Allocated to the different specialties, the waiting lists show that the longest delay in getting a bed is in the ear, nose and throat departments and for general surgery. These two specialties between them account for 256,000 of the total number of people waiting for hospital beds, so that even quite small percentage reductions that they are able to record from year to year in their own waiting lists have an appreciable effect on the total. As against this, the really spectacular reduction in the waiting list for a bed in a sanatorium (54 per cent between 1954 and 1955) has little effect on the total, but is obviously of great social importance. Owing largely to the big advances in the treatment of tuberculosis in recent years, the demand for hospital beds for the disease has fallen rapidly, and many of them are being put to other purposes.

But waiting lists of themselves are not a very reliable measure of a hospital's efficiency: they are often inflated for one reason or another, and big reductions can be made in them merely by a weeding-out process. A better indicator is the number of patients treated in a year. With roughly the same number of beds, the hospitals treated 42,000 more in-patients in 1955 than in 1954. This was only half the increase that last year's Ministry of Health report recorded; but it again reflects the tendency to reduce the length of a patient's stay in hospital, which enables each bed to receive more patients in a year. The importance of this factor is, however, bound to diminish gradually, and further improvements in the hospitals' productivity will probably have to come from an increase in their "bed occupancy rate"—that is, by reducing the time for which a bed remains unused between the discharge of one patient and the admission of another.

Dr Adenauer's Tactical Retreat

THE West German government's decision to fix a call-up period of twelve instead of eighteen months came as a painful shock to Nato headquarters. Such a retreat by the faithful Dr Adenauer, so long the champion of a strong western policy, is bound not only to disquiet the military planners but also to encourage other West European countries to question again the need for a long call-up. But Dr Adenauer argued that this move was forced on him by American talk of reductions in ground forces. Political pressure in Germany against a long call-up has been growing rapidly. Apart from the Socialists, who oppose conscription altogether, both the Free Democrats and the Bavarian CSU have recently spoken up for a twelve month period of conscription. Dr Adenauer, already widely portrayed as the last defender of an outdated and unpopular policy, had to make some concession if he was not to approach next year's election at a hopeless disadvantage.

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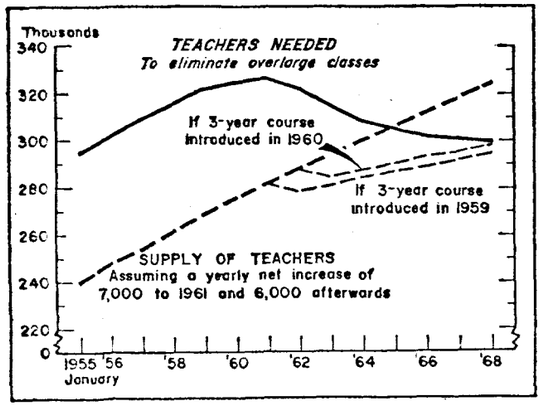
The decision may not in fact prove very damaging. Though the call-up is to be cut, the West German government has promised to fulfil its obligation to provide half a million men for Nato by enlisting 70,000 more regulars to make up a force of 300,000 men. Such a large regular force may prove better adapted to future military needs, as well as to the special German possibility of civil war, than a larger conscript force. And the new plans have narrowed the difference of view between the German Socialists and the Christian Democrats, a factor which may make it easier to construct a coalition after the next election.

Dr Adenauer's decision will no doubt also have the desired electoral effect. Two months ago much of the German press seemed to feel that the political problem of the day was what sort of coalition should be built upon the Chancellor's grave. But his prestige has now begun to revive, partly because of a vigorous party press campaign. Talk of coalitions next year still tends either toward the idea of a Christian Democrat-Socialist coalition, perhaps under Dr Arnold, or of a Socialist-Free Democrat coalition; but Dr Adenauer is showing remarkable signs of life. His latest concession is a political retreat, *pour mieux sauter.*

Longer Training for Teachers

DO we need and can we afford better-trained teachers? A report of the National Advisory Council on the Training and Supply of Teachers (HMSO 1s. 3d.) recommends that serious consideration should be given to lengthening from two to three years the course for teachers at general training colleges, suggesting 1959 or 1960 as a possible change-over date. Of the merits of longer training there are probably few doubts: it was recommended as long ago as 1919 and is already in force in Scotland and Northern Ireland. But in England and Wales, about 14,000 new teachers enter the profession each year and only about 4,400 of these are graduates or specialist teachers from three-year



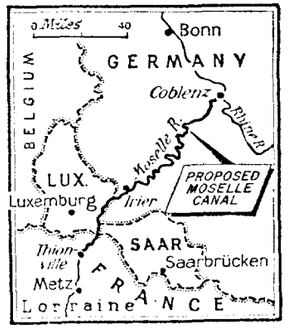
colleges. The balance is, therefore, heavily weighted on the side of quantity rather than quality, but policy has to be guided by supply and demand. The contention is that this picture will soon change radically.

Recruitment into teaching has been better than had been expected and, more important still, wastage has been less because more women have been staying on after marriage and more married women have returned to the profession than had been envisaged. Over the last five years the number of teachers in England and Wales has grown by some 6,000 or 7,000 each year. But 55,000 additional teachers are still needed to get rid of overlarge classes; by this it is intended that no junior class should have more than 40 children and no senior class more than 30, the averages, of course, being far less. The accompanying chart shows that, if the teaching profession continues to grow as of late, the situation will improve only slightly up to 1961, when the "bulge" in the school population reaches its peak, but as the numbers of schoolchildren fall off after that, there could be a surplus of teachers by 1966. The introduction of a three-year training course would put off this state of affairs by another three or four years, but would only slow down and not interrupt the improvement in size of classes after 1961.

There are, of course, a lot of assumptions in this reasoning and there is no guarantee that new teachers will go where they are most wanted. A policy of wait-and-see seems right for a little longer; but there is general agreement that at least two years' notice should be given of the change, and unless the situation deteriorates in the meantime there would seem much to be said for planning to introduce it by 1960.

The Saar Settled?

THE new agreements reached by Dr Adenauer and M. Mollet represent a settlement of all the remaining important points at issue between France and Germany. In Luxemburg last June the basic bargain was struck: the Saar would return, politically, to Germany; in return the Germans agreed to the Moselle canal project, so vital to Lorraine, and to French claims on coal from the Warndt mines in the Saar. But several questions had still to be settled. The first was how the francs in circulation in the Saar would be converted into marks. France hoped to convert them at the present official rate, Germany, bearing in mind the strength of the mark and weakness of the franc, at a free rate. Germany has now given way on this, but to avoid a speculative flow of francs into the Saar the exchange will take place on an undisclosed date.



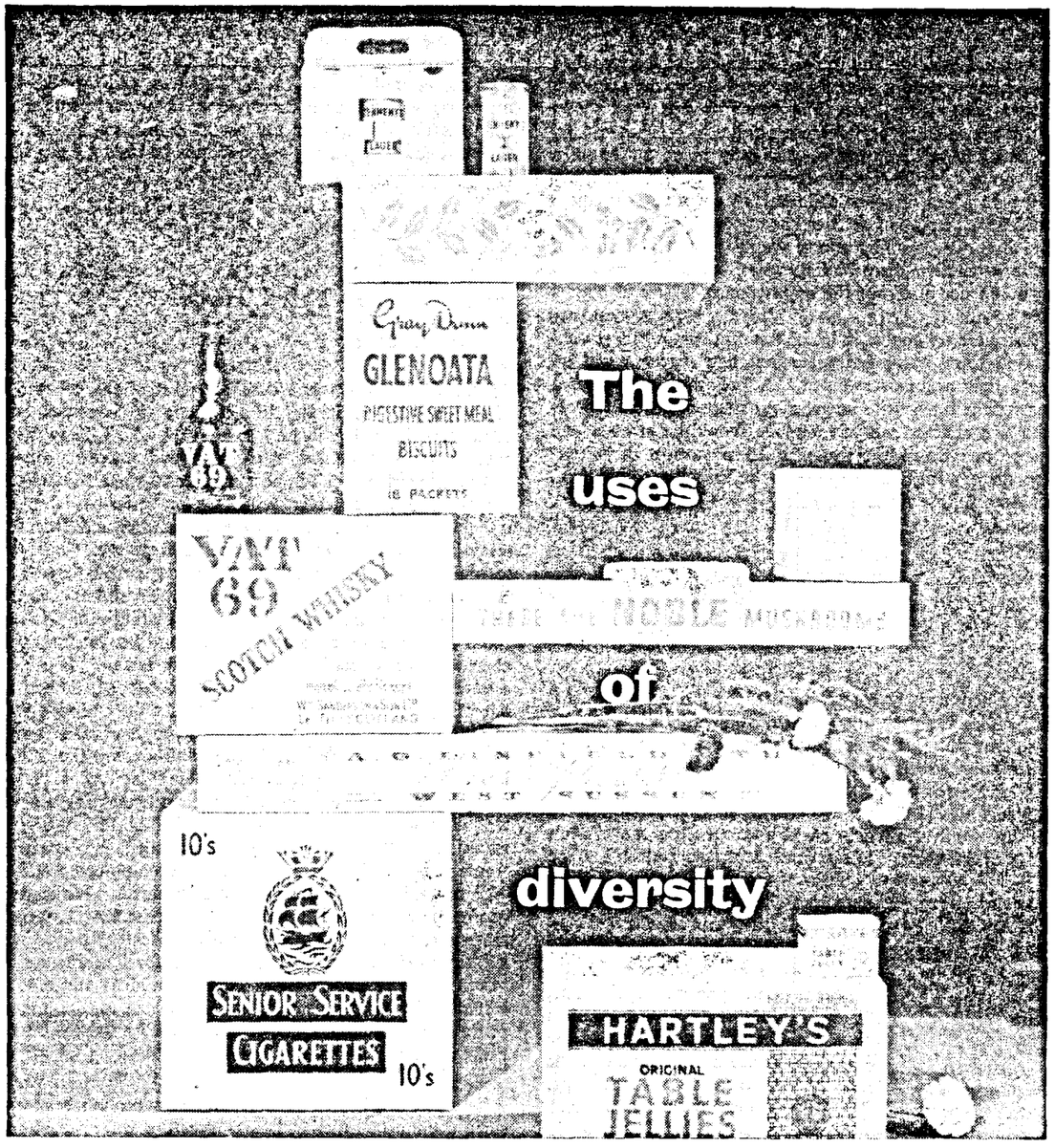
The second problem was that the Moselle canal may well cost more than the sum agreed in June. Once more Germany has agreed to pay the extra cost, though France for its part will pay for rail, electricity and canal works in Luxemburg. More detailed arrangements have also been made about the supply to France of 90 million tons of Warndt coal, and provision has been made to assist Saar industry by importing German capital goods duty-free in the three years before the economic union with Germany. An undertaking to prevent future political discrimination has also been exchanged.

These agreements, although not yet signed or ratified, seem to promise an end to the Saar problem at last. The sizeable German concessions reflect Dr Adenauer's continuing realisation of the need for European unity as well as his present political insecurity at home and disenchantment with the United States. M. Mollet's own will for a settlement has perhaps been increased by France's troubles in North Africa. But, as in the past, the instinct to unite in time of need may prove the foundation of lasting European edifices.

Third Force

THE Third Programme deserved most of the tributes it received on its tenth birthday; its begetters and controllers have legitimate cause for pride. They have created and maintained a civilised and civilising organ whose general and all-important merit—transcending the merits of any particular broadcast or series—is that of upholding the truth that excellence matters and that the minority which desires excellence matters too. But the temptations that beset all minority movements have not been entirely resisted by the Third. Freakishness and the breeding of pedigree hobby-horses can be forgiven. Rather more serious is a certain ambiguity in the Programme's conception of its audience, especially for talks. "It can be assumed," says the memorandum of July, 1946, quoted in the BBC's anniversary publication, "that the audience will include the most intelligent, receptive people of all classes." But Mr (now Sir) George Barnes, introducing the Third Programme to the public, equated these "intelligent, receptive people" to those who prefer their concert programmes without notes and who dislike anything in the nature of exposition. "Compromise on this issue," he asserted, "antagonises all." There has in effect been no compromise. The result has not been altogether fortunate. While it is good manners and, on the Third, good sense for a specialist to assume that he is addressing his intellectual peers, it is neither good manners nor good sense for him further to assume that he is addressing fellow-specialists any one of whom could not merely read, but contribute to, the appropriate learned journal. Yet that is precisely what the Third Programme's shuddering distaste for "hearing aids" or "exposition" too often encourages him to do.

These two mistakes probably account for much of the steep decline in listening figures over the ten years of the Programme's life. Another mistake, not confined to the Third, is a propensity to put over the air matter which would do better in print. A highly literate audience is also an audience that can read many times faster than any lecturer can talk, and is likely moreover to prefer the further advantages of print—ability to re-read, to ponder a knotty passage or skim a familiar argument—to that illusion of personal contact which impresses the unsophisticated. The moral is not, certainly, that the Third Programme should either lower its standards or diminish its output of the spoken word. It is that it should concentrate on doing what its medium can do better than print—live discussion, the topicality which no learned journal can achieve, and that element of personality which so triumphantly enriched the very first performance, when Sir Max Beerbohm spoke on "London Revisited."



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Letters to the Editor

Other Eden?

SIR—Two things have passed almost unnoticed in the discussion of the Suez crisis. First, the problem of Nasser is not only the seizure of the canal, but years of bitter anti-French and anti-British propaganda aimed at destroying our interests in Asia and Africa: we had to face this sooner or later and the seizure of the canal provided a concrete instance of aggression which would enlist the support of much of the world. Secondly, Nasser badly mis-timed his coup, which did not come at a moment dangerous for Britain or helpful to Russia. If it had come during an economic depression in Britain, or at the height of the Mau Mau crisis, or during a revolt in Aden and the Gulf States, or timed to coincide with Russian pressures in Central Europe, such a seizure would have been strategically serious. It has, in fact, conveniently confirmed our need to stay in Cyprus, even in the eyes of those Labour speechmakers who are so busy dismantling the British empire for lack of any intelligent policy to advocate at home or abroad.

The bold policy of Sir Anthony Eden has already yielded the following dividends, plucking triumph from what less courageous minds deemed to be disaster:

1. An effective check to a wave of nationalising hysteria from the Tigris to Tripoli, which Labour timidity would undoubtedly have precipitated.

2. The United States has awakened to the fact that the vital interests of her allies are menaced and is, at long last, aligning her Middle East policies with us instead of against us. This, alone, would have justified Eden's policy.

3. Nasser, in Arab eyes, has forfeited the support of the United States, France, Britain and the West for the dangerous and dubious company of Russia and the Communist world, a situation far from the liking of all other Arab States.

4. The sham peace campaign of Khrushchev and Bulganin, on which Soviet Russia has lavished so much effort, has been halted and easily exposed for what it was worth, a remarkable achievement in clarifying the political situation and greatly to Russia's chagrin.

5. Our military precautions have kept Nasser pegged down; there have been no mob riots, and the pilots and families have come away in safety. He has not dared to close the canal to 60 per cent of the ships which refuse to pay him for passage. He has been unable to maintain military pressure against Israel, so that Syria and Jordan have had a taste of the unreliability of Egyptian military aid and have turned to Iraq for help. In all this, and many other things, Nasser has had to swallow far too much to be able to pose as the conquering hero.

6. The Arab States recognise in him a dictator without oil who is trying to seize control of their oil-route to Europe and so make himself and Egypt master of the Arab world. The Egyptians will soon realise that he has thrown away the support of the West to become a beggar for the favours of Soviet Russia.

On balance Nasser has lost ten times more than he has gained during the past two months: this was Sir Anthony Eden's purpose in "ensuring that aggression should not pay."—Yours faithfully,

ARTHUR DAVIES
University of Exeter

Town, Gown and Mr Sandys

SIR—Your note in *The Economist* of September 29th did less than justice to the amount of relief for central Oxford which could be afforded by new internal (as opposed to inner or central) link roads. Outside the central area there is a wide belt of industrial, business, hospital, school and, above all, residential areas, which intercommunicate only through the central bridges. The case for internal links for these areas—the "intermediate relief ring"—rests on the extent to which they would be used by (*a*) traffic for which they provide an alternative and more convenient route into the centre, and (*b*) traffic not seeking the centre.

There are no up-to-date figures of origin and destination of Oxford's internal traffic, but at the recent public inquiry the city's planning officials estimated that the "intermediate road" then under review, linking east and south Oxford, would attract 19 per cent, and the "Lamb and Flag" road 27 per cent of the traffic now crossing Magdalen Bridge, by their mere existence, with no restrictions on the use of the bridge. Part of the 27 per cent must be reduced if the "Lamb and Flag" road is replaced by a link further north (at the Norham area, as you suggest), but not very much. Thus the provision of these two relatively uncontroversial roads, together with the outer by-pass road (whose relief for Oxford is estimated at 12 per cent), would take half the present traffic out of the High. Car parks associated with these internal roads, and their integration into a ring system, would attract even more road users to them.

The same point can be made by another set of figures, for the destination of traffic using Magdalen Bridge:

Traffic not stopping in the central area ...	40 per cent
Traffic aiming at the central area	36 per cent
"Stopping - through" traffic	24 per cent

If an up-to-date survey were carried out, the usefulness of the intermediate ring might be even more strongly borne out by statistics.

The Minister has too readily despaired of bringing relief to the High by intermediate roads. They would not, it is true, enable him to close the High to all motorised traffic, but even his own plan does not do that. If you support the Minister's road in the Meadow, you must weigh it, not against all the traffic at present in the High, but against such traffic as cannot be attracted away from the High by other methods.

Another point, you argue that intermediate roads do not bring enough benefit to the amenities of the central area. Have you asked yourself why, if the Norham link supplemented Magdalen Bridge and adequate car parks were provided, the whole university area between the Parks and the High should not have the traffic-free "peace and dignity" which the Minister, by other means, wishes to give it?—Yours faithfully,

CHRISTIAN HARDIE
Oxford

★

SIR—The many readers of *The Economist* in Oxford will have been as shocked as I was to find that, in the matter of the Oxford roads, it was now prepared to regard Mr Sandys's decision as final.

It is unnecessary to rehearse once more the objections to the scheme, though it may be worth emphasising the peculiar dishonesty of offering to block Magdalen Bridge as the price of a road across the Meadow when the Minister is perfectly well aware that local opinion will never allow the bridge to be blocked or, if it is blocked, will never allow the interruption to remain in force for any length of time. Only a group of innocent and unworldly dons could fall into so obvious a trap.

What surprises me much more is that *The Economist* should on this matter abandon its normal belief in the virtues of local self-government. It would seem obvious that the best people to decide on how the University can be preserved are those who have made their working life within it. This scheme was overwhelmingly repudiated by the University's constituted organs. Nor, on this occasion, did Town differ from Gown, since the scheme has also been rejected on more than one occasion by the municipal authorities. It is difficult to believe that when Parliament passed the Act, it meant the Minister's power of direction to be such as to enable any opinionated philistine who happened to be in office to override the wishes and

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sentiments of the population of a great national centre. Or can it be that *The Economist*, too, has now come round to Whitehall's version of constitutional theory, namely, *quod omnes tanget a nemine approbetur*?—Yours faithfully, MAX BELOFF
Nuffield College, Oxford

Trimming a Bad Egg

SIR—It is perhaps carping to point out that your Note in your issue of September 22nd errs somewhat regarding the conditions to be incorporated in the producer's licences. Probably as a result of the promoters' reticence in their press handouts, referring to the licence to sell wholesale, you say, "the conditions for which do not seem very onerous," and to that permitting retail sales, "more or less without conditions at all."

In fact, producers may be divided into different classes and different conditions applied to different classes of producers. Both licences may contain conditions that, in respect of his trade under the licence, the holder shall furnish to the Board such estimates, returns, accounts and other information, and keep such books, accounts, records as the Board may prescribe, and produce them to any person authorised by the Board; and fulfil such other conditions as the Board may prescribe, not being such as they may not prescribe by reason of paragraphs 64-68 both inclusive.

Holders of B licences will have to apply to the eggs some specified mark to indicate their origin, and must notify the Board of the names and addresses of retailers to whom they propose to sell eggs. Holders of either type of licence will have to pay a levy of one-half of the maximum rate charged on any other class of sales and not exceeding one farthing per dozen when no levy is made on other classes of sales.

Any producer who is registered at any time during the twelve months preceding the winding up of the Board may be called upon to pay 2d. per head of poultry, based on the maximum number of birds on his land at any time during that period.—Yours faithfully,
C. BARCLAY
The Egg and Poultry Producers' Association, W.1

★

Sir—Your Note brings home the point that the modifications to the proposed egg marketing scheme leave a thoroughly bad scheme only slightly less obnoxious.

No considered case has been made for the necessity for this scheme, which will merely perpetuate an unnecessary hoard of officials who will have to be paid for by either producers, consumers or taxpayers. It is to be hoped that the scheme will be laid before Parliament as a bill and not as a statutory instrument; that both Houses will be given adequate time to consider the bill; and that the Government will permit a free vote.—Yours faithfully, JACK MERRICKS
Icklesham, Sussex

Unforgettable People

SIR—May I express my sincere appreciation for your article last week. As an Albanian emigré journalist I have had an opportunity to visit some of my fellow countrymen living in refugee camps and I can readily subscribe to everything you say, with only one exception. You speak of a "band of Epirots who fought their way south into Greece, bringing with them the Albanian frontier guards who at first tried to stop them and then decided to come along too." I submit that the use of the word "Epirot" is misleading. Athens Radio, which first gave the news about this escape, said this: "Over sixty *Albanians*, mostly shepherds with their flocks, have crossed into Greece in the frontier area of Epirus. Before reaching Greek territory, they attacked and disarmed some Albanian frontier guards and made them cross into Greece with them. The refugees have asked for political asylum."—Yours faithfully, T. ZAVALANI
London, W.11

★

SIR—Your article jogging our consciences concerning the refugees in Europe today was most timely. Some of your readers may not be aware that this month the United Nations Association is launching a nationwide appeal for funds to help these unfortunate people. The bulk of the funds will be devoted to the "permanent solutions" programme of the UN High Commissioner for Refugees—for homes, medical care, vocational training, loans to enable refugees to undertake employment, guidance by social workers, etc. Donations will be gratefully received by the UNA Refugee Fund, 25, Charles Street, London, W.1.—Yours faithfully, DAVID ENNALS
United Nations Association, W.1

Turnover in Trinidad

SIR—In your issue of September 29th you refer to the defeat of Mr Albert Gomes, "with his entire party." Mr Gomes never had a party; in fact it was only a year ago that he was co-opted by the Party of Political Progress Groups (the Chamber of Commerce's political organisation) as a candidate for this year's elections. Several other candidates were put up by this organisation and all were defeated. If you are referring to the Ministerial party, then only three Ministers lost their seats, two being returned as members of other parties.

Then it is stated that "there are also 12 nominated and ex-officio members in the legislature." This is incorrect as there are only five nominated members and two ex-officio members in the new legislature.—Yours faithfully,
London, S.W.5 G. V. DE FREITAS

Books & Publications

Foundations of Africa

LUGARD: *The Years of Adventure, 1858-1898.*
By Margery Perham.
Collins. 765 pages. 42*s.*

IT may fairly be asked which is the more extraordinary—the mood in which Britain is withdrawing from Africa, or the mood in which it went in. Reluctant as it was to take African responsibilities on, and eager as it now is to let them go, the shortness of the intervening period should perhaps be no wonder. Yet wonder at its extraordinary brevity is rekindled by the first volume of Miss Perham's life of Lord Lugard. When Lugard arrived in Africa, full of the Victorian sense of principle, trained from youth in Victorian spiritual exercises, but reacting in a rather less-than-Victorian way from an entirely uninhibited and un-Victorian love affair, Britain had half a dozen footholds on the West Coast, Rhodes in Cape Colony, a few score missionaries dotted about the interior, an influential consul in Zanzibar and a naval patrol ineffectively checking slavery. From these beginnings, the Empire in Africa, Lugard's career, and the twin principles of the dual mandate and indirect rule, were to grow. Lugard died a couple of years before India's independence put before African nationalists, already active and articulate, a glittering goal of power achievable in their own lifetimes.

In that period, modern colonial Africa was made. Miss Perham's first volume traces the vast change in British feelings about expansion in Africa which occurred between 1887, when Lugard first landed, penniless and neurotic, at Zanzibar, and 1897 when Chamberlain appointed him Commissioner and Commandant of the West African Frontier Force with orders to add as much extra territory as was reasonable and possible to the northern territories of the Gold Coast and Nigeria in the teeth of the French. Lugard settled some of the last frontiers to be delimited in the scramble for Africa. By then he had saved Nyasaland and Kenya and Uganda as British spheres of influence, made sure that Nigeria should stretch to the Niger bend, and prospected the Kalahari. In painting the map red, he was second only to Rhodes. Miss Perham makes it very clear that but for his efforts Kenya would have been as small an enclave in German East Africa as Sierra Leone was in the West—and Nigeria would have been perhaps little larger. For under the rules of spheres of influence there had to be "effective occupation." Lugard not only ensured this, with his long and arduous treks, toting his unreliable Maxim, signing treaties, and drawing maps; but by hard campaigning at home in the press, in public meetings and in conclave with ministers, he also did much to compel the government to claim for Britain the bounds that he and his column of ragged soldiers and sweating porters had beaten.

Most of his expeditions were undertaken for one or other of the chartered companies which opened up Africa at private not public expense. They hoped to make some legitimate profits, and some did. But profit alone would not have brought or kept them there. Empire in Africa was founded on the destruction of the slave trade—in the west, from Sierra Leone, the main anti-slave trade base; in the east, upon the crushing of Arab power. Lugard outfought and outwitted the slavers, Arab and African, in every area; but the new rule for which he paved the way was not as heavy-handed as that which followed the expulsion of the Arabs at the hands of the French, Belgians or Germans. From his first efforts to break slavery and introduce law and order in Nyasaland, Lugard conceived the idea of working through existing African institutions and authorities, as modified by western ideas of law, and the missionaries' ideas of morals. Except in Buganda there was little enough to build on; African society was in ruins as the result of slaving, inter-tribal warfare and depopulation. Either the missionaries were in peril of their lives from Africans in their unregenerate state or they were introducing the blessings of nineteenth-century sectarianism to Africans as soon as their regeneration had progressed enough to allow it. The celebrated civil war between Anglican and Roman Catholic Baganda factions loses nothing of its fascination in Miss Perham's telling of it, with Lugard as the central figure.

Into the unconditional Darwinian struggle for survival which determined African existence, Lugard strode, whether to rescue missionaries, slaves or refugees or to preserve struggling chartered companies. Many men of the same mind worked with him—though it was his peculiar fate just to turn the wavering scales everywhere he went in favour of civilisation and British control. He never undervalued Africans and he perceived all along that personal example was decisive for the African attitude to white men; it deeply grieved him that from the first it was not only Arabs in East Africa, but white men also, who sowed the perennial crop of African suspicion. In the condition of the country, he hardly conceived that Africans would ever come to take western political institutions rather than individuals as their example. In working through tribal authority he looked as far ahead as he could. It was his personal example that gave the concept of indirect rule an authority that was, in the end, perhaps, too absolute.

For, as Miss Perham's narrative shows, native society was already decayed, and to attempt to freeze it at any stage was a mistake. But Lugard at least laid down the principle from the first that the African should be encouraged to develop his own initiative, and even out of the limitations of indirect chiefly rule, African national consciousness and desire for self-government grew. The break with chiefly rule, when it comes, is now perhaps too violent; and an artificial tribalism has nourished other evils. But Miss Perham holds up a mirror to Africa as Lugard first saw it, and saw in indirect rule a means to give Africans some security and political *lebensraum* on the one hand, administrators an instrument through which to rule on the other. In British Africa this device, which will no doubt be discussed in Miss Perham's next volume, provided the bridge between the torn and depopulated Africa of the slavers and that of the African nationalist leaders today, who expect to inherit modern states from the departing white men.

On the experience gained in the partnership between tribes and district commissioners, plus a few years' cramming in the practice of representative government, Britain now expects Africans to display a good many Victorian private as well as public virtues. It is optimistic—just as it was optimistic to expect that men like Lugard could be sent in to suppress slavery, and protect missions, without turning "spheres of influence" into imperial dominions, chartered companies into colonial civil services. But Africa and Africans would be infinitely the poorer but for the British interlude, and for the stamp given to it by a founder like Lugard.

Permanent Under-Secretary

HOME AND ABROAD.
By Lord Strang.
Deutsch. 320 pages. 21*s.*

"TO be born," Lord Strang writes, "into a Scottish household in a rural English environment is to be faced with a need for adaptation and adjustment, conscious or unconscious, going beyond what is normally called for in the formation of personality." To enter the Foreign Service without aristocratic connections or education at a public school or an ancient university does not, on the other hand, seem to have presented him with any problem at all; "the transition was smoothed with the perfect consideration with which we newcomers were welcomed into the

Service and made immediately free of the liberties of the fraternity of which we were now to be members . . . for the rest of our working lives." Far from feeling anxiety the young Strang felt a new confidence. This was in 1919 and reminds us how often we tend to mistake the social transformation precipitated by the first world war for that induced by the second. In 1945 a trade union leader became Secretary of State for Foreign Affairs; it was perhaps no mere coincidence but a natural part of the evolution of the century that Lord Strang, as his Permanent Under-Secretary, felt a particular sympathy for Ernest Bevin.

Social change apart, "Home and Abroad" is a fascinating record, not least because of the author's recurring experience of the Soviet Union. He became Counsellor of Embassy in Moscow in 1930 and was profoundly concerned with the arrest and trial of the British engineers in 1933; he was thus versed in the methods of Soviet interrogation many years before they stirred the conscience of the world at large. In 1939 he played an important part in the negotiations by which the western powers hoped to bind the Russians to their side against Germany. "The physical conditions in which these talks were conducted deserve some mention," he writes. "Molotov sat at a large desk in the right-hand corner of his room (as you entered), with the windows on his left. His desk was raised from the floor on a dais, and we sat in a semi-circle below him. . . . We had to nurse our papers on our knees and make our notes as best we could. . . . Behind the table on our left front was an always open door which I found faintly disturbing, as though there was somebody listening. . . ." Towards the end of the war Lord Strang was the British member of the European Advisory Commission with Gusev as his Russian opposite number; it is in his chapter about this commission that he remarks: "The Soviet Government have imposed their pattern of diplomatic negotiation upon those who have dealings with them, and have constrained the rest of the world to acquire their negotiating technique." As Political Adviser to Lord Montgomery in Germany from 1945 to 1947 and then with Bevin in London, Lord Strang was never to escape from wrestling with the Russians until he retired to Oxfordshire in 1953. It is noteworthy that he should nevertheless write in his foreword in 1956, "The Soviet system, cruel, evil and tyrannous as it shows itself to be . . . springs, however remotely, from a moral idea . . . for Nazism, on the contrary, there was and is, it seems to me, nothing to be said."

Lord Strang's admiration for Bevin is linked with belief in the solidity of his achievement: up to the moment at which he finished writing this book he felt the international organisation—and especially Nato—which followed the second great war to be more convincing and workable than that which followed the Treaty of Versailles. His readers will wonder whether the Suez crisis has left this opinion unshaken. Lord Strang is optimistic, too, about the future of the Foreign Service, and, more tentatively, about the future of Germany. The vitality of India and the Far East impressed him on his tour of inspection in 1949: only the Middle East seemed to him decadent, still blighted by the effects of Tartar and Turkish domination, as he conventionally, but no doubt correctly, diagnosed.

Majority and Tyranny

A PREFACE TO DEMOCRATIC THEORY.
By Robert A. Dahl.
The University of Chicago Press. London: *Cambridge University Press.* 166 pages. 22s. 6d.

MR DAHL is Professor of Political Science at Yale, and the contents of this book were given as lectures at the University of Chicago for the Charles R. Walgreen Foundation for the Study of American Institutions. The general theorising of this book has therefore the political system of the United States in mind, and the only serious references to other countries are two to Great Britain and one to France. But, given this limitation, Mr Dahl has written a most interesting book. He stands back from the system far enough to state and to examine as precisely as possible the two competing theories of democracy that have been influential in forming it: "Madisonian democracy," emphasising liberty and concerned with obviating "tyranny" by a majority by preventing the accumulation of power in the same hands; and "populistic democracy," emphasising equality and concerned with securing that the will of the majority should prevail. The present American system, Mr Dahl maintains, is a "hybrid," in which the original careful balancing of powers designed by Madison and the other founding fathers was readjusted by the increased role of the President after Andrew Jackson. "To assume that this country has remained democratic because of its Constitution seems to me an obvious reversal of the relation; it is much more plausible to suppose that the Constitution has remained because our society is essentially democratic." And American society is essentially democratic because of a sufficiently general agreement upon conditions, which Mr Dahl examines in some detail.

Choice between different political objectives depends upon the preferences of the various people concerned, and Mr Dahl devotes a good deal of attention to the question—with which moral philosophers and welfare economists have been much concerned—how to measure, or even to compare, such preferences. He decides that political science must take behaviour as the criterion for preference—how much trouble one will go to in furthering one's political end—just as economics must take purchasing behaviour as a criterion for the consumer's preferences.

A difficult problem for democratic theory is raised by "severe asymmetrical disagreement" among preferences; this occurs when most of a majority supporting a course of action only slightly prefer it to an alternative course, whereas most of the minority strongly oppose it. Here it would be reasonable to speak of a "tyranny" of the majority, so much feared by Madison, and it might be reasonable to allow a minority veto in certain cases. The American constitutional arrangements are too haphazard to protect minorities only in those cases in which they ought to be protected, and Mr Dahl attaches much more importance, for avoiding such "tyranny," to the overlapping membership of different social groupings.

> If most individuals in the society identify themselves with more than one group, then there is some positive probability that any majority contains individuals who identify themselves for certain purposes with the threatened minority. . . . Some of these sympathisers will shift their support away from the majority alternative and the majority will crumble.

Mr Dahl thinks that this "hypothesis" is "highly plausible": to an Englishman it certainly appears to be the principal means by which political objectives, desired strongly by a minority, have been achieved in Great Britain. The faculty of sympathy, which for the eighteenth-century moralists was the root of all virtue, would seem to provide the effective way by which peaceful changes can be brought about in a democratic society.

Retreat from Moscow

PAN-AFRICANISM OR COMMUNISM?
By George Padmore.
Dobson. 463 pages. 25s.

THE most recent of Mr Padmore's books (and by far the best) suffers from all the faults of its predecessors. Its material is polemical, often superficial, sometimes irrelevant. Its range is far too wide. It is amateurish—not the work of a professional politician, historian, or economist. Yet with all its faults it is an important book, and its immediate impact on African politics may be great.

In the first place, Mr Padmore's book is an announcement that whatever has happened in the past, African nationalist politicians have now rejected communism. Their aversion is complete. They have flirted with communism—many have probably been members of the Communist Party—but as Mr Richard Wright puts it in the Foreword, "Today nobody is more immune to the call of communism than black men who found, to their bitter sorrow, that they were being used for ends that were not theirs. . . ." The communist is white, and therefore as repugnant as any imperialist. Mr Padmore asserts, and brings chapter and verse to prove, that "None of the African independence movements is influenced by communism." "Directed" would be a better word, as Marxian influence on African political movements is both extensive and admitted; but it may at any rate be accepted that the dynamic of African politics today is African, not communist. Mr Padmore makes a bid on behalf of Africa for uncommitted black socialism, after the pattern of India. (Throughout West Africa today there is a very great admiration for India and Mr Nehru. Once a Nigerian student audience booed the editor of a British left-wing weekly. The same audience cheered an Indian leader to the echo when he said exactly the same things.)

Not communism, then, but Pan-Africanism, is the solution in Africa that Mr Padmore and his many associates now advocate. Pan-Africanism means first a common citizenship for all races in Africa on the basis of absolute equality for Africans, and secondly the ultimate amalgamation of regional African self-governing countries into a United States of Africa. Mr Padmore has converted "Pan-Africanism" from a slogan into a programme. But he also gives a warning—not a threat—that if the European colonial powers impede or retard African progress towards self-government, Africans will certainly turn to communism as the only source from which they could get help. In those circumstances, he argues, the struggle for the mind and soul of Africa would be between black and red, not black and white.

Looked at from Europe, African political movements always seem fragmentary, fissiparous, Mr Padmore indicates that diverse as these movements are, the degree of continuity and coherence, throughout Africa—east, west, central and south—is not inconsiderable. If Mr Nkrumah, Prime Minister of the Gold Coast, organises the next Pan-African Congress in the Gold Coast, as is suggested, with delegates from all parts of the continent, this unity of aspiration will be demonstrated.

The tragedy is that African politics are based on black nationalism—a blend of politics and pigment—and this is basically a reactionary and illiberal conception. It is not an answer to Malanism, but *apartheid* in reverse. Mr Padmore quotes Marcus Garvey, the black showman politician—"I believe in a pure black race just as how all self-respecting whites believe in a pure white race." This racial purity is not Mr Padmore's philosophy. He gives a more enthusiastic imprimatur to a sentence from Dr DuBois, another Negro leader, "A belief in humanity means a belief in coloured men." It would be tragic indeed if Africans were moving away from a belief in humanity while the western world was moving towards a belief in coloured men. Mr Padmore himself, an African from the West Indies, not Africa, still believes in and hopes for terms of friendship between Africa and the West. But he is fifty-three, and it is the nature of nationalism that its guidance perpetually escapes from the hands of the middle-aged.

The Last Whig

PORTRAITS FROM MEMORY.
By Bertrand Russell.
Allen and Unwin. 227 pages. 16s.

BERTRAND RUSSELL'S style and personality impose unity on this collection of essays, talks and lectures on many subjects: his own intellectual development, his friends, his political beliefs and even (in popular form) philosophy. They are undated, and only in one or two cases is their origin or occasion given, but they all seem to be fairly recent. They look back to his earlier life as a logician, and treat it as something past; his preoccupation with public issues grows with the years, and shows no flagging in his ninth decade.

In one of his essays he says that "most of us go about the world with . . . subconscious presuppositions which influence our beliefs more than explicit arguments do, and in most of us these presuppositions are fully formed by the time we are twenty-five." This book is the proof of it. Bertrand Russell is the inheritor of the age of reason. He was brought up by Lord John Russell, who was born in the eighteenth century and all his life was a reformer, an optimist and a moralist. His grandson has emptied out Lord John's wine, but the bottle is the same and the new vintage is recognisably from the same vineyard. And he labours in that vineyard for the same reasons:

> My family during four centuries was important in the public life of England, and I was brought up to feel a responsibility which demanded that I should express my opinion on political questions. This feeling is more deeply implanted in me than reason would warrant.

He has rejected most of the Victorian values which he was taught as a child, but he retains a strong strain carried over from the eighteenth century—a belief in reason as the proper guide to conduct, and the assumption, stated rather than argued, that man's aim is general happiness and tolerance. With that, one hopes, most younger readers will agree; but what marks him out as a salutary voice from the past is his invincible optimism. "Hatred, folly and mistaken beliefs alone stand between us and the millennium"; and he hopes that they may be swept aside. He thinks that "fanatical dogmatism . . . is primarily an intellectual defect" and does not reckon with it as a complex of emotions which large parts of the human race would not admit as a defect. But those who do not share his optimism or believe much in his remedies can still admire the view that he gives of the good life.

Bertrand Russell's accounts of his friends are among the most witty and attractive things in the book. The great figures of Cambridge and Shaw, Wells and the Webbs get astringent and sympathetic treatment; Santayana is described less sympathetically; D. H. Lawrence with no sympathy at all; and Joseph Conrad, in a fascinating essay, with deep affection.

In these latter days we may be thankful that we have with us so brilliant an example of past virtues, still active and still looking hopefully forward.

Applied Mercantilism

THE ENFORCEMENT OF ENGLISH APPRENTICESHIP 1563-1642
By Margaret Gay Davies.
Harvard University Press. London: *Cumberlege.* 329 pages. 48s.

THIS is undoubtedly the right time to rewrite the history of mercantilism. We can appreciate the problems of the last great attempt of the state to regulate economic affairs much better than our *laisser-faire* predecessors. In this lucid and scholarly book Mrs Davies has examined in detail the enforcement of certain provisions of the most important piece of English mercantilism, the Statute of Artificers of 1563. It is the first full and detailed study of how a specific item of Elizabethan economic legislation worked out in practice, and it sheds considerable light on administrative and legal processes in the sixteenth and seventeenth centuries. It also provides a good deal of information about apprenticeship, the main means for the transmission of technical skills. One result of Mrs Davies's labours is that we are now better informed about the working of this institution in the England of Elizabeth I than in the England of Elizabeth II. It is high time someone followed

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suit with a study of English apprenticeship today.

But the scope of the book is wider than its title suggests. Since the enforcement of the statutes depended primarily upon private informers taking offenders to the court, a systematic study of the distribution of prosecutions among counties and occupations reveals many facts about the location of industry, the peculiarities of different occupations and even fluctuations in business activity. The prosecutions are sometimes too few to enable one to judge how much significance should be attached to variations in their number over time and place, but Mrs Davies uses her statistics with skill and discretion, and each speculation is given its due allowance of reservations. In using prosecutions as "tracers" for economic changes she has provided an example that might fruitfully be followed in the case of other pieces of legislation, such as the laws against middlemen and usury.

Twenty Years After

THE HEART HAS ITS REASONS.
By the Duchess of Windsor.
Michael Joseph. 381 pages. 30s.

THIS might have been an embarrassing and objectionable book; in the retelling of its story any taint of glossy vulgarity, any note of rancour, any whiff of exhibitionism would have been disproportionately disastrous. That it should have been written at all is already in some eyes an offence; the plea that a much-criticised character on a historic stage deserves the right of reply could so easily serve as a specious excuse for cashing in on a twenty-year-old sensation. No such criticism survives a reading of "The Heart Has Its Reasons." Whatever indignant memories it may stir, it has the essential flavour of honesty; a straight story, told indeed without literary distinction or subtlety, but also without self-justification, malice or pose. No attempt is made to pluck at the reader's heartstrings nor to build up a picture of a uniquely fascinating heroine of an Empire-shaking romantic drama. These are negative virtues, but virtues not, in this context, to be underrated.

The early chapters—growing up in Baltimore in the care of a widowed mother dependent on the slightly erratic goodwill of prosperous relations, schooling, the excitements of "coming out"—have a period charm; and both liveliness and self-knowledge mark the record of the first impetuous youthful marriage and its failure, and the chronicle of the travels, house-hunting, interior decorating, and social contacts of that well-to-do Anglo-American couple, the Ernest Simpsons. Naturally, however, it is primarily for the light they cast on later events that they will be read. They cast a good deal. Their writer emerges in the round—buoyant but insecure, gay, independent, adaptable, venturesome, good at people—and about as capable of looking beyond tomorrow as an average ten-year-old. Acquaintance with the Prince of Wales ripened into close friendship, not unaffected—the admission is disarmingly open—by the glamour of his position and apparent power; the "indefinable boundary" of the emotions was crossed almost unawares; the King spoke of marriage; and at no stage did this alert and perceptive woman ask herself, in any consecutive way, what the upshot would be. Then came the landslide: the hastily decided flight, the tragi-comic scurry across France, the nerve-racking attempts, over defective provincial telephones, at a renunciation which the King, his honour as inflexibly engaged as his emotions, refused to accept; the Abdication; the months of separate exile; and the making of a new life.

There is little to be gained by thrashing over yet again the controversies of the crisis itself. But the concluding chapters of this book, carrying on the narrative from where "A King's Story" left it, unmistakably call for comment. It is now close on twenty years since the Duke of Windsor, a highly trained, uniquely experienced, devoted and successful servant of his country, left the British Isles. He had renounced the throne; that he should for the time being eclipse himself completely and leave a fair field to his successor was mere elementary wisdom and decency. But that the eclipse should be permanently enforced, that he should spend the rest of his life, apart from the brief wartime interval in remote Nassau, on an anonymously imposed one-man blacklist, barred from any form, direct or indirect, of public activity and service, reduced to the status of an ornament of international café society and an amateur landscape gardener—this argues on the part of whatever powers are responsible a distasteful blend of vindictiveness and funk. The Duchess puts matters more restrainedly; but the facts speak for themselves.

Shorter Notices

ENGLAND'S PRECEDENCE.
By William McElwee.
Hodder and Stoughton. 304 pages. 21s.

Mr McElwee, the author of a spirited work on the murder of Sir Thomas Overbury, has now produced a shrewd and lively narrative of English history between the accession of James I and the flight of James II. He is at pains to point out that his book is not the product of research, but an attempt to bridge the gulf between "the work of researchers and experts and the textbooks and historical romances which give the less expert student and the general public their access to history." He takes his title from Milton's words: "Let not England forget her precedence of teaching the nations how to live." This indicates his main theme, the "establishment of a workable system of representative government and of the essential political freedoms," which he sees as the supreme achievement of the seventeenth century.

The emphasis is therefore upon political history, and he tells the story with robust common sense. Moreover, he makes effective and extensive use of the letters, diaries, memoirs and histories of the period. But Mr McElwee is disposed to represent the sequence of events as inevitable, and he is happier in narrative than in analysis. On some issues he ignores the recent work of professional historians. Studies of the sectional interests in Stuart parliaments have revealed a more complex political structure than Mr McElwee's account recognises. His treatment of social and economic issues is the weakest part of the book, and he might have drawn attention to the controversy on the role of the gentry which now so agitates historians. But within the older tradition of political and constitutional history this book is a pleasant and reliable introduction to 17th century English history.

★

ADVERTISING AS A SERVICE TO SOCIETY.
By John McEwan.
Macdonald and Evans. 129 pages. 12s. 6d.

Readers of this book who can get past its question-begging title and an embarrassing "historical" beginning will find useful sketches of the present organisation of advertising business, of the work of agencies and of the various kinds of study grouped under the heading of "scientific" advertising—statistics, market research, psychology and industrial design.

The more argumentative parts of the book in which the author considers such questions as the case for advertising agencies, the net effect of advertising on production costs and whether advertising should be treated as a profession or a trade are of more doubtful value. In fact such value as they have arises not so much from the reasoning set down in the book as from the amiable good sense and experience which evidently lie behind it but are seldom translated into complete and explicit statements. This kind of approach is quite inadequate to support the formidable thesis with which the book ends—the argument for a new machinery of advertising in which practitioners would all be professional men paid by fee and not by commission.

★

LAW AND STRUCTURES OF SOCIAL ACTION.
By Kenneth S. Carlston.
Stevens. 300 pages. 35s.

The blurb says that this book is "an attempt at specialisation in non-specialisation," and perhaps that is what is wrong with it, though the author's efforts encourage no belief that his work would be better if he stuck to his last. He is an American professor of law who has lost his heart to American sociology. Equipped with what he can get from the sociologists, he sets out to discuss power and authority in modern society, discussing the nature of law, authority, the state as a concept, world society, and the individual and the organisation in their relations with authority. The peculiar superficiality of his approach to these large questions may be gauged from the fact that, although he puts the history of Roman law in a few pages, he does not mention the work of Hobbes, Austin or Bentham. He is full of scorn for political philosophers, submitting the unfortunate Laski to biting criticism, but seems to think that when he has shown up the defects of a formal view of the state he has exorcised the sovereign state as a force in men's minds, a source of loyalty and an instigator of commands. Nor do the chapters follow logically from one another; we skip from macro-analysis to micro-analysis, from fact to theory and back again without pause or explanation.

[*Advertisement*]

Iraq Petroleum Company

STATEMENT ON ITS POSITION IN THE LEBANON

THE IRAQ PETROLEUM COMPANY LIMITED has for some time been preparing to increase the capacity of its pipeline system by laying a new 24-inch pipeline from a point east of Homs to the Mediterranean coast, as a part of its plan to export an additional 9 million tons of Iraqi crude oil each year. The Company had planned to construct this new pipeline to Tripoli and had informed the Lebanese Government accordingly as far back as the 21st April, 1955. However, in view of circumstances arising out of certain actions of the Lebanese Government, a decision has now had to be taken by the Company to construct the pipeline to Banias in Syria and not to Tripoli. Construction work towards Banias has now started.

The loss of this pipeline to the Lebanon means that the country will not now receive the additional oil revenues which, on the basis of the Company's offer to the Government early this year, would have amounted to nearly LL.7 million (£800,000) annually. The new pipeline would also have brought more employment and more expenditure by the Company, particularly in Tripoli, and would have added considerably to the prosperity of that town and of the country generally.

If the present policy of the Lebanese Government towards the Company is continued, it is difficult to see any other result than a serious reduction in the scale of the Company's existing operations in that country, which in turn will cause widespread unemployment and economic distress in Tripoli. This is a result which the Company can contemplate only with the greatest reluctance in view of the loyal service and co-operation which it has received from its employees during more than 20 years of operation in the Lebanon.

The following facts are relevant to the present situation :—

1. In January, 1955, the Company entered into an agreement with the Lebanese Government which more than trebled its previous payments in respect of its pipeline operations, and undertook in certain circumstances to review that agreement. In fulfilment of this undertaking the Company initiated discussions with the Lebanese Government in December, 1955. These negotiations continued for several months.

The Company proposed to share 50/50 with the Government the profitability of its transit operations in the Lebanon. In terms of money the Company offered to pay the Lebanon nearly LL.6.4 million (£700,000) per annum on its present throughput of 7½ million tons of oil. After the completion of the new pipeline, bringing an additional 9 million tons of oil each year to Tripoli, the total annual payments to the Government would have amounted to about LL.13 million (£1,500,000). If, later, the former and now inoperative Kirkuk-Haifa pipeline system were to be diverted to Sidon, the total annual payment to the Government, on the basis of the Company's offer, would have amounted to about LL.18 million (£2 million).

2. The Company believed, and still believes, that its offer was a fair one, the acceptance of which by the Government would have brought great advantage to the Lebanon. It was explained to the Government negotiators that any increase in the amounts of money offered by the Company would mean that oil passing through Tripoli would become more expensive than similar oil passing through Banias terminal, and that in such an event Iraqi oil at Tripoli would not find any purchasers.

It was also explained that the Company's capital investments and the scale of operations in the Lebanon were very much smaller than in other neighbouring countries (e.g., a capital investment of £2¾ million sterling in the Lebanon as against an investment exceeding £40 million sterling in Syria, of which the greater part does not relate to pipelines which terminate in the Lebanon). These factors must obviously be taken into account when comparing the oil revenues offered to Lebanon with those paid elsewhere. However, the Government negotiators appeared to have disregarded these considerations and they rejected the Company's offer, demanding payment on a scale which would have made oil transit operations in the Lebanon uneconomic. After several months of discussion the Lebanese Ministerial Committee for Petroleum Affairs finally wrote to the Company on 27th June, 1956, stating that they did not wish to continue negotiations. Since then the Government has taken no initiative to resume discussions.

3. In the January, 1955 Agreement, the Government undertook to revise the conditions under which Tripoli Refinery is operated by the Company. It may not be generally known that the I.P.C. has been obliged to operate this refinery for several years past at an annual loss now running at the rate of about LL.3 million (£330,000), due to unfair restrictions on the price which the refinery is allowed to charge for its products. This is because retail prices of petroleum products in the Lebanon have been frozen since September, 1950, in spite of the fact that prices of nearly every other commodity have risen since that time. Notwithstanding their undertakings to the Company to remedy this situation, the Government has so far failed to do so.

4. With regard to the proposed new pipeline to Tripoli, the Company could not be expected to proceed with its construction without knowing what transit payments it would be called upon to make. Therefore, the execution of this project became conditional upon the conclusion of a comprehensive agreement with the Lebanese Government. Early this year the Company informed the Government that financial and technical factors made it necessary to decide by the 15th June whether the pipeline could be built to Tripoli. When by that date there had been no conclusion to the negotiations, the Company, at considerable expense to itself, readjusted its engineering programme and thus enabled the final decision to be postponed until the 1st October.

The decision could not be postponed later than 1st October because the decisive area, which must determine whether the new pipeline terminates in Lebanon or Syria, lies in the Bekaa Valley, a low-lying area near the Syrian-Lebanese border. This area is for most of the year under rice cultivation and, therefore, work must be done after the harvest (September) and before the winter rains (late October or early November). Failure to work during this period would mean a further delay of a year.

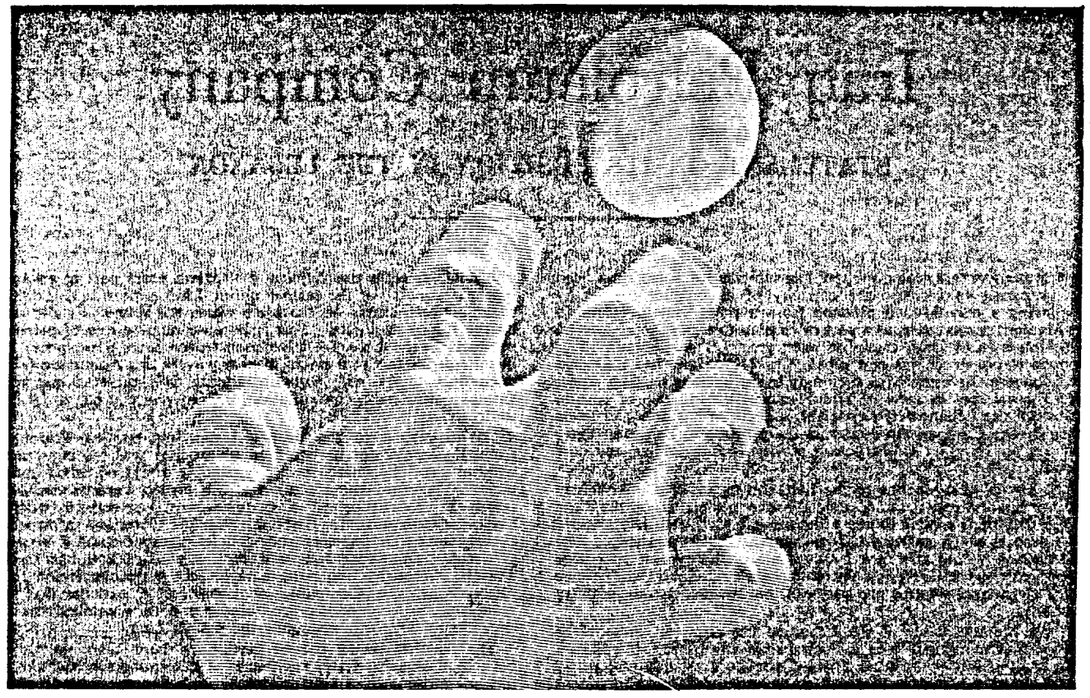
The Minister of State was accordingly informed by the Company's representative on the 27th June that a final decision regarding the new pipeline had been postponed until the 1st October. However, immediately afterwards the Government broke off negotiations and introduced a new law into Parliament on 29th June with the aim of subjecting the I.P.C. to all forms of taxation in violation of the exemptions to which it is entitled under its 1931 Convention. The Company does not recognise or accept that taxation can legally be imposed on the Company in this way, and in accordance with the method prescribed in the Convention for the settlement of disputes the Company has called for arbitration. Meanwhile the Company would only wish to say here that it feels sure that the Lebanese people, with their world-wide commercial connections, would be insistent in their support of the principle of sanctity of contracts.

5. Introducing the tax law the Minister of State contrasted the Company's offer with the offer of Tapline to conclude a 50/50 agreement with the Lebanon. But the Company's offer was in fact to share equally with the Government the profitability of its operations in the Lebanon. In this connection the Company can only comment that, to the best of its knowledge, no agreement has yet been reached between Tapline and the Government on the question of revised oil revenues and the Government cannot, therefore, know what oil revenues it will eventually obtain from Tapline.

Misrepresentation of the facts continues and certain senior Government personalities have made, and continue to make, threats of extreme measures against the Company which, if executed, could only mean a suspension of the Company's operations in the Lebanon and the mass discharge of its 2,500 employees.

6. In addition to the oil revenues payable by the Company to the Government, the I.P.C. has brought and hopes to continue to bring many other benefits to the Lebanon. At the present time its annual expenditure in the Lebanon is running at the rate of LL.25 million a year (nearly £3 million), this sum being made up of wage payments, local purchases, payments for work carried out locally by Lebanese contractors, and many other items on which expenditure brings benefit to wide sections of the Lebanese commercial community.

In conclusion the Company wishes to reaffirm its continued good-will towards the people of the Lebanon and its sincere desire for a settlement of the difficulties which have arisen between itself and the Government. But these results cannot be achieved in an atmosphere of misrepresentation and threats, which are incompatible with the position of the Lebanon as one of the most important commercial centres of the Middle East, where foreign business enterprises have hitherto been encouraged to operate in confidence and security.



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American Survey

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

Ambivalence Over Suez

Washington, D.C.

A RECENT Gallup Poll asked Americans what they thought were the most serious problems facing their country. It may come as a surprise to sceptical Europeans that no fewer than 46 per cent listed what Dr Gallup summarised as "the threat of war, Suez, foreign policy." This finding is borne out by some of the journalists who are circulating around the country in this election year. Though there may be a certain amount of "apathy," there is at the same time, apparently, a widespread feeling of interest, and sometimes of concern, about events across the oceans. Yet the Democratic candidates for President and Vice President have scarcely referred in their speeches to the Suez crisis, in spite of their almost desperate search for an issue or issues to inspire the voters. The probable reason for this restraint is that most Americans undoubtedly approve of the way their government has performed in the crisis, or at least can see no clear reason for disapproving.

This approval, what is more, is not limited to the mass of uninformed people whose whole interest, theoretically, is in the avoidance of war. There is a surprisingly widespread view among sensitive people in and out of Washington—people who criticise this or that tactical phase of American policy, who are no admirers of Mr Dulles, and who feel a deep sense of foreboding about the matter—that Mr Dulles's basic position in this case has been the right one. This casts a somewhat dubious light on the theory, widely held in Europe, that American policy on Suez has been dictated predominantly by the fact that this is an election year. An excellent case can be made that the policy, as Mr Dulles himself has somewhat defensively argued, would have been precisely the same if the canal had been seized in 1955 or 1957.

It is certain, in any case, that the European picture of Mr Dulles rubbing his hands in satisfaction at having avoided war, and primarily interested in pushing the problem under the rug, is a false one. He has from the first been extremely concerned about the problem and all its implications—not only the implication of war, but the implication of a powerful and hostile Arab world working against the West. If he reacted almost instinctively against a solution by force, so did most Americans; and the chief reason was simply that in this particular situation war seemed a frustratingly poor instrument for preserving even vital interests. From the very first, thoroughly non-political officials in the State Department were describing the American dilemma in terms of deterring Britain and France from an action that would prove in the end to be to the disadvantage of these countries, while at the same time emphasising the Atlantic Alliance as the prime element in American policy.

This has been a unique problem for American diplomacy. Directly, Communists were neither attacking nor threatening anybody; and direct American interests in the canal itself were limited. Yet, in a dramatic demonstration of the new American role in the world, Mr Dulles found himself not only constantly crossing the Atlantic but listed as the author of this or that proposed solution and as the man who, in the end, had to make many of the key decisions for the western world. Meanwhile, the Americans found themselves from the beginning recalling that there is more to the modern world than Britain and France, that Indian and Arab and even Communist opinion counts, too.

★

There were two important consequences of the unique nature of this situation. The first was that Americans, mostly to their discomfort, had serious doubts about the merits and justice of the British and French case. They wished that case were stronger, but found it rather weak. A commonly heard phrase was that the British and French were wanting "to fight against something that might happen, not something that has happened." The Nasser-Hitler analogy never seriously caught hold in the United States. Whether the European case was in fact weak—and Mr Dulles himself has from the beginning believed it to be strong—is not relevant; the Americans sympathised with their allies for their frustrations, but saw no reason for war.

The second consequence was the one that no doubt bothered Europeans most: a seeming ambivalence in the performance of the United States. Mr Dulles at most stages has backed the British and French position far more solidly than some of the inspired articles in the American and foreign press have indicated. Yet this backing was sometimes rendered less than fully effective by the constant emphasis on "peace" in the remarks of the President at his press conferences. The Americans arrived at the first London conference with such a strong sense of the possibility of reaching an accommodation with the Russians and the Indians that Mr Dulles was never able to get full marks for the fact that he stuck firmly in the end to his allies. When the users' association scheme for applying pressure broke down—in large part because of inherent weaknesses which Mr Dulles himself had failed to realise in advance—the pent-up ire of the British and French burst upon him.

The ambivalence in the American mind and in the

American performance has left almost no one satisfied—except, perhaps, the American people. It is nevertheless difficult to see what else Mr Dulles could have done. It is perhaps a fair assessment that in this crisis more than in any other since the war informed American opinion has been dominated by an awareness of the frustrating nature of the problem rather than by a strong sense of either approval or disapproval at the government's efforts to solve it. What there has not been, either in or out of the State Department, is a feeling that Americans are not involved and that the matter had best be left to those who are.

At the moment both Mr Dulles and his assistants appear to have run out of ideas, and the ambivalence continues. The sense of dejection in the State Department is inescapable. The policy for the moment, as outlined by Mr Dulles, is one of " patience " in the hope that " inevitable " economic consequences will fall upon Egypt because of her violation of the rules of " interdependence." But there is no great confidence that these consequences will amount to much more than a halt to Egyptian economic development; whether they will produce much real discomfort in Egypt, either literally or figuratively, remains to be seen. Behind the policy of patience there remains an apparently unquenchable hope that somehow, some day, a satisfactory solution can be negotiated. The Americans are at the moment trying to prevent the debate in the United Nations from producing positions on both sides that are completely irreconcilable. American aid to Egypt is continuing, and some junior officials account for this with the astonishing explanation that the American aim is " not to rock the boat."

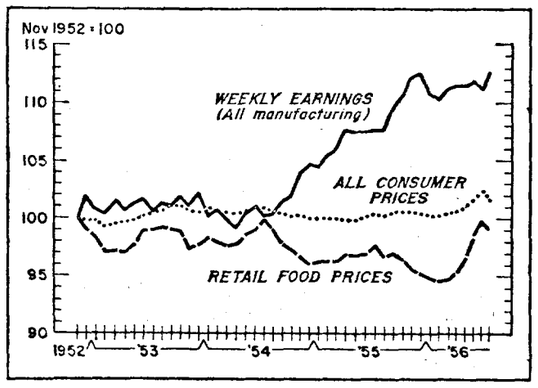
Mr Dulles usefully reminds the world that peace is not enough, that a solution in conformance with " justice and international law " is just as important as peace, and that " you can't go on forever asking nations to refrain from force " if they cannot achieve a just solution in any other way. And yet he refuses to state unequivocally that a solution " in accordance with justice and international law " involves international operation of the canal. The height of ambivalence came at his press conference on Tuesday. His original remarks said unmistakably that American policy departs from that of Britain and France because the United States plays an " independent role " in colonial issues; later, in a highly unusual move, he formally amended the official text in an effort to remove the linkage of Suez with colonialism and to put the admission of a policy split in the past tense.

Informed Americans have been deluged in the past two years with scholarly and not-so-scholarly books and articles about the tide of nationalism in the world. Most of the time the authors have argued that the United States must identify itself with this tide, and not oppose it—that it is irresistible in any case. This sort of feeling was, no doubt, a major reason for the initial American approval of Colonel Nasser, and equally contributed to American hesitation about adopting what M. Mollet calls a " vigorous riposte " to Colonel Nasser's act of piracy. Yet in the face of this feeling, the great weight of United States influence has, after all, come down on the side of its European allies; perhaps in the end history will find cause for wonder in the degree of American support for France and Britain, rather than in any lack of it.

Statistics to Order

TO the Democrats, thirsting for campaign issues in a desert of ideas, the recent rise in the cost-of-living index is as welcome as an oasis. According to the Republicans, the Democrats have found not an oasis but a mirage. It looks real enough, though, to the voters, and the Democrats will see that it does not fade until after the election. The Democratic statisticians have a free way with base years, but they need not stoop, as the Republicans allege they have, to deliberate falsification of the figures. What they have done, as the Republicans themselves are doing, is to indulge in the politician's privilege of telling only half the truth, selecting only those figures which make their case, and carefully ignoring the rest.

The first and obvious point of attack for the Democrats is the fact that in July the consumer price index reached the highest point ever recorded. They feel safe in ignoring a subsequent slight fall in August, because they are confident that the September figures will show a renewed rise. Retail



food prices are no higher now than they were when the Republicans came to power, but, apart from a seasonal drop in August, they have been going up rapidly in the recent months which voters remember best. And the Democrats naturally emphasise those prices—rents, medical care, clothing, cars, electrical appliances—which are now rising fastest, and ignore those which remain steady. Finally, every housewife is convinced that prices in her neighbourhood are going up much faster than the statisticians admit. Moreover, for the Democrats, a gain on the roundabouts need not mean a loss on the swings. Retail food prices have stayed up (which is bad for the consumers) but the prices received by farmers have fallen by nearly 20 per cent since the Republicans took office (which is bad for the farmers). The gain, the Democrats allege, has all been absorbed by the packers and processors, the " big business " middlemen who have fewer votes than either farmers or consumers.

Against this emotive barrage, the Republicans can oppose only the defence of objective statistical analysis. After rising rapidly under the Democratic Administration (helped by a war) retail prices remained virtually unchanged for three years after the Republicans came to power. Even in the last year they have risen by only 2 per cent. Meanwhile earnings have risen by over 4 per cent in the last 12 months,

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so that real income is now higher, not lower, than it was last year. Even on the farms, although prices have fallen, incomes are recovering. Statistically, the Republicans have the better of the argument; but the Democrats have the psychological advantage, and will be sure to press it in the weeks remaining before the election.

President Takes the Reins

WITH a month to go until polling day, President Eisenhower is himself climbing on to the Republican bandwagon. Until last week he had been watching it from on high in Washington, occasionally cheering in a statesmanlike way from the television screens. But now he is coming down to drive it himself all over the country and to whip on local Republican candidates and workers with the encouragement of his smile and enthusiasm. This change of plan is the result of reports, now almost unanimous, that the Democrats will draw far ahead if the Republican campaign does not pick up speed. Mr Eisenhower does not want to be beaten and he is still the only man who can drive his party to victory.

But the President's willingness to take over the Republican reins is also an answer to one of Mr Stevenson's main charges against him. The Democratic candidate does not discuss his opponent's health but he insists that, even before his illnesses, Mr Eisenhower consistently rejected "the positive responsibilities" of his office and that strong leadership is essential if the American system is to work effectively. By this accusation Mr Stevenson is hoping to identify the President with his Administration and his party, to win over those voters who still admire Mr Eisenhower even though they dislike what the Republicans have done in Washington. Mr Stevenson opened this slashing line of personal attack in Kansas City, Mr Truman's home town, and was heartily praised for his new aggressiveness by the ex-President. Mr Eisenhower on his side is also hitting harder with every speech and grows more partisan each day. Perhaps more important he is taking the newspaper headlines away from Mr Stevenson, who was able to monopolise them as long as he toured the country while President Eisenhower stayed silently at home.

Stanley Plan on Stage

FROM A CORRESPONDENT IN VIRGINIA

"I THANK God, there are no free schools nor printing, and I hope we shall not have, these hundred years." With these words, Virginia's Royal Governor, Sir William Berkeley, replied to a question from the Lords Commissioners of Foreign Plantations in 1671. The Old Dominion's present Governor, Mr Thomas Stanley, might well repeat them, should he be asked about today's educational prospects in Virginia when he arrives in England next week to commemorate the three hundred and fiftieth anniversary of the founding of Jamestown. For the Stanley plan and its related measures, which have just been passed into law by a special session of the Virginia Legislature after a confused month of hearings and debate, establish a complicated procedure which will cut off from state funds, and shut, any publicly financed school in Virginia in which a move is made to integrate white and Negro pupils, whether voluntarily or by order of the courts.

Two Virginia communities—Arlington and Charlottesville—though they have both appealed against the decisions, are under court order to mix the races in their schools. The new legislation therefore serves primarily to choose the ground for the coming contest between federal and state sovereignty. Since the Stanley plan puts the responsibility for maintaining segregation directly on the Governor, it may mean that the federal government, in proceeding to enforce the decision of a federal court, will now move against the Governor, the chief executive of the entire state, instead of against the school board or the local government of the district failing to comply.

★

In the State Senate, the votes on the measures were close—the issue was decided by margins of from four to six in a body of thirty-nine. The struggle was between those who wanted some degree of local option, to take account of the very different racial ratios and public attitudes that exist in various parts of the state, and those who wanted to present a united, state-wide front against segregation. In Southside Virginia, where Negroes generally outnumber whites, in some counties by two or more to one, and where incomes are mostly derived from a traditional pattern of agriculture, white citizens, faced with a choice between maintaining the public school system without segregation, and closing the schools, would be likely to choose the latter. But in the area west of the Blue Ridge mountains, where the Negro population has always been small and the public school system a source of great pride, there would probably be a popular reaction against the closing of the schools and the withdrawal of state funds. In some of the larger cities, such as Richmond, the state capital, and Norfolk, for whose school budgets two dollars or more are raised locally for every dollar received from state funds, schools cut off from the state system might be continued under local auspices. And in the northern part of the state, the dormitory area around Washington, it was evident earlier this year that residents were willing to attempt to integrate the small Negro population whose living standards are comparatively high as a result of government employment. The attitudes of Southside Virginia have thus dominated the other regions.

Factional and party politics have been similarly prominent. The Stanley plan has been master-minded by Senator Harry Flood Byrd, Virginia's aristocratic Democratic boss. He repeated his demand for "massive resistance" to the Supreme Court decision against segregation at his annual picnic for his supporters just before the special session. Some of the lesser figures in the Byrd organisation have let it be known that they think the race issue provides a solid basis which will ensure their political power for another generation. But the machine was unable to hold its supporters in line. On the other side of the close votes in the Senate were men who in the past have been stalwarts of the organisation. During the hearings, Mr Colgate Darden, a lifelong member of the machine, Governor of the state during the war and at present President of the University of

Virginia, testified against the Stanley plan and for local option. This, he said,

> touches the genius of Virginia in that it leaves the localities to deal with a local problem . . . I don't believe there is any plan short of closing the public school system which will prevent all integration.

A Richmond banker, who is a member of the State Board of Education, added : " Any time you people contemplate an end to the public schools, you are going to destroy the future of the youth of Virginia."

Delegates returning from the session all agreed that what has happened is only a curtain-raiser. The stage is now set a certain way ; but the action is still to come. No one thinks the play will be a comedy.

The chief actors are not likely to be moderates ; as one homeward-bound assemblyman put it : " I'm going to get out of politics. Why should I spend a third of my time just pickin' my heart out tryin' to talk sense ? " In the two years since the Supreme Court's original decision, most moderate men, white and Negro, have been reduced to silence or ineffectiveness. A Negro moderate is classed by his associates as an " Uncle Tom." A white moderate is challenged by the instant question : " You don't believe in mixin', do you ? " and a reply suggesting that this is not the issue can easily lead to the epithet : " Nigger-lover ! " The Norfolk *Virginian-Pilot* commented on the recent burning of a fiery cross :

> Those leaders at the top who create the climate which inspires an ugly act at the bottom cannot escape the moral responsibility for this and other assaults on human dignity.

On the other hand, the current attitude of the churches is in marked contrast to that of the eighteen-fifties, when southern preachers were quick to supply Biblical authority for slavery. Today, a plucky fight for moderation is being kept up in many a pulpit, by ministers who have been given to understand that, in the view of some of their substantial vestrymen and elders, the church is no place for contemporary reference. At the hearings in the Legislature, a witness testifying " As a minister of the Christian faith, I might say that Jesus Christ . . ." was cut short by an assemblyman with a curt : " Tell me about Jesus later."

★

The legislative effort to nullify the Supreme Court decision raises several questions. Was the Court wise to allow an interval of time, and an indefinite one at that, between the announcement of the fundamental principle in 1954 and the date on which specific compliance will be required ? With national leadership lacking, local leadership has decided how this time should be used. Where, as in Louisville, Kentucky, it was used as a period of preparation, the interval has been of undoubted advantage. But where, as in Virginia and most of the Deep South, it has been used to explore the most advantageous method of resistance, possibilities of compliance that existed two years ago have been lost in a hardening of attitudes.

That is a question for the past. A question for the future is: What will the federal government do next ? While the matter was being argued in the judicial branch, the other two branches of government were temporarily inactive. Now, on the state and local levels, executive and legislative authorities are busy again, some sustaining enforcement, some organising resistance. Federal action cannot be long postponed, yet there is no certainty at all about how the federal government can uphold the court's decision—short of the use of force, which all sides are agreed to avoid. Because the Stanley plan is the most precise school programme a southern state has yet offered in resistance, the answer is not unlikely to be supplied in Virginia.

Protection for Winter Woollies

THE beleaguered defences of the State Department against the spate of demands for import quotas were breached only partially last week when President Eisenhower imposed higher duties on woollen fabrics imported in the last quarter of 1956, providing the imports exceed a quota of 3.5 million lb. The higher duties, the practical effect of which is discussed in a Business Note on page 75, will remain in force only until the end of the year but, if market conditions warrant, they may be reimposed next year. They had been foreshadowed in the " Geneva reservation," an escape clause written into the General Agreement on Tariffs and Trade, which permits the United States to raise its import duties on woollen and worsted fabrics if the volume of imports in any year exceeds five per cent of the average domestic production during the three preceding years. Imports in 1955 were 14.3 million lb, and in the first half of this year reached 9.4 million lb, nearly 40 per cent above the corresponding period of 1955.

In exercising the " Geneva reservation," the President has done something—as he could hardly avoid doing before the election—to fulfil the pledge in the Republican party platform to give more protection to domestic industry. But the special escape clause for wool has enabled him to do it without laying the field wide open to a flood of quota concessions on other imports. The Administration has also succeeded, for the time being, in placating the cotton textile manufacturers without conceding the need for legislation to impose quotas, by persuading the Japanese to limit unilaterally their exports to the United States. This " voluntary " agreement, which formerly covered cotton cloth alone, has now been extended to cover cotton clothing and other cotton manufactures ; in 1957, Japanese exports of these products to the United States will be " determined by the level of trade in 1955." The agreement does not, however, include woollen goods.

This Japanese expedient, which is in any case not fully trusted by American textile producers, offers no solution for the many other industries lobbying for protection by quota. A group of the most vociferous protectionists recently had another opportunity to present their case to a House subcommittee, under the chairmanship of Representative Boggs, a Democrat from Louisiana, which has been holding wide-ranging hearings on the foreign trade policies of the United States and their effect on the national interest. The Republican Administration has not been helped, in the weeks before the election, by these attacks on the mild way in which it has implemented the various escape clauses and defence provisions which Congress has insisted on writing into foreign trade legislation.

(*Continued on page 49*)

(*American Survey continued from page 48*)

Two's A Crowd

Eugene, Oregon

WITH relentless ardour the two vice-presidential candidates—the " new " Mr Nixon and the same old Mr Kefauver—are flying around the country displaying their wares. The new Mr Nixon remains a quick manipulator of words which leave in the listener's memory a more extreme impression than can be demonstrated from the text. But this time he has to combine the partisan vigour that will stir up sluggish Republicans expecting to coast home on the President's popularity with the new gentility that is meant to establish him as a fit heir to Mr Eisenhower's suprapartisan establishment.

It is a difficult combination to manage, but it is made a little easier by the fact that Democrats are at last making frontal attacks on the President. Nowadays Mr Nixon starts by acknowledging the " character and integrity " of Mr Stevenson, even adding gallantly that Mrs Roosevelt is " a fine lady," before leaping as a young knight to the side of his traduced leader. Invariably he gets his loudest applause when he exclaims how wonderful it is that parents can now hold up the President of the United States with pride to their children. At repeated intervals he refurbishes the widespread superstition that Mr Eisenhower has an exclusive patent on the elixir of peace.

★

Meanwhile Mr Kefauver bumbles along much the same route, although his " motorcades " wander farther from the airstrips than do Mr Nixon's and his arrangements have a last-minute appearance when compared with the minutely planned Republican operations. The Senator provides a fascinating study in the conservation of human energy. Even when walking he appears to be immobile. His famous handshake requires the minimum of effort ; its owner goes through the routine with a somnambulist's stare, uttering a standard banality in a barely audible voice. A tall, solid, but gentle-looking man, he stands foursquare on the upper steps of the picturesque western courthouses like a wise sheep and talks without any concession to oratory, in a voice which would be wholly monotonous if it were not for a slight southern inflection.

The people crowd around the courthouse steps as if at a town meeting in the old pioneering days. They applaud little, since it is always difficult to tell when his speech has reached the right moment for applause, but they stay absolutely still watching the Senator and identifying themselves with him, almost as if hypnotised. While he was in the north-west Mr Kefauver talked mainly about economic issues. He told his audiences in detail how badly off they were and it was clear from their respectful attitude that they believed him. Like many of the local candidates in Oregon and Idaho, he seems to be campaigning for the most part against the Federal Reserve Board's credit policy. Since much business in these states is small business, which is feeling the pinch of higher interest rates, and the largest industry is lumbering, which is suffering from the decline in house building caused by the difficulty of obtaining mortgages, the Senator's call for cheaper money found a ready echo.

Senior Voters

THE first of Mr Stevenson's " blueprints for a new America," called a " Programme for Our Elder Citizens," raises a problem of rapidly growing social and political importance:

> In this age of abundance, in this land of plenty, a person should be enabled to maintain, when life's regular duties are completed, his or her accustomed standard of living.

And the " blueprint " also urges a greater provision of services to meet " the special needs of older people " and, more vaguely, the giving of " purpose and significance to the evening of people's lives."

There are now nearly 15 million people over 65 in the United States, of whom 2,523,700 had to be given public assistance from various social security programmes last year. By 1975 about an eighth of the population will be " senior citizens " compared with just under a tenth today. Mr Stevenson states that a third of the people over 65 have no personal income at all ; a third have an income of under $1,000 a year ; and only a third have more than that. His programme, however, looks forward to an era of psychological and social problems, more than it deals with what he sees as a passing phase of economic hardship and political discrimination. But it is really an eloquent raising of such questions rather than an answer to them. It has little specific to say about social policy in relation to the conventional age of retirement, the increase in life-span, and the tendency for the working week to be shortened.

When Mr Stevenson and Mr Kefauver were fighting each other for the Democratic nomination in California earlier this year, they both went out of their way to appeal to the elderly. For California, the great state of advancement for youth and of retirement for the old, has long experienced, like Florida, a powerful old people's lobby in state politics. And both are pivotal states in the coming presidential elections. Last week Mr Nixon strongly warned an audience of old people in Florida against " the irresponsible promises " and the " pie in the sky " offered to them by Mr Stevenson ; but the warnings stirred no visible enthusiasm. He did remind them, however, of the existence of a body set up by the President this April to " achieve a more effective government-wide approach to the needs of our elder citizens "—the advisory Council on Aging. It seems likely that more will soon be heard about this hitherto rather quiet and retiring body.

A Question of Partnership

FROM A CORRESPONDENT IN OREGON

THE English Electric Company has to thank a taxpayer in the state of Washington for its latest dollar-earning contract ; this is for electrical equipment, at the Priest Rapids dam on the Columbia river. The commissioners of the Grant County Public Utility District* which is undertaking the project had decided to buy more expensive

* A PUD is a local subdivision of government organised specifically and exclusively for the distribution, and in some instances the production, of electricity.

American turbines because their manufacturer was supposed to have more experience of the work. But a local taxpayer brought a suit to prevent his money being wasted in this way and the commissioners capitulated in order to avoid delay. Altogether the scheme is to cost about $300,000,000 and will have a capacity of more than one million kilowatts of electricity, twice as much as the well-known dam at Bonneville and much more than is needed by Grant County. Private utility companies in the area have contracted to buy the surplus power.

Congress has not yet agreed to pay the part of the cost of the dam which is allocated to facilitating navigation, conserving fish and controlling floods—all charges which may be assigned to the federal government. Nevertheless the Priest Rapids project has advanced farther than any other example of the "partnership" approach which the Eisenhower Administration advocates as a method of developing the country's waterpower and other natural resources. Under the Democrats such developments were underwritten entirely by federal funds, but the Republican proposal is that the money should be found jointly by the federal government and by local agencies which may be owned either privately or, as at Priest Rapids, publicly; municipal electricity undertakings are other possible partners from local government. These local interests are to foot the bill for "reimbursable" functions, such as the production of electricity, which produce revenue and can thus pay their own way eventually. The federal government would still provide the funds for the traditionally "non-reimbursable" functions, such as flood control and improvement of navigation.

In the Democratic era the costs of the big multi-purpose dams, such as Grand Coulee and Bonneville, were also divided into reimbursable and non-reimbursable categories. But then the federal government provided the capital for both and set up marketing agencies to distribute the money-making product and earn revenue to reimburse the taxpayer. The intention of the Eisenhower partnership policy is to limit, if not to eliminate, the "creeping socialism" of these government activities. The Democratic critics of the policy argue, in the face of Republican denials, that partnership does not permit the comprehensive development of a river basin by one co-ordinating agency as does their method. The interests of the various users—producers of electricity, farmers irrigating their land, owners of steamers and barges—are bound to overlap and clash. Furthermore, the Democrats maintain, where electricity output is involved, this conflict will be manipulated for the benefit of the local distributors, mainly the private power companies.

This view is supported by the details of the most important partnership project proposed so far by a private agency in the Pacific northwest—the John Day dam on the Columbia river between the Dalles and McNary dams, both built by the federal government. (The controversial series of dams at Hells Canyon, about which so much has been heard, is strictly a private affair.) A combine of private electric companies in Oregon plans to raise about $273,000,000 to pay for the reimbursable features of the John Day project. This is approximately 90 per cent of the estimated cost. In return, the sponsoring companies want first claim on the output of electricity for fifty years. Opponents of partnership complain that such an arrangement, if approved by the government, would in effect negate the long-established policy that public agencies should have priority when electricity produced from federal dams is sold. The alternative is that the John Day dam should be built as an all-federal project. Congress in its last session appropriated nearly $1,500,000 for preliminary planning at the site. Once planned, the dam could be constructed either on the partnership pattern or by the federal government.

But one of the attractions of partnership is that recent Congresses, whether Republican or Democratic, have been reluctant to initiate new federally-financed dams on the Columbia river and its tributaries. The last Congress, responding to its Democratic leadership, did nudge this jam slightly by authorising starts on several projects, including Cougar dam, a partnership undertaking proposed by the Eugene Water Board. The advocates of partnership point out that there has been a growing reluctance on the part of the members of Congress from other sections of the country to appropriate huge sums for the development of the Pacific northwest. But Democrats in the northwest scoff at this justification of partnership. They contend that the Upper Colorado river project, which was endorsed by the Administration and approved as an all-federal development by the Congress this summer, will cost several times as much as any Columbia project on the drawing boards and that its benefits will similarly be confined to one region.

It is generally agreed that electricity from partnership projects would cost slightly more than power from federal undertakings if for no reason other than that interest rates are lower when the government is borrowing the money. The construction and operating charges should be much the same. Partnership projects would be built, as are all-federal projects, by contractors under government supervision. The Republicans claim that this higher cost would be more than offset for consumers by savings in taxes. This viewpoint does not give much weight to the fact that such all-federal projects as the Bonneville and Grand Coulee dams have already returned to the federal Treasury substantial payments on the portions of the original and the operational costs allocated to electricity production.

Meanwhile, the expansion of hydro-electric power in the Pacific northwest has been slowed by the conflict between the Republican theory of partnership and the Democratic insistence on all-federal development. Neither will let the other make headway. Each is powerful enough to block the other's projects, but not powerful enough to push its own programme to fruition. However, the election campaign in the northwest has crystallised around this issue; at stake are two closely-contested Senate seats, now held by Democrats, in Washington and Oregon, as well as a fair number of presidential votes and congressional seats. If the electors of the northwest give a resounding answer on this question of partnership, whether "yes" or "no," it could break the deadlock and be the signal for renewed advance, whether by the federal government or by private and local agencies.

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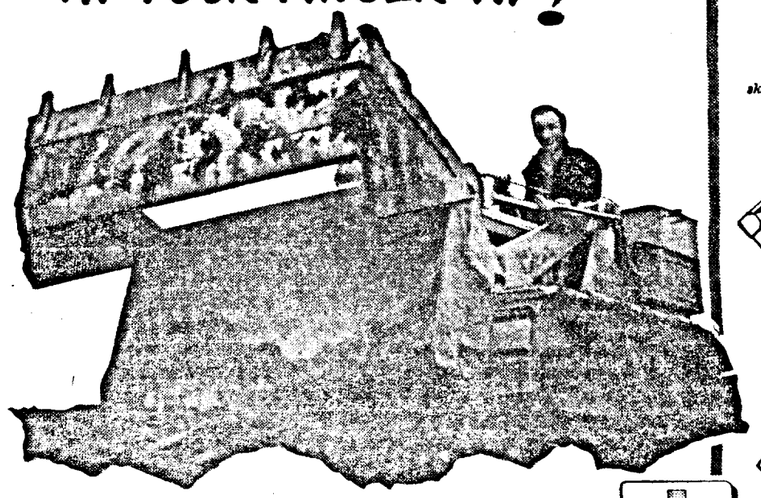

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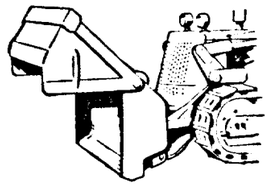
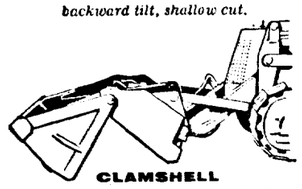
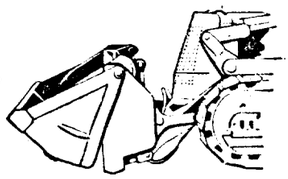


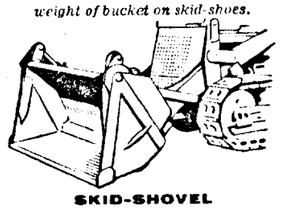
BULLDOZER
Blade moves forward, resting on skid-shoes. Forward tilt gives deep cut; backward tilt, shallow cut.



CLAMSHELL
Loose material gathered by simple clam action; transported with weight of bucket on skid shoes.



BULLCLAM
After cutting, dirt is gathered by clam action, then transported with weight of bucket on skid-shoes.



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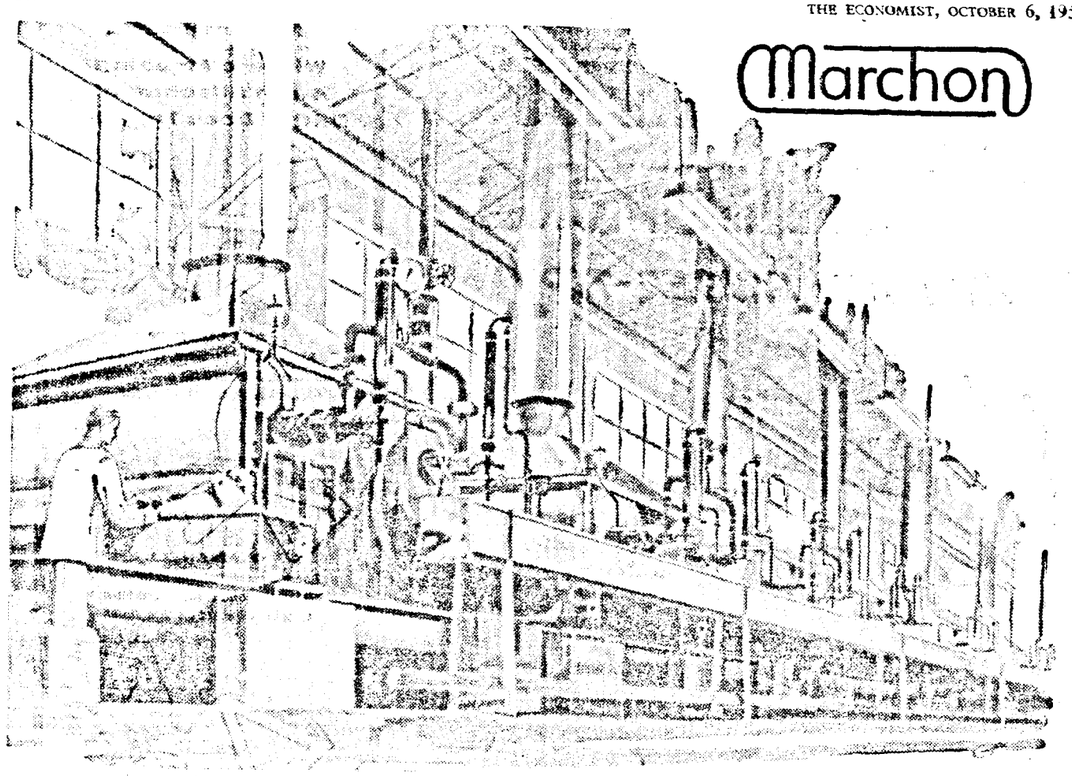

A battery of driers in the Marchon phosphate plant.

IMPORT to EXPORT at Whitehaven

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MAP 7037

sf

The World Overseas

East German Realities I.

BY OUR SPECIAL CORRESPONDENT

IN the past twelve months the face of East Berlin has taken on a slightly brighter look. A year ago its grey rubble and peeling paint, gashed only by the endless red streamers—"Be watchful against saboteurs," "Marxism is truth; therefore it must win"—gazed glumly at the visitor and provided a miserable contrast with the sparkling world of West Berlin. Today there are fewer absurd posters on the walls and there is a little more variety in the shops. Last month a bright new fashion magazine appeared, with pictures from Paris. A few rather mediocre jazz bands play to packed halls and clubs, for jazz is now accepted as "culture," if it is "seriously studied." Elsewhere in the Soviet zone the picture is not so encouraging. In Dresden, for instance, the destroyed centre of the city is still a sad grassy plain except for one lonely cluster of buildings; and the housing situation is only bearable because 150,000 fewer people live in Dresden than before the war. Elsewhere in Saxony, one can walk through a small town where the streets are dirty, there is no traffic except for the peasant's horse, the doors and windows have been unpainted for fifteen years, and the people are shabbily dressed.

Yet on the whole there has been a gradual but steady improvement in the health of the frail East German economy. Food is no longer so scarce, except at times in winter, though there is little variety or fresh imported fruit, and poor distribution often brings local shortages of vegetables. Some textiles are abundant and fairly cheap. Most household goods are no longer difficult to get, even if design is out of date and quality poor. But the larger durable goods, like radios and motorcycles, are still exceedingly expensive and are only within the reach of the key worker, the manager or the bureaucrat.

Private enterprise, so cruelly ground down until 1953, has been allowed to play a part in the recovery of consumer goods production, above all in that of textiles. Taxes are still painfully high; the concessions granted in 1954 have been revoked. But for a while at least some private firms, with their invaluable export contacts, are tolerated, just as the private craftsman has been allowed to play a small part in the recovery of the traditional crafts—porcelain, printing, musical instruments—where little of his traditional skill has been lost.

Over the economy as a whole the lumbering plan mechanism has been slowly gaining in efficiency. Each year the central plan is prepared a little earlier, so that the annual changeover is carried out more easily. The larger factories at least are developing a smoother rhythm of production and working according to long-term plans. In the building industry, where planning delays have year after year slowed down the start of the season, there were still areas where this occurred this year. But here, too, the flow of planned work has become smoother. Profitability is steadily gaining larger emphasis in comparison with the old emphasis on production at all costs. All over Eastern Germany party members and officials are saying "we have made mistakes; we must learn from them. There is too much bureaucracy." And they *have* learnt a little.

Yet the system still carries an enormous bureaucratic load, despite tentative efforts to decentralise. The handicap of poor quality is still aggravated by the delivery of the best products to Russia from some factories. The economy runs without reserves of stocks and hence any mistake or mild emergency, like the cold snap last winter, produces a chain reaction: coal shortage holds up steel and transport and these injure other industries. Material shortages, both the basic shortages of bricks and steel, and the constant local shortages due to the planning system, continue to handicap expansion and raise costs. Without a free market, the problem of deciding what goods to produce remains insuperable.

Technically, too, though successive Leipzig fairs have witnessed the recovery of "world standards" by some of Eastern Germany's traditional products, like optical equipment and certain machinery, the products of the zone as a whole remain behind the West. The leaders of the regime themselves recognise that much of their industrial equipment is out of date. Despite massive investment in technical education, the zone has not got the resources or enterprise to keep up with Western Europe.

But the weakness of the economy is most evident in the wide differences of wealth and in the human cost of the slow economic advance that has been achieved. Management, key officials and workers in certain key industries, above all in mining, have living standards which approach those of Western Germany. The clever peasant can also live reasonably well and so can some handicraftsmen, who are not taxed so heavily as private industry. But the old age pensioners, with their pension of less than 100 marks per month, the small shopkeeper hanging grimly on to a declining trade, the lower paid workers, suffer badly. Standards of living and prices are difficult to compare, but with the vital exception of rationed sugar, fats, coal, rents and his annual holiday the average worker in the east, it seems, may have to work two to four times longer than his western counterpart to buy any given commodity; and the price of low rents is rapid dilapidation of houses

and appalling overcrowding. Moreover, the drive to work seems as fierce as ever. Twelve-hour shifts in a 36-hour cycle, with a break every few weeks, are common for women as well as men, "because of labour shortage." "Norms" vary from factory to factory, but they seem, on the whole, to be the maximum that can be extracted from the man and his machine.

At great cost and effort Eastern Germany has succeeded in raising new basic industries, steel, brown coal and machinery, out of the earth. Since 1953 the more excessive ambitions of the first plan, in steel, for example, have had to be modified, but the system has gained in balance and efficiency throughout the last three years, and in the second five-year plan further fundamental improvements, above all in fuel supply and in further strengthening and broadening of the engineering industry, should be achieved. Yet the rate of growth of industrial production last year was only half that of Western Germany; and industrial investment per head is still a good deal lower despite the absolute priority which it is given by the planners. Debilitated by loss of skilled manpower to the West as well as by reparations, driven forward by clumsy pressure from above instead of by enterprise from below, it is a tired economy that is staggering to its feet in Eastern Germany.

(To be concluded)

Social Credit in the Canadian West

FROM A SPECIAL CORRESPONDENT

AT the provincial election in British Columbia on September 19th, the Social Credit party was returned to power. The result itself was expected; but not, perhaps, the extent of the victory, for the party won 38 out of the 52 seats in the newly enlarged Legislature and increased its total membership there by ten. It annihilated the Progressive Conservative party representation, reduced Liberal party representation from four to two, and that of the CCF (Labour) from fourteen to ten. As a result, the Social Credit Premier, Mr W. A. C. Bennett, is talking of putting up "Socred" candidates in every federal constituency in the province in the federal general election, still expected next June. This year and last the Social Credit party has fought a full-scale campaign in three provinces in Canada, in British Columbia, where it has been in power for four years, in Alberta, where it has been in power for over twenty, and in Saskatchewan, where it has never held office at all. This year, in British Columbia, it polled 46 per cent of the vote and in Saskatchewan 21 per cent. In Alberta the percentage last year fell from its previous figure but it was still 46 per cent of the vote. All this provokes further discussion in western Canada on the prospects and intentions of the party.

In general terms it is fair to say that in both British Columbia and Alberta the party has provided an active conservative-type government, fully conscious that the growth of the province must depend upon expansion in the development of its natural resources. Mr Bennett's government has spent money on roads, hospitals and schools; what is more, it has stopped the provincially-owned Pacific Great Eastern Railway from being a major white elephant by extending it southwards to Vancouver and so giving the province its first useful north-south line. But in each province the party, so its critics say, has shown a contempt for what some would call the niceties of government behaviour and others the unwritten but fundamental ethics of public administration; it regards the Press as a malicious nuisance, the opposition as factious and unnecessary, and the electorate as an amiable imbecile, fit to be led by the nose and content with that fate. In British Columbia this year the provincial government promised the electorate a "dividend from natural resources," a cash payment of $28 to each house-owner, in aid of the local taxation on his home, and the public seems to have responded on election day, despite the fact that the money so disbursed can only have come out of its own pockets and even that "dividend" still leaves the province about the most heavily taxed, in terms of provincial taxation, in the Dominion. Further, Mr Bennett fought the election at a time when an allegation of corruption was hanging over his former Minister of Lands and Forests, Mr Sommers; the reaction of the electorate to this was to return Mr Sommers with an increased majority.

What Is It All About?

Social Credit has now torn to ribbons the Conservative and the Liberal parties, provincially, in both British Columbia and Alberta. It has inflicted serious loss on the CCF in British Columbia and in Saskatchewan, where the CCF is still in power. It is impossible to escape the question: is it the future right-of-centre party in provincial western Canada? There must be very few people left in Canada today, members of the Social Credit party not excluded, who retain any clear idea of what the theories of Major Douglas, the originator of Social Credit, really were. There must be even fewer who understand what Social Credit either does, or could, stand for, again in theory, in the expanding economy of Canada today. No Social Credit member in Canada has ever attempted any comprehensive or coherent explanation. Originally the party was an agrarian reaction against the deflationary policies practised in Canada 25 years ago in the days of the depression. Its basic tenet is that there is a "gap" between the value of what is produced and the money available to purchase that product. This "gap" is to be bridged by the "social dividend," and Mr Bennett's bonus of $28.00 to the house-owners of British Columbia is called, by the faithful, a first instalment of this gap-bridging allowance. But, if there is a gap to be bridged, it is probably being more adequately filled in by the federal family allowances, which provide house-owners with a cash payment at least twice the amount of the British Columbian instalment.

But, then, no one in Canada would be disposed to argue Social Credit in terms of theory alone; many would regard the theory as irrelevant. Mr E. C. Manning is the leader of the "Socreds" in Alberta and the "Socred" premier longest in office. He has never been anything but a Social Credit party member. He has the reputation of being a good organiser, an astute provincial politician, and the brains of his Cabinet. He has made a series of good bargains, provincially speaking, with the oil companies working in Alberta and has left them with a feeling of reasonable political security about the rights they have paid for. The province has prospered whilst he has been in power, and he has left it to his followers to make the brassiest claims that

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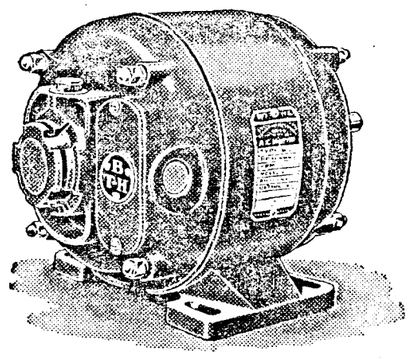

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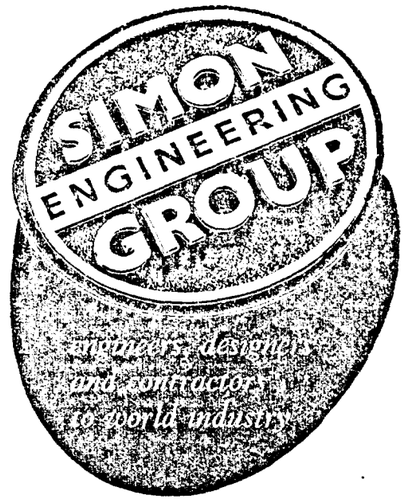

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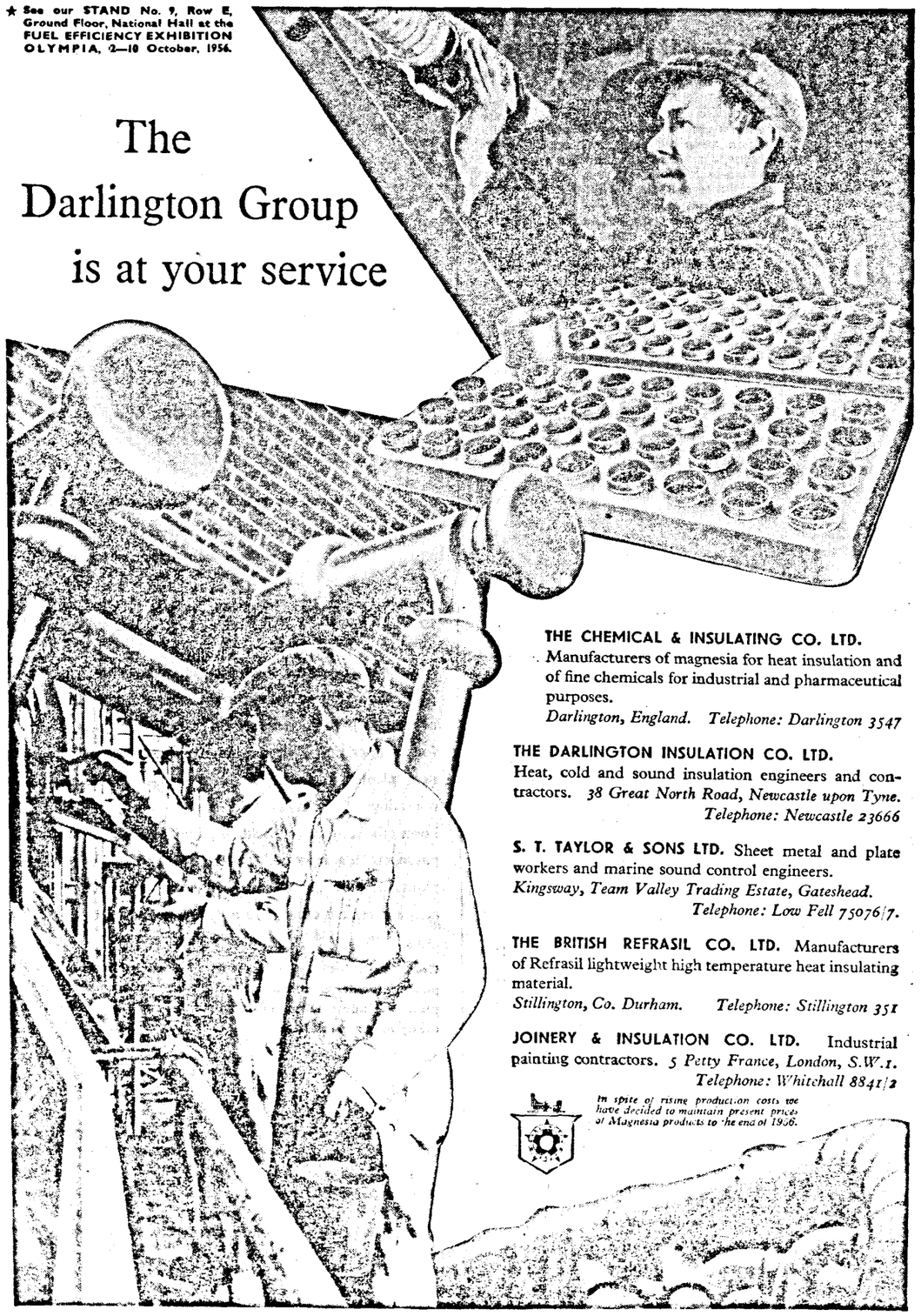

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it has prospered because he has been in power. He has given no impression that he himself wishes to move on to Ottawa. In short, his party has ridden the wave of prosperity that followed the depression that gave them power and Mr Manning has made no political blunder big enough to unseat them.

Mr Bennett, of British Columbia, does not fall into quite the same category. He is a former Conservative. His party succeeded to office comparatively recently because the present opposition parties were, provincially, divided and discredited. He has ambitions to federal office, which in his case means an ambition to head the federal government. Like Mr Manning, he is a good showman, but a more blatant one. He would spend money on the obvious in provincial development where Mr Manning would be content to retire existing provincial debt. What is worse, in some eyes in Canada, he would have sold to an American concern, for cash, a natural resource, the waters of the Columbia River, on terms which Mr Manning would have been shocked to see in his mail.

At least six of the provincial premiers of the ten Canadian provinces can be said to be men whose parties now hold office because of their leaders rather than the reverse, and the two Social Credit premiers are amongst those six. But, unless Mr Frost, the Premier of Ontario, makes a bid to succeed Mr Drew as leader of the National Progressive Conservative party, of only one of these six, Mr Bennett, can it be said that he intends to be prime minister of Canada if possible. It is this fact which gives the British Columbia election result, and the Social Credit party in the west, its present importance and interest.

Hongkong Lowers the Boom

FROM OUR CORRESPONDENT

AFTER the expected forced and somewhat hollow protests, Peking seems to have accepted Hongkong's decision to revert to the old quota system under which Chinese arrivals are balanced by Chinese departures at the border. So ends the curious six-month interlude during which the treaty frontier of the colony in the rugged mountains of the New Territories was the solitary point of relatively free contact between the communist world and the free world. It was the only point at which communist authority technically approved the movement of subjects into the free world and apparently did not care if they never returned. One uses words like "relatively" and "technically" because the communist authorities operated some sort of screening system at Canton and issued passes which were formally available for three months' absence, after which the visitor was supposed to return. At the same time, unauthorised refugees attempting the desperate river swim to Macao were being shot in the water or clubbed with oars by guards who then exhibited recovered bodies at railway stations to discourage the rest.

The explanation for Hongkong's close-down is as plain and simple as a sardine-tin. The rush of mainland Chinese who refused to return forced the government's hand in the colony. There is literally no room for more people in Hongkong. The population is 2.5 million and has a natural Oriental increase of 75,000 a year. There are horrible, jammed, old-Shanghai-like slums behind the brave front of white, air-conditioned buildings and beneath the hanging gardens and terraces of gracious villas on the Peak. It is estimated that a wretched army of 110,000 squatters are living "illegally" in tin-and-rag shelters on roof-tops; the authorities, in unfortunate officialese, have described this tragic open-air ghetto as "an eye-sore." There are active and admirable housing and water conservation projects, but as the Governor, Sir Alexander Grantham, says, "there is standing room only in the colony."

Accordingly, it was only a matter of time before the flood of "visitors" from China was perforce dammed. Since Hongkong lifted the restrictions in February and the communists began affably issuing passes, 82,000 Chinese entered the colony on their three-month permits by the land route, but less than 16,000 returned. In addition, there was an excess of arrivals over departures from Macao of 19,000, of whom 12,500 held Peking permits. All told, 81 per cent of the "visitors" remained, presumably living with and on families and relatives in Chinese style, or setting up their shingles on the roof-tops. The communist authorities were apparently not at all worried about their non-return; the great majority, anyway, were old, enfeebled and of a type which the comrades refer to realistically as "useless mouths." The Hongkong authorities could not enforce their return; no one seems to have known or cared where they went or what they did. Conversely, only 4 per cent of the 345,000 Hongkong residents who paid reciprocal visits to China in the same period succumbed to the attractions of the new utopia or for other reasons failed to come home.

Unfraternal Cold Shoulder

In sharp contrast to the communist pique at Hongkong's lowering of the boom against "visitors" with passes is the strong and sustained pressure which has been exerted to lure back the 4,000 sturdy fishing folk, who, largely in rebellion against the tyranny of fishery co-operatives, sailed their junks away from the Kwantung coast and tried to establish themselves in the Hongkong island villages. They have been bombarded with sorrowful "come-you-back-to-Temple-Bay" appeals, personal letters of entreaty from friends and relatives, assurances that a warm welcome awaits them and even pledges that the more irksome goads, seizures and penalties of the co-operative system will be tempered or removed. These appeals, combined with an unfraternal cold shoulder from the local fishermen, who want no more competition in the heavily-fished Hongkong waters, have already resulted in the up-anchoring and withdrawal of about 30 per cent of the junk-borne refugees. American representatives in Hongkong privately criticise the colony's administration for not making greater and more sympathetic efforts to help and hold the fishermen.

The restoration of the quota system at the frontier may affect two other matters of current but quiet negotiation between Peking and Hongkong. One is the request by the Chinese Prime Minister, Chou En-lai, for the establishment of an official communist representative in the colony. Hongkong shuddered away from this proposition, which was forwarded to Downing Street, where, it was piously hoped, it would be allowed to moulder in a dark and bottomless pigeon-hole. The other is the restoration of the old through railway service between Canton and Kowloon, now broken awkwardly at the frontier. Hongkong has no objection to this, now that the quota system is a protection against the continued flood of "useless mouths." There is implacable

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official silence in Hongkong, but it is known that cordial discussions between communist and colony representatives have smoothed out general agreement on technical railway and migration details for the resumption of the old pre-liberation service.

Apart from the argument over the quota, relations between Peking and Hongkong continue harmonious. The local *hongs* have recently been extended the same credit facilities for trading with the mainland which were previously restricted to communist agents in the colony. The evidence indicates also that the communists are encouraging the restoration of old friendly and traditional ties between the colony's trading concerns and Shanghai, Tientsin and Canton. Nor is any attempt being made to stir up labour troubles in an "imperialistic" outpost even more vulnerable to organised internal disorder than harried and harassed Singapore.

Rebels in Indonesia

FROM A CORRESPONDENT IN DJAKARTA

VIOLENCE and lawlessness remain sources of as much concern to the present Indonesian government as to its predecessors. Before leaving for Moscow, President Soekarno made one of his periodical appeals to his people to "exterminate at once" the terrorism which is still rampant in the young republic.

There have been successes. The present government can claim, indeed, that one rebellious movement has been finally crushed since it came into office in April. The rebel "Republic of the South Moluccas" received its death blow when troops recently killed its leader, Dr Soumokil, in the jungles of Ceram. The South Moluccan "republic" proclaimed its independence in May, 1950, in protest against the central government's rapid liquidation of federal relationships between the sixteen members of the United States of Indonesia to which the Netherlands had transferred sovereignty in December, 1949. The "republic" had its headquarters at Amboina, and its soldiers were former members of the Royal Dutch Indies Army. After months of stiff fighting the Ambonese were defeated. The remnants fled to nearby Ceram, the wildest of the Moluccan islands, whose inhabitants still use bows and arrows. Since then, the South Moluccan leaders who had gone to plead their cause in the Netherlands and the United States have caused successive Indonesian governments more headaches than the bands in Ceram and adjacent islands have ever given the army. Every now and then, however, their existence has come in handy in the dispute with the Netherlands over West New Guinea. Accusations that the Moluccan insurgents were supported by the Dutch were frequently made until about a year ago, when the movement had already lost most of its importance.

The main source of internal insecurity that now remains is the Darul Islam, a fanatical Moslem movement. Its founder, Kartosuwirjo, has his headquarters in west Java. Dissatisfied with the course the revolution was taking in 1949, when its leaders were discussing a Dutch-Indonesian Union under the Netherlands Crown, he proclaimed his crusade and has fought his compatriots ever since. His movement has spread from west Java to Achin, the northern-most part of Sumatra, and to south Celebes. In its name thousands of villagers have been murdered, tens of thousands of houses have been burned down, and hundreds of thousands of people have abandoned their homes.

The sphere of influence of Kartosuwirjo's army was confined to parts of west Java until in September, 1953, the former military governor of Achin, Daud Beureuh, started a rebellion there. Kahar Muzakkar, a former guerrilla fighter and comrade of the president, followed suit by proclaiming south Celebes part of Kartosuwirjo's "Islamic state" some months later. It was not only the ideal of an Islamic state that caused their rebellion. Dissatisfaction over neglect of their regions by the central government, fear of communism, fear of Javanese domination and desire for more regional autonomy have also played their role. Moreover, many gangs which operate under the flag of the Darul Islam actually consist of plain robbers to whom the life of small farmers did not appeal any more after years of guerrilla warfare against the Dutch.

No one has calculated precisely the total number of casualties and the total damage inflicted by the insurrection. But it has been stated that in Achin alone there have been 10,000 casualties up to April this year. The state railways recently announced that they had suffered a loss of a hundred million rupiahs (about £3 million) in that area. Material damage since 1950 in west Java is estimated at several hundreds of millions. It is not possible now to travel in south Celebes except in convoy, whereas five years ago one could drive safely by night between Macassar and other centres a hundred miles apart or more. There are, however, some signs of improvement. In July four leaders

of armed gangs in south Celebes pledged loyalty to the republic, and there are indications that other insurgent chieftains may follow their example. Late in August a number of rebel leaders in Borneo agreed to negotiate terms of surrender. Last month the brother of one leader met the Indonesian army chief of staff, and said that from then on the 5,000 rebels in the band would co-operate with the government.

In his recent speech Dr Soekarno advocated the quelling of the disturbances by the use of both reasoning and armed force. According to some independent observers in Indonesia, the only kind of reasoning that will convince the rebel leaders will have to provide assurance that the government will grant autonomy to their provinces and give them a fair share of the public funds. In this connection, the announcement a fortnight ago that autonomy is to be granted to Atjeh, in Sumatra, is a move in the right direction.

Mao's New Long March

ECONOMIC themes featured prominently in the eighth congress of the Chinese Communist party. Most of Liu Shao-chi's lengthy report was an analysis of the achievements and prospects of the country's economy. Mr. Chou En-lai, in turn, outlined the expected pace of the national economy on the second lap, to be begun in 1958, of the race towards industrialisation, which is scheduled to last over three five-year plans (1952 to 1967). Such emphasis on economics is not surprising. The Peking congress was held after "the high tide of socialism" had been sweeping the country for over a year, leaving behind only vestiges of private property. In the countryside, only 10 million out of China's 120 million peasant families now remain outside the collective system. In the towns, private industry has been taken over wholesale under joint state ownership. Craftsmen have been grouped in cooperatives, and even in the distribution system only a quarter of the turnover is outside direct state control. These are the achievements that the Communist leaders proudly proclaimed. They were able to add even more. Last year's bumper crops provided agricultural surpluses which, used both in foreign trade and in domestic capital accumulation, made possible a big jump in industrial production ; and the first five-year plan, scheduled to end next year, will be completed ahead of schedule. The objectives of its successor have been boosted accordingly.

Social changes have been most revolutionary in the countryside, and one is left wondering how Mao Tse-tung has succeeded in advancing bloodlessly where Stalin's path was strewn with corpses. Were tax relief and other incentives for the cooperatives and heavy taxation for private farmers enough to push 500 million Chinese peasants into the system? Out of the 110 million families now within the system, less than one-third are still in looser units, where

CHINESE AGRICULTURAL PLANS
(million tons)

	1955 (actual)	1956 (revised estimate)	1957 (original plan)	1962 (new plan)
Grain	184	194	193	250
Cotton	1·50	1·55	1·65	2·4

a rent is still paid to them ; the remainder are grouped in collective farms which approach the Soviet model. True, a good deal remains to be done to bridge the gap. There are a million collective farms in China against some 90,000 *kolkhozy* in the Soviet Union, and the difference cannot be explained merely by the size of the rural population and the character of Chinese farming. Quite a lot of consolidation and amalgamation still lies ahead. The Chinese, however, are in no hurry in this respect ; a decade will elapse before they even get the tools necessary for mechanisation. In the next five years the planned 35 per cent increase in agricultural production will have to come from a more rational use of existing resources, from local irrigation schemes and a fuller utilisation of natural fertilisers. Only afterwards are vast plans of irrigation and land reclamation to pave the way for the tractor.

The pace of agricultural development largely depends on industrial supplies, and the efforts of the planners are still concentrated on these. Industry will continue to absorb over half of the total investment. The bulk is still earmarked for heavy industry, though more will have to be devoted to quick-yielding consumer projects if farmers are to be coaxed to supply foodstuffs and raw materials. Total industrial production is to be doubled over the five years and by 1962 the Chinese industry should be able to provide 70 per cent of the country's needs in machinery. It is intended to spread industry from Manchuria and the coast —now providing some three-quarters of the total output— to central China and Inner Mongolia, and to move generally

CHINA'S BASIC PRODUCTION
(million tons)

	1952	1955	1957 (original target)	1957 (new target)	1962 (target)
Coal	63	93	113	120	190-210
Electricity*	7·6	12·1	15·9	18	40-43
Crude steel	1·35	2·85	4·1	5·5	10·5-12

* Billion kWh.

westwards, developing Sinkiang and preparing the ground even in Tibet. The aim is desirable strategically as well as economically and some 5,000 miles of new railways, which are to be laid during the period, should help in the opening-up process.

Chinese planning as well as industrialisation are still in their infancy. The results depend on Soviet aid and the vagaries of nature. The poor harvest of 1954 apparently prompted the planners to cut construction unduly, while last year's good one gave rise to over-optimistic estimates leaning too heavily on the available steel resources (not long ago the Chinese talked of 17 million tons of steel by 1962 ; now this has been cut to 12 million). Yet, even if they advance in a somewhat haphazard way, the planners must have an order of priorities. In a poor country it is difficult to put aside more than one-fifth of the national income for investment ; and since heavy industry is the key to further progress, while the light branches are indispensable to encourage agricultural accumulation and transport is vital to expand the basis of production, some other sector will have to get a reduced share of the national cake. The reduction of the armed forces by 2.7 million men from the 1949 peak is claimed as a pointer. Defence and administration, which absorbed a third of public expenditure in the current plan, are to get only one-fifth in the next one. This relative cut need not involve a reduction in absolute terms or a diminished efficiency of the Chinese forces, but it seems to indicate that to gain the leadership of Asia Peking will rely more on Fushun coal or Anshan steel than on foot-weary soldiers.

National income is to be raised by half over the five-year period, industrial output increasing twofold and agricultural by over a third. Workers who at first benefited little from increased production are, like the peasants, promised a 35 per cent increase in their real income. It is a second Long March on which Mao is leading China's millions. Collectivisation will have to be consolidated and pay its way. The "proletarian" revolution, moreover, hitherto sustained by the peasant, will have to create its proletariat ; six to seven million new workers are required to join the industrial labour force during the next lap.

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Why Productivity?

THAT economic expansion depends mainly upon increasing productivity, and that increasing productivity depends mainly upon using more efficient machinery, are platitudes of Britain's postwar industrial plight. Mainly is the word, not wholly. The growth of the working population, and the movement of labour into activities where productivity is relatively high, play their parts in expanding the national output; but increases in productivity have accounted for probably two-thirds of Britain's economic growth since the war. Productivity, again, may rise because workers work harder (when work is operator-paced), because managers organise it better, or because machines are used closer to their full capacity. But such improvements are ultimately limited by the machines and methods of production, which determine how great that full capacity will be. The platitudes, that is to say, are true.

How to get more mechanisation in British industry—and higher productivity, and greater growth—is generally discussed in terms of securing the necessary savings and investing them properly, and of translating advanced scientific knowledge into techniques for the workshop. These, certainly, set the broad limits. But within them, what is it that determines the nature of the machines and methods that industry actually decides to use, out of the variety of alternative ways in which it could pursue a fresh production objective—using more or less advanced machinery, costing more or less capital? Ordinary business common sense and orthodox economic theory, in their different languages, come up with broadly the same answer to this question. A somewhat unorthodox American industrial economist has just published a book, in which he deliberately simplifies and compresses that answer into a new explanation of changes in productivity.

In choosing how to achieve his objective in production, a businessman or his "hyphenated engineer" selects the combination of volume of output, methods and materials that he thinks likely to bring him the most revenue at the least cost. Which of the alternatives he picks will depend partly upon the technical efficiency that different combinations of factors of production offer him at various volumes of output, and partly upon the prices of the different factors. The technical ideal is often not the best commercial choice, when the relative prices of labour, machinery and materials are taken into account; and changes in the relative prices of the different factors may make it worth while to choose methods employing a different combination of factors. If, for example, the price of labour tends to rise without a corresponding rise in the price of machinery and mechanical power, it will pay industry to substitute more mechanised methods for less.

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The thesis of Mr Seymour Melman, of Columbia University, in his book, *Dynamic Factors in Industrial Productivity*,* published in Britain this summer, is that this example sufficiently and accurately describes what has happened, is happening, and is likely to go on happening, in industrial economies such as the United States and Western Europe. He argues

- that the degree of mechanisation in industry depends mainly upon the relative prices of labour and machinery, "alternative labour to machine cost";
- that labour productivity depends mainly upon the degree of mechanisation; and hence
- that labour productivity is directly related to the ratio of relative labour and machine prices.

It may be noted that "mainly" is again the operative word, though Mr Melman does not lay stress on it. He does not argue that this relation between the price of men and machinery to do the same jobs is the only factor that affects the level of industrial productivity;

* Basil Blackwell, Oxford. 238 pages. 22s. 6d.

but he does argue that it is the dominant factor in setting that level—in different countries as well as at different times in the same country.

Mr Melman seeks to demonstrate this bold thesis with direct observations both from the British motor industry, of which he has made a first-hand study since the war, and also from "global" statistics of earnings, machinery and power costs, installed horsepower and productivity in manufacturing in Britain, the United States and other countries. He begins by costing alternative ways of doing a handling job in the British motor industry in 1938 and in 1950—showing the different items of cost involved when a man did this with a wheelbarrow, with a powered industrial truck, and with a fork lift truck. These mechanical methods, obviously, offer progressively higher rates of labour productivity. He has no difficulty in showing that by 1950, because earnings for the operator had risen much more than capital charges on the machine and the cost of fuel, it paid the industry much better to mechanise this job than in 1938. Costing a similar handling job in the United States, where labour costs far more than in Britain, he shows that both before and after the war it paid the American industry to adopt much more mechanised methods than the British. Indeed, he argues, only by 1950 had the rising ratio of man to machine costs made it economic for the British industry to invest in methods as mechanised as those which paid the American industry as far back as 1938; and from his own observation he says that the British motor industry was in fact investing in much the same degree of mechanical handling just after the war as Detroit had been installing in the thirties.

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From this convenient (and, within its limits, effective enough) snapshot of his argument, taken at a particular point in a particular industry, Mr Melman moves on to a much less direct and much more elaborate statistical exercise. Taking the price which industry paid for electric power as a possible indicator of the "cost of mechanisation," he points out that in Britain, for fairly long periods up to 1950, this price rose much less than earnings per man-hour in manufacturing industry; and that since 1938 an index of "alternative cost," showing the number of kilowatt-hours that industry could buy for the price of a man-hour, has risen roughly in step with the growth of output per man-hour in British manufacturing. He widens the argument to show that "alternative cost" and labour productivity may also be correlated in the United States. Finally, he argues that between the United States, Britain and several other industrial countries, the number of kilowatt-hours that could be bought at different times for the cost of a man-hour seems to have been quite closely correlated with their different levels of labour productivity.

Common sense suggests that there is a good deal in this argument when one compares labour productivity in different countries. It is obvious—though some of the official prophets of productivity in this country do their best to ignore it—that the relative costs of labour and machinery in different countries largely settle the extent to which it pays industrialists there to invest in labour-saving equipment—that is, to buy higher labour productivity. American wages are something of the order of 3-4 times those in Britain; American machinery seldom costs even twice as much; one would expect, and one gets, a higher level of mechanisation and of labour productivity there. It follows, incidentally, that it is only where higher mechanisation offers dramatically increasing returns in output that America can show anything like the same advantage in cost that it can show in labour productivity. The time at which an industry began large-scale mechanisation, the relative importance of labour costs in it, the degree of protection it enjoyed, and many other factors must affect and modify the effects of relative labour and machine costs on international comparisons of labour productivity—and of final costs—but in general this does seem likely to be a major determinant.

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Mr Melman's data illustrate this generalisation effectively enough. But they are inadequate to demonstrate the other half of his argument—that the relation between labour and machine costs, over long periods, is the main factor in setting the growth of labour productivity in any one country. A fork truck, which was hardly manufactured on a commercial scale in Britain before the war, is utterly unrepresentative of industrial plant and machinery; its price may have gone up by only about 20 per cent between 1938 and 1950, but that of most industrial machinery has doubled or more. Electric power certainly plays a part in the "cost of mechanisation," if a small one in most cases; but the price of a kilowatt-hour has risen far less over the years than the cost of industrial plant to use it.

Adequate data simply do not exist, in truth, to confirm or disprove whether in Britain, at least, the ratio of labour and machinery costs can be directly related over time to the growth of labour productivity. The various extremely shaky indices that exist can be used to suggest that earnings may have risen more than machinery prices since just before the first world war until now; that between about 1924 and 1938 neither showed any significant change; and that since 1938, a little more certainly, earnings have risen more. It is possible to concoct certain prewar indices of labour productivity, but none such that would bear the weight of proving or disproving anything. Since the war, labour productivity has risen, along with "alternative cost," but the period is far too short to demonstrate or deny a significant correlation. More direct comparison of the "cost of mechanisation" and of labour than Mr Melman has offered to set alongside productivity, therefore, is not out of line with this part of his argument over the short run of postwar economic growth; but, like his own evidence, quite inadequate as a base for generalisation.

But this confident and deliberately over-simplified argument has political as well as economic overtones. Only its statistical sophistication and tortuous language mask the common ground it shares with the "high wages policy" of Henry Ford and more recently of Lord Beaverbrook. (It can boast, admittedly, much more respectable ancestry: did not David Ricardo write in 1821 "machinery and labour are in constant competition, and the former can frequently not be employed until labour rises" — the interpretation of which, in more esoteric senses, involved eminent British economists of the left, right and centre in some controversy about 15-20 years ago?) And in 1956, Mr Melman might well have tailor-made his economic theory for Mr Cousins.

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It is worth noting, however, that this argument, which explicitly writes down wages restraint as hampering the further growth of labour productivity, is not ordinarily put forward by trade unionists in Britain, though it may be in the United States. It was the industrial engineering productivity team, men concerned with methods of production from the managers' side of the bargaining table, who observed in 1954 that the high labour costs of postwar Britain sometimes produced "the wrong reaction: that is, an attempt to restrain wage increases without giving sufficient thought to the need to increase the efficiency of labour because of high wage costs." It is the industrialist beset by dogooders who sometimes wryly comments that he "will buy as much PMH as pays me"; and echoes of the "high wages policy," even in 1956, are still, on occasion, to be heard, if rather *sotto voce*, from the FBI.

Mr Melman is, as no doubt he is entitled to be, sublimely unconcerned with the larger problems of internal inflation and the external balance of the British economy. For the long run, his simple theory has, of course, an intrinsic plausibility—the relative price of labour has obviously something to do with making labour-saving worth while. For international comparisons, he has illustrated a point that can too easily be overlooked. But as to his explanation of the development of productivity in any one country's industrial history, the verdict must at best be "not proven." Labour and machine costs may well be a factor, but one among many: and the evidence is quite inadequate to show how important. And it has little relevance to this country's economic ills and remedies in 1956—save this. It might serve as one extra reminder that the dismal refrain which tells how wage increases must automatically increase prices and make Britain helpless to compete in world markets is not a foregone conclusion. Whatever may or may not have caused it to be installed, more new and efficient machinery than ever before will be coming into commission in British industry this year and next: and it does offer the chance of higher productivity to offset higher costs. So far, that chance is hardly being taken. That may be the fault of labour, or management, or both. But there is no doubt that the responsibility lies with management. That is what managers are for.

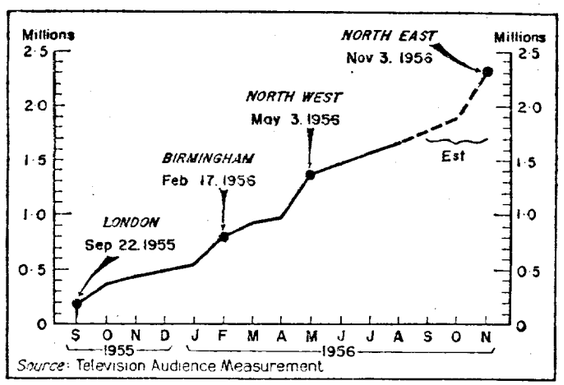
ITV's Financial Future

ON reading the second annual report of the Independent Television Authority this week a director of one of commercial television's programme companies commented wryly that, while the companies were making losses that varied between the mild and the staggering, the ITA seemed to show a comfortable profit out of the rents they paid it. It is ironic that the ITA should be able to set aside sums as big as £105,000 for provision against future taxation during the first six months of commercial television, while the programme companies may have been incurring losses amounting to ten times that figure; but this merely illustrates the "landlord and tenant" basis of commercial television in Britain. The ITA's main financial preoccupation as landlord is to find the money to build new transmitters when the initial government loan of £2 million that launched commercial television has been exhausted. There is only one way it can do this, by starting to save out of current earnings from the outset; this has meant extracting a swingeing rent for the use of the transmitters already in operation. The programme companies, freed from responsibility for any capital expenditure not directly concerned with programme production, are interested only in covering their immediate heavy daily outgoings and have little sympathy for the squirrel-like thrift of the ITA.

The rents they pay work out, very roughly, at a halfpenny a day for every dozen people living within reach of the transmitter—regardless of how many have or want to have television sets. These rents, fixed throughout on a rough population basis, yielded ITA £423,500 from the start of commercial transmissions in the London area on September 22 last year, to March 31 this year when the authority's financial year ended. By that time the Birmingham area transmitter had been working for about six weeks; since then the first of the two Northern transmitters has begun sending programmes west of the Pennines and the second transmitter, on the eastern side, is expected to start next month. Before this financial year is out, the ITA's income from rentals will be running at a rate approaching £1,750,000 a year.

No programme contractor has yet announced how it has come out of commercial television's first year:

none is expected to show a profit in the first year's operations. What has surprised most observers is the very real likelihood that some of them will show a profit before the current year is out, and that all of them will be within sight of it. Some credit for this is due to the internal reorganisations that were carried out during the black days of the summer. This turned into a period of attrition, during which the enthusiastic advertisers of the honeymoon period drew back to mull over their experience of six months' television advertising and the companies' own administrators took a thoughtful look at their programme costs. A peak programme can cost the contractors £4,000 for a half-hour, while a cheap one works out at about £500 for the same period. Some of the most expensive programmes were the "balancing" programmes—counterweights to independent television's predominantly light entertainment—and several of these disappeared in the effort to bring costs more into line with financial resources. This lay behind the ITA's request to the Government for the £750,000 grant the Television Act appears to permit for the subsidy of programmes of this kind. The proportion of "balancing" programmes dropped by a third during the summer; it has fallen still further with the new autumn schedules. Their demise is generally regretted, because when they are well (which means expensively) done, these programmes attract big viewing figures.



Number of ITA Receivers

Sheer shortage of talent for television continues to discourage and bewilder programme managers, who watch helplessly while promising acts founder in the demoralising atmosphere of the television studio—"their mouths fall open and you see their brains drop out." But the difficulty of filling 50 hours of transmission time a week has been eased substantially by the development of networking this autumn. This is the major factor behind the contractors' present optimism. If a programme can be seen on three stations at once, its cost can be divided between three contractors instead of being borne wholly by one company. This being so, it seems surprising that the contractors, financially pressed as they were, spent the entire summer arguing how the cost of a networked programme should be divided among them. By the autumn they had agreed, and the system began working in September. It has led to savings in staff, studio space and equipment, and is the first real economy to be made in the expensive, extravagant and initially very wasteful operations of the programme companies. It now seems possible that a networked system could break even on an income of £10 million (some observers would say this figure was on the low side), whereas the separate programme contractors, working as they were doing to September, needed a much bigger annual revenue than this to see them through.

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In the first year of commercial programmes, that is, up to the middle of September, it has been estimated that advertisers did indeed spend about £10 million on commercial television. But expenditure during the second year may reach £13-14 million. This raises the question of present advertising rates. From the basic simplicity of three rates, divided between peak, standard and off-peak times, with which the commercial transmissions started, rates have been divided and subdivided until they may vary every 30 minutes of the television day. During the summer, programme contractors outbid each other to offer bonus times and bulk discounts to advertisers. Now it is the advertisers who are competing between themselves for peak booking times, and it is taking great ingenuity to honour the bonus undertakings.

As the chart shows, the growth of the television audience, measured by the number of sets that can get ITA programmes, as well as BBC, has continued steadily, barely interrupted by the credit restrictions that originally savaged television sales. ITA viewing figures show that a set is likely to be switched on for three to four hours a day even in summer (was the weather really so bad?) The ITA's share of this audience is almost always substantially higher than the BBC's, and has recently touched 80 per cent of the total. The cost of television advertising is thus reckoned to have dropped from roughly £4 10s. per thousand viewers when the service opened, and advertisers booked on trust, not on audience figures, to well below £1 per thousand, which is roughly what advertisers had originally thought might be a reasonable fee to charge. Even so, television is by no means a cheap advertising medium. It calls for steady, regular insertion and an appearance three times a fortnight would cost £120,000 a year for peak-time bookings and still as much as £80,000 for less ambitious times. The production costs of the commercials can be formidable for advertisers, but they are reduced if the commercial will stand constant repetition, as many do.

Advertisers have come back this autumn to support television in greater numbers and heavier bookings even than at the hopeful beginning of the services; whether they should be expected partly to withdraw again next summer is something that the programme companies would dearly like to know, although should this seasonal pattern recur in 1957, they will be less likely to panic. The major uncertainty left seems to be the further growth of the audience, which is the key factor in deciding the attitude of advertisers. Today's audience for commercial television is growing fast because new stations are coming into operation at regular six-monthly intervals. But when the sets are all converted and the stations all established, what will the viewing curves do? The chart shows the estimated growth up to the end of this year, when ITA services will then be available to 60 per cent of the population. Further growth is closely dependent on the rate at which the ITA can bring new transmitters into operation and strengthen the power and range of its existing transmitters. This, in turn, will depend on its financial resources at any one time, and as this depends on saving today, its present thrift is in the direct interest of the programme contractors who express themselves so out of sympathy with it. The ITA says in its report this week that it still plans to complete 11 stations by 1960. But it is already noticeable that programme contractors for smaller stations, such as Scotland, will not accept the sharing principle used on the bigger English stations. The Scottish station has been given to one contractor for the whole week, and the same will probably happen in Wales and Northern Ireland. The big stations may be in sight of paying their way within 18 months of operation; it is not so clear that the smaller stations can count on as easy a passage.

Business Notes

Trinidad Pay-off

THE heartsearching that accompanied the sale of the Trinidad Oil company to American interests must now be followed by thankfulness for the timeliness of the receipt of the dollars. Without the $177 million paid early last month the sterling area's reserves would have fallen by $125 million, only slightly less than the fall in August. As it was, they rose by $52 million. Now, the lean season for sterling is nearing its end, the Suez fears have largely abated, and it is reasonable to hope for modest gains until the instalments of $181 million on the North American loans fall due at the year-end.

Nevertheless the sterling area's gold and dollar accounts remained heavily in deficit in September. Excluding the Trinidad receipt and $3 million of defence aid, the deficit was $128 million. Of this $34 million was paid to the European Payments Union in settlement of the 75 per cent gold portion of the August deficit of £16 million; and as last month's deficit dropped to £12 million, involving a gold payment of $25 million next week, the true deficit attributable to September is $119 million (and of this $8 million comprised the quarterly instalment on the Canadian wartime loan). The comparable deficit for August was $102 million. Both figures are well below the deficits sustained in July, August and September of last year. Given the addition of the Suez uncertainties to the seasonal commercial demands, the experience of the past two months cannot be considered disappointing. And by the second half of September the performance of sterling suggested that the drain had been checked.

Rush of Rights Issues

EVEN if the Bank of England is not prepared to take risks with the rate of passing borrowers through the turnstiles, the amount of borrowing already contracted for in the near future is substantial by recent standards. This week has seen one small issue in the gilt-edged market, Cambridgeshire County Council's issue of £1 million 5¼ per cent stock dated 1961. The terms are similar to those of the recent Croydon issue. The stock which has been placed at £99 per cent was well received in the market. It is in effect an alternative to mortgage market borrowing with the advantage of a quotation and almost certainly with financial advantage to the borrower as well.

In addition a large number of rights issues have been announced, several of them by large companies and for substantial amounts. Among the big ones is John Brown and Company's plan to raise over £1.9 million by the offer of 1,292,336 ordinary shares to existing ordinary shareholders at 30s. per share. Automatic Telephone and Electric Company will raise £1.6 million by the offer of 700,000 new ordinary shares to shareholders of those classes on the basis of one new ordinary share at 46s. for each three ordinary and/or deferred shares now held. The Eagle Star Insurance Company as part of its capital rearrangement plans will be issuing 1,215,512 new 10s. ordinary shares at 50s., and the Continental Industrial Trust is offering existing ordinary stockholders 275,000 new £1 ordinary shares and 275,000 of 3¼ per cent debenture stock dated 1965-80. The offer is made in parcels of one £1

ordinary share and £1 of the debenture stock together costing 40s. in the ratio of one parcel for each £5 of ordinary stock now held.

Sterling Gains Strength

ON Monday, the first of October, sterling staged a sudden rise. This lifted the official dollar rate from $2.78¼, at which it has frequently had to be supported since the onset of the Suez crisis, to $2.78½. Continental currencies moved with the dollar, the mark in particular falling against sterling from 11.69¼ to 11.71¼. The whole of this regained ground has not been held, owing in the main to the recurrence of some commercial demand for dollars, but rates remain well above the level from which they began their recovery at the beginning of the week. One argument for greater confidence in sterling can be based on the British Government's constructive attitude towards association with a European common market. This was felt to be a mark of confidence and of dynamic initiative which has too long been wanting. Significantly, the recovery of sterling occurred on the first day of the month, and that is after a day when positions are being taken. This time there was clear evidence of bear covering, some of which may have been induced by the fact that the Suez dispute is dragging on without resort to force. One of the most significant movements in the foreign exchange market has been the strength of transferable sterling. This had to be supported on a substantial scale at $2.75 last month. It has been dealt in up to $2.76⅞ this week. The narrowing of the discount on forward sterling is further evidence of the favourable turn of the speculative tide.

Marshalling the Queue

BIG companies, one after another, have been making their arrangements to seek more capital through the issue market. After Caltex came General Electric and after General Electric will come Esso and rumour mentions ICI. A number of important companies have in the last week announced rights issues. The need for the sinews of investment is urgent and the market offers just a modicum of encouragement. Industrial stocks and gilt-edged both roughly held their own this week, the *Financial Times* government security index rising from 83.43 to 84.06 and the industrial index dropping from 180.5 to 179.4 in the week ending on Wednesday. It is small wonder that the borrowers, finding that institutional investors had a little more money, are anxious to push ahead.

The marshalling of the queue in the new issue market has, however, recently become stiffer. It has for some time been normal form that consents from the Capital Issues Committee have been issued with the condition that an acceptable date must be agreed with the appropriate authority For issues involving less than £1 million that means that the broker to the issue can make his arrangements with the Stock Exchange Council. For sums over £1 million the broker to the issue is required to consult the government broker who automatically consults the Bank of England. Thus the queue for big industrial issues and the queue for gilt-edged issues are under the same ultimate control and when the turnstiles are clicking for one class of borrower they are often not clicking much for the other. Brokers with big industrial issues in prospect have recently discovered to their chagrin that for a large section of the present month further dates are not being made available.

That means that some of these issues, Esso for example and perhaps ICI, will be coming a little later than the market had generally assumed. It also opens up a fascinating field for guesswork. What is the reason for the toughness about dates? The commonest market guess is that the traffic is being held for Australia. Australia has one compulsory maturity, just under £7 million of 3¾ per cent stock 1952-56 due for repayment in December, and its replacement is now urgent, but unless Australia intends to borrow substantially more than the amount of the stock maturing it seems that something else as well could be tackled within the same period.

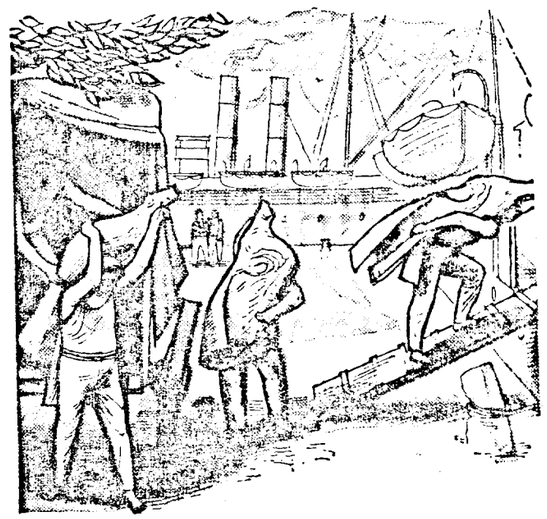
Bids for Atomic Power

ON Monday, four engineering groups sent in their tenders to the Central Electricity Authority for the first two commercial stations in the world to run solely on atomic power. The importance of the step is reflected in the immense detail demanded by the CEA, far more than it would ask for in a tender for a conventional thermal station. The contracts are likely to be awarded not on fine competitive points, or even on cost, but on the confidence that CEA engineers have in the ability of the tendering groups, headed by AEI, English Electric, GEC and C. A. Parsons, to carry out their designs.

There is a fine balance between what is desirable by nuclear standards and what is possible by engineering standards, and the balance is being struck by the different groups at different points. They vary noticeably in their views of how thick a sheet of steel the welders can weld on site into pressure vessels to hold the mass of graphite and concrete that forms the reactor core. The steel at Calder is only 2 inches thick, but English Electric is prepared to attempt more than 2½ inches; General Electric and AEI, 3 inches; and Parsons, as much as 4 inches. The welds are critical, but so is the thickness because that decides how big and how powerful the reactor is going to be. The contracts will be judged on how successfully this balance between enterprise and recognition of engineering limits has been struck across the whole complex design.

The Atomic Energy Authority has been surprised how substantial are the improvements that the groups have made in their tenders on the Calder Hall prototypes that served them as primers. It is of great importance to the country that all four groups should master the rudiments of atomic engineering for although much prestige is attached to winning the first two contracts, the volume of atomic building planned is so big that all four will be employed to the limit of their resources. On November 1st, bids must

Fifteen years before Frozen Meat



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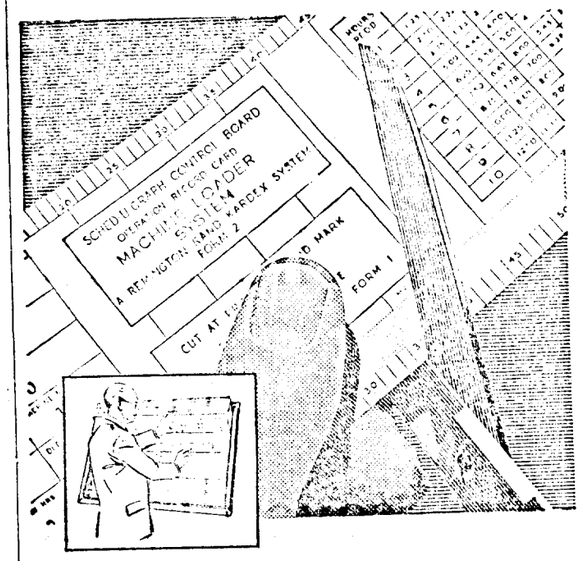

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go in for the first Scottish atomic station—these will be *identical* to those sent this week to CEA, with modifications made to suit the more attractive Ayrshire site. Within a few months, CEA will then be inviting bids for its next two atomic stations, which are likely to be much bigger affairs than envisaged when the revolutionary White Paper on Atomic Power was published little more than 18 months ago.

The New "Ferguson"

THE new Ferguson tractor which was at last shown in Britain this week is the first new tractor to have been produced by Massey-Harris-Ferguson since Mr Harry Ferguson severed his connections with that organisation—although it was on the drawing board for some time before his departure. But it retains all the basic features of the revolutionary Ferguson system of tractor-implement design. It is somewhat bigger and rather more powerful than its predecessor, the TE 20, which has now been in production for ten years, and improvements to the hydraulic system and additional controls make it a more sensitive and efficient machine.

This extra power and the greater flexibility of the "Ferguson 35" has been provided at increases of about 10 per cent in its weight and initial cost. It has a 37 brake hp four-cylinder engine, which develops about 40 per cent more power. It has six forward and two reverse gears, giving a choice of speeds up to 14 mph, two different power take-off drives—engine speed or ground speed—and a dual clutch for stopping either the main tractor drive or the power take-off drive. The improved hydraulic system now offers position and response control of implements as well as the previous control of depth and lowering or lifting. Although the operation of the tractor and the implement attached to it has thus been made somewhat more complicated—a point that might prove troublesome in certain overseas markets—the new model has clearly been made more attractive to the Western farmer and, with certain modifications, to the industrial tractor user as well.

Production of a broadly similar model has been in progress in the United States for nearly a year, but manufacture at the Banner Lane plant of Standard Motor Company has only recently started. This plant has been completely re-tooled at a cost of £4¼ million, and is now a most impressive semi-automatic assembly line. Its capacity is 100,000 tractors a year against 70,000 before, but present output is only about 100 models a day planned to reach 250 a day by the end of the year. Just how soon Standard will be able to take back some of the men it declared redundant six months ago when re-tooling started, at present depends largely upon the company's current dispute with its maintenance electricians.

Sharp Fall in Advances

BANK advances are again falling steeply. In the five weeks to September 19th the advances of the eleven clearing banks dropped by £70.7 million. This was the biggest reduction since the record £123.1 million in the September period a year ago—most of which represented repayments by the gas and electricity boards from the proceeds of public issues. In the latest period, the nationalised industries were again making repayments, this time from the proceeds of Exchequer grants under the new financing arrangements. Those repayments reached £29.7 million (and in addition £3.4 million was repaid to the Scottish banks). That was substantially more than had been expected. The September banking period happened to cover two instalments of repayments by the nationalised industries but the monthly rate of reduction in their borrowing had been generally put at not much over £5 million.

Even so, the greater part of the latest fall in advances represented repayments by borrowers other than the State boards. Such advances dropped by £41.0 million—a quite unusually large reduction, which brings the fall since mid-July to £103 million. This represents a welcome reversal of the upward trend in bank borrowing by the private sector that emerged in the early months of this year.

LONDON CLEARING BANKS

	September 19, 1956 £ mn.		Change on Month £ mn.	Change on Year £ mn.
Deposits	6,270·3		−28·0	− 74·4
Net deposits*	6,041·7		+34·0	− 66·5
	£ mn.	% ‡		
Liquid Assets	*2,314·6*	*36·9*	*+74·8*	*+189·7*
Cash	505·3	8·1	−15·6	− 20·8
Call Money	413·8	6·7	+ 4·9	− 8·2
Treasury Bills	1,292·1	20·6	+75·6	+229·5
Commercial Bills	103·4	1·7	+ 9·7	− 10·8
Investments and Advances	*3,806·5*	*60·7*	*−41·9*	*−259·1*
Investments	1,946·9	31·1	+28·8	−137·0
Advances†	1,859·6	29·7	−70·7	−122·1
To State Boards	*82·0*		*−29·7*	...
All other	*1,777·6*		*−41·0*	...

* After deducting items in course of collection. † Includes transit items; "true" advances in Great Britain at August 15, were £1,748·4 mn. ‡ Ratio of assets to published deposits.

Further confirmation of the impression that some banks have been nibbling in the gilt-edged market comes in the rise of £28.8 million in investments that the September returns show. This restored less than two-fifths of the decline in the preceding period, resulting from the liquidation by the Midland and Westminster banks of their substantial holdings of maturing War Bonds, but there is evidence that some banks have bought a little more gilt-edged since September 19th. At that date the Westminster had made good three-quarters of the August decline in its portfolio, but the Midland had elected to stay liquid. As a result, its liquidity ratio, which in past months has generally been substantially below the clearing banks' average, rose from 32.7 per cent in July to 39.2 per cent last month—compared with the average movement from 34·4 to 36.9 per cent.

Exchequer Light and Shade

THE Exchequer accounts for the first six months of the fiscal year reveal substantial divergences from the Budget estimates; but these do not warrant any conclusion that the basis of the estimates has been destroyed. The

revenue prospect can hardly yet be assessed, with only just over one quarter of the year's income tax collected; the mosf significant features are the lag in customs revenue (so far up by only £12.6 million compared with an estimated increase of £55.4 million in the year as a whole) and in excise (up £30.2 million out of an estimated rise of £88.9 million). The sluggishness in these receipts seems attributable largely to the slower pace of sales of durable consumer goods. Total revenue at September 30th was £115.8 million up, against an expected increase in 1956-57 of £305 million.

Of more significance is the unexpectedly large increase in current expenditure. At September 30th this had reached £233.5 million, absorbing all but £30 million of the increase for the full year budgeted in the original estimates, —subsequently shorn by the "economies" of £76 million.

£ million

	At Sept. 30, 1956	Change on Sept. 30, 1955	Estimated Change in Full Year* on 1955-56 Out-turn
Total Ordinary Revenue....	1,932·7	+115·8	+305
Total Ordinary Expenditure.	2,269·0	+233·5	+262
Above line surplus or deficit..	−336·3	−117·7†	+43‡
Below line deficit.....	−180·6	+141·0§	−265†
Net deficit	−516·9	+ 23·3§	−222†

* Original estimates; not providing for subsequent net cuts of £20 million from reductions of bread and milk subsidies and increase of farm prices and family allowances. † Increased deficit. ‡ Increased surplus. § Reduced deficit.

It should be noted however that in 1955 ordinary expenditure—and particularly defence expenditure—was running well below the estimate. The upshot is that the above line deficit is now up by £118 million whereas the budget envisaged for the full year a surplus raised by £43 million to £440 million.

In the capital accounts, the discrepancy between the budget estimates and the half year's out-turn is in the opposite direction. The net deficit was expected to be raised by £265 million to £803 million; so far it has been reduced by £141 million, to £181 million. The explanation is twofold: the financing of the nationalised industries directly by the Exchequer has only just begun, issues having reached £62.7 million against a budgeted £350 million in the full year; and the Exchequer's loans to local authorities have fallen still more sharply than anticipated—from £217.3 to £54.2 million in the half year, compared with the estimated cut from £331 million to £220 million in the full year. These accounting savings do not represent equivalent cuts in aggregate spending in the economy. It is the course of ordinary expenditure that needs to be most closely watched.

Cars for 30 Per Cent Down

THE Board of Trade has moved rather more quickly in trying to plug the hole in the Government's controls over the home market for motor vehicles created by the recent crop of new rental schemes than it did over radio and television set hire earlier in the year. But it is doubtful whether this latest curb will be as effective. Car hire is still a relatively small business, confined by some firms to industrialists and professional people: it may yet grow much larger. Moreover the new control order, which came into force on Monday, and requires the first nine months' rental and service charges to be paid in advance, was immediately countered by the rental firms. By lengthening the period on which they based their calculations from two years or so to three, they have sharply reduced the total payments to be made in the first year.

Thus the scheme offered by Industrial Rentals now includes a down payment of £307 for a £1,000 vehicle, in place of one of £150, but on the other hand a total charge for the first twelve months (including the deposit) of only £410, instead of £570. The second year the hirer pays £410, slightly more than before, and in the third year also £410, instead of £270. Thereafter, if the contract is continued, the hirer pays £20 a year, in place of the former declining scale of £120, £60, and then a flat £20 in the sixth year and later. Most other firms have made similar changes. Lex Garages has extended its standard hire period for a £1,000 vehicle from 29 months at £34 7s. 3d. a month, with an initial payment of £184 7s., to 36 months at £34 3s. 4d., with a first payment of £310. This makes the charges in the new Lex scheme virtually the same as those of Industrial Rentals and both firms now offer to rent all makes of cars and commercial vehicles; the important difference comes when the hire ends. Lex takes over the car and pays the hirer the full "current market valuation" whereas Industrial Rentals pays (or charges) the hirer the difference between the current valuation and a standard scale of "retention values" that diminish with the age of the vehicle.

To businesses able to claim nearly half of the cost of this hire in tax allowances these changes may mean little. The higher down payment may cause the small operator to think again, but the road haulier will have noticed that goods vehicles with a payload of more than 30 cwt have been exempted from the new order. Bicycles, motor cycles, and passenger vehicles designed to carry fewer than 12 passengers are included. But taxis and tractors are not; and at least one firm has already put out a new scheme of tractor hire for the farmer.

Small Bakers' Revolt

IT is not often nowadays that the small buyer turns against his big supplier, but it happened last week: small bakers up and down the country sent Ranks' flour salesmen away with empty order books and stinging ears. The small bakers considered that Ranks, which also has baking interests, was mainly responsible for the decision of the big bakers to sell bread at 10d. for a 1¾ lb loaf in the port areas when the bread subsidy ended on September 30th. The decision followed a cut in flour prices of 3s. to 99s. for a 280-lb sack (exclusive of the quantity discount of up to 4s. 6d. a sack). Cheaper flour might seem to be in the interest of the small bakers, but it meant that their rivals, the plant bakers, would be under-cutting them by 1d. a loaf. To vent their displeasure many small bakers refused to buy from Ranks. Last Monday Ranks cut the price of flour by 3s. and then

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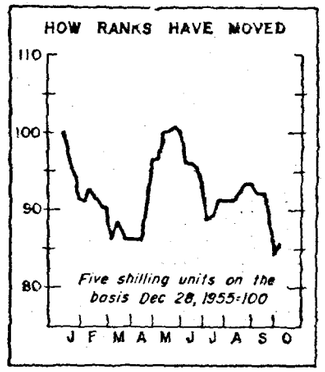
by a further 1s. Spillers and the other millers were obliged *to follow suit, and Canadian flour prices have also been cut.*

The reduction makes the 11d. loaf more profitable for the small bakers, and the 10d. loaf more profitable to the *plant bakers too* (some of whom, apparently, thought that price too low). Thus placated, the small bakers are buying from Ranks again. There has been no fall in wheat prices to justify the fall in flour. Ranks are no doubt taking a view of the market, and their margins will suffer if it goes wrong. At present prices the big mills can be making little profit and small mills may be losing money. Investors realised that, and milling shares have fallen over the last ten days. Over that period Ranks 5s. ordinary have fallen 7½d. to 16s. 3d. and Spillers £1 shares 1s. 6d. to 39s. 6d. As the chart shows, the trend of milling shares has been downwards since May. For the moment the revolt has been quelled, but this is not likely to be the last engagement fought in the baking and milling trades before a new equilibrium is found.



Japan's Ebbing Sterling

DISCUSSIONS for a new trade and payments agreement between Britain and Japan got off to a good start in London on Monday. The object is to maintain a reasonable balance of total payments between Japan and the sterling *area in the coming year—not to discuss exact schedules and* quantities of goods to be exchanged. Both sterling and the yen hold their own in a multilateral world and the time for *such detailed bartering has passed. What has now to be* done is to ensure that each side does its best in its trade policy to maintain equilibrium and, in particular, that it does not put specific restrictions on trade when these are justified neither by the balance of payments nor by the existing state of the sterling account.

It is the state of Japan's sterling reserves that is giving the present negotiations their main interest. At the beginning of this year Japan was reputed to hold sterling balances *of about £100 million. This figure has since fallen to a* level of around £40 million, whereas the Japanese authorities normally regard about £60 million as a necessary level for their working sterling balances. Direct payments between Japan and the sterling area may have been running slightly against Japan this year but the main explanation for this fall in the sterling balance is the extent to which Japan has been using sterling to meet its deficit with other transferable sterling countries. In addition the relative rise *in interest rates in London which has induced Japanese* bankers, and traders, to repay sterling indebtedness wherever possible. Lack of confidence in sterling over the past few months may well have speeded those repayments.

Blow for British Wool Textiles

THE American government's decision to raise the import duty on apparel wool fabrics (the American background of which is described on page 48) will chiefly injure *British exports. Britain is the largest exporter, accounting* for about two-thirds of total shipments to the United States, and its trade is of a type that will suffer particularly from the method of applying the higher duty. The President has discretion to raise the duty when the volume of imports in a calendar year exceeds 5 per cent of the average annual domestic production of these fabrics in the three preceding years. The *ad valorem* duty on the excess imports can then go up by four-fifths, from 25 to 45 per cent (this duty is additional to the specific duty of 37½ cents a lb). In the following year the *ad valorem rate reverts to 25 per cent* until the new "peril point" is exceeded. The higher duty takes effect when imports in the fourth quarter exceed 3.5 million lb. This is equivalent to an annual quota of 14 million lb, which compares with actual imports last year of 14.4 million lb.

As the bulk of British exports, and those of other countries except Japan, are specialities ordered to meet requirements of fashion and season, the importer will be reluctant to leave his consignment in bond until it can enter at the lower rate of duty in the New Year; by then the goods may have missed the market. Alternatively the importer risks having to pay the higher duty or he orders his goods so far in advance that he risks misjudging his market. The result will certainly be—as intended—to check American demand. *The Japanese trade, on the other hand, which has increased* sharply this year, is mainly in stock lines which can be shipped at any time. Hence Japan will probably be able to *increase its share of the market at other countries' expense.*

The loss of British trade this year will be marginal. The higher duties may not take effect until the beginning of December, and a delay of one month in taking delivery will probably not matter much. But next year Japan will no doubt try to ship a year's supply in six months, and exporters of specialities will accelerate their shipments as far as they can. The peril point will be reached much earlier, and trade in the off season will be confined to the few specialities that can stand the higher duty. The growth in British exports, which have risen by 16 per cent so far this year, may be sharply reversed. The uncertainties created by this means of checking imports are thoroughly disruptive to trade, and the decision will unfortunately strengthen the feeling among many British exporters that it does not pay to succeed in the American market.

Hawker's Canadian Issue

THE £1 units of Hawker Siddeley Group have attracted steady investment buying this year even when the share market as a whole was at its dullest. From a price of around 36s. early in the year they moved up to touch 49s. in recent weeks. The reason for the buying was not particularly a faith in the aircraft manufacturing industry. It was to be found in the group's Canadian interests. It was known *that A. V. Roe Canada—the most important of this*

group's Canadian subsidiaries was doing a growing business and would soon need money ; investors had an appetite for transatlantic growth stocks and a few of them even entertained hopes that shareholders of the British parent might be given preferential rights in the Canadian issue. The event has now happened ; A. V. Roe Canada has made its issue—500,000 common shares at $16 per share. The new shares are being dealt in at $16¼-$17¼ Canadian terms (and at about $34½ London basis). Shareholders were not offered preferential rights, and those who wished to buy have had to pay the dollar premium. The gilt being off the gingerbread, the shares of the parent company are back to 44s. 6d.

The event could hardly have happened otherwise for the object of the issue was to raise dollars—not sterling, and to spread interest in the group's affairs among Canadian investors—not among British investors who already know it well. But the marketing, and the Canadian prospectus have left investors in the parent company with a knowledge of the group's affairs that they did not possess before. No less than 45 per cent of the group's turnover comes from its Canadian businesses now to be amalgamated in a new holding company called Racair, and even allowing for the eventual exercise of the considerable share options held by certain executive directors the parent group will retain 4 million common shares (82.9 per cent of the equity) of the Canadian company. Those share options for 321,500 shares (6.7 per cent of the equity) at $12½ run until 1966. They represent a not inconsiderable fortune for the Canadian executive directors and particularly for Sir Roy Dobson. But the Canadian investment still held by the parent company remains most important. On a basis of $17 for the A. V. Roe Canada common shares, the Hawker Siddeley holding is worth £24.7 million. That on the 23,289,400 ordinary shares in issue is over 21s. per share and is nearly half the present market price. Investors with a faith in Canada can still look at Hawker Siddeley as a share that is nearly half Canadian.

Rhodesian Acceptances

GREAT strides have been made this year in establishing a capital market in the Federation of the Rhodesias and Nyasaland. The key move was the transformation on March 15th of the Central African Currency Board into the Bank of Rhodesia and Nyasaland, with Mr A. P. Grafftey-Smith as its governor. The new bank is not yet performing all the functions it intends to perform. In particular, it is not yet taking statutory deposits from the commercial banks, doing discount and rediscount business, publishing a minimum discount rate or maintaining a clearing house. But all that is on the way, and in due course the Rhodesian Treasury bill will replace the present Rhodesian Statutory Commission Bill. It follows, and must be accepted, that in the course of time Rhodesia itself must absorb an increasing part of its own investible surplus, for instance the large liquid funds of the copper groups, most of which are at present deployed in the London capital market, but the process will doubtless be slow.

Meanwhile, a merchant bank, with Mr H. F. Oppenheimer as chairman and Mr T. H. Brand, of Lazard Brothers, on the board, has opened for business in Rhodesia. Rhodesian Acceptances will perform the functions of an acceptance house, a merchant bank and an issuing house, underwriting issues, accepting bills and providing finance for external and internal trade. In that it follows closely on the lines of the Merchant Bank of Central Africa, the formation of which early next year, with Sir Ronald Prain as chairman, was foreshadowed a few months ago, so that Rhodesia will have two merchant banks, each associated with but not excessively tied to one of the big copper mining groups ; both will be doing business as it turns up quite independent of the copper companies. The £1 million capital of Rhodesian Acceptances is understood to come partly from British, partly from South African and partly from Rhodesian sources. Three of the directors are from the Anglo-American stable, one from Lazard Brothers, with Sir T. Ellis Robbins, vice-president of the British South Africa Company, and two Rhodesian business men. The model of Union Acceptances, the similar acceptance house cum issuing house in South Africa, has been followed. In the South Africa Company, however, Lazard Brothers trained some of the staff but were not actually partners, and Barclays Bank (DCO) were partners.

More Water Wanted

WATER consumption in Britain since the war has been growing at a rate of about two per cent a year. Consumption by industry has been growing more rapidly still ; it now takes almost a third of the total daily usage in England and Wales of some 2,000 million gallons—against an estimate of about a quarter seven years ago. In several areas postwar shifts and growth in industry and population have placed some strain upon local supplies, necessitating schemes to tap more reserves or pipe water from outside. At Luton and Dunstable, where a £320,000 scheme to supply an extra 3½ million gallons a day was opened last week, industry has been growing very rapidly. Since 1930 Luton's water needs have doubled, and Dunstable's have trebled. Recently the Minister of Housing and Local Government suggested that present water supplies might place a limit of about 190,000 on the population of those areas. The new scheme will take care of the area's " immediate " needs, but further new works will have to follow soon.

The Luton and Dunstable industrial area is one rather notable example of several where growing local water needs are making substantial investment in new waterworks necessary for an association of neighbouring authorities. Last week's new pumping station at Friar's Wash was provided jointly by the Luton Water Company and the Eastern Gas Board. But industry's swelling demands for water are not the main reason for the Minister's forthright circular to water authorities last week requesting " substantial progress in the next twelve months in the process of regrouping and amalgamation of water undertakings." The Minister wants to see more undertakings in rural areas that lack piped water joining together to do this ; his engineers have now virtually completed their survey of the country's water resources and have recommended what might be suitable areas of common supply. Since 1945 about 14 authorities have disappeared each year through absorption and amalgama-

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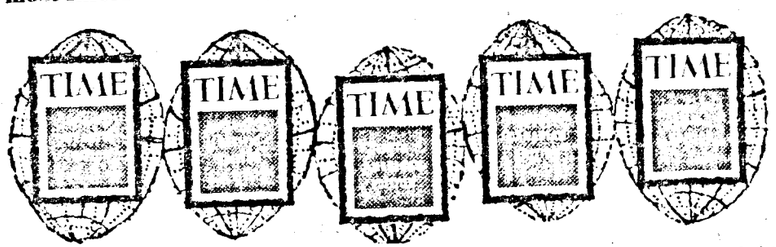

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tion, and others have helped to form joint boards. But there are still more than a thousand separate undertakings, although the 150 or so largest organisations now supply about three-quarters of the population between them.

Dunlop Feels the Squeeze

IT was not to be expected that the Dunlop Rubber Company could pass through the stiffer trading conditions of the first half of this year without suffering some shrinkage in its profit margins. The half-yearly statement issued on Thursday shows just how devastating that shrinkage has been. Characteristically the board blames chiefly the fluctuations in the price of natural rubber for the company's misfortune. In the accounts for 1955 the company showed that it had suffered severely from the rise and subsequent fall in the price of rubber. In 1956 it blames lower rubber prices. Substantial inventory losses have been suffered while costs and margins have also been adversely affected by higher labour costs, compared with last year. Even so, the board concedes that part of the group's troubles are a reflection of the difficulties of its customers. Sales were lower because of reduced demand from the vehicle, cycle and

	1st half, 1955	2nd half, 1955	1st half, 1956
		(£ million)	
Turnover (including intergroup sales)	144	158	147
Trading profit (before depreciation)	9·13	8·38	5·73
Net profit (before tax)	6·27	5·23	2·23

furniture industries, and trading conditions in some overseas countries have so far been less satisfactory than last year. Turnover including inter-group trading was not down compared with the corresponding half of 1955.

As the table shows, the fall in trading profit and in net profit before tax has indeed been sharp over the last three half years. The board has found it necessary to cut the interim dividend from 4 per cent to 2½ per cent, and also gives a clear warning that the final dividend, which was 10 per cent last year, will probably be reduced. The board expects that the results for the second half of 1956 will show an improvement, but that the available profit of the parent for the full year will still require a reduction in the final dividend. Following this unhappy announcement, the 10s. ordinary stock units dropped from 18s. 4½d. to 15s. 6d. closing at 16s.

"MOTOR BUSINESS"

The September issue of *this quarterly research bulletin* for the motor and allied industries includes:

The long-term growth in domestic passenger car demand.
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Minding Each Other's Business

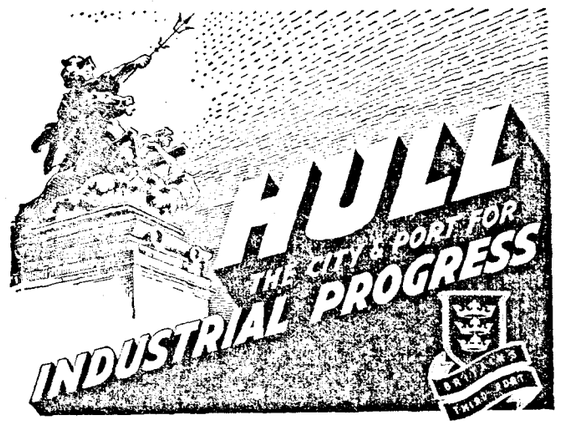
FOUR of Britain's main firms of industrial consultants this week announced they had formed the Management Consultants Association to pool their experience for research purposes, to develop techniques of improving management, and to improve their service to clients. These companies—Associated Industrial Consultants, Personnel Administration, Production-Engineering, and Urwick, Orr and Partners—handle a very significant slice of all the industrial consultancy business done in Britain. Since their formation they have served more than 3,000 industrial and service organisations in Britain and abroad; their staff at present adds up to over 800 professionally qualified consultants.

The firms say that "accelerating technical progress" is now demanding particularly rapid solutions to fresh problems of management. The association will enable them to conduct joint research into some of the newer problems, and to exchange their findings on older ones. But the four groups of consultants are to remain "independent and competitive" in seeking new business.

The Co-op's Trade

SALES by the co-operative retail societies came to a total value of £823 million last year. That was 6.6 per cent higher than the year before, a good deal better than the co-op's performance in either of the two previous years, as measured by their returns to the Chief Registrar of Friendly Societies. Last year's improvement was nearly double that in 1954. For some years, the co-ops have seemed to be losing ground to other types of retailers. Comparisons are made difficult by the fact that the Board of Trade's retail figures show only the movements in the value of sales made by different types of retailers and never the actual value of the sales themselves. In 1953 and 1954 this sales index showed that except in the food departments, the co-ops were not taking in as much extra money as their competitors, but last year the fall seemed to have been checked.

The official figures of retail sales indicate that so far this year the co-operatives have increased their turnover 8 per cent, against an increase of only 5 per cent for retail trade as a whole. Their food departments seem to be busier than the average; so do those sections selling household goods, although this could be due to the fact that the co-ops did not share in the general boom in household goods sales that took place last year. If the Registrar's returns are compared with the figures for personal spending in shops—the money spent on food, drink, tobacco, household goods and clothes last year—then the co-operatives seem to be doing roughly 10 per cent of the retail trade of the country.



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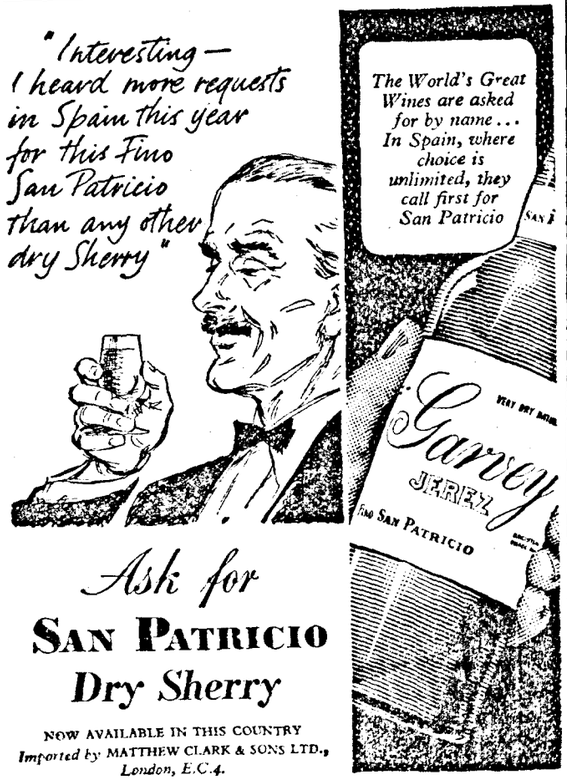

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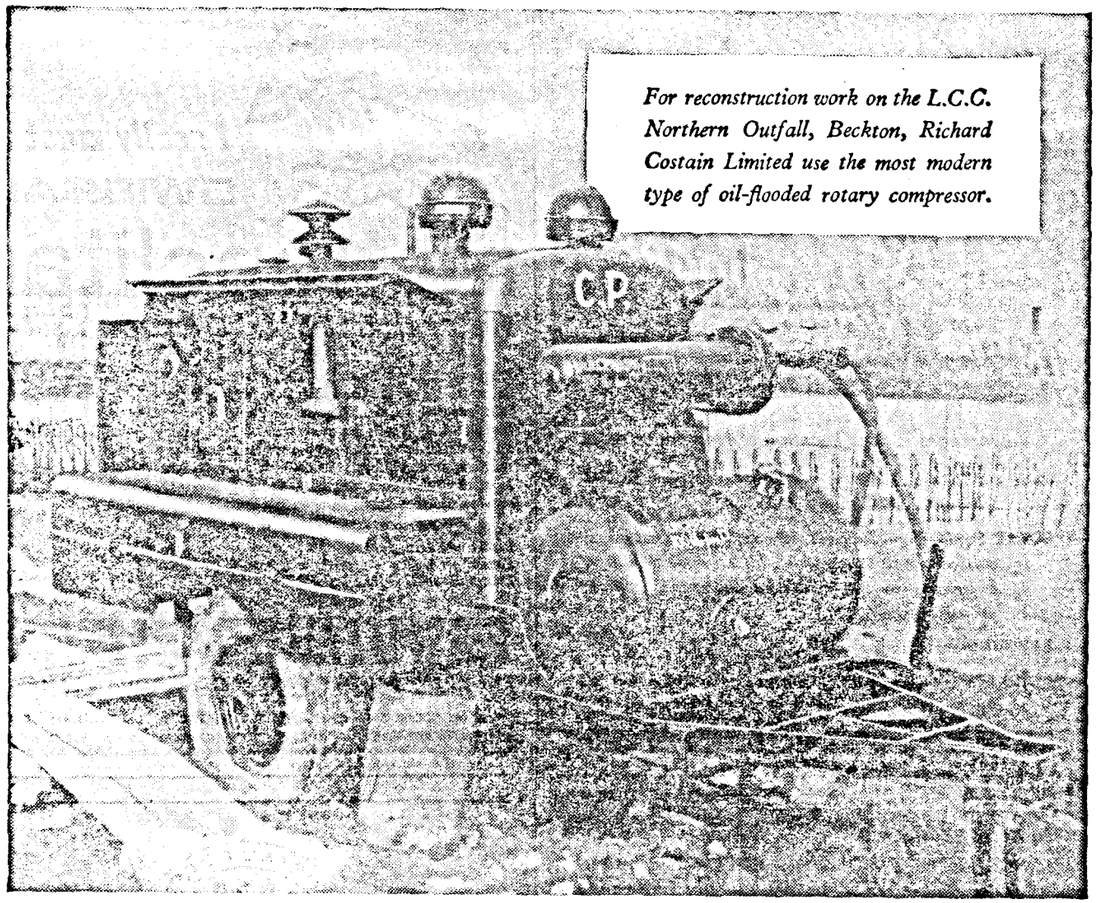

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SHORTER NOTES

Few indications of any quickening of industrial output can be drawn from the official indices of production published last week; when allowance is made for seasonal variations, total output in industry still seems fairly steady at about the level first reached eighteen months ago, with output in manufacturing perhaps fractionally lower than a year before.

★

Shell Petroleum announced last week that it will spend £6½ million on a new crude oil distillation unit for its refinery at Shellhaven, on the Thames Estuary. The new unit, which is due to come on stream by the end of 1958, will raise the crude oil throughput capacity of Shellhaven from 3.7 million tons to 7.7 million tons a year. This means that all of the three largest refiners in Britain—Shell, BP, and Esso—are now engaged on a second round of refinery expansion, which will add almost 10 million tons a year to the country's refinery capacity. In all cases the main emphasis is on the production of fuel oil.

★

The Associated British Picture Corporation has decided to close down about 25 of its cinemas that have been losing money, mainly those in provincial areas that are regarded as outmoded and unsuitable for modernisation or reconstruction. This follows a similar decision by the Rank Organisation to close down some its least profitable cinemas.

★

Guardian Assurance Company is to make a share exchange bid for the £260,000 capital of Licences and General Insurance Company. The basis is four £1 shares of Guardian for 11 10s. ordinary shares in Licences and General.

★

Sales of diamonds through the Central Selling Organisation continue to run at a high level. De Beers Consolidated Mines announce that sales in the third quarter amounted to £18.8 million, a decline of only £450,000 compared with the second quarter and over £2 million higher than in the third quarter of last year. Sales of gem diamonds were £330,000 higher than in the second quarter, at £12,720,000, while sales of industrial diamonds were £780,000 lower at £6,076,000.

★

Burmah Oil Company on Thursday declared an unchanged interim dividend of 5 per cent.

Company Notes

GLAXO. In a stock market growing used to declining profit margins the advance report of Glaxo Laboratories for the year to June 30 came as a pleasant surprise. Net profit rose from £1,556,000 to £1,765,000, and the dividend from 12½ per cent to 14 per cent. A one-for-two free scrip issue is proposed. Since these figures follow a slight fall in profits in the half-year ended December 31st, reflecting a keenly competitive market abroad and rising costs at home, it must be the sales of new products that have since December more than made good the deficiency. The

	Years to June 30, 1955	1956
	£	£
Group profit before Tax	3,009,000	3,206,000
Taxation	1,453,000	1,441,000
Net profit	1,556,000	1,765,000
Pensions	100,000	160,000
Exchange reserve	100,000	100,000
Capital reserve	500,000	1,000,000
Revenue reserve	500,000	Nil
Ordinary dividend	228,950	256,424
Ordinary dividend (per cent)	12½	14

fact that the earnings of Murphy Chemical, which recently became a subsidiary, are included in the latest figure only is not believed to be significant. Following the profit statement the shares jumped 4s. 6d. to 35s. 3d. so that the yield returned to £3 19s. 6d. The dividend at 14 per cent will absorb £256,424 out of the net profit almost seven times as large, but in a company such as Glaxo which invests heavily in research and sells in the highly competitive pharmaceutical and branded foods market, it is never quite certain how much of the total earnings could be paid out without harming the business.

Last year the larger profit was earned on capital increased by more than £1 million of earnings retained from the previous year. This year a further £1 million has been set aside, and the provisions for pensions and exchange fluctuations repeated. The directors propose to utilise £1,592,700 of the capital reserve to make the scrip issue, which acknowledges these ploughed back earnings.

★

ELLIOTT BROTHERS and ASSOCIATED INSULATION PRODUCTS. A marriage of convenience is being arranged between Elliott Brothers (London) and Associated Insulation Products. The proposed settlement is a simple share exchange, Elliott taking over on the basis of one of its 5s. shares for each 5s. share in AIP. It is easy to see what the advantage will be to both parties if the negotiations are successfully concluded. Elliott is a small but progressive firm of instrument makers with a reputation in particular for computers. Because it has large growth potentialities the shares have settled down to a remarkably low yield basis. At the time of the announcement the 5s. shares paying 17½ per cent dividend showed a yield of only 2.8 per cent. But the growth that those figures assume implies the availability of finance for capital expenditure and last December the company had cash of only £6,189 and an overdraft of £294,988.

Associated Insulation Products is also a successful company with investments in mica mining and in the electrical and plastics industries. It has recently paid 20 per cent dividends and at the price of 21s. 6d. at which the shares stood before the announcement the yield was 4.3 per cent. But the outlook seemed the reverse of that of Elliott Brothers; the company is well supplied with cash but is engaged on selling some of its less remunerative investments. Micanite Canada has been sold and there are plans to sell the investment in British Industrial Plastics. The balance sheet at December 31st shows net quick assets of £629,896 (against £645,113). Clearly the marriage settlement is a cash one: AIP gains the growth possibilities and the shares rose 6s. 7½d. on the announcement, so that shareholders will also be accepting a lower yield basis. Elliott gains the sinews of growth and though its shares fell 2s. 9d. to 28s. 9d., shareholders will hope that the next dividend will not be less than the 20 per cent to which their new partners are accustomed.

★

CALICO PRINTERS' ASSOCIATION. Mr Roger Lee, the chairman of the Calico Printers' Association, dangles a small and, unfortunately, rather intangible carrot before stockholders. He says that "in the past twelve months the income from 'Terylene' royalties has overtaken those from other sources and in future years the income from 'Terylene' royalties may have a considerable effect on the profits of the Association." The carrot is small because these royalties can

represent only a fraction of a total income of £2,704,178 (against £2,887,830). It is intangible for two reasons. First, stockholders are not told exactly or even approximately how much these "Terylene" royalties bring in; they are simply told all royalties brought in an extra £76,000. Secondly, Mr Lee gives no further information as to whether the basic patent will expire in 1958 or whether it will be extended to cover the lost time the war years represent. Mr Lee might consider giving a fuller account of that source of the group's revenue.

As for the heart of the group's business it is clear from the chairman's statement that its continuing prosperity turns on its ability to sell speciality prints and special finishes abroad, to hold its stake in the highly competitive merchanting market at home, and to continue to build up its investments in local manufacturing abroad. The group has, in recent years, shown a welcome degree of flexibility and has managed to increase its earnings at a difficult time in the cotton trade. Its £1 stock units, yielding 7.6 per cent at a price of 39s. 9d. xd on the current dividend of 15 per cent, must rank among the leaders of cotton textile shares.

★

NEDEEM TEA. Tea company results for 1955 now being published must be filling shareholders with dismay. Many companies are showing sharply lower profits and dividends. It will be well for investors to get the right perspective. Producers of plain teas are quite badly hit. Nedeem Tea is an outstanding example; it shows a loss of £83,817 for 1955 compared with a profit of £421,695 (£328,695 after tax) for 1954; there is no ordinary dividend, compared with 10 per cent tax free for 1955 and only half a year's preference dividend has been paid. That is not the end of the company's troubles. The year's loss does not include the provision of £95,000 that has had to be made for the bonus to labour for 1953 and 1954, or the contingent liability of a further £22,000 for the clerical staff. As with other tea companies, there will be some rebate of tax in some year in respect of the retrospective bonus award when the courts have decided against which year it is chargeable. But meanwhile Nedeem, like many other companies, has had to provide it out of reserve and that, together with the year's loss, has absorbed all the £150,000 of the general reserve and nearly all the £32,500 of tax refunds from earlier years; there is left a carry forward of only £997 against £26,145 brought in. Nedeem is now in the bank with an overdraft of £345,752 compared with £130,007, and apart from the 10 per cent tax free dividend that shareholders received a year ago their benefit from the boom tea year 1954 seems already to have gone.

Lest it be thought that all companies are in this unhappy plight, it is worthwhile setting the figures of Nedeem against those of two companies producing high-quality teas in Assam. It is possible to find companies there that have absorbed the retrospective bonus, not taken credit for the eventual tax refund and returned a higher profit for 1955. But it is necessary to search for them among the smaller, less well-known companies: Duamara is one. A more common result shown by several large companies in Assam is a larger total revenue, a larger profit before charging the retrospective labour bonus, but a smaller one after making allowance for that impost. Jorehaut is typical of what producers of better-class teas experienced in 1955. And this year those companies which did well in 1955 should have been doing better still, while those that fared badly are likely to have fared worse.

	1954	1955
	£	£
Nedeem Tea:		
Crop (lbs)	8,121,534	7,674,336
Crop proceeds	1,511,247	1,063,716
Profit before tax	421,695	*Dr. 83,817**
Ord. div. (per cent)	10†	nil
Jorehaut Tea:		
Crop (lbs)	11,915,517	12,138,699
Group Crop proceeds	2,474,537	2,911,734
Profit before tax	601,812	729,285*
Ord. div. (per cent)	14†	11†
Duamara Tea:		
Crop (lbs)	995,064	1,056,013
Crop proceeds	222,032	276,584
Profit before tax	55,039	83,578
Ord. div. (per cent)	14½†	20†

†Tax free. *Before charging labour bonus for 1953 and 1954: Nedeem £95,000; Jorehaut £162,258.

LONDON STOCK EXCHANGE

Next Account begins: October 17th
Next Contango Day: October 17th
Next Settlement Day: October 9th

Most Government stocks have improved steadily this week, though the volume of business has remained small; 2 per cent Conversion 1958/59 rose ⅜ to 94⅝, 3 per cent Savings 1965/75 gained ¾ to 73¼ and 2½ per cent Treasury ½ to 51⅛. There was some buying of the 5 per cent stock of 1959 and of the 4 per cent stock (1957-8), which suggested that the banks may have been small buyers. The buying broadened on Thursday and some demand was experienced for the longer-dated stocks. Industrial stocks declined up to the end of the old account, but recovered on Wednesday. The fall in prices on Wall Street caused a decline in dollar securities, although part of the loss was made good on Wednesday. The premium on dollar securities over the rate of the day held firm at 7 per cent before easing slightly to 6¾ per cent.

Among the bank shares Lloyds "A" rose to 58s. 9d. following the change in capital structure, but later eased to 57s. 3d. Dealings began in Friary Meux at 31s. and closed at 32s. on Wednesday. ICI eased to 41s. 9d., but Glaxo rose 5s. to 35s. 3d. following the results. Electrical equipment suppliers became firmer, English Electric gained 1s. 3d. to 47s., helped by the large order secured in America. GEC were quoted ex rights on Tuesday at 42s. 6d. and later rose to 43s. 6d. with the "new" at 3s. 7½d. premium. Commercial vehicle producers remained strong. ACV gained 3s. 4½d. to 60s. 7½d. and Leyland 1s. to 48s. 9d. Calico Printers jumped 6s. 6d. to 39s. 9d. xd on the rise in profits, but other textiles again declined.

Oils recovered on Wednesday; British Petroleum rose 4s. to 145s. 6d. and Shell 2s. to 154s. TPD jumped 3s. 3d. during the week to 48s. Some gold mines weakened, but the market was generally firm on Wednesday. Malayan tins weakened at first, but later recovered. New Broken Hill gained 3s. 6d. to 53s. 6d., but Consolidated Zinc was slightly lower. Teas and rubbers were firm.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices, (Dec. 29, 1950 = 100) Sept. 27, 1955	June 26, 1956	July 31, 1956	Aug. 28, 1956	Sept. 25, 1956	Average Yields (per cent) Sept. 27, 1955	June 26, 1956	July 31, 1956	Aug. 28, 1956	Sept. 25, 1956
Ordinary Shares:—										
Electrical engineering	149·2	141·6	140·3	142·1	137·1	4·56	5·24	5·31	5·26	5·44
Engineering	182·4	169·7	170·5	174·7	171·3	4·49	5·02	5·05	4·96	5·05
Motors & aircraft	191·5	165·6	172·8	173·9	171·5	4·19	5·83	5·63	5·58	5·65
Chain stores	260·0	248·1	244·3	252·8	240·2	3·82	4·47	4·55	4·38	4·63
Cotton textiles	106·3	96·0	92·5	92·9	89·5	8·53	9·31	9·68	9·43	9·87
Chemicals	210·8	196·1	191·4	193·2	182·2	4·28	4·84	4·96	4·93	5·24
Oil	237·1	318·3	317·3	323·9	327·1	4·99	4·46	4·45	4·31	4·31
Shipping	165·4	171·6	178·7	182·1	195·0	5·31	6·26	6·03	5·98	5·58
Investment trusts	221·2	225·0	230·3	230·9	240·2	4·51	5·04	5·00	4·93	4·87
Industrials:—										
Ordinary (all classes)	155·5	144·8	144·8	147·2	145·9	5·52	6·25	6·27	6·17	6·22
Preference	80·3	79·8	75·6	75·0	74·7	5·64	5·94	6·04	6·09	6·12
Debenture	76·7	72·4	72·2	71·8	71·8	5·36	5·66	5·68	5·71	5·71
Total (consumer goods)	174·1	160·1	160·5	163·1	160·4	4·71	5·47	5·49	5·42	5·50
Total (consumption goods)	128·2	112·5	112·5	114·1	113·6	6·26	7·30	7·32	7·21	7·23
Consols 2½	78·2	74·0	72·4	75·0	72·6	4·53	4·79	4·89	4·72	4·88

FINANCIAL TIMES INDICES

1956	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Sept. 27	180·6	92·66	4·85	5·91
,, 28	180·2	92·72	4·84	5·92
Oct. 1	179·5	92·65	4·85	5·95
,, 2	178·8	92·73	4·81	5·97
,, 3	179·4	92·78	4·80	5·95
			Total bargains	
1956, High	203·5	99·37	1956	
	(Jan. 3)	(Jan. 3)	Sept. 27	7,123
,, Low	169·7	92·65	,, 28	6,753
	(Mar. 8)	(Oct. 1)	Oct. 1	8,743
1955, High	223·9	115·97	,, 2	8,431
	(July 21)	(Jan. 7)	,, 3	8,378
,, Low	175·7	98·23		
	(Mar. 15)	(Sept. 2)		

* July 1, 1935 = 100. † 1923 = 100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Oct. 3, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 26, 1956	Price, Oct. 3, 1956	Net Yield, Oct. 3, 1956 §	Gross Yield, Oct. 3, 1956
					£ s. d.	£ s. d.
98⅛	97	Funding 2½% '52-57	98⅛	98⅛	3 6 11	5 1 11
95⅛	93½	War Loan 3% '55-59	94⅛	94⅛	3 10 1	4 16 2
91⅛	88⅛	Funding 2½% '56-61	90⅝	90⅝	3 15 11	4 18 4
100⅛	99⅛	Exchequer 5% 1957	99⅝	99⅝	2 1 1	5 2 4
99⅛	97	Conversion 4% '57-58	97⅛	97⅛	3 5 6	5 6 4
97⅛	95⅛	Serial Funding 2½% 1957	97⅛	97⅛	3 6 2	4 12 7
94⅝	91	Conversion 2½% '58-59	94⅛	94⅛	3 13 7	4 13 0
92⅛	88⅛	Exchequer 2% 1960	91⅝	91⅝	3 13 10	4 12 5
95⅛	92⅛	Exchequer 3% 1960	94⅛	94⅛	3 8 2	4 15 4
88⅛	83	Savings Bonds 3% '55-65	85⅛	85⅛	3 14 6	5 3 0
82⅛	77⅛	Funding 3% '59-69	77⅛*	77⅛*	3 19 6	5 8 11
92⅛	84½	Funding 4% '60-90	84½*	85*	7 1 8	8 18 3
81⅛	75½	Savings Bonds 3% '60-70	75⅝	76½	3 19 8	5 9 11
98⅛	97⅞	Conversion 4½% 1962	98	98⅛	3 1 1	5 0 11
93⅛	88⅛	Exchequer 3% '62-63	90⅛	90⅛	3 7 5	4 15 10
91⅛	83⅞	Exchequer 2½% '63-64	86⅛	86⅛	3 11 8	4 16 3
87½	76½	Savings Bonds 2½% '64-67	77⅛*	78*	4 0 0	5 4 3
81⅛	72½	Savings Bonds 3% '65-75	72½	73⅛	3 14 7	5 5 10
96⅛	90	Victory 4% '20-76	90⅛	90⅛	3 7 10	5 4 11
83⅞	78	Funding 3% '66-68	78⅛	79⅛	3 19 4	5 9 2
88⅛	81⅛	Conversion 3½% 1969	82	82⅛	3 16 7	5 10 4
85⅜	76⅛	Treas. 3½% '77-80	76⅛	77⅛	3 9 2	5 5 2
85⅜	75⅞	Treas. 3½% '79-81	76⅛	76⅛	3 9 5	5 5 3
80⅛	72⅛	Redemption 3% '86-96	66*	66⅛	3 4 4	4 18 4
81⅛	74⅛	Funding 3½% 1999-2004	74⅝	75⅜	2 19 10	4 17 2
86⅛	76⅛	Consols 4% aft. Feb. '57	77⅛	77⅛	2 19 6	5 3 10
77	69⅛	War Ln 3½% aft. Dec. '52	70⅞	71	2 17 3	5 0 4
76⅛	68⅜	Conv. 3½% aft. April '61	69⅛*	69⅜	2 17 9	5 0 5
66⅛	59⅜	Treas. 3% aft. April '66	60*	60⅜*	2 16 11	4 19 0
56⅛	50⅛	Consols 2½%	51⅛*	52⅛*	2 15 2	4 15 11
56⅛	50⅛	Treas. 2½% aft. April '75	51⅜*	51⅜	2 15 7	4 16 8
98⅛	90	Br. Elec. 4½% '67-69	90⅛	90⅛	3 11 0	5 12 5
80⅜	73	Br. Elec. 3% '68-73	75⅛*	74	3 17 6	5 8 1
79⅛	71⅛	Br. Elec. 3% '74-77	71½	72⅛	3 13 1	5 4 4
95	86⅛	Br. Elec. 4½% '74-79	86⅛	86⅞	3 5 11	5 5 9
83⅛	77⅛	Br. Elec. 3½% '76-79	77⅛	77⅛	3 9 4	5 5 6
90⅛	84⅛	Br. Gas 4% '69-72	84⅛	84⅛	3 11 9	5 10 0
87⅛	80⅛	Br. Gas 3½% '69-71	80⅛	80⅛	3 14 7	5 8 9
73⅛	66⅛	Br. Gas 3% '90-95	66⅜*	67*	3 4 5	4 18 0
80⅞	73⅛	Br. Trans. 3% '68-73	75⅜*	74	3 17 6	5 8 1
90⅛	83⅞	Br. Trans. 4% '72-77	84½	84⅜	3 7 4	5 6 3
75⅛	67	Br. Trans. 3% '78-88	67⅛	68⅛	3 7 11	5 1 8

(e) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Oct. 3, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Sept. 26, 1956	Price, Oct. 3, 1956	Yield, Oct. 3, 1956 £ s. d.
94⅛	79	80⅜	74⅛	Aust. 3½% '65-69	75⅛	75½	6 0 10
101⅛	87	87⅛	72	Ceylon 4% '73-75	75	75	6 6 3
103⅛	87⅛	88⅛	82½	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87⅛	64⅛	57⅛	L.C.C. 3% aft. 1920	59	59	5 1 8
99	85	85⅜	83½	Liverpool 3% '54-64	84	84*	5 10 7
84	65	68⅛	61	M.Wtr.'B' 3% '34-2003	62½	62½	5 4 0
102½	94⅛	97⅛	92	Agric. Mort. 5% '59-89	93⅛	93⅛	5 8 6
122⅛	91	117⅛	102½	German 7% 1924	115½	115½	...
213	149	210	187	German 5½% 1930	209½	209½	...
212	160	226	208	Japan 5% 1907	226	226	...
254	190	275½	247½	Japan 5½% Conv. 1930	269½	269½	...

Prices, Jan. 1 to Oct. 3, 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 26, 1956	Price, Oct. 3, 1956	Yield, Oct. 3, 1956 £ s. d.
		% %	BANKS & DISCOUNT			
50/-	41/1½	7 b	5 a Barclays £1	44/-	45/-	5 6 8
58/9	50/3	6 b	6 a Lloyds 'A' £5/11 pd.	54 6	56 6	5 6 2
72/4½	61/-	9 b	9 a Midland £1, fully pd.	67 6	68 -	5 5 11
70/-	59 9	9 b	9 a N. Prov. 'B' £5/1 pd.	62 6	64 -	5 12 6
77/9	66/6	8 b	8 a Westmstr 'B' £4.4.11 pd.	68 6	69 6	5 15 1
43/6	28/-	3½ b	2½ a Alexanders £1	30 6	30 6	4 2 0
46/-	29/3	5 b	5 a Nat. Disc. 'B' £1	34/-	35 -	5 14 3
50/-	40/6	6½ b	6½ a Union Disc. £1	46/-	46 -	5 8 0
35/9	30 6	4 b	4 a Barc. (D.C.O.) £1	33/-	32 6	4 18 6
41/9	35/-	7½ b	7½ a Chart. Bk. of India £1	34/-*	34 -	8 16 6
			INSURANCE			
29	15⅜	12½ a	37½ b Leg. & Gen. £1	26⅜	26½	1 17 9
*25⅛	19⅜	+47½ b	+20 a Pearl £1, fully pd.	20½	20	5 17 4
48⅜	40⅛	†117½ c	†125 c Prudential 'A' £1	45½	43	5 1 1
			BREWERIES, ETC.			
139/-	106/-	33 b	10 a Bass £1	117 6	118 9	7 4 11
24/10½	19/9	6 a	11½ b Distillers 6/8	20 6	20 9	5 12 2
45/10½	38/6	25 c	10 a Gaumont 5/-	40 -	40 -	6 5 0
76/-	67/-	7 a	14 b Whitbread 'A' Ord. £1	68 -	68 6	6 2 8

Prices, Jan. 1 to Oct. 3, 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 26, 1956	Price, Oct. 3, 1956	Yield, Oct. 3, 1956 £ s. d.
		% %	STEEL & ENGINEERING			
85/6	64/-	7 a	8 b Babcock & Wilcox £1	77/6	76·10½	5 18 1
25/6	26 -	8 c	3 a Dorman Long £1	26 -	26 -	6 3 1
35/-	25 1½	8 c	3 a Dorman Long £1	26 -	26 -	6 3 1
54/9	40/-	5⅔ a	8½ b Guest Keen N'hold £1	46/3	45/3	5 6 1
55/6	41 6	4 a	6 b Metal Box £1	53 9	53 3	3 15 1
75/-	57 10½	12½ b	5 a Stewarts & Lloyds £1	59 9	59 9	5 17 2
48/-	36 3	8 b	4 a Summers (John) £1	36 7½	36 7½	6 11 0
57/-	46/6	11 b	3 a Swan Hunter £1	55 6	56 6	4 19 1
49/9	37/6	8½ b	4 a United Steel £1	38 9	39 1½	6 7 8
44·7½	32·4½	7½ b	2½ a Vickers £1	42 1½	41 7½*	4 16 2
			TEXTILES			
24 6	19 4½	6 b	4 a Bradford Dyers £1	19 9	21/-	9 10 6
23·7½	13 9	3 a	5 b Brit. Celanese £1	14 6	14 -	11 8 6
25/10½	21 9	2½ a	6½ b Coats (J. & P.) £1	22 -	22 -	7 17 4
4/-	32 10½	4 a	6 b Courtaulds £1	34 6	34 -	5 17 8
21/3	12 3	5 a	5 b Fine Spinners £1	13/-	12 6	16 0 0
30/-	22/3	7½ b	5 a Lancs. Cotton £1	24/9	25 6	9 16 1
35/-	26/-	2⅞ a	10 b Patons & Baldwins £1	32/6	32 3	7 15 0
			MOTORS & AIRCRAFT			
22/4½	16/3	6½ b	3½ a Bristol Aeroplane 10/-	18 6	19 6	5 2 7
9/-	5/10½	8⅓ b	4 a British Motor 5/-	6 6	6 6	9 12 4
44/3	29 3	2½ a	5 b Ford Motor £1	31/-	31/-	4 16 9
49/3	29/9	12½ b	3 a Hawker Siddeley £1	46 6	45 3	3 17 4½
48/10½	38/3	10 c	12½ c Leyland Motors £1	47 6	48 9	5 2 6
115 10½	85/6	5 a	12½ b Rolls Royce £1	110 -	110 -	3 3 7
			SHOPS & STORES			
18/10½	13/10½	14 c	3 a Boots Pure Drug 5/-	14 9	14 3	4 18 3
41/4½	29/-	20 b	7½ a Debenhams 10/-	39 9	40/3	6 16 8
44/9	32/9	15 a	4⅞ b Gt. Universal 'A' 5/-	37/-	36 6	8 11 3
71/1½	57/10½	17½ a	32½ b Marks & Spen. 'A' 5/-	59 6	60 -	4 3 4
25/6	19/1½	20 b	12½ a United Drapery 5/-	21 6	21 9*	7 9 5
64/10½	53/10½	36½ b	20 a Woolworth 5/-	55/9	56/-	5 1 2
			OIL			
183/9	99/-	†5 a	†10 b British Petroleum £1	142 6	144 4½	3 12 3
117/9	63/-	5 a	12½ b Burmah £1	90/-	93 9	3 14 8
£87½	£58½	6 a	14 b Royal Dutch 100 fl.	£82	£80½	2 6 7
171/-	105/3	†5 a	†13½ b Shell Reg. £1	153/9	155 1½	3 8 2v
			SHIPPING			
38/-	28/6	...	... Brit. & Commonwealth 10/-	37/6	37/-	4 6 6g
27/-	20/4½	2½ a	7½ b Cunard £1	24/-	24/-	8 6 8
35/9	27/-	5 b	3 a P. & O. Def. £1	32/-	30·6*	5 4 11
			MISCELLANEOUS			
75/3	45/-	15 c	5 a Assoc. Elect. £1	62 6	63 9	4 14 1
45/6	34 10½	5 a	17½ b Assoc. Port. Cem. £1	41/3	38/9	4 12 11v
60/9	42/3	7½ b	4½ a Bowater Paper £1	45·9*	45 6	5 5 6
54/9	45/3	4 a	8½ b B.I.C.C. £1	49 6	48 9	5 2 7
81/10½	40/4½	8 b	4 a Brit. Aluminium £1	68 9	67 6*	3 11 1
60/-	45/9	17½ b	†10⅝ a But. Amer. Tob. 10/-	54/-	54 -	5 12 9⅓
$69	$56⅜	3 b	3 a Canadian Pacific $25.	$64½	$64½	4 5 8
37/10½	24/9	4⅜ c	14 b Decca Record 4/-	27/6	27 6	6 7 3
25/9	17/6	4 a	10 b Dunlop Rubber 10/-	18/9	18 6	7 11 4
66/1½	45/3	8½ b	4 a English Elect. £1	46/3	46 3	5 8 1
65/6	41 3	4½ a	9½ b General Elect. £1	42 6	43 9	6 8 0
49/10½	41/3	6 b	4 a Imp. Chemical £1	42/9	42 6	4 14 1
62/9	45/-	12½ b	8½ a Imp. Tobacco £1	48 6	47 6	8 16 10
$211	$141½	$2·90c	$3·75c Inter. Nickel n.p.v.	$200	$195½	3 8 10
64/6	50/-	12½ b	7½ a London Brick £1	51/3	50·7½*	7 18 0
30/3	22/9	15⅝ b	6⅔ a Monsanto Chemicals 5/-	24/-	25 -	4 17 10
69/1½	55/3	12 b	4½ a Tate & Lyle £1	63/-	63 -	5 4 9
69/6	54/3	12½ b	6¼ a Tube Investments £1	57/6	56·10½	4 18 7w
115/6	95/9	20 b	5 a Turner & Newall £1	101/3	100·7½	4 19 5
82/9	61/7½	6 a	9½ b Unilever £1	75·7½	75 7½	4 3 4
58/-	34/1½	†5 a	†11⅝ b United Molasses 10/-	55/3	54·4½	5 6 8
40/-	23/6	†2½ a	†7½ b Cons. Tea & Lands £1	25/-	26 6	13 2 7
2/10½	1/9½	5 a	15 b London Asiatic Rbr. 2/-	2·0½	2 1½	18 16 4
61/9	37/6	15 a	30 b United Sua Betong £1	47/6	49/4½	18 4 8
			MINES			
8⅛	6½	20 a	50 b Anglo-Amer. 10/-	7⅛	7*	5 0 0
135/7½	94/4½	120 b	80 a De Beers 5/- Def. Reg.	96/3	102/6	9 15 2
96/10½	67/6	...	... Free State Geduld 5/-	89·4½	91/3	...
50/6	36/-	12½ b	12½ a Randfontein £1	37 6	36/3	23 15 10
10·11½	8/6	28 c	30 c London Tin 4/-	10 0½	10 3½	11 12 10
46	35	26⅔ c	75 a Rhokana £1	42½	42½	6 3 6

New York Closing Prices

	Sept. 26 $	Oct. 3 $		Sept. 26 $	Oct. 3 $		Sept. 26 $	Oct. 3 $
Allt. & Ohio	48⅜	49½	Am. Smelting	50¼	52⅛	Inter. Paper	113½	114⅜
Can. Pac.	33⅛	33½	Am. Viscose	33⅝	34⅛	Nat. Distill.	27⅛	28⅜
N.Y. Cent.	37⅜	38	Atl. of Am.	15	15	Sears Roebuck	30⅜	30⅝
Pennsyl.	25⅛	25⅛	Chrysler	73	74½	Shell	84½	82
Penn. Rl.	25⅛	25⅛	Dupont	58	58½	Std. Oil of N.J.	54	55⅛
Amer. Tel.	170½	169⅝	Gen. Elec.	58	58½	U.S. Steel	66½	67½
Steel. Gas	11½	11	Gen. Motors	46½	47½	Westinghouse	55½	52⅝
United Corp.	6½	6½	Goodyear	72	75½	Woolworth	45⅞	44⅜
W. Union Tel.	18⅞	18⅞	Inter. Nickel	103⅜	103⅛			

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (g) On 10%. (h) On 8½%. (i) On 17½% Tax free. (l) To latest date. (s) On 15% Tax free. (w) On 14%. (y) On 9%.

Statistics

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

British		Overseas	
Prices and Wages	Sept. 29th	Western Europe :	
Production and Consumption	This week	Production and Trade	Sept. 29th
Manpower	Sept. 15th	*British Commonwealth*	This week
External Trade	Sept. 22nd	Western Europe :	
Financial Statistics	This week	Prices and Money Supply	Sept. 15th
Industrial Profits	July 14th	United States	Sept. 22nd
		World Trade	July 14th

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages			1955			1956			
			1953	1954	1955	June	July	Aug.	May	June	July	Aug.
INDUSTRIAL PRODUCTION												
Index :												
All industries		1948 = 100	121	130	137	137	122	118	136	141	126	115-116
Mining and quarrying		,,	109	110	108	106	85	89	107	115	95	...
Building and contracting		,,	111	115	116	115 [3]	...	119 [4]	125 [3]	...	...	...
Gas, electricity and water		,,	134	145	153	134	121	123	143	141	132	...
Manufacturing, total		,,	123	133	142	144	127	121	140	146	129	...
Engineering, shipbuilding, electrical goods		,,	129	140	155	158	136	126	146	158	...	...
Vehicles		,,	138	155	172	179	157	139	163	172	...	...
Chemical trades		,,	153	168	179	176	161	156	174	191	...	...
Textiles and clothing		,,	114	116	116	114	102	96	116	120	...	...
Food, drink and tobacco		,,	114	116	117	126	113	112	132	128	...	...
BASIC MATERIALS												
Production of :												
Coal (*b*) (*c*)	W	'000 tons	4,300	4,298	4,250	4,175	3,409	3,552	4,211	4,536	3,780	3,155
Pig-iron	W	,,	215	229	240	217	231	236	247	240	240	236
Steel, ingots and castings	W	,,	339	356	381	364	308	345	396	380	326	341
Sulphuric acid	M	,,	156·3	170·2	174·6	170·6	165·0	153·4	190·4	190·6	...	...
Newsprint	W	,,	11·60	11·77	11·91	11·95	7·18	10·79	12·78	12·58	...	...
Electricity (*d*)	M	mn. kwh	5,459	6,075	6,679	5,636	5,115	5,507	6,381	6,142	5,840	...
MANUFACTURING												
Textile production :												
Cotton yarn, single	W	mn. lb.	17·97	19·17	16·91	14·92	14·01	14·22	16·55	16·60	13·33	13·55
Worsted yarn	M	,,	18·40	18·80	18·48	19·05	16·63	14·42	19·13	19·86	19·17	...
Rayon and synthetic fibres, total	M	,,	34·94 [7]	37·30 [7]	39·32	39·86	36·71	35·41	42·17	41·47	38·70	...
,, ,, ,, staple fibre	M	,,	16·85 [7]	19·00 [7]	19·94	19·59	18·77	16·68	22·61	22·51	21·00	...
Cotton cloth, woven	W	mn. yds.	35·2	38·3	34·3	33·8	20·4	31·7	31·2	33·3	22·3	...
Wool fabrics, woven	M	mn. sq. yds.	34·3	34·5	34·2	34·8	31·7	25·7	31·5	33·3	33·4	...
Engineering production :												
Passenger cars and chassis	W	000s	11·44	14·51	17·26	17·19	13·51	14·00	13·90	16·61	12·87	6·43
Commercial vehicles and chassis	W	,,	4·61	5·07	6·53	6·43	5·38	5·71	6·27	6·61	4·91	3·01
Metal working machine tools	M	000 tons	12·63	11·39	12·52	12·80	11·81	10·74	12·01	...	...	...
Internal combustion engines	M	'000 BHP	311	356	408	429	408	328	410	...	...	...
BUILDING ACTIVITY												
Permanent houses completed : (*b*)												
Total	M	000s	26·56	28·97	26·42	27·19	25·59	23·92	25·85	27·67	25·00	23·71
By private builders	M	,,	5·24	7·55	9·46	9·89	9·43	9·84	10·80	11·03	10·66	10·50
By local housing authorities	M	,,	19·91	19·58	15·98	16·50	15·09	13·35	14·15	15·58	13·44	12·55
Other	M	,,	1·41	1·83	0·98	0·80	1·07	0·73	0·90	1·07	0·90	0·66
WHOLESALE SALES (*b*)												
Textile houses :		Av. value										
Total home sales		1950 = 100	95	95	98	79	71	82	99	84	71	...
Women's and children's wear		,,	96	96	98	75	70	87	102	80	70	...
Men's and boys' wear		,,	91	90	94	79	76	70	100	91	75	...
Piece goods		,,	66	63	62	47	49	59	66	57	53	...
RETAIL SALES (*b*)		Weekly av. value										
All kinds of business :		1950 = 100	...	...	140	132	145	129	147	144	147	140
All retailers		,,	...	...	136	128	142	129	139	135	141	136
Independent retailers		,,	...	...	148	141	153	132	157	155	155	151
Multiple retailers		,,	...	...	142	138	136	128	152	151	143	143
Co-operative societies		,,	...	...	117	104	125	89	116	112	124	100
General department stores		,,										
By kind of shop :		,,	...	...	148	143	150	145	155	153	154	155
Food		,,	...	...	121	120	135	95	138	128	134	115
Clothing and footwear		,,	...	...	151	127	149	134	143	140	145	142
Household goods												
STOCKS												
Basic materials :		'000 tons	17,626	15,682	18,346	13,206	14,282	15,096	14,697	17,169	18,451	13,089
Coal, distributed (*b*)		,,	1,051	899	1,290	946	1,086	1,297	1,419	1,421	...	...
Steel		,,	59·3	61·5	76·2	64·3	99·7	107·2	71·7	76·2	...	...
Copper (*b*)		,,	66·8	67·2	85·2	82·0	75·5	92·0	99·9	101·5	...	...
Sulphur (*b*)		,,	110·6	97·5	105·0	117·7	110·8	108·5	117·4	126·2	...	...
Newsprint		Av. value										
Textiles :		1950 = 100	89	95	90	104	110	115	108	108	117	...
Wholesale houses, total (*b*)			102	107	110	124	109	116	135	133	119	...
Large retailers, clothing and footwear (*b*)												

(*a*) Great Britain. (*b*) Provisional estimate. (*c*) 1954 figures onwards exclude all screening losses normally amounting to around 5,000 tons a week. (*d*) Excluding government stocks from August, 1955. (*e*) Average for second quarter. (*f*) Average for third quarter. (*g*) Rayon and nylon production only. (*h*) Including filter cake from May, 1956.

British Commonwealth

PRODUCTION OF FUEL AND POWER (1)

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh				
1948	1,232	1,255	2,511	1,969	139	5·3	728	3,714	381	204	772
1954	1,647	952	3,064	2,404	1,062	21·4	1,206	5,761	627	312	1,220
1955	1,697	931	3,185	2,646	1,429	22·6	1,345	6,358	707	356	1,363
1956, February	1,447	1,034	3,346	2,509	1,794	21·6	1,308	6,179	750	318	1,265
,, March	1,481	984	3,360	2,752	1,895	24·2	1,398	6,486	800	352	1,447
,, April	1,537	857	3,223	2,775	1,574	22·7	1,356	6,348	781	298	1,412
,, May	1,754	974	3,514	2,910	1,590	22·8	1,545	6,896	826	328	1,553
,, June	...	747	3,197	2,729	...	...	...	6,733	...	345	1,541

PRIMARY PRODUCTION (2)

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. Africa
	'000 tons									'000 fine ounces		
1948	16·3	17·4	7·9	58·2	4·14	106	238	104	49	73·8	294	965·4
1954	19·5	31·5	7·8	48·7	5·93	185	257	140	117	93·2	364	1,102·3
1955	21·6	28·9	7·8	53·3	5·89	183	337	142	130	87·4	379	1,213·7
1956, April	22·8	30·3	6·7	48·4	6·24	188	388	142	126	76·0	368	1,288·4
,, May	23·0	32·8	7·2	45·2	6·26	218	412	138	131	86·3	376	1,349·6
,, June	22·6	32·4	6·5	52·7	6·72	217	398	...	131	...	...	1,361·5
,, July	24·7	...	10·5	54·7	...	...	...	...	...	...	...	1,369·7
,, August	...	...	...	53·3	...	...	...	...	...	...	...	1,386·4

EXTERNAL TRADE (3)

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa (4)	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. $C		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1948	28·2	33·8	220	259	537	382	10·71	12·27	28·5	58·6	29·5	11·4
1954	56·6	67·9	341	329	547	495	20·43	20·33	97·2	107·2	36·5	27·6
1955	70·1	63·4	393	363	506	504	23·93	21·55	91·9	101·9	40·2	30·7
1956, March	80·5	77·9	464	333	745	597	21·3	32·3	106·7	217·4	45 1	31·9
,, April	67·9	78·6	552	388	596	399	...	24·1	96·4	121·8	...	...
,, May	71·5	90·5	550	435	687	452	...	24·8	97·4	81·0	...	...
,, June	63·4	73·3	493	429	643	462	...	...	...	...	...	...
,, July	...	...	485	450	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES (4)

	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia (5)	Canada	India (5)	New Zealand (6)	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period : mn. US dollars					1953 = 100						
1948	1,265	1,011	3,355 [7]	237	652	56	84	...	74	89 [8]	77	73
1954	1,153	1,935	1,782	239	416	101	101	95	105	98	102	100
1955	855	1,910	1,791	179	368	104	101	90	107	94	105	101
1956, April	...	1,875	1,771	214	325	109	101	97	111	96	107	105
,, May	...	1,896	1,743	247	316		101	97		96	107	105
,, June	...	1,912	1,699	257	318		102	100		96	107	106
,, July	...	1,905	1,632	257	301	...	103	...	...	...	...	106
,, August	...	1,896	...	...	312	...	...	...	...	...	...	...

(1) Electricity production for New Zealand represents about 87 per cent of total generation. (2) Copper and tin refer to metal production. (3) General trade (including re-exports) except for Canada, which is special trade only. Imports are cif except for Australia, Canada and S. Africa which are fob; exports are fob. Trade for India and Pakistan includes that going by land, except for Pakistan in 1948 when figures are for trade by sea and air only; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. (4) Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. (5) Including foreign investments. (6) Including semi-processed gold. Beginning January, 1955, including South-West Africa. (7) In July, 1948, part of holdings was transferred to the State Bank of Pakistan. (8) April, 1948—March, 1949. (9) Including some long-term securities.

Financial Statistics

EXCHEQUER RETURNS

For the eight days ended September 30th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £18,061,000 compared with a deficit of £55,405,000 in the previous week and a deficit of £18,118,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £12,473,000, bringing the total deficit to £516,870,000 (£540,175,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Sept. 30, 1955	April 1, 1956 to Sept. 30, 1956	Six days ended Sept. 30, 1955	Eight days ended Sept. 30, 1956
Ord. Revenue					
Income Tax	2985,500	477,866	552,452	19,589	21,356
Surtax	144,000	29,200	35,900	800	1,100
Death Duties	170,000	91,600	82,800	2,300	2,300
Stamps	58,900	37,400	31,700	1,500	1,300
Profits Tax, EPT	215,750	92,600	95,900	3,900	4,500
Excess Profits Levy	4,000	15,100	3,300	200	100
Special Contribution and other Inland Revenue	1,000	250	210	...	50
Total Inland Rev.	2680,150	742,015	801,362	28,289	30,706
Customs	1204,000	568,206	580,825	19,655	23,635
Excise	953,350	397,480	427,715	12,865	12,930
Total Customs and Excise	2157,350	965,686	1008,541	32,520	36,565
Motor Duties	92,000	17,323	18,768	—	211
PO (Net Receipts)	...	...	...	*Dr.* 150	*Dr.* 1,750
Broadcast Licences	28,000	9,100	9,800	1,300	2,200
Sundry Loans	50,000	22,615	24,405	41	...
Miscellaneous	209,000	60,179	69,801	1,695	50,825
Total	5187,500	1876,908	1932,697	70,295	98,756
Ord. Expenditure					
Debt Interest	670,000	301,374	348,619	2,288	8,083
Payments to N. Ireland Exchequer	61,000	26,245	29,610	2,517	2,727
Other Cons. Fund	10,000	5,047	4,580	215	60
Supply services	3941,918	1584,741	1868,584	45,122	105,669
Total	4682,918	2018,061	2251,358	37,940	116539
Sinking Funds	31,000	17,471	17,994	475	273
"Above-line" Surplus or Deficit	—	—	—	—	—
		218,567	336,264	18,118	18,061
"Below-line" Net Expenditure		321,608	180,609	14,792	12,473
Total Surplus or Deficit		540,175	516,873	32,910	30,534
Net Receipts from:					
Tax Reserve Certificates		79,143	135,764	27,572	12,581
Savings Certificates		12,509	14,700	— 500	1,900
Defence Bonds		— 8,305	— 22,621	— 2,748	— 418

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Sept. 30	5,498·3		258·4	...	5,756·7
1956					
June 30	3,270·0	1,237·7	258·5	5·3	4,781·4
July 7	3,270·0	1,235·2	256·9	1·5	4,780·6
„ 14	3,370·0	1,064·1	262·5	...	4,812·6
„ 21	3,390·0	1,239·6	247·7	...	4,834·3
„ 28	3,530·0	1,294·2	247·5	4·0	4,835·7
Aug. 4	3,560·0	1,218·5	255·4	0·3	4,805·1
„ 11	3,580·0	1,161·2	231·9	...	4,783·0
„ 18	3,470·0	1,305·6	262·4	0·8	5,038·7
„ 25	3,450·0	1,346·2	256·5	...	5,053·5
Sept. 1	3,480·0	1,350·5	258·5	...	5,093·9
„ 8	3,410·0	1,352·4	255·3	1·3	5,979·1
„ 15	3,530·0	1,360·8	258·8	...	5,811·7
„ 22	3,590·0	1,328·1	254·5	...	5,169·6
„ 29	3,410·0	1,338·2	258·0	...	5,196·2

THE MONEY MARKET

After rising at three successive tenders the Treasury bill rate fell back at the tender on Friday last. The market raised its bid by the unusually large margin of 5d. to £98 14s. 7d. per cent, outside tenderers by rather less. The upshot was that despite the increase in total applications by £26 million to £406 million, the market achieved an increase in the allotted proportion of its tender from 63 to 67 per cent. The average rate of discount on all bills fell by 1s. 7d. per cent to £5 1s. 9.86d. per cent.

The easier credit conditions quickly disappeared towards the weekend. Small help from the Bank was needed on Thursday, whilst on Friday the special purchases reached very large proportions and one or two houses had nevertheless to take a very small amount at the penal rate. After the tender, December maturities changed hands at up to 5⅛ per cent (against 5⅜ per cent previously). Official help has again been necessary in the first half of this week, on Monday on a very large scale. Most of the purchases have been made indirectly through the banks, which have passed the money on at 5 per cent.

The Treasury bill rate in New York dropped from 2.985 to 2.899 per cent.

The Bank return shows a fractional outflow of notes into circulation. This follows the reflux of £98.6 million since the August peak, rather more than in the corresponding period of 1955.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% 12·2·56)	5½	**Discount rates**	
		Bank bills: 60 days	5⅝
Deposit rates (max)		3 months	5⅛–5⅜
Banks	3½	4 months	5⅛–5⅜
Discount houses	3½*	6 months	5¼–5⅜
Money Day-to-day	5½–6	Fine trade bills:	
Short periods	4½–4¾	3 months	5–5⅛
Treas. bills 2 months	5⅜	4 months	5–5⅛
3 months	5⅜	6 months	5–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Oct. 5, 1955	Sept. 26, 1956	Oct. 3 1955
Issue Department :*			
Notes in circulation	1,769·5	1,889·6	1,383·4
Notes in banking dept.	30·9	44·7	45·9
Govt. debt and securities*	1,796·3	1,921·3	1,921·3
Other securities	0·7	0·7	0·4
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·6
Banking Department :			
Deposits :			
Public accounts	14·6	12·9	14·7
Treasury special account	2·6	...	...
Bankers	250·7	239·9	295·4
Others	67·0	72·4	77·0
Total	334·9	315·2	387·1
Securities :			
Government	270·6	252·3	260·4
Discounts and advances	36·7	18·3	14·5
Other	16·5	17·4	16·7
Total	323·8	288·0	291·6
Banking department reserve	33·3	46·7	45·9
" Proportion "	9·8	14·7	14·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills Average Rate of Allotment	Allotment at "Fine" Rate*
1955				s. d.	%
Sept. 30	280·0	359·4	280·0	81 5·33	73
1956					
June 29	280·0	401·9	280·0	102 8·55	55
July 6	280·0	452·4	280·0	101 1·84	51
„ 13	280·0	433·9	270·0	99 9·87	41
„ 20	270·0	418·4	270·0	100 3·52	93
„ 27	260·0	381·0	260·0	99 6·59	75
Aug. 3	270·0	399·1	270·0	100 3·79	97
„ 10	280·0	449·9	280·0	100 5·84	92
„ 17	280·0	393·4	280·0	100 0·43	43
„ 24	270·0	405·2	270·0	101 2·95	59
„ 31	290·0	385·0	290·0	100 6·41	83
Sept. 7	290·0	430·0	290·0	101 4·50	55
„ 14	290·0	404·2	290·0	102 0·77	81
„ 21	280·0	380·0	280·0	105 4·86	53
„ 28	280·0	406·0	280·0	101 9·86	67

* On September 28th tenders for 91 day bills at 98s. 11d. secured 67 per cent, higher tenders being allotted in full. The offering yesterday was for £280 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates October 3	Market Rates: Spot September 27	September 28	September 29	October 1	October 2	October 3
United States $	2·78-2·82	2·78⅛-2·78⅜	2·78⅛-2·78⅜	2·78⅛-2·78⅜	2·78⅛-2·78⅜	2·78⅛-2·78⅜	2·78⅛-2·78⅜
Canadian $	...	2·72-2·72⅛	2·71⅞-2·71⅞	2·71⅞-2·71⅞	2·71⅞-2·71⅞	2·71⅞-2·71¾	2·71-2·71⅛
French Fr.	972-65 987-35	982-98½	982½ 982½	982½-982⅝	983 983½	983 985½	983 983½
Swiss Fr.	12·15⅞-12·33⅛	12·20½-12·21⅛	12·21⅛-12·21⅜	12·21⅛-12·21⅜	12·22⅛-12·22⅜	12·22⅜-12·22⅝	12·23-12·23⅛
Belgian Fr.	138·95 141·05	139·20½ 139·27½	139·25-139·30	139·27½-139·32½	139·40-139·45	139·40-139·45	139·40-139·45
Dutch Gld.	10·56 10·72	10·61½-10·61¾	10·62 10·62½	10·62½-10·62⅝	10·63 10·63½	10·63½-10·63¾	10·63 10·63½
W. Ger. D-Mk.	11·67⅛ 11·84⅛	11·69⅝ 11·70	11·70-11·70⅛	11·70⅛-11·70⅜	11·71 11·71½	11·71½-11·71¾	11·71 11·71½
Portuguese Esc.	79·90-81·10	80·00-80·15	80·00-80·15	80·00-80·15	80·00-80·15	80·00-80·15	80·00-80·15
Italian Lire	1735½-1762½	1745½-1746	1746-1747	1747-1748	1749-1750	1749-1750	1749 1749½
Swedish Kr.	14·57½ 14·59½	14·43½ 14·43⅝	14·43⅝-14·43¾	14·43¾-14·44	14·44¼-14·44½	14·44¼-14·44½	14·44¼ 14·44½
Danish Kr.	19·19½-19·48½	19·33½ 19·33¾	19·32½-19·33¼	19·32½-19·33¼	19·32½-19·33¼	19·32½-19·33¼	19·32½ 19·33¼
Norwegian Kr.	19·35-20·15	19·98-19·98½	19·98-19·98½	19·98 19·98½	19·98-19·98½	19·99-19·99½	19·99½ 19·99⅝
One Month Forward Rates							
United States $		⅜-½c. pm	⅜ ½c. pm	⅜-½c. pm	⅜-½c. pm	⅜-½c. pm	½ ⅝c. pm
Canadian $		⅜-½c. pm	⅜ ½c. pm	⅜-½c. pm	⅜-½c. pm	½-⅝c. pm	⅜-½c. pm
French Fr.		Par 2 dis	Par-2 dis	Par-2 dis	1-3 dis	1-4 dis	1-4 dis
Swiss Fr.		3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2½c. pm
Belgian Fr.		½-¾ pm	½-¾ pm	½-¾ pm	¾-1 pm	¾-1 pm	¾-1 pm
Dutch Gld.		1⅞-1⅝c. pm	1⅞-1⅝c. pm	1⅞-1⅝c. pm	1⅞-1⅝c. pm	1⅞ 1⅝c. pm	1⅞-1⅝c. pm
W. Ger. D-Mk.		2-2¼pf. pm	2¼-2¼pf. pm	2¼-2¼pf. pm	2¼-2½pf. pm	2-1¾pf. pm	2-1¾pf. pm
Italian Lire		2 pm-par	2 pm-par	2 pm-par	2 pm-par	3 pm par	3-1 pm
Swedish Kr.		1½ pm-par	1⅝ pm-par	1⅝ pm-par	1⅝ pm-par	1⅝ pm-par	1⅝ pm-par
Danish Kr.		5-2½ pm	5-2½ pm	5 2½ pm	5-2½ pm	5 2½ pm	5 2½ pm
Norwegian Kr.		2⅝ pm-par	2⅝ pm-par	2⅝ pm-par	2⅝ pm-par	2⅝ pm-par	2⅝ pm-par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/8½	251/8	...	251/7½	251/5½	251/5½

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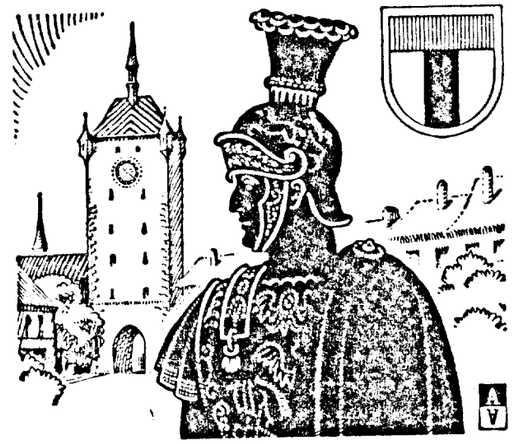

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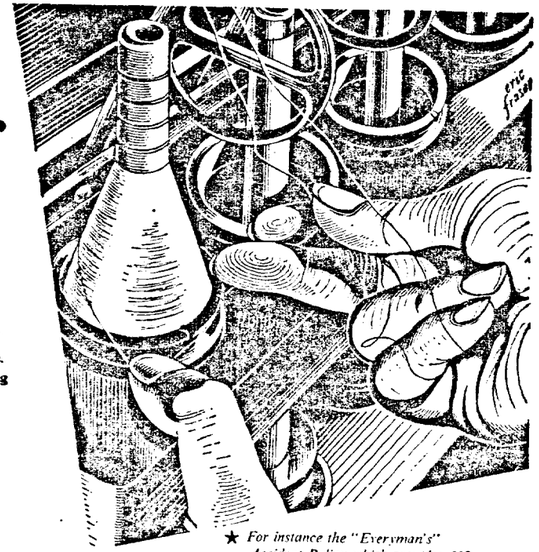

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Reserve Funds	Pak Rs.	15,000,000
Deposits as on Dec. 31, 1955	Pak Rs.	468,700,000

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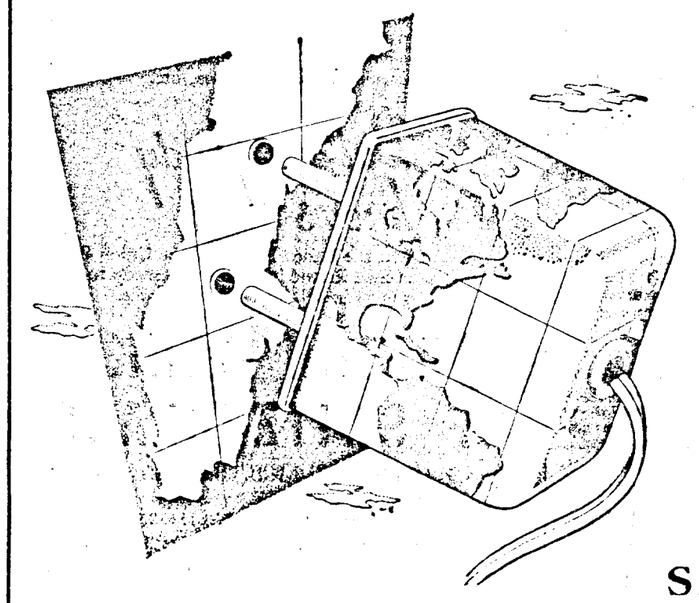

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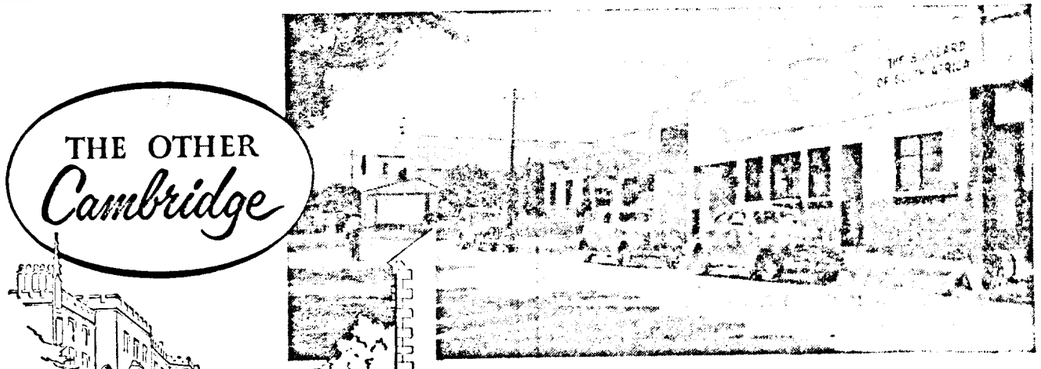

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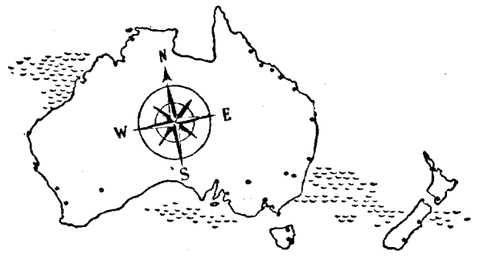

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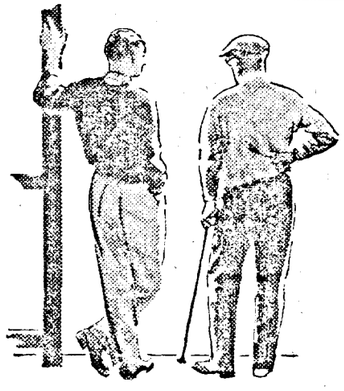

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COMPANY MEETINGS

LA RÉGIE RENAULT

RECORD PRODUCTION IN 1955

The report on 1955 presented by Monsieur Pierre Dreyfus, chairman and managing director of La Régie Nationale des Usines Renault not only deals with the company's affairs, but refers to the problems which the automobile industry must solve. The following is a summary of his statement:

A new record was achieved, thus maintaining the company's position as the largest French manufacturer—eighth in the world. 221,785 vehicles were produced, more than 30 per cent of the total French production. These consisted of 138,629 4 cv models, 37,631 Frégate, 45,525 coaches and commercial vehicles.

Order books, although affected by the introduction of three competitive cars, were fuller at the end of 1955 than in December, 1954.

1,240,000 vehicles were registered in 1955, against about 1 million in 1954. Private cars, notably those bought by wage-earners, mainly accounted for the increase. It can be seen therefore that fluctuation in demand depends mainly on wage-earners, and it is in this category that Renault has the largest sales—60,000 out of 93,000 4 cv sold in 1955 going to wage-earners.

Sales of new vehicles are closely related to conditions in the second-hand market and here wage-earners account for 52 per cent of the transactions.

NEW COMPANY CREATED—LA SAVIEM

The goods vehicle market is developing differently from that of the private vehicle. According to an investigation made by INSEE, 1,125,000 goods vehicles were in service in 1954, one in every 39 of the population, whereas for private vehicles the proportion is 1 in 16.

The relatively high number of goods vehicles in service in France compared with other European countries explains why the increase in production is less rapid than for private vehicles, being only 5 per cent per year. New requirements are few and can only emerge as the economy expands and the average age of fleets is reduced. As 45 per cent of vehicles in circulation were sold before 1945, potential replacements are high.

In pooling all heavy production of over 5 tons with that of Latil and Somua, Renault has taken a step towards more standardised and specialised products. The sales of the new company, La Saviem, for 1955 were 2,957 vehicles, representing about 20 per cent of all registrations. Turnover from goods vehicles is nearly 40 per cent of that received by Renault for private vehicles.

HOME MARKET

There is no doubt that in the medium and long term view prospects are favourable. However, the fact that wage-earners play a major role in the development of the automobile market involves a certain risk. Increase in the fiscal charge weighing on motorists, unrest caused by political conditions in France or overseas, changes in circumstances, can quickly discourage this category of buyers, who are more sensitive than others. Thus the future is becoming more difficult to forecast. A passing reduction in orders would be a serious matter for it would hinder development in production and in turn influence the whole economic situation.

Running costs also play an important part in sales promotion and the cost in France is much higher than abroad, especially taxes, petrol and insurance.

OVERSEAS SALES

Export of vehicles from France represents an ever increasing proportion of the Renault Company's sales: 29.5 per cent in 1955 (64,747 vehicles) against 26 per cent in 1954 (52,078 vehicles).

Prospects of sales in overseas territories have been completely upset by the political situation. Nevertheless the rate of expansion of automobile and lorry fleets proves that we have to deal with markets which are full of promise: in French Equatorial Africa and Madagascar the number of vehicles regularly increases by 10 to 20 per cent each year. But foreign competitors are struggling to gain a stronger foothold in these markets, and in these regions French products receive no protection from the government.

Sales to other countries overseas are becoming more and more difficult because of extremely lively competition everywhere and increasing production costs.

How has the Renault Company been able to obtain a record level of exports under these conditions? It is because assembly factories have increased their activity that results achieved in traditional markets have been consolidated or bettered, and new markets have been established. Finally, after-sales service has been developed. The assembly factories have produced 24,940 vehicles against 16,430 in 1954. Belgium ranks first with 12,380 vehicles; then comes Spain with 4,000, Japan 3,250, Australia 2,375. Seventy-three foreign countries have imported Renault vehicles, including Great Britain with 2,346 and South Africa 1,020; this means an increase of 42 per cent in the British Commonwealth. The new sales promotion campaign in the United States is beginning to bear fruit, since 3,400 vehicles were sold in 1955. The sales network—eleven regional distributors and 130 agents—is preparing for a considerably greater number of vehicles in the years to come.

All over the world, the sales network has been improved and extended; services have been developed and stocking of spare parts has been organised. In different countries an after-sale organisation has been created to control and to help the local staffs.

In 1955 the disparity between French and Foreign prices increased by 5 per cent. A further deterioration would risk compromising the company's position in foreign markets. That is why it is essential that the support of public authorities be maintained. For their part industrialists, including Renault, realise the need for joint action to promote the sales of French products overseas.

Furthermore if France strove to obtain raw materials from regions able to offer promising markets for its finished products, instead of from regions to which it sells little, she would find new markets opened to her. It is the areas which are underdeveloped today, which tomorrow will offer the greatest possibilities, provided one sets foot in them immediately.

Nevertheless Renault is full of hope about the future, as it supports the industrial and social measures necessary for further expansion.

THE TOR INVESTMENT TRUST LIMITED

ANOTHER SUCCESSFUL YEAR

The thirtieth Annual General Meeting of Stockholders of the Tor Investment Trust Limited was held on September 27th in Swansea.

Mr R. G. Maltwood, the Chairman, in the course of his speech, said:

Our gross income from investments at £133,766, including estimated additional income arising from Double Taxation Relief for the current year and a small amount recovered from previous years, shows an increase of £16,290 compared with the corresponding figure last year. Our net income after making provision for all tax liabilities and taking credit for a net tax adjustment in respect of former years, has increased by £7,786.

The sum of £15,951 has been transferred to General Reserve which you will see from the Balance Sheet now amounts to £132,000.

At this time last year it was stated to be the intention of your Board to increase the next interim dividend with a view to reducing the disparity which existed between the amount distributed by way of Ordinary dividend in each half year. Accordingly the interim dividend was increased from 5¼ per cent to 6½ per cent. When the results for the full year became available the directors felt able to recommend a final dividend at the same rate as last year, namely 8½ per cent, which makes a total of 15 per cent for the year on the Ordinary stock, being an increase of 1 per cent over last year.

The dividends on the six per cent and four and three-quarters per cent Preference stocks and the recommended 15 per cent on the Ordinary stock will together absorb £38,507, leaving the sum of £35,680 after the provision for Reserve, to be carried forward to next year as compared with £35,245 brought in.

Allowing for the payment of the dividend on the Preference capital the year's surplus profit is equivalent to 23.14 per cent less Income Tax on the Ordinary capital as increased by the new issue made during the year under review, the proceeds of which did not fully contribute to the year's income.

The Balance Sheet value of our investments is £1,480,394. As usual a valuation of the Company's investments has been made, which shows the market value as at July 31st was £1,736,573 or an appreciation of 17.3 per cent. If the procedure hitherto followed with regard to the General Reserve had been continued, the Balance Sheet value would have been reduced to £1,348,394 on which the appreciation would have been 28.8 per cent.

As to the current year, we must be prepared for some reduction of income from certain of our investments, but viewing our portfolio as a whole, your directors anticipate that the dividend of 15 per cent on the Ordinary stock will again be covered by a reasonable margin of earnings.

The Report and Accounts were adopted.

JOHN BROWN AND COMPANY LIMITED

Engineers and Shipbuilders

TRADING RESULTS AGAIN SHOW IMPROVEMENT

FINANCE FOR PROGRESSIVE DEVELOPMENT OF SUBSIDIARY AND ASSOCIATED COMPANIES

LORD ABERCONWAY ON PROPOSED NEW CASH AND SCRIP ISSUES

THE NINETY-SECOND ANNUAL GENERAL MEETING of John Brown and Company, Limited, was held on September 28th at 4, The Sanctuary, Westminster, London, S.W.1.

THE RIGHT HONOURABLE LORD ABERCONWAY, the Chairman, presided.

The following is his statement circulated with the report and accounts for the year ended March 31, 1956:

The trading results for the year again show an improvement. The balance on Consolidated Trading Account, at £3,629,451, is higher by £1,117,288 than that of the previous year. After adding income from investments, much the same as last year, and after deducting £674,245 for depreciation, an increase of nearly £150,000, and £1,749,805 for taxation, an increase of some £450,000, the net consolidated profit is £1,318,147, an increase of £391,917.

Much of this increase is attributable to improved results of certain overseas subsidiaries and to the profits of the three companies recorded in the Directors' Report as having become subsidiaries during the year. The balance is due to improved trading results at home, in particular, as might be expected, John Brown Land Boilers Ltd. was more successful in the second year of its existence.

Your Directors recommend a final dividend for the year of 11d. free of tax on each unit of Ordinary Stock, making a total for the year of 1s. 2d., the same as last year. The amount carried forward in the Company's Profit and Loss Account is increased by £126,452, representing the excess of the income it has received from its subsidiaries and from its trade investments over its expenses and the dividends on its own capital. The balance of the year's profit left with subsidiary companies is £667,125, and this is reflected in the increased strength of the Consolidated Balance Sheet.

On the Company's Balance Sheet two items call for comment. The change in the value of Unquoted Shares in Trade Investments (Trade Investments being those where the Company has not more than a 50 per cent interest) is due partly to the subscription by the Company of further shares for cash in Costain-John Brown Ltd., and partly to the removal of the Company's shareholding in S. N. Bridges & Co. Ltd. from that account to Subsidiary Companies. The increase in the value of shares in subsidiary companies arises partly from this latter transaction and partly from the subscription by the Company of further shares in that and other subsidiaries. But while the Company's Balance Sheet thus reflects, in the value at which its subsidiary companies appear, its cash subscriptions for shares in the subsidiaries, no account is taken in the Company's Balance Sheet of the increased resources, and thus the increased value, of subsidiaries derived from the retention by them year by year of substantial proportions of their profits.

Need for Additional Finance

Despite this twofold policy year by year of permitting subsidiaries to plough back profits and of the Company making further investments as appropriate in subsidiary companies, many of the subsidiaries are, and others soon will be, short of liquid resources in relation to their current and estimated future requirements. The Company itself, with no more compensation money to come from nationalisation, has, by making its resources available to subsidiaries by loan or by investment, deployed its funds to the point at which it too needs further cash to support and finance the businesses of its subsidiary and associated companies.

The effect of inflation has been and still is to require even greater working capital to finance a given volume of business, while the renewal of fixed assets, at greatly enhanced prices as compared with original cost, has absorbed, and continues to absorb, still further finance. Developments in the enterprises to which the Company and its subsidiary and associated companies are committed have been to safeguard their businesses and to satisfy the demands of their customers, both at home and especially overseas. All the fields of activity in which the Company is concerned require that the available manufacturing equipment should be of the latest design and of the highest practicable accuracy and economy. Only in this way can these businesses remain competitive.

Board's Capital Proposals

Accordingly, permission having been received from the Capital Issues Committee of the Treasury, your Directors are proposing to raise fresh capital by inviting Ordinary stockholders to subscribe for Ordinary shares at an appropriate price in the proportion of one new share for every five units of stock held. The shares will then be converted into stock. Thereafter your Directors propose, with stockholders' approval, to capitalise from the reserves of the Company sufficient funds to issue, as fully paid up, one unit of stock for every six units held after the cash subscription. This capitalisation of reserves irrevocably committed in the Company's business will bring its issued capital rather more into line with the resources employed in the business. Ordinary stockholders will find enclosed a notice convening an Extraordinary General Meeting to be held on the day of the Annual General Meeting, to consider, and, if thought fit, to approve the appropriate resolutions.

The greater part of the new funds will be invested at an early date in certain of the subsidiary and associated companies who more particularly need it. The balance would be used to finance the general business of the group, partly by making loans available as and when required, and partly in due course by making permanent investments.

A total dividend for the year of 1s. a unit on the Ordinary stock increased by the capitalisation of reserves would require precisely the same amount as a dividend of 1s. 2d. on the Ordinary stock after the cash subscription but before the capitalisation of reserves. It is accordingly the intention of the Directors, in the absence of unforeseen circumstances, to pay in respect of the current year to March 31, 1957, a total dividend of 1s. a unit free of tax on the Ordinary stock increased by the proposed twofold operation. But in order to make the interim dividend a more appropriate proportion of the whole, your Directors intend again in the absence of unforeseen circumstances to pay as an interim dividend 4d. a unit free of tax.

Shipbuilding

Activity in the shipyard and engine works of John Brown & Co. (Clydebank) Ltd. has continued at a high level. Her Royal Highness The Princess Margaret honoured us with a visit on December 14, 1955, to name and launch S.S. "Carinthia," the high class passenger and cargo vessel built for The Cunard Steam-Ship Company's Canadian service. This vessel was delivered in mid-June of this year and has joined S.S. "Saxonia" and S.S. "Ivernia," completed in 1954 and 1955 respectively. A fourth and similar vessel, S.S. "Sylvania," is at present building and is due for delivery in May, 1957. Other contracts completed include M.V. "Whangaroa" for The New Zealand Shipping Co., Ltd., M.V. "Northumberland" for the Federal Steam Navigation Co., Ltd., S.S. "Alvega" for the Alvion Steamship Corporation, and S.S. "Stanvac Australia" for the Standard Vacuum Transportation Co., Ltd. I am glad to report that the volume of contracts arranged during the year considerably exceeded deliveries, and work is therefore assured for some time ahead. The demand for large tankers continues unabated and, to enable Clydebank to increase its output of ships of the size most suited to it, the three building berths in the West Yard will be converted to two large ones. This can be done without interfering in any way with production. Additional pre-fabrication facilities will also be provided. In the engine works the major schemes of modernisation and re-

equipment of plant are nearing completion. The new gear cutting shop, the most modern and best equipped in this country, is now in production.

Land Boilers

John Brown Land Boilers Ltd. has steamed its first four boilers for the Central Electricity Authority, two during the year under review and two subsequently. These boilers have all passed their acceptance trials satisfactorily. Including these four, the company has orders on its books for boilers, mostly for the electricity generating authorities in this country, to the value of some £20 million. In addition the South African subsidiary, whose first pair of boilers should steam late in 1956, has orders to the value of some £2 million. The works at Whitecrook, Clydebank, are being extended to ensure that capacity exists to fulfil orders in this country by their due dates.

Machine Tools and Engineers' Tools

Wickman Ltd. has during the year extended its range of multi-spindle automatic lathes. Despite an increase in the number of machines produced, its backlog of orders at the close of the year exceeded that at the beginning. On hardly any of its models can Wickman offer a delivery earlier than 1958, an unduly long period for customers to wait for machines which usually are ordered to perform particular operations as part of a comprehensive scheme of re-tooling. The extension to the company's works at Banner Lane, Coventry, is nearly completed, and equipment is being installed. The Factored Machine Tool Division of Wickman continues to give good service alike to customer and principal. The Wimet Division sold increased quantities of tungsten carbide tools and tips, and has continued to develop new grades and new applications. Most gratifying interest was shown in Wickman's various stands at the recent Machine Tool Exhibition at Olympia, and the company and its able organisation look forward with confidence to the future. Wickman Ltd. has purchased the whole of the share capital of Arthur Scrivener Ltd., manufacturers of grinding machines.

Webster & Bennett Ltd., despite the long deliveries which its extensive order book forces it to quote, continues to receive orders at least as fast as it makes deliveries. During the year it has extended its works and has installed much new equipment, and this should give next year a substantial increase in finished machines.

Firth Brown Tools Ltd. delivered a greater quantity of engineers' cutting tools than ever before. It maintained good service to its customers, both at home and abroad, though export conditions were increasingly competitive. A substantial proportion of the company's manufactures are direct exports, and many sold at home are used in the manufacture of engineering products for export. Customers for engineers' tools require prompt deliveries, which necessitates the holding of considerable quantities of finished tools in stores throughout the country; the financing of these stocks, and of the work in progress needed to support them, has absorbed much working capital. Nevertheless, Firth Brown Tools has continued to spend considerable sums on capital equipment to keep, as is essential to its business, its manufacturing facilities modern and efficient.

Other Engineering Subsidiaries

Cravens Ltd. has again achieved a new record, both in volume and in value, of output of rolling stock during the year, and has delivered to the British Transport Commission its first diesel railcar for that customer. Further orders have been received from the British Transport Commission in connection with its modernisation programme; and, despite increasing Continental competition, orders for export have also been obtained. The work on hand at present is considerably in excess of that at any previous time. Greater difficulties have been experienced in obtaining adequate supplies of steel from British mills, but supplies have been augmented by purchases of steel from overseas. Cravens' engineering division has made satisfactory progress during the year. The manufacture of hydraulic presses under licence from the Hydraulic Press Manufacturing Company in America has been undertaken and production of injection moulding machines to its designs commenced. The first Brown-Riley coal pulveriser manufactured in Cravens' works was installed at the Stepney power station and has now been in operation for some time with highly satisfactory results.

Markham & Company Ltd. of Chesterfield has maintained the output of its varied range of engineering products. In particular it has continued to supply and install new equipment for the National Coal Board, and has delivered several new large winding engines, all of which have been commissioned to programme. The company continues to effect major adaptations to the National Coal Board's coal-handling plant. All this assists the country's potential coal production. Work in the heavy engineering field is still plentiful, but the company's activities are largely regulated by the numbers of technical and skilled people available, and by the difficulty in obtaining timely delivery of the diverse raw materials and engineering products required. Markham quoted Boving & Co. Ltd. for the water turbines for the Kariba hydro-electric scheme in Rhodesia, and it is gratifying that the contract for the turbines has been awarded to Boving's, and that Markham will accordingly make them.

S. N. Bridges & Co., Ltd., achieved a splendid increase in its output of portable electric tools, the popularity of which is reflected in steadily increasing demand. Its home workshop set is particularly successful, and all its products represent excellent value for money. It is seeking additional premises in order to meet the demand for its products from overseas, to which hitherto it has not been able to do justice.

In Canada, Firth Brown Steels Ltd. has continued during the year its services to Canadian industry in the supply of stainless steels, heavy steel forgings and hardened steel rolls. A small extension to the Montreal warehouse has been completed. A. C. Wickman Ltd. has had a successful year and finds Canadian demand brisk both for the products which it manufactures, mostly tungsten carbide metal-cutting, coal-cutting and rock-drilling tips and tools, and for the machine tools and other products which it distributes in Canada on behalf of British, European and American principals.

Associated Enterprises

So much for the major subsidiaries of the Company. I now turn to the enterprises, at home and overseas, in which the Company has not more than a 50 per cent interest.

At Westland Aircraft Ltd. production has continued on the successful "Dragonfly" and "Whirlwind" helicopters and substantial deliveries have been made. The new "Widgeon" is completing its official flight trials, and work is proceeding on the "Wessex," a new Gas Turbine Anti-Submarine helicopter, for which a contract has been received. Development work continues steadily on the "Westminster" which is a large twin Gas Turbine helicopter to carry about 40 persons or the equivalent military load. Normalair Ltd. continues successfully with its wide range of oxygen, pressure control and cooling equipment.

Costain-John Brown Ltd. has made good progress in laying the trans-Iranian pipe line and in constructing the pumping stations: this work should be completed before the due date. The company has received further contracts in Britain and overseas for oil refinery and pipelining work, and is engaged in a wide variety of contracts and projects in the chemical engineering field. Costain-John Brown has recently had an unfortunate experience (partly due to circumstances beyond its control) over some large contracts in Iraq in which it was engaged with Iraki partners. The loss has not yet been ascertained, but I have no doubt that despite this setback Costain-John Brown will continue to prosper.

In Rhodesia, F. Issels & Son Ltd. has continued to meet strong competition and has been considerably handicapped by difficulties in obtaining steel supplies. The company has, however, had a satisfactory year in which it has given service to a wide range of customers in the Federation. Rhodesian Alloys (Pvt.) Ltd. has operated successfully and has delivered very high-class low carbon ferro-chrome to many customers in many countries. With a recovery of prices to practically the level prior to the slump, progress is now being made in reducing accumulated losses. The commencement of work on the Kariba hydro-electric scheme on the River Zambesi is encouraging, as Rhodesian Alloys essentially depends on plentiful supplies of competitively priced electricity.

Tribute to Employees

Stockholders will, I hope, be pleased at the progress made during the year in developing, consolidating, and keeping competitive, our various enterprises. For this success the thanks of the Directors and Stockholders are due to the management, staff and workpeople at the various establishments in which the Company is interested throughout the world.

The report and accounts were adopted and the other formal business duly transacted.

The proposed increase of capital and the subsequent scrip issue were approved at an Extraordinary General Meeting which followed.

The proceedings terminated with a vote of thanks to the Chairman, Directors and Staff.

THE GENERAL ELECTRIC COMPANY, LIMITED

RECORD SALES

The fifty-sixth annual general meeting of The General Electric Company, Limited, was held on September 27th in London.

Sir Harry Railing, the chairman, in the course of his speech said: The sales of the company have again exceeded all past records. Our total sales have increased by 13 per cent, although sales in consumer goods have declined. In spite of the increased turnover and increased efficiency, the rise in cost could not be fully recovered. Our trading profit has substantially remained the same at £9,752,774 compared with £9,889,324 for 1955 and £8,264,047 for 1954. Our consolidated net profit for the year stands at £2,759,000 compared with £3,452,000 in 1955 and £2,364,000 in 1954.

FACTORS AFFECTING PROFITS

That the company did not achieve higher total trading profits during the past year stems from a number of causes. It is, in part, due to the fact that constantly rising productive wages and distribution costs, accompanied by ever-increasing competition from countries based on lower wages, like Germany, or on lower taxation, like Switzerland, have narrowed the net profit margin. In consequence we have to achieve a greater volume of turnover to maintain the same profit as previously.

We considered it essential to continue our expansion in the capital goods field, and we have been successful in doing so. We consider it equally essential for the future prosperity of the company that we take our full share in the many developments which will lead to the opening up of new fields for atomic energy, power, traction, communication and electronics. The proportion of our turnover in capital goods compared with that in consumer goods has steadily increased during the last two decades. Further, our company has, during the past year, been affected more than some of our British competitors by Government action both at home and overseas, because our business is generally more widespread.

CREDIT RESTRICTION

The sudden change of front by the Chancellor of the Exchequer in last October, and the imposition of restrictions on hire-purchase and of additional Purchase Tax on a wide range of radio and domestic apparatus, not only caused a severe reduction in turnover in these departments but also inevitably an accumulation of stock which, with commercial prudence, we have had to depreciate at the end of the year.

It is fully understood that the fight against inflation necessitated the tightening-up of credit conditions for certain consumer articles—especially for luxury goods. It must, however, be realised that many domestic electrical appliances, in fact, represent labour-saving devices which are indispensable to national efficiency. Adequate turnover for such appliances in the home market is the basis for export business. It is clear that the normal development of this market can only be kept back for a limited period. There have lately been signs of some improvement.

Your directors have recommended a final dividend of 9½ per cent on the Ordinary stock, making 14 per cent in all—the same as last year.

The report and accounts were adopted.

LONDON SHOP PROPERTY TRUST

FURTHER PROGRESS

The twenty-fifth annual general meeting of London Shop Property Trust, Limited, was held on September 27th in London, Mr C. W Black, JP MP, FRICS, FAI, chairman, presiding.

The following are extracts from his circulated statement for the year ended April 30, 1956:

We have had another good year, and further progress has been made in restoring the fortunes of the company.

Income derivable from rents during the year under review shows no great change from the previous year. Income from rentals is naturally a reasonably constant figure varying in general only when property developments are completed and become revenue producing. During the year under review your company has had in hand the development of several important sites, and income from these should show a very considerable increase in the next year or two, as building schemes now in course of construction come to completion During the past year these have contributed little or nothing to our rental income, but when completed will make a very substantial addition thereto.

The block of flats and garages in Cape Town was satisfactorily completed towards the end of 1955, and was fully let at satisfactory rents within a few weeks of completion. This property is now fully income producing, and will undoubtedly prove a valuable asset to this company and the other companies interested in its ownership.

The report and accounts were adopted.

BRAITHWAITE & COMPANY, ENGINEERS, LIMITED

ANNUAL GENERAL MEETING

The Thirty-fifth Annual General Meeting of Shareholders of Braithwaite & Company, Engineers, Limited, was held on September 27th at Dorland House, 14-16, Regent Street, London, S.W.1.

Mr J. Harvey Humphryes, AssocICE, MIStructE, the Chairman, presided.

The nett profit of the Group, including gross dividend from Braithwaite & Company (India) Limited and before charging taxation, is £165,157 against £149,242 for the previous year. After charging taxation for the year the consolidated nett profit for the year is £74,057 compared with £60,567 for the previous year.

Resolutions were unanimously passed for the adoption of the Report and Accounts, the confirmation of preference dividend already paid in respect of the year ended March 31, 1956, and the payment of a final dividend of 4 per cent, less tax, making a total of 8 per cent, less tax, for the year on the Ordinary Shares.

The retiring Director, Mr J. Bickley, was re-elected.

The Directors were authorised to agree the remuneration of the auditors, Messrs Whitehill, Marsh, Jackson & Company, and the proceedings terminated with votes of thanks to the Chairman, staff and workpeople.

GROUPEMENT DE L'INDUSTRIE SIDÉRURGIQUE (GIS)

Paris, France

(Iron and Steel)

RECORD PRODUCTION

The annual general meeting of GIS was held in Paris on June 30th, under the chairmanship of Monsieur J. Ferry, and the following are details of the report presented by him on behalf of the Board.

REVIEW

1955 was a year of record production figures for the iron and steel industries of different countries. French industry shared in this development with the unprecedented output of 12.6 million metric tons, an increase of 18.5 per cent over the previous year. Turnover rose by as much as 25 per cent during the same period.

Although the improvement thus shown was encouraging, the French iron and steel industry did not feel the full benefit of the progress made since it was obliged—within the framework of Government price policy—to maintain its home market prices at a level below that ruling in the other member countries of the European Coal and Steel Community.

INVESTMENT

Investment activity in the industry continued during the year. Capital expenditure reached Frs.49,500 million and brought the total of funds invested since 1945 to Frs.430,000m. Plans for 1956-1960 envisage further expenditure of Frs.341,200m.

Investment on such a scale could not, however, be carried out without Government help. This assistance took the shape of loans negotiated with individual enterprises. The total of such loans granted up to the end of December, 1955, amounted to Frs.170.000m., or 39.5 per cent of capital expenditure as a whole—a percentage which should decrease noticeably during the next few years. At the same time, further steps in the field of capital increase bore fruit, and the contribution from savings funds—in the form of a debenture loan—grew considerably. The Groupement de l'Industrie Sidérurgique on its part issued a loan for Fr.21,500m. in October, 1955, and it intends to carry out a similar operation before the end of the current year.

As a result, after ten years of unremitting efforts, the French iron and steel industry last year fully reached its first objective, raising its output from 7m. metric tons to 13.5m. metric tons. This does not mean, however, that the industry can now afford to sit back and take no further steps to modernise its plant and remain competitive. In fact, further plans extending to 1961 envisage another rise in production to 17m. metric tons, i.e., an increase of 25 per cent on present figures.

CAPITAL

The organisation's capital was raised to Frs.4,343m. during the year, and a further increase on January 7, 1956, brought it to Frs.5,500m.

The report, the accounts and the proposals put forward by the Board were adopted.

COAST LINES LIMITED

The forty-third Annual General Meeting of Coast Lines Limited was held in London on September 25th. The Chairman, Captain A. R. S. Nutting, OBE, MC, in the course of his speech, said:

The consolidated profit and loss account shows that the trading profit for the year 1955 amounted to £1,539,536, which is £167,169 more than 1954 but below the trading profits of 1952 and 1953 mainly because of the steadily increasing charge for depreciation. The 1955 taxation charge against profits shows a reduction of £58,509, due almost entirely to a reduction in the provision for future surveys and deferred repairs arising from the delivery of new ships and the scrapping of old units.

The net profit of the Company and Subsidiaries amounts to £1,010,930 against £747,278 in the previous year, while after deducting amounts retained by subsidiaries Coast Lines Limited is left with a net profit for the year of £601,240.

£200,000 has been transferred to Fleet Replacement Reserve, £150,000 written off premiums on acquisition of shares in subsidiaries, and, after payment of dividends on the Preference Stock and a total of 10 per cent on the Ordinary Stock, there remains a surplus of £24,546 to be carried forward, increasing the balance to £603,001.

The total number of ships owned by the Group at the end of 1955 (excluding trawlers) was 105, of which 14 were passenger ships, 15 cattle carriers and 76 cargo ships. Five cargo ships have been delivered by the builders during the year, and two ships were purchased by one of the tramping subsidiaries.

The Report and Accounts were adopted.

APPOINTMENT

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN POLITICAL SCIENCE

Applications are invited for an Assistantship in Political Science. Salary scale: £550-£650. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than December 31, 1956, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

BRIGHTON TECHNICAL COLLEGE

Principal: G. E. WATTS, M.A., Ph.D (Cantab.), B.Sc.(Lond.), F.R.I.C.

Required:—

(a) HEAD OF COMMERCE AND MANAGEMENT STUDIES DEPARTMENT (Grade III).

Applicants should be graduates with appropriate experience in a technical college or similar establishment and preferably also in industry. Duties will be mainly connected with the further development of commercial courses at professional level and of industrial studies as applied to technological courses. Salary £1,600 x £50—£1,750.

(b) ASSISTANT (GRADE II) to teach *Economics, Economic History and related subjects* to Final Professional level.

Salary £650 x £25—£1,025 (men) plus graduate and training allowances if appropriate and with increments for approved industrial experience.

Further particulars and application form from the undersigned. Applications to be returned to the Principal of the College by October 18th.

W. G. STONE,
Director of Education.

24 Old Steine,
Brighton.

THE NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS

invites applications from consultants with experience in making surveys and advising on costing, work study, control methods, planning and programming, and capable of taking charge of, and developing, the existing Advisory Service for the Building Industry. Experience in supervising and directing the work of specialist consultants is essential. Work involves an appreciable amount of travel in the U.K. Salary according to age and experience. Contributory Pension Scheme.—Write, giving details of age, education, experience and present salary, to the Director of the Federation, at 82 New Cavendish Street, London, W.1.

LONDON TRANSPORT requires Actuarial Student—permanent employment concerned with staff statistics, pension schemes, and other actuarial matters. Applicants must have passed examinations of at least two parts of examinations of Institute of Actuaries, and should preferably have completed National Service. Successful candidate will have facilities (including refund of fees and expenses) for completing actuarial studies.

Commencing salary £675; additional payment for certain extra qualifications; free travel; contributory superannuation scheme.

Apply within 14 days to Recruitment and Training Officer (FEV 601), London Transport, 55 Broadway, SW1.

STATISTICAL DEPARTMENT (including Hollerith) Manager required by S.W. London Manufacturers. Salary £800-£1,250 depending on qualifications. Write, stating age, salary, qualifications and Management experience—Box 524.

A VACANCY OCCURS in the Head Office of The National Mutual Life Assurance Society for an actuarial clerk, to be deputy to the Head of Department. The position will suit a student who has passed at least Part II and Part IIIA of the Institute, or the equivalent faculty examinations. The successful applicant will have every opportunity of obtaining a wide experience of life office work. Study facilities available. Assistance given in his later examinations. A good salary will be paid to the right applicant.—Apply to the Actuary and Manager, 39 King Street, Cheapside, London, E.C.2.

MARKETING MANAGER, age 30-40, required for interesting permanent post in Southern Rhodesia with young and vigorous company. Candidates, who should have sound educational qualifications and dynamic personality, must be thoroughly experienced in sales planning and promotion of consumer goods and possess proved successful sales record in highly competitive market. Previous African or other overseas marketing experience advantageous. Agricultural background preferred. Outstanding opportunity for right man.—Applications (Quoting No. 1257), stating salary required, to Personnel Manager, Fisons Pest Control Limited, Bourn, Cambridge.

FORAS BAINISTIOCHTA NA h-EIREANN —IRISH MANAGEMENT INSTITUTE

Applications are invited for the position of

DIRECTOR OF STUDIES

to head the proposed Management Development Unit of the above Institute. The salary payable will be substantial and commensurate with qualifications and experience.

The Management Development Unit as the "educational wing" of the Institute will be responsible for running courses for management at all levels.

The post is one of the greatest importance and the man appointed to it will be in a position to play a major part in the development of Irish industry.

Applicants must have good managerial or administrative experience, and high qualifications in their own chosen field. Preference will be given to candidates holding University degrees and having a knowledge of Irish industry. Age limits 30-50; preferably 35-45.

Applications, which will be treated in confidence, should reach the undersigned not later than Monday, October 22, 1956.

P. QUIGLEY, Secretary,
Irish Management Institute.
79 Merrion Square,
Dublin.

STATISTICAL OFFICERS are to be appointed immediately by a progressive Midlands Company which is continuously expanding. Two new positions are to be filled and applications are invited from young candidates with a recognised qualification (e.g. Final A.I.S.) or with experience in industrial and commercial statistics.

The posts involve the application of up-to-date techniques to practical data under the direction of the Chief Statistical Officer, and are open to men and women under 28 years of age. Good commencing salaries will be paid, and assistance will be given in securing suitable accommodation. The company also operates a generous and comprehensive Special Security Scheme.

Applications, giving details of career to date, should be addressed to Box 526. All replies will be acknowledged.

SPERRY GYROSCOPE COMPANY LIMITED will be opening a new factory in the Bracknell new town, Berkshire, in the Spring of 1957. It is proposed to appoint a Chief Accountant to take charge of accounting functions in this new unit. Applications are invited from Chartered Accountants to fill this senior position. Applicants should be in the age group 30-37 years, and have at least five years' experience in a responsible commercial position. Experience of mechanical accounting is also very desirable. The person appointed will be expected to train his own staff and be capable of acting on his own responsibility. The salary range will be £1,500 to £1,750 per annum, according to experience. Housing facilities may be available. The successful applicant will be expected to spend approximately three months in the Head Office of the Group at Brentford, commencing at the beginning of 1957.—Applications, which will be treated in strict confidence, should be addressed to the Controller, Sperry Gyroscope Company Limited, Great West Road, Brentford, Middlesex.

MARKET ECONOMIST—A leading firm of Seed-crushers, Edible Oil Refiners and Feeding Stuffs Manufacturers requires the services of a young man to study and advise on market trends of raw materials. He will be required to obtain and summarise relevant information from official and non official sources, both in the U.K. and Overseas. He will also have to collect, analyse and present statistics. Applications are invited from men aged 25-35 who are able and willing to spend at least three months of the year travelling abroad. Previous experience in the Oilseed, Oil, Oilcake, and Grain Markets or of statistical work relating to these markets is desirable. An honours degree in economics is an advantage, but not essential. The starting salary will be £1,250-£1,500 per annum, according to age, qualifications and experience. The post is pensionable.—Please apply in writing to The Secretary, J. Bibby and Sons, Ltd., King Edward Street, Liverpool, 3.

ACTUARIAL STUDENTS—passed at least some part of Part I of Faculty or Institute Examinations—required by Australian Mutual Provident Society (the largest British Mutual Life Office). After a short initial probationary period in London office the Society will pay all moving costs to Australia. Salary at age 21 £625 Please state age. 22 £675 rising, age 23 £725 sterling. Substantial bonuses and increases on passing examinations. Excellent pension and life assurance benefits.—Apply to Manager for United Kingdom, 73/76 King William Street, London, EC4.

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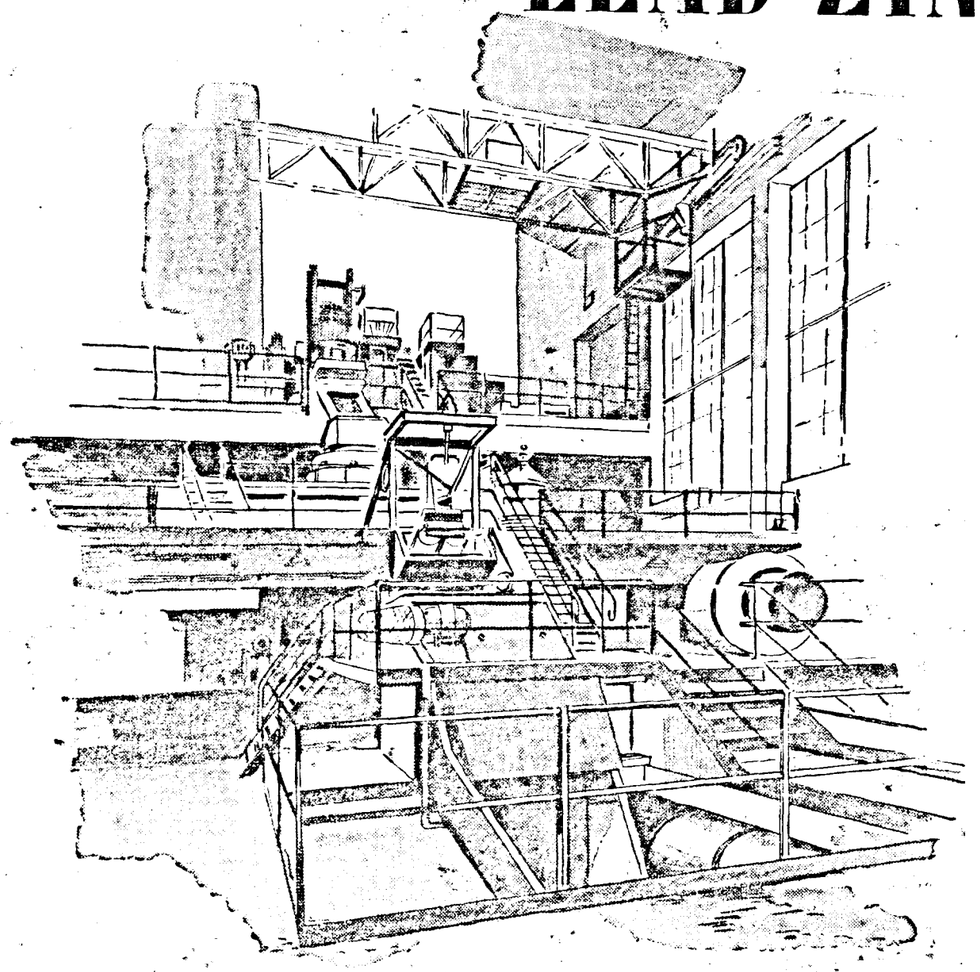

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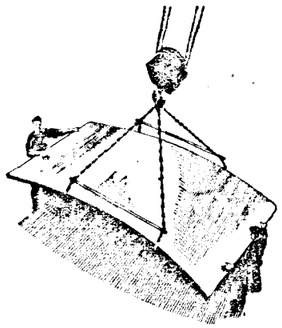

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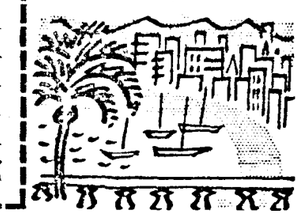

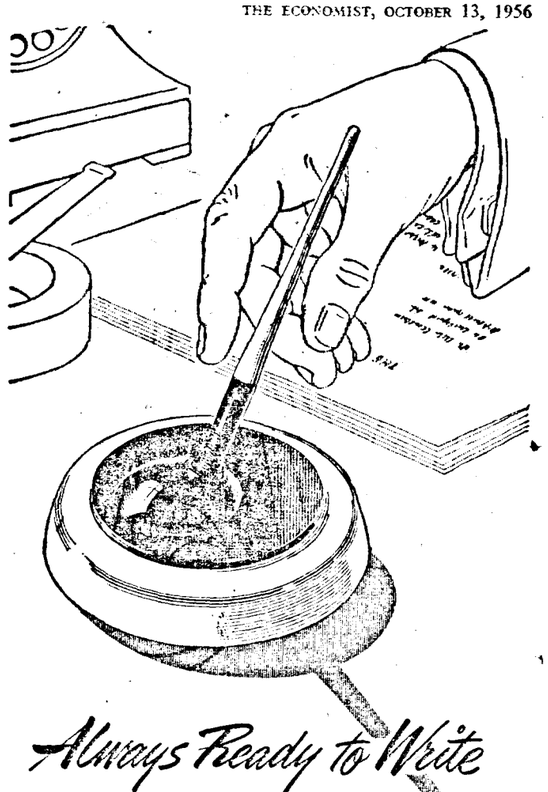

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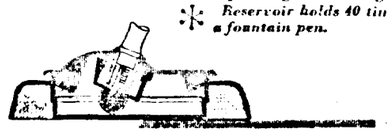

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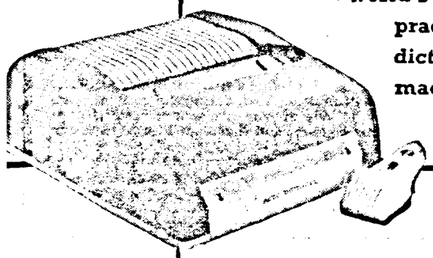

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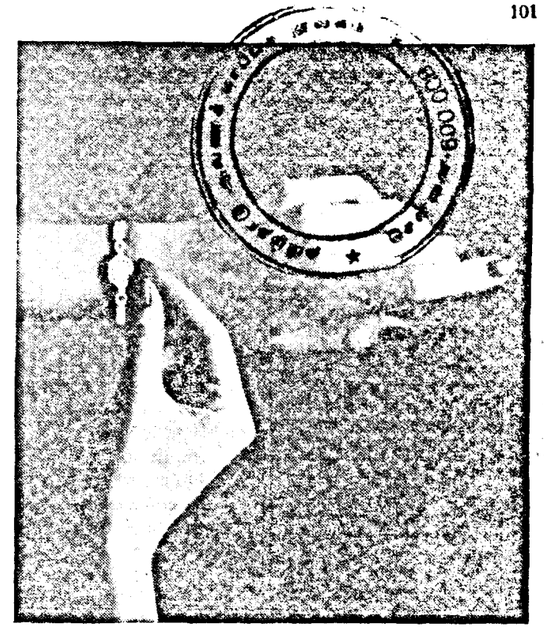

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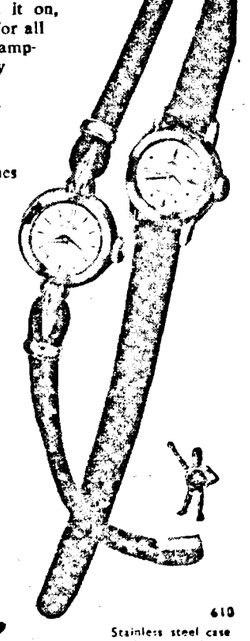

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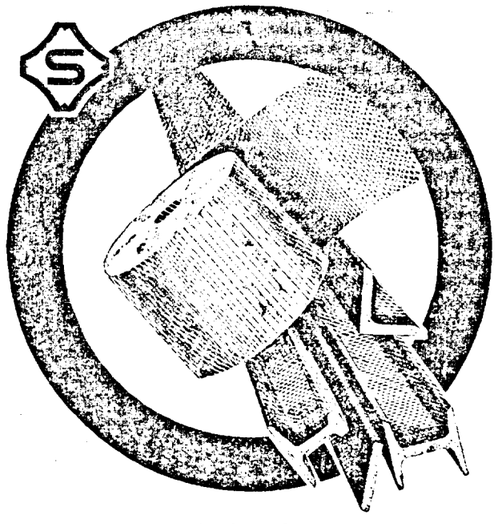

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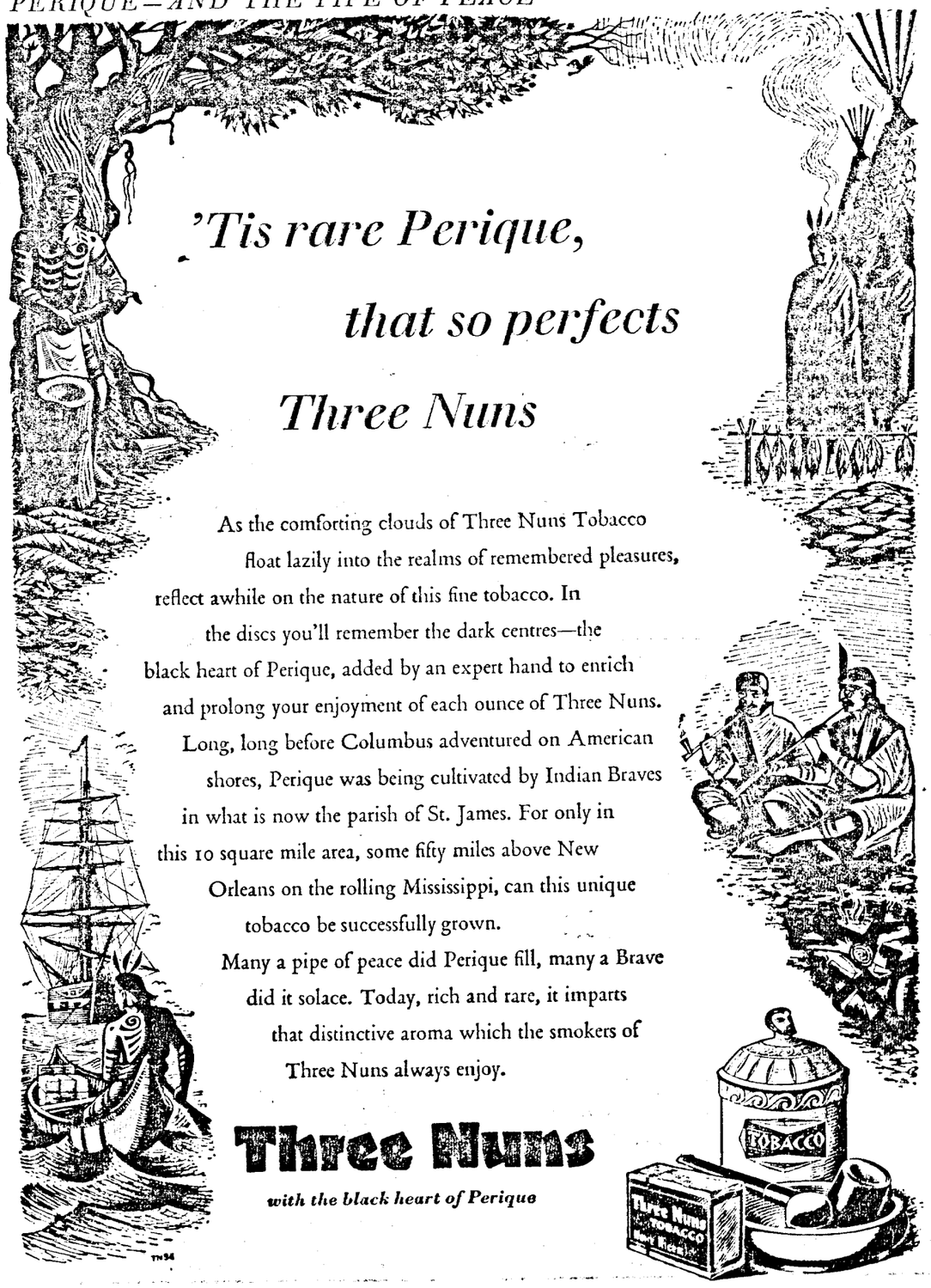

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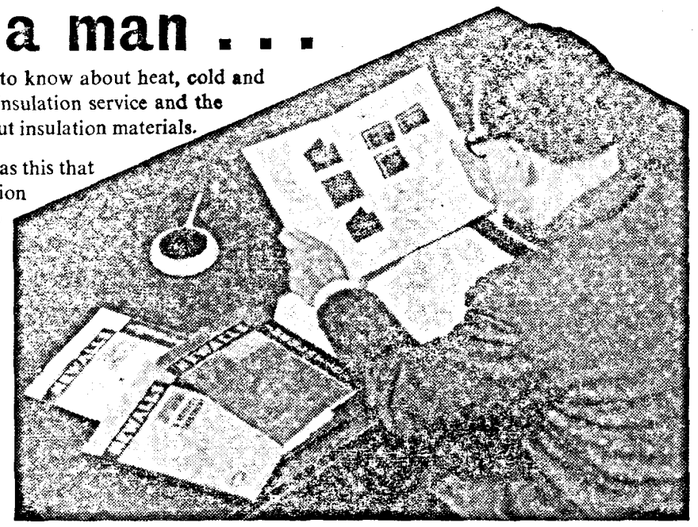

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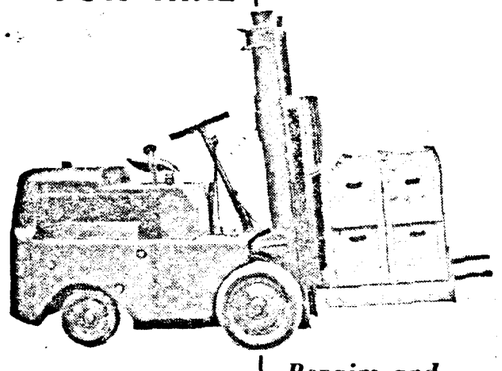

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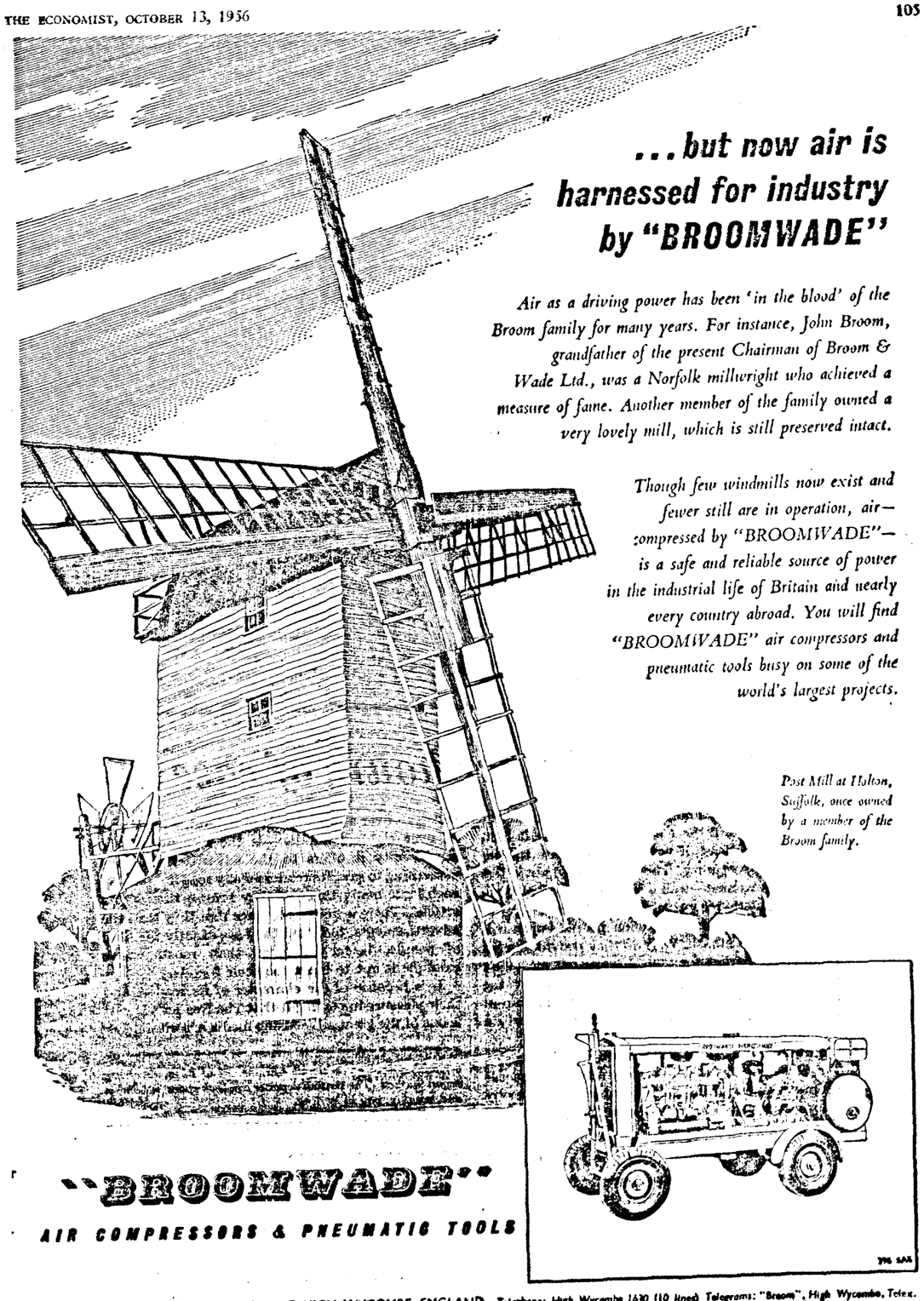

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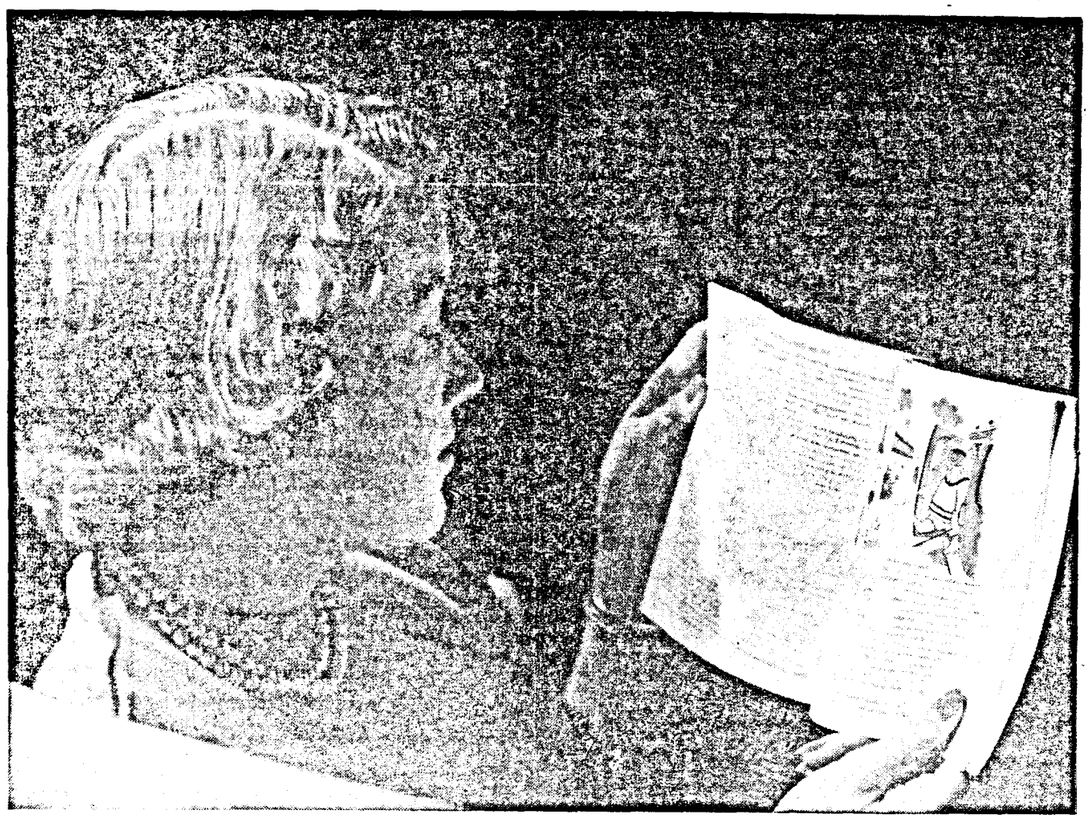

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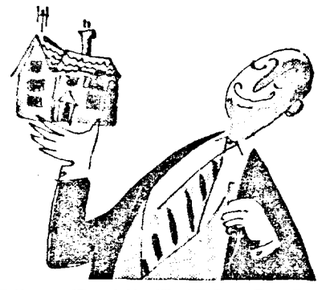

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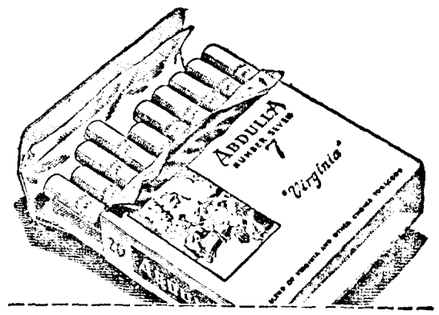

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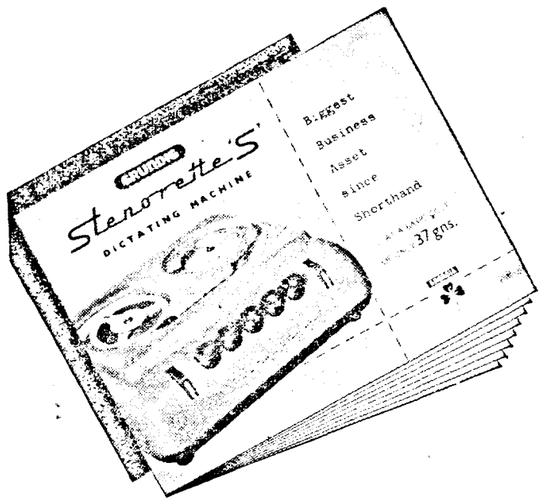

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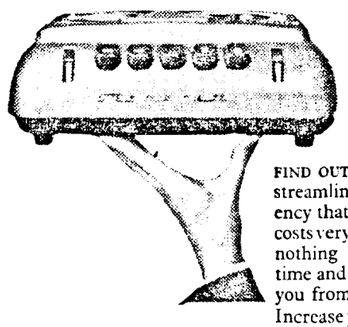

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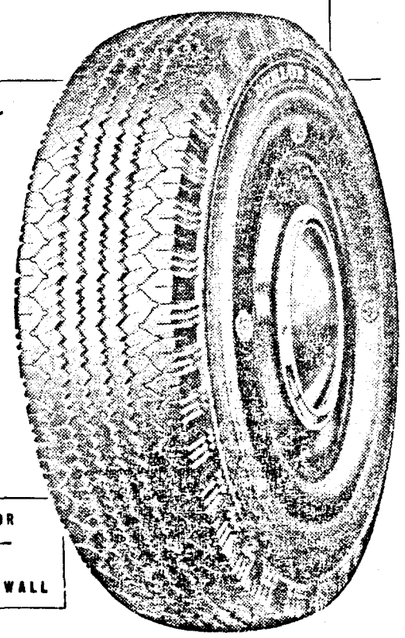

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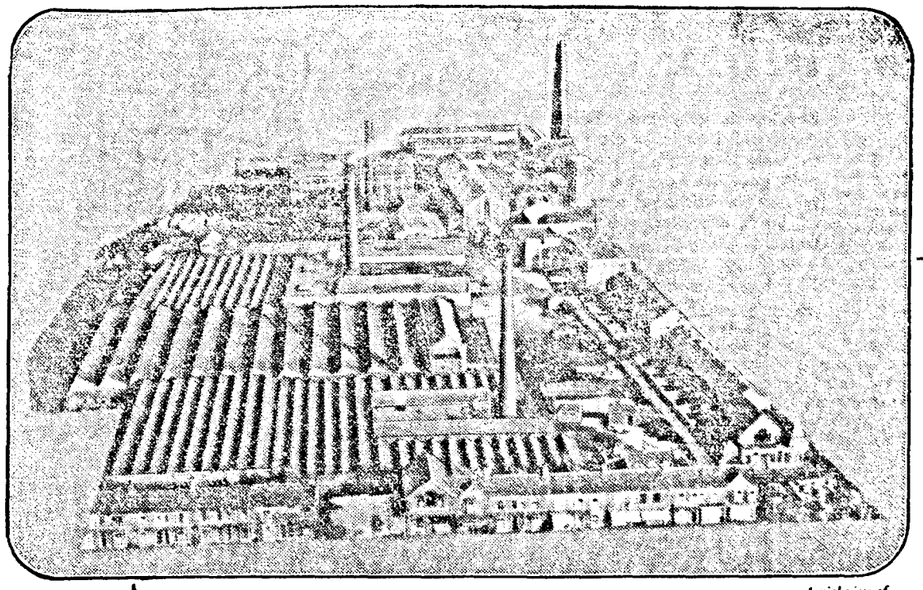

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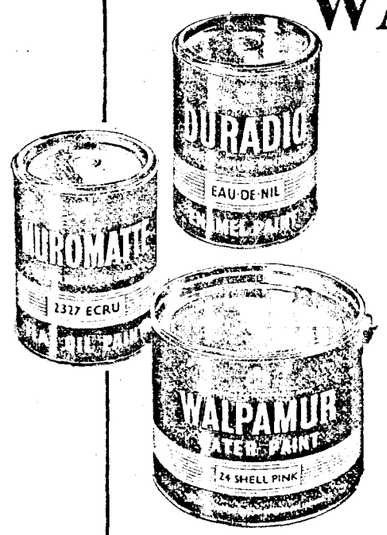

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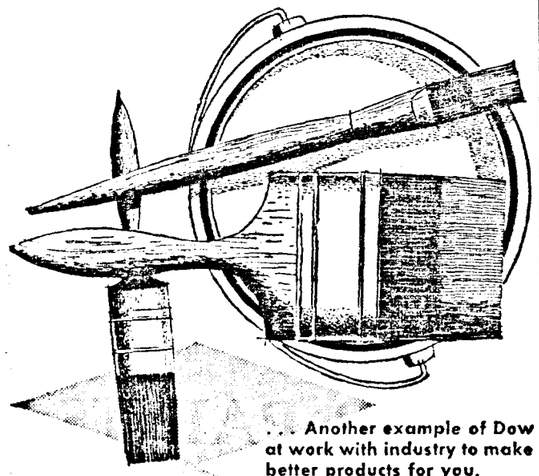

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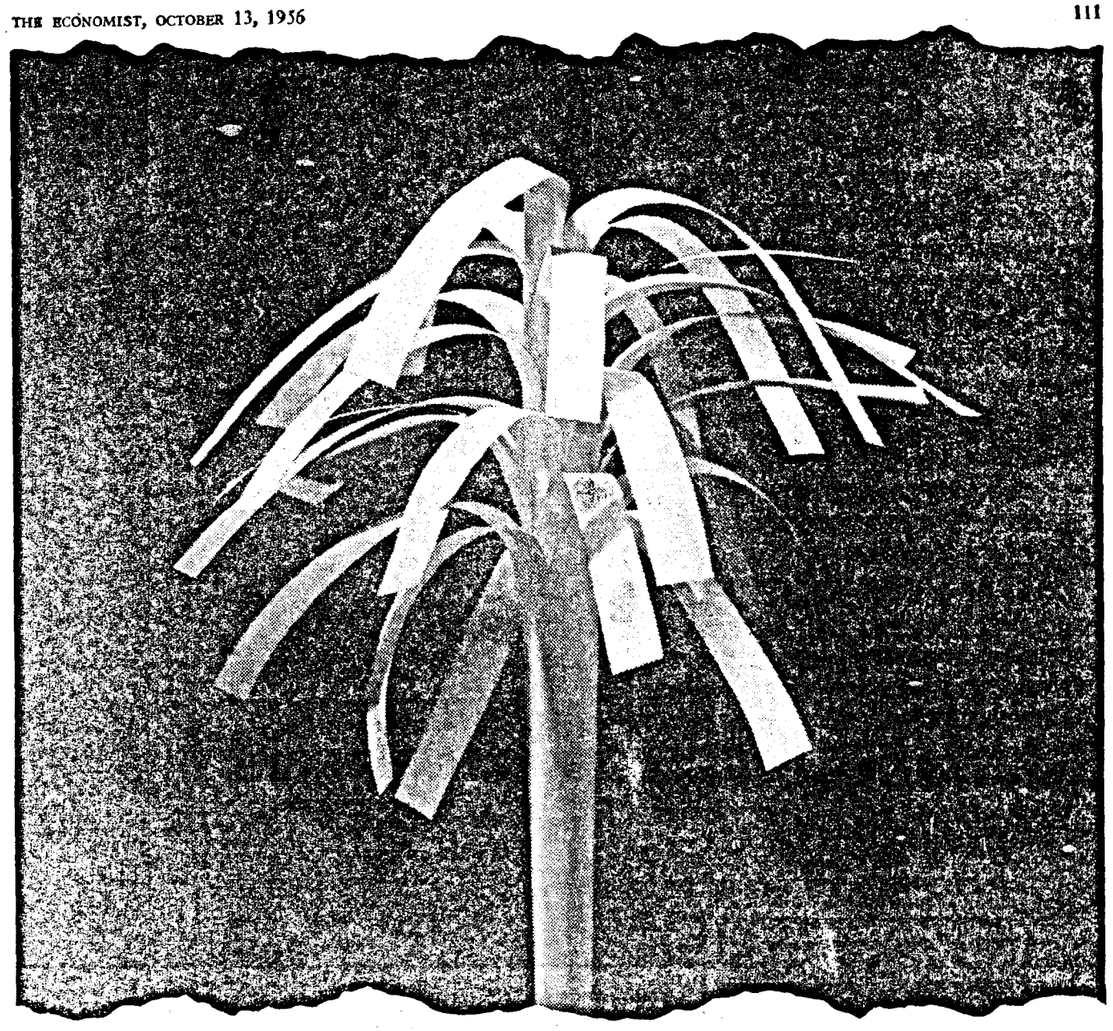

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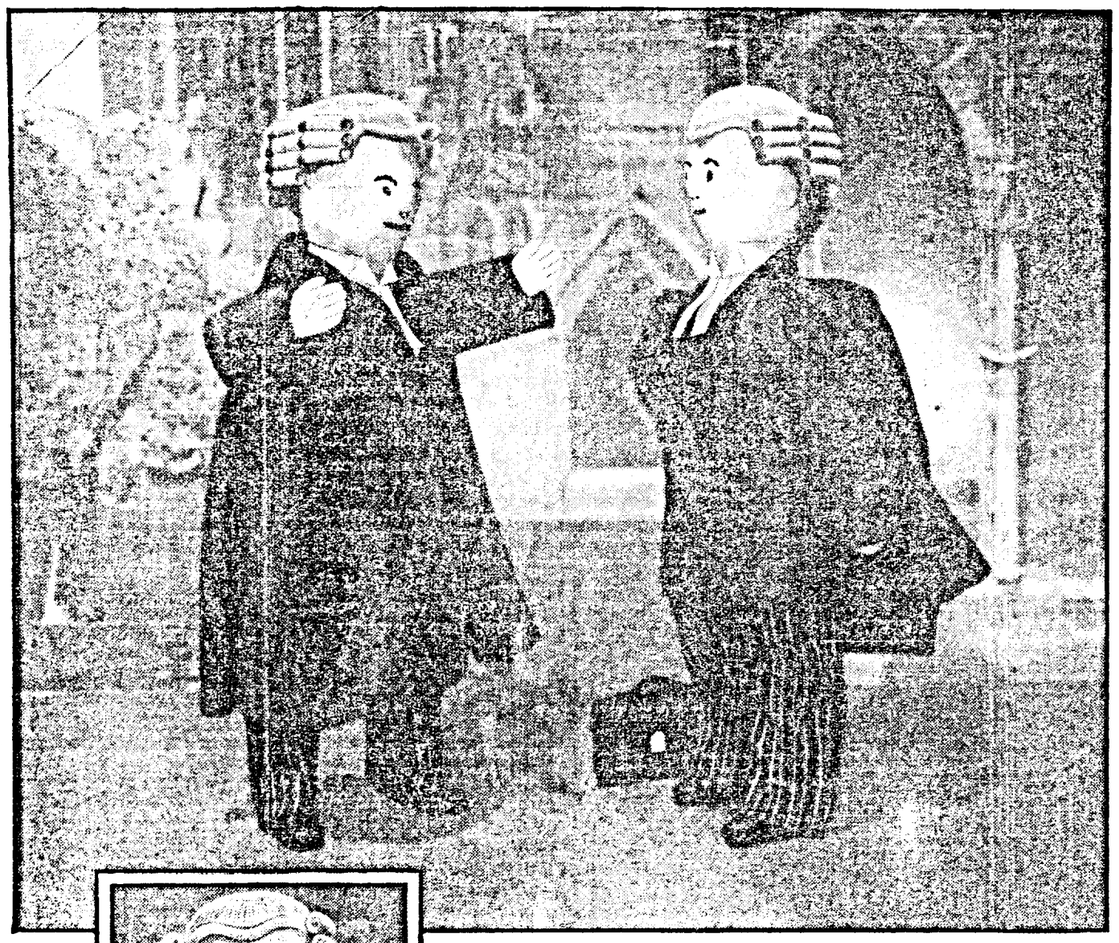

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The Five Year Itch

GOVERNMENTS of this country are subject to a malady which might be called, with apologies to Mrs Miller, the five year itch. When they have been in office for about that time they are attacked by their supporters for being too like their opponents, and by their opponents for being too like their traditional selves. This itch is now upon the Tory party and Government. At Llandudno, this week, little Conservatives have been bracing themselves to tell big Conservatives, although in the politest possible Conservative way, that they look to them like a lot of damned socialists anyway. The complaints have not reached the un-Conservative stage of open revolt. In Thursday morning's debate on Suez the conference's only display of anger was against one brave Arabophil, and on Thursday afternoon a revived and impressive Mr Butler actually got a much better reception than last year. But the clear undercurrent of muttering at this year's conference is that, unless the Government can show itself more differentially conservative, Labour is going to win the next election. The awkward thing about this charge, from the Conservative leaders' point of view, is that the second part of it may well be true.

If the belief spreads among a sufficient margin of insecurely attached voters—as it is spreading at the moment—that there is little to choose between a Conservative and a Labour government, then Labour is almost certain to get back into power when the country next goes to the polls. This is partly because the voter who is asked to declare himself against one of two parties which look pretty much the same to him will almost invariably declare himself against the party of whose government he has had most recent experience; that is the natural law of the swing of the pendulum. But it is also partly because Britain is still, at this stage of its history, a basically Labour-inclined country. A majority of the electorate still considers itself to be working class, and this majority is not split by communist blandishments, on the one hand, or by Catholic religious loyalties on the other. The only other area of Europe of which this can be said is Scandinavia, and there socialist governments have been in the normal order of things for a quarter of a century. In order to overcome this disadvantage, a Tory government in Britain needs to set up something which it might call a Conservative dynamic, which its opponents will call a Conservative myth, but which an independent newspaper can perhaps best call a vote-winning Conservative image.

The one thing that is certain is that this cannot be a really "conservative" image in the sense that colonels at Llandudno may understand the term. To that extent the so-called middle-of-the-roaders in the present Government are undoubtedly right. You cannot create the image the Conservatives need by dreaming dreams of conserving imperial greatness. You cannot create it in foreign policy by saying with the prophet Ezekiel: "I am against thee, Pharaoh king of Egypt, the great dragon that lieth in the midst of his rivers," and sending a gunboat—because everybody knows that you jolly well cannot. And

you cannot create the image at home merely by new measures to annoy trade unionists and placate the so-called middle-class vote—because the margin of floating voters you need to attract are probably trade unionists themselves and certainly still regard themselves as working class (even though they may not do so much longer if living standards continue to improve). So it is in other fields that the Conservatives' dynamic or vote-winning image needs to be sought. Broadly speaking, there are three such fields ; and the Conservative leaders, to give them their due, now broadly recognise them. What they do not always recognise are the peculiar difficulties attached to each.

The first possible image, and the one from which the Conservatives gained great advantage at the last election, is that of the party of expansion : the party which says that it is going to double the standard of living in a generation if it is maintained in office. This is still the Conservatives' wisest, and most appealing, card to play ; certainly the party must never again fall away from this path into the narrow avenues of timid protectionism—and there are signs of its recognition of this, both in its recent monopolies legislation and in its readiness to go forward to freer trade in Europe.

The only trouble about this image as the party of expansion is that it has recently begun to clash with the Conservatives' second desirable image, which is that of the party which can do most to contain inflation. A year ago it was possible to debate the question : which would the people prefer, an economy in which real incomes continue to increase by 3 or 4 per cent a year, but in which prices also increase by 3 or 4 per cent a year, or one in which production increases more slowly but prices are held more steady ? But now the answer has been given, from abroad. If British prices continue to increase by 3 or 4 per cent a year, or by significantly more than the prices of our competitors overseas, it is going to be impossible to keep on pushing up Britain's real income, whatever happens to Britain's production. It is going to be impossible because, if British prices go on rising, then fears of a devaluation of sterling will rise too ; and once fears of a devaluation of sterling come in at the window, the foreigners' willingness to hold sterling as an international currency, a willingness on which depends a considerable part of our standard of life as a banking nation, goes incontinently out of the door. This is a relatively new, and distressingly technical, discovery ; the problem of reconciling it with Mr Butler's image of an economy kept constantly full out for expansion has been the main problem of policy before the Conservative leaders in the past year. To give them their due again, they may now be on the way towards a solution, by a process of trial and much error. A balance of payments surplus of £144 million in the first half of this year does something to suggest it.

But there remains the problem of reconciling this compromise policy, in turn, with the Conservatives' third desirable image : the image which portrays them as a more efficient and "business-like" party than Labour. And it is here, surely, that the Conservative leaders should re-examine the very obvious change in their propaganda policy since the Cabinet was reformed last Christmas. It is here that the Llandudno taunt that the Conservative leaders look exactly like the Socialists is not only a justified taunt, but a precise description of what Sir Anthony Eden and Mr Macmillan seem in fact to have been trying to do. Every time that Mr Macmillan says that he is not quite sure whether the Conservative policy of dear money really works and how undoctrinaire he might be about reimposing building or import or other controls, every time that Sir Anthony suggests that he is relying on trade union co-operation to secure wage restraint when he is really relying on the credit squeeze, one should weigh the effect not only on economic confidence among the bankers of Zurich, but also on party political attitudes among electors at home. It is to the electorate at home that the Chancellor's and the Prime Minister's speeches have been directed. Unfortunately, the main effect on them, one must suggest, has been to leave the impression (an impression that has certainly been spread overseas) that Conservative control over the economy is no firmer than Labour's was, that modern conservatism and modern socialism are much of a muchness.

★

Perhaps, of course, they are. Perhaps the image of the Conservatives as the "more efficient" party has always been a false one, and it is a service to destroy it. Certainly, too much emphasis should not be laid, even at Llandudno, on the drawbacks of the Prime Minister's and the Chancellor's recent speeches ; it is basic policies, not public relations attitudes, that really matter. But the impression remains that while policies have been moving slowly in the right direction (witness, again, that £144 million surplus), public relations have been moving too quickly in the wrong one. There is some evidence, in short, of three streams of Conservative economic thinking—and of speaking—today. There is the stream represented by the gunboat Tories of Llandudno who would like Conservative policies to be wholly different from Labour's welfare state policies in all respects, and to appear so ; that way lies Conservative electoral defeat through annihilation. There is what might be called the Eden-Macmillan stream of thought, which wants Conservative policies to be different from Labour policies, but to be made to look as emolliently like them as possible ; that way lies Conservative electoral defeat through lack of any distinctive image and through the normal swing of the pendulum. And there is what might be called (although Mr Butler might not welcome the definition) the Butlerite stream, which wants Conservative policies to be rather like Labour's welfare policies (though without the envy and distortions in them). but which wants the differences to be emphasised in all discussion ; that way, if at all, lies Conservative electoral victory. The test of the Llandudno conference is whether it has been capable of appreciating these subtle distinctions.

Moscow's Agonising Reappraisal

CURIOSITY about what really went on during the Russian and Jugoslav leaders' "holidays" in the Crimea must wait unsatisfied ; in public at least, both Marshal Tito and Mr Khrushchev are keeping their own counsel. There is no evidence that the two sides made up their minds to fall out openly ; nor, on the other hand, is there any suggestion that they reached any agreement. But even if they got no further than laying their respective cards flatly on the table, the meeting may prove to have been of great significance for communism throughout the world.

Presumably the Russians dropped some heavy hints that it might be better for all concerned if the Jugoslavs could concentrate more on cultivating their own garden. If so, the hints do not seem to have been taken. Communist party delegations bound for Belgrade to study Jugoslav methods and experience are almost treading on each other's heels. The day after Marshal Tito's return to Belgrade a Bulgarian mission agreed to renew collaboration with the Jugoslav communists ; no convenient diplomatic pretext was found to postpone the arrival of the important delegation of Italian communists that is now in Jugoslavia ; next Monday the doubting Hungarians, led by their party boss, Mr Gerö, will arrive ; later in the month the Rumanians, who ostensibly made their peace with Marshal Tito last June, will also turn up on his doorstep.

The ideas which began to burgeon in Eastern Europe after the Soviet party congress last February and have since been assiduously cultivated by the Jugoslavs are evidently surviving the douches of cold water thrown on them by the Russians. But it must not be assumed that they are having an equal success in each country. They have in fact cracked the monolithic uniformity of the block. Everywhere, it is true, there is evidence that the communist rank and file and the intellectuals are in ferment. But in the party juntas there are conflicting emotions ; after all, men accustomed to take their cue from Moscow and to the protection of the Red army or the political police are bound to view askance ideas that threaten to undermine these bulwarks of their existence. Thus, the naturally headstrong Poles, with their strong anti-Russian traditions, are boldly experimenting with startlingly fair (by communist standards) trials in Poznan, and debating hotly in Warsaw about the need to give their national parliament a bigger role. At the other end of the scale the cautious Czech bosses appear to be giving as little ground as they decently can to the new "liberalising" ideas. In between, the Hungarians, who since Stalin's death have experimented with "new courses" in a more eye-catching and erratic way than anyone else, are running true to form. They have sacked Mr Rakosi, but replaced him by another old Stalinist. In a macabre ceremony, they have just reinterred with pomp and ceremony Rajk and three others executed in 1949 for allegedly conspiring with President Tito ; but the leader of a Hungarian co-operative delegation just returned from Jugoslavia has been far from fulsome in his comments on the Jugoslav scene.

It is a confused, and confusing, picture. The ferment in the communist world really arises out of the argument about the extent to which communist regimes can follow their own bent, rather than the Soviet example, in their "socialist development." In theory this argument is carried on at a suitably elevated ideological level and to the greater glory of Marx and Lenin. In fact, however, it is not too cynical to say that the chief protagonists—the Russians, the Jugoslavs, and the satellite communist parties—are mainly guided by very much less lofty motives. For the satellite leaders it is primarily a question of how best to maintain their rule over restive peoples. For the Jugoslavs it is principally a question of ensuring the continuance of their painfully won independence. For the Russians, it is partly a question of maintaining their pre-eminence as the exponents of communist dogma, with all the more mundane advantages that accrue to this role (for if communism can no longer be spread so easily by force, the possibilities of fraud remain), but very largely a simple question of power politics ; the party bosses in the Kremlin are also the rulers of Russia, who look upon Eastern Europe as a *cordon sanitaire* that must stay under Soviet control to protect Russia's western frontiers.

★

All the parties to the argument have one thing in common—they want to preserve communism. All are agreed that any essays in "liberalisation" should stop short when they threaten the monolithic "dictatorship of the proletariat" ; there is all the difference in the world between criticism that is "Party-like" and "advantageous," and criticism that is "anti-Party," "undisciplined" and "liberalistic." All good men must still come to the aid of the Party, and there is no question of any "loyal opposition." Moreover, the Russians seem to agree that the tight stranglehold which Moscow kept on the satellites in Stalin's day was a mistake and they have removed some of the more irksome signs of their control.

Marshal Tito's desire to give the satellite leaders lessons on how to run a communist state successfully and safely (with courses on decentralisation, workers' councils, and so forth) might damage Russia's position as the fountain head of communist wisdom without weakening its position on the international stage. (Incidentally, it looks as if the Poles might now have something useful to teach the Jugoslavs about fair and open political trials.) Indeed, although the Russians seem unable or afraid to accept this, an exchange of

ideas on how to run a communist regime more efficiently and make it more palatable to the general public without risking a return to "bourgeois" politics could have the welcome effect, to the Russians, of strengthening the whole system. If, however, any of the satellites should grow so bold as to balk at their economic dependence on Moscow and to argue ungratefully that this is not outweighed by economic benefits received ; if, too, they should start to jib—as some of them are already reported to be doing—at the increasingly close integration of their economies, then the Russians might well have reason to take exception to Jugoslav activities.

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But in the long run the crux of the matter—and this concerns the west as well as the communists—is the demand implicit in the Jugoslav case: namely, that communist countries should be free to act independently abroad as well as at home. The Russians preach the idea of "peaceful co-existence" between two rival blocks. The Jugoslavs, on the other hand, maintain that the whole idea of blocks is a mistake ; blocks are a threat both to world peace and to the independence of the smaller powers, while the right to be neutral is, in their view, a guarantee of both. Unlike the Russians, they do not brand western socialists as mere "opportunists." They claim the right to mix freely or hold aloof as they see fit. To the Jugoslavs all this is inseparable from their ideas on independence in domestic policies. Freedom to play their own neutral role is not enough—much though they no doubt enjoy the prestige this gives them. What they seem to be working for is Russian recognition of the right of all communist countries to take independent decisions in foreign policy, and they want this because nothing less will really permanently guarantee their own independence of Moscow.

Yet it is hard to imagine that even the most "liberal" among the Russians would willingly accept these Jugoslav ideas. They talk a great deal about "proletarian internationalism," but usually in a context which suggests that the phrase is simply a respectable-sounding euphemism for Soviet control over the international alignments of the regimes of Eastern Europe. But the fact is that independence in domestic policies cannot be divorced from independence in foreign policies, since a dose of one inevitably inspires a hunger for more of the other. At present the ultimate guarantee of Russian control over Warsaw, Prague and the rest is the presence or proximity of the Red Army. This is acceptable to the communist regimes because, although it adds to their unpopularity, it is also a vitally important safeguard against internal revolt.

But if these regimes really go on developing along more "liberal" lines ; if the people come genuinely to believe that the excesses of the political police are a thing of the past ; if living standards really improve, and if people no longer feel that their country's economy is being twisted to serve Soviet ends—then one of two things may happen. The regimes may collapse under pressure from the forces that their "liberalising" policies have set free ; it has yet to be proved that a "dictatorship of the proletariat" can survive without repressive apparatus. Or, alternatively, the communist leaders may come to feel that they are strong enough to stand on their own feet and that the Red Army has become more of a liability than an asset ; they may come to feel that their forcible alignment with Russia on the international stage remains a major stumbling-block to their acceptance by the people they govern.

All this is, necessarily, speculation. But it does suggest some of the reasons why the Russian leaders—or some of them—view the spread of Jugoslav ideas and influence in Eastern Europe with such misgivings and why they are anxious to go slow on "destalinisation" in the Soviet block. So far they have doubled the roles of Russian power politicians and missionaries of communism. But under the pressure of Jugoslav ideas, an incompatibility between the two roles is becoming more apparent. Although the attitude of the under-developed countries of Asia towards communism is most strongly influenced by the success or failure of the Chinese communists, there is no doubt that the visible Soviet hegemony over Eastern Europe and the consequent belief that other communist states must inevitably be subservient to Moscow (or to Peking) is a great hindrance to the further spread of communism. If this hindrance were removed the appeal of communism could be much greater.

There is, however, no evidence yet to suggest that the leaders of Russia are prepared to allow communism this advantage. The really agonising choice that the communist leaders in the Soviet block today are trying to decide concerns the future of the "destalinisation" policy. Is it safe to go on with it ? Or would it be more prudent to stand still ? Is it even possible at this stage to stand still ? If fear and reaction govern the answers to these questions, then the *status quo* in Eastern Europe may be preserved, but communism's attraction throughout the world will without doubt be diminished.

Free Trade With Europe

A number of items in this week's "Economist" *discuss the proposal that Britain should join a free trade area in Europe. A Business Leader on page* 155 *analyses the trade that would be affected. Two Notes of the Week on pages* 120 *and* 121 *examine the present reaction to the proposal in this country and in Europe ; and a dispatch from our Ottawa correspondent on page* 145 *sets out the Canadian point of view.*

Half a Nettle?

THE Government has made up its mind to be brave about rent control, but not quite as brave as one had hoped ; there is to be "progressive" instead of outright abolition of it. Just how progressive it will be was not made quite clear by Mr Sandys's statement at Llandudno on Thursday. He could not be entirely clear. He was, after all, speaking before a party conference and not before Parliament. But, according to report, the draft of the Bill to be presented to the next session of Parliament has already been drawn up. This may mean that more details of its terms will leak out in the next few days or weeks ; and some fears about its adequacy may be dispelled. Even so, the reform of rent restriction is so tremendously important a piece of social legislation that there are some things that need to be said about it straightaway.

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The first point to make quite clear is why rent reform is necessary. Mr Sandys's speech on Thursday showed that the Government can see the nub of the problem ; but it is not so clear that it has appreciated one overriding political point that needs to be got across. The main misfortune of the fact that 10 million of the 13 million houses in England and Wales are rent-controlled is not simply that control is causing a substantial proportion of the nation's stock of houses to degenerate into slums (although that is bad enough), nor simply that the system is unfair to small landlords (although the hardships of some of them are real), nor simply that different tenants are thereby forced to pay entirely different rents for the same type of accommodation. The real social evil is that the whole pattern of housing standards, which are perhaps the most essential feature of different generations' standards of life, is being distorted by control. In Mr Sandys's own words, "people with young children have to double up with their in-laws, just because others are holding on to cheap rent-controlled houses with more room than they need."

This is the point the Conservatives should stress. The system of rent control is a wholesale subsidy against the generation which wants to get married and build up a family, and against people who have to move in an automative age—in favour of a select class of (largely middle-aged) people who are holding on to far more accommodation than they need in enjoyment of squatters' rights. It is principally for this reason, or it ought to have been principally for this reason, that the Government has decided that "sooner or later, the vicious circle has got to be broken." Unfortunately, it seems to have plumped for later, rather than sooner.

Mr Sandys's aim, as declared at Llandudno, is "progressively to abolish rent control altogether." His wish to be known as the Minister who scotched this snake cannot be doubted. The big question that remains unanswered yet is whether this progress to abolition is to be written into the Bill in Parliament's next session—as a principle of progress was written into last year's bill about council housing subsidies—or whether the Government is merely counting upon progress at the slow pace promised by the relatively minor abolitions which it has decided are already politically possible. This latter pace would not be fast enough. Under Mr Sandys's scheme the first five million houses from which rent control will be lifted are those which, although subject to control, are at present owner-occupied ; the only effect of this control has been to discourage owners from letting, and it is fantastic that this pointless discouragement to economic use of house room was not lifted immediately after the war—which is not, of course, Mr Sandys's fault.

Secondly, the Minister envisages that houses which are now let should be freed from control when they become vacant ; there is undoubtedly a real principle of progress here, but this will not in any way speed up the rate at which the houses concerned become vacant, and therefore available for letting to the house-hungry on the waiting lists. Thirdly, and very discreetly, Mr Sandys told the conference that "it may also be desirable to de-control a slice of the higher valued houses." It may indeed. It is to be hoped that Mr Sandys has not been coerced about this by the shorter-sighted wing of the cabinet. The rent-controlled houses and flats with a high rateable value are often those that are least fully-occupied at the moment ; many of their tenants are better off spinsters or bachelors or childless families from the middle class. There is both a better economic case, and a less frightening political case, for freeing them than for any other class of property.

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There remains the "large number of houses" which Mr Sandys considers, for political reasons, "must, for the time being, remain controlled." For these, the Government has decided, "new rent ceilings must be fixed." They are to be ceilings which will "bear some reasonable relation to current values and maintenance costs," but which will contain "safeguards to protect tenants against unduly abrupt increases in rent." This may mean a sizeable increase or a very small one or (if the permitted increases are tied to rates and repairs) virtually no easing of the log jam at all. At first sight, the formula could portend just another familiar bite at the mouldy turnip—with, since the aim of eventually abolishing control altogether has now been set down, a vague promise of more bites, and with them more political clashes, progressively to come.

It may seem hard to rebuke the present Government for doing only a noticeable fraction of its duty, when previous governments have done no part at all of theirs. But the social shadows cast by rent control are still so

immense—stretching in all their injustice and waste across the whole balance of living standards as between generations, across the proper use of scarce resources as between new housing and other forms of investment, and across the whole problem of industrial mobility—that fractional measures cannot be enough. The Bill now promised by Mr Sandys will be acceptable on only one condition. This is that the parts of the reform that are interim measures should be specifically recognised to be interim, and legislatively declared to be so. In other words, the term between now and the date of outright abolition of control should be set down in black and white immediately, together with the rent increases permitted, in the clauses of the Bill itself. This is the point on which liberal pressure on the Government should now be brought to bear.

Jobs for Graduates

BOTH the civil service and the teaching profession have been protesting this week that they are not getting enough of the sorts of graduates they need. Civil servants and teachers have hurried to say why: obviously, they say, industry is skimming off more of the best young brains in the country by paying more for them. Yet, strangely enough, there is no obvious or precise information on this point. Each year some 20,000 men and women graduate from a British university—three-quarters as many again as before the war—but as far as national records go they then disappear into thin air. This week, however, a semi-official report throws some light on the matter.*

Under the auspices of Political and Economic Planning, the Government Social Survey has made a large-scale inquiry into what happened to men who graduated in arts, science or technology at a university in Great Britain in 1950. In the autumn of 1954, one out of every two of these men were invited, through the post, to answer a variety of questions about themselves—questions ranging over schooling, university record, subsequent occupations and salaries. The completed analysis relies on answers from nearly 4,000 of these men, or 30 per cent of all men graduates in the three faculties in that year. It is quite a good sample, as well as being a large one; just over a half of the men in it had read arts, just over a quarter science and the remaining one-fifth technology—roughly the same proportions as are doing these subjects in the universities today. The main distorting factor is that the effect of the war years was still being strongly felt in the university world even by 1950; half the men who graduated that year had been drawing ex-servicemen's grants, as many as one in five were aged twenty-six or over, and about the same proportion were married in or before that year. But the figures are likely to be a very fair guide to general trends.

Where did the graduates find their first jobs? They went into four main streams. Industry attracted 30 per cent of them; school teaching nearly a quarter; the civil service, the next largest employer, took 9 per cent; and nearly as many went into a commercial occupation such as retailing, accounting, insurance or banking. Between them these four main streams of employment absorbed some two-thirds of the total; Tables I and II show what kinds of graduates they took.

The picture is broadly the one that the casual observer might have expected. The civil service took more than a third of its non-science graduates, but considerably less of its science and technology graduates, from

TABLE I
THE MAIN STARTING EMPLOYMENTS FOR GRADUATES

	Civil Service	Industry*	Teaching	Commerce	All Graduates
Total in sample	342	1,168	925	296	3,961
	%	%	%	%	%
Schooling:					
Public and Independent..	24	28	19	47	29
Grammar† ...	66	62	73	46	62
Other.....	10	10	8	7	9
University:					
Oxford and Cambridge .	19	18	23	55	27
London	34	34	16	19	24
Other English.	31	34	31	17	30
Welsh & Scottish	16	14	30	9	19
Faculties:					
Arts	37	21	75	90	53
Science	51	36	23	7	28
Technology...	12	43	2	3	20

* Mining, Oil, Manufacturing, Building and Public Utilities.
† Including Scottish Secondary.

TABLE II
WHERE THE FIRST CLASS HONOURS MEN WENT

	Arts		Science		Technology	
Employment	% of Firsts	% of all Graduates	% of Firsts	% of all Graduates	% of Firsts	% of all Graduates
Civil Service & Local Government	12	10	25	16	12	13
Industry	7	12	28	58	62	65
Teaching	17	33	7	19	1	2
Commerce....	5	13	1	2	1	1
Other Occupations	17	23	6	9	13	14
Universities..	29	4	15	6	6	2
No Paid Employment..	13	6	18	9	5	2
	100	100	100	100	100	100

* Graduate Employment. Political and Economic Planning. Allen and Unwin. 300 pages. 30s.

Oxford and Cambridge; in both arts and science it got more than its fair—by which is meant average—share of graduates with first class honours. Industry drew graduates from much the same schools and universities as the civil service, but took relatively fewer arts students—and also fewer first class honours men among them; two out of every five graduates it recruited were technologists, and here it got its fair share of the best brains. The men who went into teaching were most likely to have been to a grammar school and quite likely to have taken their degree—and not got a first—at a Welsh or Scottish university. Commerce attracted mostly the public school boy who had passed out from Oxford or Cambridge with a second or lower degree.

The last two lines of Table II show an important additional point about the first class honours men; two-fifths of these top graduates in arts, and one-third of them in science, either got university lectureships or stayed in "no paid employment" (which often meant university research studentships). This was true particularly of the Oxford and Cambridge firsts, who were less attracted to industry than the provincial firsts.

What salary is required to attract a graduate? The starting salaries of all these graduates of 1950 averaged £464. As the figures do not all relate to one and the same time, there must be some caution in comparing rates paid by different employers. At the top of the list of best paying jobs, however, came the oil industry, which started 47 graduates with an average salary of £533. Second, and doing nearly as well, came schoolteachers—although presumably mostly a year later, after getting a teaching diploma. Also in the groups of employers giving high starting salaries, averaging £500 or over, came mining, the armed services and the universities. The civil service, along with manufacturing industries, ranked as an average starter. More important than these jumping off points, however, is the question of what the men could expect to earn once they were established in their jobs.

By the time the salaries of these graduates of 1950 were next recorded, in 1954, three-quarters of them had been working for at least three years. There had been some reshuffling in the pattern of employment, but no major alterations. Some graduates were doing their national service; the universities had increased their share; and so, too (perhaps rather surprisingly), had teaching, by taking graduates from industry and commerce. By this time the average salary had increased from £464 to £678; a quarter of the men were earning over £800 and a quarter less than £600. Table III shows what different employers paid.

The top name in that list is rather staggering. The slogan that appears to emerge is "join the armed forces and get rich quick"; it should be tempered with the reminder that many of these career servicemen had seen several years' war service before taking a degree. Some way below the armed services, in second and third places, the oil and mining industries which had given high starting salaries were also paying well—nearly 60 per cent more—in 1954. The rest of the picture is patchy. But although schoolmasters and university staff had started well, they had started late, their annual increments were small and they had dropped in the scale by 1954. So, too, had the scientific side in the civil service, although (an oddity this) the few technologists it employed were doing better there even than those in industry. The law and the church stood at the bottom of the list.

Within the different employments, older men were being paid more than younger men, the public school boy a trifle more than the grammar school boy, and those in employment for the full four years more than those who had gone on studying. The survey shows, however, that the class of degree affected the salary

TABLE III
SALARIES IN 1954
(Average for all Graduates £678)

Above Average	No. of Graduates	Av. Salary* £	Below Average	No. of Graduates	Av. Salary* £
Armed Services†	53	1,030	Public Utilities	59	673
Oil	50	825	Local Govt ..	134	671
Mining.....	49	815	Teaching (maths. and		
Manufacturing	786	741	science) ...	262	668
Research Ass.	56	733	Civil Service		
Building	68	725	(scientific) .	197	667
Civil Service (non-scient.)	121	712	Universities .	161	654
Consultant Engineers.....	39	700	Teaching (other than maths. and		
Miscellaneous Occupations	120	686	science) ...	626	653
Commerce....	239	684	Law	117	623
Press, Publishing, etc. ...	67	673	The Churches	138	379

* Taken as the median so that one half of the graduates in each employment were receiving salaries higher than the average and the other half were receiving less.
† Excluding men doing National Service.

TABLE IV
CHANGES IN SALARIES 1954-56

	Autumn 1954	Present Day
Armed Services:	£	£
Basic Pay to which should be added £340 for married officers and £200 for unmarried officers; there is also a ration allowance of £80 in cash or kind		
Army Captain	530–712	693–912
RN Lieutenant.....	392–657	547–803
RAF Flight Lieutenant	530–748	657–912
Army Major*	860–1,000	1,058–1,277
Civil Service:		
Assistant Principal	555–1,000	605–1,055
Principal	1,345–1,620	1,375–1,950
Assistant Secretary	1,700–2,200	2,000–2,600
Local Government:		
Assistant Solicitor	690–900	743–1,000
Architectural Assistant	650–775	707–861
Teachers:		
Graduates with diploma	546–821	675–1,100

* Very similar scales for Lieutenant-Commanders and Squadron Leaders.

much less than the subject in which it was taken. A first was worth about £25 a year more than a second, which in turn was worth £10 more than a lower degree. But—a significant pointer to the age—a technologist with an ordinary degree commanded more pay than a man with a first in either arts or science. On average the technologist got £741, the scientist £686 and the arts man £654.

These, then, are the figures. Since 1954, as Table IV shows, salary scales for teachers and government officials have been raised, as also have those of the apparently already fortunate serviceman. So, presumably, have average salaries for graduates in industry; but not necessarily by more than those of these public servants. How, then, can one explain last week's annual report of the civil service commissioners? This revealed, with some alarm, that although the scientific side of the civil service (which, according to Table III, is a relatively depressed occupation for new entrants) is apparently getting more or less enough recruits, the non-scientific side (which, according to Table III, pays more than the average for graduates, although admittedly slightly less than manufacturing industry) has run into a recruiting crisis.

The explanation no doubt lies partly in the sorts of people the various branches have been used to getting in the past. Scientists may still be coming forward in adequate numbers partly because of the attractions of government research laboratories for those who want to do pure research; the administrative civil service and the senior branch of the foreign service, which have so long been used to taking their pick from the cream of available talent, may have been hit not so much by relative salary deficiencies as by what might be called a change in *zeitgeist* in the last two or three years. The picture conjured up by a civil service career—security, a pension and (in the foreign service) escape from England—has grown less attractive; that conjured up by industry—limitless expansion, a technological revolution, and (more meretriciously) expense accounts—has grown more so. This is no bad change for the Elizabethan age. But as Elizabethan England needs its administrators as well as its educated industrialists, the remedy required seems obvious: it is not that Whitehall should change its standards to get a bigger share of the present pool of graduates; it is that more graduates are needed in total. It is on this, above all, that the main emphasis, after reading this report, should be laid. At every stage of our education this is the theme song: we need more of it.

Notes of the Week

Free Trade Reactions at Home

THE proposals for freer trade with Europe, which Mr Macmillan and Mr Thorneycroft so courageously launched on to the open waters of public comment last week, have picked up an astonishingly fair initial political wind behind them. It is no secret that the Government was at one time frightened of an adverse political reaction both from the right and the left. From the right had come warnings that freer trade might be a vote-loser (because of its effect on protected industries) and a party-splitter (because of its effect on imperial preference). So far, however, apart from a few cries from the cotton industry (which politicians now regard as always crying about something anyway) the sort of industrialists who are important in Tory party counsels—and finances—seem to have been on expansion's side; the opportunities and the challenge which the project presents to British industry are discussed in detail in an article on page 155. As for the imperial preference school among Tory MPs, their reaction to any trading proposal has long been unpredictable. But some of them, at least, seem to have decided that what they call "extending the well-tried doctrine of preferences into Europe" should be regarded as an emotively good thing, just as Gatt is regarded as an emotively dirty word.

The danger of opposition from the left had originally seemed to be in two factions: in the trade unions, which have hitherto been instinctively protectionists, and among the sort of Labour intellectuals who once called the Schuman coal-steel pool a "plot." To date, however, the unions' attitude to the project seems to have been rather akin to their attitude to productivity: some of their leaders have become interested in the matter (Mr Geddes and Mr Sam Watson have emerged as advocates of a full scale common market), and the rest are inclined to regard it as one of those vague pieces of liberal expansionism, which they may suspect at bottom but feel they probably cannot in general decently assail. The danger of opposition from Labour's left wing intellectuals had seemed to be increased by the fact that some of their high priests have lately come to realise that there is a D-mark problem rather akin to the perennial dollar problem, and have been inclined to want to meet it by their usual formula of restrictionism. But these ideas apparently have not bitten very deep. There is now on the table of the House of Commons a Labour back bench motion (with some eighty odd signatures) urging Mr Macmillan towards the sort of cautious advance on which he has now decided, and a Conservative back bench motion (with ninety odd signatures) urging precisely the same thing; the two motions have secured the support of a surprising number of both intellectuals and pseudo-intellectuals from the extreme left and right. Mr Macmillan and Mr Thorneycroft have handled the initial public relations approach to this project very well indeed.

Europe's Cautious Welcome

EUROPE's first reactions to the Government's proposals for freer trade with Europe have been cautious. The proposals have been welcomed in France and Germany, but with the reserve born of so many disappointments with British policy in Europe. Many commentators are waiting anxiously for the views of British industry and the political parties. Some of those Europeans who have been aware of the slow change of opinion within the British cabinet and civil service during the past year have allowed their hopes to rise a little, but until these first declarations evolve into a clear decision and action, scepticism will persist. Much will turn on British behaviour and statements at the Council of Europe and at the Assembly of Western European Union.

There need be no doubt of the welcome which will greet a positive British decision. Though the project for a continental common market now seems nearer fulfilment than it has for some time, French doubts are still painful, partly because French industry will suffer from competition even more than British, but partly too because of fear of German dominance. British participation will make it easier for France to join a wider market, for in the economic, as in the political field, France has long desired British participation in Europe to offset the power of Germany.

German opinion has none of these doubts about the common market. Industry hardly reciprocates British fears of German competition, and it looks forward to great opportunities in a wider European market. Indeed, perhaps the most significant objections from the Germans come from those who feel that a European common market does not go far enough, and look towards a wider liberal world market. It is Euratom, the other half of the European bargain between Dr Adenauer and M. Mollet, to which there is strong German opposition, both from industry and within the cabinet. There are fears that the Euratom authority, and through it, France, will strangle development and exercise an unnecessary and inhibiting control over German industry through its control of supplies of materials. Here too Britain could, if it wished, assuage doubts and at the same time acquire a still more influential position in Europe, by a bold offer and commitment to supply materials and knowledge to Euratom.

What Negotiation Means

AT last the principals in the Suez dispute are teetering on the brink of negotiation. In both Europe and Egypt diehards are dubbing this advance a retreat, but negotiation neither should nor need be synonymous with capitulation. What matters is that there should be a balance of negotiating power, and, although the Egyptians hold so good a card—the canal itself—that they may reckon flexibility unnecessary, the maritime nations are not devoid of strength. For them, the essentials are that they should stick together (which they now look like doing) and that they should acquire the support of the Asian exporters and importers via Suez who sense the danger of failure to establish some checks on an ambitious dictator. Iran, Iraq, Saudi Arabia, Pakistan and India all fall within this class now that they are sure Britain and France do not mean to use force.

The latest events in New York have added to Mr Hammarskjöld's prestige as Secretary General. By arranging a private meeting between the Foreign Ministers of Britain, France and Egypt to discuss some "points of procedure," he broke the ice for truly informal meetings. (The "secret" sessions of the Security Council are held in the presence of at least seventy people). Before this promising development, the Security Council debate had been noteworthy chiefly for two speeches. Mr Shepilov proposed that a settlement should be worked out by a committee so constituted as to imply prefabricated stalemate; all who remember frustrating postwar experiences in Berlin and Vienna must shrink from such a prospect. Mr Dulles reaffirmed his stand of mid-August that Egypt's physical act of seizure had "aggrieved and endangered" other nations, and that a means must be found—and one more practical and specific than Egypt's vague "system of co-operation"—to insulate the canal from the politics of any single nation.

Most British misgivings about the Secretary of State have been laid to rest by his speeches last weekend and on Tuesday in the Security Council; but anxiety was very real during the weeks in which, after suggesting the Users' Association, he seemed to be discarding, one after another, the various weapons at its command, ending up with the one key one: the withholding of dues. By the time he had said both that American shipowners must be free to pay their dues to Egypt if they wished, and that the United States could afford to be aloof in what was at bottom a quarrel between ex-empires and an ex-victim of occupation, many Europeans felt that he had dimmed all hope of true negotiation by discarding not only his remaining cards, but theirs. This week, they are reassured; and the essentials of the Suez problem are again to the fore.

A Soldier's Blessing

ON Wednesday, at the Royal United Services Institution, Field-Marshal Montgomery took his annual look into the crystal ball at the shape of wars to be avoided, and gave his customary forthright advice to "our political masters" on what to do. Essentially, the advice is the same as it was: the focus is on nuclear air-power, singly controlled, to restrain the enemy or strike him down if he attacks, with a shield on land of "powerful, compact fighting divisions of all arms," possessing "their own organic atomic fire-power"; a basic condition is instant readiness without reliance on mobilisation; and the emphasis for policy is on complete unity—of arms, services, allies and ideas.

It is only too easy to see how different this picture is from the present facts, despite Nato. That is Field-Marshal

Montgomery's function, as Nato's elder statesman, to be the gadfly. His recipes offer no guide to what separate allies should do with their resources—which is Britain's problem, whether to try to shoulder all the kinds of defence burdens or to leave some of the heavier loads to others. Nor had he time to do more than glance at the problem of readiness for small wars, which the comings and goings around Suez have put under the spotlight—though he does, topically enough, insist that "the disturbance to the life of the nation should be as little as possible." His assumption all the time is that, by their unity, their central control and the proper use of science, the western allies can achieve "immense economies and saving of effort."

How this "far less expenditure of wealth and effort" is to be achieved is not made at all precise. Indeed, the Field-Marshal's insistence now on the role of the navy points the other way: having given a soldier's blessing to air-power, ever since he started to look ahead to World War III, he now blesses sea-power, both to seek out and destroy submarines and to deliver nuclear missiles from "mobile bases." He does no sums, and his simple answer to the question of economy would be "unselfish solidarity" (he gives his blessing, too, to a united Western Europe). No doubt, as always, this famous commander-astrologer-gadfly's prognostications, above all perhaps his belief that most battles must now be nuclear, will provoke great argument; but, again as always, they throw into sharp relief what is not being done.

No Pence for the Farmers

It is no surprise that the Government has refused the farmers' request for a special price review. Mr Heathcoat Amory had already warned farmers during the recent wage negotiations that they could not this year expect to receive immediate compensation for a rise in the wages bill. No doubt some farmers secretly hoped that the wet harvest would soften the Minister's heart. But it is clear—and the farmers' union has itself accepted the principle—that bad weather cannot be made the excuse for increasing guaranteed prices any more than good weather (should it ever occur) would justify the reverse process.

The Government decision is being widely interpreted as a "toughening" of its attitude towards agriculture. So in a sense it is; but there is no basis at all for the "dismay" voiced by the farmers' union or the accusations that the agricultural guarantees are being undermined. All that the Minister has done is to repudiate the foolish error of his predecessors in allowing increased costs to be an automatic trigger for an immediate and equivalent increase in prices. Quite apart from present economic needs, it is time this notion was firmly knocked on the head. The farmers are not in any real sense being sent empty away. They are merely being told to postpone their claims until next February's regular price review—when all relevant factors, including the recent wages award and the effect of the weather upon farm incomes—can be taken into account in a comprehensive settlement. This is clearly the right approach, while by contrast the rush tactics of special price reviews (which ought now to be abolished) makes yet harder the tricky task of combining stability for the farmer with justice to the taxpayer. Meanwhile, Mr Heathcoat Amory has shown his good faith by offering to revise the erratic working of the fat cattle guarantees in a way which will be immediately helpful to fatstock producers. Farmers might reflect that they have for once a Minister who knows how to combine firmness and generosity.

Half-Pay on Retirement?

The Labour party conference at Blackpool faded away last Friday, still on a note of starry-eyed (if persistently nervous) hope about party unity, but once again with what may yet be the party's most attractive proposal for the next election protruding at the end. From this final session of the conference, and from the latest Fabian Society tract, has come encouraging evidence of some new and constructive thinking on retirement pensions. Mr Crossman's speech at Blackpool gave only the roughest sketch of the proposed national superannuation scheme, on which a fuller statement, probably under the title "Half-pay on Retirement," is promised for next year. The Fabian tract, written by a group of trade unionists, is more specific but still provisional. The outstanding feature of both is a breach with the flat-rate principle of national insurance; it is proposed that contributions and benefits should be related to income. The minimum "floor" provided by the national insurance pension should be replaced by an elastic cushion. The question of who should provide the financial stuffing and who should control the funds was left open at Blackpool, though the suggestion that the cost should be met by the Exchequer was wisely ruled out in advance. The Fabian writers propose a fixed rate for employers (5 per cent of the wage paid), a variable rate for employees to suit their preferences and circumstances, no Exchequer contribution, and a common fund "earmarked for use in the public interest"—an irrelevant formula imparting, no doubt, a warm Socialist glow to the faithful.

The prospect of yet another tier added to the complex structures of social security may seem rather appalling, and the details of the Fabian plan are open to criticism. (So is its curious assumption that no worker can or should be expected to do any independent saving whatever.) But the line of thought opened up by these proposals deserves to be welcomed and followed. There are two reasons for this. One is that the idea of state encouragement of saving for old age deserves to be extended and tidied up, as a priority social service. Secondly, private pension schemes are spreading, and a good thing too. But so long as they remain wholly private and watertight they form both a general barrier to industrial mobility and a particularly severe handicap to the middle-aged or elderly worker seeking employment. One may doubt whether nationalisation (with a steamroller running vengefully over the "top hats") is the best way of making pension rights transferable between jobs; but they must be made transferable in one way or another if an ageing community is to preserve the necessary minimum of economic suppleness. And the flat-rate principle for contributions and benefits is overripe for the dustbin. Looking ahead, one may hope that the shift of sentiment shown by these two Labour initiatives will go further, making possible a reform yet more necessary for economic mobility and at least as important for welfare; the provision of differential unemployment insurance, at any rate for skilled workers in the first month of unemployment.

Polish Ups and Downs

Precipitate changes in leadership throughout Eastern Europe have led to a natural but dangerous application of over-simplified labels. Thus, the resignation of Mr Minc, the Polish economic wizard, is hailed as the downfall of a Stalinist. It is expected to pave the way for the return to power of Mr Gomulka, who had been purged as a Titoist, and this in turn will no doubt be hailed as a "liberal" victory. Yet Mr Minc once had a more "liberal" reputation than his colleague; it is the postures they assumed, or were compelled to assume, at a later stage that have now been made into symbols.

Mr Minc gained his reputation for intelligence and independent thinking as Poland's chief economic planner (did he not, at first, accept the offer of the Marshall Plan?). But that very reputation made him vulnerable during the witch-hunt after the break with Jugoslavia; this may well explain why he felt it necessary to attack Mr Gomulka when he was on his way out. Mr Gomulka never forgot, and the scalp of his former colleague was apparently one of the conditions he named for his return. Though Mr Minc has been ill for some time, his official resignation is clearly part of the price exacted. It seems unfair, however, to use him as a scapegoat for the evils of too rapid industrialisation. His original plans were much more modest; the targets were raised under Moscow's dictation.

Mr Gomulka, who became head of the party as a result of the massacre of its former leaders by Stalin and Hitler, enjoyed no "liberal" reputation in his first years of power, when the Polish opposition parties, particularly Mr Mikolajczyk's Peasants, were being crushed. Yet, in eclipse, he has become a national martyr. Sincerely believing in the slogans about "different roads to socialism" to which other communists paid mere lip service, he sided with Marshal Tito after 1948 and had the courage to stick to his guns. He owes his miraculous survival to his former colleagues' reluctance to stage a trial for him and to Stalin's timely death. Subsequent changes in Moscow and the reconciliation with Marshal Tito made his return almost inevitable. Poland's rulers were aware that a man who was by now popular both in the party and in the nation at large, would be less dangerous within the government than outside. He was evidently able to drive a hard bargain.

Signor Nenni Throws a Spanner

If the two Italian socialist parties ever succeed in joining forces, one almost feels that it will be in spite of themselves. The latest spanner in the works, thrown by Signor Nenni, is a new agreement between his party and the Communists. It is a weaker affair than the 1946 "unity of action" pact which it supersedes. It is called simply a "consultation agreement"; it recognises that the situation has changed since 1946, and that the two parties cannot "co-ordinate" their activities as they used to do; the permanent machinery set up to ensure joint action is to be dismantled, and in future the two parties are merely to "consult" about common problems as they arise from time to time.

The exact significance of the new agreement is not yet clear—perhaps not even to those who signed it. Signor Nenni, it appears, was pushed into it by some of his colleagues; and, much to the annoyance of the Communists, he has since written an article in *Avanti* minimising its significance. His attitude seems to have some justification; yet it is unlikely to soothe the ruffled breasts of the Saragat socialists. They have been demanding that Signor Nenni should break his connection with the Communists completely; instead they find that this connection has been freshly spelled out and at first sight it seems small consolation that it is less firm than before.

★

Perhaps the Italian socialists' search for unity would be a less nerve-racking affair if too much had not been expected too quickly after the two party leaders met at Pralognan in August. Nearly ten years of separation, with one party enjoying the fruits of office and the other stuck in the political wilderness, have bred not only bitterness but sharp differences. Many of Signor Nenni's colleagues are extremely loth to break completely the links with the Communists which originally brought about the split between the two socialist parties. Many Saragat socialists, on the other hand, are extremely unwilling to give way to Signor Nenni's demand that they should abandon the governing coalition and join his party in opposition. Yet commonsense and the Italian political facts of life strongly impel both parties towards each other. Many of the rank and file have accepted this earlier and more realistically than their leaders. Both parties are supposed to be holding congresses next month; the rank and file may then push the leaders into more determined efforts to overcome the admittedly daunting obstacles to reunion.

African Advice for Strydom

A meeting of 400 African leaders from all over South Africa might have proved a mere platform for the airing of grievances: the remarkable thing is that it did not. The conference, which ended last weekend, was the first of its kind. Called by the Inter-denominational African Ministers' Federation to discuss the Tomlinson Commission plan for the development of the Bantu areas, it provided a representative picture of African attitudes to apartheid. Its conclusions were surprising only for their moderation.

Refuting the theory that South Africa is faced with the choice between complete integration and complete separation of European and Bantu, the conference advocated a halfway policy of inter-racial co-operation which would neither threaten the survival of the white man nor deny the African his basic human rights. Both the principle of apartheid and the plan for its implementation were rejected.

The conference protested against the policy of segregating the African within reserves and, on the practical level, considered the Tomlinson plan for intensive development of the reserves economically unsound.

On this second point, the views of the African leaders and the South African government are not far apart. The government has plucked the apartheid rose from the Tomlinson report unscratched by the financial thorns; the principle of separate development has been accepted, but the £104 million needed to develop the Bantu reserves has not been pledged. In this equivocal decision, the government has been fully supported by the Dutch Reformed Churches, who have now settled themselves comfortably on the fence with this remarkable definition of their attitude to race: the Church "accepts the unity of the human race, which is not annulled by its diversity. At the same time it accepts the natural diversity of the human race, which is not annulled by its unity." In contrast the African leaders, in calling for a united front against apartheid, need neither plausibility nor ambiguity. And although their concept of co-operation still needs a lot of clarifying, it holds more promise than do the sterile dogmas of their present rulers.

A Hole to be Filled

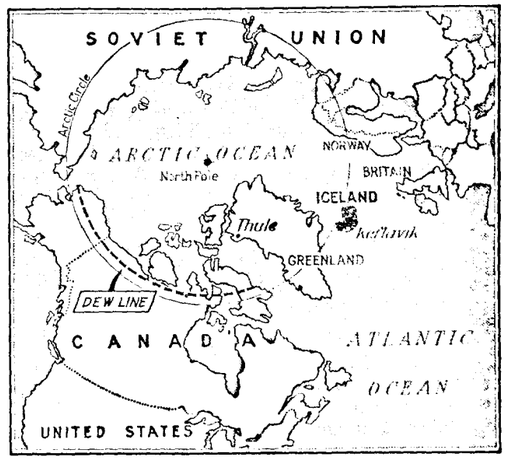
As long ago as 1944 the Teviot committee on dentistry gave what it itself called "an alarming forecast" about the number of dentists in Britain unless recruitment were improved by vigorous measures. The outstanding factor, the committee pointed out, was that the bulk of the dentists admitted to the register under the special provisions of the 1921 Act were then over 45 years of age. It would therefore need an exceptionally high level of recruitment to fill the hole that would be caused by the retirement of these older dentists, let alone increase the profession's size.

Now the remaining "1921 Act" dentists are twelve years older, and another committee under the chairmanship of Lord McNair has reported (Cmd 9861) in even more alarming terms than the Teviot committee. In the next ten years some 8,000 dentists will have retired—roughly half the register's present strength of 15,800. The increase in the number of students in the last year or two is not enough to make good both this loss and the low level of

recruits during the war. It is certainly not enough to bring the ratio of dentists to the population—at present 1 to 3,273 people—up to the level of other western countries (1 to 2,790 in Canada; 1 to 2,000 in Norway; and 1 to 1,667 in the United States).

The main obstacle to a bigger profession, the McNair committee found (like the Teviot committee before it), is the apathy of the public. People still think a dentist's work is unnecessary—until they have toothache. But though awareness of the importance of dentistry to health and efficiency is an essential foundation for an expanding profession, a bigger demand for treatment will make the shortage of dentists worse unless steps are taken immediately to find additional dental students—the committee suggests an annual entry into the dental schools of 1,000 students, compared with a maximum of 650 at present. This will be a formidable task, not made any easier by the attitude of existing dentists. A great deal of the prevailing discontent can be put down, in the opinion of the McNair committee, to the drop in the average earnings of dentists in their middle age. Payment by items of treatment works out badly for the older or more careful dentist who works more slowly than a younger man and cannot fill so many teeth at a sitting. But the committee merely recommends a review of the system of remuneration; it does not itself suggest a method that could both preserve incentives and professional independence and reward care and experience. A quicker and simpler way of finding the extra students would be to canvass the girls' schools. The committee points out that in the Scandinavian countries 30-40 per cent of dentists and dental students are women, whereas in this country the proportion is under 10 per cent. Here should be a fruitful field for new recruits given the right propaganda and the new outlook on dentistry that the committee looks for.

the Americans next month, told a press conference that "it is clear to us that circumstances have changed since 1949 and it is definitely one of the problems of today to try and cope with and meet the present situation." This is a



distinctly more hopeful line, and it seems possible that if the Americans are prepared to cut down their armed forces to a minimum and install as many civilian radar technicians as possible, the base may yet be saved.

Two Evenings in Kensington

A ROVING correspondent reports: On arrival outside the Empress Hall for the public meeting of the People's League for the Defence of Freedom last week, leaflets were pressed into the hands of the audience entitled "This is Liberalism." On the way out we received other leaflets, this time saying "Mosley Speaks." Which may or may not (probably not) be significant, but was certainly rather tactless. The main declared objects of the League are a "Fight against Trade Union Tyranny, Arrogant Bureaucracy and Government Ineptitude," to which has been added opposition to monopolistic trading: the last got almost no applause from the audience, the first a great cheer.

The moving spirits on the platform were two frustrated Liberals, Mr Edward Martell and Lord Moynihan, and one former Independent Member of Parliament, Mr W. J. Brown, who has been also a white-collared trade union leader and a Labour member before becoming a television star. The audience seemed to be predominantly upper-middle class conservatives, with a majority of stern-looking ladies in hats, a sprinkling of retired military men, and a lot of business men of the sort who always call themselves plain and blunt. Their reactions to the speeches indicated that they were those for whom the Conservative Party is insufficiently conservative: the New Poor, or those who see themselves as such if something is not done pretty quickly. The main bond between all these was dislike of the Welfare State—figures given by Mr Brown about the amount spent in recent years on public education, which might seem encouraging to anyone concerned about the country's future, were greeted with evident horror—and, much more important, real fear and hatred of the trade unions. The most specific "reforms" suggested by the League are to put back the unions to their position before 1906 with regard to the liability of their funds to damages as a result of strikes by their members, and to declare illegal all strikes not supported in a secret ballot by fifty per cent of each union involved. Unfortunately, any lingering hope that the League might develop as a genuinely liberal pressure group (in fields where the unions need a counter-pressure group) must vanish as a result of this meeting; like all such movements the League is attracting support only from the extremes. It is true that the platform stood by the official line that the reforms are for the unions' own good, but this was widely regarded as a disingenuous attitude and did not meet with very much approval.

Mr Martell dropped some dire hints that many of the more conservative resolutions put down for the Conservative conference at Llandudno were inspired by the League, and the possibility of the League's submitting candidates for Parliament was subtly implied (Mr Brown's name was mentioned here). There was a vague threat that if the Conservatives did not play ball the "anti-socialist" vote might be split. But while comparisons have been made between this group and the Poujadists in France, they should not be stressed. For one thing, the League has no leader of sufficiently low stature; for another, the audience, despite their obvious fear of the unions, had none of the power of an angry class. They are probably not badly enough off to be really militant: and as yet they have no policy, only some objectives. It remains to be seen how much of a nuisance they make of themselves at Llandudno.

* * *

Two days later the Empress Hall democratically lent itself for a very different event: a pageant and rally organised by the London District Communist Party. The pageant itself was much as might have been expected, with revolutionary figures from London's past appearing in under-rehearsed confusion. The big event of the evening was a speech by Mr Harry Pollitt, who has now become the *eminence grise* of the British reds, after for so long being their premier chameleon. He has just come back, a prophet new inspired, from a visit to China, of which he gave a glowing picture. More interesting, although not surprising, were his exhortations to the members to work as much as possible with the re-Bevanised Labour Party, as he saw it. This one-sided declaration of love will bring more pain than pleasure to the Labour Party; but it certainly cannot embarrass them as much as the adherence of the League could the Conservatives. The saddest and silliest impression left on an impartial observer by these two evenings was that of two groups doing their best to ignore each other's opinions—although each can hire the Empress Hall in one week, get a similar-sized audience and collect a similar sum when the hat is passed round (the Communists got £777, the League £635). Perhaps they should each be condemned to listen to the other's speeches for a long period. That would serve them right.

Second Thoughts in Iceland?

In spite of the victory of the advocates of complete demilitarisation in the Icelandic elections, there is now some hope that the North Atlantic Treaty Organisation may be able to keep its American-staffed base at Keflavik. At the time of the elections it was argued that the Americans ought to go because there was now little danger of a sudden war and because Iceland had joined Nato in 1949 on condition that it would be expected to provide bases for its allies only in time of war. Little weight was apparently attached to the North Atlantic Council's argument that the development of atomic warfare had made Iceland an essential link in the network of radar defence which stretches from the distant early warning line (DEW) in Canada through Thule, Iceland and Norway. Nor was the government deterred by the fear that if the Americans left this strategic air-base swept, garnished and unoccupied, the Russians might be able to move in whenever it suited them.

However, after the recent visit to Rejkjavik of Mr Lester Pearson, who no doubt expounded Canada's strong interest in the matter, the Icelandic government's tone seems to have altered. Mr Jonsson, the foreign minister, who has just visited Washington to arrange for formal negotiations with

Same Again for the Dutch

THE longest cabinet crisis in Dutch history has crawled to its end after seventeen weeks of wrangling. Unless a last-minute hitch develops, the outgoing cabinet, who as caretakers bridged the hiatus, can drop their portfolios—and pick them up again. The old and new governments came from the same pod: even the names are largely unshuffled. Dr Drees, the Labour Prime Minister of the last government, again heads a broadly based coalition of the two major parties plus two of the smaller parties. The only straw in the wind is that the Catholics have lost their lead of one over Labour: the two parties now have control over five ministries each. The sixteen portfolios of the last cabinet have been telescoped to fourteen; Professor Romme, the Catholic leader, again prefers to remain outside the cabinet; Mr Luns, a Catholic, is Foreign Minister, and —a feminine triumph in Holland at last—Dr Klompé is in charge of social affairs.

Several variants on this coalition have been put forward in the course of the long drawn-out negotiations. Extra-parliamentary cabinets were suggested; so were various coalitions excluding one or other of the major parties. Nobody had much faith in these ideas. Eventually the sheer fatuity of lacking a government, particularly at a time when major international decisions are imminent, gradually forced both Labour and the Catholics to water down their demands. Previous attempts at compromise had foundered on the basic issue dividing the two parties—whether or not

the state should assist individuals to build up personal capital. Once again it had to be recognised that as long as the electorate remains so evenly divided, each party has to compromise as best it can. Finally, Mr Burger, leader of the Labour party in the lower chamber and the fifth cabinet-maker to try his hand, had to sort out the claims of the smaller parties. The Anti-Revolutionary party held up progress by insisting on two seats in the cabinet: they have won the day but possibly at the expense of the Liberal party, who have not now joined the coalition.

Since the end of the first world war, elections in Holland have never produced more than a narrow shift in power. The country has managed very well without political landslides; but the Dutch must wish that their rulers were quicker at finding compromises.

Francs in Time

THE surprising success of the French National Loan looks at first sight like another indication of Frenchmen's regained confidence in their country's material future. The loan produced £320 million, more than twice the amount originally expected, in half the allotted time. In judging the response, however, it must be remembered that the terms were exceptionally favourable. The investor gets 5 per cent and a guarantee against inflation as well, since his bonds have been tied automatically to an official index of stock exchange prices. This may have been a greater attraction for investors than the patriotic appeal of contributing to the cost of the Algerian war. Still, the fact remains that sometimes in the past the most inviting terms have proved powerless against fears bred by inflation, while in this case the small savers apparently flocked in undaunted. (Big business investors had an additional incentive, as heavier taxes were the alternative to a successful loan.) This success should help the government in its struggle to keep the franc stable. M. Ramadier, the Minister of Finance, has claimed that budgetary expenditure will be covered until the end of the year and that short-term credit will be tight for some months.

Experts, however, are still worried about the future and some of their misgivings have actually been strengthened. One is about the growing burden of the national debt; the cost of servicing has already jumped from £132 million in 1952 to about £300 million in the current year. The other concerns the effect of this latest loan on other borrowing for productive investment. Though the government has decided to provide easier credit for investors, any loans floated in the near future will have to compete with the government's generous terms.

The greatest danger, however, is that this palliative will be taken for a cure. The idea is already spreading in the parliamentary lobbies that the loan makes it unnecessary for M. Ramadier to pursue his Herculean task of balancing next year's budget. The receipts from the loan, after all, were only equivalent to this year's exceptional expenditure on Algeria. The danger of inflation is, in fact, still mounting. Despite all the government's delaying devices, the official cost of living index rose at the end of September to within 0.8 of the figure of 149.1 which would bring about an automatic five per cent increase of the national minimum wage. In the coming weeks M. Ramadier will have to bring all his "brinkmanship" into play to avoid going over the precipice of inflation.

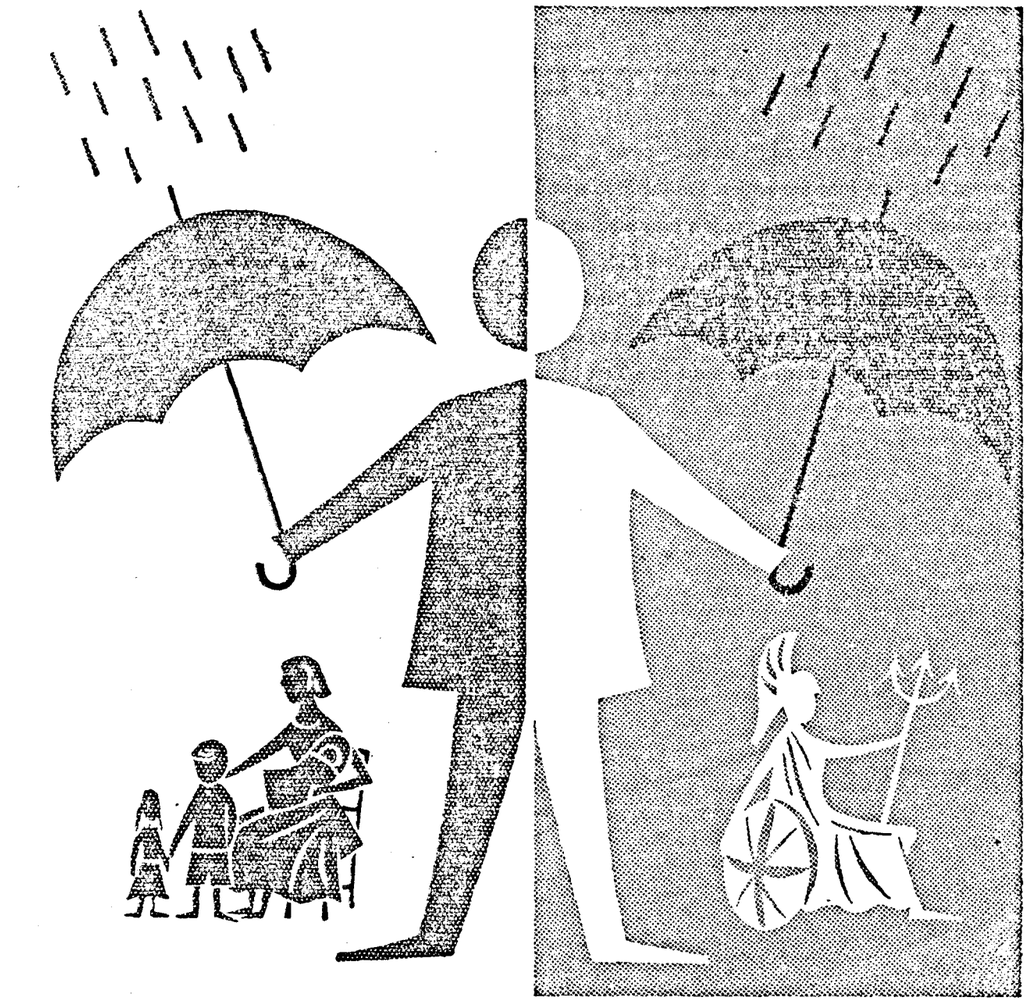
Another Way with Comprehensives

BEHIND the scenes both at last week's Labour conference at Blackpool—where education was a subject very much in the air—and, more surprisingly, at the Tories' local government conference this week, there was apparently a good deal of talk about a recent book by Dr Robin Pedley, lecturer in education at Leicester, entitled "Comprehensive Education: a New Approach."* Dr Pedley's proposals are not really new: they have much in common with those made by the national executive of the Labour Party in 1953, but withdrawn at the subsequent party conference. They also resemble the proposals which were considered, and finally abandoned, at Croydon last year.

Dr Pedley's argument is that the division of secondary schools into grammar, technical and modern should be abolished. Instead all children should go to a common secondary school until they reached the school-leaving age, whether fifteen or sixteen; and after that those who wished could go on to full-time education at a county college. Later, when continued education one day a week has become compulsory for all, the same college could take these part-time students too, for it would be good for each kind of student to be associated with the other. Dr Pedley claims for his scheme the further advantages that it would abolish selection at 11 plus, which everyone agrees can work very unfairly in borderline cases; that it would mean a more economical use of sixth form teachers than at present, when the average sixth form class consists of only seven pupils; and that young people would find the prospect of continuing their education in a "college" (consisting of both sexes) much more attractive than the idea of staying on at school. On the other hand, he claims that his schools would be much better than comprehensive schools, which he strongly defended in his last book but which he now agrees must be too big if they are to produce an adequate sixth form.

Dr Pedley's scheme does, however, have one disadvantage in common with comprehensive schools: namely, that if generally applied it would destroy much that is good. A good school is more than good teachers, good pupils and good buildings; it is also good traditions. It would be a pity to throw these into the melting pot by turning fine grammar schools (and probably public schools ultimately) into something quite different; the influence of the sixth form, and of those masters who take sixth form work, is valuable all through the school. It could only hold back the best pupils if they did not come in contact with the best teachers until they were over 15. Presumably the children would still be "streamed" according to ability, but the streaming could not be as fine as it is today because the range of ability would be wider. And if the scheme failed to get the best out of the clever, it would not even secure for the rest the "parity of esteem" that is craved. It would be no easier to claim equality for different streams of the same school than it is to claim it for different schools; it would still be true that some led to the university and to

* Gollancz. 203 pages. 13s. 6d.



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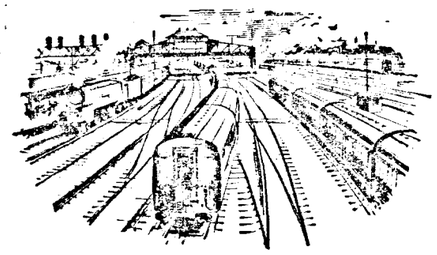

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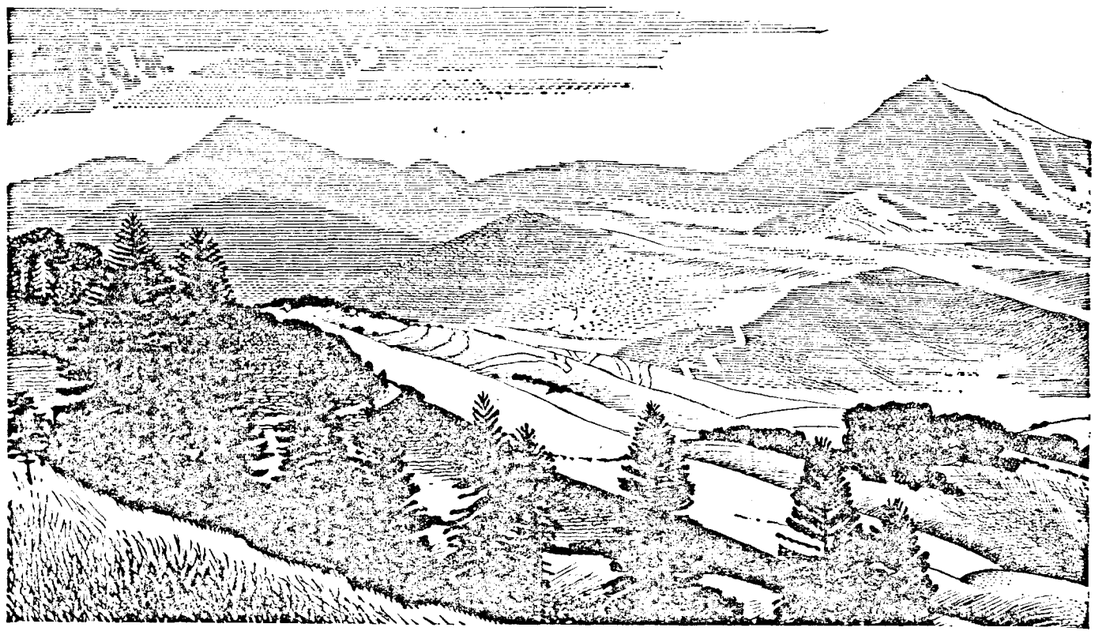

ASCENSION ISLAND *by Rowland Hilder, R.I.*

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the best jobs and some did not. Nevertheless, to oppose wholesale application of Dr Pedley's plan is not to oppose single experiments on these lines in places where the advantages might outweigh the disadvantages.

Slimming in Bonn

DR ADENAUER'S coalition continues to slim. The four ministers who formerly represented the Free Democrats, and who remained in office when the bulk of their party withdrew its support from the coalition, have offered their resignations ; and the breakaway liberal party which they set up at the time of the split has warmly backed their action. Now the only party in the coalition, apart from Dr Adenauer's CDU and its Bavarian sister the CSU, is the small conservative German party, with two cabinet seats ; the refugee party, or "All-German Block," went into opposition some months ago.

The resignation of the four ministers has been interpreted by the Chancellor's opponents as a further blow to him and a mark of the government's weakness. In fact their presence in the cabinet without the support of the bulk of their former party has long been an anachronism and an irritation to the other coalition parties ; and their resignation was prompted by a request from Dr Adenauer that two at least should resign. And in the event the Chancellor may accept only two resignations and thus fulfil his purpose ; but faces will have been saved. In any case the FVP (the breakaway liberals) will continue to support the coalition with their votes.

The departure of the liberal ministers should also facilitate the general cabinet reshuffle which has been awaited so long, for it will make it easier to reduce the cabinet's unwieldy size, appease other coalition members and perhaps overcome certain personal differences. But even if the loss of the liberals is followed, as now seems likely, by other ministerial changes, this will not wholly solve Dr Adenauer's cabinet problem. It is the open differences within his own party on financial, economic and social policy, on agriculture, and on defence, and the personal differences which exacerbate them, that have given most delight to his opponents. The Chancellor must be painfully aware of the need to smooth out these difficulties well before next year's elections.

Prisons in the Public Eye

IT is no criticism of the Howard League for Penal Reform to say that much of its annual report is familiar reading. For partly perhaps as a by-product of the capital punishment controversy, which raised the question of what would happen to reprieved murderers, the conditions of British prisons have attracted considerable public attention. Thus reforms suggested by the Howard League have had a more receptive audience than would otherwise have been the case.

At the moment the league is concentrating on reforms in local prisons, where most prisoners serve their sentences. These are mainly criticised, first, for their physical conditions and, secondly, for the repressive resentful atmosphere within them. The league, though by no means ignoring the need for better lights and lavatories, has realised that in the long run morale is more important and that this depends largely on the prison officer's job being more constructive and less purely custodial than it is at present. This, indeed, is no more than the prison commissioners themselves have long been working for, and have attempted to achieve through their training schemes for new prison staff. But too often their good intentions have been defeated by the sheer size of the prisons, with the consequent rigid regimental administrative system, and by the shortage of staff.

But, as the Howard League has pointed out, much can be done within existing prison walls. Prisons, it suggests, could be broken down, for administrative purposes, into small units, in which the governor can get to know his prisoners, who can also be more carefully classified. The difficult psychopathic prisoner should be transferred to the new institution at Grendon Underwood—when it is built. Above all, prison officers should be encouraged to take a more personal interest in individual prisoners and to discuss their problems with the governors and medical officers—in others words, to do the positive job they have been trained for. There was a time when all these proposals might have fallen on stony ground both within the prison service and outside. The most hopeful thing the league is able to report is the considerable interest that has been shown in its suggestions and the willingness to discuss them further.

Kansas and the Election

The politicians of the United States have long been divided by a multitude of trivial and factitious differences, whose pettiness and unintelligibility had become almost ludicrous and very mischievous. The factions were becoming dwarfed, both in intellect and morals, down to the dimensions of the party interests and watchwords they embraced. Now that a fresh question has once more arisen to divide them, it may be hoped that the feelings and the conduct of politicians will imbibe something of the dignity and grandeur of the cause at stake. That the Slave-holders should cling with passionate vehemence to an institution with which they believe that their wealth and prosperity are indissolubly bound up, is natural enough ; and most assuredly if there ever was a cause for which it was worth while to make every effort, to meet any sacrifice, to encounter any risk, the question whether the Great Young Republic of the West shall extend the area of real Freedom or fall under the dominion of Slave-owners and be guided by a Slave policy, offers such a cause. The strife is now for the moment about to be transferred from Kansas to the Union at large. The Presidential Election will now be the trial of strength between the parties. If Fremont is chosen, his success will be owing to the reaction caused by the attack on Mr Sumner and by the atrocities of the Slave party in Kansas—and we may hope for a decisive change of the Federal Policy in future and a prompt reversal of all recent acts. If, on the other hand, Buchanan be the victor, there can be only one of two results—either an irreparable injury to the morals, the reputation, and the progress of the Union—or such a prompt severance of the Living from the Dead, as shall stay the extension of the moral pestilence, and do full and speedy justice on the evil-doer and the evil deed.

The Economist
October 11, 1856

Books & Publications

Money at War

HISTORY OF THE SECOND WORLD WAR: *Financial Policy, 1939-1945.*
By R. S. Sayers.
HMSO and Longmans. 623 pages. 27s. 6d.

NO fewer than eighteen volumes have now been published in the British Civil History of the Second World War. Their purpose, to quote Sir Keith Hancock's own first volume, has been "to fund experience for Government use," and, the interests of historians apart, their main value is as a depository of wisdom against the misfortune of a future war. This volume is of a different order. It is a brilliantly succinct record of wartime activity in its prescribed sphere and, as such, it takes its place in the total war history scheme. But it goes beyond that.

There is, in the first place, a distinction in subject-matter. Taxation, monetary policy, exchange controls and financial diplomacy, unlike the material of many of the other volumes, are matters of war and peace alike. A study of wartime activity retains a topical interest. But there is also, in this particular case, a distinction of style, and credit for this must lie with Professor Sayers himself and with the editor of the series for getting him to undertake the work. Taxation, monetary policy and the rest are Professor Sayers's lifetime study. The role of official historian has given him a run of the Treasury files, but this invaluable benefit has in no way inhibited either his analysis of the problems involved or the freedom of his commentary. He begins with a chapter of "straight economic analysis" of the problems of war finance. He considers alternatives of monetary manipulation against the method actually followed, examines the inflationary content of the Government's short-term borrowing, and passes his own verdict on the efficiency of PAYE and on the effects on sterling's long-term reputation of having ceased, in the war, to be a multilateral currency. He summarises interest rate policy since the first world war because of its influence in the early years of the second. He uses outside comment freely, alongside the observations of the Treasury and the Bank of England, to record its influence or to give point to his tale. There are briefer comments, too, to sharpen the story—and lighten the page—like those on the "best defence" for raising Bank rate in August, 1939, and on the advantage of having young men in the Bank with time to think, in "striking contrast" to the Treasury, starved of numbers from the early thirties.

All this makes for most lively and instructive reading even where, in the case of internal policies, much is already familiar: the definitive role of the 1941 Budget, the establishment of a "three per cent war," and the tight exchange control maintained from 1940. In these areas, moreover, besides the fresh insights into British financial administration, there are many points brought to public knowledge for the first time: for example, the solid appreciation of the inflation problem before the arrival of Keynes, the decision on "three per cent" actually taken in October, 1939, and the existence in the Bank of a blueprint of exchange control from as early as 1937.

Internal policies, however, occupy less than half Professor Sayers's book. Their logic was comparatively simple, and though quantities changed and administrative forms also in some degree, the policies themselves were largely settled by 1940. The external problems that occupy the remainder of the book, on the other hand, changed and grew as war went on, and were never settled. Moreover, they were highly complex. India and Egypt, the southern Dominions of Canada, as well as the United States, each presented its own special difficulties. Yet they were also interlinked and policy at one point affected policies elsewhere. At the London end, the same small group of ministers and officials handled them all. How Professor Sayers set about mastering the vast mass of resultant papers, cablegrams, minutes and records of conversations one can only guess, but that he has done so is evident. Problems and negotiations alike, for each of the countries in turn, are set out and appraised with quite extraordinary clarity and understanding. In the cases of India—on which Sir Winston Churchill receives a justified rebuke—and Canada, in particular, a large new light is shed.

Professor Sayers keeps the United States till last, though inevitably that country intrudes upon all the others in some degree and upon Canada in particular. Dollar negotiations, principally over lend-lease, occupy the whole of the final quarter of the book. Here, though the general make-up of this "strange mixture of Rooseveltian largeness and Congressional politics" may be half-familiar, there is very much in the record that is made clear for the first time.

Professor Sayers rightly defends the British point of view on the many vexed questions that arose between "the most unsordid act" of December, 1941, and its savagely abrupt ending on August 19, 1945: the harsh limitations on British exports imposed by the lend-lease administration; the Americans' restricted notions of "the pooling of resources" when they, too, had become belligerents; their lack of appreciation of our proportionately large contributions in reciprocal aid; even their crude concern to keep the South American market to themselves whatever the damage to Britain. But he accords some blame also to the British authorities for their lack of understanding of American positions and their disinclination to explain themselves fully. Above all, though negotiations proceeded endlessly, the lend-lease goods flowed and in a mounting stream: "friendship and exasperation advancing hand in hand." (The phrase, like many others in this book, is that of Keynes.)

"Financial Policy, 1939-1945" is a war history; but it is also an inside story, expertly told, of Britain's financial administration. It will be, as it should be, referred to frequently as such. Is there any good reason why it should not be followed by a "Financial Policy, 1945-51"?

The Church's Living

ECONOMIC PROBLEMS OF THE CHURCH: *From Archbishop Whitgift to the Long Parliament.*
By Christopher Hill.
Oxford University Press. 381 pages. 42s.

"THE King and the priest," Laud told Charles I, "are bound to look to the integrity of the church in doctrine and manners." But, he was quick to add, "they must be careful of the church's maintenance too, else . . . all's lost." Mr Hill's object has been to analyse the problems of the church's maintenance in the two generations that preceded the Civil War and to show why, given the magnitude of those problems, Laud's policy, "by making reform impossible, precipitated revolution."

It is a study of great learning, power and conviction, admirably organised and written. Mr Hill knows how to sharpen the edges of his arguments by quiet irony and how to illuminate the evidence of records by careful use of the literary sources. Moreover, his arguments gain in force because he appears anxious not to claim too much for them. No philosophy of history, he tells us, should be read into his selection of subject matter. All he argues for is that the economic problems of the church "seem to deserve more prominence than is usually given to them in accounts of the causes of the English Revolution."

Most readers will think that Mr Hill has more than proved this modest claim. Inadequate maintenance was the chief problem of the Laudian church. That poverty was the product, not merely of the Henrician Reformation, but also of the Elizabethan spoliation by courtiers, by bishops making large provision for their families, and by lay impropriators, who sometimes acquired as much as 98 per cent of the tithe revenue of the living. Moreover, the rapid economic changes of the period, the rise in prices and the shifts of population operated to reduce still further the church's share of national wealth. There were two courses open to the clergy. They could protect themselves by pluralism, non-residence, litigation for tithes, racking fees or taking up secular pursuits; and they thus presented the Puritans with easy targets. Or they could accept stipends from patrons or corporations at the cost of conforming to their employers' views, usually Puritan, thus weakening the control of the hierarchy. All this Mr Hill demonstrates with admirable clarity and an abundance of evidence which adds a great deal to knowledge and understanding of the period.

Both Whitgift and Bancroft recognised these problems and the difficulty of solving them; but it was left for Laud to frame and win royal backing for what Mr Hill calls "a vast programme for restoring the church to the economic and political position it had enjoyed before the Reformation." The reconstruction of the English church meant the destruction of the English monarchy. In the long run, Mr Hill observes, the men of conviction on both sides were defeated and a patched-up compromise devised.

There is, however, a startling contrast between Mr Hill's usual precision and the bold dogmatism with which he relates his period to those that preceded and followed. When taking the wider view he relates everything to "the logic of events," to "a common factor in these converging tendencies of thought"; and that common factor is the rise of capitalism and the concomitant bourgeois revolution. Crude generalisations on the Middle Ages enable him to exaggerate the novelty and the gravity of the economic problems of the church in his chosen period. Were not the personalities and policies of Laud and Charles, rather than the logic of events and the rise of capitalism, the decisive but temporary irritants? Mr Hill has two answers: the dogmatic one that there was a bourgeois revolution; and the scholarly one that "a proper answer could be given only after analysing in detail the effects of the Interregnum upon the church." In this book Mr Hill gives so many proper answers to so many big and difficult questions that it is hard to take seriously these occasional expressions of a crude philosophy of history which he himself elsewhere disavows.

Mom

THE AMERICAN WOMAN.
By Eric John Dingwall.
Duckworth. 286 pages. 25s.

NOT since Mr Philip Wylie's "Generation of Vipers" has the American Mom taken such a pasting as Dr Dingwall administers in this erudite, entertaining and rather nasty book. It is not, he explains, entirely the fault of "the American woman" that she is domineering, discontented, unsexed, sex-obsessed, immature, neurotic; a prey to charlatans commercial, cultural and spiritual; and addicted (this is a new one) to wearing hats easily recognisable by the trained eye as fertility symbols. Study of the historical evolution of American society shows how she got that way. The Puritan tradition, emptied of its genuine religious content but still exacting lip-service, is chiefly to blame. Linking sex with sin, it set up ideals of purity incompatible with any satisfying relationship between the sexes. Linking material success with virtue, it justified a frenzied devotion to money-making. Sex-starved women revenge themselves by henpecking their husbands; their husbands retaliate by escaping from them whenever possible in the masculine world of money-making and sport; growing up in homes where Father lacks prestige, children develop fixations on Mom; momism thus perpetuates itself from generation to neurotic generation; and America is consequently a pretty dreadful place. This summary, of course, over-simplifies the argument. The pioneering tradition played its part, so did the "melting pot" with its emphasis on conformity. But the central thesis—that the chief shaping or mis-shaping principle of American society is the sexual dissatisfaction of its women—remains unaffected.

The illustration and justification of this thesis, historically and in the present, take Dr Dingwall into some curious corners—using the word both in its usual sense and in that employed by booksellers. Soap opera and the idiosyncrasies of Puritan sinners; the cult of the bosom and that of luxury plumbing; behaviour in nineteenth-century female academies and advertisements for men's underwear; charm schools, "Mairzy Doats," laxatives and strip tease, all fit into the picture, along with more familiar elements such as Hollywood, dating procedures, and women's clubs; and very entertaining it is. Entertaining, and genuinely illuminating too; but Dr Dingwall really proves a great deal too much.

On the side of causes, there is nothing specifically American about Puritanism; why was its heritage so much less disastrous in the Old World? On the side effects, Dr Dingwall's portrait will probably seem oddly lopsided even to those who recognise its constituent features most readily. To see in the American zest and gusto nothing but neurotic restlessness, in the eager open American mind nothing but immaturity, in the American drive and energy nothing but obsession, and in the American achievement nothing (except the Tennessee Valley Authority) but a fevered amassing of gadgets, is a blindness hardly less remarkable than that of Main Street itself. Possibly a sense of humour, which would have done much to improve this book, is an unscientific quality. So, assuredly, is animus. "The American Woman" contains some salutary truths; but it is rather too like another sociological work, of which the same could be said—"Mother India."

Growing Cocoa

NIGERIAN COCOA FARMERS: *An Economic Survey of Yoruba Cocoa-farming Families.*
By R. S. Galletti, K. D. S. Baldwin and I. O. Dina.
Published on behalf of the Nigerian Cocoa Marketing Board by *Oxford University Press.* 783 pages. £5 5s.

WITH the publication of this book of 780 pages, the West African cocoa-farmer must have become, if he is not already, the most written-about peasant farmer of all time. The controversy about the peasant's predicament with widely fluctuating prices under the prewar system of marketing first began in 1937. This led to the adoption during the war of statutory marketing with the producer price fixed for a year ahead, a system now made permanent. Counter-criticism of the statutory system and arguments in its defence have led to a spate of articles and books in recent years, the flow of which is by no means over.

Although the present volume is not directly concerned with this issue, despite item (h) in its terms of reference, it does provide much indirect evidence upon it. For example, it mentions repeatedly that expansion of cocoa planting in Nigeria is limited by lack of suitable land, the influence of the price factor being therefore difficult to assess. It also confirms by direct inquiry the fact that cocoa-farmers in Nigeria, like those in the Gold Coast, have a firm preference for statutory marketing, despite grumbles about the Cocoa Board's price policy. But the book as a whole is less concerned with marketing than with cocoa farming by the individual producer. It contains invaluable material on the organisation of cocoa farming, planting and the care of farms, on labour employed and on other costs. It also examines the cocoa-farmer's personal budget, his sources of income, his expenditure and changes in his assets and his liabilities.

The picture presented of the Nigerian cocoa belt is quite unique in the quality of its detail. It is obviously based upon minute observation and careful recording. The authors must be congratulated upon the diligence and care of their inquiries and upon the skill with which the raw mass has been served up for human consumption. Yet, to some extent, the very readability of the work must be a criticism of its quality. The authors are frank about sources of error in the raw data, and about the highly selective methods they have used for drawing up the final list of survey "families." But in a sense they make too light of their shortcomings by giving no statistical evaluation of reliability. Nor is there enough information about field methods used in the collection of each different set of figures to warrant full confidence in their validity. To have gone further into the mechanics of field work, and to have printed the analysis of subsamples and other cross-checks referred to in the introduction,

would have made this volume less readable. The mistake, for which surely the advisory committee must share the blame, lies in trying to present material of this kind in a single volume. The detail of interest only to the specialist could have been published more fully (and more cheaply) in learned journals or as monographs. These would also have been a more suitable venue for the rather fancy superstructure of analysis, which will here escape informed criticism and discussion.

While we are thus left ignorant of the proper degree of significance to be attached to the figures presented, to anyone who knows West Africa there is no doubting the validity of the broad general picture. This study gives an excellent impression of the structure and functioning of the market economy of the Nigerian cocoa belt, and it will certainly become an important work of reference. It is unfortunate that the high cost of including so many tables and unduly refined statistical analyses has caused the book to be too expensive for the ordinary student of West African affairs.

Ruins and Cabarets

EUROPA MINOR.
By Lord Kinross.
John Murray. 179 pages. 18s.

IN an earlier book Lord Kinross described his travels in Turkey, mainly from Istanbul along the Black Sea coast and down Turkey's eastern frontier to Iskenderun. In the present book he completes the circuit, from Iskenderun along the Mediterranean and Aegean coasts and back again to Istanbul.

Lord Kinross is an experienced but unpretentious traveller, closely observant, and able to record what he sees, smoothly, vividly and with humour. As a travel writer he has few aspirations after profundity, none after cleverness; he is content to keep himself in the background. He has a happy knack of describing the look of the land (and the sea) in a simple, yet unhackneyed, way. He is conscientious, but not dull, about the ruins, and his excursions into history are clear, concise and well proportioned to the rest of his tale.

But even those who take their history and archæology most seriously might be tempted to feel that Lord Kinross is often at his best when describing his chance encounters with the living inhabitants of coastal Turkey; there was the sturdy inspector from the Ministry of Agriculture who drove Lord Kinross through part of Cilicia, spoke little, laughed sometimes, and laughed loudest when it was discovered that his passenger's baggage had jolted out of the Land Rover and "might well have vanished over a precipice"; there was the doctor at Marmaris who was proud of his clothes—"a pyjama jacket, Glenurquhart tweed trousers and grey suede shoes"—spoke "confident English" and announced that "like the English, I am a sportsmanship." And many others. There is also the memorable description of the five Turkish cabaret girls at Denizli who sat squarely in a row on hard chairs and warbled, unaccompanied "in the style of some voluptuous, profane Muezzin"; one of them wore dahlias in her hair "and at other strategic points." Not the least of the author's virtues is his ability to assimilate cabaret girls, the ruins of Troy, a fish-curing station in the Meander Valley and a multitude of other scenes and impressions into a remarkably homogeneous whole.

Unreal Conflict

CHRISTIAN THEOLOGY AND NATURAL SCIENCE.
By E. L. Mascall.
Longmans. 349 pages. 25s.

IT might be thought that nothing new could be said on the well-worn theme of Christianity and science, but in his Bampton Lectures Dr Mascall has produced a book that engages the attention from start to finish. His standpoint is unusual, for he is equally at home in quantum theory and in scholastic philosophy. There appears to be nothing on the subject that he has not read, and his wealth of illustration is not only massive but arresting. The story of the Orthodox priest-biologist who has found the chromosome whereby original sin is transmitted is *ben trovato*, even if not *vero*; and there must be buried in the archives of the Vatican an authoritative answer to one problem that is incidentally raised—the resurrection of bodies of the victims of cannibals.

These are, however, only two byways into which Dr Mascall strays from his main theme. This is that Christian theology and natural science give no real ground for conflict—though "conflict" is the word that almost inevitably follows mention of "science and religion" in the method of psychological analysis known as time-association. Dr Mascall prepares the ground by showing how many conflicts there have been within science itself, such as the age of the solid earth and the nature of light. Where tension has existed, it has usually been due to an unwarranted claim of finality for scientific theories, or an assumption that theological formulations are irreformable. Science has in history rendered considerable service to theology, as in the unification of the sublunar and supralunar realms or the supersession of astrology. Theology, for its part, laid the foundation of modern science by winning acceptance for its belief that there are regularities in the world, and that those regularities are contingent, so that they have to be sought for, not predicted *a priori*.

A detailed analysis of some modern discussions of the nature of scientific discourse shows that the theories of science are not straightforward literal descriptions of the real constitution of the world. The maps or models which science uses, whether constructed out of physical images or purely mathematical concepts, are deductive systems, whose function is to co-ordinate empirical observations and to permit predictions. There is a large margin of arbitrariness about which theory we adopt in any particular case, and there is no reason to suppose that logical necessity in the structure of a model implies any kind of necessity in the structure of the facts that it depicts.

On this basis Dr Mascall examines a number of questions that have given rise to controversy in the past. The first is cosmology and contingency. Christian thesis, he says, maintains that the universe owes its existence to a creative act exercised by a self-existent God, who is both omnipotent—and therefore able to create—and also absolutely free—and therefore under no necessity to do so. It thus stands in contrast with all views which regard the universe as necessary, and failure to recognise this fact has been a source of much confusion among philosophers. This chapter has a very valuable discussion of the theories of Eddington and Milne, who are found to be unconvincing, though they may have shown that the world has more necessary characters than was formerly thought. A second specific question is that of creation. It is well known that men of science from purely scientific considerations have now come round to the view that the physical universe had an origin so many millions of years ago, but the enthusiastic reception given to this fact by Pope Pius XII will be new to many readers. Dr Mascall himself is more cautious, holding that creation in the philosophical and theological sense has no essential connection with the question of a temporal beginning. Taken as a whole, the book is a notable addition to the long series of Bampton Lectures, and will enhance its author's already solid reputation.

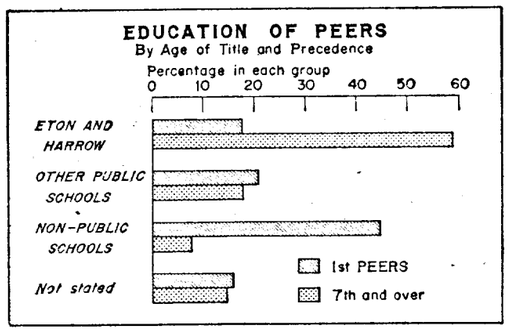
Comparative Institutions

GOVERNMENTS OF GREATER EUROPEAN POWERS.
By Herman Finer.
Methuen. 1,037 pages. 60s.

THIS is one of the weightiest works on politics to appear for a long time; the difficulties involved in handling it, for this reason, are increased by the fact that it is printed in double columns with the pages interlarded with maps, tables and diagrams and frequently broken up by headings and sub-headings in various thicknesses of print. It is an English binding-up of an American college textbook, a testimony to its author's faith that "it is wrong to treat American undergraduates as babies" and that they can be expected to assimilate far greater amounts of factual material than some of their teachers assume. Although Professor Finer believes that comparative politics is more scientifically studied if institutions are compared systematically one with the other, he has for pedagogical reasons accepted a country by country approach and deals here at a very considerable length with Great Britain and France, and slightly less exhaustively with the Soviet Union and Germany.

ermine side by side—the man of lineage along with the man who had toed the party line.

The importance of political services in raising commoners to the peerage is clearly brought out in the chart on page 200. It shows that 47 per cent of new peers have served in the House of Commons, 35 per



cent have been Ministers of the Crown, 39 per cent have worked in local government, and 57 per cent have done other kinds of political service—mostly in local party organisations. These high percentages quickly fall away for second and later holders of titles. These, of course, can serve in the House of Commons only before they succeed to their title, and perhaps it is surprising how many—12 per cent—contrive to cram in a short Commons career before they are finally debarred by a coronet from worthwhile parliamentary life. What is particularly notable—and commendable—is the way in which peers with no hope of political advancement give their time to the often thankless task of local government. Thus 37 per cent of seventh holders of a title and above have given time to local government work, most of which is unpaid.

It will be asked how far those who achieve nobility in fact come from the upper classes. The figures given on the schools of peers go some way to answer this question. Over half of all peers went to Eton or Harrow, and a further 20 per cent to other public schools. Possibly some of those who venture no information about their school careers in *Who's Who* nevertheless went to public schools. But the difference in education between newly made peers and older peers is striking. As the accompanying diagram shows, only 18 per cent of new creations went to Eton or Harrow, compared with 59 per cent of seventh holders of a title and above.

A new peer may not have been to a public school himself, but once ennobled he tends to send his sons to Eton or Harrow. Rather more than half of those who are ennobled send their heirs to those schools and another 20-30 per cent to other public schools. Thus are the old and new nobility welded together, learning *noblesse oblige*—which later comes out in local government and in other ways to be dealt with later—at academies specially fitted to inculcate it. Besides, at Eton and Harrow young noblemen feel less conspicuous than at other schools. Whether this will continue is another matter. Some indication of the economic prospects of the peerage will appear in the succeeding article.

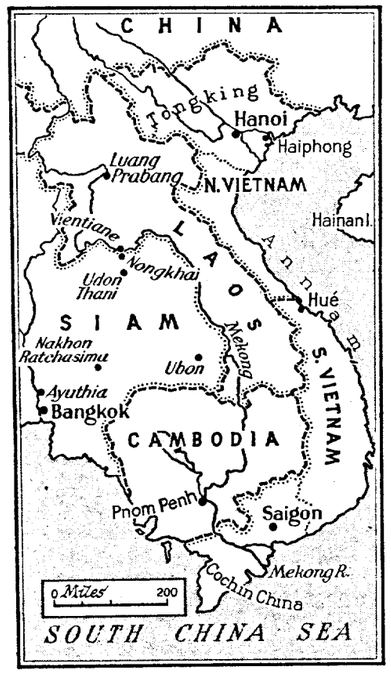
Vietnam in the Hazard

JUST two years ago M. Mendès-France had won his gamble with time: peace in Indo-China within a month, or his resignation as premier of the defeated French republic. The exhausted representatives of nine nations at the Far Eastern conference in Geneva had cast their eyes over the final draft of a declaration (issued on behalf of the conference, though none of the participants signed it), which laid down certain guiding principles designed, among other things, to preserve the peace in Indo-China and to ensure the unification of divided Vietnam. Unification was to have been accomplished this month by means of general elections throughout the country. But the elections remain hypothetical. The Geneva declaration has been a dead letter ever since Mr Ngo Dinh Diem, President of the (South) Vietnamese Republic, made it clear a year ago [illegible] he would not take part in pre-electoral consultation with representatives of the communist regime in the north from July 20, 1955, onwards, as the declaration had required.

[illegible] the height of the war in Indo-China it was [illegible]pted as axiomatic in Washington and London, as well as in Paris, that Indo-China was the gateway to South East Asia: its loss, so the argument ran, would open the floodgates to the communist tidal wave. Once the Viet Minh had gained control of the whole of Vietnam, outflanking Laos and Cambodia, they would threaten Siam and eventually join their comrades in the jungles of Malaya; the loss of Singapore would be only a matter of time. Nothing that has happened in the last two years has made this argument any less valid than it was when the agonising battle of Dien Bien Phu had brought Mr Dulles to the second of his brinks. This is true even though a Vietnam won by peaceful methods would be less threatening than a country overrun by an army avid, perhaps, for fresh fields to conquer.

But the engulfing of South East Asia by the victorious army of General Giap as the spearhead of China's hordes now seems a remoter prospect than when the ink was drying on the Geneva agreements. At one time, the probability was that if July, 1956, did not bring South Vietnam under the Viet Minh's control, President Ho Chi Minh of the (North) Vietnamese Demo-

cratic Republic would order a southward thrust which, because of the enormous superiority of his army over that of President Diem, would bring him victory in a matter of weeks. It has never been in doubt that by retaining control of two provinces of Laos through the Viet Minh-officered Pathet Lao forces—in flagrant violation of the Geneva agreements—Ho Chi Minh has been maintaining an advance base from which an outflanking attack against South Vietnam could be made more conveniently than across the narrow coastal strip of Annam at the dividing line along the 17th parallel.



While such aggression cannot yet be ruled out, it does seem to have receded from the calendar of immediate dangers. Indeed, in the Far East almost as much as in Europe, communist tacticians seem to have placed war as an instrument of policy in cold storage. Several factors have contributed to this change of tactics: the South East Asia Treaty (Seato), which drew an imaginary line over the frontiers of the Indo-China states and warned the communist countries not to transgress it; the developing fear of a suicidal nuclear war; and the Bandoeng conference, which opened the eyes of the Chinese and Viet Minh foreign ministers, Chou En-lai and Pham Van Dong, to the universal desire for peace of their fellow-Asians, making them, as it were, the prisoners of the "five principles" Chou himself had drafted with Pandit Nehru.

When, at a conference in Hanoi last September, the Viet Minh formed a "Fatherland Front" with the object of promoting the unification of Vietnam by peaceful means, and specifically renounced military means to achieve unity, it was clear that Moscow's change of policy had reached the local plane. It has indeed, long been apparent that the Russians would exert a restraining influence on their distant co-religionaries of the Viet Minh—a point that was confirmed in London in the spring, when the Russian delegate at the Anglo-Soviet conference of the Geneva co-chairman accepted the British thesis that it was more important to preserve the peace in Indo-China than to hold all-Vietnam elections at the appointed time. The replies from South and North Vietnam to the messages sent by the co-chairmen after the London conference were published this week; they give substance to the hope that there will be no outbreak of violence in the coming months.

If military action seems unlikely, there is no evidence of a change in communist purposes in South East Asia. There is a change of method: the Viet Minh will seek their objectives by other means—infiltration, subversion (culminating, if all went according to plan, in riots and attempted assassinations of Vietnamese government leaders) and economic and social competition. If this is so—and all the evidence points that way—how will the Diem regime in South Vietnam stand up to the challenge? On the power of the regime to resist subversion, there is certainly ground for tempered optimism. The very survival of the regime, in the face of apparently insuperable odds, has demonstrated its vigour.

Two years ago it was generally assumed that Mr Diem would not long remain in office. Largely untried himself, he had inherited a legacy of almost inconceivable chaos: a defeated and demoralised army, three major rebellions and several smaller ones, a flow of refugees in thousands from the north. To set against this, he could muster only two assets: on the one hand, staunch political support and bountiful material aid from the Americans and, on the other, a character of extraordinary obstinacy and single-mindedness. The first eighteen months of his regime were a constant—and in the end successful—struggle to assert and consolidate his power. Today, while the loyalty of the thousands of brain-washed ex-Viet Minh supporters who are now claimed to have "rallied to the government" must remain in doubt, it seems plain that the power of the Viet Minh in the South has been, or soon will be, broken. Indeed, if the Viet Minh had been as strong as the propaganda of its supporters or of Diem's detractors had made out, it would certainly have prevented the holding of the anti-Bao Dai referendum last October and of the Constituent Assembly elections in March.

Whether the economic and social challenge of the North will be met as successfully is still in doubt. In a sense, the battle for rice production in the Mekong river delta in the South is as important to the "free world" as was the battle for the physical control of the rice bowl of the Red river delta in the North during the Indo-China war. Only by restoring paddy output to what it was before the war can South Vietnam earn enough foreign currency to import the capital goods it needs for its economic development and to make it politically independent of American aid. The massive aid which the Viet Minh regime receives from China and Soviet nations is entirely directed towards capital development. A railway has been built to China, the coal mines and

works of Tongking are in full production again. This challenge in what might be termed the "race for viability" cannot be met by methods that succeeded in different circumstances in the past. Indeed, responsible Americans have long been aware of the need for a fundamental rethinking of the basic concepts of their aid programmes to countries like Vietnam. When Senator Mike Mansfield, the "creator" of the Diem regime, reported on his latest visit to Vietnam last October, he recommended the appointment of a special American mission to Vietnam to redesign the aid programme in order to enable the Vietnamese to stand on their own feet. And President Eisenhower—aware that countries receiving aid on a yearly basis cannot be expected to embark on long-term development projects—asked for the power to make commitments for up to ten years when presenting his aid programme to Congress in March. There has been no action on Senator Mansfield's suggestion, and Congress has turned down the President's request.

Yet it is increasingly probable that the battle will be lost or won on the economic front. It could even be seriously argued that a British grant to aid the Diem government in restoring rice production or in resettling its refugees might be as valuable strategically as expenditure on the naval base in Singapore. If the time comes when South Vietnam has a well-fed, well-housed and contented peasantry, and a "prewar" surplus of rice and rubber for export, the Diem regime, or its successor, may find that it can contemplate without fear the prospect of "co-existence" and even of reunion with the more populous North. British trade would in that event be better safeguarded than by any military alliance.

Notes of the Week

Nkrumah Wins

THE result of the general election in the Gold Coast is decisive, and for that everyone in this country can feel thankful. Dr Nkrumah's Convention People's Party, campaigning on the issue of immediate independence, has emerged with almost the same sweeping majority which it secured in 1954—69 seats out of 102 declared, with 2 results still to come. This is far larger than most commentators on the spot expected in view of the strong fight put up by the opposition in the past year. But the opposition challenge has signally failed. Not only has the CPP won a large majority for the country as a whole, but it has won a respectable number of seats in the three provinces where it might have been in so hopeless a minority as to have forfeited any claim to lead the country as a unified whole. It has won a majority in Transvolta-Togoland, well over a third of the seats in Ashanti where opposition has been bitterest and best organised, and eleven seats in the Northern Territories where one of the government's hottest critics, Mr Braimah, was unseated. Dr Nkrumah's veteran opponent in the colony, Dr Danquah, failed to regain his seat and the government made a clean sweep.

Mr Lennox-Boyd can hardly hesitate to pronounce these results a "reasonable majority" in favour of independence in a unitary state, and against any further delays by way of a constituent assembly to work out a federal solution, such as have been demanded by the National Liberation Movement in Ashanti and its ally the Northern People's Congress. It is true that the NLM may yet argue that the CPP failed to win over a third of the votes cast in Ashanti, for its 11 seats are held by narrow majorities. This is the stock retort of the beaten party in a British parliamentary system. It won't wash; and Mr Lennox-Boyd should say so. But that does not mean that it will not tempt supporters of the NLM to think that they must now organise to win their ends by other than constitutional means. They should receive urgent and immediate counsel to suppress such dangerous thoughts. But, above all perhaps, Dr Nkrumah must be generous in victory and implement the Bourne scheme for regional devolution in full. He won by superior appeal, organisation and funds—the last being a big factor. He will get independence—but he can only make a real success of it with the co-operation of Ashanti and the North.

Crisis by Zik

MR LENNOX-BOYD will have to explain what he has done, if anything, to make Dr Azikiwe, premier of the Eastern Region of Nigeria, send him—and generally release—one of the most boorishly worded telegrams the Colonial Secretary can ever have received from a colonial minister. Dr Azikiwe threatens to resign unless the governor is recalled, and accuses both the governor, Sir Clement Pleass, and the Colonial Secretary of improper interference with the region's government and of political bias. More specifically what infuriates Dr Azikiwe seems to be a move by the

governor to get the legislature to examine government finances, and especially an African bank in which the government holds deposits, after the speaker had ruled a motion on the subject out of order because certain libel cases started by the premier against people and newspapers that have been insinuating irregularities put the matter *sub judice*.

Sir Clement Pleass has been in trouble before with Dr Azikiwe, and on that occasion—when he reserved a finance bill into which clauses had been inserted to abolish certain appointments held by Europeans—he proved to be in the right. But whether he is in the right or not on this occasion the violence of Dr Azikiwe's reactions strongly suggests that more is at stake than the use of the governor's powers. This can in any case be easily remedied before long, because Dr Azikiwe has the right to claim independence for the region this year as Mr Awolowo has already done for the West. He can then dispose of the "British banking monopoly" exactly as he will—if he can find one.

The political indications are, however, that Dr Azikiwe feels in need of a diversion. He does not like the persistent enquiries that have been made about the bank with which his name was associated. He does not like, perhaps, some of the political pressures being exerted upon him in his own party, or the state of the region under his party's rule. He does not like the outlook for the constitutional conference next September where his bid for a stronger centre (which has much on rational grounds to commend it) is likely to be defeated by the strong feelings for autonomy in the other two regions and their profound suspicions of Dr Azikiwe himself—which his latest outburst will not allay. So he dumps the region in Mr Lennox-Boyd's lap. Mr Lennox-Boyd should return the chalice—it is poisoned.

Plain Words from Padiham

SIR ANTHONY EDEN just missed making a first-class speech at Padiham last week. This is a pity. By felicitous timing and the coinage of some striking phrases he contrived that the same newspapers which devoted acres of space to Mrs Miller also gave headlines to the warning that the country risked "poverty by stages." That needed to be strongly said and widely read, though whether his warning of "mortal peril" will prove salutary at home without frightening holders of the pound abroad, as it did last summer, remains to be seen. Still, Sir Anthony went a fair way to meeting what should be two main objects of the Government's public relations at the moment: to keep the picture of what will happen if inflation is not stopped before the public and to resist all attempts to stop the process of disinflation. His comment that "there is no international welfare state" helped to drive home the first point, while on the second he showed firmness in defending the Government's efforts to encourage greater mobility of labour and to give no encouragement to new wage demands; on wages he may perhaps have been heartened by the thin arguments—and thinner attendance—that he met in the House of Commons two days before when he argued that, for example's sake, restraint must begin at Westminster.

But where Sir Anthony might profitably have turned from the stick to the carrot, he faltered. It was a party occasion, and he had, of course, to take his brief from Central Office as well as from the Treasury. He made a witty and effective attack on Labour's plan for equality, but he was unable to cap it with a convincing statement of the Tory alternative—which is after all what Tory electorates the country over are waiting for. The Tory Central Office should certainly forbid Sir Anthony to use the words "property-owning democracy" again until he has explained what he means by it. Until he does the presumption will grow that he does not know; and this is one of several points on which there is an urgent need for the Tories to do some rethinking. Between dispelling the danger of "poverty by stages" through the ardours of disinflation and mobility of labour and Mr Butler's economic grail of a doubled living standard lies a long and still poorly illuminated road.

Mr Rakosi Goes

THE bullet-headed Mr Matyas Rakosi looks so exactly what he is—a tough Communist diehard of the old Stalinist guard—that his fall comes as a surprise. Yet the tide had clearly been running strongly against him. Ever since the Soviet party congress last February, opposition to Mr Rakosi within the Hungarian Communist party has been strong and at times surprisingly vocal. His position appeared to depend increasingly on the open support that he still enjoyed from Moscow. His resignation as First Secretary of the party only a few days after his return from a visit to Moscow indicates that the Russians decided to drop him. Their decision was no doubt partly a consequence of Marshal Tito's visit to Moscow; it is significant that Mr Rakosi's successor, Mr Erno Gerö, has lost no time in eating humble pie about past Hungarian "calumnies" of Jugoslavia.

Yet even without Marshal Tito's prodding, it must have been more and more obvious both in Moscow and in Budapest that Mr Rakosi would have to go. He is so clearly the kind of leopard who could not possibly change his spots. He made some effort to toe the new line; he admitted mistakes, denounced the personality cult, extolled collective leadership, rehabilitated Mr Rajk and made gestures to the Jugoslavs. But in spite of all he said and did he remained a hated symbol of Stalinist repression and a stumbling block to all those who want to make Communist rule more popular in Hungary.

The fall of Rakosi may not, however, mean any sweeping changes in Hungary—at least not yet. His successor is not Mr Imre Nagy, who last year was dismissed from the premiership and later expelled from the party for his "Right deviation," and who has since become identified with the demand for more liberal policies. It is the economic expert, Mr Gerö, an old Stalinist, who has apparently worked closely with Mr Rakosi. Mr Gerö's speech on Wednesday to the central committee suggests that the Hungarians can hope for some economic relief, but that the party will continue to stamp heavily on ebullient Communist intellectuals, like the group (known as the Petoefi circle) which was recently strongly castigated for advocating "bourgeois and

counter-revolutionary views." An interesting distinction is being made between "incorrect views," which can be tolerated, and "opportunist views hostile to the party" which cannot. The distinction may not prove easy to maintain.

Mr Zorin's Recall

WHEN the Russians nominated as their first ambassador to Bonn Mr Zorin (a deputy foreign minister, and well known as the diplomatic sapper who in 1948 blew Czechoslovakia's bridges to the west), the west German government received their choice uneasily. A less important man would have better suited the desire of Dr Adenauer and Herr von Brentano to give the quietest possible start to the new relationship between Bonn and Moscow. Now, after barely seven months on the Rhine, Mr Zorin has been abruptly recalled. His term there has not been short beyond precedent; indeed, that of M. Joxe, the French ambassador in Bonn, has almost coincided with it. But M. Joxe, as is known, is leaving to take over the highest official post at the Quai d'Orsay, and he has allowed himself comfortable time for his farewells.

Mr Zorin broke the news to Herr von Brentano on Saturday afternoon, when the federal foreign minister was preoccupied with Mr Nehru's visit; he took his leave of Dr Adenauer on Monday, and left on Wednesday. The significance of his recall cannot be assessed with any certainty until it becomes known what new duties he is taking up and who, if anyone, is to succeed him. He has said nothing to explain it. Its abruptness has come as a shock in Bonn.

Neither the Soviet foreign office in Moscow, nor Mr Zorin himself, had made any attempt in recent weeks to conceal their dissatisfaction with the state of relations between Bonn and Moscow. These were not at all what the Russians had in mind when the agreement to exchange ambassadors was made, with a fanfare of reconciliation, in Moscow in September. The new channel was not working in either direction: Herr Haas in Moscow was being starved of instructions by his government; Mr Zorin in Bonn was being kept in quarantine. Politically frozen, Mr Zorin remained socially indefatigable, travelling widely about Germany and making sure that it should be known that his reception in Bonn had been disappointing. Some Germans thought his complaint justified and the federal government's tactics mistaken. An official dinner which Dr Gerstenmaier, the president of the Bundestag, gave to Mr Zorin on the Petersberg, on the suggestion of the Social Democrat vice-president, Professor Schmid, was prompted in part by such a feeling; the Bundestag was stepping into the gap created by the government.

Mr Shepilov may merely have decided that Mr Zorin was wasting his time and might as well come home; or he may have intended a gesture. On a narrow calculation his action may suit Dr Adenauer, who, taken aback by the hostile American reaction to his agreement with the Russians in September, has been working to limit the damage ever since. But a body of German opinion is already impatient at the failure to use the new channel to Moscow in pursuit of German unity. Whether deliberately or incidentally, Mr Shepilov by recalling Mr Zorin has given fresh fuel to that discontent.

Defence and Politics

THE Commons debate on defence which looms in the week after next is building up to a very serious occasion. Can the savings, which now seem to be accepted as inevitable, make sense both in military terms and in terms of the western alliance? The Government has barely been keeping within the bounds of responsibility, and now Labour has apparently decided to step right over. The Labour MPs are reported to have decided to ask the Government to abolish the call-up by the end of 1958 and to make a big cut in defence expenditure. To make sure that no vote-catching is left untried, it is said that Labour will also suggest that the two-year period should be cut in the meantime. The one sensible idea for saving manpower at once—the adoption of a system of selective service—will evidently be sternly opposed in the sacred name of equality. To give the whole rigmarole a spurious air of responsibility a rider has been slipped in that Nato must be consulted. What if Nato objects or makes alternative proposals? Colonel Wigg is said to have protested that all this was quite unrealistic; if so, he deserves to be congratulated.

It is all too obvious that much of this new Labour policy springs from anxiety that the Government may steal a political march. If Ministers now find themselves facing embarrassing political pressure they have only themselves to thank; from Norwich onwards Sir Anthony Eden has laid a trail of momentous implications. The Government's duty in the coming defence debate, however, is clear; it must explain the big cuts it now plans not only in economic but also in strategic terms. This will be all the more important if, as seems likely, Ministers will not be in a position to bring the matter down to details. Labour's duty is equally clear: to remember that by 1960 mistakes made now will have flowered into intractable problems that could endanger the security of the country for which Labour may well be responsible. Does it want another Attlee rearmament crisis?

Arms and Fudge

"GAD, Sir, Mr Shepilov is right!" Colonel Blimp, had he not died gallantly in the war, might well have subscribed to the Soviet foreign minister's remarks on Monday about the futility of the United Nations Disarmament Commission. More patient mortals, too, will be exasperated by the sight of the commission, after a fortnight of sterile bickering in New York, simply passing the baby back to the same five-nation sub-committee that met in London in the spring. The majority group in the commission evidently feels that the world ought to recognise Soviet intransigence as the sole obstacle to agreement; but it has so mismanaged its case that in most people's eyes the issues are more confused than ever.

Ludicrously, while the western governments are each contemplating unilateral arms cuts, their spokesmen have been wearying the commission with reservations about the extent to which their countries could disarm even by agreement. They have thus handed Mr Gromyko a splendid

opportunity on a plate. Last week Mr Gromyko took it; and who can blame him? He must have enjoyed being able to say that Russia would accept the armed manpower limit of 2½ million now sponsored by the United States, but would like to press on as soon as possible to the 1½ million level originally proposed by France and Britain. When western diplomats begin to make rueful jokes about "these confounded Russians—always saying yes," and to reveal a yearning for the good old *nyet* days of Mr Molotov, is it surprising that public opinion should go sour?

The West might have used the New York meetings to explain to the world—having first cleared its own collective mind—the difference between the arms cuts that dependable international control would make possible, and those that are possible now; the fact that a "partial" control system, such as Russia proposes, would play into the hands of whichever powers proved the more unscrupulous; and the fact that unilateral arms cuts necessitated by economic pressures offer the world no lasting security against war. One resounding restatement of these truths would have stolen Mr Gromyko's thunder. Instead, the western spokesmen took the defensive and trotted out a fudgy-collection of familiar phrases. To go on like this must mean not merely losing the propaganda battle, but losing sight of the essentials of the disarmament problem itself.

Testing . . . Testing . . .

DURING the last United Nations Assembly, India tabled a proposal for the suspension of all tests of nuclear weapons. The Assembly contented itself with referring this proposal to the Disarmament Commission, and in New York last week Mr Krishna Menon asked the commission to act on it. For the United States, Mr Wadsworth argued that tests should be halted only as part of a disarmament agreement embodying effective controls; he agreed with Mr Menon that no nation had the right to endanger mankind's genetic future, and he claimed that American and British tests, staged with due warning and carefully controlled, were better designed to avoid this danger than "unheralded secret explosions in the remoter parts of the Eurasian land mass."

Mr Nutting drew on the Medical Research Council to support his argument that the only real danger lay in the possibility of an increase in the number and scale of tests, and repeated the Prime Minister's offer to negotiate a "rationing" system. Mr Gromyko showed no interest in this idea, but he gave the Indian proposal his full support; and on Monday in Moscow, Mr Shepilov gave the halting of tests a prominent place in his maiden speech to the Supreme Soviet, which duly supported his appeal.

On form thus far, there can be little doubt that world opinion will be more favourably impressed by the Soviet than by the western attitude to tests. However justified the western governments may be in arguing that they cannot afford to stop testing until controlled disarmament is agreed, and however difficult the particular position of Britain, which has not yet tested the hydrogen bomb on which it has already spent much effort, most people will prefer the simple sophistries of Moscow to the tortuous ones of the West. The only thing that is likely to make a positive impact on opinion is a positive proposal—and one lies ready to hand, in the idea of rationing. Last Thursday Sir Anthony Eden was coaxed into conceding that a rationing plan might be negotiated separately if the more general Anglo-French disarmament programme makes no progess. Is it not time to put this concept forward in bold and simple terms, instead of reluctant and qualified ones?

Radioactive Man

THE terms for the House of Commons debate on radioactive hazards were drawn so narrowly that Monday night's speakers found themselves prowling, like wolves outside a palisade, around the main issue raised by the Medical Research Council's recent report on radioactivity and its dangers. Speakers who strayed beyond the medical aspects of the subject were ruled out of order, but the report itself dismissed the main medical bogy of radioactivity—its long-term genetic effects—by calmly describing how the more deadly hazard of strontium from the pulverised fabric of H-bombs would make mankind prey to all kinds of fatal diseases long before nuclear tests and the like had raised the world's level of radioactivity to a figure capable of setting off genetic mutations. The dangers of strontium were precisely described in the report; safety depends on not increasing the rate of H-bomb trials above that current for the past few years. If these fine limits are exceeded, retribution might be expected within this generation's lifetime.

The threat of strontium assumes such formidable, shadowy dimensions that it makes the dangers associated with the peaceful generation of radiation, in factories, atomic power stations, laboratories and hospitals, seem petty by comparison, however critical to the individuals involved. A debate in which questions involving the release of more and more strontium into the atmosphere were ruled out of order was inevitably a sterile affair in which the Minister of Health promised yet another medical committee, this time to look into the disconcerting discovery by the MRC committee that the over-enthusiastic use of X-rays in hospitals has already added 20 times as much radiation to the natural level as all the nuclear explosions put together. Mr Turton also said that new safety codes governing the industrial and clinical use of radioactive substances were in process of being drafted. The Factory inspectors will not find it easy to enforce the rigorous discipline followed by the Atomic Energy Authority establishments in all the factories and power stations that will eventually use these substances.

BMC on the Eve

THE British Motor Corporation is standing firm on its refusal to discuss unilaterally the question of compensation for the dismissed workers; the most it offers is to talk locally about the way any future dismissals might be handled. The unions are bent on negotiation on compensation only, and argue that they are as much under duress by having 6,000 of their members thrown on the labour exchanges as the firm by the threat of a strike. The Ministry

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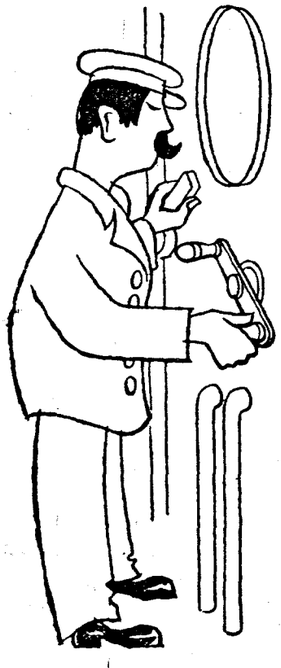
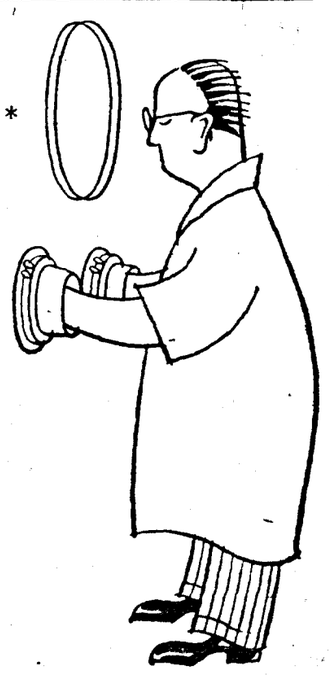


'ROCKET' to ROENTGEN*

* Unit of Radiation Dosage



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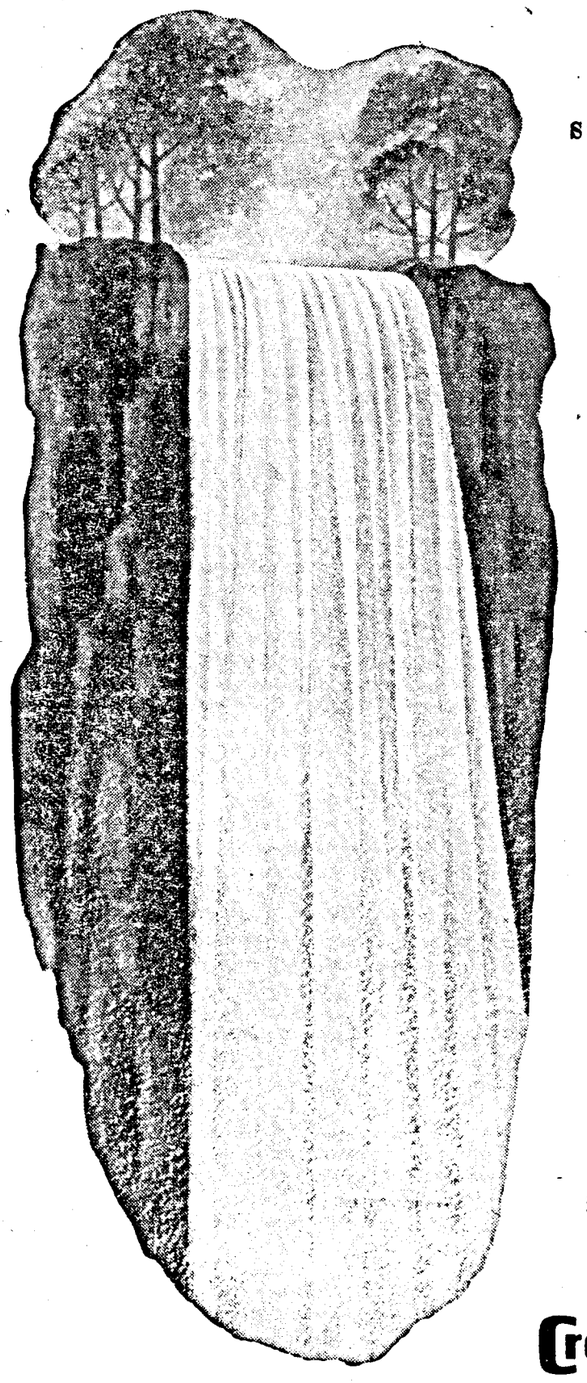

SOURCES OF POWER

Water

A swollen raindrop rolls off a leaf and
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for an instant it is driven.
From the top of a giant cataract to
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of water is directed down a man-made
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of Labour has failed to bridge this gap, and unless some highly extensible formula is thought up by somebody soon, the fight will be on next week.

It is an unnecessary fight, which nobody wants. Though the company stands to win, it will pay heavily in the loss of production at a time when competition is pressing it hard and the loss of goodwill in its labour relations will be another, if incalculable, debit. The strikers will almost certainly go back, after injuring their source of livelihood and failing to help their redundant fellow workers, without the satisfaction of feeling that they have even established a new procedure in dealing with redundancy. This has already been tacitly accepted by other employers after the Standard dispute; Vauxhalls in giving 520 redundant workers two weeks' notice have earned the encomium from the union of being "fair in the circumstances."

The heaviest casualty will be labour relations generally and the government's labour policy. BMC's tactless remark that it could not give longer notice because its material prospects would be injured will be remembered not only against BMC, but against employers as a whole. It is not surprising that Sir Anthony Eden nodded vigorously when Labour speakers criticised the BMC's attitude. In a sense the BMC's position is impregnable; it observed procedure to the letter; it gave holiday pay along with the legal notice to help tide workers over; its difficulties are the result of circumstances, including government policy, outside its control; it saw what happened to Standards; it is in the right. But all this is a poor substitute for political sense and timing.

Egg Nonsense

FIRST glance at the report of the commissioner who inquired into the egg marketing scheme suggests that it is precisely the sort of balancing-trick, "economics" versus "practicability," which was to be expected after the public hearing last April. The commissioner, a former member of the National Farmers' Union, has come down in favour of the proposed marketing scheme, but the strength of the opposition at the inquiry evidently impressed him enough to decide to try to soften the blow. But it is very difficult to soften either an egg or a monopoly without breaking them. What the commissioner has really done is produce a series of what he calls "major modifications" which demonstrate that the scheme as a whole is totally wrong in principle.

The commissioner proposes to raise the exemption limit from compulsory marketing from producers with 25 hens to those with 50; he would permit casual "farm gate" sales without restriction; and he suggests that other forms of direct sale to consumers should be permitted under licence from the marketing board—which in effect is creating a little competition with one hand and handing it over to the monopoly for suppression with the other. The board would hardly permit private enterprise eggs to undercut the NFU's packing-station eggs—even if they were duly graded and stamped *en route* to the housewife. If this is the commissioner's idea of competition, then it is a naïf one

The commissioner bases his plea for an egg industry that shall somehow exist half-slave, half-free on the grounds that objectors failed to show how the market is to be kept stable unless the packing stations get enough eggs through some measure of compulsion or how the subsidy is to be paid. The short answer is that the subsidy can be paid only on graded and stamped eggs which would give adequate incentive to sell eggs to the packing stations. It is not the packing stations but the consumers that need the eggs. But one good thing has come out of this argument; the commissioner's report has been published* and this alone may cause the Government to think twice about the marketing scheme. "The case in favour of competition," says the commissioner, "is overwhelming." Let the Government accept that as his real recommendation and act accordingly.

Pig Wisdom

THE great merit of the Bosanquet Commission's report† on pigs, on the other hand, is that it rejects all easy panaceas or compromises and backs up its conclusions with a rigorous economic analysis. The pet solution for the "pig muddle" offered by the farmers' union and certain other groups is (once again) a compulsory marketing board which would pay producers fixed prices and allocate their pigs between the three main markets dealing in bacon, fresh pork, and manufactured products. The Commission rightly objects that each of these markets has diverse and fluctuating requirements, and that if the farmer's attempts to seek out his own best market were replaced by the decisions of a single board, the result would be considerable rigidity and "on occasions grave mistakes." Even the more limited planning of the bacon market on its own would entail in practice parallel controls over both the pork market and over imports—neither of which is at all desirable.

Thus the Commission turns to milder remedies for the imperfections of the pig market. In the bacon market it would terminate the near monopoly now enjoyed by the Fatstock Marketing Corporation (the company promoted by the farmers' union) and substitute a system of minimum prices which would be agreed weekly between producers and curers, but which would leave full freedom of individual contract. Conversely, in the pork market, it would like to see the development of farmers' co-operatives as a balancer to the sway of the auction markets. These measures, and the improvement of market intelligence, should help to get a healthier balance between stability and competition. But the Commission's main proposal is for the creation of a Pig Industry Development Authority, financed by a small levy on each pig slaughtered, which would undertake a comprehensive programme for the improvement of pig breeding, production, grading, and processing. The Authority would be representative of all sections of the pig industry. The only doubt about it is whether the three independent members would be able to prod their thirteen colleagues into really effective improvements. But basically the approach is the right one. Instead of seeking for a degree of stability which is not really practicable or wise, the pig industry should grab this chance to get firmly established on its own feet before the taxpayer tires of so much support.

* Cmd. 9805. †Report of the Reorganisation Commission for Pigs and Bacon. Cmd. 9795. 5s. 6d.

. . . And Nothing But Silverman

It is now very unlikely that Mr Silverman's Bill to abolish capital punishment will become law. Questioned this week about the Government's policy towards it, now that it has been rejected by the House of Lords, the Prime Minister was suspiciously non-committal. If, as he implied, the Government may not be able to make a statement before the autumn, then obviously it plans to do nothing so simple as merely to give time for the Silverman Bill to pass through the Commons again next session.

The Bill's future has always rested with the little group of Tory abolitionists. So long as they stood firm, there was a narrow majority for abolition. They have, however, been coming under intense party pressure, not least in their constituencies. This pressure will reach its peak at the annual party conference in early October, and it is known that some Tory abolitionists would now gladly jump for safety if the Government would throw them a rope. This will probably be provided in the form of a Government Bill to amend the law of murder and restrict capital punishment to certain categories.

In 1948, after winning a free vote in the Commons, the abolitionists secured nothing—not even a wider use of the prerogative of mercy. Eight years later it looks as if they will secure the sort of compromise which the Lords rejected in 1948, which a Royal Commission was appointed to examine—and turned down as impracticable—and which the Commons themselves voted against six months ago. One can only hope that the waverers among the abolitionists will stick to their guns, even if it means risking political martyrdom.

London Greets Iraq

No sooner does the policeman at the top of Constitution Hill open the special gate of the park than a knot of people gathers to give the King of Iraq a friendly wave as he drives from Buckingham Palace to some ceremony in London. Some of them simply like to look at a king, but there are other grounds for this friendly interest: some appreciate loyal friends, some have served in Iraq in one capacity or another, and wish nothing but good to this, the sturdiest of the Arab states. After many centuries of forgetfulness, heaven has blessed Iraq: in all the underdeveloped belt of the world there is no other country (except perhaps its neighbour Iran) that enjoys so rich an endowment for developing itself—money, water, room, and resources for an increase of population and a better way of life.

But Iraq has helped itself, too, spending the money it is earning from oil in a more purposeful way than any state comparably endowed. Because its main oil deposits are far from the sea, it lagged for a time behind Iran and Saudi Arabia in earning power. It is now overhauling them, but long before it has done so, it has far more than either to show for its money. Already today the oil revenues are bringing good to many; they can soon bring great good to great numbers provided that, meantime, Iraq enjoys political stability.

This advantage the country at present possesses, though at a price which some of its citizens think high. The last election, in 1954, was a rigged affair which left power in the hands of its old conservative ruling class and, in the eyes of many younger townsmen, produces a staid, even stuffy, policy far removed from the stimulating life they would like to lead—looking now east, now west, on the model of President Nasser. The more sedate and pro-western element is not confined to the generation of the Prime Minister, Nuri Pasha. It includes younger men who realise that their northern oil wells are dangerously close to the Russian frontier and who do not object to a western alliance on the Turkish model provided that this can be engineered without stigmatising them in the eyes of fellow Arabs. On this issue, the future hangs on army opinion more perhaps than on any other factor. On the home front, it hangs on the degree to which even conservative governments can bring into being the jobs and amenities that create a vested interest in tranquility at every social level. Their assignment is to spread the benefits from oil as widely as possible. They are moving fast, but so is a stream of grumbling. The contest between the two remains open, though, given time, the champions of stability ought to win.

Mr Shepilov's Debut

No striking democratic innovations, of the kind foreshadowed by the *Daily Worker*, marked the session of the Supreme Soviet which ended on Monday. Interest centred on domestic economic reforms (described in an article on page 235) though the meeting also provided the stage for the parliamentary debut of Mr Shepilov as minister of foreign affairs. This maiden speech was not actually a memorable occasion. Mr Shepilov broke no new ground. His speech, like the whole foreign affairs debate, was a routine contribution to the familiar Soviet peace campaign. It exploited adroitly two parliamentary appeals: one, for a reduction of armaments, addressed by the Russians themselves to all other parliaments; another from the Japanese, requesting the prohibition of the use, and the testing, of atomic weapons. Both enabled the Russians to parade as the unremitting champions of peace.

It was interesting that, unlike Mr Khrushchev and Mr Bulganin on similar occasions before the Supreme Soviet, he did not make a full tour of the horizon, but left many big questions untouched. He did not even mention his own trip to the Middle East, or seize the opportunity of the recent long queue of visitors to Moscow — ranging from Marshal Tito, through Prince Sihanouk of Cambodia and the North Korean prime minister to the Shah of Iran, whose plain words to the Russians are discussed in the immediately following Note—to discuss Soviet relations with these countries. Nor did he talk about Germany, though Mr Zorin had just been recalled from Bonn and the east German rulers had just descended on the Soviet capital in a body. Were these omissions a sign that important pronouncements are still reserved for Messrs Bulganin and Khrushchev? Or is it merely that on certain questions Moscow prefers to keep the world guessing?

The Shah Makes His Point

The Shah of Iran left his Soviet hosts as impressed by his quietly resolute bearing as their wives were fascinated by Queen Soraya's *chic*. With true diplomatic skill, he exploited the quandary they had fashioned for themselves when they decided that they could be nice to a member of the Baghdad Pact while maintaining their argument that they could be still nicer if it were "neutral." At a Kremlin reception before his departure, Marshal Voroshilov assured him that "our country has never threatened and will never threaten Iran"—a claim which passed rather blandly over the fact that just ten years ago the Red Army was in Persian Azerbaijan busily attempting to set up a separate communist state there—and that there were "no more disputed issues to hamper the development of friendly relations," although the Soviet government remained hostile to Iran's defensive alliances.

The Shah's reply went to the heart of these contradictory avowals. "In spite of certain events in the past," he said, his government and people had always been friendly to the Soviet Union. Iran had never "succumbed to alignments directed aggressively" at its neighbour, "and I can assure you that it never will." With twenty-five centuries of independence behind it, it naturally rejected the idea of colonialism. If it now found it necessary to take measures for its own defence, one reason for this was "our experience of the past." The Russians had no answer to this politely expressed logic.

Teachers and the Cash

On April 9th this year 198 members of the Sunderland branch of the National Association of Schoolmasters decided to stop collecting schoolchildren's dinner money; they imposed the ban as a protest against having to pay higher contributions towards their pensions. In reply, their employers, Sunderland education authority, announced that the teachers who persisted in the ban would be dismissed from the end of August, whereupon six of them brought an action to test the validity of their dismissals.

Last week Mr Justice Barry gave judgment in their favour. The wording of section 49 of the Education Act of 1944 is explicit. It empowered the Minister to make regulations imposing upon local education authorities the duty to provide school meals, and the regulations had to make provision for the services to be rendered in this connection by managers, governors and teachers; but they were not to impose upon teachers "duties in respect of meals other than the supervision of pupils." In proposing to dismiss teachers who refused to collect dinner money, Sunderland council was therefore imposing a requirement which was prohibited by Act of Parliament.

The teachers have thus won a legal victory. But they should be careful how they follow it up. The Sunderland schoolmasters immediately announced that their ban was to continue and the National Union of Teachers has sent a deputation to the Minister for a full discussion of teachers' relations to the school meals service. From statements that the union and the National Association of Schoolmasters have put out, it seems that they are trying to shake off all school meals duties and possibly other non-teaching duties as well. This is going much too far. It is surely the hallmark of a professional person that, unlike a trade unionist, he does not define his job too narrowly and willingly undertakes extra duties connected with it. The teachers' organisations should, moreover, remember that if paid workers have to be introduced into the schools as supervisors and cashiers, there will be that much less money available for other things—including an increase in teachers' salaries when they next demand one.

Schisms in the Church Fabric

Whatever the personal issues complicating the dispute between Mr Ivor Bulmer-Thomas and some of his fellow trustees of the Historic Churches Preservation Trust, an important point of principle emerges from the confusion of charge and counter-charge. Is the trust's function restricted to making grants towards the preservation only of churches that are still to be used as churches; or should it seek out and assist any church which is worth preserving on historical or architectural grounds, even if in the view of the ecclesiastical authorities it has become redundant?

Political Indifference

John Bull's peculiar characteristic of practicability, pursuing one object at one time, now seems to be common to other European nations. Like John, they are very much occupied with what is stigmatised in its excess as speculation, and have no time nor thought but how to get rich. In spite of many earnest appeals and some angry remonstrances, they will not trouble themselves about politics. They are even careless about constitutional liberty, and stand so much in dread of revolution, that rather than run the least risk of it they passively submit alike to effete and vigorous despotism. Even John himself is complained of as being no longer political. He cares nothing, it is said, about the ballot box, nothing about reform, either constitutional or legal, not even about church rates; he has his usual amusements of small crusades against tippling, and dirt, and defective water supplies, and nuisances, and ignorance of uncommon things, and sends his light troops out in all directions to keep them in practice; but his chief purpose, and to this his great strength is steadily directed, is to increase his supplies. Perhaps he is more than ever luxurious and extravagant—certainly he is more than ever industrious. He rivals foreigners in arts, festivals, galleries, and armies, but he exerts himself strenuously to raise the means of paying for them. In this his distinguishing virtue, they are now vigorously imitating him, and all are now so very closely intent on making money and spending it agreeably, that they have neither thought nor time to devote to politics. For some years there has been nothing like a demagogue in England. . . . As experience has now amply demonstrated that political changes, however well meant, rarely lead to much good, we regard this political indifference as extremely favourable to the rapid development of society, and to substantial, material, and moral improvement.

The Economist

July 19, 1856

Those who support the first view, and they evidently include the Archbishop of Canterbury, argue that a church's beauty is irrelevant if the church itself is not used for Christian worship. For them the work of the Church of England should be given priority over its buildings; if churches without parishioners may in consequence have to be declared redundant, and perhaps demolished, this is regrettable but has to be faced. Mr Bulmer-Thomas's supporters find this utilitarian argument one-sided. For them England's historic parish churches, "folk museums" in one expressive phrase, which bear witness to the culture of thirteen centuries and were often built for secular as well as for religious use, belong in a special sense to the nation itself, like Oxford and Cambridge, country houses, or the English countryside.

Thousands of people must have subscribed to the Historic Churches Preservation Trust without calling themselves Anglicans or even Christians. They did so in the faith that the trust would preserve historic churches, used or not. Their contributions will dry up if they learn that the trust relies on the advice of diocesan authorities whether a church should be preserved or not. Lord Crookshank, who has replaced Mr Bulmer-Thomas as chairman of the executive committee, should make the trust's position clear—certainly before any new appeal for funds is launched.

Honesty and Party

IF a Diogenes Club exists, its latest choice as "Honest Politician of the Month" ought to be U Nu, who has marked his retirement from the premiership of Burma by castigating both himself and the ruling party, the Anti-Fascist People's Freedom League, of which he remains president. In a long public statement he has admitted that after the party came to power it was joined by many opportunists, who "reaped a full reward and lined their pockets," while original members who had shown themselves brave and selfless before Burma gained its independence in 1948 then became "drunk with power and degenerated into scoundrels." For this degeneration U Nu takes full personal responsibility: "I, as president, am most blameworthy." If he and the party's other leaders fail to purge it of the taint of corruption, he adds, history will blame them, not the rank and file. "The leaders must accept the verdict of history. They cannot shun responsibility for their commissions and omissions."

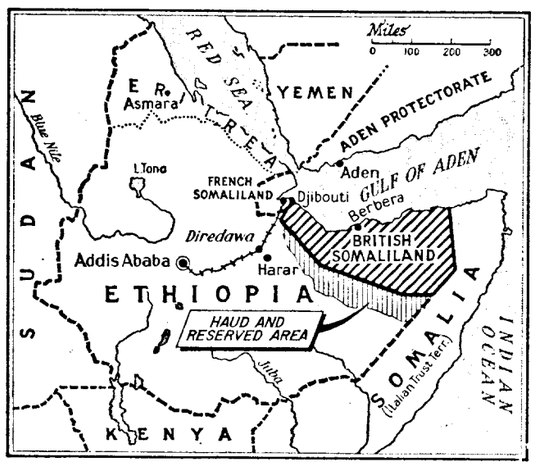
Ironically, these courageous words have passed almost unnoticed in a world deafened by the torrent of self-exculpation from leaders of other Marxist parties. U Nu issued his honest self-criticism while Mr Khrushchev was beginning to build up an image of himself as having led a "Leninist nucleus" during what the communists have begun to call "Stalin's reign of terror," and Peking was claiming that it had never been infected by "the cult of personality." (Earlier this year, the Chinese press was full of such declarations as "Even an old fool like me cannot help loving Chairman Mao.")

Luckily for Burma, its ruling party, although at first virtually unchallenged and given to authoritarian ways, has been led by U Nu along a democratic path. It has not been afraid of facing free elections, as communists have been wherever they have once won power—and as *Pravda*, explaining the virtues of the one-party state, conceded last week that they always will be. And the leaders of the AFPFL have not allowed last year's co-existentialist junketing to blind them to the real threat to Burma's freedom. U Nu concluded his statement with the warning that "if political power were to pass into the hands of the stooges and hirelings of foreign powers, we are in for a fate more dreadful than the loss of our independence—the ordeal of sending our terrified people to so-called people's courts at the whim of all-powerful masters." The need to avoid this fate, he declared, was the most compelling reason why the party he heads must be cleansed of undesirables.

Somalis Feel the Rod

THE Ethiopians are behaving badly towards their Somali neighbours in the Horn of Africa. When Britain handed over the Haud and the Reserved Area—the belt of land, containing comparatively lush pasturage, along the border of British Somaliland—to Ethiopian administration at the beginning of 1955, the nomadic tribesmen who take their animals to graze there each year voiced loud misgivings about the Ethiopians' intentions. Their fears seem to have been fully justified.

No doubt the Ethiopians have had good reason for some of the disciplinary measures they have taken since then; the Somalis are no angels, and some of them are as quick to violence as they are slow to pay taxes. But Britain can justly complain about the Ethiopians' treatment of its protégés on two scores. Ethiopian troops recently killed a large number of Esa tribesmen, and



although the massacre took place deep inside Ethiopian territory, beyond the bounds of the Haud and the Reserved Area, some of the people killed were British-protected Somalis. Moreover, the Ethiopians have repeatedly violated the promises they made under the 1954 agreement inside the Haud and the Reserved Area. They have replaced tribal chiefs and policemen with their own nominees, although they are not supposed to interfere with Somalis from over the border. They have tried to force some tribes to accept Ethiopian citizenship by threatening to withdraw their grazing rights. They have not consulted, as the 1954 agreement binds them to do, with the British liaison officer in the territories. Their troops are said to have connived at the plundering of Somali tribes by hostile Ethiopians from over the border.

It is now probably too late to try to take the problem of the Haud and Reserved Area to the International Court. Despite the Somalis' pleas, Britain refused to do so last year—not because it had no sympathy for the Somalis' position, but because it felt bound by international law to honour the 1897 Anglo-Ethiopian treaty, which promised the territories to Ethiopia. Even if Britain now changed its mind, the Ethiopians would almost certainly refuse to accept the Court's jurisdiction. Talks between the two sides have been held twice in the past year, at Harar and Addis Ababa, and only last spring the Ethiopians undertook to mend their ways. Mr Dodds-Parker told the House of Commons this week that the British Ambassador in Addis Ababa has been instructed to make a strenuous protest at their failure to do so. Within the bounds of the 1954 agreement, there is not very much more that Britain can do to guard the interests of its wards in the Haud and Reserved Area, except possibly to reinforce the British-trained tribal police up to the limit of 700 prescribed by the agreement. But if the Ethiopians continue to break their side of the agreement, Britain will have to consider how long it must feel itself bound by its own side of the bargain.

Algerian Cups of Bitterness

TWICE within a few days Frenchmen have had to swallow a dose of gall as a result of affairs in Algeria. One is the news of increased taxation, the other M. Bourguiba's intimation that the Tunisians can no longer entertain the idea of French bases on their soil. The unspoken part of his message is that they feel at one with Algerian nationalism, and would turn against him were he to advocate harbouring the forces that are fighting it.

On the economic side, the Franco-Tunisian conversations had promised well enough. The Tunisians, pointing out that their budget on current account is in balance, had asked for aid on a development account to the tune of 20 billion francs, to be paid to a commissariat attached to the Tunisian planning office, which is run in conjunction with French technicians. Paris had responded with an offer of 15 billion, but wanted to provide it through the medium of French concessionary companies. Compromise did not seem hopeless; on the matter of help with nutrition in the many areas where famine threatens, both parties had agreed to turn to the Americans, since France itself is short of cereals because of last winter's frosts.

But the defence issue has put an end to harmony for the moment. Instead of toying with notions of Nato, M. Bourguiba has crossed to the neutralist camp of President Nasser. His move will be popular with his countrymen, whose feelings about Algeria are such that, had he not made it, they would almost certainly have shifted their allegiance to the more extremist Salah ben Youssef. But for Frenchmen who thought he rated the link with France more highly, the blow is as bitter as would be the blow for London if Malta were inhabited by Greeks, and were to turn its coat out of a fellow-feeling for Cyprus.

The Algerian campaign is costing France more than £1 million a day, and France cannot, as during the war in Indo-China, count on dollar aid to foot the bill. M. Ramadier, the finance minister, has just announced a special levy in the form of an all-round increase of 10 per cent on the income tax. The bellicose Right will find this measure hard to criticise. Others will find it right that a parliament approving a policy should provide the means to carry it out. But M. Mollet's own supporters of the Socialist party, the employees and small officials earning fixed incomes from easily controllable sources, may be the hardest hit by the new measures. In the French fiscal system, with the premium it puts on tax evasion, such burdens weigh most heavily on people unable to escape the fiscal net. Their loyalty, and their support (which the Socialist congress reaffirmed) of M. Mollet's Algerian policy will in time be stretched tight.

Mr Shigemitsu Holds the Baby

EACH of the leading members of the Japanese Liberal-Democratic party has been doing his best to ensure that somebody else is saddled with the unpleasant task of renouncing Japan's territorial claims against Russia. It became clear last year that Russia has no intention of relinquishing its grip on South Sakhalin or most of the Kurile chain, although there is a faint hope that the two southernmost islands, Etorofu and Kunashir, may be given back as a sop to Japanese public opinion. Japan will have to acknowledge this fact, either by a full-scale treaty embodying territorial concessions, or by agreeing to some kind of "Adenauer formula" which would enable Japan and Russia to exchange ambassadors before signing a formal peace. The territorial question could thus be left to be settled later without abandoning the cherished formula of "no peace without agreement." Whatever the particular brand of face-saving ointment to be used, it seems clear that Russia, with its stranglehold over the fisheries, is in a position to dictate terms. True, Mr Shigemitsu announced at the beginning of this month that "Japan cannot sacrifice her territorial demands to fishery interests," and that she should be prepared to attend the talks "with a firm attitude." But he has shown no enthusiasm for the office of chief negotiator.

Since the elections the baby has been passed with increasing speed from one unwilling foster-parent to another. Mr Matsumoto pressed Mr Kono, the negotiator of the fishery agreements, and Mr Kishi, the powerful party secretary, to take on the job. Mr Kishi replied by suggesting Mr Sunada, a former director of the defence board, who immediately discovered that he could not possibly serve with Mr Sato, a diplomat who had already been selected. The final choice shows that this band of brothers has succeeded in leaving Mr Shigemitsu with the responsibility in his capacity of Foreign Minister, with Mr Matsumoto and Mr Shimoba, both of the foreign department, as his assistants. If an unpopular treaty is concluded, the politicians will know whom to blame.

Letters to the Editor

A Suggestion for Mobility

SIR—I will not be the only one among your readers to be surprised by your suggestion that redundant industrial workers should be paid, for the first month of unemployment at any rate, a higher rate of benefit more in keeping with their higher normal earnings as skilled workers—without themselves incurring higher contributions for cover. Surely this would strike at the very cornerstone of the Beveridge principle of equal contributions and equal benefit. There are, it is true, other countries (e.g. Germany) where contributions as well as benefits are scaled on a percentage basis of earnings. But your redundant workers are to have it both ways! And why? Because they have thus far been better off—which in itself should have provided greater opportunity for personal saving, sufficient, surely, to cover a gap of £20 or so during the first month of unemployment.

And why, for example, should I have to find an extra 6d. a week in respect of my poultryman who, living from hand to mouth on his £7 a week, wouldn't qualify for any generous consideration, for the benefit of those highly-paid workers, often less skilled than he, whom he already regards with a mixture of bitterness and envy? Shall I tell him there will be 6d. off his contemplated rise because of such extra expenditure? Could there not be some fund for this purpose among those industries which were able to pay such high wages?—Yours faithfully, F. B. How
Aberystwyth

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SIR—I am surprised to see in your discussion on mobility that no mention has been made of the property-owning democrat, persuaded to buy a house in the prosperous town, now expected to move in a depression to another prosperous town and pay the agents, solicitors, removal and refurnishing expenses, and on the principle of last in first out to be a doubtful risk to a building society.—Yours faithfully,
Epsom R. C. BAKER

How Many Assemblies?

SIR—Mr Woolrych should read and think again. After all, your article in your issue of June 30th did end with a recommendation, similar to his own, for two assemblies and it is hard to see why he complains.

The assumption that Austria, Eire and Sweden would be disfranchised is quite unwarranted. These countries have remained happily at the Council of Europe and could be similarly at home in a European-Atlantic community which, even if it were not an expanded form of the first, would strongly resemble it in shape and in scope of discussion. The very thing to be avoided is a membership limited to the Nato club, and we should look not only to the inclusion of northern and mid-European countries, but also to Commonwealth representation.

The basic misinterpretation, however, is the assertion that a European-Atlantic conference would be primarily concerned with defence and the cold war. Has this been the experience of the Council of Europe? Surely the primary aim is to increase the Atlantic-European peoples' awareness of one another and understanding of common problems. It would certainly be regrettable if this did not have the effect of enabling these peoples the better to withstand subversion and subjection by evil tyrannies, but this would be a consequence in which all peoples would wish to share.

In Europe itself—whether the Council of Europe remains and other assemblies arise or whether there is a general merger and a European parliament is created—it does not seem to have occurred to Mr Woolrych that whichever body exists when the time comes may be extended to include the present Eastern satellites, if they really belong in it.

Your article covers Mr Woolrych's other anxieties and misconceptions adequately.—Yours faithfully,
*London, S.W.*19 J. S. WHITEHOUSE

Kashmir and Goa

SIR—I would like to reply to the three questions Mr George A. Floris puts to me in his letter published on June 30th.

1. Mr Floris asserts that I cannot be certain that the majority of Goans feel themselves to be Portuguese because there is no freedom in Goa any more than there is in Portugal If we accept this reasoning, then we cannot be certain that even the Portuguese of the motherland feel themselves to be Portuguese. In other words, when a people are not satisfied with their Government they should revolt against their nationality. I assume Mr Floris is British: if he is dissatisfied with the present Government, does he, on that account, wish to give up his British nationality? I am certain that the Goans feel themselves to be Portuguese because (*a*) for 500 years there has been no agitation or riots in Goa; (*b*) even with strong military forces you cannot subjugate a whole population against its will (look at Cyprus); there have been no forces in Goa (except, of course, for obvious reasons in the last 2 or 3 years) and those only few and lightly armed; (*c*) the hundreds of thousands of Goans abroad, even in the Indian Union, are free from any Portuguese pressure and they have been faithful and devoted to Portugal, almost to a man.

2. The Goan Catholics do not want a merger with India chiefly because of the caste system in the Indian Union, and because they do not enjoy the full rights of free worship; one has only to read the various complaints made by the Indian Cardinal Gracias, Archbishop of Bombay, to realise the hardships which Catholics face in the Union.

3. The fact that Goans have in the past settled in India does not mean, as Mr Floris insinuates, that they feel Indian and not Portuguese. There are about one million Portuguese in Brazil and half a million in the United States. Does Mr Floris want us to believe that those Portuguese feel themselves to be Brazilians or Americans? There are more than one thousand Portuguese in London, and I can assure Mr Floris that not a single one of them feels British. There are about 3,000 British in Portugal. Is it because they feel Portuguese?

Finally, may I point out that Dr Salazar has always maintained that the Goan question is not religious but political and that he has never tried to invoke the support of the Church of Rome. Dr Salazar does not pretend to be the single moral authority in the world, whereas Mr Nehru does.—Yours faithfully, M. DA SILVA (MISS)
*London, W.*1

The Varying Tune

SIR—*The Economist* is evidently not immune from the faint but persistent haze of inaccuracy which has overhung so much of the propaganda for the abolition of capital punishment. It simply is not the fact that "all the bishops . . . who spoke or voted did so in favour of the Bill." The statement, like others made by abolitionists, is nearly true, but not quite.—Yours faithfully, ELTON
House of Lords

[Ten bishops or archbishops voted for the Abolition Bill last week and one against it. The retentionist was the Bishop of Rochester, and we regret that we overlooked his vote.—EDITOR.]

Finding the Managers

SIR—It would be interesting to discover why a degree in arts is a great advantage in business as against technical training when for the past few years we have been regaled with long, detailed speeches as to the tremendous shortage of technical experts in industry and the vital necessity for ensuring that they were given special incentives.

Is not a great deal of this trouble occasioned by the still prevalent nepotism?—Yours faithfully, S. GIBSON
Lydiate, Lancashire

Books & Publications

Was Ulster Right?

ULSTER UNDER HOME RULE.
Edited by Thomas Wilson.
Oxford University Press. 253 pages. 21s.

HOME RULE was imposed on the Unionists of Ulster by the Government of Ireland Act in 1920; they did not want it. But when the provisions for a Southern Irish parliament and a Federal Council were repudiated in the fighting which followed, only the dog's temper remained—and Ulster hastily made the best of what, in due course, became Stormont. This symposium of legal, sociological and economic writers considers how far devolution has succeeded in its purpose after thirty-five years; it comes to the authentic Irish conclusion that "Home Rule can be tried with most confidence in those regions where the majority of the people do not particularly want it!" If this verdict is sound, it will indeed be welcomed by nationalists in Scotland and Wales, where precisely those conditions apply.

But what is devolution? The main value of this book lies not so much in its conclusion, as in its analysis of how devolution works in practice. Politically, Ulster is the one example of one-party rule in the Commonwealth; but this rule is sustained not by force but by the decision of both the communities that every general election shall be fought on one issue—the separate existence of the six counties as part of the United Kingdom. The attitude of the Irish Republic has the same effect; every general election is fought not on the issues of the hour—but on those of 1920. Ulster's political problem is therefore to find a way for the will of the electorate to be expressed on the issues on which it does not vote but which interests it most, such as rent restriction or children's allowances. This problem is solved by what may be called controlled cabinet crises at intervals, while prime ministers are changed by palace revolutions when the Unionist minority aspiring to power feels strong enough to take over the entire party and carry the Orange organisation with it. Although Ulster Unionists vote with the Conservatives at Westminster, Stormont, by processes which Mr John Sayers skilfully uncovers in this book, has put through all Labour's legislation on subjects which are devolved on the Northern Irish parliament. Though often disliking them—and sometimes modifying them slightly—it has put them through on the plea of "parity" in services, which is written into the *modus vivendi* with Britain. Ulster thus enjoys the full advantages of British social legislation; and at the same time suffers all the disabilities it creates by increasing costs in a remote region divided from the rest of the United Kingdom by the high price of transport and inconvenient sea-rail hauls.

The economic effects of this are dissected by Professor Isles and Mr Cuthbert, while the economic consequence for Northern Irish public finance is examined by Dr Wilson. Ulster suffered from heavy unemployment before the war, and in the past decade largely because of "parity"—in wage levels as well as social services and taxation—the rate has been consistently higher than in Great Britain—today, it is about five times greater. This differential has not been much reduced by the great efforts that have been made to increase industrialisation and the equally great, though rather less commendable, efforts to keep small farmers and their families on the land. Ulster's basic policy is to bring industry to the workers and to pay farmers the incomes needed to keep them on peasant holdings—and all because they are voters and are thus needed in their constituencies when periodically the question comes up whether Ulster is British. Yet, as part of the United Kingdom, Ulster should share the normal fate of a remote agricultural region at a time of rapid industrial expansion: in brief, a steady exodus of rural workers to the metropolitan centres (London and the Midlands even more than Belfast) in search of high incomes and living standards, while agricultural productivity per head rises. This is the fate of, say, Yorkshire or Devon; and nobody worries, because neither region is in danger of being taken over by an alien culture if the process goes on.

The British taxpayer, in fact, subsidises Ulster to help it to avoid the fate of the Republic where, their standard of living unbolstered by subsidies, the people do leave for London and the Midlands. As Dr Wilson shows, the "imperial contribution" from Ulster to Britain is in fact a largely fictional item in the accounts; it certainly does not do what it purports to—cover Ulster's share of central services like defence and the interest on the national debt. Ulster is usually a deficit area; the whole of its revenue is used to support its high cost, high employment, agriculture, and to attract industries from Britain.

Many people in Ulster, watching the somewhat squalid goings on in Stormont, wish that union had won the day even after the Government of Ireland Act, and that Ulster was run by Westminster and a county council. But if Ulster had not had its own legislature, it might have lost population almost as fast as the Scottish highlands have done. As things are, Ulstermen are being kept more successfully in Ulster than Eireans are being kept in Eire. By the time the minority in Ulster is strong enough, by virtue of its differential birthrate, to vote the six counties into the Republic (which would not be till AD 2000) the Protestants may have little to fear from the remnants of Southern Irish Catholicism.

This is the paradoxical sort of reflection to which one is constantly led by the always stimulating analysis in this book. Meanwhile, from Britain's point of view, devolution has been richly worth while. The imperial contribution may not even cover the direct costs of Ulster; but in the submarine war, its importance was proved beyond all doubt when Eire denied its bases to the allies. And devolution has kept the Irish question at Westminster down to a debate a year. The Irish try hard to make time stand still—at 1920, if not 1689; but it looks as if time will solve their problems in the teeth even of Hibernian contrariness.

A Golden Age

AN EDWARDIAN YOUTH.
By L. E. Jones.
Macmillan. 249 pages. 18s.

SIR LAWRENCE JONES has done it again. Last year he gave us "A Victorian Boyhood," a wonderful picture of the growth of a boy from childhood to the end of his Eton days, written with perfect recall of the feelings of each age. Now he has carried the story on to the age of twenty-seven and the true beginnings of his adult life: his marriage, his entry into business and (as it happens) the death of King Edward. It is an admirable book, witty, intelligent, generous and above all very well written.

The main theme of the book is Balliol. He was there at a noble time, when dons and undergraduates alike were of the highest quality and produced a generation that is still remembered, no less in those who were killed in the war than in those who survived. He lived a full life, rejoiced in the intellectual society of the college and got a First in the History school, yet found time to become president of the OUBC. He was born to be a member of a team of friends, and Balliol furnished him with all that he needed. No one has given a better picture of the intoxication—the only kind that never quite fades and leaves no hangover—of being a member of a good college at a good time, when talented men of different ages live in close companionship, and heart and brain work together at a pace that, in retrospect, seems incredible.

The rest of the book, about the life of a young barrister in London with plenty of friends and the best connections, but few briefs and little money, is charming and entertaining, but less sharply focused on a single theme. Sir Lawrence enjoyed every moment, but remembers the past critically and with-

out regretful nostalgia. His last words, on the passing of the Edwardian age, are typical:

> . . . the warm contentment of so many years, stored up within me like sunshine in old wine, strengthened me to forget the dear departed and to turn, not without relish, to the funeral sherry and the cake.

Social Conflict and Harmony

CUSTOM AND CONFLICT IN AFRICA.
By Max Gluckman.
Blackwell. 182 pages. 12s. 6d.

THIS publication of the lectures broadcast by Professor Gluckman will be very welcome. His short book has a freshness and pace not common in sociological writings of so serious a character. For contrary to appearances this is a book of serious scholarship. Indeed the flow of ideas is, in places, so fast and the concentration of facts so heavy that one has to be well acquainted with the source literature to follow the argument easily. Mr Gluckman seems to have two aims in mind. One is a survey of the outstanding achievements of current research into the traditional political, familial and religious institutions of African societies. The other is an exposition of the sociological theories behind these achievements and, more particularly, his own theory of the significance of conflict in the maintenance of social order. This is indicated in the antithetical titles of the lectures: "The Peace in the Feud," "The Frailty in Authority," "The Licence in Ritual" and so forth. To blend these aims as successfully as Mr Gluckman has done and with relatively little ponderosity is a feat. But it has cost some hard sayings and some almost indigestible compression of facts. This is an expert's introduction to contemporary social anthropology presented from a controversial angle.

Therein, probably, lies the stimulating character of this book. Mr Gluckman's theory of social organisation can be broadly summarised as follows. Social harmony, whether at the level of law and government, or in the domestic life of the family, or in the moral relations of individuals, or in religious and cult groups, is always based on recognised divisions and opposition of interests. These commonly lead to conflicts; but the conflicts that take place in subordinate areas of social life are resolved at higher levels if there is general acceptance of a common set of values and uniform support for common institutions. This process works well enough in African societies because there are, in a subsistence economy and a stationary social order, few specialised relationships and no irreconcilable differences of wealth and political privilege. Mr Gluckman discusses beliefs in witchcraft and sorcery as aspects of conflict, showing how their increase under the strain of industrialisation falls into place in a social order in which insecurity exacerbates sectional divisions beyond the limits of common ideals. A glance at Nazism enables him to suggest analogies with destructive political ideologies in western civilisation. Lastly, he tries, more ingeniously than convincingly, to show that the unhappy relationship of Bantu and White in South Africa is a special case of the tendency for sectional conflicts to occur in a framework of inevitable interdependence.

There is an echo in Mr Gluckman's social philosophy of more celebrated doctrines in which a struggle between antagonistic elements is said to be the driving force of social life. Nevertheless, his way of dealing with the idea is especially thought-provoking.

Joyce Over Dublin

DUBLIN'S JOYCE.
By Hugh Kenner.
Chatto and Windus. 383 pages. 25s.

THERE is no disputing that Dublin was a part of James Joyce—that, in that sense, it belonged to him. Indeed, so deep and lasting is the influence of "Ulysses" that there is a danger that in some circles—some American literary circles for instance—an impression may have grown up that it never belonged to anybody else. But did Joyce belong to Dublin? And in what way? He left it in 1904 and, apart from a fleeting visit, he never went back, although he thought and wrote about Dublin for the rest of his life.

Mr Kenner has done more than any previous writer to sort out the exact relationship between Joyce's writings and the city of Dublin. And that is saying something—for anyone who has made a serious study of Joyce has probably read far more words about that question than there are in all the printed works of Joyce himself. What is more, Mr Kenner's book is by far the best piece of literary criticism of Joyce since Harry Levin's study, published as far back as 1942. It is a crowded book, packed full of learned allusions. Mr Kenner switches puzzlingly through Aquinas, Homer, Conan Doyle, Vico, Flaubert, Lewis Carroll, Freud and Wyndham Lewis. But careful reading (handicapped, as it must be, by Mr Kenner's rather turbid style) still reveals that he knows exactly what he is doing and what he wants to say.

Joyce absorbed certain influences in Dublin—his Jesuit education, ineffective Irish politics, the experience of his father, and that endless conversation which can indifferently be regarded as the best talk in the world or what Swift called it, "the tattle of this nasty town." But what mattered, and Mr Kenner makes this very clear, was what Joyce added to his material, the use he made of it, and the body of ideas and methods that gave his works their permanent value.

Joyce has already outlived the Dublin of 1904 and he will more easily outlive the Dublin of 1956. His books will not be read, if they are read at all, as guides to a dead city. Nor will they be read as a result of the mass of commentary and misapprehension that has gathered around them, much of it mere debris which Mr Kenner clears away. Such are in particular the writings of those who surrounded him during his later years in Paris, the impression that Stephen Dedalus is James Joyce, the assumption that his brother Stanislaus Joyce is one of the more valuable of the critics of his works, and the most bizarre idea that James Joyce loved Dublin. It was for no such reason that he, remembering Dublin, sat down by various alien waters—the Adriatic, the Lake of Zurich, the Seine, the medicinal springs of Vichy, even the English Channel—and did not weep.

Stability in Latin America

URUGUAY: *Portrait of a Democracy.*
By Russell H. Fitzgibbon.
Allen and Unwin. 311 pages. 25s.

WRITERS about Latin America have an anxious time. While their work is being printed, Dr Vargas unexpectedly commits suicide; or a *coup d'état* changes the whole situation in Colombia; or Perón is overthrown. Professor Fitzgibbon is exceptionally fortunate in his subject. His book, which was first published in the United States, in 1954, has worn well, because Uruguay is the most stable of the republics. But it was not always so. Uruguay experienced more than forty revolutions, and long periods of civil war, during the nineteenth century. In 1880 the president resigned, declaring that his compatriots were "ungovernable." The transformation of this chaotic land into South America's first welfare state was the achievement of one man, President José Batlle y Ordóñez, whose influence is still felt today, although he died twenty-seven years ago.

Professor Fitzgibbon provides a comprehensive account of the country, and his chapters on education and religion are the most thorough studies of those particular aspects of the national life that have yet appeared in print. The style of writing is sometimes inferior to the author's scholarship. A chapter on Uruguay's relations with Argentina and Brazil begins: "If you live in a neat but modest cottage sandwiched in between the great mansion of the somewhat arrogant town millionaire on one side and the vast estate of a rising and expansive industrialist and entrepreneur on the other. . . ."

To bring the story up to date, all that we need to add is that Batlle's pet idea, that presidential power was the curse of Latin America and that therefore Uruguay ought to be ruled by an executive committee, has not proved to be entirely satisfactory in practice. The social services introduced by Batlle have become appallingly expensive. Proposals that the budget should be balanced by the levying of a tax on income have been resisted (Batlle taught that income tax was undesirable). Exports have declined. Strikes for higher wages have been frequent. But the Uruguayans continue to be unperturbed, confident in their political maturity.

Cæsar's Psyche

TIBERIUS: *a Study in Resentment.*
By Gregorio Marañón.
Hollis and Carter. 246 pages. 25s.

DR MARAÑÓN is an eminent Spanish specialist in that middle mist between medicine and psychology, and by avocation an historian. Some time ago his study of Antonio Pérez, Philip II and the Princess of Eboli won wide acclaim. He has now essayed a clinical study of Tiberius Cæsar, the key to whose warped psyche and consequent cruelties he finds in an enduring state of resentment. Deprived, exiled, passed over, Tiberius at last landed, through the ravages of death among younger Cæsars, in the purple and gold sandals, at the age of fifty-five, and (as he told the Senate) too late for his nature to change. It was not a nice nature. Nor were those of most of the Claudians, in whom, notably in Caligula and Nero, but also in Tiberius, ran a strong streak of madness.

The author makes much play with psychological terms, and it is certain that young Tiberius was marked by Augustus's stealing of his mother from his father, by Augustus's preference for younger candidates in the succession, and by public slights and wrongs culminating in a self-imposed but prudent exile. Yet Dr Marañón seems unduly impressed by his subject (or should we say "patient"?), and not duly enough by the ordinariness of what to us seems fantastic and extraordinary in the everyday life of Rome and its emperors. What Tiberius suffered was child's play compared with what everybody, from senators to slaves, had long been suffering, from the time of the Gracchi a hundred and fifty years earlier and throughout the civil wars that ended with, first, the triumvirs and, then, the line of Cæsars. It is surely not enough (in Professor Syme's words in the introduction) to treat "the resentments of Tiberius as the principal clue to an enigmatic emperor and to a reign that began with fine prospects and terminated in despotism," without better analysis of the whole psyche on which this resentment worked. Everybody, adjusted or maladjusted, in that terrible epoch breathed resentment. Little else runs through the long, downward sliding of the Roman world, from the reign of the informers in the dying republic to the petty personal spites of the last emperors and senators in the west half a millennium later. Why was Tiberius different, if he was? He was surely more typical than different, until the direct and collateral lines of the Cæsars and Claudians died out and the armies took over the appointment of emperors, and so broadened the field of choice.

Dr Marañón has written a lively but slight book, provoking but hardly scientific, and in places almost illogical. He is too prone to make a generalisation in psychology, not yet agreed among psychologists; point out that Tiberius fits it; and then ride away with a sentence something like this: "Having seen that Tiberius was a case of *x*, and knowing that many cases of *x* are also *y*, we can explain Tiberius's actions in the *z* case in terms of *y*, and so on." His book is informed, ingenious, intriguing, often amusing; but it is only speculative, if probable; and it is not scholarship. It would be a pity if the respect which Professor Syme rightly accords to Dr Marañón's views led people to think them established.

Labour as an Instrument of Power

LABOUR POLICY IN THE USSR, 1917-1928.
By Margaret Dewar.
Royal Institute of International Affairs. 294 pages. 45s.

IN the period following the October Revolution labour was one of the most critical sectors in the Bolshevik leadership's struggle for survival. The Party at that time was far from monolithic, and there was a wide variety of opinion on labour policy. But Lenin had established his ascendancy and his own attitude had always been consistent. His primary interest was not in the material wellbeing of the workers, certainly not in working men evolving ideas of their own, but rather in labour as an instrument for the implementation of his political aims. Steadily his views prevailed over those of his idealist and doctrinaire associates. The history of labour policy in Soviet Russia is the story of the establishment of the role of workers in a communist state: they are shown as having first and foremost to be disciplined and then to be productive.

The triumph of Bolshevism in the circumstances of exhaustion, shortages and confusion then prevailing brought about the paradox that in the one allegedly proletarian state the proletariat had no foreseeable prospect of securing anything like the living conditions of workers in contemporary capitalist societies, and this contradiction is mirrored in much of the vast spate of edicts, regulations and pronouncements that form the subject of Mrs Dewar's book. "Labour Policy in the USSR," as its title implies, is concerned with the aims and statements of the Soviet leaders; and while a number of highly critical speeches at congresses and conferences are quoted, the book does not pretend to be an account of what was actually happening on a lower level. Kritsman's informative "Geroicheskiy Period" is not included in the bibliography. Following Mr E. H. Carr (to whom acknowledgements are made in the preface), Mrs Dewar devotes one line only to the very significant Petrograd strikes of February, 1921, the prelude to the Kronstadt rising. The reader is told nothing of the manipulation and management of any particular trade union.

But within her self-imposed limits Mrs Dewar has made a most helpful contribution to a difficult and complicated subject. A particularly valuable feature, amounting to more than a third of the book, is a chronological list, with a précis of the contents, of the relevant decrees and instructions issued between October, 1917, and October, 1928.

More About Bureaucracy

THE CIVIL SERVICE IN BRITAIN AND FRANCE.
Edited by William A. Robson.
The Hogarth Press. 198 pages. 21s.

THE civil service used to be more silent than the navy; but those days are past. The centenary of the Northcote-Trevelyan Report marked the final unlocking of tongues, and now hardly a month goes by without something written about, and very often by, civil servants. This book is a by-product of that centenary. In 1954 *The Political Quarterly* published a special number about the civil service: the articles published in it are reproduced here, in many cases revised and expanded; and some new ones have been added.

The authors are nearly all eminent: Labour ex-ministers (a pity that there are no Conservatives), civil servants and dons, plus the admirable Mr Houghton, who is a bit of everything. Most of the essays are descriptive and gently critical, in good civil service style, and from them one gets an extremely clear account of the higher reaches of civil service policy, on a rather abstract plane. The

Sterling-Dollar Diplomacy

Anglo-American Collaboration in the Reconstruction of Multilateral Trade

Richard N. Gardner

This book is a history of the ambitious effort led by the United States and Britain to reconstruct a liberal international economic system after the war. It describes the evolution of wartime planning on postwar financial and trade policy; the negotiations which produced the Bretton Woods institutions, the I.T.O. and G.A.T.T.; and the fate of these institutions in the political and economic crisis that followed the war.

Illustrated 42*s. net*

The Sterling Area in the Postwar World

Internal Mechanism and Cohesion 1946-1952

Philip W. Bell

Is there a future for the Sterling Area? The author provides the first really systematic survey of the Area's financial mechanism: his conclusions are somewhat pessimistic, but argued with cogency and scholarly objectivity.

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plan of the book does not admit much about the nature of a civil servant's work, and the lower reaches of the service appear mainly as massive figures. This limitation, and good editing, make the book coherent.

There are not many ideas for reform in the book, except for the theme, more deeply felt than argued, which recurs in several essays (notably not in those written by civil servants) that the service should be made more democratic and egalitarian. Professor Robson is gently worried about it, Mr Ernest Davies rather peevish and Mr Kelsall downright passionate.

The best essay in the book is by Lord Attlee, no less. He writes with immense experience and good sense on the relations between the civil service, ministers, Parliament and the public. Close followers are Mr Houghton on Whitley Councils and Sir John Woods on Treasury control. Sir Edward Bridges is learned and sensible on the Northcote-Trevelyan Report.

The title is slightly misleading, since only two essays out of fourteen are on France, both of them concerned with the comparison between the two systems. They are excellent. M. Chatenet, on the status of the civil servant, is struck by the theoretical differences, but the empirical Englishman will be more struck by the practical similarities. M. Bertrand gives a very interesting account of the elaborate professional training which the French civil servant receives.

Excerpts from Parkman

FRANCE AND ENGLAND IN NORTH AMERICA.
By Francis Parkman. A selection edited by Samuel Eliot Morison.
Faber. 548 pages. 30s.

THE author of "The Oregon Trail" can no longer be numbered in Britain, as he once was, among the least known of American historians. Yet it is open to doubt whether the many-volumed editions of his "France and England in America" are as often disturbed on their library shelves as their great merits would suggest. Aiming both at the professional historian and the interested layman, Parkman, to a degree which would be nowadays remarkable, won the applause of both. But length is a foe which not even eloquence can defeat, and there must be many who have enjoyed "The Oregon Trail" but who have flinched at the thought of accompanying Parkman on his even more impressive exploration along the Canadian-American frontier. For them Professor Samuel Eliot Morison has compiled a book of substantial but judiciously selected excerpts which amount in all to about one-seventh of the bulk of the original.

The task could not have been put in better hands. Like his hero, Professor Morison is a good Bostonian, part bookish Brahmin, part knockabout adventurer, always and wholly New Englander. "The subject has been studied as much from life and in the open air as at the library table," wrote Parkman introducing his last volume. The same could be said by the author of the "Maritime History of Massachusetts," who at the same time, in his role as historian of Harvard, finds himself not out of sympathy with the social and political attitudes of a Parkman who voted mugwump, "attended his college class functions regularly" and distrusted democracy whenever it moved to the lift of Godkin's "Nation." In fact, back in his native Massachusetts, the historian of the not-so-noble savage and the American forest is pretty much a John P. Marquand character transposed into the 1870s. As Professor Morison makes very plain, he was not "one of those faint and futile expatriates described by Henry James."

Instead, of course, Parkman was a continuously neurotic, frequently heroic, intermittently masochistic addict of the primitive. He is like one of his own *coureurs de bois,* who opens up the West not for the profits of fur or pelt but simply because it has got into his system and he cannot get it out. It is this feel for the primitive, for the virgin forest and the clash of absolutes—Indian v. Jesuit, English v. French—that he gets into his pages better than any other historian of North America. Professor Morison's selection splendidly illustrates Parkman's mastery of this theme; it also contains the best examples of his narrative art. The editor has supplied a few unobtrusive but enlightening notes, a useful bibliography and a good map.

Choice Visits

ROMAN MORNINGS.
By James Lees-Milne.
Allan Wingate. 166 pages. 17s.

TODAY the lament is often heard that the sense of classic achievement in the arts has been lost, and that the art of communicating that sense has almost vanished. The sense of the classic, of the right scale, the satisfactory proportion was never easy to describe. Where it has been lost in modern architecture, the architect has usually fallen a victim to contemporary materials and contemporary engineering, and town councillors and ministries of works accept his exhibitionisms often because they have given little attention to the study of fine architecture. Compare the attitude of earlier centuries, for instance, to this kind of drum and dome, whose

> grace and loveliness surpass all the tributes that four and a half centuries have lavished upon them . . . it was the first to be designed in spherical shape. . . . It made him at once famous all over Italy . . Michelangelo and Palladio flocked to see it, measure it, draw it, discuss it and write about it. . . . Wren reproduced it in his first design for the west towers of St Paul's Cathedral, and Soufflot for the drum and dome of the Pantheon in Paris. . . . In the eighteenth century it kept reappearing . . . in the nineteenth it was still being reproduced. . . .

That is how Mr Lees-Milne describes Bramante's Tempietto in San Pietro Montorio, but he goes further. He fixes in two sentences the horizontal and vertical sequences in Bramante's Tempietto and their perfectly balanced and corresponding relationships, sparing us the figures and mathematical calculations. He does in fact convey the sense of the classic, when he meets it, on these choice few morning visits to eight Roman monuments.

He expects his readers to cultivate the eye that suddenly sees how right a building is, and where in some detail it fails to be perfectly satisfactory. This may not happen on their first visit, perhaps not until the fifth or sixth. If they then fail he tells them who, down the ages, has appreciated and used the model, in the hope perhaps that they will try again. The result is that, whether the Pantheon, or Sant' Andrea al Quirinale, or Palazzo Massimo or the Trevi Fountain are already your favourites, or whether you come to them for the first time, your appreciation is the richer for reading his book.

Mr Lees-Milne introduces the reader to baroque architecture via Roman church history with the claim that by the seventeenth century the Roman church designed its places of worship to attract the masses: hence the gaiety of the façades of Sant' Ignazio, of the Gesu and of Bernini's Sant' Andrea. He handles the "gentle deceptions" of Baroque with skill. He always tells his readers from what point to approach his chosen buildings, and warns them that no building can be judged by illustrations. There are fourteen of these, all good.

Books Received

THE DEVELOPMENT OF AMERICAN PETROLEUM PIPELINES: *A study in private enterprise and public policy,* 1862-1906.
By Arthur Menzies Johnson. *Cornell University Press.* London: *Cumberlege.* 320 pages. 36s.

A HANDBOOK OF HARDWOODS.
Forest Products Research. Department of Scientific and Industrial Research. *Her Majesty's Stationery Office.* 274 pages. 17s. 6d.

THE BRITISH CIVIL ENGINEERING CONTRACTING INDUSTRY: *illustrated history.*
The Federation of Civil Engineering Contractors. 200 pages. £3 3s.

STATISTICAL YEARBOOK 1955.
United Nations, New York.
Her Majesty's Stationery Office. 644 pages. 40s. or 45s. according to binding.

INVEST ONE HUNDRED POUNDS: *a guide to investment.*
By Edward Westropp.
Express Practical Library. *Oldbourne Press.* 123 pages. 7s. 6d.

FROM PILLAR TO POST: *the troubled history of the Mail.*
By Laurin Zilliacus.
Heinemann. 227 pages. 15s.

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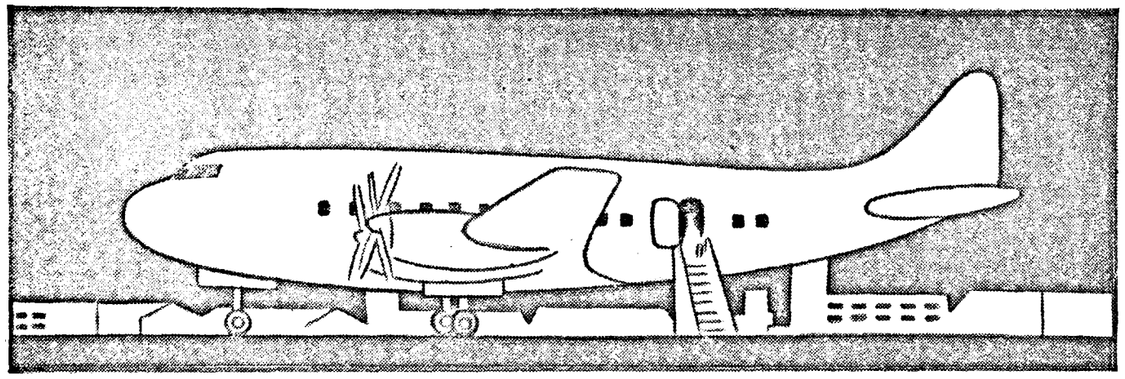

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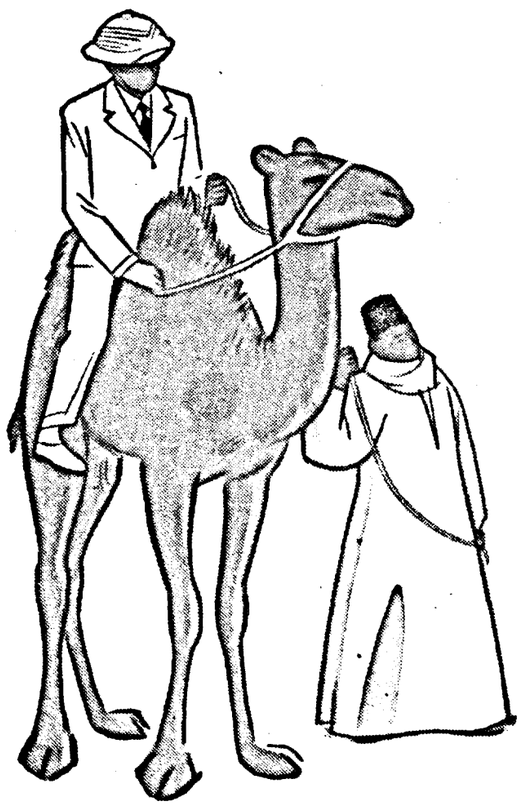

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American Survey

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Presidential Paradox

Washington, D.C.

ALTHOUGH the "cult of personality" has to be strong in the United States, because the Constitution vests executive power in one man, it has reached fresh heights with President Eisenhower. Since nearly everyone assumes that the Republican party cannot win without "Ike" and cannot lose with him, pre-election talk, with Congress entering the last fortnight of its session, is not about issues at all but about the hours the President can work, the golf he will be able to play, and the state of his ileum.

The *Democratic Digest*, the official organ of the opposition party, has accused Republican doctors and politicians of doing a "snow job" (or cover-up) on Mr Eisenhower's health, a remark which is meant to be rude and will very likely not do the Democrats much good with the people. The Roper opinion poll shows that by a large margin the electors do not agree that Mr Eisenhower is as good as new after a heart attack and an abdominal operation, but by a similarly large margin they think that, if the President feels he is well enough to carry on, he must be trusted to have made a wise decision.

Since Mr Eisenhower's popularity seems untouchable—though Governor Harriman, who will try anything, has accused him of being "naive on Communism"—most of his opponents are turning, not to issues, but to another personality, Mr Nixon. The movement to sidetrack the young Vice-President for somebody more consequential has collapsed like a cream puff, which perhaps it was. Last week the President made it clear through intermediaries that "Dick's my boy," in 1956 as four years earlier.

The question inevitably arises why Mr Eisenhower, a beloved personality, a great commander, and a tolerably successful President, feels compelled to go on. Some answers are provided by two recent books, Mr Donovan's "Eisenhower: The Inside Story," by a journalist who was given access to Cabinet minutes, and "A Republican Looks at his Party," by one of the Administration's few intellectuals, Mr Arthur Larson, Under Secretary of Labour. Mr Eisenhower's first reason is the same as that which kept Sir Winston Churchill so long in office. It is the sincere conviction that, because he provides a personal link with the wartime spirit, he can, if given time, make some great stroke for peace. The second, much less cosmic motive, according to Mr Donovan, is the President's chronic boredom at life on the Gettysburg farm, during his convalescence from his heart attack.

Finally, Mr Eisenhower has discovered that he needs four more years to convert the Republican party into a modern political instrument. When he took office he apparently thought he could cure the Republicans of the mental habits of a lifetime in one presidential term. In fact he found that Republican members of Congress, who had been taking recorded positions year after year on many of the issues he put before them, were genuine conservatives who would not abandon all they had ever stood for at his bidding.

★

To what extent has Mr Eisenhower made progress in his first term? This is a matter of personalities, of tactics and of policy. The President has said that the party needs dynamic new leaders and a dynamic conservative programme. Has it got the leaders? At the bottom level it does not seem to be doing too badly. Many of the younger leaders of the rebel Eisenhower movements in 1952 now hold positions in the official state organisations. The state chairmen who came to Washington for a campaign school last autumn included a high proportion of new men. This will have its effect over a long period on the type of candidate who is encouraged.

It is in the upper reaches that things are not so promising. Although at the time the President first fell ill Republicans made a brave show of saying that there were a great many potential candidates available, the Eisenhower Republicans are in fact still distressingly thin at the top. Of the Republican Governors whom Mr Eisenhower in the past has sometimes listed privately as possessing promising liberal talent, few remain on the horizon, apart from Governor Hall of Kansas, who has a hard fight on his hands with his own conservatives, and possibly Governor Hoegh of Iowa. In the Senate, the other main source of leadership, Mr Eisenhower has been unlucky. Of the Senators who supported his original candidacy, Mr Seaton of Nebraska did not seek election in 1952 and Mr Cabot Lodge of Massachusetts was defeated. Since then one liberal Republican gain, that of Senator Clifford Case of New Jersey, has been offset by a liberal Republican loss, Mr John Sherman Cooper of Kentucky. Senator Duff of Pennsylvania, who was much relied on as a spokesman for Mr Eisenhower's cause, has proved a disappointment, while Senator Saltonstall of Massachusetts, who is classified out of habit as a liberal, has kept his famous lantern jaw chronically locked in indecision.

It is quite possible that the President will be more favourably placed in his second term. If Governor Langlie could win Washington from the Democrats, if Mr Cooper (now

back in the running) and Mr Morton could win the two seats in Kentucky, and a suitable Republican candidate be elected in New York, there might for the first time be a firm basis for an Eisenhower group in the Senate. This thought has not escaped the President and his more progressive advisers. None of these results is individually impossible, though collectively they may be rather unlikely. Heavy pressure is being put on Mr Dewey, the former presidential candidate and Governor of New York, to run for that state. If he were elected, his presence would make a substantial difference to the balance in the Senate.

But the fact is that, even as things have been in his first term, the President could probably have done more by more consistent application to questions of tactics. When left on their own, members of Congress, particularly of the House of Representatives, simply act in the way that will annoy the least number of powerful and articulate groups among their constituents. Many of them are willing to yield to clear and sustained leadership from their President, although this is often not true of established legislative leaders who have firm positions of their own to defend.

The President's programme has suffered from his unwillingness, except on a few occasions, to supervise the organisation of unorthodox, *ad hoc* coalitions to press each of his measures through. He has relied on the "proper channels" which, because they consist for the most part of men who do not fundamentally believe in his programme, have frequently let him down. Moreover his day-to-day liaison with Congress has been entrusted to men who share the basically conservative, pessimistic outlook of the leaders with whom they are in contact.

Mr Larson identifies in his book the sudden burst in population and expansion of metropolitan living as providing great new demands on American government. Unless the President can find some way of making his party in Congress more responsive to these demands than it has been in his first term, the end of his second may find him still in his original paradoxical posture: the fabulously popular head of a nation who commands steady support for his views only from a minority faction inside the smaller of the two political parties.

Another New Look?

AT his press conference on Wednesday, the Secretary of State sat with justifiable firmness on fears that the United States was preparing to back out of its obligations to its allies in the North Atlantic Treaty Organisation, as a result of the Defence Department's latest study of long-term military policy. An enterprising reporter on the *New York Times* discovered last week that, in preparation for next year's budget, service officials were planning another three-year "new look" for the American armed forces, to follow the one they showed in 1953. According to the report the plan's chief feature so far was that the total manpower of the armed services would be reduced by 1960 to just over two million men, 810,000 fewer than at present. This would inevitably mean a large-scale withdrawal of troops from Europe and elsewhere overseas, and the report was therefore read as forecasting a return to isolation and a retreat into "Fortress America."

Mr Dulles made it clear that these proposals had not yet been considered at the top levels of the Administration, where such basic decisions on international policy must be made. But he also made it clear that he had no political objection to substantial cuts in military manpower, provided they were done in agreement with the other members of Nato. He pledged the United States to continue to bear its fair share of the burden in Europe but did not conceal his hope that this share might be reduced after Nato's coming annual review next autumn. He believes that the feeling is growing, among America's allies as well as in the United States itself, that today military planning calls for greater emphasis upon nuclear weapons and less upon ordinary manpower.

It is not only for this reason that America's allies will feel sympathetic to the Defence Department's sketch for another new look. For they are just as conscious as is the United States of the increasingly heavy costs of the present model. The basic consideration behind current American thinking seems to be that defence spending would have to go up next year by about a third, to $48 billion, if the forces were kept at their present strength and if new weapons were developed as fast as is considered vital. Whether or not it is true that the budget was only balanced this year by means of unrepeatable and undesirable economies on defence, it is certainly true that from now on expensive new equipment of all kinds will be coming into service and will have to be paid for.

But it was the other side of the argument which made the *New York Times's* report sensational. It spoke of a "revolt" against the cuts in the Defence Department, in which for once all three service chiefs were united against Admiral Radford, the chairman of the Joint Chiefs of Staff, on the grounds that the new policy would weaken the United States disastrously, by condemning its conventional forces to inferiority. It is these forces, so the argument runs, which will in fact fight future wars, for when it comes to the point neither side will dare to use its nuclear weapons. Alternatively, it is also argued, as it has been before, that the new policy will make it inevitable that all wars will be atomic wars because the United States will have no other way of defending itself. Mr Dulles dissents strongly from this view, insisting that atomic power can be used as a deterrent. But it is not surprising that President Eisenhower is understood to have postponed his consideration of, or at least his decision on, this far-reaching dispute until after the election.

Struggle for Foreign Aid

EVEN before he returned to the White House, President Eisenhower had approved a list of fourteen Bills which he would like to see Congress pass before it adjourns. But Congress has set its heart on winding up this session in a week's time; July 27th is a popular date which would give the Democrats a breathing space before their convention opens on August 13th. Of the three important Bills which are all that are likely to be passed—on foreign aid, social security, and customs simplification—the President has given over-riding priority to a foreign aid appropriation

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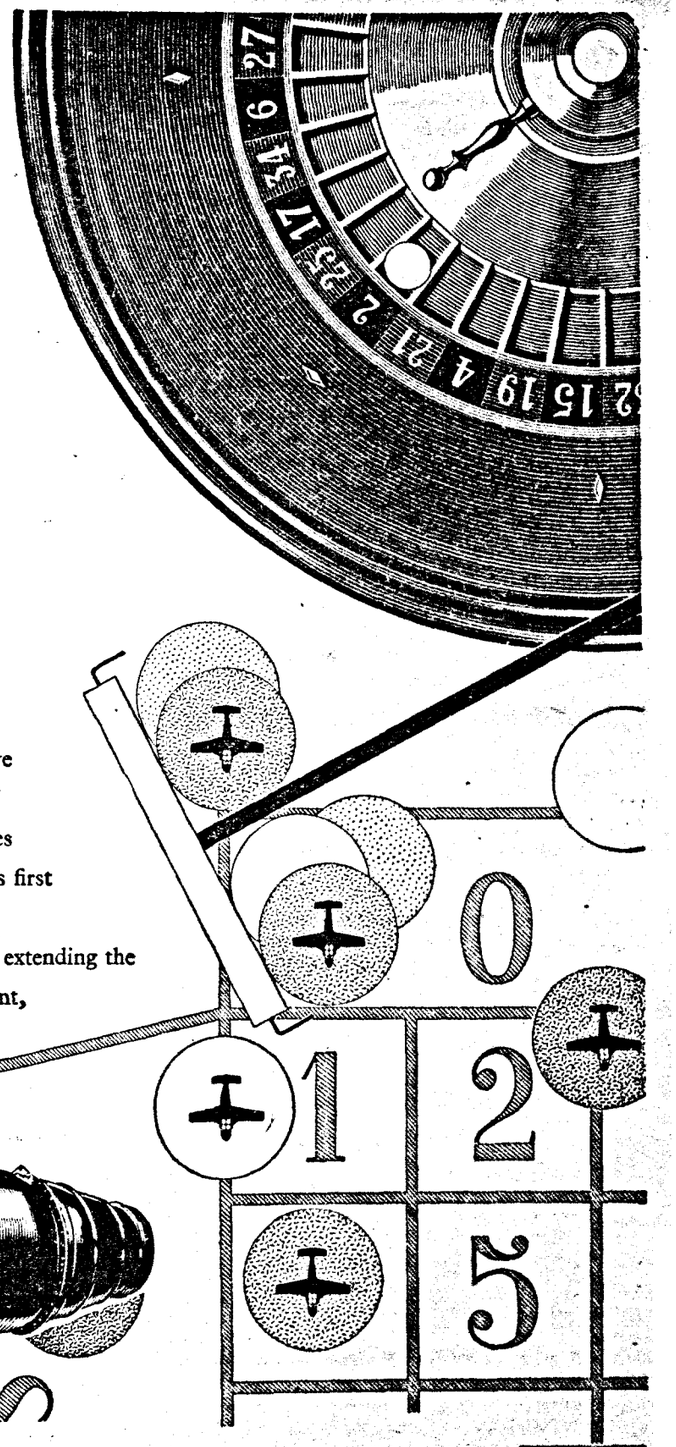

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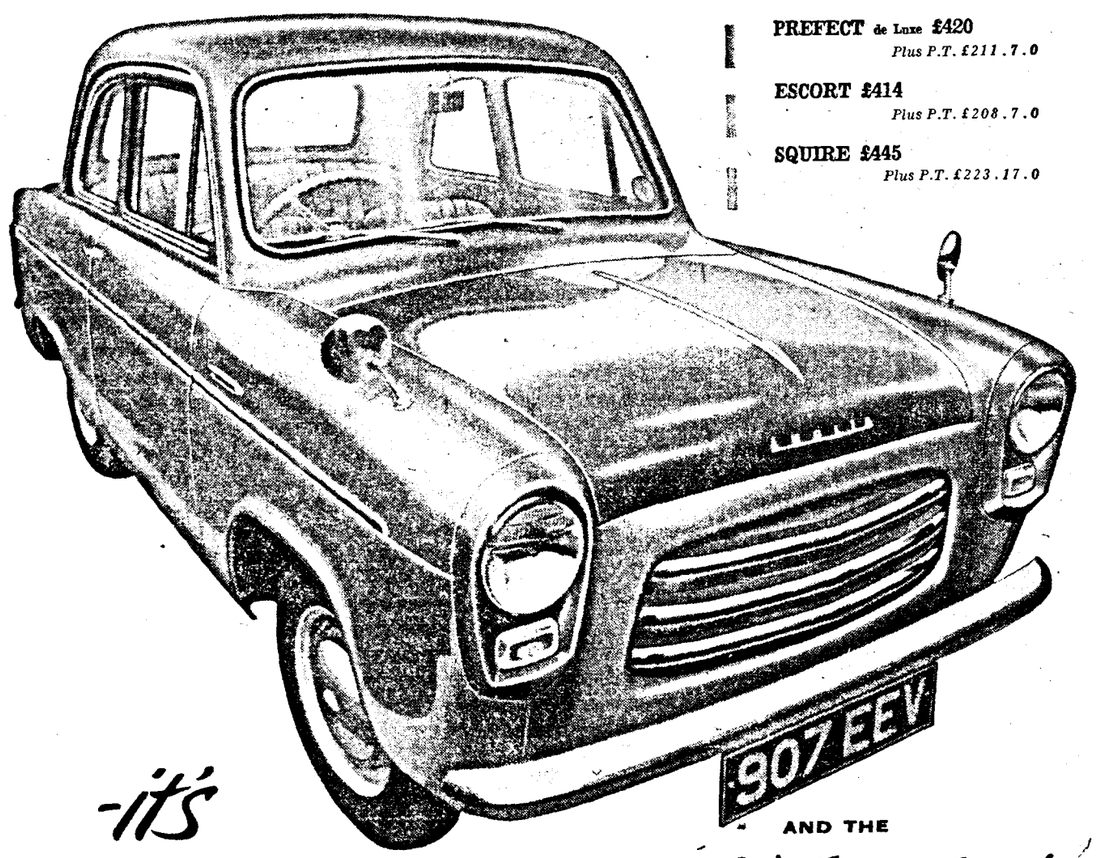

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equal to the authorisation of $4 billion in new money which was all the Senate could persuade the House to approve.

Given the hostile temper of the House, and the risk that, if provoked, it might make further cuts, the leaders there made no attempt to get more than a mere $3.4 billion in new money, or $3.7 billion including reappropriations, which compares with the President's original request for $4.9 billion. Instead, the Administration is relying on the Senate to accept the $4 billion in new money recommended by its Appropriations Committee, and the hope that in conference a compromise close to the President's minimum will emerge.

The Senate Appropriations Committee did its best for the President, but not without exacting terms. At the behest of Senators Knowland and Bridges, a strong warning was written into the Bill against the admission of Communist China to the United Nations. Mr Dulles, the Secretary of State, has so far staved off another project of these conservative Republicans for banning aid to Jugoslavia but, although it seems to have no legal force, he has bowed to the committee's insistence that no mutual security funds should be used to finance Egypt's Aswan dam without its express approval being sought. This project, toward which the United States originally promised to contribute about $55 million, had already been endangered by the foreign aid authorisation, which contained a flat denial of the Administration's request for authority to undertake such long-term projects, and insisted that 80 per cent of all development money should take the form of loans, rather than grants. Irritation at Egypt's flirtation with the Russians has only reinforced the sympathy felt in some quarters for Israel, and southern suspicions that the dam, by promoting the growth of Egyptian cotton, will injure American producers. Meanwhile, the money originally earmarked for Egypt has apparently been spent elsewhere. Perhaps it has only been mislaid, but Mr Dulles may not be sorry to demonstrate to the Egyptians that they cannot keep the United States dangling with impunity.

Diplomatic Appointments

ONE of President Eisenhower's first actions after returning to harness has been the appointment of delegates to the coming United Nations General Assembly. The most prominent among them is Senator Knowland, the leader of the Republicans in the Senate and a frequent critic of the Administration's foreign policy. Mr Knowland has been especially vehement on the issue of the admission of Communist China to the UN and his appointment symbolises the decision of the Administration not to yield to the mounting pressure of allied and neutralist opinion. Mr Knowland's presence at the General Assembly will underline the message of friendship which Vice-President Nixon recently brought to Formosa. In addition to Mr Knowland, President Eisenhower also nominated Mr Paul Hoffman, one of the pioneers of the foreign aid programme and now chairman of the board of directors of the controversial Fund for the Republic—which is at present under congressional investigation. These two choices obviously represent an attempt to conciliate both wings of the Republican party and Mr Adlai Stevenson cited them as glaring examples of the Administration's "impotence in foreign policy."

The President also reshuffled American representation in the eastern Mediterranean. Mr Raymond Hare has been nominated to replace Mr Byroade in Cairo. This is interpreted, in some quarters, as a sign that American policy towards Colonel Nasser is toughening. Mr Cavendish Cannon is leaving Athens to become the first American ambassador to Morocco where he will have to negotiate with the Sultan over the retention of air bases. He is being replaced in Greece by Mr George Allen, Assistant Secretary of State and one of the foremost "trouble-shooters" in such previous posts as Azerbaijan, Jugoslavia and India. Mr Allen's appointment is thought to reflect the Administration's concern over Cyprus and its possible readiness to act as a mediator. Moreover, as both Mr Byroade and Mr Cannon have been criticised at home, the new appointments may mark the Administration's desire to make a fresh start in middle eastern diplomacy.

Taking the Consumer's Pulse

I. Index of Confidence

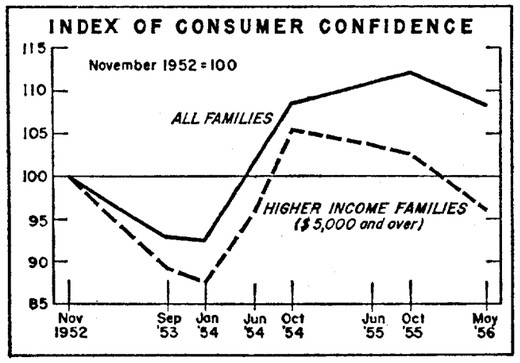
FROM A SPECIAL CORRESPONDENT

IN spite of the sharp drop in sales of motor-cars and the consequent unemployment in Detroit; in spite of a slight decline in the building of new houses; in spite of other soft spots here and there in the national economy, the confidence of the American consumer remains very high. True, it has fallen somewhat from its peak of last year but this has made little difference to the general optimism about the economic future and about personal financial prospects. Consumers are planning to buy houses and durable household equipment nearly as freely as they were at the peak of the 1955 boom, and there even seems to be considerable hope that the new 1957 cars which will begin to appear this autumn will sell well. This is the gist of the latest study of the attitudes and buying intentions of consumers, which was taken in May, before either the President's last illness or the steel strike, by the University of Michigan's Survey Research Centre. This organisation has become known in American economic and business life for its periodic feeling of the consumer's pulse.

Three times a year, squads of researchers question a sample of from 1,750 to 3,000 families, picked at random, to find out about their financial status and how it has changed over the past year, about their views on the state of the economy, and about the specific durable goods which they do, or do not, intend to buy. The results of these probings are watched very closely, for they provide clues to whether Americans are planning to spend their cash or to save it. This is a factor of considerable importance in an era when earnings are running high and the consumer has more choice than he once did about how he will use his so-called discretionary income. The wide swings in sales of motor-cars, which have ranged from as low as 4,200,000 in 1952 to well over 7,000,000 last year, and will probably be around 6,000,000 this year, offer a very clear illustration of the importance to the economy of the consumer's power to spend or to withhold his money as he chooses. That businessmen recognise this factor is obvious from their

sponsorship of the fast-growing activities of "motivations research" in the United States.

The Survey Research Centre actually runs two regular tests of consumer opinion. The first, sponsored by the Federal Reserve Board, the central banking authority, has been taken annually in the winter for the past eleven years and is the more comprehensive of the two series. The FRB survey includes data on consumers' liquid assets, instalment debts, holdings of corporate shares, and other financial facts, as well as information on the attitudes of consumers and their plans for buying durable goods. The second, newer series, the so-called "interim" surveys, are underwritten by various private firms, including the automobile manufacturers; they deal only with attitudes and plans, and are taken in the autumn and in the spring.



Although there is some debate about the ultimate value of these unique surveys as thoroughly reliable indicators of future trends, even the pessimists will admit that they are an important step in the right direction. The questionnaires that the centre's researchers take into the field are lengthy and are designed to get answers to specific questions that can be put on tabulating machines; they are also designed to elicit free opinion as well. Here are some of the key questions that the interviewers ask:

Would you say that you and your family are better off or worse off financially than you were a year ago?

Would you say that at present business conditions are better or worse than a year ago?

Do you think that during the next twelve months we'll have good times, bad times, or what?

What do you think prices of household items and clothing will do during the next year or so?

Thinking of the auto market—do you think the next several months will be a good or bad time to buy a new car?

This questioning elicits some interesting shifts in opinion. Back in the spring of 1954, the middle of the last period of economic readjustment, 50 per cent of the families interviewed rightly foresaw good times for the country as a whole over the coming year; 21 per cent foresaw bad times; 12 per cent thought they would be good in some ways, bad in others, and the remainder were uncertain. But in the spring of this year, 74 per cent looked for good times; only 7 per cent thought times would be bad; and 5 per cent that they would be mixed. The people at the centre have always insisted that one question taken by itself is not sufficient to indicate a trend, that the answers must be read in conjunction with those to other questions. Hence, the researchers have constructed an "index of consumer confidence" by taking eight of the key questions and weighting them according to significance.

This index now stands at 108.1, as against a peak of 112.1 last autumn, having been pulled down by a slight decrease in the number of people who said that their financial position had improved over the past year (32 per cent, against 36 per cent), and in the number of people who said they thought conditions generally had improved (33 per cent versus 48 per cent). Another depressing factor was the increase in the number of people who felt that prices were going to rise. The centre itself always stresses that the index is highly experimental, and that it must be interpreted with great care. What it really shows and what its true value is are somewhat doubtful questions which will be discussed in a later article.

Democrats in Step

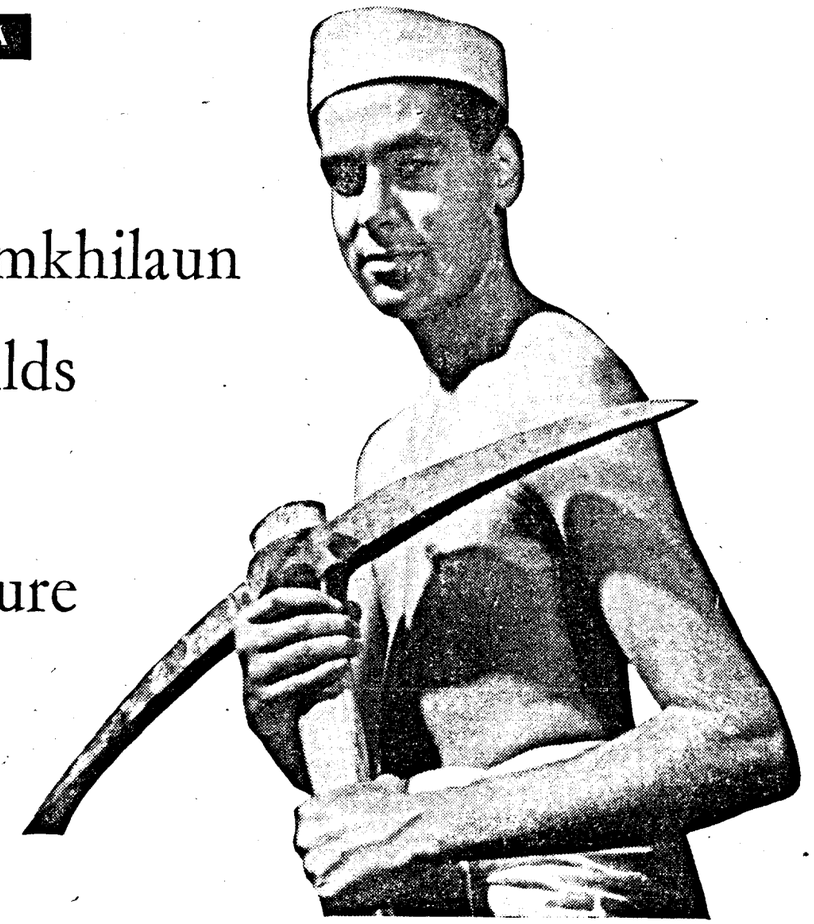
THE question of civil rights for the Negro, which is dear to northern liberals in the Democratic party and to their Negro constituents, and anathema to the South, where relatively few Negroes vote, is always a potential source of trouble when the Democrats must unite on a platform and a candidate. This week's debate in the House on the President's civil rights programme already has Southerners breathing defiance, although the Bill is doomed to certain death in the Senate. It will serve the Republicans well enough if it reminds the Negroes who their friends are, and pours salt into Democratic wounds.

At Atlanta the representatives of seven southern states have been concerting their plans for making sure that the Democrats choose a candidate, and agree on a civil rights position, which is acceptable to the South. The conference publicly disclaimed any intention of walking out to form a third party—as the South did in 1948—if southern views are flouted. But the occasion is not likely to arise. Mr Stevenson's stand on civil rights is moderate enough for the South to swallow, and all the signs are that Mr Stevenson is steadily increasing his lead over Governor Harriman, the only serious Democratic aspirant who disdains the middle of the road and would be prepared to ride roughshod over the South in the hope of carrying the North and West.

Such a sacrifice of Democratic unity would be politically attractive only if it held out reasonable hope of victory; with Mr Eisenhower in the field this can hardly be the case. Moreover, Mr Harriman has been playing his card clumsily; he has had to deny that, if he were elected, he would send troops into the South to smash segregation, and his implication that he was sounder on the Communist issue than the other Democratic candidates will not endear him to any one. The choice of Governor Clement of Tennessee, a strong Stevenson supporter from a border state, to deliver the keynote speech at Chicago is an indication of which way the wind is blowing. Mr Clement is a progressive young Southerner who has the distinction of having vetoed a segregation bill. Another sign that conciliation is to be the order of the day is that the drafting of the Democratic platform is to be in the experienced hands of Representative McCormack, who has skated skilfully over similarly thin ice at earlier Democratic conventions.

BRUSH in INDIA

Ramkhilaun builds his future



Ramkhilaun comes from the Mirzapur district in India—a land of great beauty, today clouded by hunger and disease. But the future looks more cheerful. Ramkhilaun, having finished work on the huge cement factory at Churk, is helping with the next step in a comprehensive development programme — the building of the Rihand Dam, which will supply hydro-electric power for nearly all the Eastern districts of the United Provinces.

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Cash and Due from Banks	$1,772,528,414	Deposits	$6,573,504,874
U.S. Government Obligations	1,174,933,693	Foreign Funds Borrowed	11,978,035
State, Municipal and Other Securities	454,636,043	Reserve for Taxes	35,579,455
Mortgages	191,477,596	Other Liabilities	63,652,684
Loans	3,551,787,650	Acceptances Outstanding $134,211,026	
Accrued Interest Receivable	17,812,157	*Less : In Portfolio* *8,530,938*	
Customers' Acceptance Liability	121,678,116		125,680,088
Banking Houses	44,386,682	General Reserve for Securities	6,758,121
Other Assets	19,028,088	Capital Funds :	
		Capital Stock $150,000,000	
		(12,000,000 Shares — $12.50 Par)	
		Surplus 300,000,000	
		Undivided Profits 81,115,182	
			531,115,182
	$7,348,268,439		$7,348,268,439

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JUNE 30, 1956

RESOURCES		LIABILITIES	
Cash and due from Banks	$150,158,350.36	Capital (160,000 shs.—$100 Par) . .	$ 16,000,000.00
United States Government Securities . .	96,101,164.58	Surplus	18,000,000.00
Municipal and Other Public Securities .	3,922,576.88	Undivided Profits	7,426,907.86
Other Securities	7,998,473.93	Reserve for Contingencies	2,397,074.21
Loans and Discounts	235,225,061.75	Dividend Payable July 2, 1956 . . .	400,000.00
Banking Houses	6,520,670.83	Deposits	451,878,587.85
Customers' Liability for Acceptances .	5,554,209.66	Acceptances	5,923,503.28
Accrued Interest and Other Resources .	2,928,176.14	Reserve for Taxes, Interest, etc. . . .	4,493,002.11
		Other Liabilities	1,889,608.82
	$508,408,684.13		$508,408,684.13

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Prospects on the Farm

THE Department of Agriculture's latest crop reports, based on estimates and prospects on July 1st, indicate that deliberate policies and acts of nature are reducing agricultural production compared with 1955. The total acreage planted or growing for 59 crops is 351 million acres, 3.8 million below last year and the smallest since 1942. Of this, farmers are expected to harvest some 330 million, 3 million acres less than in 1955. The cotton acreage under cultivation is 3 per cent below the 1955 total and is the smallest since the early eighteen-eighties. Tentative forecasts suggest that production will run to a million bales less than last year, but the heavy emergence of boll weevils and the shortage of ties for cotton bales, caused by the steel strike, may reduce this total further.

	Acreage for Harvest (million acres)		Yield an Acre (thousands of bushels)	
	1955	1956	1955	1956
Maize	80	78	41	42
Wheat	47	50	20	18
Oats	39	35	38	32
Cotton	18	17	...	...
Tobacco	1·5	1·4	1·5*	1·4*

* Thousand 100-pound bags.

Federal crop control programmes, in the form of acreage restrictions and the new soil bank—a plan under which farmers are paid for keeping land out of cultivation, for letting acreage lie fallow or shifting it to grass or trees—are mainly responsible for the improved picture. Moreover, nature has helped the Secretary of Agriculture to give an attractive start to the soil bank. Drought and the threat of drought have persuaded many farmers, particularly in Iowa, that there is more profit in receiving payments from the government—which in the case of maize are estimated at an average of $44 an acre—than in letting their crops grow to harvest. In eastern Colorado, New Mexico, western Kansas, Texas and Oklahoma, moreover, six million acres of crop and pasture land are lying parched by six years of drought. To help meet this situation, farmers will be allowed to graze livestock on land which is technically in the soil bank and for which they have received payment.

But despite controls and drought, high yields will continue to pose a problem of over-supply. President Eisenhower announced last week that $3 billion worth of farm surpluses had been disposed of since 1954, mainly through exports. Nevertheless, the government's holdings increased sharply in the past year and are now valued at $8.5 billion. To help move these mountains, the Senate has passed a Bill increasing from $1.5 billion to $3 billion the amount of agricultural products which the Commodity Credit Corporation can sell overseas against foreign currency. The Bill approved by the Senate also includes a clause allowing the President to barter food for strategic materials with Russian satellites, but not with the Soviet Union itself or with Communist China.

Chips off Old Granite

FROM A CORRESPONDENT IN BOSTON

RELATIVELY small and sparsely populated, New Hampshire has the largest state legislature in the United States. Of the 565,000 inhabitants of the "Granite State," 424 belong to the two-chamber legislature. One day New Hampshire may wake up to the fact that this disproportion is too much of a good thing. But at the state's recent constitutional convention, rural interests re-asserted their historic control and rejected eleven proposed amendments designed to reduce the size of the legislature to a mere 336 members.

Even though New Hampshire's larger towns now contain 51 per cent of the total population, the alliance of small towns and farms held its ground. The fact that electors in some small towns are entitled to vote for a representative to the state's lower house only once every ten years does not bother New Hampshire's political leaders—most of whom are Republican. For there are enough small towns to give rural elements a constant advantage. Under the state's 172-year-old constitution every city ward or town with a population of 729 gets one representative in the lower house. If a town has slightly less than 729 inhabitants —and 108 communities do—it has a representative at every other biennial session. Even the smallest hamlet of perhaps a dozen votes is entitled to a representative once in every decade. In order to have a second representative, a town or city ward must have 2,187 voters—or three times the number required for a single representative.

★

The rural faction at the state convention was in no mood to ease its grip. It struck down by a 2 to 1 vote the major proposal for an amendment which would have cut the size of the state's House of Representatives from 400 to 300 and raised that of the State Senate from 24 to 36. No one who took a close look at the roster of 440 delegates to the convention can have been much surprised by this result. Many of the delegates were themselves legislators; some of them would have lost their jobs under the new system. In terms of monetary reward, a legislative job is worth only $200 at every session. Being a legislator gives, however, a stamp of distinction that can improve a man's economic status in both legitimate and unorthodox ways. Rockingham Park race track, for example, found it convenient in 1955 to hire 44 New Hampshire legislators as employees during the racing season. The race course exists only with the sanction of the legislature and its profits are directly affected by state taxation. Some voters may have thought this an unholy arrangement, but they did not rise in arms against it.

On the whole, New Hampshire is quite well satisfied with its lawmakers. Taxes on the race course, on liquor and cigarettes provide the bulk of operating revenue. Residents thus escape a state income tax. A similar taste for the good old ways led delegates to the convention to turn down amendments which would have permitted 18-year-olds to vote, allowed the legislature to establish a graduated income tax and given the governor a four-year instead of a two-year term. Only six minor amendments were approved, and even these must be ratified later by a referendum.

The World Overseas

A New Shape for Israel

FROM A CORRESPONDENT LATELY IN ISRAEL

ISRAELI politics have been dominated for eight years by problems of security. The government of Israel has been criticised on the grounds that it stimulated this obsession and thus confused, to an unnecessary extent, the essential problem of how the Zionist garrison of Palestine was to evolve into a self-supporting state. The criticism was partly just, and partly lacking in understanding of Israel's psychological condition. But in spite of the fact that Israel is in greater danger today than at any time since 1949, it is now embarking on a process akin to a national psychoanalysis, through which the real problems of statehood are coming to the surface for the first time.

Those engaged in the process do not necessarily see their acts in these terms; nor do they see them as a whole. The trend is barely conscious, and is not yet well-established. It may be inhibited by the pressure of events on the frontiers. But if it is not, it will in time produce a change of attitude not merely to domestic problems but to Israel's position as a small enclave in the centre of an Arab world. In the long term, it could become an influence for peace in the Middle East.

This momentum towards "normality" and away from what the Israelis themselves call "the ghetto mentality" has been provoked by several factors. There is the passage of time. The Old Guard of Mapai (the Labour party), the Histadruth (the Israeli Federation of Labour), the Kibbutz (communal settlement) movement and the Jewish Agency—the people, in fact, who commanded the garrison—are getting older. Younger men, many of whom were born in Palestine or who led the victorious armies, are growing into the generation that carries weight in politics. They inevitably have a different vision of the needs of the state. It is not in every case a pacific vision; but the underlying principle is the same: Israel as a state must modify many of the ideas and institutions that were necessary to Zionism before the state existed.

It is symptomatic of this desire to belong to a state of more "normal" shape that Israeli youth has taken to archaeology. Almost every flat in Tel Aviv has its collection of broken pots from the Canaanite city of Hazor and stones from the tombs at Beth She'arim. General Yigal Yadin, who used to be Commander-in-Chief and is now Professor of Antiquities at the Hebrew University, describes how tough young militants, trooping out to the frontiers to dig fortifications, come back with fragments for him to identify. It is an expression of their deep need to rediscover roots in Palestine, to convince themselves that there is a continuity and a permanence in their occupation of the land. They want to remember that, a long time ago, they were of the Middle East; they want to forget that their families were, so recently, rejects from Europe.

To turn to a more practical, everyday aspect of statehood, it is in new notions about handling Israel's economic problems that this urge to "be like any other state" is most easily discernible. Till now Israel has survived, like the bellman, on hope and on contributions from abroad—from the American government, the Jews of the Diaspora, German reparations. Since 1948, there have been plans, missions and more plans, all with the avowed object of developing a self-supporting economy before the contributions run out. But the new thinkers, who include some of the more active young men in the Israeli bureaucracy, are now reflecting that it would be rewarding to concentrate on streamlining, rather than letting so many planners and institutions have their head.

In various places, small offensives are being mounted against the old citadels—Histadruth, Mapai, and other vested interests—that have, like states within a state, ruled the economy according to lights that were often parochial. One disenchanted politician described the present system as "a government by coalition like no other coalition in the world because it coalesces simply to distribute the spoils." The distribution of all the odd sources of revenue, and even of functions between the vested interests, many of which owe their shape to the requirements of community organisation under the mandate, has never been decided by the Treasury or even by the Committee of Economic Ministers, but by a political bargain between the parties and the institutions which are the legacy of the Zionist garrison. The habit has become further ingrained owing to the connection between the largest political party, Mapai, and the Histadruth; and to the ubiquity of the Histadruth, which is the largest building contractor, landlord, importer and welfare organisation in the country.

It is relevant here to interpolate the disquieting economic statistics that have prompted this urge to refashion old shapes. The drive to be self-supporting is still below the level required to achieve balance before external contributions run out. Many feats have been achieved, including the absorption of about 700,000 immigrants, the control of inflation and some improvement in the standard of living. But the gap between exports and imports is not closing. In 1955 imports of goods and services cost $433 million as compared with $379 million in the previous year; exports were $139 million as compared with $135 million. Outright contributions (other than loans) were also down. These figures include about $85 million in each year on account of German reparations and about $25 million on account of American government grants-in-aid. Reparations will be finished in ten years and American government aid is already getting progressively smaller. Thus, the Israelis calculate that, by 1966, they will be exclusively dependent on exports and on such help as may still be forthcoming from Jews abroad. The failure to improve exports or to reduce imports in the past year, when immigration has not been heavy, is correspondingly depressing.

To return to the new symptoms: just as the national economy has never been costed on a national, but always on a sectional, basis, so individual entrepreneurs have never bothered (or discovered how) to cost their enterprises. They have had a sellers' market; most exports are subsidised; some imports are subsidised and others have to be bought with expensive "black" foreign exchange; there is no free competition in the domestic market, and labour is mostly unskilled. Thus there has been little incentive to practise techniques of business management.

In the last year there has been a change at the Treasury. The result is a new conception of national planning, hardly yet articulate, based on the revolutionary principle that national resources should be pooled and distributed according to national need. It has not got much further than the creation of a "bureau of the budget"; a proposal to form a central statistical office and a central secretariat for the Committee of Economic Ministers; and closer co-operation with a reinforced central bank. Of course, there is opposition from former citadels—amongst them, from the Prime Minister's office, which has tended to take to itself all residual power over planning and development. But the attempt is being made to create something more nearly like the British system of administration. If it is successful, the old slogan: "Pioneer and never mind the cost" has had its day. Some members of the Histadruth have joined forces with a group in the Ministry of Labour to make industry, public and private, aware of the need to show a profit.

The change will be slow and complicated, not least by the fact that most of the people behind it are themselves members of the Histadruth, one of the bastions of the Zionist pre-state. Officials are not party-free and they are, therefore, to some extent agents of the vested interests that have to be curbed. But slowness may not matter. In one way, the institutions of Zionism have had a crippling effect on the state of Israel. But in another, they have provided a conservative tradition and a formalism in which a young democracy has been able to grow without the violent instability which often accompanies the process elsewhere.

Morocco's First Steps

FROM A CORRESPONDENT LATELY IN MOROCCO

THE rejoicing which follows the successful issue of a long national struggle often heralds a period of disillusion. So far Morocco shows no signs of passing into this second stage. There have indeed been so many manifestations of joy that the visitor is tempted to exclaim, "Out of question, you were born in a merry hour." To which Moroccans, if they had been brought up on Shakespeare instead of Molière, would no doubt give Beatrice's reply, "No, my lord, my mother cried: but then there was a star danced, and under that I was born."

Certainly no birth ever occurred more suddenly, nor was any newborn babe ever faced more promptly with adult tasks. The first foreign minister of independent Morocco had to fly to Tangier, before he had any Moroccan staff or even an office to work in, and propose a *modus vivendi* to the powers responsible for that city. At the same time he had to prepare for negotiations with both France and Spain, each of whom had to be contented without indisposing the other. The minister of justice, looking for legal officials by the hundred, found that the school of administration could supply just three possible candidates.

Before the Protectorate, the art of government consisted largely in the management of the tribal areas. For over forty years the practice of this art had been carefully kept from the Sultan and his Makhzen. Though the tribal scene has been transformed by efficient government, the art has to be relearned. In addition, the conditions of the half million tin-town dwellers whose lot had been a standby of nationalist propaganda could not be ignored. There was no army. Racketeers and criminals, masquerading as patriots, had to be put down. As the existing *kaids* were discredited for co-operating in the repression, there was the task of replacing the majority of them by untrained men. The anxieties of the French administrators and settlers had to be allayed.

Last but not least, something had to be done about the "resistance"—the seven thousand uniformed men, more or less embodied in the "Liberation Army" who had been fighting in the Rif, and who would not give up their separate organisation till they understood what interdependence was going to mean. There was no force to disarm them except the French army; and an attempt to use this was bound to entail a new war, waged by the Liberation Army in the name of freeing the Sultan from foreign control.

But Morocco had a remarkable asset—the tremendous prestige of the Sultan, perhaps the only thing that could hold its disparate elements together. For the forty-four years of the Protectorate one man, who at the end was more than a hundred years old, had served as Grand Vizir. At last Mohammed V could fulfil his long-cherished wish of appointing a government of young and active men. As Prime Minister he selected a soldier, moderate and inde-

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pendent in politics, who had served with distinction in the World War, losing a leg in the allied cause and having for the French army the sort of feelings which so many Indian officers have for the British.

With this team, the first perilous moments have been survived. The breaches of order have not been frequent, nor on such a scale that the position could not be rapidly restored. Apart from some brigandage, the incidents have been of two types. Two of them were due to popular resentment against conspicuous figures in the repression against whom the government had taken no steps. The others were due to the equivocal position of the French army and of the "Liberation Army." The former interpreted the agreement that its status would remain unchanged until the final settlement as entitling it to exercise certain police functions; the "Liberation Army" disagreed, and took action to enforce the view of the Moroccan government that since that government had been recognised as solely responsible for internal security, the French army had no right so to act without at least advising local Moroccan authorities first.

The formation of a Royal Moroccan army out of the Moroccan troops serving with the French forces could not have been achieved without French aid and understanding, but the inception and extraordinarily rapid execution of the scheme were due to Moroccan initiative and drive. The rumours before the parade of May 14th that the "Liberation Army" would participate, and Algerian flags be displayed, proved false; while the excellent organisation and the good humour of the vast crowds gave a clear impression of a will for orderliness. The presence in the provinces of detachments of this new army, which has a high percentage of French officers, has encouraged a sense of security among Frenchmen and Moroccans, as well as convincing the latter that independence is a reality. France has now appointed General Cogny as commander-in-chief in place of General Bourgund; in South Morocco, he has reached agreement with the Royal Moroccan army about a system of joint garrisoning which may work, though it is bound to try tempers on both sides as it does so.

Royal Progress Through the Rif

The "Liberation Army" is tightening its discipline and addressing itself to new tasks. It has been serving as a constabulary in areas where there is no other police force available, using its standing with the people to restore discipline among Moroccan workers in French and Spanish enterprises, to see that dues are paid, to put down the sale of "kif" and to suppress racketeers. Its best organised detachment, under its chief, Dr Khatib, has this month sworn to recognise no other leadership than the Sultan's. Other detachments have been following suit during the royal progress through the wild Rif territories where no Sultan would have ventured to pass during the troubled decades before the occupation. In some places, Algerian flags were in evidence, but the Sultan in his speeches avoided any reference to the neighbouring territory. The government is helping the growth of trade unions in both zones, and if some of their first activities have been a little naïve the idea is surely sound.

Under the protectorate, Moroccans were discouraged from forming contacts outside the sphere of French civilisation. They were, however, disposed to think well

of England, partly from memories of pre-protectorate days, partly from what they had heard of British policy in the Commonwealth and partly, it would seem, from listening to the BBC. Now that they are emerging into the larger world, their first direct impressions may well be decisive. A little sympathy and understanding will go a long way. But if they feel that they are automatically condemned on the strength of reports which nine times out of ten come from Paris, not Rabat, they will soon be feeling that "disappointment with western policy" which Prince Maulay Hassan detected in Colonel Nasser's mind. In that case it is more than probable that when they enter the Arab League, they will reinforce the antagonism to the West. Yet they are a proud people, well aware that they live on the Atlantic as well as the Mediterranean, and less willing than some Arab states to follow an eastern lead. They would rather be leaders than be led. They might well play the part of mediators between the Orient and the West, given favourable circumstances. Among the latter must be included a fairly speedy unravelling of the Algerian tangle, and agreement on the status of the portion of the Sahara south of Morocco.

OEEC, Atoms and Trade

FROM OUR PARIS CORRESPONDENT

ONCE again an OEEC council meeting will probably adjourn in a cloud of promised steering committees, study groups, working parties and reports to come. Some might see in this another sign of the loss of momentum which has been threatening the organisation; but, in fact, this session has been far from negative. The delegates came essentially to settle two questions: the nature of OEEC co-operation in atomic development and the freeing of trade. They will leave with the first launched in a way which ends, one hopes permanently, the misplaced competition between the Euratom and OEEC plans which distracted Europe's atomic ambitions last year. It has required something of a *tour de force* to avert failure on the second. But Britain's surprising eagerness to investigate how an OEEC free trade zone might be linked to the common market of the Six has roused hopes that this is not simply conjuror's patter to distract attention from the British refusal to agree to an OEEC tariff reduction plan.

A report by the special committee on nuclear energy set up by the council last February has been favourably received; its clearing of the technical ground has been useful in educating countries still little aware of the implications of atomic development. Most OEEC members have shown interest in at least one of the proposed joint installations: heavy water, gaseous diffusion and chemical separation plants. They have all accepted the principle of international security control—a revolution for some, like Switzerland, whose neutrality thus takes a new turn in the new industrial setting. They have all approved a "standstill" agreement forbidding new trade restrictions on atomic materials, pending proposals for free trade in them. The committee's work has also shown how misguided it is to think in terms of competition between Euratom and the OEEC.

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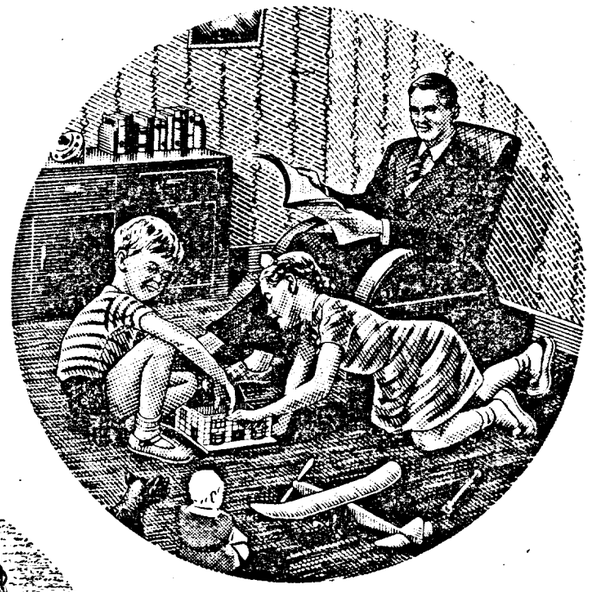

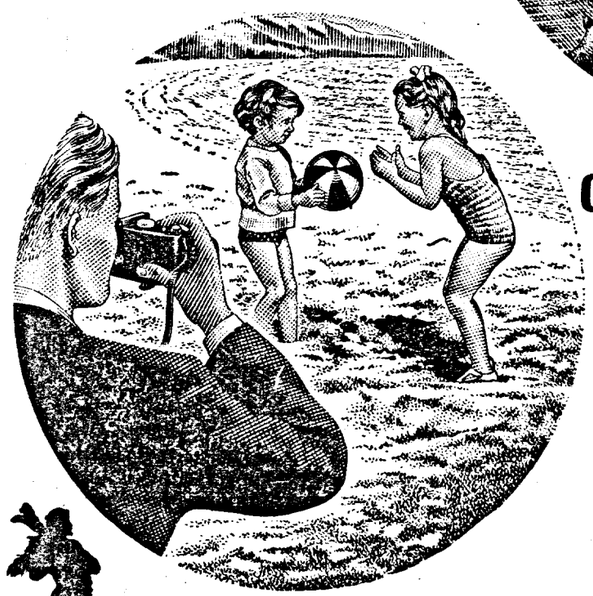

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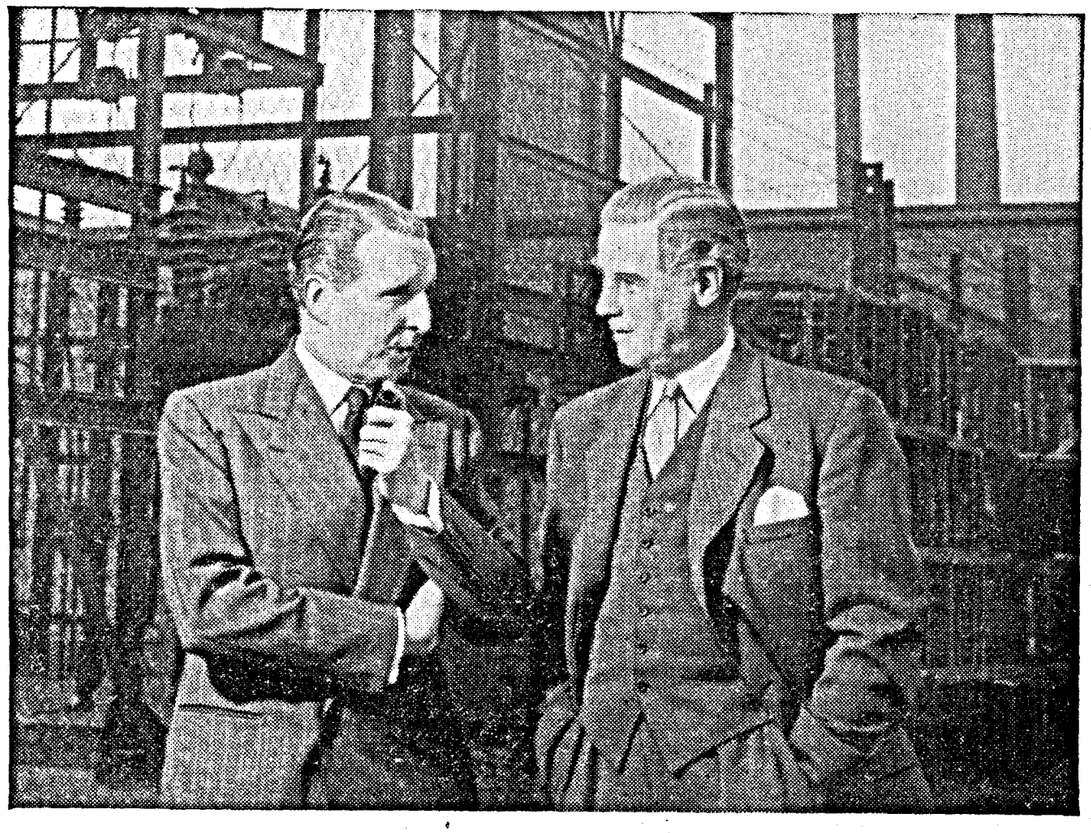

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having its own industry nine years old and its own problems, has said that it will not help to finance joint OEEC plants, but is prepared to help in the designing and building of a chemical separation plant (the joint installation in which the most members showed interest) and in training scientists. The British position makes it likely that the other countries, left to their own resources, will look to Euratom. And the Euratom powers have every interest, politically, in bringing other OEEC countries in on their projects wherever possible. The result is that little is now heard of who will "get there first." The OEEC is already far enough on with its work for "study groups" to meet in the autumn to prepare blueprints for the joint plants, and it now looks as if it really will provide the framework for the association between Euratom and the other European countries.

The trade discussions have taken a curious and unexpectedly parallel course. The countries with low customs duties came to the session hoping to obtain agreement to a plan for tariff reductions in return for "consolidating" (i.e. making permanent) the freeing of 90 per cent of intra-European trade from quantitative restrictions. The OEEC secretariat also hoped agreement could be reached on new measures to reduce further the remaining quantitative restrictions. These hopes have foundered on Britain's opposition to proposals for reducing tariffs on goods predominantly important in intra-European trade because the benefit of the concessions made would, by Gatt rules, have to be extended to non-OEEC countries from which Britain would not obtain reciprocal advantages. The British Government has clearly felt uncomfortable. True, it raised its liberalisation percentage from 85 per cent to 94 per cent, with excellent timing, on the eve of the council meeting. True, tariffs have traditionally been a Gatt monopoly. Nevertheless a more positive stand was required if momentum on trade liberalisation was to be regained. As *The Economist* goes to press it seems likely that the 90 per cent standard will not be "consolidated" but simply prolonged until the end of 1957.

The discussion of further liberalisation has been entrusted to a committee. Another committee is to consider the idea of an OEEC free trade zone. This idea was put up by the secretariat, apparently on British prompting, as an alternative to the automatic tariff reduction scheme. If the committee's study of it leads nowhere by the beginning of 1957 (when it is to report), then discussion of the tariff reduction scheme will begin again.

Soviet Social Reforms

THE Soviet Union is making a visible effort to give some substance to its early social ideals. The October Revolution proclaimed slogans of social justice and equality, but they rang hollow in the poverty-stricken Russia of the early revolutionary years. Later the ideals were sacrificed on the altar of Stalinist industrialisation, when production was the supreme goal. Inequality, introduced as a necessity, was elevated to a virtue. The social reforms launched by Stalin's heirs are now undermining the established dogma and in the present state of the Soviet economy they no longer have the quixotic air of the ambitious early schemes. The reforms were foreshadowed at the party congress earlier this year, but the first concrete measures were outlined at the meeting of the Supreme Soviet (or parliament) which has just ended.

Of all the debates, that about old-age pensions seems to have aroused the greatest popular interest. There is no reason to disbelieve Marshal Bulganin's claim that thousands of letters poured in from ordinary people, and that pressure by deputies led to amendments which raised the contemplated expenditure. The scheme concerns 50 million Soviet workers and employees as well as their families—in other words, virtually the whole urban population, together with the two million employed in state farms or Machine Tractor Stations (MTS). Only the collective farmers are not directly involved as they are supposed to be looked after in their old age by the collective. Individual farmers and craftsmen can be left out of account since they form less than 0.5 per cent of the total labour force.

More Generous Pensions

The scheme is not entirely new, but its precursors suffered in the race for production at all costs. Wages at one end of the scale were so low that a proportionate pension was insignificant; pensions in general were considered as additional income for people who had to go on working. The new plan sounds more ambitious, more comprehensive, and more egalitarian. Every male state employee at 60 and every woman at 55, who has worked for at least 25 or 20 years respectively, will have the right to claim an old age pension. Miners and other heavy workers are entitled to retire at 55. The amount of the pension is related to the recipient's last wage or salary, but the percentage is inversely proportionate to the level of that income. It is claimed that the average wage has now reached 700 roubles. People with a wage of 350 roubles will get a pension amounting to 85 per cent of it; those getting 1,000 roubles or more will receive only 50 per cent and the ceiling for pensions has been fixed at 1,200 roubles.

Additional provision is made for families left without a breadwinner, and for invalids. This must be a tragic problem in Russia, but not much is known about it; the authorities are reticent. Neither is it known how many people will benefit immediately from the new scheme. Expenditure on pensions in the budget has amounted to 25.5 billion roubles; next year it will be increased to about 40 billion roubles, about 7 per cent of the total budgetary expenditure.

Some other measures which once stood on the revolutionary agenda—only to be dismissed in the Stalinist period, when the trade unions acted as overseers rather than as spokesmen for their members—were decided or discussed at this session. Work on Saturday has been reduced by two hours and the working day cut to six hours for young people. A prohibition of heavy labour for women and the general introduction of a seven-hour day and a forty-hour week are apparently the next steps contemplated. Yet the most novel thing in the debates was the pressure from the floor for equality, expressed in the unsuccessful pleading for a further reduction of the discrepancy in pensions by cutting the maximum to 900 roubles.

This egalitarian trend is not limited to pensions, but is beginning to be felt in the wage structure, too. The first signs could be detected some time ago (see *The Economist*

of October 15, 1955) in attacks by Soviet economists on Stakhanovism, the system of highly differentiated piece-rates with large premiums for record-breakers. It was argued then that technological progress and the all-round increase in skill rendered such a cumbersome method superfluous, while the results rarely matched the outlay. The system of norms evolved in Stalin's time is so complicated that a handbook on wages in the engineering industry, covering only six branches, has no less than 1,000 pages. New, simpler handbooks are now being prepared, and the long sacrosanct system of piece-rates gets knocked about in the process. An article in the *Kommunist*, the party's theoretical organ, maintains that, at the present level of Soviet development, uniform weekly wages are a more efficient method of payment than piece-rates in many branches of industry.

Pensions as well as the general standard of life of the workers are finally determined by real earnings. The Russians claim that the real income of workers and employees is now three-quarters higher than before the war. The new Soviet statistical yearbook,* the first one in years, should allow a closer study of Soviet living standards. It confirms that housing is one of the main worries of the average Russian, who has only just over seven square metres of floor space at his disposal. Problems of housing, welfare and social reform, with their inroads on scarce resources, play a considerable part in the struggles within the Soviet leadership. It is not accidental that the new reforms co-incided with Mr Kaganovich's removal from the Manpower Commission. An instrument of Stalin's industrial policy in the past, he could no more accept the new "heresies" than Molotov could continue to preside over the new foreign policy. The performance of Stalin's heirs in seeking to reconcile the demands of social justice and production may serve as a guide to the future evolution of Soviet society.

* The National Economy of the USSR. A statistical survey. Gospolitisdat. Moscow.

Strikes in Norway

FROM OUR SCANDINAVIAN CORRESPONDENT

THE Norwegian strikes, now in their second week, involve 40,000 workers in the paper and building industries, and are the country's gravest industrial conflict since the great lockout of 1931. The strike in the paper industry, Norway's second largest export earner, is costing £250,000 daily, three-fifths of it in foreign currency. The building stoppage is scarcely less serious. The urban housing shortage remains acute, and the long, hard winter drastically limits the effective building season. Moreover, work on Nato projects in the north is at a standstill.

The public is unlikely to show much sympathy for the strikers. Young married couples, still homeless, are aware that the 24,000 building operatives are among the highest-paid workers in Norway. The wages of the 16,000 workers in the paper industry are also high. As the log-jams in the rivers increase, domestic stocks of newsprint fall. Oslo newspaper readers see their favourite features disappear, as formats grow slimmer; some papers will shortly be forced to suspend publication.

The Labour government and the Confederation of Trade Unions have, so far, not intervened directly in the strikes, which defy their declared policy of wage restraint. With elections on the horizon, the government is doubtless reluctant to court the kind of unpopularity incurred by the Danish government when it introduced strike-breaking legislation last spring. In the wage claims advanced earlier this year, most unions grumblingly kept demands within reasonable bounds. The present builders' strike began apparently by accident; at the time of the crucial vote, with an apathy not unknown in other countries, 80 per cent of the workers stayed away. Small building contractors are already facing bankruptcy, which spells unemployment for their workers, although on June 1st 23,000 domestic dwellings were under construction, as well as 1½ million square metres of public and other building.

Economic Stability In Danger

The strikes threaten to undermine the still precarious edifice of economic stability, painfully built up during the past eighteen months. Thanks to a series of belt-tightening operations, the balance of payments has improved this year. At the end of May the foreign currency reserves stood at £74 million, compared with £53 million at the same time last year. Exports of metals and ores forged ahead in the first four months of the year, earning a record £22 million (or £6 million more than in the comparable period last year). Simultaneously, paper and pulp, with £19 million, earned £2 million more. This year's timber yield, estimated at 7½ million cubic metres, should be a record. The new steel plant at Mo-i-Rana will, with existing capacity, ultimately produce 200,000 tons of pig-iron, nearly half Norway's present consumption. The country's biggest hydro-electric scheme yet, in Telemark, has been approved. The recently agreed Trondheim Project will bring increased prosperity to northern Norway as well as providing Sweden with a new supply route. Coal production in Spitsbergen is to be stepped up to 600,000 tons a year by 1962.

Yet investment remains at an uncomfortably high rate, while increases in productivity have been disappointing. The cost of living has continued to rise despite a plethora of economic controls. Moreover, the present strikes come at an inopportune moment, just as the government has tardily decided to increase trade liberalisation. The pattern of Scandinavian industrial unrest suggests a chain reaction; and this may not be the last explosion.

German Socialists Prepare for Battle

FROM OUR SPECIAL CORRESPONDENT IN MUNICH

WHEN, on the first day of the German Social Democrat congress, the fraternal delegate from the French Socialist party declared his conviction that the German Social Democrats could expect a great electoral victory next year, he was greeted with the murmur of modest acquiescence with which a pretty woman might take a compliment, knowing it to be true. The last congress of this party two years ago was an unhappy post-mortem on the electoral slaughter of 1953. This time an exhilarating sense that the

SPD, so long in the wilderness, is on the way to national power has been fed by the disintegration of the Bonn coalition and the feeling that Dr Adenauer is losing his grasp of affairs.

The scent of office determined the delegates not to endanger success by disunity. Herr Ollenhauer and his colleagues on the executive took full advantage of this feeling and of the sense of loyalty to leaders who had brought the party through the wilderness. Carefully avoiding the more touchy issues, they were rewarded with a series of unanimous resolutions on home and foreign policy.

A few weeks ago such a demonstration seemed, at the least, improbable. A clash with the executive was threatened not only by the resolutions on conscription (reported in *The Economist* last week) but also by resolutions demanding direct negotiations with Pankow. But the Left was convinced or shamed into line.

The main theme of Herr Ollenhauer's long opening speech and of the foreign policy resolutions was familiar—the need for a break-out from the blind alley of Dr Adenauer's "one-sided policy of strength." Russian attitudes must be endlessly explored in pursuit of German reunification within the context of a general European settlement which would be based on a dismantling of the Paris Agreements (not Nato) and of the Warsaw pact, and would be accompanied by a general disarmament. The Russian as well as the western need for security must be satisfied; a united Germany must have limited military forces not tied to either "block."

Moscow, not Pankow

The first step to such a settlement must be the full use of west Germany's diplomatic relations with Russia, a course which Dr Adenauer has shunned. Diplomatic relations must be opened with other east European countries; a relationship of trust with Poland and Czechoslovakia is essential to any European settlement. But Ulbricht remains a leper. The only rude noises heard during the congress were the jeers that greeted an intense young pastor from Schleswig-Holstein, who declared that negotiations with Pankow were unavoidable. All types of technical and personal contacts with the Soviet zone must be developed, but for the moment, at least, there must be no negotiations with the régime. Nor must west Germany's "friendly relations with the western Powers" be traded for "normal relations with Russia." Though the SPD wished to abolish conscription, it would not repudiate the Paris agreements, but would negotiate for their revision. No speaker opposed this attitude. An all-German settlement, too, could only be achieved in collaboration with all four powers.

Two years ago the party was isolated on these matters. Today it feels that the four powers are moving in the same direction. It believes that the change in Russian attitudes is profound, and it will go to the polls next year not only opposing conscription but proclaiming that in an era of co-existence and relaxation Germany, which suffers most from the division of Europe, must take the lead in the search for a general settlement.

This may be a sufficient policy for the Social Democrats in opposition, but, supposing that they come to power and that agreement is still not quickly reached with Russia: what then? "Who wishes freedom must defend it," a Dutch guest bluntly told the congress. The party's leaders base their opposition to conscription partly on the technical ground that in an age of atomic weapons a small regular army is better. They are prepared to retain small forces equivalent to those of east Germany, though no larger. But there are, of course, party members (perhaps as many as a fifth) who oppose conscription as part of a general, often emotional, antagonism to any form of German army. At the congress the executive carefully avoided discussing a permanent regular army, and its members have not scrupled to inveigh against rearmament in general. But once it is in power the difference between its views and those of the anti-militarists may well become open.

In home policy, too, rebellion threatened from the Left against the executive's support for a liberal economic policy and competition; here discussion was steered away to new and wider issues. Under the heading "The second industrial revolution," Professor Carlo Schmid and Professor Leo Brandt grappled with the problems that will arise with automation and greater leisure. The debate developed into a warm discussion of the need to improve German education and a demand for more equal educational opportunities.

A German New Deal

On economic policy Professor Schmid talked a good deal of "planning" and, rather naughtily, even dragged in references to Marx from time to time; this seemed to satisfy the Left, although he emphasised again and again that a dictated economy was anathema. And the essence of the resolutions passed was neither direct state ownership, nor controls, but that a Socialist government should develop tools for influencing the economy and pursue a Keynesian policy to combine full employment with stability. Except for atomic power there was no specific mention of state ownership. Public ownership of coal and steel are in the party's action programme, but if the industries were ever taken over it would be in the form of small companies, owned, say, by local authorities, as many German companies already are. Competition is accepted by the general body and remains dear to the party's leaders. Their ideal of reform, indeed, resembles the New Deal more than Labour's efforts in Britain. Professor Brandt chose the American combination between state and private enterprise as a model in the atomic field; Professor Schmid held up the attitude of the American unions to automation as an example. The executive conceded a few demagogic phrases to the Left on home policy, but not much more; there are internal differences still to be resolved here.

Herr Ollenhauer and his closest collaborators were re-elected to the executive by overwhelming majorities. But one personal success outshone even Herr Ollenhauer's. At the last Congress Herr Fritz Erler, the party's defence specialist, failed to get on the executive, largely because he had declared plainly that a German army might be necessary; Herr Fritz Kuhn, a pacifist, was elected instead. Since then Herr Erler has been more discreet and has won a wide following by his able conduct of the party's attacks on government defence policy in the Bundestag. At this congress his interventions have been decisive and his popularity obvious. He was swept back on to the executive, and Herr Kuhn was dropped. Herr Erler, who is an expert on taxation as well as on military matters, has had more publicity during the Congress than Herr Ollenhauer himself. We have no Bevan, said one delegate, but Erler is our Gaitskell.

French Housing: *Non Repos*

FROM OUR PARIS CORRESPONDENT

WHILE the Algerian crisis preoccupies French politicians, M. Mollet's government is pushing through an important legislative programme which, in calmer days, would have roused some vigorous opposition. Colonial reform and the old-age pensions scheme, both now voted by parliament, are only its first instalments. The committees of the Assembly will shortly be asked to examine a bill for housing reform which is the most coherent and comprehensive housing law since the Liberation. For the first time, there is a hope of overcoming the housing shortage which is one of the main material reasons for popular disaffection with the regime.

Houses in the big French cities date, on a statistical average, back to the nineties, and in the countryside to the 1850's, the period of the Great Exhibition. The situation is worst in the ever-expanding Paris area, where three thousand homes a year are condemned but not vacated; and where an annual influx of 90,000 people has been met since 1945 by 140,000 new homes in all. It is often argued that Frenchmen prefer a good meal to a good house, and would rather pay instalments on a motor-cycle than on rent. The answer is that today they want both (but, as far as housing goes, not necessarily to pay for it); and the Fourth Republic, which is producing the motor-cycles, has so far signally failed to provide the homes.

Immediately after the war the lack of building was excusable. With the limited funds available, it seemed more important to renew the rusty industrial machine. Building was confined to reconstruction, itself somewhat sentimentally unfruitful; houses were restored in every detail of their original styling, whatever their period. The failure of governments to enforce priorities, from 1950 onwards, when building, as distinct from rebuilding, began, is harder to justify: it was politically easier to subsidise private building.

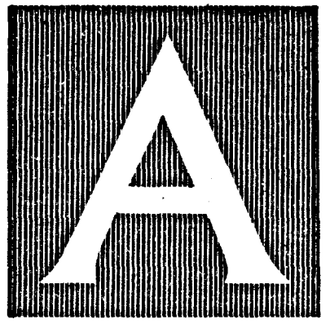
It is generally agreed that France needs 300,000 houses annually for twenty years to meet the problem; but between 1949 and 1955 it produced only 750,000 in all, against three million in Germany and two million in Britain. Most private building has gone to the rich who could raise the initial capital to get the subsidy: Avenue Paul Doumer, in Paris, a state-subsidised millionaire's row, is a monument to this absurd system. So is the fact that only 5 per cent of newly married couples live in a decent flat and 25 per cent live with their parents. Progress has been made in the last three years. Cheaper flats are rearing their heads—occasionally handsome, occasionally hideous—round many French towns, and over 200,000 families were housed in 1955. But the very increase in construction has laid bare the archaic structure of a building industry maintained by the haphazard subsidy system.

The industry has been stunted by severe rent restrictions and a static population between the wars. Geared to these conditions, it still consisted in 1955 of artisans and small builders working on dispersed sites, with only a fringe of industrial contractors. In 1955, 220,000 "firms" (many of them individual craftsmen) were involved in putting up 208,000 houses. The small financial margin on which most builders operate is such that far more houses are started in the year (to receive the first instalments of payments) than can be finished; sporadic work was in hand on 483,000 sites at the end of 1955. This excessive number of "starts" finally retards construction. It is not surprising that in 1952, the average cost of a housing unit was £3,600. Though this fell in 1955 to £3,000, it is still two-thirds higher than the cost of a three-bedroom council house in England. The upper limit of production seems to have been almost reached, if building is not considerably industrialised. Scarcities, especially of labour, are forcing prices up. Conscription for Algeria has worsened matters; the government is importing foreign labour, but the uncertainties of the situation and lack of accommodation slow up recruiting. M. François Walter, in a remarkable paper read to the French Society of Economic, Industrial and Social Studies last month, concluded that the swollen demand for private building must be deflated by cutting the subsidies if the industry is to reorganise and achieve 300,000 or more houses a year.

This is the challenge which the government's bill tries to meet. In essence, it gives a priority to cheap homes for rent built by mass production methods. By channelling very heavy state funds (£750 million in five years) on specially favourable terms almost entirely to contractors using "industrial" methods, it hopes by 1958 to raise the number of low-cost homes built, mostly for letting, from 40,000 to 100,000. This is considered the primary condition for reaching the 300,000 target from 1958 or so onwards. The bill proposes a five-year "guaranteed" programme of state financing to overcome the builders' natural reluctance to invest in equipment without having safe orders. In the extreme case of Paris, where traffic and slum clearance problems threaten to become insoluble and where 30 per cent of all "popular" flats will be built, a ten-year programme is proposed to decongest the area. These priorities imply closer supervision of building plans. Though the government does not intend to suppress the subsidy to private construction (which would "slow up building in certain regions where there is, if anything, under-employment in building") it will withhold it when it thinks necessary.

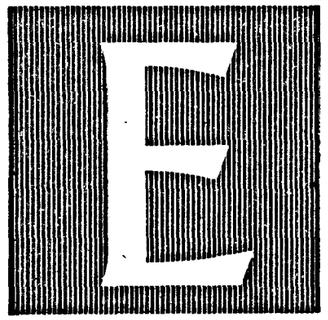
Building for the Masses

Since the proposed reforms will not, at least immediately, increase budgetary burdens, the bill should (assuming Communist support) go through the Assembly in the autumn without too much drastic amendment. Its ultimate value may well depend on the determination with which the government presses firms to divert resources from isolated to mass "social" building and, in particular, on the restrictions placed on the subsidy to private construction. Time may also show whether the working class, long used to low rents, is willing to rent "popular" flats at about £8 a month, though this falls to as little as £3 a month for needy families with children. Immediate discussion will doubtless centre round the "planning" aspects of the bill and the powers which it is proposed the state should have, for instance to expropriate land needed for building sites. The government's position is strengthened by the fact that several liberals, like Senator Pellenc, a specialist in housing, for all their free-trade scruples, have advocated reforms similar to those the government is proposing. In fifteen years or so, if the bill is fully applied, Frenchmen may find they are living in another Switzerland.



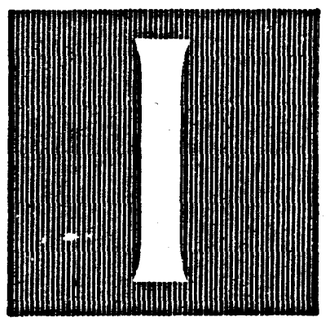
TRANSPORT. As part of the plan for the modernisation of British Railways, important orders have been placed with B.T.H. and Metropolitan-Vickers for diesel electric locomotives and power equipment. Metropolitan-Vickers produced the first gas turbine to be fitted in a ship and B.T.H. the first to power a large ocean-going vessel. A Metropolitan-Vickers gas turbine powered Donald Campbell's record-breaking 'Bluebird'. The world's first jet engine was built by B.T.H.

every day



COMMUNICATIONS. In addition to building much of the telephone equipment in use today, Siemens Brothers have developed for the first time in this country a semi-automatic telephone exchange with a cordless switchboard. Submarine Cables Ltd., an associated company, is now engaged in laying the first transatlantic telephone cable, linking London with the United States.

every way



POWER. Over 1,400 MW of generating plant built by A.E.I. companies was commissioned during 1955. Notable installations were at Los Peares and San Estaban in Spain and Waipori and Roxburgh in New Zealand. Four water-wheel generators being supplied and installed by Metropolitan-Vickers in Bersimis Power Station in Canada will be the most powerful of their kind in the world. Britain's first privately owned nuclear research reactor is being constructed by the A.E.I.-John Thompson Nuclear Energy Company at the A.E.I. Research Establishment.

Indian Chessman, part of the set once owned by Clive of India.

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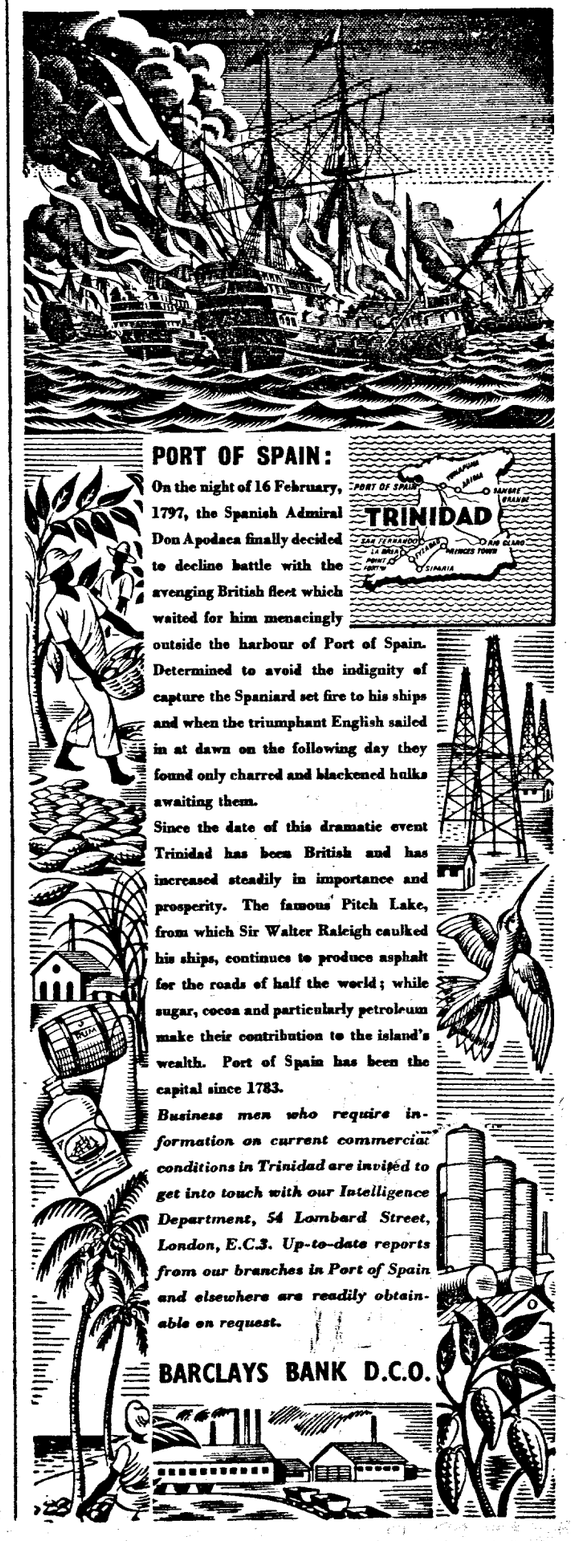

PORT OF SPAIN:

On the night of 16 February, 1797, the Spanish Admiral Don Apodaca finally decided to decline battle with the avenging British fleet which waited for him menacingly outside the harbour of Port of Spain. Determined to avoid the indignity of capture the Spaniard set fire to his ships and when the triumphant English sailed in at dawn on the following day they found only charred and blackened hulks awaiting them.

Since the date of this dramatic event Trinidad has been British and has increased steadily in importance and prosperity. The famous Pitch Lake, from which Sir Walter Raleigh caulked his ships, continues to produce asphalt for the roads of half the world; while sugar, cocoa and particularly petroleum make their contribution to the island's wealth. Port of Spain has been the capital since 1783.

Business men who require information on current commercial conditions in Trinidad are invited to get into touch with our Intelligence Department, 54 Lombard Street, London, E.C.3. Up-to-date reports from our branches in Port of Spain and elsewhere are readily obtainable on request.

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THE BUSINESS WORLD

Public Attitudes on Public Boards

AT their different levels, if the geographical solecism is permissible, the nationalised industries occupy an important area of Mr Macmillan's price plateau. All of them, so to say, are frozen, but some are more ice-bound than others. The degrees of difference are of some complication and indeed of some subtlety. They rest partly on the historical and legal background of the individual nationalised industries—on the fact, for example, that the railways inherited a judicial price-controlling mechanism from the days of the old companies and are still impeded in any attempts they make to become more competitive because the public thinks of them, quite wrongly, as a monopoly ; or, for another example, on the much greater degree of autonomy that the separate units of the gas industry have compared with electricity. But much also rests on the attitudes of ministers, backbenchers and public towards the nationalised industries. When coal was hoisted on to the plateau by the June price increase, it expected to be able to camp out there comfortably, blizzards excluded, for a twelve-month. When the railways four months ago were struggling against the cold on the lower slopes, they asked for a ten per cent increase in rates to protect them, but all they got was a thin five per cent windcheater ; they are not on a plateau at all, but have slipped through economic numbness and exhaustion of resources into a most dangerous crevasse of persistent loss and dependence on public assistance.

Between coal and the railways, one sees a sharp distinction of ministerial approach. Mr Aubrey Jones, the Minister of Fuel and Power, has defended (against considerable pressure from his own backbenchers) the principle of coal as an independent industry, as far as may be within the limits of what the law and public policy (in its widest sense) impose as a duty upon the Minister. Mr Harold Watkinson, the Minister of Transport and Civil Aviation, has implied by many of his actions that he sees the minister's role in a totally different light—to get much closer to the running of the nationalised industries for which he is responsible and to assert his authority on the way they manage their business. This may be a more popular line among his political colleagues than is Mr Jones's ; at least nobody on the Conservative benches has pointed out the possible dangers of Mr Watkinson's strikingly different approach.

Nationalisation as a political call has lost whatever power it had to sway votes. It is quite possible that there will be no more of it, even under a new Labour Government ; but it seems equally certain that the nationalised industries that now exist are here to stay. Neither of the two political parties has found a satisfactory philosophy to govern its relations with the public boards. The Labour Party is disillusioned and smells treason by managers who have changed their company hats for state ones. The more vocal among the Conservatives sometimes seem to approach the National Coal Board not as a body of responsible (though indeed fallible) people so much as a kindergarten in need of perpetual correction. The one view is composed of nostalgia for a political idea that never came up to its glowing prospectus ; and the other of political unrealism that cannot bring itself to see that coal, electricity, gas and the railways are industries that are going to stay publicly owned. A sensible Tory philosophy would not attempt to kick against these pricks ; instead it would encourage the nationalised industries to such a pitch of efficiency and profitability that a would-be bidder would think them most attractive—if only he could buy them. For Labour and Tories alike, the policy ought to be to make the nationalised industries the objects of admiration, not of contempt.

No government since nationalisation started has lived up to that principle. A succession of governments

have kept the price of coal unduly low—not by virtue of any statutory authority but by the process that Sir Dennis Robertson has so felicitously called "ear-stroking." Ears have been tweaked, too, when governments, and not the boards themselves, have decided the lines of settlement in coal and railway wage disputes. Government action throughout most of a near-decade of nationalisation has been markedly concerned to keep the prices charged by the nationalised industries lower than they should have been and not much inclined to help them to resist unreasonable pressures driving up their costs. To turn a notorious phrase upside down, Government has always been prepared in the end to will the means, but it has never got around to clear thinking about the ends.

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What should those ends be? Surely the first, so glaringly obvious that it is often missed, is that the nationalised industries should be industries, not political creatures or cockshies. The public corporations must be accorded at least the reasonable independence of adult status. That some of them have not succeeded in earning it is partly their own fault and that of some of their leaders who have shown a remarkable capacity for absorbing public insult without any apparent thought of resigning. It is not surprising that they are held in low esteem. Although the public corporations are usually thought of as being walled empires of great power, they are much more easily challenged than modern trade unions and even some modern private industrial groups. The House of Commons is forever seeking the really effective way of making them accountable—and by that it means far more than the day's debate on their out-of-date reports and the limited opportunities for criticism that question time affords. The mere fact that it has been frustrated in its search for the ideal accountability formula is one element in the irritability that seems to pervade the House of Commons on the nationalised industries. It is undeniable, too, that the Fleck report on the National Coal Board and the Herbert Report on electricity are models of sympathetic criticism and objective reasoning that no purely Parliamentary report or discussion has yet been able to attain.

The second matter for urgent consideration is the way in which Ministers are to be expected to exercise their powers over—and their duties towards—the public corporations. On this it must be said that an appearance of bustle and the suggestion that brave new solutions can be found to long-seated economic weaknesses in a matter of months may have a certain political glamour. They may even get some things done better and more quickly. But they are only a slightly dramatised way of displaying the normal introspection and urge for self-improvement of any public board that still retains the vigour for those things. Six months for study of what is wrong on the railways seems a short allowance against the hard-working year or more that went into the Fleck and Herbert reports. The main task of ministers is not to double-bank the work of the directorates of the public boards, but to make sure that the best people are found for the jobs and left as free as possible to do them. The burdens of responsibility that the boards carry are heavy enough in all conscience, but they have been made heavier than they need be by political pressure and interference. It is not becoming for ministers to make a show of assisting the boards to cure financial weaknesses for which ministers themselves are in considerable part responsible.

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"The best people" can only be the best people at the going price. The old railway companies held out to the ambitious recruit the glittering prospect that one day he might become general manager, with as much power as the chairman of the British Transport Commission has and perhaps twice his gross income (in pounds then worth much more and taxed at much lower rates). Young men were prepared to work hard at fairly modest pay in hope of gaining one of the few big prizes. What are the chances today in the public boards? Because of their bigness they are inevitably bureaucratic; chains of authority and salary scales to match are the necessary instruments of administrative order and common denominator "fairness." Money may not be the whole of the matter; it is possible that men with a genius for business and a limited demand for net income might be attracted into the public boards to make their mark in history. But they have not so far appeared, and all question of money apart, they are not likely to do so as long as the prevailing public attitude towards people in public industry (who work as devotedly and are not noticeably more stupid than those in private industry) is to regard them as second-class citizens who only deserve the cuffs of criticism.

A responsibility rests upon private industry to improve this atmosphere. The bigger industrial groups recognise it, for their problems of scale and good management match at many points those that confront the boards—though they are not burdened by a complaints office in the House of Commons and they can pay good people good money without having to get a Treasury minute. The smaller groups are not always so fair in their comments about the boards on whom they rely for basic services of fuel, power and transport. They are entitled to argue that these services could be rendered more efficiently; they are not entitled to demand them at uneconomic cost by bringing pressure on the boards to keep prices too low or to set aside too little from revenue to maintain their capital. They would howl to high heaven if they were under pressure to run their own businesses in that way. And when they draw attention, quite legitimately, to the shortcomings or stupidities that are inevitably committed from time to time by the boards and their staffs, they might have the grace to admit that their own arrangements are sometimes short of perfect and that, tax being what it is, mistakes are not usually very painful.

The essential thing is to get rid of the aura of hatred and contempt that surrounds the public boards. That does not mean that they can be allowed to sink into smugness and complacency; but it does mean that industry and the public should in time come to take a more objective view of the services that they are responsible for rendering to the British economy as a whole. It also means that ministers, if they are wise, will give the boards their protection against needling political interference, and will themselves refrain from acting as if they were better able to run the businesses than the men they have appointed to do the job. And the boards themselves should reflect on the moral independence that goes with efficient operation and financial success. On such terms, perhaps, it may be possible for the public corporations to rejoin British industry.

AUTOMATION

In next week's issue of *The Economist* there will be a special supplement devoted to this subject.

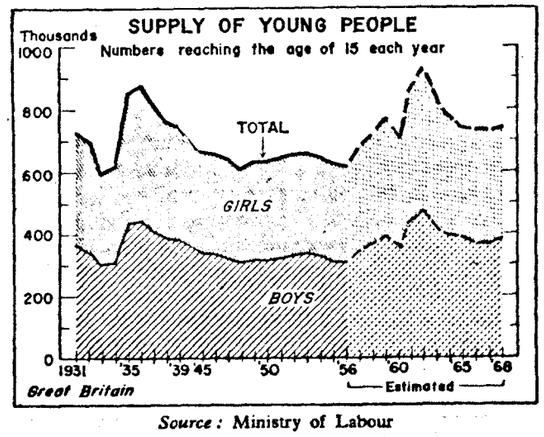
Apprenticeship for Skill

CHILDREN of the postwar bulge in the birth rate are now passing from the primary to the secondary schools. The bulge is a headache for the schools, but over the next few years it will give industry a unique opportunity to train much more skilled labour for an expanding economy. Since the war school leavers have totalled only about 600,000 to 650,000 a year, compared with over 850,000 in the mid-thirties. Next year 679,000 boys and girls will reach 15 years of age and in 1962, at the peak of the bulge, there will be 930,000. Here is the means to make good the shortage of skilled workers, for afterwards the figures fall, quite sharply to 820,000 in 1963, and then more gradually to between 700,000 and 750,000 a year.

The case for more technologists of university calibre—the innovators who largely govern the pace of technological change—is always being argued. But is the same urgency being devoted to the supply of the skilled technicians and practical craftsmen who bring the technologist's innovations to industrial fruition? For every technologist, so the white paper on Technical Education maintains, six technicians are needed. An increased demand for draughtsmen and electricians of all sorts seems certain. Men to carry out planned maintenance procedures will be needed on an increasing scale. The supervisor who watches the dials registering a series of interconnected processes will require an incisive knowledge of the whole operation, on which he can act when something goes wrong, and an infinite patience and alertness to keep watching when all is running smoothly. New tasks of these kinds call for new forms of skill, and for men who are versatile and adaptable. Their training must give them not only a complete grounding in a specific operation, but also a wider understanding of the entire system of production in the factory. It calls, in short, for a better general education.

These general criteria should influence the most important form of training for young people in industry—the apprenticeship system. An apprentice is usually defined as a young person undergoing training under some form of contract with his employer. There has been a steady growth in the number of apprentices since the war, and altogether 105 national apprenticeship schemes, covering 90 industries, have been promoted by employers and trade unions. These general schemes vary from industry to industry, but broadly they provide for three sorts of apprentices. Craft apprentices generally join at 15 or 16 and become skilled production workers such as fitters and artificers. The boys who later become production engineers or managers usually take a different route: student apprentices who may enter at a later age are given a more advanced theoretical training, and graduate apprentices enter industry after taking a degree.

Craft apprenticeships generally last for five years and the apprentice becomes a journeyman at the



Source: Ministry of Labour

age of 21. Few seven-year apprenticeships now survive; even in printing, where apprenticeship formally lasts seven years, it has been reduced to five in practice. Nor is any premium usually paid nowadays by the parents of the apprentice to his employer. Most schemes now provide for the apprentice to be paid at a percentage of the journeyman's rate, rising each year until he finishes his apprenticeship. Nearly all schemes also provide for part-time study at a technical college or its equivalent, usually under a "day release" scheme, with pay. Day release can be supplemented, and sometimes has to be supplemented as a condition of employment, by study on one or two nights a week as well. The student apprentice may be given a "sandwich" course, spending alternate periods of three or six months at college and factory (the "thin sandwich") or be released by his employer for a three or four-year course at university (the "thick sandwich").

Are there enough apprenticeship schemes, and will there be enough in future, to make the fullest use of the available talent? The Ministry of Labour estimates that of all the boys aged between 15 and 17 entering employment in 1954, roughly 35 per cent took up apprenticeships. In the industries employing highly skilled craftsmen, such as engineering, shipbuilding, motor vehicle manufacturing and building, the proportion of apprentices was over 60 per cent, and in some cases over three-quarters. But in others, the schemes recommended by industrial bodies have been implemented only sparsely. In England and Wales as a whole, only 27 per cent of the boys and 7 per cent of the girls under 18 are released by their employers for any form of part-time course; the record in Scotland is worse. And although the engineering industry in England released as many as 90 per cent of its boys (not all of them apprentices) for part-time education, in no other industry were over 55 per cent released, and in many virtually none.

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The Government feels that the number of young people on day release from jobs should be doubled. Much of the growth in apprenticeship schemes has been due to the acute shortage of labour since the war; apprenticeships have had to be offered simply to attract good youngsters into industry at all. As this acute shortage has begun to ease, and will soon ease more appreciably, it becomes more vital to know how many apprentices each industry needs as a continuing investment in skill, rather than a general bait for labour. In this sense, even the engineering industry may not be offering enough apprenticeships. In parts of it, and particularly in the foundries, the shortage of skilled men is still acute. And there is an inevitable wastage of trained men to other jobs—either outside the industry, or within it—to firms that have no training scheme of their own. This raises the important question whether employers have any obligation to train more men than they need to meet their own anticipated demand for skilled labour. In practice some already do this by allowing for "normal wastage" in their recruitment and training programmes.

We may know little about the skills that may be needed in the future, but are present apprenticeship schemes and training imaginative enough to encourage good youngsters to benefit from them? There is, in the first place, a great disparity between the quality of the training offered by most of the large firms, which think more of the future, and that given by many small firms, which seldom plan their labour requirements far ahead. The large firm is better placed to give the apprentice an all round education by shifting him from one department to another. Many smaller firms do turn out first-rate craftsmen, but the range of experience of these men—and their adaptability to change—is likely to be limited by the small-scale or specialised character of the firm's operations. There are group apprenticeship schemes, by which a number of small firms jointly provide a fair range of experience for the apprentice by transferring him from one firm to another, but formal arrangements of this kind are generally disliked by employers, who fear that the loyalty of their employees may be impaired.

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The value of apprenticeship depends also on the quality of the instruction at the technical college, and the extent to which firms co-operate with the college in providing a co-ordinated course of training of theoretical and practical work. Much could be done to make apprenticeships less rigid. In the first place, the all too frequent insistence on 16 as the maximum age for starting craft apprenticeships rules out a number of useful boys who may not wish to enter industry so early. Many employers look askance at apprentices over 21, for fear of wage complications. On the union side, there is determined opposition to any further shortening of the apprenticeship period, although some schemes do make a concession for apprentices who have acquired certain qualifications before they begin. Traditional union-enforced "ratios" of journeymen to apprentices, although not as restrictive as commonly supposed, could also impede the rapid expansion of training schemes. On the other hand, the steady erosion of the differentials between skilled and unskilled wages, as a result of pressure by the industrial unions, is likely to make some youngsters wonder whether it is really worth while taking this long training to become skilled.

These are all problems which lie within the power of the employers and the unions to solve, in co-operation with the technical colleges. But no examination of the apprenticeship system could omit a reference to the quality of the raw material—the educational standard of the boys who take up craft apprenticeships. Many of the most successful craft apprentices, it is generally agreed, are those who have come up through the secondary technical schools to the technical colleges. Many of these boys go on to take City and Guilds qualifications, and some the Ordinary and Higher National Certificates. But the technical schools account for only 5 per cent of each age group in the secondary schools. The large majority of craft apprentices, and of part-time students at the technical colleges, come from the secondary modern schools. Although the boy who fails to obtain even the least academic of the qualifications offered by attendance at the technical college is not necessarily a bad apprentice or useless to his employer, it is in this group that most of the wastage and general lack of interest is to be found. The remedy lies, in these cases, not with the apprenticeship system but with the schools. Keen imagination as well as technological methods have somehow to be imparted to the younger generation in industry.

Business Notes

Investors Strike Oil

INVESTORS knew that they could not learn the results of the conversion operation before Friday afternoon, and they have had plenty of time to meditate on the proposition that the greater the success of the conversion the sooner would the turnstiles start clicking to admit a long list of potential gilt-edged borrowers. So there has been every reason for quiet conditions in the gilt-edged market. The government broker has refused to force the pace and has fixed his buying price of the maturing 1954-56 bonds closely on the Treasury bill rate. The surprises have come from the industrial side of the market. In the week ended Wednesday the *Financial Times* industrial index rose from 176.7 to 182.0. The old account ended with broadening business and unexpectedly firm markets; the new one opened with further strength and still further broadened activity.

	March 8	April 18	May 18	June 18	July 18
F.T. Fixed Index	**95·54**	**96·74**	**96·92**	**94·86**	**94·0**
2½% Consols	53¼	54⅛	53⅞	52⅞	52 ⅛
F.T. Ord. Index	**169·7**	**181·7**	**187·8**	**178·4**	**182·0**
Shell	133/9	154/4½	175/–	180/–	170/7½ xc
B.P.	101/3	126/10½	148/9	156/–	181/3
Burmah	63/9	81/3	91/10½	95/7½	115/7½
Stewarts & Lloyds	63/3	70/9	68/7½	64/9	64/3
I.C.I.	42/7½	47/3	47/–	44/3	45/6
P & O.	29/6	31/6	30/–	29/–	33/–

It looked almost as though investors had made up their minds that their recent doubts were resolved. Closer examination suggests an alternative assessment. The *Financial Times* industrial index reached its low of 169.7 on March 8th and the market has since fluctuated narrowly without showing any convincing evidence of trend. But a number of individual stocks have moved up strongly through those stagnant markets. Borax deferred, again heaviiy bought on American and domestic account, have risen over these months by roughly 50 per cent from £8¼ to £13¾ in the period. The bid shares, Trinidad Oil, SMT and Robinson and Cleaver have also played a part in that selective advance. But the real force of it has been the oil share market as the table shows. This week's price of 170s. 7½d. for Shell is equivalent to approximately 213s. 3d. before the one for four bonus—more than a 50 per cent advance from 133s. 9d. early in March. Burmah, now at 115s. 7½d., has almost doubled in price over the same period. Whether or not the present general broadening of markets proves to be well founded there has certainly been a shift in investors' preferences in favour of oil shares.

Jingoes Over the Zambesi

BRITAIN'S sorry showing in the competition for contracts in the first stage of the £113 million Zambesi hydro-electric scheme at Kariba in Rhodesia was not altogether unexpected. The statement made last week-end by the Federal Power Board broadly confirmed the recent unofficial reports that Italy had walked away with the major share of the business. But this advance notice has not prevented howls of dismay and an outbreak of the economic nationalism that British overseas contractors, for example, so readily recognise as stupid when the people putting it forward are foreigners. The direct British share of the contracts is certainly small—about £16 million out of a total of £51 million, consisting of £5 million worth of heavy electrical equipment and £11 million for housing, access roads, and various preliminary work. Italian firms secured contracts for the remaining £35 million—a £25½ million contract for the construction of the dam, the underground power station, and various ancillary works, and £10 million for the transmission lines that will carry the power from the dam.

Apparently about £6 million of the business secured by Italy will find its way to this country in sub-contracts for insulators, conductors, and certain constructional plant, including a temporary power plant. Most of the major civil engineering contract, too, will be spent locally on labour and materials. Thus Britain may earn in all rather more than a quarter of the total expenditure of nearly

£80 million on the first part of the scheme, against the Italian share, allowing for its income as the main contractor, of perhaps a fifth. Contracts worth £4 million, mainly for the switchgear and certain other constructional work—for which British firms have entered bids—have still to be awarded. The rest, about £20 million to £25 million, will be spent locally.

Whining arguments that, because Britain contributed £18 million directly to the cost of the Kariba project and another £10 million through the World Bank, it should have been given an even larger share of the business, or that the tendering process should have been by-passed and contracts awarded directly are dangerous nonsense. They can bring a country as deployed in world trade as Britain nothing but international contempt. If either principle were adopted in other countries, Britain would be the first to suffer, and to complain. The Federation was fully entitled to secure the cheapest way of building this colossal scheme and, having received a number of bids from different firms and groups of firms, it had no option but to choose the lowest and most suitable tender. The difference between the successful bids and the next lowest for the two major contracts was not minute ; for the dam the cheapest British bid is reported to have come second out of five at a price £1¼ million (or six per cent) higher than the lowest. As it happened, British firms secured the contracts for making the generators and transformers, in which they have much experience, and Italian firms got the main contract for the power supply, for which many Continental and British firms could compete on a comparable footing. But these are the normal ingredients of overseas competition. Contracts are awarded on prices, not excuses.

Dollar Premium Rises

THE premium over New York Stock Exchange prices that British residents pay for the opportunity of buying American stocks in London has recently been rising. It stands now at 4 per cent over New York prices, having touched 5 per cent last week. A month ago it was down to 1¾ per cent, and at times this year it has disappeared. The rise in the premium approximately coincides in point of time with the cessation of sales by the Government broker of another block of dollar stocks that passed into British ownership with the repayment of the wartime loan from the Reconstruction Finance Corporation. These selling programmes are no longer announced in advance but it was disclosed in Parliament on Thursday that £6½ million worth has been sold since February 4th. The rise in the dollar premium does not seem to have been wholly or even mainly due to the cessation of Government selling. The premium started to rise before the Government broker had finished ; all his offers of stock are calculated at prices that as far as possible preserve the premium for the Treasury and therefore, incidentally, hold the stocks in British ownership. He has in all his selling operations so far persistently refused to sell if the premium was less than 2 per cent. The main reason for the rise in the premium seems to be the recent heavy demand for Canadian oil shares by British investors, and the premium on Canadian stocks has carried the premium on United States stocks up with it.

Credit Contraction Stops

AS expected, the full statement from the clearing banks for end-June showed that total net deposits had risen sharply in the six weeks since the previous make-up, at mid-May. Net bank deposits rose over the six weeks by £111 million, to £5,971 million. This increase exceeds by £43 million the corresponding one in 1955, though it falls short of that for either 1954 or 1953 ; according to the calculations of Lloyds Bank, however it was no more than seasonal, since that bank's index for net deposits was unchanged—for the third month running—at 104.6. Over the half-year, the decline reached £290 million, which compares with the exceptional reduction of £386 million achieved in the first half of 1955. The advances item rose very sharply over the six weeks, by £65 million, but this movement, as explained here last week, was partly—perhaps largely—attributable to technical distortions liable to occur at the end of each half year. This factor, however, ought not to mar the comparison with end-December ; and since then advances have expanded by £124 million, whereas in the previous half-year they dropped by £335 million from the peak of mid-1955. A large part of that steep decline was attributable to heavy repayments by the nationalised industries, which have been re-borrowing during the past half year.

LONDON CLEARING-BANKS

	June 30, 1956	Change since	
		May 16, 1956	End-1955
	£m	£m	£m
Deposits	6,282·8	+130·7	−329·1
Net deposits*	5,971·1	+110·7	−289·5
	% †		
Liquid Assets	**2,108·8 (33·5)**	**+ 66·9**	**−362·7**
Cash	516·9 (8·2)	+ 21·7	− 48·2
Call money	447·3 (7·1)	+ 31·2	− 59·0
Treasury bills	1,030·7 (16·4)	+ 4·9	−240·3
Other bills	113·9 (1·8)	+ 9·1	− 15·2
Investments and Advances	**3,937·8 (62·8)**	**+ 37·9**	**+ 70·8**
Investments	1,962·8 (31·3)	− 27·5	− 53·1
Advances	1,975·0 (31·5)	+ 65·4	+173·9

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

The absence during these six months of any strong pressure upon bank liquidity has enabled the banks to finance their additional advances without making corresponding sales of investments ; portfolios of these dropped by £53 million over the half year, and fully half this movement was compressed into the final six weeks, partly no doubt in consequence of writing down. The half-year's decline in liquid assets amounted to £363 million, or substantially less than the very large reduction experienced in 1955, so that the liquidity ratio, at 33.5 per cent, is two full points stronger than it was at mid-1955. The balance sheet of the Midland Bank, publication of which completed the series, showed investments again valued above market worth, at £462 million, unchanged since end-1955. Investment depreciation was only slightly larger, at £24.3 million, compared with £23.7 million six months before and £18.5 million at mid-1955.

Hire Purchase Trends

ALTHOUGH a modest increase in the volume of hire purchase trading is recorded by the Board of Trade for May, this does not mean that the hire purchase controls are losing their grip. There was a 2-point rise in the aggregate index for shops selling household goods from 65 to 67 (December 1955 = 100) and this is the first check to the fall since October last year when the index was started and stood at 119. May's small recovery is explained by the seasonal rise in furniture and furnishings business, of which 38 per cent is on hire purchase. Radio, hardware and electrical shops did less hire purchase business as their total sales continued to fall. Department stores took a sharper knock for their hire purchase index in May touched 48 compared with 63 for April, and 134 for October last year.

But May did see an increase in hire purchase commitments by the finance houses. Their index reached 108 compared with 96 in April and with 125 in October of last year. Finance house business is heavily weighted by the motor trade, and agreements for second-hand cars (not new cars, which showed no increase), commercial vehicles, motor cycles, and caravans, were sharply up. Yet the average advance was slightly lower—for used cars £185 against £186 in April, for motor cycles £74 against £75, and for caravans £267 against £279. HP Information's June figures suggest that the May rally has gone no further.

Taken as a whole the evidence suggests that hire purchase controls plus credit restriction are having noticeable effect. Despite the slight rise in hire purchase in May the volume of hire purchase debt outstanding at the end of May was estimated at about 10 per cent below the figure of "at least £450 million" at the end of 1955.

The Frozen Kitchen

THE rise in the total value of retail sales, equally, does not indicate that consumers are buying larger and larger quantities. Rising prices has much to do with the figures and the volume of goods passing across the counter is probably very little different from what it was twelve months ago. But increased purchase tax, moreover, has made the prices of the household goods most affected by hire purchase restrictions rise more than most other consumer goods. In these departments too, therefore, the value of sales compares deceptively well with 1955 ; but, in the words of the Board of Trade, "the volume of sales is appreciably less."

Retailers are pressing the advantages of the 9-month credit sale agreement, which does not entail the payment of any deposit, and they are making some headway in selling furniture in this way. Sales by the multiple chains, which saw their business halved overnight last year when "no-deposit" hire purchase agreements were stopped, were showing a 29 per cent recovery in May in value as compared with a year ago. The same can hardly be said of radio sales. The radio industry describes the sale of 53,000 television receivers during May as the lowest figure since retail returns began to be collected at the beginning of 1955. The numbers sold in the first five months of this year are 17 per cent lower than over the same period of 1955 and are still falling. A slight recovery in the sale of radio receivers, largely the result of the extension of VHF transmissions, cannot give manufacturers much comfort.

The switch to credit sale agreements has been skilfully exploited by some retailers of domestic appliances, particularly certain gas and electricity boards who have raised total sales of some items—notably coke grates and water heaters—well above 1955. But on the whole appliance sales are markedly down, although the sharp drop at the beginning of this year has stopped and sales since April appear to have levelled off at various levels of up to a fifth or more below last year. The total increase in cash and credit sales has not offset the heavy cut in hire purchase sales and, in the case of the nationalised boards, the virtual cessation of new rental arrangements since January. The falls are heaviest among vacuum cleaners, washing machines (where demand would seem to have been switched to wash boilers) and refrigerators. The summer months are the peak selling season for refrigerators, and in the past the bulk has usually been sold on credit.

Wheat Season's Happy Ending

FOR most wheat exporting countries the 1955-56 season has a fairly happy ending. The surplus has been kept off the market, prices have been relatively stable, and all the major exporters except Argentina have shipped more wheat this season than last. The price of No. 2 Manitoba wheat was 173 cents a bushel, ex-Fort William when the season began last August ; it fell gradually to 167¾ cents in December and is now quoted at 170½ cents. Shipment prices (cif) have fluctuated rather more, owing mainly to the sharp movement in freight rates and partly to speculative influences.

The largest increase in exports has been from the United States, thanks to its lavish surplus disposal programmes and to its highly competitive prices. Though that increase has been partly at Canada's expense, shipments from Canada are now well above the level of last season. Canada has sold over one million tons to Russia and other communist countries, and has also sold more of its lower grades and feed wheat to Western Europe. Canada and the United States have both benefited from the severe winter and late spring in Europe, which has led to an increased consumption of wheat for feed, and Australia in particular is benefiting from the severe damage to the

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French wheat crop. The fall in shipments from Argentina is the result of a smaller crop.

The increase in exports has made no inroads into the surplus. In North America, where it is concentrated, the carry-over into the new season will be as large, if not larger,

WORLD EXPORTS OF WHEAT AND FLOURS†
million tons

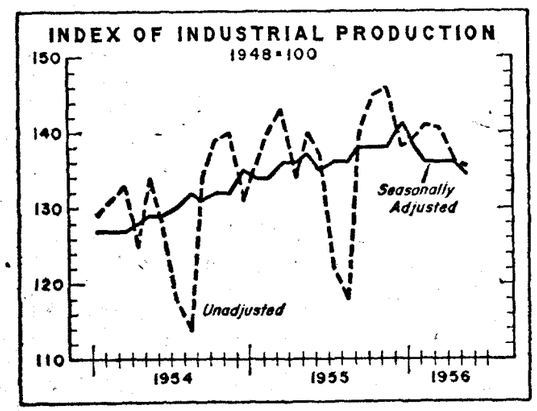
	August 1 to July 7	
	1954/55	1955/56
United States	6·9	8·4
Canada	6·3	7·6
Australia	2·4	2·6
Argentina	3·3	2·7
France (to May 31)	1·9	2·2
Turkey	0·3	0·2
Russia and Danubian states	0·4	0·2
Total	21·6	23·9

† Broomhall's estimates

than that of a year ago. Barring natural misfortunes to the coming crops, the only real hope of reducing the surplus lies in the United States' soil bank scheme. If the Administration's hopes are eventually realised the acreage taken out of cultivation may reduce production by over 150 million bushels a year. The surplus would then have to be drawn upon by a roughly similar amount to meet current needs. If that happens the surplus in the United States could drop to a reasonable size within three years.

Production Out of Season

WITH the latest publication of the index of industrial production, the Central Statistical Office has launched a new series in which the original figures have been adjusted for seasonal variations. This is a fashionable practice in the United States, but it is the first time it has



seen the light of day with official sanction in this country, however much it may have been indulged in behind the scenes.

The index of output, as it has been published since 1950, allows for differences in the number of working days in each month so that it shows changes in the weekly rate of production. This adjustment, however, still leaves it subject to the vagaries of shifting public holidays and annual holidays taken at different times in different industries, and to other causes of seasonal variation. In the new series, which will be supplementary to the existing one, an attempt has been made to eliminate these factors, first by spreading the effect of holidays evenly throughout the year and then by smoothing out the remaining regular variations by applying corrections based on the experience of previous years.

There is nothing infallible about such calculations. The seasonal pattern in the past, although readily discernible, is not entirely clear-cut. Judgment has had to be merged into the arithmetic. Moreover, there is no guarantee that the present is behaving as the past did. And there are still some questionable features about the new series—a suspicious jump, for instance, in each of the last two Decembers which would be attributed to over-correction were it not for the fact that it did not occur in earlier years. Nevertheless, government statisticians, with their readier access to information, are better equipped to attempt this kind of correction than laymen. Their forecast for May, after seasonal correction, suggests that production slipped further downwards to its lowest level for nearly twelve months.

Liberalisation at 94 Per Cent

FROM tomorrow, imports into Britain of paper (except newsprint), paper board, woodpulp and the other main paper-making materials will be freely admitted from any source on open general or individual licence. The decision formally frees the last major group of industrial materials still imported from Western Europe under the "emergency" quotas introduced in 1951, and the proportion of Britain's unrestricted imports on private account from this area is thereby raised from 85 to 94 per cent (reckoned by reference to such imports in 1948). Thus Britain has met, some ten months late, its obligation as a member of OEEC to raise the percentage to at least 90 per cent by October 1st last year. The decision was no doubt calculated to assure the Council of OEEC, at its meeting in Paris this week, of Britain's continuing support for the liberalisation of intra-European trade, despite its opposition to proposals that OEEC should try to reduce tariffs.

Britain cannot claim, however, to have taken an adventurous step. The credit squeeze has checked the demand for paper and paper-making materials, and the quotas are in fact not being fully taken up. Between the first five months of 1955 and 1956 imports of woodpulp fell by 147,000 tons to 759,000 tons, valued at £37.4 million, and imports of paper, paper board and manufactures fell by 37,000 tons to 263,000 tons, valued at £17.4 million. Newsprint is not affected by the change: specific licences are being granted for all that the newspapers can buy. In the first five months of this year imports of newsprint rose by 39,000 tons to 186,000 tons, valued at £10.1 million. Unlike other paper and paper-making materials, Britain's imports of newsprint come mainly from Canada, not Western Europe.

How one man helped British Ermeto with evaluation and control of stocks

Mr. S. A. Gardner (*right*), director and secretary of the British Ermeto Corporation, discusses their new system of stock accounting with Mr. P. Hook, the Burroughs expert. Based on two Burroughs typewriter calculating machines, this system led to important savings by giving more accurate and frequent stock figures.

THE British Ermeto Corporation specializes in high-pressure valves and couplings; markets them all over the world. With a rapidly growing business, the management decided last year that they needed more frequent and accurate interim accounts. The main difficulty was the evaluation and control of stock; millions of parts move through the factory every year.

Ermeto asked advice from Burroughs, who sent Mr. P. Hook, one of their experts on modern mechanized accounting, to look into the problem. He discussed it in detail with Mr. S. A. Gardner, director and secretary of Ermeto, and members of their accounting staff. The solution they found was based on two Burroughs typewriter calculating machines.

The new system involves standard costing of all items of stock. The machines give the amounts of stock, with both quantity and value. Figures are now produced in record time. And Ermeto have been able to make considerable inventory savings in components and slow-moving raw materials. They are now installing further Burroughs machines to handle production control.

Whatever your business, if you have an accounting problem, the Burroughs man can help. An expert on modern accounting systems, he is well able to work with your accountants. Backed by Burroughs' world-wide experience, he will make a full analysis and suggest the most economical, *workable* solution. If he thinks no change advisable, he will say so; if he does recommend a change, he will make a detailed plan and help you get it working. Call in the Burroughs man—you're committed to nothing. His advice is free.

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Armstrong Siddeley Motors have concluded a licence agreement with Werkspoor N.V. of Amsterdam, to make and sell their high speed diesel engines for rail traction and shipping in Great Britain and throughout the British Commonwealth.

The well-known Dutch company of Werkspoor N.V. (founded 1827) have been manufacturing and designing diesel engines since 1902—the year of the beginning of Armstrong Siddeley Motors.

Werkspoor high speed engines cover a range from 300 to 3,000 h.p., having from 6 to 20 cylinders, and weighing about 3 to 13 tons. They are used all over the world to power railway locomotives and ships. The Netherlands and Argentine State Railways systems have widely adopted them, and it was recently announced that Werkspoor have been entrusted with the design and production of a revolutionary new Trans-Europe Express.

Armstrong Siddeley manufacture their own range of small diesel engines with power outputs from 6 to 33 h.p. They are also the manufacturers of the famous Sapphire range of motor cars, as well as prop-jets, turbo-jets, and rocket motors for aircraft. They are members of the Hawker Siddeley Group.

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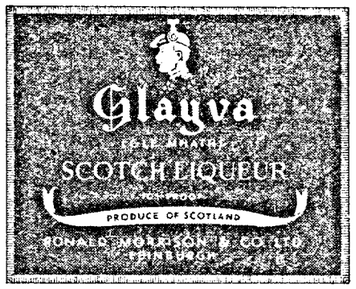

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UNITED NATIONS

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Bigger Dividend from Distillers

THE directors of Distillers have again loosened the purse strings. In 1954-55, the total ordinary dividend was effectively raised from 15 to 16½ per cent and now, for the year to March 31st last, the dividend is set at 17½ per cent. The increase was not unexpected; the 6s. 8d. ordinary stock immediately put on 7½d. to 23s. 9d. on its announcement but quickly fell back to 23s. 3d. The bigger payment is justified by the trading results. The gross profits earned by the company and its subsidiaries from potable spirits, chemicals and plastics have risen from £19,676,368 to £21,475,308. Its income from trade investments has also gone up, from £431,517 to £1,018,441, reflecting presumably the receipt of bigger dividends from British Petroleum Chemicals. Bigger profits have attracted higher taxes, the charge rising from £9,451,347 to £10,484,301, but net profits have risen by £1,336,460 to £9,209,869—an increase which more than covers the extra 1 per cent paid out to ordinary stockholders.

Steel Ban Slows Output

WHILE a court of inquiry considers the price of a craftsman's skill in the steel industry, the ban on overtime by maintenance workers in steel plants in England and Wales, and the strike of maintenance men in Scotland are to continue. The effect is cumulative, as successive major items of plant fall due for overhaul. In the second quarter of the year, the Iron and Steel Board estimates, the ban may have cost the country about 300,000 ingot tons of steel.

Such an emergency is where the inflated stocks of steel

Electricity from the Tides

TIDAL power schemes have been talked about for many years: three official committees, for example, have reported on Britain's Severn barrage. The French Government has now begun to build the first practical tidal power scheme in the world in Brittany, which will use the energy of tides in the estuary of the River Rance, just above St Malo, to generate electricity. This involves a very heavy capital investment—costing about £1,000 per installed kilowatt, as against about £60 for a coal-fired station or perhaps £300 for a kilowatt of nuclear power. But the French engineers claim to have solved the central difficulty of tidal power—making the energy available at almost any time required.

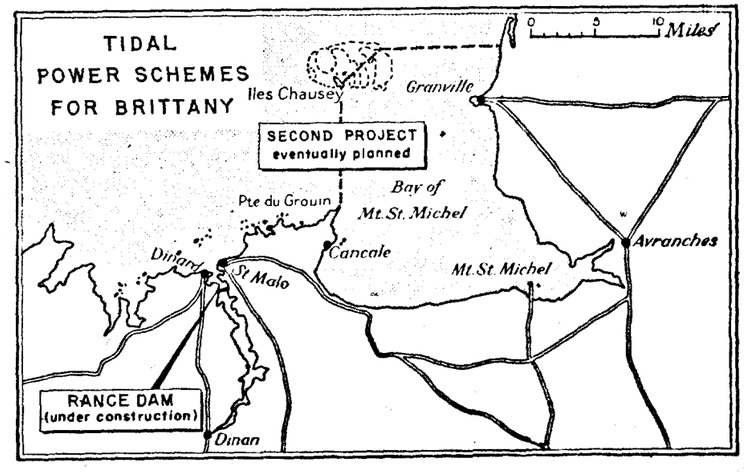
Over a number of years French manufacturers have evolved a type of water turbine, known as the "bulb" type, which can operate as a pump or a turbine, with the water flowing in either direction. It can also work under much lower heads of water than the conventional turbine. Finally, its feathering blades can be so operated as to turn it into a valve completely blocking the flow of water if required, or allowing completely free flow of water without the turbine running.

In the Rance scheme, which should be completed by 1960, the dam across the river will be 2,392 feet long and 145 feet wide, containing 38 generating units of the bulb type, each of 9,000 kW. When the tide is at high tide level on both sides of the dam, the turbines will be used as pumps to raise the water level in the estuary. As the tide falls away the machines will operate as generators, with a longer useful generating period than if the level inside the dam had not been artificially raised.

As the water level is lowered through turbine operation the turbines will be turned into simple valves, once generation is impossible, to lower the water level inside the reservoir, finally ending up by becoming pumps once more to produce an artificially low water level within the dam. As the tide rises again on the seaward side the "bulbs" will be used once again to generate power from the water flow through the dam sluices until the difference in level becomes insufficient. Then they will operate as simple valves until high tide level is once again reached on both sides of the dam, and the cycle begins again.

The most important point about this ingenious two-way cycle is that it is variable. This means that whenever pumping energy can be drawn from the national power network useful employment can almost certainly be found for it, to raise or lower the water level in the estuary, so as to make more water available for power generation from the tidal scheme at such a time as it may be required by the system peak. The plant should have an indefinite life, saving coal each year to the extent of about 500,000 tons. It will generate about 800 million units per annum.

The Rance project is in one sense a pilot scheme; not far away the French are planning work on a second enormous tidal power scheme. This envisages closing off the whole of the bay of Mont Saint Michel by a dam 23½ miles long running due north from the Pointe du Grouin to the archipelago of the Iles des Chausey, and then due east to the mainland north of Granville. The basin so created would have an area of about 300 square miles and the dam would be equipped with no less than 1,200 turbine generators, each of 10,000 kW capacity. This project, it is estimated, might produce about half of the total consumption of electric power in France.



in the hands of consumers and merchants, which have risen fairly steadily during the credit squeeze, might be expected to have come in useful. In fact, the board estimates, the reduction of steel consumption through restraint on sales of cars and metal home equipment may largely have offset the fall in deliveries, which the steelmakers have been maintaining rather better than output by cutting their own stocks of steel: so consumers' stocks, in total, may not have fallen significantly.

PRODUCTION OF STEEL, 1954–56
'000 ingot tons

	1954	1955	1956
1st Quarter	4,694	5,074	5,413
2nd Quarter	4,830	5,001	5,185
3rd Quarter	4,216	4,547	
4th Quarter	4,779	5,169	
	18,519	19,791	

During the first half of the year the industry has suffered and recovered from a reduction in shipments of iron ore from abroad, which were affected by bad weather in the Baltic and bad politics in North Africa. By the middle of the year stocks of the major raw materials for steel—imported ore, pig iron and scrap—were substantially larger than a year before.

Concord on Cotton?

THE British Government, which has long refused to protect Lancashire against duty-free imports of cheap Indian cotton textiles, has now suggested that the industry should itself try to persuade the Indian mills to restrict their sales to Britain. Whatever the ethics of that suggestion, the reasoning is clear. The Government is unwilling to put a tariff on Indian textiles lest it provoke retaliatory action harmful to British exports as a whole. But it is conscious of Lancashire criticism and of the hardship that competition from Indian imports has inflicted on many mills. Speaking in Lancashire last weekend the Prime Minister revealed that he had suggested to Mr Nehru during his recent visit that discussions on Indian imports between representatives of the two industries would be in the interests of both countries. "Personally, I should regard such talks as useful, and I think that Mr Nehru shares that view."

In the past the industry has been sceptical of the usefulness of direct talks, presumably on the ground that after British policy had been declared it would be negotiating with its hands tied. The Cotton Board has nevertheless welcomed the Prime Minister's suggestion, as in courtesy it was bound to do, and is seeking an early interview with the President of the Board of Trade. No doubt it hopes that Mr Thorneycroft will add some details to the Prime Minister's bare statement. The Indian mill owners, for their part, could hardly refuse to meet representatives of Lancashire, but would they treat kindly a proposal that they should limit their opportunity in the British market? They might argue that they would simply be giving more business to other Commonwealth suppliers such as Hongkong, or even Pakistan. But Lancashire may have one card in its hand. If imports from India were to increase much further, the British Government might be forced to impose restrictions. Could India be persuaded that it might be better business, in the long run, not to provoke such action?

The "Blue Circle" Report

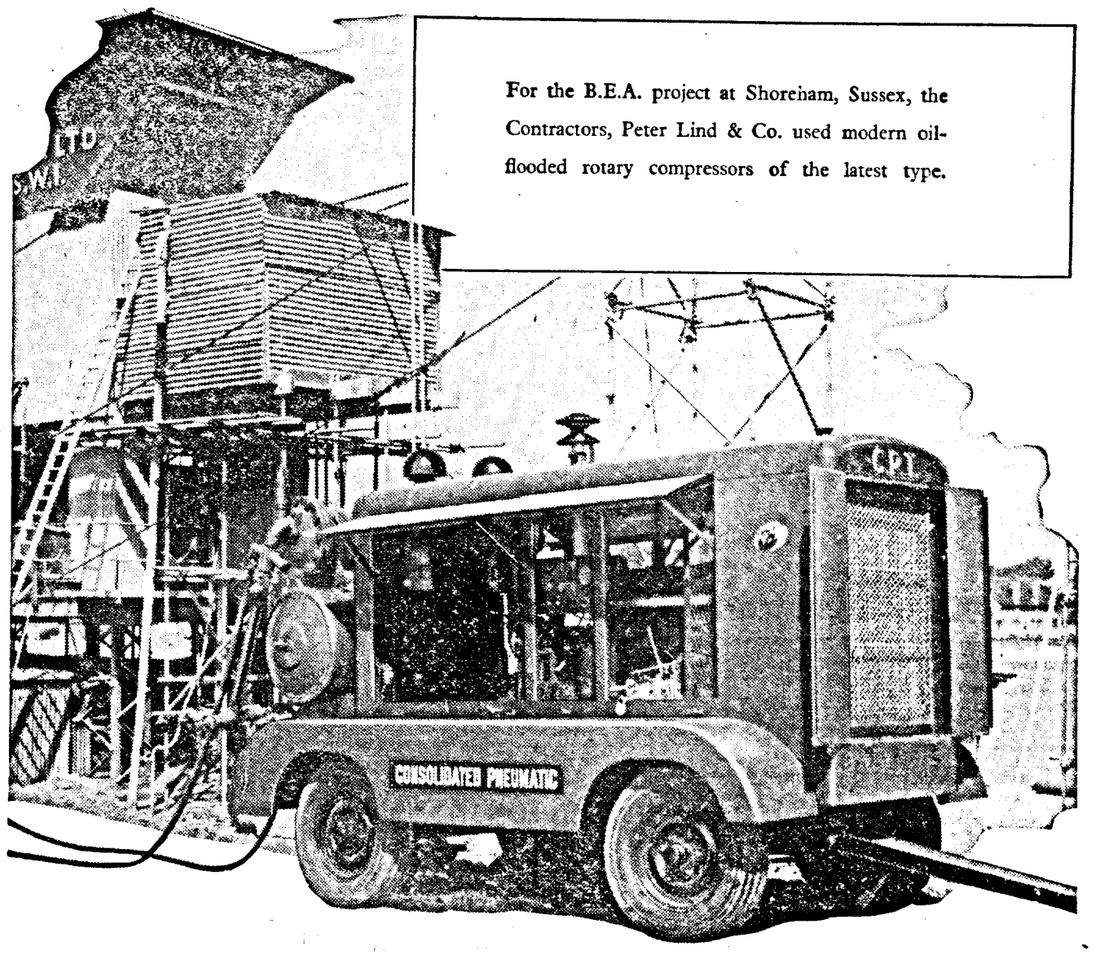
THE heart of the report of Associated Portland Cement is in Sir George Earle's assessment of the present course of trade. Last year deliveries of "Blue Circle" cement were more than 300,000 tons higher than the record figure of 1954; up to the middle of last month they were 186,000 tons ahead of deliveries in the same period last year, and Sir George hopes that this further improvement will be maintained. Indeed, he says that the group will have to run its works at full output to meet the demand and "unless conditions change this should apply to the works of the overseas companies as well." This is of the first importance for only about 29 per cent of the group's profit before tax is earned from deliveries to the British market.

Profit margins both on home deliveries and on the export trade (to which the latest increase in prices, designed to cover the increased cost of coal, does not apply) were lower last year and Sir George says that the group is working on "narrower profit margins than is normal." Yet over the last ten years it has spent nearly £32 million on capital account and as one result production per man hour in 1955 was higher than it had ever been before. Sir George defends the policy of keeping prices stable, but links the low margin of profit with the policy of holding prices down.

The group's resources are immense, as might be expected in a company whose income rose from £44½ million to £47½ million and whose profits advanced from £12½ million to £13 million last year. The revaluation of fixed assets bringing their net value up from £23.2 million to £42.8 million has put a surplus of £17.8 million into the shop window labelled *capital reserves*. This revaluation which excludes almost all the assets of overseas subsidiaries, provides ample justification for the two for three free scrip issue; but Sir George emphasises that this issue does not provide any "reason or promise that larger sums will be distributed as dividends." But his statement served as a signal for a 6s. rise to 103s. in the price of the stock units.

Unbalanced Fuel Oil

WITH consumption of fuel oil in Britain in the first quarter of 1956 24 per cent up on the same three months of last year, following on a 20 per cent increase during 1955 as a whole, this week's announcement by Esso Petroleum that it is expanding the capacity of its refinery at Fawley is no surprise. This follows the announcement earlier this year of plans to expand the production of fuel oil at British Petroleum's refinery on the Isle of Grain, and at the Kuwait Oil company's refinery in Kuwait; it would



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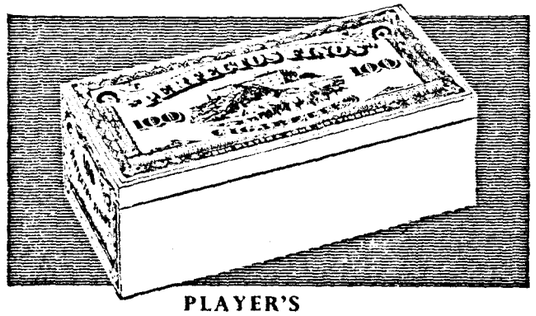

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be surprising if other companies do not soon join in this second round of refinery expansion.

The additional plant at Fawley, which will cost £13 million, will raise the crude oil throughput of the refinery from its present 7½ million tons to 11 million tons a year. In addition to the new crude oil distillation unit, the programme includes two new autodiesel hydrofiners to reduce the sulphur content of diesel oil and improve its quality, and a second sulphur recovery unit, which will double the company's present annual output of 14,000 tons of sulphur. Although the programme is aimed mainly at increasing the supply of fuel oil, the growth of fuel oil consumption in Britain is likely to be so rapid that the additional 1½ to 2 million tons of fuel oil that the new unit will provide is unlikely to relieve Esso of the need to import fuel oil from its affiliate's recently expanded refinery in Venezuela.

The most difficult problem that the disproportionate growth in the demand for fuel oil creates at Fawley, as it does at other European refineries, is how to dispose of the normally more valuable "light ends" of distillation that have to be produced as joint products with the fuel oil. There is a limit to the flexibility of a refinery, and not much more than 50 per cent of any barrel of crude oil can be economically sold as fuel oil. Although the price of fuel oil has risen steadily relatively to the price of petrol during the last twenty years, it still only fetches about half the price of petrol. About 250,000 tons a year of the more valuable raw naphthas will be required as a feedstock for the new petrochemicals plant that Esso is also building at Fawley, but that will still leave an additional 1½ million tons of petrol and other light products to be disposed of in Britain or exported, in competition with other refiners who also have plenty of light products to spare.

More Information About Stocks

A GROWING number of manufacturing companies are now providing the Board of Trade with information about the value of their stocks and work in progress, and with the first quarterly estimate based on this larger sample the board has also published some figures of stocks of industrial materials held outside manufacturing industry. The quarterly figures for manufacturing stocks show that these rose in value by 4 per cent during the first quarter of 1956, continuing a steady rise though at a slower pace than in the first quarter of 1955. The index, taking the value of stocks at the end of December, 1954, as 100, runs:

	End March	End June	End September	End December
1955....	106	108	111	113
1956....	117			

This latest growth in value was accounted for largely by increases in the value of stocks and work in progress; stocks of materials and fuel showed little increase. The total value of stocks held in the metal-using industries increased relatively sharply, and stocks in the food, drink and tobacco trades rose more than the average, but in the chemical and allied industries stocks were reduced.

No "constant price" figures can be calculated for manufacturing stocks. During the fifteen months for which the quarterly figures of the value of stock have been published, the combined index of wholesale prices of basic materials other than fuel used in manufacturing industries other than food has risen by just under 6 per cent and the price of manufactures other than fuel or food rose by nearly 7 per cent; but this index can take no account of the changes in price, pattern, or relative volume of work in progress. Like other wholesale prices indices, this one is at present based on the prices ruling in 1949, and the pattern of sales of manufactured products and materials used to make them in 1948. The Board of Trade gave notice this week that it intends to revise all these wholesale price indices on the basis of the full census of production taken in 1954. Publication on the new basis will not begin until 1958, and in order to assist firms that use these indices for the adjustment of long-term contracts, it will "overlap" certain of the key indices for twelve months on the old basis after the new indices start.

The Robinson and Cleaver Bid

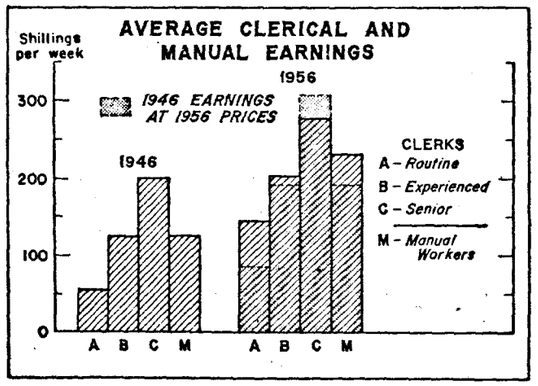
WHILE the Scottish Motor Traction battle blazed, a more decorous struggle for control began between the directors of Robinson and Cleaver on the one hand and those of City Centre Properties (formerly Chesham House, Regent Street), the bidder acting at first unnamed through Henry Ansbacher and Company. The battle this week has moved towards a climax with the outright rejection by the directors of Robinson and Cleaver of the offer of £5 a share which was conditional on acceptance by owners of 75 per cent of the capital or such smaller proportion as the bidders might be prepared to accept. City Centre Properties has left its offer open, saying that it will not raise its bid price, and has asked Robinson and Cleaver for a list of its shareholders so that it can make the bid directly to them. It is understood that if City Centre Properties gained control, the Regent Street property would be left to operate as a store without a change in the day-to-day management of the business. It is now up to shareholders to decide, fortunately in an atmosphere which so far is free of the acrimony and gusto which has characterised some other share bids.

They will have to balance the likelihood that their shares would not be standing at 94s. 6d. without the bid against the promises now outlined by the Robinson and Cleaver board in advising them to reject the offer. The directors are bent on extending their experiment of buying shops specialising in household linens in the provincial towns. The sale of the Crown lease on the Regent Street premises released cash which has been earmarked for that purpose. But, say the directors, reserves are "now adequate for all normal purposes" and they can promise a "much more liberal dividend policy." They look forward to "a substantially increased final dividend" in October. A revaluation of the group's assets reveals a net worth of more than £7 5s. per ordinary share, and they suggest that the offer of £5 a share is "totally inadequate." Shareholders will ask themselves why it took a bid of £5 a share to extract this promise of a more liberal dividend and this new estimate of the assets backing their holdings. Some ex-shareholders may recall ruefully that the price was a little over 77s. early in June when the first approach was made. But

the real question for shareholders is whether they will do better with £5 in cash offered by the bidder or with £7 5s. of estimated asset values plus the promise of a more liberal dividend policy held out by the board. And Robinson and Cleaver is one of the companies in which the general body of shareholders really will decide, for there are no dominating holdings.

The Price of a White Collar

ONE of the few specific clues to the changing level of actual salaries in this country—as distinct from official estimates that are little more than residuals from national income accounting—is the sample survey of clerical salaries that the Office Management Association started in 1942 and has been conducting every two years since 1946. This year's survey, which was based upon weekly earnings at March 1st, covered rather more clerks than previous analyses —about 82,000 men and women in just over a thousand offices. This is little more than a 3 per cent sample, since there are probably about 2¼ million people, about a tenth of the employed population, working in offices: the sample covers offices in a wide range of industries and areas, and is fairly well balanced in relation to industry, though perhaps geographically London offices are a little over-represented. The sample has also a higher proportion of women than there is in the total clerical labour force but it gives separate figures for men and women. It divides clerical



work into six different grades (of which three appear in the accompanying chart). It seems that clerical pay varies more according to the region in which an office is situated than according to the industry. But in recent years the City of London, which traditionally paid its male clerks more than they could get elsewhere, has been losing its lead to the industrial areas.

This probably reflects the higher pay now paid to manual workers in factories in these areas, and one section of the useful report by Dr O. G. Pickard that accompanies the survey is devoted to the relative changes in the pay of clerical and factory staff since 1946 and to the differentials between different grades of clerks. Both differentials have in fact narrowed appreciably during the last ten years. The average earnings of male manual workers were about £6 5s. a week in 1946, roughly the same as the average weekly salary then paid to male clerks doing fairly skilled routine work. Now the manual worker averages nearly £12 a week, almost £2 more than the skilled routine clerk, and is exceeded only by top-grade male clerks, who receive on the average £14 a week against £10 in 1946. In real terms these senior clerical employees are apparently earning less than ten years ago, whereas the salaries of those doing the simplest tasks have almost doubled in real value.

UDT and HP

DESPITE a full year of hire-purchase restrictions, United Dominions Trust, among the very big hire-purchase finance houses, has reported an advance in its gross profits in the year to June 30th from £1,780,288 to the record figure of £1,816,435. Following an increase in net profits from £739,066 to £778,772, the ordinary dividend has been effectively raised from 16¼ to 17½ per cent. The directors go out of their way to describe the dividend as "fair" and "sufficiently limited having regard to the economy and the present state of national and trading conditions," a statement that shareholders will no doubt read as meaning that the directors expect to be able to maintain this higher payment. The trust's accounts show that while "bills and notes receivable" have fallen by about £2 million to £10.7 million, its principal trading asset, "customers' balances outstanding," has risen by £7 million to £37.7 million; loans and acceptances among current liabilities have gone up from £42.9 million to £47.3 million.

Thus money has continued to flow into United Dominion Trust's coffers, but the group has not been completely unaffected by the credit squeeze and the hire-purchase restrictions. The latest increase in profits looks modest when set against the advance recorded in 1954-55. The full effect of the further restrictions imposed in February has yet to make its mark on UDT, though here its overseas business and its financing of hire-purchase contracts on industrial machinery may act as a cushion. But the biggest cushion is provided by the length of the hire-purchase contracts. Much of the trust's profit in 1955-56 must have been earned on contracts arranged before the first dose of restrictions and some of its profits in 1956-57 will be earned on contracts arranged before the last stringent dose was administered in February.

Coffee, Cocoa and Tea

THIS year fortune has smiled on coffee growers. Cocoa prices remain low, producers of common tea are losing money, but coffee prices are highly profitable. Consumption of coffee is rising, and supplies of mild coffee and high grade Brazilian coffee are barely adequate. Though prices have recently eased, Colombian coffee, at about $84½ per 50 kilos fob, is $14½ dearer than at the beginning of the year, and Brazilian extra prime, at about 507s. per cwt fob,

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AN EXAMPLE of industry pooling its resources to prepare for a mighty project is the linking of the A.E.I.—John Thompson Nuclear Energy Company with two important firms of Civil Engineering Contractors—Balfour, Beatty and Co. Ltd. and John Laing and Son Ltd.

To the strength of the A.E.I.—John Thompson Nuclear Energy Company and its constituents (British Thomson-Houston, Metropolitan-Vickers and John Thompson) is added a fund of knowledge in the civil engineering field.

The Balfour Beatty Group has a world-wide reputation in all forms of engineering and construction work and is at present carrying out major contracts for the Central Electricity Authority. John Laing and Son Ltd. has carried out building and civil engineering work at the first Government Atomic Energy Establishment at Windscale and is at present engaged in the construction of power stations in the United Kingdom, as well as in major development schemes in Canada.

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Is it cricket?

USE SILENCE as a burglar alarm? The Japanese did. They kept caged crickets to protect their valuables by night. If a stranger entered the house, the cricket stopped chirping, and the sudden silence awoke the householder. A charming notion, but a pretty tenuous protection.

Modern protection strikes a more practical note. Take packaging for example. Here the products of Thames Board Mills give really substantial protection. That is why so many goods that are milled and processed, bought and sold, stored and used in these islands, are packed in "Fiberite" cases or in cartons made from "Thames Board". For this protection is sure and solid, proved beyond doubt.

As industry expands it has greater need for more and better packaging—greater need for "Thames Board" and "Fiberite". Thames Board Mills were pioneers of modern packaging in this country. And today their extensive factories—the most up-to-date in the industry—make the greatest contribution to British packaging, whether for home or export needs.

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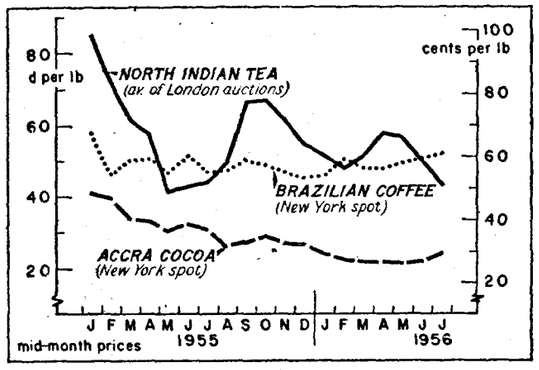
is 60s. dearer. Supplies of mild coffee will not improve until the new crops in Colombia and Central America become available in the autumn, and the damage to the 1956-57 Brazilian crop suggests that high grade coffee will be none too plentiful in Brazil. But Brazil is accumulating a large stock of the lower grades which are difficult to sell, and is not helping matters by its policy of minimum export prices. And coffee growers generally face the risk that consumption in the United States, the largest consumer, may suffer now that retail prices are over $1 a lb.



Consumption of cocoa is recovering, but there is no lack of supplies. That is why there has been such a relatively small recovery in price. Accra cocoa for prompt shipment has risen by only 45s. to about 227s. a cwt cif UK, and is little higher than in 1949. In a new summary of cocoa statistics Messrs Gill and Duffus estimate that in the two years ending last December consumers' stocks of raw cocoa rose by 87,000 tons to 279,000 tons, equal to 4½ months' requirements. World production this year is estimated at about 820,000 tons, while consumption may not exceed some 770,000 tons; hence stocks will increase further. In tea, as in coffee, the preference is for the higher qualities, which again are short. Since the boom in tea collapsed early last year the high quality producer has come into his own, and the producer of common tea has found it increasingly difficult to sell his output profitably. The best Uvas tea from Ceylon, for instance, fetched up to 7s. 6d. a lb in London this week, while common tea dropped to a nominal price of 2s. 8d. a lb. Comparison is distorted by seasonal changes in quality, but at anything less than a London price of 3s. 6d. a lb few producers of common tea in India or Ceylon can show a profit.

Will Rubber's Recovery Last?

THE rally in natural rubber has now brought the top grade of sheet rubber (No. 1 RSS) to about 26½d. a lb in London, a rise of nearly 5d a lb since the beginning of last month. The steep decline in previous months had evidently been overdone. On this occasion the market seems to have made too much of the fall in motor car production in the United States and Britain, and too little of the fact that world consumption of natural rubber still substantially exceeded production. A recovery was due, and the removal of the ban on exports of rubber from Malaya to China provided the spark. Though sales to China did not follow the removal of the ban, speculators seized the opportunity to push prices up and that led to short-covering elsewhere. More buyers came in after the British and United States governments announced that rubber would not be released from their strategic stocks.

There is a shortage, too, of No. 1 RSS, the standard grade tenderable on the futures markets; this is the grade that the Russians have as usual been buying here. This shortage explains the sharp fluctuations in prices, and why the rise has been relatively sharper in the top grade than in the lower grades. The discount on No. 3 RSS, for example, which at the beginning of June was about ¾d a lb, has now widened to 1½d. a lb. In the sense there is now one market for the top grade and a separate market for the lower grades that compete directly with synthetic rubber.

Will the recovery be held? On paper the prospect does not appear bright; in the second half of the year world consumption tends to be lower than in the first half, while production tends to be higher. But much may depend on purchases by Russia and other communist countries. Russia bought 30,000 to 35,000 tons in London for shipment between June and August, and has also bought directly in Singapore. If its purchases continue at about that rate, supplies of the top grade may well remain tight. Sharp fluctuations in prices would then persist, together with relatively large discounts on the lower grades of rubber.

Glasspol Boards the Bus

THE ghostly caravan of old buses winding its way through Regent's Park on Monday was a fitting prelude to London Bus Week. It was held to mark the centenary of the formation of the London General Omnibus Company, but it also afforded a graphic demonstration of the changing construction of city street transport—only the steam bus and, of necessity, the tram were missing. The convoy began with the horse-drawn double-decker "Favorite" in service in 1856 and made mostly of timber, with a few metal working parts. At the rear came the new, sleek and quiet "Routemaster" introduced by London Transport, the present-day successors of London General, in February this year. For years there has been a tendency to use light alloys for the skins of buses; the "Routemaster" and the Birmingham and Midland Omnibus Company's advanced new single-decker make extensive use of plastics as well. The light alloys are being superseded, first for complicated shapes, by cold-setting resins reinforced with glass fibres, frequently called "glasspol." Both the new buses use these: and a number of suppliers have begun to offer for sale prefabricated glasspol bodies for vans (as well as enthusiasts' light sports car bodies).

Glasspol is even cheaper to handle than aluminium, which does require skilled labour. Complex shapes can be made in wooden moulds by setting a layer of chopped glass strands or a woven glass fabric in resins that produce a solid part in about an hour. The saving in cost may be as great as 50-60 per cent: the glasspol part will usually be lighter and stiffer than aluminium, and can be coloured by mixing a pigment in the setting resin. The "Midland Red" bus company began using it to repair damaged body-

work, and went on to replacement of certain body sections. The London "Routemaster" uses glass reinforced plastic for the bonnet top, wing valances, and the backing of the seats. This bus, moreover, utilises the principle of integral construction to a considerable extent, has independent front wheel suspension and coil springing in the rear, and a semi-automatic transmission that does away with the clutch. The saving in weight through integral construction gives a longer and wider bus, with four more passengers, without any increase in its laden weight.

SHORTER NOTES

The site for the second of the Central Electricity Authority's first pair of atomic power stations, at Berkeley on the Severn Estuary, was approved by the Minister of Fuel on Wednesday, a few days after the CEA received permission to go ahead with the site of the first station at Bradwell in Essex. Both installations will be of 200,000 kW capacity, the higher of the two figures tentatively suggested when the atomic power programme was announced early in 1955.

★

Trading in the new "mixed" futures contract started on the Liverpool Cotton Exchange this week. The contract is designed to offer a satisfactory hedge for users of American-type, as well as United States, cotton.

★

An extraordinary general meeting of the Birmingham Small Arms Company has been convened for 11.30 a.m. on August 1st at Grosvenor House, Park Lane. It has been requisitioned by Sir Bernard Docker and other shareholders, and will consider his proposal to remove certain directors and recommend the reappointment of himself and Mr Harry J. S. Moyses to the board. The meeting will also consider an alternative proposal by the present chairman, Mr John Y. Sangster, that the board's action in terminating Sir Bernard Docker's appointment be approved. Both Sir Bernard and the present board have this week circulated their respective cases to shareholders.

★

Britain may supply Pakistan with about £470,000 worth of cotton yarn and piece-goods for payment in United States raw cotton of equivalent value. An earlier shipment was worth £1.8 million. Similar arrangements have recently been made with Burma and Indonesia for the supply of cotton manufactures to a total value of £2.0 million.

Company Notes

PATONS AND BALDWINS. To break a long series of dismal reports from the textile trades comes an optimistic account of record sales and higher profits from Patons and Baldwins, whose products are yarns (chiefly woollen) for the hand-knitting and hosiery trades and whose factories straddle the Commonwealth. The final dividend of 7½ per cent and bonus of 2½ per cent, again making 12½ per cent for the year, and the net profits for the year ended April 28th of £1,198,332, against £1,048,924, have already been announced. The full accounts reinforce these figures with the information that group stocks are down from £10,359,752 to £9,993,088 and group cash and short bills up from £2,027,161 to £2,745,023, a degree of improved liquidity that may link with the chairman's view of the raw wool market. He is following a policy of minimum buying for two reasons: the latest rise in merino wool prices is making it difficult for the group to keep its selling prices down, and he thinks it doubtful whether present prices will be maintained when the full weight of another season's Australian and South African clip comes on the market.

The chairman, Mr. Philip A. Wright, has one unhappy story for the shareholders; it concerns the group's Toronto factory. The high standard of living in Canada is making it impossible to compete with low cost imports and the company is considering expanding the output of this factory into the wider field of yarns from synthetic fibres as a solution. But from the rest of the world Mr Wright has far better news. The Australian subsidiary, one-third of whose ordinary capital is held by local investors, has earned a substantial surplus and added a bonus of 1½ per cent to its 6 per cent dividend. Modernisation of the company's Alloa factory is proceeding satisfactorily; in conjunction with J. and P. Coats, the group has taken an interest in Fleming, Reid and Company (Scottish Wool and Hosiery Stores). The group is trying new types of fibres and machinery to ensure that it is not behind in synthetic yarns and finds the results satisfactory. Mr Wright considers the prospect that the group will be able to continue maximum production "very promising." He hopes to maintain sales of handknitting yarns and to increase those of manufacturing yarns and will be disappointed if the group does not maintain its export figures. Shareholders whose £1 units at 26s. 4½d. xd now yield 9½ per cent will feel that their chairman has brought them news as good as they could have hoped for but they will not forget that textile yields are high just because of the speed with which the wheel of fortune can turn.

	Years ended April 28, 1955 £	1956 £
Consolidated Earnings:—		
Surplus	2,970,118	3,468,540
Depreciation	522,989	533,403
Taxation	1,202,791	1,422,155
Net profit	*1,048,924*	*1,198,332*
Ordinary Dividend	376,034	379,331
Ordinary Dividend (per cent)	12½	12½
Retained profits	555,675	699,192
Consolidated Balance Sheet:—		
Net fixed assets	8,145,242	8,366,106
Stock	10,359,752	9,993,088
Debtors	2,801,674	3,006,516
Cash and Treasury bills	2,027,161	2,745,023
Debenture stock	2,824,756	2,754,262
Reserves	6,637,312	7,335,504
Preference capital	4,359,447	4,359,447
Ordinary capital	5,277,658	5,277,658

★

BRITISH AND COMMONWEALTH SHIPPING. To build a ship these days is "an act of faith." This is how Lord Rotherwick, the chairman of British and Commonwealth Shipping (the company that merges Union Castle and Clan Lines), described it at the first annual general meeting of the new company. But he also called it a calculated risk and as the group's capital commitments of £13½ million show he has resolved to take it. Not to rejuvenate the fleet of Union Castle would be to make nonsense of the controversial merger of last year which was based on the assumption that both capital and manageme would be transfused into Union Castle ageing metabolism. Lord Rotherwic indeed, goes further in the matter of new building that the public had expected. H revealed that the new group is addi tankers to its fleet. One has been bough three more are on order and the director "hope gradually to increase this side the group's activities."

Act of faith or calculated risk, Lo Rotherwick naturally feels entitled to ca upon the Government for maximum he Grateful for the continuation of inves ment allowances on shipping, he st argues that they should be increased a that more generous wear and tear allow ances enabling a ship to be written of more quickly out of profits should b granted. And the menace of the flag c convenience is now so great that no doub Lord Rotherwick's words will reach th right address.

For the immediate future he expects the

1956 results to be better than those of 1955, when the combined gross earnings of the Union Castle and Clan fleets came to over £8¼ million. He also took the occasion of his annual address to clear up one doubt about the capital structure that seems to have escaped clarification at the time of the merger by saying that "it is not the intention of the directors of British and Commonwealth either to sell the preference stocks and shares of Clan and Union Castle or to issue further preference shares in either of these companies."

★

W. H. SMITH AND SON (HOLDINGS). Three blows fell on the newspaper distributors in the year ended March 24th, the daily newspaper strike of 1955, the railway strike of that year, and the periodical printing dispute of this year. They reduced sales without any corresponding reduction in costs, and in the final result reduced the group's income before tax from £1,774,365 to £1,475,911. Net profits after tax fell from £801,612 to £639,090, though this sum still amply covered the maintained ordinary dividend of 15 per cent, absorbing £258,750.

After such exceptional misfortunes, the current year might be expected to show recovery, but though it may do so, the path will not be easy. Like other businesses, Mr D. J. Smith points out, the group has a heavier bill of costs to meet. Since 1948-49 its wage bill has gone up by over 70 per cent; an increase of 11½ per cent in wages was recorded in 1955-56, bringing the bill up to £5,433,476, and part of the increases then made will fall upon earnings of the current year. Moreover, the group will have to pay more to British Railways for the carriage of its goods, adding £42,000 to transport costs, and it will have to pay £140,000 more in rates. Though all these increases are presumably stated in gross terms so that their effect on the net profit after tax will be approximately halved, they still require an expansion of sales revenue to meet them. W. H. Smith's policies are directed to that end. The group is always seeking to expand business, either by buying new premises or by improving and modernising its existing shops, bookstalls and warehouses. This policy has cost the group on the average about £400,000 a year in capital expenditure; and at the end of March its outstanding capital commitments were estimated at £450,000. Fortunately, the group has ample liquid assets to meet such expenditures; over the year its net liquid resources fell slightly from £3,857,514 to £3,317,177. The continual call made on resources by capital expansion is one factor investors should keep in mind in weighing the yield of 6 per cent offered by the £1 "A" ordinary shares at the current price of 49s. 6d. xd.

★

PINCHIN, JOHNSON AND ASSOCIATES. Shareholders in Pinchin, Johnson, the paint manufacturers, will be reasonably satisfied with the results for the year to March 31st. Before all charges, the group's trading surplus has risen from £2,308,712 to £2,350,913 and the dividends and interest received from trade investments are up from £94,731 to £132,251. The charge for depreciation is slightly down, from £298,541 to £286,211, but the tax provision is slightly up, from £1,077,067 to £1,092,853. After setting aside more against minority interests (£166,200 against £185,313), net profits have edged up from £659,313 to £678,572. As was expected the ordinary dividend is effectively unchanged, allowing for the 50 per cent free scrip issue. The payment of 16⅔ per cent, absorbing £378,034, on a capital of £3,944,700 is exactly equivalent to the 25 per cent dividend in 1954-55 on the smaller capital.

Those are the results of the past: investors will wish to look forward. Costs in this industry may well be higher. The slackening of activity in the motor and a few other industries will almost certainly reduce the demand for paint. Can Pinchin Johnson's important overseas interests compensate for any slackening that may occur in the home market? The yield of 7.7 per cent on the 10s. shares at the current price of 20s. 9d. indicates that investors are not looking for an increase in payments in a year which even the optimists would be prepared to admit will be difficult.

LONDON STOCK EXCHANGE

Next Account begins: August 8th

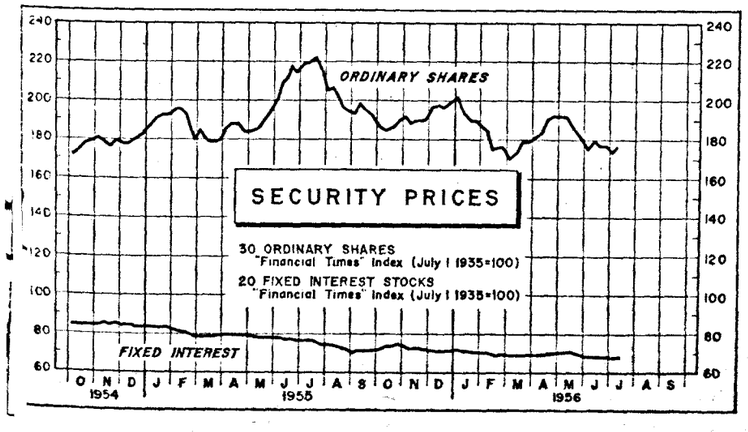
Next Contango Day: August 8th

Next Settlement Day: July 24th

INDUSTRIAL equities entered the new long account on Wednesday in good heart, with the *Financial Times* ordinary index rising another 1.8 points to 182.0 (compared with 176.7 a week earlier). Throughout the week the prices of leading industrial stocks had been rising, but the gilt-edged market, while the conversion offer still loomed over it, revealed no firm trend, though over the week to Wednesday's close the *Financial Times* Government securities index rose from 84.55 to 84.78 in a market that failed to attract increased business; the short-dated stocks moved narrowly in a quiet market.

The biggest movements in the market were in oil shares, notably on the first day of the new account. The market was short of stock and prices responded quickly to persistent local and United States demand. This was especially true of Shell, which on Tuesday rose to the new peak of 208s. 1½d. and then when trading began on Wednesday in the stock ex the one-for-four free scrip issue the price rose by 4s. 4½d. to 170s. 7½d. New "highs" were also reported on Wednesday in BP (at 181s. 6d.), Royal Dutch (at 86⅝) and in Burmah (at 115s. 7½d.). Another active sector of the market was steel shares, and on Wednesday Stewarts and Lloyds gained 1s. 3d. to stand at 63s. 6d. Among aircraft shares de Havilland rose to 23s. 3d. and Blackburn, in advance of the results, to a new peak of 17s. There was a big turnover in shipping shares and prices continued to improve. Another "high" was recorded in Borax, which touched 13½ on Wednesday.

A further general advance was made in rubber shares. Tea shares were dull. The publication of the quarterly reports of Anglo-American set the prices of the OFS issues moving forward again and on Wednesday FS Geduld equalled its previous peak of the year at 4⅛. Bancroft touched a new "high" of 49s. 6d. before closing on Wednesday at 48s. 9d.



FINANCIAL TIMES INDICES

1956	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Cons.	Yields: Ord.
			%	%
July 12	177·9	93·65	4·76	5·98
„ 13	179·1	93·87	4·74	5·95
„ 16	179·6	93·95	4·74	5·93
„ 17	180·2	93·95	4·74	5·91
„ 18	182·0	94·00	4·76	5·85
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	Total bargains 1956	
„ Low	169·7 (Mar. 8)	93·20 (July 4)	July 12	8,497
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 13	8,026
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 16	9,983
			„ 17	9,413
			„ 18	10,391

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to July 18, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 11, 1956	Price, July 18, 1956	Net Yield, July 18, 1956 § £ s. d.	Gross Yield, July 18, 1956 £ s. d.
98 19/32	97	Funding 2½% '52-57	98 9/32	98 1/4	2 17 3	4 3 4
100 1/32	98 1/4	War Bonds 2½% '54-56	99 23/32	99 27/32	4 14 2	4 14 2
98 1/4	98 1/4	-do- 2½% '54-56 (assented)	98 1/4*	98 1/4*	2 18 4	4 16 5
95 1/4	93 1/2	War Loan 3½% '55-59	94 3/32	94 1/8	3 5 6	4 14 0
91 1/4	88 15/32	Funding 2½% '56-61	90 15/32	90 15/32	3 9 3	4 13 0
100 1/32	99 3/4	Exchequer 5% 1957	100 1/32	100 1/32	2 8 8	4 15 6
99 1/16	97	Conversion 4% '57-58	98 1/16	98 1/4	3 3 3	4 19 4
97 5/32	95 1/2	Serial Funding 2½% 1957	97 3/32	97 1/2	2 18 0	4 0 1
94 1/32	91	Conv. 2% 1958-59	94 1/32	94 1/8	3 8 5	4 5 11
92 1/32	88 3/4	Exchequer 2% 1960	91 31/32	92 1/32	3 11 3	4 8 8
94 3/32	92 1/4	Exchequer 3% 1960	94 1/32	94 3/32	3 1 2	4 10 4
88 1/2	83	Savings Bonds 3% '55-65	83 1/2*	83 1/2*	3 16 11	5 4 10
82 1/4	77 1/8	Funding 3% '59-69	78 1/8	78 1/8	3 17 11	5 8 2
92 1/8	87 1/16	Funding 4% '60-90	87 1/8	87 1/8	6 3 3	8 2 6
81 1/4	76	Savings Bonds 3% '60-70	76 1/4	77 1/4	3 17 11	5 8 11
91 1/8	88 1/4	Exchequer 3% '62-63	88 1/2	89 1/2	3 10 5	4 18 1
87 1/8	83 3/16	Exchequer 2½% '63-64	84 1/16	85 1/4	3 13 8	4 17 7
81 1/16	76 1/4	Savings Bonds 2½% '64-67	77 1/16	77 1/16	4 1 7	5 6 11
79 1/2	72 1/2	Savings Bonds 3% '65-75	73 1/16*	73 1/16*	3 13 3	5 3 10
96 1/2	91 1/2	Victory 4% '20-76	92 1/2	92 1/2	3 4 9	5 2 7
83 3/16	78 3/16	Funding 3% '66-68	78 3/8*	79 1/4*	3 18 2	5 7 3
88 1/2	83 1/2	Conv. 3½% 1969	83 1/2	84 3/8	3 13 4	5 7 10
83 1/2	77	Treas. 3½% '77-80	77 1/8	78	3 7 5	5 2 8
84 1/2	76 1/2	Treas. 3½% '79-81	77*	77 1/8*	3 7 3	5 2 2
72 1/4	66	Redemption 3% '86-96	66 1/2	67 1/8	3 3 11	4 18 5
81 1/2	75	Funding 3½% 1999-2004	75 1/2*	75 1/2	2 19 8	4 16 6
84 1/8	76 1/8	Consols 4% aft. Feb. '57	77 1/16*	77 1/8*	2 19 1	5 2 9
77	69 1/2	War L'n 3½% aft. Dec. '52	71 1/8	71 1/2	2 16 10	4 19 1
76 1/2	69 1/2	Conv. 3½% aft. April '61	70 1/8	70 1/8	2 17 6	5 0 8
66 1/2	59 1/2	Treas. 3% aft. April '66	61 1/2	61 1/2	2 16 4	4 18 7
56 1/2	51 1/8	Consols 2½%	52 1/8	52 1/8	2 14 9	4 15 4
56 1/2	51 1/2	Treas. 2½% aft. April '75	52 1/2	52 1/16	2 15 0	4 16 3
98 1/8	90 1/16	Br. Elec. 4½% '67-69	90 1/16*	90 1/16*	3 8 9	5 9 0
80 1/2	74 1/2	Br. Elec. 3% '68-73	74 1/2	75 1/2	3 15 4	5 6 6
79 1/4	72 1/8	Br. Elec. 3% '74-77	73 1/8	73 1/4	3 11 3	5 3 0
95	88	Br. Elec. 4½% '74-79	88 1/2	88 1/16	3 3 4	5 3 6
83 1/16	77 1/2	Br. Elec. 3½% '76-79	77 1/2	78 1/2	3 7 10	5 3 2
90 1/2	84 1/2	Br. Gas 4% '69-72	85*	85 1/4*	3 9 6	5 6 9
87 1/16	81 1/16	Br. Gas 3½% '69-71	81 1/2	82 1/4	3 11 5	5 6 1
73 1/8	67 1/4	Br. Gas 3% '90-95	68 1/2	68 1/4	3 3 1	4 16 11
80 1/16	74 1/16	Br. Trans 3% '68-73	74 1/2	75 1/8	3 15 4	5 6 6
90 1/4	84 1/2	Br. Trans. 4% '72-77	84 1/8	84 1/2	3 6 1	5 4 1
73 1/2	67	Br. Trans. 3% '78-88	68 1/2	68 1/2	3 6 6	4 19 5

(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to July 18, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July 11, 1956	Price, July 18, 1956	Yield, July 18, 1956 £ s. d.
94 1/8	79	80 1/8	74 1/2	Aust. 3½% '65-69	75 1/2*	75 1/2	6 0 10
101 1/2	87	87 1/2	72	Ceylon 4% '73-75	77	77	6 1 10
103 1/2	87 1/16	88 1/2	82 1/2	N. Zealand 4% '76-78	84 1/2	84 1/2	5 3 10
88	87 1/2	64 1/2	57 1/2	L.C.C. 3% aft. 1920	59	59	5 1 8
99	83	85 1/2	83 1/2	Liverpool 3% '54-64	84	84	5 10 7
84	65	68 1/2	62 1/2	M'Wtr. 'B' 3% '34-2003	63 1/2	63 1/2	5 0 7
102 1/2	94 1/2	97 1/2	93	Agric. Mort. 5% '59-89	94 1/2*	94 1/2	5 7 0
122 1/2	91	113 1/4	102 1/2	German 7% 1924	112	113 1/2	...
213	149	204	187	German 5½% 1930	201	204	...
212	160	224	208	Japan 5% 1907	223 1/2	224	...
254	190	267 1/2	247 1/2	Japan 5½% Conv. 1930	265 1/2	267 1/2	...

Prices, Jan. 1 to July 18, 1956 High	Low	Last Two Dividends (*a*) (*b*) (*c*) %	%	ORDINARY STOCKS	Price, July 11, 1956	Price, July 18, 1956	Yield, July 18, 1956 £ s. d.
				BANKS & DISCOUNT			
50/-	41/9	7 *b*	5 *a*	Barclays £1	44/6	43/-*	5 11 8
56/10½	51/6	6 *b*	6 *a*	Lloyds 'A' £5, £1 pd.	54/6	53/6*	5 11 3
72/4½	63/3	9 *b*	9 *a*	Midland £1, fully pd.	65/-	64/-*	5 12 6
70/-	62/6	9 *b*	9 *a*	N. Prov. 'B' £5, £1 pd.	63/6	62/6*	5 15 2
77/9	68/9	8 *b*	8 *a*	Westmstr 'B' £4, £1 pd.	71/-	69/6*	5 15 1
43/6	28/-	3½ *b*	2½ *a*	Alexanders £1	29/-*	29/6	4 4 9
46/-	31/1½	5 *b*	5 *a*	Nat. Disc. 'B' £1	34/6	32/6*	6 3 1
50/-	40/6	6½ *b*	6½ *a*	Union Disc. £1	46/-	45/-*	5 11 1
35/9	30/9	4 *b*	4 *a*	Barc. (D.C.O.) £1	32/-	32/-	5 0 0
41/9	33/6	7½ *a*	7½ *b*	Chart. Bk. of India £1	38/-	39/6	7 11 11
				INSURANCE			
27½	16½	12½ *a*	37½ *b*	Leg. & Gen. £1	26½	27½	1 17 5
25½	20	†20 *a*	†47½ *b*	Pearl £1, fully pd.	22	22½	5 4 4
48½	40½	†117½ *c*	†125 *c*	Prudential 'A' £1	42½	42	5 3 6
				BREWERIES, ETC.			
119/-	106/-	33 *b*	10 *a*	Bass £1	108/9	108/9	7 18 2
24/10½	20/-	10½ *b*	6 *a*	Distillers 6/8	21/9	22/6	4 17 9
45/10½	38/6	25 *c*	10 *a*	Guinness 10/-	40/-	40/-	6 5 0
76/-	67/6	7 *a*	14 *b*	Whitbread 'A' Ord. £1	69/-	68/6	6 2 8

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½% (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*l*) To latest date. (*u*) On 11½%. (*v*) On 15% Tax free. (*w*) On 14%.

Prices, Jan. 1 to July 18, 1956 High	Low	Last Two Dividends (*a*) (*b*) (*c*) %	%	ORDINARY STOCKS	Price, July 11, 1956	Price, July 18, 1956	Yield, July 18, 1956 £ s. d.
				STEEL & ENGINEERING			
85/6	64/-	7 *a*	8 *b*	Babcock & Wilcox £1	73/6	73/6	4 1 8
13/-	9/4½	3½ *a*	10⅝ *b*	Cammell Laird 5/-	10/-	10/-	7 0 0
35/-	25/7½	8 *c*	3 *a*	Dorman Long £1	26/6*	28/1½	5 13 3
54/9	40/-	3½ *a*	8½ *b*	Guest Keen N'fold £1	45/-	45/-	5 6 8
54/9	41/6	4 *a*	6 *b*	Metal Box £1	50/-	50/-	4 0 0
75/-	57/10½	12½ *b*	5 *a*	Stewarts & Lloyds £1	60/3	64/6	5 8 6
48/-	36/9	8 *b*	4 *a*	Summers (John) £1	37/3	37/6	6 8 0
57/-	46/6	11 *b*	3 *a*	Swan Hunter £1	51/3	51/3	5 9 3
49/9	37/6	8½ *b*	4 *a*	United Steel £1	38/6	40/-	6 5 0
44/3	32/4½	2½ *a*	7½ *b*	Vickers £1	40/3	40/9	4 18 2
				TEXTILES			
24/6	19/10½	4 *a*	6 *b*	Bradford Dyers £1	22/9	22/9	8 15 10
23/7½	15/1½	5 *b*	5 *b*	Brit. Celanese £1	15/9	15/6	10 6 5
25/10½	21/9	2½ *a*	6½ *b*	Coats (J. & P.) £1	22/-	23/-	7 12 2
44/-	33/6	4 *a*	6 *b*	Courtaulds £1	35/6	36/6	5 9 7
21/3	14/7½	5 *a*	5 *b*	Fine Spinners £1	15/3*	15/-	13 6 8
30/-	22/3	7½ *b*	5 *a*	Lancs. Cotton £1	23/6*	24/3	10 6 8
31/7½	26/3	2½ *a*	10 *b*	Patons & Baldwins £1	28/-	26/9*	9 6 10
				MOTOR & AIRCRAFT			
22/4½	17/6	3½ *a*	6½ *b*	Bristol Aeroplane 10/-	18/-	18/6	5 8 1
9/-	5/10½	8½ *b*	4 *a*	British Motor 5/-	6/6	7/-	8 18 7
44/3	29/3	2½ *a*	5 *b*	Ford Motor £1	33/9	34/4½	4 7 5
40/4½	29/9	12½ *b*	3 *a*	Hawker Siddeley £1	35/4½	39/-	4 9 9
48/3	38/3	10 *c*	12½ *c*	Leyland Motors £1	45/-	46/3	5 8 1
115 10½	85/6	5 *a*	12½ *b*	Rolls-Royce £1	101/3	102/6	3 8 4
				SHOPS & STORES			
18/10½	13/10½	6 *a*	8 *b*	Boots Pure Drug 5/-	14/6	14/6	4 16 7
38/6	29/-	20 *b*	7½ *a*	Debenhams 10/-	33/6	33/3	8 5 6
44/9	32/9	45 *b*	15 *a*	Gt. Universal 'A' 5/-	41/-	41/6	7 4 7
71/1½	57/10½	17½ *a*	32½ *b*	Marks & Spen. 'A' 5/-	59/6	59/-	4 4 9
25/6	19/1½	25 *a*	20 *b*	United Drapery 5/-	20/9	21/6	7 11 11
64/10½	55/6	36½ *b*	20 *a*	Woolworth 5/-	57/3	57/-*	4 19 6
				OIL			
183/9	99/-	†5 *a*	†10 *b*	British Petroleum £1	176/3	183/9	2 16 10
117/9	63/-	5 *a*	12½ *b*	Burmah £1	108/9	116/3	3 0 2
£87	£58½	6 *a*	14 *b*	Royal Dutch 100 fl.	£83½	£86½	2 3 5
170 7½	103/3	†5 *a*	†13½ *b*	Shell Reg. £1	203/1½	170 7½	3 1 2
76/3	31/10½	†21½ *c*	†5 *a*	Trinidad Oil 5/-	75/3	75/3	...
				SHIPPING			
35/6	28/6	...	...	Brit. & Com'wealth 10/-	32/-	35/-	4 11 5
27/-	20/4½	2½ *a*	7½ *b*	Cunard £1	21/-	24/-	8 6 3
35/9	27/-	3 *a*	5 *b*	P. & O. Def. £1	28/6	33/-	4 17 0
				MISCELLANEOUS			
72/1½	45/-	14 *c*	15 *c*	Assoc. Elect. £1	66/3	68/9	4 7 3
113/9	87/-	5 *a*	17½ *b*	Assoc. Port. Cem. £1	97/6	97/6*	4 12 3
60/9	42/3	7½ *a*	7 *b*	Bowater Paper £1	51/10½	51/10½	4 6 9
54/9	45/3	4 *a*	8½ *b*	B.I.C.C. £1	50/-	50/6	4 19 0
72/-	40/4½	4 *a*	8 *b*	Brit. Aluminium £1	68/1½	70/7½	3 7 10
60/-	45/9	†10 *a*	†7½ *b*	Brit. Amer. Tob. 10/-	50/-	50/-	6 1 9
$65⅜	$56⅜	3 *b*	3 *a*	Canadian Pacific $25.	$60½*	$61½	4 8 7
37/10½	24/9	43½ *c*	6½ *a*	Decca Record 4/-	26/10½	27/6	6 7 3
25/9	17/6	4 *a*	10 *b*	Dunlop Rubber 10/-	18/6	19/-	7 7 4
66/1½	47/3	4 *a*	8½ *b*	English Elect. £1	51/3	53/9	4 13 0
65/6	50/3	9½ *b*	4½ *a*	General Elect. £1	53/9	57/6	4 17 5
49/10½	41/3	4 *a*	6 *b*	Imp. Chemical £1	44/3	45/-	4 8 11
62/9	45/1½	8½ *a*	12½ *b*	Imp. Tobacco £1	49/6	50/-	8 8 6
$188	$141½	$2·90 *c*	$3·75 *c*	Inter. Nickel n.p.v.	$185½	$186⅜	3 11 10
64/6	51/6	7½ *a*	12½ *b*	London Brick £1	55/-	55/-	7 5 6
30/3	22/9	6½ *a*	15⅝ *b*	MonsantoChemicals 5/-	25/-	25/-	4 9 0
69/1½	56/3	12 *b*	4½ *a*	Tate & Lyle £1	60/-	61/-	5 8 3
69/6	54/3	12½ *b*	6½ *a*	Tube Investments £1	55/-	56/3	4 19 7
115 6	95/9	20 *b*	5 *a*	Turner & Newall £1	100/-	104/4½	4 15 11
82/9	61/7½	6 *a*	9½ *b*	Unilever £1	76/10½	78/9	4 0 0
52/-	34/1½	†5 *a*	†11½ *b*	United Molasses 10/-	47/-	51/3	5 13 2
40/-	25/9	†2½ *a*	††7½ *b*	Cons. Tea & Lands £1	27/-	27/-	12 18 2
2/10½	1/9½	5 *a*	15 *b*	London Asiatic Rbr. 2/-	2/2½	2/2½	18 7 8
61/9	37/6	15 *a*	30 *b*	United Sua Betong £1	45/7½	48/1½	18 14 0
				MINES			
8⅜	6 11/16	20 *a*	50 *b*	Anglo-Amer. 10/-	8	7 15/16	4 8 1
135 7½	94/4½	80 *a*	120 *b*	De Beers 5/- Def. Reg.	105/-	107/6	9 6 1
96 7½	67/6	...	...	Free State Geduld 5/-	93/9	95/7½	...
50/6	38/-	12½ *b*	12½ *a*	Randfontein £1	41/6	41/3	12 2 4
10/11½	8/6	28 *c*	30 *c*	London Tin 4/-	9/3	9/1½	13 3 0
46	35	262½ *c*	75 *a*	Rhokana £1	37	38	6 18 2

New York Closing Prices

	July 11 $	July 18 $		July 11 $	July 18 $		July 11 $	July 18 $
Balt. & Ohio.	48½	48½	Am. Smelting	51⅞	54⅛	Inter. Paper	140½	140½
Can. Pac.	32½	33⅛	Am. Viscose	39	37⅞	Nat. Distill.	26	25⅞
N.Y. Cent.	38⅛	38⅜	Cel. of Am.	16⅜	17	Sears Roebuck	33⅛	33⅜
Pennsyl.	24⅛	24⅛	Chrysler	66⅛	63⅜	Shell	83⅛	85
Amer. Tel.	182½	180½	Gen. Elec.	61⅜	63	Std. Oil of N.J.	58⅜	60⅛
Stand. Gas	11⅛	11⅛	Gen. Motors	47⅛	47⅛	U.S. Steel	60⅛	61⅛
United Corp.	6⅜	6⅜	Goodyear	75⅜	77⅛	Westinghouse	55⅜	54⅛
W. Union Tel.	20⅜	20⅜	Inter. Nickel	100	100⅛	Woolworth	47⅛	48⅜

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	June 30th	Western Europe:	
Production and Consumption	July 7th	Production and Trade	June 30th
Manpower	This week	British Commonwealth	July 7th
External Trade	June 23rd	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	This week
Industrial Profits	July 14th	United States	June 23rd
		World Trade	July 14th

Manpower in Great Britain

	Unit	Monthly averages 1953	1954	1955	1955 April	May	June	1956 Mar.	April	May	June
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,373	23,667	23,912	23,876	23,916	23,912	23,952	23,982	23,975	...
Men	"	15,883	15,974	16,084	16,084	16,096	16,084	16,116	16,135	16,130	...
Women	"	7,490	7,693	7,828	7,792	7,820	7,828	7,836	7,847	7,845	...
Armed Forces	"	865	839	803	818	811	803	773	770	765	...
Civil employment:											
Total	"	22,238	22,604	22,933	22,847	22,919	22,933	22,953	22,988	23,008	...
Agriculture, forestry and fishing	"	1,087	1,074	1,066	1,045	1,062	1,066	1,017	1,022	1,037	...
Mining and quarrying	"	877	867	862	867	864	862	863	864	862	...
Building and contracting	"	1,437	1,453	1,486	1,464	1,486	1,486	1,470	1,488	1,505	...
Distributive trades	"	2,664	2,743	2,811	2,799	2,806	2,811	2,832	2,839	2,834	...
Public administration	"	1,320	1,326	1,289	1,288	1,288	1,289	1,285	1,285	1,285	...
Manufacturing industries	"	8,746	8,976	9,206	9,217	9,217	9,206	9,298	9,284	9,249	...
CHANGES IN EMPLOYMENT (2)											
Increase or decrease since June, 1954:											
Employees in engineering (2)	"	− 125	...	+ 190	+ 180	+ 191	+ 190	+ 263	+ 254	...	...
" " consumer goods industries (3)	"	− 67	...	− 13	+ 7	− 4	− 13	− 15	− 14	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	342·0	284·8	232·2	260·1	223·6	210·5	265·5	251·5	237·4	222·6
" " —men	"	218·2	184·4	146·7	167·6	136·2	130·3	175·9	161·5	153·4	146·2
" " —women	"	123·8	100·4	85·5	92·5	87·4	80·2	89·6	90·0	84·0	76·4
Temporary or under 2 weeks—men	"	68·7	58·0	51·5	64·3	47·5	49·7	62·0	58·0	56·8	57·8
" " " —women	"	43·9	36·4	36·7	37·0	38·0	38·7	37·7	41·6	35·0	34·2
Over 8 weeks—men	"	96·7	81·7	67·7	71·0	63·1	55·4	72·2	70·2	65·2	58·3
" " —women	"	46·3	37·1	26·5	33·6	29·8	25·2	30·3	28·6	27·5	24·6
By industry (4):											
Textiles	%	1·4	0·9	1·6	1·7	2·2	2·3	1·5	1·9	1·8	1·8
Clothing	"	1·3	1·3	0·9	0·9	0·8	1·2	0·9	0·9	1·0	1·0
Vehicles	"	0·8	0·5	0·4	0·4	0·3	0·3	0·5	0·5	1·0	1·3
Engineering, etc.	"	1·4	1·1	0·8	0·8	0·7	0·8	0·9	0·9	0·9	0·8
Coal-mining	"	0·2	0·2	0·1	0·1	0·2	0·1	0·1	0·1	0·1	0·2
Distributive trades	"	1·5	1·3	1·0	1·1	1·0	0·8	1·1	1·0	0·9	0·8
By regions (4):											
Great Britain	"	1·6	1·3	1·1	1·2	1·0	1·0	1·2	1·2	1·1	1·0
London and South Eastern	"	1·2	1·0	0·7	1·0	0·7	0·6	0·9	0·8	0·7	0·6
Eastern	"	1·3	1·2	0·9	1·1	0·8	0·7	1·2	1·1	0·9	0·7
Southern	"	1·4	1·1	0·9	1·0	0·8	0·7	1·0	1·0	0·8	0·7
South Western	"	1·6	1·5	1·2	1·2	1·1	0·9	1·4	1·2	1·1	0·9
Midland	"	1·1	0·6	0·5	0·5	0·5	0·7	0·7	1·0	1·2	
North Midland	"	0·7	0·6	0·5	0·6	0·5	0·5	0·7	0·6	0·6	0·5
East and West Ridings	"	1·2	0·9	0·7	0·8	0·7	0·7	0·8	0·8	0·7	0·6
North Western	"	2·1	1·5	1·4	1·5	1·4	1·4	1·3	1·4	1·3	1·2
Northern	"	2·4	2·2	1·8	2·0	1·7	1·6	1·7	1·6	1·4	1·3
Scotland	"	3·1	2·8	2·4	2·5	2·2	2·2	2·6	2·5	2·4	2·1
Wales	"	3·0	2·5	1·8	1·9	1·7	1·6	2·0	2·0	1·9	1·9
VACANCIES											
Unfilled vacancies notified to Employment Exchanges:											
Total	'000s	270	338	382	416	426	443	380	390	380	397
Men	"	147	191	214	230	239	247	208	213	209	216
Women	"	123	147	168	186	187	196	172	177	171	181
DISPUTES (5)											
Workers involved	"	114	37	55	62	203	41	45	54	27	...
Working days lost:											
Total	"	182	205	316	198	887	1,333	384	142	181	...
Mining and quarrying	"	33	39	93	97	574	18	45	61	48	...
Engineering, etc.	"	127	62	57	19	23	5	24	56	119	...
Other industries and services	"	22	104	166	82	290	1,310	315	25	14	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES [1] (1953 = 100)												
1948	42	94	74	65	90[2]	...	...	104	75	66	72	94
1954	105	99	100	98	98	112	106	101	101	102	100	111
1955	108	101	103	98	101	120	110	101	102	104	104	119
1956, January	106	103	105	100	102	126	...	103	103	106	108	131
„ February	108	104	106	103	102	126	...	103	104	106	109	134
„ March	109	103	107	101	102	127	...	103	104	106	109	136
„ April	108	103	108	102	102	128	...	103	...	108	110	...
„ May	109	...	...	103	...	...	...	...	...	110	109	...
COST OF LIVING [3] (1953 = 100)												
1948	50[4]	95	81	60	93	63	79	86	77[5]	74	77	89
1954	103	101	101	100	100	115	100	103	104	105	101[5]	119
1955	105	101	107	101	102	122	103	106	106	105	104	118
1956, January	107	102	110	102	104	125	...	108	106	106	107	132
„ February	107	102	...	103	104	126	106	109	107	106	107	137
„ March	107	103	...	103	105	126	...	111	108	107	108	136
„ April	107	103	111	103	105	127	...	...	107	108	108	...
„ May	107	103	...	103	...	...	107	...	...	...	...	...
IMPORT PRICES [6] (1953 = 100)												
1948	37	84	84	59	...	...	83	98	85	80	72	113
1954	96	96	97	98	96	...	101	98	95	98	99	104
1955	94	97	98	97	100	...	104	101	97	100	99	101
1955, December	94	97	98[11]	98[11]	100	...	108	102	95	105	101[11]	115
1956, January	98	97	...	...	101	...	106	103	96	102	} 102 {	...
„ February	94	100	...	...	101	...	106	104	100	97		...
„ March	97	...	...	...	104	...	107	...	97	102		...
„ April	96	...	...	...	102	...	...	...	...	99	...	...
EXPORT PRICES [6] (1953 = 100)												
1948	42	95	91	68	...	...	79	103	96	84	76	91
1954	99	94	99	95	96	...	98	99	100	99	98	97
1955	102	97	101	95	98	...	101	102	101	107	102	111
1955, December	101	101	106[11]	94[11]	99	...	103	105	104	115	105[11]	116
1956, January	101	101	...	...	99	...	103	105	100	114	} 105 {	...
„ February	102	101	...	...	102	...	101	104	100	115		...
„ March	104	...	...	...	101	...	100	...	103	115		...
„ April	107	...	...	...	101	...	...	...	...	111	...	...

TOTAL MONEY SUPPLY [7]

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	'000 mn. kroner	mn. liras
1948	...	154·0	7,110	2,165	11·48	1,984	110·3	1,989	7,385	6,937	7·67	1,715
1954	28·26	187·3	7,369	5,266	26·41	9·30[8]	152·2	4,036	9,172	9,162	11·09	3,869
1955	28·62	...	7,433	5,992	29·07	11·97	154·7	4,480	9,967	9,353	11·29	...
1955, December	28·62	...	7,433	5,992	29·07	11·97	154·7	4,480	9,967	9,353	11·29	...
1956, January	27·82	...	7,192	5,923	...	12·09	153·8	...	...	9,188	10·70	...
„ February	27·56	...	7,400	5,900	...	11·85	151·1	...	...	9,225	10·52	...
„ March	27·70	...	7,375	5,997	...	12·03	150·0	...	...	9,225	10·58	...
„ April	27·90	...	7,465	...	...	...	149·2	...	...	9,277	...	...

GOLD AND FOREIGN EXCHANGE HOLDINGS [9] (mn. US Dollars)

1948	62	938	84·0	...	295	6·2	209[10]	539	343	140·6	233[10]	192
1954	412	1,046	143·4	1,369	2,682	10·8	260[10]	1,041	1,276	137·3	479[10]	206
1955	357	1,146	133·1	2,120	3,121	...	242[10]	1,237	1,284	165·3	470[10]	211
1956, January	351	1,178	138·4	2,058	3,158	...	225[10]	1,226	1,305	161·2	458[10]	217
„ February	351	1,177	138·1	1,968	...	...	225[10]	1,227	1,305	159·5	458[10]	216
„ March	345	1,193	142·4	1,969	...	...	236[10]	...	1,291	161·4	454[10]	213
„ April	347	1,216	146·1	1,919	...	...	234[10]	...	1,297	161·4	448[10]	213
„ May	348	1,197	138·3	1,888	...	...	...	...	1,270	160·4	...	...

[1] Relates to wholesale prices in Athens and Piraeus only for Greece. Figures for Ireland are based on January, 1952=100. [2] July-December. [3] Relates to prices in capital cities only for Austria, France, Greece and Turkey. Belgium excludes rent. Denmark includes direct taxes. Figures for Ireland are based on August, 1953=100. [4] Excluding rent. [5] Including direct taxes. [6] Index numbers of unit value which compare the current average value of trade with its value in 1953; they are influenced by changes in the composition of trade as well as price movements. [7] Deposit money and notes and coin held by business, individuals and foreigners. Except for Greece holdings of the issuing authority and other banks are excluded. [8] Holdings of the government and central bank at end of period; figures for Greece are gold reserves only; foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments. [9] Beginning May, 1954, a new drachma equal to 1,000 old drachmas introduced. [10] Including some long-term securities. [11] Average for fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended July 14th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £23,241,000 compared with a deficit of £5,253,000 in the previous week and a deficit of £353,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £8,519,000 bringing the total deficit to £246,374,000 (£329,706,000 in 1955-56).

£'000	Esti-mate, 1956-57	April 1, 1955 to July 16, 1955	April 1, 1956 to July 14, 1956	Week ended July 16, 1955	Week ended July 14, 1956
Ord. Revenue					
Income Tax	2085,500	285,124	305,794	25,101	26,175
S.urtax	144,000	21,500	25,600	900	1,000
Death Duties	170,000	55,000	51,100	3,200	3,300
Stamps	58,900	20,300	17,400	1,400	800
Profits Tax, EPT	216,750	46,800	43,800	5,700	4,000
Excess Profits Levy	4,000	10,200	2,000	400	200
Special Contribution and other Inland Revenue	1,000	150	160	...	50
Total Inland Rev.	2680,150	439,174	445,854	36,701	35,525
Customs	1204,000	331,916	339,577	21,126	21,913
Excise	953,350	198,525	217,925	4,345	4,345
Total Customs and Excise	2157,350	530,441	557,502	25,471	26,258
Motor Duties	92,000	11,784	12,809	1,272	1,507
PO (Net Receipts)	10,000	...	...	...	...
Broadcast Licences	28,000	4,300	4,760	...	...
Sundry Loans	30,000	6,150	14,866	1,006	3,476
Miscellaneous	200,000	19,641	13,113	177	3
Total	**5197,500**	**1011,500**	**1048,844**	**64,627**	**66,769**
Ord. Expenditure					
Debt Interest	670,000	164,670	184,238	...	9,446
Payments to N. Ireland Exchequer	61,000	15,255	17,015	...	...
Other Cons. Fund	10,000	4,462	3,561	...	3
Supply Services	3979,685	954,030	1022,333	64,400	79,500
Total	**4720,685**	**1138,417**	**1227,147**	**64,400**	**88,950**
Sinking Funds	37,000	8,055	8,467	560	1,060
"Above-line" Surplus or Deficit	—	—	—	—	—
"Below-line" Net Expenditure	134,971	186,770	333	23,241	
	194,735	59,604	28,214	8,519	
Total Surplus or Deficit	—	—	—	—	—
	329,706	**246,374**	**28,547**	**31,760**	
Net Receipts from:					
Tax Reserve Certificates	34,357	89,724	−2396	646	
Savings Certificates	11,700	−20,600	− 500	−1200	
Defence Bonds	1,242	−20,442	− 223	446	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
July 16	3.260·0	2.020·0	293·8	...	5,573·7
1956					
July 14	3.260·0	1.575·5	270·4	...	5,105·8
„ 21	3.260·0	1.600·6	286·0	...	5,146·5
„ 28	3.250·0	1.423·5	279·9	...	4,953·4
May 5	3.240·0	1.431·1	251·9	...	4,923·0
„ 12	3.230·0	1.426·6	257·4	...	4,914·0
„ 19	3.220·0	1.435·1	277·8	...	4,932·9
„ 26	3.220·0	1.446·4	277·4	...	4,943·8
June 2	3.240·0	1.439·6	243·0	...	4,922·6
„ 9	3.260·0	1.472·4	244·0	0·8	4,977·1
„ 16	3.280·0	1.216·0	240·6	...	4,736·6
„ 23	3.280·0	1.193·6	279·7	...	4,753·3
„ 30	3.270·0	1.237·7	268·5	5·3	4,781·4
July 7	3.270·0	1.252·2	256·9	1·5	4,780·6
„ 14	3.270·0	1.280·1	262·5	...	4,812·6

THE MONEY MARKET

THE recent absence of stringency in the short loan market (which persisted until Wednesday, the banks' make-up day) and the prospect of a continuing strong outside demand for bills led the discount houses last week to raise their bid at the Treasury bill tender by a further 4d., to £98 15s. 1d. per cent, actually 2d. above the level from which the bid was twice reduced in the second half of June. Total applications dropped by £19 million from the previous week's record amount, so that, although only £270 million of the £280 million offered was allotted, the market again secured 61 per cent of the amount for which it applied.

Some small "special" buying occurred on Friday of last week, but otherwise the market has been left "on its own," with new money generally available at 4½ per cent down to 3½ or even 3 per cent. But 4½ per cent was paid on the banks' make-up day, when patchiness in the money supply and in distribution of Treasury bill maturities led one or two houses to take a very small sum in seven-day loans from the Bank—the first such borrowing since the half-year-end.

The Bank return shows a seasonal outflow of currency totalling £18 million (£30 million in the similar week last year) and the fiduciary issue has been raised by £50 million to the peak of £2,000 million.

LONDON MONEY RATES

	%		%
Bank rate (from 4½%, 16/2/56)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5 7/16–5 5/16
Banks	3½	3 months	5 7/16–5 5/16
Discount houses	3½*	4 months	5 7/16–5½
		6 months	5½
Money Day-to-day	3½–4½	**Fine trade bills:**	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4 9/16	4 months	6–6½
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	July 20, 1955	July 11, 1956	July 18, 1956
Issue Department:*			
Notes in circulation	1,845·0	1,922·5	1,940·6
Notes in banking dept.	30·3	27·9	59·7
Govt. debt and securities*	1,871·2	1,946·2	1,996·3
Other securities	0·8	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	21·8	18·8	18·8
Treasury special account	2·0	0·2	0·2
Bankers	245·4	229·3	207·8
Others	67·5	74·0	72·3
Total	336·7	322·3	299·1
Securities:			
Government	278·3	270·0	221·9
Discounts and advances	28·3	23·6	16·5
Other	15·7	17·0	17·2
Total	322·3	310·6	255·6
Banking department reserve	32·7	29·9	61·7
"Proportion"	9·7	9·2	20·6

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £2,000 million from £1,950 million on July 18, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
July 15	260·0	383·4	260·0	79 4·88	55
1956					
April 13	240·0	381·3	240·0	102 5·97	60
„ 20	230·0	382·4	230·0	102 4·55	43
„ 27	240·0	395·3	240·0	100 1·95	61
May 4	250·0	397·9	240·0	99 0·35	45
„ 11	250·0	404·5	250·0	98 11·66	42
„ 18	250·0	393·0	250·0	99 0·60	47
„ 25	240·0	373·2	240·0	99 1·15	52
June 1	260·0	381·4	260·0	100 5·45	53
„ 8	260·0	413·8	260·0	100 4·90	43
„ 15	240·0	396·0	240·0	100 4·20	41
„ 22	260·0	358·7	260·0	101 8·17	62
„ 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	452·4	280·0	101 1·84	61
„ 13	280·0	433·9	270·0	99 9·87	61

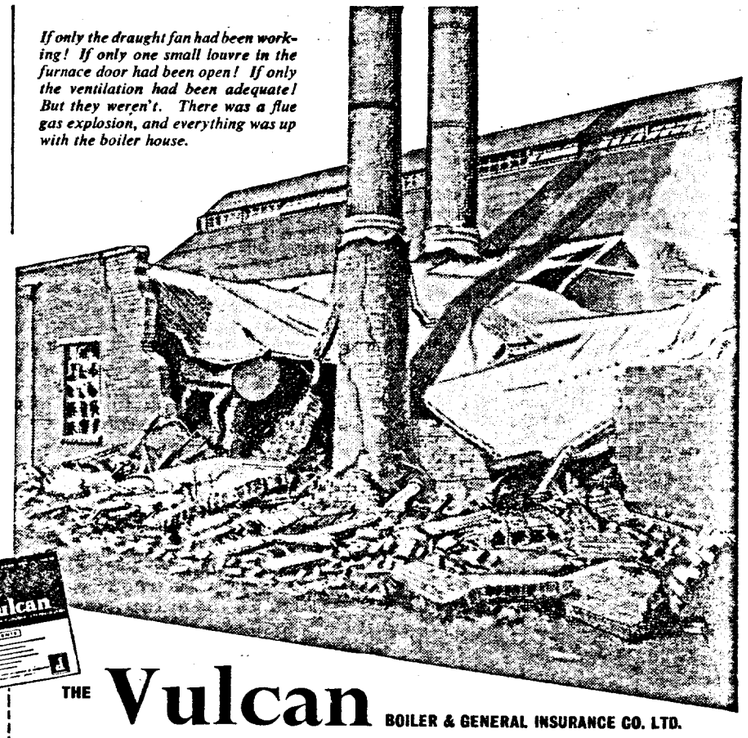
* On July 13th tenders for 91 day bills at £98 15s. 1d. secured 61 per cent, higher tenders being allotted in full. The offering yesterday was for £270 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	July 18	July 12	July 13	July 14	July 16	July 17	July 18
United States $	2·78–2·82	2·79 3/16–2·79 5/16	2·79 3/16–2·79 5/16	2·79 3/16–2·79 5/16	2·79 5/16–2·79 7/16	2·79 5/16–2·79 7/16	2·79 5/16–2·79 7/16
Canadian $	...	2·74 11/16–2·75 1/16	2·74 11/16–2·74 15/16	2·74 11/16–2·74 15/16	2·74 11/16–2·74 15/16	2·74 11/16–2·74 15/16	2·74 11/16–2·74 15/16
French Fr.	972·65–987·35	980½ 980¾	980¼ 980½	980¼ 980½	980 980¼	980 980¼	980 980¼
Swiss Fr.	12·15 7/16–12·33 7/16	12·18 5/16–12·18 7/16	12·18 5/16–12·18 7/16	12·18 5/16–12·18 7/16	12·18 5/16–12·18 7/16	12·18 5/16–12·18 7/16	12·18 5/16–12·18 7/16
Belgian Fr.	138·95–141·05	139·00–139·05	138·95–139·00	138·95–139·00	138·95–139·00	138·95–139·00	138·95–139·00
Dutch Gld.	10·56–10·72	10·64–10·64½	10·63¾–10·64½	10·63¾–10·64½	10·64–10·64½	10·64–10·64½	10·64–10·64½
W. Ger. D-Mk.	11·67 7/16–11·84 9/16	11·67 5/16–11·67 7/16	11·67 5/16–11·67 7/16	11·67 5/16–11·67 7/16	11·67 5/16–11·67 7/16	11·67 5/16–11·67 7/16	11·67 5/16–11·67 7/16
Portuguese Esc.	79·90–81·10	80·15–80·35	80·15–80·35	80·15–80·35	80·15–80·35	80·15–80·35	80·15–80·35
Italian Lire	1736 1762½	1746½–1747½	1744½–1745½	1745½–1746½	1746–1747	1746–1747	1746–1747
Swedish Kr.	14·37½–14·59½	14·42–14·42½	14·41½–14·42½	14·41½–14·42½	14·41½–14·42½	14·41½–14·41¾	14·41½–14·41¾
Danish Kr.	19·19½–19·48½	19·33½–19·33½	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·33½–19·34
Norwegian Kr.	19·85–20·15	19·99½–19·99½	19·99½–19·99½	19·99½–19·99½	19·99½–19·99½	19·99½–19·99½	19·99½–19·99½
One Month Forward Rates							
United States $		½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
French Fr.		1 pm–1 dis	par–2 dis	par–2 dis	1–3 dis	1–3 dis	1–3 dis
Swiss Fr.		2½–1¾c. pm	2½–1¾c. pm	2½–1¾c. pm	2½–1¾c. pm	2½–1¾c. pm	2½–2c. pm
Belgian Fr.		½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm	½–¼ pm
Dutch Gld.		1½–1¼c. pm	1½–1¼c. pm	1½–1¼c. pm	1½–1¼c. pm	1½–1¼c. pm	1½–1¼c. pm
W. Ger. D-Mk.		1½–1¼ pf pm	1½–1¼ pf pm	1½–1¼ pf pm	1½–1¼ pf pm	1½–1¼ pf pm	3½–2¾ pf pm
Italian Lire		2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par
Swedish Kr.		1o pm–par	1o pm–par	1o pm–par	1o pm–par	1o pm–par	1o pm–par
Danish Kr.		4–1o pm	4–1o pm	4–1o pm	4–1o pm	4–1o pm	4–1o pm
Norwegian Kr.		2o pm–par	2o pm–par	2o pm–par	2o pm–par	2o pm–par	2o pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/3½	250/4½	...	250/3½	250/2½	250/2½

All because of a blasted boiler

If only the draught fan had been working! If only one small louvre in the furnace door had been open! If only the ventilation had been adequate! But they weren't. There was a flue gas explosion, and everything was up with the boiler house.



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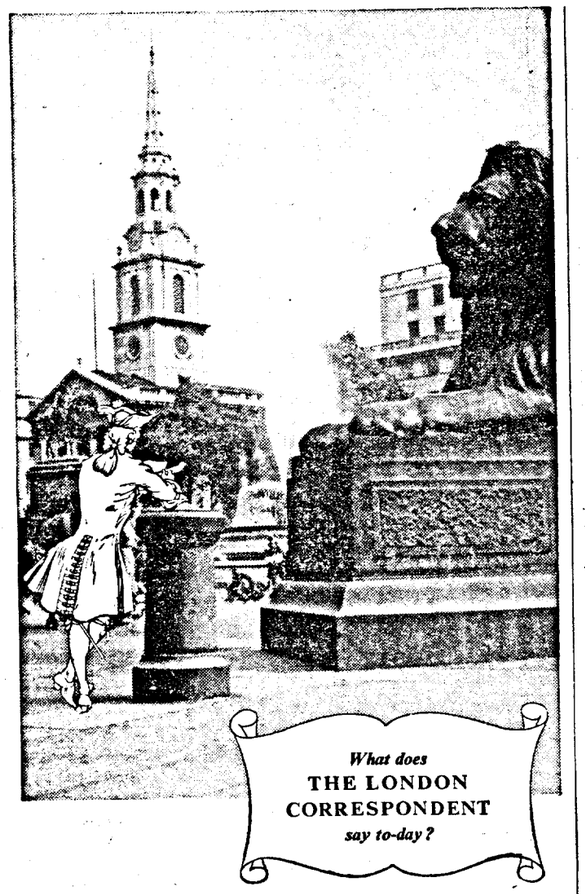

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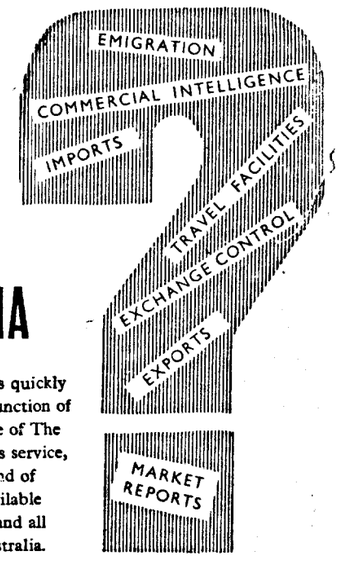

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COMPANY MEETINGS

ALBERT E. REED AND COMPANY, LIMITED

INCREASED PRODUCTION, TURNOVER AND PROFITS

LORD CORNWALLIS REVIEWS THE DEVELOPMENT AND PROSPECTS OF THE REED PAPER GROUP

The Fifty-third Annual General Meeting of Albert E. Reed and Company, Limited, paper manufacturers and converters, was held on July 16th in London, the Right Honourable Lord Cornwallis of Linton, KBE, MC, the Chairman, presiding.

The following is his statement which had been circulated with the Report and Accounts for the year ended March 31, 1956:

I am pleased to be able to present my annual statement to you after another successful year in which your Company has achieved further progress. Production, turnover and profits have all increased as compared with the preceding year.

Before referring to particular matters in the accounts, I should mention a change in the constitution of the Board of Directors which has taken place during the year. Mr John F. E. Coope resigned from the Board on March 1, 1956, after 11 years' very valuable service as a director of the Company. To succeed him, Mr Edward Mayall Gray was appointed a director on March 5, 1956. Mr Gray has wide experience of the newspaper world and his knowledge will be of great assistance to the Board of Albert E. Reed and Company, Limited.

PROFITS AND DIVIDENDS

The consolidated Group profit for the year ended March 31, 1956, after charging depreciation, but before providing for taxation, amounted to £6,671,182, an increase of almost £500,000 over the preceding year. This increase has been achieved in the face of continually rising costs which to a large extent we have been able to absorb by improvements in our productive efficiency and by further increasing our turnover. I shall refer later in my statement to the subject of costs and prices. The taxation charge on the Group's profit for the year again constitutes a heavy burden and amounts in total to £3,100,459 after deducting an amount of £227,210 provided in earlier years which is no longer required.

There remains available for dividend distribution and transfer to reserves the sum of £3,570,723.

As a result of what has been achieved during the year, the Board feel fully justified in recommending payment of a final dividend of 15 per cent, less income tax.

RESERVES

From the remaining balance of profits the sum of £2,500,000 has been transferred to general reserve, which now amounts to £9,500,000. After this transfer the sum of £402,433 remains to be carried forward, compared with £315,243 last year.

ASSETS

The Group's assets have been further developed during the year and this is reflected by an increase of nearly £2 million in the figure for land, buildings and plant shown in the balance sheet. The principal item of plant in this category is the No. 12 machine at Aylesford Paper Mills which was brought into operation on January 23, 1956, on a range of machine-glazed wrapping papers.

The annual output of the machine will be approximately 12,500 tons. We also have under construction at the moment a new paper machine which will be installed as the No. 13 machine at Aylesford Paper Mills and which will be a wide high-speed machine for the production of printing papers but which will also be capable of producing newsprint. We hope to have this machine installed and in production by the Spring of 1957.

The subscription of £1,500,000 for one-quarter of the Ordinary share capital of the Tasman Pulp & Paper Company, Limited, to which I referred in my statement last year, accounts for almost the whole of the increase in the balance sheet figure for trade investments. Initial construction of the Tasman Company's woodpulp, newsprint and sawmilling plant is now virtually complete and all sections of it have been in production for some time.

The capital expenditure on plant and investments has been the principal factor in the depletion of the Group's cash resources, but also stocks have increased by approximately £1,500,000 and debtors were nearly £600,000 more than at the corresponding time in the previous year. There have also been some increases in creditors, including bills payable and acceptance credits.

The effect of these changes has been a reduction in the excess of current assets over current liabilities by a little more than £1 million.

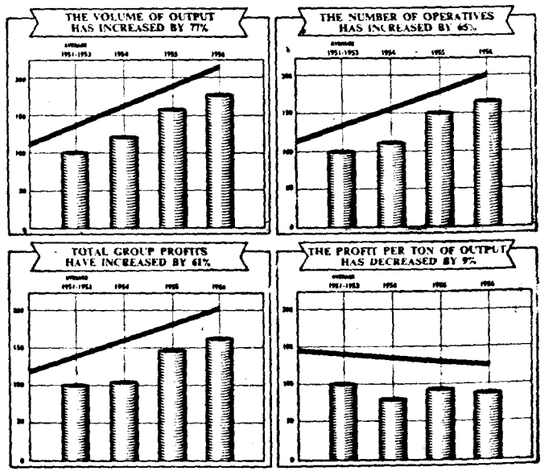
COSTS AND PRICES

Much has been heard during the last year of the problem of holding inflation in check and keeping the nation's economy on an even keel. In particular, industry has been exhorted from various directions to play its part by holding its prices. Our price policy is formulated with due appreciation of our national responsibility and in order to confirm that in recent years we have been meeting our obligations in this direction we carried out some research into the inter-relationship between our profits, production and numbers of employees. As a result we reached some conclusions which we consider to be of interest and which are reproduced in diagrammatic form (see below).

The fact that we have taken a reduced over-all profit per ton of our production while at the same time increasing our total wages, profits and dividends is an effective answer to those who proclaim that they are charged excessive prices for paper and paper products.

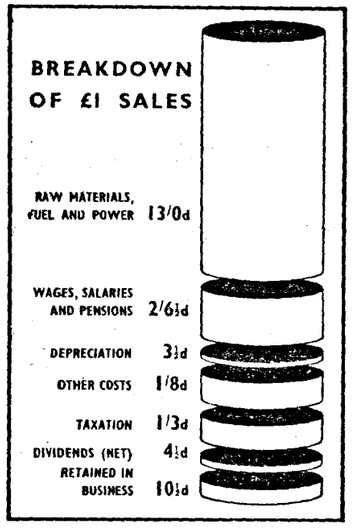
We also compared the amounts by which certain paper prices have increased in recent years with the amounts by which the cost of the woodpulp, which is such an overwhelming factor in the cost of paper, has increased.

Between July, 1953, and January, 1956, the price of unglazed pure kraft paper and machine-glazed kraft paper increased by £10. 15s. per ton. Over the same period the cost of wood fibre used in the manufacture of these papers increased by £11. 5s. per ton. Again, between July, 1953, and January, 1956, the price of machine-glazed sulphite paper increased by £12 per ton while the relevant fibre cost increased by £10 per ton over the same period. It will be appreciated that we have also had to bear increases in practically all our other costs and these amount to between £3 and £4 per ton at the 1953 level of output; it will be apparent, therefore, that these other increases have been largely absorbed and the fact that this has been achieved is due to improved efficiency and increased productivity.



How the Reed Paper Group has developed in the past three years.

Apart from the statistics to which I have just referred, shareholders will no doubt also be interested to see how each one pound of our sales income is disposed.



GROUP ACTIVITY

I have already referred to the fact that we have been able to achieve effective improvements in our manufacturing efficiencies; this has taken place over nearly all our activities and in some cases it has been possible to make very substantial increases in the productive capacity of individual sections of our plant. This is an important factor in our progress. We continually maintain our plant in an up-to-date condition and keep abreast of modern technical advance.

I will now mention some particular products in which we have become interested and for which we believe there is a great future. I referred last year to our association with the Kimberly-Clark Corporation of America and to the development, which we were then commencing, of the uses of cellulose creped wadding such as Kleenex. The British company (the name of which was recently changed from Cellucotton Products Limited to Kimberly-Clark Limited) which is carrying out this development has increased its share capital and since March 31, 1956, we have subscribed a further sum amounting to £500,000 to maintain our proportionate interest in this company.

The company's new factory has commenced production on the converting side of its operations and the installation of the new high-speed cellulose wadding machine, to which I referred last year, is well in hand and we anticipate that this machine will be in production early in 1957. A further extension of the converting plant will be ready to deal with the greatly increased supplies of wadding which will become available when that machine is in production. But the demand for creped wadding products is increasing so rapidly that already the installation of a second high-speed cellulose wadding machine and associated converting plant is being planned. This will necessitate a further substantial investment by your Company in Kimberly-Clark Limited. This project has now become an outstanding example of what can be achieved by close Anglo-American co-operation and I am delighted to repeat what I said last year, that we are proud to be associated with the Kimberly-Clark Corporation in this venture.

Since March 31, 1956, we have increased the scope of this association by transferring to Kimberly-Clark Limited our Hi-Dri paper towel manufacturing and marketing organisation. We feel that much is to be gained in improved distribution efficiency by the marketing of this consumer product through the same sales organisation which is dealing with products with such well-known names as Kleenex, Kotex and Delsey.

During the year we have acquired the whole share capital of Holoplast Limited, which has for many years occupied a modern factory on our Aylesford site. This company produces a wide range of laminated plastic products, such as structural cavitied panels for interior partitioning or external cladding of buildings, corrugated roofing and domestic furniture surfacing, all incorporating resin-impregnated paper supplied from our mills. These are marketed under the names Holoplast, Corroplast and Decorplast.

Another interesting new product is pitch impregnated fibre pipe for drainage and electrical purposes, which is marketed by The Key Engineering Company Limited, another newly acquired subsidiary. We have pioneered the manufacture of this product in this country and, after prolonged tests, it has been given a strong recommendation by the Building Research Station and has been granted a British Standard. In order to meet rapidly increasing demand, we are more than doubling the size of the factory in which we manufacture this product.

You may have seen from the Press announcements that we have now amalgamated all our corrugated fibreboard case manufacturing operations into one company —Reed Corrugated Cases Limited. This company, having eight factories located in different parts of the United Kingdom ideally placed to give the best possible service to its customers in any area, is the largest organisation in this country in its particular market. By this amalgamation we have achieved a number of operating, administrative and distributive economies as well as being able to provide improved service to customers, and it consolidates the developments we have been able to make in The Thompson & Norris Manufacturing Company, Limited, since our acquisition of that company, and in our other corrugated case manufacturing companies.

PROSPECTS

I now turn to the position of your Company in relation to the paper making and converting industries as a whole, and in so doing I will endeavour to give shareholders some idea of the facts upon which we base our confidence in our future success.

Of the annual production of 3¼ million tons of paper and board in this country, we produce over 12 per cent, and this part of our undertaking represents about 50 per cent of our activity. The other 50 per cent is in the conversion of paper for various purposes. We convert over 200,000 tons annually and we manufacture at least 30 per cent of all corrugated cases and multi-wall sacks made in Great Britain. Paper and paper products are vital to the national life and touch every aspect of the economy. Furthermore, new uses are continually being developed which constitute an ever increasing pressure of demand on the ingenuity and the manufacturing capacity of the producers.

It may be wondered whether there are sufficient raw materials available to enable the ever increasing demand to be satisfied. Ninety-five per cent of all paper is manufactured from wood. However, with the advance of silviculture promoting better growth and utilisation of existing forests, with improving accessibility to previously inaccessible forests, with the areas which can now be afforested where no forests ever existed, with the additional fire-controls, I do not think we need at present have any anxiety on this account. There is, of course, the possibility of synthetic fibres being brought more into use, but at the moment there is no sign that these are either as economical or satisfactory except for very specialised purposes.

Your Group is the largest purchaser of woodpulp in the world today and we are satisfied that our long-term contractual arrangements, together with a policy of developing our interests abroad, ensure that we are as well placed as any other British company to cover continuing and increased supplies of our raw materials.

To sum up our position, therefore, we feel that the demand for paper products is likely to go on increasing for as long as one can foresee and we are taking all possible steps to ensure raw material supplies and productive capacity which will enable us to play our part in meeting this ever increasing demand; thus we hope to continue over the coming years the steady progress we have achieved in the past.

CAPITAL EXPENDITURE PROGRAMME

The progress for which we are planning involves, of course, substantial capital expenditure and shareholders have already been informed of our proposals for raising the £6,500,000 of new capital which is now required in addition to the sums we are able to provide from our own resources. I will give you an outline of our proposals.

I have already referred to the new No. 13 machine at Aylesford Paper Mills. We are also planning to carry out in our mills and factories a programme of further modernisation and extension which will be spread over the next few years and which will increase materially their productive capacity.

The maintenance of an organisation such as the Reed Group of Companies in an up-to-date condition necessarily involves heavy capital expenditure for modernisation and development each year. This type of expenditure cannot always be planned for many years in advance, because it very often happens that modifications to plant have to be made at relatively short notice in order to satisfy changes in market requirements or in order to adopt new techniques which we have developed ourselves or which become available to us from the work of others in our industry. As far as we can now foresee, our general programme of modernisation and extension, together with the installation of particular items of plant such as the Aylesford No. 13 machine, and further investment in our associated companies such as Kimberly-Clark Limited, will involve capital expenditure amounting to approximately £25 million over the next four or five years, the greater proportion of which will, of course, be found from depreciation charges and undistributed profits retained in the Group.

MANPOWER AND MANAGEMENT

Having given you some idea of the scope and variety of our activity and of our proposals for the future, it is my privilege to refer to the motive force which makes this organisation function, namely, the management and employees. With the rate of expansion which we have achieved in the last few years, it has been obvious that very heavy calls have had to be made on the personnel responsible for management. We

have therefore given special attention to our recruitment and training, with a view to ensuring that, as the jobs turn up, the men with the requisite skill and character will be there to fill them.

There is much talk these days of automation. Whilst we consider that the paper industry will be a progressive employer of labour, we are keeping a close watch on all developments in this field, and we realise that progress cannot be made without further mechanisation wherever possible. It is always our concern to ensure that our men and women are fitted to carry out their tasks in the best possible manner with a feeling of satisfaction with the worthwhileness of their tasks and the contribution which the Reed Paper Group makes to daily life.

It is a very great honour and one which I personally regard as a high privilege to serve you as Chairman of the parent body of the Reed Group of Companies.

I can, with all sincerity, tell the shareholders that they are served by a loyal team in all grades of our organisation. The success of our operations depends in no small measure on their keenness, enterprise and friendship whether it be at work or at play.

I feel sure every shareholder will want to join with me in an expression of real gratitude to the whole of our staff, wherever they may be.

ALTERATION OF THE ARTICLES OF ASSOCIATION

Finally, I should like to deal with proposals which your directors have to put before you for certain alterations to the Company's Articles of Association. Firstly, the Articles of Association as at present constituted contain no reference to "A" Ordinary Shares, as this class of shares has, in effect, been created and the shares have been issued within the authority granted to the Board of Directors. To make the position plainer, it is proposed therefore that Article 5 be altered to bring it up-to-date and incorporate reference to the rights attaching to the "A" Ordinary Shares.

Secondly, the maximum number of directors permitted by the Articles of Association as at present constituted is nine and, as you know, directors have been appointed up to this number. In the opinion of the directors the growth of the Company has made it necessary that the size of the Board should be capable of being increased; they propose, therefore, that the maximum number of directors be raised from nine to twelve. Your directors have no present intention of recommending any additional appointments, but are merely seeking to safeguard the position. It is also felt that the present sum of £500 per annum with an additional £250 per annum for the Chairman which is fixed by the Articles as the fee payable to each director is no longer appropriate for a company of the size to which your Company has now grown and it is proposed to provide for directors' fees of increased amounts, details of which are set out in the Resolution embodied in the notice convening the Annual General Meeting.

Thirdly, it is proposed that Article 18 be altered so as to permit the Board to pass a Resolution adopting a method of mechanical application of signatures to share certificates under the control of the Company's auditors, transfer auditors or bankers. At the same time it is proposed to amend slightly the general provisions governing the use of the Company's Seal in order to ease day-to-day working.

Your directors have no hesitation in recommending these alterations for your approval.

FIRTH CLEVELAND LIMITED

A SUBSTANTIAL ADVANCE

MR C. W. HAYWARD'S STATEMENT

The Third Annual General Meeting of Firth Cleveland Limited was held on July 16th in London, Mr C. W. Hayward, chairman and managing director, presiding.

The following is an extract from his statement circulated with the report and accounts for the year as at October 31, 1955:

Since our last Meeting two additional Directors have been appointed to the Board of the Parent Company, Mr Eric S. Mead and Mr Leonard G. Oxford. Both these gentlemen have been Directors of Group companies for some years. It is our intention from time to time to appoint Directors of the Group companies to seats on the Parent Company's Board, based on my belief that in these times men of high technical and commercial ability are vital to the deliberations of the Holding Company's Board.

In support of this policy, a number of Special Directors were appointed during the year in individual Group companies—this with a view to training our younger executives in Board experience and responsibility and to encourage other young men to work towards these higher appointments.

A major problem of industry today is the difficulty of adequately rewarding (especially when promotion takes place) top executives on whom so much of the heavy burden of management falls. The incidence of taxation is such that it is often impossible, other than by paying some fantastically high salary, to compensate these men for the additional work and responsibility which they have to shoulder. The Chancellor of the Exchequer should make it possible for proper incentives to be given in such cases.

The results before you, which show a very substantial advance over the previous year, are due to the unrelenting efforts of the managing directors and executives of the Group companies during the period. We all realise, however, that the future calls for greater exertion, in order to meet competition and the more difficult times which we are now encountering. I have no doubt of the team's ability to meet these conditions, and to one and all in the Firth Cleveland Group of companies at home and abroad I offer grateful thanks for their effort.

At our last Meeting I mentioned we had recently bought the whole of the share capitals of Charles Cooper (Tipton) Limited and Richard Hill Limited. Since then there have been two additional acquisitions, one in the Retail Division, Civic Radio Services Limited, and one in the Engineering Division, Simmonds Aerocessories Proprietary Limited, Australia.

The Accounts show that the profit of the Group before taxation has increased from £900,974 in 1953/1954 to £1,379,122 in 1954/1955. The corresponding figures after taxation are £436,072 in 1953/1954 and £711,436 in 1954/1955. The profits of Civic Radio Services Limited are not taken into account as this Company was acquired after the end of the financial year.

THE OUTLOOK

Our combined activities resulted in a Group turnover of £14,250,000, and our trading for 1956 indicates that last year's turnover will be exceeded.

Our steel and engineering divisions are enjoying a high level of activity—in some cases orders are actually higher than in the same period last year—but one cannot rule out the possibility of the engineering division being affected during the remainder of this year by short-time working in the light engineering industries and a series of unfortunate strikes, particularly in the automobile industry. Our steel companies, however, ought not to feel any effects this year.

The production and manipulation of steel is a large part of the Group's activity, and it is interesting that our steel requirements exceed £3 million per annum, approximately one-third of our total material purchases.

Taking our last year's turnover and the consolidated profits, it will be seen that our profit percentage to turnover was about 9½ per cent before taxation, and after taxation, under 5 per cent, i.e., just under one shilling in the pound. This percentage rate should be higher—but we were requested by many of our customers to assist by absorbing wage and material increases in order that export prices might remain competitive. To the best of our ability we did this, but, because of further increased prices and wages I fear that we shall be compelled to raise our prices in the near future.

CAPITAL EXPENDITURE

In order to maintain our competitive position in the world markets it is essential that our plant and equipment be kept up to date, and this requires large sums of money. Our capital expenditure on new plant, equipment and buildings, incurred and budgeted for in 1955, 1956 and 1957 amounts to no less than £1,300,000. Hence the necessity for substantial profits if we are to have sufficient margin to plough back into the business. From the beginning of our new financial year in November next we should begin to reap some of the benefits of this capital expenditure, and the Group's turnover potential will be considerably increased.

Finally, I would like to offer on behalf of all the Directors in the Group and myself, our appreciation of the efforts which have been made by our employees of all ranks.

FIRTH CLEVELAND GROUP

Metals Division

Richard Hill Ltd.
The Firth Company Ltd.
Charles Cooper (Tipton) Ltd.
The Tenuous Steel Co. Ltd.
British Lead Mills Ltd.
R. E. Roberts & Son Ltd.

Engineering Division

Simmonds Aerocessories Ltd.
Keeton, Sons & Co. Ltd.
Firth Cleveland (Machine Tools) Ltd.
Stenor Ltd.
Landmaster Ltd.

Retail Stores Division

Max Stone Ltd.
Wolfe & Hollander Ltd.
Civic Radio Services Ltd.

PATONS AND BALDWINS LIMITED

FURTHER EXPANSION OF BUSINESS

NEW HIGH RECORD OF SALES

MR PHILIP A. WRIGHT'S STATEMENT

The annual general meeting of Patons and Baldwins, Limited, will be held on August 22nd at Darlington

The following is the statement by the chairman, Mr Philip A. Wright, which has been circulated with the report and accounts for the year ended April 28, 1956:

I am glad to be able to report that the year under review has seen a further expansion in your Company's business, and has consequently been a year of very full employment both for workpeople and machinery. Although, as I suggested last year, it could not be expected that the rate of increase in turnover experienced during 1953-54 and 1954-55 would be maintained, the Company's sales of both handknitting and manufacturing yarns during 1955-56 do constitute a new high record.

Sales of handknitting yarns have been helped by the continued demand for thick knitting wools and the high standard of our knitting leaflets and publications. The knitting public and the manufacturers have both appreciated the efforts the Company has devoted over the past few years to the improvement of the quality of its yarns, and both sections of our trade are now reaping corresponding benefits. The benefits of this research are particularly noticeable in dyeing, where the re-equipment of our dyehouses with machinery of a type hitherto unused in this country has brought really worth-while results enabling us to produce colours of a brilliance and fastness unheard of before the war.

The woollen spinning sections of the Company have again shown satisfactory results.

PATONS & BALDWINS (AUSTRALIA), LIMITED

Before proceeding with comments upon the figures which appear in the Consolidated Profit and Loss Account, I should like to refer to the excellent contribution made to the satisfactory results of the year by our subsidiary company in Australia, Patons & Baldwins (Australia), Limited. This company increased its turnover compared with previous years and earned a substantial surplus, and has in every way enhanced its high reputation in Australia for P. & B. yarns. The Australian company has maintained the dividend on its ordinary stock, of which one-third is held by Australian investors at 6 per cent, but has this year added a bonus distribution at the rate of 1¼ per cent. A sum of £A200,000 has been transferred to reserve in the accounts of the subsidiary, and the parent company's share of this sum, viz., £106,242, is shown in the appropriation account.

THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

The year's trading, the satisfactory features of which I have already touched upon, has brought a surplus into Section I. of the group accounts of £3,468,540, which is an increase of £498,422 over the corresponding figure for last year of £2,970,118. The charges shown in Section I. of the accounts follow the usual pattern, and apart from a reference to the charge for Bonus to Employees of £190,577 call for no particular comment from me. The Board are pleased that the results of the year justify the payment again this year of our profit-sharing bonus to employees. The rate of bonus distribution to employees other than those of the Australian company has been maintained at the rate of last year; employees of the Australian company have received an increased rate of bonus compared with last year when the rate was reduced because of the lower earnings of that year. This and the increased wage and salary bill on which bonus is calculated account for the increase in the charge for bonus compared with last year.

The balance carried down from Section I. of the accounts to Section II. is £2,617,234 compared with £2,091,665 a year ago.

The charges in the Profit and Loss Account for taxation both at home and abroad show increases compared with last year corresponding to the increased profits earned, and this is particularly noticeable so far as the charge for Dominion Tax is concerned. During the year two Conservative Chancellors saw fit, or were forced by circumstances, to increase on two separate occasions the charge for Profits Tax on profits distributed as dividends. The charge is now at the penal rate of 30 per cent of the gross amount distributed, whether by way of preference or ordinary dividend, although this rate only applied as from April 1, 1956, and does not therefore affect this company to any great degree this year. It is greatly to be hoped that the Government will give its early attention not only to the implementation of the recommendations of the Millard Tucker Report and of the Royal Commission on Taxation so far as the simplification of the structure of taxation on companies is concerned, but to the problem of reducing the truly appalling burden of taxation on both companies and individuals. If a reduction in the burden of taxation necessitates a pruning of the Government's expenditure both on its own account and for benefits it disburses for others, then such a pruning should take place before the industrial and social fabric of the country suffers further harm.

After a total charge for taxation of £1,422,155, which is over 54 per cent of the surplus of £2,617,234 brought in, the crediting of £121,744 for refunds of Dominion Taxation due to revision by the Australian and Canadian authorities of assessments made on the Company principally during the war years, and the elimination of £118,491 for the interest of outside stockholders in the profits of Patons & Baldwins (Australia), Limited, the balance carried to the appropriation section of the accounts is £1,198,332 compared with £1,048,924 a year ago.

THE APPROPRIATION ACCOUNT

After eliminating the amount transferred to reserve in the accounts of Patons & Baldwins (Australia) Limited and transferring £70,494 to capital reserve in respect of debentures redeemed under sinking fund arrangements during the year, the balance of the year's profits amounts to £1,021,596. The amount brought forward from last year is £539,585, giving a total balance on Profit and Loss Account of £1,561,181.

The dividends already paid on the 6½ per cent and 4 per cent Preference stocks amount to £119,809 and the interim dividend of 2½ per cent on the Ordinary stock absorbs £75,866. The Directors recommend that the remaining balance be dealt with as follows:

£303,465	in payment of a final dividend of 7½ per cent and a bonus of 2½ per cent on the Ordinary stock.
500,000	appropriation to General Reserve.
562,041	to be carried forward to next year.
£1,365,506	

The final dividend of 7½ per cent and the bonus of 2½ per cent, making a total distribution of 12½ per cent for the year, is a maintenance of the rate of distribution reached last year.

HALF-YEARLY OR INTERIM STATEMENTS OF PROFITS OR PROSPECTS

Comment is seen from time to time in the financial newspapers or heard from other quarters as to the desirability of the boards of public companies issuing at half-yearly or other intervals an interim statement as to profits or prospects. It is suggested that the period of twelve months which normally elapses between the publication of a company's annual statements of account is too long and that stockholders are entitled to more frequent indications of the course of affairs than the legal requirements of the Companies Act dictate. Although your Board is not aware of any particular desire for additional information voiced by the stockholders themselves, the Directors have considered the problem generally and have come to the conclusion that it would be undesirable in the case of your Company to depart from past practice in this matter. The handknitting and hosiery yarn trade of your Company is largely a seasonal one and raw wool, which is the Company's main raw material, is purchased from a seasonal market. These circumstances and the fact that raw material costs bulk so greatly in total costs and that stocks form so preponderant a part of the Company's working capital leads the Board to feel that the issue of interim profit figures which could be so distorted by subsequent movements of raw wool prices could be misleading or would have to be so guarded to avoid false impressions that they would be worthless. In these circumstances, therefore, your Board propose to continue their past practice of making no statement as to profits or prospects when declaring an interim ordinary dividend or at other times during the year unless in their view circumstances are so exceptional as to warrant particular reference.

THE CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet shows the group net assets after deduction of the interest

of minority stockholders at £16,973,609—an increase of £699,192 over the corresponding figure for last year.

The programme of modernisation and reorganisation at the Alloa factory is proceeding according to plan, and it is expected that the dyeing and finishing sections will be in operation by the autumn. Thereafter it is intended to commence the replanning of the spinning sections on the most modern lines. A start has also been made during the year with a programme of modernisation and re-equipment of Rutland Mills, Wakefield, in order to bring this factory up to the Board's present-day standard of production facilities and amenities for workers. In Australia also work has been completed on a small extension to the factory and a quantity of plant has been replaced with new. Plans have now been agreed for a further reorganisation and extension at Launceston to keep the level of production more in line with the sales demand. During the year 1955-56 the net value of fixed assets has increased from £8,145,242 to £8,366,106, a net increase of £220,864. Taking into account depreciation written off during the year, this covers expenditure on capital equipment throughout the group of over £750,000. It will be observed from a note to the balance sheet on page 8 that the group's immediate capital commitments at home and abroad amount to some £655,000. The Board's long-term plans will, however, involve much greater expenditure than this.

With the exception of bank balances, cash, short-term deposits and investments, current assets and liabilities do not over the year show any abnormal change. Cash balances and investments total £3,519,954, compared with £2,303,127 a year ago, emphasising the continuing improvement in the liquidity of the group's affairs to which I referred in my statement last year.

FLEMING REID & COMPANY LIMITED

You will no doubt have observed from the Press that in conjunction with J. & P. Coats Limited your Company has taken a financial interest in the business of Fleming Reid & Company Limited, the old-established Scottish worsted spinners, who are perhaps better known as Scotch Wool and Hosiery Stores. Under the agreement the Company is entitled to and has already nominated a member of your Board to the board of Fleming Reid & Company Limited. I am confident that the arrangements made will be profitable and to the benefit of your Company. No figures appear in the balance sheet as at April 28th last as the financial side of the transaction had not been implemented at that time.

THE WOOL MARKET

During the year under review wool prices eased continuously until by October, 1955, they showed a drop of some 15 per cent. Since then there has been some recovery so that over the full year the fall in value has been about 10 per cent. Unfortunately the fall in values has been largely offset by the continuing rise in production and distribution costs and could not therefore be passed on to the public. Since the balance sheet date, a substantial advance in merino qualities has occurred, due mainly to heavy Japanese buying towards the end of the Australian selling season. This increase in price is worrying in view of the Board's anxiety to keep selling prices down. However, it is very problematical whether it will be maintained when the full weight of another season's Australian and South African clip comes on the market. A policy of minimum buying is being pursued.

SYNTHETICS

Although man-made fibres play a useful role in both the handknitting and hosiery yarn fields, particularly as admixtures, I do not think there is at present any sign of their replacing wool to any major extent. Your Board, however, are well aware of the rapid progress which is being made in the development and improvement of synthetic fibres. It is the Board's view that orthodox worsted spinning machinery is not necessarily the most suitable means of producing satisfactory yarns from these new types of fibres, and they have therefore been engaged over the past year in trying out new methods and equipment to ensure that your company is not behindhand in the spinning and marketing of synthetic yarns. I may say the results to date appear to be most promising.

CANADA

I regret to report that while general conditions in Canada are extremely prosperous, the textile industry there is rapidly reaching a state of crisis and many long established textile companies are in serious difficulties. This state of affairs is due to the simple fact that existing tariff protection is inadequate in its relationship to the internal high standard of living which prevails, thereby making it impossible for local manufacturers to compete with low cost imports. Strong representations to the authorities have been made for adjustment by both the manufacturers and the labour unions, but without success.

As a result of the general situation, the Toronto factory has for the past three years had a very difficult time, and I see no prospect of any substantial improvement occurring in the near future. Your Board therefore is giving serious thought to the practicability of expanding the productive capacity of this factory into the wider field of the spinning of yarns from synthetic fibres.

EXPORTS

The inevitable development of secondary industries in such countries as India and Egypt continues, and the quota arrangements or increased duties on imports necessary for their protection add more and more to the difficulties facing exporters—particularly of consumer goods. Britain is not alone in the battle against inflation and anti-inflationary measures, particularly in northern European countries, have increased, at least temporarily, trading difficulties.

South America still remains practically a closed market. On the other hand, sales to those countries where trading conditions are more normal have been well maintained and indeed in some cases increased. In total the volume of export sales has been maintained, a result to be considered satisfactory in the light of world conditions.

PERSONNEL

The satisfactory trading result of the year could not have been obtained without the enthusiastic co-operation, hard work and loyalty of all those who serve the Company both at home and abroad, and as is very right and proper as well as being customary your Board records at this time its appreciation of the efforts of all employees. I have already referred to the contribution made to the group figures by Patons & Baldwins (Australia) Limited and record an especial appreciation of the excellent work carried out by all our employees in Australia under the leadership of the local management team. It is gratifying that the year's results permit the payment of a bonus to employees in extra recognition of the splendid efforts made by all concerned.

MR R. W. TOLSON

As will be seen from the Directors' Report, Mr R. W. Tolson will attain the age of 65 years in August this year and retires from the Board at the conclusion of the forthcoming Annual General Meeting. Mr Tolson joined J. & J. Baldwin & Partners Limited in 1909 and was appointed a director of Patons & Baldwins Limited in 1924. Your Board wish to record their appreciation of the long and valuable service given to the Company both as a director and as a manager by Mr Tolson and extend to him their wishes for a long and happy retirement.

FUTURE OUTLOOK

The prospect for continuing maximum production is very promising. I am hopeful that we shall be able to maintain our sales of handknitting yarns and should expect a further increase in turnover in manufacturing yarns. The export prospects are difficult to assess in view of the continuing change in factors outside our control, such as import restrictions, etc., but here again I shall be disappointed if we do not maintain our figures. I look forward to another satisfactory year.

WALKER CAIN LIMITED

GOVERNMENT—PREDOMINANT PARTNER

The annual general meeting of Walker Cain Limited was held on July 12th in London. The Right Honourable Lord Brocket (the Chairman), who presided, said: Our output for the year to March last showed a very satisfactory increase in all departments. Sales of draught beer were much improved, and bottled beer sales exceeded our expectations with a record turnover.

The Wines and Spirits branch of our trade has shown an extremely satisfactory expansion.

The Autumn Budget offered the Brewing Industry no respite from the high level of taxation, and I say again that our product carries too heavy a burden of Duty.

Costs continue to mount and it has been tacitly acknowledged over a period of time that, failing some amelioration in Duty, neither wholesaler nor retailer could be expected indefinitely to absorb these imposts.

Giving an analysis of each £1 of revenue, Lord Brocket said: The Government is by far the predominant partner in our industry, deriving 38.31 per cent in Duties and 8.31 per cent in taxes, a total of 46.62 per cent, or nearly half of every pound spent by our customers. This does not include Surtax or Death Duties on our stockholders or rates, which are a local Government charge. Only 5.12 per cent is paid to Debenture-holders, Preference and Ordinary stockholders, one-tenth of the sum paid in Duties, Taxes and Rates. Wages come to 11.05 per cent, more than double the sum paid to Debenture and stockholders.

The report was adopted.

WIGGINS TEAPE GROUP

(Wiggins Teape & Co. (1919) Ltd.)

ANNUAL REPORT AND ACCOUNTS OF THE WIGGINS TEAPE GROUP FOR 1955

PRODUCTS

THE GATEWAY RANGE of

(*a*) Watermarked papers for commercial use—Writing, Ledger, Air Mail, Index Board, Blotting, Cheque, Stamp, Office Systems, etc.

(*b*) Printing and Drawing Papers—Coated Art Paper and Board, Chromo, Gummed, Cartridge, Detail, Tracing, Chart and Recording, etc.

PACKAGING PAPERS

Glassine, Greaseproof, Pure Vegetable Parchment, Glazed Imitation Parchment, Tissue, M.G. Sulphite, etc.

TOILET TISSUE

INDUSTRIAL BASE PAPERS

Photographic, Dyeline, Ferro Prussiate, Plastic Laminate, Abrasive, Oil and Air Filter, Leathercloth, etc.

COMMERCIAL AND PERSONAL STATIONERY AND ENVELOPES

Salient Points

Net Profit (including adjustments in respect of previous years £98,344) after Taxation and Minority interests..	£2,697,274
Debenture Interest	165,723
Preference Dividend	89,006
Ordinary Dividend (17½ per cent)	828,318
Net Profit retained in the Group	1,614,227
	£2,697,274
Net Current Assets	16,100,899
Fixed Assets (less Provision for Obsolescence)	10,598,523
Trade Investments	831,841
Total Capital Employed (including Debentures and Loans)	£27,531,263

Extracts from Statement by Mr. L. W. Farrow, C.B.E., Chairman

SALES: The year 1955 was one of unprecedented activity in the paper trade and the volume of sales of your Group proved a record both in the home and export markets. In the home market the scheme of allocation of our product to ensure that our customers should each get their fair share continued throughout the year. Sales in the export markets again showed an increase on previous years. Directors of our Export Company maintained contact with our export branches and agents by visiting many overseas countries during the year.

PRODUCTION: The volume of the production of paper at your Group's Mills during 1955 exceeded the production for 1954 and was a record in the history of the Group.

PROJECTED NEW DEVELOPMENTS: The third machine at the Glory Paper Mills, Wooburn Green, Bucks, for the production of photographic base paper commenced successful manufacture at the end of April. Contracts have been placed for the new unit at our Dartford Mill, the main item of which is a fast running paper machine of 180 inches in width. It is hoped that production will commence in 1958. We are making progress with the placing of contracts for the new wood pulp mill which we propose to erect at a site near the entrance of the Severn Tunnel on the North West side of the River Severn. Plans have been made to receive timber this autumn so that a stock of prepared wood will be ready when the plant is expected to commence operations next year.

PROSPECTS FOR THE CURRENT YEAR: During the opening months of 1956, the paper trade has been affected by a dispute in the printing industry and by the credit squeeze. With regard to the latter, customers have been working down stocks of paper to improve their liquid position and this has naturally reduced their intake of fresh supplies. The demand for paper has undoubtedly fallen off from the high peak of demand in 1955 and in consequence very little overtime is being worked in the paper mills at the time of writing this statement. On the other hand, costs of production continue to rise. An increase in paper workers' wages has just been negotiated and we are faced with increased transport charges and increased cost of coal. However, unless trading conditions deteriorate as the year goes on, I think we should be able to report a satisfactory profit for 1956, though not as high as that for 1955.

THE BRITISH & COMMONWEALTH SHIPPING COMPANY LIMITED

EFFORTS TO FOSTER DEVELOPMENT OF TRADE

LORD ROTHERWICK ON THE TASK AHEAD

The First Annual General Meeting of The British & Commonwealth Shipping Company Limited was held on July 12th in London.

The Right Honourable Lord Rotherwick (the Chairman) presided and, in the course of his speech, said :

My colleagues and I have taken on our new tasks with a deep sense of responsibility and a determination to succeed, and I am confident that as the leader of the team, I can count on the loyalty and willing help of all connected with the various Companies in the Group. In the meantime, I should like to express our thanks to all those, afloat and ashore, who by their efforts have created a solid foundation on which to build. The Accounts for consideration at this meeting are purely formal but will enable the shareholders to appreciate the financial position of the Group.

BROAD CONCEPTION OF POLICY

My broad conception of policy can be stated very simply—to provide a first-class service and make profits. This Group of Companies can and must contribute to the well-being of the countries which it serves. It must use every effort to encourage the development of trade for, by so doing, it will help not only the economy of the country concerned but will also help to promote a better understanding among nations. In return we consider that we are entitled to receive an income to meet our needs and a reward commensurate with our effort. I make no apologies for attempting to make a profit, for today additional finance is required to maintain even a static business. But a business must either go forward or back and I shall certainly do all in my power to see that our business goes forward.

NEED FOR GOVERNMENT SUPPORT

What is left of an already depleted British dry-cargo Merchant Fleet may well be ruined by the ever increasing cost of replacement and the hampering effect of penal taxation (the heaviest in the world) and flags of convenience. Out of taxed income the British ship-owner must accumulate the difference between the actual and replacement cost of a ship, a gap only partly bridged by the Investment Allowance, whilst others taking advantage of an accommodation address may, broadly speaking, retain practically the whole of their profit.

In present conditions the decision to build a ship is an act of faith. Some may think it is tempting providence. However, if we allowed ourselves to be dismayed by the prospect we should never build another ship for always the dangers of tomorrow would outweigh the possibilities of today. I am satisfied that it is right to take a calculated risk and to proceed with an adequate policy of replacement. In this we need help and I look to the Government for support. Having regard to all the risks of obsolescence, I am justified in asking for an increase in the wear and tear allowance so that the cost of a ship can be written off more quickly out of profits. Add to this a proper recognition of the difference between replacement value and original cost which can be achieved by increasing the Investment Allowances then British Shipping will once again be able to look ahead, to plan for the future, to create new opportunities and assist in the development of world trade.

RESEARCH DEPARTMENT

With the development of the technique of a controlled economy Governments, more than ever before, have become interested in rates of freight. In this changing world the shipowner can no longer consider that he has done his job if he provides a regular and satisfactory service. He must examine trends : he must anticipate requirements : he must assess the trade potential of a particular area. In fact, he must take an ever larger part in the economic life of nations. Their problems are our problems. Our prosperity depends on their prosperity. If we approach our common problems with mutual good will and understanding, we can overcome our difficulties. Therein lies our best hope of success. In these circumstances, we propose to develop a Research Department within the Group which will be responsible for giving us an appreciation not only of trade prospects in the territories which we serve, but of world trends.

I, for my part, in order to form a first-hand impression of conditions, intend to revisit South and East Africa next January, and I could not look forward to any journey with greater interest.

Last August, a Delegation of the South African Conference Lines conducted negotiations at Pretoria with Representatives of the Union Government. We were not entirely satisfied with the revised rates which were agreed, but a friendly relationship developed between the negotiators which we hope can be broadened and extended, making possible the build up of a freight structure which will provide an ever-improving service.

Delays in port are still one of the most disturbing features of our business. In India, a welcome increase in trade has caused congestion, but the Indian Government is taking active steps to remedy the position: in Australia the Government is endeavouring to deal with working conditions in the ports: in the United Kingdom you are all aware of the strikes which took place during 1955 and which affected adversely the results for that year.

PROSPERITY DEPENDENT ON EXPORT TRADE

The prosperity of British shipping depends on export trade, and unless this is maintained at a high level the future will be dark indeed. We are in the midst of a credit squeeze. I do not dispute that this squeeze is assisting our economy. However, it is bearing very heavily on the little man who is least able to afford it, whereas a drastic reduction in expenditure by the Government would have been more effective, for it is this extravagant expenditure which is one of the principal causes of inflation. If taxation was materially reduced prices would come down, and not only would money buy more in this country but we could expect an improvement in our export trade which in the end will determine our standard of living. Money is still the most cogent argument for increased work, but it must be real money. Merely to earn more to enable you to pay more for the same article is no answer to the problem. We can afford to pay high wages if related to increased production, but the State is a grasping partner who requires anything from 42 to 92 per cent out of most increased earnings —a fact which must cause some on whose training and education much money has been spent to seek opportunities in foreign lands where they may reap a less highly taxed reward for their labours.

FUTURE PROSPECTS

You will expect me to say something about our future prospects. We are dependent on the volume of trade for our earnings and the level of costs, in relation to these earnings, for our profit. Accordingly, any restriction of imports such as those announced recently by the Government of Australia cannot be disregarded nor can we, as large users of oil, dismiss lightly the intimation of a further increase in prices. However, subject to unforeseen circumstances, the results for 1956 should show an improvement over 1955. The Group has recently taken over a 16,000-ton tanker which is on charter to one of the oil companies, whilst in addition a further three tankers, with a total tonnage of 54,000, have been ordered. In due course, if funds permit, we hope gradually to increase this side of the Group's activities.

A REAL OPPORTUNITY

In conclusion, I must refer to the Commonwealth and Empire within which practically the whole of the trade of this Group is carried on. There is far too much talk about the international situation and far too little about imaginative plans for helping Commonwealth countries to develop the untold wealth which they contain. In thinking of the Commonwealth and Empire I cannot confine myself to the benefit which the Group would obtain from an increase in trade with these countries. This is something much bigger than the prosperity of a group of companies. Our attitude to this free association of nations can determine the future history of the world. A strong Commonwealth and Empire can create stability. This is our real opportunity and, forgetting petty things, let us dedicate ourselves to this task. We are proud to carry the name British and Commonwealth as a constant reminder of our obligation.

The report was adopted.

BOVRIL-70 YEARS YOUNG

LORD LUKE REVIEWS A RECORD YEAR

Group sales higher than ever

AN all-time record in the total sales of the Company's products was announced by the Rt. Hon. Lord Luke, Chairman of Bovril Ltd., at the 59th Annual General Meeting of the Company, held in London on July 17th.

He pointed out that the Company was now in its sixtieth year. The trademark of Bovril, however, dated back to 1886, when the first sales took place in London. That was seventy years ago.

Expressing pride at the age of the organisation, he also felt that the Company, and no doubt its shareholders, were more concerned with the present and the future. It was the Company's constant endeavour to continue earning the confidence of its shareholders.

PLEA FOR REASONABLE TAXATION

Lord Luke observed that a company benefits not only its shareholders and those who work for it, but also the Government that receives its taxes. "It cannot be repeated too often," he said, "that taxation rises automatically with profits, and because of Profits Tax still much higher on those profits distributed as dividends. This is a matter which is sometimes left out when profits and dividends are being discussed in the same breath as wages and salaries. Reasonable taxation is agreed to be necessary but it is the tax gatherer who needs to be taught the true meaning of reasonable."

RECORD SALES OF HIGH-QUALITY PRODUCTS

The Chairman reported with pleasure that the total sales of the Company had been higher than ever and had created an all-time record. Several elements had contributed to this achievement. "Our products," he said, "have continued to find favour with the buying public, which indicates that in spite of Bovril itself being a relatively high priced product (a factor which we regret but cannot at the moment do anything to improve) the quality of Bovril has been maintained at its customary high standard (a factor which we can and do control). Therefore quality in Bovril, Jaffajuce, Bovril Corned Beef, Ambrosia Creamed Rice, to mention our four main lines, is as important to our customers as it is to your Company."

The Chairman thanked all employees for their loyal service and co-operation in what had been a very busy year.

STEADY PROGRESS IN EXPORT SALES

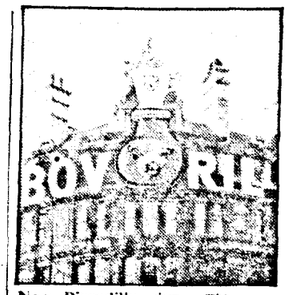
Reviewing the Company's overseas trade, Lord Luke reported steady progress in all fields. This was in spite of two extensive and greatly detrimental dock strikes.

The Chairman spoke of prosperous business on the part of Bovril (Canada), which had also made a start in establishing Ambrosia Creamed Rice on the Canadian Market. In the U.S.A. the Company had had a busy year marketing Bovril and Bovril Corned Beef. Bovril (Eire) had had record sales and also made a good start with the sale of Jaffajuce.

CONTINUING DIFFICULTIES IN ARGENTINA

Lord Luke summed up the year in Argentina as "business as usual during alterations". Reporting on the great strain under which the associated Company continued to work, the Chairman said, "The meat industry is still not operating on a satisfactory basis but the Government, in conjunction with the meat Companies, is working out a scheme of re-adjustment."

One outstanding improvement had been the much greater ease with which the Company could now ship their raw materials and Corned Beef.



New Piccadilly sign. *This new illuminated sign takes the place of the former world-famous illumination put up in 1909. Its neon lights will come on in a few weeks' time.*

MECHANISATION AND THE PERSONAL FACTOR

The Chairman reported that mechanical production in the Bovril factory had continued to make good progress and would help towards offsetting the continual rise in costs. "Production," said Lord Luke, "can only be made economical through the greater use of machinery ; in other words putting into men's and women's hands the means to increase their production for them. The adjustment of the personal factor is most necessary and we have endeavoured to carry this out satisfactorily."

Mechanisation *in the Bovril factory is progressing well. Here is one of the new labelling machines. Soon the whole bottling, capping and labelling line will be fully automatic.*

ADVERTISING AND MEDICAL LITERATURE

Lord Luke was convinced that advertising was an essential factor in converting mass production into mass sales and should be considered as one of the costs of selling and distribution. "Any effort to put a tax on advertising would be deliberately to increase the costs of production and distribution," said Lord Luke. A tax on advertising would have the effect of making the distribution of goods more costly, and would be a false economy of the first order.

The Company had continued to use Press and outdoor publicity and had also been represented on Television. Research was helping to gauge the relative effectiveness of these various publicity media.

Referring to literature of a medical nature which had been instituted during the year, Lord Luke said that some 50,000 copies of "Protein Loss and Convalescence" had been distributed to doctors in the United Kingdom and overseas. The second book of the series, "Vitamins of the B Complex", was to be distributed later in the year.

A talkiestrip, "Background to Bovril", had had a good reception with trade associations and various women's associations. Other strips were in course of production.

The Company was shortly publishing a book, "Olympic Odyssey", with a foreword by Lord Burghley and articles by medal winners. It would be sold in aid of the Olympic Games Fund.

The Chairman drew attention to the new Bovril illuminated sign in Piccadilly, which will replace the former world-famous sign erected in 1909. He said that the new sign would be in operation in a very short time.

ACCOUNTS

The Group's net profit for the year was £357,977, of which £20,745 belonging to the Parent Company was retained in the Subsidiaries. The payment of Pre-Preference, Preference and Ordinary Dividends absorbed £89,700, and the Directors recommended a final dividend of 13¼ per cent. on the Deferred Stock, making 16 per cent. for the year.

F. H. LLOYD & CO., LIMITED

DEMAND WELL MAINTAINED

MR F. N. LLOYD ON THE OUTLOOK

The sixty-ninth annual general meeting of F. H. Lloyd & Company, Limited, was held on July 19th at the registered office, James Bridge Steel Works, near Wednesbury, Mr F. N. Lloyd, chairman and managing director, presiding.

The secretary (Mr E. Allison) read the notice convening the meeting and the report of the auditors.

The following are the Chairman's circulated comments on the report and accounts for the year ended March 31, 1956:

Ladies and Gentlemen, this year we are including in the Directors' Report and Accounts, a comparative statement giving figures extracted from statements for the last twenty years. This has been done in order to illustrate the growth of the Company's operations during that period, which is still continuing.

The accounts now incorporate the one-for-one Capital Bonus Issue that was decided on at our last Annual General Meeting. The cost of this operation, as shown, was £4,772. Our net profit after tax at £419,681, is somewhat lower than last year and reflects a higher tax charge on a slightly lower profit before tax. The depreciation charge at £181,504 is increased and also reflects the extent of our net additional investment in fixed assets.

During the year, we have, on account of changing customer requirements, had to adapt our plant to making heavier and more intricate castings, and also to comply with more exacting specifications. Our total productive effort has increased, but this increase has been more than offset by reduced profit margins. So far, the demand for all our products has been well maintained, and barring any wholesale recession of trade, which would affect the whole Engineering industry alike, we expect to be operating at full capacity.

INCREASE OF COSTS

During the year, we have had to face substantial increases in the prices of most of our raw materials, as well as meet higher labour costs, and it has only been possible to recover these by increases in our selling prices to a limited extent. As there is an obvious limit to the extent to which increased costs can be recovered by higher selling prices, we are making strenuous efforts to offset these increased costs, over most of which we have no direct control at all, by raising our own standard of operating efficiency. This is the main reason why the amount to which we are committed on Capital Expenditure now stands at £443,000, whereas a year ago it was only £200,000.

The value of Capital Expenditure completed during the year was over £450,000, and we expect to feel the benefits of this expenditure and of other plant which is now about to come into operation, during the current financial year. Another reason for the magnitude of the development expenditure to which we are committed is the Iron and Steel Foundries Regulations 1953, which came into operation in January this year.

MACHINING OPERATIONS

Considerable development in machining operations has taken place at our main works at Darlaston, and we are now in a position to supply a substantial part of the castings we turn out in the partly or completely machined condition. This is enabling many of our customers to increase their own production, because of the shortening of their manufacturing cycle that it makes possible. At Lloyds (Burton) Limited we were seriously affected during the early part of the year by the recession in the automobile industry, and also by the cessation of certain armament contracts on which this plant had been engaged. However, with the coming into operation of additional melting plant in the latter part of the year, this setback was more than regained, and these works are now fully occupied on the manufacture of specialised steel castings and various grades of alloy cast irons

Rapid strides are also being made in what is known as the Shell Moulding process, which is now being applied to both steel and iron castings. At Parker Foundry (1929) Limited, Derby, production has increased steadily during the year, and the new plant referred to in our last report is now operating at full capacity. It has, moreover, been found necessary to put further extensions in hand, which will come into operation during the present year.

THE MONOPOLIES BILL

Some concern is being felt throughout our industry at present about the Government's Monopolies Bill, which is about to become law. In common with most of the other leading firms in the steel casting industry, we have for many years believed in the value of working with, rather than against, each other. Moreover, we believe that this co-operation has on balance benefited our customers quite as much as it may have acted to their detriment, in that stability of prices has prevailed and that the benefit to the customer of any extreme downward fluctuations that may have been avoided has been cancelled out because similar upward fluctuations have not taken place due to the stabilising factor of the agreements that have been in operation.

It is, as yet, too early to say what the actual effect will be on our operations, but we believe that such co-operation as can be proved to have been of value in the past could and should be allowed to continue under the new conditions which will prevail under the Act.

TRIBUTE TO EMPLOYEES

Once more I must express appreciation of the way in which our Company has been served by all its employees during a more than usually arduous twelve months. Your Company has, in its employees, a very valuable reserve of effort, experience, and skill, and the growth in the scope of our activities has only been made possible by the fact that this skill and experience is so widely disseminated throughout our organisation.

The report and accounts were adopted; the proposed final dividend of 10 per cent, less tax, on the Ordinary shares, making 12½ per cent, less tax, for the year, was approved; the retiring director, Mr A. B. Lloyd, was re-elected and the directors were authorised to fix the remuneration of the auditors, Messrs Agar, Bates, Neal & Company.

HENRY HOPE & SONS, LIMITED

AN ENCOURAGING YEAR

The fifty-eighth annual general meeting of Henry Hope & Sons, Limited, was held on July 18th at Smethwick, Mr Michael Hope, chairman and managing director, presiding.

The following are extracts from his circulated statement for the year to March 31, 1956:

We have had an encouraging year, for the drop in our trading profits at home which was such a depressing feature of the last two years has been halted. Our American subsidiary was not able to repeat last year's exceptional result, but in spite of a fall in profit they have paid us a higher dividend. The parent company's net profit, after payment of all taxes and the expenses of our Capital reorganisation, is £18,000 up at £213,990.

We recommend the payment of an Ordinary Dividend of 10 per cent on the increased Ordinary stock.

COSTS AND PRICES

Last year I referred to the efforts we had made to keep down our selling prices in the face of constantly rising costs, and this year I am afraid the story has repeated itself ominously. In February of this year, following the lead given by the Cement Industry and the appeal of the Prime Minister, the principal Metal Window makers announced that they would hold the prices of their Standard Windows until the end of June, hoping that this would encourage other groups to follow suit and act as some small check to the spiral of inflation. We had an encouraging response from many of our suppliers, but the nationalised and nationally organised bodies who control the major items of our expenditure seem to have had other views.

In March the Engineering Employers and Unions, and in February and April the Building Trades, both agreed to even higher increases in wages than they had 12 months earlier. In April aluminium went up by 3½ per cent. Rates by over 100 per cent and rail and road charges by 7½ per cent. In May steel went up by £1 16s. a ton and in June coal by 6s. 6d. a ton. The one encouraging feature is that copper has fallen from the peak of £434 a ton to about £300.

IMPORTANT CONTRACTS

During the year we secured an important contract for the aluminium windows for the new Irak Parliament Building in Baghdad. This is one of the largest overseas orders we have ever obtained and was taken in face of strong competition from foreign manufacturers. A pleasant feature of last year's business was the number of important orders we received from old customers who have been using our products for many years; these include the latest extension to the London County Hall, where we first supplied windows in 1913; a 10-storey office block for ICI Metals at Witton, Birmingham, where our windows were installed first in 1904 (and are still in good working order) and large extensions to the Ford Motor Company's factory at Dagenham and the Austin Motor Works at Longbridge. A small but interesting order received recently is for bronze wire mesh grilles to keep the pigeons and starlings out of the upper part of Big Ben Clock Tower.

The report and accounts were adopted.

BRITISH BANK OF THE MIDDLE EAST

ANOTHER SATISFACTORY YEAR

The sixty-seventh ordinary general meeting of The British Bank of the Middle East was held on July 17th in London, Sir Dallas Bernard, Bt, chairman, presiding.

The following are extracts from the chairman's circulated statement for the year to March 31, 1956:

I am again glad to be able to report another satisfactory year of continued progress. Our Public Deposits and ancillary Accounts are up £4,700,000 to £58 million. Cash in hand and Money at Call at £8 million is down by £500,000. We hold no Treasury Bills as against £6 million last year. But investments in British Government securities are up by £8 million to £26 million; all these stocks have fixed redemption dates and include a high proportion with very near maturity dates. You will notice from the Balance Sheet that these stand in our books below market value.

Loans, Advances and Bills Purchased at £26 million against £23 million show satisfactory progress.

We are continuing with our building programme and spent £124,000 during the year. We have written off £50,000 from Bank and other Premises out of our profit for the year. £300,000 has been transferred from our Reserve for Contingencies to our published Reserve Account, bringing the total of that account to £1,800,000.

The Accounts again show a strong position and give ample justification for a final dividend of 6 per cent, making 10 per cent for the year.

PROPOSED CAPITAL ISSUE

At the Annual General Meeting members will be invited to consider a resolution, the terms of which are set out in the notice of this meeting, increasing the authorised capital of the Bank to £2,500,000 by the creation of 1 million new shares of £1 each, and authorising the Directors to issue the new shares to such persons at such times and on such terms as they think fit. It is the present intention of the Directors to issue 500,000 of the new shares during the current financial year, by way of a rights issue to members. Your Board have no plans at this time for issuing the remainder. They consider it advisable to increase the capital of the Bank in view of the expansion of our business. Members will also be asked to consider a resolution substituting in Article 83 of the Statutes of the Bank the holding of shares of the nominal value of £500 as the qualification for a Director in place of the present qualification of shares of the nominal value of £1,000. It is felt that this is excessive and might prevent the acceptance of office by persons considered to be eminently suitable as Directors.

Our premises in London at Gracechurch Street have become inadequate for our needs and we have taken fresh premises for our Head Office at 6-7 King William Street, which give us all the accommodation that we need now and for some time to come. We expect to move into these new premises early in July.

MIDDLE EAST CONDITIONS

As the Bank's name implies, we are primarily engaged in that undefined area known as the Middle East. During the past year there has been much disturbing news from certain parts of it, but I would also like to say that there has been much good news which does not always find equal prominence in the press.

The enhanced prosperity and rising standards of living in the Middle East depend on the result of revenues from oil production which is principally disposed of in Western European markets. There is thus mutual interdependence between Western Europe and the producing countries, and it is a mistake to think that oil interests are immediately, or even ultimately, affected by every political incident in the Middle East that makes headlines in the Western press.

The long-term contractual obligations between the Governments of oil-producing countries and the oil companies bring very satisfactory results to both parties and their prosperity to a lesser extent spills over to benefit indirectly those adjacent countries which themselves have no direct revenues from oil. The benefits accruing to countries which provide wayleaves for pipe lines or refinery sites are quite considerable.

Oil production of the Middle East in 1955 was 161 million metric tons, against 133 million metric tons in 1954 and 118 million in 1953.

In November and December last, accompanied by Mr Musker, I visited our Branches at Tripoli, Kuwait, Bahrain, Doha, Dubai, Sharjah, Baghdad, Damascus, Amman, Jerusalem and Beirut, in that order. I was impressed by much that I saw, but particularly I was struck by the high regard in which our Bank is held in its area of operation.

The report and accounts were unanimously adopted and resolutions were passed approving the proposed increase of capital and making an alteration in the Statutes.

BANQUE D'ETAT DU MAROC

59, QUAI D'ORSAY, PARIS 7

BALANCE SHEET AT DECEMBER 31, 1955

Assets	Fr.	Liabilities	Fr.
Gold	7,413,249,220	Capital	46,200,000
Currency	1,915,142,369	Legal Reserve	11,550,000
French Francs	6,405,034,704	Supplementary Reserve	1,000,000,000
French Treasury Bonds	6,200,000,000	Notes in Circulation	65,548,337,450
Securities	756,049,117	„ „ „ (Hassani Peseta)	67,716
Bills in Hand	21,352,786,866	Bills Payable	32,543,431
Sundry Coin	517,528,427	Current and Deposit Accounts	5,508,647,743
Foreign Correspondents	2,245,976,878	Sundry and Special Accounts	2,551,962,525
Inland Correspondents	1,339,155,467	Accounts in Course of Collection, per contra	373,470,778
Bills in Course of Collection	373,470,778	Moroccan Government (South Zone) Deposits	2,614,020,517
Advances	15,894,146,539	Moroccan Government (North Zone) Deposits	743,248,787
Sundry and Special Accounts	5,503,245,775	Moroccan Government (Tangier Zone) Deposits	354,905,065
Balance with the Public Treasury in Paris (Convention of 29th Dec., 1921)	8,111,962,128	Pension Fund	1,777,182,063
Moroccan Government (South Zone) (Convention of 28th Dec., 1921)	15,000,000	Order and Sundry Accounts	2,060,797,837
Advances according to the Convention 30th June, 1947	2,800,000,000	Profits Brought Forward from 1954	12,206,755
Moroccan Government (North Zone) (Convention of 23rd March, 1928)	3,212,270	Profits for 1955	260,037,546
Premises	100,000,000		
Pension Fund Investments	1,412,935,997		
Order and Sundry Accounts	536,281,678		
TOTAL	82,895,178,213	TOTAL	82,895,178,213

DICTAPHONE COMPANY LIMITED

CONTINUED PROGRESS

MR C. KING WOODBRIDGE'S ADDRESS

The Annual Meeting of Dictaphone Company Limited was held on July 17, 1956, in London.

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

I am very pleased to be with you at this meeting of shareholders of this company, the progress of which I follow with considerable interest, and in submitting for your consideration the forty-fourth annual report of the directors, together with the accounts for the year ended at December 31st last, I am happy to state that not only has this company maintained its position in the dictating machine world, but its parent company, the Dictaphone Corporation, over which I am privileged to preside, and that company's Canadian offshoot which is so closely linked with this company, are both able to record very considerable progress.

MAGNITUDE OF BUSINESS

Before I go into any more detail with the affairs of this company, you may like to be reminded of the magnitude of the Dictaphone business. In addition to the sales of our own products during 1955, our resources were employed in defence contracts, which made a useful contribution to a record year both in turnover and profits, in fact without question the greatest year in the history of our companies.

Our overall turnover being in excess of £11 million, resulting in a net profit for 1955 of £744,333, of which £266,961 was distributed in dividends to shareholders, the remainder being retained to finance our ever-growing business, as it is important that we should not be restricted by lack of working capital.

THE DICTABELT

It is, of course, impossible to talk about the Dictaphone "Time-Master" without emphasising Dictaphone's "Dictabelt," manufactured in our own factory, which you will appreciate is by no means a small undertaking when I tell you that during last year over 26 million Dictabelts were made and distributed.

New products and improvements in standard products have been introduced through the year.

Commercial recording and reproducing equipment, as distinguished from dictating machines, including our Dictatape four-channel magnetic tape recording machine, our Dictalog magnetic belt recording machine and other specially designed devices, have grown to such an extent that we have set up a new division, the recording machine division, under the direction of a production manager and a sales manager.

This company, as you will see from the balance sheet, now has assets in excess of £700,000, and I claim without fear of contradiction that our Acton factory is one of the most modern and efficient manufacturing units in Europe.

GROWING EXPORTS

In the year under review this company has not only increased its domestic business but retained its export sales at the very high level of 70 per cent of its production, including a very substantial amount of dollar business.

During the past year Great Britain has had to answer a formidable challenge due mainly to the difficulty of selling British products at competitive prices in foreign markets. The measures adopted in an attempt to solve the country's economic problems which include a drastic tightening of credit facilities and an increase in the burden of taxation on business enterprises may well, however, have the effect of discouraging investment in cost reducing equipment including the range of Dictaphone "Time-Master" dictating machines. Yet it is by such investment that the competitiveness of British products can be increased.

THE TELECORD SYSTEM

During the year we have introduced the Dictaphone Telecord system, which is definitely not an alternative to the standard "Time-Master" dictating machine, but nevertheless a very important part of a Dictaphone installation. The Telecord system enables an individual to dictate anything at any time without waiting for a secretary. By picking up the telephone he can think out loud. While every business can use the Dictaphone "Time-Master" with profit, many businesses can also use the Telecord system profitably, and we look for an appreciable increase in our business as a result of this very useful development

A HIGHLY INTEGRATED ORGANISATION

Ours is a highly integrated organisation, unique in its industry. It plans, designs, researches, engineers, manufactures, sells and services its own products directly. Therefore it has complete control over every phase of its business.

I am sometimes asked why we continue to sell direct to our customers. The answer is simple, and it is that this method of salesmanship enables us to give service to users of Dictaphone "Time-Master" dictating machines and Dictaphone salesmen make personal contact with our customers whereby we are able to maintain that standard of service which has made Dictaphone the greatest name in dictating machines.

CONTINUED EXPANSION

Our business is growing all the time, particularly on the continent of Europe. We now employ more people than ever before, and while we are never satisfied we are indeed proud of the results of our efforts.

In conclusion, I would like to offer my personal thanks and those of my colleagues on the Board of this company to all executives and employees of our organisation throughout Great Britain and on the continent of Europe.

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

E. K. COLE LIMITED

SUBSTANTIALLY INCREASED TURNOVER

The annual general meeting of E. K. Cole Limited was held on July 19th at Westcliff-on-Sea. Mr E. K. Cole, chairman and managing director, presided and, in the course of his speech, said:

We have had another satisfactory year. The consolidated figures show that the trading profit amounts to £900,301. The net profit before deducting taxation is £773,733, an increase of £66,204. £445,000 has been transferred to taxation reserve, leaving a net profit of £328,733.

We substantially increased our turnover during the year.

Radio Division: The trading conditions of the industry over the past year on the whole remained at a satisfactory level and the division was able to take full advantage of this position. We were ready at an early stage with newly designed receivers for the reception of programmes from the first commercial television stations and others that may be initiated in the foreseeable future. Our new television, radio and car radio models were well received by our dealers and the public and upheld the company's reputation for quality products. Sales of radio receivers were maintained in volume.

The efforts of our engineering, production, sales, and publicity departments resulted in a new record in turnover for the division, although our attempt to keep the prices of our products to the public within reasonable levels, combined with increases in wages, salaries and other expenses has resulted in somewhat lower profit margins.

The long-term outlook for the radio industry is good, but the current year's prospects at this stage are rather difficult to forecast. The restrictions imposed by the Chancellor of the Exchequer through his financial measures have affected the sales of radio and television receivers throughout the industry. Nevertheless there has been an encouraging improvement in trading during the past few weeks and the directors consider that the company's high reputation will attract sufficient turnover in the domestic television and radio receiver markets to ensure that the current year will show a satisfactory return.

Electronics Division: Reviewing the activities of your subsidiary company—Ekco Electronics Limited—further progress has been made in the development and sale of electronic equipment; over two-thirds of the turnover being exported.

Your company has always played a leading role in airborne radar and the sale of military and civil equipment over the past year has been satisfactory.

Plastics Division: The division increased its turnover to a new high record and although the margins of profit were lower an overall satisfactory result was achieved.

Heating Division: The heating division increased its turnover by approximately one-third, and the profit position improved considerably.

The export turnover of the group was maintained, though trading conditions in the domestic radio field overseas remained difficult.

A major project undertaken during the year was the agreement with Associated Electrical Industries, Limited, to form the jointly owned company in Australia named Ediswan-Ekco (Aust.) Pty., Limited, with an authorised capital of £A1 million. This should be of substantial value to your company.

The report was adopted.

LAPORTE INDUSTRIES LIMITED

BENEFITS OF CAPITAL EXPENDITURE PROGRAMME

The forty-ninth annual general meeting of Laporte Industries Limited was held on July 12th in London, Mr L. P. O'Brien (chairman and managing director) presiding.

The following is an extract from his circulated statement: The Group surplus reached a new peak, and after adding interest from investments and deducting debenture interest, depreciation and audit fees, was £1,687,655, being 12.19 per cent higher than for the previous twelve months. However, necessary provision for future taxation is much greater on this occasion, with the result that we are left with £935,511 net profit, compared with £923,738 last year. In addition, during the year there was a capital gain of £58,066 arising from the sale of investments.

OPERATING COMPANIES

Laporte Chemicals Limited.—The development programme as planned is being steadily pursued. Half the Group income was derived from this subsidiary. Modifications to the older electrolytic hydrogen peroxide plant at Luton have been completed and resulted in increase of output. Additional production of hydrogen peroxide from new plant at Warrington working by the electrolytic process became available in the last quarter of the financial year. The total production of hydrogen peroxide and peroxy compounds was readily taken up by customers.

Further production from electrolytic plant should become available by August next and, according to present indications, LCL expect to be able to dispose of all the hydrogen peroxide they can make this year.

Last year, I reported that the Company would proceed forthwith to erect a large scale plant to manufacture hydrogen peroxide by an autoxidation process. It is now settling the details of design and methods, and it is expected that the new plant will be in production by the beginning of 1958. Arrangements have been made for sale of a large part of the prospective new production.

It may interest members to note that whereas LCL present selling price of hydrogen peroxide is only 47 per cent above that of 1939, wage rates paid are 200 per cent higher and we all know how much more costly are electricity (the principal cost item), fuel, transport and the other items that make up a delivered to buyers' works selling price.

This has been made possible by technical improvements in the manufacturing processes and the greatly increased scale of output notwithstanding progressive increases in the capital costs of additional plant and buildings.

The sales of barium carbonate, barium oxide and barium hydrate have been increased.

The trading prospect for the current financial year is considered satisfactory for all departments.

Laporte Titanium Limited.—LTL made the second largest contribution to Group income and as the demand for titanium oxide, both from the UK and export markets, is still unsatisfied, the Company has entered into capital commitments for plant for a third stage of development.

The present indications are that total output for the current year will be readily taken up by LTL customers.

Laporte Acids Limited.—This Company, with works at Hunslet, Castleford, Cleckheaton and Monk Bretton (Barnsley), had a successful trading year. Turnover was within close limits of the previous year, despite the temporary closing of some plants for major renewals—deferred by reason of heavy demands for sulphuric acid in recent years.

At the present time, LAL has a good customer in its fellow subsidiary, Laporte Titanium Limited at Stallingborough, and that state of affairs should continue throughout the current trading period.

The Fullers's Earth Union Limited.—On the whole, it was a not unsatisfactory trading year, but suffers by comparison with the results achieved in the previous year.

Customers' usage of activated fullers's earth diminished last year, and present indications are that during the current period demands for supplies will not equal forward estimates of requirements given to the Company a few years ago when additional plant was installed.

The Company has decided to undertake additional capital work, with the object of reducing the cost of production of activated earth, by the adoption of improved methods already established by recent research. Sales of Fulbond earth to foundries have been maintained.

After reviewing the Overseas interests and also the Group's accounts, the statement continued:

GENERAL REMARKS

When we raised new capital in November last, we thought that our available cash resources might be exhausted next autumn, but it now seems probable that the Company will not need to raise additional capital during 1956, as we have not been able to spend as quickly on capital account as we hoped.

During the previous two financial years, we have spent on capital account—

	£
1953/54	986,151
1954/55	1,166,373

We are now obtaining benefit from the capital expenditure in these years and may before the present financial year closes get some benefit from some of the expenditure in the year ended March, 1956—from which it may be noted that we have the reasonable expectation of increased earnings during this year provided the general level of national prosperity is maintained.

As the Group has not yet made inroads on the about £2 million raised last autumn, any benefit calculated to be derived from the expenditure of this new money cannot accrue during the current year.

To summarise, we expect increased earnings from Laporte Chemicals Limited and Laporte Titanium Limited, maintenance of earnings by Laporte Acids Limited and The Fullers's Earth Union Limited, and a temporary decline in earnings by Laporte Chemicals (Australia) Pty. Limited.

The report and accounts were adopted and the total distribution of 16 per cent for the year was approved.

WALSALL CONDUITS

OUTPUT AND SALES AGAIN A RECORD

MR ALBERT E. READ ON THE EXPANDING DEMAND

The twentieth annual general meeting of Walsall Conduits Limited was held on July 16th, in Birmingham, Mr Albert E. Read (chairman) presiding. The following are extracts from his circulated statement:

Output and sales have again reached record figures, and you may be interested to know that the Company's products have been exported to sixty-two different countries.

The Group Trading Profit, before providing for taxation, was £537,454, compared with £449,344 last year. After taxation, the final Net Profit was £255,649, as against £215,241 for the previous year.

Our Subsidiary Company, A. G. Hackney and Company, Limited, made a Trading Profit of £34,633 and, after full provision for taxation, there was a surplus of £18,886, compared with £20,902 for 1954.

The liquid position of the Group continues to improve. The excess of current assets over current liabilities at December 31, 1955, amounted to £1,311,233, an increase of £177,759 on the figures of a year ago.

FULL CAPACITY WORKING

During the year we were working at full capacity, within the limits of available labour, and this also applies to the first five months of the present year.

Reorganisation is at present being carried out in our malleable and grey iron foundry, which provides the most important basic supplies of material for our engineering shops. Not only will this result in greater output, but also cleaner and healthier working conditions for our employees.

I am pleased to mention that at the recent Electrical Engineers' Exhibition in London one of our products, namely, a neon plug top, received the highest award in the domestic appliance section. It is an inexpensive safety device which gives visible warning when any electrical appliance (domestic or otherwise) is in use.

The demand for the Company's products continues to expand, both at home and abroad, and we look forward to the future with confidence.

DIRECTORATE

In consequence of continued ill health, Mr A. E. Millard resigned his office as Managing Director as from October 31st last. I am pleased to say that he will retain his seat on the board and will be available in a consultative capacity. Mr L. H. Butler has been appointed Managing Director, and I am confident he will prove himself a worthy successor.

In conclusion, I wish to thank my co-directors, all the managers, staff and employees, together with our many overseas representatives, for their valuable help and services throughout the past year.

The report was adopted.

AMALGAMATED METAL CORPORATION

INCREASE IN DIVIDEND

MR WALTER GARDNER'S REVIEW

The twenty-seventh annual general meeting of Amalgamated Metal Corporation Limited will be held on August 9th at Princes House, 93 Gresham Street, London, E.C.2.

The following is an extract from the statement by the Chairman, Mr Walter Gardner, which has been circulated with the report and accounts for the year ended December 31, 1955:

The profit for 1955 before providing for United Kingdom taxation, as shown in the Consolidated Profit and Loss Account, is £1,466,535, compared with £923,347 for 1954. 1955 was a very favourable year, and the additional profits resulted both from increased trading in metals and other commodities, as well as from the sale by a subsidiary finance company of one of its own subsidiaries.

The realised profit on this sale included £89,448 net credit balance on profit and loss account of the subsidiary at date of sale. That amount, out of the net profit after taxation of £718,983, should therefore be regarded as relating to earlier years.

Dividends will absorb £286,108, and this figure includes a proposed dividend on the Ordinary shares of 10 per cent, an increase of 1 per cent on the previous year.

EXCESS OF RESERVES OVER GOODWILL

Reserves and Undistributed Profits amount to £2,568,837, the comparable figure at December 31, 1954, being £2,188,164. On the other side of the Balance Sheet there is a Group Goodwill figure of £1,439,348, mainly representing the premiums paid for the shares in The British Metal Corporation Limited and Henry Gardner & Company Limited in 1930.

When the first Consolidated Accounts were prepared at March 31, 1947, in accordance with the requirements of the Companies Act of that year, the Group Goodwill exceeded the Corporation's reserves by £640,814. At December 31, 1955, such reserves exceeded goodwill by £1,129,489, an improvement of £1,770,303 in this position since 1947.

Henry Gardner & Company have disposed of their interest in H. J. Enthoven & Sons.

The year 1955 duly fulfilled early expectations of a record high level of world industrial activity.

RISE IN METAL PRICES

World demand for several industrial raw materials rose to fresh high levels. More copper, lead and zinc were used than in any previous peacetime year and this brought about sharp rises in the metal prices. Cash copper on the London Metal Exchange rose from £295 a ton at the beginning of 1955 to £404 10s. on December 15th and finished the year at £400 a ton.

Strikes at producing plants were even more than in 1954 a big factor in forcing up the price. In 1955 they caused the loss of at least 130,000 tons of output. The great need of the copper industry now, and for some time past, is for higher output and it is to be hoped that strike losses will prove less burdensome this year. Stockpiling of copper was not a big market factor in 1955.

Spot lead rose from £106 a ton at the beginning to £120 at the end of the year and spot zinc from £84 to £101 a ton.

Cash tin rose from £695 10s. to £832 a ton during the year. The American Government contracted to buy up to 23,000 tons in the twelve months to March/April, 1956. This proved to be rather more than the surplus of world output over consumption, particularly as the rate of consumption grew in the last half of 1955. The future course of the market, as so often with tin, was clouded by political uncertainties, especially whether the American Government would buy any more tin in 1956 and whether the International Tin Agreement would come into effective being.

RUBBER, NATURAL AND SYNTHETIC

The average price for spot rubber in London during 1955 was 33 3/16d. as compared with 20½d. during 1954. The highest price was reached during September—43¾d.—as compared with the low of 24½d. during March.

World consumption of natural and synthetic rubber combined reached an all time high level of 2,885,000 tons, compared with 1954—2,505,000 tons. Of this, natural accounted for — 1,830,000 tons and synthetic — 1,055,000 tons.

A feature of great interest was the sale of Government synthetic plants to the USA to private enterprise. This was completed about the middle of the year, and from now on the US Government is no longer concerned with the production of synthetic rubber. It is too early yet to estimate with accuracy the increase in production of synthetic which will take place over the next few years owing to the uncertainty regarding the production of Butadiene. Henry Gardner & Company have been appointed distributors for The Firestone Tire & Rubber Company's synthetic rubbers in the UK.

The prospects for 1956 do not appear quite so favourable for natural rubber as 1955; but apart from temporary fluctuations in demand, the long-term outlook for natural rubber at reasonably competitive prices with synthetic remains good.

OVERSEAS SUBSIDIARIES

Shareholders may be interested in the following remarks about the activities of our subsidiaries overseas:

Africa.—Our business, particularly in asbestos, continues to expand, although both in the Union and in Central Africa the chrome business continues to be hampered by the shortage of railway trucks and congestion at the ports of Beira and Lourenco Marques.

Australia.—Government restriction of imports has made the year a difficult one, although we are well satisfied with our progress in Western Australia.

Canada.—As is well known, there is intense activity in the mining and exploration of non-ferrous metals.

India.—The consumption of non-ferrous metals is increasing and this rate of increase, particularly as regards copper and zinc, is confidently expected to rise as a result of the second five-year plan recently announced.

Malaya.—Business in Malaya has continued at a high rate, although the fall in the price of rubber towards the end of the year naturally tended to slow up activity. Moreover the uncertainties as to the future, which might be expected as a result of the demands for increasing independence both by Singapore and the Federation, have not bred confidence.

Pakistan.—Trading conditions continue to be difficult and imports remain strictly controlled. Substantial British and other investments have, however, been made in the past year in industrial enterprises, and large sums have been loaned by the United States and other countries.

APPOINTMENTS

WYE COLLEGE

(UNIVERSITY OF LONDON)

The Governing Body of Wye College invites applications for a post of Senior Agricultural Economist in the Department of Agricultural Economics. Applicants must be graduates, preferably with qualifications in Economics and/or Agriculture. Salary scale, £1,040 x £35—£1,220, with superannuation under the F.S.S.U.

Further particulars may be obtained from the Registrar, Wye College, Ashford, Kent, to whom applications should be forwarded by July 28, 1956.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

(UNIVERSITY OF LONDON)

Applications are invited for appointment in October, 1956, to an Assistant Lectureship in Economics. Salary scale £600 x £50—£700 a year, with superannuation benefits and family allowances. In assessing the starting salary due consideration will be given to age and experience. Candidates are invited to indicate their special interests in the field of economics.

Applications, with the names of three referees, should be received not later than August 30, 1956, by the Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2, from whom further particulars may be obtained.

BRITISH OVERSEAS AIRWAYS CORPORATION requires an ASSISTANT OPERATIONAL RESEARCH OFFICER for Analysis of its engineering and flying activities at London Airport.

QUALIFICATIONS: Honours Degree or equivalent in scientific subjects, supported by some practical experience, preferably embracing research work. Desirable additional qualifications: knowledge of the transport or engineering industries and/or statistical experience.

Salary £865 to £1,035 per annum.

Attractive pension, sickness and holiday schemes; wide sports and social club activities.

Applications in writing, giving full details, to Assistant Staff Manager (Appointments).

PHILIPS ELECTRICAL LTD. invite applications from young men under 35 years of age with a flair for statistics and their interpretation. A degree in mathematics or statistics or economics would be an advantage. The successful candidate would conduct statistical research into a wide range of manufactured articles in the radio and light electrical engineering industries. He should have an interest in the commercial side of the business and be able to work on his own initiative, accepting responsibility for results. The post is pensionable and carries a salary commensurate with age and experience. Replies should be addressed to Personnel Officer, Century House, Shaftesbury Avenue, London, W.C.2, quoting reference No. 842.

EXPERIENCED ANALYST required for the Investment department of City finance house.—Write, stating age and giving details of experience, to Box JL/67, c/o 95 Bishopsgate, E.C.2.

UNIVERSITY COLLEGE OF THE GOLD COAST

Applications are invited for Lectureship in Agricultural Organisation and Economy. Post-graduate research experience in Agricultural Economics essential. Salary scale £950 x £50—£1,000 p.a. Family allowance, £190 p.a. per child (maximum £500 p.a.). Outfit allowance, F.S.S.U. Passages for appointee, wife and maximum of 5 children, on appointment, normal termination and leave. Part-furnished accommodation at rent not exceeding 7.5 per cent of salary.

Detailed applications (10 copies) naming three referees by August 6, 1956, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

COUNTY COUNCIL OF ESSEX

COUNTY PLANNING DEPARTMENT

Planning Assistant A.P.T.D. II (£595-£675)

Applications invited for above superannuable post at Colchester. The successful applicant will be required to undertake duties in connection with the written, statistical and analytical work necessary in the formulation and review of development plans, and candidates should have had experience in carrying out these duties. Consideration will also be given to University Graduates with no specific experience in these duties.

Application forms from County Planning Adviser, Broomfield Place, Broomfield, Chelmsford, returnable by July 28, 1956. Canvassing disqualifies.

APPOINTMENTS

RHODES UNIVERSITY

GRAHAMSTOWN, SOUTH AFRICA

Applications are invited for the posts of:

1. SENIOR LECTURER IN PHARMACY.
2. LECTURER OR SENIOR LECTURER IN NATIVE *and/or PUBLIC* ADMINISTRATION.
3. LECTURER IN ENGLISH.
4. LECTURER OR JUNIOR LECTURER IN SOCIOLOGY

from January, 1957.

Salary scales:

Senior Lecturer: £1,050 x £50—£1,400 p.a.
Lecturer: £ 800 x £50—£1,050 p.a.
Junior Lecturer: £ 550 x £50—£ 750 p.a.

In the case of married persons only, a variable cost-of-living allowance, at present £234 p.a., is payable in addition. Previous experience and academic qualifications may be taken into account in fixing the commencing salary.

Full particulars and application forms may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications in South Africa and London, is *August* 31, 1956.

THE ASSOCIATION OF BRITISH CHEMICAL MANUFACTURERS

requires a successor to the present Director, who has reached retirement age.

The position is one of consequence in a progressive industry of considerable national importance, and would be attractive to a man *of good personality*, with some knowledge and experience in the chemical industry. An academic qualification in chemistry or chemical engineering would be an advantage, but not essential.

The Director is required to organise and generally to direct the activities of the Association. An important part of the Director's work is the maintenance of close contacts with member firms throughout the country, with representatives of other industries and with Government departments.

Applicants should be about 50 years of age. Salary will be of the order of £4,000 per annum; actual salary will depend on the age and experience of the successful applicant. A pension scheme is available.

Applications, with full particulars of experience and references, should be addressed in writing to The Chairman of the Association of British Chemical Manufacturers, 16 Graham Street, London, N.1, not later than August 13, 1956.

BRITISH IRON AND STEEL FEDERATION

MANAGEMENT TRAINING

The British Iron and Steel Federation invites applications for four appointments to the administrative staff engaged in preparing and conducting *residential* courses for managers in the Iron and Steel Industry. The work would involve the preparation of material for study, in consultation with persons in the Industry, and participation in the conduct and organisation of the courses.

It is intended that the administrative staff shall collectively be representative of the main specialised branches of the Industry and experience of engineering, metallurgy, accountancy or management training and education will be of value.

The initial salary paid in each case will depend upon the extent to which the successful candidates' experience and capabilities can contribute to the work involved. It is envisaged that it will not be less than £1,400 and in appropriate cases may appreciably exceed this figure.

Application forms may be obtained from the British Iron and Steel Federation, Hoyle Street, Sheffield, 3. Testimonials and references are not required at this stage.

WORKS DIRECTOR

ENFIELD CABLES LTD. ARE SEEKING A WORKS DIRECTOR, WITH SEAT ON BOARD, TO TAKE CHARGE OF THE COMPANY'S FACTORIES WHICH ARE ENGAGED IN THE MANUFACTURE OF ELECTRIC WIRES AND CABLES. THIS IS A TOP-LEVEL POSITION AND WILL CARRY A COMMENSURATE SALARY. WRITE, GIVING FULL DETAILS, TO J. E. SUNDERLAND, DIRECTOR AND GENERAL MANAGER, ENFIELD CABLES LTD., BRIMSDOWN, ENFIELD, MIDDLESEX.

RESEARCH FELLOWSHIP AT THE

ROAD RESEARCH LABORATORY

HARMONDSWORTH, MIDDLESEX

(Sponsored by the Rees Jeffreys Road Fund)

The Rees Jeffreys Road Fund *invite applications for a* fellowship, tenable at the Traffic and Safety Division of the Road Research Laboratory, Harmondsworth, Middlesex, for a period of two years. The Fellow would be required to work on the following project:

"*To study the economic benefits* to be obtained by road improvements; in particular to study the effect of road improvements on vehicle operating costs."

Candidates should hold a 1st or 2nd Class Honours degree or an approved qualification *in economics*, physics or *engineering*. The grant associated with the Fellowship would be about £2,000 over a two-year period (inclusive of subsistence, travelling, etc.) according to circumstances. The successful candidate might be required to *travel abroad*.

Closing date July 31st.

Applications should be made to:

The Director of Road Research,
Road Research Laboratory,
Harmondsworth, Middx.

COLLEGE OF TECHNOLOGY, BIRMINGHAM

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

Applications are invited for the new post of LECTURER in the *HUMAN RELATIONS* aspects of Industrial Administration.

Salary will be in accordance with the Burnham (Further Education) Scale for Lecturers—

Present Scale
(Men) £965 x £25—£1,065
(Women) £772 x £20— £852 (Plus equal pay increment)

Prospective Scale from October 1, 1956
(Men) £1,200 x £30—£1,350
(Women) £960 x £24—£1,080 (Plus equal pay increment)

Further particulars and forms of application may be obtained from the Registrar, College of Technology, Suffolk Street, Birmingham, 1, on receipt of stamped addressed foolscap envelope. Closing date—two weeks after the appearance of this advertisement.

K. R. PILLING,
Clerk to the Governing Body.

ACCOUNTANT REQUIRED

WESTERN REGION PRODUCTION DEVELOPMENT BOARD,
IBADAN, NIGERIA

The Western Region Production Development Board has a vacancy in its accounting organisation for an ACCOUNTANT. Candidates should possess a recognised accountancy qualification and should have had several years' experience since qualifying including work on reorganisation, introduction of new accounting systems and budgetary control and, most essentially, some knowledge of costing and cost systems with the ability to design cost systems. Commencing salary excluding inducement allowance will be in the range £1,100-£1,590. The point of entry will depend on experience and qualifications.

2. Inducement allowance is £270-£300, depending upon the point of entry.

3. The terms of service include partly furnished accommodation at 8½ per cent of the basic salary (excluding inducement allowance); free medical service, outfit allowance of £60, free first-class passage for wife and also free first-class passages once each way per tour for children up to three in number not over the age of thirteen. Employees are required to contribute up to 10 per cent of their salary to a Provident Fund which is matched by equal contribution by the Board and which carries interest at 2½ per cent. Normal length of tour 18-24 months followed by home leave at full pay at the rate of five days per month of overseas service.

4. Applications in duplicate, together with details of age, experience and qualifications, and the names of three personal referees, should be sent to:

The London Representative,
Western Region Production Development Board,
18 Grosvenor Gardens,
London, S.W.1.

Closing date July 31, 1956.

BRIGGS MOTOR BODIES LIMITED

have vacancies for
(Young) Accountants or Economists
in the
FINANCIAL ANALYSIS and COST CONTROL DEPARTMENT

Applicants should have a proved interest in economic studies and cost control work. Salaries will be in line with qualifications and experience, and there are first-class prospects for men of real ability.—Write, giving details of age and career to date, to:—

SALARIED PERSONNEL DEPT.,
BRIGGS MOTOR BODIES LIMITED,
DAGENHAM, ESSEX.

COMMONWEALTH BANK OF AUSTRALIA

ECONOMIC RESEARCH ASSOCIATE

The Commonwealth Bank of Australia invites applications from persons of *professorial or near professorial* status, who have had some experience in advanced economic research, for a position of RESEARCH ASSOCIATE in the Economic *Department* at its Sydney, N.S.W., office.

Appointment would be for a term of two years at a salary of £3,000 p.a. (Australian currency) subject to renewal at the option of the Bank. The Bank would also take over contributions at present being paid to a superannuation or similar fund by a University or other employer or, alternatively, contribute towards a suitable endowment plan.

Appointment would be contingent on applicant's passing a medical examination and subscribing to a declaration of secrecy.

Bank would meet travelling expenses (for appointee and family) on appointment *and normal termination*.

Applications, which will be treated as confidential, should be made in writing and should give particulars of age, nationality, war service (if any), and academic qualifications, together with full details of research experience. They should be forwarded to reach the Staff Inspector, Commonwealth Bank of Australia, Box 2719, G.P.O., Sydney, N.S.W., not later than September 30, 1956.

RESEARCH MANAGER required by major American Company in U.K. to conduct market, product and consumer research relating to existing and new products. A substantial salary, and a very interesting present and future is offered to highly intelligent men, aged 30 to 50, of good education (economic science degree desirable) and successful research experience with medium to large size Company selling consumer goods. Other qualities necessary: energy; integrity; tact; planning and executive ability; and *ability* to get on well at all levels; leadership.—Reply to Box 471.

FOREIGN LIAISON AND EXPORT PUBLIC RELATIONS. Gentleman of considerable *business* and administrative experience (R.N. background) requires work for which his wide knowledge of Western Europe and excellent contacts, both public and business, would be an asset. He is used to *responsibility and possesses* initiative and tact. *Seasoned negotiator. Planning and* staff experience. Impeccable references. Fluent French also German and Italian.—Box 470.

WANTED by energetic Colonial Administrative Officer in early thirties, paid occupation for any part of *September/January* leave. *Some business experience*, knowledge law, economics, accounts, personnel.—Box 466.

NORANDA MINES LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of Fifty Cents (50c) per share, Canadian Funds, has been declared by the Directors of Noranda Mines Limited, payable September 14th to Shareholders of record August 17, 1956.

By Order of the Board,
C. H. WINDFELDER,
Secretary.

Toronto, Ontario.
July 17, 1956

THE ALEXANDRIA WATER COMPANY, LIMITED

ALEXANDRIA, EGYPT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN that on presentation of Coupon No. 129 a dividend of ten shillings per £5 share, less Egyptian Government and Alexandria Municipal taxes amounting to L.E. 5.9620 will be paid on and after July 9, 1956, in Alexandria, at the National Bank of Egypt, rue Toussoun, or in London, at the Midland Bank Limited, Overseas Branch, 122 Old Broad Street, E.C.2.

Net profits for the year ended December 31, 1955 £153,179 (last year £117,907)

At the same time, payment will also be made of the balance available for distribution of dividends which have been held in suspense, pending the reconstitution of the Company's accounts to conform to the terms of the new Contract with the Municipality of Alexandria. This amounts to 10/4.452717 per £5 share and will be paid after deduction of Egyptian Government and Alexandria Municipal taxes amounting to L.E. 2.72658.

BONUS SHARES

Shareholders who have not yet taken up their rights in the bonus issue are reminded that applications should be submitted to one of the above-mentioned Banks not later than March 8, 1957.

The new bonus shares, bearing Coupon No. 129 as the first coupon attached, participate in the above dividends.

ISSUE OF NEW COUPONS

Notice is also given that holders of share warrants to bearer of the following series:—

1	to	4,664
16,721	to	45,908
73,589	to	73,684
73,785	to	73,788
100,001	to	120,000

on which the last coupon attached is No. 129 should apply to the above Banks in London or Alexandria for the necessary forms for depositing these share warrants with the Bank for the attachment of new Coupon Sheets.

Dated, Alexandria, Egypt, June 27, 1956.

By Order of the Board,
ALEX. L. BENACHI,
Chairman and Administrateur-Délégué.

ASHANTI GOLDFIELDS CORPORATION, LIMITED

NOTICE IS HEREBY GIVEN that the Board of Directors have today declared an Interim Dividend (No. 119) on the Issued Capital of the Corporation at the rate of 2s. per Unit of Stock, less Income Tax at 8s. 6d. in the £. This Dividend, which is in respect of the year ending September 30, 1956, to be payable on and after September 14, 1956, to all Stockholders on the Registers on July 23, 1956.

THE TRANSFER BOOKS WILL BE CLOSED from July 24, 1956, to July 31, 1956, both dates inclusive, for the preparation of Dividend Lists.

By Order of the Board,
E. W. MORGAN, Secretary.

Registered Address:
10 Old Jewry, London, E.C.2.
July 17, 1956.

THE ROYAL BANK OF CANADA

DIVIDEND NO. 276

NOTICE IS HEREBY GIVEN that a DIVIDEND of 45 cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and will be PAYABLE at the Bank and its branches and after September 1, 1956, to shareholders of record at the close of business on July 31, 1956.

By Order of the Board,
K. M. SEDGEWICK,
General Manager.

July 17, 1956.

SUCCESSFUL TUITION FOR THE B.SC.(ECON.) DEGREE

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for and Univ. B.Sc(Econ.) (three *if Intermediate*). *Moderate* fees: instalments. Over 1,000 Wolsey Hall students have secured this valuable degree since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies, Dept. P.16, WOLSEY HALL, OXFORD.

A NEW LOOK and a brighter look—*The Banker* this month is not to be missed. The typography and layout have been most generously remodelled to make every concession to attraction of display and ease of reading. The result is remarkable.

THE BANKER provides a regular monthly commentary on and analysis of the significant events in the economic and financial fields, both at home and abroad. Sterling, the American economy, monetary policy. . . It publishes, too, and in language unintending to the general reader, contributed articles of weight and substance, sometimes specialised, but nearly always topical. Now, *The Banker* unitedly offers this service in a luxury package. Price 2s. 6d. monthly from bookstalls, or 72 Coleman Street, London, E.C.2.

DO IT YOURSELF—a new development: get-someone-else-to-do-it-for-you. Meanwhile, sit back, in a comfortable chair. Make sure there's a bottle of Duff Gordon's EL CID Sherry within easy reach.

EXPERT POSTAL TUITION

for Examinations—University, Law, Accountancy, Costing, *Secretarial, Civil Service, Management, Export*, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to *The Secretary (19/2)*,

METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

The Economist: Annual Air Subscription Rates

Australia: £8.5s. (sterling)	Europe (except Poland): £4.15s.	Iran: £6	Iraq: £6	New Zealand: £9 (sterling)	S. America and W. Indies: £7.15s.
Canada: $21.50 or £7.14s.	Gibraltar, Malta: £3.15s.	Israel: £6		Nigeria, Gold Coast: £5.5s.	Sudan: £5.10s.
East Africa: £5.5s.	Hongkong: £7	Japan: £9		Pakistan: £6	Union of S. Africa: £5.10s.
Egypt: £5.5s.	India & Ceylon: £6	Malaya: £6.15s.		Rhodesia (N. & S.): £5.10s.	U.S.A.: $21.50 or £7.14s.

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Coventry Climax Electrics

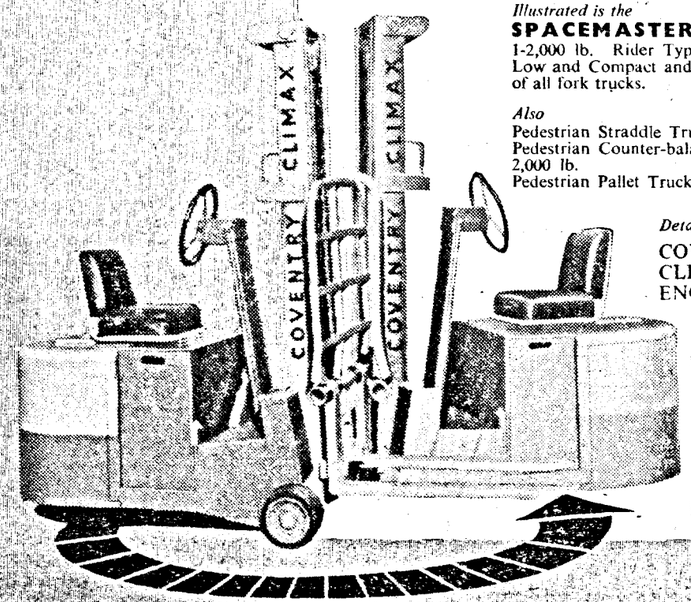
Backed by nearly a quarter of a century of electric truck experience!

The LEWIS-SHEPARD Electric Powered Handling Equipment renowned for its advanced design is now being built in England by Coventry Climax, offering all the advantages of these supreme electric vehicles for use where electric powered handling is desirable.

On the American Continent LEWIS-SHEPARD Electric Trucks are the standard against which all electric trucks are measured, a reputation achieved in manufacturing and operating experience extending for nearly a quarter of a century. This valuable experience supplements the engineering ability of the COVENTRY CLIMAX Fork Truck Organisation in the series of electric powered handling equipment now being produced by Coventry Climax.

Illustrated is the
SPACEMASTER Model "J"
1-2,000 lb. Rider Type Fork Lift Truck. Low and Compact and the shortest by far of all fork trucks.

Also
Pedestrian Straddle Trucks up to 4,000 lb.
Pedestrian Counter-balanced Trucks up to 2,000 lb.
Pedestrian Pallet Trucks 4,000 to 6,000 lb.



Details from
COVENTRY CLIMAX ENGINES LTD.
(Dept. E.) Coventry.

TURNS IN ITS OWN LENGTH

The Economist

FOUNDED 1843

JULY 28, 1956 ONE SHILLING

Deckchair Disarmament

Number Ten and Number Eleven

Triangle at the Pyramids

Living Like a Lord

Going Rates for Building Societies

Trade in Better Shape

AMERICAN SURVEY: Secret Battleground
THE WORLD OVERSEAS: Pause on the Volta River
BOOKS: Not Quite Superman

Annual Postal Subscriptions: by ordinary mail £3; by air see page 371
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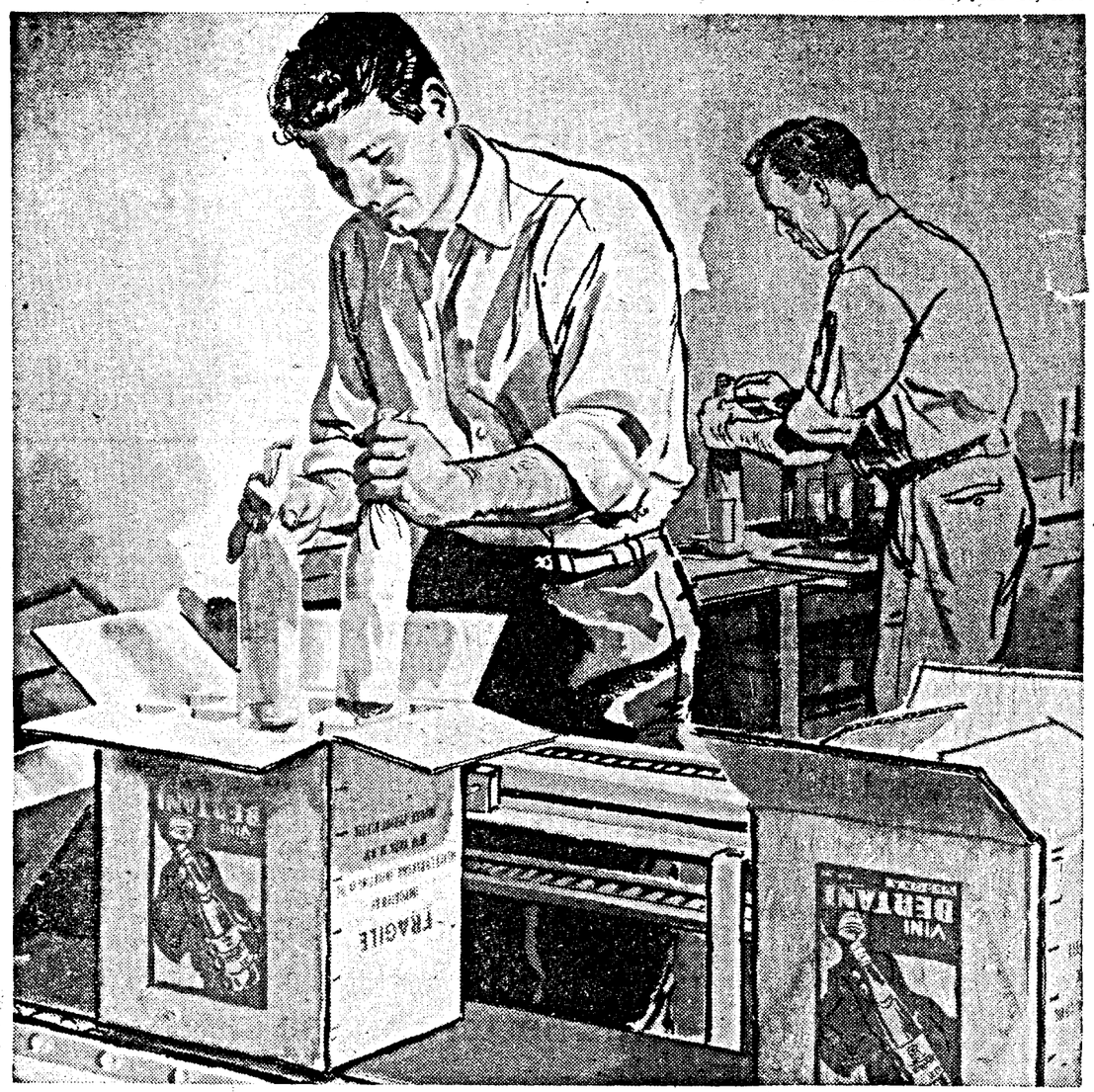
VOLUME CLXXX · NUMBER 5892



Wine exported in CORRUGATED boxes reduces cost, breakage, space

Shipping bottled Italian wine is a problem not greatly different from that of shipping many another fragile commodity: the contents must be protected, yet the cost of the package kept low. Today, many enterprising bottlers have found the ideal solution in corrugated boxes.

Lighter in weight than most wooden crates, corrugated boxes save 5 to 8 lb. each. They cost less to buy, less to pack, less to ship—savings which add materially to the profits in wine.

Corrugated boxes protect the contents better than wooden ones, experience shows, because they are so resilient under impact. Yet they require less space in storage, aboard ship, and at the vendor's shop.

Corrugated has the additional advantage of enabling easy printing on the sides for better brand identification and easy checking of inventory.

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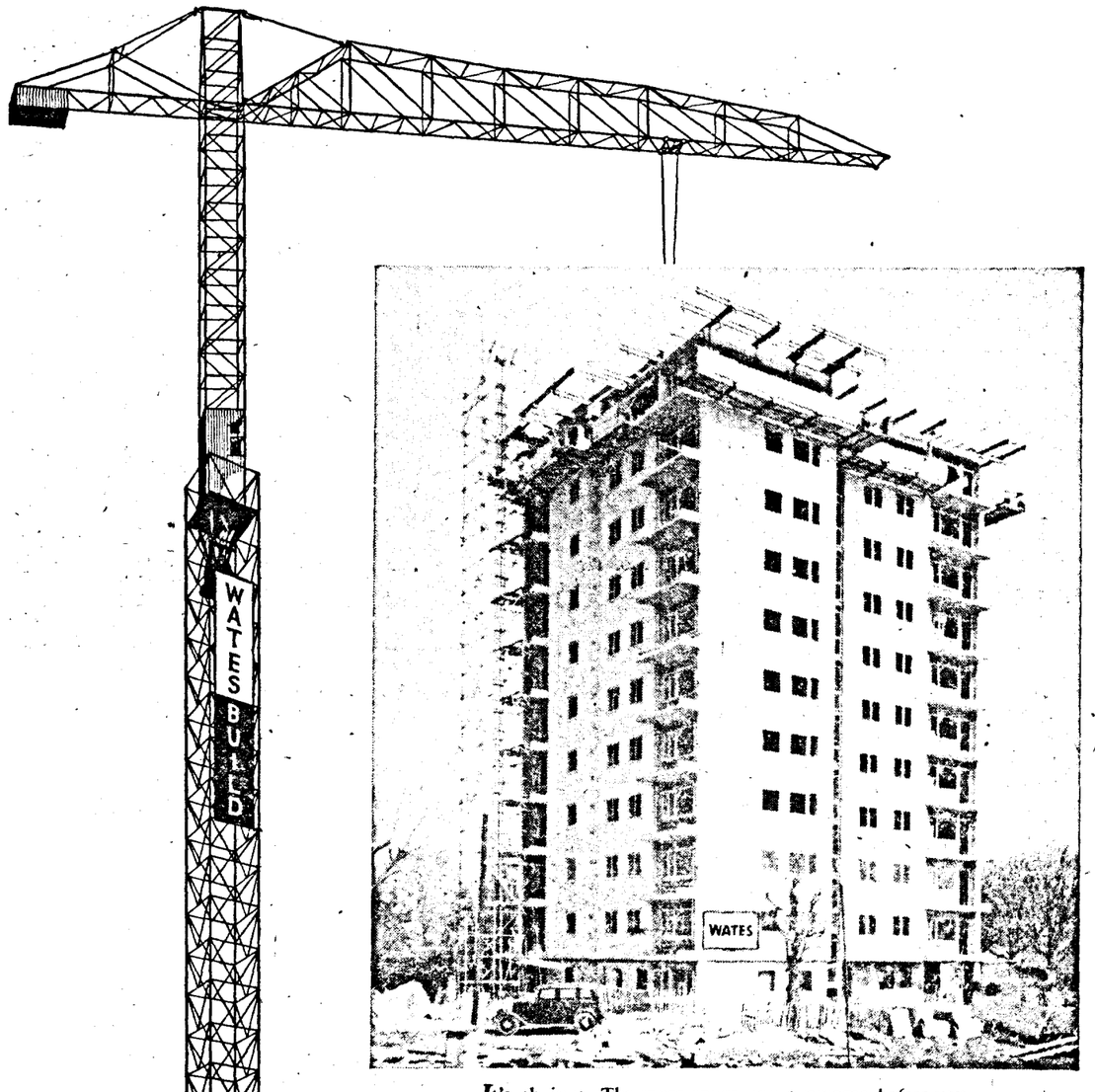

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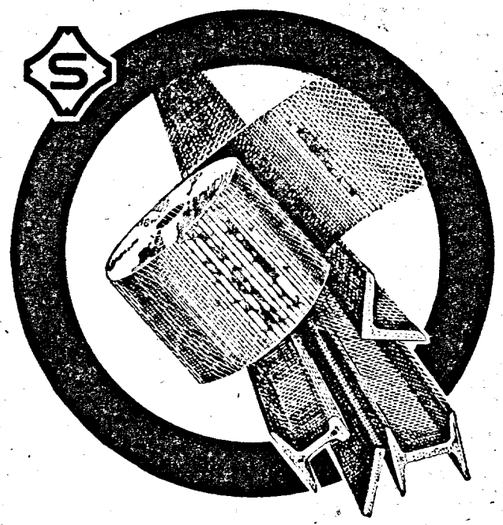

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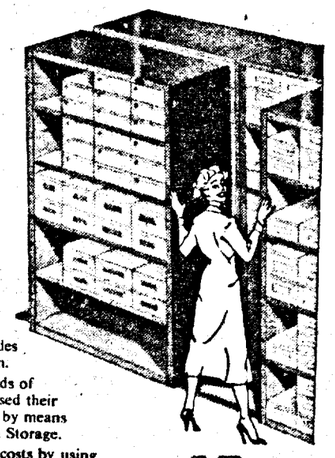

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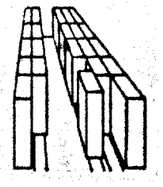

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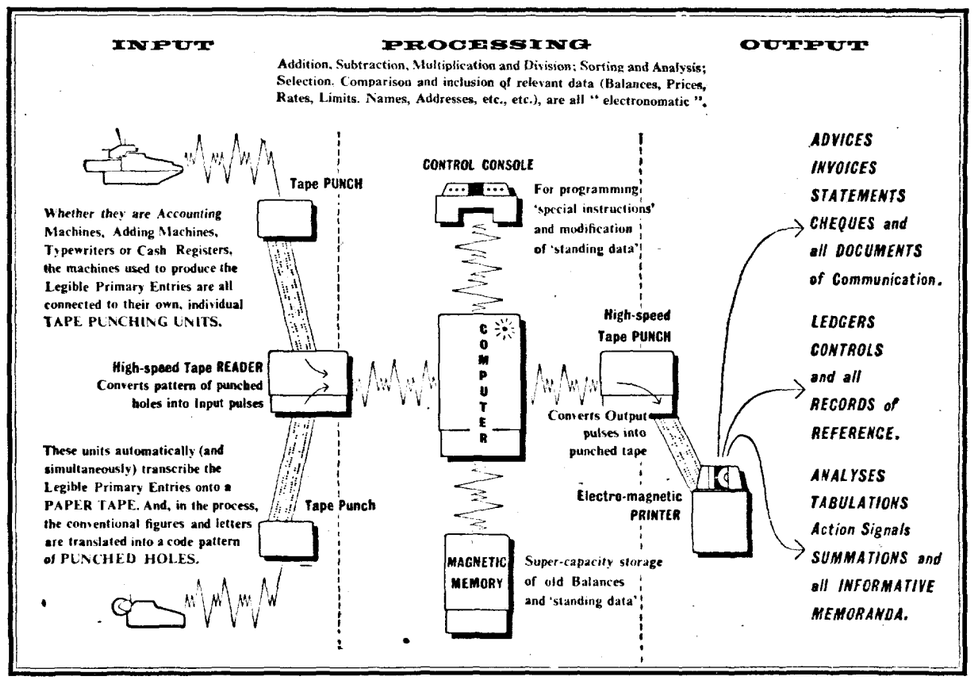

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The Economist

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JULY 28, 1956

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Deckchair Disarmament

THE holiday season is upon us, and when the Commons debated foreign affairs this week most Members seemed as intent on breaking-up day as schoolboys, their mood unshadowed by any fear that the unity of the free world might be breaking up too. Not until the second day of the debate did a front bench speaker—Mr Gaitskell—do justice to what he called "the wildest confusion among the Nato powers as to what defence policy really is." He referred bluntly to both British and American talk in high quarters about slashing defence cuts, and to the west German government's alarmed reaction; and he recalled the very different attitudes adopted by the various western governments when Russia announced cuts in its armed manpower. "What we have, frankly," he said, "is different countries each saying aloud what they expect to do."

That is all too true; and the depressing thing about the debate was that so few Members showed concern at the way national policies are now setting off in different directions as briskly and blithely as holiday-makers, or even awareness that this is happening. Fascinated by the impact of "destalinisation" on the communist world, they seemed blind to the fact that the rest of the world, too, is undergoing "destalinisation." In Stalin's day the great issues of world affairs stood out in sombre black and white; but today, shades and nuances are fashionable. (One might well borrow from the world of *haute couture* that flashing phrase, "a rainbow of beige.")

The Prime Minister ended his speech by recalling the atmosphere in early 1954, when the Berlin conference ran into deadlock. "All was rigid then," he said, "much seems flexible now." One can share his preference for diplomatic elbow room, and agree, too, when he argues that "Soviet competition" is preferable to the threat of world war; but it is difficult to share his apparent assumption that it is only the communist parties of the world that are now in a state of confusion. At the end of the debate Mr Younger frankly and fairly conceded, in partial exculpation of the Government's poor showing, that among democratic allies it must henceforth be much harder to maintain effective joint policies "than it was when we all felt ourselves to be facing a common danger." A partnership of sovereign democracies is admittedly by nature a sluggish beast to move, let alone to lead. But that does not absolve the British Government—or any of its partners—from making the attempt, if it knows in which direction it wants to herd the beast. The question left over from the debate is: does it know?

Two elements are involved here: analysis of the new world situation, and creation of a policy suited to it. Analysis, and sound analysis at that, was not lacking in the Commons this week. Sir Anthony Eden shrewdly defined the position and attitude of the masters of the communist world. Understanding that general war means general ruin, they nevertheless still proclaim the goal of imposing their totalitarian system throughout the world. Aware of pressing demands

from their own subjects—demands not only for "a more normal life" but also for free contact with the outside world—they are trying to see that this ferment is "carefully controlled"; and "it would be an exaggeration to say that the regime is being liberalised." And from the Opposition benches Mr Mayhew emphasised that what has not changed is that "the communist countries are still working as an integrated block struggling for power with the West." The tempo of their campaign has been modified. So have the tactics. But the underlying dogma of "struggle" still shapes the world situation and makes nonsense of all talk of "general relaxation."

★

Relaxation, however, can be scarcely less dangerous for the free world than immobility. Indeed, the saddest aspect of the present controversy is the extent to which it takes the shape of a tussle between two equally futile schools of thought, which might be identified as the "old guard" and the new "lower-your-guard." What we confront is neither the clumsy obviousness of Stalinist expansionism, which, whether in Europe or in Korea, called into existence the very strength and solidarity that countered it most effectively, nor a reformed and guileless communism with which free societies might co-exist without fear.

Last year, when the cartoonists had such a good time depicting the climb to the "summit," they were fond of symbolising the climbers' varying approaches by their clothes. Some sweated upwards in protective furs, while others, more optimistic, shivered their way to the top in shorts. What the democracies now need is neither of these garbs, but something like the latest type of mountaineer's nylon overalls, something which, while guarding against an international climate as fickle as an English July, permits the utmost flexibility—and this implies flexed muscles as against flabby ones. The new challenge cannot be met either by resting on our defences or by throwing them away. The free nations need to review their systems of defence, of mutual support and of co-operation not merely to see that these are up to date in the purely military sense—they must be—but to see that they are suitable instruments of the new and positive policies that have now to be shaped. It is a common misconception (which even the Prime Minister occasionally seems to share) that the communist challenge is now primarily economic. It is surely clear that the contest is essentially a political one, to which both economic and military efforts must serve as handmaidens; and it is, in Mr Mayhew's useful phrase, "unilateral political disarmament" that must now be avoided at all costs.

Disunity equals disarmament in the political field as much as in the military. The first essential for policy in an era of keen political competition is close consultation and alignment between the free nations, and the avoidance of precisely the kind of indiscretion and indifference to each other's problems that has marred the past few weeks. But unity is not just a matter of regular consultation. No amount of consultation will hold a free nation in line if it is not sustained by its friends against the pressures and the temptations which the communist block can bring to bear. Both in Germany and in the Far East the communist powers enjoy positions that enable them to blackmail other peoples, not by threatening war, but by dangling what those peoples dearly want before their eyes. And throughout the Asian and African world they exploit not only the modern belief that ancient poverty can be abolished overnight, but also the anger that western racialism has aroused.

The bare minimum for policy in the age of political "struggle" thus embraces not only consultation but also the firm sustaining of friendly nations, particularly those directly under the shadow of the communist monolith; the rooting out of racialism; and the demonstration that the economics of free societies can meet the ordinary man's needs as well as and better than communism can. Yet this is only the minimum. There must be a positive side to policy, too. This is a time for stepping up, not easing off, the campaign to reach people behind the iron curtain both with the message of freedom and with reassurances that, whatever they may have been taught to believe, the West means them no ill. To their masters, too, similar messages must be tirelessly addressed: warnings that they cannot hope to succeed in their aim of extinguishing freedom, together with assurances that the West will suit its actions to theirs and that evidence of genuine changes of policy will be met with an equally genuine increase of goodwill. The prescription should be to provide incentives for the communist rulers to mend their ways, while making it clear that the free world will not be gulled by superficial changes even if—as seems doubtful—their own subjects are.

★

It is surely along these lines that the attempt to reach an equation with the communist bloc must be made. The basis must be a sincere modification of expansionist ambitions and an adjustment of power that increases stability. Ideally, the final adjustment would take the shape of general disarmament under fully effective control. But if that is not to be had, the next best thing is a stable balance of forces that at least enables the free societies to develop in security. There are no short cuts along this road, nor are there any simple guidelines that can be fixed and then taken for granted. The free nations can no more afford to slump into armed stupor than into unarmed stupor. They are going to have to keep thinking through the deckchair days of many summers. And it is in the long perspective of this wearisome political contest, the forms of which will change many times in the years ahead, that they should consider the part that military defence must play as handmaiden of political strategy. To this the House of Commons ought to address itself next week.

Number Ten and Number Eleven

THE departure from the public service of Sir Edward Bridges, Permanent Secretary of the Treasury and Head of the Civil Service, in the autumn would be by itself a turning-point. It will leave a great gap. His silent and scarcely calculable contribution to the business of government, in peace and in war, is part of the history of our times. It is certainly no disparagement of his work that the moment of his retirement has been chosen for a major change in the distribution of the responsibilities, to the Prime Minister and to the Chancellor of the Exchequer, which he has sustained. The load has become too heavy for one man.

Comment on the changes announced a week ago in the higher direction of the Treasury has naturally been concentrated on the appointment of the present Ambassador in Washington, Sir Roger Makins, to be responsible, as Joint Permanent Secretary, for the administrative direction of financial and economic policy. This is a proper recognition of the broadened new responsibility which the Government has assumed in the past two decades; and intruder though he may seem from the Foreign Service, Sir Roger possesses qualifications in experience, natural ability and force of character, which fit him for the work. But to look only at the welcome and overdue focus which is being given by the new arrangements to the economic task is to miss more than half their significance. This moment has been chosen by the Prime Minister and Chancellor of the Exchequer to make a new and logical division of the highest Treasury functions. The Treasury is a two-headed monster—responsible, as it is, for the public service and machinery of government and for public finance—and from the autumn it will have two heads. Certainly not the least important result of the change is that the other Joint Permanent Secretary, Sir Norman Brook, stripped for the most part, though not entirely, of his departmental responsibilities to the Chancellor of the Exchequer, will be, in effect, a Permanent Secretary to the Prime Minister. As head of the Home Civil Service and still Secretary of the Cabinet, he moves, compared with his predecessor, not up or down but sideways—from No. 11 to No. 10.

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It is always necessary not to read too much into changes of this kind. They are, inevitably, the product equally of the views of the Prime Minister of the day on government at large and of the particular persons available, at the moment of appointment, for high posts. The strengthening of the Prime Minister's office is a step in the right direction, and on general grounds of principle is much to be preferred to earlier precedents—to Lloyd George's parallel "departments" and private intelligence system or even to the unique performance of Sir Winston Churchill as the universal generalissimo, with his own personal counsellors.

In the changes the best use is probably being made of the men to hand. It may fairly be regretted that no individual in the too close corporation of the Treasury's own higher reaches was the obvious choice to perform the task which Sir Roger Makins has been brought in to do. But it is equally fair to say, looking at Sir Roger Makins's remarkable and assorted experience, that the chief risk in his appointment is by no means that he is likely to put international before national preoccupations. Indeed, it may be rather the reverse: that he may even prolong the disposition of the Treasury, with too little time and too little staff, to beg the larger questions of Britain's world role, above all in Europe, by over-defensive reference to the necessities of national housekeeping. But, however much he may still need to discover (and insist upon) the essential virtues of enterprise and initiative in this country's overseas dealings, and however much he may have to learn of the "mysteries" of domestic finance, it is hard to think of any man now in the public service better suited than Sir Roger is to supervise the country's financial and economic policy. And it is impossible to imagine a civil servant better equipped than Sir Norman Brook, from his vantage point as the trusted personal link between the First Lord of the Treasury and his Cabinet colleagues, to guide and shape the governmental machine.

★

One thing seems sure. The last word has not been spoken. Whatever the performance of the new incumbents, the Treasury, with the adoption of its modern economic responsibilities, as well as its established financial responsibilities for supply and the control of spending, has plainly burst its seams, and the new "vertical" division of authority does not complete the repairs. No doubt, if the new separation of function does not work, it could easily be undone when the new men are old enough to retire round about 1965. But it would be very surprising if a retreat were sounded by Sir Anthony Eden's successors. It would be far more logical to carry the process of separation further still. The Treasury monster has, in fact, not two heads but three at least. The sensible next step would be not to undo the division now devised between the public service and economic policy but rather to reflect in responsibility and organisation, from the ministerial level downwards, the separation in fact between economic policy and planning, on the one hand, and supply and the Budget, on the other.

Long strides have now been made to embed in the business of government what the Haldane Committee nearly forty years ago called "the duty

of investigation and thought preliminary to action," and to back it by "the organised acquisition of facts and information." This is Sir Roger Makins's sphere, and the chief features of this new world of governmental intelligence and prescience are the Treasury's admirable economic section under Sir Robert Hall and, in the Cabinet secretariat, the no less able Central Statistical Office. (The Chancellor is expected to make a statement next week on strengthening this armoury.) But there is still at the centre of public business, the old Treasury world with its outriders in the Boards of Inland Revenue and of Customs and Excise curiously detached from the main body. It is always unwise to forecast the future shape of government in any precise terms, but it would not be unreasonable if the next changes at the Treasury at last applied the principle of the separation (and consolidation) of function to the core of its oldest affairs.

Triangle at the Pyramids

I.—Order, Counter-Order, Disorder

THERE is more joy in heaven over a mistake never made than over a mistake corrected late in the day. The truth about the American and British offers to assist Egypt in financing the Aswan High Dam scheme is that they were entered into in December for reasons that were in part unsound. On balance the two governments are right now to cancel their offers while they still can; but their withdrawal does some damage to their position in the Middle East which need never have been done if their minds had been clear from the start. They cannot congratulate themselves on a brilliant stroke of policy.

Both the American and the British statements explaining the decision leave much unsaid. Reading the Washington statement of July 19th, an ordinary man would conclude that the main trouble was the Egyptian failure to reach agreement with the riparian states on the Nile south of Egypt—the Sudan, Ethiopia, and Uganda. It is true that there is about the High Dam scheme a somewhat airy assumption that the Nile waters are best stored in Egypt, or as close to Egypt as possible. True, too, the various interrelated matters on which Colonel Nasser still needs to reach agreement with the Sudan are difficult and complex. But he is nearer that agreement now than he was when the *aides-mémoire*, in which the conditions of western aid were set out, were drafted last winter. The *aides-mémoire* do not mention Ethiopia, and they mention Uganda only by way of a general British reservation of its rights. Nothing has deteriorated here; the deterioration has been on quite another front. Second place is given in the Washington statement to "Egyptian willingness and ability to concentrate its economic resources upon this vast reconstruction programme"; the ability, if not the willingness, is found to have become "more uncertain than it was at the time the offer was made."

Mr Selwyn Lloyd in the foreign affairs debate on Wednesday said that the scheme would require "the most rigorous control by Egypt in her internal economy," he pointed to the heavy Egyptian defence expenditure and to the Egyptian government's industrial expansion plans—"vehicle factories, dockyards, and the like"—as reasons for doubting whether the scheme is any longer feasible:

> We came to the conclusion that the Egyptian government would no longer be in a position to devote to the dam project the degree of priority necessary to secure its success.

Like the State Department, the Foreign Secretary added an assurance that the decision implies no loss of interest in the development of the waters of the Nile. This assurance may appear in Cairo, in the bitterness of the moment, as a polite platitude, but in fact it is sincerely meant and of great importance. Egypt is still the key to the Middle East; in the most direct possible way, the key to economic growth in Egypt, as in all the Nile states, is the conservation and distribution of the Nile waters; these two facts must continue to form American and British policy in the region.

Now for what has been left unsaid. The High Dam Scheme, Colonel Nasser's personal identification with it, and the British and American offers of assistance for it have from the first aroused mixed feelings. The scheme is grandiose, imaginative, and addressed to the relief of a real human problem of vast scope. Its economics are difficult to assess—as they should ideally be assessed—comparatively with the economics of other possible ways of controlling and using the Nile. Towards the end of last year, after Colonel Nasser had made his arms deal with the Czechs, when the danger of an Egyptian drift towards the Soviet orbit had made its dramatic appearance, but before habit had made it appear as a routine risk that must be lived with, the British and American governments persuaded themselves that they must underwrite the scheme to forestall a Soviet offer. They allowed the political fear to outweigh the economic doubts.

Since then, it is true that Colonel Nasser's spending spree on communist arms has turned out to be even wilder than had been supposed, and it is fair to say that his financial commitments on this front make Egypt look an even less attractive borrower now than then. At the same time Colonel Nasser has made

unnecessary additional difficulties for himself. The amendments to the *aides-mémoire*, on which he tried to insist to safeguard Egypt's sovereign dignity, were foolish; had he not suggested them, it might have been difficult now for the Anglo-Americans to withdraw; as it has turned out, he has himself tried to withdraw his amendments, too late. His foreign policy went through a bout of spring fever, ostentatiously "neutral" in favour of the communist powers, ostentatiously hostile to the West, childishly eager to make a show of Arab anti-western combinations. No doubt this in the end convinced the Anglo-Americans that to compete with the Soviet Union for the pleasure of financing the Egyptian regime was to waste time, money, and self-respect.

The mistake made was to compete with the Soviet Union on that basis at all. The Soviet Union is beginning to have resources to invest abroad, and it cannot be prevented from making foreign investments if it wishes, in countries prepared to accept them; western aid is far too precious to waste in obstructing the Russians, but should in general be applied on its own merits, where it is most needed and where it will be most effective. The fear that if the West does not help, the Russians may, is a bad counsellor and leads to false decisions. Since the criterion of competitive politics was allowed to prevail in December, the reversal of intention followed naturally when Colonel Nasser seemed resolved to abuse and humiliate the Anglo-Americans, and to coquet with Mr Shepilov, with the High Dam or without it. But the withdrawal was as inappropriately timed as the offer was. President Nasser for the last six weeks has visibly been working to correct his brand of anti-western neutralism, and to restore the emotional balance of Cairo.

Mr Shepilov, assuming that he has the Soviet Treasury in his pocket, now has it in his power to influence President Nasser's next move. The relative coolness towards the High Dam project which he expressed, perhaps casually, in Moscow at the weekend may express a considered judgment, or it may not outlast President Nasser's visit to Moscow next month. Like other governments, the Soviet government can have only a limited amount to spend on foreign aid; even Soviet money cannot be spent in two places at once; no doubt the Soviet government, like others, would rather not lose or waste its money. Britain and America have to learn to watch such decisions with relaxed nerves; there will be many more. President Nasser himself will have reason to look very carefully at

The High Dam Project

THE biggest of Egyptian development schemes and the favourite child of Colonel Nasser's government, the High Dam project emerged from the stage of a pipedream to that of a plan in October, 1955, when a British firm of consulting engineers was engaged, and talks were opened between Colonel Nasser's government and the World Bank. The purpose of putting a new dam at Aswan, four miles south of the existing Aswan Dam and very much bigger, is to conserve a yearly average of 32,000 million cubic metres of water by creating a vast reservoir covering 739 square miles and capable of holding the surplus water of several good years. This would enable the Egyptians to bring under permanent cultivation 2 million more acres of land, almost to double their electricity supply, and to forecast each year's crop.

Plans for storing the flood water over more than one year are by no means new, but hitherto they have concentrated on storage in lakes at the sources of the Nile and on a series of smaller dams at Roseires, Khartoum, Merowe and Semna. The Sudanese prefer the system of smaller dams, combined with a rather less high dam at Aswan. They say that these would be built consecutively, giving a quicker immediate return, a larger volume of hydro-electric power, and a longer period in which to find the money, although they admit that cost would be greater. This alternative project is of fundamental importance because it affects the Sudanese idea of what constitutes a fair share of the surplus water created by the dam.

Because the evaporation rate at Aswan is greater than that of possible reservoirs in the far south, the Sudanese claim that the Egyptians ought to carry the whole loss from the Aswan reservoir, 10,000 million cubic metres. They are therefore asking for about half of the 32,000 million cubic metres which they believe will be the gross average saved. The Egyptians deny that the alternatives to the Aswan dam would reduce total evaporation, and maintain that if Sudanese claims were allowed Egypt would in fact be the loser on the entire project. Since a Sudanese-Egyptian agreement is an essential condition of any grant of financial assistance, no start could have been made on the dam until this argument had been settled.

Estimates of the total cost of the scheme vary, but it would be somewhere in the region of $1,350 million, of which $450 million would be required in foreign exchange. The first stage was to have been financed by an outright grant of $70 million given by Britain ($14 million) and the United States ($56 million), with Egypt providing labour and materials to an equivalent value. Only when this stage had been finished would the World Bank put up the $200 million necessary to continue the work, and then only by instalments when it was clear that the Egyptian economy and balance of payments were sufficiently satisfactory to warrant an increase in debt. Colonel Nasser disliked these conditions, which, he thought, would enable the bank to dictate Egypt's economic policy. Although he and Mr Black, the president of the bank, reached a working agreement in January, no formal contract was signed. Since then, it has appeared that Colonel Nasser is not prepared to gear his whole economic policy to the dam. The budget, published on July 4th, shows that the military appropriations are to be £E53.6 million, an increase since last year from 18 to 25 per cent of the total expenditure, while only £E2.9 million is allocated to the dam.

But the bank confirmed its offer in a letter to the Egyptian Minister of Finance on July 9th, presumably in full knowledge of the Egyptian budget; a few days later Mr Ahmed Hussein returned to Washington with instructions from the Egyptian Government to accept the bank's terms if necessary. The United States Government announced the withdrawal of its offer of a grant on July 19th, and the British Government followed suit on July 20th; with this, the World Bank's offer lapsed, since it was contingent on the American and British aid.

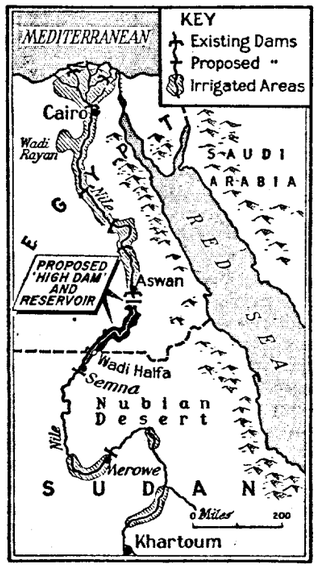
the conditions of Soviet aid, if it is offered. The Anglo-American withdrawal subjects him to a test, far more searching than if they had gone slow, or refused, seven months ago. The lesson for him is that friendship has to be earned, between nations as between men; if he learns it, the withdrawal can be the start of a relationship between the west and Egypt sounder, because more straightforward, than before. This presupposes tact and forbearance on both sides. It presupposes, too, that the Americans and the British are sincere when they say that their withdrawal does not exhaust their friendly interest in Egypt; as, indeed, it cannot.

II.—Low Water at the Dam

FROM OUR CAIRO CORRESPONDENT

THE Egyptian press has not so far revealed to its readers that Soviet Russia "does not consider the financing of the Aswan High Dam to be an urgent problem." Some papers, indeed, have deliberately misled the public by treating Mr Shepilov's offer "to try to meet any other Egyptian requests for aid in industrialisation projects" as a promise of aid for the dam. Presumably, Soviet lukewarmness was too much of a bad thing when it came on the heels of the British and American withdrawal from the financing of the project. The net benefit up to now is, therefore, for the Soviet Union, which newspaper comment has not condemned alongside Britain and the United States, although, by the standards of neutralism which the newspapers now profess, it certainly should have done. Apart from some newspapers in Lebanon which see the Anglo-American decision as the inevitable riposte to an unwise Egyptian foreign policy, the Arab world as a whole seems to condemn the withdrawal.

The financial reasons for refusing the aid have barely been mentioned. It is contended that Britain and the United States are dissatisfied with Egypt's independent line in foreign policy, and it is now recalled that the western powers wanted to give aid in stages so that pressure could be exerted on Egypt at will. But, say the newspapers, Egypt will hold to her policy, refusing commitment either to the East or the West; and it will build the dam, come what may.



Naturally there has been a lot of indignation. Colonel Anwar Sadat has made the refusal an occasion for the kind of vituperation in which he was revelling a little while ago. But comment in general has been more moderate than one would have expected in face of so great a disappointment. This probably reflects the need for thought by Nasser and his advisers, who possess the facts about Russian policy which have been denied to the public. Moreover, no work can be done on the High Dam in any event until this time next year, and the agreement with the Sudan, which must precede all financing, has yet to be reached. There is, therefore, no urgency.

The most obviously useful policy for Egypt in these circumstances would be to forget the polemics and work energetically and generously for an agreement with the Sudan, to keep a tight rein on her political opportunism, and to look into her economic position closely and carefully. None of this would close the door to ultimate aid from the West, or from Russia; on the contrary, both sides are likely to be encouraged by evidence of constructive effort.

It is unwise to assume on the basis of Mr Shepilov's remarks to pressmen at a Moscow cocktail party that Soviet assistance for the High Dam is ruled out. He was correct in saying that he had found no great sense of urgency about the dam in Cairo when he was here, for at that time Nasser was coming to the decision to get the Anglo-American aid if he could. It may well be that Russia, too, was having second thoughts about her original offer to build the dam for Egypt, measuring the immense undertaking against her own resources and the many demands upon them from other and more faithful friends. The new situation may encourage the Kremlin to seize the present opportunity by timely offers to Nasser when he goes to Moscow next month.

In any case, the British and American position in the Middle East has been weakened by the decision to withdraw the offer of aid. Neither trade nor aid to the Arab Middle East is sufficient to sustain the United States position. British purchases from Egypt—which is a key country, after all—were less than £8 million last year. Britain, on the other hand, sold £23.6 million of goods to Egypt, thus reabsorbing her sterling releases by trade. Unless Britain's buying from Egypt revives in the next few years, during which the sterling balances exhaust themselves, there will be little left of that flourishing trade relationship which existed between the two countries before the war. In short, the compulsion upon Egypt to respect British interests and co-operation is declining with the years, and the High Dam scheme was one way of restoring an important connection for more than a decade. There is no "growing" factor in Britain's relations with the Middle East outside the oil-bearing territories.

This scheme is, moreover, one which would touch the people very closely, providing work in the building of it, land for the peasants at the end of it, and hydro-electric power for the struggling industrial system of the country. Nasser considers it vital to buy a decade in which irrigation and reclamation of land will keep pace with the growth of population and, despite some current anxieties about Egypt's economic strength to bear her share of the burden, he will not easily relinquish the dam project. There are manifest advantages to the West in association with such a project, advantages which outweigh the pleasure of affronting Nasser's pride and of refusing to be held to ransom.

The Noble Classes—II

Living Like a Lord

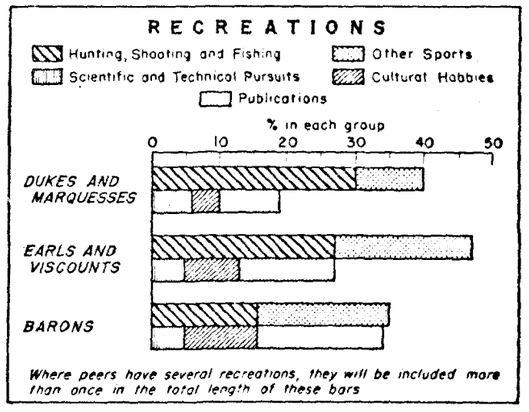
THE biographical details of the peers contained in *Dod* and *Who's Who*, on which these two brief statistical investigations are based, do not provide information from which the percentage of noblemen in each income group could be calculated. Miss Nancy Mitford, in a recent symposium*, pours cold water on the common belief of peers that they are ruined, and asserts that large accumulations of wealth remain in the possession of noble families, including 60 of the world's 100 finest diamonds. All the evidence, however, suggests that the peerage spans every standard of life from multi-millionairedom to total indigence; there are peers in doss-houses and peers in castles. Only a "family budget" questionnaire by some body (more pertinacious and better-endowed than *The Economist*) interested in social research could put the matter on a factual footing.

A high proportion of peers, in fact, prefer to give no indication of how they make a living. But the figures here assembled show that land and business predominate, with a small section of the nobility espousing the professions, notably law. The definition of landowner is inevitably vague, but 33 per cent of the peerage seem to have estates, even though many are small by now. Forty-six per cent have country residences of some sort. Twenty-nine per cent have town houses, but only 12 per cent had town houses only. Though the suburban nobility is fast growing, the peerage is still mainly attached to the land, or countryside. Death duties are reducing estates—the Duke of Norfolk, for example, recently said on TV that he was farming 16,000 acres; but in 1936 the *Complete Peerage* gave him 50,000 acres—and many country houses are held in fief from the National Trust.

*

The newer nobility may well be buying back some of the land lost by the older. As the accompanying chart shows, the proportion of nobility owning estates rises with age of title. Only 10 per cent of the newly ennobled have estates, but nearly 30 per cent of the third holders of titles, and 60 per cent of eighth holders and above. There is a close correlation between landowning and precedence. Eighty per cent of the dukes have estates—it may be higher—67 per cent of the marquesses, 50 per cent of the earls, but only 30 per cent of the viscounts and 22 per cent of the barons.

Money to maintain the nobility on the land can now, however, only be made in business, which is, after politics, a main avenue to ennoblement. Hardly any peers admit to holding business positions below board-



room level, though some do; the main index to the nobility's participation in trade lies in the proportions of peers with directorships. Twenty-six per cent of all peers have at least one; 12 per cent have four or more. These directorships, of course, are concentrated in the new nobility. Forty per cent of new creations have directorships; only 14 per cent of seventh holders of titles and above. Yet this latter figure suggests that the older nobility gets into business as fast as the newer obtains land to support the title.

The peerage shows a slight but statistically significant preference for commerce and finance, as against manu-

* Noblessse Oblige. Nancy Mitford and others. *Hamish Hamilton.* 114 pages. 10s. 6d.

facturing; but this is not great considering the social esteem that the City enjoys over other forms of business in Britain. Dukes decisively prefer commerce; for one in manufacturing there are three in the City. Barons are the least choosy: two in manufacturing to three in commerce.

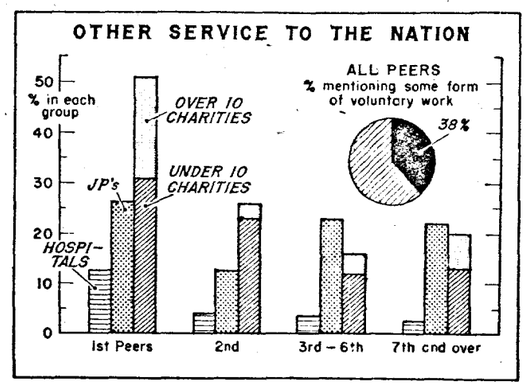
The strength of the baronage is shown in the high proportion which have over four directorships. Twelve per cent fall into this category, compared with 8 per cent of earls and 3 per cent of dukes. The business barons are now the core of the nobility's economic power; their problem is to pass their shareholding vassals on to their heirs.

Some 11 per cent of the nobility have had a legal training, against 7 per cent with agricultural qualifications and 11 per cent in other professions. The new peers are stronger in the professions—25 per cent have done law. But this position is entirely reversed in the matter of military prowess. Thirty-nine per cent of the peerage have been regulars, almost all presumably holding commissions. But only 21 per cent of the new creations have been regulars, against 53 per cent of seventh holders of a title and above.

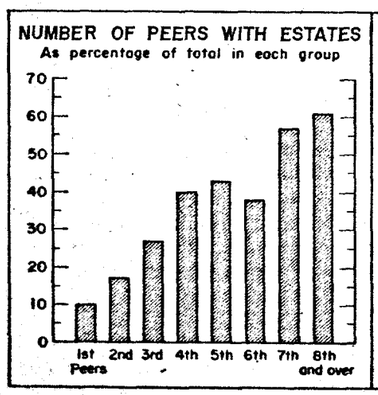
The high proportion of the older nobility which gave local government service were noted in the previous article. It is open to the peerage also to give a lead in other forms of voluntary effort; for the purpose of this investigation, these have been divided into work on the bench, work on a hospital board, and work for more than ten and less than ten charities. A fifth of all peers have been or are JPs; 5 per cent have worked for hospitals; 18 per cent have up to ten charities, 8 per cent more than ten. But it is noteworthy that the new creations are far more active in good works than the older nobility. As the chart shows, their heirs drop away very fast from philanthropy, and the position is only partially restored as a title matures.

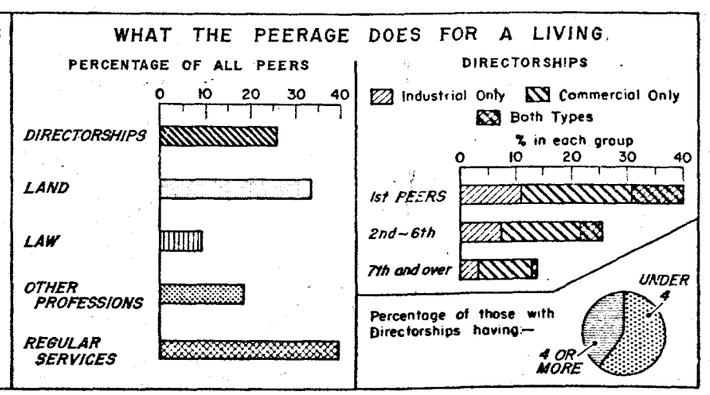
A high proportion of the peerage are evidently very busy men, whether with directorships and good works, or agriculture and local government. But they have traditional recreations. Hunting, shooting and fishing are the major pastimes of peers, and it is notable that while 21 per cent of all peers give these as their main recreation, 16 per cent of new peers do so, as against 23 per cent of seventh holders of a title and over. Nineteen per cent of the peerage give other outdoor sports or athletics as their recreation. Five per cent of peers have scientific hobbies; 9 per cent confess private addiction to cultural interests.

The divisions of the peerage emerge clearly from these figures as a whole—between the old nobility subsisting on a dwindling foundation of landownership, and a new nobility of trade, a part of which, in the time-honoured manner, resettles on patrician acres. But evidently this is not the only division; the old nobility have shown their power quickly to assimilate the



ennobled money-bags. The real problem is the ennobled politicians without much wealth to pass on, but yet with heirs; and the older peerage in the process of parting with their last farm. These two may, as Mr L. G. Pine, editor of *Burke*, suggests, become a British *hidalgos de la gutiera*—nobles of the gutter. In fact, they will fall no nearer to the gutter than the welfare state allows. We already have the peer behind the privet-hedge. It will not be long before the wholly state-educated peer makes his appearance. If what is being ennobled nowadays is political acumen and brains, he may, in the quite new fields opened to him, yet do surprisingly well.





Notes of the Week

Bungled Strike

THE strike in the motor industry is going badly from the unions' point of view. But it would be wrong to assume that all the British Motor Corporation has to do is to sit back and wait while it folds up, and the men get a useful object lesson in the futility of strikes. The BMC has lost many of its key workers, and the output it is getting from those who remain must be costing so much in wages that it might, in the end, have been as cheap to pay the compensation demanded for those dismissed. The damage, moreover, is spreading. Already Fords has issued "protective" notices to 2,000 workers, not because it cannot sell its cars, but because its supplies of parts from Fisher and Ludlow, a BMC factory largely on strike, are drying up; and 12,000 men were on strike this week in protest. The unions, too, are doing their best to spread the strike further, angry and frightened as they are at the poor response from the men at BMC.

The Amalgamated Engineering Union has told its members making motor accessories to do no work destined for BMC, and the Transport and General Workers' Union has told road transport workers and dockers to regard BMC goods as "black." The response may be uneven: the transport workers on £10 a week will not be keen to help their spoilt brothers in the motor industry who have been taking home £17. A greater danger comes from the dockers. It only needs one man to be sacked for refusing to handle black cargo to bring out first a wharf and then the whole docks; or one engine driver (whose union is supporting the strike) to be sacked for refusing a train with a BMC truck, to bring a new stoppage on the railways. The greatest danger of all perhaps is that the ever-militant Electrical Trades Union will lend its support — which could cut off power from more factories than the BMC.

Whatever the outcome, the strike will be damaging to union authority. Even allowing for the unions' claim that many of those in work are non-unionist, the fact remains that they have been able to command the obedience of only about half their members. The men on the factory floor have seen what their leaders would not see: that this is a bad time for a strike. It is a bad time in general because of falling demand, and it is a bad time in particular because engineering holidays in the midlands have just begun and workers have wanted this week's money. But when they come back, they will want to build up their funds, and it will not be easy to get the strike on the boil after a fortnight's cold storage. Some of those who joined towards the end of this week want the strike pay to swell their holiday money.

The workpeople can see, moreover, that the whole affair has been mismanaged. The leaders allowed the shop stewards to mislead them about the men's attitude to a strike—a degree of gullibility which is incomprehensible except in the light of their preconceived ideas. The AEU is bound by idiotic conference resolutions about "no redundancy" and Mr Nicholas (whose boss Mr Cousins has been in Vienna) has to show the world that the TGWU, under its new leadership, is not the employers' friend. Arthur Deakin, certainly, would not have called this strike; but he would probably have been successful in wringing compensation from BMC — not so much for redundancy as such, as for its failure to warn the union of dismissals that had long been planned.

Pushing Them Around

TO the Chancellor of the Exchequer it may well seem that his homily to the bankers this week—which is discussed in a note on page 334—was the natural sequel to his homily on mobility to the workpeople over the weekend. Bankers must co-operate by squeezing credit; workpeople must co-operate by changing their jobs; together this makes up the logic of the Government's disinflationary policy. Together, bankers and workpeople can restore flexibility to the economy. The workpeople may feel it is more uncomfortable for them than for the bankers. But Mr Macmillan rightly emphasised that there is nothing new in mobility; he pointed out that 2½ million men change their jobs in industry annually. Most, of course, go to a higher-paid job, or one that suits them better, and some workpeople undoubtedly recognise that, while motor firms may turn off well-paid men now with some appearance of inconsiderateness, those men would be the first to leave the firm without qualms if better employment offered elsewhere. It is only when changing a job means lower pay that there is discontent; Mr Macmillan might have emphasised more strongly that it is only if "all concerned" accept the necessity to make changes sometimes temporarily involving lower pay that the possibility of being offered higher wages in expanding industries occurs at all.

Mr Macmillan, as a politician, however, might have done more to recognise that while voluntary change is pleasant, even exhilarating, involuntary change is often depressing. He did stress the need for "more consultation" about human difficulties. Perhaps as Chancellor he could scarcely propose adjustments in unemployment pay for laid-off workers, or rent derestriction which might greatly ease the disabilities of moving jobs; the Government is evidently not ready to commit itself on such matters. But though the hardships of transfer from job to job may be marginal, that does not mean they are too inconsiderable for a government calling for individual initiative to seek to mitigate. The motor strike, though bungled, is a portent.

Productivity in the Commons

MR BUTLER the Leader of the House has repaired most of the damage which Mr Butler the Chancellor last autumn inflicted on the Government's Parliamentary time table. When the new Parliament opened immediately after the election, the Government decided that the session would run right round to this autumn, and the Queen's Speech promised a sufficient supply of legislation comfortably to fill the time. Then came the economic troubles of last autumn, the injection into the timetable of the autumn Budget, the Housing Subsidies Bill, and a bill to raise public service widows' pensions designed to take some of the sting out of the other measures. The Parliamentary pipeline, already flowing near capacity, became choked and to cap all the Government found itself committed to finding time for a capital punishment bill. In the early part of this year few knowledgeable parliamentarians would have forecast the session ending before Christmas.

But when Parliament resumed in January both front-benches were streamlined—Mr Butler switched to Leader of the House and Mr Gaitskell became Leader of the Opposition. Whatever their agreements or disagreements on economic policy, they are entirely at one in their distaste for Parliamentary muddle. Without noticeably diminishing the clash of controversy and personality, they have combined to make the Commons work with great efficiency. The result of this Butskellite exercise in Parliamentary "work study" is that virtually all the Government's bills will be on the Statute Book by the time MPs break up next Thursday, including such sizeable measures as the Restrictive Trade Practices, Road Traffic and Clean Air Bills, and also the bills dealing with farm workers' conditions, teachers' pensions and the disposal of the nationalised lorries.

There will be the usual short postscript in the autumn, to clear up a few measures left over—chiefly the Copyright Bill—and to work through the annual debates on the nationalised industries; but it should be possible to start the next session around the usual time, early in November.

Party Line

THE preliminary agenda for the annual Labour Party conference reveals Mr Gaitskell keeping carefully in step with his followers. The rank and file feels warmest on four topics: the call-up, housing, automation and the colonies. Recent official policy declarations on all four leave the ginger groups in the rank and file pushing at open doors. Thus over 30 resolutions call for the crude abolition of conscription; this has now been adopted as official party policy. Though Mr Head's speech this week makes that policy look more rash than ever, neither Labour's head nor tail is likely to be deterred. Protests about the Government's policy over Cyprus have already been faithfully mirrored by the party's spokesman at Westminster; while the new housing document should meet the resolutions on that subject. Only over automation is Mr Gaitskell in any danger of finding himself embarrassed. Suggestions for easing the transition are unexceptional—Labour has put some forward in the House—but the demand for "the public ownership of all automated industries" is in harsh contrast with Mr Gaitskell's own sophisticated approach to public ownership.

The conference may be lit by the drama of the Bevan-Brown clash for the party treasurership (Mr Pannell still intervening), but it promises to be a fairly mild affair. Its main function is to discuss the policy documents launched in recent weeks. The one entitled "Personal Freedom," but apparently endorsing corporate bullying, is likely to stick in the conference's gullet and amendments may be expected later. The signs are, however, that even if Labour gets round to discussing the resolutions calling for the abolition of the House of Lords and the provision of free public conveniences, it will be the Tories who will be providing the conference excitements this autumn.

Tight Little Iceland

AFTER a month of indecision, Iceland has taken what looks like a decisive lurch away from the Atlantic alliance and towards neutralism. It now has the distinction of being the only member of Nato to include communists in its government. Since the general election on June 24th, Hr Jonasson, the leading figure in the centre alliance of Progressives and Social Democrats, has been trying to put the pieces of the parliamentary jigsaw together into a government. He has now decided that his own alliance, which holds 25 seats of the 52, cannot govern by itself (despite the example of Denmark, Iceland's first cousin and ex-ruler, where a minority administration of Social Democrats props itself up on the mutual antagonism of the parties on either flank). The extreme left-wing Workers' Union has been called in to give him the necessary majority, and his six-man ministry includes one communist and one trade union leader who was expelled from the Social Democrats for straying too far left. The appointment of the communist, Hr Josepsson, to the ministry of trade and fisheries may have important repercussions on Iceland's trading policy. This has leaned heavily towards Russia in recent years, but there were hopes that it might shift back more towards the West. Negotiations were nearing a result with the British trawler owners, who were steeling themselves to reopen British ports to Icelandic fish.

So long as the communists were not included in the government—even if they gave it their votes on most issues—there was a chance that some kind of compromise might have been reached for keeping the American base in operation with a skeleton military staff. The two Social Democrats in the new ministry (one of whom takes over foreign affairs) are both men of moderate views, whose dislike of the base is grounded more on a Nordic sense of self-sufficiency than on anti-American or anti-Nato emotions. Now, however, the negotiations that are due to start next month will meet with one Muscovite foot under the table. If the Icelanders continue to hold open the door, the Americans must walk out of it as gracefully as possible, in the hope that Iceland will at least stay on the roll of Nato members and try to keep the important parts of the base in good repair with its own technicians. But in the long run Hr Jonasson is likely to find that the communists' helping hand from the left will put a strain on his own Social Democrat-Progressive alliance; on domestic as well as foreign issues, there is a vigorous antipathy between his Social Democrat ministers and the Workers' Union. He may be forced to decide before long whom he wants to keep as his friends.

Recalcitrant Poles

DISCUSSION dragged on this week in the central committee of the United Polish Workers' Party. This was the first meeting since the Poznan riots, from which, among other tasks, it had to draw the economic lessons. The long-delayed five-year plan, revised in such a way as to give more satisfaction to consumer demand, had to be finally approved. Yet this was not the only reason for the length of the debates. The central committee also had to tackle the problem of unrest and faction within the party, gaining in intensity since the revelation of the Khrushchev report. Poland has scarcely set its foot on its "own road to socialism" when its steps have caused alarm in Moscow. Marshal Bulganin himself was dispatched, accompanied by Marshal Zhukov, to talk things over. The National Day celebrations were merely an excuse.

The Russians are not only worried by the violent anti-Soviet feelings in Poland, openly admitted by Mr Ochab, the new secretary of the Polish party. There is also a clear discrepancy in the appreciation of the Poznan riots, which was illustrated in recent speeches. While Mr Ochab declared that "it would be a mistake to concentrate on the schemes of *provocateurs*" and "one should seek in the first place the social roots of these events," Marshal Bulganin went on emphasising the role played by "imperialist agents." In tone Bulganin's speech was somewhat reminiscent of his behaviour in 1944, when he was political commissar of the Red Army in Poland and had to deal only with obedient tools. Once again he has tried to put pressure on the central committee, attacking "the wavering elements within the party" and those "who undermine international collaboration." But this is not as easy as it was.

Everybody seems agreed on the need to improve rapidly the standard of life of the population. Soviet help is indispensable for this task. The Poles, however, having tasted the new freedom, seem most reluctant to relinquish its prerogatives. The partisans of rapid social and political reforms stick to their guns undeterred by pressure. The treatment of Wladyslaw Gomulka, the former secretary of the party dismissed as a "Titoist," will be a significant test of the respective strength of the factions.

Paying for Algeria

THE French National Assembly is less enthusiastic in meeting the cost of its Algerian policy than it had been in approving the policy itself. The bill for this year is estimated at some £282 million; it is still rising, and may be some £100 million higher in 1957. Funds have to be found to meet it if France is not to revert to its bad inflationary habits. In view of the deputies' traditional aversion from new taxes, a compromise is being thrashed out. A loan will be launched in the pious hope that it should bring £150 million by mid-November. Even if successful, the loan could not by itself arrest inflationary pressures. More probably, the extra taxes are merely being delayed; there is not much confidence that the loan will reach even a substantial proportion of the amount required.

France, it is said in Paris, runs the risk of "tip-toeing into inflation." It is true that the pressure on prices is not dangerous yet, and can still be largely explained by the increased cost of steel and the bad harvest. But by next year the full effects of Algeria as well as of the government's social programme (higher pensions and longer paid holidays) will be felt. The deflationary dams must be put rapidly in position if the new situation is to be controlled. Sound principles are needed for politics and not only for economics. It has just been announced that 400,000 men will be kept in Algeria "until a solution has been found." No financial wizard will straighten the accounts for long unless the search for that solution is speeded up.

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Farm Wages and Prices

THE letter sent by the Minister of Agriculture to the President of the National Farmers' Union on the subject of farm wages, is nothing like so sinister as Labour critics have pretended. Essentially it represents another step—and an important one—towards the evolution of a more realistic agricultural policy. For ten years, following a convention foolishly established by Mr Williams when Minister of Agriculture, the farmers have known that any substantial wage award occurring between annual price reviews would normally be followed promptly by an equivalent increase in guaranteed farm prices. The Government no longer regards this unsatisfactory convention as binding; if farm workers get the increased wage for which they are currently asking, there may be no adjustment of farm prices and certainly the adjustment will not be a complete one. That is the purport of the Minister's letter.

The timing and manner of Mr Heathcoat-Amory's announcement have been unfortunate. Despite his denials, it is plain that any change in the Government's farm price policy is bound to affect the attitude not only of the employers' representatives but of the independent members on the Agricultural Wages Board. Inevitably it looks a little as if the Government was making an opportunistic attempt to freeze the pattern of wages at its weakest (and perhaps its most deserving) point. But the Minister had already indicated his intention to make some such change of policy before the submission of the current wage claim; and whenever and however the new price policy was announced, its implications for farmers and farm workers would be precisely the same—that the only road left to higher profits or wages is through greater farming efficiency.

It may well be that the workers already have, on precisely these grounds, a sound case for a modest wage increase. Certainly the grant of a minimum wage of £7 (instead of the present £6 15s.) would smooth the introduction, at a later date, of the system of wage differentials which is now badly needed to encourage able workers to remain in

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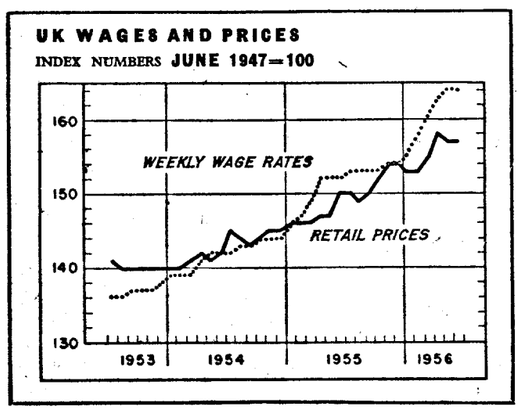
agriculture. Possibly the very hint of ministerial pressure may make the Board more receptive to the workers' case. At all events it will need to weigh very carefully whether the farmers can afford to pay some modest addition to wages out of their own resources.

Brcken Eggs

THE commissioner's report on the proposed egg marketing scheme (reviewed in *The Economist* last week) contains some curious features calling for further comment. The first of these is the approach of the commissioner to the evidence before him. Several distinguished economists opposed the scheme and no economist of any kind was found to defend it; yet "happily" Mr Baker felt assured by "the evidence of practical men" that the bulk of the economic criticism was irrelevant. But when faced with strong condemnations of the scheme by some very practical wholesalers, Mr Baker took refuge in the old suspicion that they were out to exploit the producer. In dealing with the promoters' evidence, the commissioner was less sceptical. He could not quite swallow the notion that the public must be prevented in their own interest from buying unstamped eggs. But he attempted no scrutiny of the packers' arguments despite their palpable (and not just hypothetical) interest in the scheme's success; and he did not consider how far the claim of the farmers' union to speak for the producers of eggs is affected by the very hasty and misleading way in which (at the height of the harvest) it sought approval for the scheme from its own members.

Yet the bias in the report is not so much intentional as the natural result of some strange assumptions. It is argued that this particular egg scheme is too rigid and that rather more exemptions must be allowed so as to get a little more competition and a little less illegal evasion. But it is taken as axiomatic that egg producers must be guaranteed an assured market and packing-stations an assured throughput. The proposed egg scheme does satisfy these two criteria; and the fact that it may also encourage a highly wasteful pattern of production and distribution—with producers in the Orkneys getting the same price as those in Surrey and the Egg Board pooling all transport charges—is apparently irrelevant. If the objectors do not like the scheme, then, thinks the commissioner, it is up to them (not the promoters) to find a better way of meeting the two sacred objectives.

This strange fandango not only puts the onus of proof in the wrong place. It also argues that the obligation to subsidise egg producers is a reason for accepting unsatisfactory marketing arrangements. The precise reverse is the case. The subsidy could be varied in a way which would encourage producers voluntarily to send their eggs to the packing-stations at the right times; and the obligation to provide an assured market for all eggs could be met by a "floor" price which would need to be invoked only occasionally. The details are for the Government to work out; the objectors—*pace* Mr Baker's contempt for their economics—have amply proved their case.



No Reappraisal in Bonn

THE ripple of reappraisal of defence policy in Washington, London, and elsewhere caused Dr Adenauer to bring his ambassadors home from the principal western capitals for talks in Bonn at the weekend. Evidently what they had to say did not reassure him; after the meeting the official spokesmen put renewed emphasis on the dangers involved in any inclination to cut down the conventional forces for the sake of a "one-sided" reliance on nuclear weapons. The ambassadors were sent back to their posts with instructions to make this clear; particularly, the Nato ground forces in Europe must not be hastily cut.

These remonstrances have gone out to Nato—though Herr Blankenhorn refrained from bringing them up formally before the Nato Council on Wednesday—to the British and French governments and, in addition, to Rome, because the Italian foreign minister is to preside over the council of the Western European Union. Above all, however, they have gone to Washington, where the talk of large cuts in the army, in favour of inter-continental nuclear defence, has caused all the more concern and resentment in Bonn because no whisper of it seemed to reach Dr Adenauer when he was there in June. Indeed, the Chancellor in the third reading of the conscription Bill this month told the Bundestag firmly from personal knowledge that American defence thinking, official and unofficial, was wholly unchanged; it was a "complete mystery" to him where the Opposition had got any other impression.

Bonn has since obtained, through its ambassador in Washington, the assurance that Mr Dulles thinks half a million German soldiers as necessary as ever. But it would have preferred not to have to seek the assurance. Nor, even now, does it feel confident that a chain of reductions, once in motion, would leave intact the West German planned strength of 500,000 men.

★

It is being made plain in Bonn that, whether or not the Americans and the British choose to withdraw some of their forces from Germany, any talk of cutting the planned strength of the Bundeswehr before it has even been reached will be resisted, so long as Dr Adenauer remains in power. The conscription Bill became law this week. The next hurdle, the fixing of the term of service at twelve or eighteen months, has to be taken in the autumn, but the preparations for the call-up can begin already. Some degree of political uncertainty will continue to surround the German defence programme until the elections next year. Dr Adenauer's argument, that a weakening of the conventional forces in Europe would tend to enhance the chances of a nuclear war in Europe, has to be taken seriously. Yet, not less than this, the domestic uncertainty troubles him. A major change in the defence programme now would mean a turn of the tide in favour of the opposition. His fight for the 500,000 men is a fight for his own dominance of German politics.

Trade Promises

THE Government has secured six more months in which to make up its mind about the inter-related problems of the European common market and the OEEC tariff reduction plan. It has been granted extra "time to think." The possibility of an immediate agreement on the "low tariff club" plan for tariff reduction vanished when Mr Thorneycroft told the OEEC ministers assembled in Paris last week that Britain could not agree, because the scheme would give uncompensated tariff concessions to countries outside the group. In the course of the three-day negotiations this flatly negative stand was modified. The final British position (reaffirmed by Mr Macmillan on Tuesday in the House of Commons), although it stops short of a commitment to do anything specific, ought to make it painfully embarrassing for the Government to continue to do nothing next year. Early in the new year one of two things must happen. Either the special OEEC working group that is to examine the means of associating OEEC with the common market of the Six (and specifically the possibility of linking the two in a free trade zone) will have made enough progress so that the Council can encourage it to complete its task; or it will have run into sufficient difficulties for the Council, instead, to instruct the steering board for trade to complete its plans for the automatic reduction of European tariffs. That is, early in 1957 a choice has to be made of the more promising line of action. The decision leaves it technically open to the Council to stop short of taking action, but enough has been said during and since the Council meeting to make it very hard for the study on the chosen plan simply to be shelved.

So much is clear gain. And two aspects of the decision should receive special applause. In the first place, although the studies of the tariff plan and of the relationship between the OEEC and the common market are to proceed in parallel, precautions have been taken against the study of the second being used yet again as an excuse for not taking action on the first. The other, and greater, reason for restrained rejoicing is that, with British support, the idea of a European free trade area will now have a fair hearing. The importance of this step can scarcely be over-emphasised—though, it has to be remembered, no commitment has been given.

And, at the same time, there are two somewhat disquieting aspects of the recent happenings. The first is that the Government based its opposition to the OEEC tariff plan on the fact that it meant giving tariff concessions to countries outside the system. This fact will not be altered by further study, and it is an argument that chimes strangely with the accustomed British argument that a European common market must have a relatively low external tariff. The second cloud is for the Six to dispel. It would be a major tactical error for them to halt action on the common market until the new British decisions on trade have been made. For it has been the apparent continental determination to move ahead that has made the British Government sit up.

Investigating Zik

THE Colonial Secretary's side of the argument with Dr Azikiwe, Premier of the Eastern Region of Nigeria, was given to the House of Commons this week. It is now clear enough why Dr Azikiwe is complaining so abusively of unconstitutional interference by the Governor, Sir Clement Pleass, and Mr Lennox-Boyd, in his government. Early this month the governor reported to the Secretary of State circumstances in which a government body deposited funds with the African-owned African-Continental Bank, Ltd., and which had produced a spate of local criticism ending in a libel action brought by the Premier against one of his critics, Mr Eyo. The Secretary of State then suggested to the Premier that he should appoint a commission of inquiry; the Premier refused, but the Executive Council—which is all African but over which the governor presides—proposed a commission with powers too weak, in the Colonial Office view, to elicit the facts. Dr Azikiwe's anger has been roused by the determination Mr Lennox-Boyd has shown to send a commission (though it would include a Zik nominee) strong enough to lay bare to the public everything germane to the argument about the African-Continental Bank—of which Dr Azikiwe now admits he is life chairman as well as founder.

Two questions may be asked about the proposals for this commission and the bitter clash between the Colonial Office and the Azikiwe party which has resulted from them. First, is it just? Second, is it expedient? In terms of principle, both the governor and the Colonial Secretary are within their constitutional powers; the region is not yet independent. There is a strong *prima facie* presumption that Dr Azikiwe and his government want to keep the full facts from the African (and foreign) public—to admit no more than the existing government paper on the bank does. It would be impossible to resist a demand for a full inquiry of this kind in Britain; in the Gold Coast the Cocoa Purchasing Corporation brought Dr Nkrumah for some humiliating hours into the witness-box. In so far as the Colonial Office has ultimate responsibility it feels compelled to take the matter up in good faith with that section of the Eastern Region public which is interested in, and striving for, clean administration.

On the grounds of expediency, unfortunately, there is nothing to be gained. It is late in the day to try to clean up the morals of Eastern Nigeria. The dethronement of Zik, if that is in prospect, is a matter for his own people—who may not want any help from a British-appointed commission. His resignation, on the other hand, would present great difficulties. The opportunities for mischief-making

will be immense. Worst of all, the Constitutional Conference on independence will be delayed—and it remains to be seen how far the other regions, notwithstanding their dislike of Zik, will acquiesce in a long postponement.

Platitudes from Panama

No one would be sorrier than President Eisenhower if the excitement about his health and political future, caused by his remark about a lack of physical strength, made people forget what the Panama congress was for. The meeting of nineteen presidents and presidents-elect in Panama City was intended to mark the anniversary of the first Pan-American conference summoned by Simon Bolivar 130 years ago. That Mr Eisenhower should have attended it so soon after his operation, and after postponing indefinitely an eagerly awaited visit from Mr Nehru, shows the importance that Washington attaches to Latin American affairs and to "hemispheric" solidarity. This is thought to be due, in part, to the personal interest of Dr Milton Eisenhower, the President's brother and close adviser, but in part, too, to fears that Soviet propaganda is beginning to make headway south of the Rio Grande.

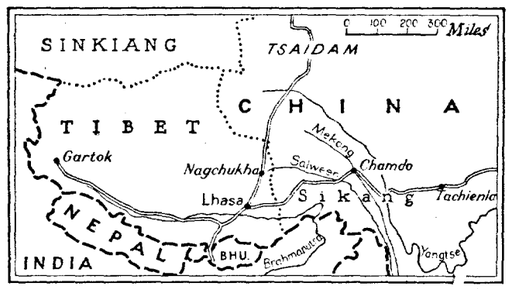
In fact, little emerged from this meeting of presidents. The twenty-one republics signed a pious declaration affirming their belief that "the destiny of America is to create a civilisation that will give tangible meaning to the concept of human liberty," and pledging their resistance to the threat of "totalitarian" forces. Such dictators as General Perez Jimenez of Venezuela, General Stroessner of Paraguay, General Somoza of Nicaragua, and General Batista of Cuba, signed the Declaration of Panama with hardly a lift of an eyebrow.

President Rojas of Colombia (whose police in February tossed opponents of the regime from the top tiers of the Bogota bullring—an atrocity which, it is true, he has since officially regretted) associated himself *in absentia* with the declaration. Ten presidents stayed an extra day for private chats with Mr Eisenhower; others hurried home. On President Eisenhower's proposal it was agreed that the Organisation of American States should set up a commission to explore the use of atomic power to improve the standard of living in Central and South America. Mr Eisenhower appointed his brother as the United States representative on this body.

Monks Militant

Buddhism is a creed of peace, but the monks of Tibet have long enjoyed a reputation as formidable fighters; and while the rest of the Buddhist world has been tranquilly celebrating the 2,500th anniversary of the enlightenment of its Founder, the Tibetan lamaseries seem to have been engaged in grimmer work. The fact that monks and even their abbots are prominent in the reports of anti-communist revolts that have trickled across the Himalayas since April makes the reports more rather than less convincing. Some of the incidental details draw a long bow—the new roads built by the Chinese army must be good roads indeed if it has managed to bring tanks along them to Lhasa, even if the tanks were trucked and reassembled at journey's end—but the evidence of widespread resistance seems conclusive.

According to the latest reports, however, the sharpest fighting has not been in Tibet proper but in the border areas to the east, and particularly in Sikang, which is nominally an ordinary Chinese province although geographically it is part of the Tibetan mountain mass. Reports from various sources agree that guerrillas have made the new Tachienla-Chamdo-Lhasa road unsafe in spite of the deployment along it of strong Chinese forces, and that the communists now have to rely on the road that comes down to Lhasa from the north-east by way of Tsaidam and



Nagchukha. Peking now has an air link with Lhasa, and it could undoubtedly push reinforcements through if its garrison there were ever seriously endangered; but the present threat to its lines of communication must be more troublesome than any rising in western Tibet, which could be put down at leisure. It is significant, too, that the resistance should be strongest in the east, where the people have had most experience of communist rule. The *People's Daily* (the *Pravda* of Peking) may have had Sikang in mind when it commented last week that the "vital lesson" of the Poznan riots was "never to relax vigilance, never to forget the existence of the enemy, the secret imperialist agents."

The Lebanon Pipeline

The Lebanese President has signed the law to impose heavy taxation on the Iraq Petroleum Company, with retractive effect to 1952. An escape clause permits the Lebanon to accept pipeline "profits" instead of taxes if agreement with the company is reached. Sir Stephen Gibson and another director of IPC flew to Beirut this week, not taking a new plan, but to investigate the situation afresh. It was reported that Saab Salam, the Minister of State responsible for oil affairs (who had threatened that the Lebanese government would regard the installations as Lebanese property if no agreement were reached), had resigned because he was not invited to be present when the President received the two emissaries. But the resignation was later denied and Mr Salam has since conferred with the Syrians, claiming afterwards that

the Lebanon had the promise of their support and that the Lebanese leaders were agreed on the steps to be taken.

From the company's point of view a solution is urgent because weather and other circumstances make it desirable to begin work on the new branch pipeline from Homs by October 1st. IPC has its hands tied by its own recent agreement with Syria on a ton-mile basis. The American-owned Tapline company's recipe for a comparable problem is to hand over to the Saudi Arabian government half the profit from the trans-Arabian pipeline (as opposed to other methods of transport) and to leave it to them to apportion the sum among the various transit countries.

It has not been revealed what agreement Saudi Arabia has made with the other three countries concerned—Jordan, Syria and the Lebanon. But if, as is supposed, it is in the nature of one-half or two-thirds to Saudi Arabia itself (on the ground that far the greater stretch is in its territory) and the rest equally among the remainder, it would seem that the rate of profit going to the Lebanon would correspond more or less to that produced by the proposal of the IPC. The Lebanon in fact has everything to gain from a reasonable settlement. It may be assisted to accept one by the consideration that though Syria has promised support, it might not wish to back the Lebanon in complete intransigence. Syria, after all, would profit heavily from the diversion to Syrian ports of the throughput of the existing and proposed Lebanese pipelines.

Pink Plans for Pale Colonies

The first instalment of the Labour party's policy for the colonies, which was published this week and courageously tackles the difficult "multiracial" territories first, falls logically into three parts. First, there is the statement of an ideal objective, consistent with Labour's political philosophy. There follows a realistic but by no means overstated appreciation of the difficulties in reaching it. Finally comes the formulation of a Utopian method of doing so. The objective is full parliamentary democracy, defined as universal suffrage on the basis of one person one vote. The difficulties are the fears of each racial community of losing power to another, or failing to gain it from another—fears rooted in differences of origin, skin-colour, culture and income. These fears take the practical form of the minorities disliking the method of "counting heads" to decide who has the power, when the heads are so different not only in appearance but in content. This problem, which is examined at some length, the Labour policy-makers propose to overcome by simply and neatly arranging for the inhabitants of these territories to "forget race and colour and to think and act as human beings."

The idea that it may be human to think and act in terms of race and colour does not appeal to Labour policy-makers. It is perfectly correct that the "withering away of racial consciousness will itself be the truest safeguard of racial minorities" (except in so far—a vital point not mentioned—as they are bred out by miscegenation). But that comes after, not before, abolishing racial consciousness. How is it to be abolished? Labour proposes to end all forms of official discrimination or segregation; specifically it proposes to make education non-racial, because "very few, if any, young children feel any colour prejudice. This feeling is 'caught' from . . . adult example and influence." But this is precisely the point at which minorities will not co-operate. For the rest, Labour proposes to ease the transition by just those transitional forms of government already being operated; but it declares that British rule shall continue until transitional measures and desegregation abolish racial feelings. Is this Labour's high-minded formula for indefinitely delaying the liquidation of the British Empire?

Go Slow in East Africa

Soon after the Royal Commission on East Africa published its radical recommendations for throwing open the economy of the area to the forces of economic change and progress, it became clear that the governments of the three territories, Kenya, Uganda and Tanganyika, had written off most of the report as a thorough analysis of the obvious interlaced with a good deal of long-haired theory. The views of governors of the three territories have now been published*, they do not suggest, at a first reading, that the

* Cmd. 9801 and 9804.

Report on the Crimea

The report of the Board of Inquiry, which sat at Chelsea Hospital, has been published, and, as was expected, it has overruled the report of the Commissioners whom Her Majesty sent to the Crimea to inquire, and pronounced a favourable opinion on all the military men there employed. Lord Lucan, Lord Cardigan, Sir R. Airey, Colonel Gordon, and others, who were at the beginning of last year so severely criticised and condemned, are all exonerated from blame. They followed the rules of the service in making requisitions, etc., and the military men who, in judging of their conduct, were guided by the rules of the service, found them faultless. The public—remembering the terrible losses of the army—remembering the heart-rending privations and sufferings of the soldiers almost within call, as it were, of our own shores, where all kinds of materials abound—will turn from the individuals to the military system, and pronounce that to be a great error, when it lands the nation in disasters accompanied by dishonour. From the system, it will go a step further to the individuals who form and support it, and whose minds are formed by it—the General Officers, the former Commanders-in-Chief, etc., etc.—and begin to doubt whether the men who make and uphold the system are worthy of confidence. From the report of the Board the public learns that all the duties of the several classes of officers are rigidly prescribed, the same as the duties of castes in India; and finding all around it, and finding every day and in all things evidence that such rigid regulations are incompatible with the changing circumstances of society and the varying duties of man, it will condemn as utterly worthless or injurious the firm and rigid martinetism which is the life and soul and pride of our military men.

The Economist

July 26, 1856

bold plans of the commission for an attack on East Africa's problems by pulling down the economic barriers between tribes (of all colours) and their reserves, urban as well as agricultural, find any favour. The governors have many experienced comments on the Royal Commission's report which need further study. But broadly their attitude is either "we're doing it already" or "any district commissioner knows the fellows won't wear that sort of thing."

The governors do not believe that it is possible to proceed more quickly in the transfer from communal to individual ownership, even by setting up the administrative schemes proposed by the Royal Commission. They cannot be "too much in advance of public opinion." But if public opinion were the only factor in making changes, there would be little change anywhere and least of all in tribal society. The fact that the governors protest that change is going on just makes nonsense of this. Already some African public opinion is in favour of this life-giving freedom to individual initiative; some is not. But which is to be backed? The suggestion that the barriers to economic expansion cannot be removed by policy changes is a counsel of despair; how else can they be removed? They are written into policy. More substantial is the detailed costing, by the Government of Tanganyika, of the development programme the region needs. For all three countries the cost of the recommendations of the Royal Commission may amount to something like £250 million for the period 1955-60. It is a big sum. But is it put forward to help frighten public opinion off bold and constructive proposals just because they frighten governments?

Italian Oil

AFTER years of bitter controversy an Italian oil bill has at last got through the Chamber of Deputies by a surprisingly large majority—386 votes to 37. If it emerges unscathed from the Senate and becomes law, it will remove some of the uncertainties that have paralysed the search for oil on the Italian mainland (except in the Po Valley) and prevented the exploitation of the few successful strikes made last year in the Abruzzi. Proved reserves on the mainland are estimated very roughly at 10 million barrels, compared with 100 million in Sicily, where oil exploitation is dealt with under a separate and more generous earlier law.

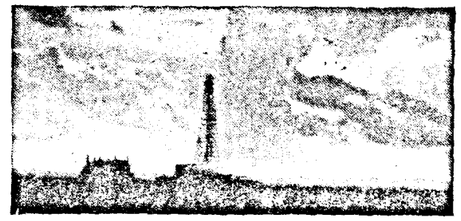
This will be a feather, although rather a tattered one, in the government's cap; the Christian Democrats are always under attack for their alleged "immobility" in economic matters. But, like all compromises the terms of the Bill remain unsatisfactory to the protagonists of nationalisation and free enterprise alike, even though in the end both combined—presumably in despair—to vote for the Bill. Private companies will be able to work side by side with the state-owned agency, ENI, on the mainland (although ENI is not permitted to go into partnership with any private concern.) But ENI retains, as everyone expected, its monopoly in the Po Valley and the attempt to strip it of its privileged position elsewhere on the mainland has not succeeded. It is not, for instance, subject to the limitations placed on the exploration areas and development concessions which private companies will be permitted to hold. But the extent to which it can make use of its special advantages depends on the complexion of the government in power; all concessions depend ultimately on the decision of the government advised by a special committee to be set up under the Bill.

One of the most controversial points of the earlier version of the Bill has been modified in a rather grudging way. The 60:40 division of profits in favour of the state, which appalled the foreign oil companies, has been abandoned. But the Bill still does not adopt the 50:50 basis on which the major international oil companies now work. Instead it introduces a graduated scale of royalties, which, when added to income tax may, in the case of the more productive wells, give the state more than a 50 per cent share of the profits; and the government has not given, as the oil companies hoped it would, any pledge that it would not in fact take more than half the profits. It remains to be seen whether on these terms the foreign companies are still interested in helping to develop Italy's oil resources.

Mr McEwen's Silent Struggle

ONE piece of unfinished business lingers on from the Commonwealth Premiers' conference. Talks are still going on, behind confidentially closed doors, between Australia's Minister of Trade, Mr McEwen, and the Board of Trade. The Australians are aggrieved at the size of their trade deficit with Britain, which they say is partly due to the unfair way in which the system of imperial preferences is at present working. British exports to Australia, being largely manufactured goods, enjoy a substantial preference compared with their non-Commonwealth competitors. Australian exports to Britain, by comparison, get far less benefit—chiefly because they are basic world commodities like wheat, on which a preference would have to be punitive before it would keep Australia's competitors away from the British market.

Most of the solutions that Mr McEwen is no doubt turning over in his mind, however, are likely to raise British hackles. The Australians are most interested in getting more wheat into the British market, and would probably like the United Kingdom to impose an anti-dumping duty on French and American wheat, which they say is subsidised. But apart from the technical difficulties of fixing an anti-dumping duty—and an extremely stiff one would be needed to keep out American wheat—Britain would be reluctant to remove one source of discontent at the risk of creating two others. There is slightly more room for agreement about reducing the subsidies on Britain's own wheat production, but this depends on how much further Britain is ready to go in abandoning its policy of growing all possible food at home regardless of cost. A proposal for some kind of guaranteed price for Australian wheat is not likely to figure very high on Mr McEwen's list, since it might involve political difficulties for the British Government and in any case would probably not expand the volume (as distinct from the value) of Australian exports to Britain. Ultimately, the matter depends on how firmly Britain has nailed the colours of free trade to its masthead. If the Board of Trade refuses to shift its ground, it should not complain if Australia feels bound to lower the preferences it gives to British goods by cutting the tariffs on some non-Commonwealth imports. Free trade can be a two-edged weapon.



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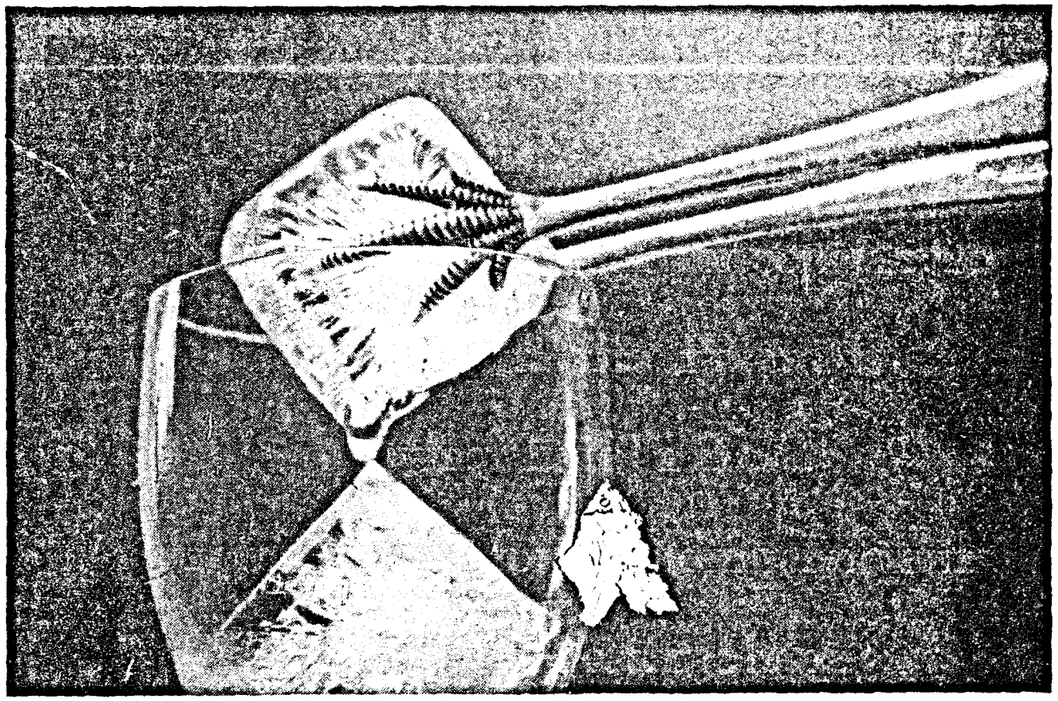

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Letters to the Editor

The Press of Our Times

SIR—You have honoured me by commenting in your issue of July 21st on the Bill I have introduced, so I hope you will afford me a little space to reply as shortly as possible to some of your criticisms.

You charge me with asking Parliament to go back to 1643, but that is precisely what my Bill does not do. Charles I aimed at political control of the press by his Government, and this sort of control can be seen today in plenty of countries in Europe and elsewhere. My and on the contrary, acts through a them unconnected with the Government, but appointed by our greatest lawyers and as independent of the executive as the judges are themselves. There is therefore no question of political control in the Bill.

Another entertaining misconception which I notice among critics, and one which perhaps you seem to share, is that the intention and effect of the Bill is that all newspapers should be like *The Times*. God forbid! That would indeed be absurd, but it is not what the Bill says. The Bill demands a "standard of responsibility and conduct," cites *The Times* as a criterion thereof, and goes on to enumerate practices which are contrary to that standard. That does not mean that newspapers should be like *The Times* in form or in substance, or in any other way, except that they should be decently conducted, and that they should abstain from doing things that no decent newspaper does do. I could have taken any one of our reputable newspapers as a guide to the authority, but *The Times* seems the obvious one.

Your article recognises the problem in a way that few other editors have done, but do not let us minimise the gravity. My post bag has shown me the immense amount of innocent suffering that is being caused. Almost every day, humble and honourable people are being persecuted and gravely injured simply because some reporter or editor thinks he can make a sensation out of their misfortune. This, I suggest, is an intolerable scandal in a civilised country, and it ought to be redressed.

You, Sir, however, having diagnosed the problem, in fact come to the conclusion that nothing can be done about it. It must be left until the public are sufficiently civilised to make this sort of thing unprofitable. That attitude does not seem to me to be either commonsense or to be right. We might as well abolish censorship of plays and of films until such time as undesirable films or plays would be no longer popular. But who can doubt that if these censorships were removed, the more improper a play or film, the bigger audiences it would attract? That would not be good for our national reputation or for the people concerned, and no one is asking for such a development. Yet the evil would be less than the one of which we complain, because little human suffering would be involved.

My Bill provides an authority which is not only non-politically appointed, and is as independent as are the judges, but which, on the other hand, is subject to precise checks at every turn, to make impossible the perpetration of any hasty or unjust decision. And an appeal to the High Court is provided for any aggrieved party. Safeguards can go no further. In fact, the only effect of my Bill would be that certain newspapers would find it to their advantage to abstain from certain practices, which they at present indulge in, but which no decently conducted newspaper would dream of perpetrating. Who would suffer from such a regulation? Since all newspapers would have to conform to the required standard, there could be no loss in circulation by any paper, but a great amount of innocent suffering would be prevented; and that is surely worth while.

May a "reactionary" beg his "progressive" friends to cease to hide behind an irrelevant dogma and face the realities of a great evil?—Yours faithfully,

London, SW1 SELBORNE

The Curse of Mephistopheles

SIR—In criticising the Labour party's policy statement on social justice you invoke the Evil One under whose curse that document is said to suffer. You imply that the party's aims are centred on the "transfer . . . of 1 or 2 per cent of the total national product and some of that through the project of higher death duties at the expense of the middle-class widows and orphans." You then go on to suggest that a policy of "a growth of production" should be supported "whereby workers might increase their real incomes by up to 4 or 5 per cent each year without anybody being worse off at all."

I suggest that your conclusion that Labour's policy consists only "in levelling down for its own sake" is in no way justified by the proposals put forward in the pamphlet. These include a positive policy to ensure equality of opportunity in education, mitigating the inequality of wealth due to inheritance (middle-class inheritance is practically free of death duties) and not merit, and eliminating the anomalies in our tax-system which have created a class of people in practice hardly subject to taxation. The existence of these anomalies is surely no longer in doubt. And it can hardly be argued that inheritance does not create privilege for those who enjoy it out of all proportion to their contributions to the common product.

Nor is this insistence on social justice a result of envy or unrelated to the policy of growth desired by you. Unless considerable unemployment is to be created—itself fatal to investment and expansion—a policy of growth can only be sustained with the free consent of the trade unions. It is, to say the least, unrealistic to appeal—as the Prime Minister has followed you in doing—to the trade unions for restraint and sacrifice while tolerating or furthering the extravagance and privilege of others in the name of incentives and the common weal. The policy of growth, indeed, is essential if British power and living standards are to survive. But it will not be promoted if the last reserve, the reduction of the arms burden, is blued on consumption through the reduction of direct taxes—just as it happened to the windfall which accrued in 1952-54 as a result of the improvement of the terms of trade. Social justice must be the foundation of a policy of investment and strength,—Yours faithfully,

THOMAS BALOGH

Balliol College, Oxford

Using Colonial Funds

SIR—The demand that profits earned overseas by United Kingdom companies be taxed in future on the local basis may be of some help to the individual companies concerned, but does not assist to the extent necessary the development of the colonies. The cost of administration of these colonies is unduly high and results in a high incidence of taxation, even compared with the United Kingdom, but particularly with those countries which compete in colonial development. Further, the colonies are in the anomalous position of being the largest earners of dollar and other balances in the sterling area, but these balances are used mainly not by the colonies, but by the Commonwealth countries of the area and the United Kingdom.

If a balance sheet were taken out over the years to counterbalance colonial funds used by the sterling area outside the colonies, against grants, loans, etc., made or available to them, I suspect the account would be heavily in favour of the colonies. This is regarded by the colonial subjects, for whom we are trustees as anomalous and indeed unfair, and must become an increasingly difficult issue as the political independence of these countries develops.

The problem needs appreciation by the Commonwealth Prime Ministers and others, who are apt to overlook the importance of the colonies in Commonwealth affairs. It is high time that the earnings of the colonies were more freely available for their own development.—Yours faithfully,

London, W.2 ELDRED HITCHCOCK

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Competition in Civil Aircraft

SIR—In your issue of July 14th you quote the Minister of Transport, that "the British air corporations and the independent airlines must make it plain to the (aircraft) industry that if they cannot get the equipment they want from British factories they would buy it elsewhere." I can see no legitimate reason to quarrel with that sentiment. The Air Corporation Acts do not provide for their use as a means of launching new aircraft into operational service, with subsidy to make that possible. And if that phase of launching is not supported at public expense—at any rate for major aircraft—it will not be done at all, and Britain will just slide out of the picture. Then, the airlines will go to those other countries which, realising that an air power must have air transport of its own make, have wisely made it a public charge to see that they get those aircraft.

Russia, as you report elsewhere in the same issue, is now coming into the field: The TU 104 jet airliner, you note, comparable with the Comet IV, is offered for delivery in 1958 at half the Comet price. The Russian leaders, you add, are taking a direct interest in aviation and plan to break into the civil airliner market.

It would be surprising indeed if the Russians did not pick on civil aviation as one of the most attractive ways of building their prestige and influence in the world, for air transport is the better part of air power in this era of hot peace. Meanwhile, in Britain, it is implicit in our present policies and legislation that we think it more important that the air corporations should show a commercial profit than that they should be enabled to put our own aircraft into the air and give us the power that goes with them.

We have spent a lot of money preparing to blow the Russian Air Force out of the air if war were to come. The Russians, it now seems, are going all out to blow our airliners out of the skies. "We will show you what competition means," says Mr Khrushchev, making "the development of air communications both inside and outside Russia an economic priority." They can get more real power and prestige per rouble this way than almost any other. How they must chortle when *The Economist* wags its finger at the British aircraft industry and tells it to be more commercially minded if it wants to sell airliners! Perhaps they already dream of the day when BOAC, obliged by law to make a profit, signs up for a fleet of TU 104 jet airliners and cancels its Comets.—Yours faithfully,
M. G. IONIDES
RMA Atalanta, Over Italy

Glasspol Boards the Bus

SIR—Your Note in your issue of July 21st calls attention to the weight-saving features of the new London Transport "Routemaster" bus. At the risk of sounding ungrateful for what you have written, may I say that your Note understates the saving to be made? The new bus will take not four but eight additional passengers—64 seated against the present 56—without any increase in the total laden weight.—Yours faithfully,
R. M. ROBBINS,
Chief Public Relations Officer
London Transport Executive, S.W.1

Teachers and the Cash

SIR—The verdict in the case *Sunderland School Teachers* versus *Sunderland Education Authority* was, if one is to accept your viewpoint, case dismissed, with a warning as to the conduct of the plaintiffs in the future. In other words, you seek to advise the teaching profession in the interpretation of its duties without making any reference to the duties of education authorities, which, in this matter, was to negotiate with the teachers' representatives and not to waste ratepayers' money on lawyers' costs in a case that could only end in favour of the teachers. It is pertinent to say that, in this connection, the teachers' attempts to negotiate a settlement were arbitrarily ended with a cross reference by the spokesman of the Sunderland Education Authority to "it [the latter] being master in its own house."

However, the real purpose of this letter is to assure you that you need not be alarmed by the reaction of teachers to the judgment given in their favour by Mr Justice Barry. School football matches, athletic meetings and swimming galas will continue to be organised by teachers; extra coaching and the teaching of subjects not in the school syllabus will still go on outside normal school time. On the other hand, any attempt to bludgeon teachers into carrying out this voluntary work as part of their contract with education authorities will not be tolerated.—Yours faithfully,
C. BECK
Cardiff

Honesty and Party

SIR—Your doubts, expressed in a Note in your issue of July 21st, as to whether a Diogenes Club exists is surely misplaced. Was not Sherlock Holmes's brother, Mycroft, one of its eminent members?—Yours faithfully,
A. W. TODD
Merstham

Equal Before the Law

SIR—I note a line in your issue of June 2nd to the effect that "the Law Society's obvious view is that litigation is rather a good thing."

I very much question that any Law Society anywhere would advocate litigation. I am certain that the bar associations in America have no such point of view, in fact, in Massachusetts we are setting up conciliation boards in order to attempt to adjust cases before they go to trial.

While Massachusetts follows the English practice in many ways, the costs awarded are very small. In a recent case which arose in a District Court and was taken to the Supreme Judicial Court of Massachusetts, the costs allowed were about £10.—Yours faithfully,
WALTER J. DONOVAN
Adams, Massachusetts

Books & Publications

Not Quite Superman

BERNARD SHAW: *His Life, Work and Friends.*
By St John Ervine.
Constable. 640 pages. 50s.

MR ST JOHN ERVINE is uniquely well equipped to write Bernard Shaw's biography: a friend of forty years' standing; a fellow-craftsman of the theatre; a fellow Fabian—of a sort; and a fellow Irishman, again of a sort—Shaw's own sort. Like Shaw, he has a fine, sweeping assortment of prejudices and a splendid intemperance in asserting them, so that the clash of ideas, carried over into print, has the entertainment value of a gladiatorial display. He has a prose style capable, when set beside Shaw's own, of enduring the comparison. With devotion, gusto, discrimination and wit, drawing both on personal knowledge and unpublished material, he has produced not merely a portrait but a conversation-piece in which Shaw's family, friends, colleagues and correspondents are delineated with hardly less care than Shaw himself. If he is, at times, crashingly unfair—to Beatrice Webb or H. G. Wells, for instance—the sin is forgivable in a writer making no hypocritical pretence at detachment; and his own occasional silliinesses—as when he calls Stalin and his associates "half-baked intellectuals"—are outrageous enough to be endearing. If a forbiddingly difficult job of construction, the welding and balancing, in a harmonious narrative sequence, of several normal lifetimes' worth of various activity, has been less than quite perfectly done, leaving here and there a join showing or an incident impossible to date, such minor defects never spoil the reader's pleasure.

And yet this is a disappointing book. It lacks something more fundamental than formal excellence or even—in this context—justice: the power to get behind the *persona*, the mask, of GBS. The fact that Shaw frequently added to that mask a patently false nose or a couple of warts—claiming, with a parade of shamelessness, to have loafed nine years at his mother's expense, cultivating a reputation for stinginess, deliberately hiding emotion under flippancy at solemn moments—allows his biographer to pull off these excrescences with due rebuke to those deceived by them. But the mask itself remains. Whether from delicacy or from lack of disposition, Mr St John Ervine makes no attempt to penetrate, by imaginative reconstruction, to an intimacy which Shaw gave neither to him nor to any other friend. Dealing with Shaw's appalling decline, in his later years, into dictator-worship, capriciously discriminating callousness, and advocacy of mass extermination for "misfits," he pinpoints the intellectual confusions of which Shaw himself was intermittently aware; but he never asks what compulsions produced that obsessive internal dialogue between absolute rebel and absolute autocrat. He illuminates the topic, much canvassed since the time of the egregious Frank Harris, of Shaw's decidedly unusual sex life, initiated at twenty-nine and, after a sufficiently enthusiastic demonstration of normality, ended by a "white" marriage at forty-two—a topic the more legitimately interesting given Shaw's peculiar and emphatic published views on sex and marriage. But illumination stops at the surface; no X-ray probes the fundamental motives and conflicts underlying this curious history.

It is perhaps significant that one omission mars the picture of Shaw's human relationships. His closest friendships, says the biographer, were with Sidney Webb, William Archer, and G. K. Chesterton. Of Webb and Archer he writes at length; but GKC gets no more than a few casual, though appreciative, references. There is no hint here of the long, high-spirited, impassioned duel, a grapple recalling that of the two heroes of Chesterton's own "The Ball and the Cross," between these two polar opposites, whose very physique suggested a masterstroke of casting by a dramatist greater than either. It would be far-fetched indeed to see in that arch-anti-romantic Shaw a paladin *manqué*, a would-be worshipper dissatisfied with a faith spun out of his own intellect, an enforced expatriate from GKC's extravagantly tuppence-coloured world. But some element in him, not otherwise discernible, answered to and loved GKC and won his love in return; and whatever that element was, his biographer has not merely missed it but failed to look for it.

Probably no one will ever pluck out the heart of Shaw's mystery. Irreverent Freudian speculations might perhaps weave into a significant pattern, on the one hand, his ambivalently intense concern with Authority, the Father-figure, and, on the other, those dominating women—armed with superior physical strength, or enormous wealth, or all-conquering purpose—who stride through his plays, and the "mortal terror" with which he fled from real or fancied female pursuit, and the happy not-marriage. Less esoterically one may wonder whether, born into a normally loving and harmonious home, spared the emotional squalor and starvation of his infancy and youth, he might have been driven by a different dæmon and reached a different stature; that of a Goethe rather than a Nietzsche. For what he was, the world may be grateful enough in all conscience; and Mr St John Ervine's unsatisfying but fascinating record earns a parallel gratitude, tinged with regret for the might-have-been.

Facing America's Facts

RUSSIA AND AMERICA.
By Henry L. Roberts.
New York: *Harper* for the *Council on Foreign Relations*. London: *Royal Institute of International Affairs*. 287 pages. 25s. $3.50.

HISTORY has been unkind to Mr Roberts, the distinguished director of the Russian Institute at Columbia University. His analysis of Russo-American problems, which precedes a massive work on the history of this question due from Mr George Kennan, is admirably lucid. It stands out from similar studies by its calm acceptance of the realities of international life in the nuclear age and by its wish to see power relations as such and not as the more embarrassing aspects of alleged struggles between good and evil. But the last few months have seen cataclysmic changes within the Communist movement and dramatic echoes of these changes abroad. And because Mr Roberts's valuable analysis went to press before the days of the Twentieth Party Congress and Poznan, it reads, in certain sections, like that stalest of all genres—the newspaper of the day before yesterday.

Consequently, some of Mr Roberts's careful exposition of the objects and limitations of American policy towards Russia and the Communist block sounds curiously unreal. The author puts forward two principles of policy. The first is "the right of people to choose the regime which governs them (in effect the right of people not to be under Communist domination)." Surely, that "in effect" lets the cat out of the bag and it is a cat which looks disturbingly like Mr Dulles. For in crucial areas of the world such as North Africa, Central and Latin America and even areas of south-east Asia, self-determination is not equivalent with falling or not falling under Communist rule, and it is the belated recognition of this fact which has caused the most recent "re-appraisal" in American foreign policy. Mr Roberts's second principle is "the right of people to unite, if they so desire, to form a single government of their choosing." But as Mr Roberts himself has pointed out, this right runs directly counter to some of the most vital western interests. And is America honestly prepared to see a united, neutralised Germany, or is it willing to consult the inhabitants of Formosa on their views of the future?

That is the trouble with this kind of book. It is excellent in outlining the facts and weak in saying what can be done about them. Sometimes, there is something both funny and sad about

Mr Roberts's honesty. For example, when writing about Quemoy and Matsu he expresses the hope that their inhabitants "if it is at all possible . . . should neither fall under Communist rule nor be wiped out by bombing, from whatever side." Candide might have written that. But in this honesty lies the fine quality of the book, and it will stand as a record of the state of intelligent minds in America at an especially perplexing point in history.

Born to Command

FRESHLY REMEMBERED.
By Cecil Aspinall-Oglander.
Hogarth Press. 318 pages. 25s.

THERE were successful amateur soldiers before the great wars of our own day discovered unexpected gifts of generalship in dons and dentists and engineers. Thomas Graham, first and last Lord Lynedoch, was unusual not in beginning his soldiering as a lieutenant-colonel, at the threat of war, but in doing so at the age of forty-six and becoming, within fifteen years, Wellington's second-in-command and a national hero, in the face of the Duke of York's flat refusal, for twelve of those years, to make his commission permanent.

The merits of a plain tale, plainly told, are especially welcome when it concerns a soldier (even one who is, incidentally, the hero of two touching love stories) and General Aspinall-Oglander puts no words of his own imaginings into Graham's mouth, and no thoughts into Graham's head, that cannot be supported by letters and diaries. Both have yielded bountiful material. As a Whig and a reformer, Graham was unlike Wellington (against whom at first, in his love for Moore who was killed at his side, he was deeply prejudiced), but he was like him in his freedom from cant: he can recognise and record the "great excesses" of the British soldiers, retreating to Corunna, as he can their "invincible bravery" at Barrosa, where he himself, a sixty-three-year-old general, his horse shot under him, led them uphill on foot to capture the Peninsular War's first French Eagle.

There is better evidence than there usually is for such posthumous pieties about generals as that Graham was much loved by his private soldiers. It was characteristic, perhaps, of so affectionate a creature as Sheridan to say of him that "never was there settled a loftier spirit in a braver heart," but there must have been something especially engaging about a man of whom Cockburn could say that he was "one of the men who make old age lovely." Graham seems, indeed, to have been as set upon reaching a ripe old age as he had been to become a soldier: old enough to have fought against the rebellious Americans (had he thought of it), he lived to ride in a railway train, found the United Service Club; and take a roundabout way home from Malta in 1841, at the age of ninety-two, because there were rumours of possible war with France, and he had "no wish to spend the next twenty or thirty years in a French prison."

General Aspinall-Oglander justifies—and communicates—his admiration and affection for Graham without feeling obliged to claim military genius for a man who was simply a born commander in the field, full of common sense, courage and kindness.

Scotch Pebbles

ADAM SMITH AND THE SCOTLAND OF HIS DAY.
By C. R. Fay.
Cambridge University Press. 180 pages. 25s.

"IN some parts of Scotland a few poor people make a trade of gathering, along the seashore, those little variegated stones, commonly known by the name of Scotch Pebbles." Thus Adam Smith; Dr Fay uses the passage as an illustration of his doctrine, cheerfully introduces it with the remark that pebbles do not appear in the index to Cannan's edition of the "Wealth of Nations" though pots and pans do, and appends a learned footnote on the geology of these pebbles. The passage is typical of the book, which has the irregular and semi-precious charm of a necklace of cairngorms. It is almost wholly unsystematic, unless one counts as a system Dr Fay's rambling but scholarly interests; but it is none the worse for that. Dr Fay takes the standard biographies and Smith's own masterpiece as read; he provides anecdotes, letters, quotations, parallels and opinions to illustrate them. Adam Smith is taken so much for granted that much of the book is not about him; it is rather an anthology of characters and incidents to illustrate the time. In spite of the title, nearly half the book is not about Scotland, but deals with Smith's connection with Townshend, Franklin, Gibbon and Turgot.

There lacks any very clear analysis of Adam Smith's place in the intellectual life and development of Scotland in its golden age. It may be that the material does not justify any fuller treatment than that which Dr Fay gives it; but the Scottish part of the book is slightly cursed with the anecdotalism that afflicts most studies of that time and place; it is mostly a rehash, strongly savoured by the emphasis which is rightly given to Hume, who was among Smith's closest friends. All the old figures are there (one horribly miscalled Justice Braxfield) and many of the old stories.

These criticisms are addressed less to the text than to its appearance with a heavy-weight title in Glasgow University's series of social and economic studies. The book is a very personal and gossipy one, full of ingenious comments and parallels, more like the jottings from a lifetime of study than a set piece. The author's character and opinions are not in the background. It is very readable: quite apart from its value to serious students of Adam Smith, it serves as a small Aubrey to an interesting corner of the eighteenth century.

Shorter Notices

THE PENGUIN STORY.
By W. E. Williams.
Penguin Books. 124 pages. 1s.

THE PENGUIN ATLAS OF THE WORLD.
Penguin Books. 171 pages. 10s.

About half of "The Penguin Story," written to commemorate Penguin's twenty-first anniversary next week, consists of a catalogue of every book published by the firm since 1935. The 2,500 titles in it, 1,000 of which are still in print, amply confirm the theme of the text: that from its beginning as a reprinter of good fiction—with an immediate success that completely belied the gloomy prophecies of the book trade—*Penguin Books* has now become a "popular educator," providing specialised knowledge and the classics to the general public at an extremely low price.

The Penguin Atlas marks a new phase in Penguin's educative progress. This pocket-sized atlas (about 8 in. by 5 in.) is a remarkable feat of compression. In 80 maps the world has been covered at useful scales, ranging from 1:2 million for England and Wales to 1:20 million for other important land areas. The very high degree of legibility of these maps is a tribute both to the designers and to the Swedish printers.

Mr Keates, the editor, has courageously adopted the principles of the Permanent Committee on Geographical Names, so on the face of the maps the reader may find some unfamiliar forms of town-names (for example, Peiraievs for Piraeus, Praha for Prague) but the very comprehensive index cross-references most of the various forms, even going so far as "St. Petersburg = Leningrad."

Most atlases will not fit even into bookshelves; this Penguin Atlas will fit into a pocket and at ten shillings it deserves to be a success.

★

BRITAIN: AN OFFICIAL HANDBOOK. 1956 *edition.*
Prepared by the Central Office of Information.
Her Majesty's Stationery Office. 486 pages. 15s.

THE BRITISH COMMONWEALTH 1956.
Europa Publications. 938 pages. £5 5s.

When the first edition of this official handbook of Britain was published in 1954 it was extremely good value at ten shillings. Inflation has been at work, but the reader of the latest edition can comfort himself that he is getting still better value. Many of the sections have been expanded; the statistical material is extremely good; there are some excellent diagrams; and the book is still readable.

This new reference book on the British Commonwealth is somewhat different in content. Small sections are devoted to the history, geography and economics of each country in the Commonwealth accompanied by a statistical survey. But much of the book is given over to directories of banks, newspapers, schools, air lines, chambers of commerce, learned societies and other organisations. These will make it a valuable publication for the specialist in Commonwealth affairs and for the business man with Commonwealth connections. But it is doubtful whether the general reader will want so much detail at such a price.

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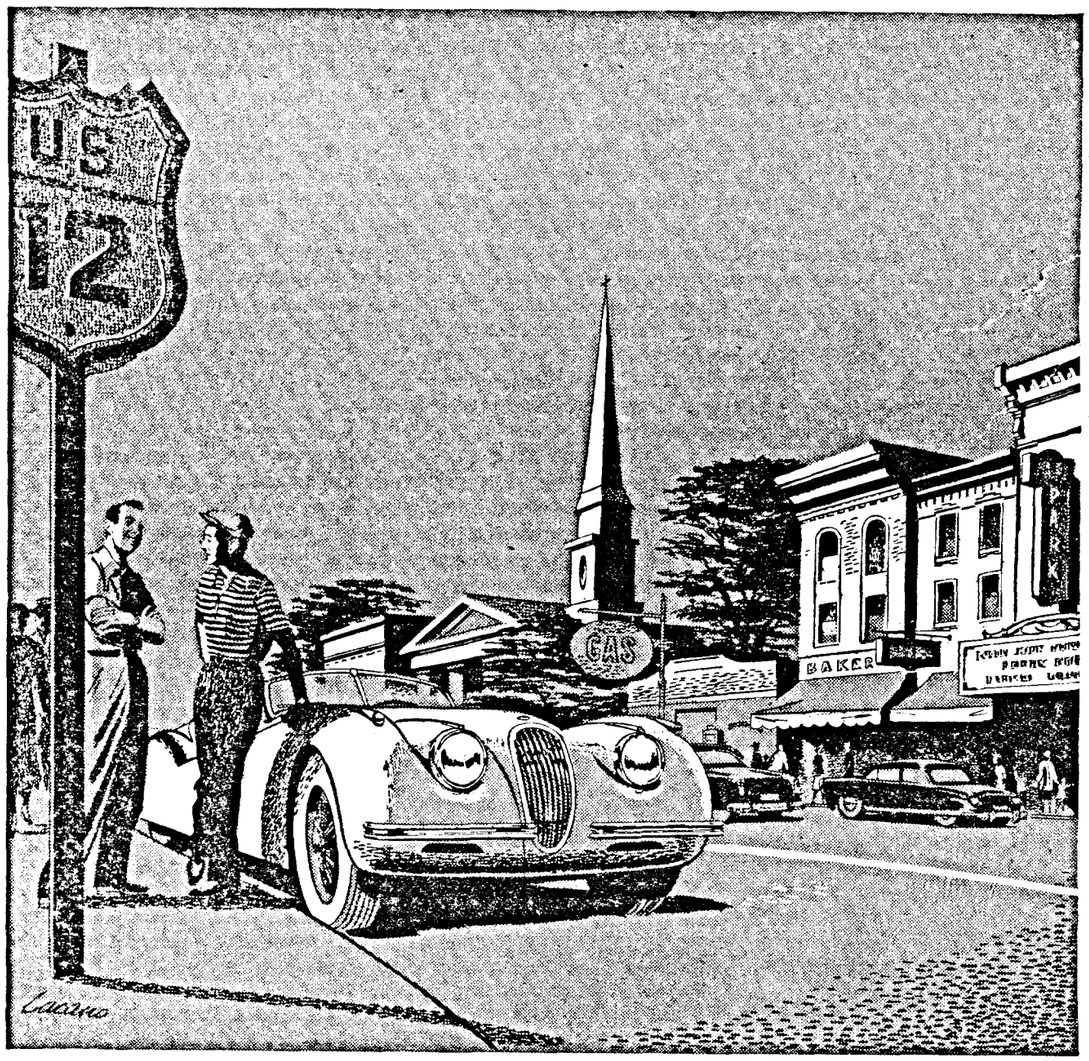

EUROPE GOES TO MAIN STREET, U. S. A.

Travelers tell us that there's a different look about Main Street's shop windows, contributed by Italian foods, German cutlery, British woolens, French perfumes, and Swiss chocolate. Even in the realm of motor cars, heretofore the exclusive preserve of Detroit, Main Street has got used to the smaller European models.

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American Survey

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

Secret Battleground

Washington, D.C.

DURING the frantic last fortnight of a congressional session the centre of power shifts away from the open forums of the two separate houses to the mysterious "third house" of conference committees that mediates between them. With two chambers whose legislative powers are in most respects equal and with party discipline lax in both, some form of diplomatic negotiation or collective bargaining is necessary to reconcile different Bills on the same subject. Thus at this late stage, the unrivalled publicity which normally surrounds the legislative process gives way to the secret negotiations which are necessary if bargains—often on very considerable issues—are to be struck within a limited time. This week, for example, conferees have had to find a compromise between the $3.4 billion which was all the new money the House would vote for foreign aid, and the $4.1 billion allotted by the more responsible Senate. They have struck a balance almost exactly midway at $3.77 billion.

When one house "insists" on its amendments to a Bill which has come from the other, it "asks for a conference." "Managers" are then chosen by the chairmen of the House and Senate committees which have been handling the legislation. The number varies—it may be three, five, seven or nine—and need not be the same from each house. Although the committee chairman usually names the senior members of his committee from both parties, he is not bound to do so; sometimes he uses his authority to pick members who agree with his own point of view, which may, and frequently does, differ from that of the majority in his chamber. This is the case with Senator Byrd, the Democratic chairman of the Senate Finance Committee who, taking his stand with the Administration, profoundly disapproves of the liberalising amendments written into the Social Security Bill by his fellow Democrats in the Senate. But on this Bill the differences between the House and Senate versions are too small to allow much room for back-stage manœuvres.

The managers are not supposed to write into the final legislation anything that is not found in one or other of the two Bills they are appointed to reconcile, nor are they supposed to leave out anything which is in both. But as the two Bills are often completely different in many vital provisions this still leaves plenty of scope for the conferees. This is especially true in those fields, such as public housing, about which the Senate and House disagree radically year after year, regardless of which party is in control. Everyone knows in advance that this kind of legislation will have to be written in conference, and all previous manœuvres during the session will have been based on this assumption. This year, however, the negotiators are likely to be faced, not only with the usual difference between the conservative House and the more liberal Senate, but also with a determination on the part of both that no compromises will be acceptable. Although the managers behave to some extent as plenipotentiaries, they do not feel it necessary to suppress their personal opinions. Even when, as sometimes happens, the House of Representatives appoints its managers with specific instructions not to yield on certain provisions, they have traditionally refused to consider themselves bound.

This freedom of action is in some respects an advantage. A committee chairman can quietly drop an unwise amendment carried on the floor of his chamber for sectional or demagogic reasons; sometimes members vote for such an amendment for the sake of the record secure in the comfortable knowledge that it will be dropped in this way. A strong committee chairman, as, for example, Senator George during the recent debate on mutual aid, can also use the uncertainty of a conference to strengthen his hand in piloting his measure through the debate on the floor. He can, for example, promise to "take into conference"—that is, put up a serious argument for inclusion in the final Bill—one out of a series of amendments, provided the sponsor will drop the remainder. This is particularly useful in the Senate, where the laxer rules make it easier than in the House to amend legislation on the floor.

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The system has, however, some notable disadvantages. When the managers of one House are themselves out of sympathy with their own majority on a major issue, as happened this year in the Senate over the original farm Bill, they are liable to acquiesce in the objections of their opposite numbers with suspicious alacrity. Moreover, the institution of the conference favours the passage of measures with provisions sought by lobbyists for private interests. It sometimes helps them directly because such provisions, having been slipped in inconspicuously in one House, get included in the conference bargaining without having to face close scrutiny in the other. But the indirect effect is probably much greater. All really astute lobbyists know that the last two or three weeks of the session is the best time to shoot "jokers" through both Houses without serious challenge. This is because conference committees, which are very time-consuming, have stripped the floors of the more senior and experienced members.

Behind the closed doors the managers of the two Houses

sit on opposite sides of a table; votes are taken at each stage within delegations, to decide whether to offer or accept particular concessions. Expert staff members from both legislative and executive offices are on hand. Bargaining is lengthy and at times acrimonious; the atmosphere is informal and the language down to earth. At every recess individual managers are subjected to pressures from every kind of interest, from the White House downwards, which try to refight on this last secret battleground battles that have been publicly lost or drawn.

In fact there is still a further stage; the final report must be approved by both chambers. But it is very rarely rejected. For one thing it is "privileged" business and can be rushed through with only perfunctory notice; for another it may not be amended, but must be accepted or rejected as a whole. Perhaps even more decisively it is a highly intricate document which, in the frenzy of these last days, is gabbled out to members who have not yet received their printed copies; even this perfunctory reading of it is often suspended half-way through. Thus the most dilatory of legislative processes completes its final stretch at a breathless pace.

Mr Stassen on a Limb

SHORTLY after arriving in Panama City for his meeting with the presidents and presidents-elect from south of the Rio Grande, President Eisenhower was overheard remarking that he felt fine but did not have "much strength." These words were flashed around the world and put the issue of the President's health and of his political future back on the front page. It was kept there, by implication at least, when Mr Harold Stassen, the President's adviser on disarmament and a member of his Cabinet, announced that he would support Governor Herter of Massachusetts against Mr Nixon for the vice-presidential nomination at the party's convention next month. Mr Stassen asserted that an Eisenhower-Herter combination would "run at least 6 per cent stronger than an Eisenhower-Nixon ticket." He also stated flatly that Mr Eisenhower would be pleased to have Mr Herter on his team if the convention wishes it.

This bombshell was followed by a brief moment of shocked silence, but then the wheels of the Republican machine whirred into motion and it now looks as if Mr Stassen has been ground exceeding fine. The President let it be known that Mr Stassen had no right to make his statement as "a member of my official family." A group of Republican Congressmen demanded that Mr Stassen should resign. And to make the fiasco complete, Governor Herter—whom Mr Stassen had seemingly failed to consult—announced that he would nominate Mr Nixon for the Vice-Presidency at the Republican convention and that he knew how much President Eisenhower valued Mr Nixon. Observers felt that, good as the Vice-President's previous chances of renomination had been, Mr Stassen's odd sortie had made them very much better.

Why did Mr Stassen, an experienced and ambitious politician, make this apparent miscalculation? Possibly, he believed that other prominent Republicans, particularly in the eastern and liberal wing of the party, would rally to his banner and express openly a dislike of Mr Nixon which many of them have hinted at in private. Perhaps, Mr Stassen honestly thought that President Eisenhower would "dump" his controversial young Vice-President at the first sign of dissent in Republican ranks. If Mr Stassen's gamble had worked, it would have put him back among the leaders and kingmakers of the party—a position he held briefly after engineering Wendell Willkie's nomination in 1944. At the moment, it looks as if it has pushed him out on a rotten limb which Mr Nixon can saw off at his leisure. But Mr Stassen is not climbing down and certain very sophisticated commentators point out that Mr Eisenhower has still not said, in as many words, that Mr Nixon may be for three is his absolute choice. likely to

Steel Thaw

THE American steel industry is still frozen almost solid, with 90 per cent of the plants shut and 650,000 workers idle, but a thaw has begun at last and it looks as if the strike will be settled before the weekend. On Monday the stoppage would enter its fifth week, the point at which it would begin to have serious effects on the national economy. Until now few steel users have been inconvenienced, since they had built up their stocks of material to record levels in preparation for the strike. The existence of these stocks would have made a sharp cutback in steel output inevitable had there been no strike and this explains why the employers, the workers and, indeed, the country as a whole, have been taking the dispute so calmly, in the mood of a welcome summer holiday.

But if the strike went on much longer, it would begin to "endanger the national health and safety" and the President would be forced to step in, probably by asking for an injunction against it under the Taft-Hartley Act. No one wants this: the Administration is pledged to the principle of free collective bargaining; injunctions are anathema to labour leaders; and the steel companies do not welcome the inquiry into their private affairs which would be conducted by government mediators trying to find a basis for settlement during the eighty days the injunction would be in force. Ten days ago, Mr Eisenhower let it be known that he was becoming seriously concerned about the strike, but this did not prevent negotiations being broken off sharply in Pittsburgh last Saturday, with each side accusing the other of stiff-necked intransigence. However, on Tuesday they were suddenly renewed in the more neutral atmosphere of New York, at the suggestion of the industry's spokesmen. It is understood that the companies are now prepared to compromise further on the main point at issue, the length of the contract, and to agree to one that lasts for only three years, a period which is also acceptable to the union. The union, in its turn, seems to be willing to climb down on the principle of extra pay for weekend work. But in return for their concession, the industry negotiators apparently expect the union leaders to modify their demands for increases in wages and other benefits. Bargaining on these and other points could go on for some time.

Welfare for the Democrats

THE Senate Democrats have passed a Bill, over the Administration's opposition, providing for a new programme of insurance benefits for the disabled and for other liberalisations of the social security system. By so doing they were paying a well-earned farewell tribute to Senator George, who is content to crown his long career with this extension of the welfare state. But the Democrats were also capturing the popular side of a humanitarian election [illegible] mercifully unbedevilled by questions of race, and [illegible]ving the Republicans with a laggard, Scrooge-like U[illegible] Obligation to the plight of the disabled.

[illegible] State and [illegible] only a small proportion of the disabled get Other Secu[illegible] help, and [illegible]is as assistance, not as a right, in 42 states, which receive matching grants from the federal government. Last year the House whipped through a Bill to provide benefits at the age of 50, in the event of permanent physical or mental disablement, for the 70 million Americans insured against death and old age under the federal scheme; to lower to 62 the age at which women could claim retirement benefits; and to bring most of the self-employed into the insurance programme. Only 23 Republicans dissented.

Last week most Republicans stood firm in the Senate, where the Administration had had a chance to voice its objections to insuring against disability at this time: that it is too soon to raise security taxes again; that malingering might be encouraged; and that future Congresses might be tempted into further concessions dangerous to the financial stability of the insurance system. But with the help of a handful of deserters, the new scheme was adopted by 47 votes to 45. The Administration was even less successful, though its case was stronger, where the ladies were concerned. Although the Secretary for Health and Welfare pointed out that to lower the retirement age for women flew in the face of the fact that they were both living and working longer, the Senate chivalrously and overwhelmingly voted to permit working women and wives of retired workers to claim a reduced benefit at 62, and gave widows of insured workers their full pension at that age instead of 65. With the admission to insurance of the self-employed, which is not controversial, these changes will benefit over a million voters. The Administration will now have to decide whether, having stated its financial scruples, it would not be politically wise, in an election year, to swallow them with a good grace.

New Protectionists

Washington, D.C.

ONLY the last minute passage of a measure on customs simplification saved this session of Congress from dismal nullity on the subject of foreign trade. Although it was the third bite in four years at a cherry that is still only half eaten, this lonely accomplishment is not to be despised; for, unlike the two previous simplification laws, it does tackle a substantial problem. It deals with one of the two major disincentives to fresh adventure in the dollar market which are contributed by the customs system itself. Hitherto a rate of duty has been calculated on one of two base figures, whichever was the higher—the "foreign value," which is the price the foreign supplier commands in his own home market, or the "export value," which is the price he is asking in the United States. The calculation of "foreign value" for this purpose involved costly, time-consuming and often resented investigations into the business affairs of companies abroad. From now on "foreign value" will not be considered, except in the minority of cases where dropping it would bring about a cut of at least five per cent in the duty payable; this was the price that had to be paid to get the Bill through the Senate Finance Committee.

The United States Treasury and foreign representatives alike have hailed the new law as a major saving in red tape and a lubricator of international commerce. But for the foreign exporter joy must be a little confined. It is not clear how long it will take Customs officials to decide what imports are covered by the five per cent exception. Also there may be something a little ominous in the repeated assurances by Treasury spokesmen that the time and manpower saved by the simplified procedure for valuation will be devoted to stricter enforcement of the anti-dumping law. And alongside this measure to meet one big complaint against the American tariff system came the postponement for two years of the possibility of remedying the other. The Tariff Commission had been instructed to report this year on ways of reclassifying imports so that new products which have appeared since 1930 do not have to be assessed for duty on an arbitary judgment of their similarity to other products; but the commission asked for a later deadline and was given until March, 1958.

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It is now two and a half years since Mr Clarence Randall whip-lashed his special commission on foreign trade policy into making an early report because of the urgency of its proposals. It is eighteen months since the Democrats swaggered back into control of Congress with the boast that in foreign trade matters above all they would show that it required opposition leadership to put the President's programme into effect. But when the Democratic leaders came to the first item, the three-year extension of the Reciprocal Trade Agreements Act, they were given a bad fright by the extent of the desertions from their own ranks. The Bill only just scraped through the House of Representatives last year and emerged from the Senate heavily amended.

This experience had a marked effect on the attitude of the Democratic leaders this year, for it represented a major shift in the balance of forces within Congress and forced a revision of all previous calculations. The South, which had hitherto been the stalwart supporter of internationalism and free trade, was reliable no longer. The textile industry, symbol of the South's emergence from economic backwardness, saw itself in danger from Japanese competition. This created a community of interest between the South and New England which had hitherto been nurturing a grievance against the South for stealing its traditional industry. At the same time something like panic had been overtaking the cotton growers at the prospect of losing their foreign market altogether as a result of the support system which kept up American prices and encouraged growers in other countries to expand their acreage. It was calculated that

at the rate American exports were falling it would only take two years for the world to be totally and permanently independent of American cotton.

In this predicament an unnatural alliance was formed last winter between the growers and the manufacturers, for the purpose of forcing the Department of Agriculture to undertake an aggressive campaign for the disposal of its cotton surpluses abroad at competitive prices; meanwhile the domestic textile industry was to be protected by an import quota based on the average imports of the past three years.

The strength of this combination soon made itself felt. The Administration began the congressional session firmly determined to push through the Bill authorising American membership of the Organisation for Trade Co-operation at an early stage. Whatever his shortcomings when it came to pressure for other legislation, the President undoubtedly made a strong personal point of this Bill. Nevertheless, he was told bluntly by the Democratic Chairman of the House Ways and Means Committee, himself an enthusiast for foreign trade, that there would be fewer Democratic votes for OTC than there had been for the Reciprocal Trade Act and that passage of the new Bill depended on Republican support. When an informal count of heads by Mr Martin, the Republican leader, showed a poor response among his followers, Mr Rayburn, the Democratic Speaker, declined to take the responsibility of exposing the Bill to defeat on the floor. The issue therefore never came to the test; instead, the Administration found itself thrown on the defensive.

It decided in these circumstances to concentrate on one thing above all others—to prevent quotas being imposed on imports of textiles since, if that dam once burst, there was no knowing what might not rush through. The Administration therefore tried to relieve the pressure by executive action. An exchange of letters between the State Department and the Japanese government confirmed the continuation of the voluntary self-restraint that had been proclaimed by the Japanese textile exporters. At the same time, as part of the Administration's attempt to get support for its new Farm Bill from the cotton states, it announced that after August 1st it was greatly extending its effort to "regain a fair share" of the world cotton market. Finally, as an alternative to import quotas, export subsidies were offered to the textile industry, on the pretext that it deserved compensation for the fact that henceforth American cotton would be sold cheaper to the foreign than to the home buyer.

However, the new coalition still showed ominous strength in the Senate. Despite the Administration's rather feeble protests—it was apparently caught unawares by the manœuvre—Senator Eastland of Mississippi managed to insert in the Farm Bill a provision giving the government no option but to compete with any substantial offer of cotton made by anyone on the world market, however low the price, until the whole cotton surplus was disposed of. Finally, concerted efforts were made, first on the Farm Bill and then on the Foreign Aid Bill, to introduce new quotas for imports. The most dangerous amendments in both cases were moved by Senator Milton Young of North Dakota, which lies across the border from Manitoba and Saskatchewan. He brought additional support to those Senators worried about Japanese textiles by also proposing quotas on oats and barley, which come in mainly from Canada. On the Foreign Aid Bill he lost by only two votes and the renewed strength of the protectionist cause at this time of unrivalled prosperity is seriously worrying and puzzling the Administration.

Whose Power?

DURING the past ten days the Administration has won two congressional battles over the question of whether electricity should be developed under private or public auspices. But in the process the Republicans may have lost the war for control of the next Senate. For three of the closest fights in November's election are likely to be for senatorial seats in Oregon, Washington and Utah and in all three of them the main argument will probably be over the hydro-electric facilities at Hells Canyon on the Snake River, the most important undeveloped site in the Northwest. The Democrats claim that the full potential of this site can only be obtained from a single high dam, which would have to be financed out of public funds provided by the federal government. Congress, whichever party has been in control, has always refused to back this scheme and the present Administration has approved a proposal for the building of three smaller dams by a private company. These, it is argued, would not only save the taxpayer money but would provide much needed electricity more quickly, even if not more plentifully, than the big federal dam.

The Administration's first victory came when a Bill for a high dam built with government money was defeated by a coalition of Republicans and conservative southern Democrats (whose constituents would not benefit from the provision of more electricity for consumers in the Northwest). But to secure this victory the President had to use his personal influence to an extent that was unprecedented in this session and he was thus unmistakably identified with the private project. This link may well prove very profitable to the Democrats in the key northwestern states next autumn.

Similarly, although less specifically, the Democrats may benefit from the defeat, in the House a few days later, also as a result of pressure from the Administration, of a Bill which would have provided for the federal government to build nuclear reactors to produce electricity for peaceful purposes. This Bill, already passed by the Senate, was opposed by the Administration because it was considered unnecessary and wasteful of the country's scientific resources. But its Democratic sponsors insist that the present system of waiting for private companies to develop atomic energy for commercial use means that the United States is being left behind in the race for economic nuclear power.

On a third front in the war over public or private power, the Democrats have certainly received a valuable reinforcement. In a brief which echoes much of their long-standing criticism of the notorious Dixon-Yates contract, the Department of Justice itself is now arguing that the contract was illegal and contrary to public policy. This contract, for the supply of electricity from a private plant, to the Tennessee Valley Authority directly, and the Atomic Energy Commission indirectly, was cancelled a year ago. The Department's brief is the government's answer to a suit for $3.5 million to cover expenses which has been brought by the Dixon-Yates company.

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ASSETS		LIABILITIES		
Cash, Gold and Due from Banks	$1,611,279,820	Deposits		$6,249,720,388
U.S. Government Obligations	1,113,532,813	Liability on Acceptances and Bills	$79,416,817	
Obligations of Other Federal Agencies	5,576,158	Less: Own Acceptances in Portfolio	11,370,647	
State and Municipal Securities	467,182,961			68,046,170
Other Securities	124,112,626	Due to Foreign Central Banks		22,042,500
Loans and Discounts	3,477,523,982	*(In Foreign Currencies)*		
Real Estate Loans and Securities	39,510,743	Reserves for:		
Customers' Liability for Acceptances	64,044,007	Unearned Discount and Other Unearned Income		26,060,615
Stock in Federal Reserve Bank	15,000,000	Interest, Taxes, Other Accrued Expenses, etc.		35,125,845
Ownership of International Banking Corporation	7,000,000	Dividend		6,000,000
Bank Premises	34,543,905	Capital	$200,000,000	
Items in Transit with Branches	3,558,930	*(10,000,000 Shares—$20 Par)*		
Other Assets	6,763,953	Surplus	300,000,000	
		Undivided Profits	62,634,360	
				562,634,360
Total	$6,969,629,898	*Total*		$6,969,629,898

Figures of Overseas Branches are as of June 25.
$519,982,422 of United States Government Obligations and $28,118,300 of other assets are pledged to secure Public and Trust Deposits and for other purposes required or permitted by law.
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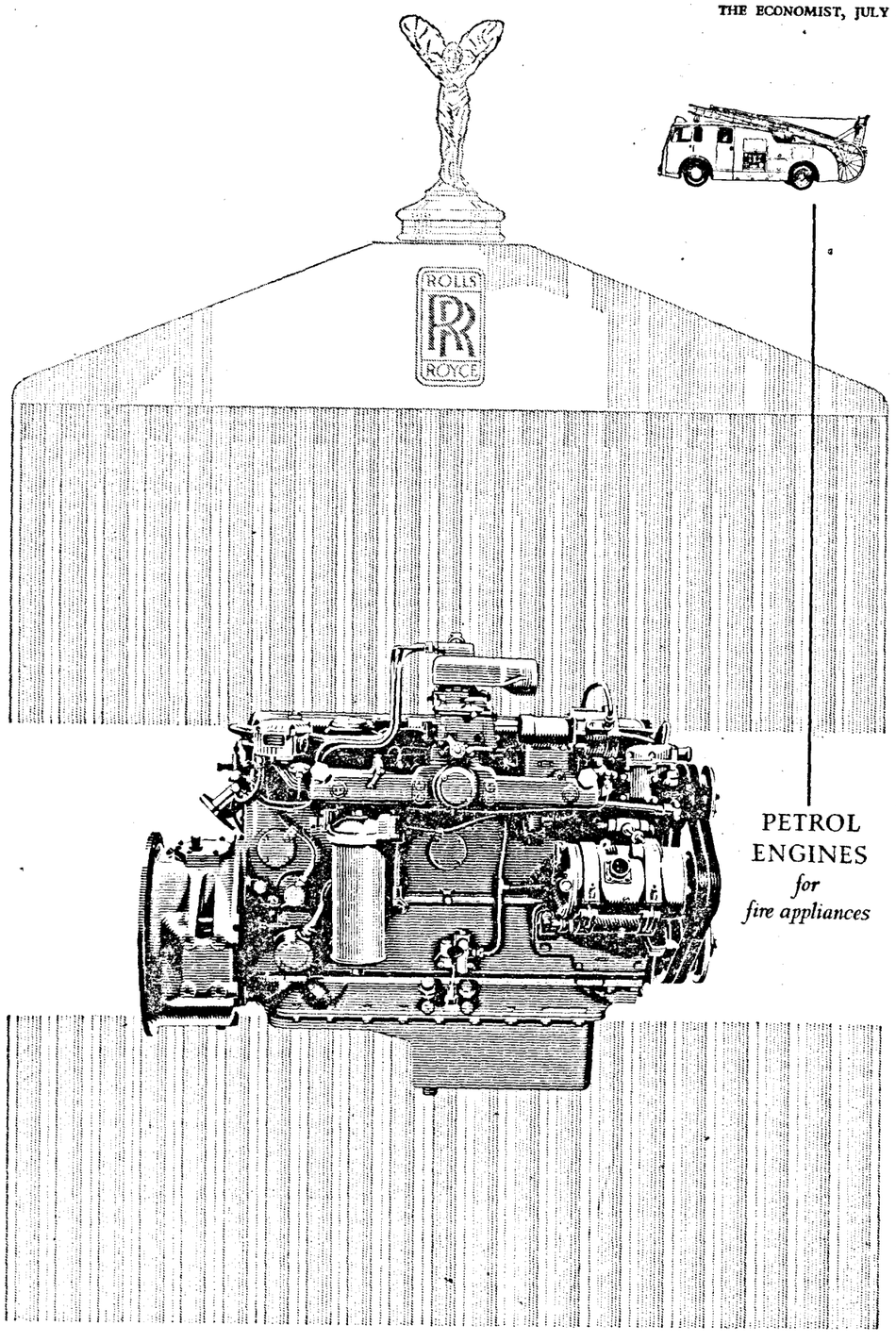

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By Grace of Radar

FROM A SPECIAL CORRESPONDENT

UNTIL recently, most people, with the exception of a small group of competent scientists, were gloomily certain that literally nothing could halt "the ultimate weapon." But in their annual outpouring of information regarding prospective new weapons the armed services have revealed an impressive confidence that the high-speed missiles of the not very distant future can be combated by anti-missile missiles.

This year's testimony of ordnance experts from the Army and Navy before congressional committees is now being made public in a somewhat deleted form. It gives little detail of the prospective missiles themselves or of the means of countering them. Their time, in the words of Rear Admiral John Clark, director of the Navy's guided missiles division, is "a few years off," or "many years yet." But he is certain that it is coming.

To a sceptical Senator who argued that there could be no effective interception of onrushing missiles, Admiral Clark replied quickly:

> Oh, yes. The problem is detection, tracking briefly. After you track briefly this establishes the trajectory. You would then launch a guided missile to intercept it at some point in its trajectory with a nuclear warhead. . . . I don't mean to belittle the terrific scientific problem involved in the detection and tracking. . . . Let's say if the launching site was definitely known and a radar maintained on that particular site, then I think that technology will some day, and maybe not in the too distant future, give us the necessary advancements.

The omissions in the censored text provided a good deal more substance than these published excerpts. An Army witness used language that was somewhat bolder, without being any more specific; his assurance was that by the time the ballistic missile, which the Army ordnance authorities are hoping for, is delivered, the anti-missile missile will also be at hand. He was less definite than Admiral Clark that it will have fabulously little time in which to operate. Obviously, the problem is to have enough warning time, by grace of radar detection and other devices, to allow automatic calculating and guiding systems to perform their electronic miracles. This combination alone can get an anti-missile missile into the air in time to meet its enemy.

Mock War

ON the morning of July 20th, a hypothetical submarine fired a theoretical nuclear missile at Honolulu and during the following hours 75 target areas in the United States, including 63 leading cities, were supposedly hit by bombs and missiles ranging in power from the equivalent of 20,000 to 5,000,000 tons of TNT. When the imaginary smoke cleared, it was discovered that five hydrogen bombs had "blasted" New York into rubble, killing or injuring some six million people. "In theory—though not, of course, in reality," as the Associated Press hastened to point out, the United States was at war. Operation Alert, 1956, the third annual exercise in civil defence, was scheduled to last six days and was designed to test, more intensively and extensively than ever before, the plans and techniques worked out during the past six years at a cost of some $316 million.

As the air raid sirens wailed over Washington, Congress was too busy to move, but about 10,000 government employees dispersed to sixty-five secret re-location centres within 250 miles of the capital. From these issued a stream of directives, regulating prices and food supplies, freezing salaries and vesting in Mr Peterson, the Civil Defence Administrator, "extraordinary executive powers." This was done under the state of "unlimited national emergency" which President Eisenhower had declared as a substitute for the martial law which he imposed on the country during last year's test; the use of such a device, even in theory, had disturbed Congress.

The President has now invited Mr Peterson to attend Cabinet meetings. This is presumably designed to give civil defence greater importance both in government planning and in the public eye, but it may also mean that the federal government would like to play a greater part in the whole undertaking. At present the main responsibility rests on state and local governments, under the Act passed in 1950. But since then the whole basis of civil defence has been changed by the development of infinitely more powerful nuclear weapons. Even the President's Commission on Intergovernmental Relations, not usually in favour of greater centralisation, believed that the Act should be amended to give the federal government more authority.

It will, however, be difficult to induce Congress to take the trouble necessary to make the Act more effective, for the indifference to the subject there reflects the apathy of the general public. Nor has this year's Operation Alert stimulated much interest, although it no doubt provided useful training and experience. But at least the well-timed assertion from the head of the Atomic Energy Commission, that recent tests showed that the peril of radio-active fall-out could be minimised, has made civil defence a realistic possibility.

SHORTER NOTES

Correction.—In the table on page 229 of *The Economist* of July 21st, the figures for yield an acre were in bushels, not in thousands of bushels and, in the case of tobacco, in thousand pounds, not in thousand 100-pound bags.

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The average income of the 52 million families in the United States in 1955 was $5,520 before paying taxes; 41 per cent of families had less than $4,000 in that year and 8 per cent had over $10,000.

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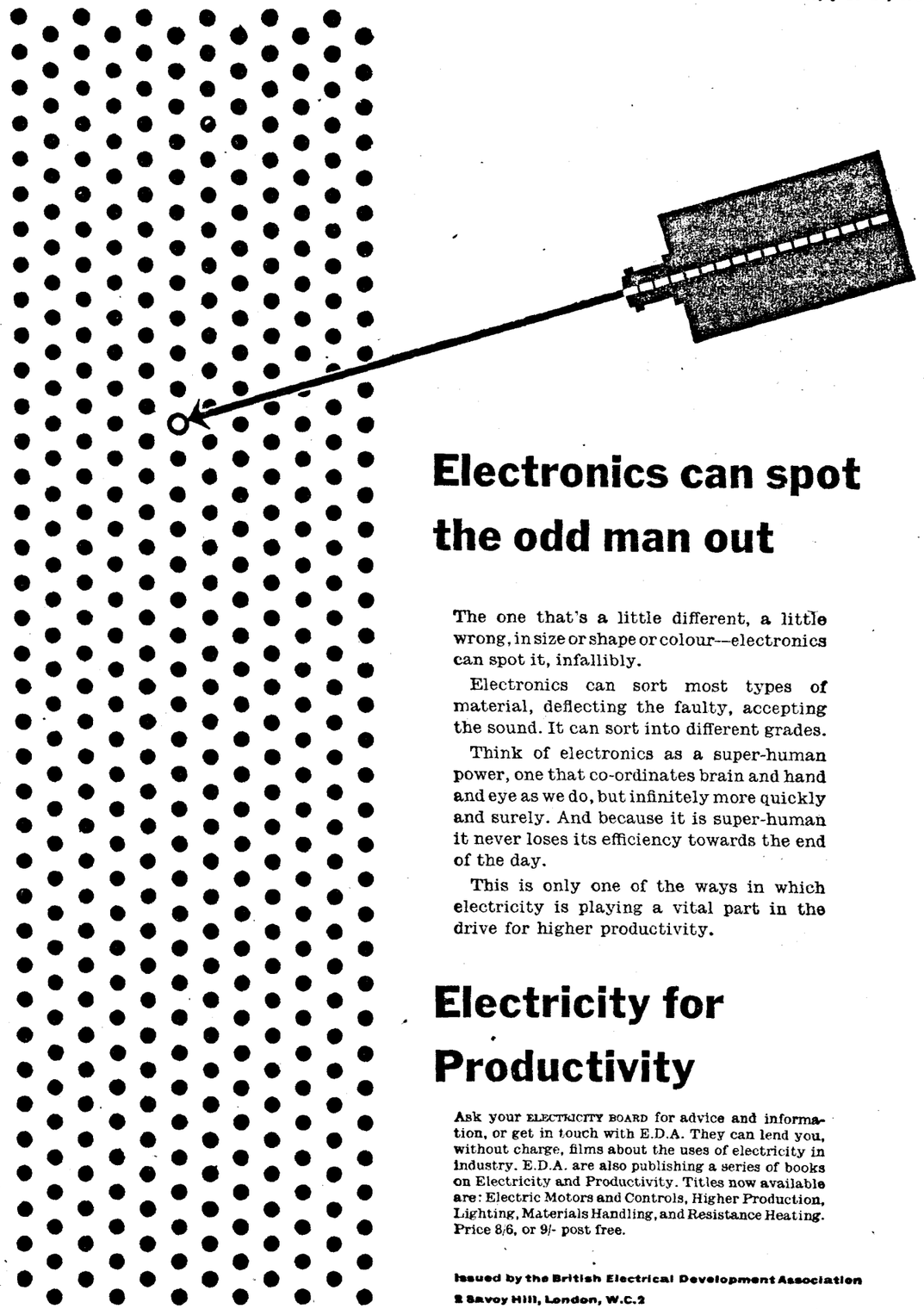
Foreign visitors to the United States spent a record $645 million last year, and an additional $63 million on transport facilities; Americans going abroad spent $1.6 billion. More than half of the spending in the United States was by Canadian visitors, while Europeans brought in only $61 million; however, this was a rise of $13 million over 1954.



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The World Overseas

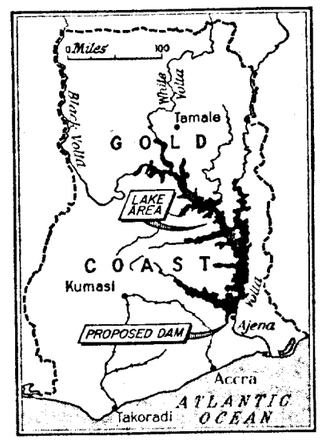
Pause on the Volta River

IT is a happy coincidence that the report of the Preparatory Commission on the Volta River Project appears just a week after the results of the Gold Coast elections. It faces the Gold Coast government with fateful decisions, permanently affecting the country's economic future. But these decisions can shortly be discussed and taken by the government of an independent Commonwealth country—a government with a comfortable majority in the Assembly and one whose members are already conversant with the project and its financial implications. The scheme is thus saved from any risk of becoming a pawn in party manœuvres, as might have happened if Dr Nkrumah's majority had been slender. At the same time, if it is brought to fruition, no future Gold Coast administration can aver that any of the agreements with participating governments or firms were entered into by a government shackled by dependent status. This obviously improves the prospect that the scheme would be harmoniously and efficiently carried through, and that the agreements on which it would be based would be honourably kept.

What are the practical possibilities of it being carried through? The Preparatory Commission has reported, after the most thorough vetting that any such scheme can have ever had, that the project is technically sound, could be operated competitively, and would not have any adverse social effects, notably on health. It does not propose any fundamental changes in the scheme first proposed in the 1952 White Paper (Cmd 8702). This scheme involves the damming of the Volta at Ajena, the creation of a lake 3,500 square miles in extent, the generation of 617,000 kilowatts of power at a price that would make the production of aluminium economic, and the construction of a smelter to use the large bauxite deposits in Ashanti, with the necessary communications and townships. The project would be operated by a Volta River Authority on the lines of the TVA consisting, probably, of four African and three European members (the latter representing the British government and the two interested firms, Aluminium Ltd of Canada and British Aluminium). The main alterations in the original scheme are that ten per cent more power would be available, and that in the construction the labour force could be reduced by mechanisation, thus easing labour problems and the possible impact of wage inflation.

The cost of the scheme, however, has greatly increased, partly because of higher world prices, partly because of more accurate costings. The White Paper costed the first stage of the scheme, with a production of 80,000 tons, at £100 million and the whole scheme, giving a production of 210,000 tons, at £144 million. Of this £25 million was to be provided by the companies, £39-£44 million by the Gold Coast government, and £56.8 million by the British government. The Preparatory Commission now costs the first stage at £162.6 million and the whole plan at £231.3 million; but, in view of experience elsewhere, it thinks that another 45 per cent should be added for contingencies, bringing the initial stage to £215 million and the whole cost to £309 million.

Doubling the capital costs reacts heavily on the cost of the power. With interest at 5 per cent, power in the initial stage would cost 0.548d. a kilowatt-hour falling to 0.289d. at the final stage—making favourable assumptions about water levels. (A new American smelter, in contrast, is paying about 0.34d., and Norwegian firms are paying about 0.17d.) The commission draws the only possible deduction—the scheme should be undertaken with the intention of carrying it right through to the final stage as quickly as possible. Delays would further inflate costs, and there is now really no half-way house.



Clearly these increased costs set a problem. The Gold Coast government's share of the initial stage now rises from £36 million to about £75 million; of the whole scheme to over £100 million. This is hardly covered by its reserves, and would impinge on other development; and income is heavily down from reduced cocoa prices. If the Gold Coast met these increases, about £75 million at the initial stage and £130 million at the final stage still remains to be found. Since 1952, the companies have put money into other projects and feel, according to Aluminium Ltd, that the prospective return on the capital is now "substantially lower." Britain, on the other hand, is less well placed to contemplate heavy new commitments than in 1952. The Preparatory

Commission has therefore turned to the World Bank, which is to send a mission to investigate.

This will give everyone a chance to think carefully. The companies have to consider that, although the scheme is expensive, by 1964, when it would come into operation, the present annual increase in demand for aluminium (5 to 7 per cent) means that they will be in need of a new source. Britain will have to consider the obvious implications of bringing the Gold Coast into full membership of the Commonwealth ; the Volta scheme is the only hope of diversifying its economy, and a withdrawal now might not only set the Gold Coast government shopping elsewhere but disappoint it at the outset of a new era. But the Gold Coast government must think hardest of all, once the independence celebrations are over. This scheme is the country's best hope of rising standards and national progress. Its first reaction to the Preparatory Commission's report is cautious. But if it wants to get the money for the scheme it will have to do two things: first, put in every penny it can of its own and, secondly, show that it is capable of efficient and clean administration. Much will depend on the way it comports itself in the months that must now elapse before negotiations can begin in earnest.

On the Barbary Shore

FROM A CORRESPONDENT

THE Maghreb, or western portion of the Arab world, contains about twenty million Arabs, roughly one-third of the world total. A second twenty or twenty-five million live in the Nile Valley, and the third portion lives in Asia. The Maghreb's coast line includes all the southern shore of the Mediterranean from Egypt westwards and continues down the Atlantic towards Senegal. Morocco (in Arabic, *al Maghreb al Aqsa* or the Far West) is as near America as any part of western Europe is.

A century before William of Normandy conquered England, Tunisian armies conquered Sicily and Malta. In consequence the Maltese talk a dialect of north African Arabic, though they are squeamish on the point and prefer to think of it as Phoenician. Were Malta to be integrated with the United Kingdom then there might be Arabic-speaking members at Westminster as well as Algerians at the Palais Bourbon. In the twelfth and thirteenth centuries, Moroccan dynasties ruled much of Spain, and King John of England is said to have sought their help against the barons. As late as the nineteenth century, various European powers and the United States paid protection money to the Barbary States to allow their shipping to pass unmolested. The French conquest of Algeria took twenty years.

Now that Morocco has been unanimously recommended by the Security Council for admission to the United Nations and Tunisia has applied for membership, it is high time for the British public to give some thought to the western Arabs and for the Foreign Office to form an independent judgment about them, just as the French have had to judge Egypt independently of the rest of North Africa.

The political tendencies of the Maghreb are likely to be determined by its unusual geography and its history. Geographically a Mediterranean area, it forms a unit at once connected with and separated from black Africa by the Sahara ; it is marked off from Egypt and the East by more easily crossed deserts, and from Spain and the rest of Europe by the Straits of Gibraltar and the Mediterranean. Having received their language and religion from the Arabs, its peoples feel themselves Arabs, whatever their precise racial origins may be. They have also received civilising influences from Phoenicia, Rome, Moslem Spain and more recently from France and Christian Spain. As Arabs they are certain to take their place sooner or later with the other Arab states, but in such matters as western defence they have not yet made their choice between the attitudes of Egypt and Iraq—although King Feisal has visited Rabat and Fadhil Jamali, the Iraqi delegate at the United Nations, has addressed the Tunisian Assembly.

They certainly share the eastern Arabs' dislike of the presence of foreign troops when this can be said to be a remnant of a former foreign rule and not the result of a freely negotiated defence agreement. In Tunisia, negotiations for a Franco-Tunisian alliance have been suspended by M. Bourguiba on account of the French declaration that French troops must always remain in Bizerta, and indefinitely in the rest of the country, not only for mutual defence but also for the security of the local French population and the supervision of the Algerian frontiers. The latter was the very issue which led to the original French intervention in 1881. In Morocco the foreign minister has announced a "gentleman's agreement" on the French army, but there are known to have been considerable difficulties. As Morocco is expected to have a budget deficit of about £30 million, she may well, however, be glad to make an agreement with the United States to continue the lease of air bases in return for an annual payment.

The leaders in both countries have been deeply influenced by French civilisation and are anxious for French assistance in many fields. There has been no rush to make the administration all-Tunisian or all-Moroccan. Indeed, in the latter country there are simply not enough Moroccans available. French settlers have been agreeably surprised by the success of the Moroccan government in restoring law and order, and those at Agadir are reported in the French press to have supported the Moroccan protest at the re-establishment of French garrisons. Two hundred Moroccan officer cadets have already gone to St Cyr for training.

Jews and Deserts

The determination of the Moroccans to unify their newly-independent nation is shown by the suspension of mass Jewish emigration ; this is in accord with the government's policy to integrate Jews fully in the life of the country. Prince Moulay Hassan made a special appeal to young Jews to come forward as candidates for army cadetships. It is worth recalling that the Sultan refused during the war, at some risk to himself, to apply the Vichy anti-Jewish laws.

There is danger in Morocco of trouble over the southern frontier. The trade with Senegal through what was known as the Moroccan Sahara is traditionally important. The Sultans exerted a certain influence there for long periods. In 1912 the Moroccan frontier was fixed by Franco-Spanish agreement, and henceforth the non-Spanish portions of the "Moroccan" Sahara were treated as part of the Special Southern Areas attached to Algeria. The Tindouf region is now believed to contain immense deposits of iron. Though no official claim is known to have been made, the frontier question has been raised in Cairo by the Istiqlal leader, Allal al Fasi, and in Rabat by the party newspaper, *al Alam*.

Egypt, by far the most populous of the Arab states as well as the most advanced technically and intellectually, enjoys great prestige in Barbary. Cairo served the nationalists as a political base when their movements were banned at home, and gave them diplomatic support and encouragement over the radio. It is still serving the same purpose for the Algerians ; though any aid given in the form of arms, whatever has been said to the contrary, has been negligible in its effect on the fighting. But any idea that North Africans would desire, or for a moment tolerate, Egyptian control or political or military guidance can be dismissed entirely.

Last but not least of the manifestations of Arab solidarity is the sympathy of Moroccans and Tunisians for their fellow Moslems in Algeria. This puts a severe strain on Franco-Tunisian and Franco-Moroccan relations, and the need to be neutral creates great difficulties for the Moslem governments with their own public opinion. Smuggling of arms and volunteers across the frontiers is a serious problem. British policy within the Commonwealth is greatly admired, but this very admiration turns to disillusionment whenever Britain takes the lead in approving the present French activities in Algeria. It is to be hoped that British interests were better served outside the Arab world than they were in it by the reference on July 14th of the British Ambassador in Paris (when talking about Algeria) to France's civilising mission (gladly acknowledged by North Africans in other spheres) and by his statement that colonialism really has no meaning nowadays except in relation to Soviet affairs. Arabs are quick at grasping allusions, and hard words are sometimes almost as wounding to them as helicopters full of soldiers.

M. Thorez Survives

FROM OUR SPECIAL CORRESPONDENT

LE HAVRE was an appropriate setting for the French Communist congress. Not only has the municipality lately passed into Communist hands, but the town itself has acquired an eastern European look. The new town on the ruins of the devastated port had to be built on a cheap budget, and the result is more impressive in size than in beauty. "Stalin-Allee," said the wits of the avenue leading to the unfinished *mairie*, where the first Communist congress in western Europe since Khrushchev's denunciation of Stalin was being held. At the end of an interminable hall the presidium sat under a map of France covered with a hammer and sickle. On the right, above the fraternal delegates' boxes, the portraits against red cloth of Marx, Lenin, Jules Guesde and Jaurès dominated the hall. As the only concession to the new spirit Maurice Thorez lost his place in this gallery of immortals, but the "son of the people" lost no time in dissipating any illusions which might have resulted, proving himself still capable of staging his own show in the orthodox Stalinist fashion.

Even his health seemed to have improved for the occasion. He took the rostrum on the very first morning and spoke for hours. Jacket off, interrupted by rhythmic applause, with the familiar stentorian voice he hammered at the now familiar subjects: the contrast between socialist growth and capitalist stagnation ; the new perspectives opened by the spread of Soviet forms of socialism outside Russia ; peaceful co-existence ; the need for Algerian independence ; the categorical imperative, unity of action with the Socialists. After a break, he came to the sore subject. The latest statement by the Soviet central committee provided, in his opinion, the "Marxist explanation" of Stalin's crimes demanded by western Communists. Besides, Soviet self-criticism should not be transplanted "mechanically" to France. To judge by M. Thorez, the French leaders have little on their conscience. After a guarded apology to Jugoslavia, he applied the established principle that attack is the best form of defence and lashed out at the dissidents who want to transform the "vanguard of the working class into a debating society."

A Show Stalin Would Love

M. Thorez invoked the Leninist principles of "democratic centralism," but he showed that he can apply them in practice only in their Stalinist version. There followed a performance Stalin would have loved, as one speaker after another climbed the rostrum, expressed his approval for the general secretary's report, and proceeded to paraphrase or elaborate some selected passages from it. M. Servin, who took the place in the secretariat of the excommunicated Lecoeur (a French substitute for Beria as scapegoat for past mistakes), and M. Kanapa, the primitive keeper of intellectual orthodoxy, reiterated stern warnings for recalcitrants who had dared to question the "law of absolute impoverishment" or to demand the proportional representation of various trends within the party. The decisions of the congress, it was declared, must be obeyed and not discussed ; no thought was given to the premise implicit in such a proposition, that the decisions should be reached through discussion in congress. Here, instead, was a gigantic parade, impressive by the careful preparation of every slightest detail. The floor took its cues from the cheer leaders on the platform and distributed ovations discriminately: ordinary applause ; locomotive-like clapping ; a full-throated *International*. Mr Mikhail Suslov, the first Moscow leader ever to attend this French function, was judged worthy of the whole gamut. His message was a cheering one for the orthodox ; he, too, brought a special blessing for M. Thorez. Delegates, who for weeks had watched the French party seemingly at odds with the world communist movement, now found comfort in the thought that "everyone had been out of step except our Maurice."

And so the discussion ended before it had even begun. M. Duclos, looking like Pickwick, brought the proceedings to a more parochial level with a lengthy report on the municipal achievements of the Communists and their plans for local councils. Like model pupils, the delegates took copious notes. In the intervals they flocked downstairs, under a Lurcat tapestry, to the bookstall. (At no other meeting is the written word in such demand.)

On the fourth and last day came the moment of relaxation. Communist versions of the Boy Scouts, representatives of Paris women and youth strolled on amid confetti and paper planes to the accompaniment of revolutionary songs. So that the essential moral of this congress should not be lost in the rejoicing, it was finally driven home in the election of the new guiding bodies. Self-criticism might be good for others, but everything was apparently almost for the best in the best possible French party. All the members of the central committee and politbureau were duly re-elected, a few newcomers being added as alternate members. (M.

Joliot-Curie was the exception, his prestige giving him direct access to a full seat on the central committee.) The only sign of the new times was the official subordination of the secretariat—the key body in the Stalinist party system—to the other leading organs. M. Thorez did not trouble to climb the rostrum to receive a final homage. This was his hour of triumph ; the storm was weathered.

Cultured, individualist France, of all places, has produced the crudest and most anachronistic of all Stalinist party performances. A combination of favourable circumstances helped M. Thorez to a success which may be temporary. The ferment provoked by the Khrushchev revelations had not had time to get the better of the well-oiled party machine. The existence of ferment and unrest could be gathered from the violent attacks on "petty-bourgeois deviationists." But there was also a natural reaction after the first agonies of destalinisation ; the conditioned reflexes of the faithful were at work—the dread of liberty, the fear of crumbling discipline. ("I hoped they would be less tough in handling the opposition," commented a well-wisher at Le Havre. "I feared it," replied the orthodox card-holder.)

The Russians, worried by the stir caused by the Khrushchev speech, by Togliatti's outburst, and by the Poznan riots, have evidently set themselves to slow down the pace to that of the slowest soldier ; this is to the advantage of M. Thorez. And no alternative political magnet competes in France for the allegiance of the Communists. The Socialist party, burdened with office, saddled with the Algerian war, raising taxes and refusing wage increases, cannot be considered as a rival for the affections of the discontented masses. Despite all their difficulties, M. Thorez and his colleagues could proudly point to five and a half million votes in the last elections.

And yet the triumph is likely to be short-lived. It was not difficult to discern uneasy feelings even among the hand-picked, disciplined delegates. The shock has been administered and its effects are at work, although the ranks were briefly closed. *Ex Oriente Lux* still seems a valid maxim for the Communist world and no party machine, however tight, will be able to resist the disturbing impulses from Moscow. Did not the same Mr Suslov, only recently, take a message of comfort to Mr Rakosi—a comfort which did not help for long. The *Grand Guignol* at Le Havre was superbly staged, but it marks the twilight of an era. M. Thorez and his managers may not be able to produce another one like it.

Shanghai on the Surface

FROM A SPECIAL CORRESPONDENT

FROM the winding river approach, the famous Bund skyline looks unchanged and unchanging. The pointed tower of the Cathay, the red brick of the old Palace Hotel, the square-shouldered epauletted Broadway Mansions, the high clock tower, the dome of the Hongkong and Shanghai Bank—all loom up, solid and substantial as ever, if perhaps a little shabby and neglected on closer examination. The dense clutter of sampans and junks has been cleared away from the waterfront—where, on this weekend, there lay a sleek Soviet cruiser and two destroyers on a goodwill visit, while 18 cargo ships, for Scandinavia, London, Hongkong and Panama, lined the docks or were anchored in the stream.

The Union Jack flaps from its mast in the gardens of the British Consulate. From every other pole and from every craft, be it never so humble, trails the starred red flag of Communist China. Loudspeakers blare party propaganda and rousing folk songs along the docks, night and day. The workers, in straw hats and blue overalls, are smart, efficient, cheerful, well fed. The only difficulty, it seems, is that the Shanghai authorities will not send any labour for foreign ships unless the men are skilled and trained.

The foreign passenger in transit is granted his shore pass without demur ; even a newspaperman is not quizzed, but is civilly welcomed and urged to "enjoy" himself ashore. Few, if any, foreigners are seen in the crowded streets. All Western signs have been removed from shops and streets, but pedicab drivers still tend to remember and identify more quickly and easily the discarded imperialist names of Avenue Foch and Avenue Joffre. The rickshaw coolies have all been liberated. There is only a handful of cars—and the driver goes to prison automatically, irrespective of blame, if he hits a pedestrian. There are no thieves: the penalty for a second offence of theft or robbery is death. There are no street-walkers, no gay quarters, no gambling or opium houses, no beggars. There seems to be plenty of food, beer and fiery Chinese "wine." The Chinese cooking is as good as ever. Clothing is mainly the old-style blue cotton gown or uniform, but the women are being mildly encouraged to get back into the slit-skirt *cheongsam*.

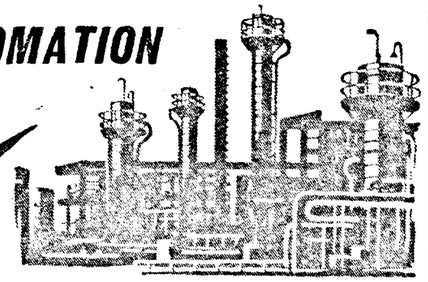
Stalin Still Beams

The racecourse has become a people's park, and old *taipan* members would shake their heads over the transformation of the grand-stand into a Communist historical museum. The imperial lions have disappeared from the front of the Hongkong-Shanghai Bank. The Shanghai Club will soon become a seamen's club. Blood Alley is only a hectic memory. The American school belongs to the People's army—a training-school for intelligence cadres, it is believed. The benevolent photogenic Stalin of pre-1956 days still beams from shop windows and propaganda displays. The most imposing building that has been constructed since the liberation is the curious, ornate, wedding-cake confection dedicated to indestructible Sino-Soviet friendship.

The changeover from private profit-making to communist ownership seems to have been achieved on a durable basis. There are no longer brass bands playing in shop-fronts to attract custom, but there are more bright neon signs than in Moscow and there is a gayer mood among the crowds in Nanking Road than in Gorky Street. The population of Shanghai was forcibly reduced from six million to four, but it is suspected that at least half of those evicted have drifted back, unwanted and unwelcomed in the areas to which they were transferred. A large colony of Soviet managers, technical experts and advisers live with their families in some of the fine old homes to the west, but they have apparently been advised to keep to themselves and not intrude unduly on the city scene. Out on the western Hungjao road there is also a mysterious slum settlement of White Russians—about one hundred men, women and children, who recently arrived unannounced overnight and who have presumably been removed from the north-west.

[*Continued on page 329*]

WE DON'T CALL IT AUTOMATION



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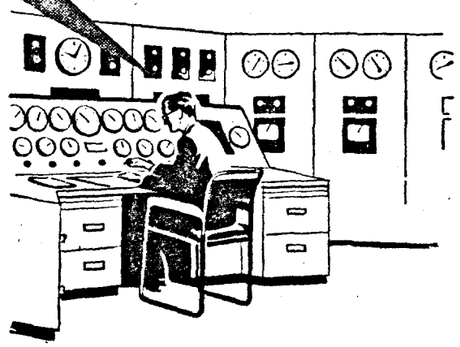

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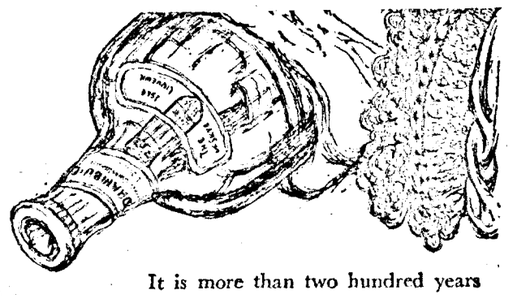

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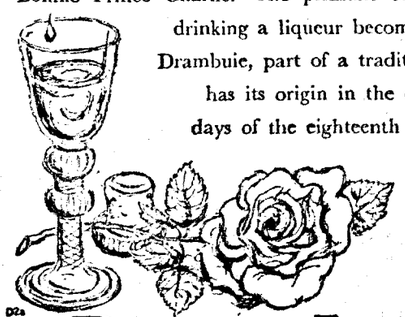

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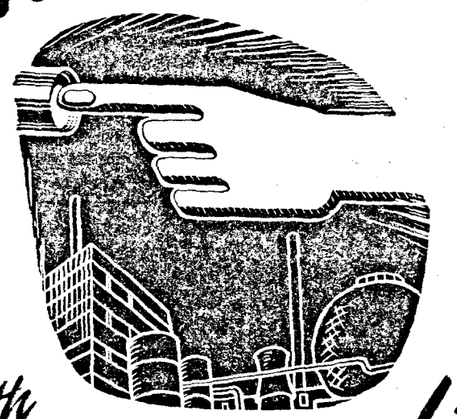

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THE RECOGNISED AUTHORITY ON HYDRAULIC POWER TRANSMISSION

[*Continued from page 326*]

They exist in wretched hovels: no one knows what their fate will be or why the Chinese declined to move them to the Soviet Union.

Many of the vacated hotels and surrendered mansions have been converted into offices: the new Shanghai evidently needs far more bureaucrats and officials than the old Shanghai did. Blocks of workers' apartments have been, and are being, erected; trees are being planted; streets are being widened; at least one ancient cemetery has been reclaimed as a people's park — the bones and ashes of Chinese and barbarians were reinterred with equal reverence outside the city. There are some new factories and a shipyard at which it is alleged a first communist frigate has been built.

Are the people happy? What do they think of the change? The few remaining Old Hands, who are still clinging on or trying to shake themselves loose, shrug and ask in reply: "How can you tell what the Chinese think?" Shanghai is a dull drab port, compared with the old roaring days. By the highest Christian missionary standards, it is now relatively a most respectable city, with the imprint of Communist puritanism everywhere plain and stark to see. And the Shanghai proletariat, one suspects, never had it so good.

33,000 Petitions for Uno

FROM OUR UNITED NATIONS CORRESPONDENT

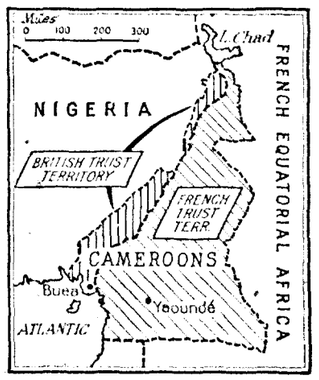
PETITIONING is an ancient democratic right which is still practised at Westminster and in other parliaments. The United Nations receives thousands of petitions each year; but has no machinery for dealing with most of them. An exception is the provision in the Charter that the Trusteeship Council may accept and examine petitions from Trust Territories. A standing committee makes a preliminary examination of all petitions and recommends what action the Council should take. In four out of five cases, the Council merely draws the attention of the petitioner to some observations of the administering authority or suggests some course of action to him. In about 15 per cent of the cases, it expresses the hope that the authority will undertake some specified remedial action. In the remaining cases, the Council states its inability to reach a conclusion, or requests further information, or merely takes note of the petition.

The growing volume of petitions has created problems for it. Some of them are frivolous or relate to matters about which the United Nations can do nothing—for example, matrimonial or financial difficulties of individuals. Many are couched in such general terms that a group of government delegates meeting in New York cannot, with the best will in the world, reach any useful conclusion. What is to be done with a petition that baldly alleges that the chiefs or officials in some Trust Territory are terrorising the people?

The number of petitions has increased steadily. When the Council began its first 1956 session, it had before it 731 petitions, until then a record number. But during the first few days of its deliberations there arrived in New York a number of envelopes, parcels, boxes, and sacks from the French Cameroons containing about 33,000 communications.

Almost all of these seem to have been intended for the 1955 visiting mission to the Cameroons. About 12,000 were in fact given to the mission while it was on tour, but because there were more than it could cope with they were handed over to the UN Secretariat in one bag. The remaining 21,000 were apparently despatched direct to UN headquarters. The Secretariat brought them to the attention of the mission, which understandably referred them back to the Secretariat, which in turn "disposed" of them by informing the Council of what had happened.

The purely mechanical work of classifying, translating, reproducing, and circulating 33,000 separate communications would cost about $1 million, and the number of stencils required would exceed the total number at present used in a whole year by all organs of the United Nations. Assuming that a delegate could read and understand each petition in three minutes, it would take him the best part of a year to complete his reading of them all. The observations of the administering authority would normally be sought on each petition, and then the standing committee would try to frame a recommendation to the Council. The Secretariat would send each petitioner a copy of the Council's decision and a copy of the official record of the public meeting at which the petition was examined.



Several methods of dealing with the Cameroons petitions were suggested—for example, that they be shared among the members of the Council, or that non-governmental organisations should be invited to assist in examining and classifying them. After discussion the Council asked the representatives of Australia and India to study them with the help of the Secretariat and to report on their contents at the summer session of the Council, which is now in progress.

It seems that about two-thirds of the petitions request the immediate unification and independence of the French and British Cameroons. There are many cases of groups of petitions in the same handwriting with different signatures, initials, or thumbprints or with identical texts though in different handwriting. About 3,000 are apparently complaints arising from the riots in the French Cameroons in May, 1955, some of them alleging that many Africans had been killed or imprisoned during and since the riots. There are nearly 500 complaints of loss of property. The writers of about 5,200 petitions say they are satisfied with French rule for such reasons as that the French have made salt readily available and abolished slavery, or because women do not have to pay taxes. The remaining 3,000 are miscellaneous in character; most of them express support for the French administration and then make a specific request, such as for a gun or a loan, or suggest that taxes be reduced or more roads built.

A continuance of petitioning on this scale must lead to a breakdown of the system. This, indeed, may have been the intention of some of the petitioners.

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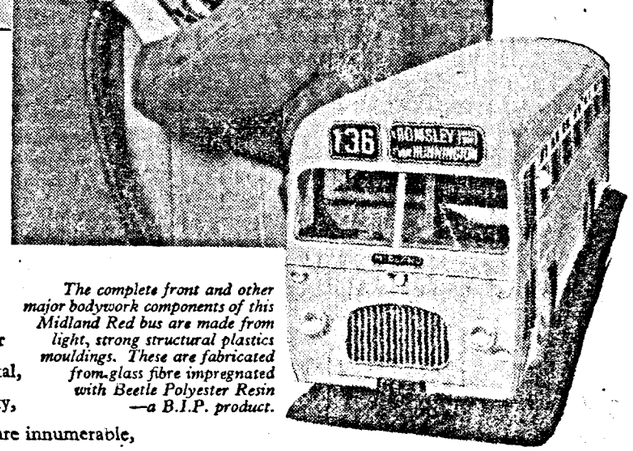

The complete front and other major bodywork components of this Midland Red bus are made from light, strong structural plastics mouldings. These are fabricated from glass fibre impregnated with Beetle Polyester Resin—a B.I.P. product.

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THE BUSINESS WORLD

Going Rates for Building Societies

SIX per cent is the minimum charge now recommended by the Building Societies' Association to its members for house mortgages, and 3½ per cent net is the rate for interest on shares. The higher charge to new mortgage borrowers is as unpopular with many of the leaders of the Association as it will be with the borrowers. Many building society men still feel that the 5½ per cent charged and 3 per cent paid line could have been held a little longer if their hand had not been forced.

The public is not to be blamed if it shares in the general bewilderment. The finger that has pressed the trigger for the highest mortgage rate for over 30 years is the same that shot less accurately two years ago at a reduction to 4 per cent when the general charge was 4½ per cent. It belongs to Mr Algernon Denham, the President of the Halifax Building Society. The conversion of the Halifax Society from being a pioneer of low interest rates to the leading advocate of high ones has been rapid and not auspiciously timed. It coincided with the resignation of that society from the Association, on an issue that had nothing to do with interest rates, and with the resignation of the present chairman of the Association, Mr Fred Bentley, from the general managership of the Halifax in circumstances that won him sympathy within the movement. On the actual issue that provoked the resignation of the Halifax society—the alleged acceptance by societies of large sums of short-term company owned money as a basis for long-term mortgage lending—the Association will be replying in figures. For the moment it is fruitful only to forget the occasion and to consider dispassionately the justification for higher rates. The Halifax, meanwhile, has alone raised its deposit rate to 3¼ per cent, which is only ¼ per cent below its share interest rate.

The case for a 6 per cent mortgage charge and 3½ per cent share interest rate has not lost strength since it was argued in *The Economist* on May 5th. The trifling adjustment made by the societies after their May conference involved no more than a consolidation of the charge for new mortgages at a minimum of 5½ per cent; until the latest decision this was the only response the societies collectively had made to the one per cent rise in Bank rate early this year and to the "savings budget." Building society rates were therefore out of line with the price of money. Grossed up at the standard rate of tax, 3 per cent tax paid interest is equivalent to just under 5½ per cent. This could hardly compete with the new savings certificates that will be on sale next Wednesday, which yield £7 5s. 11d. per cent to an investor paying tax at standard rate if held for their full seven years. Nor was it competitive with rates of 6½ per cent and upwards offered by hire purchase houses and with attractive offers for money made by the local authorities.

The remarkable fact was that that money from investors continued to flow so readily into the societies; the half-yearly figures of the Co-operative Permanent society issued last week underline that fact; in the first half of 1956, compared with the first half of 1955, receipts from investors actually increased by £3.4 million to £17.5 million. But the increase in new money was matched by a rise in withdrawals. Withdrawals by investors in the Co-operative Building Society rose by £3.5 million to £10.8 million. The same story is told by the Alliance Building Society's first half-yearly statement: receipts from investors rose by £300,000 to £6.3 million, but withdrawals rose by £1.6 million to £4.9 million. The comparisons are not strict ones, for the withdrawal figures include interest, but the tendency is clear.

Temporarily, the societies were comfortable. The money they borrowed from shareholders at 3 per cent grossed up at the composite rate of tax (4s. 10d. in the £), cost them about 4 per cent and the money they borrowed from depositors at 2½ per cent cost 3½ per cent. On the other hand, Treasury bills have recently yielded

a shade under 5 per cent. The societies could therefore make a profit by investing in Treasury bills.

But this pleasant opportunity for the societies to increase their liquidity ratios and make a profit at the same time was possible only so long as the societies were content to go very slowly in lending on mortgage. A substantial demand for mortgages of good quality that the societies would have been willing to meet if they had had the funds has remained unsatisfied. Only a higher pattern of interest rates, sufficient to promote and hold adequate investment or to curb mortgage borrowing could restore the balance.

BUILDING SOCIETY INTEREST RATES

Society	Share Interest	Deposit Interest	Date of Change	New Borrowers	Old Borrowers
	per cent	per cent		per cent	
Halifax	3½	3½	Aug. 1st	6	5½% (Dec. 1st)
Abbey National	3½	3	Oct. 1st	6	No change this year
Co-op. Perm...	3½	3	Oct. 1st	6–6½*	No decision
Woolwich Equ.	3½	3	Oct. 1st	6	Early increase not contemplated
Leeds Perm...	3½	3	Sept. 30th	6	6% (Dec. 1st)
Provincial	3½	2½	July 1st	5½	Not stated
Alliance	3½	3–3¼†	Oct. 1st	6	6% (Oct. 25th)
Leicester Perm.	3½	3 {	Sept. 1st share Oct. 1st dep. }	6	Not stated
Temperance Permanent	3½	3	Oct. 1st	6	Not stated
Leek & Moorlands	3	3	Aug.	6	Not stated

* 6½ per cent for 26 years and over.
† 3¼ per cent for 6 months notice.
These rates apply only to owner occupier mortgages and personal shareholdings and deposits.

Such a level must take account of two additional factors. First the rate charged to borrowers must rise more steeply than the net rate paid to shareholders, because as shareholders' interest rises the income tax that the societies pay on it rises too. A year ago, when the general rate paid to shareholders was 2½ per cent net, it was balanced by a mortgage charge of 4½ per cent. At the beginning of this year the balance lay between 3 per cent net, paid on shares, and an average mortgage charge of 5¼ per cent. Now the balance will be between 3½ per cent paid and 6 per cent charged, so that in little more than a year the gross margin will have widened from 2 per cent to 2½ per cent. Secondly, the societies must allow themselves elbow room because they do not know what rate of tax they will have to pay for the current financial year. It happens to be the occasion of the four-yearly investigation that determines the "composite rate" and since pay packets were well filled last year the chances are that the average personal effective rate for the average building society investor which the "composite rate" represents will also be higher. At a guess it might rise by 4d. to 6d. in the £. That is one of the reasons why several big societies are in no hurry to decide about the rates to be charged to their old borrowers.

The case for an increase in building society interest —an adequate increase that will pull the societies out of the long rut of too little and too late—seems overwhelming. The interest front was already crumbling when the Halifax fired the shot that broke it. Members of the association wishing to deviate from the recommended rates of interest have to give a month's notice before making public their intentions. Since the dispute between the Halifax society and the association blew up, it has become apparent that several medium, small and even large societies, the Leicester Permanent among them, had tendered that notice. The Halifax influenced the timing of the change. The other big societies, Abbey National, Woolwich and Co-operative Permanent, show their reluctance by not increasing share interest until October 1st while the Halifax goes up on August 1st. But the rise had to come.

Before the building societies can claim to have consolidated their new interest front, they have some hard thinking still to do, and their association has decided against advising them on the point that in some ways matters most—the treatment of existing borrowers. Hopes of cheaper money die hard, and some societies that have postponed an early decision seem still to hope that cheaper money will come to the rescue by the end of the year. That may be optimistic. If the price of money follows its historic pattern of swings extending over several years, the Halifax society (which alone has fixed the rate for existing borrowers at 5¾ per cent) may prove to have quoted on the low side. Certainly the societies cannot afford to leave the issue unsettled for very long. When they are paying the new rates to all shareholders and depositors, but collecting increased interest only on their most recent lendings, they will be cutting hard into the slender margin between income and expenditure. If fears about the new composite rate of tax should prove founded, a general 6 per cent charge for new and old loans next year would hardly cause surprise.

It has also been left to the societies to decide whether when the blow does fall on existing borrowers they will again offer them the choice of lengthening the life of the mortgage or increasing the monthly payment. It is a problem that some societies will solve by the illogical compromise of leaving the option open, but inviting borrowers rather more forcefully than before to increase their payments. There is one class of borrowers to whom that choice cannot be offered—the older of the 35-year mortgage borrowers with the Co-operative Permanent Building Society. To raise the rate of interest to 6¼ per cent (which is the Co-operative's present charge for loans of more than 26 years), without increasing the monthly payment would leave nothing for repayment of capital; the mortgages would become loans in perpetuity. The society will therefore have to decide between treating such borrowers as a specially favoured class, excused from part of any increase, or a specially disfavoured class that cannot be allowed any option to extend. These 35-year loans are not numerous enough to embarrass the society, but those who have never liked 35-year mortgages will smile wryly at the odd logic of these events.

Trade in Better Shape

THE balance of British overseas trade has improved materially this year. The unpalatable medicine of tighter and dearer money, reinforced by direct restrictions on hire purchase and higher rates of purchase tax, has begun to work. If the sceptics who thought that monetary policy would not work are not abashed, they are at least less vocal now. On the crude comparison between the first halves of 1955 and 1956 the change-round has been quite dramatic. British exports have risen by 14 per cent in value to £1,591 million fob, and by 10 per cent in volume; re-exports have risen by 42 per cent to £80.3 million fob; and imports have risen in volume and value by only 4 per cent to £1,976 million cif. The net result in this first half of a critical year is that the gross visible trade deficit has fallen by no less than one third—from £454 million to £305 million. A year earlier the tide had been flowing dangerously the other way; imports in the first six months of 1955 were 14 per cent higher than in the first half of 1954; exports were only 3½ per cent higher and the trade "gap" swung wide open from £275 million to £454 million. Thanks in large part to the narrowing of the trade gap, Britain has earned a surplus on its current balance of payments of not less than £100 million in the first half of this year, compared with a tiny surplus of £15 million in the same period of 1955.

Comparison of the trade figures with the first half of 1955 exaggerates the real improvement, mainly because exports in that period were reduced by the transport strikes, but also partly because this year's exports include about £6½ million worth of silver bullion that is in effect a capital transaction, the return to the United States of a loan. The Board of Trade estimates that the true increase in the value of British exports was about 10 per cent and the increase in volume about 6 per cent. The real increase in imports is estimated at two per cent in both value and volume. The real increase of 6 per cent in the volume of British exports so far this year compares with an annual increase of 5 per cent in 1954 and 1955. This improvement has been achieved in the face of contracting markets in certain countries, notably Australia and New Zealand, but world trade as a whole is still buoyant. The value of world exports of manufactures rose by over $1,000 million to an average of $8,458 million a quarter in 1955. That rate of increase seems broadly to have been maintained in the first quarter of this year, when world exports of manufactures were provisionally estimated at $8,981 million, a rise of nearly $900 million on the first quarter of last year.

The advance in British exports has had the welcome result of arresting the gradual decline in Britain's share of world exports of manufactures. Since the middle of last year its share has held steady at just under 20 per cent, compared with 22 per cent in 1951, which was also its prewar share. There are also some tentative signs that the phenomenally high rate of increase in exports from West Germany is at last beginning to slacken.

The sharp fall in Britain's visible trade deficit this year reflects an improvement with all the main trading areas, particularly with non-sterling countries. Between the first halves of 1955 and 1956 the average monthly deficit with non-sterling countries fell by £15.4 million to £41.2 million a month. The main reason for that improvement was the sharp increase in exports to the dollar area, which rose by £13.3 million to a record £44.7 million a month. Shipments to OEEC countries, which latterly had failed to match the expansion in intra-European trade, rose by £6.7 million to £74.2 million a month, thanks partly to exceptionally large deliveries of ships. Exports to other non-sterling

UNITED KINGDOM TRADE BY AREAS
(£ million—monthly averages)

	1st half 1955	1st half 1956
Total imports (cif)	317·5	329·4
Dollar area	65·9	67·6
OEEC area	75·7	81·7
Other non-sterling ..	40·1	45·9
Sterling area	135·8	134·2
Total exports (fob) ...	241·6	278·5
Dollar area	31·4	44·7
OEEC area	67·5	74·2
Other non-sterling ..	26·1	35·0
Sterling area	116·5	124·6
Total deficit.....	75·6	50·9
Dollar area	34·5	22·8
OEEC area	8·1	7·5
Other non-sterling ..	14·0	10·9
Sterling area	19·3	9·7

UNITED KINGDOM EXPORTS
(£ million)

	1st half 1955	1st half 1956
Total	1,392·8	1,590·8
Of which :—		
Non-electric machinery	222·4	260·2
Ships and boats	25·6	46·6
Aircraft (excl. engines)	18·8	39·9
Electric machinery	90·6	109·6
Non-ferrous metals....	30·1	47·0
Chemicals	110·9	121·9
Iron and steel.....	77·0	87·1
Comm. vehicles.....	41·0	49·9
Petroleum products ...	39·7	48·2
Manufactures of metals	78·7	85·2
Wool manufactures....	58·7	62·8
Railway vehicles.....	19·9	22·4
Motor cars and chassis	64·4	58·9
Cotton manufactures..	49·9	44·6
Coal.....	29·9	29·8

UNITED KINGDOM IMPORTS
(£ million)

	1st half 1955	1st half 1956
Total	1,903·0	1,976·5
Of which :—		
Cocoa, coffee and tea .	121·2	84·5
Wood and wood manufactures.....	95·7	79·7
Wool and tops	108·4	100·0
Feeding stuffs	30·8	23·1
Coal.....	33·3	27·0
Cereals	118·2	115·3
Iron and steel.....	39·1	63·3
Rubber	37·0	51·0
Oil.....	165·0	187·6
Fruit and vegetables..	113·9	135·1
Dairy products.....	82·9	95·4
Non-electric machinery	45·6	55·0
Ores and scrap.....	75·5	83·8
Non-ferrous metals....	108·6	116·0

countries rose by £8.9 million to £35 million. Re-exports of rubber to Russia accounted for about one-third of that increase, but shipments of British-made goods to Russia, Finland, the Middle East, Indonesia and Japan have also been rising.

The main changes in the composition of trade between the first halves of 1955 and 1956 are set out in the tables. It is impossible to know how the transport strikes last year affected the comparisons between individual categories of exports, but as a rough rule of thumb exports as recorded in the first half of 1955 ought to be increased by about 4 per cent to give a fair comparison with 1956. The rise of £198 million in British exports is almost entirely the result of growing shipments of engineering products, with the notable exception of motor cars. Shipments of machinery other than electric take pride of place, with a rise of £37.8 million. Exports of ships and boats were nearly twice as high, at £46.6 million, thanks to the delivery of several large liners, including the *Empress of Britain* to Canada and the *Bergensfjord* to Norway. That high figure is unlikely to be repeated; the latest shipbuilding returns show that tonnage completed was exceptionally high in the second quarter of the year. Shipments of aircraft (excluding engines) rose by £21.1 million to a record £39.9 million; there were particularly large increases to the United States, Australia and Sweden. Shipments of non-ferrous metals rose by £16.9 million to £47 million; higher prices of copper, plus an increase in the volume, accounted for most of the rise. Shipments of iron and steel rose by £10.1 million to £87.1 million, despite the fall in shipments to Australia and New Zealand. Shipments of chemicals now appear to have levelled off, but they were still £11 million higher than in the first half of 1955. Coal shipments did not increase, but shipments of petroleum products more than recovered, rising by £8.5 million to £48.2 million.

The lame dogs are mainly motor cars and textiles. Despite the recovery in recent months, shipments of motor cars and chassis were £5.5 million lower than in the first half of last year; the only encouraging feature was that exports to North America were the highest since 1953. Commercial vehicles and chassis, in contrast, rose sharply by £8.9 million to £49.9 million; the increase was spread over a wide number of markets. Among textiles, exports of cotton and rayon yarn and fabrics continued to decline, but wool tops, yarns and fabrics were £4.1 million high, despite the fall in wool prices.

The upward surge in British exports is gratifying, but it is also history. What matters is whether the advance can be maintained. Exporters faced with the daily battle for markets may think that present times are tough, but competition is going to get tougher still. The time may come when capital goods will be as difficult to sell as consumer goods. In this battle government and industry both have their separate tasks. It is for the government to ensure that British industry and labour are not indulged so that they price themselves out of world markets; it is for industry to make the goods cheaply and sell them.

Those twin tasks of government and industry are neatly summarised in an official report in the Board of Trade Journal of this week, discussing German competition. "In the long run," the report concludes, "a competitive advantage will rest with the country which is most successful in preventing inflation, and which achieves the most rapid increase in efficiency and sales promotion, and advances in technology." After allowing the home market to be cosseted, the British Government is now trying to do its job and industry has apparently responded. The first part of the exercise is producing results; but it is only the first part.

Business Notes

Stroking Bankers' Ears

THE unaggressiveness of the Treasury's recent conversion operation, pitched tamely in line with existing yields, is now explained. There are more ways of getting the ass to move than the dangling of a carrot. Even in monetary policy, it now appears, the Government is turning to the strategem of "stroking the ears" of the bankers. The full purpose did not, admittedly, emerge from the communiqué issued after Tuesday's meeting between the Chancellor and the bankers. To judge only from that, the composition of the meeting seemed more intriguing, and certainly more unusual, than what it discussed. For the Chancellor invited not only the chairmen of all the clearing banks but also representatives of all the other principal banking groups—accepting houses, Scottish and Northern Ireland banks, overseas banks, foreign banks and affiliates, and the American banks in London—and thus staged a gathering without precedent except in wartime emergency.

The primary aim of this impressive assembly was obviously to combat the recent impression that the monetary measures have weakened and are likely to weaken further, and to enable Mr Macmillan to reaffirm to the bankers and to the world that the Government would continue to play its part in the effort at disinflation. The Chancellor, having made it plain only a few weeks before that the present dose of monetary medicine would not be much stiffened except in "extreme emergency," is not adding any new measures. He looks to the existing measures—including some, such as the premium bonds, that have still to materialise—to become more effective as the year goes on. In terms of monetary policy, this evidently means that the interest-rate carrot will grow no larger; as for sticks, will one be found to strike at bank liquidity, say, next year?

At present the authorities have no stick, and do not feel strong enough to cut one. Hence the ear-stroking. "Effective action," said this week's communiqué, "could only be taken if the Government and the banking organisations worked in close co-operation." The Chancellor then "asked that the contraction of credit should be resolutely pursued and that there should be no relaxation in the present critical attitude towards applications for bank finance." The second part of this request, made on the anniversary of Mr Butler's demand for a reduction in bank advances, was an exhortation to the banks to keep tough—but not necessarily to reduce the total of their private-sector lendings.

Funding by Persuasion

BUT if this part of credit policy has in these days to be regarded as the task of the bankers, the other and much more important part, which is the task of contracting the volume of credit as a whole, is one that only the monetary authorities can perform—by carrot or by stick, and by no other means. It cannot be delegated to or even shared with the commercial bankers, even though they, with ears suitably stroked, "undertook to meet the Chancellor's wishes and the national needs."

Nor, indeed, was this the only ear-stroking, or the one most immediately significant for the markets and for the future of monetary policy. In default of a sufficient carrot and use of the stick, the volume of money will rise in these coming months before the tax-gathering season, because of Government borrowings. And in default of strong funding operations, too much of these borrowings must be by Treasury bills, so that the banks' liquidity will rise excessively and thus create the conditions under which credit would become easier and not stiffer. To resolve this dilemma, the authorities have been reminding the banks that they will get more liquid assets than they will need, and have been suggesting that suitable "co-operation" in funding efforts would serve the interests of all. It is "hoped" that, as liquidity ratios rise or are about to rise beyond an equilibrium level appropriate for the season, the banks will buy investments—of which the "departments" have (or can procure by a stroke of the Treasury pen) an unlimited supply.

The first effects of these suggestions seem clearly visible already. They evidently played a part in the conversion operation; and several of the banks whose July statements have appeared have added significantly to their investments since the end of June—although two of these banks had shown a decline in investments during the preceding six weeks. Needless to say, such tactics of persuasion would hardly have been feasible without the assurances about Bank rate. The authorities have now made it harder to use either carrot or stick in future, or to get full results from them if they try.

The Successful Conversion

SUCH considerations partly explain why the response to the Government's offer to convert the maturing £824 million of 2½ per cent National War Bonds 1954-56 was so impressive. No less than £657 million of the maturing stock will be converted into the new 4½ per cent 1962 stock, leaving only £167 million to be paid off in cash. Most of the stock converted must have been acquired during the first 6½ months of this year, and at least until the terms of the conversion were announced the purchases must have been made without upsetting the overriding requirement that the departments had to be net sellers of stock. Despite inactive markets large amounts of stock were scooped in on switches, and the switches usually left the departments with more money and less stock.

GROSS REDEMPTION YIELDS

	"Post Bank Rate" Feb. 21	"Post Budget" Apr. 20	"Pre-Conversion" July 6	"Post Conversion" July 25	Amount Outstanding
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ mn.
2½% Nat. War Bds., '54/56	5 0 10	4 18 6	5 11 7	4 16 9*	657*
5% Exchequer, '57	...	4 18 3	4 19 2	4 18 3	300
2½% Funding, '52/57	4 16 6	4 8 9	4 8 0	4 4 8	101
2½% Serial Funding, '57	4 9 1	4 3 9	4 3 8	4 1 1	503
4% Conversion, '57/58	5 1 10	4 18 9	5 0 10	5 0 3	676
2% Conversion, '58/59	4 19 1	4 11 2	4 8 5	4 6 3	592
3% War Loan, '55/59	4 18 7	4 14 5	4 14 9	4 14 5	302
2½% Exchequer, '60	4 19 6	4 10 1	4 14 9	4 9 1	448
3% Exchequer, '60	5 1 7	4 12 7	4 11 3	4 11 10	200
2½% Funding, '56/61	5 0 9	4 12 5	4 13 8	4 13 6	796

* Assented to Conversion offer.

Investors, giving due weight to that achievement, must now try to look forward. The first object they will perceive will be the sum of £167 million to be paid out in cash next month. The market sees the latest turn in financial policy as designed to ensure that as much as possible of that substantial sum goes into the gilt edged market, though the market at the moment gives little help. It rallied for a few hours immediately after the Macmillan conference but it soon slipped back into stagnation and has on balance declined during the week ended on Wednesday, the *Financial Times* Government Securities index falling from 84.78 to 84.43. Large sums of money are obviously still by-passing the market direct to the local authorities; last week a net outflow of temporary money exceeding £6 million and between £4 million and £5 million of mortgage investment is believed to have gone that way. The industrial market also is showing revived signs of life which serve to emphasise the friendless state

of the gilt-edged market and to point the direction in which most of the £60 million of Trinidad Oil money must be expected to go.

If efforts to persuade large investors, particularly the banks, to buy gilt-edged succeed, the stock in trade of the Government broker will be of interest. This presumably includes the 5 per cent Exchequer stock of 1957 of which he is a reluctant seller, because it is the next maturity, the 4 per cent Conversion stock 1957-58, the new 4½ per cent stock of 1962 which he has not yet started selling seriously, and the 3½ per cent stock 1979-81 which is too long for banks. It is apparent that his sales must be concentrated on the 4 per cent Conversion and the new 4½ per cent stocks.

Sterling Unhelped by Assurances

THE day after the Chancellor's talk to the bankers, sterling made its sharpest dip for many weeks. It has fallen below $2.79. But *post hoc* should never be identified with *propter hoc*. It had already for some days been inclined to weaken, and the most that can fairly be suggested is that the immediate result of the Chancellor's talk, at which the foreign bankers were represented, did not help—even though the purpose of the exercise was to give earnest of his firm intentions. The holding of the meeting during the motor strike (though it had in fact been arranged long ago) and the fact that the Chancellor in underlining the need for some intensification of the credit squeeze also referred (not by any means for the first time) to recourse to physical controls as a backs to the wall defence line could be taken as bearish signs. The weakness of sterling was not, however, of speculative origin, as the strength of forward sterling shows. The premium on the forward dollar is now less than the relative levels of short-term interest rates in London and New York would allow. It is the old story of lags and leads: the Chancellor's initiative, and its timing, brought forward a fair commercial demand for dollars. On Wednesday, when the sterling-dollar rate fell below $2.79, there was demand for dollars to cover purchases of oil, grains, sugar, tobacco and non-ferrous metals. Only in part can these be explained by seasonal considerations; their concentration on one particular day must be connected with the publicity given to the previous day's meeting with the bankers.

The only important currency against which sterling has shown up well during the past week is the French franc, which is now coming under serious pressure. The forward franc has fallen to a discount against sterling despite the prevailing levels of interest rates which should pull the rate to a premium. French franc notes in Zurich have fallen to about 20 per cent discount on the official rate, the gold price in Paris has risen to its highest level for three years and the Deutsche mark remains firmly glued to the Bank of France's compulsory support rate.

The Deutsche mark continues to dominate the European exchange markets in spite of the "categorical" statement made by Dr Erhard at the OEEC meeting in Paris that "the Federal German Government intends to maintain unchanged their present exchange arrangements and parity." On the same occasion, Mr Macmillan, who acted as chairman, announced that he deprecated anything that introduced doubt, uncertainty or speculation in European currency affairs, and said that exchange rate policies would not form part of the examination of balance of payments problems which the OEEC will be conducting in the next few months. These assurances have not had much effect.

A New Trustee Stock

INVESTORS had reason to expect that after the conversion operation was concluded a new issue of trustee status—with luck the first of a run of them—would soon follow. They may well feel glad that the Agricultural Mortgage Corporation has been chosen to head the procession. Its stocks are popular with investors and this week's issue, which has the additional attraction of being free of stamp, is of £5 million 5 per cent debenture stock 1979-83 at £97, of which only £10 is payable on application and the balance on September 4th, well after the unconverted £167 million of National War Bonds 1954-56 will have been paid off in cash. Lists opened and closed on Friday after this issue of *The Economist* went to press.

After the latest operation at the short end of the market and the recent speech of the chairman of the Agricultural Mortgage Corporation which stressed the need for medium and long term investment in agriculture, there was no surprise and certainly no distaste for the 23-27 year dates chosen by the Corporation. Yields of £5 3s. 1d. per cent flat and £5 4s. 2d. per cent to final redemption, seem nicely measured to a trustee stock of that length.

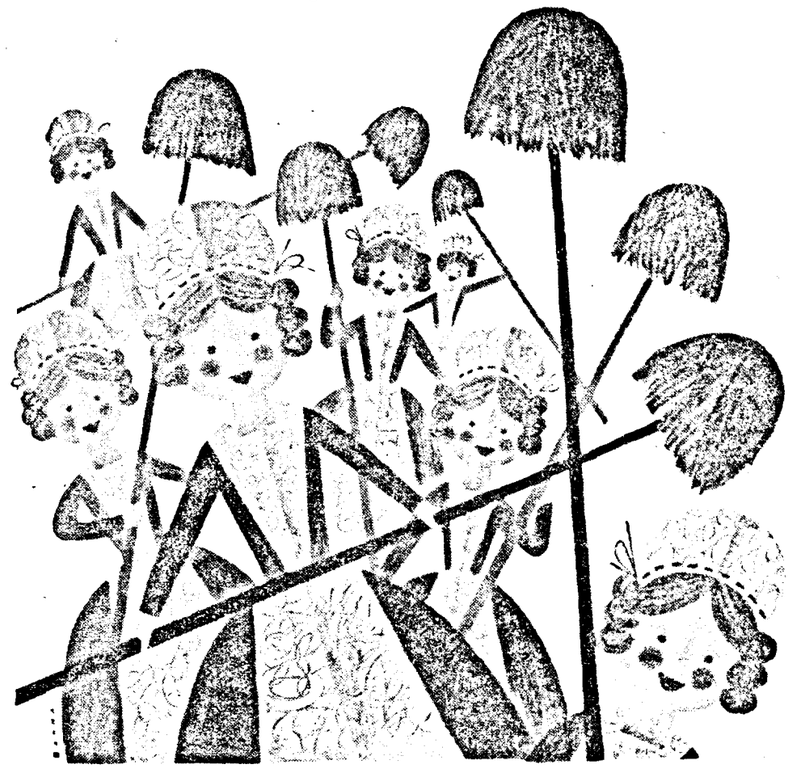
Messrs. Mullens and Co. have underwritten the issue for commissions aggregating 1¼ per cent. The sponsors of the debenture may have felt that to chase an unconvincing gilt edged market downwards would make little difference in the short run to the volume of money that the issue would attract. The only question is whether £5 million are available for a loan equivalent in status to a good county council issue.

Freedom for the Railways?

THE modifications the Transport Tribunal has decided to make to the draft scheme of maximum railway freight charges prepared by the Transport Commission under the 1953 Transport Act are difficult to assess. The tribunal broadly confirmed the charges scheme: its changes involve the question of what may be a reasonable dividing line between two types of railway goods charges. In the first category of traffic the Commission will have normal commercial freedom to fix its own rates, subject to certain levels of published maximum charges; in the second the Commission can quote "reasonable rates," but if a consignee considers them unreasonable then the Act grants him the right of appeal to the Tribunal. The second category of traffic will comprise all goods carried in owners' tank wagons, owners' wagons, or road-rail wagons, and any consignment weighing 100 tons of more. All other traffic will fall within the first category.

The distinction the Tribunal has drawn is presumably

7 maids with 7 mops



design or accident?

The Walrus and the Carpenter were dismayed by a fairly simple problem, and decided that if seven maids with seven mops swept it for half a year, the seashore would not be clear of sand.

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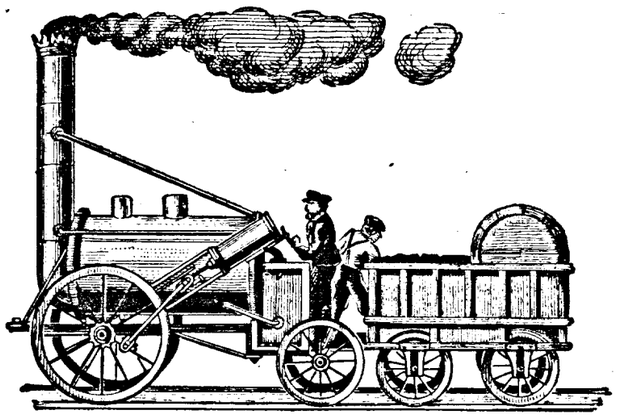
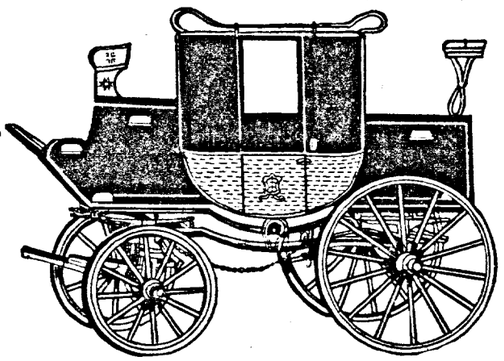


What the Rocket was to the stagecoach



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based upon the invisible line between goods for which road transport offers potent competition as a haulier and goods for which it does not. This alternative method of transport, with its own form of costs, can be expected to impose some ceiling upon railway rates; often, it seems likely, one below the permissible maximum (and for some traffics below the railways' own costs). But consignments of more than 100 tons (what will comprise a consignment for this purpose?) are likely to include the bulk of coal and minerals traffic, which last year made up nearly three-quarters of all railway freight ton-mileage and more than three-fifths of freight revenue. On the whole it is consigned by large organisations or firms that may be thought to have enough "countervailing power" in the size of their annual transport bills to negotiate reasonable rates with the Commission. This concentration of transport users more heavily dependent upon the railways will, however, be of some advantage if it means that appeals to the Tribunal will be kept down, once the first agreements—and appeals—have set the general tone of "reasonable charges." Initially, moreover, these charges will probably be the "exceptional rates" at which most of this traffic is currently carried under the 1920 Act.

Judgment on these practical details will come later. The important point is that, nearly 3½ years after the 1953 Act received the Royal Assent, the Commission has been given a qualified "go-ahead" signal on what was intended to be the major item of railway reform in that statute. And it will still be at least a year before the Commission will be able to put this amended scheme into force.

BMC Strikers Hit Ford

One unfortunate victim of the BMC strike this week (which is discussed in a Note of the Week on page 299) has been the Ford Motor Company. The company has given "protective notice" to 2,500 of its employees making bodies for Consul, Zephyr and Zodiac cars at the Briggs plant at Dagenham, that unless supplies of certain pressings made by Fisher and Ludlow improve they will be dismissed when their annual holidays end on August 13th. Although Ford's normal practice is to avoid complete dependence upon outside suppliers for integral parts of its vehicles, Fisher and Ludlow have since February been making part of the underbodies for the three new Ford models from dies supplied by Ford as an interim measure until space became available at Dagenham. As production of the new models has been building up since then to a daily maximum of 600 units, reached last month, and as every car coming off the line has been sold many months ahead, stocks are virtually nil. But Ford is believed to have got some of its dies away from Birmingham before the pickets arrived in strength, and the company hoped to maintain working until Thursday after which its own holidays began. The immediate outcome at Briggs was that 12,000 employees went out on strike—after the unions at Fisher and Ludlow had refused to release the dies and jigs to let their fellow-trade-unionists work. Later this week, the same strike at Fisher and Ludlow seemed likely to cause further redundancy at Standard.

For BMC, which has been working much short time for the last five months, the strike may help to use up some of its unsold stocks. But Ford can still sell every car it makes; short-time working at the Popular plant in Doncaster earlier in the year did not last long. For the motor industry generally, with the possible sole exception of BMC, June appears to have been one of the best production months for some time. Daily output was 15 per cent higher than in May and only 6½ per cent below June last year, but that month was affected by the railway and dock strikes. Exports, however, were still 15 per cent down on the first half of last year even though shipments were then severely affected by disputes.

Atomic Stewardship

The Atomic Energy Authority has this week published its second annual report, for the year ended March 31, 1956. This is less a financial report than an account of stewardship. The financial operations of the Authority are presented to Parliament in the spring, along with the other Civil Estimates, in a decapitated form that lumps together salaries and new building expenditure on civil and military work, but suppresses the operating account of the Authority, which deals mainly with the bookkeeping transaction of costing the value of atomic weapons delivered to the services. This is in sharp contrast to the way in which the accounts of the American Atomic Energy Commission are published. It is difficult to see what justification there is for consistently withholding the total figure for atomic expenditure in this country.

The Authority has grown substantially since it was removed from the Ministry of Supply. Its labour force, which numbered nearly 20,000 at the time the Authority was formed in August, 1954, has risen to nearly 24,000; but these figures mean little or nothing in an atomic industry where the staff that are not engaged on research are simply guardians, not of machines, but of whole monolithic plants that operate like gigantic robots behind impenetrable concrete walls. It is the rate at which these plants are growing that measures the Authority's progress: the annual report is largely a bleak and factual account of new building, new sites, and new projects under investigation.

Fission and Fusion

For the first time, the Authority refers to research on hydrogen fusion, which has been going on in this country since 1948. There is no doubt in the minds of the scientists at Harwell that controlled thermonuclear fusion—as distinct from the uncontrolled and violent fusion of a hydrogen bomb—is theoretically possible. What they are not sure of is whether, to quote the report "a pure fusion reactor can be built which yields more useful power than it consumes." The principal technical difficulty, which was a good deal more fully described by Russian scientists visiting Harwell than it is in the Authority's report, lies in reach-

ing and holding temperatures of the order of 100 million degrees centigrade long enough for the fusion reaction to become self-sustaining. Extremely high temperatures have been reached under laboratory conditions but not, apparently, high enough to carry the work past this first obstacle.

The rest of the Authority's work is concerned with projects likely to yield rather quicker practical results. The building of Calder-type power stations, where the generation of electricity is secondary to the manufacture of plutonium for weapon production, is well under way. Part of the structure of the Dounreay breeder reactor is finished and, in total, 21 reactors are either in operation, under construction or planned by the Authority. This includes one research reactor that the Authority is buying from the AEI-John Thompson group, the first time that it has agreed to purchase a reactor for the design of which industry, and not Harwell, has been responsible. Harwell's idea of the next stage in atomic power station development seems to be gradually settling in favour of an enriched reactor consisting of a graphite structure much like Calder, but cooled with liquid sodium, as opposed to a reactor suspended in a water-filled cylinder which is rather more popular in the United States. Design studies have been made of a 100,000 kW installation built on the homogeneous principle, where the constituent parts of today's reactors are all reduced to a slurry flowing through a network of pipes.

Side by side with these plans for a fantastic future has gone the more mundane and practical extension of the Authority's existing treatment plants, in particular of the diffusion plant at Capenhurst, which is the country's only source of enriched uranium. Capenhurst has been increased considerably in size, but it is a rapacious consumer of electricity. So the Authority expects to make early use of the new agreement negotiated with the United States to buy surplus uranium 235 from the Atomic Energy Commission —which owns diffusion capacity that dwarfs Capenhurst.

Comets for Capital

It is ironic that it should have been a decision by American aircraft manufacturers that has put the de Havilland Comet back on the map. For the order for 14 Comet IVs placed by Capital Airlines, which is worth £19 million, might never have been signed if first Convair, and then Douglas and Boeing, had not started design work on medium-range jet airliners that might be carbon copies of the Comet. Neither the Comet nor these projected American aircraft are suitable for operation over the North Atlantic, nor even for coast to coast operation inside the United States; they are designed for express flights on shorter routes that up to a few months ago seemed the exclusive prerogative of the turbo-prop airliner. Opinion inside the United States is now convinced that air traffic will go to the operator who gives the fastest service. A jet, so the argument goes, is faster than a turbo-prop; therefore a jet is the appropriate choice, even if it may be less economical to operate than a turbo-prop. This may seem a somewhat inadequate basis on which to plan aircraft buying. But it is, nevertheless, carrying considerable weight among airlines, including those outside the United States. It has made the attempt to sell big turbo-prop airliners of medium range like the Vickers Vanguard and the present Britannia difficult; at the same time it has swept the Comet back into the limelight.

By ordering Comet IVs, Capital Airlines expects to get delivery of new jet airliners to replace its present Constellations at the end of 1958, and to have all 14 delivered by the end of 1959. This is considerably earlier than the dates promised for the Comet's American competitors and could give Capital, a rapidly expanding airline, the same technical lead that it gained by introducing the Viscount into the United States. The export credit facilities available in this country must also have been a factor in the deal. Capital is heavily committed for some years ahead and is negotiating to raise new permanent capital in the United States. Capital's network remains firmly based on Viscounts; a further 15 have just been ordered, bringing the total fleet up to 75. The Comets will be used only on the longer hauls.

Shrewd commercial judgment has been shown by de Havilland in switching their plans for the Comet from the original concept of a potential North Atlantic long-range transport to one tailored for medium distances. The bulk of the Capital order will be made up of Comet IVs modified to give less range, more seats and more speed than the original design. With 75 per cent of the drawings for the aircraft completed, de Havilland have set themselves a gruelling schedule to meet the promised delivery dates for both Capital and the British Overseas Airways Corporation in 1958. Almost all the development flying and airworthiness trials are being carried out on the Comet III, and there will be no Comet IV prototype. For Rolls-Royce, who will provide the Comet's Avon engines, the order is another milestone in the company's steady advance into the American market. For de Havilland it is something more critical. And for those airlines still uncommitted about their new equipment, the Comet comes as an unsuspected fifth ace in the pack.

Business at Lloyd's

FROM marine, aviation, fire and accident insurance, Lloyd's underwriters received in premiums £228.8 million last year after deducting commission. This, in contrast to the experience of the insurance companies, represented only a slight increase in premium income over the 1954 figure. Last year the non-life premium income of the insurance companies was over £600 million, from which about £100 million was paid in commission; hence the premiums paid to the Lloyd's underwriters' account for about 30 per cent of all the non-life premium income of British insurers.

Lloyd's accounts are kept open for three years and at the end of that period estimated outstanding liabilities are added to claims or the re-insurance premiums to cover them are charged to claims. On this basis, the 1953 account, which has now run its course, yielded the biggest profit of any of the last six accounts for which returns have been made to the Board of Trade. Aggregate balances in hand at the end of the account came to £24.9 million, including £11.8 million on the marine and aviation accounts and £12.3 million on "other business"—largely fire and accident insurance.

While the 1953 account was so successful, a shadow lies across the 1954 account which will be closed at the end of this year. In the first year of the account "other business" was hit hard by claims for damage caused by abnormally severe windstorms in North America, on which Lloyd's underwriters have transacted a considerable volume of "excess of loss" reinsurance. At best there will be only a meagre profit on this account and the profit earned on all classes of insurance in the three years of the 1954 account may thus be little more than half of the transfer from the 1953 account.

LLOYD'S PREMIUMS AND CLAIMS

(£ million)

	Marine and Transit		Other Business		Aviation		Motor in UK	
	Premiums	Claims	Premiums	Claims	Premiums	Claims	Premiums	Claims
Completed Accounts								
1949.....	73·7	59·8	77·5	67·5	8·2	6·5	5·6	3·1
1950.....	76·0	63·9	89·1	86·3	8·2	6·1	5·0	4·2
1951.....	88·2	77·4	94·1	84·1	7·6	7·3	5·8	4·7
1952.....	95·2	85·7	107·7	95·0	8·4	6·9	6·4	5·1
1953.....	95·2	81·7	115·7	100·6	8·6	7·1	6·8	5·4
1953								
Year I.....	64·6	16·7	71·6	20·3	4·9	2·1	6·2	1·1
„ II....	29·3	22·2	44·4	33·1	3·9	2·8	0·7	2·7
„ III...	1·3	42·8	−0·3	47·2	−0·2	2·2	−0·1	1·6
1954								
Year I.....	61·1	16·2	74·3	30·2	6·0	1·6	6·7	1·3
„ II....	30·7	20·3	49·2	36·3	3·5	2·6	0·8	3·3
1955								
Year I.....	62·0	17·7	69·1	22·7	5·4	2·1	7·4	1·5

HOW MUCH CLAIMS TAKE

Claims per cent of Premium Income

	Marine	Other Business	Aviation	Motor
	per cent	per cent	per cent	per cent
Completed Accounts (3 years)				
1949.....	81·1	87·1	79·3	67·4
1950.....	84·2	96·9	72·6	83·3
1951.....	87·8	89·3	95·9	82·6
1952.....	90·0	88·3	82·0	80·2
1953.....	85·9	86·9	82·4	79·0
Uncompleted Accounts				
1954: (2 years)	*39·7*	*54·0*	*44·2*	*61·3*
1955: (1 year)	*28·5*	*32·8*	*38·1*	*19·8*

Bankers' Credit for Argentina

A CITY consortium, headed by Baring Brothers who have been agents to the Argentine government since 1822, is being arranged with the idea of extending trade credits to a maximum of between £20 and £30 million, should Argentina's demand for capital goods of British origin justify it. The idea behind the discussions which Mr J. G. Phillimore, a partner in Baring Brothers, has been having in Argentina is that Argentina's urgent capital needs under the new regime, are certain to be met by competitive international tendering and that the contribution that the City of London can make is to ensure that British industry will be able to compete in the knowledge that credit facilities not less strong than are available to competitors will be provided. Argentina's urgent need is to maintain its railways to a standard that will ensure that the crops move down to the ports, to develop the oil resources and develop electric power. Diesel locomotives have recently been bought from Japan and from the USA.

Details of the credit consortium remain to be filled in, but the present conception is a revolving credit tied in to the length of credit extended by the Export Credits Guarantee Department. For goods whose capital nature admits of no argument a maximum period would be about five years per item—for example per individual railway engine but not five years over the whole of a running contract for engines. A probable charge is one per cent above Bank rate in addition to the ECGD insurance charges.

"Ernie" Calls the Odds

DR CHARLES HILL, in announcing this week details of the Premium Savings Bonds scheme and the organisation the Post Office is building up to administer it, seems to be bargaining for hundreds of millions of these £1 bonds to be taken out.

Bonds will be on sale at Post Offices and banks from November 1st and may be held by any person aged 16 and over, up to a maximum individual holding of £500. The chances of winning a prize are fairly good. For each £250,000 invested for one year there will be 237 prizes ranging from one of £1,000 to 200 of £25. These prizes correspond to odds of roughly 1:1,000. Bonds will not be eligible for prizes until they have been held for six months, and buyers will not be able to choose their numbers. The first draw will take place next June when six months' interest at 4 per cent a year on bonds bought in November will be available for distribution. Thereafter the draws will take place monthly; thus in July 1957 the prize money will comprise six months' interest on bonds bought in December 1956 plus one month's interest on November bonds still uncashed. This six months' waiting period might prove to be an unattractive feature of the scheme; but if it were to be shortened the prize money would be substantially smaller.

To run the scheme the Post Office is setting up a separate department in Lancashire, which will need a staff af about 1,000 and is expected to cost about £500,000 a year, to be borne by Exchequer votes. Individual records of each holding will be kept since the bonds will be registered Government bonds under the National Loans Act, 1939. To select the prize winning numbers the Post Office have designed an electronic random number indicator equipment. "Ernie" is not a computor, but a glorified fluorescent light. It consists basically of a glass tube filled with neon gas. When electricity is passed through the gas particles move at high speed, hitting a metal plate. This imparts an electric impulse along a wire, linked to nine separate points, each representing a digit. When the charge of electricity ceases the last point to receive the impulse indicates the chosen digit. A batch of nine tubes working simultaneously will thus give a number of nine digits. It will be a scientific gamble; but "investors" who have no fear of the complexities of football pool coupons will no doubt take the science in their stride.

IFC Established

THE charter of the International Finance Corporation came into force last week-end when France and Germany completed the formalities needed for membership; this brought the number of member countries to thirty one, compared with the required minimum of thirty, and the total subscriptions to $78.4 million, comfortably above the minimum of $75 million. Britain and the United States became members some months ago.

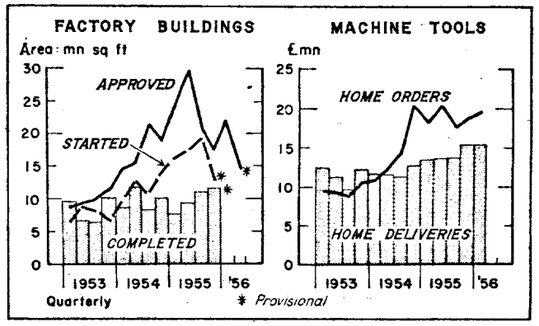
The corporation can now proceed with its task of complementing the work of its parent body, the World Bank, advancing capital in rather smaller amounts for generally shorter periods, and to private firms rather than to Governments. The IFC aims to work in conjunction with private investors, and while it is debarred from taking up equity stock as such, it is prepared to share the risks (and expects to take some of the profits) from the projects it supports. It is expected that many of its investments will carry the right of conversion into share capital on re-sale. As the IFC seeks to turn its money over, it will be attracted most by industrial projects that promise a relatively quick return, rather than by the "first stage" development schemes of transport and public utilities that are favoured by the World Bank.

The corporation shares a common headquarters with the Bank in Washington, and the Bank's professional advisers are available to it. Its directors are drawn from the executive directors of the Bank, whose president, Mr Eugene Black, is *ex officio* chairman of the corporation. But IFC has its own president—Mr Robert Garner, who has resigned his post as vice president of the World Bank. The general manager of IFC is Mr J. G. Beevor, well known in London and formerly managing director of the Commonwealth Development Finance Company.

Investment in Machine Tools

MACHINE tool output is slowly responding to the recent huge surge in new orders, but it is still well behind the rate at which business continues to be booked. During the first four months of this year the industry produced £26.7 million worth of tools, against £23.3 million in the corresponding period of 1955; but its new orders amounted to £33.1 million, against £32.6 million. That is a significantly lower rate of ordering than for some months, but it still exceeded current deliveries by a quarter.

Much of the increase in these value figures for output, moreover, can probably be put down to higher prices. Nevertheless the increase of 17 per cent in the value of home deliveries in the first quarter compares broadly with the 20 per cent increase in investment expenditure on plant and machinery by manufacturing industry for the same period shown by the latest returns from the new investment survey of the Board of Trade. Exports meanwhile have risen almost imperceptibly, while imports, at £12½ million by the end of June, have risen by about 70 per cent and are now exceeding exports for the first time since the Korean war. The load of orders on machine tool makers' books reached £104 million at the end of April. Four-fifths of these were home orders: the total was equivalent to another 15½ months' work or 2½ months more than in April, 1954. Manufacturers have suffered from a persistent

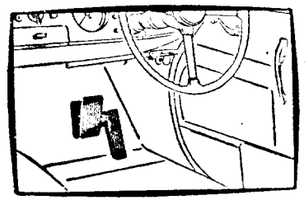


shortage of skilled labour and draughtsmen, which has not so far been significantly eased by recruiting labour declared redundant by other industries.

Information about factory construction is somewhat behind-hand. The Ministry of Works estimates that expenditure on new industrial building in the first quarter totalled £59 million, a third more than the amount spent in the same months last year. But the Board of Trade has so far published only provisional figures of factories started and completed in the last three months of 1955. Presumably, more recent returns will reflect the enormous increase that appears to have occurred since then. But the significant feature of recent machine tool orders and of approvals for new factories is the marked decline in the rate of new commitments.

"Carte Blanche" for the Dock Scheme

THE committee of inquiry appointed exactly a year ago under the chairmanship of Mr Justice Devlin to look into the operation of the Dock Labour Scheme, and to advise whether any alterations need be made to it, packs sound horse-sense on the subject of industrial relations into its long and detailed report, published this week. Its task was certainly not an easy one. Dock working presents some most difficult and unusual problems not met in any other industry, and despite the introduction of what is mistakenly called "decasualisation" with the dock labour scheme of 1947 (which succeeded the six-year-old war-time scheme) employment is still given casually to dockers in the registered pool. It is the nature of the industry and its peculiar form of operation that is at the root of its problems, not the scheme itself, which is primarily concerned with the make-up and distribution of the labour force. The black record of serious unrest since 1947 has its origin, the committee feels, and rightly so, in the industry or in particular decisions taken under the scheme. On this subject the committee makes some admirable comments and suggestions, though it has decided that its terms of reference exclude reference to complaints of restrictive practices and inefficiency in port operations. As for the scheme, the committee finds it to



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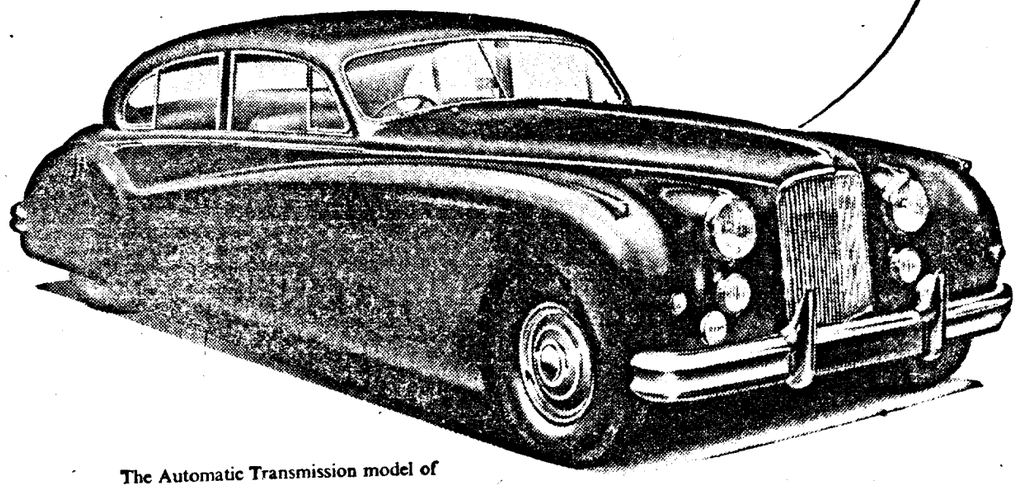

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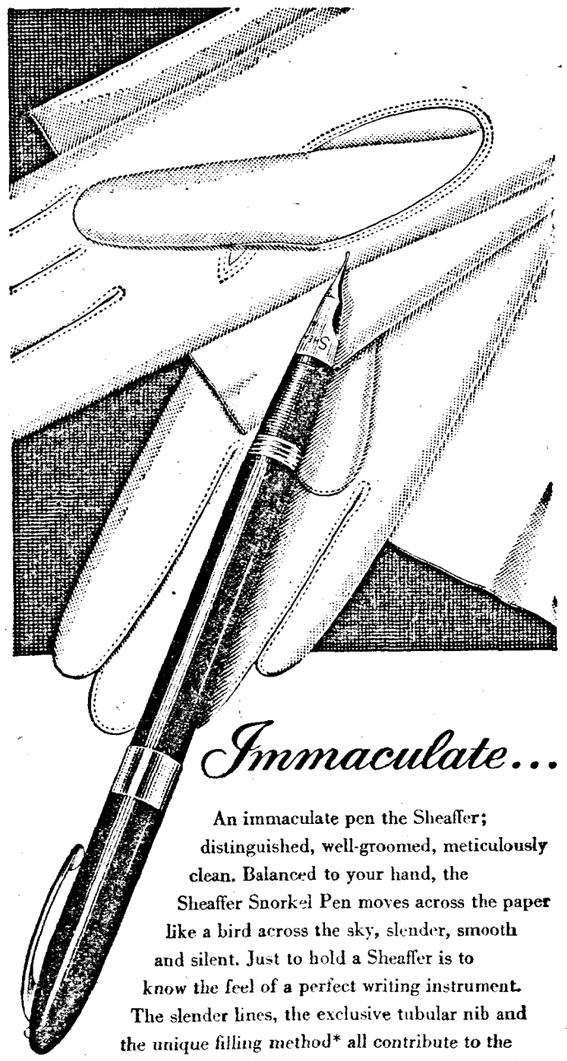

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have been properly conceived and should therefore remain (with some minor alterations proposed by the committee).

But the Devlin inquiry was faced by some proposals from the employers' side that would have changed the whole character of the scheme. Its essence is dual control; the management of the labour force is entrusted to the National Dock Labour Board on which both sides are equally represented. This, the employers' association argued, made for ineffectiveness, divided loyalty for the trade union leaders on the Board, and the imposition of an impersonal barrier between the employers and the men. They suggested that it should be replaced by a corporation, controlled solely by the employers. The committee devote much space to a full and incisive analysis of this argument, which rejects the employers' points one by one. Apart from the immense practical difficulties of making such a change, it would merely replace one impersonal organisation for another and one in which the unions moreover had no say. If the original scheme had replaced some personal relationship between employers and men—which it did not—then there might be some weight in the suggestion. But the main advantage of dual control is that it is based upon a partnership of both sides, in which the committee sees the best hope for further progress. Given co-operation in the spirit as well as in the letter of the Dock Scheme, and if the Board becomes a more positive force in the industry, then some of the seemingly intractable problems of the industry might yield a solution.

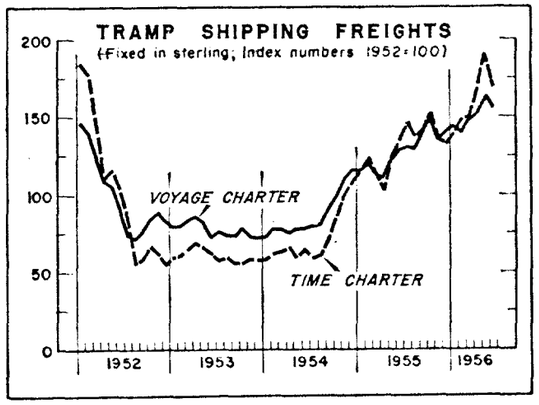
Rio Tinto's Big Uranium Deal

ECONOMY of information, more perhaps than is still worth while, surrounds the contracts that are placed with the uranium producers. What is worth learning from the biggest yet announced, the purchase of uranium oxide to the value of $242,416,800 for which Northspan, a new mine of the Rio Tinto group, has received a letter of intent from the Canadian government? The rate of milling—of ore, not of uranium—is to be 9,000 tons a day. The amount of new financing required (if precedent is followed it will be done by Northspan in Canada, not by Rio Tinto in London) will be $70 million. Neither the grade, nor the rate of production nor the price is to be divulged.

This contract slightly exceeds the previous biggest—$206 million and a rate of milling of 6,000 tons a day, arranged by Algom, also in the Rio Tinto group. Investors will probably permit themselves a few deductions. So far all the Canadian contracts have been arranged to end in 1961 and it is unlikely that the Canadians have exceeded that span. So far all have been calculated to write off the capital expenditure over the period of the contract and leave the producer with his production facilities standing him in free at the end. It is unlikely that any producer—certainly not Rio Tinto—has agreed to easier terms. Finally the Canadian government is still interested in uranium and wants it quickly. Doubts whether it wished to go further are allayed. On the contrary Northspan, an amalgamation that includes three ore bodies, is taking pride in the fact that thanks to Rio Tinto management's experience and to the fact that one shaft is already sunk to 1,300 feet the preparatory period will be short. Production is scheduled to begin 12 to 15 months from now.

Strength in Freight Rates

SUMMER is normally the season of weakness in tramp shipping freight rates, but this year it looks as if the summer is going to be a short one. The slight recession of the past month was short-lived, and rates for many voyages have already recovered much of their losses. Rates for single voyages with coal from the United States to the Continent, which fell to about 66s. a ton at one time during the miners' holidays, were this week in the region of 72s. Some idea of the underlying strength of the market, which is dominated by the demand for Transatlantic coal shipments, may be inferred from the fact that applications have been made by



French and German shippers, as well as American, for the release of as many as 100 vessels from the US laid-up "defence reserve fleet" for employment in the coal trade on a charter basis. So far the Federal Maritime Administration has resisted these attempts to obtain ready tonnage on the cheap.

Even more impressive is the interest that coal charterers are showing in securing ships for long-term employment. Recent orders quoted on the Baltic Exchange included an inquiry for a vessel for five years' consecutive voyages at

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the dollar equivalent of 53s.; while another offer for four years' employment was made on a basis of £350,000 cash in advance plus 48s. 6d. per ton, or alternatively 56s. per ton without an advance. This is tantamount to supplying the greater part of the purchase price of a Liberty ship, or half the cost of a new ship, as well as offering employment for four years on a profitable basis. It is not without significance for the future operations of tramp shipping that such inquiries are circulating even at a time when a good deal of tonnage is expected to be released from employment under earlier time charters, and when the liner companies have practically withdrawn from the time charter market.

Shipbuilders' Limits Lifted?

MANY shipbuilders are prepared to argue that output from their yards since the war, in spite of prosperity, has never exceeded about 70 per cent of "full capacity"—defined as what they could produce if they had the men and the steel. Although in certain years—including 1955—they have booked orders for about 2½ million gross tons of new ships, they still seem unable to raise their final output of completed ships beyond 1½ million tons. As a result, successive waves of ordering—mainly of tanker ordering—have built the total orderbook of the industry up to very high levels: more than 7 million tons were on order at the end of 1952 and last year's new wave of tanker orders has left the orderbook, at the end of June, at roughly 5¼ million tons of new ships, worth about £675 million.

In the last six months, as it happens, the industry has been completing ships faster than it has been booking new orders: it has booked orders for 142 ships totalling 752,000 gross tons and completed 154 ships totalling 834,000 gross tons. This rate of ordering, however, is far below the level of late 1955; and on the other hand completions in the second quarter were at an exceptionally high rate, no less than 516,000 gross tons, the highest quarterly figure since 1921. However, the figure merely indicates that work was finished on ships totalling this tonnage; any of the single measurements of shipbuilding output one may choose—tonnage commenced, launched, or completed—is liable to be misleading. In this same quarter that was a record for postwar completions, rather less tonnage than usual was commenced and the total under construction therefore declined. It seems likely that the level of total activity in shipbuilding during the whole of this year will be higher than last—but more doubtful whether it will exceed the output of 1954.

Wheat Agreement Renewed

THE new International Wheat Agreement, the third since 1949, comes into force next Wednesday. Of the fifty countries listed in the draft agreement drawn up in Geneva last April, all the exporters and all but two of the importers have accepted it or expressed their intention to do so. The failure of Eire and New Zealand to accept is apparently due simply to a hitch in procedure. The absence of these countries, and the accession of Iceland, leaves the total quantity which the importers guarantee to buy at the minimum price at 7,167,000 metric tons, while the quantity which the exporters guarantee to sell at the maximum price remains at 8,244,000 tons. Those quantities will be equated when the Wheat Council meets again early in December, and when the membership will be finally known. The guaranteed quantities in the previous agreement amounted to 10,749,000 tons. The maximum and minimum prices are both five cents a bushel lower than in the previous agreement; the new maximum is 200 (US) cents a bushel for No. 1 Northern Manitoba wheat, ex-Fort William, and the new minimum is 150 cents. The market price of No. 1 Northern is now 176½ (US) cents a bushel.

The only significant change among the exporters is that Argentina is a member for the first time; Britain, the largest importer, remains outside. The form of the agreement closely follows that of its predecessor, except that the council can now examine domestic production policies and means of regulating the disposal of surpluses; in doing so it can consult with other international organisations and with non-member governments.

Furniture and Hire Purchase

THE furniture industry has asked the Board of Trade for certain relaxations in the hire purchase restrictions on furniture sales, basing its case on the sad condition to which those restrictions have brought manufacturers and retailers. During 1954, the furniture trade swept along on a crest of "no deposit" hire purchase. When the regulations introduced in 1955 made a deposit a compulsory condition of hire purchase, the bottom dropped out of the furniture boom: on the industry's own estimates, total sales were halved, and hire purchase sales in some months were as much as 65 per cent below their level in the corresponding period of 1954. Sales have improved this year. In March hire purchase transactions were a third above the level to which they fell in March, 1955, but even this recovery still leaves sales substantially below their level in 1954. What makes the recession more noticeable is that it is not evenly spread over the industry; it is concentrated on those sections of the trade, mainly the multiple furniture chains and their suppliers, who specialised in "no deposit" trading.

The changes proposed by the industry would permit customers who already have hire purchase agreements, and have paid their initial deposit, to add new items of furniture to those outstanding agreements as soon as they have paid a certain number of instalments on the original purchase, without paying a fresh deposit. The value of the new orders would not exceed the value of the instalments repaid. This is very like the type of "budget account" that many department stores use; the furniture industry claims that it was common practice in the furniture trade before the restrictions were imposed. The industry argues that it is being squeezed harder than is economically necessary; that furniture output is the lowest for three years; that the industry has lost 10,000 workers; and that there is a "high degree" of short time. Special treatment, it claims, would be "demonstrably not inflationary." Why not? If it succeeded in raising home sales, it demonstrably would be.

Rise in Raw Sugar

SINCE the end of June the price of raw sugar on the so-called "free" world market has risen by five points to 3.41 cents a lb fas Cuba. That is almost the highest price for over two years, and it compares with a minimum of 3.25 cents prescribed in the International Sugar Agreement. So much sugar is sold otherwise than on the "free" market and the quantities that determine the "free" price can be so small that price movements often magnify changes in demand or supply. But of the buoyancy of the market there is no doubt. A somewhat broader demand from West Germany, Japan, Britain and other countries has come when supplies available for prompt shipment are small. Exporting members of the agreement with sugar to spare are naturally restive at the restraints at present imposed upon them, and that is no doubt why a meeting of the Sugar Council has been called for next Monday.

There are three ways in which the council could make a larger quantity of sugar available. The unfilled portion of export quotas could be reallocated to other exporters; the regulation which restricts shipments in the first eight months of the year to 80 per cent of the initial quotas could be waived; finally the exports quotas, which are at present fixed at 90 per cent of the basic quotas, could be raised. With the possible exception of one country, a reallocation of quotas seems unlikely. Russia and other East European exporters can hardly be expected to declare deficits before they can assess the size of their own beet crops, and without that declaration the council may be reluctant to use its discretionary powers. Whether the council will lift the restriction on shipments, raise the quotas, or do both, will presumably depend on how long it considers the shortage may last.

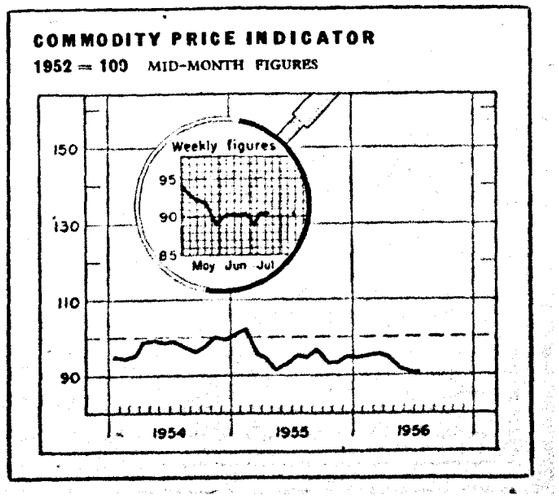
Testing the Turbo-Drill

THE turbo-drill now being tested in the Netherlands by a joint subsidiary of Shell and Standard Oil (New Jersey) uses a principle which has long been known but not applied by the British and American oil companies. Sporadic experiments using turbines to drive drills have been made in the United States ever since the 1920s. Last year a Russian version, for which seemingly extravagant claims were made, was said to be doing two-thirds of all drilling in the Soviet Union. An attempt to obtain the Russian know-how about this drill, in return for petroleum equipment wanted by the Russians, was made by an American company last year, but vetoed by the United States Government on the grounds of national security. But early this year successful experiments were made with a French drill using similar principles. The cost data, especially that released by the Russians and Roumanians, is felt to be still too sketchy to justify large-scale development work in Britain or America; the present test in the Netherlands is being made with the French model to obtain more detailed and reliable information on the comparative speeds and drilling costs of turbo-drills and conventional equipment under identical operating conditions.

In conventional oil drilling, an engine at the surface turns a rotary table that turns the entire string of drill pipe and the cutting bit at the bottom of it. A "propeller shaft" a mile or two miles long can hardly be expected to be the perfect means of transmitting rotary movement. At 6,000 feet only 6 per cent of the energy generated at the surface is actually delivered to the drill bit at the bottom. When a rig is drilling, heavy mud is pumped down the centre of the drill pipe and up again between the pipe and the wall of the well—this continuous circulation is possible because the bit has a larger diameter than the drill pipe. This mud maintains the pressure at the bottom of the hole, cools the bit, brings cuttings to the surface, and plasters the wall of the well to prevent it from caving in.

When a turbo-drill is used, the drilling string is not rotated at all. The bit is rotated directly at the bottom of the bore by a turbine powered by the flow of mud through the drill pipe. By this means, although there is still some loss of power through friction, a large part of the normal loss of energy can be avoided. The rate of penetration of any bit through the rock is governed jointly by the speed at which it rotates and by the force with which it is pushed downwards (determined by how much of the great weight of the drill pipe is allowed to rest on the bit). If more power can be delivered to the bit, a combination of greater speed of rotation and greater weight on the bit can be achieved, especially in hard rock formations. As a result of this, penetration rates ten times as great as those achieved with conventional rigs have been claimed for the turbo-drill.

The turbo-drill costs more and requires a more powerful mud pump at the surface. But if the higher penetration rates claimed for it can be achieved, the reduction in drilling



costs per foot may well offset the higher initial costs of the equipment. Directional drilling, in which the hole is deflected from the vertical, is easier with a turbo-drill, and the drill pipe, being stationary, should suffer less wear and tear.

SHORTER NOTES

Home car sales in May—as measured by the official registration figures for that month—totalled 43,635 against 47,906 in May, 1955. This was a drop of 9 per cent, slightly more than the 7½ per cent shown by the previous four months. Commercial vehicle registrations over the full five months were running 15 per cent above last year. But both tractor and motor cycle registrations are heavily down; tractor registrations by 22 per cent and those of motor cycles by 18 per cent.

★

The board of the Birmingham Small Arms Company has instructed Lazard Brothers and Company and Deloitte Plender Griffiths and Company to make an independent examination of and report on the organisation and structure of the group.

The deferred ordinary dividend of Pye, the radio and television manufacturers, has been left unchanged at 12½ per cent. But this dividend is payable on a capital of £2,772,208 as increased from £2,520,188 by the rights issue in December. The group's trading profit in the year to March 31st rose from £2,199,302 to £2,331,848.

★

Although the gross profits of United Dairies advanced from £3,002,043 to £3,668,544 in the year to March 31st, the ordinary dividend has been left unchanged at 15 per cent. Net profits have risen from £1,269,633 to £1,665,333 but a new provision of £200,000 has been charged for future advertising. The company intends to capitalise £591,360 from general reserve to make a 10 per cent free scrip issue.

★

Imperial Chemical Industries is to build an $11 million plastics factory in Missouri in co-operation with the Hercules Powder Company. Some of the raw material will come from other Hercules plants in the United States. The plastic is methyl methacrylate, which was originally developed by ICI and remains one of the leading types of transparent plastic in use. The factory will have a capacity of 34 million pounds a year.

Company Notes

NCHANGA CONSOLIDATED COPPER. Sir Ernest Oppenheimer, the chairman of Nchanga, describes the company's financial year ended March 31st as exceptional. It was exceptional in the sense that copper rose by over £100 a ton to a peak price of £436 in March, giving an average price for the year of £370. Since then the price has fallen and Sir Ernest says: "we cannot reasonably base our expectations on a return to the peak prices reached in the first months of 1956." These high prices resulted in Nchanga, one of the lowest cost producers in the Rhodesian copper belt, earning a gross profit of over £25½ million and recommending dividends of 30s. a share after spending £3 million on capital expenditure and adding £3½ million to the general reserve.

The copper companies, as Sir Ernest emphasises, need to make such large appropriations to take care of the loans they are making to the Rhodesian Government for the development of the Federation, particularly in regard to the Kariba hydro-electric project. Of the £20 million that the four producers will lend the Government in five annual instalments Nchanga's share is £6½ million, including £2 million this year. And once Kariba is completed, the copper companies between 1961 and 1967 will pay a surcharge on their electricity supplies that in total will come to over £10 million.

But it is not simply money which is at stake. It is the whole future of the copper belt. Sir Ernest points out that strict adherence to the programme of construction at Kariba is of "the utmost importance." If there is any delay in delivering electric supplies to the copper belt from Kariba, "there will be a rapidly increasing shortage of power . . . and production of copper might have to be curtailed." It is, he says, on the strength of receiving power from Kariba early in 1960 that the new mines are being equipped and that the mining programme at Nchanga is being planned. Between now and 1960, the copper producers will depend for some of their power supplies on the Belgian Congo and, fortunately, supplies will be flowing from that source before the end of this year, some months earlier than was planned.

★

GENERAL ELECTRIC. The growth potentialities of the electrical manufacturing companies are known to every investor and the shares of the leading companies in the industry offer slender yields. General Electric is one of these, yet it does not seem to thrive so mightily as the other giants of the industry. For the year to March 31st last, for instance, it has reported a fall in profits before tax from £7,538,966 to £6,562,231, while the net profit attributable to the holding company has fallen from £3,452,546 to £2,759,417. The reasons for the decline in profits are no doubt a decline in the sales of the durable consumer goods made by the electrical manufacturing companies and rising costs which trim profit margins not merely in the light end of the industry but also on capital goods.

The ordinary dividend rate has been left unchanged at 14 per cent, but the final payment of 9½ per cent is declared on a capital of £13,714,680 as increased by the rights issue. An immediate increase in the dividend had not been expected, but the trading results were disappointing and the £1 ordinary shares fell 3s. 3d. to 55s. 6d. to yield £5 1s. per cent.

★

HOOVER. Hoover's profits for the six months to June 30th should not come as too great a shock to shareholders. Last year gross profits fell from £4,582,000 to £3,838,233 owing to a rise in costs and not to a drop in sales, and a further fall in profits was to be expected as the hire purchase restrictions tightened their hold. That restraint has resulted in a decline in domestic sales of 29 per cent, comparing the six months' figures to June 30th with those of the corresponding period of 1955. But over the same two periods, exports have risen by 13 per cent.

Loss of sales is not the whole story. Costs have also continued to rise and the result is a decline in gross profits from £2,230,000 to £1,028,000. Looking forward, the Hoover directors say that "the prospects for the second half of the year do not indicate any appreciable improvement, but much will depend on the

Government's policy. So long as credit restrictions and high rates of purchase tax are maintained, trading conditions will continue to be difficult."

But there are a few crumbs of comfort. The decline in home sales in the six months to June 30th of 29 per cent is less than the decline of 34 per cent reported in the first eleven weeks of the year and the rise in exports of 13 per cent is higher than the increase of 10 per cent in that

	Six months to June 30,	
	1955	1956
Consolidated earnings:—	£	£
Gross profit	2,230,000	1,028,000
Taxation	1,105,000	607,000
Net profit	1,080,000	392,000

eleven weeks. Further, the directors go out of their way to say that in spite of the lower profit "they do not consider it necessary to reduce the interim dividend." which is left at 10 per cent. There is no comment on the prospects for the final payment, which for 1955 was 40 per cent. That at the moment is for the optimists and pessimists to work out between them, and the result of the tussle so far has been that after an immediate fall of 9d. the "A" rallied to the original price of 22s.

★

REARDON SMITH LINE. This company ranks high among tramp shipping companies. It is a family business with a fine modern fleet in which the public, through the gradual attrition of death duties is gaining an increasing share. The jump in working profits to £2,036,389 in the year to March 31st, compared with £887,209, is not out of line with the movements of the freight index from 96.3 to 134.6; and the optimists will note that for the first three months of the year now current the index has averaged 156.4. Though the freight market was much in the company's favour last year the results were excellent considering that costs were rising and that one of the company's newest ships was sunk. And looking forward, the chairman, Mr Douglas Smith, feels justified "in striking a note of confidence for a very good trading year for the fleet."

The company has a heavy building programme. The last of the four motor vessels ordered in its first programme will be delivered next month and now it is planned to build four more vessels of a bigger tonnage; the first two will be ready for trading in 1960 and the others in the following year. Capital commitments therefore stand at the large sum of £4,700,000, which can be compared with the book value at cost of the fleet of £5,783,852. But at the end of March the group's liquid resources came to over £5 million and since then it has sold one of its older ships at "a very satisfactory price." The dividend is raised from 15 per cent to 20 per cent and the 10s. shares stand at 40s. 9d. If that were the whole story the shares would yield a mere 4½ per cent which would be meagre for the shipping market. But Reardon Smith has for many years paid a tax free distribution (usually of 10 per cent) from realised capital accretions. The 10 per cent distribution from that source has been maintained and the market now counting it a regular affair calculates the yield at 9.2 per cent.

★

BLACKBURN AND GENERAL AIRCRAFT. Higher profits and a bigger dividend were expected from Blackburn and General Aircraft for a year ago the chairman forecast not only satisfactory results, based on the production of the "Beverley" transport aircraft and on development contracts, but also a high level of activity for a number of years, requiring further capital expenditure. In the week preceding the preliminary statement the 10s. ordinary shares rose in anticipation from 15s. 6d. to 17s. 3d., and though the expectation of higher earnings was realised they subsequently fell back to 16s. 6d.

The ordinary dividend has been effectively raised from 9 to 12½ per cent. This dividend, after tax, absorbs only £98,844 from the net profit for the year ended March 31st of £382,062, which shows an increase of £128,905. Profits before tax rose by £237,649 to £758,506. At 16s. 6d. the 10s. units on the new dividend yield about 7½ per cent.

LONDON STOCK EXCHANGE

Next Account begins: August 8th

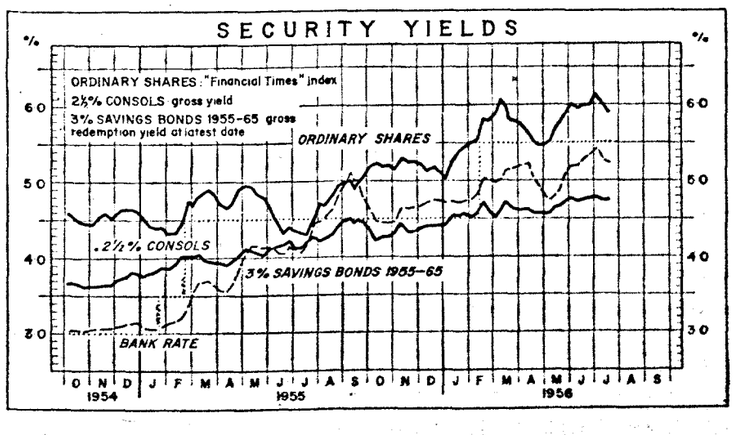
Next Contango Day: August 8th

Next Settlement Day August 14th

THE Chancellor's call for a contraction of credit only temporarily curtailed activity in ordinary stocks and many gains persisted; the *Financial Times* index of industrial shares showed a rise of 3.1 over the week to 185.1 on Wednesday, and the weakness of sterling offset the advantage to gilt-edged of the policy so that the index of Government securities declined steadily from 84.78 to 84.43. Several issues of German and Japanese bonds improved to their highest points this year.

Insurance stocks were firm, Legal & General advancing further to 28½, but bank shares weakened. The sharp rise in United Dominions Trust which followed the increase in dividend was reversed on Wednesday following the statement on credit policy, but on balance the stock gained 1s. 3d. to 73s. 3d. Associated Portland Cement rose 5s. 6d. to 102s. 6d. xd following the full report. General Electric dropped 3s. 3d. to 55s. 6d. on disappointment with the results; C. A. Parsons, however, gained 1s. 6d. to 89s. Prices of motor shares were maintained; BMC were steady at 6s. 10½d., Rolls-Royce rose to 107s. 3d. and Ford improved slightly. Raleigh jumped 5s. 9d. to 38s. 9d. and BSA recovered to 26s. 3d. Hawker Siddeley gained 4s. 9d. to 43s. 3d. and De Havilland improved 1s. 9d. to 25s. British Aluminium rose a further 5s. 6d. to 77s. 9d. and British Tabulating were also bought, the "new" reaching 20s. 3d. premium on Wednesday and the "old" rising to 47s. 6d. Stores were firm; Marks & Spencer advanced 2s. 9d. to 62s. 6d. and Debenhams 2s. 3d. to 36s. Rumours of a bid for New Day pushed up the price to 10s. 7½d. before a reaction to 10s. 3d. Courtaulds recovered to 37s. 3d. after an earlier loss and Lancashire Cotton rose 1s. to 25s. 7½d. Borax improved again to 13½.

Oil stocks fluctuated, but were lower on balance; British Petroleum lost 5s. 7½d. to 175s. 7½d. Kaffirs were firm and base metals improved. Rubbers were steady and Ceylon teas firm.



FINANCIAL TIMES INDICES

1956	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
July 19...	184·1	94·04	4·77	5·79
„ 20...	184·1	93·98	4·77	5·80
„ 23...	183·3	93·95	4·78	5·82
„ 24...	184·0	93·89	4·78	5·80
„ 25...	185·1	93·89	4·79	5·76
			Total bargains	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956 July 19	10,416
„ Low	169·7 (Mar. 8)	93·20 (July 4)	„ 20	9,028
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 23	10,564
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 24	7,816
			„ 25	8,283

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to July 25, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 18, 1956	Price, July 25, 1956	Net Yield, July 25, 1956 § £ s. d.	Gross Yield, July 25, 1956 £ s. d.
98 13/32	97	Funding 2½% '52-57	98 3/32	98 3/32	2 18 0	4 4 8
100 1/16	98¼	War Bonds 2½% '54-56	99 3/32	99 3/32	4 18 3	4 18 3
98¾	98 7/16	do- 2½% '54-56 (assented)	98¼*	98¼*	2 18 7	4 16 9
95¾	93½	War Loan 3% '55-59	94 1/16	94 3/16	3 5 8	4 14 5
91¾	88 15/16	Funding 2½% '56-61	90 1/16	90¾	3 9 7	4 13 6
100 7/16	99 13/16	Exchequer 5% 1957	100 1/16	100 1/16	2 10 4	4 18 3
99 15/32	97	Conversion 4% '57-58	98¼	98 1/16	3 3 9	5 0 3
97 25/32	95¾	Serial Funding 2½% 1957	97¾	97 3/32	2 18 8	4 1 1
94 23/32	91	Conv. 2% 1958-59	94⅜	94⅜	3 8 5	4 6 3
92 1/16	88 7/16	Exchequer 2% 1960	92 1/32	92	3 11 7	4 9 1
95 1/16	92¼	Exchequer 3% 1960	94 3/32	94⅜	3 2 5	4 11 10
88¼	83	Savings Bonds 3% '55-65	83 1/32*	83 3/32*	3 17 6	5 5 6
82¼	77⅛	Funding 3% '59-69	78 1/16	78⅜	3 18 2	5 8 6
92¼	87 1/16	Funding 4% '60-90	87⅛	87⅛	6 6 4	8 4 3
81¼	76	Savings Bonds 3% '60-70	77 1/32	76 1/16*	3 18 8	5 8 4
91⅜	88¼	Exchequer 3% '62-63	89¼	89¼	3 10 7	4 18 5
87¼	83 1/16	Exchequer 2½% '63-64	85⅛	85⅜	3 13 10	4 17 10
81 1/16	76½	Savings Bonds 2½% '64-67	77 1/16	77⅜	4 1 11	5 7 4
79¾	72½	Savings Bonds 3% '65-75	73 1/16*	73 1/16*	3 13 8	5 4 5
96¼	91½	Victory 4% '20-76	92¼	91*	3 5 4	5 1 3
83 7/16	78 3/16	Funding 3% '66-68	79½*	79*	3 18 8	5 7 10
88⅜	83½	Conv. 3½% 1969	84 1/16	82½*	3 14 5	5 7 4
83½	77	Treas. 3½% '77-80	77⅜	77⅜	3 7 10	5 3 2
84½	76¾	Treas. 3½% '79-81	77⅜*	77⅛*	3 7 8	5 2 9
72¾	66	Redemption 3% '86-96	67⅜	67	3 4 5	4 19 2
81½	75	Funding 3½% 1999-2004	75⅜	75½	2 19 10	4 16 9
84⅜	76½	Consols 4% aft. Feb. '57	77⅜*	77⅜*	2 19 3	5 3 0
77	69½	War L'n 3½% aft. Dec. '52	71¼	70⅜	2 17 3	4 19 11
76⅞	69¼	Conv. 3½% aft. April '61	70 1/16	70½	2 17 10	5 1 3
66⅜	59½	Treas. 3% aft. April '66	61½	61⅜	2 16 6	4 18 10
56¼	51⅜	Consols 2½%	52 1/16	52½	2 15 1	4 16 0
56⅜	51½	Treas. 2½% aft. April '75	52 1/16	52⅜	2 15 5	4 16 11
98⅛	90 1/16	Br. Elec. 4½% '67-69	90 1/16*	90⅛*	3 9 0	5 9 4
80½	74½	Br. Elec. 3% '68-73	75⅜	75⅛	3 15 11	5 7 3
79⅛	72⅜	Br. Elec. 3% '74-77	73⅛	74	3 11 2	5 2 11
96	88	Br. Elec. 4½% '74-79	88 1/16	88⅜	3 3 8	5 3 11
85 1/16	77½	Br. Elec. 3½% '76-79	78¼	78⅛	3 8 1	5 3 7
90⅛	84⅜	Br. Gas 4% '69-72	85½*	85¼*	3 9 7	5 6 11
87 7/16	81 1/16	Br. Gas 3½% '69-71	82⅜	82¼	3 11 9	5 6 7
73¼	67¼	Br. Gas 3% '90-95	68⅜	68⅛	3 3 7	4 17 7
80 7/16	74 3/16	Br. Trans. 3% '68-73	75⅜	75⅛	3 15 11	5 7 3
90¼	84½	Br. Trans. 4% '72-77	84¾*	84⅜	3 6 2	5 4 3
73½	67	Br. Trans. 3% '78-88	68⅜	68⅜	3 7 0	5 0 2

(c) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to July 25, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July 18, 1956	Price, July 25, 1956	Yield, July 25, 1956 £ s. d.
94⅜	79	80½	74¼	Aust. 3½% '65-69	75½	75½	6 0 10
101½	87	87½	72	Ceylon 4% '73-75	77	77	6 1 10
103½	88	88⅛	82¼	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87⅛	64½	57⅜	L.C.C. 3% aft. 1920	59	59	5 1 8
99	83	85⅜	83¼	Liverpool 3% '54-64	84	84	5 10 7
84	65	68⅜	62½	M.W.tr.'B'3% '34-2003	63½	63½	5 0 7
102½	94½	97½	93	Agric. Mort. 5% '59-89	94½	94½	5 7 0
122½	91	116½	102¼	German 7% 1924	115½	116½	...
213	149	206	187	German 5½% 1930	204	206	...
212	160	225	208	Japan 5% 1907	224	225	...
254	190	271	247½	Japan 5½% Conv. 1930	267½	271	...

Prices, Jan. 1 to July 25 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, July 18, 1956	Price, July 25, 1956	Yield, July 25, 1956 £ s. d.
		% %	BANKS & DISCOUNT			
50 -	41 9	7 b	5 a Barclays £1	43 -*	42 6*	5 12 11
56 10½	51 6	6 b	6 a Lloyds 'A' £5, £1 pd.	53 6*	52 -*	5 15 5
72 4½	61 -	9 b	9 a Midland £1, fully pd.	64 -*	61 -*	5 18 0
70 -	61 6	9 b	9 a N. Prov. 'B' £5, £1 pd.	62 6*	62 6*	5 15 2
77 9	68 -	8 b	8 a Westminstr 'B' £4, £1½ pd.	69 6*	69 -*	5 15 11
43 6	28 -	3½ b	2½ a Alexanders £1	29 6	29 6	4 4 9
46 -	31 1½	5 b	5 a Nat. Disc. 'B' £1	32 6*	32 6*	6 3 1
50 -	40 6	6½ b	6½ a Union Disc. £1	45 -*	44 -*	5 13 8
35 9	30 9	4 b	4 a Bare. (D.C.O.) £1	32 -*	32 -	5 0 0
41 9	33 6	7½ a	7½ b Chart. Bk. of India £1	39 6	39 -	7 13 10
			INSURANCE			
28½	16½	12½ a	37½ b Leg. & Gen. £1	27½	28¼	1 15 1
25½	20	+20 a	+47½ b Pearl £1, fully pd.	22½	22½	5 4 4
48¾	40½	+117½ c	+125 c Prudential 'A' £1	42	45	4 16 6
			BREWERIES, ETC.			
119 -	106 -	33 b	10 a Bass £1	108 9	110 -	7 16 4
24 10½	20 -	6 a	11½ b Distillers 6 8	22 6	21 9	5 7 3
45 10½	38 6	25 c	10 a Guinness 10 -	40 -	40 -	6 5 0
76 -	67 6	7 a	14 b Whitbread 'A' Ord. £1	68 6	68 6	6 2 8

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½% (e) To earliest date. (f) Flat yie'd (g) On 16%. (h) On 8½%. (l) To latest date. (m) On 11½%. (n) On 15% Tax free. (w) On 14%.

Prices, Jan. 1 to July 25, 1956 High	Low	ORDINARY STOCKS	Last Two Dividends (a) (b) (c)	Price, July 18, 1956	Price, July 25, 1956	Yield, July 25, 1956 £ s. d.
		STEEL & ENGINEERING	% %			
85/6	64/-	8 b Babcock & Wilcox £1	7 a	73/6	75/6	3 19 6
13/-	9/4½	10⅜ b Cammell Laird 5/-	3½ a	10/-	10/3	6 16 7
35/-	25/7½	3 a Dorman Long £1	8 c	28/-	28/-	5 14 3
54/9	40/-	8½ b Guest Keen N'fold £1	3½ a	45/-	45/-	5 6 8
55/6	41/6	6 b Metal Box £1	4 a	50/-	50/7½	3 19 0
75/-	57/10½	5 a Stewarts & Lloyds £1	12½ b	64/6	64/6	5 8 6
48/-	36/9	4 a Sumners (John) £1	8 b	37/6	37/6	6 8 0
57/-	46/6	3 a Swan Hunter £1	11 b	51/3	51/3	5 9 3
49/9	37/6	4 a United Steel £1	8½ b	40/-	40/7½	6 3 2
44/3	32/4½	7½ b Vickers £1	2½ a	40/9	41/9	4 15 10
		TEXTILES				
24/6	19/10½	4 a Bradford Dyers £1	6 b	22/9	22/3	8 19 9
23/7½	15/1½	5 b Brit. Celanese £1	3 a	15/6	15/6	10 6 6
25/10½	21/9	6½ b Coats (J. & P.) £1	2½ a	23/-	23/-	7 12 2
44/-	33/6	6 b Courtaulds £1	4 a	36/6	36/6	5 9 7
21/3	14/6	5 b Fine Spinners £1	5 a	15/-	14/6	13 15 10
30/-	22/3	5 a Lanes. Cotton £1	7½ b	24/3	25/-	10 0 0
31/7½	26/-	10 b Patons & Baldwins £1	2½ a	26/9*	27/9*	9 0 2
		MOTOR & AIRCRAFT				
22/4½	17/6	6½ b Bristol Aeroplane 10/-	3½ a	18/6	18/6	5 8 1
		4 a British Motor 5/-		7/-	7/-	8 18 7
25/10½	21/9	5 b Ford Motor £1	2½ a	23/-	23/-	7 12 2
44/3	29/3	3 a Hawker Siddeley £1	12½ b	34 4½	35/7½	4 4 2
48/3	38/3	12½ c Leyland Motors £1	10 c	46/3	47/6	5 5 3
115/10½	85/6	12½ b Rolls-Royce £1	5 a	102 6	106/3	5 5 10
		SHOPS & STORES				
18/10½	13/10½	8 b Boots Pure Drug 5/-	6 a	14/6	14/6	4 16 7
38/6	29/-	7½ a Debenhams 10/-	20 b	33/3	36/-	7 18 4
44/9	32/9	15 a Gt. Universal 'A' 5/-	45 b	41/6	41/6	7 4 7
71/11½	57/10½	32½ b Marks & Spen. 'A' 5/-	17½ a	59 -	61/6	4 1 1
25/6	19/1½	20 b United Drapery 5/-	25 a	21/6	21/9	7 9 5
64/10½	55/6	20 a Woolworth 5/-	36½ b	57/-	58/6*	4 16 11
		OIL				
183/9	99/-	†10 b British Petroleum £1	†5 a	183 9	175/-	2 19 3
117/9	63/-	12½ b Burmah £1	5 a	116 3	113/1½	3 1 11
⅛87	⅛58½	14 b Royal Dutch 100 fl.	6 a	⅛863	⅛851	2 7 4
171/-	103 3	†15½ b Shell Reg. £1	†5 a	170 7½	162 6	3 4 3
78/-	40 4½	†5 a Trinidad Oil 5/-	†21½ c	75 3	75/6	...
		SHIPPING				
76/3	31/10½	... Brit. & Com'wealth 10/-		35/-	35/-	4 11 5
35/6	28/6	7½ b Cunard £1	...	24/-	23/-	8 13 11
27/-	20 4½	5 b P. & O. Def. £1	2½ a	33/-	32/-	5 0 0
35 9	27/-		3 a			
		MISCELLANEOUS				
72 1½	45/-	15 c Assoc. Elect. £1	14 c	68 9	68 9	4 7 3
113 9	87/-	17½ b Assoc. Port. Cem. £1	5 a	97 6*	102 6*	4 7 11
60 9	42 3	7½ b Bowater Paper £1	7½ a	51 10½	51 3	4 7 10
54 9	45 3	8½ b B.I.C.C. £1	4 a	50 6	51/-	4 18 0
78/-	40 4½	8 b Brit. Aluminium £1	4 a	70 7½	76 3	3 3 4
60/-	45 9	†10 a †7½ b Brit. Amer. Tob. 10/-		50 -	49 -	6 4 5
$65½	$56¾	3 b 3 a Canadian Pacific $25		$61½	$61½	4 8 7
37 10½	24 9	45¾ c 14·58 a Decca Record 4/-		27 6	27 6	6 7 3
25 9	17 6	4 a 10 b Dunlop Rubber 10/-		19 -	19 -	7 7 4
66 1½	47 3	4 a 8½ b English Elect. £1		53 9	53 9	4 13 0
65 6	50/3	4½ a 9½ b General Elect. £1		57 6	55 -	5 1 11
49 10½	41 3	4 a 6 b Imp. Chemical £1		45 -	47/-	4 5 1
62 9	45 1½	12½ b 8¼ a Imp. Tobacco £1		50 -	49/-	8 11 5
$189½	$141½	$2·90 c $3·75 c Inter. Nickel n.p.v.		$186¾	$188½	3 10 11
64 6	51 6	7½ a 12½ b London Brick £1		55 -	53 9	7 8 11
30 3	22 9	6¾ a 15⅞ b Monsanto Chemicals 5/-		25 -	25/-	4 9 0
69 1½	55 3	12½ b 4½ a Tate & Lyle £1		61 -	63 6	5 3 11
69 6	54 3	12½ b 6½ a Tube Investments £1		56 3	59 4½	4 14 5
115 6	95 9	20 b 5 a Turner & Newall £1		104 4½	106 10½	4 12 5
82 9	61 7½	6 a 9½ b Unilever £1		78 9	78 9	4 0 0
52 -	34 1½	†5 a †11½ b United Molasses 10/-		51 3	50 7½	5 14 0
40 -	25 9	†2½ a †7½ b Cons. Tea & Lands £1		27 -	27 -	12 18 2
2 10½	1 9½	5 a 15 b London Asiatic Rbr. 2/-		2 2½	2 2½	18 7 5
61 9	37/6	15 a 30 b United Sua Betong £1		48 1½	47 6	18 18 1
		MINES				
8½	6⅛	20 a 50 b Anglo-Amer. 10/-		7 15/16	8	4 7 6
135 7½	94 4½	80 a 120 b De Beers 5/- Def. Reg.		107 6	107 6	9 6 1
96 7½	67 6	... Free State Geduld 5		95 7½	96 3	Nil
50 6	38/-	12½ b 12¾ a Randfontein £1		41 3	39 4½	12 14 0
10 11½	8 6	28 c 30 c Loudon Tin 4/-		9 1½	9 4½	12 13 11
46	35	262½ c 75 a Rhokana £1		38	39½	6 13 3

New York Closing Prices

	July 18 $	July 25 $		July 18 $	July 25 $		July 18 $	July 25 $
Balt. & Ohio	48½	49¼	Am. Smelting	54¼	53½	Inter. Paper	140½	137
Can. Pac.	35¼	32¾	Am. Viscose	37¾	36⅞	Nat. Distill.	25⅛	26
N.Y. Cent.	38½	40¼	Cel. of Am.	17	16	Sears Roebuck	33¼	33⅜
Pennsyl.	24½	25	Chrysler	63⅞	64¾	Shell	85	87⅜
Amer. Tel.	180⅞	184	Gen. Elec.	63	64½	Std. Oil of N.J.	60¾	60⅝
Stand. Gas	11⅛	11⅛	Gen. Motors	47⅛	47½	U.S. Steel	61½	63
United Corp.	6½	6¾	Goodyear	77½	78⅜	Westinghouse	54⅜	56⅛
W. Union Tel.	20⅞	19⅞	Inter. Nickel	100⅜	100½	Woolworth	48¼	48¾

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	June 30th	Western Europe:	
Production and Consumption	July 7th	Production and Trade	June 30th
Manpower	July 21st	British Commonwealth	July 7th
External Trade	This week	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	July 21st
Industrial Profits	July 14th	United States	This week
		World Trade	July 14th

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1953	1954	1955	1955 April	May	June	1956 Mar.	April	May	June
VALUE											
Imports:											
Total	£ million	278·6	281·2	324·1	318·0	290·3	294·0	330·2	327·4	329·1	339·9
Food, drink and tobacco	"	109·6	110·5	120·1	119·8	104·6	107·6	126·2	118·3	123·5	127·9
Basic materials	"	87·9	85·4	93·8	92·8	85·6	79·9	83·9	92·6	92·3	94·6
Mineral fuels and lubricants	"	26·1	27·4	34·1	34·6	32·7	38·6	37·2	35·5	36·4	37·3
Manufactures	"	53·6	56·6	74·8	70·1	66·4	67·1	83·0	80·0	76·0	78·8
Exports of UK produce:											
Total	"	215·2	222·9	242·1	244·8	249·4	157·0	271·3	256 4	283·8	276·1
Manufactures	"	174·8	180·9	198·9	202·5	207·1	126·1	224·5	215·4	257·5	253·1
Re-exports	"	8·8	8·4	9·9	8·3	8·3	8·1	13·3	13·7	13·5	12·2
Balance of trade (exports *less* imports)	"	− 54·6	− 49·9	− 72·1	− 64·9	− 32·6	−128·9	− 45·6	− 57·3	− 31·8	− 51·6
VOLUME											
Imports	1954=100	99	100	112	...	104	...	113	113	113	...
Exports	"	96	100	107	...	97	...	116	111	122	...
BY AREA											
Imports:											
Dollar area—total	£ million	52·9	51·6	70·2	66·9	60·5	60·9	62·6	65·6	65·5	73·2
" USA	"	21·1	23·5	35·1	29·9	27·8	26·1	28·9	31·0	33·7	31·2
" Canada	"	25·5	22·7	28·6	30·7	26·8	27·7	25·0	25·1	24·9	34·2
Non-sterling OEEC countries	"	64·0	68·1	79·6	71·4	75·0	78·1	83·0	80·0	80·1	83·4
Sterling area	"	125·3	124·8	131·1	135·4	119·8	120·2	140·1	136·7	135·2	136·1
Exports:											
Dollar area—total	"	33·7	31 3	34·8	35·8	35·2	23·2	43·3	42·7	59·4	46·7
" USA	"	14·3	13·3	16·6	16·3	14 8	12·5	18·6	19·1	25·5	21·2
" Canada	"	13·4	11·3	12·1	11·8	15·2	6·2	13·7	16·6	23·3	17·5
Non-sterling OEEC countries	"	62·2	64·7	68·1	67·1	69·7	53·6	78·4	73·0	76·0	84·5
Sterling area	"	105·8	112·2	120·9	125·2	123·0	71·0	129·8	120·4	125·4	121·6
Balance of trade (exports *less* imports):											
Dollar area	"	− 19·2	− 20·3	− 35·4	− 31·1	− 25·3	− 37·7	− 19·3	− 22·9	− 6·1	− 26·5
Non-sterling OEEC countries	"	− 1·8	− 3·4	− 11·5	− 4·3	− 5·3	− 24·5	− 4·6	− 7·0	− 4·1	+ 1·1
Sterling area	"	− 19·5	− 12·6	− 10·2	− 10·2	+ 3·2	− 49·2	− 10·3	− 16·3	− 9·8	− 14·5
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	335·0	388·6	375·4	381·2	365·4	349·1	408·3	464·4	376 5	546·5
Meat	"	63·1	66·3	67·1	57·9	48·1	39·2	100·6	59·4	65·6	67·2
Sugar, unrefined	"	247·4	301·2	186·6	257·4	198·3	197·7	209·8	289·2	187·4	186·6
Raw cotton (1)	"	27·5	30·8	24·2	30·5	25·3	15·4	28·5	27·3	29·9	26·0
Raw wool, sheep's and lambs' (1)	mn. lb.	63·2	61·6	55·3	57·0	60·0	53·6	59·1	65·5	65 1	61·0
Rubber, natural and synthetic (1)	'000 tons	18·4	20·6	24·6	21·7	17·7	18·2	27·4	17·1	10·4	8·2
Softwood	'000 stds.	119·1	122·0	140·6	79·7	104·2	125·9	51·5	58·7	82·7	118·9
Woodpulp	'000 tons	133·7	159·8	187·0	172·7	173·5	177·7	106 2	152·2	163·4	239·0
Crude petroleum	mn. galls.	558	606	602	656	678	698	598	663	679	662
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,400	1,351	1,196	1,048	1,271	903	826	767	1,047	872
Woven piece-goods—cotton	mn.sq.yds.	59	53	46	46	45	25	40	38	41	38
" " wool[2]	'000 sq. yds.	8,710	8,204	8,963	8,287	8,643	8,522	9,398[2]	7,965[2]	8,948[2]	9,138[2]
Passenger cars and chassis	number	25,181	30,487	31,100	38,233	33,577	22,920	28,898	28,749	29,752	30,428
Commercial vehicles and chassis	"	9,196	10,525	13,121	15,292	12,885	8,454	14,082	13,552	14,693	13,376
Agricultural tractors	"	7,807	8,908	8,720	10,170	10,115	6,449	8,028	8,943	9,337	8,464
Machinery—electrical	£'000	5,023	4,923	5,163	5,642	5,065	2,645	5,055	6,187	5,402	5,598
" other	"	30,145	30,553	34,669	35,161	36,700	21,975	40,474	39,285	41,403	40,892
Chemicals, elements and compounds	"	3,968	4,214	4,419	3,981	5,228	2,535	5,127	4,993	5,107	5,206

(1) Retained imports. (2) Average for second quarter. (3) Excluding tents from January, 1956.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1955 prices
	1947–49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	45·97
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	101	119	229·8	71·86	71·65
1955	110·7	89·6	114·5	110·9	103·7	120·0	119	102	117	304·6	76·52	76·52
1956, February	112·4	86·0	114·6	108·8	104·6	120·7	122	108	113	330·0	78·17	78·09
„ March	112·8	86·6	114·7	109·0	104·8	120·7	123	108	114	350·9	78·78	78·62
„ April	113·6	88·0	114·9	109·6	104·8	120·8	...	...	...	355·4	78·99	78·75
„ May	114·4	90·9	115·4	111·0	104·8	120·9	...	...	...	347·0	78·40	77·78
„ June	114·2	91·2	...	...	...	...	...	...	...	341·4	79·40	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civilian employment [1]		
			Durable goods			Non-durable goods			New construction			
	Seasonally adjusted annual rate		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947–49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	54	47	66	80	49	8·2	55,230	45,750	17·2
1954	360·7	125	137	108	175	116	100	142	37·8	64,468	61,238	5·0
1955	390·9	139	155	140	203	126	109	159	43·0	65,847	63,193	4·0
1956, February	403·4 [2]	143	158	148	202	130	112	166	43·5	65,490	62,576	4·4
„ March		141	156	145	197	127	107	166	43·0	65,913	63,078	4·3
„ April		143	159	145	194	129	108	167	43·9	66,555	63,990	3·9
„ May	408·5	142	157	142	188	129	107	169	44·1	67,846	65,238	3·8
„ June		141	156	138	192	128	106	171	43·9	69,430	66,503	4·2

TRADE

	Personal consumption Annual rates	All business [3]		Total retail [3]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1948=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	120	119
1955	254·0	51·7	82·2	15·5	23·9	944	237	231	1,279	782	134	120
1956, January	261·7 [4]	52·9	82·8	15·7	24·1	1,047	269	255	1,267	756	146	114
„ February		52·9	83·6	15·3	24·2	1,035	262	246	1,345	830	143	120
„ March		53·1	83·8	15·7	23·8	1,072	264	240	1,565	956	148	141
„ April		53·2	84·5	15·5	23·9	977	245	237	1,494	900	...	...
„ May	264·3	54·4	85·2	15·9	23·9	1,070	...	...	1,684	1,014	...	...
„ June		...	...	15·9	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics [2]		Budget expenditure [4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·0	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1954	287·3	201·8	12·5	30·13	22·47	85·3	70·6	67·8	— 3·1	0·953	2·52	2·90
1955	306·1	217·4	11·7	36·23	27·90	78·3	82·6	64·6	— 4·2	1·753	2·80	3·06
1956, January	316·7	226·3	11·4	35·60	27·77	77·4	82·0	5·3	— 0·6	2·456	2·86	3·11
„ February	317·1	226·1	12·0	35·27	27·78	75·8	82·5	5·0	+ 1·2	2·372	2·82	3·08
„ March	318·6	227·5	11·2	35·54	27·96	75·2	84·7	5·4	+ 5·9	2·310	2·90	3·10
„ April	321·7	230·1	11·3	35·96	28·26	74·7	85·3	5·4	— 1·3	2·613	3·05	3·24
„ May	323·0	230·5	11·5	36·57	28·59	73·6	86·0	5·5	— 0·4	2·650	2·94	3·28
„ June	...	...	...	...	...	...	...	6·8	+ 4·8	2·527	2·89	3·27

([1]) 1939 figures calculated on the basis of a smaller sample. ([2]) 1939 figures not strictly comparable with rest of series; stocks are at end of period. ([3]) All commercial banks. ([4]) Annual figures are totals for the fiscal year ended June 30th. ([5]) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended July 21st, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £4,301,000 compared with a deficit of £23,241,000 in the previous week and a surplus of £11,515,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £14,856,000, bringing the total deficit to £265,531,000 (£333,422,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to July 23, 1955	April 1, 1956 to July 21, 1956	Week ended July 23, 1955	Week ended July 21, 1956
Ord. Revenue					
Income Tax	2085,500	306,459	335,616	21,335	29,822
Surtax	144,000	22,300	26,500	700	900
Death Duties	170,000	58,500	54,600	3,500	3,500
Stamps	58,900	21,900	18,700	1,600	1,300
Profits Tax, EPT	216,750	51,200	48,900	4,400	5,100
Excess Profits Levy	4,000	10,500	2,100	300	100
Special Contribution and other inland Revenue	1,000	150	160	...	...
Total Inland Rev.	2680,150	471,009	486,576	31,835	40,722
Customs	1204,000	351,709	361,255	19,793	21,678
Excise	953,350	202,955	222,465	4,450	4,540
Total Customs and Excise	2157,350	554,664	583,720	24,223	26,218
Motor Duties	92,000	11,914	12,962	130	153
FO (Net Receipts)	10,000	...	...	...	...
Broadcast Licences	28,000	4,300	4,700	...	...
Sundry Loans	30,000	6,160	14,866	...	...
Miscellaneous	230,000	19,693	15,162	52	2,049
Total	**5197,500**	**1067,740**	**1117,988**	**56,240**	**69,142**
Ord. Expenditure					
Debt Interest	670,000	164,670	184,238	...	...
Payments to N. Ireland Exchequer	61,000	15,255	17,015	...	...
Other Cons. Fund	10,000	4,832	4,424	370	863
Supply Services	3979,681	997,975	1094,653	43,945	72,320
Total	**4720,681**	**182,732**	**1300,330**	**44,315**	**73,183**
Sinking Funds	37,000	8,465	8,727	410	260
"Above-line" Surplus or Deficit		**123,456**	**191,071**	**11,515**	**4,301**
"Below-line" Net Expenditure		209,966	74,460	15,231	14,856
Total Surplus or Deficit		**333,422**	**265,531**	**3,716**	**19,157**
Net Receipts from:					
Tax Reserve Certificates		34,884	50,159	527	435
Savings Certificates		11,900	—22,600	200	—2000
Defence Bonds		1,266	—20,740	24	— 298

FLOATING DEBT

(£ million)

Date	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Depts.	Bank of England	
1955					
July 23	3,270·0	2,019·6	286·1	...	5,575·7
1956					
April 21	3,250·0	1,600·6	285·0	...	5,146·5
„ 28	3,250·0	1,425·5	279·9	...	4,955·4
May 5	3,240·0	1,431·1	251·9	...	4,923·0
„ 12	3,250·0	1,426·6	257·4	...	4,934·0
„ 19	3,220·0	1,455·1	277·8	...	4,952·9
„ 26	3,220·0	1,446·4	277·4	...	4,943·8
June 2	3,240·0	1,439·6	243·0	...	4,922·6
„ 9	3,260·0	1,472·4	244·0	0·8	4,977·1
„ 16	3,280·0	1,216·0	240·6	...	4,736·6
„ 23	3,280·0	1,193·6	279·7	...	4,753·3
„ 30	3,270·0	1,237·7	268·5	6·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,360·0	1,256·6	277·7	...	4,834·3

THE MONEY MARKET

THE discount market reduced its bid by 2d. per cent at the Treasury bill tender on Friday last, restoring the discount rate to a fraction above 5 per cent. This move, which followed reductions in the rate at the two preceding tenders, was prompted by the return of stringency in the short-loan market and the renewed weakening of sterling. Outside tenderers appear to have reduced their bids by rather less than the market, so that although total applications fell by £15·5 million, the market's allotment fell from 61 to 50 per cent. The average rate of discount on all bills allotted rose by 6d. per cent to £5 0s. 3.82d. per cent.

The stringency in Lombard Street has continued through the latest week. On Monday the market was left on its own and two or three houses had to take loans (for a very small amount) at Bank rate. On the following day the Bank gave a fair amount of aid, but on Wednesday market supplies of funds were just adequate. Throughout the week, October maturities have changed hands at 4⅛ per cent and August maturities at 4⅛ per cent.

The Bank return shows an outflow of notes for holiday spending of £22.4 million in the week to Wednesday last. This brings the efflux in the latest four weeks to £69.6 million, compared with £78.2 million in the corresponding period a year ago.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% 16/2/56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅛–5⅜
Banks	3½	3 months	5⅛–5⅜
Discount houses	3½*	4 months	5⅛–5⅜
		6 months	5⅛
Money Day-to-day	3½–4½	Fine trade bills:	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	5	4 months	6–6½
3 months	5⅛	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	July 27 1955	July 18, 1956	July 25, 1956
Issue Department:			
Notes in circulation	1,860·9	1,940·6	1,963·0
Notes in banking dept.	14·5	59·7	37·4
Govt. debt and securities*	1,871·2	1,996·3	1,996·2
Other securities	0·8	0·7	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department			
Deposits:			
Public accounts	13·6	18·8	11·9
Treasury special account	2·2	0·2	0·2
Bankers	240·8	207·8	215·6
Others	68·8	72·3	71·3
Total	325·4	299·1	299·0
Securities:			
Government	290·2	221·9	237·1
Discounts and advances	21·0	16·5	23·8
Other	15·7	17·2	17·0
Total	326·9	255·6	277·9
Banking department reserve	16·9	61·7	39·3
"Proportion"	8·1	20·6	13·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £2,000 million from £1,950 million on July 18, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million)			Three Months' Bills	
	Offered	Applied for	Allotted	Average Rate of Allotment	Allotted at Max. Rate*
1956				s. d.	%
July 22	240·0	561·4	240·0	79 4·98	55
1956					
April 20	230·0	382·4	230·0	102 4·55	43
„ 27	240·0	595·3	240·0	100 1·95	61
May 4	250·0	397·9	240·0	99 0·55	45
„ 11	250·0	404·5	250·0	98 11·66	42
„ 18	250·0	593·0	250·0	99 0·60	47
„ 25	240·0	575·2	240·0	99 1·15	52
June 1	260·0	581·4	260·0	100 5·45	53
„ 8	260·0	413·8	260·0	100 4·90	45
„ 15	280·0	596·0	280·0	100 4·20	41
„ 22	260·0	558·7	260·0	101 1·17	62
„ 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	462·4	280·0	101 1·84	61
„ 13	280·0	453·9	270·0	99 9·87	61
„ 20	270·0	418·4	270·0	100 3·82	50

* On July 20th tenders for 91 day bills at 19s. 14s. 11d. secured 50 per cent, higher tenders being allotted in full. The offering yesterday was for £260 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	July 25	July 19	July 20	July 21	July 23	July 24	July 25
United States $	2·78–2·82	2·79⅛ 2·79⅝	2·79⅛ 2·79⅝	2·79⅛ 2·79⅝	2·79⅛ 2·79⅝	2·79⅛ 2·79⅝	2·79⅛ 2·79⅝
Canadian $	...	2·74⅞ 2·74⅞	2·74⅞ 2·74⅞	2·74½ 2·74¾	2·74½ 2·74¾	2·74½ 2·74¾	2·74½ 2·74¾
French Fr.	972·65–987·35	980½ 980½	980½ 980½	980½ 980½	980½ 980½	980½ 980½	980½ 980½
Swiss Fr.	12·15⅞–12·33⅞	12·19½ 12·19½	12·20 12·20½	12·20 12·20½	12·19½ 12·20	12·19½ 12·20	12·19½ 12·20
Belgian Fr.	138·95–141·05	139·00–139·02½		139·02½–139·00		139·00–139·00	
		139·05	139·07½	139·07½	139·05	139·05	139·05
Dutch Gld.	10·56–10·72	10·64½ 10·64¾	10·64½ 10·64¾	10·64½ 10·64¾	10·64½ 10·64¾	10·64½ 10·64¾	10·64½ 10·64¾
W. Ger. D.Mk.	11·67⅛–11·84⅛	11·67½ 11·68½	11·68 11·68½	11·68 11·68½	11·67½ 11·68	11·68 11·67½	11·67½ 11·68
Portuguese Esc.	79·90–81·10	80·15 80·35	80·15 80·35	80·15 80·35	80·15 80·35	80·15 80·35	80·15 80·35
Italian Lire	1736½–1762½	1747 1748	1748 1749	1748 1749	1748 1749	1748 1749	1748 1749
Swedish Kr.	14·57½–14·59½	14·42½ 14·42½	14·42½ 14·42½	14·42½ 14·42½	14·42½ 14·42½	14·42½ 14·42½	14·42½ 14·42½
Danish Kr.	19·19½–19·48½	19·33½ 19·34	19·34½ 19·34½	19·34½ 19·34½	19·34½ 19·35	19·34½ 19·35½	19·34½ 19·35
Norwegian Kr.	19·85–20·15	19·99½ 19·99½	20·00 20·00½	20·00 20·00	19·99½ 20·00	19·99½ 20·00	19·99½ 20·00
		One Month Forward Rates					
United States $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
Canadian $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm par	⅛–⅛c. pm par	⅛–⅛c. pm par
French Fr.		1 3 dis	1 3 dis	1 3 dis	1 4 dis	1 4 dis	1 4 dis
Swiss Fr.		2⅛–2c. pm	2⅛–2c. pm	2⅛–2c. pm	2⅛–2⅛c. pm	2⅛–2⅛c. pm	2⅛–2⅛c. pm
Belgian Fr.		¼–¼ pm	¼–¼ pm	¼–¼ pm	¼–¼ pm	¼–¼ pm	¼–¼ pm
Dutch Gld.		2–1½c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm
W. Ger. D.Mk.		2½–1½pf. pm	2½–1½pf. pm	2½–1½pf. pm	2½–1½pf. pm	2½–1½pf. pm	2½–1½pf. pm
Italian Lire		2 pm par	2 pm par	2 pm par	2 pm par	2 pm par	2 pm par
Swedish Kr.		20 pm par	10 pm par	10 pm par	20 pm par	20 pm par	20 pm par
Danish Kr.		4 10 pm	4 10 pm	4 10 pm	4 10 pm	4 10 pm	4 10 pm
Norwegian Kr.		20 pm–par	20 pm par	20 pm par	20 pm par	20 pm par	20 pm par
		Gold Price at Fixing					
Price (s. d. per fine oz.)		250/3½	250/4	...	250/5½	250/7½	250/8½

A national institution with total assets £237,000,000

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from 1st October

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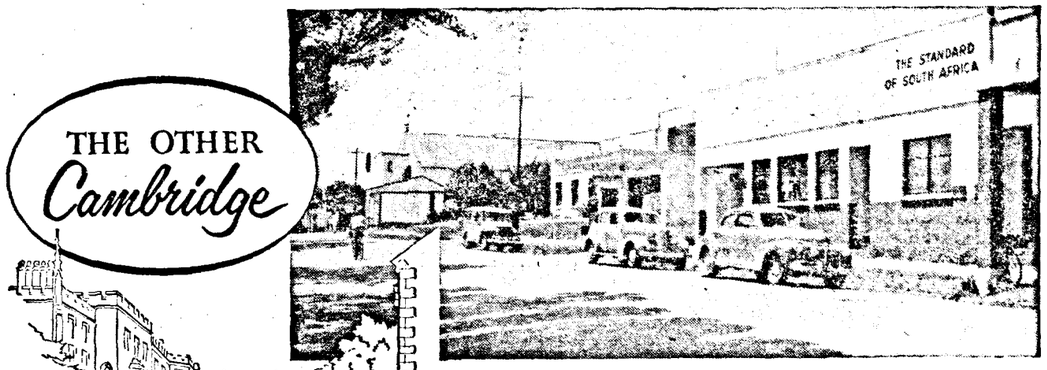
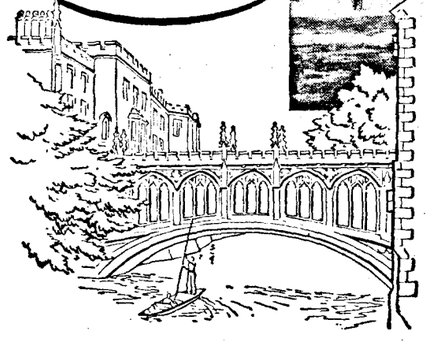
THE OTHER *Cambridge*





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COMPANY MEETINGS

THE STANDARD BANK OF SOUTH AFRICA LIMITED

CATERING FOR NEEDS OF CUSTOMERS AND COUNTRIES

CONTINUED EXPANSION OF BUSINESS

POSITION MAINTAINED DESPITE INCREASING COMPETITION

A YEAR OF PROSPERITY AND DEVELOPMENT IN ALL TERRITORIES

SIR FREDERICK LEITH-ROSS ON CURRENT TRENDS AND PROSPECTS

The 143rd Ordinary Meeting (being the Annual General Meeting for the year 1956) was held on July 25th in London, Sir Frederick Leith-Ross GCMG, KCB (the Chairman), presiding.

The following is his circulated statement:

It is with deep regret that I have to record the death of Sir Dougal Malcolm who had served the Bank with distinction for many years. Sir Dougal's connection with Southern Africa, and in particular with the territories of Southern and Northern Rhodesia, went back to the time of Cecil Rhodes and few could rival his knowledge of their history and problems. As President of the Chartered Company, which was the chief of his African interests, he kept himself continually informed of conditions there and this knowledge he kept up to date by frequent personal visits. We miss him greatly, not only for his wisdom but for his outstanding character and courtesy.

I am pleased to report that in Sir Dougal's place there was elected to the Board Mr A. Comar Wilson. As a Director of the Anglo American Corporation and of the Chartered Company, and of many other Companies operating in Southern Africa, with his wide outlook and energetic personality, Mr Comar Wilson will, I am sure, be a valuable addition to the Board and you will be asked to confirm his appointment at the Annual Meeting.

While referring to matters concerning the Board I would draw your attention to the Circular issued with these accounts advising that it is proposed to enable the Board to increase the number of its members to sixteen. The Circular fully explains our proposal and I will not therefore enlarge on it here.

VISITS TO OVERSEAS TERRITORIES

During the year under review nearly all the territories in South, Central and East Africa where we are established have been visited by Directors. I myself made a prolonged tour last winter of the East African coast towns, Zanzibar, Tanganyika, Nyasaland and the Rhodesias, before spending three weeks in the Union and visiting some of the main centres there. Mr Hogg paid a short visit to the Federation and the Union last autumn and Sir Edmund Hall-Patch undertook an extensive tour of the Union in the spring. Mr Villiers visited Uganda and Kenya and Mr Holland-Martin went to the Federation as well as to Kenya and Uganda. Mr Acton undertook a tour covering Portuguese East Africa and parts of the Federation. We have also had the good fortune to have had visits to London of Mr Ralph Gibson and Sir Ulick Alexander, the Chairmen of our Local Boards in the Union and the Federation of Rhodesia and Nyasaland respectively.

For many years the administration of our Rhodesian offices has been channeled to London through our General Management in the Union of South Africa. A variety of reasons—the formation of the Federation of the Rhodesias and Nyasaland, the foundation of a Central Bank, and the growth of our Rhodesian business—had led us to think that the time had come to change these arrangements. We have therefore set up an administrative office in Salisbury, which is now dealing direct with London, though still maintaining, of course, a close liaison with the Union. Henceforward the Local Board will also have wider responsibility for the supervision of our business in the Federation. It is with regret, therefore, that I have to report that we have lost the services of Mr K. C. Acutt, Deputy Chairman of the Rhodesian Local Board, who had been invited to join the Board of the newly formed Central Bank in the Federation. In Mr Acutt the Central Bank have acquired a valuable Director: we are only sorry that under the law it is not possible for Mr Acutt to serve both institutions. In place of Mr Acutt, the Local Board have elected Mr A. E. P. Robinson, who has many interests in Southern Rhodesia, as a Director, and Sir Robert Hudson was appointed Deputy Chairman.

AN EVENTFUL YEAR

Once again I am able to report to you that the business of the Bank has continued to expand. This will be seen from the year's accounts, which show a Balance Sheet total of £18 million more than last year.

The year 1955 was, generally speaking, a year of great prosperity and active development in all our Territories. But it was marked by an increasing tightness of money and demands for extended credit, with a corresponding increase in the calls on our Bank for assistance. In an endeavour to meet the legitimate day to day claims in respect of the productive needs of industry and commerce without disturbing the even flow of the business of our customers, and at the same time to do our best to comply with official policy, we have had to adopt a process of careful selection to ensure that the assistance we could give was evenly spread between the great body of our customers.

THE BALANCE SHEET

During 1955, the issue of 2 million fully paid £1 shares at 35s. per share was successfully accomplished, increasing the paid-up capital of the Bank by £2 million to a total of £9 million, and providing a further £1,500,000, by way of share premium, as an addition to the Reserve Fund. The additional cash thus brought into our business has been of great assistance in meeting the pressure for accommodation with which we have been faced. As you will see, Advances to Customers have increased by some £25 million. These advances have been well spread territorially, £8 million being attributable to countries with a Union currency, £9 million in the Federation of Rhodesia and Nyasaland, and the balance elsewhere. (It should be mentioned that, of the increase in advances in the Union, a large part was due to the effect of a Government drive to collect tax arrears, and the figure was reduced by nearly £5 million in April.) The measure of assistance provided for the movements of goods is reflected in the increase of Bills of Exchange purchased, £4 million, and Bills Discounted, £3 million. The other changes in the Balance Sheet are all consequential upon these movements and reflect the manner in which the funds were provided to finance them. The total of funds deposited with us by our customers increased by almost £13 million, and the other principal changes are reductions in the Cash items. Investments and Remittances in Transit by approximately £7 million, £6 million and £3.5 million, respectively.

PROFIT AND LOSS ACCOUNT

From the Accounts it will be seen that, after the usual and necessary provisions, the Profit for the year is £823,359, an increase of about £35,000 on that of the previous year. The balance brought forward from the last year's accounts was £581,703, so we have £1,405,062 to deal with. As the result of the issue of shares last year, to which I have already referred, the paid-up Capital was increased to £9 million, and the Reserve

Fund to £8,500,000. Before this operation the Reserve Fund stood at the same figure as the paid-up Capital, and the Board consider that it would be desirable gradually to increase the amount of the Reserve Fund until a similar position is again reached. Accordingly, we decided this year to appropriate £250,000 to the Reserve Fund. The amount written off Bank Premises is repeated at £50,000 and, after providing for these two sums, there remains £1,105,062 for disposal.

An interim dividend of 1s. per share was paid in January last, and it is now recommended that a final dividend of 1s. 6d. per share be paid, making a total distribution of 2s. 6d. per share, that is to say at the same rate as for last year, but on the increased capital of 9 million shares. The gross total of the year's distribution will therefore be £1,125,000 which, after deduction of Income Tax, will amount to £646,875.

After the appropriations and distribution, there will remain £458,187 to be carried forward to the next accounts.

STANDARD BANK FINANCE AND DEVELOPMENT CORPORATION

With the Bank's Accounts will also be found the Balance Sheet and Profit and Loss Account of this wholly owned subsidiary. After making a transfer to Reserve for Contingencies, the profit amounted to £21,178, which compares with £21,087 last year. Together with £64,292 balance of Profit brought forward from last year, there is £85,470 available for allocation. The Board of Directors have decided to repeat the modest distribution of 2s. 6d. per share paid last year which, after deduction of Income Tax at 8s. 6d. in the £, will take £14,375 and leave £71,095 to be carried forward to the next accounts.

Before passing on to brief notes on conditions in the various territories in Africa, where we are established, there are some observations of a more intimate character concerning the Bank which I should like to make.

BANKING COMPETITION

In all the countries in Africa where we operate, we have seen in the last few years signs of increasing competition. In the Union considerations quite unrelated to the service provided by the Bank have often been brought to bear in order to secure the transfer from us of accounts which we have held for many years. Intense competition for deposits by Building Societies and other non-banking institutions has resulted in an increase in deposit rates in which the Banks have had to follow to some extent in protection of their positions. This increase in rates is unwelcome to the Authorities and it is with regret that we have found ourselves obliged to agree to them. In the Federation of Rhodesia and Nyasaland, where we were the first Bank to be established 64 years ago, there has been an increase in the number of institutions which undertake banking transactions in a few centres without maintaining a network of Branches throughout the Territories. In East Africa we have also seen new entrants to the banking field. Despite this increasing competition we have been able to maintain our position and, with the rapid development which is taking place throughout the Continent of Africa, I feel confident that the business of our Bank will continue to expand.

BRANCHES AND STAFF ORGANISATIONS

Meanwhile we have continued our endeavours to cater fully for the needs of our customers and of the countries in which we operate. As you know, we maintain offices in the United Kingdom, Germany and the United States of America. Last year we opened a new Branch in London at Suffolk House, Park Lane, which should be a convenience to visitors in that area and help to relieve the congestion in our West End Branch. We have also acquired new and more central premises for our agency in Hamburg.

Our Managers are continually on the alert for opportunities to extend our organisation and, since my last Statement, the number of our offices has increased from 666 to 731. In watching the development in their districts, Managers are assisted by visits from members of our Local Boards, who make a point of visiting Branches whenever possible.

The extension of our Branch system, whilst providing more opportunities for promotions, naturally places strains upon our staff. The prosperity enjoyed by the countries of Africa has its effect on the labour market and, in conditions of overfull employment, the wastage of young staff is at a high level and much more time must be spent on training new recruits than would be otherwise required. In these circumstances we are employing an increased number of women on higher grade duties and I am glad to say that they have shouldered their increased responsibilities very successfully.

To assist in training junior officers we are expanding and intensifying our Training Schools. It will be understood that on account of the distances involved in Africa we are obliged to maintain such schools in the principal centres and it follows that we need a larger staff of instructors than would be required by individual banks in this Country. Opportunity is also taken to give training in this Country to promising young men from South Africa, and an exchange system is operated.

To enable our Branch Managers to bring their ideas to Headquarters and provide them with an opportunity of meeting their contemporaries and the General Management, and of discussing their problems in an atmosphere of mutual help, periodical conferences are arranged where a selection of the senior officers meet one another in Pretoria.

From what I have said you will appreciate that active measures are being taken to maintain a sufficient staff of the necessary standard of training.

I will now refer to some of the major developments in Central and Southern Africa: more detailed information will be found in our monthly bulletins which we will be glad to send to any shareholders who desire them.

UNION OF SOUTH AFRICA

In South Africa, 1955 was a good year for farmers and a record year in mining, manufacturing, building, the distributive trade and transportation, but it may mark the limit of the forward surge in the economy during the past three years. It is true that the strength of the economy is shown by the fact that there was a net fall of only £20 million in the foreign exchange reserves, although imports increased by £50 million and the net inflow of capital fell by £66 million. Early in 1955, there were signs of an inflationary trend developing, with a rise in costs and in prices as well as in the volume of money in circulation, and in August the Governor of the Reserve Bank requested the Commercial Banks to restrict credit for fixed capital purposes and for hire purchase transactions. This request was reinforced by the increase in the Reserve Bank discount rate from 4 per cent to 4½ per cent on September 29, 1955—a change which was designed also to discourage any substantial outflow of funds to, or the retention of funds in, London. The discount rate was not further raised in February last, when the Bank of England rate went up to 5½ per cent, but measures were taken to restrict certain capital movements from the Union, and recently a Reserve Bank amendment Bill was submitted to Parliament under which certain additional minimum reserves may be called for from the Commercial Banks when it is considered necessary in the national interest to curtail Bank credit.

The rise in the retail index of prices in South Africa during 1955 amounted to less than 2 per cent as compared with an increase of 4.5 per cent in the United Kingdom. The extent of the inflationary trend in the Union was therefore modest as compared with that in this Country. But the rapid development of mining and industry in the Union during the last few years has necessitated the import of capital from abroad on a very large scale and, with the sharp reduction of this capital inflow and some withdrawal of capital from the Union, there was increased pressure on local savings and on Bank advances. This pressure was accentuated by the bountiful harvests of recent years, which necessitated the financing, pending export, of the maize surplus, valued at some £20 million, partly by the Commercial Banks and partly by the Reserve Bank. The shortage of skilled labour led to increases of salaries and wages which also tended to force up the price level. The Reserve Bank, whose firm resolve it is to maintain the soundness of the South African currency, took prompt action to restrain the expansion of credit and, with the similar disinflationary action which has been taken abroad, a very definite stringency has developed in the Union, which is reflected in a falling-off of business generally and particularly a sharp reduction in building activity. After the intense development of the past ten years a period for consolidation may well be beneficial to the Country and there is no reason to anticipate that the monetary restraints will be carried further than to secure this. Thus, while 1956 may not be as commercially active and prosperous as the past few years, the difference is not likely to be great and the general level of trade may well be maintained.

On the long-term prospects, there are a number of factors that promise both protection against any serious recession and powerful aid to a fresh forward movement in the future. The output of gold rose during the past year from £164.6 million to £182.8 million, owing mainly to the development of the new mines in the Orange Free State and the exports of "prescribed materials" rose in value from £14.8 million in 1954 to £30 million during 1955. The virtually certain growth of these two exports, as well as the progressive development of other mineral and agricultural products, and the rise in public savings, are a good augury for the future. The financial and economic policies followed by the Government and by the Reserve Bank have, as in the past, been generally conservative and have merited the support of the public.

The main question is whether the political and social stresses in the Union, which have recently received widespread publicity, will interfere with the economic progress of the Country. South Africa will still for many years require a regular inflow of foreign capital for the further development of its great natural resources and the possibility of obtaining this inflow of capital will depend, to a large extent, on maintaining the confidence of investors in the stability of the Country for many years ahead. The solution of the problems which face South Africa will not be found by the application of doctrinaire

principles, of whatever character, without regard to the practical requirements of the Country, and it may be hoped that in South Africa counsels of moderation may prevail and that abroad the complexity of its problems may become better understood. Meanwhile, the political polemics which attract so much notice abroad seem to have little or no effect on the course of business in South Africa. To most people, whether European or African, the price of wool or cereals is of more importance than any political question. None-the-less, for the industrialist, the development of the political situation, with its effects on labour-management relations, is of great importance.

THE FEDERATION OF RHODESIA AND NYASALAND

The past year was again one of great prosperity for the Federation, the total value of trade amounting to £310 million, with a favourable balance of nearly £40 million. This was mainly due to the high prices realised by the exports of copper from Northern Rhodesia, but there was also an improvement in both agricultural and mineral production in Southern Rhodesia. In Nyasaland results were more patchy, tea and cotton doing well but the tobacco crop being short. The Building industry is intensely busy in the Copperbelt towns and in Salisbury, where indeed there has been a major building boom. Development in all branches of industry continues actively.

The main problem of the Federation is the need of capital to maintain and carry forward this development. The focal point of the Federation's current programme is the Kariba Hydro Electric Scheme, the first stage of which is estimated to cost some £80 million. To finance this great enterprise, which is of vital importance to the Copperbelt, loans have been or are being negotiated with the International Bank, the Colonial Development Corporation, the Commonwealth Development Finance Corporation, the Copper Mining Groups, the Chartered Company, and the Banks. We have participated to the extent of £2 million as a long-term investment, and we are also helping to finance the contractors for various parts of the scheme during the period of construction.

The Kariba Scheme, however, is only the most important of many development projects for which the Government is responsible. The improvement of the existing railways and roads, is almost as urgent a need as the provision of power: the Government has announced its intention of spending £25 million on railway expansion during the next three years but total requirements for railway and road services are likely to be much higher. Housing, education, sanitary, and other public services for the growing population of the towns will entail further heavy demands on Government capital resources. There appears to be a significant expansion of local savings available for investment and the Budget can provide a substantial amount for development purposes, but even so, there may well remain a gap which can be filled only by attracting foreign investors.

Private enterprise is, of course, responsible for much of the development that is taking place. In Northern Rhodesia, the Copper Companies are showing public spirit and foresight in making funds available for a number of projects not directly connected with their own industry but which ultimately will redound to the benefit of the Country. The Southern Rhodesian Government is sponsoring an industrial plan, involving an expenditure of £50 million by private enterprise, including among other projects the transfer to private enterprise of the Rhodesian Iron and Steel Company with a view to the extension of the plant and the expansion of its production. There are few countries in the world which can offer such rich prospects for development as the Federation but, in present conditions of monetary stringency, the finance may not be readily available. We have already had to adopt a selective policy in our advance business so that we can continue to support old business connections and meet new calls on us from the most legitimate types of business.

A landmark in the financial organisation of the Federation was the inauguration last March of the new Central Bank, the Bank of Rhodesia and Nyasaland. On April 1st last it took over the functions of the Central Africa Currency Board, for which we had acted as agents since its establishment in 1939, and it is expected to start full operations in approximately a year's time, when it will assume responsibility for the management of the public debt and of the Government accounts. This will naturally involve the loss to our Bank of certain Government balances which we at present hold though we should also be relieved of some of the calls made upon us by the Government. Moreover, under its statute, the new Bank has been vested with wide powers to control the operations of the Commercial Banks, including power to require varying percentages up to 25 per cent of their deposits to be kept with it as reserve balances. While the requirements of the new Bank must have repercussions on the operations of the Commercial Banks, we are confident that, under the guidance of its distinguished Governor, Mr A. P. Grafftey-Smith, its powers will be used with caution and full consideration given to the need for Commercial Bank credit in a rapidly developing Country, where capital is short, and is likely for many years to remain short, of requirements.

It can be fairly said that the initial period of political and economic stocktaking which followed the inauguration of the Federation is over and that a general feeling of confidence in its future prevails. Indeed, throughout the three territories that comprise the Federation, there is now a growing demand for the revision of its present cumbrous and costly constitution and for the creation of a unitary Dominion, with a single legislature and a homogeneous public service. It may be hoped that an acceptable settlement of this question may eventually be reached.

Last year I mentioned that our Board proposed to extend to the Federation the operation of our Development Corporation. We found that for this purpose it would be necessary to register the Corporation separately in each of the three territories and to comply with the Company law requirements under two different legal systems. While this can be arranged, your Board feel that, having regard to the pressure on our resources for normal banking business, it is advisable to defer action until we can see more clearly what our position will be when the Central Bank begins to function and, in the meantime, we hope that the legal requirements may be simplified.

EAST AFRICA

In Kenya, the Mau Mau rising has now been reduced to a few scattered gangs in the forests, though the problem of dealing with the internees, numbering about 40,000, remains. In Uganda, there is a disquieting element of latent political friction, but, generally speaking, law and order now prevail throughout the three territories and the development of public works continues apace. The first development programme of the East African Railways and Harbours Administration, amounting to close on £60 million, is nearing completion and the Transport Advisory Council is recommending a loan programme of £34 million for expenditure in 1958 to 1961. The development of Mombasa compares with that of any city in Southern Africa and Dar es Salaam is not far behind. The city of Nairobi approved last December a capital works programme for the next five years, involving £10½ million. The rate of private industrial development is less striking but is being maintained, and there is exceptional activity in the building industry in all the important centres.

The past season has been a very good one for coffee and a satisfactory one for cotton, sisal and other produce. But the bazaar trade has been unusually quiet and money is tight throughout the territories. There has been overstocking but the main cause, particularly in Uganda, seems to be that the African is not spending so freely as in the past. Whether this is due to lower returns to the growers or a better appreciation of the value of saving, or to other causes, is obscure. The co-operative movement shows marked growth but needs careful supervision: too many cases occur of mismanagement and defalcation. One of the most successful organisations of this kind is the Kilimanjaro Native Co-operative Union at Moshi, through which a crop of 6,000 tons of first quality Arabica coffee is grown and marketed annually. Generally speaking, the native population needs a great deal more business experience if it is to make full use of the Country's natural resources.

Another factor that cannot be ignored is the increasing demand, on the part of native organisations, for political rights. In each of the East African territories experiments are at present being tried with a view to giving all races a limited share in the responsibilities of Government. The results of these experiments will be watched, with close interest, by the financial markets. Large amounts of capital investment will, for many years, be required for the economic development of these great territories and, with the credit squeeze operating in the United Kingdom and a general tendency to tighten up credit elsewhere, the prospects of obtaining the capital necessary will be greatly influenced by the extent to which the political organisation promises stability for a long period ahead. In these circumstances it is not in the interests of the inhabitants of East Africa to press for democratic systems of self-Government on the European model before there is more evidence that they are sufficiently experienced in political judgment to undertake such responsibilities. The wide extension of the suffrage is too often regarded in the United Kingdom as the panacea for all political problems: in East Africa such a step at present would, frankly, prejudice the prospects of economic development.

TRIBUTE TO STAFF

In concluding this statement I would again pay special tribute to the loyalty and wholehearted support given by the Staff. The constant changes in the junior ranks to which I have already made reference, and the increasing tempo of business activity, place a heavy burden on the senior men and women, and their untiring efforts to train the younger members and render that degree of service which the public have come to expect from our Bank are deserving of special commendation.

The report and accounts were adopted and the other formal business having been duly transacted, a Special Resolution in connection with the Directorate was passed and other following business approved.

FINANCE CORPORATION FOR INDUSTRY

UNPALATABLE FACTS OF COUNTRY'S GENERAL ECONOMIC AND FINANCIAL POSITION

POSITION IN EXPORT FIELD BEING PROGRESSIVELY UNDERMINED

NEED FOR COURAGEOUS LEADERSHIP BACKED BY UNITED NATIONAL EFFORT

PROVISION OF FINANCE FOR INDUSTRIAL EXPANSION A MATTER OF URGENCY

LORD BRUCE ADVOCATES LIMITED DEPARTURE FROM ORTHODOX U K BANKING PRINCIPLES

The eleventh annual general meeting of Finance Corporation for Industry Limited was held on July 26th in the Conference Hall of the Chartered Insurance Institute, 20, Aldermanbury, London, E.C. The Right Honourable The Viscount Bruce of Melbourne, PC, CH, MC, FRS, the Chairman, presiding.

The following is the Chairman's statement which had been circulated with the Report and Accounts for the year ended March 31, 1956:

Although it has been my custom in the past to address my remarks on the affairs of your Corporation to members at the General Meeting, I have thought it desirable this year to depart from this practice and to send you my comments and observations on the results of the year with the accounts, so that they may be read together.

From the Profit and Loss Account you will have observed that interest and dividends from investments, less interest on advances from bankers, together with the surplus on realisation of investments, engagement fees and other income amount to £983,320 against £980,436 twelve months ago.

On the debit side, administration and other expenses—£21,271—and Directors' Fees—£8,000—are virtually unchanged. Taxation absorbs £444,799 against £453,483 for the previous year.

The net profit for the year after tax therefore is £509,250—a slight improvement of £11,551 as against 1954-55.

In their report accompanying the accounts your Directors recommend payment of a dividend of 6 per cent on the paid up share capital and have transferred the balance of the profits for the year, together with £8,000 of the balance brought forward from previous years, to investment reserve. This leaves a sum of £171,367 to be carried forward.

OBSERVATIONS ON NET PROFIT FIGURE

I now propose to make a few observations with regard to the net profit of £509,250 this year against a net profit last year of £497,699.

Both these results are admirable and should cause a certain degree of satisfaction to the Shareholders. I feel, however, I should give you some explanation of how they have been arrived at, so that you will not be misled into believing that your Corporation is now established on a basis where profits of this magnitude can be confidently anticipated in the future.

If I take the figures for the present year it will, I think, make the position clear.

Interest and dividends from investments less interest on advances from bankers total £486,084. During the 15 months prior to the end of the financial year under review, the bank rate rose from 3½ per cent to 5½ per cent. As a result we have had to pay a higher rate of interest on our borrowings from the Panel of Bankers. This increase, however, has not materially affected your Corporation as it is our practice to attach to our loans rates of interest which fluctuate with Bank Rate.

Such a provision introduces a desirable flexibility in that during a period of rising rates while protecting our position it brings home to our borrowers the hard facts of the financial and economic position. On the other hand, when rates are falling it gives them the benefit of cheaper money.

While variations in interest rates do not for the reason I have given seriously affect the Corporation's profits, the volume of investment does.

DIMINUTION IN VOLUME OF INVESTMENTS

From the Balance Sheet you will have observed that our investments this year stand at £41,239,000 as against £53,905,228 twelve months ago.

This reduction took place in the main towards the end of our financial year and consequently does not materially affect the profits. The effect during the next year will be more noticeable, although it will be offset to some extent by the increase in our future commitments—which you will have seen from the Balance Sheet stand at £39,632,000 at March 31, 1956, against £32,752,000 twelve months earlier.

While the margin between the interest we receive and the interest we pay is a substantial sum for the year it represents a very small percentage of the total of our advances. This is due to the fact that it is the policy of your Directors to keep this margin as low as possible during the early days of new ventures and the initial period of expansion and development of established ones.

As you know, under our Charter we can only make advances to new projects which will be of benefit to the national economy and even then only when the required finance cannot be obtained from any other source. This means that in the initial stages of any venture which we are financing it is impossible to determine whether it will succeed or not.

In the event of the venture not achieving what was hoped and expected, all we can look for is the small margin on the interest rate we charge and hope—but with no certainty—that we will get our money back.

In the event, however, of the venture succeeding, we feel we are entitled to some reasonable return for our courage in providing the necessary finance. Broadly we do this by attaching conversion rights in the Equity of the concern to our loans or by taking options to subscribe for shares.

A NOTE OF WARNING

It is as a result of this policy that in the past two years we have been able to show profits of £489,615 and £497,236 respectively under the heading of "Surplus on realisation of investments, engagement fees and other income" although in the latter year there is included an amount of £360,000 "Retention money" arising from the sale of our investment in Petrochemicals a year previously—to which I referred in my statement at the time. I am pleased to be able to report that no defects which the purchasers considered chargeable to this account were found in the plant at Partington and accordingly the amount has now been paid over to us in full.

It is to be expected that profits under this heading will fluctuate considerably from year to year and it is by the merest coincidence that the figures in the Profit and Loss Account for the past two years have been similar.

I have gone into this matter at some length, because I feel I should utter a word of warning as to the possibility of your Board being equally successful in the future as in the past in this particular field.

We have also to bear in mind, because of the nature of the business your Company was created to carry out, the possibility of substantial losses, as in the case of the sale of our interest in Petrochemicals. This loss, I would remind you, we were fortunately able to cover and at the moment your Directors are satisfied that no special provision is required in respect to any of the existing investments and they are therefore shown in the Balance Sheet at cost.

THE CREDIT SQUEEZE

Turning now to the Balance Sheet, the effect of the diminution in our volume of investments—to which I have referred earlier—has been to reduce our borrowings from the Banks. This, by accident and not by design, has been in line with the Chancellor of the Exchequer's credit squeeze. Why I say "not by design" is because in my view

it was not and should not be intended to curtail our activities which are directed towards increasing production and making more goods available for export. Even at a time of a "credit squeeze." if such activities are not continued it is difficult to see how the country will ever emerge from its present troubles.

On this question I have been in continuous consultation with the Clearing Bankers and the Bank of England. I am happy to report that as a result of these discussions an arrangement has emerged which meets the situation as far as your Corporation is concerned.

Additional Speech By Chairman at the Meeting

Addressing the meeting the Chairman said: This year I have circulated my comments and observations on the results with the Accounts and shareholders will have had an opportunity of considering them. If there are any questions, I will be pleased to answer them after the resolution for the adoption of the Report and Accounts has been submitted.

It has been my practice in the past at our Annual Meeting to make some observations on the general economic and financial position of the country. This practice I propose to continue on the present occasion.

In doing so I must make it clear that I and I alone am responsible for what I am about to say.

COUNTRY'S ECONOMIC AND FINANCIAL POSITION

At each of our Annual General Meetings over the past few years I have expressed concern at the economic and financial position of the country. During the past year that concern has deepened. The facts of our economic and financial position are simple, but unfortunately few people seem to grasp them.

In order to provide employment for our people and to maintain our standard of living, we must have resources sufficient to pay for what we have to buy. These resources we obtain from the proceeds of our exports, visible and invisible and the return upon our foreign investments.

In addition we must also build up our gold and dollar reserves to a point adequate to meet our obligations to our creditors and the Sterling Area and to tide us over a period of recession in world trade.

UNPALATABLE FACTS

I now propose to examine how far since the war we have lived up to these inescapable obligations and what are the prospects of our doing so in the future.

First—as to how far between 1945 and 1955 we have earned sufficient to pay for what we have purchased.

Over that period we have paid to other Nations about 9,600 million dollars more than we have received. Fortunately over the same period we have obtained by way of loans and aid from the United States and other sources 9,500 million dollars—almost the same figure. Without this help we should have been bankrupt.

Thus over the past ten years we have not met the first obligation of national economic and financial health.

Second—as to our obligation to build up adequate gold and dollar reserves—

The fact that these reserves were about 91 million dollars less in June of this year than at the end of 1945—despite the very large dollar and other loans and grants we have received over the past ten years—is evidence of how far we have failed to do so.

These unpalatable facts must I suggest give us all furiously to think. They show that notwithstanding that the going has been good (as I shall show in a minute) we have failed since the war even to begin to pay our way by our own efforts.

CAUSE FOR ANXIETY

When we consider these facts in relation to the future and take into account the conditions that have prevailed over the past ten years, it is impossible to avoid a feeling of deep anxiety and even of serious alarm.

Exports have been and will continue to be the vital need of the economy of these Islands. Since the war we have progressively expanded them to the point where they are some 75 per cent greater in volume than in 1939. Notwithstanding this and bearing in mind that we have during the period depreciated the value of the £ sterling we have—as I have already shown—needed loans and aid to the extent of 9,500 million dollars to keep our economy on what might be described as an "even keel."

In the future we cannot expect nor would we desire to obtain the same measure of financial aid that we have received over the past ten years. This means that we have not only to maintain our exports but we must substantially increase them.

PAST FAVOURABLE CIRCUMSTANCES

In considering the prospects of achieving this, it is desirable that we should examine the circumstances that have prevailed during the period in which we have achieved our expansion in volume of some 75 per cent, the present position and the conditions that are likely to prevail in the years to come.

First, dealing with the past:

In the immediate postwar period we had a sellers' market, while the world restocked, re-equipped and restored war devastation. Just when this sellers' market looked like ending, we received a new stimulus from the expansion of armaments and stock piling consequent on the Korean war.

Now that stimulus has gone and we are facing a buyers' market in which the competition increases every day.

We must therefore recognise that the expansion in exports that we have achieved was accomplished under favourable circumstances.

PRESENT AND FUTURE PROBABLE TRENDS

We must also consider the present position and future probable trends in considering the possibility of achieving the further expansion that is essential. Such an examination does not give very encouraging results.

Our greatest competitors in the export market today are the United States, Western Germany and Japan. Probably Western Germany is the best country to take as an example of what we are up against:

Before the war Britain and Germany each had roughly a 20 per cent share in the world's exports of manufactured goods.

In 1951 the UK share of world trade was 22 per cent and Germany had built up its share to 10 per cent.

In the years 1952 and 1953 our exports declined and there is little doubt that that decline was due in considerable measure to the increasing competition of Western Germany.

In 1955—which was a good export year—our position showed no signs of improvement. The UK share of world trade had declined to 20 per cent and Germany's share had expanded to 15 per cent.

In Germany retail prices rose much less during 1955 than they did in Britain and Germany's industrial production went up 17 per cent as against 6 per cent in the UK.

Whilst I have taken Germany as an example, we are of course also faced with the competition of the United States and Japan in world markets.

The position in 1955 in these countries was much the same as in Germany. In both production rose to a greater extent than in Britain. Retail prices remained static in USA and fell by one per cent in Japan—against a rise of 4 per cent in this country. In so far as figures for 1956 are available, they indicate a continuance of this trend.

The broad picture is shown by the fact that in 1955 our exports went up by some 7 per cent, those of the United States by about 9 per cent, those of Germany by about 17 per cent and those of Japan by about 27 per cent.

In face of these facts is it possible to escape the conclusion that our position in the export market of the world is being progressively undermined?

"WHAT ARE WE DOING ABOUT IT?"

May it not be that we are seeing the first fruits of this in the recession that has taken place initially in the Textile Trade of Lancashire and more recently in the Motorcar Industry. May not this recession be followed in other industries unless we take steps to meet the position? What are we doing about it?

The first and fundamental task must be to contain our domestic inflation. Until a stop can be put to the continual rise of costs and prices, we will lose ground to other nations whose inflation is less violent.

To do this the Government, on whom the primary responsibility rests, appears to have put its trust to a great extent in monetary measures, such as increased interest rates, the credit squeeze and other financial pressures—apparently believing that the position can be restored in this way.

Such action is valuable and essential but I do not believe that a diminution in spending by the public and the making of more goods available for export will by itself provide the solution of the problems that confront us.

NEED FOR CHANGE OF HEART

If we are to overcome our difficulties and place this Nation again upon a sound economic foundation, we have to bring about a change of heart and a realisation of the need in our own and the Nation's interest to give of our best and to impose upon ourselves a self discipline.

This applies equally to those who control, direct and manage our industries and to the workers. In respect to management, the going has been too good. Full order books and high and easily earned profits tend to create an atmosphere of complacency and slackness. A touch of adversity will quickly bring home the need for better and more dynamic direction and control of their activities. In respect to the workers, it appears to me that we are faced with a psychological problem.

This has been much better expressed than I can hope to put it by Sir James Turner,

the President of the National Farmers' Union, when he said:

> "In my view the problem of inflation will never be solved and this national economic disease will never be cured unless and until someone tells the patient its real seriousness and what is certain to happen to him if a major operation is not performed, and performed skilfully and quickly.
>
> "It is my deep and sincere conviction that the truth, however unpalatable, needs to be laid bare to the people of the country. The wartime catch-phrase 'Britain can take it' remains true today—but only if her people are told what they must take, and why."

That is only another way of saying that we have to take drastic action to meet the circumstances we are up against; that the people have to understand the reasons for the taking of such action, and that the support of the people has to be obtained if that action is to be successful.

TELL THE PEOPLE THE TRUTH

There are many politicians, trade union leaders and employers who realise that drastic action is necessary, but maintain that it is not possible to make the people generally understand the need and obtain their support.

This view is understandable, but in my opinion it constitutes an abdication of leadership. I am convinced that the people would respond to bold and courageous action.

We have today full employment, higher wages, better living conditions and more extensive social services than we have ever known.

In these circumstances it is natural that ordinary men and women view with suspicion exhortations—

- to work harder;
- to refrain from wage demands which the worker regards as his just due in face of the rising cost of living;
- to accept automation, which he feels will deprive him or his fellow worker of his job; and
- to accept without demur transference of employment from the place where he has probably at long last established a home.

All these things, however, I am convinced he would accept, once he realised how serious is the crisis we are up against and that unless he did we and he would almost inevitably be faced with unemployment, lower wages, a reduced standard of living and restricted social services.

How are these things to be brought home to our people?

In considering ways and means by which this can be done it is essential to recognise that politics do not enter into the matter.

It is simply a matter of making every section of the nation realise that the economic and social progress we have striven for and accomplished over the years is in dire peril and that we can only avert disaster by courageous leadership, backed by a united national effort equal to that of the war.

To achieve this, politicians of all parties, trade union leaders and employers must unite in telling the people the truth.

To this end every available means—such as the press, radio and television—must be employed.

If this were done I am convinced the position would be dramatically transformed and I for one would be confident of the future—for I believe the British people still have those qualities of character, courage and determination which have in the past led the world in peace and war.

In this new atmosphere a great responsibility will rest on the shoulders of our political, industrial and financial leaders.

THE FINANCIAL FIELD

I do not propose to dwell on the many political and industrial problems which will have to be faced. There are, however, a few observations I desire to make in respect to the financial field.

In this changing world it is essential that we should keep our minds flexible and that we should be prepared to adopt new and possibly somewhat unorthodox methods of dealing with the problems that it brings in its train.

This need was admirably dealt with by Sir George Erskine in his Presidential Address to the Institute of Bankers last year.

In that address he pointed to the necessity for capital investment on an ever ascending scale in what has been described as "the second industrial revolution." He then brilliantly surveyed the past history of industrial investment, the present position and put forward many practical suggestions as to the course we should follow in the future.

These suggestions will inevitably lead to a considerable measure of controversy.

If we are to compose these differences and arrive at wise decisions, it appears to me essential that the whole of the financial problems that confront us should be examined and reported upon by a group of the best brains available, representative of the different shades of thought on these complex questions.

The only way in which I can see that this could be done would be by the appointment of a Committee similar to the one which produced what is known as the Macmillan Report. I make the suggestion that this should be done. A Committee inevitably takes time to arrive at its conclusions and make its report.

AVAILABILITY OF CAPITAL FOR INDUSTRIAL EXPANSION

There is, however, one matter that brooks no delay. It is the need to provide for financing expansions and developments in Industry which are vital to the national economy.

An outstanding example is in respect to Steel. This industry is now organised in a manner which, while preserving the best in private enterprise, safeguards the interests of the public and ensures its development and expansion being in line with the national economic policy.

The industry as it is now constituted has formulated plans which involve capital expenditures running into tens of millions of pounds over the next few years.

The greater part of the required finance will be forthcoming from the individual resources of the many Companies concerned. It is impossible to determine with certitude at the inception of the programme the balance that will be required from outside sources. Equally it is impossible to say with precision in advance when and for what period it will be needed.

Some may be required as temporary finance, to be repaid out of subsequent earnings. Some may be required as permanent capital, the advance being repaid as and when it is possible to place obligations or shares with the market.

Consequently before the programme can be set in motion arrangements must be made to ensure that the whole of the capital involved will be available as and when required.

FIXED TERM LOANS

The scale under modern conditions on which finance is required to cover future planning has now reached the point where only the Banks command the necessary resources.

This fact is being increasingly recognised. In America the Banks now grant what are called "term credits" and facilities of a similar character are provided by many Banks on the Continent.

These arrangements undoubtedly conflict with the principles on which the UK Banks have been so firmly and successfully established and I would not put forward any suggestion for a modification of those principles if I thought it would in any way impair the strength, stability and flexibility of our banking system.

Nevertheless, by virtue of the very strength which they have achieved and in view of the need to cover the finance required for expansions and developments in industry vital to our national economy, I believe they would be well advised to consider the desirability of a limited departure from their existing practice.

This is neither the time nor the place at which to make detailed proposals regarding this suggestion but in broad terms it is my considered opinion that the Banks might well examine the possibility of granting fixed term loans for this purpose, with a maximum of five to ten years, to an aggregate amount limited to some proportion of their total advances.

Such loans should be strictly confined to objectives designed to benefit the national economy and conditioned that the required finance could not be obtained through any of the existing channels.

Should the Banks see fit to adopt the suggestion I have made, an immediate question arises as to how they would put it into operation.

I think the practical method would be for the Banks as a whole to operate through a chosen instrument.

It is a little embarrassing for me to speak on this point as I might well be accused of pressing the claims of your Corporation to be the chosen instrument. I feel, however, that the matter is so important that I do not propose to allow this consideration to weigh with me.

The question is one for the Banks to decide but I am confident that should they desire the co-operation of your Corporation it would be your wish that it should be afforded to the fullest possible extent.

Finally, gentlemen, I desire once again to express my deep sense of gratitude to my fellow Directors for the unfailing help and support they have given to me. I would also like to express our thanks to our General Manager, Mr G. S. Nelson, for the invaluable work he has done for the Corporation, and to pay a sincere tribute to our Secretary and our very small but increasingly competent staff.

The report and accounts were adopted and a dividend of 6 per cent was declared.

The retiring directors, Sir Charles D. Ellis, FRS, and Sir Findlater Stewart, GCB, GCIE, CSI, were re-elected; the remuneration of the auditors, Messrs Deloitte, Plender, Griffiths and Company, was duly fixed, and the proceedings terminated with a cordial vote of thanks to the Chairman for his conduct of the meeting.

F.M.C.—a new approach to Meat Marketing

PLANNED IMPROVEMENTS GIVING SATISFACTION

A NEW fleet of hygienic transport vehicles, better slaughter-houses and meat sales depots, and more efficient use of by-products are among the improvements made by the Fatstock Marketing Corporation during the past year — its second year of operation.

FMC, as a Company limited by guarantee, was established by the Farmers' Unions of England and Wales, Scotland, and Ulster to operate on a commercial basis from the end of meat rationing in July 1954. Operating as a producers' marketing organisation it offers farmers an alternative to the auction yards in the marketing of their stock for meat.

Mr. Owen R. Guard, Chairman of the Corporation, at a meeting of members held at Victoria Halls, Bloomsbury Square, London, W.C.1, on Tuesday 24th July, in the submission of his report on activities for the year ended March 30th, 1956, expressed confidence that FMC, as buyers of fatstock, processors and distributors of meat, is giving satisfaction to both farmers and butchers.

FINANCIAL POSITION

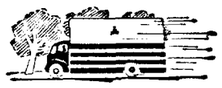
Trading profit for the year of £561,012 shows a substantial increase over the preceding period and, after provision for depreciation and taxation, has enabled a general reserve to be started. Although this has been a worthy achievement for an infant organisation, the Corporation is not complacent. Its profit last year on the turnover of £107 millions represented only 1¼d. in every £1. FMC has now to consolidate its gains and also steadily increase its throughput and operational efficiency to ensure long-term success for the organisation. In common with other commercial concerns this will have to be achieved against rising costs and falling market realisations. " Nevertheless, in the knowledge that FMC has a lot of loyal members, we are confident," said Mr. Guard, " that the Corporation will continue to progress."

CURRENT DEVELOPMENTS

Plans are now complete for slaughter-houses capable of operating at full efficiency, for a series of effectively sited meat sales depots, and for an immediate doubling of a fleet of meat transport vehicles with the highest standards of hygiene. These plans envisage the expenditure over the next few years of £3½ millions. To begin this development, permanent capital becomes necessary and H.M. Treasury has sanctioned a note issue to FMC's members of £500,000.

CAPITAL ISSUE

This first issue will be made in unsecured notes redeemable in 1976 or before and will bear interest at a fixed rate of 5½ per cent. An additional interest of up to 4½ per cent may be payable depending on the distribution of any bonus by the Corporation to its members. The amount of a bonus distributable to noteholders will not exceed 17½ per cent of the total bonus sum, the remaining 82½ being distributed to producers in proportion to the value of their transactions with the Corporation during the period. Notes will be issued in multiples of £10, and allotted up to a maximum of £500 to any one member. Application forms will be distributed during October to the Corporation's members.

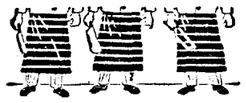


BY-PRODUCTS

The Corporation's fixed assets have doubled during the year and now stand at £1 million. A further fifteen businesses have been purchased, mostly in the field of by-products. The activities of the holding company, FMC Products Ltd., are being expanded to provide a comprehensive and more profitable service, for FMC believes the farmer is entitled to the maximum benefit obtainable from the whole of his product.

IMPORTS

The Corporation is conscious of the dangerous situation that can arise for British fatstock producers if the unrestricted import of meat from the Argentine returns nearer to its pre-war proportions. FMC, which finds the handling of some imported meat essential to the sales end of its marketing operations, has taken the initiative in arranging talks this summer with the two New Zealand meat producing co-operatives with which it has been associated during the past two seasons. The final outcome should enable FMC to handle an increased share of the New Zealand meat trade to the resultant benefit of both the Commonwealth and U.K. producers.



THE FUTURE

FMC is fully aware of the importance of its stock procurement policies. While procurement and movement of stock and meat must be based on a national plan, actual operations will continue to be influenced by local conditions and requirements.

Initially the Corporation was optimistic enough to believe that its basic requirements of stock would come from its members without the need for an elaborate and costly procurement organisation. It is apparent now that as much effort as has been needed for selling the meat is also necessary to secure suitable offerings of stock.

Nevertheless, for those farmers who have confidence over a steady period that FMC is the right outlet for their stock — not just a convenience for a part of it or on occasions — FMC is confident that it will provide a greater and better service.

FMC is a farmers' organisation, with its capital, profits, and reserves belonging to its producers. By its operation every fatstock producer is benefiting indirectly, if not directly. Now, the progressive producer will be able to confirm his support of producer controlled marketing by investment in the organisation established for him.

From August 7th FMC continues its further endeavours from Agriculture House — the new London headquarters building of the N.F.U. of England and Wales — and therefore with a new address of:

THE FATSTOCK MARKETING CORPORATION LIMITED

25 KNIGHTSBRIDGE · LONDON · S.W.1.

NCHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in Northern Rhodesia)

SIR ERNEST OPPENHEIMER EMPHASISES IMPORTANCE OF THE KARIBA PROJECT

URGENT NEED FOR BETTER AFRICAN EDUCATION

The nineteenth annual general meeting of Nchanga Consolidated Copper Mines, Limited, will be held on August 15th in Salisbury, Southern Rhodesia.

The following is the statement by the Chairman, Sir Ernest Oppenheimer, which has been circulated with the annual report and accounts for the year ended March 31, 1956:

The price of copper on the London Metal Exchange rose by over £100 per ton during the company's last financial year, to the peak figure of £436 in March, 1956, with an average of £370 for the year. Since then the fall in price has been even more marked and prices under £300 per ton were recorded.

AN EXCEPTIONAL YEAR

I believe that there is reason to hope that such wide fluctuations in price will not recur and that the market will settle down at a level which will satisfy consumers and also provide a fair margin of profit to producers. We cannot reasonably base our expectations on a return to the peak prices reached in the first months of 1956. In the circumstances, the year under review must be regarded as exceptional but, from our company's point of view, the high profits were most propitious in that we were able to recommend dividends totalling 30s. net after providing £3 million for capital expenditure and transferring £3,500,000 to general reserve. We regard this reserve appropriation as desirable, in view of the commitments we have undertaken to assist the Government with loans for the general development of the Federation, including in particular the Kariba project.

The importance to the Federation as a whole, and the copper mining companies in particular, of the Kariba hydro-electric project cannot be over-emphasised, and I am therefore happy that the Federal Government has, with our help, been able to raise the large amount required to build the dam and equip the first phase of the power station there. Had there been any obstacle to proceeding with this undertaking, alternative means of providing this essential power at considerable cost would have been the sole responsibility of the copper mining companies. Strict adherence to the programme of construction for Kariba clearly remains of the utmost importance.

Should there be any delay in the delivery of power from this source beyond the beginning of 1960, there will be a rapidly increasing shortage of power on the Copperbelt and production of copper might have to be curtailed. It is on the strength of receiving power from Kariba early in 1960 that the new mines on the Copperbelt are being equipped and the mining programme at your mine is being planned.

PROGRESS EXCEEDS EXPECTATIONS

Meanwhile, progress made in connection with the importation of power from the Belgian Congo has exceeded our expectations and it is now confidently anticipated that supplies will be forthcoming from this source before the end of 1956, which is some months earlier than was originally planned. This achievement reflects great credit on both Union Miniere du Haut Katanga and Rhodesia Congo Border Power Corporation.

Training of African employees to fill the 24 categories of jobs handed over by European employees in terms of the Advancement agreement signed in September, 1955, has proceeded satisfactorily, and we contemplate that this first phase of advancement will be completed before the end of the present financial year when about 185 Africans will have taken up advanced positions on our property.

I am convinced that we have made the correct decision in proceeding with the gradual advancement of our African employees, and we think the agreement reached is being implemented at a pace which meets the reasonable aspirations of the Africans and is at the same time compatible with the efficient conduct of operations. I sincerely trust that our European employees, who have so far readily conceded the wisdom of this advancement policy, will continue to co-operate in carrying it out, and will not be over-hasty in judging the results. Similarly, I trust that those Africans who are placed in advanced jobs will readily accept their new responsibilities and demonstrate the same integrity and loyalty as we expect from our European employees.

NEED FOR AFRICAN EDUCATION

Advancement inevitably creates demands for increasing amenities so that community life can keep pace with economic progress. We have accordingly been examining the requirements of the African community on the Copperbelt, and have reached the conclusion that urgent attention should be given to improving African education, which, we think, is inadequate in present circumstances. While, naturally, the major responsibility must rest on the Government, which we are confident is doing its best to keep pace with the rapidly expanding need, we are also of the opinion that the copper mining companies should accept a share of the responsibility for dealing with a situation which has largely been occasioned by the expansion of their operations. We are, accordingly, examining the whole question to see in what way and to what extent we can help.

I should like to pay tribute to the general manager and his staff on the mine, who have rendered valuable service in a particularly important year when the preparations for opencast mining called for additional efforts from employees. Close attention has been given to developments at the mine by the company's consulting engineers, Anglo American Corporation of South Africa, Limited, who since January 1, 1956, have been providing their services to the company from their office in Salisbury. This arrangement is already proving beneficial not only in that the consulting engineers are now so much closer to the Copperbelt but also because of the advantages of their office being in the capital of the Federation.

It was with regret that the board accepted the resignation of Mr H. E. Nelems, our general manager since September 1, 1954. He carries with him to Canada our thanks for his outstanding services to us and our best wishes in his new position. I am happy to welcome as his successor Mr Lawrence Allen, whose record of service on the Copperbelt, latterly as manager of Rhokana Corporation, fits him admirably for his new task.

The report and accounts have been posted to all stockholders. Other persons who are interested may obtain copies from the Head Office of the Company, Kitwe, Northern Rhodesia, or from the Transfer Offices at 44 Main Street, Johannesburg, or 40 Holborn Viaduct, London, E.C.1.

VENT-AXIA LIMITED

CONTINUED SALES EXPANSION

The twentieth annual general meeting of Vent-Axia Limited was held on July 25th in London, Mr J. C. Akester (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

It is pleasing to report continued progress during the past year resulting in a Group Trading Profit of £212,963, which is £54,617 higher than last year. The Net Group Profit after providing taxation of £111,902 was £101,061, an increase of £27,641. Net assets of the Group are £65,504 higher at £352,633 and Current Assets exceed Current Liabilities by £348,412. The Directors recommend payment of a Final Dividend on the Ordinary Stock of 65 per cent, less tax, making 95 per cent, less tax, for the year, compared with 85 per cent last year.

Sales of Vent-Axia units have again increased throughout the year and the upward trend has continued during the first quarter of the present financial year. Exports, which already represent a very reasonable proportion of the total turnover, have also improved and should continue to do so, as the potential market abroad is even greater than at home. Twenty years ago we created something new, something different in the field of ventilation and our faith in the future is stronger than ever.

In recent months we have been faced with further substantial rises in the cost of materials, wages and overheads; nevertheless, we have again decided against increasing the prices of our equipment, relying instead on our ability to absorb them by increased sales. We believe the demand for Vent-Axia at home and abroad will continue to grow and we shall do all we can to encourage and meet it by gradually enlarging and improving our organisation and the products we sell.

Our subsidiary Company, Axia Fans Limited, based largely on the requirements of all classes of the Shipping Industry, has made a substantial contribution to the improved results. The Company has progressed favourably both in the volume and responsibility of the work undertaken and the goodwill of our customers. The turnover and profit increased during the past year and the value and number of contracts in hand are higher than ever before and such as to give every confidence in the future.

The report and accounts were adopted.

BRITISH SUGAR CORPORATION

GRATIFYING RESULTS

SIR ALAN SAUNDERS'S ADDRESS

The twentieth annual ordinary general meeting of British Sugar Corporation, Limited, was held on July 24th in London, Sir Alan Saunders, OBE (chairman), presiding.

The following are extracts from the circulated address of the chairman for the year ended March 31, 1956:

In striking contrast to last year the weather was kind and the beet crop was harvested and delivered to the factories under almost ideal conditions. This year 43 per cent of the total crop was harvested by machine and in some areas as much as 65 per cent was so harvested, thus demonstrating the great value of the mechanical harvesting demonstrations which we have for many years undertaken in conjunction with the Sugar Beet Research and Education Committee of the Ministry of Agriculture.

Such results are most gratifying and we are now concentrating our attention on making similar improvements in the Spring work. Our seed suppliers are producing rubbed and graded seed expressly for this purpose and we have every confidence that in due course a substantial amount of the Spring work will be mechanised.

CROP ABOVE AVERAGE

The total amount of the crop, the quality and condition of which was above average, was 4,555,938 tons and the average yield per acre was 11.27 tons, both of which were the third best in our history. Indeed, one factory which normally has a high average yield, had, this year a record figure for this country of 15.17 tons per acre.

We produced in terms of white sugar 620,317 tons and the production of our by-products was 282,517 tons of pulp and 214,006 tons of molasses. There was an increasing demand for dried pulp and owing to the favourable season the crowns and leaves which remained on the fields after the beets were harvested were of greater advantage than usual to the growers. As one normally expects in a dry season, the sugar content of the beets was slightly higher than usual.

PREVIOUS RECORDS EXCEEDED

In such favourable circumstances our factories were ensured of a plentiful supply of beets of excellent quality and in exceptionally clean condition, and this, coupled with increased operating efficiency, enabled us to slice the beets at a daily average of 45,651 tons. This exceeds all previous records by 10 per cent and is almost half as much again as our daily slice in 1944-45. Notwithstanding this speeding up, the accepted loss of sugar during the manufacturing process was the lowest in the history of the Corporation.

We are thus reaping the benefit of our Reconstruction Programme and our factory staffs were able to take the fullest advantage of the good conditions and improve their efficiency.

We have extended the efficiency barometer, to show this year's results and it is pleasing to see that apart from the improvement in slice which I have already mentioned, the labour required to work a ton of beet has been further reduced by 10 per cent and the economy in coal usage represents a saving of a further 15,000 tons of coal.

The modernisation of our plant continues and during the year we have erected for the first time, concrete silos for the storage of our sugar and more are being erected this year. These silos ensure a high grade product for both bulk and packet delivery of sugar and at the same time provide economies in bags and labour. Delivery of sugar in bulk form to manufacturers and in prepacked form to the general public, has increased considerably during the year and to provide a first class service to the customer, we have introduced a number of modern vehicles for the transport of sugar by road, which, no doubt, many of you will have seen in our areas. We have a technical advisory service which is available to users of our sugar and many leading manufacturers have taken advantage of it in solving process problems.

RECONSTRUCTION SCHEME

The results of the year are clearly shown in the Accounts, but I think there are two items which should be explained to you.

I told you last year that our major Reconstruction Scheme was completed a year ahead of time. We must, however, keep our factories up to concert pitch and therefore we have, during the year, spent a further £930,000 on necessary renewals and modernisation, all of which has been provided from our own resources.

It is public knowledge that new legislation affecting the Corporation is in progress and will involve certain changes in the Memorandum and Articles of the Corporation. In any such revision it is our intention to redraft the Articles to bring them up-to-date to comply with various statutes and Stock Exchange regulations. An Extraordinary Meeting will be called in due course to adopt them.

THE SUGAR BILL

When the Sugar Bill had its second reading last November, during the debate the Minister of Agriculture, Fisheries and Food made the following statement:

"We do not propose to interfere in any way with the existing structure of the Sugar Corporation. After eighteen years, it has shown itself to be an extremely efficient organisation. . . . We are also making provision to enable Ministers to continue certain incentive payments—they may not necessarily be the same as at present, but the principle will be the same—the purpose of which is to promote and encourage economy and efficiency in the undertaking. It is made clear in the Bill that payments of this kind will be related to the achievement of steadily rising standards of efficiency and economy."

Thus the fundamental framework of the existing arrangements will remain.

In concluding my review I should like to express our thanks to the staffs and employees of all our factories and departments, to our growers, to the National Farmers' Unions, and to the Government Departments, all of whom have helped us so much to achieve these satisfactory results.

The report and accounts were adopted.

TRUST HOUSES

TOTAL TURNOVER SUBSTANTIALLY INCREASED

The Fifty-third Annual General Meeting of Trust Houses Limited was held on July 20th at Brown's Hotel, Dover Street, London, W.

Captain A. R. S. Nutting, OBE, MC, the chairman, presided, and in the course of his speech said: This is the fifty-third annual general meeting of your company, and I think I can today claim that from small beginnings it has developed into a large and widespread undertaking.

Our trading profit has fallen slightly on 1955 figures, but after taxation there is an increased profit of £9,400.

We propose to pay the same dividend as last year, and after making the same appropriation to our reserve for improvement and development of properties as last year and making good the deficiency disclosed by the quinquennial valuation of the head office staff superannuation fund we shall carry forward £121,506, against £103,326 brought in.

Our fixed assets all show an increase during the year, which is largely accounted for by the acquisition of new houses and by extensions and development of old properties.

The capital profit on the houses which we have sold, £97,675, has been transferred to capital reserve.

The purchase of new properties has naturally reduced our cash balance, but I think I can report that the money has been well invested.

The houses purchased since the end of the war are now showing a satisfactory overall return on the capital invested and we have every reason to expect that similar results will soon be forthcoming from more recent acquisitions.

EVER-INCREASING EXPENSES

I am glad to be able to tell you that our total turnover for the year under review shows a substantial increase over 1955, but unfortunately greater turnover in our business does not always mean greater profits, due to the ever-increasing expenses. We try to keep our prices low, and give real value for money, and I claim, and I think you will agree, that we succeed, but our costs, as I say, are constantly rising and it might interest you to know that our expenditure out of revenue for the improvement and maintenance of your properties has averaged over the last three years well over £600,000 a year. This business of yours is now a large and complicated one, and with the ever-changing position, requires constant vigilance and great attention to detail and I can assure you that your managing director, Captain McCallum, ably assisted by his loyal and efficient staff, has an arduous and difficult task to perform.

No doubt you would like me to say something about the prospects for the current year. I am not one to prophesy. Times are very difficult, but I can tell you that the turnover to date has been well maintained.

I should like to pay tribute to all those in head office and in our houses throughout the country, for without their loyal co-operation your company could not continue to prosper. I feel quite sure you will join with me in thanking them one and all for their efforts.

The report and accounts were unanimously adopted and the final dividend of 5 per cent on the Ordinary and Deferred shares, making 9 per cent for the year, was approved.

ALLIED IRONFOUNDERS LIMITED

A YEAR OF PROGRESS

The twenty-seventh annual general meeting of Allied Ironfounders Limited was held on July 26th in London, Mr James Shaw (the Chairman) presiding.

The following is an extract from his circulated statement:

Our trading profits for the year, before charging depreciation and certain other expenses, amount to £2,464,959. After providing for depreciation, debenture interest, Directors' fees and commission, and bringing in investment income our profits are £2,160,731, of which Taxation absorbs £1,157,383.

Our net profit for the year is £926,512, against £1,092,563 in 1955, but the retention in subsidiary companies, of only £15,246 against £154,531 last year, leaves available in the Parent Company £911,266. We have appropriated £471,920 to the General Reserve, making the figure on the Consolidated Balance Sheet £2 million. We are recommending the payment of the same final ordinary dividend as last year, making with the interim and with the Preference dividends a total distribution of £425,534. The balance retained both in the Parent Company and in Subsidiaries is £717,624.

The capital employed in the Group now exceeds £10 million, and the returns to the Ordinary Shareholder on his share of the capital employed is 7.9 per cent.

MANUFACTURING OPERATIONS

The financial results reflect a year of progress in manufacturing operations but less favourable trading conditions. Increases in labour and material costs, with the policy of price restraint in the background, have limited the profitability of our operations. Good labour relations and adequate material supplies were maintained throughout the period.

Our main output consists of castings for the building industry and items of domestic equipment; we also do a substantial amount of business supplying hotels with catering equipment.

The chief products are: Rainwater and Soil Goods, Baths, Cooking and Heating Equipment, Gas Appliances, Electric Cookers and Fires, Oil-Fired Appliances, Heavy Duty Cooking Equipment and Leisure Kitchen Equipment.

OVERSEAS TRADE

We have made considerable efforts this year to increase our export trade, but in many countries we are severely handicapped by import restrictions due to exchange difficulties. We succeeded in building up a worth-while trade in cast iron pipes with the West Coast of the USA, but unfortunately an adverse decision by the Anti-Dumping Commission has severely restricted this trade.

ALLIED IRONFOUNDERS PROPRIETARY LIMITED, AUSTRALIA

The new Melbourne foundry is now virtually completed. For some months we have been assembling cookers sent out in parts from this country, and the cooker assembly shop as a result is now working efficiently; we melted metal for the first time on May 17th. In all we have invested about £1¼ million sterling in this project. To operate in Australia on the scale this implies is a considerable undertaking, and we must expect some time to elapse before we get an adequate return on this investment though we are in no doubt about the long term merits of the enterprise.

DURBAN FALKIRK IRON COMPANY (PTY.) LIMITED, SOUTH AFRICA

This Company has again had a very successful year, but since the end of the year trading has become somewhat more difficult as the result of financial restrictions in the Union. Both the Durban and Newcastle Works have been extended, and we can expect good results from this Company as soon as trade improves.

OUTLOOK

All Shareholders know that our business is to supply the building trade, and that our fortunes depend largely upon the demand for new homes and the replacement of domestic equipment in others. We have had several years of increasing prosperity, but we are bound at any time to be seriously affected should there be a major reduction in the programme for house-building. We do not anticipate the maintenance of this programme at the level of 300/350,000 houses a year, but we have in this country some millions of inferior dwellings which will have to be replaced over the next ten or twenty years, and if this national problem is dealt with by both Government and industry in a statesmanlike way the replacement of these houses will more than make up for any reduction in the programme for additional housing.

Your Company will continue the propaganda it began with the film "The Stockton Test," to spread knowledge of the Government grants available for the rehabilitation of old property and to show the value to the nation of their wider use.

The report and accounts were adopted.

VACTRIC Ltd.

AND ITS SUBSIDIARIES

	£		£
Issued Share Capital—		Fixed Assets (Plant and Property) at cost	799,444
300,000, 6% £1 Cum. Pref. Shares	300,000	*Less:* Depreciation written off	311,664
1,200,000, 5/- Ordinary Shares	300,000		487,780
600,000, 5/- 'A' (Non-Voting) Ord. Shares	150,000	Current Assets— (Debtors, Stocks and Cash)	2,280,703
	750,000		
Capital Reserves	194,507		
Undistributed Profits (detailed below)	122,415		
Reserve for Future Tax	259,173		
	1,326,095		
Current Liabilities	1,442,388		
	£2,768,483		£2,768,483
Taxation on the Profits of 1955/56	295,377	Net Profit for the Year 1955/56	539,583
Taxation adjustment on previous year	6,348	Provisions written back	10,838
Amount capitalised (including expenses)	298,812	Balance brought forward from last year	222,987
Preference Share Dividend (*less* tax)	5,175		
Ordinary and 'A' Ordinary Share Dividend at 17½% (*less* tax)	45,281		
	650,993		
Balance Carried Forward	122,415		
	£773,408		£773,408

The above figures are extracted from the Accounts for the Financial Year ended 31st March, 1956, presented to the 22nd Annual General Meeting of the Company held on 20th July, 1956.

HENDERSON'S TRANSVAAL ESTATES

The forty-fourth annual general meeting of Henderson's Transvaal Estates, Limited, was held on July 24th in London.

Sir Joseph Ball, KBE (the Chairman) presided and, in the course of his speech, said:

Dealing first with the Company's own Accounts, you will have noted that the profit, before taxation, amounted to £88,225, as compared with £77,508. From this sum has to be deducted £41,708 in respect of taxation, leaving a net profit of £46,517.

To the net profit of £46,517 must be added a balance of £74,070 brought forward, making an available total of £120,587. Your directors now recommend a first and final dividend of 15 per cent, less tax, and there will remain a balance of £71,988 to be carried forward.

The profit before taxation, at £219,870, was approximately £40,400 higher than in the previous year, and after providing for depreciation and taxation the net profit amounted to £103,447—the comparable figure for last year being £78,462.

The results of our Subsidiary Company, Tweefontein United Collieries, Limited, for the year ended December 31, 1955, showed a profit on coal, after provision for working expenses, replacements and renewals and selling commission, of £146,949, as compared with £141,915 for the previous year.

We continue to hold our substantial investment in White's South African Portland Cement Company Limited, which Company further expanded both its output and its profits for the twelve months ended November 30, 1955. The report was adopted.

HOUSE OF FRASER LIMITED

A VERY SUCCESSFUL YEAR

CONTINUED EXPANSION OF BUSINESS

MR HUGH FRASER ON PROPOSED SCRIP ISSUE

The fifteenth annual general meeting of House of Fraser Limited will be held on July 30th in the Merchants' Hall, 30 George Square, Glasgow, C.2.

The following is an extract from the statement by the Chairman and Managing Director, Mr Hugh Fraser, DL, JP, which has been circulated with the report and accounts:

The business of the Company has continued to expand since the last Meeting of Stockholders and a satisfactory measure of progress is disclosed in the Statement of Accounts for the year.

From the Consolidated Accounts you will observe that the Group has had a very successful year. All necessary expenditure in carrying out our established programme of Store maintenance has been charged in the Accounts and the Trading Profit has improved quite considerably over the comparable figure in the Profit and Loss Account for the previous year.

The Interest debited in the Profit and Loss Account includes a full year's charge for interest on the loan of £1¼ million negotiated at the end of 1954. The Net Profit before Taxation was £1,772,729 (£1,482,609) while the provisions required for Taxation amounted to £989,813 (£837,906) leaving a Net Profit of £782,916 (£644,703). The balances available for distribution after providing for Dividends due to Outside Preference Shareholders in Subsidiary Companies amount to £1,247,811. The Dividends due on the Preference Stock and an Interim Dividend at the rate of 20 per cent on the Ordinary Stock of the Parent Company were paid during the year under review.

The Directors now recommend a Transfer to General Reserve of £50,000 and payment of a Final Ordinary Dividend for the year at the rate of 45 per cent actual. After the appropriations recommended, the amount carried forward in the Accounts of the Parent Company is £371,964 (£304,240) and the total balances of Undistributed Profits carried forward to the next Consolidated Account stand at £749,772 (£510,132).

BALANCE SHEET FEATURES

In the Consolidated Balance Sheet the Book Value of Heritable Properties has increased by over £500,000. This is chiefly due to the inclusion of the properties owned by Forresters (Outfitters) Limited and Isaac Benzie Limited and to additional expenditure incurred by Binns Limited on construction works at Middlesbrough. There have been unavoidable delays in building progress there, but it is now expected that the new Store will be ready for occupation in the early months of 1957.

The surplus of Current Assets over Current Liabilities, £3,684,825, is less than the comparable figure for last year by £291,596, but in the opinion of the Directors the net liquid resources are adequate for all Company purposes at present contemplated. The principal items affecting the liquid resources of the Group were the net expenditure on new subsidiary companies, the cost of building construction in Binns Limited already referred to, and repayments to Heritable Creditors and Outside Preference Shareholders on the winding up of Pettigrew & Stephens Limited.

A steady rise in operating expenses during the year has been successfully met by an expansion of turnover and the increase in the total of Issued Share Capital and Group Reserves from £5,060,182 to £5,449,706 is very satisfactory, as the increase has been achieved entirely out of taxed profits.

Credit for the continued success of the Company's trading must again be given to the Staffs of every store in the Group, and I welcome this opportunity to acknowledge their enthusiasm which has yielded record figures of turnover year by year.

PROPOSED SCRIP ISSUE

The Report of the Directors contains their recommendations relating to certain major alterations in the Share Capital of the Company which are set out fully in the Notice to Ordinary Stockholders convening an Extraordinary General Meeting to consider the proposals. The consent of the Treasury has been obtained to enable the proposed issue of "A" Shares to be made and if Ordinary Stockholders authorise the issue of 4,698,146 "A" Shares of 5s. each credited as fully paid, the additional £1,174,536 10s. in "A" Ordinary Stock will raise the amount of the Capital of the Company in issue to £2,699,073.

An increase in the Authorised Capital of the Company is necessary for this purpose and the Directors consider that an increase to the sum of £5 million will be in the interests of the Company in order to have an adequate amount of unissued shares available for future expansion, but apart from the proposed bonus issue in "A" shares, the Board has no immediate plans for the issue of any shares in excess of present requirements either for cash or otherwise. Subject to approval by Ordinary Stockholders, Renounceable Allotment letters covering the new "A" Ordinary Stock will be posted to Stockholders on October 16, 1956.

THE CURRENT YEAR

The trading experience of the Group in the current year to date has been very favourable both as regards volume of business and net earnings. Notwithstanding the economic devices employed on a national scale to bring about disinflation the retail trade is still faced with mounting costs particularly in regard to wage standards.

The problem of rising costs is, however, a constant incentive towards more efficient working and I feel that we may look forward to another successful year if economic conditions in the country remain reasonably steady.

It is proposed to post Warrants for the final Ordinary dividend immediately after the conclusion of the meeting.

THE METAL BOX COMPANY LIMITED

SIR ROBERT BARLOW'S REVIEW

The thirty-fifth Annual General Meeting of The Metal Box Company Limited was held on Friday, July 20th, at The May Fair Hotel, Berkeley Street, London, W.1.

Sir Robert Barlow, the Chairman, presided.

In his review the Chairman commented in detail on the progress in each of the Company's five product groups: Open Top; General Line; Paper Products and Flexible Packaging; Caps, Closures and Injection Moulding; and Machinery Building. In every case he reported continued expansion, both in demand and in production facilities.

RESEARCH AND DEVELOPMENT

The Chairman reported that the Company's research and development facilities were being steadily expanded in order to make available the optimum use of the latest packaging materials and techniques for the benefit of its customers.

New research laboratories had been built at Speke to cover the development of laminates, at Portsmouth for polythene extrusion and coatings and at Alperton for injection moulding. Plans were also in hand for the construction of a central research laboratory at Swindon where it was hoped to provide extended customer service facilities and to undertake longer term basic research.

Additional engineering research and development facilities were also being provided for the design of equipment which would improve productivity and increase the efficiency of all the Company's manufacturing operations.

TEN YEARS' PROGRESS

Sir Robert drew attention to the figures and graphs included with the report which, he said, "seek to explain in simple form the Company's remarkable growth since the war.

"It will be seen that £21,288,000 has been spent on buildings and equipment. This has resulted in an increase in sales of £45,000,000, and the business we did in 1955/56 was nearly four times that of 1946/47.

"In its turn, this has led to an increase in working capital of over £12,000,000.

"The total capital employed has increased five times in ten years.

"The amounts paid by way of salaries, wages and benefits refer only to the Home Company and are therefore not comparable with the other figures.

"At March, 1947, we employed in the United Kingdom 16,753 people of whom 1,692 were part-time workers. At March, 1956, the number had increased to 24,818, of whom 4,062 were part time. This is an increase of less than 50 per cent, whereas the money paid out to them increased 200 per cent.

"It is fair to say that everyone is better off for the investments we have made—our shareholders who have provided the capital, the customers we serve, and the people we employ—and not least the State which takes the bulk of the profit—no less than £15,721,000.

"It is a great tribute to the central organisation under Mr Ducat's leadership that it has been able to handle an expansion on such a scale as these figures show."

The Report and Accounts were adopted, the dividend approved and the retiring Directors re-elected.

PARKLAND MANUFACTURING COMPANY

RECORD PRODUCTION AND SALES

The fifty-third annual general meeting of the Parkland Manufacturing Company, Limited, was held on July 19th at Bradford, Mr George F. Hanson (Chairman), presiding.

The following extracts are from his circulated statement:

Our production has again benefited from the new and up-to-date machinery we have installed and it has now reached a very high level of efficiency. The whole of our plant has been fully employed during the period.

Again, production and sales have surpassed last year's record output. Competition has continued to be very keen and, throughout the trade, buyers seemed very reluctant to place orders in the Summer of last year. As a result the orders on our books reached a low level and your Directors decided to build up stocks of coloured yarns. This enabled us to give very good service when trade revived in the Autumn, thus enhancing our goodwill.

Unfortunately, however, this coincided with a sharp decline in the value of Merino wool with its resulting effect on our profits.

We have intensified our efforts to sell in export markets, with a gratifying measure of success, again in the face of severe competition.

The net profit for the Group amounts to £695,440, compared with £766,340 for the previous year, and, but for the increase in our production and turnover, the effect of the fall in wool prices would have reduced our profits more seriously.

The balance remaining after Taxation, and after crediting £54,246 excess provision for Taxation in previous accounts, is £355,860 compared with £390,395 in the previous year.

CONSOLIDATED BALANCE SHEET

Current Assets amount to £3,271,593 compared with £3,196,008 in last year's Balance Sheet. The Current Liabilities are £1,387,326, against £1,469,636, and the Liquid Surplus has increased to £1,884,267 against £1,726,372 a year ago, due to the profits which we have again ploughed back.

The balance available for distribution by the Parent Company is £386,763, against £373,464 a year ago, and your Directors recommend that there should be a Final Dividend at the rate of 25 per cent actual less tax on the Ordinary Shares and on the "A" Ordinary Shares. The total net amount absorbed by dividends on the Ordinary and "A" Ordinary Shares is £111,003, against £101,723 last year. The increase is largely because, this year, the "A" Ordinary Shares receive both the Interim and Final Dividends totalling 32½ per cent whereas for the previous year they received only the Final Dividend of 25 per cent.

In our industry owing to the continual fluctuations in the value of our raw materials it is wise to approach any forecast with caution. Our new range of patterns has been well received and we have a very satisfactory order book. We are continuing our recent policy of preparing yarn stocks to give good deliveries of cloth to our customers.

It is our hope and aim that when we present our figures next year the results will not be unsatisfactory.

The report was adopted.

GEO. BASSETT & CO.

The annual general meeting of Geo. Bassett & Company Limited was held on July 24th at Sheffield, Mr D. Gordon Johnson (Chairman and Managing Director) presiding.

The following is an extract from his circulated statement:

Our sales in 1955/56 again broke all records. Costs rose, however, more sharply than sales, with the result that the profits, before tax, were a little lower, falling from £795,135 to £711,229. Your Directors propose, however, to maintain the 20 per cent final dividend, making a total of 25 per cent for the year.

When we consider that the total home sales of chocolate and confectionery fell by nearly 3 per cent during 1955, I think we may regard our own increase as a reflection of the growing popularity of your Company's products.

This increase in our sales, however, was unfortunately insufficient to absorb increases in wages and raw material prices and we operated throughout the year under review on a progressively lower margin of profit. Notwithstanding increased costs, the consumer prices of all our lines remained unchanged throughout the year.

Our exports showed a slight fall from the record level of the previous year, but were still well above the level of two years ago.

After the very rapid expansion of recent years there must inevitably be a period of consolidation while plans are made for further growth. I look to the future, however, with a reasoned optimism.

The report was adopted.

ALITALIA

ITALIAN INTERNATIONAL AIRLINES

(Rome, Italy.)

The Annual General Meeting of ALITALIA was held in Rome recently, and the following are details of the report presented by the Board of Directors:

The Company's activity during the past year was directed towards consolidating and preparing commercial and technical developments previously planned. In this way, ALITALIA tries to compete with other major foreign airlines and to surpass them in the rate of expansion of their networks.

The Company's capital was increased from Lit. 2,000m. to Lit. 4,500m., and an order for two DC-6B aircraft was placed for delivery in January, 1956, and March, 1956, respectively. Both of these aircraft are by now in operation on the Company's routes. Another order has since been placed for four DC-7C aircraft—a larger version of the DC-6B and of wider commercial appeal, which are to be delivered late in 1957 and early in 1958. Two new Convair 440 Metropolitans are also on order. As a result, ALITALIA'S operational fleet, which at December 31, 1955, numbered four DC-6B's and four Convair 340's has, by now, been increased by two DC-6B's; with the future deliveries of the Convair 440's and the DC-7C's now on order, the Company's fleet will have risen to 16 aircraft by April, 1958, and will thus have doubled its present capacity.

Two new services were introduced during 1955, both operated with Convairs—Catania-Rome in both directions, with an extension to London on three days of the week (connecting with ALITALIA'S service to Paris and Frankfurt in Milan) and a weekly extension to Tripoli; Milan and Frankfurt in both directions three times a week. During the summer months, as an experiment, a night service between London, Milan and Rome on three days a week was also operated. No major alterations were made to other existing ALITALIA services.

Early in the Spring of 1956, ALITALIA will open a new service connecting Rome with East and South Africa (Rome-Nairobi-Johannesburg) through Athens-Khartoum, and another from Rome to Damascus and Baghdad.

Traffic figures for 1955 showed a distinct improvement compared with 1954.

	1955	1954	
Kms. flown	6,864,944	6,080,914	+ 12·9 per cent.
Passenger/Kms.	172,713,473	146,912,548	+ 17·5 „ „
Ton/Kms. (Cargo)	2,018,932	1,765,702	+ 14·3 „ „
Ton/Kms. (Baggage)	283,046	200,629	+ 41·1 „ „
Ton/Kms. (Mail)	1,197,579	1,037,402	+ 15·4 „ „
Passenger Seats Utilisation	55·4 per cent.	54·1 per cent.	+ 2·4 „ „
Total Pay-load Utilisation	56·0 „ „	54·9 „ „	+ 2·0 „ „

The profit for the financial year ending December 31, 1955, amounted to Lit. 127,464,383, which, added to the surplus of Lit. 6,477,614 brought forward from the previous year, produced a total of Lit. 133,941,997, which has been set aside as a reserve.

The report and the financial and economical budget for the year ending December 31, 1955, were adopted.

Management

Count Nicolo' Carandini, President; Lord Douglas of Kirtleside, GCB, MC, DFC, Vice-President; Ing Bruno Velani, General Manager; Dr Donato Saracino, Administrative Manager; Ing Giuseppe Rimer, Manager for Materials; Dr Renato Cappelletti, Commercial Manager; Com.te Mario Ceroni, Operational Manager.

THOMAS DE LA RUE AND COMPANY LIMITED

CONTINUED IMPROVEMENT

The fifty-ninth annual general meeting of Thomas De La Rue and Company Limited was held on July 25th in London.

Mr B. C. Westall, CBE, MA (the chairman), presided and, in the course of his speech, said: The Company's trading continues to improve and this is reflected in the Balance Sheet.

Later in the meeting I shall ask the Stockholders to agree to increase the Authorised Capital of the Company by £1 million. It is possible that our research organisation may at any time confront us with new developments which will need money to bring into the production line.

Turning to the figures of Trading the whole of this year's profits are attributable to the Security and Plastics Divisions.

Taking the business as a whole a half of our sales are exported directly. Apart from this, many manufactures are exported by our Customers in which our products form a part. This great strength of our export market is due to the fact that in the course of each year nearly every country in the habitable parts of the globe is visited.

DIVISIONAL ACTIVITIES

In the Security Division the forecast I made last year that the turnover would be maintained has proved well justified. The outlook for the current year I regard as no less promising than that for the year under review.

In the Plastics Division there has been a substantial increase in sales of both Formica and Delaron laminated plastics. Last year I reported that the Company had reduced the price of Formica by 10 per cent. The hopes I then expressed that the profits would be maintained by an expansion of turnover have not only been fulfilled but, by reducing waste and making strict economies, the factory has made a considerable contribution towards this increase in profits.

Another encouraging sign in this Division is the increasing success of the plastics manufacturing units on the Continent, namely, in France, Germany, Spain, and Italy, from which we may expect a reasonable contribution to the Company's profits during the current year. Since the close of the year arrangements have been made to erect a factory for the manufacture of our plastic products in Australia.

During the year steady progress was made in the expansion of our Delaron material, particularly in its application to telephones, radio, television, and the electronics fields, and in addition to this, we have successfully introduced a copperclad grade of Delaron Laminate.

In the Potterton Division (Cookers and Water Heaters) new models are now being developed and we hope that these new products may help to put the Potterton Division on a satisfactory basis.

In the Stationers Division new models of Onoto pens were introduced and other important steps have been taken to improve the efficiency of this division.

During the year a considerable sum has been spent on Research and Development covering all Divisions, which we believe will make a substantial contribution to the Company's prosperity in the years to come.

The report was adopted and the increase of capital was approved.

FODENS LIMITED

The fifty-fourth annual general meeting of Fodens Limited was held on July 25th at Elworth Works, Sandbach. Mr James Wild, the Chairman, said in his report:

This year marks the one-hundredth anniversary of our organisation. At the outset, the firm produced agricultural machinery and steam engines, and the first traction engine was manufactured in 1884. The first steam wagon was produced in 1901, and this type of vehicle was sold in large numbers until 1932, when the first Diesel-engined vehicle was produced. Today our products are distributed throughout the world.

We have a full order book, and provided that business continues to be satisfactory then I am sure we shall receive our full share of business available to our industry.

Fodens (South Africa) (Proprietary) Limited has had a very successful year, and sales have continued to expand.

The following is an analysis of how each one pound of our sales income has been applied:

	£ s. d.
Wages and Salaries	5 6
Materials and Services	11 10¼
Servicing of Buildings, Plant and Equipment	9
Taxation	1 0¼
Retained in the Business	6
Dividend (net)	4¼
Total	£1 0 0

I would express the Directors' appreciation of the loyal and steady co-operation received from all employees throughout the year. The report was adopted.

G.R.A. TRUST

CONTINUED POPULARITY OF THE SPORT

The twenty-eighth annual general meeting of The Greyhound Racing Association Trust Limited was held on July 25th in London.

Mr Francis S. Gentle, CBE, Chairman, referred to the enduring attraction of Greyhound Racing as presented by the GRA and to their Patrons' loyalty to the sport of their own choosing in the face of discriminatory Taxation and increased competition from Television.

The Ordinary Dividend was being maintained at 20 per cent but was being paid on the increased capital following the recent bonus issue.

The Government had recently undertaken to introduce new legislation on Betting, Lotteries and Gaming but until the Board saw what the Government was to propose in its new Bill they could not assess the possible effects thereof.

Anyone who said that there were extravagant profits being made out of Greyhound Racing today, except by the Chancellor of the Exchequer, was talking without a proper appreciation of the facts.

The Chairman did not belittle the possible difficulties in the matter of new legislation but there was a strong case for an alleviation, rather than a worsening, of the position of Greyhound Racing, and every endeavour would be made to protect the Company's interests.

The Accounts were adopted, the proposed dividend was confirmed and the retiring Directors were re-elected.

SMITH'S POTATO CRISPS

The twenty-seventh ordinary general meeting of Smith's Potato Crisps, Limited, was held on July 25th in London.

Mr Fermian Le Neve-Foster, the chairman, after expressing regret at the retirement from the position of Director and Managing Director of the Founder of the business, Mr Frank Smith, in the course of his speech, said: The Net Profit of the Group, before taxation, amounts to £557,997 compared with £407,972 for the previous year. The Net Profit of the Group after taxation is £276,593 against £214,138, a net increase of £62,455.

The most satisfactory feature of the year's results is that sales of the Parent Company during the year represent an increase of about 25 per cent on the figure I disclosed last year, production being increased from about 22,650,000 to 28,250,000 tins.

The directors have decided to recommend a final dividend of 25 per cent plus a cash bonus of 5 per cent, making, with the interim dividend already paid, a total distribution of 37½ per cent on the enlarged capital resulting from the Share Bonus last year as against 32½ per cent on the smaller capital last year. This is an effective increase of an additional 8 per cent. The directors consider that the time has come when, in view of the progressive results and our financial position, an advance in the cash dividend is well justified. The net requirements for the dividend on our single class of Issued Shares is £107,976, which is covered more than two and a half times by the Net Group Profits of £276,593.

SALES

Last year I referred to the slim profit margin on which we were operating which was less than ¼d. per packet and to the anxieties we were experiencing with increasing costs. Unfortunately costs have continued to increase in all directions.

The Public are aware of the high prices for Potatoes in the recent shortage, but more important to us the average price rises substantially year by year. The high quality oil we use, which is our next most important item of material costs, has recently risen 30 per cent in cost on the average of last year and is now priced at six times the prewar level. At the same time there has been an advance of wages and in the cost of transport and every other item of our costs. In these circumstances we made a thorough costings review of the situation and came to the conclusion that, even with a further increase of production, it was impossible to retain the Retail price of 3d. per packet any longer. The price per packet was accordingly raised from May 1st to 4d. per packet, but at the same time the content of the packet was increased by 15 per cent by way of compensation; in other words a price policy of "more for more." The increase in the price has been well received by both the Trade and also by the Public and we can see no falling off in Sales.

The demand for our product continues unabated even with the larger production we can now supply to the market. The slogan "There are no Crisps like Smith's" still holds good, and I make no apologies for repeating it.

During the current year production and sales are still mounting in comparison with last year and we are achieving figures which reflect the progressive policy of expansion which we have pursued for the last few years.

The report and accounts were adopted.

THE APV COMPANY

SERIOUS EFFECT OF STRIKE

The forty-sixth annual general meeting of The APV Company Limited was held on July 25th at Crawley, Dr R. J. S. Seligman, PhNatD, FCGI, FInstMet, FIM (the Chairman), presiding.

In the course of his circulated statement, the Chairman said that the Consolidated Accounts for the year 1955 showed that there was a further increase in the profit on trading, which amounted to £577,932 compared with £519,107. Taxation provision amounted to £148,277, and the increase in Staff Profit Sharing Bonus to the figure of £40,574 was attributable to a larger number of employees.

The Parent Company's turnover in 1955 was £3,968,000 compared with £3,715,000. The turnover of the Group reached a figure somewhat in excess of £6,700,000.

Sales in the Parent Company in 1955 were appreciably lower than in 1954. This was, in the main, due to the fact that in the earlier year two exceptionally large orders were received, one from the Russian Government for Dairy Equipment, and one from our own Government for other equipment, which were not repeated in 1955. The plant supplied to Russia was very favourably received and there was good prospect of further orders from that source. Those two exceptional contracts in 1954 more than accounted for the diminution of sales in 1955 and apart from them, sales again showed an appreciable increase. Sales for the first six months of the current year were at an annual rate of 23 per cent more than those received in 1955. He pointed out, however, that the Company was now faced with intensified competition in all its markets both home and abroad.

The Subsidiary and Associated Companies had, broadly speaking, had a successful year.

REVIEW OF ACTIVITIES

In the course of his Review of the Group's activities, Dr Seligman, commenting on the Dairy Industry Department, said that the progress foretold in his statement last year was fully achieved in 1955 and sales, especially export sales, materially exceeded those of 1954 apart from the Russian Contract. He had mentioned last year that arrangements had been made with several firms to manufacture at Crawley specialities which were complementary to their own, and he was able to report satisfactory development of the sales of several of those. However, with its very large proportion of export business, that department was particularly sensitive to the keener price competition, and to the effects of currency or other political or economic obstacles, and those were bound to affect the future sales of that department.

So far as the Brewing Industry was concerned, the Chairman said it was gratifying to report that the total value of orders received for brewing plant in 1955 was 50 per cent greater than in 1954.

As to the Chemical Industry, Dr Seligman said that 1955 gave the Chemical Engineering Department an order book which was somewhat smaller than that achieved in 1954. After dealing with the major reorganisation of the Chemical Engineering Department and the formation of a new department, the Industrial Sales Department, he continued:

The reorganisation makes it very difficult to form a reliable picture of what the current year offers to the two foregoing sections of your Company. It can be said, however, that the bulked orders to date are at a higher rate than those of 1955, though much below what it is hoped they will ultimately reach.

As anticipated in my statement last year, your Food Plant Department secured orders in 1955 well in excess of any previous year.

FUTURE PROSPECTS

I must refer to the unfortunate stoppage which has taken place during the current year and its very serious effect on the prosperity of the Company and all who are connected with it. The loss of orders and the actual expenditure involved must affect the results of the current year. Clearly, redoubled efforts are necessary by all concerned to make good the lost ground and to advance well beyond the limits reached in 1955.

The report was adopted and the dividend of 10 per cent for the year was approved.

DE WENDEL & CIE SA

(PARIS)

The Annual General Meeting of de Wendel & Cie SA was held in Paris on June 25, 1956, with Count Emmanuel de Mitry in the chair.

The following extracts from the report issued to shareholders throw light on the progress of the Company during the 1955 financial year.

The production of iron ore by de Wendel & Cie SA rose to 4,948,281 metric tons, an increase of 18.7 per cent on 1954. Cast-iron production attained 1,764,597 metric tons, an increase of 16.3 per cent on 1954, whilst steel production rose to 1,524,359 metric tons, an increase of 10.27 per cent on the preceding financial year. The turnover rose to Frs. 75,439,820,826 against Frs. 56,583,940,730 in 1954 (all tax included).

The Company's modernisation programme was continued during the 1955 financial year. The main expenditure in the factories was directed towards the reconstruction of a blast-furnace completion of which is scheduled for the last quarter of 1956, towards the construction of a sixth Martin furnace and towards new plant for the manufacture of metal railway-sleepers. The new continuous wire-drawing mill was gradually introduced into service during the second part of the year. In addition considerable investment has been equally necessary in the railway system because of the increase in traffic.

The production of various divisions of the "Société Lorraine de Laminage Continu" (SOLLAC), in which de Wendel & Cie SA holds important interests, has once again made notable progress in 1955.

The balance sheet at December 31, 1955, showed total assets, including liquid and realisable assets at Frs. 27,123,160,922, as against short-term liabilities of Frs. 14,829,909,921.

Fixed assets have risen to Frs. 26,700,453,593.

Profits for the year, after allowing Frs. 6,362,539,107 for amortisation, totalled Frs. 559,016,034.

The dividend for the year 1955 has been fixed at Frs. 500 gross per share of Frs. 5,000.

COMPAGNIE FRANÇAISE DES PÉTROLES

(French Petroleum Company, Paris)

RISE IN INVESTMENTS

FURTHER PROGRESS

The Annual General Meeting of the Compagnie Française des Pétroles was held in Paris on June 29th, with M. Victor de Metz in the chair, and the following is a summary of the report presented by the board:

REVIEW

The situation of the oil industry remained satisfactory during 1955. Expansion proceeded, a growth of 11.3 per cent contrasting with only 4.5 per cent during 1954.

World oil output reached 763 million tons, with Middle Eastern oil fields taking the lead. The French oil industry shared in this general advance and French refineries processed 25.1 million tons of crude oil, compared with 23.8 million tons in the preceding year.

OUTPUT

The Company's progress paralleled that of the industry. Among its Middle Eastern interests, output of the Iraq Petroleum Company rose to 24,202,000 tons, and the Mosul Petroleum Company, the Basrah Petroleum Company, and the Qatar Petroleum Company produced 1,313,000 tons, 7,231,000 tons and 5,362,000 tons respectively. Persian output reached 15,772,000 metric tons. Abu Dhabi Marine Areas Limited continued its explorations on the seabed of the Persian Gulf.

The total tonnage of crude oil received by the Company during the year amounted to 10,241,449 metric tons, made up of 6,348,390 tons from the Eastern Mediterranean and 3,893,059 tons from the Persian Gulf area, as against a total of 9,312,828 tons in the preceding year. The Company also shared in the output of the Tripoli and Abadan refineries to the extent of 412,180 tons.

INVESTMENTS

Investments rose considerably during the year, comprising a £760,000 share in the Iraq Petroleum Company's capital increase, and a rise from £1,110,600 to £3,270,600 in the Company's share in the new organisation in Persia.

REFINING

The Compagnie Française de Raffinage, an important subsidiary, processed 6,468,270 tons in 1955, 3,095,724 tons were handled by the Raffinerie de Normandie, and 3,372,546 tons by the Raffinerie de Provence.

A pressure distillation unit with a daily capacity of 10,700 cubic metres was put into service by the latter in August last year.

TRANSPORT

With the entry into service of two 30,000-ton tankers (the *Biblos* in the spring of 1955, and the *Nimite* at the beginning of 1956) the fleet operated by Compagnie Navale des Pétroles (another undertaking controlled by the Company) comprised 14 vessels with a total deadweight tonnage of 260,000 tons.

Two further 30,000-ton tankers are expected to join the company's fleet in 1956 and 1957 respectively, and a 16,000-ton vessel for the transport of refinery products has been ordered and is due for delivery in 1957.

PROFITS, DIVIDEND

Net profits for the year totalled Frs. 6,398,280,380. It was accordingly proposed to declare a gross dividend of Frs. 600 per share of Frs. 5,000 nominal equivalent to 12 per cent as before.

The report, the accounts, and the proposals put forward by the Board were adopted.

DERBYSHIRE STONE

WIDENING SPREAD OF ACTIVITIES

The twentieth annual general meeting of Derbyshire Stone Limited was held on July 25th in London, Mr John Hadfield, MSc, ARIC (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

The gross profit for the 15 months ended March 31, 1956, amounting to £414,683, was satisfactory. The Group Net Profit before taxation was £262,327, compared with £207,120 for the period January 1st to December 31, 1954. The Group Net Profit after taxation was £132,654.

The total of Capital Expenditure and Investments for the period under review amounts to £340,099 and your Directors have so far approved expenditure of £155,000 on capital items and on investments in the current year.

GOVERNMENT'S ROAD PROGRAMME

Derbyshire Stone Limited is one of the largest producers of roadmaking materials in Great Britain and consequently the Government's policy in connection with roads is of particular interest to the shareholders. The transport system of this country, and I include railways with roads, has an enormous effect on our national economy. Ultimately an adequate road programme must be forthcoming, but I shall not believe that the Government will do anything really substantial until I see contracts actually placed.

Your Company has spent a lot of money on preparing for a Government programme of greatly increased road construction and reconstruction and, when such a programme does materialise, our plant capacity is such that it will be possible for the Company to make a substantial contribution.

The confidence which I have expressed in previous years as to your Company's future continues undiminished. Initially our business was predominantly that of making and selling road materials, an activity in which we are of course still substantially engaged. Important as they are, however, road materials now account for less than half of our turnover. This spread of activity is a healthy development and should insure us to some degree against the effects of violent fluctuations in the prosperity of any particular group of customers, and we are all the time on the look out for further markets. I have no reason to feel that in the year which will end next March we shall fall behind our past achievements.

In the long term I believe that your Company will increasingly reap the reward of our policy of constantly modernising our plant and machinery, and of expansion into fresh fields of activity.

The report was adopted and the Ordinary dividend recommendation of 20 per cent actual for the 15 months' trading period approved.

ST MARTIN'S LE GRAND PROPERTY COMPANY

The thirtieth annual general meeting of St Martin's Le Grand Property Company Limited was held on July 23rd in London, Sir Philip du Cros, Bart., presiding. The following is an extract from the circulated statement:

I am glad to be able to report further improvement in the profits of the Group. Gross income during the past year increased by £77,459 to £474,314; net profit before taxation by £23,875 to £174,934 and net profit of the Group, after charging all taxation, by £12,126 to £85,777.

The Directors recommend a final dividend of 7 per cent, making 11 per cent on the share capital as against 10 per cent for the previous year.

Adelaide House (Parent Company) continues to prove one of our most valuable investments.

Modernisation and reconstruction of Princes Square, Glasgow (Cheapside Company), continued throughout the year and is now complete.

Empire House (Cheapside Company): Work on the new seventh floor is now well advanced and it is hoped that it will be ready for occupation very early in 1957.

Hasilwood House (Hasilwood Properties Limited) is extremely well-let and producing an income in excess of estimates made at the time of purchase.

In spite of difficulties, I have confidence in the future of your Company and look forward to reporting a satisfactory profit at the end of the current year.

The report was adopted.

SWEARS & WELLS LTD.

INCREASED PROFIT

The twenty-ninth annual general meeting of Swears & Wells, Limited, was held on July 20th in London, Mr Cyril J. Ross, OBE, chairman and joint managing director, presiding.

The following is an extract from his circulated statement:

The report and accounts for the company's financial year ended January 31, 1956, show a very satisfactory result, being an increase over last year's record profit. The Consolidated Profit was £807,481 and compares with last year's figure of £724,360. The directors are able to recommend a final Ordinary dividend at the rate of 12½ per cent on the £1 million Ordinary Capital as at January 31, 1956, which makes a total of 20 per cent for the year, being the same rate as for the previous year.

I am pleased to say that in April last the Chancellor made Purchase Tax concessions in respect of certain classes of furs. These are of especial benefit to your company.

In the retail section trading in furs ten new branches in the United Kingdom have been added during the year, all of which I am happy to state are making good progress. A further four branches have been opened in Canada. The fashion side of the business continues to show steady progress and has increased its turnover and profit.

Given no undue reversal in the company's economic affairs, we have every reason to feel that the company will continue to make progress and produce satisfactory profits during the current trading year.

The report and accounts were adopted.

MACONOCHIE FOODS

The ninth annual general meeting of Maconochie Foods Limited was held on July 25th in London, Mr R. S. Mays-Smith (the Chairman) presiding.

The following is an extract from his circulated statement:

The trading profits of the Company and its United Kingdom Subsidiary Companies, plus dividends from Trade Investments amounted to £147,507 compared with £120,782 in the previous year. The net profit amounts to £69,303.

The result of the year's trading can be considered satisfactory and I am pleased to report that since the end of the Company's financial year the improvement has been fully maintained and the turnover shows an increase over that for the same period last year. In these circumstances your Board have decided to pay 18 months' arrears of Preference Dividend, requiring £11,644 net. After deducting this dividend the credit balance to be carried forward on Profit and Loss Account is £50,009. If the progress in trading is maintained it is hoped that it will be possible to pay off all arrears in the comparatively near future.

I am pleased to tell you that the sales of "Pan Yan" for the year ended February 29, 1956, constitute an all-time record in the history of this Company.

The turnover in the United Kingdom Company continues to expand satisfactorily and provisional accounts for the first quarter show an increase in profit over the similar period last year, but it must not be forgotten that profit margins must of necessity tend to decrease with rising costs of raw materials, wages and overhead expenditure.

The report was adopted.

APPOINTMENTS

ACTUARIAL STUDENT FOR SOUTH AFRICA

Established Society, conducting Life and General business in the Union and the Rhodesias, is expanding and requires a young student, who has passed or about to pass Part II of the examinations, as Assistant to the Actuary. A generous commencing salary will be paid and there are excellent opportunities for promotion. All costs incidental to the examinations and passage to the Union are paid by the Society. Pension scheme, medical aid scheme. Long leave granted every five years for holiday outside Southern Africa.—Write Box M/198, Strand House, London, W.C.2.

STATISTICIAN REQUIRED by leading London Advertising Agency, to be responsible primarily for the analysis of television consumer data, and also for statistical analysis in connection with consumer research project.—Apply to Research Manager, Young and Rubicam, Ltd., 285 Regent Street, W.1.

MARKET RESEARCH

Educated man wanted, 30 or under, with some experience of Market Research, to be trained as personal assistant to the head of the Market Research Division of W. S. Crawford Ltd.—Write to The Market Research Manager, 233 High Holborn, London, W.C.1.

IMPERIAL CHEMICAL INDUSTRIES LIMITED has a vacancy in its Treasurer's Department in London for an assistant who will be engaged on foreign exchange work. Knowledge of such work and commercial banking procedure would be an advantage. Applicants should be between 23 and 28 years of age. Commencing salary according to age and experience.—Applications should be addressed to Head Office and Regions Staff Department (ISG), Imperial Chemical Industries Limited, Imperial Chemical House, Millbank, S.W.1.

INTERESTING CAREER offered in Investment Research section of leading London Merchant Bank to young economics or statistics graduate.—Write Box JL.66, c/o 95 Bishopsgate, E.C.2.

NATIONAL COAL BOARD

The South-Western Division of the National Coal Board require Organisation and Methods Officers in the Divisional Staff Department at Cardiff.

The duties involve the study of organisation and work methods at Divisional, Area and Colliery Offices, followed by the submission of reports containing conclusions and recommendations. The posts call for experience in the installation of administrative systems and an acquaintance with modern office procedures, equipment and methods.

Previous experience of organisation and methods work and/or a University degree or professional qualification is desirable. Knowledge of the organisation of the mining industry would be an advantage, but is not essential.

The successful applicants would be directly responsible to the Divisional Organisation and Methods Officer, and would be paid, according to qualifications and experience, within the salary scale of £1,085 x £35-£1,475.

Applications, containing full particulars of age, qualifications, experience and positions held, should be sent to the Staff Department, National Coal Board, Cambrian Buildings, Cardiff, by September 1, 1956.

APPOINTMENTS

AUSTRALIA—CANBERRA UNIVERSITY COLLEGE

Applications are invited for appointment to the vacant post of Lecturer or Senior Lecturer in Economics.

Salary range: Senior Lecturer, £A1,800-£A2,150 per annum; Lecturer, £A1,200-£A1,750 per annum. Commencing point within the range will be determined in accordance with the qualifications and experience of the applicant. Annual increments are £A70.

Further particulars, conditions of appointment and the summary form which must accompany applications, may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close, in Australia and London, on August 31, 1956.

AUSTRALIA—UNIVERSITY OF SYDNEY

Applications are invited for the position of Lecturer in Government and Public Administration. Other things being equal, some preference will be given to applicants qualified to undertake teaching and research in administrative aspects of Government; but the appointment will not necessarily be made from applicants in this field.

Salary will be in the range £A1,200 x £A80-£A1,750 per annum, plus cost-of-living adjustment (£A34 men, £A28 women). Appointee will be subject to deductions under the State Superannuation Act. The commencing salary will be fixed according to the qualifications and experience of the successful applicant.

Finance available for home purchase to married male members of staff.

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

The closing date for the receipt of applications, in London and Australia, is August 27, 1956.

IBM UNITED KINGDOM LIMITED

Due to continued rapid expansion, the Company requires men of common sense and initiative with a successful background, methods and/or accounting for intensely interesting work to apply after training conventional and electronic equipment to the commercial and factory accounting problems of industry.

Logic, patience and the ability to organise are important assets and those selected will find this an intensely satisfying and remunerative career and one which will make a considerable contribution to the national economy.

Men aged 23-33 should apply to the Personnel Manager, 100 Wigmore Street, London, W.1, for places in the next training course (approximately twelve months) which will start on September 3rd, quoting Reference EAM/6.

Some graduates without experience will also be considered.

EXECUTIVE PRESIDENT—CANADIAN SUBSIDIARY

A leading British Company of Light Industrial Engineers, with several manufacturing establishments in the U.K., foreign Subsidiaries, and a world-wide organisation, intends to appoint immediately a Senior Executive Engineer, who can be groomed to take over in two years the duties and responsibilities of President of its Canadian selling Subsidiary.

The opportunities attached to this post are considerable, and the person appointed will require outstanding potentiality, in addition to the following basic qualifications:—

(1) Age group, 37-42, inclusive.

(2) An engineering background, preferably university graduate or member of recognised professional body.

(3) Direct experience of the problems associated with selling precision products over a wide engineering field.

(4) Sound executive experience, with recognisable capacity for effective administrative control at the highest levels.

(5) The drive and leadership necessary to direct and expand the activities of an already well-established organisation.

Companies, if any, to which applications are not to be forwarded, should be marked on the back of the envelope.

Applications should be addressed, in an envelope endorsed Canadian Appointment, to Box A 7390, W. H Smith & Son Ltd., Blackfriars Street, Manchester, 3.

EXPORT MANAGER

An important, well-established Engineering Company, with several manufacturing units in this country and a world-wide selling organisation, wishes to appoint a man who, after a fairly short time, will be capable of assuming the duties of Export Manager.

This is a post offering exceptional opportunities, and applications are invited from men of an age likely to be in the age group, 35-41, who satisfy the following requirements: Experience in the engineering industry (preferably possessing a recognised engineering qualification), and particularly in the selling of engineering products; some years' executive experience, giving evidence of capacity for high-level administration and control; outstanding qualities of leadership and drive to expand overseas sales.

Commencing salary in the region of £2,000 per annum.

Applications should be addressed, by letter, to Box ZU.355, Deacon's Advertising, 36 Leadenhall Street, London, E.C.3.

YOUNG AND RUBICAM LTD., ADVERTISING, require an experienced Market Research executive, to be responsible for planning and analysis of all forms of consumer research on a group of accounts.—Apply not later than August 9th to Research Manager, Young and Rubicam Ltd., 285 Regent Street, W.1.

MARKET RESEARCH Department of large London Advertising Agency has a vacancy for a Research Assistant with at least one year's experience.—Apply, with full particulars and salary required, to Box 473.

ACTUARY.—Applications invited from young qualified Actuaries or students nearly qualified for vacancy in Capetown office of Shepley, Fitchett & Eriksen, Consulting Actuaries, of Johannesburg and Capetown. Generous immediate salary, depending on qualification and experience, with prospects of partnership.—Apply, giving full details, to Box 370.

FEDERATION OF RHODESIA AND NYASALAND

VACANCIES: STATISTICIANS
CENTRAL AFRICAN STATISTICAL OFFICE
MINISTRY OF FINANCE

Applicants, under 35, must possess, or obtain this summer, a First or Second Class Honours degree (or equivalent qualification) in Statistics, Mathematics, Economics or other appropriate subject. All applicants must have taken a University course in Statistics or have passed the examinations of an approved statistical society.

Starting salary:
(Men) £600-£1,100, depending on qualifications and experience, on scale rising to £1,600.
(Women) £600-£840, depending on qualifications and experience, on scale rising to £1,200 p.a.

Senior Posts, with salaries of up to £2,850, filled by internal promotion.

N.B.: As allowances can be made, in certain cases, for National Service in the assessment of commencing salaries, an Honours graduate without experience could start at £1,000 p.a.

Application forms and further details from the Federal Public Services Attaché, Rhodesia House, 429 Strand, London, W.C.2. Closing date August 15th.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS.—The Civil Service Commissioners invite applications for pensionable appointments. Interview Boards will sit at frequent intervals. The Scientific posts cover a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small; individual vacancies exist in the Natural History Museum for candidates who have special knowledge of, or who are interested in, palaeobotany, malacology, helminthology, acarology, foraminifera, mammalian taxonomy.

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

Candidates taking their degrees in 1956 may apply before the result of their degree examination is known.

Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted; for Scientific Officers between 21 and 28 during 1956 (up to 31 for permanent members of the Experimental Officer class). *Salary (London)*: Senior Scientific Officers: (men), £1,135-£1,345; (women), £1,026-£1,240. Scientific Officers: (men), £605-£1,055; (women), £605-£962. Women's scales being improved under equal pay scheme. Somewhat lower rates in the provinces.

Further particulars, for which early application is advised, from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S 53/56 for Senior Scientific Officers, and S.52/56 for Scientific Officers.

WORKS DIRECTOR

ENFIELD CABLES LTD. ARE SEEKING A WORKS DIRECTOR, WITH SEAT ON BOARD, TO TAKE CHARGE OF THE COMPANY'S FACTORIES WHICH ARE ENGAGED IN THE MANUFACTURE OF ELECTRIC WIRES AND CABLES. THIS IS A TOP-LEVEL POSITION AND WILL CARRY A COMMENSURATE SALARY. WRITE, GIVING FULL DETAILS, TO J. E. SUNDERLAND, DIRECTOR AND GENERAL MANAGER, ENFIELD CABLES LTD., BRIMSDOWN, ENFIELD, MIDDLESEX.

A STATISTICIAN is required immediately by a progressive manufacturing company. The selected candidate will be directly concerned with both industrial and commercial statistics and should therefore have appropriate experience and/or a recognised qualification. He or she will be paid a high commencing salary. The work is varied and interesting, and prospects are excellent for a first-class applicant.—For further details, write now to Box 472.

METEOROLOGICAL OFFICER, SCIENTIFIC OFFICERS.—The Civil Service Commissioners invite applications for permanent posts. Early application is advised. The duties include research in atmospheric physics, covering the study of cloud structure, synoptic and dynamical meteorology, large- and small-scale diffusion and turbulence, climatology, and development of instruments. There is a limited number of posts for forecasting work at the more important centres. Successful candidates will be given a course in meteorology before being assigned to a research or forecasting establishment for further training and experience. In some instances candidates with national service obligations can be commissioned in the R.A.F. for forecasting duties at R.A.F. stations.—Further information may be obtained from the Director, Meteorological Office (M.O.10), Air Ministry, Kingsway, London, W.C.2.

Candidates must be between 21 and 28 during 1956 (up to 31 for permanent members of the Experimental Officer class). They must have (or obtain in Summer, 1956) a First- or Second-Class Honours degree, preferably in physics or mathematics. Salaries (London rates), £615-£1,055. Women's scales lower, but being improved under equal-pay scheme. Somewhat lower rates in provinces. Opportunities for promotion to Senior Scientific Officer (£1,135-£1,345), and higher posts.

Particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S52/56. (Met.)

TRADE organisation in Manchester requires a Qualified Accountant to specialise in accounting and costing methods for the cotton industry as well as assisting in the organisation of training courses for senior management. After a period of training with a firm of Management Consultants in modern management techniques, the applicant will be required to assist in the organisation of training courses.—Give full details to Box 475.

UNIVERSITY OF LONDON

The Senate invites applications for the post of Resident Staff Tutor to work under the Tutorial Classes Committee. The duties include teaching classes in one or more of the subjects usually studied in W.E.A. and University Tutorial Classes, with preference for Philosophy, History or Economics, together with responsibility for organising the work in part of the London Extra-Mural area, probably in Surrey. Good academic qualifications are required and experience in adult education is desirable. Salary £700-£50-£1,400 per annum with a bar at £1,000, also Family Allowances, and membership of F.S.S.U., the initial salary being determined in accordance with the qualifications and experience of the successful candidate.—Particulars and application forms from Director of the Department of Extra-Mural Studies, Senate House, W.C.1. Completed application forms to be submitted before August 27th.

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships, tenable for one year in the first instance, and renewable for a further period, not exceeding two years. The studentships are normally of the value of £350 or £400 per annum. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University.—Applications should be sent, not later than September 1, 1956, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

THE UNIVERSITY OF SHEFFIELD

Applications are invited for a post of Assistant Lecturer in Political Theory and Institutions, to begin duties on January 1, 1957. Salary scale, £580 x £30-£650, with F.S.S.U. provision and family allowance. Applications (four copies) should be sent to the Registrar (from whom further particulars may be obtained) by September 12, 1956.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

METALS DIVISION

Applications are invited for the position of STATISTICIAN in the TECHNICAL DEPARTMENT Located at Witton, Birmingham.

This is an interesting position, involving the application of statistical methods to industrial problems.

Applicants, either male or female, should possess an honours degree in Mathematics, although where a candidate has had previous experience of this work, a degree in Physics is also suitable.

A generous starting salary is offered, and there is adequate scope for progressive remuneration. The Company also operates a Pension Fund and Profit-Sharing Scheme.

Applications should be addressed to the Staff Manager, Imperial Chemical Industries Limited, Metals Division, Kynoch Works, Witton, Birmingham, 6, quoting TD/2/E.

ADMIRALTY requires three unestablished Assistant Statisticians, two for service in London and one in Bath. Applicants must normally be British subjects with either 1st or 2nd Class Hons. Degree in maths., or economics with statistics as a special subject. Salary within ranges—London—£581-£1,050 (Men), £581-£969 (Women); Bath—£529-£961 (Men), £529-£885 (Women). Women's ranges being improved under equal pay scheme. Annual leave 25 days plus public holidays. Salary ranges and conditions of service under review. Five-day week now operating.—Forms from M.L.N.S., Technical and Scientific Register (K), 26 King Street, London, S.W.1, quoting A 117/6A. Closing date August 11, 1956.

A MANAGING DIRECTOR

Chief Executive of public company employing 2,000. Keenly competitive manufacturing industry. Due to extend present service agreement takes opportunity to consider change. Considerable experience, University honours, professional qualifications, age 44. Replies will be treated as confidential.—Box 474.

WOMAN, 12 yrs. Supervisor Calculating Dept., seeks similar pos. in London or Staines area.—Box 479.

EXPORT.—Economics Graduate (22), Assistant Export Sales Manager, substantial chemical manufacturer, seeks move to manager level. Fluent French and Spanish. Widely travelled.—Box 476.

SALES EXECUTIVE (28), with initiative, ability, successful record and pleasant personality, interested in responsible sales post combining Sales Promotion and Publicity. Highest industrial references.—Box 477.

YOUNG MAN (26), returned to U.K. after three years as commercial executive in West Africa. Intimate knowledge of British and French territories with comprehensive marketing, agency and export experience, seeks U.K. position where initiative appreciated and experience useful. French and secretarial qualifications.—Box 478.

THE UNIVERSITY OF HULL

RESEARCH SCHOLARSHIP

The University proposes to award a Post-Graduate Scholarship for full-time research in Arts, Economics or Law, tenable for one or two years. Value £40 p.a. but eligible for supplementation by the Ministry of Education.—Further particulars may be obtained from the Registrar, to whom applications should be sent not later than August 7, 1956.

W. D. CRAIG,
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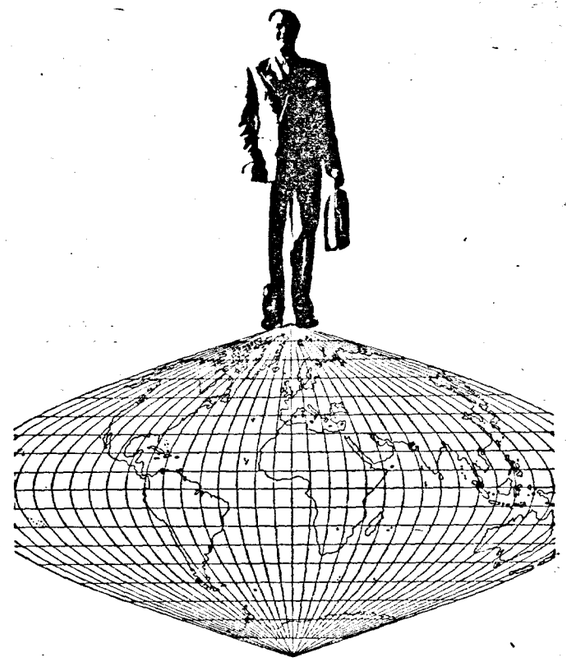

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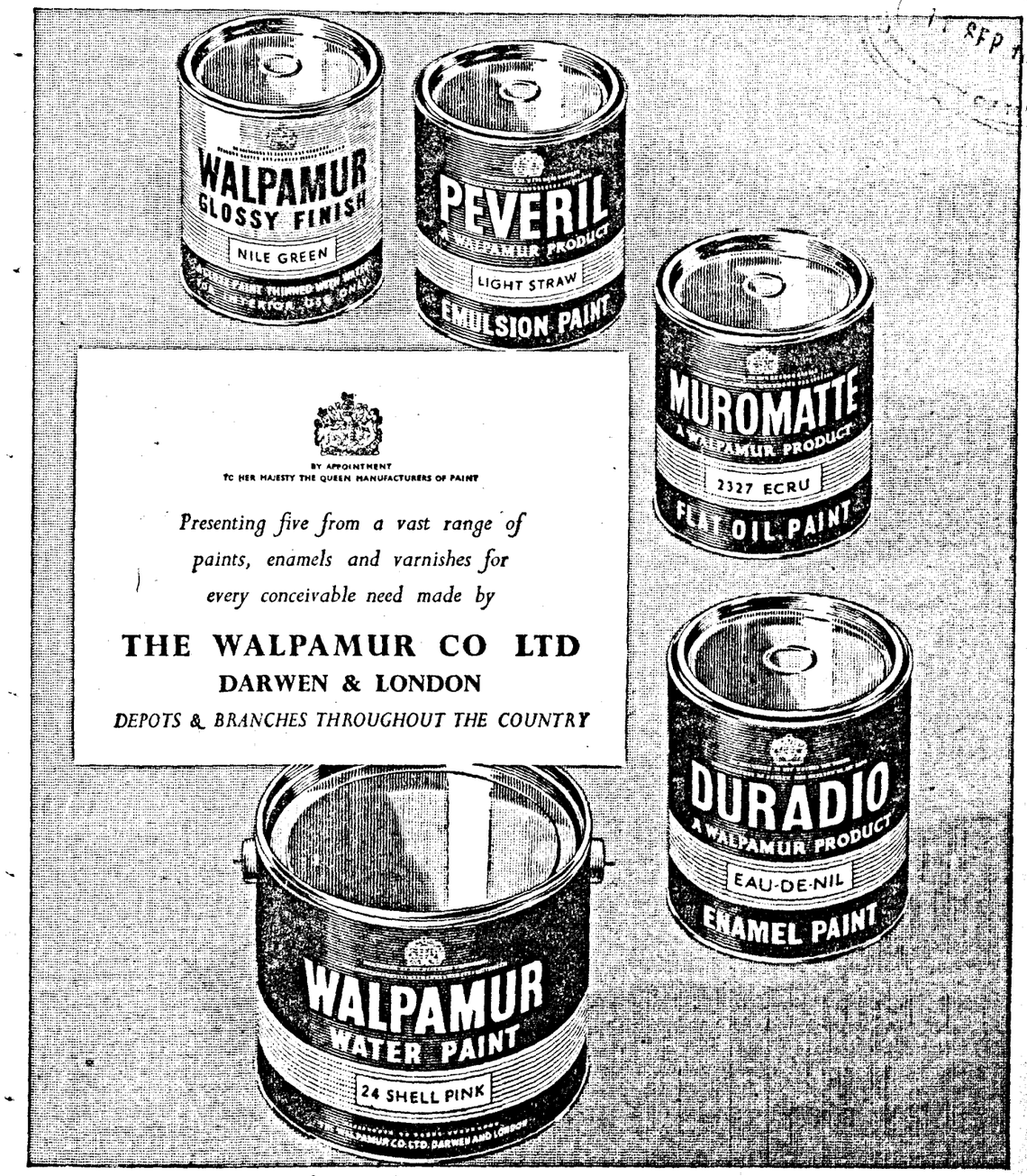

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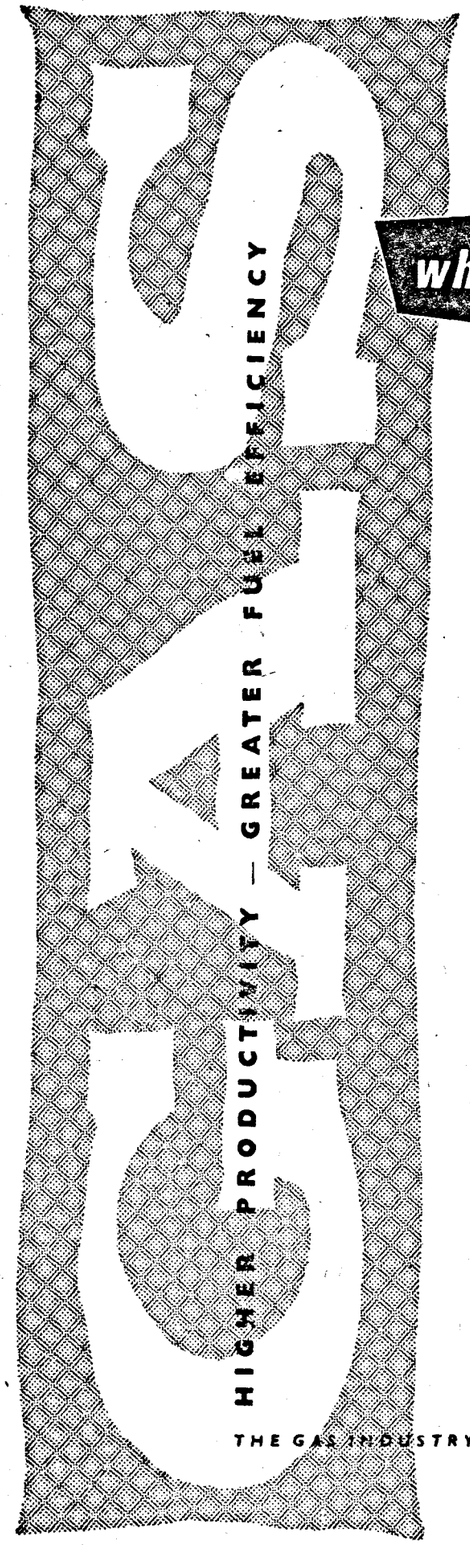

whatever your business

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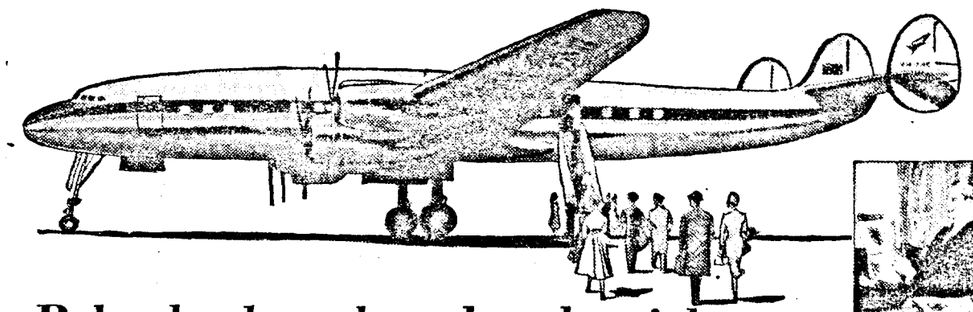

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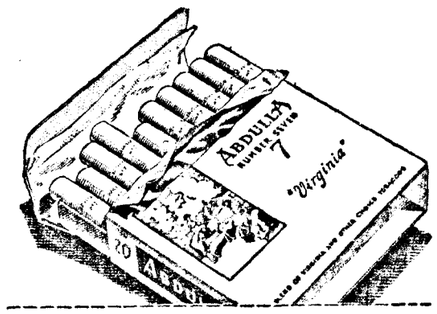

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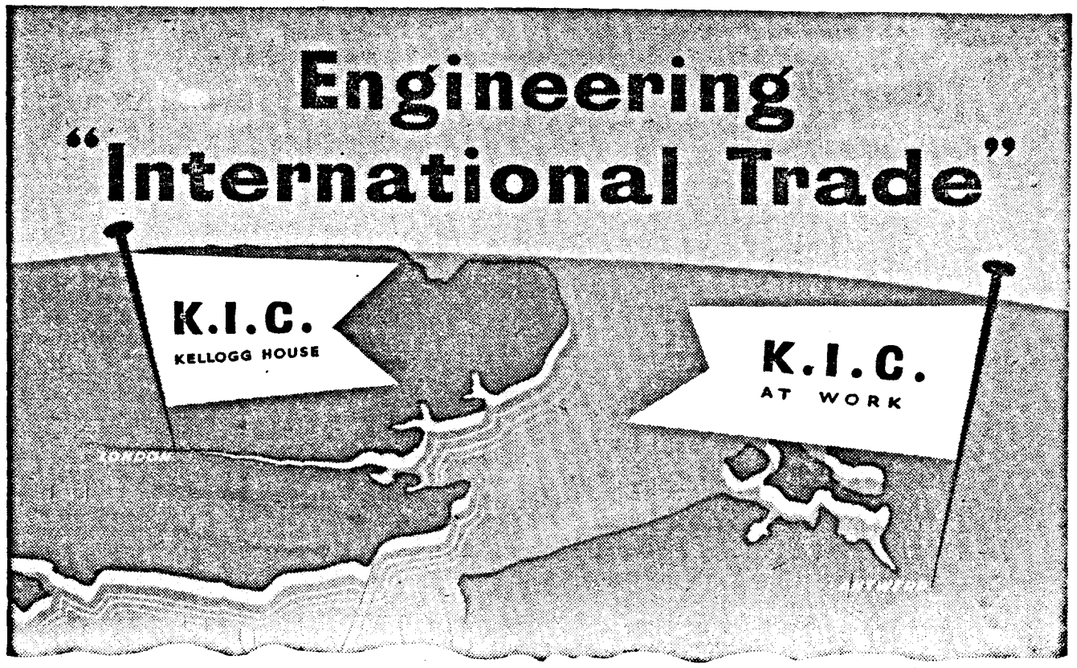

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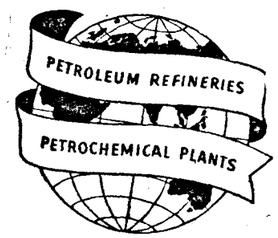

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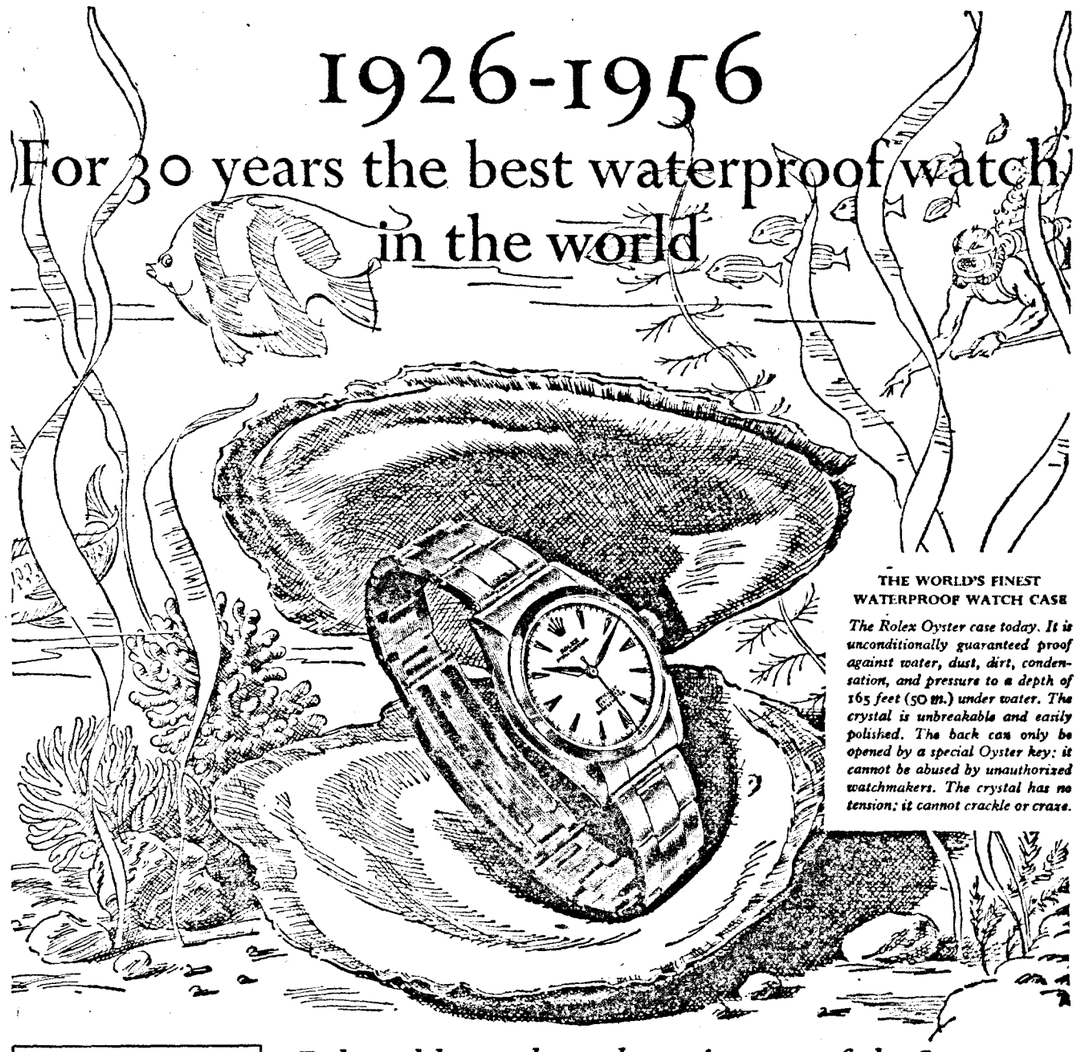

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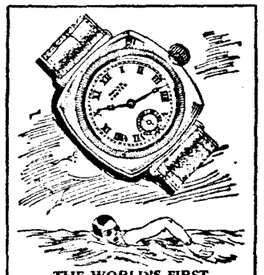

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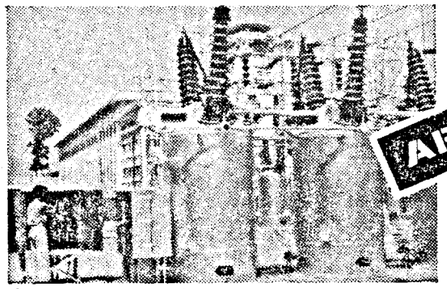

Overseas markets account for about half the work of the ENGLISH ELECTRIC Group. This picture shows one of five ENGLISH ELECTRIC 132-kV oil circuit-breakers in the switching station at Khatima Power Station, Uttar Pradesh, India. The whole of the hydro-electric plant and equipment for this power station was supplied by ENGLISH ELECTRIC.

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AUGUST 4, 1956

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Europe's Achilles Heel

THE Suez Canal has become the Achilles heel of Britain and of Europe. Their dependence on this one thread of water has been growing, with their growing dependence on Persian Gulf oil, at a rate which could well have caused alarm even if the world had been spared the alarming personality of Colonel Nasser. Checked in his scheme for the Aswan High Dam, the Colonel has retaliated against the Suez Canal Company, and in a manner calculated to offer the most ostentatious possible affront to the western world. But the real shock to the West has been not Colonel Nasser's bad manners, but the appalling discovery of its own vulnerability.

Perhaps the discovery might have been made without the shock, by cold argument without waiting for the Colonel's prompting. Just so might King Lear have reasoned things out for himself, without waiting for his ungrateful daughters to demonstrate his predicament to him, wringing from him confused threats that held more emotion than strength: "I will do such things—What they are yet I know not—but they shall be The terrors of the earth." The British reaction to Colonel Nasser in the past week has called Lear to mind; Government and public, caught off balance, have been threatening force without having apparently either defined the problem to be faced, or formulated the purpose of action. Enough force is to hand, it may be hoped, to deal with Colonel Nasser if the decision were taken to use it. But on what occasion would it be used, and with what intention? How far would it have to go to impose the will of the nations upon Egypt's dictator? Above all, what solution would it be expected to bring? Armed occupation was tried before; it solved no political problems, and was rightly given up.

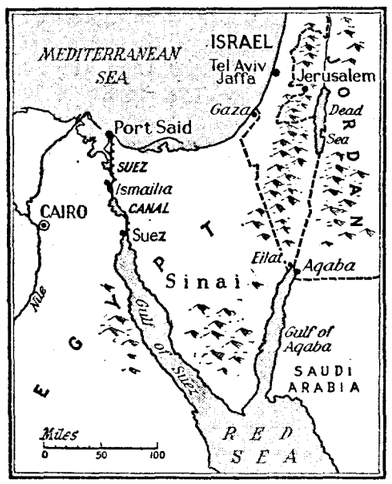
British force has only just been withdrawn from Egypt; the last troops left the Canal Zone on June 13, not to return except in an eventuality which the Anglo-Egyptian Agreement of October, 1954, defined fairly clearly—an armed attack by a power outside the Middle East on an Arab League country or on Turkey. This agreement was important in another way, because by it Egypt herself for the first time subscribed to the international guarantee of the freedom of navigation of the Canal. In declaring the Canal Company expropriated Egypt has behaved culpably indeed, but, up to the time this issue of *The Economist* went to press, Colonel Nasser has neither closed the Canal nor discriminated against any of the ships going through it—beyond the obstruction, unlawful but already of some years' standing (and acceptance), of ships bound to or from Israel. The two contingencies, expropriation of the Canal and obstruction of shipping, need to be kept distinct, because they are of a different order of gravity and require, or would require, counter-measures of different kinds.

The powers which signed the convention of 1888 made this distinction plain when, in the knowledge that the company's concession would expire in eighty years, they laid down the principle of free passage:

> The engagements resulting from the present Treaty shall not be limited by the duration of the Articles of Concession of the Universal Suez Canal Company.

Thus they recognised that the ownership of the Canal had nothing to do with the right of navigation, a position which, for what it is now worth, the Egyptian Government says it accepts.

This leaves the real fear unassuaged: President Nasser has not the legal right to close the canal to anybody, but he clearly has the physical power to close it or to levy blackmail upon its users. This is true, and it is an alarming state of affairs, but it does not date from last week. He has not won this power by seizing the ownership; he possessed it already as head of the government through whose territory the canal passes. One is tempted to say that he gained it when the British troops left Egypt, but not even this is quite true, since Egypt used the power against Israel for some years, with Britain in full occupation of the Canal Zone, and in disregard of a resolution of the Security Council as well as of the 1888 Convention.



Britain, by withdrawing from Egypt, withdrew the restraint which prevented Nasser from using his physical power against all and sundry if he chose; it obtained in return an Egyptian promise—fragile perhaps, but not broken yet—to respect the right of free passage. As is now clear, at the same time it exposed the Canal Company to seizure twelve years before the concession is due to run out—less, perhaps, by withdrawing the restraint than by removing the target which had for so many years drawn the fire of nationalism. With the British Army gone, the Canal Company, as the biggest remaining foreign institution in the country, was left exposed to this fire. It would have been very fortunate indeed to escape attack for all the remaining years of the concession; Colonel Nasser's rebuff over the Aswan High Dam precipitated his attack on the company. By doing so it has precipitated, too, a series of issues that were brewing.

At Suez, nationalism confronts the principle of international law and order: not for the Arabs the voluntary limitations of sovereignty that exert a rational appeal in Europe; the newly independent states, among which the Arab states are prominent, raise national claims in their purest and most unrestricted forms. Equally, a seizure of this kind, made without warning or discussion from one day to the next, is the severest possible blow to the principle that the developed countries should help the under-developed countries of the world in their economic growth. So they should; but if the conduct of Dr Mossadegh and President Nasser has to be accepted as typical, and the existence of a big foreign enterprise treated as an affront to national pride, then it becomes an unreasonable risk to put investments into such countries except on the tightest of political or military strings.

Yet it remains true that the ownership of the Suez Canal was, under the terms of the concession, to pass to the Egyptian Government in 1968. Britain withdrew its forces from Egypt in the full knowledge that that was so, and no reason existed for supposing that any Egyptian Government would agree to extend the concession. By that time, European dependence on the canal would almost certainly have been much greater than it is now. This makes the more puzzling Sir Anthony Eden's apparent enunciation of a doctrine in the Commons on Monday:

> No arrangements for the future of this great international waterway would be acceptable to Her Majesty's Government which would leave it in the unfettered control of a single power, which could, as recent events have shown, exploit it purely for purposes of national policy.

This is new, and the Prime Minister made clear on Thursday that he regards it not merely as an *obiter dictum* but as a doctrine, applicable, presumably, after as well as before 1968: "It is upon this that we insist . . . nothing less than this can be acceptable to us." It takes the Suez Canal dispute far beyond any question of ownership, nationalisation, or compensation, by a chain of reasoning which amounts to this: (1) "Free navigation" as guaranteed by the Convention of 1888 extends to efficient and economical operation of the canal. (2) Colonel Nasser's other commitments will prevent him from using the canal dues to enable it to do its job efficiently and economically. (3) His conduct shows him and his regime to be unreliable. (4) Therefore the canal must be placed (in an unspecified way) under international control.

Arguments of international law, day-to-day politics, and economic convenience could hardly be more entangled. Can the Prime Minister expect the powers, on the basis of a chain of reasoning arguable at so many points, to act in concert to impose the new doctrine on Egypt by force? This would be a very different matter from taking the necessary counter-measures if Colonel Nasser were to close the canal. What the Prime Minister might more logically and coherently have said would have been, first, that renewed guarantees might be fairly asked for now, after what has happened, of the international freedom of the waterway and its proper working and development; and, secondly, something more on these lines:

> It is too risky to depend for the trade between Europe and Asia on one route in one pair of hands.

Instead of crying for what has been given up long ago, the countries of the Atlantic and Indian Oceans—for the latter, too, need their trade route from Europe—should be looking for a way of bringing their dependence on the Canal within the limits of what is tolerable.

It has to be borne in mind that, well before 1968 (if the date retains any relevance), the Suez Canal will have become inadequate for the volume of traffic, even assuming that the existing improvement plans go through. A second canal, if it could be safeguarded, would not be absurd. To draw off some of the oil traffic, more pipelines are not merely not absurd, they are unavoidable, although pipelines, like canals, offer temptation to the nationalists. (Oilfields, too, offer such temptation. The political troubles of oil supply from the Middle East are only beginning; this is not to say that they will prove insuperable, but that the world must be prepared for them when they come.) A second canal at Aqaba may not, indeed, be the answer; but ideas of this kind have to be considered, not merely dismissed as visionary. The Suez Canal was visionary once, and London wanted no share in building it. Another related scheme might be explored, at least. The strip of desert land from Aqaba to Gaza offers other possibilities, short of a canal itself, along the *de facto* frontier between Israel and Egypt. What inducement might persuade the Egyptians to agree to a United Nations authority taking over and administering a strip of land there? Such a strip could carry pipelines and other land traffic. In an extremity, or in the distant future, it might carry a canal, too. In the meantime it would relieve the intolerable dependence of which the Prime Minister reasonably complains.

Only some such scheme, seeking to use the absence of a territorial settlement on the borders of Palestine as an asset for once, could fulfil the most desirable and at the moment most remote of all conditions, that a route which the world's traffic needs should pass through international territory. And the material interest at stake is big beyond computation. The immediate western interest is not to teach Colonel Nasser a lesson (he must learn his own lessons) but to keep the ships passing through the canal. That must be the objective now of the concerted policies of all the western powers—including the United States. But, in the longer view, to think of alternatives on ambitious lines is better than beating the breast or the drum.

What Suez Means

Different aspects of the Suez Canal dispute are discussed in this issue of *The Economist* under a number of headings, in addition to this leading article, *Via Suez* (page 419) considers the Suez Canal traffic in oil and dry cargoes and the financial and economic aspects of the seizure; and a note (page 391) deals with the two-way character of Anglo-Egyptian trade.

Our Paris correspondent outlines the French attitude to the seizure and the Suez Canal Company's position (page 412).

Men, Arms and Aims

THE debate on defence this week was arranged, at the request of the Labour party and to serve party politics, when the cloud on the middle eastern horizon was no larger than a man's hand. A certain diffidence in the tone of Labour's spokesmen on Wednesday suggested that they realised the incongruity of demanding the abolition of national service at the moment. But this show of moderation failed—even apart from Mr Wigg's robust repudiation of his party line—to cloak the irresponsibility of the proceedings. What should have been a critical appraisal of the military means available for backing up the political strategy discussed in the previous week's debate on foreign affairs amounted to little more than electioneering. The effects, both at home and abroad, are likely to be uniformly bad.

For this the Government must take its share of the blame. By putting out all sorts of hints that it might do away with conscription by 1958 at a time when its opponents were pledged only to a reduction in the period of service—foolish as that was—it practically forced Labour to make its overbid. The result is that, at the moment when the Government is finding from the recruitment figures that the abolition of national service would threaten the army with near-extinction, and the real problem is to turn the nation towards some form of selective service in the years ahead, Labour has now committed itself both to abolish conscription and to oppose utterly selectiveness in any form. Both parties have contributed to laying down the doctrine that the obligation to serve is something extraordinary and unnatural as well as painful; that the "return" to a prewar type of voluntary professional army, navy and air force is the only proper objective of policy.

It may be an objective of policy, but the doctrine is false and misleading. The primary objective is to achieve defence and security in a situation that is not only unlike the prewar situation politically, but has been revolutionised technically. The real issue is the form which the obligation to serve should take in this transformed and still-changing political and technical

situation. The rigid distinction between general conscription, on the one hand, and regular service, on the other, is disastrous to constructive thinking.

The absurdity of making the figures fit the argument for or against conscription, instead of starting with the requirements of the defence situation and then making deductions from the figures about the role of obligatory service, came out in the debate. Mr George Brown took Mr Head's figures, which showed that without conscription the army would fall to 120,000-130,000 in 1961, added the officers to bring it up to "about 150,000," asserted that this estimate was made on the most pessimistic assumptions, assumed that one could be optimistic about the effects on recruiting of further pay increases and some money spent on better amenities, and declared that the result was virtually the 200,000 regulars which Mr Head "needed." Mr Macleod punctured all this by starting at the other end. The 600,000 men "needed" after running down the forces to the required level on the present system was equal to 450,000 regulars; on a basis of ten years' average service this meant 45,000 volunteers a year; which in turn proved to be one in five of all fit young men reaching the age of 18 annually —and was it likely that any pay code would bring in that number? The answer is No. But what fixes the number Mr Macleod (or his colleagues or the service chiefs) first thought of?

Out of the context of commitments, and of technical and economic possibilities, such statistics are, in fact, quite unreal. If the army's commitments in Germany and overseas were small enough by 1961, 120,000 men might be enough. On the other hand, if Mr Macleod's 450,000 regulars were to be equipped fully with the latest atomic and other unconventional arms to fight every kind of war, global, limited-atomic, limited-conventional or cold, the cost might prove prohibitive. Until it is known what the forces have to do, with what weapons, and in conjunction with what allied efforts, it is quite impossible to guess what size they ought to be at any given time. This is the question that Parliament never discusses.

★

No outsider can discuss it in any precise terms. But it is possible to separate three factors in the equation, none of which can be considered in isolation from the others. The first of these is, in duellists' terms, choice of weapons. To put this factor at its highest—as some Labour MPs do—if every dispute carried to the arbitrament of force is to be settled by the hydrogen bomb, very small forces might suffice. The problems of cost, conscription, even of sharing the effort between allies, might then be fairly simple to solve. It is just because this solution does not apply, say, to Suez that the costly and complicated division of effort into unconventional and conventional weapons must be made. But even then it is necessary to answer the question: how unconventional can a conventional war be? The "trip-wire" of ground forces in Europe is supposed to be connected with, and to touch off, the great deterrent—the H-bomb. But the forces composing it are increasingly equipped with tactical atomic weapons, as if some graduated reaction short of hydrogen bomb warfare were contemplated. Are plans to meet limited outbreaks elsewhere also to be based on tactical atomic weapons? Or must conventionally-armed reserves be kept in case limited atomic war does not meet the *casus belli*?

The second factor is the degree of help given, or withheld by allies. This can operate in various ways. There can be specialisation between the allies in the production of particular weapons or in the undertaking of particular jobs. The obvious example affecting the problem of British manpower, however, is the divisions held in Germany. If to make the trip-wire effective it is agreed that the American divisions must be held there, and if the only terms on which they can be held is the presence of the other allies, including the building up of the German divisions, and if France has to concentrate her army in Algeria, then inevitably there seems very little scope for reducing the British divisions in Germany—and they require 80,000 men. To reduce them might mean disconnecting the trip-wire from the ultimate deterrent. Discussions with Nato must hinge on this, not on Britain's wish to end national service.

The third factor, of course, is cost. One Labour argument in the debate was that as the new weapons coming into production would inevitably become more and more costly, the only place where economies could be made was in manpower, and therefore plans must be made to reduce it forthwith. Most military experts agree that a smaller force with more modern weapons usually costs far more than a larger force with simpler weapons (this was true even before the advent of atomic weapons). This point does not dispose of the need to economise in manpower; but it raises in much more acute form the question of what commitments can be met, and with what weapons, from a given economic effort. Abolishing conscription will not offset the real possibility that defence costs may rise to £2,000 million in five years, even after the heavy prunings made in the Ministry of Supply programme last February and by the Macmillan cuts last month. The only things likely to offset this increase are a change in commitments in the common task of preserving the balance of power in the world, a decision to meet commitments differently and a reallocation of jobs—say, the making of hydrogen bombs or the long-range missiles-to-be—between the allies. The basic determinant all the time is the political and strategic objective.

However that objective is met, it must be by an adjustment of these three factors. Service ministers and service chiefs are, in fact, reconsidering them. It is rather late in the day, and, of course, their conclusions on many points of detail must remain secret. But it should be possible for the government to present—as it did not this week—a broad picture of the way in which these factors interlock to produce Britain's basic defence commitments. Only then will it be clear how far, in what way and for how long will it be necessary to draw upon the citizen's obligation to serve. Only then will it be possible to hold a real defence debate.

Toying with Local Government

MR SANDYS has taken what appears at first glance to be a very little bite at the big apple of local government reform. He approached his task by persuading the local authority associations to formulate common principles, and it is at least a tribute to his diplomacy that they reached some kind of agreement. Unfortunately the Minister's long-awaited White Paper* contains hardly anything beyond this lowest common denominator of mutual compromise. There are glimmerings in places which suggest that the Minister would, if he dared, be bolder, and he apparently intends to reflect further before embodying his proposals in a Bill. But his second thoughts will need to be vastly more coherent if this ragged patchwork of rather stale proposals is to be transformed into a viable scheme of local government.

The first impression of the new proposals is that they put the clock back to 1945. A Local Government Boundary Commission is again to be created—or rather two Commissions, for Wales is to get a separate one. The Commissions, as before, will be given formally a broad measure of discretion to make recommendations. Mr Sandys explained that the new scheme is "a wide and supple framework within which it will be possible to do either much or little"; but, again as before, the Commission will receive general guidance from the Minister and, to judge by this White Paper, the guidance may prove too limiting and restrictive. The proposals make one important change of procedure. This time it will be the Minister, not the Commission, who will make the final decision as to what changes should be presented for Parliamentary confirmation.

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Will these arrangements work any better than those set afoot a decade ago? To answer this question it is necessary to look at the three fields of local government where changes may be expected. Rightly, the Commission is to tackle first the status and areas of counties and county boroughs, since the conflict between these two types of authority is the sore spot of the present system. Rightly, too, it is to review a whole area or region at a time, so that its recommendations can be seen in proper relation to each other. It will be free to propose the elevation to county borough status of any town of more than 100,000 population (or 125,000 population if the town is part of a conurbation); but it will be told to walk warily in proposing the demotion of any county borough or the union or dismemberment of any county.

How then is the Commission to achieve a satisfactory reform? Taken in the aggregate there are already too many counties and county boroughs for efficient administration and harmonious co-existence. To create more county boroughs, without pruning the ranks of both types of authority, is the way to make the situation worse. The likely result of the Commission's work will be the creation of half a dozen new county boroughs and the union of two or three small counties, followed by a moratorium. Such a result would not be worth the pother.

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When this first review is completed, the county councils—not the Commission, unless any county is exceptionally slack—will be told to review the areas of the minor authorities. These reviews are intended to be vigorous and will embrace for the first time non-county boroughs, although any borough threatened with loss of status will be able to appeal to the Minister. At the same time there is to be an increased delegation of powers from the counties to the various district councils, the details of which have not yet been agreed. This approach is reasonable in principle. But Mr Sandys should urge the creation of minor authorities large enough to enjoy reasonable powers in their own right, rather than plumping for an immediate extension of delegation schemes, which are unsatisfactory.

The third field for local government reform lies in the great urban concentrations which contain 40 per cent of the total population. The greatest advance in the White Paper is its clear recognition of the problems created in these areas by a welter of diverse local authorities. In these areas only, the Commission would review both major and minor local authorities in conjunction. Mr Sandys singled out two general solutions which might be applied to any of the conurbations. One would be to combine existing authorities into a contiguous group of largish county boroughs, loosely linked by some kind of co-ordinating machinery; the other would be to create a two-tier urban county most of whose functions would be performed by the lower tier.

These suggestions are the only ones in the White Paper that go appreciably beyond the common ground of agreement reached by the local authority associations. They show a hopeful degree of genuine initiative. Yet neither of Mr Sandys's suggested solutions could really be made to work without the introduction of a new type of local government machinery. This is particularly true of his second (and better) solution, which could be achieved under the present system only by demoting half the county boroughs in England. It was just this impasse that forced the last Boundary Commission to recommend the creation of a new kind of "most-purpose" authority. What if the new Commission comes to the same conclusion?

Moreover, the largest urban area of all, London, is once again excluded from effective investigation. The White Paper lays down that the counties of London and Middlesex (like the border between Wales and

* Local Government. Areas and Status of Local Authorities in England and Wales. Cmd 9831. 1s.

England) must be treated as scrupulously as the frontiers of a sovereign power. The remainder of the London area will be investigated and "should be approached on similar lines" to the other conurbations. The only meaning to be extracted from this curious statement is that the metropolitan parts of Essex and Kent might be converted into separate counties or groups of county boroughs. Such a piecemeal approach to the pressing problems of London government is not only unworkable but ludicrous.

All in all this is a most unsatisfactory White Paper. It is quite right that the Government should lay down the general principles of reform and entrust their application in particular areas to an independent Commission. But Mr Sandys has not produced any adequate principles; and the restrictive instructions which he apparently intends giving to his Commission will mainly have the effect of stopping any search for principles by that body also. Warned by the fate of its predecessor, the new Commission is most likely to stick closely to protocol and content itself with minor proposals.

This way of going about it will not solve any of the basic problems of local government. It will not settle the conflicts of counties and county boroughs or satisfy the aspirations of medium-sized towns or provide a satisfactory framework of government for the conurbations. None of these things can in fact be done unless Parliament and Government cease to regard the status of existing major authorities as close to sacrosanct. These are the lessons clearly demonstrated by the history of the last Boundary Commission. Have they been forgotten so soon?

Mr Macmillan's Bradshaw

THERE is little doubt which sentence from this year's budget speech will be longest remembered. The remark, "We are always, as it were, looking up a train in last year's Bradshaw," has already evoked more approving comment than perhaps the rest of Mr Macmillan's speech put together from economists and statisticians—who have a vested interest to declare—and also, more significantly, from some business spokesmen. The Chancellor's statement this week that he is proposing definite steps to improve his Bradshaw will, therefore, receive a general welcome—even by those who will have to help supply the raw data.

Current economic statistics serve the Chancellor for two major purposes: they should give him as up-to-date as possible an appreciation of the balance of the economy at any one time, and their analysis should enable him to make reasonably intelligent forecasts of the way elements in the economic situation are developing, both short and medium term, say, over the next three to six months and broadly for the next year to eighteen months. To do this, Mr Macmillan wants both to get better statistics—better meter readings of how the economy is going—and to get the readings he gets now faster. "We must continually improve our statistics, in form and timing." Much of the recent effort to improve official statistics has been concentrated on getting extra information about manufacturing industry. Now the need is for more information elsewhere. The Chancellor is proposing to institute, compulsorily, an annual sample inquiry into capital expenditure and stocks in the distributive and service trades and more firms will be urged to yield such information voluntarily each quarter. Statistics of new orders are to be extended and will include, it is hoped, new building contracts, while some engineering industries will find themselves approached for more frequent production figures. To fill in the personal side of the demand picture, a continuing inquiry will be made, on a small scale, into household incomes and spending. The external accounting is to be improved, especially in relation to capital transactions. On the income side, quarterly estimates of profits will be sought, in confidence, from a sample of companies and the Inland Revenue is to supply a quarterly national wage and salary bill.

To these proposals, the Chancellor added a plea to private business to speed up its provision of statistics; the success of much of the exercise depends on whether it is heeded. It is no bureaucratic slowness of processing in Great George Street that imposes the delay in recording economic activity—it is the reluctance of private business to fill in forms and its habit of leaving them to the last minute. The demands both for quicker and for better statistics invite comparison with an economy that statisticians often quote to British audiences as an example, the United States. The table opposite attempts to give some indication of the range of significant indicators that are available for gauging the climate of the American economy as compared with those upon which the Treasury works: and the time-lag before these become available to the public.

It will be seen that most of the indicators are available more quickly in the United States. This comparison does, however, require some qualification. The American statistician, intent on getting out more statistics more quickly, is resigned to a considerable amount of revision. This goes beyond the likelihood that figures produced early are provisional. An industrial production index that is available within two weeks of the period to which it applies will not only be more liable to revision than one produced in twice that length of time; it may need to be an entirely different and more restricted index. The monthly production index for the United States has not only a smaller coverage than the British one, but it has to rely quite heavily and precariously on changes in man-hours as indicators of output trends. The Americans produce an index of wholesale commodity prices weekly; but this is based on so few items that it can only be used warily. There is no escape from the broad choice: speed against reliability.

Nevertheless there is no escape, either, from the fact that, on balance, British economic statistics lag well behind the American ones, both in scope and timeliness. Mr Macmillan's proposals should go some way towards righting the balance in the three major fields where the comparison is favourable to the American side: stocks, payrolls and new orders. These are among the main data still required to fill out any quarterly estimates of changes in real supply and demand. A deficiency which remains, rather surprisingly, is in the current expenditure of public authorities, whose accounts are by no means geared to national income estimation. Mr Macmillan has nothing to say about this, but he gives the assurance that Whitehall is moving forward towards quarterly estimates of national expenditure.

ECONOMIC INDICATORS, HERE AND IN USA

Statistics of:	Frequency of Publication		Interval before Publication*	
	UK	US	UK	US
Employment	Monthly	Monthly	5 weeks	3 weeks
Unemployment	Monthly	Weekly	3 weeks	2 weeks†
Labour vacancies	Monthly	...	4–5 weeks	...
Earnings	Half-yearly	Monthly	5 months	3 weeks
Hours	Half-yearly	Monthly	5 months	3 weeks
Industrial production	Monthly	Monthly	8 (5) weeks	2 weeks (revised after 6 weeks)
External trade:—				
Value	Monthly	Monthly	3 weeks (12 days)	6–9 (4) weeks
Volume	Quarterly	Monthly	6 weeks	12 weeks
National income	Yearly	Quarterly	8 (3½) months	6 weeks
Corporate profits (total)	Yearly	Quarterly	8 (3½) months	3–4 months
Personal income	Yearly	Monthly	8 (3½) months	5 weeks
Personal consumption	Quarterly	Quarterly	2–3 months	6 weeks
Balance of payments	Half-yearly	Quarterly	3½ months	2–3 months
Gold and dollar reserves	Monthly	...	2–3 days	...
Gold holdings (Treasury)	...	Daily	...	3 days
Stocks:—				
Manufacturing	Quarterly	Monthly	3½ months	5 weeks
Wholesale	...	Monthly	...	5 weeks
New orders:—				
Manufacturing	...	Monthly	...	5 weeks
Capital expenditure‡	Quarterly	Quarterly	4 months	10 weeks
Bank deposits	Monthly	Weekly	2–3 weeks	1 week
Bank advances (detailed)	Quarterly	Weekly§	3 weeks	1 week§
Retail price indexes	Monthly	Monthly	4–5 weeks	5–6 weeks
Wholesale price indexes	Monthly	Monthly and Weekly	2–3 weeks	4 weeks, 3 days
Consumer credit	Monthly‖	Monthly	6–7 weeks‖	4–5 weeks
Retail sales	Monthly	Monthly	5 weeks	6 weeks (10 days)

* Figures in brackets refer to interval before publication of preliminary estimates based on incomplete analysis. In the case, for instance, of the British trade figures the 12 days refers to the publication of preliminary totals: the 3 weeks to the full Trade and Navigation Accounts. Many other figures are, however, subject to revision. † Insured population only (about half US working population). ‡ Investment plans. § Covers only 200 banks in leading cities. ‖ Hire purchase only.

But there are still some further steps needed for a good assessment of general trends in the economy. A sample inquiry into what operatives earn is made only twice a year and not published until five months after that date. Could not monthly payroll figures—which the Americans consider a very sensitive indicator of the economic climate—be collected? Industry certainly calculates them more often than monthly—and tells the Inland Revenue. No direct inquiries are ever made into salaries, except what emerges from the census of production, and as no distinction is made in tax assessments between wages and salaries, salary estimates are mainly a residual item in the accounting. The computation of rent, too, has a large element of estimation in it. And some improvements might be sought in the traditional forms of statistics from the City—for example, the classification of bank deposits by sectors in the same way as advances. A more comprehensive set of financial statistics would be the first essential in any attempt to emulate the new system of accounting, known as "flow of funds," that the Federal Reserve Board has recently introduced.

Nevertheless, before long, British statistics should begin to compare with American. When they do, will the British businessman become as "figure-minded" both as user and supplier as the American is reputed to be? It is often said that Americans are readier to supply figures than British, though their positive enthusiasm can easily be exaggerated. It is sometimes suggested that the American tradition against using trade associations for price fixing or even standard costing systems makes them more prepared to supply the Government with data from which it can return them comprehensive and comparable statistics for the whole of their industries. Another difference is that the larger number of major companies in American industries may make them less afraid than British firms are that industrial aggregates will enable their competitors to guess their shares of the market.

On one score there is no doubt: American government statisticians are more forthcoming than their British counterparts both in explaining to industry why information is being asked for and in making clear how the collated results can be of use to it. Mr Macmillan's statement has little to say on this score, but to get his figures he will have to back it up with an educational effort. Experience in recent years suggests that the economic technicians behind American economic policy have a much more sensitive and sure judgment of the economic indicators that their statisticians supply than the British display; they have never had any reason to forget the "finger-tip technique" of influencing the economic climate of a free economy. A Chancellor's Bradshaw must always be out of date to some extent, although business travellers may hope soon to be able to look up their trains with reasonable sureness of their departure times. But no Bradshaw is better than the ability to understand it: and the quality of this technical appreciation seems since the war to have been another weakness in British economic policy.

Notes of the Week

Agenda for Stability

A GOOD many glasses of sherry have been consumed at No. 10 Downing Street by representatives of the trade unions and of industry—both private and nationalised—in recent months in pursuance of the Prime Minister's belief that quiet off-the-record discussion among the really influential people could win friends for the government's disinflationary policy. No agreed communique has emerged from these talks, since it would have said nothing, but the government this week made its own statement, which referred —without particularising—to "practical contributions" towards stabilising prices made in the talks. The gist of the message, addressed no doubt to those who have not been to No. 10 as well as those who have, is that still more practical contributions must be made, in the form of wage restraint and price restraint, "even where this process would affect profits and dividends." Clearly the statement was drafted in the all-too-certain knowledge that the trade union response, however polite at No. 10, was likely to be extremely dusty outside it.

The statement draws attention therefore to the fact that retail prices have kept steady in recent months as well as giving warning of the dangers of foreign competition. It takes credit for the government for having made economies in its own housekeeping, and points to the modest first fruits of the credit squeeze in higher exports and rising reserves. But the government is evidently nervous that the monetary mechanism must henceforth be reinforced by self-denying ordinances by both sides of industry. As a note on page 426 shows, industry has already made a contribution in price policy; and the reference to "profits" was an unhappy concession to prejudice. The real question is how far the sheer shortage of money can now stop the rise in wages. The events of the summer may do something to answer this question—through the *non possumus* of employers faced with wage demands, and the fate of any strikes undertaken to enforce them. But evidently the hospitable doors of No. 10 will continue to be open for talks, briefings and frank exchanges of points of view as the squeeze continues to do its work.

—Or Agenda for Inflation?

THE preliminary agenda for the Trades Union Congress in September provides a blunt commentary on the government's statement. It reflects the attitude of no compromise and no co-operation which the unions have adopted; it echoes older slogans of direct, as distinct from parliamentary, action. It is based on the argument that the government got the country into an inflationary mess with a vote-catching budget and too much kindness to its own supporters; that it need not now hope to get out of the mess by the sacrifices of the working classes; and that the only remedy is for it to resign.

Four of the six largest unions—the Transport and General Workers, the mine workers, shopworkers, and railwaymen—specifically condemn wage restraint. The TGWU resolution, for example, asserts the right of Labour

> to use its bargaining strength to protect the workers from the dislocations of an unplanned economy. It rejects proposals to recover control by wage restraint, and by using the nationalised industries as a drag anchor for the drifting national economy.

The other big union, the National Union of General and Municipal Workers, is still, under the latest trade union knight, Sir Thomas Williamson, a force for moderation, in so far as it is silent about wage restraint; but it is equally damning about the government's economic policy.

On automation, the resolutions have not the "fight-to-the-last-ditch" tone of some union conferences earlier this year, but there is a general insistence on prior consultation and on compensation for redundancy. The Association of Supervisory Staffs Executives and Technicians wants a National Planning Board for Automation, to do everything from ascertaining when and where it should be introduced to providing compensation for redundancy.

None of these resolutions adds up to a policy for meeting situations which, whether the unions oppose them or not, will result from government policy and from technical change. Most of Congress's time, however, is taken up with discussion of the General Council's report. Unfortunately the likelihood that this will be less negative than the union resolutions in its approach to economic problems is at present remote.

Compromise in Warsaw

THE Polish central committee has finished its lengthy heartsearchings on what the prime minister, Mr Cyrankiewicz, revealingly called "the bitter truth about the intricacies of the victorious road to socialism." Both the committee's resolutions and the new party appointments (which do not include Mr Gomulka) suggest that the Polish Communists have decided to stick to the middle of the road. Poznan gave them a nasty shock, but it has not frightened them into turning the clock back; on the other hand they will take care that the trend away from Stalinism does not go too far or too fast.

The Polish leaders confessed that all is not well with the

state of the party. It is too liable to "political vacillations" and "ideological disarmament"; it has completely lost touch with the masses; it has got bogged down in a mass of administrative and bureaucratic detail instead of concentrating on "political leadership and control"; and many party activists will have to be thoroughly re-educated in their job. It was also frankly admitted that the ordinary Pole—whether worker, peasant or intellectual—has had a very raw deal, that the official statistics about the rise in his living standards have been plain wrong, and that it is essential to give him a more worthwhile stake in the regime. Whether he in fact gets it will largely depend on the new five-year plan.

The details—which may be all-important—of this plan still seem to be under debate, but the broad outlines have been settled; capital investment will go down; investment in agriculture and housing will go up; there will be a moderate switch from heavy to light industry; and average real wages will go up by 30 per cent by 1960. In the meantime Mr Cyrankiewicz has announced a two-year emergency programme designed to remove the "most painful grievances" of the Polish people and diminish the "most glaring disproportions" in the Polish economy. This will include measures to increase the wages of the lowest-paid groups, to ensure that real earnings do not drop when norms are raised (a common grievance in eastern Europe) and to prevent price increases. By these and similar steps the Polish Communists hope to strengthen their regime and prevent further and more dangerous Poznans. But there is not the slightest suggestion that Communist control might be modified; on the contrary the fight against "liberal bourgeois tendencies" is to go on with redoubled vigour.

Delicate Course in Budapest

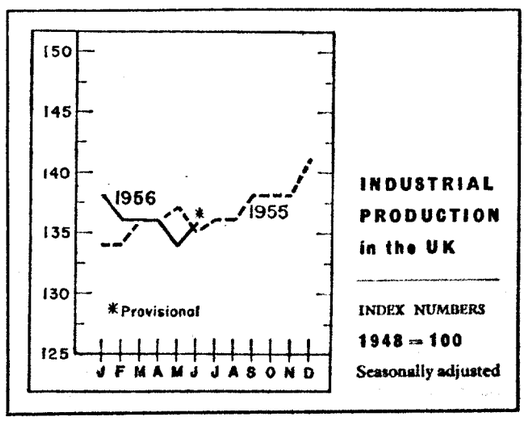
IN Budapest, as in Warsaw, the Communist party is busy trimmings its sails. For the Hungarians the task is even more tricky than for their Polish comrades. Ever since the "new course" was introduced in eastern Europe after the death of Stalin, the Hungarians have veered somewhat wildly from one tack to another; the effects of this erratic course are now being felt. Both right- and left-wing deviations are said today to represent "a very serious danger." To make the situation even more of a nightmare for the good party man, the two deviations have become so interwoven that—in the indignant words of the central committee's resolution—"often it is not easy to discern whether a threat is right-wing or left-wing."

In practical terms this means that the policy-makers in Budapest are particularly hard put to it to maintain themselves on a reasonably safe middle course; they have to worry both about the old diehards who sympathised with Mr Rakosi, and about the followers of the former premier, Mr Nagy, whose views are considered dangerously liberal. These conflicting pressures are reflected in present policies. The cabinet reshuffle announced this week does not include any important appointments of men with more liberal tendencies, although it contains some painless concessions to new ideas—in the resignation of Mr Gerö, the new party boss, from his key cabinet post of first deputy premier, and in the appointment, to a comparatively unimportant post, of a rehabilitated Social Democrat. The "wavering and distrust towards the party" shown by some of the intellectuals and the press (some of them have even "demanded full freedom of the press—freedom to spread bourgeois views") are severely castigated. But there has been a sprinkling of announcements concerning such matters as the reform of judicial procedures, freedom of movement inside the country and a better deal for the Hungarian parliament. Presumably these are designed to make the regime more acceptable.

In the economic field, the original directives for the new five-year plan are apparently being considerably revised; capital investment is to be cut, and average real wages are to go up by 25 per cent. But the Hungarian Communists continue to harp on the importance of priority for heavy industry and on their firm determination to push on with collectivisation without delay. It remains to be seen whether Mr Rakosi's successors, who probably sympathise a good deal more with him than with Mr Nagy, have yet done enough to remove the danger of Hungarian Poznans.

Between Picnics on Corfu

MARSHAL TITO and Mme Broz have been visiting the King and Queen of Greece on Corfu. The Greek prime minister, Mr Karamanlis, was there too, and although the visit was supposed to be private and informal, some time was taken off from boating, picnics and underwater fishing to attend to more serious business. No communiqué was issued afterwards, but it is unlikely that any sinister plot was hatched for Greece's flitting into the "neutral" camp. The chief topic was undoubtedly the fate of the Balkan pact. As a military alliance this is now moribund. The Jugoslavs have for some time been anxious to soft-pedal its military aspect on the grounds that the danger of Russian attack is past and also, no doubt, because membership of a military alliance is somewhat embarrassing to such staunch and open opponents of "blocks." Now the other partners, Greece and Turkey, less convinced that Russia has ceased to be dangerous, have exchanged so many bitter words over Cyprus that their co-operation over defence, or, indeed, anything else, has become impossible.



Marshal Tito, however, seems determined that the Balkan alliance should not lie down and die altogether. In Moscow he flourished it in front of the Russians and apparently got them to acknowledge that it provided a sound foundation for peaceful co-operation in the Balkans. This may be taken at its face value, or as a euphemism for the spread of Jugoslav influence in the region, with consequences which may, or may not, be agreeable to the West. In either case, the Jugoslavs' interest in reviving the tripartite alliance is neither surprising nor quixotic. But the pact, like Humpty Dumpty, has had a great fall, and to put it together again—which will involve getting the Greeks and the Turks to agree on the future of Cyprus—may prove an impossible task. But if Marshal Tito can do better than all the king's horses and all the king's men, then good luck to him.

Fading In an Era?

THE first session of the new Parliament ends for all practical purposes this week; though Colonel Nasser may yet ensure that the end will be on a grim note in emergency meetings. Even without this, it has been an eventful session—a Parliamentary climacteric marking the change from the Churchill-Attlee to the Eden-Gaitskell era. New leaders eager to make an impact and not trammelled by past battles have from both sides pumped new vitality into the conduct of affairs.

Sir Anthony Eden's reputation has fluctuated as wildly as the weather, though more in his party than in the country. From the post-election peak of his popularity he plummeted during the autumn and winter until in January Downing Street had formally to deny that he was about to resign. The first three months of this year were hard going, but he turned the corner—or at least one corner—during the Bulganin-Khrushchev visit. His touch is now far more professional, and his leadership will be secure if he continues to win the hearts of his belligerent backbench critics by his handling of Colonel Nasser.

The economic trip-wire which sent Sir Anthony sprawling last year has been a lifeline to Mr Gaitskell, who had his own troubles, but has hauled himself steadily up, both in party and public estimation. When economic discussion began to pall, he neatly sidestepped into the role of a most effective Labour spokesman on foreign affairs—but he clearly has plenty of other ammunition as well. Both at Westminster and Transport House the Labour party is more efficient under his leadership. He is inevitably taking longer to work himself in than Sir Anthony. It may be too soon to guess whether British politics will for long be moulded by the personalities and wrestlings of these two men; but not the least of the interest of the next session of this Parliament will derive from the light it sheds on this question.

Holidays on Strike

THE Minister of Labour succeeded in getting the two sides concerned in the strike at the British Motor Corporation to take part in joint talks, but common ground between them has yet to be found. The unions are demanding joint consultation before redundancy is declared in future and compensation for the men dismissed from BMC. On the first demand the BMC offers talks at the local level, and on compensation it refuses talks except at national level, with the Engineering Employers' Federation. It is here that the deadlock is at present complete. The Federation is anxious that BMC should not set a precedent by offering compensation payments which would be beyond the means of less prosperous firms, while the unions on their side want to keep their freedom to drive hard bargains in accordance with each firm's capacity to pay. In the words of Mr Nicholas, of the Transport and General Workers' Union, they do not want the sort of compensation that could be paid by the "backyard foundry."

It is something, however, that the talks are not broken off but are adjourned until next Thursday while both sides consult among themselves. It was not really to be expected that there would be a rush to reach agreement while the strike is in a state of suspended animation. If no agreement is reached next week the struggle will begin again in earnest on Monday week. Then the unions will have to keep the returned holiday-makers out of the factories and the company will have to decide how long it can carry on at the reduced level of output. Last week this was about 40 per cent of normal, although Morris, for example, still had between half and three-quarters of its workers and Austin produced little more than a quarter of its usual output with three-quarters of its workers. Meanwhile support for the strike grows dangerously among other workers such as the railwaymen.

Solidarity with the Strikers

Our Special Correspondent writes:

AT 5.30, when ship repair workers were due to meet in Custom House Fields, the main signs of life were two gypsy caravans complete with occupants and a few men lying on the grass. But then more men began to gather, a loudspeaker van bounced into the middle of the field, and some policemen strolled up.

A young man announced the object of the meeting—to give moral support to the brothers on strike at the British Motor Corporation, and to vote them one hour's pay per week each. He quickly stood down in favour of Mr Claude Berridge, the London organiser of the Amalgamated Engineering Union. Mr Berridge angrily castigated those who would destroy the unity of the working classes; but his remarks about the wickedness of Moral Rearmament and the Economic League were cut short: "We've heard all this stuff, mate. What are we here for now?" So he took a few swings at the Tory Press and at the huge profits of the bosses; the company's reserves represented "a cushion for the shareholders," so why should they not be a cushion for the workers? He declared that this was the biggest struggle since 1926. This thought was quietly received, and Mr Berridge sat down amid rather lukewarm applause.

The next speaker was Mr Dick Etheridge, the chief convener from Austin, whose forecast of the solidarity to be expected at Longbridge caused his union executive to get

an unpleasant shock when the strike was actually declared. Mr Etheridge, like Mr Berridge, is a Communist, but he is less thin and earnest, and his Midland accent and joviality were an agreeable change. He made jokes about Sir Leonard Lord, chairman of the BMC and the villain of the piece. "And he's no better than me. His father was a working man." This, oddly enough, was to Sir Leonard's discredit. Mr Etheridge said that he had brought along his missus as a symbol of working-class unity, and this unity was his main theme. His anger was directed first at the Tory Press, which made heroes out of blacklegs; then at non-unionists, and at wives who wanted their men to go back to work; and finally he reached the surprising conclusion that "despite this opposition from within our own ranks, the working classes have never shown such solidarity."

The proposition was then put to the vote. It was opposed by only about six out of the five hundred odd men at the meeting, with a few abstaining. There were one or two cries of "How can they be on strike if they are on holiday?" But most of the men seemed pleased enough to have voted the money, although equally pleased that the meeting was over. They hurried across the field, talking about Laker. The action that had been taken was neither popular nor unpopular. It just seemed necessary.

Two-Edged Trade Weapon?

THE decision to impose a control on the use of Egypt's sterling balances in London is no more than a warning. Its effective meaning will depend on how it is applied, and this in turn depends, not only on political factors, but on two economic questions. Can a squeeze on sterling hurt Egypt painfully? If effective, will it, like so many economic sanctions, prove a two-edged weapon which will hurt Britain as much as Egypt?

A blocking of Egypt's sterling assets in London could certainly be uncomfortable for Egypt. The slump in demand for long-staple Egyptian cotton has made it difficult to find enough foreign exchange for imports from the West. Even with the release of £20 million of blocked sterling assets this year and last, Egyptian imports are still far below the level of the boom years 1951 and 1952. Import restrictions, already severe, have been further tightened in recent months. Egypt, of course, uses transferable sterling to buy not only in Britain but in other parts of the sterling area and Europe. A blocking of sterling assets would handicap its entire trade. But it is by no means certain to bring Egypt to its knees. Gold and dollar reserves could cover current payments for a while, and bilateral payments arrangements could provide a sufficient, if uncomfortable, framework for trade with many other countries. The effectiveness of a stop on London sterling would depend a great deal on the extent to which other western countries took parallel action.

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But a stop on sterling would of course hurt Britain too. Though the fall in Lancashire's cotton buying has slashed Britain's imports from Egypt (from £13 million in the first half of 1955 to £6.3 million in the first half of this year), Egypt's imports from this country have been growing and in 1954 and 1955 Britain recovered the position of Egypt's main supplier. Efforts by the British exporters, helped by their long-standing connections, have been largely responsible for this, but Egypt also seems to have made fair efforts to fulfil the promise to encourage imports from Britain in return for the release of sterling balances. A stop on British exports to spite Egypt would at one blow cut away all the gains which British exporters have made.

Mindful of past experiences, they tend to think first of the Germans as the competitors who might supplant them in the market. But Egypt's mark earnings are small. Only with one area—the communist bloc—has Egypt the large trading surplus which could permit a major growth of imports. Through heavy cotton purchases by communist countries Egypt raised its exports to them to £E.27 million in the first five months of this year, a third of the total. Egypt seems to have built up a trade surplus of £E.17 million despite arms imports; this will no doubt be used in any case to finance larger imports of capital goods from the communist countries. Deprived of sterling, Egypt might turn still more to the east for such supplies.

Sixty Schizoid Governments

"HEART on the left, wallet on the right" is a time-honoured description of the average Frenchman's political posture. It is, however, a global rather than a Gallic attitude when governments are concerned. Last week the members of the United Nations were treated to a couple of overdue lectures on the subject at Geneva. Lord John Hope, the British delegate, warned the Economic and Social Council that, if the continual increase in the budgets of the UN and of its specialised agencies could not be checked, his government would have to consider whether it could go on bearing its present share of the cost. He praised the various practical successes achieved, but complained that, while lip-service was regularly paid to the need to cut out dead wood and concentrate on priority tasks, in fact little was done about it.

Next day the Secretary-General himself was even more outspoken. He pointed out that the Secretariat had reduced its own ranks by 15 per cent in two years, but that it was the member governments that gave the orders. For three years running he had submitted plans for readjusting programmes, but there was little he could do as long as there continued to be the largest common denominator among governments for starting new projects, and the lowest common denominator for financing them. There was no point in setting up another committee to overhaul economic and social programmes if it maintained the habit of agreeing on maximum programmes with minimum allocations. Mr Hammarskjöld referred to the "schizophrenia" often displayed when a government's representative in one UN organ votes for new enterprises while its representative in another organ demands economy.

Something like sixty of the seventy-six member governments suffer from this schizoid tendency, and the UN suffers from the consequences. When funds are drained away into futile activities insisted upon by governments that contribute little or nothing toward them, the organisa-

tion not only has that much less to spend on practical work; another consequence is that its appeals for extra funds fall on unsympathetic ears. It was salutary for the Economic and Social Council to be told by the Indonesian delegate that all the efforts it fondly regards itself as directing had so far had "no appreciable effect on the lives of the less privileged populations of the globe." The Council's first practical step to remedy this situation might well be to cut short its own interminable and inconclusive debates, so that the money thus saved could be used by more productive UN organs.

Japan Looks at Peace Terms

JAPANESE politicians have been making a noble effort to sink their differences and show a complete, if fragile, unity in the peace talks with Russia. This by itself is a very considerable feat and a hopeful sign of political responsibility in Japan. Only a fortnight ago a number of business leaders, together with Mr Yoshida's following from the former Progressive party, were calling upon the Liberal Democrat prime minister, Mr Hatoyama, to resign, without, however, giving any indication whom they would like in his place. But it has now been made clear that Mr Hatoyama will stay in office at least until the Moscow talks have finished, although he will have to continue to put up with Mr Shigemitsu as his foreign minister.

The Socialist opposition have reaffirmed their policy of restoring diplomatic relations with Russia if necessary before settling the territorial dispute, and they have said that Mr Shigemitsu's appointment as chief delegate will "cast a dark shadow over the forthcoming talks." But even they have refrained from embarrassing the foreign minister by trying to extract a definite statement of policy from him. Only Mr Yoshida and his following, the diehard section of Mr Hatoyama's party, have continued to press their policy of no compromise up to the moment of departure.

It seems clear from Mr Shigemitsu's carefully non-committal replies to the questions of Mr Yoshida's faction that he is prepared to yield a good deal if necessary. One source suggests that he may try to refer the question of the North Kuriles and South Sakhalin to a conference of the former allied nations, while making an effort to "secure a reservation on Kunashiri and Etoforu." This may mean that he will try to keep open the possible return of these islands to Japan if and when the Americans leave Okinawa and the Bonin group. Mr Khrushchev has stated that the Soviet position on the territorial issue has not changed since the London talks. This policy, if it is not merely a piece of preliminary bluff, seems to be short-sighted. Even if, as the Russians are said to believe, Japan is drifting away from America and towards socialism, a return of the southern Kuriles would give an immense boost at a comparatively small cost to Russia's reputation as a good neighbour in the Far East. Big Brother could then watch benevolently while the Liberal Democrats squabble among themselves about foreign policy, and while the Socialists climb into power from a platform of neutrality, prosperity and trade with Asia. But it seems unlikely that the Soviet government will be clever enough to give back even Etoforu and Kunashiri.

Mr Poole's Bevanites

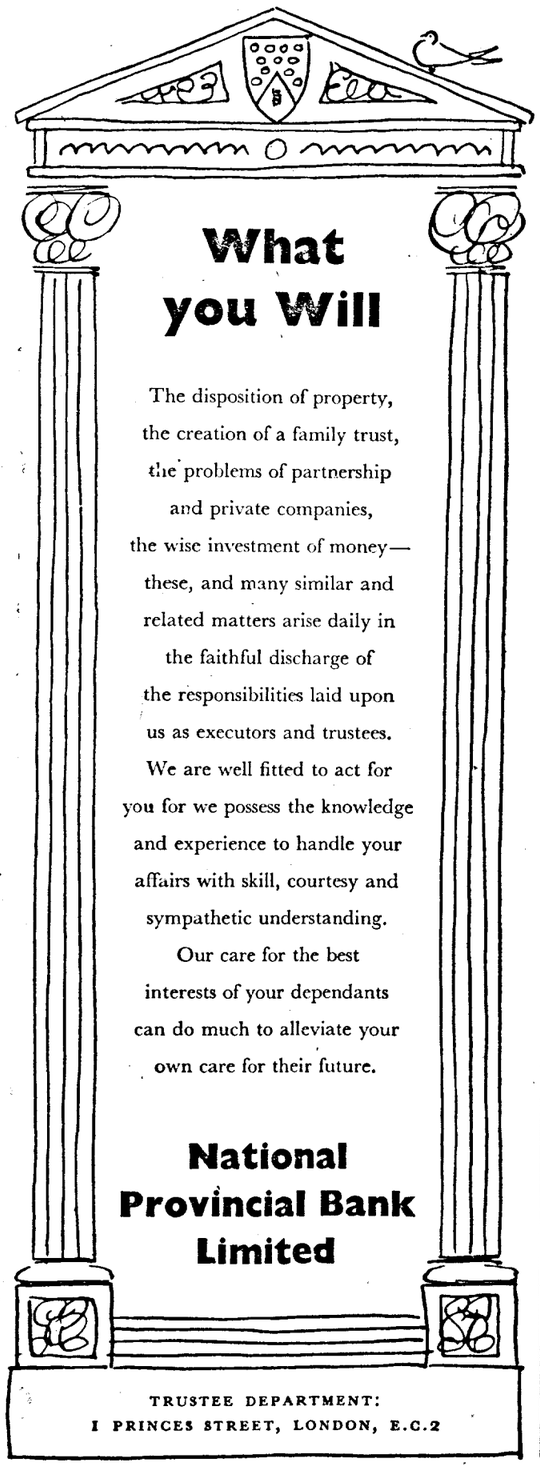
IT would be an exaggeration to say that the middle classes have got out of hand; but Mr Oliver Poole, the Chairman of the Conservative Party organisation, evidently felt last week that the time had come to give them a timely warning. They have been insubordinate at recent by-elections; they are joining—apparently in significant numbers—a deviationist organisation called the Middle Class Alliance; worst of all, certain extremists among them have formed an embarrassing if not dangerous extra-party action group calling itself the "People's League for the Defence of Freedom," which has gone most expensively into print with demands for curbing trade union privileges. What with not voting and frightening votes into the arms of Labour, all this, in Mr Poole's view, has got to stop. It threatens to divide the Tory Front (which draws, according to Gallup poll figures, 25 per cent of its electoral support from the working class income bracket). And the Tory party, Mr Poole insisted as sternly as he dared, is all that stands between the middle classes and Labour's sea-green plan for equality.

Mr Poole sympathised with the burdens of middle-class people in terms which vaguely suggested he was not one of them. But he reminded them that Tory chancellors did try to help them—first by cutting income tax and now by slowing down the erosion of their incomes through inflation. He sought to rally them to the more constructive Conservative aim of further pushing up living standards. But, in admitting that the middle classes had had "less than their fair share of prosperity in the past," he did not promise to make sure that they would get under Tory rule at least their fair share of any future additions to the size of the national cake let alone any rectification of past injustices. That, however, is the positive assurance that the middle classes want—otherwise equality will overtake them anyhow. It is one which it would be indiscreet for Mr Poole to give; he must hope that stirring appeals not to rock the boat in rough water will bring them back into line, and that mild anathemas will cause his Bevanites to stop baiting the unions. They ought to see anyway, without Mr Poole telling them, that it is silly to tell your big brother to punch the head of an even bigger boy.

Holland's Holiday from Government

DUTCH cabinet crises last as long as French governments, say the Dutch. Holland's current cabinet crisis is some seven weeks old. General elections ended the life of the last Dutch government, and there is still no sign of a new one.

The hiatus has almost become traditional. No single party in Holland is large enough to govern by itself. At



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'I vote,' said Frog, 'for the British farmer!
Where would we be without him—production doubled since 1939, more than half of all
our food now home grown, 60% of...'

BUT TOWN MOUSE INTERRUPTED WITH

I vote for me!

...'and I know exactly where you'd be without the British farmer. Very nice bit of bog you had... before it was drained and planted with wheat. Down with boots!'

FROG 'How wet *you* are! Every extra acre planted means dollars saved. *And* the British farmer grows three times as much wheat per acre as the American farmer.'

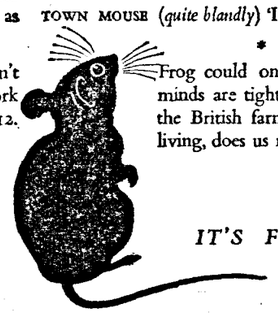
TOWN MOUSE 'What,' said he, 'is that to frogs. And don't tell me again that British farmers often work a 90-hour week for no more than £10 - £12. I do not care. I say, up with paws.'

FROG (*croakless with rage*) 'All right! Up with paws and up with prices too! Let your meat be inferior: your eggs as seasonal as turkey: your milk reserved for the rich! Let us not encourage the British farmer to give us our wonderful food.'

TOWN MOUSE (*quite blandly*) 'I thought you liked flies!'

* * *

Frog could only goggle. For those whose minds are tightly closed will *never* care that the British farmer, in return for only a fair living, does us really proud.



IT'S FISONS FOR THE FARMER

the same time, cross-currents of confessional and historical party loyalties complicate the simpler policy differences which must be resolved when cabinets are formed. Cabinet-building, too, has been given added importance by the presence in recent governments of all the main parties; parliament has tended to become a quiet debating society whilst the real political conflicts are fought out inside the cabinet. The prudent Dutch like to achieve a coalition which will fairly reflect the balance of power and ideas between the member parties for a substantial time. But the price is long and delicate bargaining when governments are formed.

Cabinet-building has been made more difficult this time by the increasing tension between the Labour and Catholic parties which has been evident during the past two years. Before the elections in June the Catholics campaigned hard to gather back into the fold those Catholic voters who had turned Labour. But they failed, and Dr Drees, the veteran Labour Premier, was asked once more to piece a cabinet together.

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Two main policy differences were for a time the centre of negotiation—rent and defence, where the Catholics backed the defence minister in a demand for heavier spending. Both issues were eventually resolved by compromise. But just when hopes were high, Professor Romme, the Catholic leader, stated new demands, one of which was for a new ministry, to take over certain functions from the Ministry for Economic Affairs, and presumably to be placed in Catholic hands. The Catholic leader had forced on Dr. Drees the choice, either of giving in to demands which he felt were unjustified by Catholic strength, or of giving up his attempt to form a cabinet. He chose the latter.

Professor Romme then took up the task, but Labour quickly rejected his programme. Perhaps a leader of one of the smaller parties will now seek to mediate between them, but once again success seems unlikely unless the Catholics are prepared to give more ground than hitherto. A smaller coalition, say between the smaller parties and either the Catholics or Labour, may be considered, but both have disadvantages. But the Dutch cheerfully believe that some Government will be formed by mid-September, when Parliament reopens.

Peers and Prisons

PRISON reformers will derive some encouragement, however small, from Tuesday's debate in the House of Lords. It is true that many of the criticisms put forward—the overcrowding, the sanitation (or rather absence of it), the lack of work, the shortage of staff—have been made for so long and so often that to find them still justifiable must tend to produce a feeling of despair. The encouraging aspect of this week's debate is that the Government seemed to be much less complacent about them.

Lord Mancroft, Parliamentary Under-Secretary, certainly began by producing the stock official answer to criticisms, giving the number of prisons and detention centres started since the war, the number of new workshops, kitchens, hospitals and chapels, and so on. But he soon abandoned this sort of defence of prison administration, and showed himself fully aware that though lack of money must prevent many needed improvements in physical conditions, a great deal can be done to improve the outlook of the prisons without any extra expenditure at all. For instance, he mentioned the imminent extension of the Bristol experiment, which allows preventive detention men in the third stage of their sentence to work in the city for normal wages and to live in a hostel more or less as free men. He also spoke of the possibility of finding work for local prisoners by the establishment of out-factories for local factories. Again, he realised that prison officers should be given a much more constructive job if the relationship between them and the prisoners in local prisons are to be improved.

Almost every kind of prison reform, whether it is a matter of finding money for new lavatories or finding a job for a man who has been discharged, comes up, as Lord Mancroft said, against the obstacle of public indifference. Until recently, one might have added Government indifference as well; and it is something gained that a member of the Government is at last taking a personal and constructive interest in the subject.

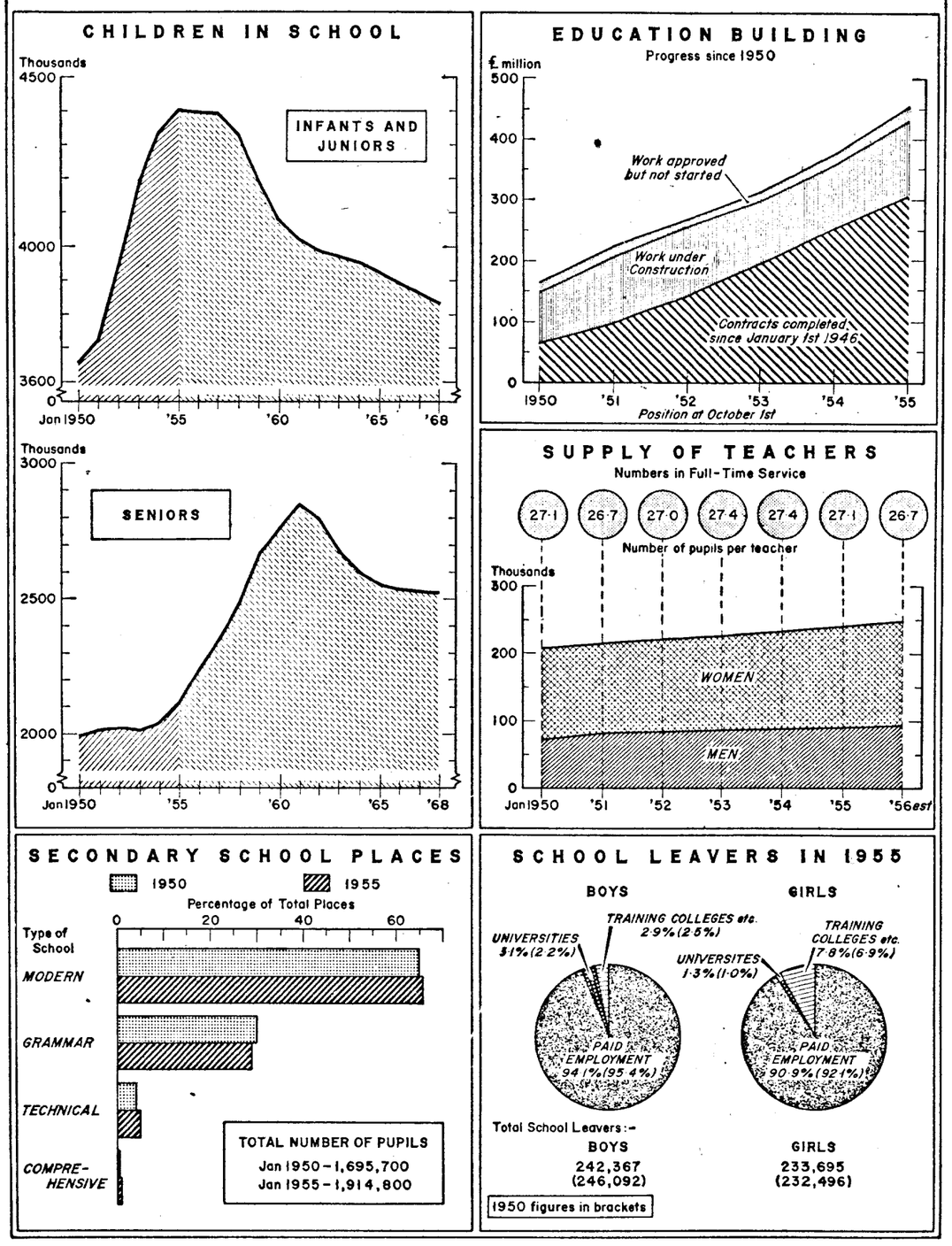
Irish Hairshirt

Our Dublin correspondent writes:

THE deterioration in the balance of payments continues to be the main topic of Irish politics. The Minister of Finance continues sedulously to treat the symptoms rather than the disease itself—with the natural result that the symptoms tend to recur. In March he imposed duties on consumption goods designed to cut back imports by £7 million, but exports have continued to fall so steeply that the balance of payments deficit promises to be as bad as last year. Mr Sweetman is now after another reduction in imports of £5 million, and has accordingly raised the special duties from 37½ per cent to 60 per cent (the preferential rate being changed from 25 per cent to 50 per cent), while applying the levies at the March rate to many goods which escaped at that time.

In Mr Sweetman's defence it must be admitted that he inherits the consequences of the mistaken policies followed by all the governments that have held office in the last ten years. The fall in exports reflects the fall in cattle prices; but that development would not have been so serious if rising domestic costs and indecisive agricultural policies had not combined to price almost every other agricultural product out of the export market. Development of Irish agricultural production for export is the only solution of the balance of payments problem; but it will not be of much assistance over the short run. Capital investment policies of the last few years now far out-run current earning and saving. At last some revision to bring it in line with available resources is possible; and it must be said that a greater proportion of capital expenditure is now going into projects that give some prospect of yielding monetary return. Even so, the volume of saving will fall far short of expenditure, and this must be blamed in some measure on the steady refusal to allow interest rates to follow the upward trend in the United Kingdom. A policy that on one side calls for more saving and on the other subsidises borrowers is a curious example of doctrinaire rigidity.

EDUCATION IN ENGLAND AND WALES



These charts refer only to schools maintained or assisted by local authorities.
Source: "Education in 1955." Cmd. 9785. HMSO. 9s. 6d.

Missionaries Under Fire Again

How seriously will Indian public opinion take the startling judgment on the work of missionaries that has been published by an official committee of inquiry? The committee's report, based on two years of investigation, states that

> Evangelisation in India appears to be a part of the uniform world policy to revive Christendom for re-establishing western supremacy. . . . The objective is apparently to create Christian minority pockets with a view to disrupting the solidarity of the non-Christian societies. . . .

When this committee was appointed in 1954 by the government of the Central Indian state of Madhya Pradesh, the air was heavy with allegations about subversive activity by foreign missionaries and with complaints by the missionaries themselves about hostile actions on the part of local authorities. Since then, the Indian government has imposed some strict regulations on foreign missionaries, notably a prohibition on working in frontier districts—although there are many established Christian congregations there; while the churches for their part have increasingly recognised the need to become less dependent on external support, and the principal denominations have strengthened their local roots. The general atmosphere is much better now than in 1954. It will be sad if the belated result of the Madhya Pradesh inquiry is to jeopardise this improvement.

The danger lies not so much in the committee's recommendations for further restrictions on missionary work—though these would, if adopted, cause much senseless suffering, including the closing down of badly needed orphanages; the most harmful effect of its sweeping generalisations is that they provide ammunition for intolerant elements in India which detest the doctrine of the secular state propounded by Mr Nehru and by other liberal minds. "Conversion muddles the convert's sense of solidarity with his society," says the committee. "There is a danger of his loyalty to his country being undermined." This is not only an odd argument to advance in a secular state, but an ironic one. The ultra-orthodox Hindus who campaign against a secular India are the very people who have failed to give any such sense of solidarity to the untouchables, aboriginals and hill peoples to whom Christianity has offered a way out of their stagnation.

Colour in the Factory

The fears that were expressed when the first big stream of coloured workers reached Britain seem latterly to have been allayed; at any rate, fewer complaints are heard about rich Jamaicans buying up houses or, at the other extreme, of poor Jamaicans undercutting British trade unionists. Certainly, a small inquiry* in Birmingham suggests that, on the whole, the first 15,000 coloured workers there are being absorbed without much difficulty.

The investigators found little prejudice against coloured workers on the part of employers; such as there was tended to be based on ignorance or on a wholesale condemnation because of one failure or on fears that it would upset their existing white labour or prejudice its recruitment. But most of the employers interviewed who had recruited coloured workers were satisfied with them, both with their performance of a job and with their relations with their fellow white workers—though they tend to be cautious about up-grading them to skilled or supervisory jobs. The attitude of the trade unionists was more ambivalent. Most of them affirmed the principle of no discrimination; on the other hand, it was quite possible for the same branch of a union declaring its adherence to this principle to pass a resolution calling for a stop to the entry of foreign labour. It is perhaps significant that trade union prejudices are directed not against the colour of immigrant workers but against them as outsiders liable to make demands on Birmingham's housing.

But, though the report is, on the whole, reassuring, it ended twelve months ago. Since then, immigration of coloured workers has gone ahead, and the total number in this country must be far more than the 100,000 or so estimated for the end of 1955. It may well be three times that number. Secondly, it is still far from certain what will actually happen to coloured workers if there have to be more dismissals. However much employers and trade unionists uphold the principle of "last in, first out," regardless of colour, employers will find it difficult in practice to keep on coloured workers while they are laying off white ones.

* Employment of Coloured Workers. By Leslie Stephens. *Institute of Personnel Management.* 3s. 6d.

French Joint Stock Mania

In the present state of France there is much to make us rejoice, but much also to awaken our conjectures and even excite our fears. It is gratifying to see the commercial and industrial spirit gradually displacing in the affections of the nation the former inordinate desire of war and conquest; to see, also, the feelings of cordiality which continue to subsist between England and France,—feelings which are at once evidenced on our part, and augmented on hers, by the noble exertions so generally made throughout the United Kingdom to relieve the sufferers by the inundations of the Rhone and Loire and their tributaries. But these inundations afford further food for reflection. They suggest an inquiry as to the means of the nation to encounter so costly a visitation,—following, moreover, in the footsteps of an expensive war; and this leads to a consideration of the anomalous form in which the industrial spirit has manifested itself of late in France, and the effects which it is calculated to produce on the resources of the country. . . . There, especially within the last year or two, an utter mania prevails on the subject of companies, and the public seem to be impressed with an idea that nothing can be or ought to be successful unless conducted by such. Companies are starting up like mushrooms, in every conceivable department of industry, from the highest to the lowest. Not long since we saw one advertised for washing clothes,—a business, we are of opinion, it would be more advisable to relinquish to the unaided private enterprise of washerwomen. The best and the worst feelings of the people, their virtues, passions, and prejudices, are all enlisted in the support of the Joint Stock mania. . . . The consequence of all this has been that a deal of capital in France has been diverted from its accustomed channels of expenditure.

The Economist

August 2, 1856

Letters to the Editor

Living Like a Lord

SIR—In your issue of July 28th you say that the new nobility will fall no nearer to the gutter than the welfare state allows. If the new peerage is to be one which depends upon state pensions and doles, then the whole idea of nobility has gone. One of the reasons why I oppose the further creation of hereditary peerages is that under modern conditions it is hard enough for anyone, even a rich business man, to leave sufficient to his heir to enable the latter to live in any way resembling the proper style of a peer.

In fact many of the new peerages are bestowed upon those who have distinguished themselves not in business but in politics and trade union affairs. Suppose that the first of a new line holds a post in a nationalised industry at about £8,000 per year. This is good and he can uphold his status as long as he is in the post which carries this salary. But when he retires he draws at best a pension, since few people can save much nowadays. His son and heir cannot look forward to the inheritance of his father's post, and may be unable to earn more than a well salaried minor post affords. He cannot hope to live in as good a style as his father and will inevitably be lower in the social scale though provided with a technical nobility. The absurdities of Mr Gaitskell's theory as to equality will receive a forceful exposition because the new nobleman will be lower in financial position than many commoners.

It is one thing to acquiesce in the deterioration in the position of the older families, but deliberately to create new families of nobility which are from the outset deprived of means sufficient to uphold their ennobled status, is to flout the idea of creation by the Crown and to provide the world with yet another example of Britain's decline. What makes matters even worse is that the victims themselves seem so pathetically anxious to perpetuate their peerages. One reads in the press of peers who express a desire for an heir to their titles, though they must know that such an heir will have little to inherit but a title. Life peerages on the other hand would suffice for the reward of the deserving, and if a life peerage was considered not enough in the way of merit, then a hereditary peerage could be created with means to endow it.—Yours faithfully,

L. G. PINE, *Managing Editor. Burke's Peerage Ltd.*

The Price of Enosis

SIR—In a Note published in your issue of June 29th, the writer, forecasting the economic consequences of the union of Cyprus with Greece, infers that "Despite past neglect"—on the part of the British Colonial Government of Cyprus—"Enosis could scarcely be expected to bring economic benefits to Cyprus."

We have always made it clear that our case is essentially one of morality and justice, and Sir George Hill rightly points out in his book, "A History of Cyprus," Vol. IV, page 490, that "The desire for union (of Cyprus) with Greece is not for any material benefits it would bring." This thesis does not in any way imply economic ruin for Cyprus. On the contrary there are basic reasons to believe that the workers and peasants who constitute 85 per cent of the population of Cyprus will be in a better financial position in the event of union with Greece. National insurance, for instance, has not been introduced to Cyprus while in Greece it is very well organised. In addition, owing to the care of the Greek State, agriculture in Greece has made great strides and it is on more modern lines than it is in Cyprus. As a result of the modern methods applied in Greece, production is continually increasing, having exceeded the prewar standards despite the destruction caused during the war years, while official statistics show that production in Cyprus is either stationary or on the decrease.

There has been not only stagnation but a decrease of production in Cyprus during the last 50 years despite the fact that the population has been doubled in the meantime. You also remark that "The Cypriot peasant would also lose his small but significant tariff preference in the British market." Yet during the last five years British exports to Cyprus amounted to £52,805,000 while the imports from Cyprus were only £21,825,000. The deficit, therefore, is £31 million. Consequently Britain, not Cyprus, is benefiting from the trade balance between the two countries. In contrast, the trade balance between Cyprus and Germany is in favour of Cyprus. During the last five years Cyprus exported £24,668,000 worth of goods to Germany while it only imported £4,921,000.

The writer concludes by saying "The British base, already the driving force of the island's economic life, would become more vital to it than ever. Fortunately the Greek Government seems aware of this." But should strategic bases become the driving force of a country's economic life? There is a gap in the trade balance of the island between 1945 and 1954 to the tune of £62,223,000. The cause of this gap is entirely the failure of the Government to develop agriculture and industry, thus increasing exports and reducing imports. This gap is bridged by emigrants' remittances, tourism and expenditure on military installations of temporary nature. The compulsory dependence of the economy of the island on the existence of military bases is a disturbing feature involving great danger to the economy of Cyprus.—Yours faithfully,

PHIDIAS G. DUKARIS
UK Secretary to the
London, W.1 Ethnarchy of Cyprus

"Faster, Faster . . ." in Bahrain

SIR—I read with considerable interest the article that appeared in your issue of July 14th entitled "'Faster, Faster' . . . in Bahrain." I would, however, like to draw your attention to some inaccurate statements that appeared in it.

In the fourth paragraph you say that "last year and early this year the authorities met several of its [the Committee of National Union] demands." In fact, while a certain number of changes were carried out before, in October of last year, at a meeting held between the Ruler, with his adviser and a senior member of the ruling family, and two representatives of the committee, agreement was reached on all points then in dispute and concerned with the criminal code, the judiciary, the councils of education and health and the police force. This agreement was signed by representatives of both parties. The Government had already some six months before organised the committee that was at the time drafting the labour law. The committee did not put forward any demand for a legislative council and intimated that the subject had been shelved.

As is mentioned in the article, elections were subsequently held for half of the members of the councils of education and health. I would like to point out, however, that when the names of the nominated members were first announced, they included only two members of the ruling family on the Council of Education, and these were later withdrawn from the council.

In order to settle further differences that appeared to have sprung up, the Ruler met the representatives of the committee during the month of June, and he agreed to make some changes to meet their requests. These included the removal of certain members of the councils of education and health, and the decision that the presidents of each should be elected from amongst their number. The Ruler also agreed to remove the censorship of the press, as requested by the committee. However, the committee still refused to encourage the elected members of the two councils to hold their meetings, because of their objection to the Council of Administration, and it was for this reason and not because of any action of the adviser of the Bahrain Government that the councils of education and health have not yet met.

The Council of Administration was itself not instituted because of any demand from the public, but was appointed by the Ruler to make recommendations to him and to assist him in affairs of state. It was for this reason that the council consists only of Government officials and certain members of the ruling family with considerable administrative experience.

The Committee broke off its conversations with the Ruler towards the middle of June, but the Bahrain Government then publicly expressed its desire that the conversations should be renewed and the negotiations carried to a successful conclusion.—Yours faithfully,

JAMES H. D. BELGRAVE,
Public Relations Officer,
London, W.1 Bahrain Government

Party Paradox in Canada

SIR—Your Canadian correspondent, in your issue of July 7th, says that "the Conservative opposition" in the Canadian House of Commons, "with 50 odd members, supported by a score of Socialists (CCF), continues to demand that the Liberals, with their 170 members and their 21 years of office, should resign immediately."

The fact is that the Conservatives and CCF have never once "demanded" that the Liberal Government "should resign immediately." That would be obviously impracticable and indeed preposterous. What they have demanded, and continue to demand, is that the Government should dissolve Parliament, a very different course of action, and perfectly practicable.—Yours faithfully,

Ottawa, Canada EUGENE FORSEY

Grey Skies for Aircraft

SIR—In your article of June 30th you state first that civil airlines would get Government support only if they get backing from one of the corporations, and finally you ask "Are conditions in the aircraft industry now such that the last flicker of competition can be extinguished?"

I suggest that one of the quickest ways to extinguish competition is for two state corporations to be allowed to continue as virtual monopolies. If we encourage private enterprise airlines to develop, we are going to get these companies, which in many cases are backed by a great deal of shipping money, to order aircraft independently of any Ministry, thereby injecting competition not only amongst airline operators, but also amongst the aircraft manufacturers.—Yours faithfully, HAVARD GUNN

Burnham, Bucks

Lessons of Poznan

SIR—You publish in your issue of July 14th a letter from Mr Godfrey Lias, who writes, *inter alia*: "The riots in Czechoslovakia were not confined to one city, as in Poland and East Germany. . . ."

Mr Lias's memory is at fault. I happened to be in Germany during June 1953, when the East German rising occurred, and must, in the interests of historical accuracy, insist that it was by no means confined to one city. The West German radio ensured that news of the East Berlin rising was immediately known throughout the Soviet-occupied zone. Workers in Magdeburg, Chemnitz, Leipzig, Halle and Dresden, as well as other industrial centres, at once followed the East Berliners' example, setting fire to *Volkspolizei* barracks, occupying town halls, and demanding removal of the Communist regime and free all-German elections.

Many East German workers, besides Berliners, lost their lives in the rising, or by subsequent judicial murder. Considering that they had been subject to twenty years of Nazi and Communist dictatorship, their unbroken spirit was all the more remarkable.—Yours faithfully,

YOUR SCANDINAVIAN CORRESPONDENT

Kashmir and Goa

SIR—In reply to Miss M. da Silva's letter of June 16th, I am of Hungarian origin. However, this gives me the advantage of recalling from my early history lessons that Hungary had for almost 200 years been part of the Turkish Empire and, afterwards, for more than 200 years, a province of Austria. Now either Miss da Silva is right and the Magyars had for two centuries been transformed into Turks and, subsequently, turned for another two centuries into Austrians—or I am right and one *can* "subjugate a whole population against its will," Hungarians or Goans.

Catholics, altogether one per cent of the population in the Indian Union, do have their difficulties and—India being a free country—their grievances are occasionally voiced by the Prelates of the Church in public. However, all this did not stop Cardinal Gracias, a Goan himself, from claiming Goa as an integral part of India at a public meeting two years ago. Should the hardships facing Catholics in India be so grave indeed, what would explain the presence of the thousands of Catholic Goans there?

In theory, the caste system is outlawed in the Union as it is in Goa; in practice, it still survives in Goa, as it does in the Union. However, this in no way interferes with "the full rights of free worship" enjoyed by Catholics in the Union—a state of affairs I was glad to witness during my journey all over India in 1954.

Mr Nehru—whom Miss da Silva accuses of pretending "to be the single moral authority in the world"—does certainly tolerate more criticism from his own countrymen than Dr Salazar does. I for one cannot blame him for wanting to extend the democratic institutions, enjoyed by people in the rest of India, to the inhabitants of Goa.—Yours faithfully, GEORGE A. FLORIS

London, N.W.1

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OXFORD UNIVERSITY PRESS

Books & Publications

From Quadrant to Octagon

HISTORY OF THE SECOND WORLD WAR: *Grand Strategy Volume V.*
By John Ehrman.
Her Majesty's Stationery Office. 651 pages. 42s.

THIS volume of the Official History of the Second World War is the first to appear of the six on "Grand Strategy," that is to say, on the central direction of the war. It extends over the period of the two Quebec Conferences—Quadrant in August, 1943, and Octagon in September, 1944. By the earlier of these dates Italy was virtually out of the war, and everywhere the tide had turned sufficiently for the Allies to be assured of the ultimate defeat of the other two Axis powers. What, then, were the undertakings which would most quickly bring about the inevitable end?

The Quadrant Conference reaffirmed the priority of operations against Germany and prescribed as the central feature of these a landing in force in Normandy, in accordance with plans already prepared. Supplementary to this were operations on the mainland of Italy, the capture of Sardinia and Corsica, and a landing in the south of France. Activities in the Balkans were to be limited to victualling guerillas, commando raids and strategic bombing. The plans for Normandy (Overlord) suffered no fundamental alteration thereafter and provoked comparatively little discussion at the top. The date was put back a few weeks and the initial assault was strengthened, and that was about all. The sideshows, however, occupied far more of the attention of staffs and ministers. This was due largely to Mr Churchill's intense desire to preserve flexibility, to take advantage of opportunities whenever and wherever they arose, and to pay some regard to political factors in the Balkans. So strongly did he press his ideas on occasion that the Americans complained that the British were trying to "ditch Overlord." In the main the American view prevailed and the Italian campaign suffered from a form of pernicious anæmia, while no significant operations were undertaken in the Balkans or the eastern Mediterranean. Jobbing back is a futile occupation, but few would deny that the western world would today be in better case had Mr Churchill had greater success with the President and his advisers.

Quadrant left the sole responsibility for operations in the Pacific to the American chiefs of staff In South East Asia the plans were vague, and the arrangements for command were unbelievably complicated. There were three kings in this Brentford—Admiral Mountbatten, Vinegar Joe Stilwell and Chiang Kai-shek—and Mr Ehrman seems to imply that they scarcely ever agreed upon anything. This is perhaps not surprising. The prime concern of the Americans was to keep China in the war in order to provide a base for bombing Japan and to prevent the Japanese from carrying on the fight on the mainland after their home islands had been captured; the British, on the other hand, were anxious to re-establish themselves in Burma and Malaya—an objective which was not well viewed by the anti-colonialists in Washington. It is a sad commentary on these conflicting ideas that China was saved from Japan only for the benefit of world communism, and that India, Burma and large parts of Malaya are deluding themselves that they can sit indefinitely on the fence between Russia and the West.

These inconsistencies of aim in South East Asia and in the lesser theatres of Europe provoked great argument at the highest levels, and Mr Ehrman faithfully records it all. He also gives a full account of the disputes between Mr Churchill and his own chiefs of staff about the role of Britain after Germany had been defeated. More space is therefore devoted to these controversies on the lesser issues than to the major projects on which there was throughout substantial agreement. The author regards this as unavoidable. It is certainly unfortunate, for it gives an impression of constant bickering not only between Mr Churchill and his chiefs of staff, but also between the British and the Americans, which is far from a true one. The relations between the Minister of Defence and the British chiefs of staff were intimate and mostly cordial; and the Western Allies, whatever their area of disagreement, achieved a miracle of collaboration in what Mr Ehrman rightly calls the greatest conjoint operation in the history of war.

If Mr Ehrman has been unduly forthcoming in these respects, there is one in which he has been over-reticent—the Montgomery-Eisenhower argument as between the "single thrust" and the "broad front." This comes very near to "Grand Strategy," and it is arguable that the wholehearted adoption of Montgomery's plan would have ended the German war in 1944. The Germans themselves think so at any rate. But the very small instalment of it that was grudgingly tried at Arnhem failed, and thereafter the war was bound to last well into 1945.

It would be ungracious to end this review here. Mr Ehrman gives fascinating accounts of the Cairo and Teheran Conferences, of the attempts to entice Turkey into the war, of the terrible betrayal by the Russians of General Bor's Warsaw rising, and so on. For these and much else we can be grateful.

Spotlight on a Prince

A PRINCE OF MANTUA.
By Maria Bellonci. Translated by Stuart Hood.
Weidenfeld and Nicolson. 312 pages. 25s.

BETWEEN the bald uplands of objective historical research and the lush valleys of the historical novel there is a strip of terrain encroached upon by both. Along the lower edge of this strip move Mme. Oldenbourg and Miss Prescott; along the upper strides Dr Bryant. While writing her last book to be published in this country—"The Life and Times of Lucrezia Borgia"—Maria Bellonci kept exactly to the middle; carefully amassed facts were cautiously brought to life by imagination and—for Signora Bellonci writes very much as a woman—some intuition. Her present book was conceived a little further down the slope.

Its sub-title is "The Life and Times of Vincenzo Gonzaga" (Vincenzo I, duke of Mantua 1587-1612). The "Times" are very strictly subordinated to the "Life," and are only drawn upon to shed light on the hero. Thus the cultural life of Mantua—important from the points of view of theatrical and musical history and the growth of the ducal art collection—is dealt with only impressionistically; almost nothing is said about the economic life of the city, or about the effect of the constitutional and military changes introduced by Vincenzo's father, Guglielmo. There is more about foreign policy; but, here again, while the spotlight follows the hero, we are left to guess at the significance of the shadows on the rest of the stage.

It is from the "Life," then, that the book must be judged. The subject is admirably chosen. Vincenzo was a complex and flamboyant character, Mantua at the height of its fortunes and splendour. The sources for Mantuan history in the sixteenth century are immensely rich, with archives admirably ordered, containing the gossip and business of an exceptionally able class of bureaucrats and diplomatists. We can assume that many of the author's picturesque and intimate touches are based on the observations of contemporaries. Not all: "Guglielmo could feel from the physical immobility of his pose [the Duke was praying] how his thin blood traced the accursed curve of his back"—this must be intuition; "the guests at Colorno were immersed in the ripe odours of autumn, the sun's last appeal to the earth's innermost humours. They passed from rich days of abundance to long, cool, exciting nights played out on a gamut of evocative notes"—this is certainly imagination. But while much of the system, the definiteness, the ease of reference of a straightforward biography are missing, the author does succeed where this often fails; she recreates the impact events had on contemporaries, suggests the true relation between private feeling and public action, gives to scandal the weight it carried at the time. And all this with a seriousness of purpose that entitles her to a respect that no amount of literary brilliance could secure for the author of a mere *chronique scandaleuse.*

The reader who comes to this book without a previous knowledge of "Lucrezia Borgia"—preferably in the original from which the English version was much abridged—might well be put off by the cloying, knowing tone of parts of the narrative. The publishers do not help. They do not say when the original was published or whether (as with "Lucrezia Borgia") they have omitted notes. There is no bibliography. The reader of a work in a genre as personal as this should surely be given every possible indication that the author is trained in the severe business of historical research.

Test Pilot's View

THE QUICK AND THE DEAD.
By W. A. Waterton.
Frederick Muller. 237 pages. 15s.

SQUADRON LEADER WATERTON was chief test pilot for the Gloster Aircraft Company for seven years until his summary dismissal by the company in March, 1954. His time with Gloster spanned the period during which the British aircraft industry tumbled ignominiously from the high peak of success reached in the late 1940s into a series of mistakes, delays and disappointments that have left not only the Royal Air Force, but also the British Overseas Airways Corporation, with yawning gaps in their equipment and lost the industry much of the export markets that once seemed stretched out at its feet.

The function of a test pilot is to fly new aircraft in a variety of conditions to see how they behave in use. There is no other way of telling whether a design will do what was expected of it on the drawing board. Aerodynamics is not a precise science, and the early post-war policy of skimping on basic research made it even less exact in this country than it need have been. Consequently, the work of test flying can be appallingly dangerous, with long periods of monotony offset by short intervals of real terror. A skilled test pilot can sometimes get the better of a vicious aeroplane under conditions likely to kill a service pilot of average experience. It is then hoped that, on the basis of the test pilot's report, the aircraft can be modified to correct its vices.

The basis of the public squabble now going on between Squadron Leader Waterton and his former employers is simply this: the author believes that he did not get sufficient hearing when he reported on the misbehaviour of the aircraft under his supervision. Where matters hardly simmered with the Meteor—which was a splendid aircraft in its day—they reached boiling point over the delta winged Javelin, an aircraft that has had more than its share of development troubles, in which two test pilots have lost their lives and which threw off its controls when the author was flying it—to land him in a blazing inferno of exploding fuel tanks with a jammed cockpit canopy. For this work he has been paid, for the greater part of his time, £1,500 a year.

Relations between test pilot and design staff inevitably follow a series of sharp ups and downs along with the fortunes of the aircraft unless there is exceptional tact and understanding on both sides—which does occur in one or two companies. Squadron Leader Waterton does not pretend that his rough tongue went unnoticed. But he has been known as a mature and careful pilot; and even if one presumes that he overplayed his role of devil's advocate, it is disturbing that a senior test pilot should part company from his employers in so bitter and disillusioned a frame of mind. One man's grudge does not condemn an industry, or even a company, but behind this personal record lies the wider issue of why, repeatedly, glaring major defects in the behaviour of new aircraft in recent years were brought to light only after those aircraft were handed over for trials conducted by the Ministry of Supply on behalf of the services. This is one test pilot's view, bluntly and crudely put, of why such things happen. It is not everyone's explanation; but equally, it is one that a number of people, less articulate than the author, have thought might have a good deal of substance.

Reflection on Politics

POLITICAL THEORY.
By G. C. Field.
Methuen. 314 pages. 18s.

THE academic study of politics is in a queer condition. There is plenty of empirical investigation of institutions, some of it penetrating but much of it very dull. But there is a lack of discussion of political values. Perhaps this is because of the scorn heaped by linguistic philosophers upon the notion of agreed political values. Perhaps it is because of the stern insistence of the sociologists that if there are any communal values they must be social and cannot be confined to politics. The student of politics may as a result turn into someone who amasses detail without being able to discuss whether the detail has anything to do with goods and bads. If this happens, a higher fence than usual will be put between such students and their fellow-citizens, since the discussion of political values is not likely to cease in the community at large.

The late Professor Field's book runs counter to these tendencies, and does so in a way that is scholarly, modest and persuasive. It represents the reflections on politics of a professional philosopher, developed during forty years of lecturing. The whole tone is quiet and reasonable; there is continual emphasis that absolute values are not at stake, but that questions of degree may, and often should, become questions of principle; and there is a cool insistence that politics is a field in which experience is to be preferred to dogma.

No effort is made to contain the facts of politics within a single theory of behaviour or a single moral theory. The author encourages his readers to rake over the contents of their minds to find experiences which can bear the weight of tentative generalisations about what might be good and bad conduct in politics. The book has no obvious plan, but when he has finished it the student will find that he has been introduced to the main historical currents of political thought, has seen how words like "state," "sovereignty" and "consent" are used, has tackled some of the problems and criticisms of democracy, and gained a sound appreciation of the position of nations one against another. Certain values have been laid before him—tolerance, free discussion, popular participation—but they have not been shoved down his throat.

Mr Field evidently considered that fanaticism was undesirable, and so was iconoclasm. His approach is likely to appeal to young people who dislike fanaticism but are uncomfortably aware that the destruction of all political values leaves no protection against political hucksters, tricksters and bullies.

Versatile Poet

HEINRICH HEINE.
By William Rose.
Oxford University Press. 170 pages. 18s.

HEINRICH HEINE has worn well, for he is perhaps the first major poet whose career is characteristic of that of the modern man of letters. Journalist, critic, political theorist and professional exile, Heine was both an image of his time and one of its shrewdest recorders. As fine a pamphleteer as Hazlitt and as subtle a judge of nineteenth-century politics as Stendhal—whom he resembles in his elegant radicalism—Heine seemed to attract to his person the principal actors and currents of feeling in the fascinating period between the end of the Napoleonic adventure and the beginning of modern socialism. And being a Jew, he was a man especially qualified to consider France and Germany as objective realities, as countries in which he lived but to which he did not owe an ultimate fealty.

Mr Rose is amply justified, therefore, in studying Heine's political and social attitude and his complex feelings towards Judaism. Perhaps, the only difficulty is that both subjects are so large that a full treatment of them, and of the relation between them, would require a biography. As far as Mr Rose's study goes, it is sound and illuminating. It will serve as a valuable corrective to some of the exaggerated accounts of Heine's relations with Marx and early communism, and it sets out the main facts pertaining to Heine's ambiguous relations with the

regime of Guizot. But it is a pity that Mr Rose does not examine more closely the politics in some of Heine's poetry—which is, after all, the essence of his genius. The essay on Heine and the Jewish problem is more satisfying and in it Mr Rose has marshalled the essential evidence. It is an intriguing question whether Heine's ambiguous feelings towards Judaism account for his failure to write the "Rabbi von Bacharach." The first two chapters of this intended novel are a splendid prelude to what should have been a very fine novel indeed.

Perhaps a word of praise for the Clarendon Press would be in order. The extensive German quotations have been carefully printed. In all too many books by even the most reputable English and American publishers, a quotation in a foreign tongue is an invitation to the most outrageous errors.

One Wage and Another

THE EVOLUTION OF WAGE STRUCTURE.
By Lloyd G. Reynolds and Cynthia H. Taft. Section by Robert M. Macdonald.
Yale University Press. London: *Cumberlege.* 410 pages. 40s.

JUST why one man should be paid more than another is not only among the most fascinating of problems for social science: it is also among the most embarrassingly realistic. Yet it has been a frequent vice of economists to interpret wage-differences less from the results of detailed study than by reference to pre-established concepts. Since labour is considerably more than a commodity, wages present a field in which non-economic factors are of major importance. The attempt to fit all the phenomena of wage-differentiation into a preconceived framework has often done less to explain them than to explain them away in a manner comforting to professional omniscience.

This book on wage-differentials has the great merit that it is based on a wide survey of wage-trends and contains a genuine and interesting attempt at theoretical modification. Its hard core is two series of studies—one analysing wage-movements in four major United States industries, the other comparing the general trend of wage-relativities in North America with that in three European countries—Sweden, France and Great Britain. The first group presents a most intriguing question: the four industries concerned are railways, steel, cotton textiles and one more recently organised manufacturing trade. But the trends Professor Reynolds and Mrs Taft describe correspond so closely to those of wage-differentials in their British counterparts that one is tempted to ask whether the common structure and circumstance of particular industries may not be more important than their differing national environments.

The group of general international comparisons is valuable as a broad survey. But, in detail, if the British section is a guide, it illustrates one of the special problems of wage-study. The mere complexity of the subject involves the risk of error if the inquirer ventures far outside his province of native intimacy. Leaders of industrial relations in the coal, jute, cotton and footwear trades would be surprised to hear that one finds no instances of British wage-structures being remodelled by joint agreement. The annual cycle of wage-adjustments has become so marked a feature of the British economy that it is difficult to see how "wage-rounds" can be thought to be less frequent than in the United States, where long-term contracts seem increasingly common; and to attribute the final collapse of "wage-restraint" to a rise in the cost of living after the middle of 1950 is especially misleading, since no such rise occurred until after "wage-restraint" broke down.

These may be sorry factual quibbles to raise against a noble effort. The novelty of the writers' theoretical interpretation lies in two things. One is their attempt to short-circuit the problem of apparently conflicting social and economic pressures on wage-differences by distinguishing instead between "individual" and "organisational" behaviour. The distinction may well be useful for supplementary analysis: the economic behaviour of monopolies is notoriously different from that of competing individuals. But just how it resolves the fundamental problem never becomes clear. In practice, the writers themselves rely heavily on *post hoc* economic explanations of the old type. Their more refreshing suggestion is that the effects of trade union action on wage-differentials are to be appraised, not by comparison with some imaginary economic world of "perfect competition," but against what the really far from perfect economy would be like in the absence of labour organisation. Trade unionists, not least, may be astonished at the judgment that, in a world where the competitive struggle has weakened, their movement has in some measure replaced it as the "hidden hand's" tool for manipulating the economy to an ideal adjustment.

Shorter Notices

SUICIDE IN LONDON: *an Ecological Study.*
By Peter Sainsbury. Maudsley Monographs No. 1.
Published for the Institute of Psychiatry by *Chapman and Hall.* 116 pages. 15s.

In this monograph Dr Sainsbury reports the results of two most painstaking researches into the social causes of suicide in London. The first is a comparison between the boroughs in their suicide rates and in various indices of their social characteristics. The other is a detailed study from the coroner's records of 400 suicides in North London during the years 1936-38. This period was chosen because it approximated most closely to that of the "New Survey of London Life and Labour," on which the author leans heavily in the first part. Although two decades and a war have intervened, suicide rates and local social differences seem to have changed little.

Dr Sainsbury has been able to show that high rates of suicide are related to what he calls the social isolation, mobility and disorganisation of a neighbourhood, and not to poverty, overcrowding, unemployment, and juvenile delinquency. This distinction has never become apparent in several well-known studies of American cities like Chicago, whose centres yield high rates for all these factors as well as for suicide and mental disorder.

Although Dr Sainsbury is mainly concerned with social determinants, he has not neglected other causes of suicide. For example, there was a recognisable mental disorder in 40 per cent of the cases.

The book contains a mass of detail which will intrigue even the most knowledgeable Londoner: Holborn, for example, has almost three times the suicide rate of Greenwich. But those who want only an outline of the picture will find one in a summary which Dr Sainsbury has provided for the current number of the *Howard Journal* (published by the Howard League for Penal Reform). Here also is an article by Professor Stengel on the subtle differences between suicide and attempted suicide.

★

BRITAIN IN MALTA: *Volumes I and II.*
By Harrison Smith.
Progress Press, Malta. 274 and 222 pages. 26s. 6d.

This most detailed study of Anglo-Maltese relations at the peak of the "Imperial period" in British history will not cast much light on the problems of Anglo-Maltese "integration" that lie ahead; but it serves to emphasise how very deeply rooted are Maltese traditions and memories in Mediterranean culture. Dr Harrison Smith does, moreover, emphasise the importance of Italo-Maltese ties, and their impact on Anglo-Italian relations at a time when it looked as if Britain might stand alone against Europe while taking a hiding from the South African republics. The main value of the book is in its detailed study of the early working of a colonial representative government, the strength of feeling for the Italian language, and the peculiarities both of Joseph Chamberlain's methods as a Colonial Secretary and of Maltese (or Latin) democratic methods, all of which, by 1903, set Malta back to direct rule.

Books Received

BRITISH PRODUCTS AND CANADIAN DISTRIBUTORS: *CABMA Register* 1956-57.
Kelly's Directories and *Iliffe and Sons* for the British Trade Centres operated by the Canadian Association of British Manufacturers and Agencies. 729 pages. 42s.

ST. IGNATIUS OF LOYOLA: *A Pictorial Biography.*
By Leonard von Matt and Hugo Rahner, SJ. Translated by John Murray, SJ. *Longmans.* 338 pages. 30s.

CAPITAL REQUIREMENTS FOR THE DEVELOPMENT OF SOUTH AND SOUTH-EAST ASIA.
By S. A. Abbas. *Wolters-Groningen* (Netherlands). 158 pages. No price given.

WILLING'S PRESS GUIDE: *Eighty-Second Annual Issue* 1956.
Willing's Press Service. 662 pages. 21s.

THE HULTON READERSHIP SURVEY 1956: *Condensed Report.*
Produced by *British Market Research Bureau for Hulton Press.* 39 pages.

SAVORY'S INSURANCE SHARE ANNUAL.
E. B. Savory. 146 pages. 10s. 6d.

American Survey

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

End of Term

Washington, D.C.

IT is not easy to judge fairly the achievement of an American Congress. The session which ended last week had five major pieces of legislation to its credit: an imaginative highway programme; a "soil bank" scheme that really looked as if it might go some way towards solving the farm problem; the Upper Colorado storage project, a vast development plan affecting five western states; federal insurance against disastrous floods such as occurred last year; and an important extension of old age pensions and disability insurance.

The Republican Administration can take credit for the first four items although the Democrats rewrote the financing arrangements for the highway programme and claimed with some justice that the Republicans had stolen the "soil bank" from them. The pension legislation provided one of the few occasions on which the Administration felt it necessary to resist Democratic generosity to the voters. The Administration was almost completely upheld on fiscal matters and, with reservations, on foreign policy and defence.

Compared with an average session of Parliament, with its much neater and smoother processes, this would seem to be a fair accomplishment. Yet this Congress, as has so many of its predecessors, leaves behind it a sense of failure. One reason for this is the cacophony and diffuseness which characterises the congressional process. Such an ambitious shopping list of legislation is handed down by the President in each annual message on the State of the Union, so many committees hold so many hearings on so many Bills that the final product must seem disproportionately modest. An immense amount of time is wasted at the beginning of each session, with the House of Representatives meeting only two or three times a week and the Senate wrangling futilely over constitutional amendments; this year it was an unwieldy scheme for revising the method of electing Presidents. Still more time is wasted by the insistence of Congress on passing authorisations for such controversial measures as foreign aid and public housing for one year only, so that they have to be debated afresh in every session.

Many of the items on the agenda come back year after year. No matter which party is in office, the executive always wants action on these old faithfuls and the legislature can never get around to them. Sometimes the measure is held by a committee for session after session, like a flower waiting to be pollinated, for the moment when a busy politician will alight with bargains and combinations that will supply it with enough fruitful votes on the floor. In some cases, notoriously that of reform of the immigration system, the obstruction of a single obstinate man, strategically placed, may be enough to prevent progress. In others, as for example home rule for the District of Columbia, the proposal is in the clutches of a committee which has ulterior motives for being less sympathetic than the body of Congress.

★

But this is the tale of every Congress. There are three substantial reasons why this particular session should have earned an equivocal reputation. First and foremost Congress failed the country on the vital issue of education. This year there was a general demand, fortified by the White House conference on education and the Administration's belated recognition of the crisis, for grants from the federal government to help bridge the deficit in the construction of schools. It all came to nothing, partly because a Negro Democrat insisted on injecting the racial issue into the debate, but principally because of faulty co-ordination on tactics between the White House and the Republican party in the House of Representatives.

Secondly, Congress failed to do anything to protect the rights of the Negro in the South. Both parties frankly played politics over this. The Administration, which is hoping that the elevation of Senator Eastland, an extreme segregationist, to the chairmanship of the Senate Judiciary Committee will shake the Negroes' loyalty to the Democratic party, produced a civil rights programme in April. The Democrats argued, with justice, that if the Administration had really wanted to get the measure through it could perfectly well have produced it in January, particularly as it was almost identical with Bills already filed by northern Democrats. In fact the Democratic leaders wanted above all else to avoid a bitter fight on civil rights which would have split their party down the middle. Similarly, right-wing Republicans were reluctant to antagonise their fellow-conservatives, the Democrats from the South, whose votes they would need to fend off other liberal proposals. In the end both Republicans and Democrats in the House of Representatives gave themselves two opportunities to vote in ways pleasing to Negro constituents, while the Bill itself came up so late that the southern Democrats could afford to treat it with good humour. When it staggered into the Senate at the last minute it was instantly buried by Senator Lyndon Johnson, the leader of the Democratic majority.

The third congressional failure—and the most ominous for America's overseas associates—was the burial in com-

mittee of the Bill authorising United States' membership in the Organisation for Trade Co-operation. This unhappily confirmed the impression made by last year's tariff debates that the most important shift in the balance of political forces shown by this Congress has been the southern Democrats' desertion of their traditional internationalism.

On the more cheerful side there was little sign of that rancorous obstruction of ordinary business which some people had predicted as the result of opposite parties being in control of the Administration and of Congress in a presidential election year. On the contrary, relations between the two were much better than they often are when the same party is in charge of both. This is because the Democratic leaders, Senator Lyndon Johnson, Senator George and the Speaker, Mr Rayburn, were determined to maintain the utmost good feeling between the opposite wings of their own party and the differences between these two wings are far greater than those between either wing and the corresponding section of the Republican party. The Democratic leaders subordinated partisanship to party unity to such an extent, and the President's programme was itself so skilfully contrived to avoid head-on clashes of principle, that many Democrats went away grumbling that the session had provided little for them to talk about in their election campaigns.

The Republicans, with their long habit of opposition, showed far better discipline in fighting the things the Administration disliked than in backing Mr Eisenhower's programme. And when it came to foreign aid there was at first a mass Republican desertion of the President. This was substantially the Administration's fault because of its unconvincing presentation of American foreign policy, which seemed to members of both parties to have become caught in a groove. Later, in the Senate, the Administration partially recovered the day, but at the cost of a sharp warning from the Democrats that they would not carry the President's burden much longer without more consistent effort from his own party.

Finally, on the two matters on which election-year demagoguery might have been most expected—tax reduction and the farm recession—the session ended well. A last effort to restore the discredited system of high rigid price supports for agricultural products collapsed after the President had vetoed the first farm Bill and challenged Congress to enact his popular "soil bank" proposal. And, with the Budget showing a surplus, both parties heeded the call of "fiscal responsibility" and left the spare cash in the till to pay off the national debt.

Steel Peace

THE steel strike which no one minded has ended equally unconventionally in a settlement which pleases everyone. The relaxed approach which has characterised the whole affair has been underlined by the time taken to translate this settlement into individual contracts with the various companies. This delay means that the steel mills will not even begin to get back to normal until next week. The industry has won a guarantee of three years—it wanted five—without a stoppage and can plan for expansion on a basis of uninterrupted work and stable labour costs, with rises linked directly to increases in productivity. The union has also won on matters of principle: for the first time in this industry extra pay is to be given for Sunday work and the companies have recognised their obligation to supplement state unemployment allowances when men are laid off. But what seems to count most with Mr McDonald, the triumphant leader of the steel workers, and presumably counts most with them too, is the very substantial increase in wages and other benefits, which even he admits will give the men an additional 45 cents an hour by the time the contract expires. This is nearly as much as he was said to be asking for when bargaining opened two months ago, and almost certainly more than he expected to get.

The employers' sudden readiness to give him nearly all he wanted, after weeks of intransigence, apparently had three causes. The strike was reducing shipments of iron ore on the Great Lakes, which freeze in winter, and a serious shortage of raw material threatened the steel industry's plans for working to capacity later in the year to make up for the loss in output during the stoppage.

The main provisions of the steel settlement are:—

1. **Length of Contract:** Three years without the usual provision for annual bargaining over wages. A cost of living clause, however, for the first time in this industry, provides for changes every six months if necessary, to match rises in the consumer price index, up to a total increase of 4 cents an hour in wages.

2. **Wages:** Pay increases ranging from 7½ to 16 cents an hour, depending on skill, during the first year of the contract. With other adjustments this means an average rise of 10½ cents an hour. Subsequent increases will average 9.1 cents an hour in each of the two succeeding years.

3. **Other Benefits:** Premium pay for Sunday work, rising from time and a tenth in the first year to time and a quarter in the third; other existing types of premium pay will go up. Supplementary unemployment pay to bring insurance benefits up to 65 per cent of normal earnings for 52 weeks. Increased pension, insurance and holiday benefits.

Secondly, the Administration, afraid that it might be forced to intervene, was secretly urging that a settlement be reached before the national economy suffered and before the election campaign got under way. And thirdly, a record rise in the cost of living during June, announced last week, suggested that price inflation had already begun and that the steel companies need not be afraid that they would be blamed for starting a new upward spiral.

The pressure on the price level comes largely from the mounting cost of food, which should soon be checked by seasonal factors. Nevertheless, under these conditions the rise in the price of steel as a result of the new contract—an average of about $10 a ton is forecast—may affect the cost of living more noticeably than has been usual with increases in steel prices during recent years. On the other hand, while the steel contract sets a pattern for other industries, most of this year's important wage negotiations are over. Therefore the settlement will not mean as great an immediate expansion in consumer demand, as a result of higher earnings, as it might have done had it come earlier.

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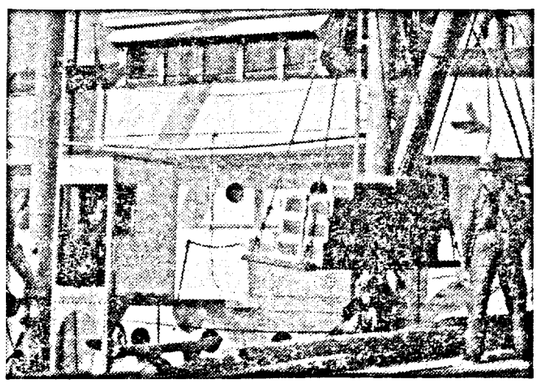

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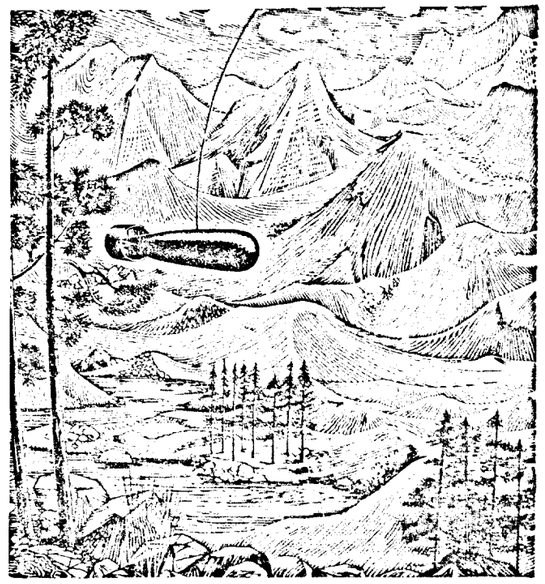

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Open Conventions

UNTIL last week it looked as if the Republican national convention would be a cast-iron ritual in which a well-drilled corps of delegates would nominate President Eisenhower and Vice-President Nixon with untroubled enthusiasm. It also looked as if the Democratic convention would be a free-for-all rough and tumble with several leading contenders battling for the presidential nomination. But Mr Stassen and Senator Kefauver have changed the picture. Undeterred by flying brickbats, the anger of his party's organisation and the silence of his supposed friends, Mr Stassen, who has taken leave of absence from his job as the President's adviser on disarmament in order to pursue the cause as a private individual, is pursuing his single-handed campaign to nominate Governor Herter of Massachusetts for the Vice-Presidency instead of Mr Nixon. He seems splendidly unruffled by the fact that Mr Herter will himself be nominating Mr Nixon for this very office, though he has made it clear that he will desist if Mr Eisenhower says plainly that he wants Mr Nixon as his running-mate.

But this is exactly what the President seems unwilling to do. At his first press conference since his latest illness he once again went through the routine of praising Mr Nixon's "splendid record" and of stating how satisfied he would be to have him on the team. But he also said kind words about Mr Stassen's work on disarmament and refused to state any definitive preference between Mr Nixon and other potential candidates. Behind the President's ambiguity there may be a genuine respect for the democratic functions of the nominating convention or a very shrewd wish to avoid giving rank and file Republicans throughout the country the impression that the convention is a mere façade for decisions settled and sealed by party headquarters in Washington. Mr Hall, chairman of the party, has had to admit that the convention is "open," while reiterating his enthusiasm for Mr Nixon. This admission allows Mr Stassen to continue his solo effort, but if he fails both Mr Nixon and the party may benefit from the illusion of controversy which has been given.

In the Democratic camp, on the other hand, the dust is settling. By gracefully withdrawing from the race and urging his supporters to join Mr Stevenson, Senator Kefauver has just about assured Mr Stevenson's quick nomination. It is now estimated that Mr Stevenson has more than 500 of the 686½ votes needed for victory at the convention. Governor Harriman continues to speed around the emptying track, but it seems almost certain that the only thing still "open" about the Democratic convention is the choice for Vice-President.

Housing Saved Again

THE annual instalment of the housing story has ended, as always, with the Bill being pulled back from the brink of the congressional adjournment just as the controversial public housing provisions were about to plunge into oblivion, carrying with them the aids for private builders which no one wants to lose. This year the agony was more drawn out than usual: the conservative House Rules Committee refused to allow the unwelcome subject to be debated at all while Republican leaders and Administration spokesmen condemned both the Bill passed by the Senate and the modified version recommended by the House Banking Committee, but were determined to have some housing legislation even so. In the end determination won and everyone else compromised at the last moment on a Bill which gave the Administration what it had asked for and no more.

For the next two years 35,000 public housing units a year may be built with financial help from the federal government. This is a minimum number, which just keeps the public housing programme alive; the Senate tried, as often before, to insist on 135,000 of these low-rent houses being built annually for three years. In addition Senators wanted special public housing arrangements for poor old people, but all they achieved was a mortgage insurance scheme to encourage private builders to undertake such houses. Most of the remaining provisions of this complicated Bill deal with the continuation, expansion and liberalisation of the various existing schemes under which the government insures mortgages and loans for building new houses and improving old ones.

This stimulus for private enterprise comes at a moment when the housing boom, on which the economy has relied for so long, is being deflated. The main trouble seems to be not lack of demand for houses as such, but lack of demand at present prices. Builders insist that these are the lowest they can now offer, since costs of land, materials and labour have all gone up. Another difficulty is the scarcity of mortgage money. In June the number of new houses started, at an annual rate of 1,070,000 units, was the lowest on a seasonal basis for two and a half years, and actual spending on house building was 12 per cent below June, 1955. The indications are that this trend will continue.

Millikin Steps Down

Washington, D.C.

AS the session of Congress ended, the Republican Senator Eugene Millikin, of Colorado, announced that he would retire. He has been pathetically crippled with arthritis and digestive ailments for some time, but his decision not to stand again may have come too late to save his much needed seat for his party. His retreat, at the relatively early age of sixty-five, closes an era in Coloradan politics, weakens the conservative leadership of the Republicans in Congress, and removes from the Senate its most accomplished debater and its most formidable opponent of greater freedom for foreign trade. As a result of the last fortnight's state conventions in Colorado, a conservative Senator will be replaced in November by a liberal, either a Republican of the Eisenhower, or a Democrat of the Truman, vintage.

Throughout his senatorial career Mr Millikin has devoted his singular wit and intellectual brilliance largely to negative causes. More than any other man he brought to grief the wartime visions of a free and flexible American foreign economic policy; his most characteristic legislative achievement was the clause, regularly inserted in the Acts permitting Reciprocal Trade Agreements, which insisted that Congress neither approved nor disapproved of American membership of the General Agreement on Tariffs and Trade. Still the Senate will be a duller place without him; his scintillating passages at arms with Senator Douglas, of Illinois, the unorthodox Democratic economist, were a rare relief from the dreary wastes of most senatorial verbiage.

Mr Millikin was the senior Republican member of the Senate Finance Committee, which handles all taxation and tariff matters, and twice its chairman. His place as the Republicans' chief fiscal spokesman will be occupied, though hardly filled, by Senator Edward Martin, an obscure McCarthyite from Pennsylvania, whose length of service makes him next in seniority. Senator Millikin's other position, that of chairman of the Republican Conference, the collective body of Republican Senators, goes by election and not seniority. It made him one of the party's ruling triumvirate in the Senate. The other members—the chairman of the Republican Policy Committee, Senator Styles Bridges, and the Minority Leader, Senator Knowland—are, like himself, men who would have preferred Senator Taft to General Eisenhower as President. It will be interesting to see whether anyone closer to the Eisenhower viewpoint is chosen to take Mr Millikin's place.

No Senator should be thought of independently from the state which sends him to Washington as a kind of ambassador. Colorado is a semi-arid, under-populated state, with magnificent mountains, two fair-sized towns which contain about half its small but growing population, large sheep and cattle ranches, dustblown wheatfields, high-cost mines and poor communications. Senators and Representatives from Colorado, of whatever party, normally favour quotas or protective tariffs on imports of wool, beef (where protection is disguised as quarantine requirements) and minerals, and spend much of their time and energy in Washington lining up support for expensive federal projects to improve the natural resources of their home state.

Because of its mountains and its poor communications Colorado is a difficult state to hold together. The normal rivalry between town and country is exacerbated because the two cities, Denver and Pueblo, are east of the continental divide while the politically potent rural counties are to the west. Economically, these counties look west and south to Utah and New Mexico; they feel little in common with the thirsty Coloradan cities and fiercely resent their efforts to reach across the mountains for water. Because of archaic apportionments these rural counties control the state legislature, regardless of the fact that sixty-three per cent of the population is listed as urban. But, although the Republican mayor of Denver is now attempting to assert the city's rights, many of its leading business men are collaborating with the rural politicians to prevent equal representation. They fear that, if the city has its full voting power, the conservative tone of the present state government will be disrupted by trade unions' influence.

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For the last fifteen years political power has been shared in a curious personal coalition of two conservatives, Senator Millikin, the Republican, and Governor Edwin Johnson, the Democrat, who was in the Senate for eighteen years between his first and his present terms as Governor. Since Governor Johnson had a severe heart attack last year, the duumvirs, now both old and ailing, will be retiring together when their terms expire in January. These two grand old conservatives have not been without their critics. The symbol of Eisenhower Republicanism in Colorado has been the dashing, romantic figure of a millionaire cowboy, Mr Dan Thornton, who was a Texan and a Democrat until he took up ranching in Colorado and in ten years made himself the Republican Governor, an office which he held from 1951 to 1955. As a personal friend and early backer of General Eisenhower, Mr Thornton, in 1952, inflicted a humiliating defeat on Senator Millikin, who was trying to pilot Colorado Republicans into the Taft camp. In revenge, the Senator has used his hold on federal patronage to prop up the conservative wing of the party and has tried to hang on to power long enough to thwart Mr Thornton and ensure a smooth transition to his own candidate for the senatorial succession, a rather prosaic Congressman.

But by April it was apparent that Senator Millikin was losing his grip. Although Colorado Republicans were at first delighted by his announcement in March that he would be available for another term, joy rapidly turned to dismay as visitors to Washington brought back accounts of his true condition. Arguments about President Eisenhower's future have made an extremely health conscious public less ready to tolerate other invalids in office. Alarm reached panic proportions in June when a poll by the *Denver Post* showed Mr Millikin running well behind either of his most likely Democratic opponents. Only when this fact had been brought home to him and when a strong opponent had already challenged him for the nomination, did Senator Millikin decide to give up. But he had lost control over the state's Republican convention, which last weekend rushed to embrace the new champion, Mr Thornton, and endorsed him unanimously.

The Democrats, however, will have a primary election on September 11th to find their candidate for the Senate; two candidates, Mr John Carroll and Mr Charles Brannan, qualified at their convention. Mr Carroll, who has already been twice defeated for the Senate, has for many years led the rebellion against Governor Johnson's conservative leadership. His political following is mainly drawn from the liberals and trade unionists of Denver, whom he used to represent in Congress as a straight supporter of the New and Fair Deals. Many Democrats, feeling that he was a divisive force and had already had two chances, hoped to rally the party around Mr Brannan, who was Mr Truman's last Secretary of Agriculture. But Mr Carroll refused to be counted out and turned up at the convention with unexpected strength.

Whoever is chosen, the Colorado contest is likely to be among the liveliest in the campaign, especially as Coloradans tend to vote for personalities rather than party. According to the *Denver Post's* poll, Mr Thornton, though more popular than Senator Millikin, starts as the underdog. But he has on his side his tremendous reputation as a colourful fighter, his close association with President Eisenhower, and the possibility that the Democrats will repeat in their primary election their performance of two years ago, when they tore each other apart in bitter fratricidal strife.

Back to Old Virginia?

BOTH because it is so near to Washington and because many of its citizens, whether white or Negro, are among the most articulate and progressive in the South, Virginia is in the front line of the struggle over racial segregation in publicly financed schools. Such segregation was

declared unconstitutional by the Supreme Court in May, 1954, but the fight over individual counties and school districts goes on in state legislatures and local courts. On July 12th a federal judge ordered the publicly financed schools in Charlottesville, Virginia, to begin putting Negro and white children in the same schools this autumn. This was the first time that a southern court had set a specific date for a process which the Supreme Court had demanded "with all deliberate speed." Charlottesville is a city which prides itself on its enlightenment, but Negroes account for nearly 20 per cent of the population, and the verdict set off a storm of opposition. Mr McCue, who represents the city in the state legislature, at once announced a plan for defeating the courts. He would make local school officials employees of the state and thus immune to prosecution, on the theory that state governments cannot be party to a suit unless they agree to it in advance.

Whatever the legal merits of this odd strategy, it appears to represent the extremist view expressed by Governor Stanley. Reflecting an alleged crystallisation of sentiment against any compromise with integration, he has declared flatly that "there shall be no mixing of the races in the public schools anywhere in Virginia." Thus he has withdrawn his earlier support for the so-called Gray Commission plan; while this was primarily intended to evade the Supreme Court's decision, it would have permitted a certain measure of racial integration. Governor Stanley has set August 27th for a special session of Virginia's General Assembly and is asking for power to withhold state funds from any community allowing mixed schools. The Governor's new attitude has provoked strong protests from more progressive Virginians. They point out that in a district such as Arlington, a suburb of Washington, integration would hardly cause a ripple, and that it is wrong to treat the problem there in the same way as in such a storm-centre of tension as Prince Edward county where half the population is Negro. Many observers seriously doubt whether the Governor has any constitutional right to withhold funds from publicly financed schools, and a major battle is in prospect at the General Assembly.

Mark of Cain

WITH the departure of Mr Harry Cain from the Subversive Activities Control Board, one of the most forceful personalities in the monotonous and complex debate about the security regulations for government servants leaves the official scene. After starting out as a comrade-in-arms of Senator McCarthy, Mr Cain became converted to the burning conviction that the Administration's security programme was often flagrantly unjust and urgently needed revision. He hammered loudly on the White House door for more than a year, and was finally allowed to confront the President with a list of injustices and hardships suffered by individuals through the tedious cruelties of investigations and dismissals under often unfounded suspicions. A few hours after seeing Mr Cain the President was carried to hospital for his operation. When resigning at the end of his term, Mr Cain wrote to the White House and pleaded once again for fairness and reform. The President coldly accepted his resignation.

But Mr Cain has made his mark, and a growing number of responsible Americans are expressing views similar to his. A Senate subcommittee, headed by Senator Johnston of South Carolina, has just condemned the way in which the Civil Service Commission compiles its statistics about "security risks," and lumps together such categories as "loyalty," "security" and "suitability" on a variety of other grounds. This criticism of the Administration's policies, moreover, came on the heels of an authoritative and extensive study of the whole system undertaken by a special committee of the Association of the Bar of the City of New York. The study embodied numerous and specific suggestions for reform. It would limit the clearance procedure to government employees having access to really secret data or engaged in the formation of policy; the Attorney General's notorious list of subversive organisations should be greatly improved or abolished altogether; government employees facing security charges should have counsel and be allowed to summon witnesses for their defence; and, whenever possible, accusers should be made to confront the accused.

It is doubtful whether these sound ideas will find much practical echo in Congress. By 373 votes to 9, the House of Representatives last week cited the well-known dramatist, Mr Arthur Miller, and seven other individuals for contempt on the ground that they had failed to answer one or more questions about their political associates, their past or their beliefs when being investigated by the Un-American Activities Committee. This citation now goes to the Department of Justice for possible prosecution.

Taking the Consumer's Pulse

II. Signposts for Sales

FROM A SPECIAL CORRESPONDENT

THE origins of the Survey Research Centre at the University of Michigan, which is responsible for the index of consumer confidence described in an earlier article, go back to the war, to a group which did research for various branches of the government. One of its last and most important surveys led directly to its present series. The Federal Reserve Board, worried about the huge accumulation of savings during the war and about the inflationary effect this might have on the postwar economy, asked for a study of attitudes towards savings bonds and of consumers' plans for buying durable goods. After the war the group was dissolved and the three key men—Doctors Rensis Likert, Angus Campbell, and George Katona—succeeded in making an arrangement with the University of Michigan, where they set up a semi-autonomous Institute for Social Research, headed by Dr Likert.

The Survey Research Centre, under Dr Campbell, is a part of this institute and carries on various programmes besides the studies of consumer intentions and finances, for which it is, of course, most famous. The Centre has done work for the Boy and Girl Scouts, charitable foundations and private firms. It has made studies of attitudes toward family size to see if changing social habits may not offer a better clue to population trends than the projections by the experts who have so grossly underestimated the growth of population in the United States. It has gone into travel habits and plans, buying of life insurance and why voters voted the way they did in the last presidential election, a study which will be repeated this autumn.

The section of the regular economic studies of consumers which is most generally accepted is that dealing with the finances of consumers, changes in their incomes, and so on. Last year, this work was given high marks by a special group appointed by Congress's Joint Committee on the Economic Report, and headed by an economist, from Harvard, Dr Arthur Smithies. This group reported that the study of consumer finances, while "capable of further improvement," is a "unique and widely used" and, indeed, indispensable economic tool. The Smithies report was, however, a little less enthusiastic about the other aspects of the survey. "The statistics," it said, "on expectations, intentions, and attitudes, have proved to be of some value, but the record is mixed." The report pointed out that the surveys had achieved some remarkable successes. In 1949, the Michigan Centre scored notably when, in spite of the recession of that year, the surveys predicted a high level of consumer demand—which turned out to be right. In 1951, on the other hand, when everyone looked for a continuation of the Korean War boom, the survey detected that consumers were worried over rising prices, and quite correctly foreshadowed the downturn in buying which developed in that year. And in 1954, when experts began to take a gloomy view of things again as the economic indicators flagged, once more the surveys showed that consumer confidence was high and that buying would continue at a satisfactory level. It did.

The Centre's record, however, is a little less impressive when it comes to predicting what will happen to specific items. For instance, it showed an upturn in car sales for 1952, when actually they dropped from about 5 million to just over 4 million. This was explained by the steel strike of 1952, which cut down production. Again, last year, judging from the survey, car sales should have run at about the same 5,500,000 level as the year before. Instead they shot up to record heights. This time the explanation appears to be that no one—most assuredly not the consumer himself—could have predicted how buyers would react when the motor manufacturers turned on the greatest selling campaign in history.

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Such misses open the surveys to criticism levelled by the Smithies Report and echoed by other economists:

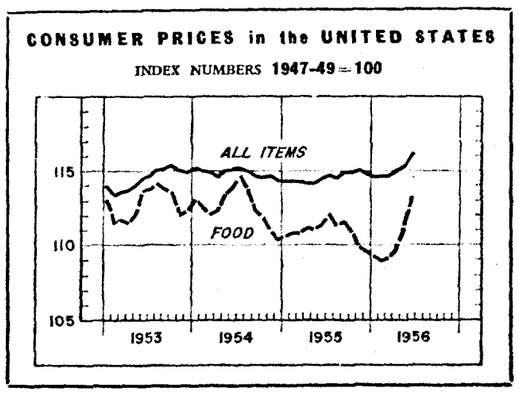
> Consumer sovereignty is at least partially limited by producer activity. The emergence of new products, advertising methods, and pricing policies necessarily changes consumers' tastes so that a complete explanation of consumers' behaviour must take full account of the interaction of producers' and consumers' decisions.

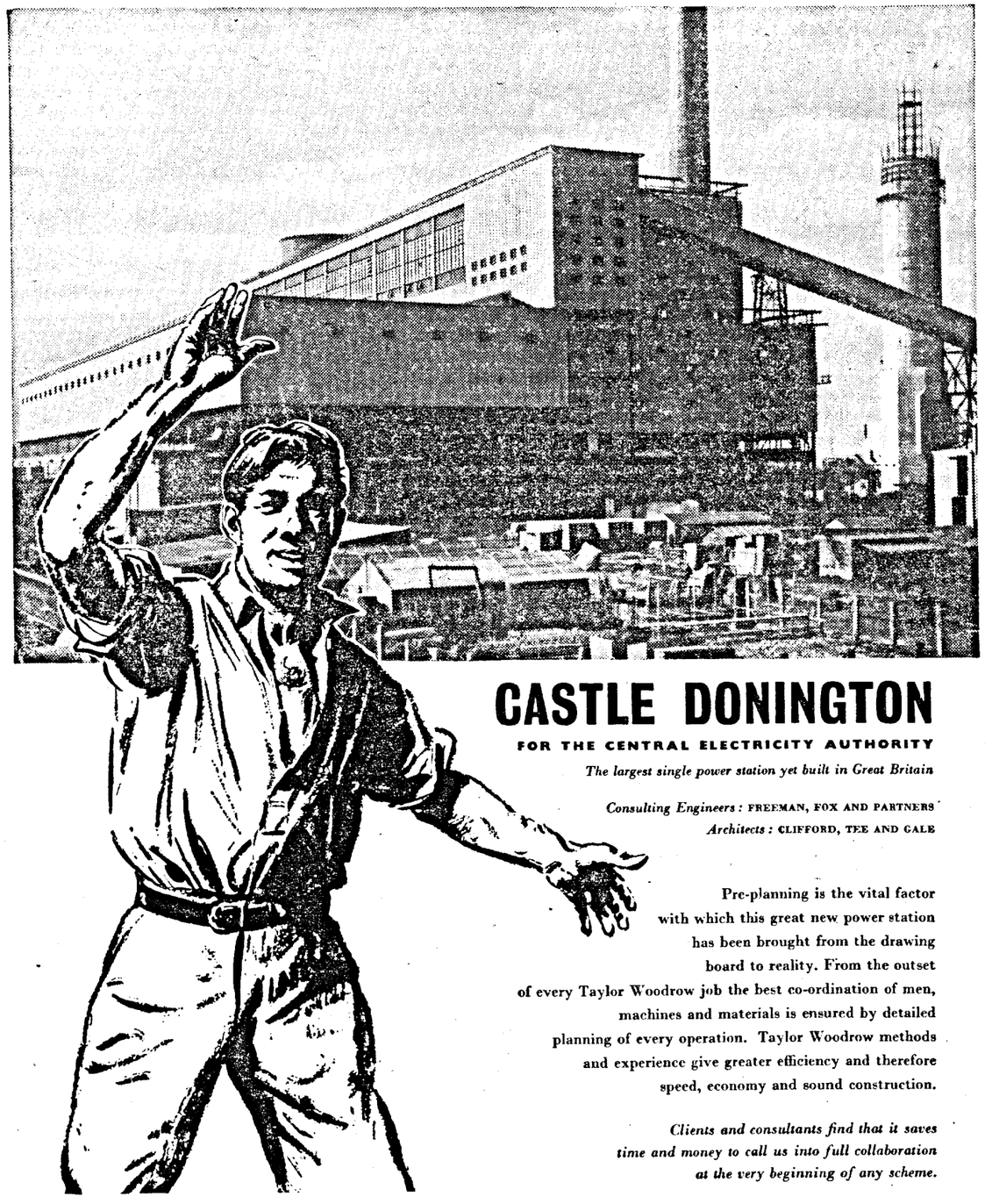
Similarly it is limited by strikes, depression, war, or other unforeseen events entirely out of the consumer's control. The Centre, in replying to criticism, is careful to stress that its surveys cannot be used to measure absolute levels of consumer spending; they indicate the direction of coming changes rather than the magnitude. Indeed, members of the Centre have gone further than this in admitting weaknesses in the survey. One of them recently confessed, for instance, that it was sometimes doubtful whether the surveys led or lagged behind changes in consumer buying; he thereby admitted a familiar charge that economists bring against the survey—that taken quarter by quarter it often does nothing more than confirm what has already happened in the market place.

On the whole, however, economists do not bear down too heavily on the Centre's work, since they are aware that it is making an important contribution in an area badly needing much more light. But to do some of the things that the Smithies Report suggested—such as increasing the size of the sample, taking more frequent surveys, and making more extensive reinterviews to see whether people actually bought the things they said they were going to—takes money. And there is no indication that the Federal Reserve is going to increase its present expenditure of $150,000 a year on the survey.

Though admittedly experimental, the surveys have served to pin down various interesting aspects of consumer behaviour. It is clear, for example, that people will react differently to a fast and a slow rise in prices. A sharp rise will send them into the shops to beat further increases; a slow one will cause them to drop out of the market and to wait for prices to go down. It is also interesting that people with higher incomes are more sensitive to good or bad news about the economy than are people in the presumably poorer groups, because the better off have greater access to economic information. Still another interesting discovery is that the people who hold the greater part of the instalment debt outstanding are also those who have the most ambitious plans for buying household durable goods. The explanation is not that these consumers are heading for bankruptcy, but that they are usually younger people who are in the process of forming families and who are highly optimisitc about their ability to earn over the long run.

Dr George Katona, who serves as director of the Centre's economic behaviour programme, is an avowed critic of the Keynesian view that spending patterns are rigidly tied to income. According to him, the rates of spending to saving depends in part on such psychological factors as the view consumers take of the future of the economy, how they regard their own economic outlook, and where they think prices are going. Even changes in income may not produce the expected effect on spending and saving because of the presence of other factors, such as the amount that had already been spent on durable goods. Nevertheless, Dr Katona and others at the Centre believe that consumers do act according to rational patterns, even though they are not quite the patterns which people have expected hitherto. It is these patterns which the group is trying to pin down.





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Aden Between Two Ages

FROM OUR SPECIAL CORRESPONDENT

"TO the newcomer to Aden," says an official pamphlet on the colony, "this famous fortress and port presents at first rather a forbidding aspect." Many newcomers, alas, will consider this an understatement, for after 117 years of prosperous British rule Aden remains incomparably the least attractive big city of the Arab world. Its streets are cracked and rubbish-blown. Its buildings are drab, its shops slatternly. Despite the savage force of its setting, there is no sense of power or majesty to the huge rambling installations which testify to the presence of the British *raj*. A hang-dog, shabbily mercantile feeling permeates the geometrical streets of the place, and only the great ships off-shore, endlessly steaming in and out of the harbour, give it any sense of grace or beauty.

This is partly because, though it stands at the horn of the Arabian peninsula, Aden has none of the antique pungency of an Arab city. Its Arabism is masked by a façade of British India. The Indian Government, having raised it from the status of an obscure fishing village, administered it until 1937, and a fair proportion of its population is still Indian. Labourers are coolies in Aden, Englishmen are sahibs, the *suk* is the bazaar. Through the years much of the spirit of the Indian Empire lingered on in Aden, getting more tattered and thumb-marked through the decades, but satisfied and paternalistic still; with the Governor secure behind his visitors' book and the old fans twirling slowly in the easy-going offices of the Secretariat. The port thrived, and the merchants with it; the RAF flew bravely overhead; and society creaked on like an elderly steam train on some unhurried country line.

Now the violent winds of political change have suddenly blasted this fusty old organism, and no wonder; the remarkable thing is that it has survived so long, here on the edge of the Arab maelstrom. It is difficult to equate Aden's godowns and old-fashioned gardens ("For Ayahs and Parents Only") with the huge highways and power-stations of modern Cairo, or the glittering phalanxes of hotels and apartments which are rising along the sea-shore at Beirut. Inevitably, all the phenomena of frustration now make their appearance in Aden—nationalism, genuine and mercenary; trade unionism, cynical and constructive; seditious activities fostered from abroad; wild demands and accusations; political chicanery and jostling for position; and a general sense of impending change, of eras ending and vistas opening. At some moments it seems refreshing; at others (after, for example, a meeting with some peculiarly kickable political opportunist) infinitely depressing.

Indeed, some conflict of sentiments is almost inevitable for an honest English observer visiting Aden today. He will, to begin with, feel sympathy for some aspects of the routine nationalist credo. He feels instinctively that there is something unnatural and unhealthy about the present status of Aden; he wonders, looking at the barefoot illiterates around him, whether Britain has done as much as it might have done for the inhabitants; he finds the presence of a British colony at the tip of Arabia an undoubted anachronism; he has a hazy suspicion that there is something noble to the idea of real Arab unity, unconvincing though the concept may sound; he is not inspired by the spectacle of an impoverished Empire clinging to its outposts with the ageing jets and obsolete cruisers that leave it impotent in a wider sphere of diplomacy.

On the other hand, he suspects that, on the whole, British control of Aden is a good thing for the world. It bolsters the British economy, which is a force for good. It strengthens the British position elsewhere in Arabia, without whose oil (so we are assured) British economic independence would collapse. It keeps this great bunkering and entrepôt centre out of the hands of Powers which seem to be, on the face of it, inimicable to the serenity of the world. If all these assumptions are correct, it appears to be a national duty to keep control of Aden so long as is practicable and so long as it can be kept without unwarrantable repression.

But the urge for political independence is irresistible, and British policy in Aden must, by the nature of things, be a rearguard action. Lord Lloyd, when he came to the colony in May, calmed the anxieties of the European merchants by declaring that there could be no self-government for Aden "within the foreseeable future." Nevertheless, the administration, spurred perhaps by criticism at home as much as by events in the colony, has granted some small and wise concessions to the inevitable. It has done so more or less through the agency of a sort of semi-nationalist group calling itself the Aden Association; a party which, though the government seems to have been slow to realise it, is a gift from Heaven to the retreating imperialist.

Its leaders call themselves "The Queen's Arabs," and in general have a soothing air of loyalty and moderation. To such friendly and relatively responsible folk, political concessions can be made with dignity, and the British are well advised to foster them. To the visitor from Cairo or Amman, though, their programme is almost comically unconvincing. Loyalty to the Crown, maintaining the British connection, restrained progress towards responsibility—

compared with the bold, brash, invigorating scurrilities of Cairo, this kind of talk is hollow stuff indeed. So long as Colonel Nasser throws his weight about so glamorously, nationalising canals, raising the shadow of Arab seizure over the oil resources of the Middle East, no counsels of moderation can be very effective in Arabia.

So it takes no great political acumen to see that the Aden Association, which prides itself upon its multi-national flavour, will make little appeal to the eager pan-Arabists now setting the political pace of Aden. When the coolies strike, they are striking (*au fond*, and they may not know it) on behalf of Gamal Abdel Nasser and all the explosive, intoxicating forces he represents. Between these forces and the cautious benevolence of the Secretariat there is no point of compromise ; and there is probably no point in negotiation. The Aden Association, which is strongly represented in the Legislative Council, has gained some of its points by polite and patient determination ; but the extreme nationalists boycott the Council.

Arab unity (as expressed, in particular, by Cairo radio) is of course their strongest card ; and though their motives range from the idealist to the shoddily criminal, many of them probably envisage Aden as the southern outlet of a united Arabia. It is unlikely, however, that the more intellectual of them foresee the creation of Arab unity by any fusion of existing ruling forces. There is no doubt that the influence of Yemen and Saudi Arabia, exerted partly through the Aden Protectorate, has helped to upset the *status quo* in the colony (which has a large Yemeni population, and strong commercial ties with that mediæval autocracy). But the keenest minds behind recent events are probably not in the least enamoured of Saudi or Yemeni ways of life. They are republicans and progressives, who want to see the feudal potentates of the Middle East overthrown to a man and replaced by a series of administrations akin to, and in alliance with, the Egyptian government.

Nasser's Picture in Bazaars

Thus there is, in the eyes of the advanced Adeni nationalists, no substitute for Colonel Nasser, no figure to be discreetly cherished by the British as a sop to extremist sentiment. Already Nasser's picture hangs in the Aden bazaars, more compelling by far than that of Queen Elizabeth headscarved at a point-to-point ; and, even in British eyes, more formidable than the good and conscientious public servants, counting the days to home leave, who reluctantly represent British power in south Arabia. Compared with Bandung and Brioni, anything that Whitehall can offer must seem arid and alien. Only the British find rearguard actions inspiring.

Nevertheless, the port remains rich and increasingly busy ; and the British are engaged upon an admirable programme of improvement. Houses are being built in great numbers. There are new roads and roundabouts. A new secretariat is planned. The port is being enlarged. A new hospital is being started, to replace the ineffably gloomy yellowish structure which stands, peeling and forlorn, in the heat-blasted depths of Crater. The British Government has still failed to bring one single thing of physical beauty to Aden ; but there is a kind of spiritual uplift to such belated acts of enlightened self-interest.

And, inevitably, the first concessions are being made to local political opinion. The sense of Arabism is strong and pervasive, like gypsy blood in England, and it is fundamentally Arab opinion that governs the public opinion of Aden. Wary preparations are therefore being made for eventual local participation in government. Arabic has been made an official language. Unofficial members of the Legislative Council are to be given certain supervisory privileges in the administration. More Arabic speakers are being impressed at last into the government. The great merchant houses, suddenly jolted from the 19th to the 20th centuries, are adapting themselves to modern concepts of labour relations.

So the visitor at least discerns a sense of activity in Aden, quite apart from the well-stocked (and tax-free) shops, the constant passage of the ships and the seething of the magnificent new oil refinery. Arabs will interpret it as a portent of new glories ; Britons as a hostage to unfriendly progress. Aden is suspended between dynamics, as a young man often hovers, for a minute or two, between the mother who is sewing a button on his shirt (always reluctant to see him go) and the girl friend who waits, in a flouncy blouse and ankle-straps, outside the corner cinema.

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The Company, France and Suez

FROM OUR PARIS CORRESPONDENT

THE Suez Canal Company is not playing a purely passive role. It has already used its main weapon by instructing shipowners not to pay tolls into Egyptian accounts. From Friday onwards the Egyptian government proposes that ships obeying this will be refused entry into the Canal. Despite this threat, it is hoped to make the company's decision effective by instructing owners to pay into neutral or international banks. Egypt could then hardly refuse entry into the Canal without offending flagrantly at a time when it must tread carefully ; and the tolls would still not benefit Colonel Nasser. But this remains a secondary weapon in a rapidly moving situation.

So does the company's authority over its non-Egyptian personnel. A struggle is going on with the new Egyptian company which has "recalled all its staff abroad," including "its" senior officers in Paris—that is to say, the staff of the Suez Canal Company—on pain of dismissal. The company must soon decide whether it will order its non-Egyptian employees in the Canal area to leave or, by default, let them be drafted into the new Egyptian company. They include most of the pilots without whom the Canal traffic would be rapidly paralysed. But these employees are already working virtually as hostages under martial law. The withdrawal could hardly be enforced unless an excuse for an armed intervention were being sought.

Politics is not the whole of the company's problem ; there is also that of compensation. Colonel Nasser claims that he will find $100 million a year for the Aswan Dam from the Canal profits, but his figure is that of revenue. The profits are a third of that. If, as he promises, the tolls are not raised, it would take him about eight years to pay compensation and carry out normal investments on the Canal before starting on his "personal pyramid." The doubts thus cast by his declared ambition on the terms of compensation are increased by the Egyptian proposal to announce them only when Egypt holds the foreign as well as the Egyptian assets of the company. Confidence is not increased by the precedent of the *Sucreries d'Egypte*, nationalised last year in comparative calm ; the French and Egyptian governments are still at odds over compensation for the third of the shares of this company held by Frenchmen. Suez Canal Company shares fell from 92,500 francs last week here to 67,000 this Wednesday. But the company has not lost heart. By a reasonable attitude it presumably still hopes to gain satisfactory compensation from an international settlement and even—who knows ?—payment for its installations in the Canal area.

Disturbed French Feeling

If the London talks end with no result the frustration will probably revive French nationalism, always susceptible to any encouragement. The government's hopes for an autumn settlement in Algeria might be postponed and there are already signs of renewed anti-American feeling. Rumblings of the latter could be heard in the presentation by M. Lecourt, the MRP leader, of the parliamentary motion endorsing M. Mollet's wish for a "strong and energetic riposte." Our "allies must realise that Atlantic solidarity must not be an empty phrase and that the fate of the Atlantic alliance is now perhaps hanging in the balance. . . ."

Long acquaintance with Colonel Nasser as an impresario of the Algerian rebellion had ripened French opinion for a violent reaction to the Suez coup. The Canal Company and the economics of oil were overshadowed by fear of a collapse of western influence throughout the Middle East and of French policy in North Africa. Though M. Pineau refused to make threats which could not be supported by effective action, the unanimity of the Assembly (Communists apart) in applauding his hope for a "firm decision" and "complete solidarity" between allies set the tone of French expectations.

Not that the French have really thrown caution to the winds. They know that alone they can do little about Suez. Their land forces are tied up in Algeria, although their naval forces are less committed. They have £400 million of investments in Egypt. Half their oil comes through the canal. This made them all the more eager for the allied unity promised by the identical early reaction of London and Paris. Hopes of "firmness" have been diluted, first by the length of the London talks and, above all, by the open differences with America. The realisation on Tuesday that military action was unlikely had a sobering effect because it crystallised doubts about the effectiveness of allied action, even diplomatic or economic, should Colonel Nasser reject international control of the canal.

In North Africa the French have already felt Nasser's influence ; they now fear its growth. M. Lacoste said last week that negotiations might be possible in Algeria—in fact new political decisions were hoped for in September. If Nasser now "gets away with it" the French anticipate that increased rebel confidence and secular intransigence will set back these hopes. They also fear that in Tunisia and Morocco M. Bourguiba and the Sultan, for all their dislike of Egyptian influence, may be carried away by extremist pressure and may perhaps "nationalise" French companies like the Tunisian phosphate mines. Whether this happens or not there is a danger that the French desire for firm action, frustrated over Suez, might force a hardening of attitude in Algeria and block an early settlement.

Slaves for Sale in Mecca

FROM OUR UNITED NATIONS CORRESPONDENT

THE adventures of Awad el-Joud are by now quite well known in United Nations circles, and they will again be called to mind when the UN conference on slavery meets in Geneva on August 13th. Awad was born in French West Africa and at the age of ten or eleven became a personal servant of an African chief. In 1949 this chief began a pilgrimage to Mecca, taking with him his wife, children and servants ; the slow journey lasted about a year. For some months they stayed in Mecca, where they engaged in social activities and religious rites. When the time came for them to return, the chief found himself short of funds, and he therefore "sold" Awad to an Arab prince.

After two years of slavery Awad was again put up for sale. He was taken to a slave market in Jiddah, where he was examined by prospective purchasers. Awad managed to escape, and took refuge in the French embassy. In the end he slipped aboard a boat full of returning pilgrims, and after an adventurous journey arrived in West Africa in April, 1954, where he made a detailed report to the French police commissioner. Awad el-Joud says that there were about forty slaves in the prince's household. He was well treated, but received no payment for his work. According to a report "leaked" from the French embassy at Jiddah, slave girls in 1953 cost between £200 and £400, while older women and men fetched somewhat lower prices. More recent reports indicate that too many rupees are chasing too few slaves, with the usual inflationary consequences.

Arousing Public Opinion

One means by which the international community can seek to eliminate an obnoxious practice such as slavery is to publicise the facts in the hope that an aroused public opinion will press for remedial action. A 100-page summary of information on slavery was prepared for the UN Economic and Social Council in 1955 by Hr Hans Engen of Norway, and this year the Council received supplementary information from the Anti-Slavery Society. It is evident from this that slavery is still extensively practised in its "classical" form in Saudi Arabia, Yemen, the Trucial States, and sheikhdoms of the Aden Protectorate ; in other parts of the world it takes such forms as the purchase or inheritance of women, debt bondage, unpaid but compulsory labour, and the exploitation of children under the guise of adoption. The secretary of the Anti-Slavery Society recently estimated that almost half a million people may be in bondage in the Arabian peninsula. Saudi Arabia seems to be the worst offender as regards "classical" slavery. Slavery is legalised there by a decree of 1936, and it was alleged before the Economic and Social Council that the slave trade is conducted with the knowledge and complicity of the authorities. Mecca is one of the few places in the world where there is a public slave market. Saudi Arabia has not replied to the UN questionnaire about slavery and servitude, and only Russia came to its support during the UN debates last April.

During these debates there were several references to a report prepared by a member of the Assembly of the French Union, the Rev. Emanuel la Gravière. In 1954 he told the

French Union Assembly that people were being recruited in West Africa and sold into slavery in Arabia. The Union Assembly asked him to investigate the matter further, and his report, which was published last November, substantiated and elaborated the original charges. He interviewed Awad el-Joud and included a full account of this interview in his report. Independent and detailed evidence supplied to the United Nations by the Anti-Slavery Society shows that many of the Africans sold into slavery in Mecca make the journey in organised groups under the impression that they are on a pilgrimage. Arab girls are collected by means of village raids, usually with the connivance of village chiefs. The Buraimi oasis, in dispute between a British-protected sheikhdom and Saudi Arabia, is said to have been a main centre of slave-trading. No convincing refutation of the formidable indictment against it has come from the Saudi Arabian government. In other parts of the Arabian peninsula, however, the authorities seem to be making determined efforts to stamp out both slavery and the slave trade.

Apart from publicising the facts about slavery, the United Nations has been discussing a new international convention on slavery. The conference which meets in Geneva on August 13th will have before it a draft convention which was prepared earlier this year by a special United Nations committee; it is based on an earlier text submitted by Britain, but in its present form is a visible compromise between the western and the "anti-colonial" groups. The western countries preferred to have an imperfect instrument adopted as soon as possible, while most of the "anti-colonial" countries wanted to send the draft convention to the UN Assembly, where it might well have suffered the depressing fate of the Human Rights covenants. An Egyptian proposal to refer the draft to the General Assembly was pressed to the vote and rejected. The convention will supplement a League of Nations convention of 1926 and, if adopted in substantially its present form, will give signatory nations the same right of visit, search, and seizure as apply to vessels suspected of being engaged in piracy.

Against European Inefficiency

FROM OUR PARIS CORRESPONDENT

PRODUCTIVITY, say the experts, is an attitude. How is the progress of an attitude measured? It may be this kind of difficulty in assessing the achievement of the European Productivity Agency, a little known child of the OEEC, that has led to difficulties in agreeing on how the financing of the agency should be apportioned, although its lease of life has been renewed until 1960. Yet the evidence suggests that the agency, in its three years of life, has played a part, on the whole very intelligently, in the spread of European awareness of productivity.

A feature of post Marshall-aid Europe has been the establishment in most countries, with OEEC encouragement, of state-aided productivity centres. The European agency's function is to co-ordinate and supplement their work in projects in which five or more countries are interested. The scope for international action probably emerges best in agriculture, where present methods leave most to be desired. A teletype network has been organised for the exchange of daily market news on fruit and vegetables with fluctuating prices. Because a convention between several countries would previously have been necessary, this obvious need had not been met. The agency is now campaigning for standard European gradings to improve the marketing of agricultural produce and permit, for instance, the rational re-routing of shipments from glutted markets to better ones. It is also developing experiments such as the temporary transporting of seeds from northern pastures to improving grounds in the Mediterranean area where they gain strength and multiply far faster. This kind of operation is carried out easily enough in the United States or Russia but in Europe it requires international co-ordination.

The agency has concentrated, however, on the training of cadres for industry. It is encouraging the teaching of business administration to managers, present and future, and has planned seminars for trade unionists which have won the unions' interest—it was, for instance, the agency which organised the well-publicised TUC conference on automation last May. The agency is pushing member countries to introduce courses in business management (the French opened nine institutes in 1955). But as Mr Fletcher, its deputy director, has observed: "Even in the United Kingdom appointments to chairs of business management have been delayed for want of suitable applicants." Almost everything remains to be done. The agency is at present sponsoring the training of 56 future European teachers of administration in American universities (at the same time the Americans propose to send students to Britain, where management training methods are now considered in some ways superior). In related fields, it provides small travelling teams of American or European experts to demonstrate new management techniques; or it finances a useful publication like the *Technical Digest*, which tells the small producer briefly and precisely what new gadgets and ideas have been written up in any of a thousand technical journals.

Misplaced Economy

The last year has produced a new preoccupation with the under-developed areas of Europe. It has been found that countries like Greece, Turkey, Portugal or southern Italy benefit least from the agency's productivity programmes; they have neither the attitudes, the experts, nor the capital to apply. So the agency is beginning a technical assistance programme. Advisers will be sent to Greece to help set up a modern planning bureau. In Sardinia the peasants in a pilot area will be advised on the use of machinery on their recently redistributed lands, improvement of hillside pastures, four-year rotation of crops, and marketing through co-operatives. The agency will provide the specialists—they are the rarest commodity—the local authorities will do the rest.

The agency's operations from 1953 to mid-1957 will have been carried out almost entirely on a mere $10 million contributed directly or indirectly by the United States. In Europe the whole approach to the productivity programme has been infinitely more modest than the size of the problem—which is that Europe is falling further behind the United States and now also Russia, by failing to increase productivity at similarly high rates. Europe will not be saved by its productivity programmes—but still less by attempts to economise on them.

Canada's Long Parliament

FROM OUR OTTAWA CORRESPONDENT

THIS extraordinary session of the Canadian Parliament is now expected to last until about the middle of August, which will make it almost if not quite the longest session in Canada's history. The reasons are partly climatic and partly political. Usually the MPs who set the pace like to wind up the session by about the beginning of July, since after that the hot weather is likely to strike them. This year, by an unexpected dispensation of providence which seems to be favouring the Opposition, Ottawa has not yet had any hot weather.

This has undoubtedly made it easier for the Conservative opposition to maintain the attitude of obstinate uncooperativeness which follows logically from its earlier heated declarations that this Parliament had become unworkable as a result of the incidents during the pipeline debate. The Speaker's resignation, offered just over a month ago, might have made it possible to re-establish some of the amenities of normal parliamentary practice. But the first thing Mr St Laurent did on his return from the Commonwealth meeting in London was to persuade the Speaker to withdraw his resignation and to announce to the House that since the vast Liberal majority still had complete confidence in Mr Beaudoin, it would be unthinkable to let him resign. This declaration brought down on the Prime Minister the reasoned criticism of several Liberal newspapers which had supported him throughout the pipeline debate. But the politicians seem to agree that it was an astute political move. Rumour had reached Ottawa that under-cover gossip seeping through Quebec was presenting Mr Beaudoin as a victim of racial prejudice. Such a preposterous charge never reached the public prints, and may never have been of serious proportions, but it was enough to persuade the Liberals that they would be wise—however wrong—to stand by the Speaker.

Two unhappy consequences have flowed from all this. One is that the level of language and orderliness in debate, which was never high, has fallen lower than ever. The Speaker and his alternate presiding officers are naturally prone to let almost anything pass rather than risk stirring up a row, and some of the abuse exchanged across the House reflects no credit on the members. The other consequence is that the normal parliamentary accommodations in the arrangement of business have largely lapsed. The normal process for ending a session requires an informal compact between the parties: the Government lets some of its business stand over, and the Opposition facilitates passage of the rest. Without such arrangements the session itself, like so many of its members when they are on their feet, knows no way to stop.

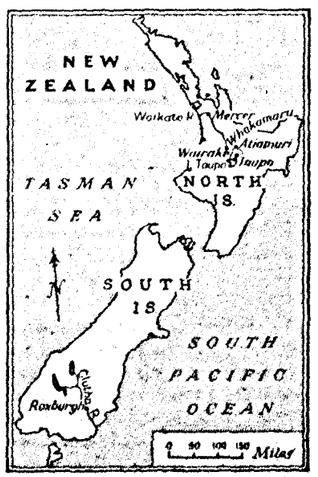
One of the principal items of government business has, however, now been passed with eloquent, but not unduly protracted, opposition from the Conservative and Social Credit parties. This was the legislation to implement the federal government's offer of new tax arrangements to the provinces for the five years 1957-1961. Now that it is on the books it is up to the ten provincial governments to decide what the future tax pattern shall be. Under the new plan the federal government will make an "equalisation payment" to the provinces unconditionally. This will be sufficient to raise the *per capita* yield of certain standard taxes to the same level as the average of Ontario and British Columbia, where income taxes bring the largest return. The chief significance of the plan is that Quebec will get a federal payment, on just the same basis as the other provinces, without having to give up its right to levy its own income taxes. Quebec, or any other province, also gets a little more room to levy its own taxes without penalising its residents. Ottawa will "abate" its personal income tax by 10 per cent of the federal rate and its corporation tax by nine percentage points for residents of any province which raises its own taxes. Alternatively, if a province is satisfied with these rates, it can still save itself the bother of levying its own income taxes and rent them to Ottawa.

The parliamentary opposition at Ottawa attacked these arrangements because they did not give the provincial governments enough money—a line of attack which coincided with that of the Conservative premier of Ontario, Mr Leslie Frost, who claimed that Ontario needed at least 15 per cent of the personal income tax plus a 15 per cent tax on corporations. Thus ended another artificial alliance brought about by the pipeline debate. In Ontario's interest, Mr Frost had felt bound to go along with the federal government's scheme for getting natural gas piped across the northern part of his province, and this was very embarrassing to his fellow Conservatives in the federal Parliament who were so bitterly attacking the federal plan. The tax question has straightened out that complication and realigned the Conservatives on the same side.

New Zealand Power Problems

FROM OUR WELLINGTON CORRESPONDENT

WHEN the first two generators of New Zealand's largest hydro-electric power station, at Roxburgh on the Clutha River, begin to turn early this month, the power supply of the South Island, at present drastically rationed, should become adequate for many years to come. But the North Island, with twice as large a population, will face rationing and shortages at least until 1961, when the last of several large power stations now being built or planned should be operating. Even then generating capacity may not be adequate.



The South Island's brighter prospects have revived the idea of "piping" power from the South to the North Island by a submarine cable. The south has never regarded the idea with enthusiasm, but the power question has now become so politi-

cally explosive that objections have been subdued. But even if the investigations are expedited—and there are serious technical obstacles to overcome—"piping" is unlikely to help the North Island during the next five years, when the shortage will be most acute.

In the North Island generating capacity is at least 10 per cent below demand. The combined capacity of both islands is at present about 940,000 kw, and it is hoped that new stations will double this within six or seven years; but even if they do, demand will more than keep pace. It has been conservatively estimated that by 1975 output must reach at least 2½ million kw to keep up with consumption. Even on present cost levels, this could entail an expenditure of £500 million within the next twenty years, which would bring investment in power plants to about £680 million.

One of the problems of the North Island is that all its major generating stations, both existing or planned, are based on the Waikato river, which has its source in Lake Taupo. The level of this lake and the river's consequent rate of flow therefore govern the whole supply position. The only two sizeable plants which will not depend on the Waikato will be the thermal steam generating station now being built at Wairakei near Taupo, and the steam station planned at Mercer on the Waikato coalfields. The completion of the Wairakei station has been delayed by the British Government's indecision over the manufacture of heavy water there, and it is not now expected to operate its first generator until the middle of 1958. The first two of the six generators to be installed at Mercer should be operating about the same time. Other hydro stations under construction in the North Island will come into operation at intervals between the end of this year and October, 1961.

Siam's Seekers After Power

FROM A CORRESPONDENT IN BANGKOK

SIAM'S general election, due in February, is already casting its shadow before. To a westerner it looks a very diluted affair. Half the members of the Assembly are nominated, and they, together with the support of the Army's leaders, make it almost certain that the present regime, under Marshal Pibul, will stay in power. But, if the big question is virtually settled, some smaller ones are not. The outcome of the polls will decide the government's attitude towards its plans to foster "fuller democracy" in Siam—including the abolition of nominated membership by 1962; it will show how the struggle for power between the various leading figures inside the regime is going; and it will give a hint about the way opposition opinion is moving. It is this aspect of the election that has made the chanceries of Bangkok turn an unwontedly close eye on the session of the Assembly that opened last month.

Marshal Pibul's concept of "fuller democracy" would probably cause raised eyebrows at the Reform Club. But even if the new slogan was—as cynics have suggested—proclaimed to gain popular support for the premier and thus strengthen his balancing position between the army and the police, there is no doubt that it has considerably ruffled the placid backwater of Siamese political life.

When the existence of political parties was legalised a year ago, all the pro-government Assemblymen were automatically co-opted into the Manangkasila party. Marshal Pibul became leader of the party, and General Phao, the chief of police, secretary-general. It was assumed that this dignified but relatively uninfluential post had been given to Phao as a consolation prize for the bland way in which he had previously accepted a curtailment of his authority.

However, although General Phao is handicapped because his police will never have such heavy guns as the Army, he is not only in a class of his own as an administrator, but he is far more interested in politics as such than Marshal Sarit—the army's obvious choice as heir-presumptive to Marshal Pibul. Phao has been indefatigable in organising the party in the provinces, and seems to be aware that, while the liberal intellectuals of Bangkok can never be reconciled to a militarist regime, improvements in communications, irrigation and administration may win votes elsewhere.

His come-back has not passed unchallenged. Captain Piem, one of the prime minister's secretaries, has revived the Thammatipat ("Right is Might") party, which supports Marshal Pibul personally while criticising much of the government's policy. This group has been particularly active in the north-east and the south, where the respective Lao and Malay majorities feel that the central plain receives preferential treatment from the government. Another relatively young group of supporters of the 1947 coup has formed the National Democratic party. This is reported to enjoy the covert support of Marshal Sarit. Its political programme is even more nebulous than most in Siam, but it appears to be nervous lest "fuller" democracy should lead to the eclipse of the self-styled "coup" group.

Opposition Factions

On the opposition side there are several factions, but only a handful are important. Nai Khuang Aphaiwongse has revived his Prachatipat (Democrat) party, but is seriously handicapped by the fact that most of his former supporters are suspicious of Marshal Pibul's "fuller democracy" programme and have so far refused to re-enter politics. Nai Khuang is a right-wing liberal, and his party is too restrained in its social and economic policy to arouse great popular enthusiasm despite his own undoubted popularity. Even less likely to succeed is the similarly named Democratic party ("Democracy" is an OK word in party titles)—a rather nebulous body of opposition MPs originally elected as independents. The Labour party is too poor and disorganised to stand a serious chance at the polls, but its potential voting strength may be gauged from the fact that the government has unexpectedly decided to introduce a Labour Bill which undercuts the Labour party by conceding (at least on paper) many of its demands.

There is, of course, no Communist party, but a faint whiff of Marxism lingers round the Sethakorn or Economists' party. Until recently Nai Thep Chotinuchit, the head of the party, and three other leading members were in gaol for alleged violation of the Anti-Communist Act in connection with their recent visit to China. They have since been released on bail to attend the Assembly, and it seems possible that the charges will be quietly dropped. Of all the opposition groups, however, only Nai Khuang's Democrats have the sketchiest organisation outside Bangkok, and they are all desperately short of resources.

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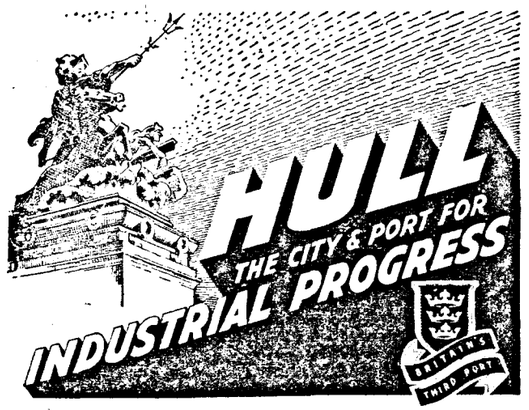

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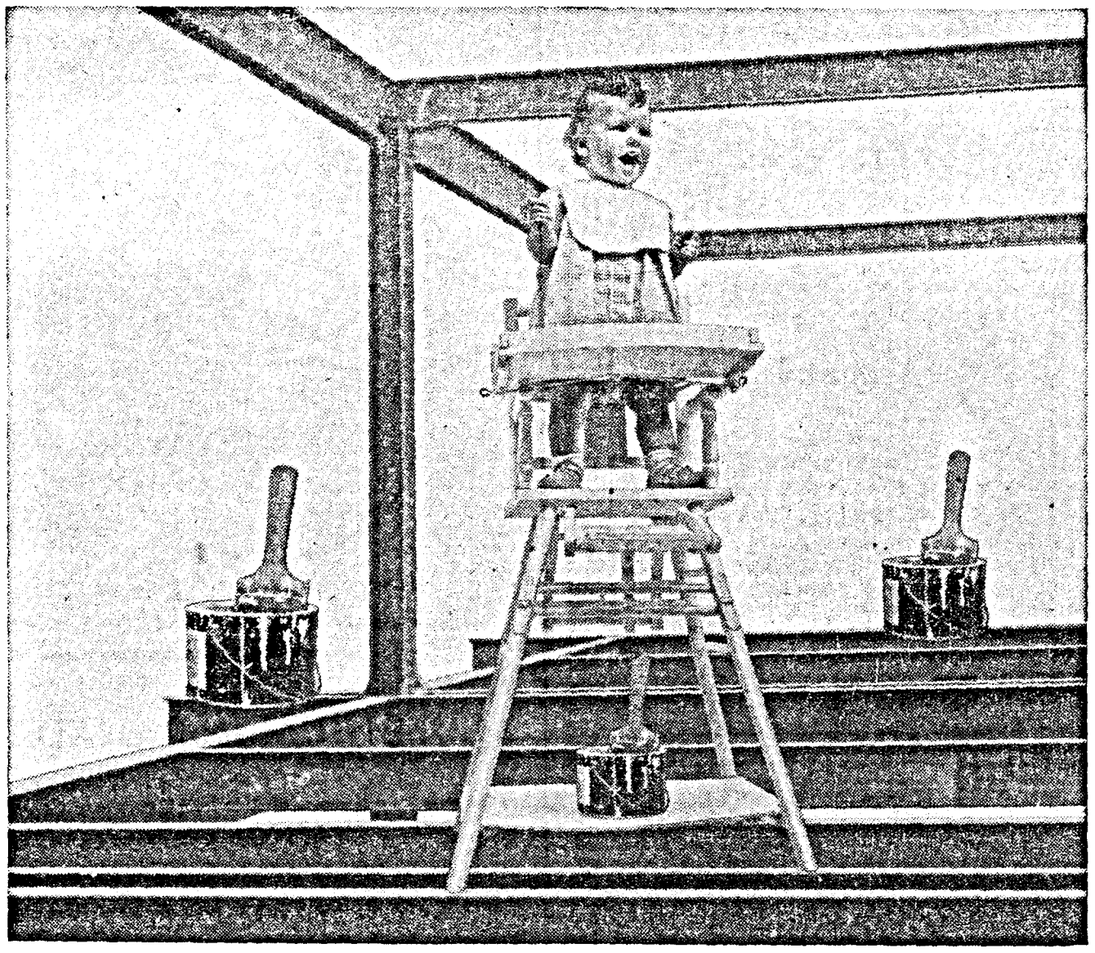

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THE BUSINESS WORLD

Via Suez

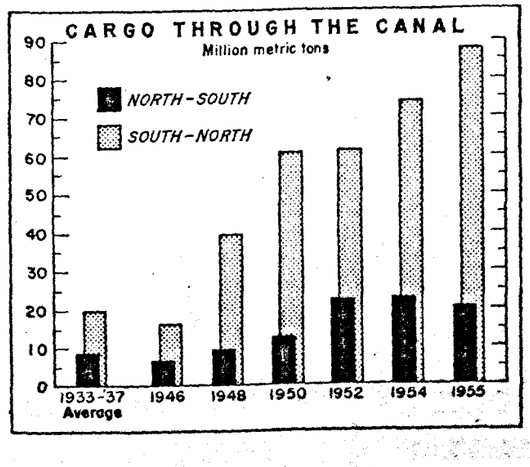
I.—Trade through the Canal

BETWEEN 45 and 50 ships were travelling through the Suez Canal every day, carrying perhaps a sixth of all the cargo being moved by sea throughout the world, when Colonel Nasser seized the Suez Canal Company's assets in Egypt last week. Total movement of cargo via Suez was at a rate of roughly 120 million metric tons a year, about four times as much as in 1938 and well over twice as much as in 1948. It was steadily rising—much faster than the total tonnage of seaborne trade across the world.

Ships ordinarily move in two convoys each way each day, southward from Port Said and northward from Port Tewfik at Suez itself. Lengthy sections of the canal allow one-way traffic only, although one bypass, the Farouk Canal, has been opened since the war to separate north and southbound traffic, and two others were planned by the company in its current development programme, which would eventually have allowed four convoys each way each day. The convoys take about 12 hours from one end of the 101-mile canal to the other.

More than four times as much cargo moves northward, from East to West of Suez, as is shipped southward down the canal—though the numbers and tonnage of ships going in each direction are roughly equal, because tankers, which account for more than 65 per cent of ships using the Canal, return southwards in ballast to the Persian Gulf.

Suez traffic is made up essentially of the traditional East-West exchange—manufactured goods from Europe and the West for a vast tonnage of raw materials, including petroleum, ores and metals, cereals, oil seeds and oils, fibres, and rubber, from East of Suez. The predominance of petroleum and the return payment for it meant that in 1955 more than 65 per cent of the traffic both ways moved to or from the Persian Gulf, the Red Sea and Aden. About 11 per cent of the total was the import and export trade of India, Pakistan, Ceylon, and



SEA ROUTES: ALTERNATIVES TO THE SUEZ CANAL

	Miles via Suez	Miles round Cape	Round Trip* (days)		Round Trips a Year†	
			Suez	Cape	Suez	Cape
London to Persian Gulf	6,400	11,300	37	65	9	5½
London to Mombasa	6,014	8,675	30	43	8	5
" Bombay	6,260	10,720	31	54	8	4½
" Calcutta	7,933	11,450	40	57	6	4
" Colombo	6,702	10,350	34	52	5½	4½
" Singapore	8,240	11,575	41	58	5	4
" Penang, Malaya	7,950	11,285	40	56	5	4½
" Sydney, Australia	11,630	12,450	58	62	4	4
" Wellington, N.Z.	12,650	13,250	63	66	4	3½
" Hong Kong	9,680	13,015	48	65	4‡	3‡
Netherlands to Indonesia	8,502	11,150	43	56	5	4½
Naples to Massawa (Eritrea)	2,178	10,850	11	54	9	4½

* Steaming time at 16½ knots (fast freighter).
† Including 30 days on each trip for loading and discharging.
‡ London to Persian Gulf: assuming tanker speed 14½ knots and 4 days for loading and discharging.

Burma ; 14 per cent to or from Malaya, the Netherlands East Indies and the Far East ; 7 per cent to and from East Africa. Europe was the Western origin or destination of 85 per cent of Suez Canal traffic, and only about 12 per cent went to or from America.

Britain is certainly the biggest single user of the canal, in both directions. About 21 million metric tons out of the 67 million tons of oil moved northward through the canal in 1955 came to this country. Britain's imports of rubber from Malaya, wheat, meat and wool from Australia, chrome from East Africa, cotton, tea, oils and manganese from India, jute from Pakistan, tea and oils from Ceylon—all come via Suez. In return, it sends these countries steel, machinery, vehicles, and consumer goods, plus certain chemicals and cement ; just under 25 per cent of our import and export trade is with countries normally reached via Suez.

Britain, accordingly, is more vulnerable than any other country to interruption of the free passage of shipping through the Canal. This vulnerability derives both from the high proportion of our trade going via Suez and the inconvenience of taking that trade by any other route. The Netherlands, similarly, is affected as a maritime nation trading on a large scale with the Far East ; France because it is a very heavy importer of oil from the Persian Gulf, though its Far Eastern interests have declined ; Italy as a heavy importer of oil, and also as a Mediterranean nation trading on a large scale with East Africa, to reach which via the Cape, for example, would mean sailing about five times the distance.

Diversion of trade to alternative routes—if the passage of ships through the Canal were stopped or if Western nations were attempting to reduce their dependence upon this vital sea link in unfriendly hands—would involve considerably longer distances and sailing times, as the table on page 419 illustrates, and thus a reduction in effective shipping capacity. Against this the only offsets would be Canal dues, which are significant but quite insufficient on most routes to make it worth while to go another way, and shipping insurance rates, which tend to rise rather sharply at periods when the Canal is in jeopardy. But the major element of British and European dependence upon the Suez Canal lies in the Canal's biggest and most rapidly-growing business—oil from the Middle East.

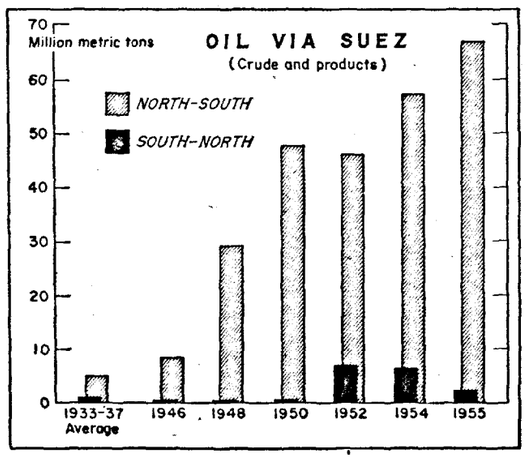
II.—Moving Middle East Oil

SINCE the war the Middle East has re-drawn the map of oil movement throughout the world, creating a vast refinery industry in Western Europe almost incidentally in the process. It has two-thirds of the world's proved oil reserves; in 1955 it produced a fifth of the world's output, and its share continues to rise ; it accounts for half the world's oil exports. And more than half the oil moved westward from the Middle East goes through the Suez Canal.

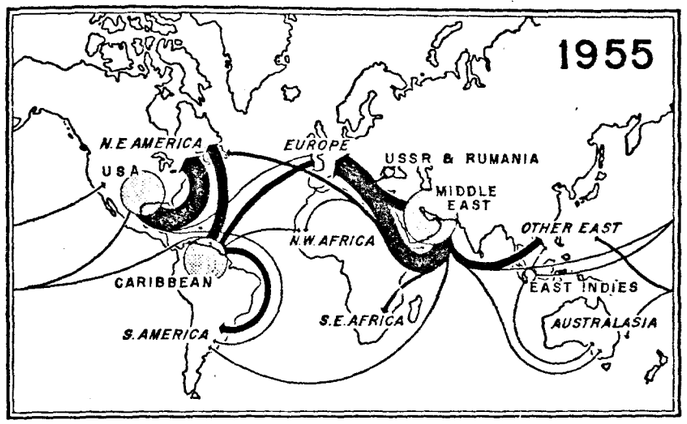
In 1955, 67 million tons of Middle East oil were carried north through the Canal to Europe and points west, out of the 145 million tons of total exports ; 40 million tons more were carried through the pipelines from Iraq and Arabia to the Mediterranean. Of the remainder, about 22 million tons went to Asia east of Suez, 10 million tons to East and South Africa, 5 million tons to Australasia, and about a million tons round the Cape of Good Hope to South America—the one Western destination to which, even with medium-sized tankers, it is cheaper to sail round the Cape than go through the Canal.

About 14 million tons of the Middle East oil passing through the Mediterranean went onward to the eastern seaboard of North America ; about 4 million tons to North and West Africa. The remaining 90 odd million tons, with about 5 million tons from the Soviet sphere and some 30 million tons, mainly in refined products, were imported into Western Europe, which in turn exported about 6 million tons of products. Consumption in Western Europe, therefore, approached 120 million tons of crude oil or equivalent refined products ; 75 per cent came directly from the Middle East, and nearly half through the Suez Canal.

For oil as well as other things Britain is even more dependent on the Canal than Western Europe as a whole ; last year about 20½ million tons, or 75 per cent of our crude requirements, came via Suez, mainly from Kuwait, and these supplies represented more than 85 per cent of total oil consumption inside Britain. About a quarter of the tankers that use the Canal are British, and 30 per cent of the oil brought through Suez comes here.



At present, oil satisfies less than 15 per cent of total energy requirements in Britain, against about 17 per cent for Europe as a whole. This share of energy requirements, however, is still based mainly on the use of oil fuels for purposes that nothing but petroleum can serve. The whole tendency of recent years, however,



which both in Britain and in Europe is expected to accelerate rapidly, is towards the use of oil products for general fuel requirements, filling for the time being the growing gap between rising fuel demand and the much more slowly rising output of coal and hydro-electricity.

One comparatively moderate estimate* of the pattern of oil movements that might be required in 1965, if this shift to oil as a general fuel continues, is shown in the map at the bottom of this page. That forecast of possible oil movement in ten years' time assumed the use of a canal expanded to take more traffic than it can today (though only three years away from the contractual date of reversion to Egypt). But it suggested that even the expansion planned in the Canal would not accommodate all the oil traffic needing to be moved north from the Persian Gulf. Significant expansion of the capacity of the existing pipelines, new pipelines from the Gulf to the Mediterranean, or sailing big tankers round the Cape of Good Hope might become necessary in the sixties.

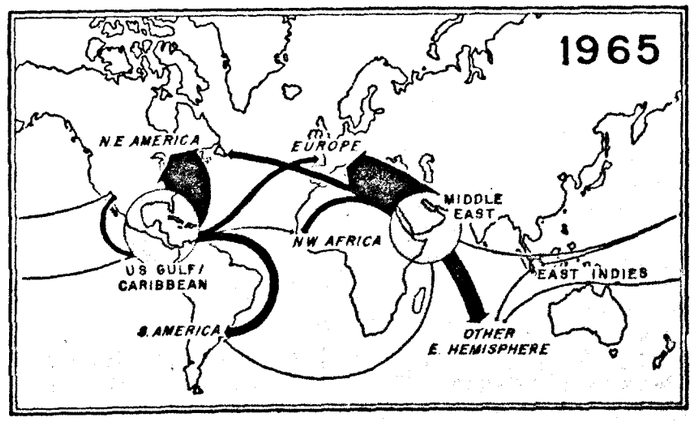
The development of alternative routes that would eventually become essential to move the Middle East oil that the West will need, even given free passage through an enlarged canal, is one thing. Any sudden re-routing of oil in an emergency, as for example if the canal were closed, is another. It would depend, obviously, upon other contingent circumstances ; primarily whether oil could still be moved freely along the pipelines to the Mediterranean and by tankers bound on other routes outward from the Persian Gulf.

At a pinch, given the kind of international oil co-operation that was readily forthcoming after Abadan was closed, the American continent might temporarily abandon its present oil imports from the East. If oil were still flowing through the pipelines, diversion of the supplies now coming through Suez round the Cape, at a crude guess, would need about half as much tonnage again as the 10 million tons odd of tankers now employed in carrying Middle East oil to Europe. That would mean diverting to this emergency run an extra 10 per cent or so of the world's tanker fleet. If the pipelines to the Mediterranean were cut, too, the further pressure on tanker tonnage would have to be relieved by very considerable extra supplies from "shut-in" capacity in the Western Hemisphere to help meet the needs of Western Europe. Some marginal supplies would probably be practicable, if extremely costly. Since the shorter hauls would make comparatively economical use of the tanker fleet, the movement of enough oil to meet essential needs might be practicable.

If necessary, such a painful exercise probably could be carried out: that is perhaps the limit of what it is sensible to say now. But presuming no such emergency arises, the longer-term implications for world oil movement and for oil production in the Middle East of Egyptian seizure of the Suez Canal are still likely to be far-reaching.

★ ✓

No extra investment in coal or nuclear energy can blunt the fact that for the next 20 years at least rapid economic expansion in Europe depends upon rapidly increasing supplies of oil. How far marginal oil supplies could be found elsewhere is a question in which all Middle Eastern nations that produce—or transport—oil have a vital interest. At the least, the development of alternative routes through which oil can flow, and the reduction of dependence upon a canal that may in future be in greater jeopardy, will obviously be hastened. This, too, will be costly—for Nasser, as well as for the West.



* Presented by Mr W. Jamieson, of the British Petroleum Company, to the Institute of Petroleum in June.

III.—Income from an Isthmus

IT costs any ship 7s. for each ton of its "Suez net tonnage" (which is slightly greater than its British "net registered tonnage") to sail through the Suez Canal laden with cargo, and 3s. 2d. a ton to go through in ballast. The same dues apply to tankers, dry-cargo ships and passenger liners. These rates are cheap by any postwar standard: the 7s. compares with 5s. 9d. a ton in the very different money values of 1939, and is less than the rate in 1941.

In 1955, ships in transit paid the *Compagnie Universelle du Canal Maritime de Suez* Fr. 32,583,842,000 in dues—roughly £32 million. From all sources, its total revenue was nearly £34 million. From this gross income the Company's operating and administrative costs have to be met. Operating costs in Egypt, in 1955, came to over £9 million, of which about £6 million was spent on working and maintaining the Canal; the company's accounts also show just under £2 million for expenses incurred but not charged in earlier years. Another £1 million was absorbed in administrative costs outside Egypt: the company's headquarters are in Paris and it has offices in London and New York. "Social charges" took nearly £5 million; these include interest and amortisation on loans, pensions and an allocation of about £1 million to the Egyptian Government. These current costs, in total, absorbed about half the company's revenue.

Upkeep and improvement of this single, massive and wholly fixed asset—keeping the Canal navigable and capable of handling the growing demands upon it—is obviously a costly responsibility. In 1955 the Canal Company allotted about £3½ million to its "Improvement and Renewal Fund" and another £2 million into contingency and special reserves.

Allocations to these reserves for improvement thus left £10½ million to be paid out in dividends to the various classes of capital. About £1½ million, representing a 15 per cent cut from earnings, went to the Suez Canal Egyptian Government Interest Trust. (The Egyptian Government was originally entitled to this 15 per cent allocation, but in 1880 sold this right, now held by the trust. The founders shares received about £1 million, representing their 10 per cent allocation from earnings; directors and employees about £400,000 on their 4 per cent bonus; owners of the capital shares and *actions de jouissance* received the remaining 71 per cent, amounting to just over £7½ million. The capital ranking for these allocations forms a complicated structure. There are 100,000 founders shares of no par value; 378,768 capital shares; and 421,232 *actions de jouissance*. A year ago the British Government held 179,586 capital shares and 173,918 *actions de jouissance*.

Beyond the bare statement that compensation would be paid on the basis of share valuations on the Paris Bourse on July 26th—when the total valuation was perhaps £70 million—Colonel Nasser has given no indication of what he would propose to pay shareholders of the company for nationalising the Canal 12 years before it was due to fall into Egyptian ownership. Over and above the operating costs in Egypt and the provisions for upkeep and improvement of the Canal (if Egypt proposed to maintain and develop it to meet the growing volume of business) about £10-12 million a year might remain. Such a sum, admittedly, might be of the order of the foreign contributions recently suggested for the early years of the Aswan Dam project. But that crude equation ignores any provision for compensation out of the Canal profits. Moreover, before Colonel Nasser could spend the foreign exchange earned in Canal dues he would have to lay his hands on those dues—at present being paid by cheques on foreign banks to the Suez Canal Company.

IV.—Where the Money Is

THE Suez Canal Company's one great fixed asset earns its lucrative rent simply because it is fixed—in Egypt. But the company holds most of its liquid or near-liquid assets, built up from profits in the past, outside Egypt. In all the company owned at the end of 1955 about £19 million of short-term investments and £16 million of longer term securities in various currencies. The company had recently agreed to keep larger funds in Egypt. But the spoil, if rough hands could be laid upon it, represented a rich temptation and the first act of the British authorities has been to put it beyond reach of the Egyptians. This first financial counter measure is the issue of a Treasury Order denying Egypt access to the assets of the Suez Canal Company in this country. This "statutory instrument" reinforced the warning to banks given by the Suez Canal Company, immediately on learning of the seizure of the Canal, that no instructions regarding disposal of the assets of the company should be accepted from the Egyptian government.

The second directive, which removed Egypt from the group of transferable account countries, was intended to rescind the freedom with which sterling has in the past been able to move between Egyptian and other transferable account countries, and so to prevent the hasty removal from London of disposable sterling. It was also intended to subject to Exchange Control investigation every payment into and out of an Egyptian account.

The second order was followed up by more detailed instructions to authorised banks in London regarding the transactions they are permitted to make on Egyptian accounts. These details, published on Wednesday of this week, state that Egyptian sterling accounts may be credited with any amounts received from residents of the sterling area and from non-residents

—other than payments from other Egyptian accounts. Cheques, bills and payments under confirmed credits drawn or arranged before July 27th may be paid to residents of the sterling area. All other payments require specific authorisation by the Bank of England.

This move was not intended to block Egyptian sterling but to subject it to rigorous supervision and control. Blocking was unnecessary because it had in large part been achieved under last year's agreement for the gradual freeing of the £130 million which was then standing to the credit of Egypt's No. 2 account at the Bank of England. The first agreed release of £20 million under this agreement was taken by Egypt on the first working day of this year, so that £110 million remains in the No. 2 account, which cannot be drawn upon again until January 1st next.

Whether Egypt will be seriously and damagingly affected by its expulsion from the sterling transferable system depends firstly on the rigour with which payments into and out of Egyptian accounts are restricted by the Bank of England and, secondly, on the degree to which the United Kingdom initiative in this matter is backed by other countries. So far the United States and France have put comparable restrictions into effect but other countries have not.

The first riposte from the Egyptians was to announce that dues by British ships using the canal must be paid in cash at Port Said or Suez. The unreality of this demand was soon realised and the order was replaced almost immediately by a statement that cheques on London, Paris or Cairo would be accepted as in the past, provided that they were made payable to the new Suez Canal authority. At the time that *The Economist* went to press, the complications arising from these orders had not yet crystallised—partly because dues on British ships using the canal are usually paid well in advance by the shipping and tanker companies. But the question of what payments are to be acceptable is bound to come to a head within the course of a few days.

Business Notes

Canal in Throgmorton Street

SUDDEN events produce dramatic reactions in the stock market. Then, as with all human institutions, there is a pause for more leisurely reflection and the market recovers some of its poise. This sequence was followed after Colonel Nasser's seizure of the Suez Canal, though the rally which followed the initial fall in prices owes something to the firm stand taken by the Government. Inevitably oil shares, which since the Trinidad Oil take-over had been moving ahead under a good head of steam partly American in origin, led the tumble in prices. In two days' trading Shell fell from 163s. 1½d. to 151s. 3d. and British Petroleum from 174s. 4½d. to 156s. 10½d. But few of the leading industrials which earlier had attracted some support escaped the precautionary marking down, and by the close on Monday the *Financial Times* ordinary share index had skidded down from 185.6 to 181.4. The speed of the decline was exaggerated by the seasonal narrowness of the market, just as a ship passing through the narrow confines of the Suez Canal seems to be moving much faster than it is in reality.

The initial reaction in prices was too sharp, and a rally, led by oil shares, was not slow to develop. By the close on Wednesday the industrial index had recovered to 183.9; outside the range of this index, Canadian securities, including the shares of such a company as Hawker Siddeley with investments in Canada, were particularly strong. More significantly, gilt-edged securities after taking the initial shock of the Suez Canal crisis continued to weaken. The prime influence in this market was the weakness of sterling, and in the week's trading to the close on Wednesday the

	June 4	July 3	July 26	July 30	Aug. 1	Yield %
Anglo-Egypt. "B"	51/9*†	47/6	48/9	36/3	35/3	5·5
British Petroleum	158/9	173/9	174/4½	156/10½	163/9	3·2
Burmah	87/6	105/7½	111/10½	96/10½	98/9	3·5
Shell	136/6†	147/-†	163/1½	151/3	155/-	3·4
Assoc. Electrical	66/9*	65/3	69/9	69/-	69/6	4·4
Assoc. Port. Cem.	98/9	101/6	104/-*	101/3*	103/3*	4·3
Babcock & Wilcox	73/3	73/-	75/9	74/6	75/9	4·0
British Aluminium	51/9	61/9	78/-	76/9	80/-	2·9
Guest Keen	45/3*	44/3	44/9	43/6	45/3	5·4
Hawker Siddeley	31/-	32/6	45/9	43/6	46/3	3·7
P. & O.	27/-	27/6	32/3	30/-	30/6	5·2
Rolls-Royce	93/1½	97/3	108/-	103/9	108/6	3·2
Stewarts & Lloyds	64/9	59/4½	64/9	63/6	64/6	5·6
Turner & Newall	99/-	99/3	107/6	104/6	105/-	4·7
Unilever	74/6	75/6	79/3	77/9	79/-	4·0
United Molasses	40/6*	43/7½	50/6	47/6	49/6	5·7
Financial Times ordinary index	174·5	172·3	185·6	181·4	183·9	5·8
Financial Times fixed int. index	94·87	93·23	93·8	93·51	93·26	...

*ex-dividend. †adjusted for free scrip issues.

Financial Times Government securities index fell from 84.49 to 83.64. The weak market left much of the new Agricultural Mortgage Corporation 5 per cent stock (1979-83), offered at 97, in the hands of the underwriters;

they had to take up 78 per cent of a £5 million loan whose terms even in a better market were shaved too close for comfort. The stock opened at 2 discount and is now quoted at 1¾ discount.

Sterling Takes the Strain

STERLING this week had to take the strain of events in Suez and the Burmese frontier, plus a considerable concentration of commercial demand for dollars. The commercial and speculative influences, as usual, merged. It is probable that the slight loss of confidence in sterling caused a good deal of anticipatory buying of dollars and selling of sterling and that some of the commercial demand for dollars, which loomed so important in the early part of this week, was in respect of business which in more normal circumstances would have been covered later this year. The rate for sterling dipped to $2.78¼; on Wednesday afternoon there was a strong rally which carried the rate up to $2.78⅞, but on Thursday the rate fell back to $2.78 11/32. The rate for transferable sterling has recovered with the official rate to $2.78⅜. On the other hand, switch or security sterling has been exceptionally weak and was being offered on Wednesday at $2.66, representing a discount of some 5¼ per cent on the official rate. The rate fell further on Thursday to $2.62½. There seems to be no speculation against sterling in the dollar market. The three months discount on forward sterling is 1⅜ cents, which is rather less than the differential in short-term interest rates in London and New York would justify.

On the Continent, sterling was losing ground in the first part of the week but recovered sharply on Wednesday. The dominant factor in this part of the foreign exchange market is still the German surplus, which is being accentuated by the temporary reduction in imports into Germany, pending the promised reduction in import duties, and a further speculative movement into Deutsche marks. Against most European currencies, sterling is at a forward discount equivalent to about 2 per cent per annum. The outstanding exception is the French franc, against which the forward rate is at a premium equivalent to about 4 per cent per annum.

The weakening in sterling has automatically resulted in increases in the price of gold in London: but this week the price has been further boosted by a considerable increase in demand, reflecting uncertainties over Suez, from the Continent, the Middle East and the Far East. On Tuesday this raised the gold price to 252s. 1d. an ounce—the highest since the London market was reopened in March, 1954—denoting a dollar price of $35.10. Mocatta and Goldsmid report that July was the most active month for gold dealings since the bullion market reopened.

Gold Reserves Now

THE poor performance of sterling last month is not fully reflected in the movement of the gold and dollar reserves, announced on Thursday. After the crediting of $16 million of defence aid in July—a book-keeping entry the timing of which is quite fortuitous—the published reserves rose by $20 million in the month, to $2,405 million. On other dollar accounts there was thus a surplus of $4 million—the smallest this year.

Moreover, the dollar accounts would have been in substantial deficit last month if the payments to the European Payments Union were made on a current basis. Britain last month paid $19 million to the Union in settlement of its deficit in June, and $9 million to EPU creditors under the new funding agreement; but the EPU transactions for last month resulted in a deficit of no less than £24 million, which will involve a gold payment this month of $50 million (apart from the $3 million that is the new regular instalment on the funding debts). The payment of $11 million by London underwriters on the insurance of the *Andrea Doria* was made on July 30th, but does not appear to have been accounted for in the July figures.

As in earlier phases of strain, the speculative movements against sterling have been most marked in the EPU balance. Last month the seasonal demands of tourist expenditure coincided with a continued pull of funds into D-marks and the ebbing of confidence after the Suez news. The dollar balance outside EPU has held up reasonably well in this season of heavy imports from North America (which, however, continues for some months yet). But it is the dollar account as a whole that matters.

Excitement in Commodities

THE commodity markets are having an exciting time. The news of the "nationalisation" of the Suez Canal was quickly followed by the announcement of the settlement of the steel strike in the United States. Rubber prices rose sharply on the first item and metal prices rose on both. Tin and copper were also influenced by labour troubles in the mines and copper was helped as well by the increase of £25 to £300 a ton in the Rhodesian Selection Trust price. But not all Eastern commodities have been affected. While the premium for prompt supplies of Pakistan raw jute rose by about £2 a ton, tea prices did not respond to the news from Egypt and the cotton market, once so sensitive to world events, ignored it.

Any interruption of shipments from the East would affect half a dozen key commodities. Taking Britain alone, all of this country's imports of raw jute and jute goods, most of its rubber, wool and tea, over half of its lead, and much of its vegetable oils and sugar are normally shipped through the Suez Canal. Tin ore, on the other hand, comes mainly from Bolivia and Nigeria; Malayan tin goes mainly to other countries, particularly the United States. If shipments had to be routed round the Cape the tonnage locked up in the pipeline would be increased at a time when stocks of many commodities are rather low. Shipments of rubber from Singapore to Britain, for instance, would take an extra seven to eleven days (details for other ports are given on page 419), but the initial delays would be greater as ships were turned back from Suez. Copper would not be directly affected. Rhodesian copper is shipped out of Beira, and the bulk of it goes round the Cape. But copper and other commodities would be indirectly affected by the shortage of shipping space and the rise in freight rates.

Consumers are worried at the prospect, but they have not rushed to buy. Present prices still look dear to them, and works' holidays have begun. In a few weeks' time, however, consumers' needs will increase, and there will be the additional fillip of the upswing in the American steel industry. If shipments then had to be re-routed prices would soar.

	July 2	July 26	Aug. 2
Tin, cash, £ per ton	733	758½	765
Copper, " " "	264	288	316
Lead, prompt, £ per ton	111	113	117
Zinc, " " "	92	93½	96½
Rubber, spot, d. per lb.	24⅛	27	30½
Raw jute (firsts), spot, £ per ton	92	93	95

Sir Bernard Docker's Waterloo

DIRTY *mink* was washed in public to the heart's delight and the mind's distaste at Wednesday's meeting of the Birmingham Small Arms Company and was washed fairly clean. By a majority of four to one on the poll and of about three to one on a show of hands stockholders refused to condemn their present board headed by Mr J. Y. Sangster for removing Sir Bernard Docker from the managing directorship and, therefore, under the company's articles, from the chairmanship and from the board. By approximately the same majority they gave an unrestricted vote of confidence to their present board. It was the company meeting of the decade. The Great Room at Grosvenor House seating 1,500 was filled to overflowing; as the chairman observed, only seven stockholders had attended the last meeting on December 5th. The meeting was also at times vociferous; shouts of "get out" and "you are no good" almost prevented the investment manager of the Prudential Assurance from getting a hearing for one of the most useful speeches of the day. But the debate and the voting were on the whole well behaved and excellently managed.

THE BSA VOTING

Sir Bernard's Resolutions	Votes For	Votes Against
(1) Deploring the removal of Sir Bernard Docker	717,683	2,881,607
(2) To remove Mr J. Y. Sangster	722,601	2,875,729
(3) To remove Mr J. E. Rowe	*not moved*	
(4) To remove Mr J. Leek	*not moved*	
(5) To remove Mr N. H. Docker	*not moved*	
(6) Recommending the reappointment of Sir Bernard and Mr J. S. Moyses	716,789	2,871,348
Mr Sangster's Resolution		
(7) Approving the action of the Present Board	2,824,548	727,046

Voting rights are one vote for each £1 of the £5,630,344 ordinary stock in issue.

Sir Bernard Docker, who spoke with moderation, accepted defeat with dignity—he had only asked the shareholders' verdict, he said, and having got it he did not want to press his other resolutions. But there was some hard hitting, some direct conflict of statement and the variety of issues that flitted through the discussion was great enough to be confusing. It is, therefore, worth remembering that shareholders have decided one point only—that they would rather have their company run by Mr Sangster and his present team than by Sir Bernard. In that broad sense the democratic principle underlying company law has produced a clear result. Such questions as the kind of expense account needed for the managing director of a company selling Daimler cars, machine tools, motor cycles, and the other products that BSA makes, or the kind of relations that ought to exist between the chairman of such a company and other members of his board, must be quite beyond the purview of shareholders in general meeting.

The Points at Issue

THEY nevertheless had to base their decisions on the facts provided over the last few weeks in the battle of circulars and proxies, after Sir Bernard's dismissal, and the few additional facts given at the meeting. On May 17th the majority of the board advised Sir Bernard that they no longer had confidence in him as managing director and on May 31st, by six votes to three, they dismissed him. Numerous accusations were made against him which were vigorously answered in the circulars that preceded this meeting requisitioned by him and 2,600 other stockholders. These were the most important of the charges:

(1) The attempt to appoint Mr R. E. Smith, a brother-in-law of Lady Docker and principal executive director of the Daimler company, to the parent company's board and Sir Bernard's alleged loss of temper when his proposal was defeated.

(2) His alleged failure to disclose to the board the request by the Prudential Assurance, which is the largest shareholder, for an independent investigation.

(3) His habit of circulating interim trading results to certain directors only and of not tabling them for discussion at board meetings.

(4) The alleged attempt to procure payment for certain dresses and furs worn by Lady Docker at the opening of the Daimler company's Paris showroom.

(5) The cost—£50,000 over five years—of the special cars, including the gold car, built on the instructions of Sir Bernard and used for publicity purposes.

(6) The kind of personal publicity that Sir Bernard and Lady Docker were attracting.

On many of these issues, particularly on the handling of Sir Bernard's expense account and on whether or not the special cars involved a loss to the company, there remains a conflict of evidence that the statements of Sir Bernard and of Mr Sangster did nothing to resolve. Sir Bernard's strongest point was that on December 5th last year his colleagues unanimously re-elected him chairman and that all but two of the allegations against him—the dispute about Mr R. E. Smith and the affair of the Prudential—concerned matters that had occurred before that reappointment. Mr Sangster's two strongest points were, first, that in the year

ended May 31st, the twelve months ending with Sir Bernard's dismissal, not a single Daimler car had been sold in the United States which seems to tell against the kind of publicity that Sir Bernard and Lady Docker attracted. Secondly, he disclosed that in the board room he went into open opposition to Sir Bernard on January 19th over a proposal, hitherto undisclosed, to give £5,000 to Sir Bernard's "cut the costs" campaign, and that it was only after this occasion that he approached the Prudential (without his chairman's knowledge) to see if support could be obtained for a requisitioned meeting of shareholders. He then found that another director, Mr Rowe, had already been to the Prudential.

The Prudential's Role

BOTH sides join hands on one point; the kind of publicity that has attended the struggle for power is not the sort that BSA wants. There is one party whose sensible suggestion, if adopted, would have obviated it—the much abused Prudential Assurance. Mr Leslie Brown the Prudential's investment manager disclosed at Wednesday's meeting that he sought an interview with Sir Bernard Docker in January not, as Sir Bernard had implied, to seek information not available to other shareholders nor, as had been suggested, because Mr Sangster had been to him behind Sir Bernard's back, but to request an independent investigation. That request has now been granted. Lazard Brothers and Deloitte, Plender Griffiths are appointed to investigate, but by the present board. Mr Brown, despite Sir Bernard's lack of recollection, is in no doubt that he asked Sir Bernard to pass his request to the Board.

In practice the Prudential like other big institutions is at pains to avoid interfering in the management of the companies in which it invests. Mr Brown reaffirmed that policy. What then was he to do when he heard reports, as he did early in January (before Mr Brown first met Mr Sangster on January 23rd), that trade was developing badly for BSA, in which the Prudential holds £280,000 stock? Mr Brown's conclusion was that as there were no other big shareholders with whom he could consult his clear duty was to request an independent examination. Only crude prejudice can fail to see that the interests of the big institution are identical with those of the small shareholder. In the words of the shareholder who came down from Yorkshire all shareholders should be "not interested in gold cars but in brass." The first proper steps towards protecting a good investment were taken by the Prudential in January and by the shareholders this week.

Buttress for the Plateau

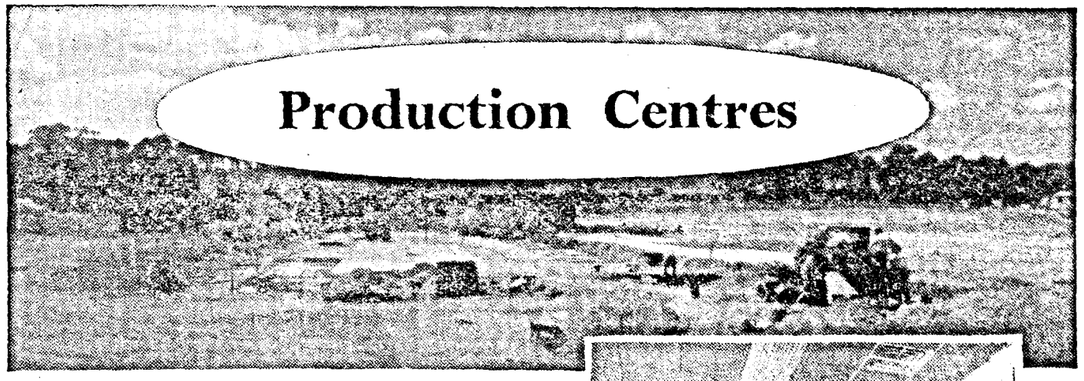
SINCE the Federation of British Industries and the three other national organisations representing the bulk of private industry made their appeal to members three weeks ago to exercise "price restraint," several dozen private firms have made suitable noises in reply and joined those already committed to some form of stabilisation. The most notable recruit, in terms of prestige value, came this week from ICI. In practical import this heavy reinforcement will probably not change much. The ICI group has been particularly successful at absorbing increases in internal costs since the war. Its prices have on the average risen by only two-thirds since 1946 against an increase of 150 per cent in the cost of materials and a doubling of its employees' earnings. The severe cost inflation last year made it more difficult for the company to keep its prices as steady, despite more heavy investment and further gains in productivity, but it is unlikely that ICI would consider its policy any the less worthwhile before next June—the end of the period of restraint in the company's announcement.

But the swelling number of firms pitching camp on the plateau also means that disinflation is probably beginning to have its effect. The plateau is, for the moment at least, being brought into the range of possibility. ICI will not raise the prices of most of its enormous range of products "unless any unexpected or exceptional factors intervene." (As an earnest of intentions perhaps the price of its polythene was cut by 3d. to 2s. 11d. a lb later this week.) This familiar formula was augmented by a further exception for products containing imported raw materials, such as non-ferrous metals, which can vary widely and quickly in price. Here the company "can do no more than continue (its) policy of price restraint." But by next summer industry may have stoked up considerable increases in costs. Wage rates so far this year have been rising even faster than in 1955 and the trend does not seem likely to stop abruptly. Fuel costs should remain, on the whole, steady: the Coal Board, with an adequate price increase recently tucked under its belt, hopes to maintain coal prices until the end of 1957. But freight costs are far less certain. Even if the railways are "encouraged" to shiver insolvent on their plateau after next month, when Mr Watkinson's review is due to be completed, some sharp adjustments of prices to costs will be necessary in many industries when the present stabilisation campaign ends.

Productivity Down

THERE may be some irony that a seasonal recovery in one of the industries most affected by the Government's policy of credit restraint, the motor industry, should have contributed to the first increase in total industrial production that the Government's statisticians have been able to discern for several months. Motor production in June was considerably better than in May, which was affected by the Standard strike; and motor production is one of the early indicators of output upon which the statisticians have based their forecast that the index of industrial production in June will turn out to have been 139 to 140 (1948=100), a record for the month. On a seasonally corrected basis, the index forecast for June is still slightly higher than a year before, and industrial output in the first half of the year therefore comes out about fractionally higher than in the first half of 1955. Manufacturing output in the first six months, however, is lower than twelve months before.

Output was indeed cut during the first half of this year by perhaps 3 per cent, from the peak shown by the new season-



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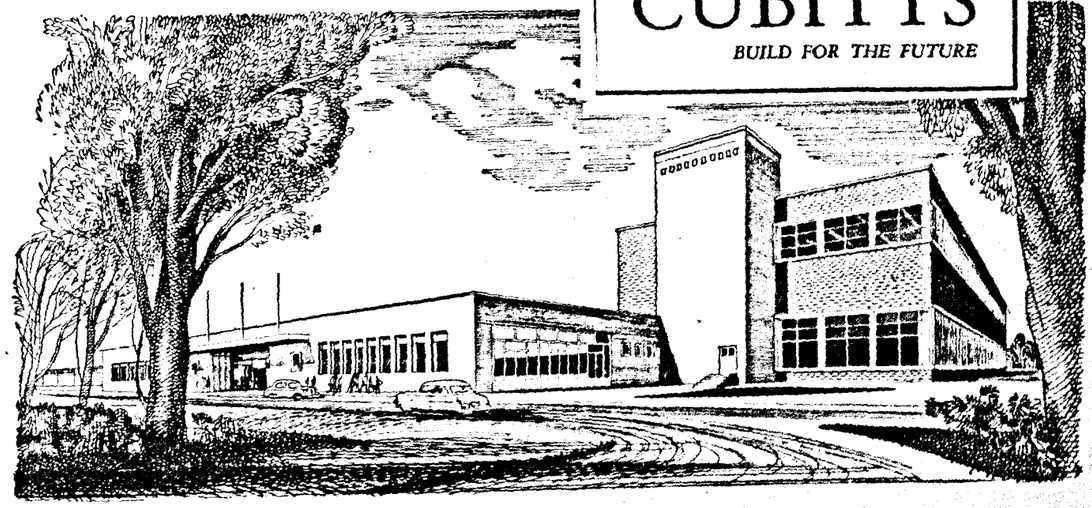

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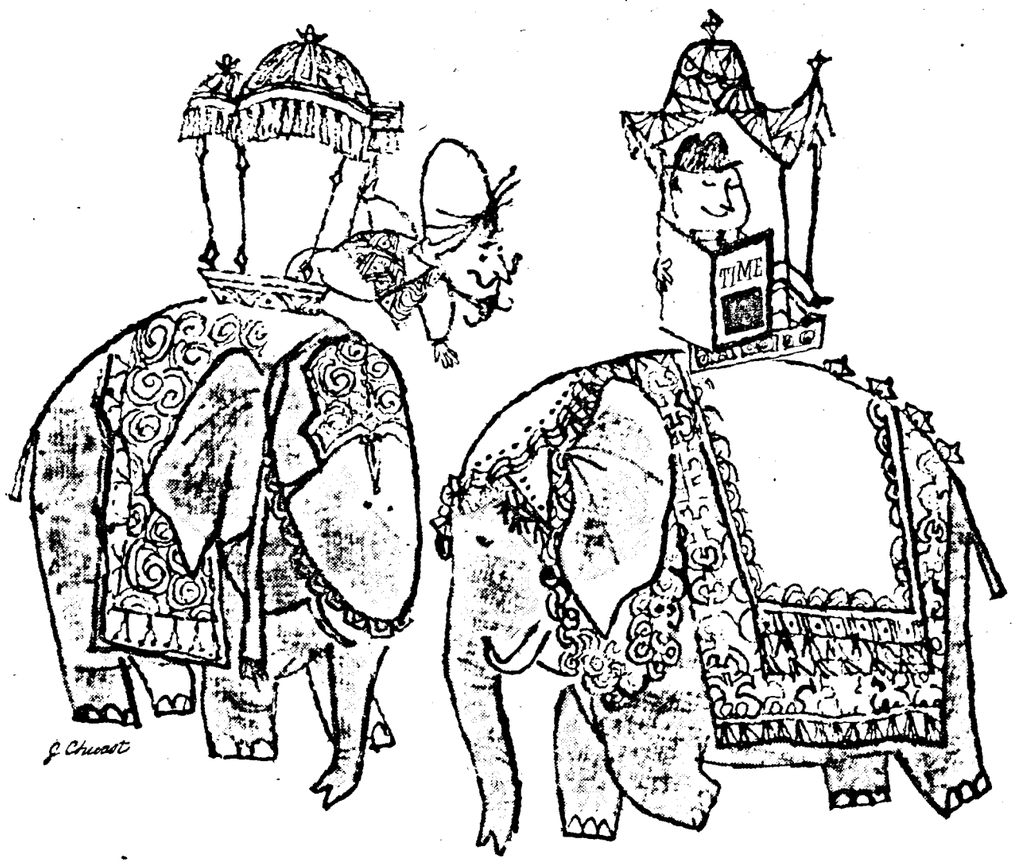

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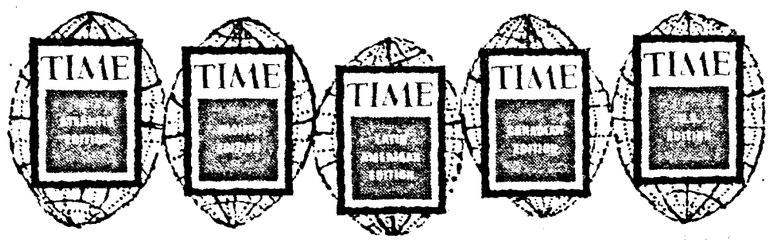

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ally corrected index of industrial production in December. Employment, if one allows for seasonal factors, has also been declining since the end of last year, but by a far smaller proportion—about three-tenths of one per cent. In plain language, employers have not sacked men as fast as they have had to cut production schedules. Productivity, therefore has tended to decline. This is to be expected, at any rate in the early stages of disinflation in industry—not merely because employment is reduced less than output, but also because the industries into which men and capital resources are transferred are those in which productivity has been advancing more slowly. A shift in the balance of the economy takes some time—and some trouble—to achieve.

Banks Buy Gilt-Edged

IN the first two and a half weeks of July the clearing banks' holdings of investments rose by £30.2 million. The re-entry of the banks into the gilt-edged market as buyers follows a period of sixteen months, during which they have been large and almost continuous sellers: between mid-February of last year and the end of June this year the value of the banks' portfolios dropped by £335½ million. After last month's purchases the total portfolio was £1,993 million.

Two-thirds of the purchases were attributable to one bank, Barclays, and nearly the whole of the remainder to Lloyds and Martins between them. It is notable that both Barclays and Martins are enjoying exceptionally high liquidity (even after the purchases their ratios of cash, call money and bills to gross deposits were 35.4 per cent and 38.2 per cent respectively, compared with the average ratio of 34.4 per cent). This has enabled them to conform readily with the recent suggestions that the authorities would welcome the co-operation of the banks in checking excessive liquidity through security purchases. Further results may be expected in coming months as liquidity is strengthened by the seasonal increase in the Treasury bill supply.

LONDON CLEARING BANKS

	July 18, 1956 £mn.		Change on Month £mn.	Change on Year £mn.
Deposits	6238·1		−44·7	−168·3
Net Deposits*	5987·9		+16·8	−171·2
	£mn.	%†		
Liquid Assets	*2146·0*	*(34·4)*	*+37·3*	*+137·7*
Cash	508·5	(8·2)	− 8·4	− 26·8
Call Money	427·3	(6·8)	−20·0	− 30·9
Treasury Bills	1097·0	(17·6)	+66·4	+136·7
Other Bills	113·2	(1·8)	− 0·7	+ 8·7
Investments and Advances	*3922·8*	*(62·8)*	*−15·0*	*−309·9*
Investments	1993·0	(31·9)	+30·2	−104·8
Advances	1929·8	(30·9)	−45·2	−205·1

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

That influence will this year be reinforced by the switch in the financing of the capital requirements of the nationalised utilities to the Exchequer. The existing arrangements of the utilities with the banks expired at the end of July—and their advances are believed to have been bumping up to the maximum of the agreed limits. But even after the implementation of the new arrangements (which, now that the Finance Act is on the statute book, could be effected at any time) the banks will be extending facilities on a considerable, though declining, scale for some months to come. Meanwhile, advances to private borrowers appear to be fairly stable. The decrease of £45.2 million in total advances in the July period is not a real one, for the end-June total is always artificially swollen by clearings between branches; the true measure of the trend is reflected in the increase of £20 million in the eight and a half weeks since mid-May. This may have been wholly accounted for by the demands of the utilities—but it contrasts with increases of under £5 million in the preceding eight weeks. The banks' scrutiny of applications continues as critical as before; but no new "target" of reduction has been set following the new appeal by the Chancellor last week, nor have the banks sent out any new instructions to their branches in consequence of it.

Attracting the Small Saver

THE man with a few pounds to save, as well as the man who wants a flutter on "Ernie," is now being ardently wooed. In the next few weeks the building societies will be putting up their rates, offering him a gross yield (if he pays tax at 8s. 6d.) of £6 1s. 9d. on their shares. On Wednesday the National Savings movement dangled before his eyes perhaps the most attractive bait of all. This is the long-awaited 10th series of National Savings Certificates which offer the investor paying the standard rate of

	Gross yield per cent (Tax at 8s. 6d. in £)
	£ s. d.
National Savings:	
Savings Certificates 9th series (10 years)	5 5 11*
Savings Certificates 10th series (7 years)	7 5 11*
4½% Defence Bonds	5 5 1
Savings Bank (up to £15 of interest)	4 7 0
Local Authority Mortgage Loans:	
Manchester (2, 5, 6, or 7 years; minimum of £50)	5 5 0
Bradford (2, 3, 4 or 5 years; minimum of £50)	5 2 6
Bristol (3, 4, 5 years; minimum of £500)	5 10 0
Wolverhampton (10 years)	5 5 0
Building Societies:	
3½% net on shares	6 1 9
3½% net on deposits	5 13 1
3% net on deposits	5 4 4

*Compound interest.

8s. 6d. in the £ a gross yield of £7 5s. 11d. per cent compound (or £4 3s. 11d. net) if held for the full seven years. Being tax free, these certificates will attract surtax payers even more, and many of them will no doubt take out the maximum holding of 600 units at 15s. each. One post office in the City was sold out on Wednesday. They offer the investor a full £2 of gross interest more than the 9th series certificates, but the investor can now hold 1,400 units of this issue.

There is thus an advantage in switching from the old

series to the new certificates (unless, indeed, the investor has enough money to hold the full quota in each series). In the last few weeks repayments of National Savings certificates have been heavy. The credit squeeze, short-time working in some industries and seasonal withdrawals for holiday money largely account for these repayments. But buying of the old series of certificates in the last few weeks has been sustained well enough to suggest that a few investors—presumably those paying surtax—have been glad to avail themselves of the new opportunity that Mr Macmillan gave in his Budget of buying an extra 200 units in the 9th series.

Outlets for small savings are not strictly competitive with each other. The buyer of the new certificates has to wait seven years to secure the full advantage ; for shorter periods the new rates offered by the building societies will exert a considerable pull. So, too, may some of the mortgage loans of local authorities, though these have the disadvantage of a fixed life (or a long notice of withdrawal) ; they attract money from companies or the special investment departments of Trustee banks rather than from individuals. Once he has £50 in the ordinary branch of the Trustee bank, the investor can put up to a maximum of £2,000 in the investment department, where he can earn only up to 4 per cent but where he can withdraw his savings at a month's notice. The small saver has a wide choice and though through habit or inertia he may not want to chop or change, the return offered by the new certificates—the highest since 1922—will be a difficult lure for him to resist.

Rumblings About Steel Prices

ONLY the most discreet reflections of the rather fervid debate about price policy that has been and still is going on in the British steel industry for some time are to be traced in the quarterly review that the British Iron and Steel Federation published this week. The federation prefers to set out the current facts of life of the industry—demand still greater than it can supply in spite of steady expansion ; the difficulty of getting enough scrap to maintain the traditional reliance on this steel-making material ; the need therefore for a higher proportion of pig iron, which will require more low-grade home iron ore at rising prices but also much more foreign ore at prices that the federation still wistfully believes might moderate, relatively, in a few years' time. And almost incidentally it mentions, tucked away in a note well outside its main argument, that British home trade prices for steel are still somewhat cheaper than those in most other major steel-producing countries, where prices, too, appear likely to be going up. Very mildly, it comments

> Since much is made of the impact of German competition in engineering and other metal goods, it is perhaps particularly instructive to compare the prices paid by the British and German industries for their steel.

For open hearth steel, the German engineer in fact has to pay between 14s. 6d. a ton extra (for reinforcing bars) and £8 a ton extra (for sheet).

The review mentions that the last increase in British steel prices, in May. did not take full account of the rises that had already occurred in the industry's labour and transport costs ; nor could it cover the subsequent increase in coal prices. There it halts the argument. This, no doubt, is partly to leave the facts to speak for themselves ; they do. It may also reflect considerable internal disagreement within an industry that has long argued the case for stable and controlled prices—which now has to deal with a Government that wants prices frozen and a state-appointed board that has taken the actual figuring of prices out of the industry's own hands.

Rubber Shod Economics

IN investigating the rubber footwear industry the Monopolies Commission encountered an unusual and rather strange defence of a system of uniform prices arrived at by prior consultation. It was based on the economic principle that in a perfectly competitive market, in which competitors and customers are fully informed, there can be only one price for a product of uniform quality. Therefore, argued the rubber shoe makers, a uniform price is "strong circumstantial evidence of the existence of effective competition." This seldom occurs in any modern market because competitors are ignorant of each other's intentions and have to "grope blindly." The way out is for manufacturers to meet and consult with each other, as the eight members of the Rubber Footwear Manufacturers' Association—with two-thirds of the domestic market in rubber boots and nearly half of the market in canvas footwear—have been meeting and consulting before each summer and winter selling season. At these meetings the natural "price leader" in each standard line would emerge. Dunlop, which produces 44 per cent of all rubber boots and 31 per cent of canvas shoes, happened to be this natural leader for almost all types of shoes. All other manufacturers would then follow the leader's prices, though there was no formal compulsion for them to do so. Thus, argued the makers, the imperfections of modern marketing were corrected and the conditions of an impossibly perfect market place conjured up in the Association's board room.

Unfortunately for the consistency of this remarkable defence the Association's members had an understanding not to alter their prices during each selling season. They also agreed not to arrange special prices with large customers without notifying the rest, and they operated a classified list of traders entitled to ordinary and special wholesale terms. But the main argument was itself patently false, and easily punctured by the Commission. Uniform prices can be the symptom equally of perfect agreement as of perfect competition. Uniform prices were found to exist for footwear products that were not uniform in themselves. Following the price leader, whose costs happened to be not among the lowest, merely meant "a tacit agreement by 'competing' manufacturers to observe, irrespective of their own costs, the prices set by Dunlop or by North British." As a result the Association's members were hampering their own ability to meet effectively the formidable competition in canvas footwear from importers and manufacturers in the leather footwear industry and the growing competition in rubber boots from importers. The two non-members, of whom Bata has been one since 1952, had been much more successful. So the Commission recommends that the members of the Association should cease consulting each other on prices, in their own interest as well as that of the public, and that they should drop the attendant agreements on price variations and dealers' terms. But the prominent position occupied in this industry by Dunlop, the Commission concludes, does not operate against the public interest, except through the company's membership of the Association.

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The Old Lady's Veil

THE Bank of England continues to hold the distinction of being the one nationalised institution to conform with the obligation of issuing an annual report on its activities without reporting on its activities. In the latest instalment, the only light shed on the Bank's policy in the first year of the credit squeeze is that in the spring of last

Germany's Export Challenge

BY 1953 West Germany's export trade had already made a remarkable recovery. Yet the volume of German exports has since risen in 1954 and 1956 by no less than 40 per cent and Germany's share of world trade in manufactures has made a further stride from 13.3 to 15.6 per cent (the prewar share of all Germany was 23 per cent). That compares with a rise of 11½ per cent in the volume of British exports in the same two years, and with a fall in Britain's share from 21.3 to just under 20 per cent. German exports had reached three-fifths of Britain's exports by 1953 ; in 1955 the proportion had risen to three-quarters. How has Germany done it ? Some of the answers appear in an official study of German competition published in the *Board of Trade Journal* last week.

THE EXPORT RACE
($ million)

	1953	1955	% Change
Power machinery:			
UK	213	272	+ 27
Germany	119	141	+ 18
Agric. machinery:			
UK	42	50	+ 19
Germany	30	45	+ 50
Tractors :			
UK	119	163	+ 37
Germany	51	75	+ 47
Office machinery:			
UK	31	41	+ 32
Germany	26	48	+ 85
Metal working machinery :			
UK	82	78	− 5
Germany	187	177	− 5
Elect. machinery :			
UK	482	537	+ 12
Germany	276	449	+ 63
Other machinery :			
UK	625	682	+ 9
Germany	555	704	+ 27
Railway vehicles :			
UK	119	113	− 5
Germany	60	58	− 3
Road vehicles :			
UK	695	834	+ 20
Germany	281	590	+ 111
Ships and boats :			
UK	111	150	+ 35
Germany	89	168	+ 89
UK total	2,519	2,922	+ 16
German total	1,673	2,457	+ 47

The old story that German industry still enjoys special privileges gets no support. Materials and fuel, in fact, cost a little less in Britain than in Germany. Rates of company taxation are very similar, and local taxes in Germany are higher than local rates in Britain. Tax reliefs for German exporters expired at the end of last year. The British exporter has larger sources of credit, pays less for it, and can insure those credits as cheaply as his German competitor.

German industry has had the great advantage of a vast influx of new workers. Between 1950 and 1955 the number of wage and salary earners rose by nearly four million. That influx has brought a profound stimulus to the rate of increase in German output and a considerable, though by no means an absolute, restraint on wages.

Taking the ratio of production to employment as a crude index of productivity, the report finds that output per man in manufacturing rose by 17 per cent in Germany between 1953 and 1955, and in Britain by 10 per cent. Average weekly earnings in Germany rose by 12 per cent (much less than output per man), and in Britain by 17 per cent (much more than output per man). So labour costs dropped by 4 per cent in Germany and rose by 6 per cent in Britain. Although it is difficult to compare the absolute level of productivity in the two countries, movements in costs have clearly been in Germany's favour. "Fringe" payments to labour are thought to be higher in Germany than in Britain, but not so much higher as to bring total payments to labour up to the British level. Nor is there any evidence that productivity in Germany is so much lower than in Britain as to cancel the apparent advantage in labour payments.

WHAT LABOUR COSTS
All Manufacturing Industries : 1953=100

	1949	1952	1955
Production :			
Germany	55	92	132
UK	87	94	115
Employment :			
Germany	81	96	113
UK	95	99	105
Output per man :			
Germany	68	96	117
UK	92	95	110
Weekly earnings :			
Germany	71	95	112
UK	76	95	117
Labour costs per unit :			
Germany	104	99	96
UK	83	100	106

WHERE THE EXPORTS GO
($ million)

	1953	1955
UK :		
OEEC area	2,088	2,296
Sterling area	3,243	3,694
Eastern Europe	43	103
North America	886	910
Latin America	310	318
Rest	660	814
Total	7,230	8,135
Germany :		
OEEC area	2,696	3,750
Sterling area	324	512
Eastern Europe	54	121
North America	328	442
Latin America	431	504
Rest	566	771
Total	4,389	6,100

OVERHEARD AT THE FESTIVAL HALL

your sales are limited by the number you ignore

"Most products sell in the mass market to-day. It makes media selection much easier. You just go in the papers with multi-million circulations, and there you are!"

"What do you do about the people who don't read papers with multi-million circulations?"

"There aren't enough of them to worry about."

"Aren't there? There are plenty at this concert and I don't know how many more listening at home. And what about the serious playgoers, the balletomanes, the people who throng the art galleries to see modern art? They want a popular type of newspaper which caters for their interests. So what newspaper do they buy?"

"The News Chronicle, I should say."

"The News Chronicle. The paper which is read by that part of the mass market which appreciates the better things in life. They may not be in the majority but your sales are limited by the number you ignore. The News Chronicle carries more financial advertising than any other popular daily. Can **you** afford to ignore the most valuable and discriminating section of the mass market?"

year "the condition of the gilt-edged market . . . made possible vigorous departmental net sales"—which indeed was obvious at the time. It is recalled further that during the year to end-February, the Bank made advances to the discount market at Bank rate on 100 days. The new information in the report is confined to the usual isolated scraps. Merchanting transactions conducted in sterling between non-sterling area countries rose further in 1955, to £176 million—compared with £163 million in 1954, £142 million in 1953 and £124 million in 1951. The total value of commodities sold to countries outside the sterling area under the special commodity market schemes rose still more steeply, from £299 million in 1954 to £393 million last year. The Bank points to the substantial increase in business in the London foreign exchange market, and states that the turnover of US dollars was up by about 40 per cent.

A New Fiver

EARLY next year the Bank of England will issue a new five-pound note—in colour and only very slightly larger than the one-pound note. The innovation will be widely welcomed. It has long been clear that the postwar rise in prices and wages called for a note in common usage of higher denomination than one pound. The existing fiver (which will remain in circulation for some years) suffers both from its unwieldy size and from a prejudice that appears to remain in the public mind against its acceptability. Even so, the use of five-pound notes has been increasing steadily. Their circulation has doubled in the past six years, but at end-February it was no higher than £242 million, against £1,357 million in ones.

In the past year or so the use of fivers has quickened markedly, as the Coal Board and high-wage motor and other companies have begun putting them into wage packets. This has saved a considerable amount of time both for pay staffs and for the banks—though it has caused some annoyance to shopkeepers, who have found that they need to keep considerably more one-pound notes. But even this inconvenience should be diminished if the new fiver achieves a really significant increase in popularity—which it should do, on grounds of attraction, convenience and confidence. The general public may then become rather less attached to the conviction that the first thing to do with a fiver is to change it.

Bid for Robinson and Cleaver

CITY CENTRE PROPERTIES have now made a formal offer to the shareholders of Robinson and Cleaver of £5 for each of the 250,000 ordinary shares, subject to the acceptance by owners of not less than 75 per cent of the issued capital (or less if the bidders are willing to accept). Informal skirmishing now becomes formal battle.

The directors of Robinson and Cleaver have again advised shareholders not to accept the offer and they have replied to it with a promise of a preliminary report, on August 15th, of results for the year to July 31st, instead of waiting until the usual time of early October. The directors will then declare the final dividend (they repeat that it will be substantially higher than last year's payment) and will publish full details of the company's assets and how they propose to employ them in the business. As City Centre Properties' offer is open until August 31st, Robinson and Cleaver shareholders will obviously wait until this preliminary report is published before deciding about City Centre Properties' offer.

In the meantime they can consider some of the implications of City Centre Properties' own preliminary report. Its most arresting disclosure is that "the total capital expenditure involved in developments in various parts of the country in which the group is interested exceeds £10 million." These projects are expected to be completed within three to five years and to add considerably to the group's revenue. The sum is large in relation to the group's own liquid resources and the absorption of Robinson and Cleaver (which ought to be well supplied with cash from the sale of its Crown lease on the Regent Street property) would no doubt ease City Centre Properties' own financing problems. In spite of an increase in "loans and mortgages" from £2,624,193 to £3,746,115 in the year to March 25th last, City Centre still seems to be short of cash. Its total current assets at that date amounted to £357,126, against current liabilities of £1,657,596; a year earlier current assets totalled £317,874 and current liabilities £2,763,971, including a bank overdraft of over £1,900,000. These figures must prompt a question about the financial arrangements that the group would have to make to satisfy its offer, which if fully accepted would require £1,250,000 in cash. The directors of City Centre Properties are considering a free scrip issue but at the moment they are content to leave the ordinary dividend unchanged at 17½ per cent.

Closing a Small Loophole

A NEW order makes it necessary to secure Treasury consent before a company issues shares or debentures in consideration of the transfer to that company of property, except where the property consists either of the assets of an undertaking being sold to the company (as happens on the conversion of a partnership into a company) or of the securities of another company (as happens when two companies are merged into one). This closes a loophole through which a company could get new money without seeking the prior consent of the Treasury. The method was for a parent company to sell its property to a subsidiary in return for shares and debentures; the parent company could subsequently raise new funds by selling the shares or debentures, retaining control of the assets through its ownership of the equity. The new order should also check efforts by property companies to evade the surveillance of the Treasury by building a property, forming a new subsidiary, creating a new debenture, selling that debenture and then starting the cycle again. But it will not hamper the normal take-over bid, where shares are offered in exchange for existing shares.

While the Chancellor has tightened the reins on new issues with his right hand, he has loosened them with his left hand. In a letter to Lord Kennet, the chairman of the Capital Issues Committee, Mr Macmillan seeks to encourage more capital investment in Northern Ireland. He says that

the Treasury is ready in principle to consent to the raising of new money exclusively for investment in Northern Ireland provided that such proposals fulfil the normal screening conditions of the Capital Issues Committee.

Oxygen by TV

To celebrate the opening of the first tonnage oxygen plant in Britain this week (a tonnage oxygen plant makes this gas in quantities that can more easily be counted in tons than in cubic feet) the British Oxygen Company held a rather unusual form of meeting. Its offices in London were connected by a closed TV circuit and a two-way radio link with the plant at Port Talbot. The Home Secretary, in his capacity as Minister for Welsh Affairs, pressed a button in London and the air compressor started to suck in air in South Wales, watched and heard by an audience in London. Conditions were not particularly kind for this 200 mile link—the longest closed circuit for industrial purposes yet achieved in this country; it was carried by Post Office lines used by the BBC for the bulk of the distance and by a microwave link for the last few miles—but reception was on the whole good. It had been better for previous rehearsals. A raging gale in South Wales on the opening day disturbed the sound link—but not the TV circuit—and at one point caused a question from London about ancillaries to be translated to a puzzled steel manager in South Wales as a question about "distilleries."

The plant, which has a capacity of 100 tons of oxygen a day, will feed the Abbey and Margam works of the Steel Company of Wales, and a second plant of 200 tons daily will follow very shortly. Others are being built for steel and chemical plants in other parts of the country. Besides marking the inauguration of the first tonnage oxygen plant, however, Wednesday's meeting had some significance for industrial television. Since a closed circuit was used five years ago to link an overspill meeting at a hall in Edinburgh with the neighbouring main conference room, television has been adapted to a number of industrial, educational, and defence uses. As an industrial tool it has been used profitably where vision is required but it would be dangerous, inconvenient, or impossible to place the human eye. Apart from conferences and office communication—Glyn Mills have used a ten-mile micro-wave link since 1952 to check signatures on cheques with its records office—television has been used for control and inspection purposes in a wide variety of industries, including nuclear and steam power stations, steel plants, aircraft testing—and the bridge of a whaling ship. As experience has been gained the cost and simplicity of equipment has been improved, but television is not necessarily a cheap toy for industrialists.

Spurt in Nickel

NICKEL shares rose sharply this week after the United States government announced that it will pay premium prices to encourage production of nickel. In London the stock of the International Nickel Company of Canada, which accounts for about four-fifths of world production, rose from $187¼ to $208, and in Toronto shares of Falconbridge Nickel Mines and Sherritt Gordon Mines rose by about 12 per cent. The United States is almost entirely dependent on foreign sources of nickel, and its premium price contracts will be available to domestic and foreign producers. Unless the government demands delivery into its own hands, producers will have the option of delivering to the government or to American industry.

The government's decision is an extension of existing policy. For several years the United States has paid premium prices to enable the low-grade deposits in Canada and elsewhere to be opened up. Prices have ranged up to $1 a lb, which compares with International Nickel's present price of 64½ (US) cents a lb, and with its price to consumers in this country of £519 a ton. Despite the diversion of considerable quantities of nickel from the American strategic stock there appears to be no slackening in the demand for nickel in the United States or Europe. Prices paid for the small quantities that come on to the open market are still as high as £2,000 a ton.

Company Notes

GREAT UNIVERSAL STORES. "Gussies" ordinary dividend announcement usually sends up the price of its shares. This year the dividend has been raised from 60 to 62½ per cent (paid on a capital as increased by a 10 per cent free scrip issue), but in the course of two days the "A" ordinary shares fell by 2s. 7½d. to 38s. 10½d. The market was unsettled by the Suez Canal seizure, but Mr Isaac Wolfson and GUS are many miles from the Canal and the fall reflects a genuine disappointment with the trading results.

Profits again show an advance, rising by £1,349,706 to £20,273,185. But £364,233 of this increase simply reflects profits earned by subsidiaries newly acquired during the year to March 31st; in 1954-55, £546,127 of the increase of £3,369,155 represented profits earned by newly acquired subsidiaries. Set against advances in earnings reported in earlier years, the annual figures suggest that the rate of increase in GUS's profits is slowing down appreciably. The trend of the half-yearly figures brings out the same point. Comparing equivalent periods, profits in the six months to September 30, 1954, rose by 27½ per cent, in the six months to March 31, 1955, by 17 per cent, in the six months to September 30, 1955, by 8½ per cent, and in the six months to March 31, 1956, by 6 per cent. It seems that GUS's profits have been affected by the rise in costs and are not escaping the squeeze, even though, as Mr Wolfson has claimed, only one fifth of the group's business at home is on hire purchase and sales of clothing and drapery are bigger than sales of furniture. By their length hire-purchase contracts tend to cushion profits on any setback in current sales. But though the march of the multiples, taking in the weekly shillings of the millions, has been checked, it has by no means been halted.

	Years to Mar. 31, 1955	1956
Consolidated earnings :—	£	£
Trading profit	18,923,479	20,273,185*
Depreciation	973,352	1,298,191
Loan interest	499,387	613,157
Taxation	9,634,158	10,377,993
Net profit	*7,510,322*	*7,681,528*
Ordinary dividends	2,864,999	3,373,626
Reserves	2,376,998	2,697,861
Added to carry forward	2,205,886	1,545,497
5s. "A" ordinary shares at 38s. 3d. yield £8 3s. per cent.		

* Including £364,233 being profits of new subsidiaries acquired during the year.

JOHN BROWN. From its interests in shipbuilding, boilermaking, machine tools and railway carriages and wagons, John Brown cannot fail to do well when the demand for capital goods runs high. Rising costs, not falling sales, are the danger. In the year to March 31st the group did well. Its profits before tax rose, more vigorously than had been expected, from £2,229,218 to £3,067,953. The increase may have been partly influenced by the completion of large contracts, but if that is so, the fact remains that profits have been rising steadily since 1952-53.

Profits after tax attributable to the parent company have risen from £858,130 to £1,233,048. But this has not been a signal for an increase in the ordinary dividend, which is left unchanged at 1s. 2d., tax free, per £1 stock unit, absorbing £376,933. The dividend cannot be described as anything but conservative; the directors may have been influenced by apprehensions about higher future costs. On the maintained dividend the £1 units at the current price of 38s. offer a gross yield of 5.3 per cent.

★

GENERAL ELECTRIC. The full accounts of General Electric help to put the decline in trading profits in the year to March 31st, discussed in these columns last week, in perspective. They show that the actual decline in trading profits before all charges was slight—only £136,550 to £9,752,774. The much bigger decline in gross profits before tax, from £7,538,966 to £6,562,231, was due to heavier charges for depreciation, unascertained liabilities and loan interest. Nevertheless, the perspective revealed by the accounts is not too inspiring when it is compared with the experience of the other giants of the electrical industry.

In the directors' report the chairman, Sir Harry Railing, says that "sales for the year continued their steady and satisfactory increase and constitute another record"; "total exports reached a record figure"; and "the order book for capital goods remains satisfactory but the falling off in certain consumer goods continues." If that were all, there would be little reason for complaint. But profits have fallen and Sir Harry attributes this to three factors. First, costs of production and distribution have been rising and have not been fully recovered in prices. Secondly, "difficult trading conditions in certain consumer goods following the measures which the Government have taken to curb expenditure" have had their effect on the results. And, thirdly, overseas subsidiaries have had a difficult year "owing to keen competition, import restrictions and local manufacture" and there have been losses on exchange in Argentina and Pakistan. This is not a unique experience; other chairmen in other companies and other industries have laid stress on the same difficulties in trading this year.

The failure of profits to respond to the increase in sales has set GEC a new financial problem. Its stocks and work in progress have risen from £35,544,510 to £43,457,144, thanks to "a greater volume of capital goods in course of production" and to "an increase in finished stock which is partly due to the fall in orders for consumer goods." As a direct result, the group's cash balances have fallen from £7,150,352 to £1,373,435. The group's outstanding capital commitments are estimated at £2,212,975. This report will not encourage stockholders to raise their sights beyond the 14 per cent dividend paid for 1955-56.

	Years to Mar. 31, 1955	1956
Consolidated earnings :—	£	£
Trading profit	9,889,324	9,752,774
Depreciation	1,465,185	1,795,377
Unascertained liabilities provisions	192,326	523,333
Loan interest	291,087	493,171
Income before tax	*7,538,966*	*6,562,231*
Taxation	3,994,185	3,669,441
Income after tax	*3,452,546*	*2,759,417*
Non-recurring credits	328,524	381,696
Ordinary dividends	1,040,112	1,104,032
Retained profits	2,552,458	1,843,306
Cons. balance sheet :—		
Net fixed assets	15,817,045	18,519,881
Trade investments, etc.	2,731,500	2,851,807
Net current assets	41,085,739	44,432,588
Stocks	35,544,510	43,457,144
Cash	7,150,352	1,373,435
Bank overdraft	153,283	479,158
Loan capital	9,844,349	14,187,151
Reserves	29,403,998	31,247,304
Ordinary capital	13,714,680	13,714,680

£1 ordinary stock at 54s. 9d. yields £3 2s. per cent.

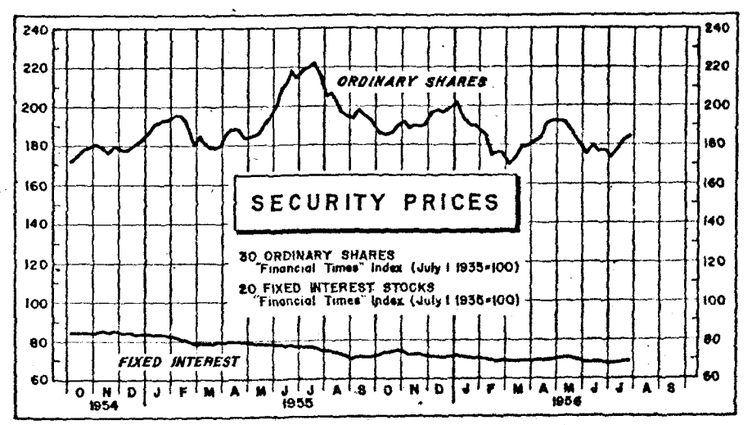
LONDON STOCK EXCHANGE

Next Account begins August 8th
Next Contango Day August 8th
Next Settlement Day August 14th

LEADING oil shares slumped heavily on the seizure of the Suez Canal; British Petroleum fell 8s. 9d. last Friday and the same amount on Monday, while in the same period Burmah lost 15s. and Shell 11s. 10½d. The Government's action caused a partial recovery, leaving British Petroleum 11s. 10½d. lower on balance over the week at 163s. 9d. National Bank of Egypt dropped 2½ to 13¼ and British Bank of the Middle East 2s. to 34s. Anglo-Egyptian Oilfields fell 12s. 6d. to 36s. 3d. The crisis checked the buoyancy of industrial stocks, the *Financial Times* index of ordinary shares moving back 4.2 to 181.4 on Monday, but there was a steady recovery later although business was restricted. The prices of Government securities continued to slide throughout the week, the *Financial Times* index reaching 83.64, the lowest point recorded, on Wednesday. Short-dated stocks receded; 4 per cent Conversion 1957/58 lost ⅛ to 98⅛ and 2 per cent Conversion 1958/59 ⅛ to 94⅛.

Bank shares weakened; Lloyds "A" lost 1s. 6d. and Barclays 10½d. Prudential Assurance "A" fell 3 to 42. Gus "A" declined 3s. 3d. following the results and Canadian and English Stores' preferred ordinary lost 7½d. to 15s. 1½d., and its ordinary shares fell by 9d. to 7s. 9d. Debenhams was strong, advancing by 1s. 3d. to 37s. 3d. Standard Motor hardened to 8s. 1½d. following the moves for an inquiry. Rolls-Royce improved 1s. 3d. to 108s. 6d. but Ford were 6d. lower. ICI dropped 1s. 9d. to 45s. 4½d., and Borax was ⅛ lower on balance despite a rise of 3s. 9d. on Wednesday to 13⅛. *Shipping* weakened, Cunard losing 1s. 6d. to 21s. 9d. and P & O deferred 1s. 9d. to 30s. 6d. United Molasses declined to 47s. 6d. before recovering to 49s. 6d.

Kaffirs remained quiet with Winkelhaak falling back to 16s., but coppers advanced. Rhodesia-Katanga and Rhodesian Anglo-American were prominent with gains of 2s. 10½d. and 5s. 7½d. respectively.



FINANCIAL TIMES INDICES

1956	Security Indices: Ord.*	Fixed Int.†	Yields: 2½% Cons.	Ord.
			%	%
July 26	185·6	93·80	4·79	5·75
„ 27	183·2	93·73	4·81	5·82
„ 30	181·4	93·51	4·82	5·88
„ 31	182·8	93·48	4·83	5·84
Aug. 1	183·9	93·26	4·87	5·80
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	Total bargains 1956 July 26	7,647
„ Low	169·7 (Mar. 8)	93·20 (July 4)	„ 27	8,099
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 30	9,939
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 31	7,511
			Aug. 1	8,055

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Aug. 1, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, July 25, 1956	Price, Aug. 1, 1956	Net Yield, Aug. 1, 1956 § £ s. d.	Gross Yield, Aug. 1, 1956 £ s. d.
98 16/32	97	Funding 2½% '52-57	98 28/32	98 16/32	3 1 0	4 8 3
98 8/32	98 3/32	War Bonds 2½% (assented)	98½*	98*	2 19 3	4 17 8
95 3/32	93 1/32	War Loan 3½% '55-59	94 28/32	94 28/32	3 6 7	4 15 5
91 3/32	88 16/32	Funding 2½% '56-61	90¼	90†	3 10 3	4 14 3
100 1/32	99 16/32	Exchequer 5% 1957	100 1/32	100	2 10 9	4 19 9
99 16/32	97	Conversion 4% '57-58	98 3/32	98 3/32	3 4 7	5 1 6
97 16/32	95²	Serial Funding 2½% 1957	97 16/32	97 16/32	3 0 11	4 3 8
94 16/32	91	Conv. 2% 1958-59	94 16/32	94 16/32	3 9 6	4 7 5
92 1/32	88 8/32	Exchequer 2% 1960	92	91 3/32	3 12 6	4 10 2
95 1/32	92¼	Exchequer 3% 1960	94 16/32	94 28/32	3 6 10	4 12 7
83½	83	Savings Bonds 3% '55-65	83⅛*	83⅛*	3 19 1	5 7 4
82½	77⅛	Funding 3% '59-69	78⅜	78⅛	3 19 9	5 10 4
92⅛	87⅛	Funding 4% '60-90	87⅜	87½	6 7 10	8 7 9
81½	75 1/32	Savings Bonds 3% '60-70	76¼*	75⅛*	4 0 2	5 10 0
91⅜	88⅛	Exchequer 3% '62-63	89½	88⅜	3 12 2	5 0 1
87⅛	83 3/32	Exchequer 2½% '63-64	85½	84⅛	3 15 3	4 19 5
81 1/32	76½	Savings Bonds 2½% '64-67	77⅜	77⅛	4 2 9	5 8 3
79⅛	72 1/32	Savings Bonds 3% '65-75	73⅛*	72⅛*	3 14 8	5 5 7
96½	90½	Victory 4% '20-76	91*	90⅛*	3 6 7	5 2 9
83 3/32	78 1/32	Funding 3% '66-68	79*	78⅛	4 0 0	5 9 4
88 3/32	82½	Conv. 3½% 1969	82⅛*	82⅛*	3 16 0	5 9 1
83 3/32	77	Treas. 3½% '77-80	77⅜	77½	3 8 8	5 4 3
84½	76⅜	Treas. 3½% '79-81	77½*	76⅜*	3 8 6	5 3 9
72 3/32	66	Redemption 3% '86-96	67	66⅜	3 5 2	5 0 3
81½	74⅜	Funding 3½% 1999-2004	75½	74⅜	3 0 4	4 17 6
84⅜	76⅜	Consols 4% aft. Feb. '57	77⅜*	77⅛	2 19 8	5 3 9
77	69⅜	War Ln 3½% aft. Dec. '52	70⅜	69 15/32	2 17 11	5 1 2
76⅜	69¼	Conv 3½% aft. April '61	70½	69⅜	2 18 3	5 2 1
66⅜	59⅛	Treas. 3% aft. April '66	61⅜	61	2 17 1	5 0 0
56⅜	51⅜	Consols 2½%	52½	51⅜	2 16 1	4 17 8
56⅜	51½	Treas. 2½% aft. April '75	52⅜	51½	2 16 3	4 18 6
98⅜	90½	Br. Elec. 4½% '67-69	90¼*	90¼*	3 9 11	5 10 5
80½	74⅛	Br. Elec. 3% '68-73	75⅛	74⅛	3 17 3	5 8 9
79½	72⅜	Br. Elec. 3% '74-77	74	73⅜	3 12 3	5 4 3
95	88	Br. Elec. 4½% '74-79	88⅞	88⅜	3 4 3	5 4 8
83 15/32	77⅛	Br. Elec. 3½% '76-79	78½	77½	3 8 9	5 4 4
90⅜	84⅜	Br. Gas 4% '69-72	85⅛*	85*	3 10 7	5 8 1
87 1/32	81 16/32	Br. Gas 3½% '69-71	82½	82	3 12 10	5 7 10
73⅜	67½	Br. Gas 3% '90-95	68½	67½	3 4 5	4 18 8
80 1/32	74 1/32	Br. Trans. 3% '68-73	75½	74½	3 17 3	5 8 9
90⅛	84½	Br. Trans. 4% '72-77	84⅞	84⅜	3 6 11	5 5 3
75⅜	67	Br. Trans. 3% '78-88	68½	67½	3 7 11	5 1 4

Prices, Jan. 1 to Aug. 1, 1956 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, July 25, 1956	Price, Aug. 1, 1956	Yield, Aug. 1, 1956 £ s. d.
		%	%		STEEL & ENGINEERING			
85/6	64/-	7	8	b	Babcock & Wilcox £1	75/6	75/-	4 0 0
13/-	9/4½	3½	10½	b	Cammell Laird 5/-	10/3	10/9	6 10 3
35/-	25/7½	8	3	a	Dorman Long £1	28/-	27/9	5 15 4
54/9	40/-	3½	8½	b	Guest Keen N'fold £1	45/-	44/7½	5 8 2
55/6	41/6	4	6	b	Metal Box £1	50/7½	50/-	4 0 0
75/-	57/10½	12½	5	a	Stewarts & Lloyds £1	64/6	64/3	5 12 6
48/-	36/9	8	4	a	Summers (John) £1	37/6	37/3	6 9 0
57/-	46/6	11	3	a	Swan Hunter £1	51/3	52/6	5 6 8
49/9	37/6	8½	4	a	United Steel £1	40/7½	40/7½	6 3 2
44/3	32/4½	2½	7½	b	Vickers £1	41/9	43/3	4 12 6
					TEXTILES			
24/6	19/10½	6	4	a	Bradford Dyers £1	22/3	22/-	9 1 10
23·7½	15/1½	3	5	b	Brit. Celanese £1	15/6	15/6	10 6 6
25/10½	21/9	2½	6	b	Coats (J. & P.) £1	23/-	22/9	7 13 10
44/-	33/6	4	6	b	Courtaulds £1	36/6	36/3	5 10 4
21/3	14/6	5	5	b	Fine Spinners £1	14/6	14/9	13 11 2
30/-	22/3	7½	5	a	Lancs. Cotton £1	25/-	26/9	9 6 10
31/7½	26/-	2½	10	b	Patons & Baldwins £1	27/9*	28/3*	8 17 0
					MOTOR & AIRCRAFT			
22/4½	16/3	3½	6½	b	Bristol Aeroplane 10/-	18/6	18/-	5 11 1
	5/10½	8½	4	a	British Motor 5/-	7/-	7/-	8 18 7
		2½	5	b	Ford Motor £1	35/7½	35/7½	4 4 2
44/3	29/3	12½	3	a	Hawker Siddeley £1	43/-	46/4½	3 15 7
47/6	29/9	12½	12½	b	Leyland Motors £1	47/6	47/6	5 5 3
48/3	38/3	10	12½	c	Rolls-Royce £1	106/3	107/6	3 5 1
115/10½	85/6	5		a	SHOPS & STORES			
			8	b	Boots Pure Drug 5/-	14/6	14/6	4 16 7
18/10½	13/10½	6		a	Debenhams 10/-	36/-	37/6	7 6 8
38/6	29/-	20		b	Gt. Universal 'A' 5/-	41/6	38/6	8 2 4
44/9	32/9	15		a	Marks & Spen. 'A' 5/-	61/6	61/-	4 1 11
71/1½	57/10½	17½	32½	b	United Drapery 5/-	21/9	21/-	7 14 9
25/6	19/1½	25		a	Woolworth 5/-	58/6*	56/6*	5 2 3
36½	55/6	64·10½		b	OIL			
			†5	a	†10 British Petroleum £1	175/-	167/6	3 2 3
183/9	99/-	12½		b	Burmah £1	113·1½	102/6	3 8 4
117/9	63/-	14		b	Royal Dutch 100 fl.	£85½	£82½	2 6 4
£87½	£58½	†13½		b	Shell Reg. £1	162/6	157/6	3 6 3
171/-	103/3	†5		a	Trinidad Oil 5/-	75/6	77/9	...
78/-	31/10½	†21½		c	SHIPPING			
		...			Brit. & Com'wealth 10/-	35/-	35/-	4 11 5
35/6	28/6		7½	b	Cunard £1	23/-	21/6	9 6 1
27/-	20/4½	2½		a	P. & O. Def. £1	32/-	30/6	5 4 11
35/9	27/-	3		a	MISCELLANEOUS			
					Assoc. Elect. £1	68/9	68/9	4 7 3
72/1½	45/-	14		c	Assoc. Port. Cem. £1	102/6*	102/6*	4 7 10
113/9	87/-	5		a	Bowater Paper £1	51/3	49/4½	4 11 0
60/9	42/3	7½		a	B.I.C.C. £1	51/-	50/-	5 0 0
54/9	45/3	4		a	Brit. Aluminium £1	76/3	81/3	2 19 1
81/3	40/4½	4		a	Brit. Amer. Tob. 10/-	49/-	49/6	6 3 0
60/-	45/9	†10		a	Canadian Pacific $25.	$61½	$62	4 8 6
$65⅞	$56⅜	3		b	Decca Record 4/-	27/6	26/10½	6 10 3
37/10½	24/9	43½	14·583	a	Dunlop Rubber 10/-	19/-	18/6	7 11 4
25/9	17/6	4		a	English Elect. £1	53/9	53/9	4 13 0
66/1½	47/3	4		a	General Elect. £1	55/-	55/-	5 1 10
65/6	50/3	4½		a	Imp. Chemical £1	47/-	45/9	4 7 5
49/10½	41/3	4		a	Imp. Tobacco £1	49/-	49/-	8 11 6
62/9	45/1½	12½		b	Inter. Nickel n.p.v.	$188½	$199½	3 7 6
$200½	$141½	$2·90	$3·75	c	London Brick £1	53/9	51/10½	7 14 4
64/6	51/6	7½		a	MonsantoChemicals 5/-	25/-	25/-	4 9 0
30/3	22/9	6½		a	Tate & Lyle £1	63/6	63/-	5 4 7
69/1½	56/3	12		b	Tube Investments £1	59/4½	60/-	4 13 4
69/6	54/3	12½		b	Turner & Newall £1	106/10½	105/7½	4 14 8
115/6	95/9	20		b	Unilever £1	78/9	78/9	4 0 0
82/9	61/7½	6		a	United Molasses 10/-	50/7½	50/-	5 15 9
52/-	34/1½	†5		a	Cons. Tea & Lands £1	27/-	26/-	13 7 6
40/-	25/9	†2½		a	London Asiatic Rbr. 2/-	2/2½	2/2½	18 7 8
2/10½	1/9½	5		a	United Sua Betong £1	47/6	47/6	18 18 10
61/9	37/6	15		a	MINES			
			50	b	Anglo-Amer. 10/-	8	7½	4 9 7
8½	6⅜	20		a	De Beers 5/- Def. Reg.	107/6	105/-	9 10 5
135/7½	94/4½	80	120	b	Free State Geduld 5/-	96/3	92/6	Nil
96/10½	67/6	...			Randfontein £1	39/4½	40/-	12 10 0
50/6	38/-	12½	12½	b	London Tin 4/-	9/4½	9/3½	12 17 8
10/11½	8/6	28		c	Rhokana £1	39½	41	6 8 1
46	35	262½	75	c				

(c) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Aug. 1, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, July 25, 1956	Price, Aug. 1, 1956	Yield, Aug. 1, 1956 £ s. d.
94½	79	80½	74⅞	Aust. 3½% '65-69	75½	75½	6 0 10
101½	87	87½	72	Ceylon 4% '73-75	77	77	6 1 10
103½	87⅛	88½	82½	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87½	64½	57½	I.C.C. 3% aft. 1920	59	58*	5 3 5
99	83	85½	83½	Liverpool 3% '54-64	84	84	5 10 7
84	65	68½	61½	M.Wtr. 'B' 3% '34-2003	63½	62½*	5 4 0
102½	94½	97½	92½	Agric. Mort. 5% '59-89	94½	94½	5 7 0
102½	91	116½	102½	German 7% 1924	116½	115½	...
213	149	206½	187	German 5½% 1930	206	205	...
212	160	225	208	Japan 5% 1907	225	224	...
254	190	275½	247½	Japan 5½% Conv. 1930	271	274½	...

New York Closing Prices

	July 25 $	Aug. 1 $		July 25 $	Aug. 1 $		July 25 $	Aug. 1 $
Balt. & Ohio.	49½	51½	Am. Smelting	53½	54½	Inter. Paper	137½	142½
Can. Pac.	32½	32½	Am. Viscose	36½	36½	Nat. Distill	26	25½
N.Y. Cent.	40½	39½	Cel. of Am.	16	16	Sears Roebuck	33½	35½
Pennsyl.	25	24⅛*	Chrysler	64½	64½	Shell	85½	88½
Amer. Tel.	184	184½	Gen. Elec.	64½	65	Std. Oil of N.J.	60½	61½
Stand. Gas	11½	11½	Gen. Motors	47½	47	U.S. Steel	63	64½
United Corp.	6½	6½	Goodyear	78½	79	Westinghouse	56½	57*
W. Union Tel.	19½	19½	Inter. Nickel	100½	110½	Woolworth	48½	49

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½% (e) To earliest date. (f) Flat yield. (g) On 16%. (h) On 8½%. (l) To latest date. (u) On 11½%. (v) On 15% Tax free. (w) On 14%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe:	
Production and Consumption	July 7th	Production and Trade	This week
Manpower	July 21st	British Commonwealth	July 7th
External Trade	July 28th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	July 21st
Industrial Profits	July 14th	United States	July 28th
		World Trade	July 14th

Prices and Wages

	Unit	1953	1954	1955	1955 July 19	1955 July 26	1955 Aug. 2	1956 July 10	1956 July 17	1956 July 24	1956 July 31
		mid-June									
WORLD PRICES											
Commodity Price Indicator: (1)											
All items	1952=100	89	99	93	95	95	96	90	90	89	91
Food	"	93·2	119·6	92·0	92·8	92·4	94·6	91·6	92·1	91·1	91·3
Fibres	"	87·0	88·7	83·2	80·9	81·1	80·9	80·7	79·8	78·8	78·2
Metals	"	80·0	81·5	95·7	98·0	100·0	99·0	92·6	93·2	92·2	95·8
Other items	"	95·9	93·5	106·9	113·5	113·7	115·2	97·3	97·0	96·7	101·7
BRITISH WHOLESALE PRICES		Monthly averages 1953	1954	1955	1955 April	1955 May	1955 June	1956 Mar.	1956 April	1956 May	1956 June
Materials used in:	June 30, 1949=100										
Non-food manufacturing (excl. fuel)	"	145·8	143·5	152·4	149·4	148·9	150·7	155·6	154·9	155·9	155·2
Mechanical engineering	"	145·7	150·4	168·1	164·4	162·5	163·8	177·3	175·9	177·0	176·0
Electrical machinery	"	155·2	160·5	185·7	182·3	178·2	181·0	199·9	195·1	189·7	184·3
Building and civil engineering	"	130·4	131·4	137·3	136·0	136·0	136·3	141·9	141·4	141·7	141·9
House building	"	128·7	130·7	137·1	135·5	135·6	136·5	141·7	141·3	141·2	141·5
Products of:											
Non-food manufacturing (excl. fuel)	"	125·2	125·5	129·6	128·4	128·8	129·3	134·8	135·1	135·4	135·5
Food manufacturing	"	138·6	139·1	143·9	144·0	144·1	143·3	146·5	146·6	146·8	146·9
Commodities:											
Cotton, raw (6)	"	140·6	155·0	149·7	150·6	150·7	150·6	148·3	150·6	164·6	164·9
Wool, raw	"	171·1	160·8	142·0	148·1	148·9	148·7	131·5	136·1	141·6	146·5
Rubber, No. 1 RSS, one month future	"	199·1	197·9	329·9	261·7	267·5	305·9	281·1	268·4	247·5	234·5
Softwood, imported	"	144·1	145·0	154·9	153·9	153·9	154·4	156·7	156·1	155·8	156·0
Copper, ex-warehouse (2)	"	217·6	213·4	295·7	281·8	265·7	278·4	351·3	324·0	289·1	258·6
UK RETAIL PRICES											
Interim index:	June 17, 1947=100	140	143	149	147	147	150	155	158	157	157
All items	Jan. 15, 1952=100	105·8	107·7	112·6	110·8	110·6	112·9	101·3	102·7	102·5	102·4
Food	"	111·3	114·2	122·8	119·9	119·8	124·8	102·9	106·0	104·2	102·9
All items	1938=100 (8)	228	232	242	238	238	243	252	256	255	255
Food	"	253	239	257	251	251	261	271	279	274	271
Rent and rates	"	129	134	138	137	137	138	142	145	145	145
Clothing	"	253	255	256	255	255	255	262	262	262	262
Fuel and light	"	207	216	228	223	216	219	248	248	243	250
Household durable goods	"	286	284	288	284	285	285	306	308	309	309
Drink	"	256	257	260	260	260	260	261	261	263	264
Tobacco	"	387	387	389	387	387	387	397	397	418	418
Purchasing power of £ (based on all consumer spending)	1938=100	42	41	39	40	40	39	38	37	37	37
UK TERMS OF TRADE											
Import prices:											
All items	1954=100	101	100	103	103	103	103	106	106	106	105
Food, drink and tobacco	"	97	100	101	101	101	101	99	101	103	102
Basic materials	"	103	100	104	104	104	104	106	106	105	105
Export prices:											
All items	"	101	100	102	101	101	102	105	104	105	106
All manufactures	"	101	100	102	101	101	102	105	104	105	105
Metals	"	105	100	104	102	103	104	111	111	111	111
Engineering products	"	100	100	103	102	101	102	105	104	105	107
Textiles (excluding clothing)	"	99	100	100	101	100	101	100	98	99	98
Terms of trade:											
Ratio of import to export prices	"	100	100	101	102	102	101	101	102	101	99
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	77·5	86·1	127·7	110·2	122·6	128·0	147·2	151·6	162·2	155·5
UK WAGES											
Weekly wage rates:	June 30, 1947=100										
All workers	"	136	142	151	152	152	152	162	163	164	164
Men	"	134	140	150	150	151	151	160	162	163	163
Women	"	140	146	155	154	154	155	164	165	165	166
Weekly earnings: (5)		s. d.									
All workers	"	160 1	171 9	187 2	182 3	...	...	...	...	...	...
Men	"	189 2	204 5	222 11	217 5	...	...	...	...	...	...
Women	"	102 5	108 2	115 6	112 5	...	...	...	...	...	...
All workers	Oct., 1938=100	301	323	351	342	...	...	...	...	...	...
Men	"	274	296	323	315	...	...	...	...	...	...
Women	"	315	333	355	346	...	...	...	...	...	...

(1) From August, 1953, the index has been revised to show a more representative wheat price. (2) Figures up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper; from May, 1955, onwards the proportion of copper sold at fixed prices has been taken into account. (3) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by *Professor R. G. D. Allen for the* London and Cambridge Economic Service. (4) New series based on January 17, 1956=100. (5) Surveys made twice a year; annual figures relate to October survey. (6) *Revised series based on Liverpool spot market prices, as from July 1, 1954.* (7) *Revised figure for food on June 26th was 91·5.*

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1953 = 100)												
1948	54	87	82	79	...	52	70	62	70	70	90	69
1954	114	106	109	109	112	122	102	109	111	109	104	109
1955	133	116	111	120	129	130	105	118	119	113	110	...
1955, December	133	127	110	127	138	131	108 [6]	122	124	112	116	...
1956, January	126	121	109	130	129	130	...	119	117	123	114	...
„ February	130	115	111	128	127	125	...	114	111	141	112	...
„ March	137	122	107	134	130	132	...	129	127	115	118	...
„ April	...	...	100	135	138	...	...	...	120	116	...	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas [3]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira
IMPORTS (c. i. f.)												
1948	243	7,249	285	56·08	264 [5]	152 [4]	11·36	70·36	414	310	413	64·2
1954	1,416	10,561	674	123·11	1,601	825	14·98	127·04	905	606	766	111·6
1955	1,922	11,790	678	136·74	2,029	955	17·03	140·93	1,016	648	859	116·1
1955, December	2,357	13,172	761	176·70	2,452	1,076	17·64	142·21	1,048	685	909	117·9
1956, January	1,912	12,347	764	124·55	2,151	919	18·18	164·46	1,154	802	937	77·1
„ February	1,730	11,657	590	145·86	1,775	1,088	17·92	143·72	996	595	783	129·7
„ March	2,171	...	669	172·29	2,164	1,001	16·18	167·69	1,084	601	802	107·1
„ April	2,004	...	606	164·00	2,274	...	14·67	141·15	1,193	762	1,018	108·1
EXPORTS (f. o. b.)												
1948	165	6,171	228	36·18	151 [5]	39 [4]	4·11	47·99	226	172	332	45·9
1954	1,321	9,581	554	121·94	1,832	380	9·59	85·33	764	347	683	78·2
1955	1,514	11,566	608	139·94	2,142	457	9·19	96·72	851	377	745	73·1
1955, December	1,773	14,416	729	201·24	2,715	905	9·95	101·54	898	391	804	106·4
1956, January	1,420	13,075	648	112·74	2,142	556	7·18	98·89	937	487	814	97·3
„ February	1,594	11,725	542	121·98	2,043	415	7·90	96·54	740	409	543	93·4
„ March	1,937	...	646	141·80	2,345	332	8·72	116·95	861	447	558	88·6
„ April	1,750	...	529	140·25	2,690	...	...	102·65	982	434	744	88·5
BALANCE												
1948	− 78	− 1,078	− 57	−19·90	− 113	− 113	− 7·25	−22·37	− 188	− 138	− 81	− 18·3
1954	− 95	− 980	− 120	− 1·17	+ 231	− 445	− 5·39	−41·71	− 141	− 259	− 83	− 33·4
1955	− 408	− 224	− 70	+ 3·20	+ 113	− 498	− 7·84	−44·21	− 165	− 271	− 114	− 43·0
1955, December	− 584	+ 1,244	− 32	+24·54	+ 263	− 171	− 7·69	−40·67	− 150	− 294	− 105	− 11·5
1956, January	− 492	+ 728	− 116	−11·81	− 9	− 363	−11·00	−65·57	− 217	− 315	− 123	+ 20·2
„ February	− 136	+ 68	− 48	−23·88	+ 268	− 673	−10·02	−47·18	− 256	− 186	− 240	− 36·3
„ March	− 234	...	− 23	−30·49	+ 181	− 669	− 7·46	−50·74	− 223	− 154	− 244	− 18·5
„ April	− 254	...	− 77	−23·75	+ 416	...	...	−38·50	− 211	− 328	− 274	− 19·6
VOLUME OF EXTERNAL TRADE (3) (1953 = 100)												
IMPORTS												
1948	48	86	59	84	...	...	90	57	64	71	85	46
1954	139	110	121	108	125	...	98	104	126	114	115	99
1955	198	117	120	121	152	...	107	113	141	119	128	93
1955, December	242	130	127 [6]	134	184	...	108	123	147	120	136 [6]	83
1956, January	187	122	...	113	161	...	113	123	162	145	} 121	{ ...
„ February	176	115	...	109	133	...	111	104	133	112		{ ...
„ March	216	...	...	168	157	...	99	...	143	109		{ ...
„ April	201	...	...	...	168	...	...	...	...	142	...	...
EXPORTS												
1948	37	69	48	48	...	...	55	66	34	70	69	55
1954	122	109	108	116	124	...	102	107	113	115	110	96
1955	136	118	118	130	142	...	95	124	124	117	115	71
1955, December	162	149	123 [6]	142	177	...	101	138	129	112	127 [6]	99
1956, January	129	133	...	111	140	...	73	133	138	141	} 96	{ ...
„ February	144	115	...	120	130	...	82	126	109	117		{ ...
„ March	171	...	...	120	151	...	91	...	124	129		{ ...
„ April	150	...	...	...	172	...	...	...	...	129	...	...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. Italy includes Trieste. (3) New drachmas introduced May 1, 1954 (1 new drachma=1,000 old drachmas). (4) Thousand million drachmas. (5) Bizonal area. (6) Average fourth quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended July 28th, 1956, there was an "above-line" surplus (after allowing for Sinking Funds) of £11,645,000 compared with a deficit of £4,301,000 in the previous week and a deficit of £9,084,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £9,693,000, bringing the total deficit to £263,579,000 (£358,518,000 in 1955-56).

£'000	Esti-mate, 1956-57	April 1, 1955 to July 30, 1955	April 1, 1955 to July 28, 1956	Week ended July 30, 1955	Week ended July 28, 1956
Ord. Revenue					
Income Tax	2085,500	331,045	365,183	24,586	29,567
Surtax	144,000	23,100	27,300	800	800
Death Duties	170,000	62,600	58,500	4,100	3,900
Stamps	58,900	23,800	20,100	1,900	1,400
Profits Tax, EPT	216,750	55,800	53,100	4,600	4,200
Excess Profits Levy	4,000	10,900	2,200	400	100
Special Contribution and other Inland Revenue	1,000	150	160	...	...
Total Inland Rev.	2680,150	507,395	526,543	36,386	39,967
Customs	1204,000	373,013	381,032	21,304	19,777
Excise	953,350	220,605	237,195	17,650	14,730
Total Customs and Excise	2157,350	593,618	618,227	38,954	34,507
Motor Duties	92,000	12,949	14,099	1,035	1,137
PO (Net Receipts)	10,900	...	...	...	...
Broadcast Licences	28,000	5,300	6,200	1,000	1,500
Sundry Loans	30,000	6,160	14,866	...	...
Miscellaneous	200,000	20,025	15,195	332	33
Total	**5197,500**	**1145,447**	**1195,130**	**77,707**	**77,144**
Ord. Expenditure					
Debt Interest	670,000	165,359	184,238	689	...
Payments to N. Ireland Exchequer	61,000	17,594	19,674	2,339	2,659
Other Cons. Fund	10,000	4,846	4,426	14	2
Supply Services	8941, 918	1081,383	1157,220	83,408	62,567
Total	**4682,918**	**1269,182**	**1365,559**	**86,450**	**65,229**
Sinking Funds	37,000	8,805	8,997	340	270
"Above-line" Surplus or Deficit	**—**	**—**	**—**	**—**	**+**
	132,540	**179,426**	**9,084**	**11,645**	
"Below-line" Net Expenditure	225,978	84,153	16,012	9,693	
Total Surplus or Deficit	**—**	**—**	**—**	**+**	
	358,518	**263,579**	**25,096**	**1,952**	
Net Receipts from:					
Tax Reserve Certificates	42,946	92,482	8,062	2,323	
Savings Certificates	12,000	−25,400	100	−2800	
Defence Bonds	1,097	−21,214	− 169	− 474	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
July 30	3,280·0	2,049·0	265·5	...	5,594·6
1956					
April 28	3,250·0	1,423·5	279·9	...	4,953·4
May 5	3,240·0	1,431·1	251·9	...	4,923·0
„ 12	3,230·0	1,426·6	257·4	...	4,914·0
„ 19	3,220·0	1,435·1	277·8	...	4,932·9
„ 26	3,220·0	1,446·4	277·4	...	4,943·8
June 2	3,240·0	1,439·6	243·0	...	4,922·6
„ 9	3,260·0	1,472·4	244·0	0·8	4,977·1
„ 16	3,280·0	1,216·0	240·6	...	4,736·6
„ 23	3,280·0	1,193·6	279·7	...	4,753·3
„ 30	3,270·0	1,237·7	268·5	5.3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780 6
„ 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7

THE MONEY MARKET

THE discount houses again changed their bid at the Treasury bill tender last Friday—for the sixth week in succession. The bid last week was raised by 3d. (in the previous week it had been reduced by 2d.) to £98 15s. 2d. per cent, thus carrying the rate just below 5 per cent, around which it has vacillated in the past few months. Total applications last week fell heavily by £37.4 million to £381.0 million, whereas the offer was down by only £10 million, to £270 million. The upshot was that the market succeeded in raising its allotment from 50 to 73 per cent.

Credit was almost continuously short in Lombard Street in the week to Wednesday. The Bank helped the market by making special purchases on each day except Saturday and Tuesday, and on Wednesday the aid reached moderate proportions. Rates for day-to-day money have ranged up to 4¾ per cent, and on occasion 5 per cent has been paid.

The price of gold in London rose on Tuesday to 252s. 1d. an ounce, the highest since the reopening of the gold market in March, 1954. The rise has reflected not only the weakening of sterling, but also a substantial increase in demand. This has raised the dollar price to around $35.10 an ounce.

The Bank return shows a further outflow of notes for holiday spending of £16.2 million. This brings the total active circulation to £1,979.2 million.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% 16/2/56)	5	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅛–5¼
Banks	3½	3 months	5⅛–5¼
Discount houses	3½*	4 months	5⅛–5¼
		6 months	5¼
Money Day-to-day	3½–4½	**Fine trade bills:**	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4⅛	4 months	6–6½
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Aug. 3, 1955	July 25, 1956	Aug. 1, 1956
Issue Department:*			
Notes in circulation	1,857·8	1,963·0	1,979·2
Notes in banking dept.	17·5	37·4	21·1
Govt. debt and securities*	1,871·3	1,996·2	1,996·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	25·6	11·9	14·4
Treasury special account	2·2	0·2	...
Bankers	216·4	215·6	200·7
Others	72·4	71·3	73·9
Total	316·6	299·0	289·0
Securities:			
Government	289·6	237·1	249·3
Discounts and advances	9·8	23·8	17·9
Other	15·6	17·0	16·9
Total	315·0	277·9	284·1
Banking department reserve	19·9	39·3	23·1
"Proportion"	% 6·2	% 13·1	% 7·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £2,000 million from £1,950 million on July 18, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
July 29	240·0	344·2	240·0	79 5·08	60
1956					
April 27	240·0	395·3	240·0	100 1·95	61
May 4	250·0	397·9	240·0	99 0·35	45
„ 11	250·0	404·5	250·0	98 11·66	42
„ 18	250·0	393·0	250·0	99 0·60	47
„ 25	240·0	375·2	240·0	99 1·15	52
June 1	260·0	381·4	260·0	100 3·45	53
„ 8	260·0	413·8	260·0	100 4·90	43
„ 15	240·0	396·0	240·0	100 4·20	41
„ 22	260·0	358·7	260·0	101 8·17	62
„ 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	452·4	280·0	101 1·84	61
„ 13	280·0	435·9	270·0	99 9·87	61
„ 20	270·0	418·4	270·0	100 3·82	50
„ 27	260·0	381·0	260·0	99 6·39	73

* On July 27th tenders for 91 day bills at £98 15s. 2d. secured 73 per cent, higher tenders being allotted in full. The offering yesterday was for £270 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: August 2	Market Rates: Spot: July 26	July 27	July 28	July 30	July 31	August 1
United States $	2·78–2·82	2·78⅛–2·79	2·78⅛–2·78⅝	2·78⅛–2·78⅝	2·78⅛–2·78⅛	2·78⅛–2·78⅜	2·78⅛–2·78⅜
Canadian $	...	2·73⅛–2·74⅛	2·73⅛–2·73⅝	2·73⅛–2·73⅝	2·73⅛–2·73⅛	2·73⅛–2·73⅛	2·73⅛–2·73⅛
French Fr.	972·65–987·35	980½–980½	980–980½	979½–980½	980–980½	980–980½	980½–980½
Swiss Fr.	12·15⅛–12·33⅛	12·19½–12·19½	12·18½–12·19½	12·18½–12·19	12·17⅞–12·18	12·17⅞–12·18	12·18½–12·18½
Belgian Fr.	138·95–141·05	138·97½–139·02½	138·95–139·00	138·95–139·00	138·95–139·00	138·95–139·00	138·97½–139·02½
Dutch Gld.	10·56–10·72	10·64½–10·64½	10·63½–10·63½	10·63½–10·63½	10·63½–10·63½	10·63½–10·63½	10·63½–10·64
W. Ger. D-Mk.	11·67⅛–11·84⅛	11·67½–11·67½	11·67½–11·67½	11·67½–11·67½	11·67½–11·67½	11·67½–11·67½	11·67½–11·68
Portuguese Esc.	79·90–81·10	80·15–80·35	80·15–80·35	80·15–80·35	80·10–80·30	80·10–80·30	80·10–80·30
Italian Lire	1736½–1762½	1747½–1748½	1746½–1747½	1746–1747	1746–1747	1746–1747	1747–1748
Swedish Kr.	14·37½–14·59½	14·42½–14·42½	14·41½–14·41½	14·41–14·41½	14·39½–14·40	14·39½–14·39½	14·40½–14·40½
Danish Kr.	19·19½–19·48½	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·33½–19·34	19·34½–19·34½
Norwegian Kr.	19·85–20·15	19·99½–20·00	19·99½–20·00	19·99½–20·00	19·98½–19·99½	19·98½–19·99½	19·99½–19·99½
One Month Forward Rates							
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
Canadian $		⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm	⅛–⅜c. pm
French Fr.		1–4 dis	1–4 dis	1–4 dis	2·5 dis	1–4 dis	1–4 dis
Swiss Fr.		2⅛–2¼c. pm	2⅛–2¼c. pm	2⅛–2¼c. pm	2⅛–2¼c. pm	2⅛–2¼c. pm	2⅛–2¼c. pm
Belgian Fr.		¼–½ pm	¼–½ pm	¼–½ pm	¼–½ pm	¼–½ pm	¼–½ pm
Dutch Gld.		2–1¾c. pm	2–1¾c. pm	2–1¾c. pm	2⅛–1¾c. pm	2⅛–1¾c. pm	2⅛–1¾c. pm
W. Ger. D-Mk.		2⅛–1¾pf. pm	2⅛–1¾pf. pm	2⅛–1¾pf. pm	2⅛–1¾pf. pm	2⅛–2pf. pm	2⅛–2pf. pm
Italian Lire		2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par
Swedish Kr.		2–1½ pm	2–1½ pm	2–1½ pm	1⅝–1½ pm	1⅝–1½ pm	1⅝–1½ pm
Danish Kr.		4–1½ pm	4–1½ pm	4–1½ pm	5–2½ pm	5–2½ pm	5–2½ pm
Norwegian Kr.		2½ pm–par	2½ pm–par	2½ pm–par	2½ pm–par	2½ pm–par	2½ pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/1⅛	251/4½	...	251/10½	252/1	252/-

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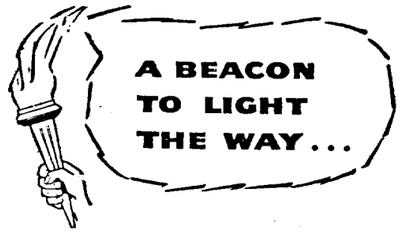

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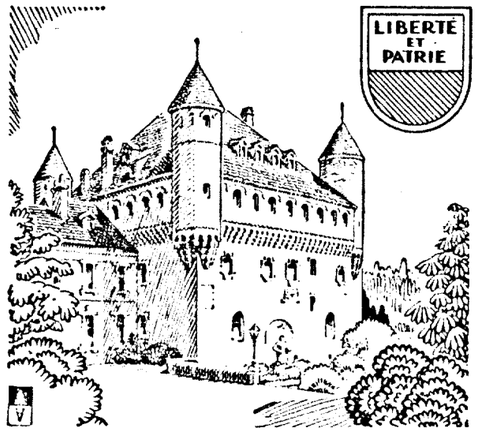

seat of the Federal Court of Justice, boasts of a 22 storied skyscraper plus roof-restaurant, which is in strange contrast to the lovely Burgundian Gothic Cathedral, and the mediaeval Piedmontese style Castle of St. Maire?

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New York Correspondents — Atlantic Bank

BALANCE SHEET AS AT 31st, DECEMBER 1955

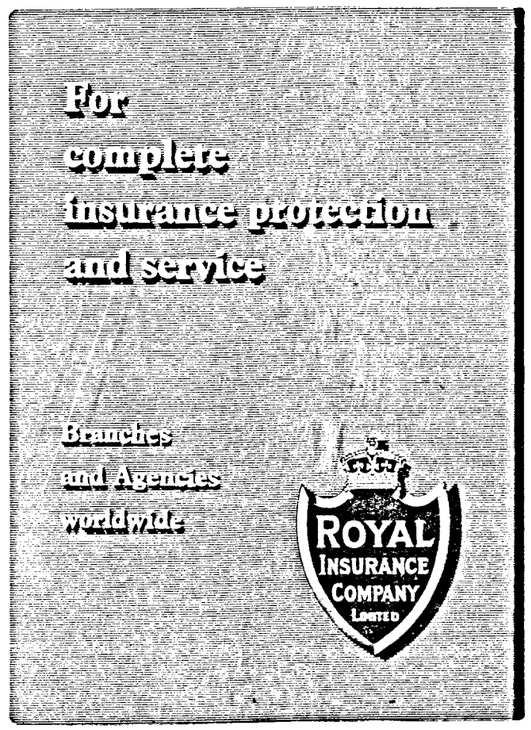
LIABILITIES

Capital	Drs.	21,200,000.00
Reserves	„	1,380,000.00
Deposits	„	81,949,059.90
Bank of Greece funds	„	307,779,766.55
Sterling bonds	„	163,800,000.00
Greek State funds	„	44,052,784.00
Dollar liabilities	„	1,203,536,910.90
Other liabilities	„	43,609,567.35
Dividend for the year 1955	„	880,000.00
Profit carried forward	„	65,304.60
Total	Drs.	1,868,253,393.30

ASSETS

Cash & deposits at Banks	Drs.	63,930,424.20
Securities		4,785,485.50

Loans	Housing Loans Branch	Industry & Public Utility Loans Branch	
From own funds	29,659,805.05	14,483,333.30	44,143,138.35
From Bank of Greece funds	115,151,576.10	203,063,844.10	318,215,460.20
From Sterling bonds funds	2,427,802.65	56,350,566.60	58,778,369.25
From Greek State funds...	25,673,788.90	10,783,528.50	36,457,317.40
From Dollar funds		1,203,536,910.90	1,203,536,910.90
Other loans and assets			40,165,097.15
Difference from regulation of sterling bonds according to law 3393/1955			98,241,190.35
Total		Drs.	1,868,253,393.30



COMPANY MEETINGS

THE BRITISH PLASTER BOARD (HOLDINGS) LIMITED

INCREASED TURNOVER

SUCCESSFUL OUTCOME OF DEVELOPMENT POLICY

EFFORTS TO FOSTER PRICE STABILISATION

SIR GRAHAM HAYMAN ON GROUP'S WIDESPREAD INTERESTS

The thirty-ninth annual general meeting of The British Plaster Board (Holdings) Limited was held on July 26th at Bath House, 82 Piccadilly, London, W.1, Sir Graham Hayman (the chairman) presiding.

The following is the Chairman's statement which had been circulated with the report and accounts for the year ended March 31, 1956: Members of the Company will have learned with deep regret of the death of Lord Belper on March 20th last. Lord Belper became Chairman of the Group in 1935 on the occasion of the amalgamation of The Gypsum Mines Limited with The British Plaster Board Limited, which followed a few months after British Plaster Board's first important merger, which was with The Gotham Company Limited. Lord Belper had, therefore, presided over this enterprise throughout almost the whole of its rapid growth as a Group, and his influence in the conduct of our affairs will be greatly missed. He was regarded with the greatest respect and affection by his colleagues on the Board, and by the large number of employees to whom he was known personally in the home and overseas companies of the organisation.

In April last, your Directors did me the honour of appointing me Chairman of the Board. I have been associated with the industry for some twenty-five years and have followed closely the progress of your Group. I will do my best to ensure that its progress is maintained in the future.

BALANCE SHEET

As mentioned in the Director's Report, the Company has acquired the whole issued capital of Plaster Products (Greenhithe) Limited. This acquisition accounts for the increase of £199,960 in the issued Ordinary Stock of the Company which was allotted in part payment, the balance of the purchase price being paid in cash. The issue of this Stock results in the Share Premium Account being increased by £165,513.

The total of Fixed Assets as at March 31, 1956, increased in comparison with the previous year by £1,499,338 before depreciation. Of this, £1,030,146 is in respect of gypsum and gypsum products, and includes the assets acquired through the purchase of Plaster Products (Greenhithe) Limited; £241,809 was spent in enlarging and improving the paper, liner board and box factories of C. Davidson & Sons Limited; £81,001 was spent in various other sections of the Group in this country, including felt and engineering, and £146,382 was spent overseas, mainly by our Canadian company. During the year, the balance of the bank loan, £658,718, which had been arranged to finance part of the purchase consideration of the Canadian company, was repaid.

You will recall that in 1947 we inaugurated a staff pension scheme. For some time past, however, it has been apparent that the amount placed to Pension Reserves is inadequate due to the severe inflation which has taken place in the intervening years. It was, therefore, thought advisable to obtain an actuarial valuation, as the result of which increased amounts have been charged in this year's accounts. At the same time, your Board decided to convert the scheme into a Trustee Scheme and to transfer to the Trustees, on account of the first year's contribution, an appropriate part of the Company's holding of British Government Securities.

Whilst on the subject of pensions, I should add that since the start of our new financial year, your Board has decided to adopt an improved scheme for the payment of pensions to our workmen.

TRADING ACTIVITIES

In spite of frequent reminders from my predecessor of our extensive and growing interests outside the British building industry, I have the impression that few may appreciate how widely the Group's interests have been diversified and spread outside that sphere. This should, I think, be stressed, and may best be illustrated by the fact that nearly 40 per cent of the total profits for the year were derived from sources other than the British building industry.

This does not mean, however, that there has been any lack of progress in the home or overseas production of building materials, the sales of which show an increase over the previous year, and there are points of particular interest to note from the report of our activities in this field. For instance, out of more than £7 million of capital expenditure which we have incurred since the war, a substantial proportion has gone into gypsum and gypsum building products, and we have introduced an impressive number of new ideas designed—with the ready collaboration of our personnel and the Trade Unions—to reduce costs, to increase output and to improve quality.

We consider that the achievements of our organisation have been notable, as typified by the following comparisons of indices immediately prior to the recent increase in coal prices:

	% Increase in Selling Prices based on 1939	
Gypsum	101	
Coal		265
Plaster	103	
Plasterboard	69	
House building materials generally		192

In spite of the fact that the trend of our profits in the gypsum section has been slightly downwards over the last three years—the increased costs imposed on us by others being more than our improved efficiencies and productive capacities could absorb—we decided in December last in collaboration with the Cement Producers and others, to hold firm the prices of our gypsum products until at any rate June 30th of this year. We pointed out, however, that private enterprise could only hope to continue to hold prices if the Government, the Nationalised Industries and the Trade Unions would play their part in stabilising costs. Unfortunately, during this trial period, we have had to bear further additions to costs beyond our control which have now forced us to increase our prices to a moderate extent.

The amounts by which our own prices are being increased do not cover us by any means for the whole of our additional costs, and it is worth recording that the price of plasterboard to the user is, even now, only equal to the price set immediately before we were freed from price control in March, 1952.

This reflects the success of the development policy of your Company in the mechanisation of its mining operations and the steady introduction of improved methods of manufacture, which have made possible a substantial increase in our overall productivity. The vital importance of stable prices is fully recognised, but that target can only be achieved provided that other raw materials and services—which play such an important part in the national economy—are made available to industry at prices which are not only stable but reflect efficient and economical operation.

The plaster mill and board plant machinery of Plaster Products (Greenhithe) Limited, whose purchase I have already reported, are being transferred from Greenhithe to East Leake in Nottinghamshire, where greater advantages will accrue from the availability of gypsum rock from our mine there, and from a more balanced geographical spread for our plasterboard production as a whole.

In the case of the roofing manufacturing and contracting companies, trading conditions were brisk with an appreciable gain in turnover, but the abnormally competitive situation of the previous year persisted to a large degree throughout the period under review, with the result that the industry's price levels are still too low.

Our engineering companies—whose activities include stampings, drop forgings and valves—have done very well in difficult circumstances and their profits are higher than in the previous period.

C. Davidson & Sons Limited, who specialise in the manufacture of paper, paper board and ancillary products, show only a slight improvement in profits over the

previous period. Production has been somewhat affected by the final stages of the development plan put in hand some years ago but full advantage of these developments will be obtained after the completion of the programme in the course of the current year.

OVERSEAS INTERESTS

It is some two and a half years since Western Gypsum Products Limited, Canada, became part of our Group and we are now nearing the completion of an initial plan to improve still further the quality of their products and enlarge their manufacturing capacity. We are now studying the merits of several possible schemes for the further development of our interests in Canada, since we are more than ever satisfied of the desirability of expansion there.

In Rhodesia, where, you will recall, we have established a small paper board making unit, we are experiencing some technical difficulties which we hope will be solved shortly. As was anticipated, the development of an ample market in that area is necessarily slow.

Our associate companies in Eire, France and South Africa have each been making good progress, although earnings of the South African company have been adversely affected, so far as concerns their building materials section, by the withdrawal of sea competitive rates by the Railway Authority, coupled with the continued limitations imposed on the use of road transport. However, increasing success in the quarrying of base minerals is proving a balancing factor in their earning power.

The construction of the new plaster mill and board plant by our associate company in Sweden is proceeding satisfactorily, and it is hoped that they will be in production next year.

RESEARCH DEPARTMENT

The work of the Research Department, which is the essential background of much of our development programme and new applications of gypsum materials, has increased considerably, and more adequate premises are being provided near Nottingham.

TRADING RESULTS AND DIVIDENDS

In spite of the reduction in earnings from trading in gypsum and gypsum products in this country, we have been able to show improved total results due to additional profits earned overseas and in other branches of the Group at home. The Consolidated Profit and Loss Account accordingly shows an increase over last year of £150,832, the total income amounting to £2,205,049.

As in the previous year, the full benefit of taxation investment allowances was placed to reserve. We have brought back from Taxation Reserves into the Profit and Loss Account £146,774, which is mainly made up of Excess Profits Levy reserves now no longer required, following settlement of the Group's liability to this tax. £162,645 has been placed to reserves in subsidiary companies, and the Directors have appropriated £375,000 to the Parent Company's General Reserve.

The Directors recommend the payment of a final dividend on the Ordinary Stock of 7½ per cent, which, together with the interim dividend of 5 per cent, makes a total for the year of 12½ per cent, being the same rate as that paid last year.

THE FUTURE

One hears a good deal these days about the reduction in activity in the British building industry likely to be experienced in the near future.

It has, of course, been obvious for a long while that, sooner or later, there will have to be reductions in the rate at which houses have been built over recent years, and the anticipation of this trend was one of the reasons why your Directors have been eager to spread into other industries and other countries. It is a pity that a reduction in building in this country should occur because the economic situation has necessitated a "credit squeeze" rather than through the satisfaction of the housing demand, but, so far as this Group is concerned, with our widely based operations, both at home and abroad, I think we may face the future with confidence.

PERSONNEL

I should like to pay tribute to the loyalty and co-operation we have had from all our employees throughout the organisation. I have already referred to the willing collaboration we have had in our continued drive for improved methods and increased productivity, which has contributed so much to the satisfactory results now before you. All concerned are deserving of the highest praise.

The report and accounts were adopted and the final dividend of 7½ per cent, less tax, making a total of 12½ per cent, less tax, for the year, was approved.

The retiring directors were re-elected and the remuneration of the auditors having been fixed, the proceedings terminated.

RAPHAEL TUCK & SONS

The fifty-fourth annual general meeting of Raphael Tuck & Sons, Limited, was held on July 27th in London, Mr Desmond Tuck, chairman and managing director, presiding.

The following are extracts from his circulated statement: The long delay in presenting the report and statement of accounts of our company for the year 1954-55 is due entirely to the length of time it has taken to reach settlement of our claim for stocks destroyed in the fire of October, 1954. Further claims for loss of our building, and for plant destroyed, have also been settled, but there remains outstanding the claim under our Insurance Policy for Consequential Loss resulting from the fire.

The year under review started off well, and up to the time of the fire the turnover of the company was increasing at a rate which, had it continued—and there is no reason to believe it would not be continued—would undoubtedly have yielded a profit.

From this somewhat sombre review I will now turn to a brighter picture. As the sustained efforts of management and staff began to eliminate the adverse effects of the fire, a new and vigorous drive began, not only to retrieve lost trade, but to expand our markets.

It would naturally have been a more enviable task to have been able to present a report of a successful year's trading, but the contrary is not altogether surprising, since it has not been possible to include any compensating figure for our enforced and serious curtailment of business during no less than half of our trading year.

The report and accounts were adopted.

W. J. BUSH & CO.

SATISFACTORY INCREASE IN TURNOVER

The fifty-ninth annual general meeting of W. J. Bush & Company Limited was held on July 27th in London, Mr Eric L. Bush, chairman of the company, presiding.

The following is an extract from his statement circulated with the report and accounts for the year ended December 31, 1955:

During the year under review there has been a satisfactory increase in the turnover of the Group, but profit margins have suffered as a result of the more intensive competition. This, in addition to the continued increase in operating expenses arising from inflationary conditions, has resulted in a fall in profit from £271,618 in 1954 to £245,339 in 1955.

CURRENT TREND

So far as the current year is concerned, turnover of the Group for the first five months has been maintained. During this short period, however, the effect on trade of the "credit squeeze" in the United Kingdom and of restrictive measures imposed in other parts of the world has not yet been fully felt. It is therefore difficult to forecast to what extent business will be influenced by these factors during the remainder of the year, but present trends are certainly by no means as favourable as have been experienced during recent years. Whatever can be achieved by increased efficiency to combat these tendencies will remain under constant study for appropriate action.

In my statement last year I indicated that the Company's Capital requirements were under consideration. In the Autumn, whilst the matter was still under review, an offer to purchase an overseas asset was received. This offer, in addition to other considerations, would provide funds which would otherwise have to be raised from other sources. Acceptance of this offer is largely dependent upon the extent to which the proceeds may be liable to taxation before receipt by the Company. A request for a ruling on this matter has been made to the appropriate taxation authorities overseas. It will be appreciated that in these circumstances I cannot give more information at this stage, but members will be informed of the result of the negotiations in due course.

DEVELOPMENT PROGRAMME

Our development programme has involved the expenditure during the year of £144,449 on Fixed Assets at home and abroad. Full occupation of our new property at Isando, near Johannesburg, was achieved early in 1956.

By the addition made last year the reserve against Stock in Trade was deemed to be appropriate in the light of prevailing inflationary tendencies and with total stocks on approximately the same level no further allocation has been made in the Accounts under review. It has been considered prudent, however, to place the sum of £50,000 to Reserve against Contingencies.

The continuing endeavours of our staff in all establishments at home and overseas can be assured.

The report and accounts were unanimously adopted and the payment of a final dividend of 12½ per cent on the Ordinary Share Capital, making 15 per cent for the year, less tax, was approved.

GEORGE NEWNES LIMITED

SATISFACTORY RESULTS IN DIFFICULT YEAR

PROBLEM OF RISING COSTS

MR H. C. TINGAY'S STATEMENT

The fifty-ninth annual general meeting of the Company was held on Tuesday last at the head office, Mr H. C. Tingay, Chairman, presiding. The following are extracts from his statement circulated with the report and accounts:

The earnings for the year ended March 31st last have been adversely affected by two factors; firstly as a result of the dispute in the printing industry in the early part of this year, and secondly by rising costs. Group profits at £1,222,783 show a decrease of approximately £300,000 on last year's figure of £1,527,668. After deducting taxation the net profit is £786,728 as against £909,054 last year. This year's figure includes an amount of £66,092 overprovided for taxation in previous years.

The printing dispute involved the Company and its Subsidiaries in heavy losses. A total of 102 issues spread over 23 publications could not be produced at all. In addition substantial extra expenditure had, and still has, to be incurred in an effort to regain the lost ground.

Costs in general, and production costs in particular, have continued their upward course. In January last, at short notice, our paper costs were increased on average by £5 per ton—a very considerable addition in view of our large annual paper consumption. Similarly, in January, printing costs were substantially increased. Our total printing bill exceeds three-and-a-half million pounds per annum, so it will readily be realised what even a modest percentage increase can mean.

PARENT COMPANY'S RESULTS

The results of the parent company, George Newnes, Limited, after deducting taxation and all other charges, show a net profit of £537,725 as compared with £549,044 for the previous year. The Directors recommend that a final dividend of 15 per cent be paid on the ordinary shares making, with the 3 per cent interim dividend, a total of 18 per cent for the year. This is the same as for the previous year. After transferring £250,000 to General Reserve and £40,000 to Staff Sick and Pension Fund, there remains a balance of £85,648 to go forward to next year's account.

GROUP'S FINANCIAL STRENGTH

The financial strength of the Group is fully maintained, as disclosed by the Consolidated Balance Sheet. Cash resources of the several Companies amount to £1,377,546 in addition to Tax Reserve Certificates of £643,575. General Reserve and Reserves for Contingencies figure at £1,923,961. Development Reserve now reaches the substantial total of £919,143. Undistributed profits, spread over the various Companies, amounting to £385,282, are carried forward to next year's accounts.

PROPOSED SCRIP ISSUE

Over a number of years new enterprises, fresh acquisitions and long-term developments have been made possible out of resources set aside from profits earned in previous years, and the Directors consider that the time has arrived when further measures should be taken to bring capital and assets more into line. They therefore propose, subject to the consent of the Capital Issues Committee, that the parent company, George Newnes, Limited, should distribute to its ordinary shareholders one new ordinary share for each two ordinary shares now held.

THE PUBLICATIONS

The Group now owns and publishes sixty-one periodicals covering a wide field of publishing activity. Twenty-two come within the general and specialist field; the other thirty-nine being trade and technical journals. A few of the more important might be referred to individually.

Last autumn the Company launched a newcomer—THE PRACTICAL HOUSEHOLDER—a monthly in the do-it-yourself field, as the title implies. It was a spectacular success from the first issue, and today the circulation exceeds 700,000 copies per issue.

WOMAN'S OWN, our highly successful colour-gravure weekly, goes from strength to strength. The circulation continues to advance and is now nearing two-and-a-half million a week.

Our group of practical monthlies—PRACTICAL MOTORIST and MOTOR CYCLIST, PRACTICAL MECHANICS, PRACTICAL WIRELESS and PRACTICAL TELEVISION, companions of THE PRACTICAL HOUSEHOLDER already referred to, are doing well.

AMATEUR GARDENING, the leading gardening weekly, goes forward again both in circulation and advertising support. But for the printing dispute, which suspended several issues, the figures for the year would have constituted new records in both directions. The circulation position has been restored, the sales now being in excess of 240,000 weekly.

THE SMALLHOLDER, one of the properties of our subsidiary, C. Arthur Pearson Limited, was similarly affected by the printing dispute, several issues being completely cancelled at a vital time of the year. The circulation position happily has since been restored to normal at nearly the 200,000 mark.

COUNTRY LIFE LIMITED

The Country Life business has again had an excellent year, the profits being the highest recorded at any time in its long history. The bulk of the increased profits has been provided by HOMES AND GARDENS. Over the years much thought and expense have been devoted to the development of this high-class monthly magazine, and the long-term policy has now begun to produce substantial results.

TEMPLE PRESS LIMITED

Temple Press, as printers of several of their own principal journals, was most seriously affected by the printing dispute. For six weeks the only journals the Company published were four monthlies normally printed outside the London area. Consequently, the profit, which immediately prior to the dispute compared favourably with previous years, was reduced by the end of the year to less than half the anticipated figure. Since the last statement, the Company has added two journals to its list of specialised publications. THE PETROLEUM TIMES, an old-established fortnightly, which is the leading oil journal of the United Kingdom, was acquired in January, and three months later a new monthly, NUCLEAR ENGINEERING, was successfully launched, designed to cover all phases of world industrial production and utilisation of nuclear energy and its by-products.

THE NATIONAL TRADE PRESS LIMITED

The publications of the National Trade Press have done well. BRITISH COMMUNICATIONS AND ELECTRONICS, launched last year, continues to make further substantial progress. During the year the Company organised and conducted seven trade fairs covering the dress fabric, men's outfitting, household textiles, footwear, watch and jewellery trades. In March, 1957, they will stage the largest textile exhibition ever held in Great Britain at Earls Court.

PROBLEM OF RISING COSTS

The continuous increase in costs gives rise to a searching analysis of the future prospects of the periodical market. In the end, the public decides what it will pay for its reading matter, and if selling prices are pushed too far, all concerned in the well-being of the industry—publisher, printer, paper-maker and the distributive trade—must accept a lower level of activity. This position has been, or is being, reached in several directions, and long-established periodicals with circulations which a few years ago would have made very satisfactory profits, are now struggling to make ends meet and are being faced with being priced out of the market if costs go still further against them.

In the field of new enterprise, always highly speculative at any time, even the most courageous of publishers must now have his courage put to a stern test. To launch a new popular paper in the mass circulation category, risks have to be taken which are not fairly related to possible rewards. The break-even point in circulation, particularly in the case of colour-gravure printing, has now reached a level which at one time would have been described as astronomical, and as a result the large promotional expenditure involved in reaching the required target would in many cases not be justified.

GROUP'S WIDELY SPREAD INTERESTS

So far as our own Group is concerned, it is in the fortunate position of having powerful and firmly established publishing properties spread over widely diversified interests. Also its book publishing interests are substantial and progressive. With finances strong and development resources adequate, the Company is well equipped to pursue a progressive policy as and when suitable opportunities occur.

GROSVENOR HOUSE (PARK LANE)

REPUTATION GREATER THAN EVER

The twenty-eighth annual general meeting of Grosvenor House (Park Lane) Limited was held on July 26th in London, Sir Charles Taylor, MA, DL, MP (the Chairman), presiding.

The following are extracts from his circulated statement:

The profits for the year are up again, although, owing to the continuing rise in operating costs, the net amount is rather disappointing. The Directors have decided to recommend the same Ordinary Dividend of 10 per cent as last year, plus a bonus of 5 per cent. Business in all departments is again better than ever before, but during the last financial year, the ever increasing upward spiral of wages and costs had certainly not been halted, and will in fact continue during this present year.

A lot of money has been spent on maintenance and on special works in public rooms. We have received many compliments on our New Cocktail Bar, the decoration and air-conditioning of the Ballroom, and the new look of the Lounge, which has been completely redecorated and transformed so that it is now in keeping with the décor and dignity of the whole hotel.

I am very pleased to tell you that a private banqueting suite has been created, furnished elaborately in late French Empire style and for small dinner parties. I believe that there is no better in any hotel in the world.

The whole of the cost of these works has been written off out of profits. As a result, it is not possible to make a transfer to the General Reserve this year, but your Directors consider it better to write off the cost of the Special Works now rather than spread it over a period of years and at the same time making transfers to the General Reserve.

It has again been possible—and we believe that it is both necessary and really worthwhile—to make another addition to the "Provision for Maintenance."

As I said a year ago, your Directors have made arrangements to buy outright the Licensing Monopoly Value for Grosvenor House. This means that, in future, the Company will not have to pay a Monopoly Value every year, the amount of which was unknown until it had been assessed at the end of every three years.

BOLD AND IMAGINATIVE DEVELOPMENT PLAN

We are now in the process of building 90 more bedrooms and two more suites on the site of 35 Park Street. The plans include the building and equipping of a Goods Off-Loading Bay, which will relieve Park Street of more than 130 goods vehicles a day. It will also increase the space available for cars in our private courtyard, and the drive in and out will be far more convenient. The whole plan is bold and imaginative and from the clients' point of view will make the service better still, minimise noise, and provide one of the finest entrances by road to any hotel in London.

The reputation of Grosvenor House is now greater than ever.

The report and accounts were adopted.

FERRANTI, LIMITED

CONTINUED INCREASE IN ACTIVITIES

The fifty-first annual general meeting of Ferranti, Limited, was held on July 26th, in London, Sir Vincent De Ferranti, MC, MIEE, chairman and managing director, presiding.

The following are extracts from his statement circulated with the report and accounts for the year to March 31, 1956:

The continued increase in the Group's activities and the further extension of its manufacturing capacity are reflected in the accounts submitted.

The consolidated profit for the year amounts to £1,311,223 compared with £1,193,364 for the year to March 31, 1955. After provision for tax on all profits earned to date the net profit is £626,366, against £576,605. A dividend on the Ordinary Stock of 6 per cent is recommended.

IMPORTANCE OF RESEARCH

Although the outputs of most departments show increases over the corresponding figures for the previous financial year, an extensive programme of Research and Development is vital to ensure that such increases will be maintained. During the past year, a significant proportion of the Company's resources has therefore been absorbed in such a programme.

Its present position as a leading manufacturer of Electronic Digital Computers is one of the benefits of pursuing this policy during the past, and further research and development in this important field, so essential to the coming new techniques in Automation and Data-Processing, is being most energetically pursued. The "Pegasus" and "Mercury" Computers have both been well received, and additional production facilities have been planned to come into operation during the next financial year. Collaboration with Powers-Samas Accounting Machines, Limited, both in the development and marketing of commercial Data-Processing Equipment, is proceeding satisfactorily.

Semi-Conductor Diodes, and the corresponding Triodes, or Transistors, with the virtual certainty that these will supersede many types of conventional valves, represent developments which no progressive company concerned with the manufacture of electronic devices can afford to neglect. Research and development work is being carried out on a considerable scale in this field.

COMPUTER-CONTROLLED MACHINE TOOLS

Another new development, the Computer-Controlled Machine Tool, has been demonstrated both to British and to United States' industrialists, and has been acknowledged as an internationally outstanding system. In addition to this equipment, the rising volume of research and development work in progress in Scotland includes the development of important Aircraft Fire-Control Systems for high-speed aircraft, which is proceeding in a most satisfactory manner, and will, when in service, add significantly to the defence of the country.

Research and development work on Guided Missiles has reached the stage at which quantities are being produced for trials purposes. The undertaking of further work on Air Defence Missiles Systems for the Royal Air Force and the Royal Navy has necessitated a considerable increase in our establishment at Wythenshawe.

POWER TRANSFORMERS

Turning towards some other aspects of the Company's activities, the sales input of Power Transformers has reached a record figure, and included during the year both the largest single transformer contract ever placed by an overseas customer in this country, and the largest single transformer contract ever placed in this country from the southern hemisphere.

Although there has been a marked increase in business with other markets, the transformer industry continues to absorb the major part of the output of Synthetic-Resin-Bonded Paper Tubes and Cylinders, production of which has exceeded all previous records. The turnover shows an increase of 10 per cent compared with last year's figure, and the rate of profit has been maintained, despite the rises in costs of labour and raw materials.

Both output and sales input of Electricity Meters show a marked increase compared with the figures for the previous financial year.

Last year's upward trend in the sales input of the Foundry continued during the first part of the current financial year, but received a check latterly as a result of the recession in the motor car industry. Output has nevertheless continued to rise, and there has been a further outstanding increase in the demand for Spheroidal Graphite Cast-Iron in many fields. Cast by the new Shell-Moulding process, this material is, for example, replacing drop-forged steel components in small hand tools, with the great advantage that subsequent machining can be virtually eliminated.

RADIO AND TELEVISION

Although the total figures for sales of Radio and Television Receivers, and of Radiant Electric Fires, over the year show an increase, these have received a check towards its latter end from the measures taken by the Chancellor to restrict domestic spending. The increased manufacturing facilities for Cathode-Ray Tubes mentioned in last year's Report are now in operation, and the output has risen by 50 per cent.

The output of Instruments has again slightly increased during the year, and a Clip-on Wattmeter has been added to the already well-known and successful range of clip-on electrical instruments.

As anticipated, the production of the Scottish factories has increased during the year. About 40 per cent of the output has been exported, much of it going to hard currency areas. Amongst the equipment being manufactured is a new Radar Approach System for Aircraft carriers.

PROGRESS IN CANADA

In Canada the output has remained approximately the same as in the previous year. The sales input and unexecuted orders show a gratifying increase. Ferranti Electric Limited has made a major addition to the factory at Toronto, which permits the maximum weight of transformer manufactured to be increased to 240 tons. The Meter Division has brought its new Thermal Demand Meter into production as a first step in expanding its range of meters.

The report and accounts were adopted.

EDGAR ALLEN & COMPANY, LIMITED

STRONG FINANCIAL POSITION

The Fifty-Seventh Annual General Meeting of Edgar Allen & Company, Limited, was held on August 2nd at Sheffield, Mr W. H. Higginbotham, FSAA, FSS (Chairman), presiding.

The Chairman dealt briefly with his Statement, previously circulated to Members, on the Accounts for the year ended March 31st last. In so doing he said that the accounts for the preceding ten years had reflected a high and sustained level of trading activity, with consequent substantial improvement in the Company's financial position. This sequence had, unfortunately, now been broken: although the activities of the Parent Company and its seven Subsidiaries had been well maintained during the year, the resultant available profit (after taxation at a considerably higher rate) had fallen sharply from the level of previous years. Despite this, however, the financial position of the group was still commendably strong.

GROUP TRADING PROFITS

The Consolidated Profit and Loss Account for the year showed a group trading profit of £703,596 derived from total sales in value slightly higher than in the previous year, the respective contributions of Parent and Subsidiaries were 71 per cent and 29 per cent. The turnover of the Parent Company, though reduced by 4 per cent from 1954/5, was still only 1 per cent less than the average of the three preceding years; that of Subsidiaries was 13 per cent above the 1954/5 level.

The Chairman then continued:

In considering the analysis of earnings it may be observed that the ratio of Group Profits, before Tax, to net Capital employed (as shown in the Balance Sheet) has fallen during the year by some 4.5 per cent: after tax, the corresponding reduction is 3.3 per cent. Subsidiaries' profits have likewise declined by 2.7 per cent and 3.5 per cent respectively.

In considering the Trading results of the Parent Company it must be borne in mind that its products are extremely varied, and supplied to a wide range of industries, at home and abroad, for production of both capital and consumer goods; this is an element of strength, which, however, had disadvantages. Within these groups there is again considerable diversity in type, quality, and quantity of output; of profit margins obtainable; and in extent of demand from year to year. This is especially the case in respect to Steels.

INCREASES IN COSTS OF MATERIALS

Among the increases in costs of materials may be mentioned those of consumable process materials, such as sand, consumable stores of various kinds, grinding wheels, oxygen, etc., to an overall extent of some 5 per cent. Coal and coke have been increased in cost by some 11/13 per cent; further increases have occurred since March 1956. Substantial advances in costs of electricity and gas have also occurred, while transport costs have likewise risen. Increases in costs of manufacturing materials, other than alloys, include an advance of about 6 per cent on prices of Steel Plate and sections (affecting the Engineering Department) late in 1955: the increase in scrap prices in December 1954 (which only partially affected the 1954/5 total costs) has been fully effective in 1955/6; a further substantial advance has been made in scrap prices in the current year. As regards alloys: the price of Tungsten has remained fairly stable, but the world shortage of nickel has led to very substantial price increases in the marginal supplies available. On a total consumption of alloys, equivalent to some 10 per cent of total turnover, the estimated overall increase in cost is roughly 20 per cent.

In 1954/5 there were two major wage advances, the first operative from April 1954, and the second from March 1955, the effects of which were to some extent absorbed last year. Within five months of the previous wage settlement in March 1955 a further claim was lodged (based largely on concessions granted by the Nationalised industries) the effect of which is an estimated increase in our total labour costs of some 6 per cent. The effect of the various wage advances varies as between Departments and products: the overall result is an increase in production costs to the extent of 1 per cent plus.

SELLING PRICES AND PROFIT MARGINS

The selling prices of practically all the Company's products (excluding those of the Engineering and Trackwork Division) and the permissible margin of profit are controlled, directly or indirectly, under Statutory Regulations and through the agency of the Iron and Steel Board; all prices were also affected, in export markets, by the increasing intensity of foreign competition. There has thus been in a number of instances (of which steel castings are an example) a varying degree of delay in raising selling prices to offset these various cost increases: also, there has been a serious endeavour to avoid raising prices wherever possible. At present, price levels are fairly satisfactory. Another important factor is that of variation in demand for, and in production and sale of, various products. In steel castings the tendency has again been towards production of lighter and smaller castings, with a proportionately higher process cost. In steels the tendency has been towards stainless and heat-resisting steels, and also towards sales at an earlier stage of process. Inadequacy (now fortunately being corrected) of external process facilities has also been experienced, which has tended to delay deliveries of orders actually on hand.

ORDERS ON HAND

Orders on hand are much greater both in volume and value than at this time last year, even if the large cement plant contract is excluded from the total, increases are shown in all the major departments. Present indications are that delays in deliveries are being overcome, at prices which should show a fair profit margin; and engineering sales are likely to improve in the current year. It is reasonable to expect that (unless any serious increase in wages should occur) the trading results for the current year 1956/7 will be substantially better than those of 1955/6.

The Company has again been active in the research field; in which connection may be mentioned enquiry into the precipitation hardening qualities of stainless steels; and study of the effect of increasing the manganese content of austenitic manganese steel.

The report and accounts were adopted.

METAL CLOSURES LIMITED

REPUTATION FURTHER ENHANCED

The twentieth annual general meeting of Metal Closures Limited, was held on July 25th at West Bromwich.

Mr W. V. Esperson (the chairman) presided and, in the course of his speech, said: The accounts are a reflection of the intense activity of the company during the year under review. Our Consolidated Profit, before taxation, is £401,184, an increase of £94,198, or approximately 30.68 per cent. After taxation, the net result is £184,484, an increase of £53,772, or about 41 per cent.

This increased profit is mainly due to, firstly, capital expenditure on plant; secondly, a substantial increase in output and, thirdly, improved manufacturing methods.

As stated in the Directors' Report, application was made to the Treasury for consent to our issuing 1,250,000 ordinary shares of 4s. each at par; a very large part of the capital we would obtain by the issue is required for further manufacturing facilities, particularly for plant and sealing machines which we must provide in order effectually to handle our continually increasing business. We have received the sanction of the Treasury to the proposed issue.

During the year we exported to 41 different countries, and the value was about 12 per cent greater than the previous year's total. Practically without exception, the good workmanship and quality of these exports maintained and even enhanced the reputation of the Company. We confidently anticipate that our exports during the current year will surpass in value those for the year under consideration.

The example of America in the use of glass containers is being steadily followed here, and we believe that this usage will ultimately consume a large number of our Closures.

PROBLEM OF RISING COSTS

At the last Annual Meeting I stated that over the past seven years our prices in respect of about 75 per cent of our products had been increased by only approximately 15 per cent despite the fact that the price of aluminium sheet during that period had been increased by 75 per cent and wages by about 100 per cent. Over the past 8½ years the price of aluminium sheet has been increased by 80 per cent and the increase in wages by about 110 per cent. It is now apparent that our metal and wages increases, so far materialised this year, will amount to approximately 5 per cent of our anticipated turnover. Despite all increases we have not increased our own selling prices in respect of at least 90 per cent of our productions, but have absorbed them by reason of increased efficiency and greater turnover. Very regretfully I have to say that there does not appear to be any further measures left to us to keep prices at their existing level.

In regard to the future, our order book is in a satisfactory condition and the trend of business continues to be favourable, and subject to no unforeseen circumstances arising, I believe that the financial results of the current year will be virtually as satisfactory as those we have now under review.

The report was adopted and resolutions increasing the authorised share capital of the Company and amending the Articles of Association were approved.

CHUBB & SON'S LOCK & SAFE COMPANY LIMITED

RECORD SALES AND LARGER PROFIT

The seventy-third annual general meeting of Chubb & Son's Lock & Safe Company, Limited, was held on August 1st in London, Mr H. Emory Chubb, CBE, MIMechE, chairman and managing director, presiding.

The following are extracts from his statement circulated with the report and accounts for the year to March 31, 1956:

I am pleased to report the achievement of record sales by the Group. Last year I referred to the important part being played by our overseas subsidiaries, and this year we see the benefit of the capital expenditure invested therein. As a result our gross trading profit has increased from £250,258 last year to £370,661.

During the year we incurred capital expenditure amounting to £127,000 and from the note of capital commitments for home and overseas attached to the balance sheet you will realise that our expenditure during the coming year is likely to be greater still.

In my review last year I referred to the intention of the Board to issue further Unsecured Notes. Arrangements are now being made to issue a further £150,000 of Unsecured Notes and to add the existing Notes to the new issue, making a total of £200,000.

Towards the end of the financial year we made an approach to Hobbs Hart & Company Limited to take over their business by an exchange of shares, and your consent to this was received at the Extraordinary General Meeting on May 2nd. I am glad to say that our offer was well received and we now have 95 per cent acceptance of our proposals from the Hobbs Hart Shareholders. This firm recently celebrated the Centenary of its foundation and we have known them well for many years. They have supplied security work of high quality to many leading banks and have a reputation which commands much respect.

GENERAL TRADING CONDITIONS

As yet we have not felt the full impact of credit restriction and I feel it unwise for us not to be prepared to face the consequences of a reduction in our turnover. At the same time we should not forget that there are still new markets to be explored and we shall do our utmost to maintain the increased total of sales which has been evident during recent years.

In order to broaden the basis of our activities we are embarking on the manufacture of products other than our security work in certain of our overseas factories. These new lines are produced with our normal machinery and are likely to prove a worthy standby if at any time the sales of our security lines decrease. I might mention that in certain overseas markets our profit derived from these sources has been considerable.

It has often been suggested to me that as we have been in existence for so many years everyone who requires a safe has already been supplied. This, of course, is not the case, for so long as the world progresses, population and business risks to property are constantly increasing and the demand for protection is unending. There are still numerous big institutions which are extremely vulnerable to fire risk and no amount of insurance compensation would make up for the dislocation and loss incurred by the destruction of vital information. Each year we have the privilege of supplying protective equipment to companies with world-wide reputations, but much more remains to be done in this respect.

PARENT COMPANY

Here marked progress has been made by the Export Department, which, for example, has supplied 77 per cent of the total output of this country of light safes and fire-resistant equipment to dollar countries, and 58.5 per cent of all heavy security equipment exported. In addition, our export, and indeed our home, order book is well supplied with work which will keep us busy for the current year, which is a most creditable achievement. The output of locks is well in excess of any previous year and several important contracts have been obtained both at home and abroad. The lock business presents many problems of its own, but we have adhered to quality and not given way to the cry for the production of cheap and inferior locks. At the factory our rearrangement of senior personnel has given good results and the management is responsible for a considerable increase in output without heavy expenditure on new buildings. As I said in my review last year, our sales organisation is largely dependent on the efficiency of our works, and I have reason to believe that this is still on the upward grade.

OVERSEAS

It is also satisfactory to realise that our sales of security work for Banks as well as for the general public has shown a marked increase in Australia. Visits here from that country are being made by members of the staff, and Mr L. W. Dunham, our Deputy Managing Director, called on our various Australian branches this year.

Our sales of security work in South Africa are increasing. I visited South and East Africa and was fortunate in making a number of satisfactory contacts.

Contrary to the experience of many British firms who have established works in Canada, I am glad to report that at the end of its second year Chubb Canada has made a satisfactory profit. The factory is being extended to cope with the increasing demands for security appliances made to the special requirements of that country. I hope and believe that at the end of the current year I may report considerable further expansion.

In conclusion, I know you would wish me to express our gratitude to all of those who have contributed to the satisfactory results before you, and on your behalf I should like to convey your appreciation to all concerned.

The report and accounts were adopted.

THE SUNGEI KRIAN RUBBER ESTATE LIMITED

INCREASED PROFIT

SIR JOHN BARLOW'S STATEMENT

The Forty-seventh Annual General Meeting of The Sungei Krian Rubber Estate Limited was held on July 31st in London.

The following is an extract from the circulated statement of the Chairman, Sir John D. Barlow, Bart, MP:

The profit for 1955 was £74,085 compared with £55,602 last year. Taxation requires £37,500. £20,000 has been transferred to replanting reserve and £6,000 to reserve for depreciation of investments. The dividend for 1955 of 3s. per £1 stock unit less income tax will be paid as an interim dividend on July 26, 1956, and requires £13,127. The amount to be carried forward to next year's accounts is £23,885.

From the capital surplus account in the balance-sheet it will be seen that a final distribution of £35,190 was received from the liquidator of Chamek Rubber Estate Limited during the year. On October 25, 1955, a capital surplus dividend of 4s. per £1 stock unit requiring £30,440 was paid: this dividend was not subject to income tax. The total dividends to members in respect of the 1955 accounts will be 7s. per £1 stock unit, of which 4s. was free of income tax.

The crop for 1955 of 1,589,000 lb was slightly lower than the previous year because of the areas which were cut down and replanted. The gross selling price of the crop was nearly 28d. per lb and the cost of production nearly 20d. per lb, excluding amortisation of the estates; thus the profit was approximately 8d. per lb. In 1954 our costs were 13d. per lb and the crop was sold for 18½d. per lb, giving a profit of 5½d. per lb. The reason for the proportionately smaller profit as the price of rubber rises is that the new rates of export duty, which were introduced on June 1, 1955, increase more steeply when the price of rubber exceeds 22d. per lb.

COMMODITY PRICES COMPARED

The following table shows the percentage increase in price of prominent industrial commodities in the United States comparing January-September, 1939, with January-April, 1954, 1955, and 1956. The figures are taken from the Survey of the Guarantee Trust Company of New York.

	1954 Jan.-April	1955 Jan.-April	1956 Jan.-April
	%	%	%
Copper	180	212	313
Cotton	268	263	274
Pig iron	172	173	188
Tin	92	90	115
Rubber	29	107	131

Rubber is still one of the commodities which has increased least in price since before the war. If the May, 1956, price is compared with the 1939 price the percentage increase is 90 per cent. So it will be seen that rubber has not shared in the general rise in prices to the same extent as have other industrial commodities.

One of the main factors influencing the price of natural rubber is the price of the synthetic product, which now accounts for over one-third of the world's supplies of rubber. The price charged for synthetic rubber in the USA is 21-23 US cents per lb (18d.-19.8d. per lb). United States synthetic rubber costs 27d. per lb imported into England. As a certain amount of synthetic rubber is essential in industry, a consortium of companies are erecting a synthetic rubber plant in England capable of producing 50,000 tons per annum. This will provide the United Kingdom with enough synthetic rubber each year and save us the expense of importing a dollar product from the USA.

It has been estimated that 25 per cent of world requirements for rubber have to be natural rubber, 25 per cent synthetic rubber and the remaining 50 per cent can be either natural or synthetic depending on price. At present prices natural rubber is cheaper than synthetic rubber imported into Great Britain and is only a little more expensive than its synthetic counterpart in the USA. With the cost of power rising in the USA, manufactured products will probably cost more and synthetic rubber may go up in price.

WORKERS' WAGES

The natural rubber producers now know the probable price their product will fetch in world markets, provided business activity is maintained at its present level. The largest single item in the cost of production of plantation rubber is wages, which account for over 50 per cent of the cost. Last month the workers on estates were granted a substantial increase in wages after negotiation with the workers' union, who had started go-slow tactics to press their demands. Although high wages and a high standard of living are desirable, it is essential for natural rubber producers not to let their costs increase too much by raising labourers' wages steeply, otherwise we shall not be able to compete with synthetic rubber and there will be unemployment in Malaya.

The report and accounts were adopted.

SIMMS MOTOR UNITS

At the Annual General Meeting of Simms Motor Units Limited held on July 27, 1956, Mr G. E. Liardet (Chairman) in the course of his speech said:

Our overall financial position has been strengthened during 1955 and while net profit after Tax is 5 per cent less than 1954, this is consistent with the maintenance of price levels against the rising cost of wages and materials. Our turnover showed a substantial increase for both Home and Overseas Markets.

We have acquired a number of smaller Companies, thus spreading the range of our products over a much wider field.

The Group surplus before Taxation amounts to £1,038,725. After Taxation, £523,525, and pre-acquisition profits and losses transferred to Capital Reserve, £2,949, the sum available to the Shareholders of Simms amounts to £512.251 compared with £544,249 in 1954. The addition of the amount brought forward from 1954 makes a total of £780,110. Your Directors have set aside £214,250 to General Reserves and £100,000 to Plant Replacement Reserve and recommend a Dividend of 1s. 9d. on each Ordinary Share for the year 1955, leaving £359,664 to be carried forward into 1956.

In considering the immediate future it would be wrong to underestimate our difficulties. Costs are rising, and due to the Credit Squeeze we cannot look to increased turnover to enhance the smaller profit margin which appears inevitable this year.

Taking a longer view, great benefit will undoubtedly arise from large-scale technical development, and in expansion into other industries through our Subsidiary Companies.

HACKBRIDGE AND HEWITTIC ELECTRIC

FIFTY YEARS OF PROGRESS

The fiftieth annual general meeting of Hackbridge and Hewittic Electric Company Limited was held on July 27th in London, Mr Anthony M. Browne (Chairman and Managing Director) presiding.

The following is an extract from the statement which had been circulated with the report and accounts:

The trading profit of the Group amounts to £534,079 against £524,931 for the previous year.

There is available a net profit of the Group, before Taxation, of £461,957 against £462,218 for the previous year.

After making provision for taxation of £259,428 (as against £248,934 the previous year), adding an amount of £15,000 from provision for taxation no longer required, and other adjustments, there is £275,718 available for distribution, as compared with £267,337.

The Directors recommend the transfer of £100,000 to General Reserve and the payment of a final dividend of 17 per cent making a total of 23 per cent on the present ordinary capital of £750,000.

As at March 31st last Current Assets exceeded Current Liabilities by £1,634,952.

As the Authorised Capital has now been fully issued the Directors consider that it would be wise to seek authority from Stockholders to effect an increase above actual requirements by the creation of 1 million Ordinary Shares of 5s. each making the total Authorised Capital £1,350,000. In so doing, the Directors wish to state that they have no present intention of making any new issue.

Your Company is now in its fiftieth year of operation. Founded in August 1906 under the name of Westinghouse Cooper Hewitt Company (later changed to Hewittic), it then became associated with the Hackbridge Electric Construction Company (Transformer makers), with whom it later became one group in association with the New Switchgear Construction Company.

During this time the development of the specialist manufacture of transformers, rectifiers and switchgear originally started by each division has been the main concern of the Company, which has continued to maintain a leading position in the Industry in respect of these products.

EXPORT OUTPUT MAINTAINED

During the past year a good export output has been maintained, in spite of the continuously increasing competitive position from Continental manufacturers and also from indigenous manufacturing companies. The Directors and Senior members of our staff have maintained contacts with our clients overseas by personal visits. All our members and overseas Engineers who visit us when in England report on the good service and high reputation of the plant supplied.

At home the expansion programmes of the Central Electricity Authority and Area Boards and of the British Railways and London Transport should, it is hoped, continue to provide an increasing scope for our products. These Undertakings have taken the greater part of our home output in the past, and the performance of the plant and the service given by the Company have earned their confidence, and everything is being done to have available in the Factory all the process equipment for manufacturing and testing the largest units in accordance with the latest practice.

We are happy to be able to add that our order book ensures that we shall be fully employed in all divisions during the coming year.

The report and accounts were adopted.

At a subsequent extraordinary general meeting the proposed increase of capital was approved.

THE TRUSTEES CORPORATION LIMITED

SIR EDWIN HERBERT'S REVIEW

The Sixty-eighth Annual General Meeting was held on August 1st at Winchester House, E.C.2. Sir Edwin Herbert, KBE, the Chairman, in the course of his speech, said:

Once again I am able to present to you accounts which I hope you will consider satisfactory.

The gross revenue from Interest and Dividends at £563,220 shows an increase of £81,032 over the previous year.

Winchester House continues to be fully let. The expenses of running the building continue, however, to rise, and the continual increases in the prices of fuels, and the recent rating re-valuation, have contributed to the drop in revenue from this source by as much as £12,332, when compared with the previous year.

The net revenue for the year after providing for taxation of £240,078 amounts to £294.016. We now recommend a final dividend of 15 per cent on the Ordinary Stock (making 22 per cent for the year).

The market value of our investments at £9,400,874 shows a surplus of £4,992,244 over the book value last year. This, I think you will agree, reflects a position of great strength which should enable us to weather any storms which may arise through unsettled conditions at home and abroad.

Our Revenue Reserves and unappropriated profits now stand at the substantial figure of over £750,000. It must also be borne in mind that our recent issue of Ordinary Shares will produce, after expenses, a sum of approximately £370,000 to the credit of our Share Premium account. In all a sum in excess of one million pounds.

At this stage you will no doubt wish to know what are our prospects for the coming year. The effects of the credit squeeze being exercised by Her Majesty's Government are slowly beginning to emerge. The severe competition from Germany and Japan is making it more difficult for our manufacturers to pass increased costs on to the buyers, and, in consequence, one sees that profit margins are decreasing, and this in turn is leading to lower profits. The present high cost of labour is tending to force our industries to look into the possibilities of automation, and whilst this and lack of overseas orders will, in the short term, bear hardly on part of our labour force, as exemplified in the recent reductions of staff in some industries, it must, in the long term, enable us to compete more favourably with our competitors abroad.

The best managed companies have always adopted a conservative attitude towards distributions of earnings, and this, coupled with our well spread portfolios, should enable me to present to you next year, figures which will bear comparison with those now before you.

The report and accounts were adopted.

THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES

PROBLEM OF EVER-RISING COSTS

The forty-sixth annual general meeting of The London County Freehold and Leasehold Properties Limited was held on July 30th in London. Mr Thomas J. Cullen (Chairman and Managing Director) presided and, in the course of his speech, said: Our gross rental income for the year was £2,451,950; to this should be added £30,436 interest receivable on our loan in Rhodesia, making a total of £2,482,386, being £142,826 more than last year. After tax (other than profits tax attributable to dividends) and interest the net revenue was £365,664.

The increase in gross income was £143,163 and the increased outgoings, including tax (other than profits tax attributable to dividends) amounted to £75,439. A substantial portion of the additional gross income is due to the payments by tenants towards the increased cost of services and repairs under the Housing Repairs and Rents Act, 1954; but, on the other hand, the major portion of the increased outgoings is due to the rise in the cost of services, maintenance and management since the passing of the Act. Under the Act the amount recoverable is limited to the increased cost from 1939 up to the date of the passing of the Act in August, 1954, and our Accounts serve to emphasise how inadequate these allowances now are.

It is hoped that this result, in a year of ever-increasing costs, will be considered satisfactory by stockholders.

The Government have definitely promised a general review of the Rent Acts and I am sure it will be realised that to continue to hold down rents where they are inclusive of services is quite unreasonable in these days of rising costs.

Some people at the moment appear to think the general remedy for all our ills is for the Local Authority to take over all houses and flats which are rent-controlled.

I am convinced that public authorities could not manage blocks of flats with services economically and efficiently, and that it would be very much against the interests of the tenants that they should attempt to do so.

A word might here be said about the new rating valuations. Generally speaking, the changes made in our properties are not very significant. But they have revealed more sharply the rent anomalies of controlled dwellings.

The two increases in profits tax—a tax that seems to me quite illogical—will substantially increase next year's outgoings. Our increased income from lettings during the past year will, however, provide a sum sufficient to more than cover that increase. The demand for all our properties—both residential and commercial—is insistent and we continue to do our utmost to give our tenants good service and good value. We are entitled to look forward to continued improvement in our net income.

Our plans in Rhodesia are progressing favourably. We expect very shortly to enter into contracts that will enable us to confirm the establishment of a permanent Branch Office in Salisbury and a Subsidiary Company there.

The report was adopted and at a subsequent Extraordinary General Meeting the conversion of 122,122 New Ordinary Shares into Stock was sanctioned.

ALLIED SUMATRA PLANTATIONS LIMITED

The Thirtieth Annual General Meeting of Allied Sumatra Plantations Limited was held on July 31st in London.

Mr A. L. Mathewson, OBE, chairman, who presided, in the course of his speech, said: After charging depreciation and a provision for renewal of planted areas, the combined profits of the subsidiary companies amounted to Rupiah 21,852,459. However, provision for Indonesian company tax and Government levy brings the net local currency profit for the year down to Rupiah 8,575,281, of which under current Indonesian exchange regulations slightly less than Rp. 4 million will, subject to permit, be remittable.

The directors recommend the payment of a dividend of 7½ per cent less income tax, which will absorb £60,375.

Indonesia's first elected Government have now formulated and are submitting to Parliament a Foreign Investment Bill, the preamble to which states:

"Capital is required to accelerate economic development in Indonesia and to increase national production in order to arrive at an improved standard of living of the population: the capital which is available at present in Indonesia is not as yet sufficient for that aim and consequently it is considered expedient to attract foreign capital for investment in Indonesia; in order to promote interest abroad in capital investment in Indonesia it appears expedient that next to regulations guaranteeing the interests of national development, regulations be established determining the necessary facilities and guarantees for foreign investment in clear stipulations in order to remove all hesitation in this sphere."

As we all know, the demand for capital for development purposes throughout the world far outruns available resources; and a process of selection becomes inevitable. Since nothing succeeds like success, it is highly important to Indonesia, in common with all other countries seeking foreign investment, that the current experience of the general body of its existing enterprises should provide definite incentives.

As at present adumbrated the Foreign Investment Bill provides no sufficiently clear-cut indications of the policy of Indonesia's new Government in relation to foreign enterprise in general and the vital plantation section in particular. It is plainly desirable that their intentions should be made unequivocally clear at the earliest possible date so that the future policies in relation to Indonesia of this and other plantation companies can be properly decided.

The relative desiderata are well known to Indonesian Ministers. To cite only one or two of these. Even in a matter so fundamental as land tenure, estate owners remain almost entirely in the dark as regards the future terms and conditions on which estate lands may be held. In the new bill 30 years is suggested as the normal duration of a lease or in some cases up to 40 years—a period demonstrably inadequate for long-term enterprise such as rubber, oil palm, or tea growing, in which the most pressing problem is how to speed modernisation of obsolescent plantations by large-scale replanting. Then again it remains puzzling to the investor why a country which needs and desires to expand exports and foreign exchange earnings should single out its own export industries for discouragement through differential rates of exchange.

The report and accounts were adopted.

TENNANT BROTHERS, LIMITED

HEALTHY SALES POSITION

The seventy-fourth annual general meeting of Tennant Brothers, Limited, was held on August 1st at Sheffield, Mr H. K. Wilson (chairman) presiding.

The following are extracts from his circulated statement for the year ended March 31, 1956:

During the year under review important developments have taken place. The proposal to associate with Whitbread and Company, Limited, met with the overwhelming approval of the Members. Towards the end of the financial year we began negotiations for the acquisition of the business of Clarkson's Old Brewery Barnsley, Limited. These are approaching a successful conclusion.

The five-year plan is in full swing. At the present time we have actually in building five new public houses. Plans are also being prepared for nine others. Last year I reported that Wiley and Company, Limited, had achieved a record turnover. This has been improved upon by over a quarter of a million pounds sterling. In the Brewery and Bottling Departments both turnover and barrelage have this year shown a very considerable increase—in fact, by 10.9 per cent on 1954-55.

The Consolidated profit of £285,270 shows an increase of £58,631 compared with the previous year. The Net Profit shows an advance, being £9,008 higher at £121,206. It is gratifying to be able to recommend a total distribution for the year of 17½ per cent against 13¼ per cent last year.

The report and accounts were adopted.

WILLIAM HANCOCK & COMPANY

The sixty-ninth annual general meeting of William Hancock & Company Limited was held on July 26th, in Cardiff, Colonel J. Gerald Gaskell, CB, TD, DL (Chairman and Managing Director), presiding. The following is an extract from his circulated statement:

The profit for the year, before taxation, shows an increase from last year's figure of £236,462 to £276,589. Our sales of draught and bottled beers have each shown an increase amounting in all to about 3 per cent for the year, which is slightly more than the previous year's reduction. In addition, it is satisfactory to record that the sales in all our other departments have improved, namely, the Catering Department, Wine and Spirit Department and the Soft Drinks Department.

The consolidated net profit, after charging taxation, shows an improvement from £96,902 to £109,116, which I think you can consider to be satisfactory.

The Balance Sheet shows a healthy position, and the General Reserve has now reached the satisfactory figure of £800,000.

As to the future of all businesses, including our own, it is not possible to form any opinion. We feel that we have built up a substantial goodwill among our customers in spite of increased competition.

I mentioned last year that this industry badly needed relief in taxation in the form of a reduction in Beer Duty, but I am afraid my appeal fell on stony ground. I still feel that special consideration is due to the brewing trade for the immense burden of taxation that it has shouldered so long.

The report was adopted.

CHARRINGTON, GARDNER, LOCKET & COMPANY

OVERALL TRADE EXPANSION

The fifty-third annual general meeting of Charrington, Gardner, Locket & Company, Limited, was held on July 27th in London, Sir John Charrington (the Chairman) presiding.

The following is an extract from his circulated statement:

It is pleasing to be able to report a further improvement this year in the trading results.

Trade has expanded in all markets—especially fuel oil—and profits have improved by £96,436 before taxation. However, approximately one-third of this increase was brought about by the effect of the sharp rise in coal and coke prices in July, 1955, on our stocks at that date.

The tax charge is £184,603, which is £44,581 higher than a year ago, and the profit for the year after taxation at £140,752 shows an increase of £51,855 over last year.

CONFIDENT OF CONTINUED PROGRESS

Our sales of Fuel Oil have exceeded our forecasts, but allowance had been made for the possibility in building up our delivery plant, and as a result our service throughout was kept at the highest level of efficiency. I look forward with confidence to continued progress.

Despite the rapid expansion of our sales of fuel oil, we have, during the year, also sold more coal and coke than ever before.

Although the percentage of house coal in our domestic trade grows less and that of coke greater, it is encouraging to be able to state that we find no falling off in the demand for solid fuel.

It would seem that the Clean Air Bill will soon become an Act of Parliament, and as we have made a feature of encouraging the sale of smokeless fuel at all depots for some few years now, I believe that we shall be well placed for the future in all areas, whether smokeless or not.

The important share of the industrial coal trade which your Company handles has been further developed during the year, and I think this growth is due in no small measure to the efforts made to help our customers to limit consumption of coal by increased efficiency.

Our general lighterage trade has been well maintained. We have again had a busy and profitable year at our barge building yard at Dartford.

We are proceeding steadily with the provision of further plant and equipment for our fuel oil business and with the mechanisation of coal handling at depots. We are at the same time finding that continued increases in the price of coal and coke necessitate considerable additional working capital.

These needs can be met only partially from internal sources and there can be no doubt that, if the healthy expansion of the Company is not to be frustrated, further capital must be sought before long.

The report was adopted and the total dividend of 15 per cent was approved.

APPOINTMENTS

FEDERATION OF RHODESIA AND NYASALAND

VACANCIES: (1) *INDUSTRIAL INVESTIGATOR*, (2) COST INVESTIGATOR, INDUSTRIAL DEVELOPMENT AND RESEARCH BRANCH: MINISTRY OF COMMERCE AND INDUSTRY

Successful applicants for the above posts will be appointed initially on contract for three years, with possibility of renewal.

1. *INDUSTRIAL INVESTIGATOR*

The salary of the post will be determined in accordance with the qualifications and experience of the person appointed. The successful candidate will be a key member of the Government organisation, charged with the examination of applications for tariff protection for industries, or for industrial rebates of customs duty. Such examination will include the determination, with the assistance of the Cost Investigator, of the costs of production of items on which tariff assistance is sought; the weighing up of evidence presented for and against such assistance; the submission of comprehensive reports on the industry concerned, and assessment of the repercussions of the proposed tariff adjustments on the economy of the Federation. An objective and judicial approach will be expected.

Experience in a responsible capacity in business or manufacturing industries is essential. Academic or professional qualifications particularly related to the problems of industry and commerce would be advantageous, as would previous connection with and participation in tariff work. The work to be done will require an understanding of industrial processes and the capacity to penetrate thoroughly the costs and workings of industries. If the applicant is not already familiar with the machinery of import duty tariffs and with the implications, in all respects, of adjustment to tariff rates, he will be required to familiarise himself rapidly with these matters.

2. *COST INVESTIGATOR*

The successful candidate will work as a member of the organisation for the examination of applications for tariff protection or rebates of duty for industries. His special duties will be to make costing examinations into industries in order to determine costs of production and to establish the economics of particular industries; he will also be expected to carry out investigations into such other economic or industrial subjects as may be required.

The salary will be determined by the qualifications and experience of the person appointed.

The qualifications required are a professional qualification in cost accounting (e.g., A.C.W.A.), together with such personal experience in industry, in a professional or executive capacity, as to be able to make effective investigations into a variety of industries. Experience in tariff work would be advantageous.

3. *CONTRACT TERMS*

For both posts will be a matter for negotiation with the successful candidates; provision will be made for vacation and sick leave.

Applications, in duplicate, giving full details of age, qualifications, experience, marital status, present emoluments, and the names and addresses of two referees, should be sent to: Public Service Attaché, Rhodesia House, 429 Strand, London, W.C.2, by August 21, 1956.

STATISTICIAN required by leading London Advertising Agency to be responsible primarily for the analysis of television research data, and also for statistical analysis in connection with consumer research projects.—Apply to Research Manager, Young and Rubicam, Limited, 285 Regent Street, W.1.

APPLICATIONS are invited for the appointment of Director of The Acton Society Trust. The Salary offered will depend on qualifications and experience, with a starting rate of not less than £1,250.—Applications and requests for further information should be addressed to the Secretary, at 39 Welbeck Street, London, W.1. Closing date for applications, September 15, 1956.

COMMERCIAL ENGINEERS (ELECTRICAL)

A vacancy exists with the United Kingdom Atomic Energy Authority, Industrial Group, in the Commercial Department of the Technical Policy Branch, Industrial Group Headquarters, Risley, Warrington, Lancs.

DUTIES:

The duties associated with this post are novel in character, and present an interesting opportunity for undertaking responsibility for the assessment of the economical and commercial aspects of nuclear power generation.

The successful candidate will primarily be closely associated with the development of nuclear power stations by the electricity supply authorities within the U.K. It will be necessary for him to acquire a good understanding of the various technical processes operated by the Industrial Group. Opportunity will be given for a period of initial training in the specialised field of atomic energy.

QUALIFICATIONS AND EXPERIENCE:

Candidates should have a Degree in Electrical Engineering, or be Corporate Members of the Institution of Electrical Engineers. A good commercial background is essential, and candidates should preferably have had experience in assessing costs of electrical generation and distribution by conventional methods.

A good personality and the ability to work in conjunction with other members of a large industrial organisation are equally important.

Experience in the field of Metallurgy will be an additional qualification, but is not essential.

SALARY:

Will be assessed within the scale, £1,705-£1,980. A contributory Pension Scheme is in operation.

An Authority house for renting by married staff may be available in due course, or, alternatively, substantial assistance may be given towards legal expenses incurred in private purchase.

Suitably qualified persons are invited to send a postcard, quoting Reference 1547 for application form, to the Recruitment Officer, U.K.A.E.A. (I.G.) Headquarters, Risley, Warrington, Lancs.

Closing date: August 17, 1956.

EXPORT SALES.—A company in London, which is rapidly developing sales of its products in all parts of the world, has vacancies for three more (£27-35) in its export division. This division's work includes the development and consolidation of overseas distribution and the negotiation of sales with foreign authorities and international organisations. Applicants must have had wide experience of these and other aspects of overseas sales. Within a year of joining the department they will be expected to fill senior positions. Starting salary £800-£1,000.—Send a postcard for further details to Box 897, c/o Dizons, 1-9 Hills Place, London, W.1.

SCIENTIFIC COMPUTING IN IBM.—Young men and women trained as mathematicians, or as engineers or scientists with a good mathematical background are needed to help in the formation of a scientific and technical computing group. Members of this group will operate a scientific computing centre in the London area, based on a high-speed digital computer. They will also work with outside organisations throughout the country advising on the use of IBM equipment for scientific work and assisting in the setting up and operation of computing installations within these organisations. Members of this group will be provided with an initial period of training in the London data processing centre. Opportunities will be provided later for specialisation within this centre, on particular types of equipment or computing application. Other opportunities will arise for regional work in connection with assistance to outside organisations.—Please write in first instance to Personnel Manager, IBM United Kingdom Limited, 100 Wigmore Street, London, W.1, quoting Reference S.C.1.

FEDERATION OF RHODESIA AND NYASALAND

VACANCIES: STATISTICIANS
CENTRAL AFRICAN STATISTICAL OFFICE
MINISTRY OF FINANCE

Applicants, under 35, must possess, or obtain this summer, a First or Second Class Honours degree (or equivalent qualification) in Statistics, Mathematics, Economics or other appropriate subject. All applicants must have taken a University course in Statistics or have passed the examinations of an approved statistical society.

Starting salary:

(Men) £880-£1,100, depending on qualifications and experience, on scale rising to £1,600.

(Women) £680-£840, depending on qualifications and experience, on scale rising to £1,280 p.a.

Senior Posts, with salaries of up to £2,850, filled by internal promotion.

N.B.: As allowances can be made, in certain cases, for National Service in the assessment of commencing salaries, an Honours graduate without experience could start at £1,000 p.a.

Application forms and further details from the Federal Public Services Attaché, Rhodesia House, 429 Strand, London, W.C.2. Closing date August 18th.

GRADUATE in Economics with "first" or good "second" Honours Degree, specialist in either Economic Theory or Statistics, required for research work in Department of Economics, International Wool Secretariat. Commencing salary £500-£600 (according to qualifications) with superannuation benefits.—Apply, in writing, giving full details of qualifications and experience, to the Secretary, International Wool Secretariat, Dorland House, 18-20, Regent Street, London, S.W.1, marking cover "E.C. Confidential."

GRADUATE (economics and business administration), of Frankfurt University and London School of Economics, seeks career with British or American firm or financial institution operating in Germany. He possesses initiative and tact, and is willing to incur responsibility. Age 24. German nationality.—Box 480.

WOMAN, 32 yrs. Supervisor Calculating Dept., seeks similar post in London or Staines area.—Box 479.

SQUEEZE NOT FREEZE! *The Banker*, in its new, 3D style look, points to the danger in the policy, too widely accepted, of switching the instrument of official restraint from monetary action to hortatory talk. The factual background is provided in an analysis entitled *Credit Contraction Halted*.

THE BANKER in its new format has been the subject of widespread, and favourable, comment. The August issue presents in addition *The Battle of Mortgage Rates*, by John Marvin; *Principles and Mechanics of Monetary Control*, by Professor E. W. Paish and R. Alford; *Commonwealth Development Now, Five Years of Local Aid*; and, as every month, the lively commentary by Sir Oscar Hobson, *"As I See It."* Price 2s. 6d. monthly from bookstalls or a specimen copy from 9 E. Poultry, London, E.C.2.

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Canada: $21.50 or £7.14s.	Gibraltar, Malta: £3.15s.	Israel: £6		Nigeria, Gold Coast: £5.5s	Sudan: £3.10s.
East Africa: £5.5s.	Hongkong: £7	Japan: £9		Pakistan: £6	Union of S. Africa: £5.10s.
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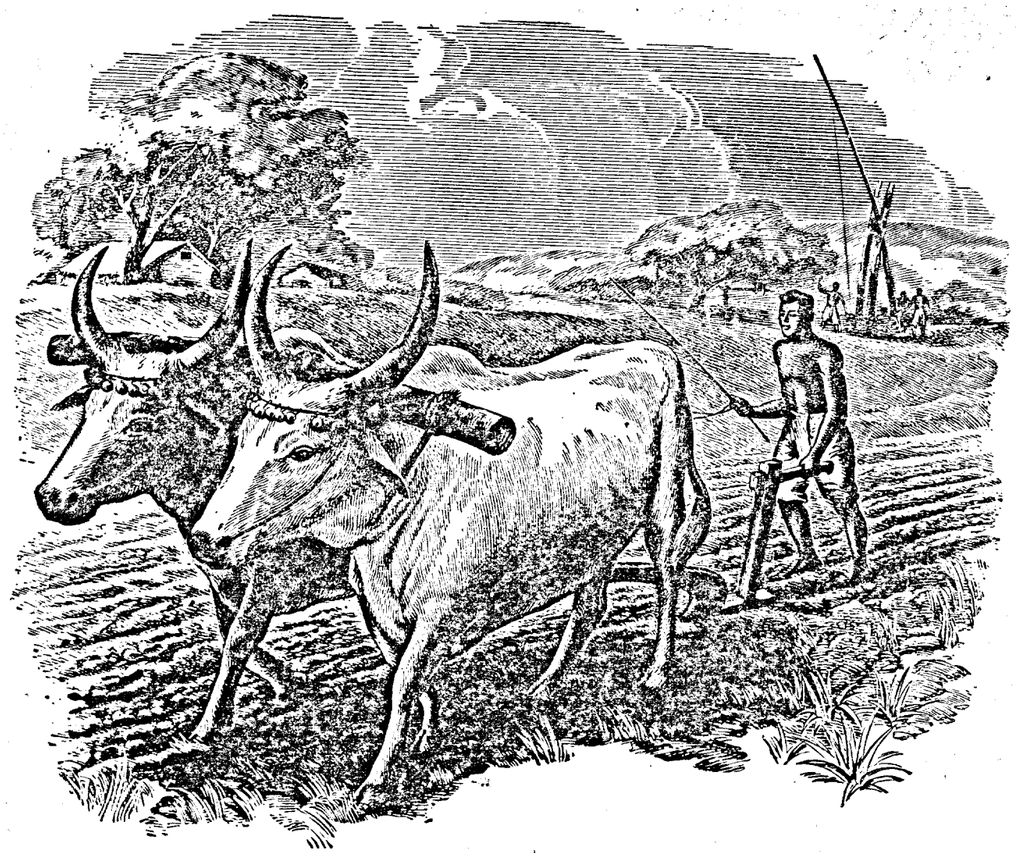

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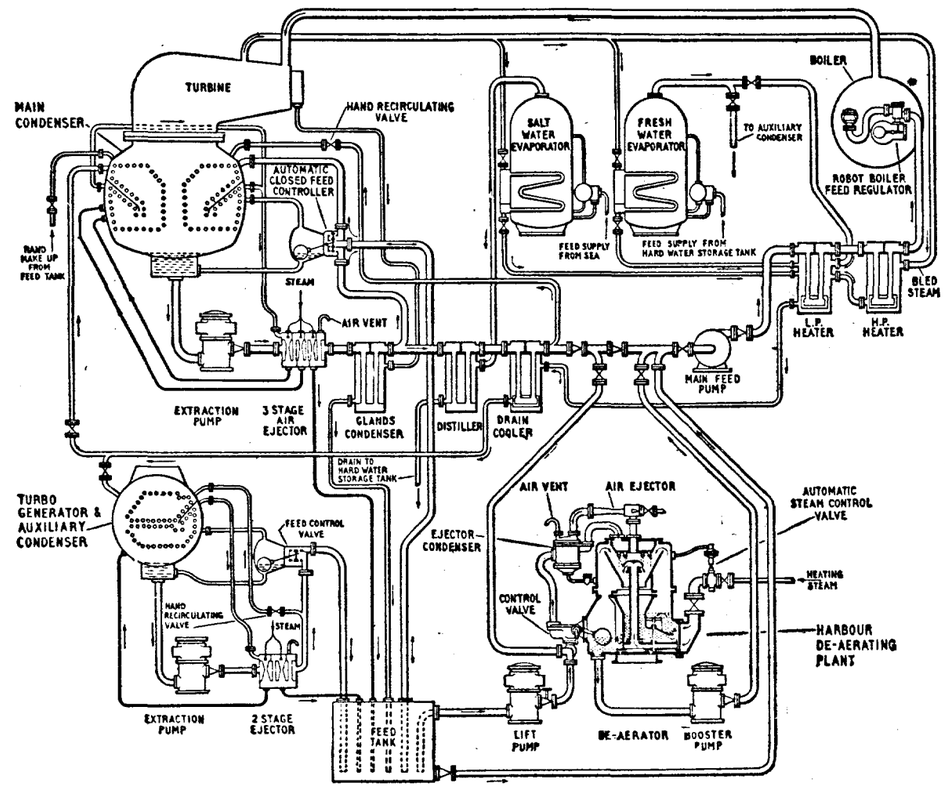

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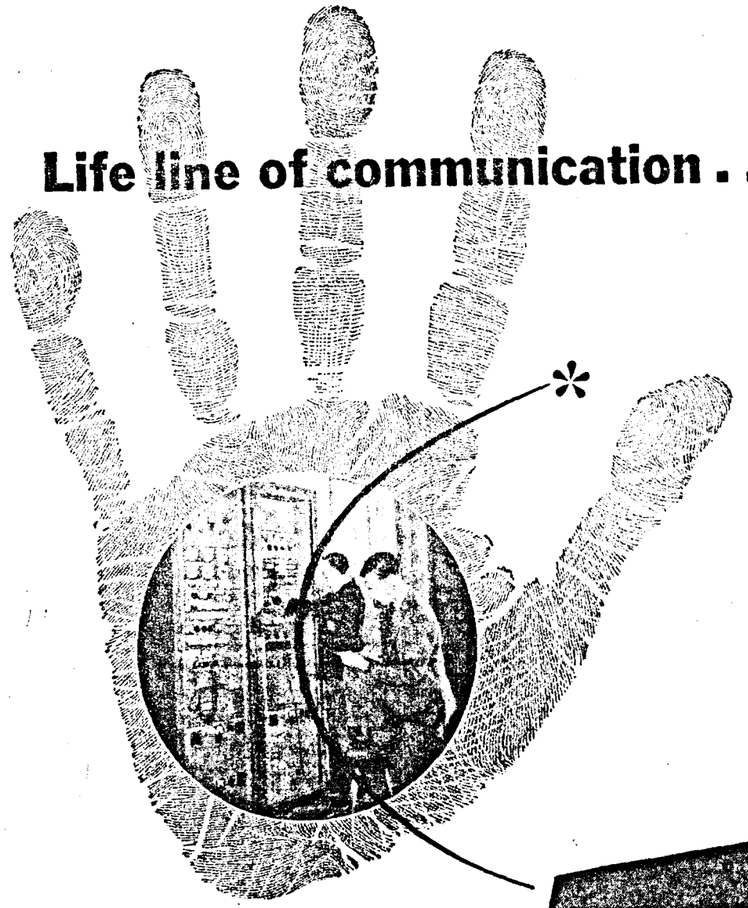

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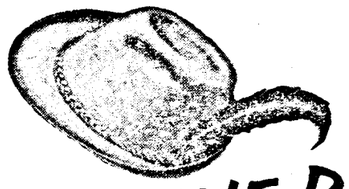

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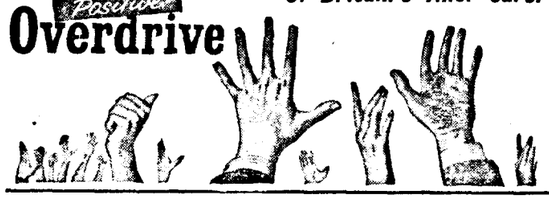

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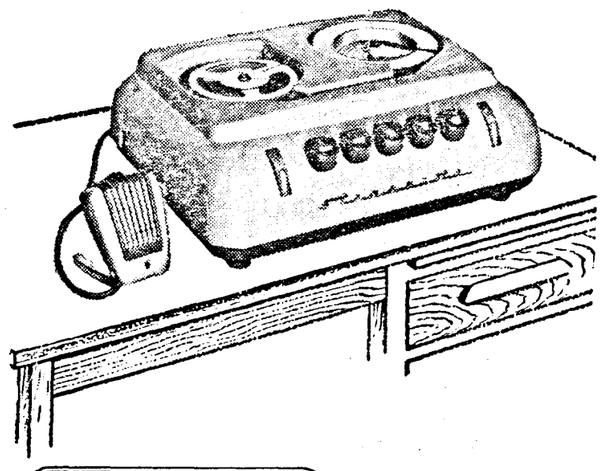

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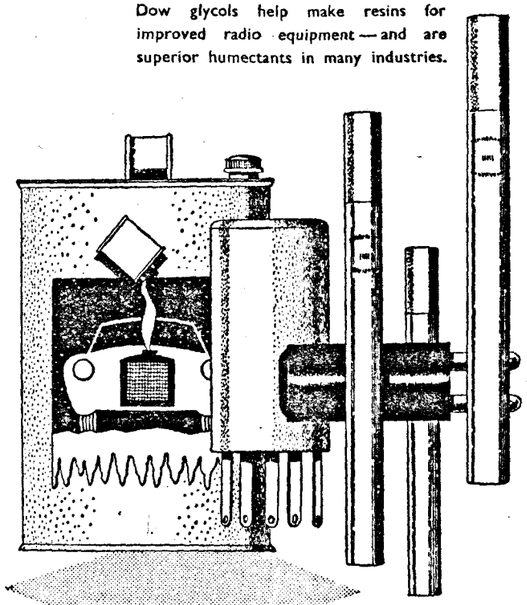

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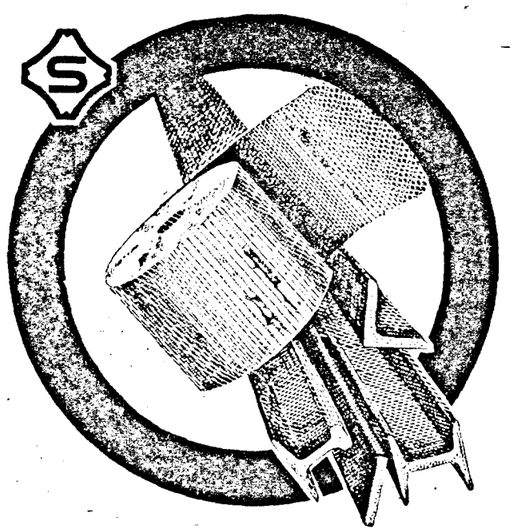

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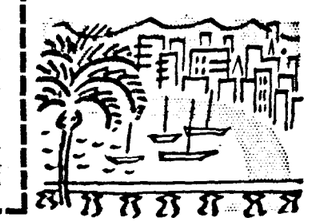

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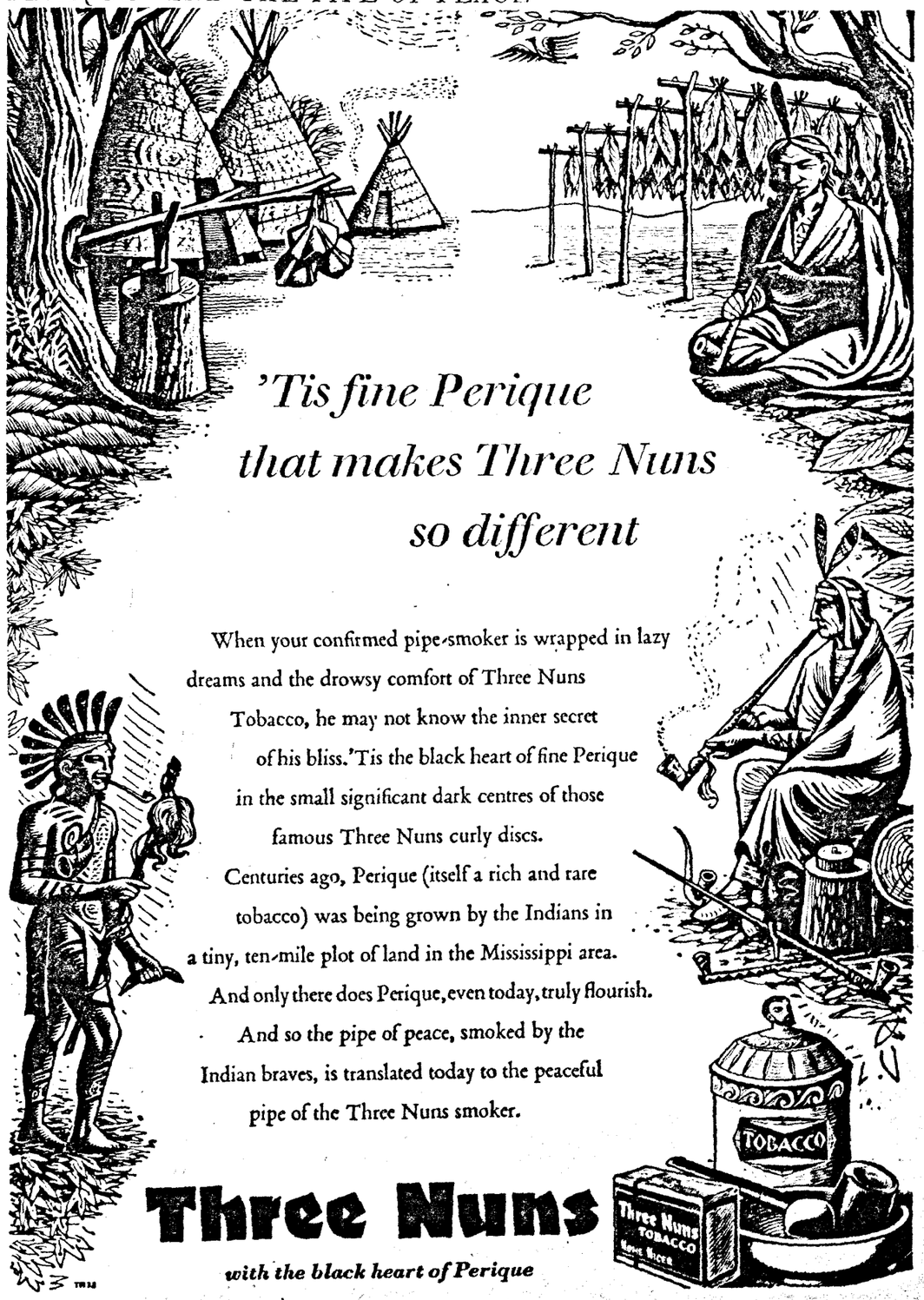

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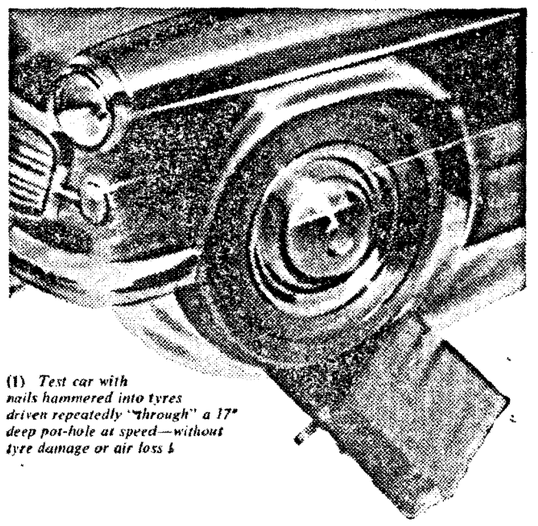

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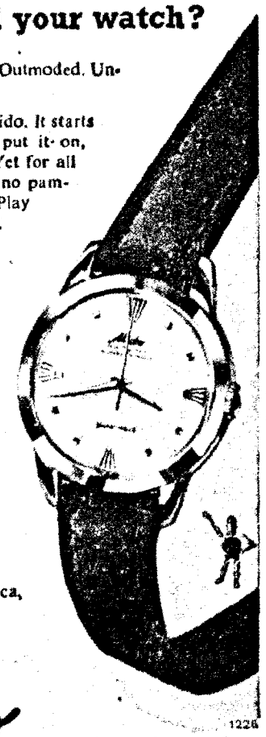

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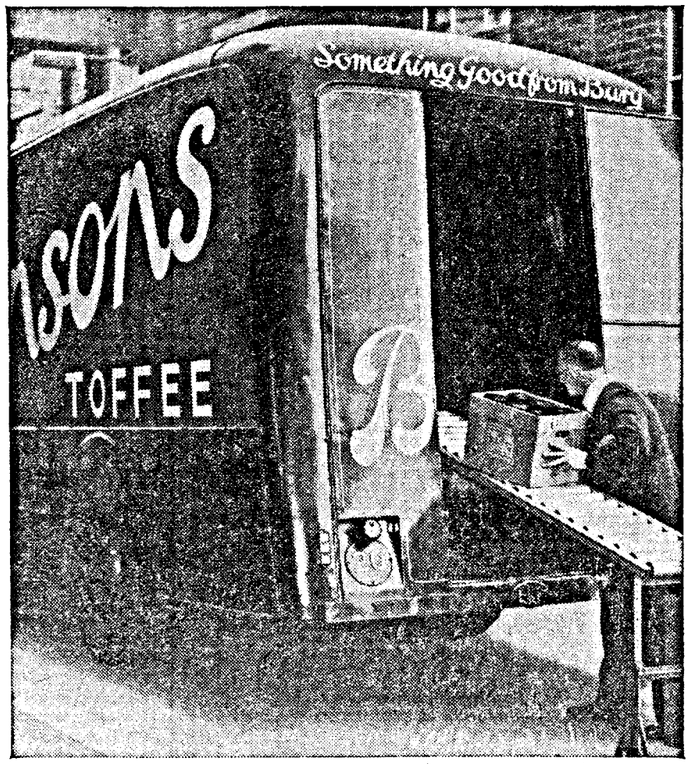

Bensons Confectionery Ltd., of Bury, have a large home and export trade in toffees and boiled sweets. Last year deliveries were hindered because loaded vans were kept back while invoices were being prepared. More staff were put on the work, but there were still delays during peak periods.

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Long Haul at Suez

WHILE next week's conference of the powers on Suez is being prepared, a large and costly British armada is being directed towards the eastern Mediterranean, with little indication either of what it will cost, or of how long it is likely to stay. British feeling flared up quickly over Suez, in a mood of impatience ill tuned to face a long and tedious contest of wills. The Government patently sees the Suez question in terms of swift action—a short, sharp conference under rigorous chairmanship (with a technique inspired, perhaps, by the Japanese peace conference at San Francisco in 1951); then Egyptian compliance, with or without a physical struggle.

Will this bright concept prevail against the dusty facts of international life? The government in its military preparations may or may not be pursuing a specific plan; if it were, it would be unlikely to disclose it. When the Prime Minister announced "certain precautionary measures of a military nature" to the House of Commons he described their purpose in the most general terms, "to strengthen our position in the eastern Mediterranean and our ability to deal with any situation that may arise." The description contained a warning, perhaps unintentional. A power position, to be strong, must be durable. The western nations have to contemplate at Suez, in the eastern Mediterranean, and in the countries of the Middle East from which oil comes or through which it passes, not one "situation" arising, but a long series of situations—whether the immediate issue with Colonel Nasser is settled by negotiation, or by force. It is a dangerous illusion to suppose that the armada can settle matters at a stroke and come home, leaving the Middle East clear for the tranquil and ordered flow of commerce.

If the despatch of armed force to the Mediterranean means anything, and is not merely the human protest of Ministers against the endless wearisome embroilment in the meshes of foreign politics, it must be intended as an insurance policy against the failure of international moral pressure: against the possibility that Nasser may break his word and close the Canal, or against the possibility that, the conference having reached a decision, he may refuse to accept it. The premium on such an insurance policy is high. More important, to be of much value it must be taken out not for a few weeks but for many years, or when the risk materialises, in an expected or an unexpected form, it may be found that the policy has run out. Is Britain in fact prepared, having clamped a control by force on an actively unwilling Egypt, to sit on the lid for ever, while keeping further massive military strength handy to deal with the inevitable wide repercussions in the Arab world?

The problem which Colonel Nasser has flung in our faces at Suez is a problem of politics and in the end it will have to find a political solution, whether or not the military adventure is tried first. It will be best to use the conference next week to produce the political solution now—a set of proposals, that is, which the Egyptian government

can conceivably accept, rather than one that would have to be imposed upon it. The minimum British requirements of which the Prime Minister told the Commons before it went into recess, the still more ambitious requirements which M. Pineau outlined when he returned from London to Paris, and the terms stated in the invitation to next week's international conference, all go beyond what President Nasser, or any Egyptian government with a serious claim to be representative, is at all likely to swallow.

The most cautious of all these formulations, that contained in the invitations to the powers, speaks of "operating arrangements under an international system designed to assure the continuity of operation of the Canal as guaranteed by the Convention of October 29, 1888"; in short, the running of the Canal is to be taken out of Egyptian and put in international hands. Probably a majority of the powers at the conference—themselves by no means an unchallengeable selection of countries to speak for the world in this matter—can be found to approve the proposal, though naturally that does not mean that they would be prepared to fight for it; any fighting would be left to a very select company, perhaps Britain and France alone.

From many countries whose friendship they would need they could not in that case count upon even a benevolent neutrality. For the United States the decision would be difficult. Mr Dulles went a long way, evidently further than he liked, to meet British and French feelings when he subscribed to the three-power statement last week. As is known, he is thoroughly disillusioned with Colonel Nasser, whose flirtations with Moscow and rancour against the West led Mr Dulles to cancel the offer of aid for the High Dam and thereby to spark off the Canal crisis. But if the Americans disapprove of Colonel Nasser, they disapprove hardly less of the Anglo-French brandishing of force. President Eisenhower put his whole emphasis on Wednesday on negotiation, "good sense" and "sober second thinking" and against the use of force: "We have tried to substitute the conference table for the battlefield." There is no support here for an imposed solution, still less for a military adventure.

West Germany views the conference with misgivings and the British attitude with astonishment. A representative German press comment remarks that the British Government has lost its nerve. It adds, somewhat tartly, that the neutrality of the Canal has been violated before—lately by Egypt against Israeli traffic, with full British compliance; earlier, by Britain against Germany in two wars. Bonn has agreed to come to the conference out of a disinclination to give offence in Paris and London, together with a reluctance to be absent when decisions are taken; but Bonn does not want to offend the Arabs, either.

Mr Nehru, whose moral authority in Asia tends to grow on an occasion of this kind, has agreed to come only with the strongest public reservations. India's interest in the Canal, like that of South Asia generally, is strong, but it will not for a moment deter Mr Nehru from admitting Egypt's right to nationalise anything in Egypt that it pleases. The outstanding differences "are not strong enough to justify an international crisis"; the British and French military moves have made matters worse and "aroused resentment not only in the Arab countries but in Asia as a whole."

Finally in the Arab countries themselves, no trace is to be found of anything but bitter hostility to any western intervention. Even Iraq has spoken up in Egypt's favour; in a clash, the whole Arab world would be on Colonel Nasser's side. For that reason alone, an imposed solution will last only as long as the armed force which is sent to impose it.

★

If, instead, the search is made for a plan that would not inevitably have to be fought for, then it will almost certainly end with international control of a much gentler kind, leaving ownership (subject to compensation), territorial rights, and operating control in Egyptian hands. It would amount to supervision by an international body to see that ships had free passage without discrimination or extortionate dues, and that the Canal was efficiently maintained. It would have no executive powers to enforce its wishes, but it would have to have the right to observe, to be informed, and to recommend. These rights would have to extend, no doubt, to the right to recommend projects of development to keep pace with the expanding traffic, but the fact may as well be faced that suggestions for expansion would have to be accompanied in practice by suggestions about the financing of expansion. (If the powers want an ever-expanding Canal, as they reasonably may, they may have to be ready to put up some of the money; why should the Canal be run for the benefit of its users alone?)

An international supervising team at Suez would have to be responsible to a body of powers, who would appoint and protect its members, and to whom it would fall to act on the recommendations when action was needed. Since there is no rational way of setting a limit on the number of countries interested in the use of the Suez Canal, the logical body would be the widest possible, the United Nations. This, it will be objected, is slow and ineffectual; but it need not be ineffectual when there are powers ready to act on its behalf. A United Nations team at the Canal would in a crisis present the clear legal and moral case which western governments nowadays need before they resort to force. It would have the other advantage of being the only kind of supervising body which the Egyptian government could accept without humiliation if it wished.

Even so, it can be doubted whether Colonel Nasser will agree; but the proposition is one that can reasonably be put to a sovereign government. To the British Government, too, such a limited solution may be hard to swallow after the brave words that have been used; but it is better to begin with the politics now.

Sterling Stocktaking

THIS is the season of the year for sterling area crises. The peak weeks of holiday are also the peak weeks of pressure upon the pound. And foreigners —who remember only too well how many economic squalls have blown up in Britain in August, to reach gale force in September or October—are naturally watching the foreign exchange market with hungry speculation. On Wednesday the middle spot rate of sterling against the dollar was $2.78\frac{7}{16}$; on the same date a year ago, when the Chancellor was just beginning to realise that he might have to introduce an autumn budget, it was $\frac{3}{8}$ths of a cent higher. The gold reserves at the end of July were $2,405 million; at the end of July last year they were $2,544 million. Britain is again approaching the hurricane belt, and the Chancellor is carrying a slightly smaller umbrella than before. Is the hurricane going to blow?

The answer, one can be reasonably sure, is that this year it is not. That forecast ought to carry rather more assurance than the absence of warning that there would be a freak ice storm on August Bank Holiday at Tunbridge Wells. It is important to emphasise the absence of genuine hurricane signs, because in three weeks' time one of the accustomed barometers of stormy weather may appear to point the other way: the gold reserves in August are very likely to fall.

This likelihood can be measured with some precision. In August Britain is having to transfer $50 million of gold to the European Payments Union, to pay for the sterling area's deficit with Europe in July. Receipts of American aid, which were unduly swollen last month, are likely to fall back to their recent average of $3 or $4 million a month; at that level they would just about cover the additional and regular $3 million a month that Britain now pays on its funding debt to Europe. It follows that the gold reserves are likely to drop unless the sterling area's dollar surplus on transactions outside EPU this month exceeds $50 million. In July this surplus was $32 million, which was rather surprisingly good; under the normal seasonal pattern—since sterling area sales to North America are now at the year's nadir—it has to be expected that the surplus outside Europe will be smaller this month. Indeed, in view of the political speculation against sterling touched off by the Suez crisis and the persistent strength of the Deutschemark, it would not be surprising if it were wholly washed away. In the absence of special payments or receipts the gold reserves this month might then fall by $50 million or so. A setback of this order this month, aggravated or mitigated by any special payments or receipts, would not be out of line with the current state of the sterling area economy.

The question that the speculator in sterling should be asking himself is, therefore, not what any reduction in the reserves in August may portend, but whether the short-term underlying state of the sterling economy is unhealthy or sound. One ingredient of it is already known. The Chancellor has stated that Britain seems to have made a surplus of over £100 million in the first half of this year; when Chancellors speak like that, it is quite probable that the surplus was up to £150 million or more. As an offset to this British recovery, the overseas sterling area was almost certainly in deficit. Because there are no published monthly figures of the sterling balances (another missing table in the Chancellor's Bradshaw) it is impossible to make any estimate of this deficit; but since the gold reserves ran up by some £95 million in the six months, the deficit is unlikely to have been as great as Britain's surplus in the first half of 1956.

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What of the second half of the year? There has been no indication in recent trade returns, or in the welcome bite of disinflation at home, that Britain's visible accounts need necessarily deteriorate. If the military preparations for Suez are as expensive as they threaten to be, the invisible accounts are bound to suffer some strain. By contrast, however, the overseas sterling area ought to have a better half year, once the autumn season for sales of its primary commodities opens, for there has been a notable strengthening of commodity prices and not entirely because of Suez. These sales, and commodity prices, were depressed in the spring by fears of an American recession. Now nobody expects a serious recession there; the United States has had a steel strike instead.

There are, therefore, some grounds for short-term equanimity. But the mere fact that this has to be pointed out is indeed a cause for long-term concern. This year Britain can manage to snatch a balance of payments surplus; its perennial condition of internal inflation is less obvious than at almost any period since the war; and the world economic situation offers prospects for sterling area exports that are promising. And yet, just before the customary season of strain, and before an actual fall has appeared in the monthly gold accounts, analysts here are having to assure Zurich bankers that it really is not at all likely that sterling will again be devalued next month. That this should be necessary is at once a measure of the inadequacy of the present gold reserves, and of the lack of foreign confidence that Britain has yet learned to use them seriously; it is also a measure of the urgency of the next battle against inflation at home, which will be joined in full earnest when the autumn's wage claims start to roll. In that battle—and this is the real lesson of the nervousness of foreign exchange markets in the past few months—Britain will be most closely watched; the slightest impression of weakness will immediately react on the pound.

Korea Today—1

White Man of Asia

FROM A CORRESPONDENT IN SEOUL

THE South Korean government stepped on to the international stage in a world crisis. After centuries of isolation, Korea lacked experience of external relations; and Dr Rhee has found it difficult even to gain the attention of a preoccupied world. He has knocked at every door, including those of the United Nations, the International Bank, and the Red Cross; he has hastened to send ambassadors to every accessible capital, and is now opening legations in Rome and Ankara. But the results are meagre so far. The Republic of Korea enjoys platonic relations with Europe, strictly practical ones with the United States, superficial or non-existent ones with most of Asia, and frankly bad ones with all its neighbours.

Its spokesmen argue that toughness, even boorishness, in foreign relations is the only way to escape being overlooked and to maintain the kind of atmosphere suited to a possible resumption of local (and, if fortune favours, global) hostilities. More than anything else it is afraid of international indifference, which, it believes, would quickly lead to the suspension of foreign aid, the *de facto* recognition of both the Korean states, and the gradual absorption of the whole peninsula into the communist sphere. So Dr Rhee abuses Tokyo (from a safe distance) and threatens to use his jets to sink Japanese fishing craft that stray as near as sixty miles off the Korean coast; he meets conciliatory North Korean gestures with pledges that reunion will be achieved by armed force; and he preaches a holy war against international communism. European efforts to reduce world tension are dubbed treason, and the Commonwealth prime ministers are accused of "connivance with the enemy" because their July communiqué expressed hope that the United Nations would become more universally representative—which is taken to imply the seating of the Peking government.

This unruly behaviour has led the American defence experts to abandon their ideas of an Asian anti-communist alliance based on friendly co-operation between an industrial Japan and a well-armed South Korea. Instead, they are asking Congress to approve a thirteenfold increase in military aid for Japan. Seoul's bellicose attitude makes things easier for advocates of Japanese rearmament. It also provides Japanese businessmen with the best of arguments for seeking commercial openings in China and North Korea. And it affects the Japanese negotiations for a peace treaty with Russia. The lack of official relations between Seoul and Tokyo gives the Japanese a chance to recall the "blessings" of their period of rule in Korea, then the world's fourth producer of rice, today a deficit area.

Dr Rhee won his laurels as a national hero by his long struggle against Japanese rule, and while he lives no real *rapprochement* between Japan and Korea can be hoped for. Such a move would, indeed, involve a certain risk of a new Japanese dominance, for Japanese influences remain strong in Korea. Many Korean traders put false Japanese trademarks on local products to ensure better sales. The flourishing black market in Seoul for the Japanese monthly *The Housewife's Friend* expresses a keen interest in all aspects of Japanese life.

The president's belligerence towards North Korea no longer arouses the same popular enthusiasm as in 1953. On the contrary, its main effect today is to aid communist propaganda, which dubs him an American puppet and the incarnation of the new western imperialist menace. In the unlikely event of a new outbreak of hostilities, the communists would have little trouble in "identifying the aggressor." Fortunately the choice between peace and war is in the hands of neither Seoul nor Pyongyang, but rather in those of Moscow and Washington, both of which seem bent on winning the world's good will. But meanwhile North Korea can go on making ever sweeter approaches to Seoul without running any risk of their being accepted, and this sweetening of tone may eventually secure it widespread international sympathy. In fact Kim Il Sung's latest proposals for unification, as expounded to a "neutral" journalist, already bear a close resemblance to the view on the Korean question expressed by several anti-communist delegates at the 1955 United Nations Assembly.

Relations between Seoul and Washington swing from mutual admiration to mutual exasperation according to the progress of American or Korean election campaigns, of east-west conferences, of Congress debates on foreign aid and of South Korean budget deficits. The intransigence of Dr Rhee's government often prevents any improvement. Seoul is choosy about American ambassadors; it evicts members of the Neutral Nations Supervisory Commission; it extracts sizeable sums from the United States Treasury; it vituperates against America's allies as much as against its enemies, and seeks in every way to impose its will on Washington, sometimes with success. The Americans have themselves provided the material for the blackmail that South Korea levies upon them. The South Korean army, which can at any moment unleash a new conflict, draws on American and UN supplies. Moreover, millions of Asians see in South Korea the fate that awaits them if they opt for the anti-communist camp.

Meanwhile South Korea heads the list of recipients of US aid, getting as much as the next three beneficiaries together. It seeks tirelessly to get America to invest in its territory a good deal more than the free world could ever allow to fall into communist hands. It means to chain America to Korea. Washington, for its part, is always trying to cut down the amount of aid allotted to capital equipment, and has succeeded in progressively increasing the deliveries of consumer goods "to check inflation."

Twenty-five years ago Dr Rhee was accused by his comrades in exile of dreaming of a Korea with the status of Hawaii or Alaska—a United States territory, whose inhabitants would be entitled to passports, greenbacks, snack bars and modern amenities, if not to votes. One cannot say if he still dreams of this. But one notes that the teaching of foreign languages is limited to English. The Korean, pink-complexioned in winter, brick-red in summer, has been called "the white man of Asia," and his long history reflects a fierce desire to cut himself off from the rest of his continent.

To tell the truth, nobody is bold enough to look far into the future. And that includes "Uncurk"—the UN Commission for the Unification and Rehabilitation of Korea. Humiliated by having failed in its chief task —unification—over so many years, the commission now confines itself to observing political and economic developments in the south; it is denied access to the north. It submits an annual report to the UN Assembly, a report on which the communist delegations draw copiously in order to denounce the "Rhee dictatorship," the "warmongering policies of America," and, more broadly, the "failure of the United Nations" in South Korea.

The Ring and the Book

"RINGS" in the auction room are no novelty. They certainly existed at book auctions in the eighteenth century; there is detailed documentary evidence that a ring was at work in a sale at Strawberry Hill in 1842. They are said to be more widespread, and their manœuvres often more blatant, in the antique and fine art trades than in the antique book trade; and they certainly flourish more luxuriantly on the continent than in Britain. But it is the antiquarian booksellers in Britain who are at present most publicly in the pillory for this practice; they were exposed in a courageous series of articles last year in a book-trade periodical called *Desiderata*, which has since (either *post hoc* or *propter hoc*) had to cease publication. The charge is a serious one, for in Britain—under the terms of the Bidding Agreements Act of 1927, commonly known as Lord Darling's Act — auction rings are specifically illegal. But, although illegal, they continue unmolested.

Clearly this ought not to be allowed to go on; but it needs to be soberly probed. What are these rings? And how prevalent are they? To the first question, Mr John Carter's "ABC for Book-Collectors" provides a conveniently terse definition:

> A ring is any group of two or more persons (normally, but not necessarily, dealers) who agree together before a sale to refrain from bidding against each other, in order subsequently to share between themselves the saving, in cost price under the hammer, effected by this elimination of competition. The lots purchased by one or another of the ring's representatives are then re-auctioned in private, the difference between the two totals being divided among the members of the ring. This private auction is called the *settlement* or *knock-out*, and each man's share of the total price difference is called the *dividend*. The anticipation of this communal credit-balance, which may often be substantial, also strengthens the hand of the ring's representatives in discouraging outside competitors in the early stages of a sale. For whereas a single bookseller would find it expensive to bid a succession of lots up to the ceiling—thus suggesting that the outsider had better stick to bookshops or retire to stamp-collecting—the cost of such action is shared by all members of the ring, who will jointly benefit from the resulting peace and quiet.

In answer to the second question—about the prevalence of the rings—some recent newspaper articles have given the impression that the shabby manœuvres they are so rightly exposing are executed with equal unanimity, aplomb and success at Sotheby's or Hodgson's or Christie's as at small sales in the country. This is unfair. Undoubtedly there are still sometimes minor combinations of dealers at London book sales, for minor, "bread-and-butter" lots. These are as objectionable and illegal in the metropolis as at a country manor house. But these ringlets in London are of minimal importance because they do not include, as the country sale rings with sadly few exceptions normally have included, a decisive majority (if not all) of the dealers present. The situation is very different at the country house sales, where books and manuscripts are sold with the other domestic chattels, lotted and bundled usually with little regard for value or importance, normally sold not subject to return for imperfections, and catalogued by local firms, most of whom make no pretension to any specialised knowledge of this highly specialised field. In these conditions, the professional has an overwhelming advantage over the amateur; and he takes illegal advantage of it.

What, then, is to be done? It is no answer to say that sellers should send their books from the country to London; that is tantamount to saying that clients must take the rap because some dealers in the country successfully break the law. The ideal course, undoubtedly, would be for the Antiquarian Booksellers' Association to put teeth into its rules; to make a public and statutory declaration, signed by the entire committee, that no member is going to, or is going to be allowed to, take part in any ring large or small, in town or country or abroad; and then, equally publicly, to expel any recalcitrants. One prominent member of the trade is trying to prod his colleagues in this direction.

Sir Basil Blackwell, of Oxford, has initiated an independent crusade, publicly inviting all booksellers who, like himself, will have none of the ring to join him in publicly saying so. Sir Basil is a past president of the association ; but his is hardly an antiquarian business in the regular ABA sense, and the fact that he has stepped in where its committee feared to tread (coupled with the character of the support that some not very well informed articles in parts of the press have proffered to him) has alienated most of its members, including, unfortunately, many potential allies. Moreover, his form of declaration, which included a retrospective clause that few dealers could have honestly signed, made alliance with the most influential sections of the association almost impossible, even if he had consulted the committee before promulgating it.

The trade is therefore faced with an unpleasant dilemma. Sir Basil's " Book of Saints " (his own hardly happy phrase) comprises at present less than seventy names out of perhaps 1,700 dealers in the country, of whom about 300 are members of the Association. His list, to date, probably includes few important firms. Yet when it is published the implication will be plain—and presumably intentionally plain—that any firm not on it " settles," or at least condones, the practice. Will the ABA come to terms with Sir Basil ? Will it outface him ? Or will there be a crop of resignations by those members who are privately of his way of thinking ? The absurd thing about rings as operated nowadays in the book trade is that for any book of consequence the final buyer (i.e., the successful bidder in the private settlement or " knock-out ") may well pay as much in the end as if he had bought it in open competition at the public auction ; for he will often have used up his " dividend " in overbidding at the settlement. The dealers who most consistently profit from rings are those who turn up regularly at country sales, stand in with their colleagues, buy little if anything at the settlement, and go home with ten or fifteen pounds in their pocket as the price of abstaining.

If the trade will not discipline itself, then the only other remedy is the obvious one. There is a law against rings: let it be enforced. The authorities' excuse for not enforcing it is the difficulty of procuring evidence for the Public Prosecutor ; professional colleagues will not willingly give each other away. But there is little doubt that if they were determined the authorities could do more—aided by auctioneers, and particularly the non-metropolitan auctioneers. If every country auctioneer formally notified the police, before a sale, that he had reason to believe (as he has) that a breach of the law was likely to be committed, a sharp eye could without much difficulty be kept on the movements of easily recognisable dealers after the sale. In London, the auctioneers need have little doubt about the comparatively few persons on whom the police should be recommended to concentrate their attention. Moreover, the tax-collector could surely move parallel to the law-enforcers. At present, auctioneers can, and some do, exert unofficial pressure on known members of the ring by denying them any credit beyond their barest entitlement. But since the proceeds of the settlement are distributed in cash, and since any entry of them in a firm's accounts would be *prima facie* evidence of illegality, it may be taken for granted that they are not declared for income tax. Any auctioneer who wants to extinguish the ring (and every auctioneer presumably does, since it takes money out of his own pocket as well as the consigner's pocket) could give the Inland Revenue some sufficiently pointed hints.

There is one other stick that can be waved against wrongdoers. The Statute of Limitations gives only limited protection for past rings. It is an open secret that a fully documented account of the ring's operations at the Lowther Castle and Wentworth Woodhouse sales was prepared for publication by *The Times Literary Supplement* in 1948. Publication of this material was withdrawn in exchange for the signing of a pledge by every member of the ABA that he would never take part in a ring, and the addition to the rules of the Association of a clause which declared that legally proved contravention of Lord Darling's Act would be grounds for expulsion from the Association. The spirit of those pledges has not been carried out by some members of the Association. Presumably, however, the detailed *exposé* of these sales is still in its pigeon-hole ; and the booksellers who took part in those two rings—including many of the most famous firms in the trade—might reflect that the article would make just as devastating reading today as when it was compiled.

The Higgling of the Market

The higgling of the market, the battling of man with man to settle how much of one commodity or what proportion of a particular service shall be given for another commodity or another service, is generally spoken of with contempt, and as unworthy of the notice of the influential portion of society. Like many other things which appear low and mean at first, but which afterwards come to occupy a high place in our esteem and our affection, this higgling, when examined, is found to play a very important part in all our affairs. By it the price of corn is determined, and the price of corn settles the rent of land, and thus the income of the great landowner depends on the results of this higgling. The price at which corn is sold every year has a great influence over the labour of the agriculturist in the next and subsequent years, inducing him to grow more or less wheat, or barley, or oats, as he finds a better or worse market for these articles. As sugar, or coffee, or tallow, by the conflicts and debates of buyers and sellers, comes to be marked dear or cheap, orders are sent abroad or withheld for these articles ; and thus the course of trade, as well as the rent of the landlord and the cultivation of peculiar crops, is regulated by the higgling of the market. . . . It is an element, therefore, in the natural constitution of society, to which all human laws, under their best aspect and in their perfect form, are only very subordinate accessories. In this constitution . . . it is one of the indispensable means of regulating labour and distributing its produce in the best manner.

The Economist

August 9, 1856

Notes of the Week

The Commons and the Canal

It was unfortunate that members of Parliament found it impossible to delay their holidays even by the day necessary to debate Suez after, rather than before, the three-power statement. Although everyone had a rough idea of what was being planned, it is difficult to believe that, faced with it in cold terms, members would have worked themselves up to such a pitch of competitive belligerence. The diplomatic effects of this parliamentary sabre-rattling are discussed earlier. The main political effect seems to be that Sir Anthony Eden has somehow been ushered out on a dangerous limb by Captain Waterhouse and his friends, while Mr Gaitskell utterly failed to discourage the taking of such risks.

Mr Gaitskell's instinct to give the government every chance by presenting a picture of national unity in a moment of peril is laudable. But the uncompromising and indeed untypical tone of the Prime Minister's speech, and Mr Selwyn Lloyd's even stronger language to Tory MPs two days earlier, would have justified much stronger emphasis on his reservations. It would have been proper for the Opposition to have made its contribution by reflecting the moderate criticism of the Government's attitude which is taking shape in the country. Mr Gaitskell did demur at the by-passing of the United Nations and object that the Government is threatening force over too wide an area. But he did not make these points strongly enough. A false impression has gone out of unity in extreme courses, only Labour's lunatic fringe dissenting ; but in fact, following Mr Jay and Mr Healey, the majority of Labour MPs feel that force is only justified if Egypt closes the canal physically.

Sir Anthony Eden seems for once to have been unduly influenced by an uprush of Tory backbench hysteria. It remains to be seen whether the Tories have now cooled down sufficiently to let him climb back to a position which gives him more freedom of manœuvre—though his broadcast on Wednesday night gave no indication of any disposition to climb down. It is hard to think of Captain Waterhouse as typical of the average Tory, except when the average, in an overheated moment, caricatures itself.

The Farmworkers' Rise

Will the 6s. increase which last week was provisionally awarded to the farmworkers set the pattern for this year's wage increases ? They usually establish themselves at round about the same figure—last year it was about 9s. to 14s. The new award of the Agricultural Wages Board (which if it is confirmed will come into force on September 24th) certainly should not set the pattern because the claim was based on the plea that the farmworkers are ill-used compared with workers in other industries. They last got a rise as recently as in January, but they were indignant that it was only 8s. They could claim with good reason that this award placed them at an even greater disadvantage compared with other workers than they had suffered before, and that their relative position was getting steadily worse. The farmworker not only has a comparatively low basic wage (and for 47 hours instead of 44), but he has no opportunities for improving on it by piece-work or incentive payments ; and the man who is skilled in handling the increasingly complicated machinery is unable to earn an appropriate differential. The farmworker's average earnings, according to the most nearly comparable figures for last year, were £8 5s. compared with an average of £11 11s. for men in manufacturing industry. This comparison no doubt has something to do with the fact that in the last year the full time agricultural labour force (now 479,000) has lost 21,000 workers.

The National Union of Agricultural Workers, with the support of the Transport and General Workers' Union, which also has some farmworkers, therefore decided to put in a claim for a further 10s. immediately after the January award. It is this which has resulted in last week's award of 6s.—in spite of a much-resented letter from the Ministry of Agriculture to the farmers' union, warning them that any wage increase would not automatically be covered in the price review, and certainly not completely in any case. The board would have been wiser to have given a larger increase the first time, for it has already been demonstrated, for example in the case of railway workers, that increases which are given to improve the relative position of any one group of workers merely tend to be used by other workers as the basis for new and probably larger claims.

Registrar for Restrictions

As soon as the Restrictive Trade Practices Bill received the Royal Assent last week the President of the Board of Trade signed an order specifying the first classes of business agreement that will have to be registered with the new Registrar of Restrictive Trading agreements ; and this week Mr R. L. Sich, a Treasury Solicitor, was appointed to this key post in the new apparatus of monopoly control. The classes of agreement set out in the order that Mr Thorneycroft signed last week—which will come into force at the end of November, provided that Parliament approves it—are those that include restrictions as to price or other terms or which involve collective discrimina-

tion. Mr Thorneycroft quoted common pricing, level or agreed tendering, and the offer of preferential trading terms in exchange for loyalty to particular suppliers, as examples of the kind of agreement he hoped to pull in with this first cast of his net.

Mr Sich's new job will be to set up and keep this register of restrictive agreements, and later to bring agreements on the register before the Restrictive Practices Court for a decision whether they operate against the public interest. The new court, appointments to which have not yet been announced, will assume that agreements in the classes specified are against the public interest, unless parties to an agreement can justify it on one or more of six grounds laid down in the Act and additionally satisfy the court that any justification on such grounds is not nevertheless outweighed by the likely detriment to the public. Mr Sich this week emphasised that his job would be to see that all relevant evidence showing the effects of an agreement on the public interest, not merely the adverse evidence, should be laid before the court—though he conceded that in practice the "other side" might be expected to assemble all the evidence favourable to an agreement. His task, he added, was "not to go baldheaded for trust-busting." But what he makes of it will partly determine how successful the Act, this latest essay in British empiricism about business monopoly, turns out to be.

No Boat to China

IN refusing permission to visit China to fifteen American journalists who had been offered visas by the Peking government, the State Department has behaved clumsily and with short sight. Its explanation for the refusal was that this kind of contact is impossible as long as the two governments have no diplomatic relations and Americans are held in Chinese prisons as political hostages. There would be substance in this argument if Peking had hand-picked a group of fellow-travellers on whom it could rely to ask no awkward questions and to take home uncritical reports. But this is a group of responsible journalists, whose reports would doubtless be as searching and frank as those of their colleagues who have done such a good job in Russia and Eastern Europe since those areas became more accessible.

It is not merely that this official rigidity offers the communist propaganda machine an easy target; there are times when that risk has to be faced if principles are to be maintained. But in this case it is not at all clear what principle is endangered. Newspapermen are less likely to be bamboozled than almost any other category of visitor; their training makes them temperamentally resistant to propaganda, and these visitors to China would undoubtedly give their hosts an anxious time fending off questions about political police, slave labour—and American prisoners. If they got evasive answers, they would hardly be likely to pull any punches in their despatches. Would not approval of their journey be a sensible means of stepping up the pressure on Peking to set its hostages free, and of giving its little Stalins the healthy shock of confronting men who take no glib slogans for an answer where the essentials of freedom are concerned? The chorus of protest in the American press seems amply justified.

Iceland and Nato

FOLLOWING the procedure laid down in 1951, the new Icelandic government has requested the council of the North Atlantic Treaty Organisation to reconsider the necessity for keeping forces in Iceland. This is the first formal step in denouncing the defence agreement with America. The council has replied that there has not been enough change in the situation since 1951 to warrant leaving Iceland undefended against a surprise attack and thereby exposing the transatlantic routes to danger. The radar station at Keflavik and the constant watch kept on the northern seas by Nato planes based on Iceland are the positive, but minor, part of Iceland's importance to the Atlantic powers. Its key position makes it vital that it should not fall into Russian hands in the event of sudden war. Only a permanent garrison can afford any protection against this danger. Since Iceland has no army, this garrison must be foreign.

What the Nato reply does not make clear is why the defence of Iceland has become more vital than it was in 1949 when Iceland joined Nato on condition that bases should be given to allies only in time of war, which it should be Iceland's prerogative to define. Not till the Korean crisis were American forces admitted. The Icelandic government is now seeking to get them out on the ground that the Korean war has long since ended, and the international situation is no longer explosive. Why should it now be fatal to western security to leave Iceland undefended when from 1949 to 1951 it was apparently quite all right?

The question is being asked; its asking does not mean that the people of Iceland are turning away from the West. Some 42 per cent of the electorate voted in the recent elections for the Independent Party, which advocates further discussions before turning out the Americans. But a shift of the pattern of voting, combined with an electoral alliance between the Progressives and the Social Democrats, put the advocates of complete demilitarisation into power. There is no overwhelming popular mandate. This fact may not be immediately important. The new government has been legally returned, and is fully entitled to pursue its own policy. It does mean that a small swing of opinion, or a quarrel between the parties which make up the government, could alter the situation in a very short time. But by then it may be too late to undo what is now being done. Once they have gone, the Americans will be chary of again exposing themselves to dismissal.

Soviet Zone—Socialist Showpiece?

AS more information is released about the visit of Herr Grotewohl and Herr Ulbricht to Moscow last month, it becomes clear that the Soviet government has decided to give the Soviet zone of Germany substantial economic help. As is known, occupation costs will be halved next year to 800 million marks. The Russian trade credit to the zone, as it now appears, amounts to 1,000 million marks. In addition, convertible currency to the value of 500 million roubles is at the zone's disposal in return for larger German deliveries of fine mechanical and optical goods. Russia is to double its deliveries of coke, coal, ore and wheat during the five-year plan, and extra supplies of materials are being delivered to factories in heavy engineering where, earlier this year, output slowed down through shortage. Russian aid is mutual aid, as one spokesman explained, but more fuel and basic materials will be of real value.

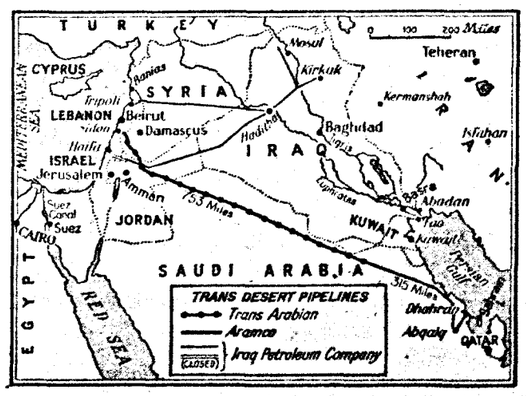
Encouraged by these concessions Herr Ulbricht has promised the removal of food rationing within two years and a reduction of official working hours from 48 to 45 per week, and has proudly emphasised that 100,000 houses will be built during the five-year plan (this is about a fifth of the number west Germany builds each year). But the citizens may well be sceptical. Since the bad winter of 1953, it is true, there has been a certain improvement in conditions. Under the "new course" begun that summer, the release of government food stocks and a Russian credit of 400 million marks brought better food supplies. A trickle of durable consumer goods began to appear in the shops and last autumn shops were actually over-stocked with some types of textiles. But many household essentials are still difficult or impossible to buy in the zone and sugar, fats and meat remain severely rationed. A bad harvest still leads to acute winter shortages of basic foods like potatoes, and to failure to honour the fat and sugar rations. The main achievement of the "new course," indeed, was not better living conditions but a better balance in heavy industry which has enabled the zone to conclude its first plan without another economic crisis.

This time, Herr Ulbricht has carefully qualified his promises. The ending of food rationing will depend on better farm yields, he has said, and will require an increase in the prices of rationed foods, long held artificially low. The east German citizen will not be much encouraged by Herr Ulbricht's announcement that in the first half of 1956 plan production was some 814 million marks behind schedule. Arrears in industry, now as in the past, seem likely to have a higher claim than consumers on the zone's additional exchange resources. The saving in occupation costs seems certain to be used mainly to increase the zone's own arms production. Russia, it is clear, is anxious to add to the zone's economic stature, to strengthen its prestige and its competitive position in the endless campaign for German reunification on Russian terms; "the time is not far off when democratic Berlin will demonstrate the advantages of the socialist system for Germans in the whole country," says *Pravda*. This implies much better living conditions; but the other claims on the zone's resources are great, and the pace at which living conditions can be improved remains uncertain.

TAPline

EGYPT'S nationalisation of the Suez Canal, by adding to the appeal of alternative routes to the Mediterranean, has improved the bargaining position of the Arab countries through which the oil pipelines from the Persian Gulf to the Mediterranean must pass. Heated talk of "nationalising" these pipelines is often heard in Damascus and Beirut, being strongest in the countries that produce no oil of their own. The Syrian and Lebanese presidents are reported to have discussed such a proposal in Beirut on Tuesday. Earlier reports from Cairo that Syria, the Lebanon and Jordan are shortly to hold discussions with Saudi Arabia on their "common oil interests," in the light of the Suez dispute, came as no surprise. One of these common interests, and to Saudi Arabia and Jordan one of the most important, is the Trans-Arabian Pipe Line, usually known as TAPline, which carries crude oil from Abqaiq, the heart of the gathering system for the Saudi Arabian oilfields near the Persian Gulf, to a special oil terminal a few miles south of the old port of Sidon on the Mediterranean—a total distance of 1,068 miles.

TAPline is owned by the four American oil companies that own the Arabian American Oil Company (Aramco), and in the same proportion: 30 per cent Standard Oil Company of California; 30 per cent The Texas Company; 30 per cent Standard Oil Company (New Jersey); and 10 per cent Socony Mobil Oil Company. Aramco itself owns the first 315 miles of the pipeline, as far as Qaisumah in north-eastern Saudi Arabia; TAPline is responsible for the remaining 754 miles to the Mediterranean, which comprise 550 miles from Qaisumah to the Saudi Arabian border, just over 100 miles in Jordan, 80 miles in Syria, and the final 25 miles to the sea in the Lebanon. TAPline, which has an outside diameter of 30/31 inches, had an initial capacity when it was opened in December 1950 of 300,000 barrels a day in winter and about 10 per cent more in summer. It is still operating at a rate of just over 300,000 barrels a day or 15 million tons a year—carrying about a third of Saudi Arabia's crude output—but its capacity is now being expanded, by the construction of four new pumping stations, to carry over 20 million tons a year by January, 1958. Ultimately, by adding yet more pumping stations and looping the line, its capacity could be expanded further to 25 million tons a year.



TAPline's main advantage over the tankers that transport much of the rest of Saudi Arabian crude oil is that it eliminates the very long journey by tanker round the Arabian peninsula and avoids Suez Canal dues. Its earnings can therefore be considered as equal to the cost of shipping an equivalent amount of oil by the long tanker haul round Arabia and through Suez, less the cost of operating the pipeline and amortising a risky capital investment of over $230 million. TAPline recently offered the four Arab countries through which it passes—Saudi Arabia, Jordan, Syria and the Lebanon—a half share of these notional profits, but left them to work out how to divide their 50 per cent share amongst themselves. Any chance of a swift agreement on the application of this principle has now been diminished, firstly by the new light in which the four Arab countries now see themselves as a result of the Suez Canal dispute, and secondly by the action of the Lebanese government, which in prosecution of its own demands has imposed taxation, retroactive to 1952, on TAPline and other foreign companies that had enjoyed negotiated exemptions.

No Money for "Balance"

SEVEN months ago, the Independent Television Authority formally asked the Post Office for a grant of £750,000 to subsidise the production of certain programmes beyond the resources of the four ITA programme contractors. During the prolonged negotiations that followed, the ITA offered to settle for ever-diminishing sums, but last week it was curtly informed that under present economic conditions no grant could be made and no hope was held out of when, if ever, the government would reconsider the request. The ITA reception of the news was a yelp of hurt surprise ; the board had automatically assumed that it had a statutory right to such a grant. The Television Act allows the Postmaster General to give ITA up to £750,000 (collected from BBC licences) in any one year if he and the Treasury think fit but does not say for what specific purpose the money must be used. The ITA rested its case for a grant to meet the cost of balancing the programmes on the tenor of the debates during the passage of the Act.

It was not easy to persuade the Post Office that ITA programmes were seriously out of balance, because no serious public agitation about their content had been heard for some time. There are also those who would argue that any balance necessary is provided by the BBC. But the ITA bitterly resents the suggestion that it should be the Light Programme to the BBC's Home Service and wanted the grant to meet two basic deficiencies, which will be more apparent now that the autumn schedules have been pruned of certain technically costly programmes. The ITA's main concern is to see proper cover given to current affairs, and one programme a week to subjects that lump together as "the arts." The cheaper type of current affairs programmes are now being done quite well on the commercial network, but good documentaries covering home and foreign developments are notably lacking, which is hardly surprising as their costs run to between £3,000 and £5,000 for a half-hour programme. The ITA believes that there is a case for wholly or partially subsidising the cost of these technically expensive programmes, and it was certainly encouraged to expect that money to do this would be forthcoming. The Post Office is no doubt equally right to refuse to allocate funds to subsidise public entertainment at the present time, but it is a pity that in doing so it has managed to convey the impression that it was shutting the door for all time on the ITA.

Independence for Rhodesia?

LORD MALVERN'S loud complaints that the British Government would not yield the Federation "technical independence" when he asked for it in London is probably motivated in part by political considerations. The new Dominion party is liable to make an issue of that very thing ; "Britain trusts West Africans with independence before it trusts its own kith and kin out here" is an easy cry in settler districts. Lord Malvern evidently felt that he had to ask for it ; and the story having leaked—why ?—he had to make a virtue of his demand. He may count the cost in the obvious reaction among the Africans of Northern Rhodesia and Nyasaland. They make no nice distinctions between "technical independence for the Federation in its own sphere without affecting the territories" and a straight demand for unfettered white rule. Why should they ? In Rhodesia the constant attacks on the Colonial Office, and the way the Federation has been taking over all the powers it can, add up to a simple message to Africans. Lord Malvern wants to win, or wants Sir Roy Welensky and the Federal party to win, the next Federal elections ; but it is tragic that he should find—and he is an experienced politician—that the only way to do it is by alienating African feelings.

Politics apart, there was not much logic in Lord Malvern's argument. The three governments in Central Africa made a bargain when federation was agreed—a bargain not only with Britain, but as between themselves and with the Africans as British-protected persons. This was that the constitution should not be altered, except under certain conditions, until 1962. The ripeness, or otherwise, of the Gold Coast for independence is completely irrelevant. On the contrary, the plain fact is that race relations have developed less favourably in Central Africa than many hoped in 1952. Now Lord Malvern is faced with the problem that proposals for a wider franchise—which are not yet clearly known—may also be prejudiced by African suspicion. The upshot seems to be that the Federation will make less progress politically than it might if Lord Malvern had not raised the question of independence in London. As a contribution to the Prime Ministers' conference, it was well below Lord Malvern's standard.

The Rising Loaf

IT was quite right to abolish the remaining part of the subsidy on bread: it was an anomaly, the last of the food subsidies outside the orbit of child welfare. Its only justification was the nutritional one that the national loaf is better food than "enriched" white bread ; and that argument was not upheld by the officially appointed experts whose report (hotly contested it is true, by other experts) was published in May. So the national loaf at 8½d. will become in September the loaf at 11d. at least. This is unlikely to raise the cost of living by more than one point, but the psychological effects are disproportionately great. Dearer bread is an emotive phrase which will be a useful battle cry in the autumn as the trade unions enter the fiercest phase of their struggle over this year's wage claims.

As far as the bakers are concerned, the removal of the subsidy will be welcomed by all sections of the trade, but particularly by the small man. The controlled price has left him with a narrower profit margin than that of the plant bakery, and he has seen many of his friends go out of business. His price for the hand-made loaf can now be higher than that of factory-made bread and its quality, he claims, may therefore be improved. The bakers do not fear resistance to the new prices. Consumption seems to have fallen gradually in any case as rising prosperity brings less dependence on bread as a filler, but the removal of the subsidy may bring nothing worse than a temporary increase in the consumption of crusts.

Karachi and Kabul

OPTIMISTS in Karachi have suggested that one of the purposes of this week's visit to Kabul by the President of Pakistan is to enrol Afghanistan in the Baghdad Pact. President Iskander Mirza himself is too much of a realist to be likely to harbour such illusions. Ever since Pakistan came into being there has been bad blood between it and the Afghan government, which has persistently sought by propaganda and subversion to get the Pathan tribesmen of the former North-West Frontier Province to break away from Pakistan.

Kabul's ostensible argument has been that the Pathans should be entitled to self-determination and a separate national state. This is doubly disingenuous logic. On the one hand, the Pathans have shown no interest in the idea of isolating themselves in a small state of very doubtful viability, and losing the many opportunities available to them in Pakistan, where a Pathan, Dr Khan Sahib, is now Chief Minister of the newly united western province. On the other, the creation of a true ethnographic Pathan state would mean the dismemberment of Afghanistan itself, where Pathans are the largest single element in a mixed population. But these considerations did not deter the Afghan regime from stepping up its "Pakhtunistan" campaign last year to such a pitch that, after the Pakistan embassy in Kabul had been wrecked by a mob, diplomatic and trade relations between the two countries were suspended.

Amends have since been made, and President Mirza's journey to Kabul at the invitation of King Zahir Shah marks a return to normal, if not cordial, relations. It had been preceded by a round of visits in which Turkey has played a conspicuous part; while President Mirza has been entertained in Ankara, the Prime Minister of Turkey, Mr Menderes, has visited both Kabul and Karachi, and it has been announced that the king of Afghanistan will shortly be paying a state visit to Turkey. The Turks, allied to Pakistan and linked with Afghanistan, where Turkish elements are strong, have an obvious interest in helping to end the quarrel, and are well placed to do so. The Afghans, for their part, may now be the more ready to see reason because their open breach with Pakistan last year has shown them what it means to become economically dependent on Russia. Munificent Soviet bounties, including an offer of credits totalling $100 million, have not prevented them becoming painfully aware of the foolishness of quarrelling with the neighbour through whose territory lies their natural trade routes to the outside world.

Bombay Bigger—and Better?

ALL who wish India well will hope for early and final acceptance of the new plan, announced on Monday, for the redrawing of state boundaries on the "Bombay side." For nearly a year the country has been tormented by a controversy that has led to several bloody conflicts. The new boundaries recommended last October by a three-man commission found favour in most parts of India, especially in the south, where they met the popular desire for linguistic units. But they provoked fierce indignation among the Mahrattas, the predominant group in the Deccan uplands south and east of Bombay city. Instead of a separate Marathi-speaking state, they were offered a continued partnership with the Gujeratis, who are predominant in Saurashtra and Kutch and north of Bombay city. The Mahratta parts of Hyderabad were to be added to the enlarged Bombay state, but the Nagpur and Berar areas, also strongly Mahratta, were to become a separate state named Vidarbha. The Mahrattas complained that they were to be neither united nor left alone.

Their violent protests led the government to change its mind. In January Mr Nehru announced that Gujerat and Maharashtra would after all be separated and that Vidarbha

would be merged into the latter. But he also announced that Bombay city, with its mixed population, would fall to neither state. The Mahrattas in Bombay city at once launched an even more alarming wave of riots, in which many lives were lost. Bitterness against the Prime Minister and the ruling Congress party reached serious proportions, and even the Finance Minister, Mr Deshmukh, who is much more of an all-India administrator than a Mahratta politician, tendered his resignation. This was finally accepted only at the end of July, when Mr Deshmukh publicly denounced Mr Nehru's policy on Bombay in startlingly outspoken terms. A week later the Prime Minister went to Poona in person, apparently to take Maharashtra's temperature ; and now the government has reverted to the original idea of a large Bombay state of 48 million people embracing both Gujeratis and Mahrattas, but this time including Vidarbha, so that the Mahrattas will have a clear majority. Now the Gujeratis in turn have resorted to violent protest. But the past year's distracting struggle may nevertheless be near its end. If so, India will benefit doubly: the other boundary changes should go through more smoothly, and it will be possible to concentrate more attention and effort on the new five year plan.

Seretse Stays

LAST week in the House of Commons the Government reiterated its decision to maintain the ban on the return of Seretse Khama to Bechuanaland, whether as chief or as private citizen; the Labour party on the other hand used this opportunity to reconcile its previous decision to exile Seretse for five years with its present inclination to restore him as chief, or at least give the tribe another chance to choose him as chief. The Government bases its decision, as before, on its belief that the tribe has not yet settled down sufficiently to permit the reopening of the old cleavage between Tshekedi and Seretse, and its belief that the present situation is satisfactory; the Labour party not only believes it has evidence that tribal opinion has hardened behind Seretse, but that to keep him from his people does them serious harm—particularly at this moment when the question of mineral concessions in tribal areas has arisen. The Government clearly concedes that there is a difficulty here by agreeing that if the tribe wishes someone with the name of Khama to see, and sign, any document embodying the conditions of a concession, facilities will be provided for this to be done—presumably by Tshekedi on the spot or Seretse in London. But what happens if both or either think the terms of the concession should be varied in the tribe's interest?

The onus of proving that Seretse's return even as a private citizen would convulse the tribe lies with the Government; and the fact that it asserts this does not prove it. If it had wished the tribe to start thinking along new lines, it would, in any case, surely have proceeded to develop local elective councils, and made a start with a protectorate legislature. It has not done this and therefore the presumption must be that, under the hypnotic glare of South Africa, a policy of masterly inactivity is still the policy of the Commonwealth Relations Office. Is this really necessary now that Mr Strydom has again been refused the protectorates? Is it even logical? People talk of the dead hand of the Colonial Office; but the hand of the CRO seems even more frozen.

Art Schools Up in Arms

THE smiles with which local education authorities greeted Sir David Eccles when he became Minister of Education have rather faded from their faces since it became clear that education too must take its share of economy cuts. Even some of those who appreciate his difficulties and regard the cuts as inevitable have been offended by the way they were announced. Sir David has been hard pressed—by the big programme for technical education, by an insistent Chancellor of the Exchequer, and by the approach of a new school year. Under these pressures he has sent out circulars without fully going through the time-honoured processes of consultation with all the parties concerned. His insistence on higher fees for evening classes was at least not a new request. The latest row, about art students, has more to it.

There are in England and Wales about 170 art schools, run by local authorities with a 60 per cent grant from the Ministry of Education. The number of students in them is now less than 11,000, compared with nearly 15,000 in 1949, when numbers were swollen by ex-service people on grants. There seemed a case therefore for some contraction, and the Minister last year prompted an inquiry by the school inspectors. Their reports showed that the ratio of staff to pupils was often absurdly high, and that much of the teaching was poor; and it seems many of those who pursue these attractive courses have no further use for their art after they finish the course. The girls with the sandals and horses' tail hair styles get married, or take up other bourgeois occupations.

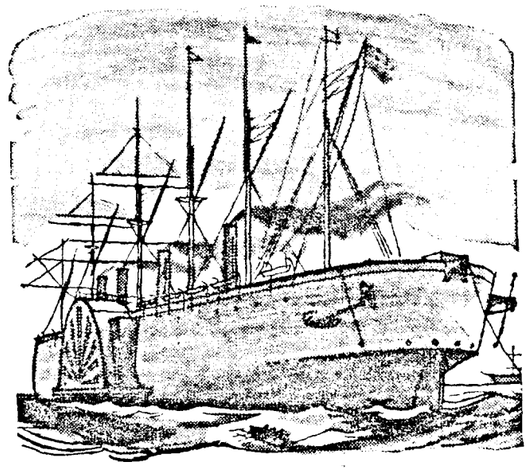
The Minister therefore decided that a good many full-time courses at the smaller art schools ought to be discontinued, and his letters informing local authorities of his proposals have been arriving in series, region by region. Some of them, unfortunately, arrived as late as July—too late, probably, to cancel arrangements for September. A protesting deputation from the Association of Art Institutions has now been assured that such cases, and others which they feel strongly about, will be reviewed: there are some courses, for example, whose closure would condemn students to long journeys to the nearest alternative centre. But let there be no nonsense about some dim little institution being a precious flowering of local talent whose closure will be England's loss. The decision to prune these schools has been badly handled, but it was certainly needed.

Still Vexed Seychelles

MR LENNOX-BOYD has had a rough session and must be glad it is over. Labour has pursued him relentlessly on great issues and small. Why, he was asked, must he precipitate a crisis in Nigeria by insisting on an inquiry into the possibility of financial irregularity in the Eastern Region; why did he not, on the other hand, precipitate an upheaval in the Seychelles by instituting an inquiry into the conduct, judicial and convivial, of the Chief Justice there? Since the Speaker ruled that the judiciary could not be attacked on a Supply day, Labour had to deal with the Seychelles as a problem of the executive; this nevertheless enabled it to bring up verbatim not only the petition against the Chief Justice, with all the high moral relish of a Sunday newspaper story, but also the auditor's report on the public accounts of this colony of 40,000 souls producing coconuts in far from welfare state conditions and well off the beaten track. It presumably says much for Parliament's meticulous care that the Seychelles were debated when the House was giving most of its time to the Suez crisis.

It is asking a good deal to expect life in the Seychelles to be conducted on the lines of an English garden suburb, though no doubt something will now quietly be done to try to verify the remaining 350 unverifiable items in the accounts. The Chief Justice may feel that the ruling that he could neither be attacked nor defended worked somewhat to his disadvantage; but he has the satisfaction of knowing that it was not out of order to say nice things about him, which was duly done from the government side. Meanwhile the real questions raised by several recent Labour offensives on the colonial front remain unanswered. Can anything be done to raise the standards of public

Twelve years before Cable Contact



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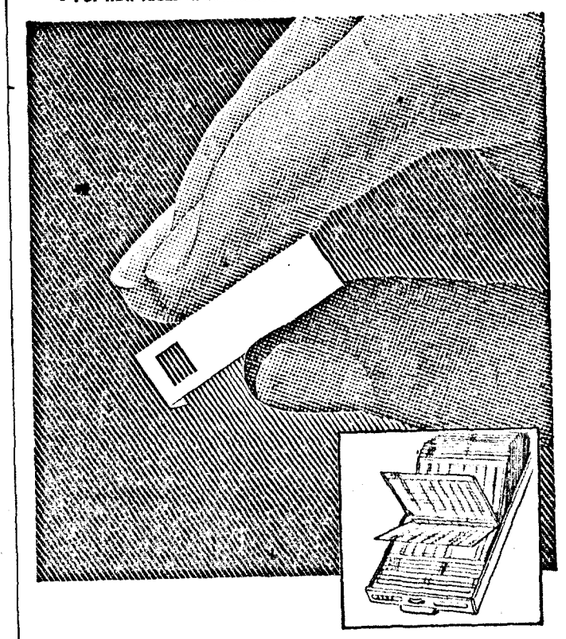

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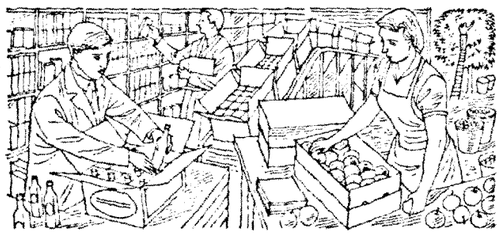

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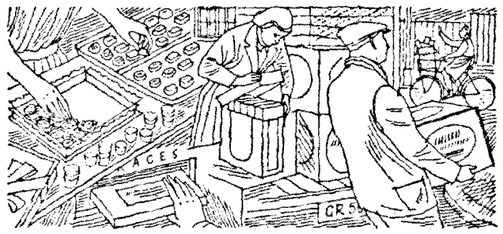

The linking of the resources of Bowaters and Eburite means that the existing machine power will be put more efficiently to use. Additional productive capacity will accrue to Bowater-Eburite Limited when the new corrugated case plant at Ellesmere Port, Cheshire, comes into production in 1957.

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morality in backward territories moving fast to independence, and what will happen if they are not? And what is to be the future of those colonies which are too small—even if upright—to become independent? Of the latter it can at least be said that a few seem destined to become RAF bases, *faute de mieux*. It looks as if the Seychelles will be one of these—and perhaps with closer communication with the serious issues of the world at large, life among the coconut palms will lose some of its present powerful provincial flavour.

Slim Hope for Aliens

It cannot be said that aliens in this country will derive much comfort from a parliamentary reply given by the Home Secretary last week. Because the United Kingdom has now become a party to the "European Convention on Establishment," an authority has been set up to which aliens may appeal if a deportation order is made against them otherwise than on the recommendation of a court of law. The authority, which is to be the Chief Metropolitan Magistrate and his colleagues at Bow Street, after hearing the appeal will make a recommendation to the Home Secretary as to whether the deportation order should be carried out or not.

On the face of it this procedure should make deportation orders less arbitrary. But the qualifications to it which the Home Secretary went on to state seem designed to make it as ineffective as the Convention, which is also riddled with ifs and buts. In the first place, he is not bound to take the magistrate's advice, though he would normally do so. Secondly, and more serious, he has excluded from the scope of the appeal procedure most of the aliens against whom deportation orders are likely to be made. It will not apply to those against whom orders are made on security grounds or on the ground that they landed in this country without permission. Even more high-handed is the exclusion of aliens who have permission to enter but who, in their first two years here, fail to observe the conditions attached to their stay—for instance, change their job (paid or voluntary) without permission. The new procedure will, in fact, do nothing towards making it less difficult for aliens to enter Britain; nor will it help many of those who, having succeeded in entering, find themselves in difficulties with the numerous regulations governing their stay.

Indonesia's Little Suez

If emotions could be measured statistically, Indonesia's repudiation of its debts to Holland should have caused more rejoicing in Djakarta than sorrow in The Hague. For while Indonesia proudly proclaimed the renunciation of some 4,081 million guilders (about £385 million) of debts to Holland, the Dutch themselves, after careful search, could not discover that the Indonesians owed them more than some £61 million. At the conference in 1949 when a settlement of the long struggle between the two countries was at last reached, Holland had waived all claims on some 2,000 million guilders of debts which it had accumulated in paying for the war. The Indonesian government was left in effect only with prewar debts, now worth some £61 million.

But the bitter conflict over New Guinea has made Indonesia anxious to erase the past in its own way. In February it repudiated the economic and political ties with Holland which the conference had left. Debt repudiation was a logical next step, and in Djakarta last week, where a raucous press had been urging the government to emulate Nasser, the plunge was taken. Studiously returning to the legal position of 1949 and ignoring Holland's seven-year-old "gift," the Indonesian government declared that it still owed Holland over 3,000 million guilders of "war" debts as well as the prewar ones and then knocked the Aunt Sally safely down.

The Dutch have taken their real as well as their imaginary losses quietly. Until last February, repudiation of debts would have come as a nasty shock, for Indonesia had been a good debtor since 1949. But when Indonesia then renounced its economic and political ties with Holland, it also stopped servicing its debts. Repudiation has been painful for the Dutch, but it has not been a great surprise. They have not considered reprisals, for Indonesia's assets in Holland are minute; and the losses suffered last week are small compared to those which nationalisation of Dutch interests in Indonesia could inflict.

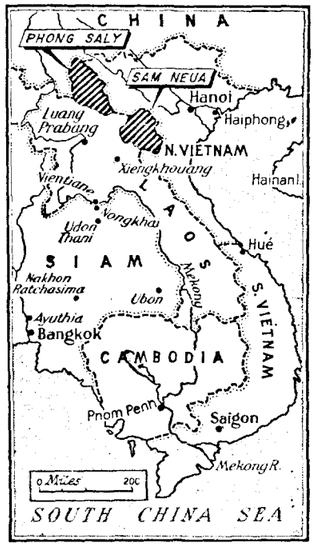
The threat of nationalisation, indeed, remains a much more fundamental worry to the Dutch than the loss of their debts. Fortunately, on the Indonesian side, despite the violent emotions which still burn and the steady and irritating pressure on foreign firms, the government remains anxious to attract foreign capital; and Dutch businesses still predominate in important branches of the economy. Last week the government carefully kept debts to third countries away from its bonfire, and it hopes to encourage new foreign capital through a new investment law. And two weeks ago it succeeded, apparently, in convincing the International Monetary Fund that it was worthy of a $50 million loan to bolster dwindling reserves. But its action last week is scarcely an invitation to the private foreign investor.

Integration in Laos

An agreement has been reached in Laos whereby the two provinces (Phong Saly and Sam Neua) held by the Communist-controlled Pathet Lao faction will be brought again under the administration of the Laotian government. The *quid pro quo* for the Pathet Lao has been the Laotian government's endorsement of the Five Principles of Co-existence, which, however admirable in their abstract virtue, have come to indicate in the Far East a degree of acceptance of the moral leadership of Communist China. The Pathet Lao will also get a minority representation in the parliament which has already been elected for the other provinces of Laos, and will doubtless retain both the will and the capacity to make further trouble in future.

Still, the agreement appears to be on balance a victory for the government, and may be regarded as a result of the

successful consolidation of the Laotian state since the Geneva settlement of two years ago. The Pathet Lao have been unable to extend their power beyond the two provinces then assigned to them. Subjected to an economic blockade by the government forces to the west and south of them, they have had communications across the mountains with North Vietnam, but the latter, preoccupied with its own rehabilitation, has not been able to do much for the Pathet Lao provinces. The Pathet Lao owed its original successes less to native Laotian support than to the infiltration of well-armed Viet Minh detachments across the passes; but the permanent stationing of Vietnamese troops in Laos could only make for enmity between Hanoi and Vientiane, and Viet Minh policy now appears to be to cultivate good relations with both Cambodia and Laos, and to keep them politically detached from South Vietnam and Siam. As long as Cambodia and Laos remain genuinely neutral and do not drift into the communist orbit, their function as a buffer zone is one of considerable value in the affairs of South East Asia.



Manchukuo Revisited

THOSE who supposed that the world had finished with war crimes trials arising out of the second world war have turned out to be unduly hopeful. The Chinese People's Republic has just held a highly publicised trial of 28 Japanese for participating in the administration of "Manchukuo" before 1945 and in the repression of Chinese resistance to it. These Japanese officials were originally taken prisoner by the Russians when they overran Manchuria in 1945, but they were handed over to the Chinese communists after the establishment of the People's Republic. They could have been tried at any time in the last six years, but the Peking government has chosen to bring them before a court now, after they have already been prisoners in Soviet or Chinese hands for eleven years since their capture. The timing is plainly political in motive; strong pressure is being put on Japan to recognise the Peking government, and some previously condemned war criminals have been released and repatriated to Japan uttering appropriate slogans from well-washed brains. The line is to remind the Japanese of the enormity of their past sins against China and to emphasise the generous forgiveness which the communist regime is ready to extend towards a properly purified neutralist Japan.

The administrators of "Manchukuo," especially the gendarmerie, were a ruthless set of men, and many of them would probably have qualified as war criminals in any Allied court held since the war. This case, however, has been marked by all the classic features of communist show trials which have recently been much less conspicuous in Russia and Eastern Europe. The principal accused, according to the official account, was too ill to attend the court, but the judge visited him "at the place where he was undergoing treatment" and obtained his confession to all the charges against him. The other accused confessed in open court, denouncing themselves in extreme terms; one of them asked the court to give him severe punishment "as a warning to those imperialists who are scheming to start new aggressive wars." After the court had passed sentences of from 12 to 20 years on the accused, they expressed their gratitude for the leniency with which they had been treated.

Who Should Run a Hospital?

THE Acton Society Trust's first pamphlet on hospitals and the state decribed the reorganisation that took place under the National Health Service Act. The second* discusses how this reorganisation actually affected the hospitals' internal administration and the status—and feelings—of the administrators.

The pamphlet's conclusions are mainly based on case studies of three different types of hospitals: a former local authority general hospital, a former voluntary hospital now forming part of the same hospital group as the first, and a mental hospital which had also been run by a local authority. As was to be expected the impact of the change was felt most severely in the ex-voluntary hospital. Formerly quite autonomous, this hospital had been run by a board of management, elected from the governors, and its three committees. Nationalisation took away all authority from these bodies. The former chief administrators (the house governor and the matron) found the administrative machinery of the group placed between them and the new management: the house governor (renamed hospital secretary) found himself subordinate, even at committee meetings of his own hospital, to the group secretary; the matron, who had formerly attended all the board of management meetings, found herself excluded from the meetings of the new management committee. But the voluntary hospital, though its officers had most cause for resentment, was not alone in its complaints. The old local authority hospital, which, because it is the largest unit of the new group, has the group headquarters within its grounds, preferred the remote control formerly exercised by the town hall to the close and, it was felt, unnecessarily detailed control that had been substituted. Only the mental hospital, which is managed as a single unit and does not, therefore, suffer from friction between two layers of staff, felt that it had gained, administratively, from the new organisation.

The Trust points out that much of the exasperation and frustration the studies disclosed may have disappeared since they were completed. But, in discussing the need to strike a balance between the provision of an integrated hospital service and allowing individual hospitals some independence, it comes down in favour of more independence, including financial independence, than the Ministry of Health wants them to have. The important thing, the trust rightly feels, is not to adhere too rigidly to a specified number of tiers of authority, which proliferates bureaucrats and committees, but to see that decisions are taken as near as possible to the point where they are to be effective—that is, in the place where patients are treated.

* "The Impact of the Change." *The Acton Society Trust.* 4s.

They Do Come to Britain

THIS is the time of year when Britain's largest invisible export becomes clearly visible in the streets of London, Edinburgh or Stratford-on-Avon. It is strange that a country which had three feet of hailstones on Bank Holiday can boast of being Europe's greatest tourist attraction, if that attraction is reckoned in income from tourism, including fare payments; if it is reckoned in "guest nights," i.e. nights spent by overseas visitors in British hotels, Britain comes second after Italy. Many of these visitors, it is true, have come on business. Many from the United States and Commonwealth countries are visiting their friends and relations. But an ever-increasing number are drawn here by posters of historic buildings, and by all those attractive people in fancy dress—beefeaters, kilted highlanders, guardsmen or Chelsea pensioners. Even the little-travelled French are now crossing the Channel and the German visitors, already spread all over the Continent, are about twice as numerous as last year. Then there were over a million overseas tourists, and this year's total is expected to be higher.

Tourism, in the favourite phrase of the British Travel and Holidays Association, is Britain's largest dollar earner, well ahead of the runners-up: whisky, vehicles and aircraft. The association (which was set up by the Labour Government after the war to persuade people to "Come to Britain") believes that the expansion could go much further if only there were more hotels with the private bathrooms and the standard of service which visitors regard as minimal; and its latest annual report reiterates the association's now perennial plea that something should be done. For some reason only American companies seem to find it worth while to open suitable new hotels in London. First came the hotel in Bond Street, and now another American company is hoping to build one in Portman Square. Evidently profit is possible, even without the exemptions from purchase tax and the loan concessions which the travel association has long recommended.

"Dynamic Justice" for Rents

AN intelligent and perceptive pamphlet on rent control has emerged from the Bow Group of the Conservative party.* Its two authors have an easy task in exposing the anomalies of rent restriction. They also conclude that Mr Macmillan's 1954 Act (his "Operation Rescue") must now be written off as a failure; its mild incentives to landlords have proved to be so hedged around with precautions as to inhibit action—particularly in the case of those older houses which most urgently need repairing. The Government therefore must start afresh; and in the authors' view it could reasonably decontrol straight away a million odd of the more highly rated dwellings, while consigning the million worst ones to the exclusive care of municipal enterprise.

The authors consider that the remaining 4½ million properties should be decontrolled in the end; they deny the persistence of a housing shortage justifying continued control in most areas. Nevertheless they believe that after 40 years rent restriction has become so well-established a social institution, affecting millions of household budgets, that its sudden abandonment would be an act of political suicide. An interim, yet comprehensive, scheme must therefore be found and the authors settle—somewhat reluctantly—for the idea of a new system of rent tribunals, which (unlike the present tribunals) would be linked to the county courts and would review both furnished and unfurnished lettings. These tribunals would inject "an element of dynamic justice" by relating the size of their rent awards to the landlords' willingness to undertake repairs and to other relevant circumstances.

This is a bold proposal to appear in a Conservative pamphlet, but it is not really a very happy one. The tribunals would have to handle an enormous volume of cases if they were to make much impact. The authors' hope that this judicial approach might soften the blow of rent increases is, moreover, surely illusory. The tribunals would operate through special rent controllers who would be instructed to ignore questions of personal hardship which would be dealt with through the medium of social service payments. This is the right principle; yet one can predict the outcry from the Left against the "heartless Tory rent fuehrers." In any case, has the experience with rent tribunals been sufficiently encouraging to warrant its considerable extension, particularly as part of a scheme which purports to be only temporary?

* "Houses to Let," by Geoffrey Howe and Colin Jones. Conservative Political Centre. 2s. 6d.

Mixed-up Somalis

SOME Somali tribesmen, living in the Haud and the Reserved Area between Ethiopia and British Somaliland, have complained to the Emperor of Ethiopia of the acts of British liaison officers, and of broadcasts from Hargeisa designed to "destroy our freedom and restore the subjugation we hated." This came after British protests against the high-handed Ethiopian actions in the Reserved Area which were described in *The Economist* of July 21st. The trouble is that the nomadic habits of the tribes concerned make it difficult to define nationality and jurisdiction adequately.

One subject of British complaint, the slaughter and mutilation of a large number of men, women and children of the Essa tribe, has been justified by the Ethiopian government as legitimate action against banditry. (The tribe in question is certainly warlike and probably lawless, though it may have been provoked by the depredations of troops stationed in its area.) Because some British protected Somalis were

among those killed, the British Government has to concern itself with the rights and wrongs of this affair although it took place well inside the Ethiopian border.

Temporarily sedentary tribes are another problem. The agreement of 1954 allowed Somalis to enter the reserve territory in search of grazing without becoming subject to the Ethiopian government. But if they stay there long enough to raise a crop of grain, as they used to do, the Ethiopian government claims that they have become permanent settlers and therefore Ethiopian subjects, while the British assert that nationality is defined by parentage and not by domicile. This is one reason why both sides have been accusing the other of trying to coerce tribes into changing their allegiance. Only greatly improved administration and a real attempt on the part of the local authorities to co-operate with each other can save the border tribes from being used as the rope in a moral tug of war between British Somaliland and Ethiopia.

Russian Help for Jugoslavia

THE Jugoslav economic delegation which has been negotiating in Moscow for the past two months has not been wasting its time. Jugoslavia is to get a long-term loan of 700 million roubles ($175 million) at 2 per cent, in order to increase its annual production of aluminium to 100,000 tons by 1961 at the latest. Half the loan will be provided by Russia and half, surprisingly, by eastern Germany; a second loan for further expansion is to be negotiated in due course. Jugoslavia is also to get unspecified quantities of Russian wheat which may weaken, but will hardly break, its present dependence on American supplies; the counterpart funds from the sale of the wheat are to cover the local costs of the aluminium and related hydro-electric projects.

The Jugoslavs set great store by their large bauxite deposits. With adequate electric power, they believe that annual aluminium production, which in the past two years has risen from 3,500 tons to around 20,000, could be increased to at least 200,000 tons. Since Jugoslavia's needs are reckoned at only 30,000 tons annually, there should be plenty to export; aluminium and electric power will between them, it is hoped, go a long way towards solving the country's balance of payments problems. It is too soon to say whether the decision to accept such a large loan for such a key project from the eastern block is a straw in the wind. Western help was on offer, too. But the Jugoslavs always insist that their search for foreign loans is not influenced by ideology; and they turned down Russian help when they considered Russian terms unsatisfactory.

The inclusion of east Germany as a lender is an interesting political aspect of the scheme. Marshal Tito when he visited Moscow in June subscribed to a statement that the existence of two German states had to be recognised. Jugoslav officials have since insisted that the Moscow statement does not mean that Jugoslavia intends to recognise the east German state diplomatically. Now the equivocation is deepened by the announcement that Belgrade is to receive economic aid from a country which it does not recognise. Still more curious, east Berlin is in a poor position to go in for foreign investments, and is just in course of getting a loan from Moscow itself. Can the Jugoslav project have been taken into account by Moscow in fixing the amount of the loan to east Berlin? This would be an ingenious way of edging Marshal Tito an inch nearer to recognition of the German Democratic Republic.

Malayan Labour Troubles

THE labour unrest which last year afflicted Singapore seems in recent months to have spread to Malaya. A go-slow in the rubber industry earlier in the summer considerably affected output and forced the employers to grant big wage concessions, and there have been other disputes on the railways and among unskilled labour employed by the Government. The latest industry to catch the epidemic is tin mining. For some weeks sporadic go-slows, strikes and bans on Sunday working have been spluttering round the industry, and the miners' union has several times threatened a strike. Each time the deadline has approached it has been called off, for its strike funds are small, and employers are beginning to smile at these continual cries of "wolf." But the strike threat still hangs uncertainly over the industry, and ill-feeling remains.

A straightforward and not always unreasonable demand for better pay and conditions is one cause of the unrest in the federation. The rubber conflict, for example, sprang from a clear and familiar source of trouble. The employers, anxious to reduce their costs when their selling prices are low, had succeeded in introducing a system of sliding wages tied to prices. When prices fell this year labour naturally resisted the drop in income, and succeeded in largely replacing the sliding scale with a basic wage plus cost-of-living allowance. But the motives for the tin strike seem more obscure. Pay demands certainly play a part, but the unions' demands are continually changing and seem as much a symptom as a cause of the bad relations between the miners' union and the employers.

Perhaps the scent of independence has encouraged a feeling among labour that demands on European firms can be pushed up. Competition between unions—above all between the big unions which were originally sponsored by the British Labour government and the smaller Communist unions mainly backed by the Chinese—has no doubt helped to keep demands on the boil. Labour unrest in the federation perhaps looms unjustly large in foreign eyes: it has so far done little economic harm. The organisation and hold of the non-Communist unions is strong, and so far they have been judicious in their choice of weapons, avoiding large-scale strikes.

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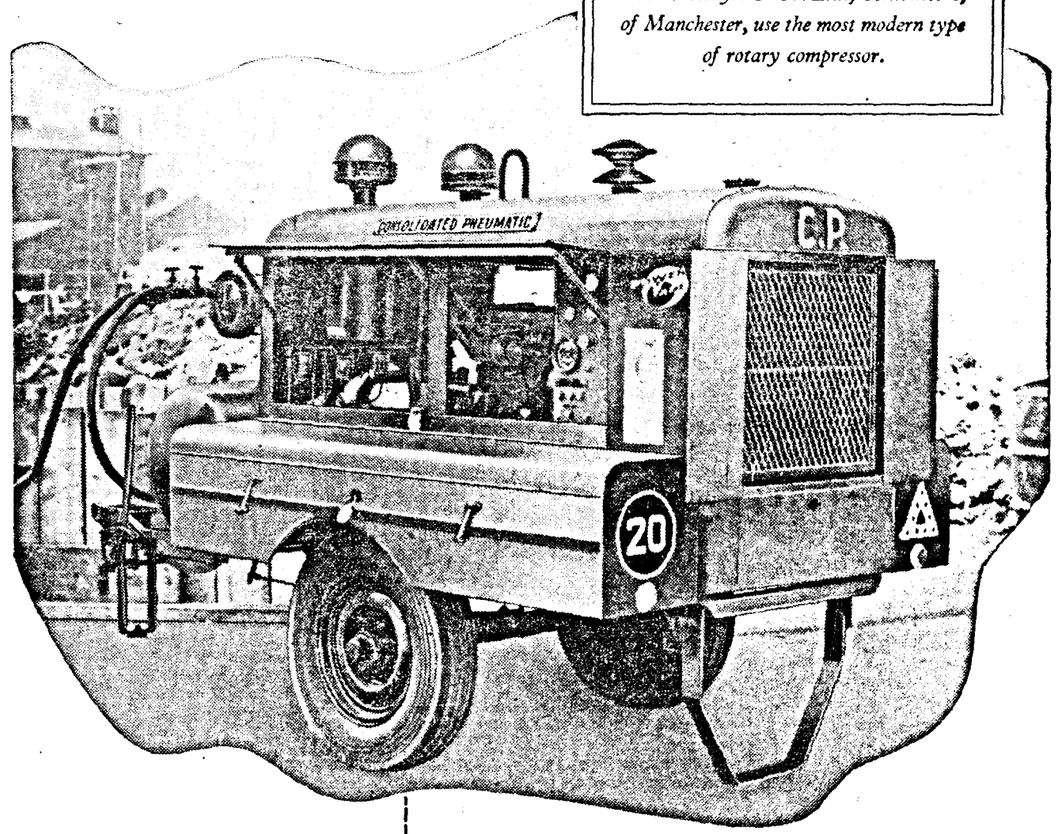

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the things they say!

We called Bob and Mary on the 'phone last night.

Where are they living, these days?

Bob's with an oil company in Edmonton, Alberta . . .

It was rather disappointing, though, really. The atmospherics were bad.

That's often the case when you have to talk by radio-telephone, but it'll be different if you call them when the new Transatlantic telephone *cable* is in commission.

What's so novel about that? They've had cables for years.

Ah yes, but the old ones only carried morse. This will be the first Transatlantic *speech* cable — and it'll carry thirty-five conversations at the same time.

That sounds like a pretty mix-up! How do they manage it?

Well, they use a coaxial cable, and one of the tricks about that is the insulation. It's a plastic called polythene, and apart from being a first-class insulator, polythene is almost indestructible — it'll stand up to its job for years.

Who discovered it?

Imperial Chemical Industries. Lucky thing they did, too, because polythene is the stuff that helped to make our radar more effective than the enemy's during the war. You've probably seen it in the shops, come to that — it's the same versatile plastic as they use for making squeeze bottles, washing-up bowls and sink tidies.

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Letters to the Editor

Cyprus: The Long Wait

SIR—You take the fashionable view that an improvement in Cyprus can only be had through negotiation; that the Government must make some political, as opposed to administrative, move and that such a move, by implication, must be concessionary. It is indeed the case that in almost all disputes, domestic or foreign, negotiation is coming to be regarded as an end in itself; it is something, apparently, to get round a table if only to have a slanging match. Nevertheless it is still true that some situations, particularly those involving crime, do not permit of negotiation. It may well be that such a situation exists in Cyprus at the present time.

You say "the battle against terrorism in Cyprus cannot be won by purely *military means.*" It is just as reasonable, and perhaps more realistic, to hold that it can only be won by purely military means, in a static political atmosphere and with a resolute administrative backing. You say that "moderate opinion among the Greek Cypriots can be expected to emerge only by normal constitutional processes." On the contrary, constitutional processes will be a mockery unless the moderates have already emerged and this they will only do, as you point out, when they are no longer afraid. But they are afraid of the terrorists and extremists and since these are the only people at present available for negotiation, such negotiation can only frighten the moderates still more. They can hardly be expected to repudiate Eoka if we announce that, within a precise period, Eoka will be free to assume the government of the island. Moreover, there is no comfort for them in talking of ten or fifteen years; the terrorists' battle-cry would merely change to "self-determination in five years"—or two years or next week.

The aims in Cyprus are to restore law and order and to introduce responsible self-government; one might add the desirability of curbing the sinister political influence of the church. May it not be that these things can be got the sooner by a flat-footed and unqualified affirmation of our sovereignty and a declaration that no political development of any kind can be contemplated until terrorism has been crushed? If, as seems now possible, the Government is prepared to take this line, they may be surprised and gratified by the support they get both here and in Cyprus.

In the detachment of political discussion we sneer too often at the advocates of "firmness"; it is as well to remember that to less happy citizens, cowering under lawless violence, the "tyrant" appears remarkably like a Deliverer.

If we abandon Cyprus, we shall have been *driven out, not by terrorists, but* by left-wing politicians, American anti-colonialists and liberal journalists.—Yours faithfully, R. C. M. COLLARD
Oxhey, Herts

Men with Golden Arms

SIR—As manufacturers and distributors throughout the world of amphetamine products, we read with interest your Boston correspondent's article which appeared in your issue of July 14th. As your periodical has always enjoyed a reputation for accuracy, we were surprised to see by the article that your correspondent was not too familiar with drugs, particularly with addiction.

Your correspondent describes the problems faced by narcotic agents in the Boston area. In the middle of the fifth paragraph there is a switch from narcotics to amphetamines, an entirely different class of drugs, and because the writer uses the word "addict" in connection with amphetamines, he leaves the reader with the impression that amphetamines are narcotics. The amphetamines are not addiction-producing drugs in the sense that the word "addiction" is used by major world authorities. In view of the tremendous use of amphetamine by physicians in their medical practice in conjunction with therapeutic measures for the treatment of obesity, depressive states, narcolepsy, enuresis, behaviour disorders in children, barbiturate poisoning, psychopathic states, to mention just a few of its uses, it is distressing to read articles which mislead readers into believing that the amphetamines are narcotics or produce addiction similar to that of the narcotics. Degrading such a useful drug in this manner by a kind of guilt by association is not only harmful to the pharmaceutical and medical professions, but to society as a whole.—Yours faithfully, MILES VALENTINE
Smith Kline & French International Co.

Kashmir and Goa

SIR—I wish to correct the statement made by Miss M. Da Silva in *The Economist* of July 21st that "The Goan Catholics do not want a merger with India chiefly because of the caste system in the Indian Union and because they (Indians or Goans?) do not enjoy full rights of free worship." There is a vicious caste system practised by Goan Catholics in their social life. As their ancestors were Hindus drawn from diverse castes, the same caste system has been continued among Goan Catholics and there are "Bhamans," "Sudir" and "Charod" castes among them even to this day. "Bhamans" (which term means "Brahmins," the highest among the castes) will not have inter-marriages with lower castes. Only last May a highly educated Goan Catholic young man belonging to the "Bhaman" caste married a girl from the lower caste and his relatives practically boycotted the wedding.

As to the allegation that "they (Indians?) do not enjoy full rights of worship," it is completely false. I am a Catholic living in Bombay for the last 24 years and I have never experienced any curtailment of the right of worship. There are more Catholic churches and chapels in Bombay city than Hindu temples and there are a great many mosques for Muslims also. And this "freedom of worship" exists in every corner of India, as any foreign tourist will testify. There have been isolated attacks on churches or Christians by a fanatical sect—the RSS, or Hindu Mahasabhaites; but these have occurred in far away villages and whenever they took place the local officials have brought the miscreants to book and after proper trial those found guilty have been sentenced to hard labour. Secondly, when a Hindu MP brought before the Indian Parliament a private member's Bill to restrict conversions—the provisions of the Bill were directed mostly against Christian missionaries—Mr Nehru strongly opposed the measure and the Bill was hastily withdrawn. The Government and the overwhelming majority of Hindus have nothing against Christians and every care is taken to ensure freedom of worship to minorities. It is only a fanatical section that carries on propaganda against foreign missionaries. Mr Nehru has condemned both communists and communalists strongly, both in Parliament and outside. The Goan Catholics, therefore, need have no fears whatsoever on these counts. And what if we, Indian Catholics, have to face harassment, nay, even persecution, at the hands of the majority community in the future, say, after Mr Nehru? We shall not waver in our loyalty to the country, but face the situation with courage and faith, for "The spirit He has bestowed on us is not one that shrinks from danger."—Yours faithfully,
Bombay P. ALVARES

Tick Two Hundred Years Ago

SIR—Among some family papers I have just found a beautifully written bill of exchange dated 1764, drawn by a Scotch shopkeeper on one of his customers and formally accepted. It is a three-day bill for "values of goods received," and the amount is "eight shillings sterling." Apparently Scotch retailers would not give three days' tick for eight shillings without an acceptance in legal form. The shopkeeper was Walter Wilson of Hawick, who must have been either the uncle or the grandfather of James Wilson, your earliest predecessor.—Yours faithfully, D. E. W. GIBB
Lloyd's, E.C.

Books & Publications

Ambassador in Paris

THE PAPERS OF THOMAS JEFFERSON: Volumes XI and XII.
Edited by Julian P. Boyd.
Princeton University Press. London: *Cumberlege.* 734 and 739 pages respectively. 80s. each.

IN his preface to the volume of his biography of Thomas Jefferson that includes the years of Jefferson's stay in Paris, Dr Dumas Malone writes:

> the vaunted centre of Europe offered this man of vast energy and curious mind personal opportunities such as he never had before and was never to have again. Despite his nostalgia and his sense of the futility of Parisian life, it seems that in France Jefferson was better able to do the sort of things he wanted to do, and be the sort of man he wanted to be, than he ever was afterwards while in public office. Never again did he live so well or indulge his tastes so freely.

The two latest volumes in the magnificent series of Jefferson papers, now being edited by Julian P. Boyd, gives the reader a chance to test Dr Malone's conclusions. They cover the whole of 1787 and the first three months of 1788. By the beginning of 1787, Jefferson had already lived in Paris for over two years and his work as ambassador was in full swing—a work various enough to be a full-time occupation even for a man who could admonish his small daughter that there was no human evil greater than idleness. He had to look after his country's reputation and credit and he extended this care to include sharp controversy with anyone who denigrated the North American continent. He had also to safeguard the commercial interests of his fellow citizens and worry about the captives of the Algerian pirates.

Although correspondence on these and similar themes takes up the bulk of the present volumes, it is not this aspect of Jefferson that will most attract the general reader. There are two other principal strains to disentangle in the correspondence. In the first place, Jefferson was completing his knowledge of the Old World—Volume XI includes his travel notes on his journey through southern France and into northern Italy—and he was fitting this knowledge into his general political philosophy. The Assembly of Notables early in 1787 proved to be the first step in the French revolutionary drama and his friendship with Lafayette made him more than just an external observer. At home, too, great things were happening. It is interesting to see the contrast between Jefferson's view of the Shays Revolution and the bitter comments upon it which Abigail Adams sent him from London. The insurrection—if the term is not too strong—was followed by the Philadelphia Convention for drawing up a new constitution; and Jefferson's friends kept him fully informed of the picture, though without breach of confidence as to the debates themselves.

In spite of these diplomatic and political pre-occupations, there can in fact be little doubt that Dr Malone is correct. We see Jefferson still ranging over the field of human knowledge and picking out, wherever possible, those aspects of scientific advance that seemed likely to yield the most immediate dividends in the shape of human welfare. New books, new inventions, new improvements in agriculture, are all commented upon and on all his comments are sought by a wide variety of correspondents on both sides of the Atlantic. It was indeed the golden age of the Enlightenment when to men like Jefferson nothing but a reluctance to trust the people seemed to stand between them and unceasing material and social advance. Only governments were evil.

It is an appealing picture, but to some it may seem rather chilling. One may feel it difficult to acquire real affection for someone whose interests were so wholly intellectual, even though on occasion he admits to being moved by natural beauty or by the architectural remains of antiquity, which he notes that the vandals of his day were still busy removing. Apart from his two surviving children, he seems at this time to have had few close personal ties. But one should not regard him as too much of a prig, and a charming letter to a compatriot, in which he contrasts the bustling life of a Parisian woman of society with the homely domestic employments of an American housewife, might stand for the sincere reactions of many Americans at many times. There is an element of humour in Jefferson, though not a very obvious one.

Tribute to an Historian

ESSAYS PRESENTED TO SIR LEWIS NAMIER.
Edited by Richard Pares and A. J. P. Taylor.
Macmillan. 550 pages. 36s.

SIR LEWIS NAMIER has transformed the study of English eighteenth-century history, reinterpreted the liberal and national movements of the nineteenth century and brought meticulous scholarship to the study of the diplomatic origins of the last war. The son of a Galician landowner, moving with ease among the aristocracy of the reign of George III, has come to exercise what is probably the most powerful single influence upon contemporary historians. The adjective "pre-Namier" and the verb "to namierise" have become part of the historian's vocabulary. The galaxy of distinguished historians among the contributors to this volume is a tribute to the status of Sir Lewis; the wide range they cover is testimony to the breadth of his inspiration. Seven essays are concerned with English politics with particular stress upon Parliament; two illustrate business methods and life in the eighteenth century; one illustrates taste through a study of the antiquarian interests of Horace Walpole. The remaining six range over the field of modern diplomacy and European history east of the Rhine, with special emphasis upon Russia and Germany.

The editors consider that the study of English history "will continue to bear the stamp of Sir Lewis Namier's inspiration." It is a pity that they have devoted only two pages to the revolutionary nature of his approach and method, especially since he himself has never explained these in more than the brief essay. Most of the essays in this book have their intrinsic interest, but an explanation of their affiliation to Sir Lewis's work would have given them greater unity and interest. The first two essays provide a brilliant opening. Mr Trevor-Roper is an iconoclast in the tradition of Sir Lewis, pitilessly revealing the political incompetence of Oliver Cromwell and provocatively relating political groups to social pressures. Sir Lewis has been criticised for "showing insufficient appreciation of political principles and of abstract ideals to which their votaries try to make reality conform." Here Mr Trevor-Roper enjoys exposing the zealots of the Fifth Monarchy men as "a knot of Tammany demagogues, who concealed their sharp practices behind lachrymose Celtic oratory." Miss Sutherland, threading her way through the intricacies of City politics in the eighteenth century, traces the political effects of the social resentments of the smaller merchants. Professor Hughes, in an exceptionally interesting essay, shows how the Liberal government in 1882 came to adopt the closure, thus ending the days of the "independent" members whose earlier importance has been so cogently analysed by Sir Lewis.

There are two substantial essays on Russia. Mr Bolsover gives a useful survey of Russian foreign policy in the nineteenth century. Mr E. H. Carr stimulatingly relates the Russian revolution to the complex interplay of Russian national tradition and western innovations. Like Sir Lewis he emphasises "the irrational tendencies permeating modern mass society," a note also struck in Mr Seton-Watson's informative but less well organised survey of social forces in eastern Europe. The last essay sustains the clarity and incisiveness of the first. Mr Wheeler-Bennett, with as much irony but more humanity than

Mr Trevor-Roper, examines the dramatic interplay of personality and policy in the careers of Ludendorff and Groener. Not all the essays reach this high quality: some make small points ponderously; but the good vintages compensate for the *vin ordinaire*, and the champagne of Mr Trevor-Roper, Mr Carr and Mr Wheeler-Bennett provides the sparkle.

Creator of Suez

FERDINAND DE LESSEPS.
By Charles Beatty.
Eyre and Spottiswoode. 334 pages. 30s.

INTER-OCEAN canals, it seems, cost their promoter and shareholders many anxious, even ruinous, moments before they start paying the returns that are later taken for granted. In 1870—a year after its opening—Suez Canal shares of 500 francs par value stood at 208; in 1889, the Panama Canal Company went into liquidation, driving its chairman—Ferdinand de Lesseps—into senility and a court case that sent his eldest son to prison. A life that includes such episodes is worth writing in popular form. Mr Beatty's practised hand has done the job readably enough, but he would have drawn a more interesting portrait had he been less apt to write of "the enemy" when treating of his hero's critics.

As a young vice-consul in Egypt in the 1830s, de Lesseps was told by Mehemet Ali that "if you have something important to accomplish, remember that if there are two of you there is one too many." But he needed no prompting with this piece of oriental advice. By temperament, he relished authority, disdained opposition, easily dismissed a worry, was indefatigable mentally as well as physically. These are all qualities which, in politics, produce dictators, and, in other walks of life, fanatics, bores and, with a little bit of luck, heroes of success stories. A merger of all the strains yielded de Lesseps's extraordinary capacity for sticking to his notions and for bearding the great with the "bragging air" that at least one English critic found trying. He was a good and a moving public speaker, and must also have been an exceptional organiser (one of his lists of tools for a job is given in detail); otherwise he would never have caused so many competent engineers to work on the lines that he—who lacked their technical qualifications—had dictated.

The main accomplishment of his life is well known. He produced a working canal through the isthmus of Suez in only ten years and in the teeth of a "Suez-cide" school led by Palmerston and the Sublime Porte, Robert Stephenson and, at all moments when the going was bad, the Viceroy of Egypt.

A much more interesting book would have emerged were these marginal characters drawn in fuller dimensions. The contemporary rulers of Egypt, for instance—Mehemet Ali, Said and Ismail—were different as chalk from cheese; yet only the second, who is much the least interesting of the three, is occasionally made to come alive. The translations from French sources are marred by gallicisms, and sentences such as "Britannia had no need or desire to *force* Marianne to give up her pet" are not to everyone's taste. But the book is good holiday reading for anyone who wants a beakerful of nineteenth-century confidence in the future of mankind.

Bolshevik Self-Analysis

THE RUSSIAN MARXISTS AND THE ORIGINS OF BOLSHEVISM.
By Leopold H. Haimson.
Harvard University Press. London: *Cumberlege.* 254 pages. 45s

THE Russian Research Centre of Harvard University has been responsible for nearly a score of erudite studies on various features of Russian institutions and behaviour. The present volume, dealing with an aspect of intellectual history that has been made familiar by Mr Bertram Wolfe's "Three Who Made a Revolution" and other recent works, has a number of distinct but closely related objectives. It aims to interpret the appearance of that extraordinary phenomenon, the nineteenth-century Russian intelligentsia; to describe the impact upon it of Marxist thought; to analyse the political movements based upon it—Bolshevism and Menshevism; and lastly to give an account in some detail of the early intellectual development of four leading figures, including Lenin. Fortunately, the author has not attempted to deal with these topics singly, in self-contained compartments. Instead, he skilfully weaves together the separate strands of a strange story. It is not easy, amid the mass of obscure names of people, journals, parties, and of highly esoteric polemics, to disentangle the pattern. The reader, unless he is the most specialised of specialists, will falter and be tempted to lay aside this account of the doings of little-known plotters and their never-ending self-analysis. Historically, however, the intellectual origins of Bolshevism are a matter of considerable moment; and although this book, by its nature, cannot present a simple story, the patient reader will be rewarded with a fascinating account of how small events helped to shape the destiny of the world. Perhaps the most interesting part of this story is the process by which Lenin's three chief co-actors, Plekhanov, Akselrod and Martov (all intellectually superior to him) became his determined but, in the event, quite unsuccessful opponents. Perhaps it was the core of true liberalism, in the Western sense, in their intellectual make-up (and its complete absence in that of Lenin) that accounts for their failure.

Mr Haimson brings out clearly by how narrow a margin the Mensheviks, the main political expression of the opposition to Lenin's doctrines, failed. It was, in truth, a race against time that Lenin was running. And if the new, more Western, society that was beginning to emerge had had time to establish itself before the Bolshevik conquest of power, the history of the world would have been profoundly changed.

Ample Thinker

SIR KENELM DIGBY.
By R. T. Petersson.
Cape. 366 pages. 25s.

SIR KENELM DIGBY, praised by John Aubrey as "the most accomplished cavalier of his time" and by Ben Jonson for his "heroique ample thoughts," was indeed talented, versatile, exuberant and dangerously facile. The son of a Gunpowder Plot conspirator, he remained a devoted Catholic, apart from a brief flirtation with Anglicanism. But he was also a convert to the New Science, writing treatises on the importance of reason and experiment as the keys to the natural world. He was in turn botanist and chemist; as a disciple of Harvey he did experimental work in embryology; and at the great medical centre of Montpellier he lectured on his Powder of Sympathy, which became a fashionable remedy. The world was Sir Kenelm's oyster: he travelled widely, was an accomplished linguist, a distinguished bibliophile and a benefactor of the Bodleian. He was the romantic lover, the husband of Venetia Stanley, that "celebrated beautie and courtezane," the patron of Van Dyck, chancellor to Henrietta Maria, the pleader of the royalist cause with the Pope and of the toleration of Catholicism with Cromwell, whose friend he for a short time became.

Mr Petersson is largely concerned with tracing the effects of this dual allegiance to Rome and to science upon Sir Kenelm and with showing why, despite his intellectual vitality, he was never more than the gifted amateur. The very dissipation of his energies in a period of growing specialisation meant that when the Royal Society was formed he could make little contribution to it. And his Catholicism made him more at home in the France of Richelieu than in the England of Clarendon and Boyle. Above all, his impatient enthusiasms prevented him from giving form and finish to his writings. He wrote too much and too fast, and his convoluted thought and ornate style require all Mr Petersson's skill to unravel the content.

Mr Petersson is most successful when relating Sir Kenelm's many interests to the intellectual history of the period. But his attempts to enliven what was originally a Princeton doctoral thesis are often unhappy. John Aubrey described Venetia Stanley as having "a most lovely and sweet turn'd face": to Mr Petersson she is "stunningly beautiful." To fill in the background Mr Petersson tells us what Sir Kenelm "must have enjoyed," or describes a fête which he "might have attended." Mr Petersson's account of politics is often careless and his judgments sometimes startling. Sir Thomas Roe was never Secretary of State; and to credit Buckingham with "undeniable efficiency in the Admiralty

and the Treasury" is ludicrous. Pruning, an art never cultivated by Sir Kenelm, has also been neglected by his biographer

Germany's Legal Status

GERMANY AND THE NORTH ATLANTIC COMMUNITY: *A Legal Survey.*
By M. E. Bathurst and J. L. Simpson.
Published under the auspices of the London Institute of World Affairs by *Stevens.* 228 pages. 35s.

THIS joint work by the legal adviser to the British Embassy at Bonn and an official of the Foreign Office, who have had close personal acquaintance with the legal problems created by the status of Germany in the postwar world, provides a valuable historical account of an unprecedented phase in international relations. The task of international lawyers is very difficult. On the one hand they have to find a legal formulation for political facts; on the other they hope by this formulation to provide a framework within which the dynamic forces of international relations can be contained and anticipated.

The rapid recovery of Western Germany both economically and politically has set international lawyers an almost impossible problem; it is not therefore a criticism of the authors of this book to say that the admirably clear account, occupying rather more than half of the work, which they give of the belligerent occupation, military government and Allied High Commission in Germany is now inevitably mainly of historical interest. Moreover, even as history, the authors' account is unsatisfying, as their primary concern with the legal formulation of political problems leads them occasionally to adopt an equivocal attitude. For example, in speaking of the period of belligerent occupation, they consider that "understandable though the impatience of the United Nations to achieve their war aims may have been, it is not easy from a purely legal standpoint, to find justification for the Supreme Commander's actions in dissolving political organisations and suspending educational institutions and the normal courts of justice"; yet they add in unresolved conflict with this somewhat diffident criticism:

> The National-Socialist system as a whole being one which ignored basic rights and liberties, the Supreme Commander was entitled to proceed against all emanations of it, and that it is possible to suggest after the event that his action might have been less drastic, is not necessarily a valid criticism of it.

Perhaps the most interesting part of the book is the second half, the content of which is indicated by the title given to the whole work. The authors summarise the provisions of the constitution of the Federal German Republic relating to foreign affairs and their relationship to the Bonn Conventions of 1952 signed between the Federal Republic and France, the United Kingdom and the United States; they then trace the steps by which, after the failure to set up a European Defence Community on the pattern of the European Coal and Steel Community, the Brussels Treaty Organisation was expanded into a wider Western European Union, of which the Federal Republic became a member, and they explain the interlocking relationship between Western European Union and the North Atlantic Treaty Organisation to which Germany was also admitted. Having reviewed this network of international obligations, they come to the conclusion that the Federal Republic is in law a part of the continuing German state subject to a "residual occupation" for purposes connected with the Occupying Powers' responsibility for the reunification of Germany and the final peace settlement.

The book is mainly of value as a clear and useful work of reference, marshalling many not easily accessible facts; the political background and problems are, perhaps inevitably, indicated with tantalising discretion.

Charlemagne Recreated

CHARLEMAGNE: FROM THE HAMMER TO THE CROSS.
By Richard Winston.
Eyre and Spottiswoode. 346 pages. 25s.

THIS book raises in an interesting way the problem of "popular" history and the liberties which may reasonably be allowed to an author who writes for a public with no specialised knowledge of the subject and no means of checking the author's statements. On the one hand, it has many first-class qualities. It is written in a vivid and lively way by a writer who has made himself familiar with the original authorities for the period and uses them with ease and fluency. He comes hot-foot from the documents to tell the reader what he has learnt from them before the initial impulse has been lost in the tiresome meandering of secondary discussion. Moreover, he has taken a wide view of what constitutes an original authority: the poetry, art and theology of the age are drawn on as freely as the chronicles and biographies. The author is everywhere at home. The single map and handful of illustrations are well chosen and beautifully executed: it is a pity that they are so few, but so far as they go they illustrate the subject in an extremely lively and convincing way.

Altogether there is much to praise. Why is it, then, that after a time the attention begins to flag and a certain dissatisfaction makes itself felt? It may be because Mr Winston does not treat the reader as if he were quite grown up. He cuts his way through the difficulties of interpretation and the gaps in his evidence with a sort of cheerful dogmatism that becomes in time rather slighting to the reader's intelligence. Even the least learned will begin to feel that the way cannot be quite so straightforward as Mr Winston makes it seem, and will want to be let into the secrets of the historian's problems. The conclusions are rather too clear and the process of arriving at them too hidden to satisfy an inquiring mind. Here is an example of the author's manner:

> The reflectiveness, the vigour and even the prolixity of the Caroline Books mark them as the work of Charles. The mild-mannered and courteous Alcuin could could never have brought himself to use such forceful language, Theodulf of Orléans, had he been the author, would have framed his insults more subtly . . . Certainly Charles employed a research staff as any modern statesman would. But it is equally certain that he was not so dependent on staff work as are some modern heads of state. The actual work of composition was almost certainly his.

Certainly, one may say, it is difficult to deal with the complicated problems raised by the so-called Caroline Books in a page or two, but even the uninitiated reader who has patience to read a quite long book on Charlemagne might gladly give up some of these certainties and semi-certainties for a brief view of some of the problems. He would come away perhaps with a less clear picture of Charlemagne, but with a greater historical insight than he will get from this nevertheless praiseworthy attempt to give flesh and blood to one of the greatest figures of European history.

Unending Warfare

THE SOVIET SECRET SERVICES.
By Otto Heilbrunn.
Allen and Unwin. 216 pages. 18s.

THE activities of the Soviet secret services, which Dr Heilbrunn takes in their widest sense to include military and industrial espionage, wartime partisan operations and the subversive tactics of foreign Communist parties, are surprisingly well illustrated in published memoirs and documents. Some hundred of these, published since 1940, are mentioned in his bibliography and footnotes, and even then there are some notable omissions. From this material and a few sources that are less accessible, the author has sketched a comprehensive and convincingly menacing canvas of a secret army, which goes on waging war without a battlefield. He proves the cynicism of Soviet motives with the appropriate texts from communist politicians, and throws in a chapter on the legal status of partisans and another on the German failure to take effective counteraction by using Soviet prisoners during the war.

The subject is too vast for Dr Heilbrunn to take a satisfactory critical view of his sources and theses in so small a compass. Although he concentrates his arguments on such graphic subjects as the Red Orchestra and other spy nets that operated in Germany, France and Switzerland during the war, the part of the French Communist Party in the fall of France, and resistance politics in Jugoslavia, he fails to escape a charge of diffuseness and superficiality. His description of the organisation of the secret services is substantially accurate but contains some avoidable mistakes.

Nevertheless the story fulfils its purpose and recalls effectively the ever-present dangers and complexity of Soviet secret operations, which are too easily forgotten as more obvious causes of tension disappear. Most readers will agree that we must study Soviet methods of clandestine war and counter them; many will think twice before committing themselves to the main conclusion which the book was written to serve—that we must learn from Soviet and German experience and prepare now for secret war, even by such dubious means as broadcasting counter-propaganda by press and radio at home.

Diagnosis of Economics

THE FAILURES OF ECONOMICS.
By Sidney Schoeffler.
Harvard University Press. London: *Cumberlege.* 268 pages. 38s.

ECONOMISTS are not, on the whole, a complacent race. From time to time, after a long step forward in the understanding of economic relationships, bursts of over-confidence do indeed occur. Quesnay was a Newton in the eyes of his followers; the lesser classicists were quite sure that they knew it all; *Das Kapital* still has the force of Holy Writ to the faithful; and it was very heaven to be young in the Keynesian dawn.

Nevertheless, few economists would shrug off with complete self-satisfaction the judgments with which this book opens. Over the last two hundred years "the power of accomplishment of economics—measured in the pay-off terms of prediction and control—has changed but little"; on questions of policy "equally expert men may, and usually do, reach diametrically opposite conclusions"; on questions of prediction "even when professional opinion is virtually unanimous, we still cannot depend on it." It is indeed possible to reply that in the absence of economic teaching even sillier and more inconsistent policies would be favoured and followed; even more misleading forecasts would be made; an even greater pyramiding of fallacies of composition would bedevil public affairs. But when one considers the time, energy, brain power and money poured into the development of economics, the defence is rather lame.

What is wrong? And can anything be done about it? Comprehensively, mercilessly, though with unfailing politeness, Mr Schoeffler first examines those comparatively hopeful explanations which stress the refractory nature of the economist's subject-matter (complexity, inaptitude for experiment, difficulty of detachment) and then turns to his main task. "Economists have been and are doing something akin to . . . studying the nucleus of the atom with a stethoscope." There follows a catalogue of methodological misdeeds. The most important of these are the use of past sequences as valid evidence for the future (one for the econometricians) and the treatment as closed systems evolving from their own inner necessity, or as semi-closed systems open to influence only by a few identifiable forces from outside, of systems which are in fact wide open (one for the model-building neo-classics). A sequence of case-studies respectfully but firmly drives home the moral; even the best and most scrupulous of economists are crippled by methodological defect.

Mr Schoeffler does not, however, draw the familiar conclusion that economics is a semi-fraudulent waste of time. It is simply wrong to try to turn it into "an empirical, nomothetic science"; it is a broad, various group of disciplines: general decision theory, studying the rationality of action; history, in the broadest idiographic sense; and policy-making or "healing" art. By co-operation between these, but above all by concentration on methodology in the light of modern logical analysis, there can be evolved "a conception of prediction for the social sciences" and the means of giving that conception a body; and it is to the outlining of this task that Mr Schoeffler's last chapters are devoted.

This is where the reader, even if adequately equipped with the techniques of pure logic, will start quietly tearing his hair. For the "tentative general definition of rational action" here laid down would in practice condemn *homo sapiens* to perish like Buridan's ass in any imaginable field of haycocks, distinguishable or not. A new species would be needed, as intellectually superior to *homo sapiens* as Einstein to a blind kitten, to carry through the programmes blithely set out here—programmes including, as a mere preliminary, the solution of a fair selection of the ultimate philosophical problems that have baffled mankind for the last two and a half millennia. Short of that consummation, however, something may be gained from this impressive injunction to economists to look to their tools and preserve a proper humility.

Shorter Notices

CITIES AND MEN: *An autobiography, Volume III:* 1924-1954.
By Harry Luke.
Bles. 254 pages. 25s.

This volume, the third of Sir Harry Luke's autobiography, shows how much, how very much, can be made of the years after forty. Although the book loses to some extent because it deliberately side-steps any repetition of what Sir Harry, an immensely prolific writer, has put into other books about special phases of his life, there is a steady attraction about it. Indeed, the sense of movement is so strong that some might find the book a trifle scrappy. But to anyone willing to let his mind play as freely as the author's own, the next few pages always contain a point of view or an anecdote worth waiting for.

Sir Harry Luke has spent most of his life in the Colonial Service. But, as he says, he prefers the old world to the new, and it was a cruel blow to him that in 1938 he failed by a chance fortnight to be allowed to achieve his life's ambition and follow up his service in Palestine and Malta as Governor of Cyprus. Instead, he was sent across the world to be Governor of Fiji and High Commissioner for the Western Pacific. As things turned out, the war transformed his post; he found himself rallying the French possessions to de Gaulle amid a web of American air strategy. Later Sir Harry retired into characteristically dynamic activity for the British Council in the Caribbean, and subsequently pursued his own indefatigable travels even faster than before—to Brazil, Peru, Scandinavia, and back again and again to his happiest hunting grounds in the Mediterranean and Middle East. This is a book for the traveller and armchair observer alike.

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SHORT-TERM ECONOMIC FORECASTING: *Studies in Income and Wealth, Volume* 17.
By the Conference on Research in Income and Wealth.
Princeton University Press. London: *Cumberlege.* 506 pages. 60s. $7.50.

Governments in advanced western countries, bent upon the maintenance of full employment and stability, necessarily devote considerable time and effort to the one or two year prediction of such expenditure magnitudes as consumption and investment. Some would argue that a forecaster need only be well-informed and have a strong intuition; others would stress his need to understand and use scientific rules of procedure. Many more would agree that a fusion of these would be preferable, and the authors of these papers are members of this last group.

In the United States and Canada a number of institutions, both public and private, have for some years conducted surveys of intended expenditure, on consumption and investment goods, by both individuals and firms. In this country, the Board of Trade has published its first surveys of companies' investment plans. Contributors to this volume have a common objective—to test the reliability of these forecasts, both in amount and rates of change, by setting them against the figures actually recorded in the time period to which they refer.

The volume is not easy reading, though this is inherent in the subject-matter. There is also some degree of overlapping. Nor is it possible to delineate any uniform set of findings save that the predictions as a whole do not appear to justify great confidence. It is of more immediate interest to ascertain why they are so unreliable. For example, are they subject to some systematic bias, or are the deviations of predictions from the actual random in character? In conditions of steadily improving trade Mr Sauerlender and Mr Modigliani find that the magnitude of change tends to be systematically underestimated, while when trade is falling, the opposite is true. Mr Bronfenbrenner and Mr Friend find evidence that business systematically understates its expenditure plans. Given that there is evidence of such uniformities it should be possible to apply corrections—in some cases by rewording questionnaires and in others by adjusting recorded replies at the editing stage. But too much too soon should not be expected of such exploratory studies. To those concerned with prediction this book should prove instructive and one suspects it may possibly be instrumental in advancing testing of forecasting procedures in this country.

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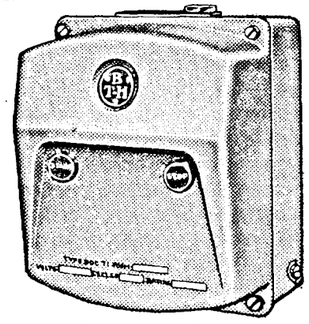

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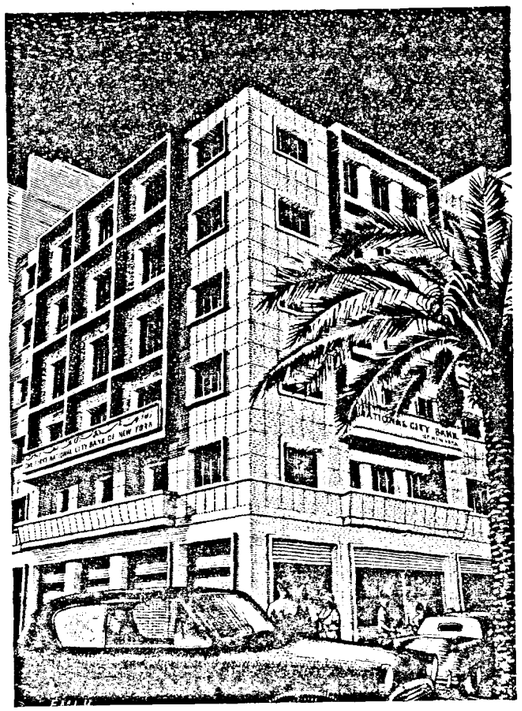

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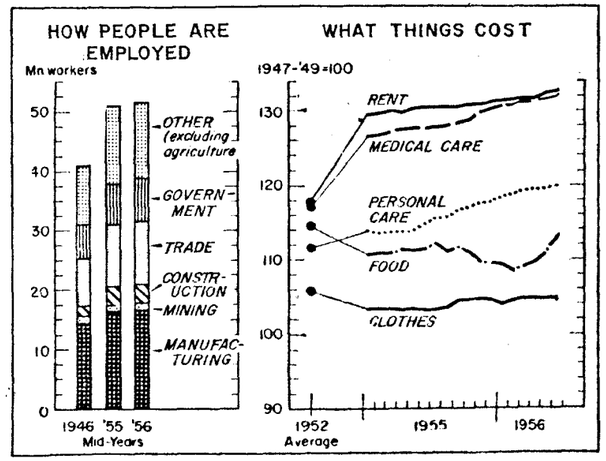
American Survey

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

Is Business Too Good?

Washington, D.C.

THE end of the steel strike comes at a time when there is a marked change in the economic mood in the United States compared with even two months ago. There is now little or no talk of a recession this year, although the pessimists are predicting that the fourth quarter may be mildly sluggish rather than exuberant, or that the economy faces a "real challenge" in 1957. The fact remains that the pessimists appear to have been wrong about 1956. It now seems unlikely that there will be any more recession in the third quarter than has already happened—the mild reduction in total industrial production, about 3 per cent, which resulted directly from the steel strike. To give the pessimists their due, some such reduction would certainly have occurred in steel in the absence of a strike, though less sharply and spread over a longer time. The difference between what has happened and what might have happened is, in a sense, psychological. The strike meant that the country never lost its feeling that "business is good"; without it the repeated weekly reports of steel output at 80 or 75 per cent of capacity might have "smelt" of a general let down.



In any case, business is indeed good, and there is every indication that this pleasant state of affairs will continue for the rest of the year. The Secretary of Commerce, with little contradiction, says that the economy is "full of bounce," and demand is lively in all the major sectors. Spending on business plant and equipment is still at record levels, and the steel strike, by delaying some projects, may have prolonged the bullish effect of this key sector. Government spending at all levels shows a slowly rising trend, with the big federal programme for road building only beginning to make itself felt. Exports are zooming to unheard of heights, with a new record for this year a near certainty. And most important of all, consumer incomes continue to mount each month to new peaks, in spite of a shorter factory work week for much of this year and of layoffs in some factories, particularly in the motor industry. In June, total income reached an annual rate of $324.2 billion, which compares with a rate of about $317 billion at the end of 1955 and an average for that year of only $306 billion.

One basic reason for this, as a number of economists have been arguing for some time, is that things like automobiles —and indeed manufactures generally—simply do not count for as much in the total economic picture as most people think they do. To offset the unemployment of about 200,000 people in the motor industry this year, there have been increases in jobs compared with a year ago of 600,000 in construction, 400,000 in trade and 300,000 in services, just to name three examples. Indeed, since the end of the last war, total employment has risen by nearly 11 million, while employment in manufacturing went up by only 2,300,000. On the whole, consumer buying has kept pace with the rise in incomes, with retail sales running consistently slightly above the same period in 1955. But while new buying on the instalment plan remains about the same as it was a year ago, repayments are far heavier, so that the net increase in spending is less than the rise in incomes.

All of this has had familiar effects on the sensitive financial sector of the economy and has led to a widespread awakening of concern about inflation. On Wall Street, the stock market has pushed through its all-time highs on most of the averages. And in the money markets, the central bank, which never was pessimistic anyway, appears to be reinforcing its policy of restraint. The course of Federal Reserve policy is a good indicator of the changing sentiment. After severe restraint during the late spring, when the Federal

Reserve kept down the net borrowings of the banks to meet their reserve requirements to a severely low level, it began in June to buy Government securities to make credit easier. But now the tone of the money markets is again clearly one of restraint, with interest rates strong. Some industrial and state government financings have been postponed, and prices of federal government securities are near their lows for the year. What is more, the "Fed" is prepared to get even tougher if good business drifts into speculative excess.

The trouble with this generally rosy picture is that the statistical omens now suggest that even the Republicans may have failed to achieve the great economic goal of the mid-twentieth century: full employment without inflation. The consumer price index, after nearly four years of astonishing stability, rose in June by seven-tenths of one per cent, the sharpest monthly increase since the early days of the Korean War, and is now at an all-time high. Wholesale prices, which earlier increased abruptly, have levelled off for the moment at a point about three per cent higher than a year ago, but the certain rise due to follow the steel settlement has yet to be felt. While steel prices themselves have little direct effect on the cost of living for the ordinary citizen, other signs are pointing in the direction of higher prices—in the teeth of the efforts of the monetary authorities to maintain the blissful plateau of the last four years.

★

The story of prices in the United States during this period is not well understood. It is generally thought that stability has been achieved because food prices went down while industrial prices went up. But Dr Arthur Burns, the President's chief economic adviser, has pointed out that, in 1955, food prices were indeed lower by 3 per cent than in 1952, but

> the average of apparel prices was 2 per cent lower, the average of household appliance prices was 11 per cent lower, the price average of furniture and bedding was 3 per cent lower, and the price average of automobiles and related supplies was 6 per cent lower.

It is not goods that have risen in price, but services—rents, medical fees, laundry, haircuts, domestic help, repairs of most kinds. These, as Dr Burns points out, "have been catching up, so to speak, to the broad price movement that occurred earlier." It has been the recent rise in food prices, together with the long upward trend in services, that has pushed the general price level up at last.

Dr Burns is confident that a combination of improvements in productivity, competition, general "restraint" in business and monetary and fiscal conservatism from the government can keep prices stable. But there is little that those things can do to keep farm prices depressed—especially since, for political and other reasons, the government does not want to keep them depressed. Moreover, there is a widespread feeling that the extremely generous steel settlement moved wages and other benefits quite substantially ahead of productivity. While Dr Burns feels that "the pressure of wages on prices will . . . continue to be counteracted by a progressive tendency to increase output per unit of labour," others are not so sure. Even Dr Burns concedes that experience since 1952 "is much too brief to be conclusive," and he must be contemplating with some dismay the sudden surge of doubt whether prices can in fact be held under control in a modern economy.

Prelude in Chicago

TWO thousand seven hundred and forty-four Democratic delegates, accompanied by 1,896 alternates, some 4,300 newspaper men, radio and television reporters, an estimated 20,000 visitors, hundreds of salesmen, song writers and hucksters of every kind, are descending on Chicago for the Democratic national convention. It opens on Monday when Mr Sinatra's dulcet voice will carry the Star Spangled Banner over the air-conditioned immensity of the International Amphitheatre. Chicago, with its 135,000 hotel rooms, is taking this invasion in its stride and is looking forward to earning some $5 million before the last cocktail has been drunk, the last sight-seeing tour taken by the delegates' families and the final plunge made into a plastic swimming pool which is being set up near the amphitheatre. According to the present schedule, the convention will decide the party's platform on Wednesday, the nomination of the candidate for the White House will take place in the course of Thursday night, and the proceedings will end on Friday evening with an oration by Mr Truman. After that, the empty liquor bottles will be carried away, the smoke will fade from the tired hotel rooms in which the politicians have made their moves and the Beauty and Barber Supply Institute will arrive for its convention.

With Mr Adlai Stevenson's nomination seeming more and more assured, attention is focusing on two other questions: the party's position on the vexed problem of civil rights and the choice of a vice presidential candidate. This week, the platform committee will be wrestling with its conscience and the needs of party unity in an attempt to hammer out a formula vague enough to assuage southern fears of more equality for Negroes yet firm enough to attract the Negro vote and to satisfy northern and liberal Democrats. It is thought that moderation will prevail over the wishes of both extremes. While paying lip-service to the Supreme Court's condemnation of racial segregation in publicly financed schools, which Mr Stevenson endorsed once again on the eve of the convention, the Democratic platform will probably emphasise the need for the advancement of Negroes in less controversial areas. It is true that Governor Harriman and his supporters hope to upset the applecart and are demanding a strong stand on civil rights even at the risk of a walk-out by southern Democrats. But the party machinery is working against such a strategy and it now looks as if the front and hind legs of the Democrats' donkey will be in step, at least until November.

Also Running

PRESIDENT EISENHOWER'S illness, the career of President Truman and the controversy raging over Mr Nixon, have made the choice of a vice presidential candidate a more significant process than ever before in the history of American party conventions. The old saying that a Vice President is one heart beat away from the White House has become a reality in the minds of millions of voters. Great interest is attached, therefore, to the choice of a number two man on the team that will most probably be headed by Mr Stevenson. A number of candidates have already shown their colours and leading Democrats are emphasising that their race is "wide open." In actual fact, the successful candidate for the presidential nomination usually picks his man from a short list; but his final choice often depends on last-minute manœuvres on the floor of the convention.

By withdrawing from the contest for the Presidency and throwing his support to Mr Stevenson, Senator Kefauver has made himself an obvious candidate for second place. It now appears that he would be very willing to obtain it, but he may be disqualified both because he is intensely disliked by fellow-southerners who consider him a renegade and because his earlier utterances against Mr Stevenson would furnish Republicans with fine ammunition. Another prominent candidate is Senator Humphrey of Minnesota, a strong liberal who has gained the respect of his southern colleagues in the Senate. He is handicapped, however, by the fact that his state is close to Mr Stevenson's Illinois and that strategists tend to prefer a team with a more diversified regional appeal. In this respect, Senator Kennedy of Massachusetts looks like a strong contender. He has the advantages of youth, a brilliant war record and a very wealthy father able to contribute to the party's empty coffers. But he is a Roman Catholic of Irish background and political pundits are trying to decide whether this would be a drawback or an advantage in a national campaign. Senator Lyndon Johnson of Texas, who will come to Chicago with the support of nearly 100 southern delegates who would like to see him as President, is also being tipped for the Vice Presidency. But many observers doubt whether Senator Johnson, who has had a heart attack, would care to give up his leadership of the Democrats in the Senate. Behind these prominent candidates comes a host of dark horses, any one of whom may emerge out of the political tussle. They include Mayor Wagner of New York, Senator Gore of Tennessee, Senator Symington of Missouri, and Governor Meyner of New Jersey.

Foreign Aid—1957 Style

Washington, D.C.

TO interpret the sharpness of this year's debates on foreign aid as a return to isolationism would be a mistake. The final appropriation of $3.76 billion is one billion dollars more than was appropriated last year, though it is rather over a billion dollars less than the Administration requested for 1957. The request was increased this year because the "pipeline" of supplies on order for military assistance had been much depleted. Congress, however, felt that there was still enough money on hand for this purpose; many members argued that it was wasteful to go on piling up a backlog of orders for conventional weapons if western strategy was to be based in future on the use of nuclear and guided missiles. Significantly, this year's cuts fell almost completely on the strictly military budget. Congress's reduction in the total which the President had requested was the same proportionately in 1957 as it had been in 1956—23 per cent. But last year the military section lost 29 per cent and the non-military 20 per cent; this year the cut in military aid was 33 per cent and the rest lost only 6 per cent. Even so, this year's final appropriation for military assistance was just over twice the size of last year's.

The Administration made several abortive efforts to break out of the rigid fiscal moulds which have restricted foreign aid's efficiency and charm. It takes a year from the time when a tentative scheme is recommended by the mission in the field to the time when money is finally voted. Then it takes another four or five months for the Administration to analyse the effect of the various congressional cuts, changes and stipulations, so as to know whether money does in fact exist to cover any particular scheme. Then, with the fiscal year already half over, the United States is at last in a position to negotiate formally with the foreign country, in conditions that may well have changed radically

MUTUAL SECURITY IN 1957
Fiscal Year beginning July 1, 1956
$ million.

	President's request for authorised funds	Amounts actually appropriated by Congress
Title I Mutual Defence Assistance		
Military Assistance	2,925	2,017·5
Defence Support	1,130·7	1,161·7
Europe	*78·7*	*68·7*
Middle East and Africa	*170*	*167·5*
Asia	*882*	*873·5*
Latin America	—	*52*
Title II Development Assistance	170	250
Middle East and Africa	*63*	*250*
Asia	*80*	
Latin America	*27*	—
Title III Technical Co-operation	157·5	152
General	*140·5*	*135*
Multilateral	*17*	*17*
Title IV Other Programmes	289·3	185·4
(Includes refugees and relief)		
Special presidential fund	*100*	*100*
Administrative expenses	*35·2*	*33·6*
Total	4,672·5	3,766·6

since the original idea was mooted. To make matters worse the money must revert to the Treasury if it is not spent by the end of June, when the fiscal year closes, and since Congress has laid down that no more than 20 per cent may be committed in the last two months, the negotiations are often subject to unhealthy pressure. By March and April contracts are being placed with indecent haste.

Congress was asked to relax its jealous grip in three ways. Appropriations for military aid were to be put on a basis under which the money, once it was voted, could be used as needed, regardless of the fiscal calendar. The bulk of economic aid was to be available for fifteen to twenty-four months, instead of a nominal twelve. The President was to have first claim on each year's aid funds, up to a maximum of $100 million, so that he could undertake to support major development projects for as long as ten years ahead. But on all three points the Administration ran into constitutional scruples and drew a blank. However, the battle for flexibility was not entirely lost. The President now has greater authority than ever before to switch funds around. Furthermore, in addition to the $100 million for contingencies which he has always been voted, he is now

empowered to scrape up another $150 million from wherever he pleases in the programme for sudden emergencies.

It was in the administration of economic aid, pure and simple, that Congress made its own major changes. This is the item called "development assistance"; it is distinguished from "technical co-operation"—the "Point Four" idea of giving training to local instructors and specialists—and "defence support"—economic aid to allies with larger military establishments than they can afford. This last distinction is not very apparent on the ground. A railway line rebuilt in Turkey, for instance, would be "defence support," whereas one rebuilt in India would be "development assistance." But it makes it possible, when convenient, to minimise the economic component of foreign aid; it can thus be claimed that 83 per cent of this year's programme is strictly concerned with defence. "Technical co-operation," which has always been the easiest of the aid ideas to sell politically, and "defence support," both came out of the congressional swing doors in much the same shape as when they went in, but "development assistance" was considerably altered. First, the distinction between different regional funds was done away with; four separate items in the President's request, including his fund for Asian economic development and the special fund for the Middle East, which were in Title IV of his original request, were consolidated into a sum which he could use anywhere in the world. Secondly, the total of these items was cut by $93 million from $343 million to $250 million. This reflected, not a retreat from the principle of economic aid, but congressional opposition to the Aswan Dam, later echoed by the Administration, and disappointment at the slow start of various regional projects which had been authorised a year before.

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Although it freed this $250 million development fund from regional limitations Congress imposed a few fresh conditions. Not more than a quarter of it can go to any one country, a provision which hits only India, whose share is reduced from a projected $70 million to a ceiling of $62.5 million. But, most important of all, 80 per cent of the aid must be in the form of loans rather than grants, unless the money is to be used to purchase American agricultural surpluses or to promote regional schemes of benefit to more than one country. This decision, in which the Administration has reluctantly acquiesced, reflects the strong conviction that American generosity will cause less irritation when it is not on a charitable basis. As the result of these changes only funds in "defence support" are to go to geographic regions now specified. Otherwise this is decided administratively, but the congressional committees are shown "illustrative country programmes," and it is normal, as a matter of courtesy, to notify the committees before making any major departure from these programmes. Before "development assistance" was consolidated, the congressional friends of the Latin American countries arranged to shift Latin America's economic aid programme over to the less vulnerable category of "defence support," where it remains separately identified.

Finally, according to a rider put into the Bill by the Senate over the President's objection, all aid to Marshal Tito must be cut off ninety days after the Bill's enactment unless the President has made a positive finding that "Jugoslavia is not participating in any policy or programme for the Communist conquest of the world." Furthermore, no more military aid may in any case be sent to Jugoslavia, except for items in the pipeline or to maintain existing equipment. Since most of the three hundred aircraft, including modern jets, which it had been planned to give to Marshal Tito, are already in the pipeline, this was a somewhat empty gesture. It did, however, have the political advantage of throwing on to the shoulders of President Eisenhower sole responsibility for arming a Communist country newly returned to communion with Moscow.

New Blood for a Car Company

THE rejuvenation of the Studebaker-Packard Corporation, the fourth largest of the five remaining American motor manufacturers, has been undertaken by the Curtiss-Wright Corporation, a powerful, diversified company best known for its aircraft engines. The agreement, under which Curtiss-Wright will act in an advisory capacity to the management for three years, does not involve a merger between the two companies, but Curtiss-Wright obtains an option to take up 5 million unissued $5 Studebaker-Packard shares; this should enable Curtiss-Wright to gain working control eventually if it wishes. To bolster Studebaker-Packard's shaky finances, Curtiss-Wright will pay $35 million to lease some of the automobile company's plants, which it will use to fulfil government defence contracts, mainly, it is expected, for jet engines. At the same time a triangular agreement between the two companies and Daimler-Benz AG of West Germany provides for Studebaker-Packard to use important German developments in diesel and petrol engine design, in return for which Daimler-Benz obtains the right to produce certain Curtiss-Wright products in Germany.

Studebaker-Packard's financial troubles have been no secret. The corporation, which has never made a profit since it was formed by merger in October, 1954, lost nearly $30 million last year, and another $14 million in the first quarter of 1956. Curtiss-Wright's backing will not only provide Studebaker-Packard with some much needed cash, but will also make the ailing motor company a better risk in the eyes of the banks. Whether this support will enable Studebaker-Packard to make money on motor cars is another matter. It is to concentrate its car production in one plant, which means abandoning or moving the highly automatic production line for Packard cars, and is to produce in future a more limited range of models for a "selective" market. But the fall in the demand for cars which brought Studebaker-Packard's troubles to a head has affected even the larger manufacturers. General Motors' net income for the first six months of 1956, although still more than half a billion dollars, were nearly 24 per cent less than in the first half of last year; Ford's net earnings fell by 44 per cent to $132 million; and Chrysler's net earnings of only $19 million were 73 per cent below those in the first half of 1955. The industry is now on the verge of retooling for the production of its 1957 model cars, and this year the changeover period is expected to be prolonged to give the dealers time to move the heavy stocks of 1956 models which still remain on their hands.

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Labour Meets the Colour Line

FROM A CORRESPONDENT IN MISSISSIPPI

THE great drive to unionise southern labour has chosen, as its first major target, the textile industry which has the bulk of its 700,000 unorganised workers in the South. The decision by the executive council of the American Federation of Labour and Congress of Industrial Organisations to go ahead was a brave but perhaps an ill-advised one. The old CIO Textile Workers' Union of America, with 300,000 members, and the AFL United Textile Workers, with a third of that number, have not yet amalgamated, and the southern drive is therefore being launched under a divided command. Moreover, because of the inflexible stand in favour of racial integration taken by the national trade union federation, the climate of opinion in the South is more hostile to labour organisers who come in from outside than at any time since the depression years. It has always been difficult to organise unions in the South: the Amalgamated Clothing Workers of America, active in this region for decades, have only 30,000 southerners among their 400,000 members. And now union leaders admit that the fight over racial segregation has set back their efforts to organise more workers by from five to ten years.

Already a Southern States Conference of Union People, meeting in Chattanooga, Tennessee, has openly challenged the "forced integration" policies of the AFL-CIO. It has called on southern labour to "preserve our constitutional rights and our status as union people." In Birmingham, Alabama, a number of men belonging to the AFL-CIO union are forming an organisation of Southern Fabricating and Steel Workers, and in the same city the Southern Aircraft Workers have been launched. But initial reactions were not very enthusiastic when an attempt was made recently to form a Southern Federation of Labour, to hold the colour line, at a meeting in Birmingham; it was attended by representatives of ten southern states, but a large proportion of those invited failed to appear. It is too early as yet to evaluate the significance of these local revolts.

Spokesmen for organised labour denounce the White Citizens Councils for deliberately harnessing racial prejudices to a traditional hostility to the labour movement as such. The president of the Textile Workers' Union of America has issued a warning that these Councils—set up to preserve the southern "way of life"—are out to block political and economic changes that will result from the growth of unions. It is true that the most outspoken defenders of white supremacy are also among the most notorious labour-baiters. A former Governor of Arkansas said of the Councils: "Today their attack is against the Negro. Tomorrow their attack is against the labour unionist."

The essentially rural "southern way of life" has never taken easily to trade unionism and the forces which mould public opinion in the small towns and which are now fighting the racial battle have had long experience in "saving" the local workers from "communistic labour agitators" from the North. A case in point is the recent ordinance of the town of Dublin, Georgia, which requires a union organiser to have been a resident of the community for five years, to pay a licence fee of $2,500, and to swear that no union money will be spent to encourage violation of the laws on segregation. And in Chapman, Alabama, where the woodworkers have been on strike for almost a year, detectives paid by the lumber company have been brought in as deputy sheriffs and town marshals "to preserve order." The mayor in this medieval barony—where the town literally belongs to the company—doubles as personnel director for the lumber concern. Its lawyer is in the forefront of the Citizens Council movement. When a northern-owned company advises its southern employees to join the trade union, as a result of the objection of workers in its unionised factories in the North when their products are combined with those from its non-unionised plants in the South, local businessmen are dumbfounded and local newspapers cry out in anguish against the Negroes and the Communists.

Except in lumbering, mining, and steel manufacturing, Negroes have not been employed in large numbers in southern industry. This has been a major factor in the exodus to the North of coloured agricultural workers displaced from the farms. But in progressive establishments, more and more Negroes are being used, many of them working alongside white employees. Accomplished judiciously and with great patience, this degree of integration has caused little friction. Company managers in such plants, however, are deeply concerned today because of mounting tension.

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With jurisdictional problems still to be settled between the formerly separate AFL and CIO, and with most of southern labour adamant on the race issue, the question arises as to why the national leaders of the AFL-CIO persist in their drive for organisation at the present time. Many southerners profess to see this as an attempt to arrest the southward movement of northern industry. Recently the *New York Times* listed six corporations which had changed their plans to establish plants in the South because of the fear of racial tension. Certainly the trade unions' perennial drive for an ever higher national minimum wage is partially stimulated by the desire to eliminate one of the South's strongest inducements to northern business—cheap labour. This touchy problem was recently brought out into the open when the United Hatters, Cap and Millinery Workers called upon Congress to prevent "subsidised sweatshops" by prohibiting southern communities from offering tax exemptions and other benefits to northern industries to seduce them into the land of low wages and "company unions." But outsiders often fail to realise that when men from submarginal farms on which no one could make a living are brought into southern factories, even at wages below the national level, they have taken a step up the economic ladder.

In spite of its present embarrassments, however, organised labour can look forward to happier days in the South as industrialisation gathers speed. Each year politicians solicit labour support more greedily; the unions recently helped to keep Texas faithful to the Democrats, and have considerable political strength in Tennessee, Florida and Alabama. The "right-to-work" statute which outlawed the union shop, and which was passed so jauntily two years ago by the Louisiana legislature, has been repealed as a result of labour's political activity in that state. Amalgamation of AFL and CIO unions has already been achieved in Arkansas, Louisiana and Tennessee. City newspapers which a decade or two ago carried only anti-labour stories now have a tendency towards a fuller and more objective report on the trade union front. Once the racial fight has run its course, southern labour seems bound to turn to the only agency that can give it self-protection.

Commissioners Fall Out

IN its twentieth semi-annual report, the Atomic Energy Commission has announced that during the past six months the United States has become the foremost producer of uranium ore in the non-Communist world. In 1948 production amounted to 70,000 tons; at present it is nearing an annual rate of three million tons. The report also asserted that "notable progress" had been made in designing, constructing and operating nuclear reactors for the production of industrial electricity and that radioactive *strontium—a particle contained in the fall-out from a* thermonuclear detonation and capable of inducing bone *cancer—"is not a significant factor . . . at the present level* of weapons' testing."

But in an unprecedented move, Mr Thomas Murray, one of the five commissioners, registered his dissent from both these claims. Mr Murray has long maintained that the AEC is relying far too heavily on private industry and that America will fall behind in the international race for peaceful applications of atomic energy unless the government takes a lead and builds the first atomic plants itself. Secondly, Mr Murray contends that the AEC's official attitude towards the hazards of radioactive fall-out and the necessity for continued nuclear tests is erroneous. Referring to recent studies by the National Academy of Sciences and the Medical Research Council in the United Kingdom, Mr Murray stated that too little was known to warrant the reassurance contained in the AEC's report.

Mr Murray has long been at odds with Admiral Strauss, the chairman of the AEC, but his dissent underlines far more than a clash of personalities. It represents a split over basic policies between the Administration and Admiral Strauss on the one hand and leading Democrats in Congress on the other. This split continues to bedevil the development of atomic energy in the United States. Last week, for example, and again with Mr Murray's opposition, the AEC granted a "conditional" permit to a private firm, the Power Reactor Development Corporation, to build a plant to house a reactor of the "fast neutron breeder" type. Its estimated cost is to exceed $40 million, and it is to be situated in Michigan, about 30 miles from Detroit. Promptly, Senator Anderson and Representative Holifield, of the Joint Congressional Committee on Atomic Energy, wired President Eisenhower demanding that the permit be revoked. They claimed that the reactor would be a grave peril to the safety of the dense population in the region. This argument may be made sincerely, but there is every indication that this latest fracas is yet another chapter in the long battle over private versus public financing for atomic industry.

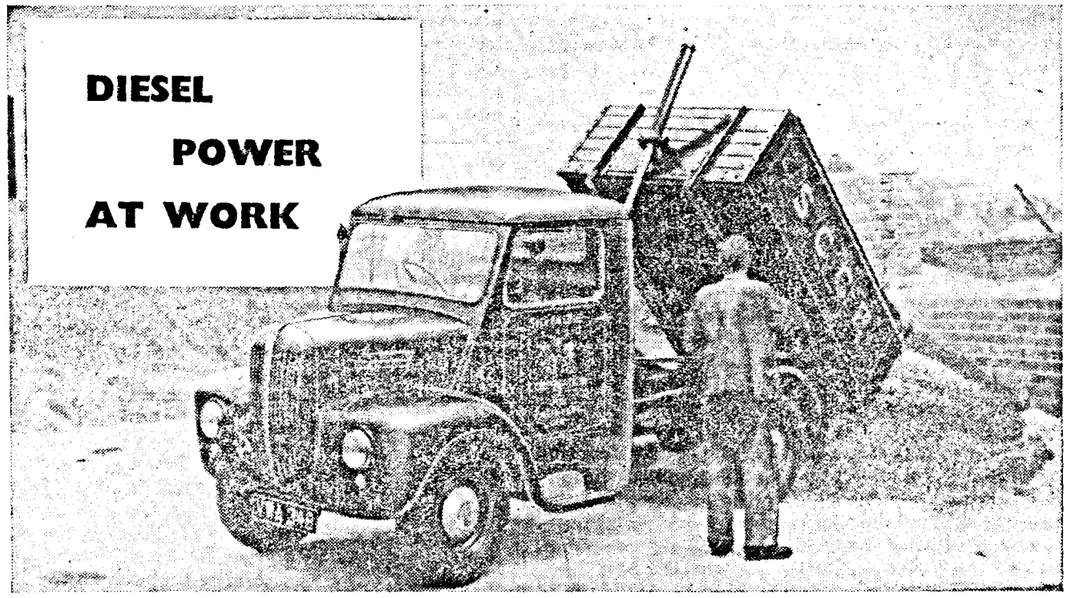
Time Out for Defence

THE doctrine of "defence essentiality" enables ailing American manufacturers to claim higher tariff protection on the ground that they have an essential contribution to make to the national defence. It was fashioned largely in the watch industry, which is therefore the ground where the protracted battle between domestic manufacturers and importers over this doctrine is fought most viciously by the lobbyists and followed most keenly by other interests. The watch industry gained its prized defence status in 1954, when the duty on imported watches was increased by 50 per cent, but provision was made for the whole question to be reopened after two years if the President thought it desirable. The Tariff Commission has now advised the President that it does not feel that a formal reappraisal of the 1954 decision is justified, mainly because the competition from imports is still active, even though its character has changed. One of the most conspicuous developments has been the increase in "upjewelling" or remanufacture of watches after they have been imported—a loophole which the American Treasury has been trying unsuccessfully to persuade Congress to close. Another is the striking increase in the imports of cheap non-jewelled watches which rose, in spite of the tariff increase, by more than 50 per cent in 1955, and are still mounting rapidly.

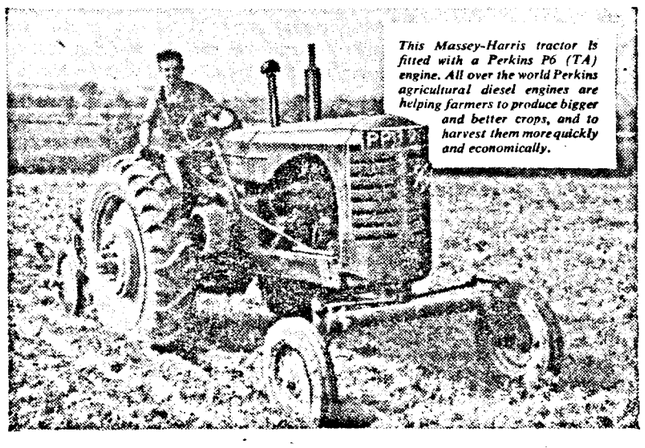
Before the President accepts or rejects the Tariff Commission's advice he will have to wade through a morass of conflicting recommendations from the "experts" both in his Administration and in Congress. The most important of these is the re-examination of conditions in the watch industry which is being made by the Office of Defence Mobilisation. This agency's copy book was badly blotted last year when a formerly secret report, contradicting the ODM's own contention that the watch industry was essential to defence, was released by the Department of Defence, and never adequately refuted by the ODM. These divisions within the Administration are reflected in Congress, where an economic subcommittee has roundly asserted that trade restrictions to protect the domestic watch industry in the name of defence are "unwarranted"—and received a violent mixture of brickbats and bouquets for doing so. The subcommittee concluded that the watch industry was not unique in training men in the special skills required for precision engineering work in munitions factories, and that in any case the freezing of industrial capacity and skilled manpower was no way to ensure national security in an age of rapid technological change. The efficiency of the industry might well be better safeguarded, the subcommittee felt, by the stimulant of competition from abroad. Restrictions on imports would merely place a burden on consumers and on other industries, harm America's trade relationships and detract from national security. This is fresh air, and welcome. But it has to penetrate the shutters of an industry which, not content with defending the high tariffs it has already secured, is now campaigning for import quotas as well.

SHORTER NOTE

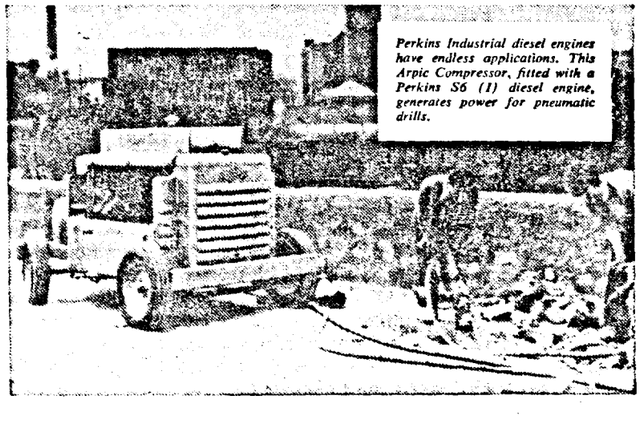
The House of Representatives defeated a Bill sponsored by Senator Gore and calling for the construction of government-financed and government-owned atomic plants for peaceful purposes. In revenge, Democratic leaders buried two companion Bills, which the private companies wanted; one would have provided for federal indemnification in the case of accidents in private atomic plants and the other would have exempted manufacturers and operators of nuclear reactors from certain provisions of the Public Utility Holding Company Act.



Vehicles of all sorts, commercial and private, are powered by Perkins Diesel engines. Available as first equipment or as complete conversion unit for a wide range of vehicles. This 25 cwt. Trojan Tipper is powered by a Perkins P3 (V) engine.



This Massey-Harris tractor is fitted with a Perkins P6 (TA) engine. All over the world Perkins agricultural diesel engines are helping farmers to produce bigger and better crops, and to harvest them more quickly and economically.



Perkins Industrial diesel engines have endless applications. This Arpic Compressor, fitted with a Perkins S6 (1) diesel engine, generates power for pneumatic drills.

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The World Overseas

Nasser at the Peak

FROM OUR CAIRO CORRESPONDENT

IF President Nasser jumped into the Suez Canal trouble with both feet he has since been careful not to put a foot wrong. Demonstrative courtesy is shown to convoys passing freely through the canal; exit visas are granted to departing British families more in sorrow than in anger; they draw their allowance of sterling without difficulty; even the newspapers, their first fine passion spent, argue with abnormal reasonableness the justice of Egypt's cause. Were it not for a few pictures of reservists training for the defence of the Canal and squads of foreign correspondents waiting with nonplussed patience for the story to come, one would say that the crisis was a hallucination.

Egypt is content to be caught in this calm of waiting and let each day set its small seal upon the nationalisation of the Canal Company. Each convoy reinforces the Egyptian pledge of free transit. Aircraft carriers in the Eastern Mediterranean acquire an air of intimidation. And in the Arab world the nationalists mobilise popular sentiment in Egypt's cause. Every Arab government, even that of Iraq, has been constrained to declare its support for Egypt, whatever its secret anxieties may be.

It is evident that if the London conference fails to reach agreement with Egypt, the western powers will need to impose their will on the Arab world as a whole and not simply on Colonel Nasser. Nationalism, the dominant force in the region, will not stay dormant anywhere from the Persian Gulf to the Nile. Oil workers' unions, by threatening strikes and sabotage, have given some indication of what this can mean. If this calm gives way to trouble, therefore, it will be trouble on a grand scale.

The significance of the potential struggle lies in the open breach between the West and Arab nationalism. The link with Arab governments has for long been tenuous and unreliable as those governments lost their power of autocratic rule over national sentiment. They have already capitulated to popular opinion over the Suez Canal question and, apart from the efforts of King Saud and the Iraqi government to secure their oilfields, will do nothing to still the clamour. Indeed, they cannot; for it is President Nasser who, having captured the imagination of their peoples, now leads them.

Secure not only in the opinion of his own people but in that of the surrounding Arabs, President Nasser looks out for the support abroad which will strengthen him at the United Nations or the London conference. His pacific behaviour since the Alexandria speech has been directed to that end, for the sympathies of Asia, animated by the Bandoeng conference, can be most easily consolidated by pacifism. Russia and its communist allies, having gained the break between Nasser, as the leader of Arab nationalism, and the West, would probably prefer to avoid more serious trouble, confident that Egypt has set a pattern of behaviour which will pay dividends in the years to come.

What President Nasser most clearly requires at the moment is to be left in possession of his prestige and of the Suez Canal. For that reason, if no other, he can be relied upon to maintain the Canal in accordance with the standards of the company for as long as possible. He has solemnly promised freedom of transit, and his spokesmen have promised that the plans for developing the Canal will be executed. Even the High Dam has almost been forgotten in the general anxiety to convince the world that the financial requirements of the Canal itself will be met. To what extent these intentions would survive a direct struggle with the West over the Canal no one can say; but there is little reason to doubt their present sincerity. Egypt's long-term difficulties have been increased by the damage to western confidence caused by the nationalisation of the Canal, and the obvious need is to restore some trust if possible. An Egyptian victory at the expense of an economy indefinitely impaired by western ill-will, with capital shy of investment and perhaps continuing sterling difficulties, would put Egypt's economic prospects further in doubt.

What is not recognised here is that the policy of counteraction, of retaliation to any unpopular western act, has destroyed all faith in present promises. President Nasser does not trust the West. He has now made certain that the West will not trust him. Words on either side have little meaning; the actions that could carry conviction require time to do so. He could, of course, concede international management of the Canal without sacrificing the nationalisation, and so go far towards those guarantees the West is seeking. Short of this there seems no possibility of restoring confidence.

From collapse of confidence in Nasser to outright opposition to him is, however, a big step. His prestige stands high in the Arab world; to oppose him and fail would enhance it immeasurably. Aircraft carriers and all the other trappings of a tough policy have little meaning out here beside the potential breadth of Arab resistance. Nor are they likely to scare Nasser; he is far from being a "frightened pharaoh." The inescapable conclusion is that the western governments must be confident that they can go in and win—or they should quickly get out and settle.

Building a Caribbean Federation

FROM A CORRESPONDENT LATELY IN JAMAICA

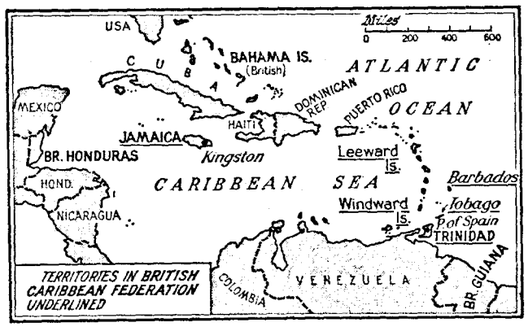
THE work of building a selt-governing Federation in the British Caribbean is going forward in an unhurried, unspectacular way. The decision to federate the island territories, finally made by the London conference last February, is fully accepted. Federation Day was celebrated in the Caribbean on Thursday of last week, the day on which the Royal Assent was given to the British Caribbean Federation Act. The Federation will not, in fact, formally come into being until the Governor-General assumes office and the interim form of government becomes effective ; the Federal Legislature is to be elected and to begin work early in 1958. All this is so completely taken for granted that it arouses very little public discussion. No one even tries to create a myth of a " struggle for independence," and the general public is leaving to politicians and officials the task of making the Federation work.

There is plenty of work to be done before 1958. The broad constitutional decisions have been taken, but the plans so far made for administrative machinery are very sketchy, and little detailed planning can be done until the pressing question of the Federal capital is settled. In February the plenipotentiaries failed to reach agreement on this, and referred it to an independent commission. This commission, with Sir Francis Mudie as its chairman, is now trying to select, by the end of September, three possible sites from which the plenipotentiaries will make their final choice. Its members have been asked to take into consideration a formidable list of qualifications which, if adhered to, practically precludes placing the Federal capital in some small and backward island which happens to be " central." In any case, a geographically central position may mean very little in a region where most travel is by air. But politically, the attractions of a small-island choice are two: it would help to bolster the economy of a depressed, perhaps a grant-aided territory ; and it would not arouse the insular jealousies of the larger units. These jealousies can be very bitter, and no doubt played a large part in the tentative selection of Grenada, one of the Windward Islands, in 1953.

Where Should the Capital Be?

If, however, the Mudie commission recommends sites in Jamaica, Barbados and Trinidad, the plenipotentiaries will be faced with the same embarrassments as before, but with no excuse for side-stepping a decision ; and, in fact, the commission's terms of reference almost limit the range of choice to these three territories. Barbados has strong claims on many counts, not least among them being the quality of its educational facilities and the availability of suitable local recruits for the civil service. Moreover, the sober moderation of Barbadian public life would provide a suitable atmosphere. On the other hand, Barbados is a little off the main air routes, and the presence of the Federal capital might not, at least at first, be enough in itself to induce commercial airlines to add greatly to their regular services. Jamaica and Trinidad are somewhat better served in this respect. Both Kingston and Port-of-Spain, moreover, are the capitals of comparatively large and thriving communities. Both territories, but especially Jamaica, can offer adequate space without undue sacrifice of productive land. But a choice between the two would be difficult. Jamaica is the larger, Trinidad the richer. Jamaica has the advantage of the presence of the University College of the West Indies, which is at present the only fully functioning Federal institution, and on which the Federation must largely rely for a supply of educated men and women to man the higher grades of the Federal services. Jamaica has also acquired, under its present constitution and present government, a valuable reputation for honesty and competence in public life. Trinidad lacks stable political parties, and has a reputation for petty corruption in public affairs which has recently been somewhat smugly exploited by the Jamaican press. Next month, however, it is to have a general election, which might be made the occasion of a local house-cleaning.

The real difficulty in the choice of a capital lies in the fact that the British West Indies form not one group but two. The British territories of the eastern Caribbean, despite frequent bickering, have a sense of neighbourhood and community. Travel between them is fairly easy. Port-of-Spain has already a good claim to be regarded as their capital, at least in a commercial sense. Jamaica, on the other



hand, with a population equal to that of the whole eastern group, lies apart and, except for its little dependencies, alone. There are strong influences pulling the two groups together—socially, for example, the influence of the University College, politically the powerful personality and growing reputation of Mr Manley ; but the feeling of separateness remains, especially in the economic life of the area. In the choice of a capital this might not matter so much if only the islands were concerned. But if British Guiana should enter the Federation, the eastern group would be greatly strengthened, and so would Trinidad's claim to house the capital ; for, whatever may be said about " continental destiny," Port-of-Spain is, in fact, British Guiana's main gate to the outside world. The accession of British Honduras would not strengthen Jamaica's claim to nearly the same extent and seems at present a less likely possibility.

Most West Indian leaders agree that British Guiana can take no effective action about Federation until representative government is restored. Tentative moves are already being made in that direction. If a representative government with some sense of responsibility can be established, its attitude towards Federation will no doubt be affected by whatever recommendations are made by the important Trade and Tariffs commission. Already British Guiana has been subjected to economic pressure by members of the proposed Federation acting in concert. The eastern Caribbean

governments have been able to insist on substantial reductions in the price of Guianese rice. Mr Gomes, of Trinidad, alluded to the " schizophrenia " of Guianese political leaders, and said bluntly that when British Guiana entered the Federation it might expect more sympathetic treatment. More hard bargaining, and possibly hard words, may be expected when Jamaica's rice agreement with British Guiana expires at the end of 1957. It has long been a commonplace that the Federation needs the empty spaces of the Guianese hinterland ; less attention has so far been paid to the Guianese need for a market in the islands. The anti-Federation pronouncements of Mr Raatgever and his friends have lately taken on a shrill emphasis which may well betoken alarm.

With or without the mainland territories, the political future of the Federation depends greatly upon the willingness of leading politicians to leave the Unit legislatures and seek election to the Federal legislature, since the London conference last February decided that they could not serve in both. Some, at least, appear willing to make this move, and already an attempt is being made to form a Federal political party. Mr Manley of Jamaica, Mr Adams of Barbados, and like-minded leaders from several of the smaller islands who met in Barbados last May as members of a Standing Committee on Federation, then discussed the formation of " a federation of Socialist parties made up of an alliance on a Federal level of those existing political parties in the various units which share common outlooks and aims and adhere in a broad way to the same Socialist political beliefs." An inaugural conference is to be held this month. No Trinidadian politician has yet associated himself with this proposal, nor have opposition groups in the various territories yet made any attempt to get together in a similar way—they have, of course, had less opportunity. But if the Federal election nearly two years hence can be fought on party lines rather than on grounds of purely local interests, and if the outcome is a politically united Council of State commanding a disciplined majority in the legislature, then the Federal government—despite the many constitutional limitations upon its power—should get off to a good start.

Schuman Pool's Fourth Birthday

DURING the past year the activities of the Coal and Steel Community have tended to be eclipsed by the discussions among the Six on Euratom and the Common Market. But even had these new proposals not caught the imagination of those interested in the " supra-national " approach to European integration it would have been difficult to sustain general interest in the day-to-day operations of the Community once the common markets for coal and steel had been opened and the main lines of policy laid down on controversial questions such as cartels, investment, and pricing practices. As M. Mayer, the president of the High Authority, explained to the Common Assembly of the Community at its session in May, many of the powers of the High Authority can only be exercised in periods of acute shortage or serious glut. In times such as the present, of high production and strong demand, the High Authority must rely mainly on its powers of persuasion.

The High Authority began to function just four years ago, on August 10, 1952. To a considerable extent the timing of its early actions was determined by the timetable for bringing the treaty fully into effect which was contained in a separate convention. Two points were defined, the preparatory period which was to extend from the date on which the High Authority opened its doors until the opening of the common market for coal six months later, and a transitional period which was then to begin and to last for five years. During the preparatory period the institutions of the Community were to be set up, the necessary waivers from the Gatt and the OEEC code of trade liberalisation negotiated and consultations held with producers, consumers, workers and governments. During the longer transitional period the major provisions of the treaty would be in operation but various derogations from them would be permitted—in particular to give the Belgian and Italian coal industries and the Italian steel industry time to put themselves in position to stand the full blast of six-country competition. In addition to specific provisions for relief to particular countries, the convention also stipulated that the High Authority should give financial "readaptation " assistance to enterprises shut down and to workers thrown out of work as a direct result of the opening of the common market. Once the transitional period is over this authority lapses.

With only a year and half of the transitional period still to run, two questions will play an increasingly important part in the discussions of the High Authority as it enters its fifth year. The first is whether, in fact, the transitional arrangements can end on schedule ; the second is whether the treaty should be amended when that becomes possible at the end of the transitional period.

Belgian Coal Problems

The High Authority intends that the exceptional measures should end by the time stipulated in the convention, that is by February 10, 1958 ; but this is more likely to happen in the case of Italian coal and steel than in that of Belgian coal. During the transitional period the High Authority is empowered to collect a " compensation " levy from the sale of coal from the most efficient mines (that is, from the German and Dutch mines) and to use it to subsidise Belgian and Italian coal. Compensation payments to the Sulcis mines in Italy were limited to two years and have now been ended. But the Belgian coal industry has from the beginning been recognised to be the more difficult case. Over the last four years the High Authority and the Belgian government have together worked out an ambitious reorganisation plan which calls for the closing of the most inefficient pits and the modernising of those that show reasonable promise of being able to compete without special protection or subsidies at the end of the transitional period. But in the present market situation, when even the poorest quality coal finds a ready market, it will not be surprising if the Belgians find it difficult to close pits and the planned reorganisation of the Borinage (where most of the marginal pits are located) is unlikely to be completed in another eighteen months.

The Italian steel situation is rather different. Here the principal concession contained in the convention was [illegible] permission given to the Italians to retain customs du[illegible]

coke and steel during the transitional period. The level of the duties was to be lowered each year and this has, in fact, been done: duties on coke have been reduced from 15 to 8.25 per cent, those on pig iron suspended, and those on steel, alloy steel and special steels reduced by varying amounts, although less impressively. One sign of the progress already made by the Italian steel industry is that it has been sufficiently successful on the French market to cause French producers to protest to the High Authority that it is unfair that they should continue to be bound by certain restraints on pricing practices which are not yet applicable to the Italians.

The authority to give readaptation grants is not confined to Belgium and Italy but applies to any enterprise or worker in the Community. These provisions have in the past accounted for a good part of the trades union support for the High Authority. For the Authority's power to assist workers by contributing to the payment of unemployment benefits, resettlement allowances and the cost of technical re-training has helped to counteract the otherwise rather negative cast of the treaty so far as labour is concerned. Generally speaking, the treaty reserves questions of social policy for action by national governments and gives the High Authority little direct responsibility except the task of ensuring that individual states do not gain an unfair competitive advantage by wage cutting or similar means. The High Authority also shares in the vague mandate given all institutions of the Community to promote (by unspecified means) the "improvement of the living and working conditions of the labour force . . . so as to harmonise these conditions in an upward direction."

Experiments Unlikely

During the past year the High Authority has been under pressure from the trades unions and the socialists in the Common Assembly to do more than it now has power to do to improve working conditions. And there have been suggestions that when the treaty is open for amendment the High Authority should be given more specific powers to "harmonise upwards" the social policies of the six countries. But the six governments recently indicated how the wind is blowing when they flatly turned down a suggestion of the High Authority that governments should consider introducing a standard "miners' charter" incorporating the best features of the French and German systems. On present evidence, it is highly unlikely that the governments will be disposed to yield any of their prerogatives in this field to the High Authority—either by stretching or amending the treaty.

At one time many of the advocates of the "supranational" approach to integration favoured the expansion of the Schuman plan treaty to cover steel products and other related industries, but there is little support for the idea today. In the last four years the Coal and Steel Community has proved that the common market is not only feasible but, on balance, advantageous for all concerned. But it has also shown that "integration by sector" raises its own problems of distortion and discrimination. The Six have therefore chosen to try to create a common market for all products rather than continuing to experiment with the sector approach. It seems safe to predict that any amendments offered at the end of the transitional period will be compiled to make the existing machinery work more smoothly rather than to alter its character.

Charm Across the Baltic

FROM OUR CORRESPONDENT IN SCANDINAVIA

THIS month Marshal Voroshilov is to visit Finland and next year Marshal Bulganin and Mr Khrushchev are to visit Denmark, Norway and Sweden. Russia plainly gives high priority to the encouragement of neutralism in the North, and it is subjecting the Scandinavians to a mounting "charm offensive," of which the Soviet leaders' visit next year will provide a climax.

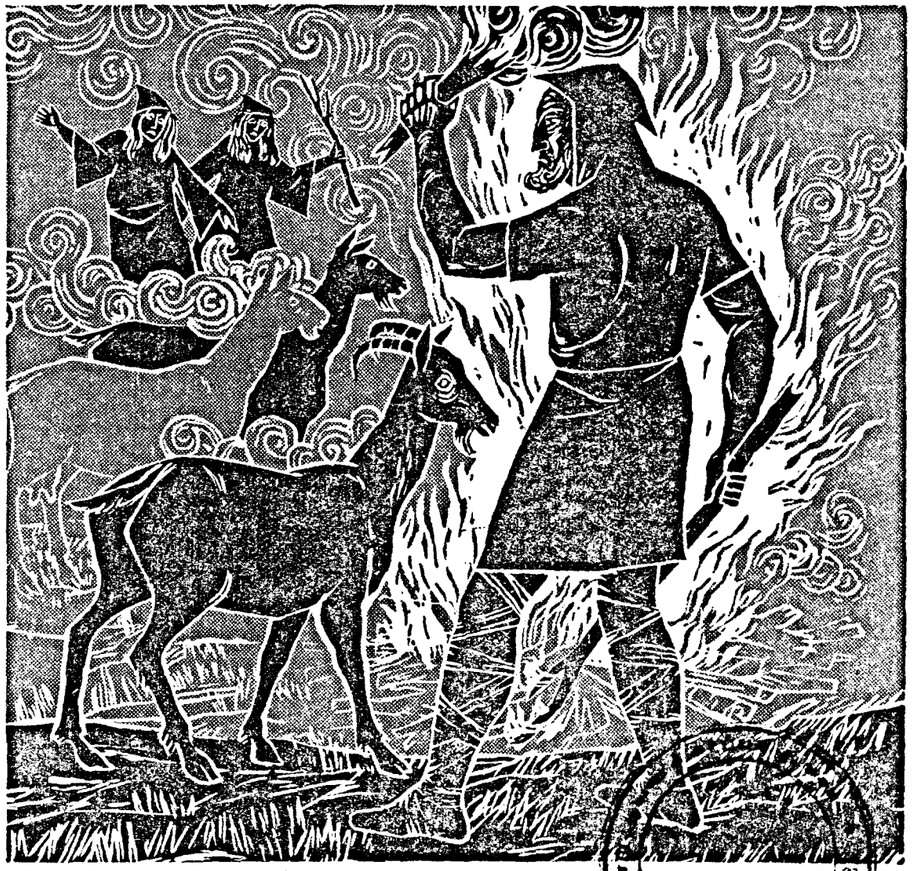
Russia is traditionally sensitive in the Baltic area. The neutrality of Sweden and Finland is secured; for Sweden shows no signs of departing from its tested "alliance-free" policy based on muscular defences, while Finland is pledged, under the 1948 Soviet-Finish treaty, to shun great power entanglements. Moscow's eagerness to entice Denmark, Norway and Iceland out of the Atlantic fold is therefore perfectly logical. Soviet sabre-rattling has given place to blandishments, and to marginal concessions from which the maximum propaganda effect is extracted. Chief among these was Russia's evacuation of its base at Porkkala, near Helsinki, which atomic and technological advances had rendered expendable.

Russia's withdrawal of its veto on Finland joining the Nordic Council and the United Nations represented no real concession, but the righting of an old wrong. A more conciliatory spirit, however, led to resumption of Soviet-Danish trade negotiations, which broke down in 1954 over Denmark's sturdy refusal to deliver embargoed tankers. (However, the two-year trade agreement recently signed, with an annual value of £7 million in each direction, still represents only 2 per cent of Denmark's foreign trade.) The Russians are at last investigating the postwar disappearance of the Swedish diplomat, Raoul Wallenberg, whose kidnapping in Rumania incensed Swedish opinion; and Swedish fishing vessels in distress are now allowed to shelter in the "forbidden" Polish port of Stettin.

Nautical Flirtations

When Russian trawlers were impounded this year for fishing in Norway's territorial waters, Russia apologised and paid up without demur. Later, the agreement giving Sweden a strategic supply line through Trondheim on the Norwegian coast failed to provoke one of *Pravda's* customary outbursts. Through Intourist, hundreds of Scandinavians will visit Russia, and possibly the Baltic States, this summer, while Russian tourists are also due in Stockholm. Almost daily, delegations of parliamentarians, footballers or scientists leave for admirably stage-managed visits to Russia.

Units of the Russian Baltic fleet are used systematically and successfully as ambassadors of goodwill. In 1954 the fast cruiser Ordzonikidze and two Skory-class destroyers visited Helsinki. Last year the Red Fleet showed the flag in Stockholm, while Swedish naval vessels visited Leningrad. This August the Russian sailors will see Oslo and Copenhagen; Norwegian units are due simultaneously in Leningrad. The smart turnout of the Russian warships and the good conduct of their ships' companies make a favourable impression on the Scandinavian general public, though political commentators continue to question the wisdom of these nautical flirtations.



The flames of protection

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willingly concede that Australia is facing a discomfiting inflation and one likely to grow worse before it is checked. They do not agree that the cure is to allow wages to lag behind prices. In their eyes, the quarterly wage increases appear not as the cause, but as the result, of inflation and of an unwillingness by management to absorb costs.

In opening the door to a discussion on wage-fixing, the Commonwealth government has found itself involved also in discussing price fixing. Ideologically it has little fondness for price controls and constitutionally it has less power to control prices than it has to influence wages. Price fixing is controlled by the state governments and has become largely ineffective since at least one state government has been openly hostile to it; any real uniformity has been difficult to obtain. If the conference is to succeed, it must therefore lead to agreement not only between the Commonwealth and the states but also between the state governments. There is another awkward question for the conference. If uniform methods of wage-fixing are to be adopted, should they not begin to operate at a uniform level of state and federal wage awards in each state? And if so, should the state awards come down or the federal awards go up?

Although the Commonwealth government lacks any power to instruct state governments on wage-fixing it does possess powers in other fields which could influence their decisions. All the more fruitful forms of taxation in Australia (except local authority rates) are either a Commonwealth parliament right or priority. In sole possession of the income tax field (though Victoria has decided to challenge this power) the Commonwealth is at present making tax reimbursements to the state governments above the amount to which they are entitled. But when discussing wage-fixing recently, the acting Prime Minister, Sir Arthur Fadden said that his government should not be expected to foot the state governments' bills irrespective of the nature of the policies pursued by them.

Some state governments, which are already feeling the pinch of higher costs and higher wages for employees on their own government payrolls have been forced to enter minor fields of taxation. The New South Wales government announced this month the imposition of a state land tax but, such is the effect of the quarterly wage adjustment that a week later, when the June adjustment was announced, it was estimated that the latter's annual cost for that government's employees would involve most of the land tax.

Détente in Delhi

FROM OUR CORRESPONDENT IN INDIA

DELHI is normal. For the first time since 1939, tension has gone. India's capital has become positively *gemütlich*, yet neither complacent nor oppressive. Relaxation is as contagious as panic—senior diplomats find time to admire South Indian bronzes, and officials to play tennis or discuss the hidden significance of the avatars of Vishnu. Businessmen forget to weep about controls or nationalisation and instead exchange gossip about the arranging of marriages; [illegible] ndents [illegible] willing[illegible]

when asked what there was to worry about, had to think twice to remember the gap in the resources for the second five year plan. India has at last settled into normalcy.

The key to this change in a capital city where senior officials formerly worked round the clock, while politicians earnestly catalogued their worries and foreign correspondents rushed around madly, is that since the first five year plan has succeeded, India's emergency is over.

Nothing is as comforting to live with as success. Now all Indian efforts and dreams are focused upon the second plan. This presents great advantages all round. It gives people something to work for and to agree about. It has provided the administration and the politicians with a common goal, reducing the old tensions and class rivalries and making room for genuine appreciation. Since it is the plan which matters most, the standing of ministers no longer depends on how long they stayed in jail or how fine a yarn they can spin, but on how much planning they understand and how capable they are of delivering the goods. An outstanding example is Mr T. T. Krishnamachari, the Minister for Commerce and Industries, who, through sheer ability, has cornered under his wing steel and state trading. Two years ago, when "T. T. K.", as he likes to be called, announced that India would have to make six million tons of steel a year, he started a long controversy about megalomania; yet now the mills for six million tons are being built and the controversy has shifted to transport. Will India have enough carrying capacity for its economic expansion?

Little to Bicker About

Since most of the vital decisions for the second plan have already been taken, there is singularly little to bicker about, especially since the government is confident that the public has become, through skilful treatment of the hot and cold shower kind, sufficiently keen on the plan to accept almost any sacrifices to make it a success. Thus, if prices go on rising—the wholesale price index has gone up by 15 per cent in the last year—inflation will gladly be met with extra doses of drastic taxation. The problem is more one of transport and personnel than of finance, and as regards administrative personnel at least the problem is on the way to solution. The administration has caught up with the wartime gap in recruitment and with the 1947 depletion of its cadres. The postwar recruits are becoming sufficiently senior to relieve the pressure of work on their elders, and government service has again become attractive enough for the pick of India's youth to look to it for a career.

But, as well as these purely domestic factors there are external reasons for the détente in Delhi. "Destalinisation" has made a mockery of the Indian communists. They are publicly asked to dance the gopak, and their leader, Mr A. K. Ghosh, made rather an ass of himself when he confessed, in a printed circular to members, that the party had been arguing ever since 1924 over which half of India's bourgeoisie had sold out to imperialism, simply because Stalin had said that one half had. Yet Mr Ghosh admitted that although all Indian communists knew Stalin was wrong none dared to contradict him. Before "destalinisation" they were already hobbling; now they are positively crippled. [illegible] argue, and not without justification, that Nehruism, a planned socialist democracy [illegible] consent [illegible] only for more [illegible]

★ See our STAND No. 9, Row E, Ground Floor, National Hall at the FUEL EFFICIENCY EXHIBITION OLYMPIA, 2—10 October, 1956.

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THE BUSINESS WORLD

Central Banks for New Dominions

THE possession of a fully fledged central bank has become one of the hallmarks of national sovereignty and independence. The closer a country is to its emergence from political colonialism or from the economic poverty line, the more eagerly is that prized symbol demanded. After the First World War a rash of new central banks spread over the face of the under-developed parts of the world. They were in the main sponsored by two prophets, one American, one British. Dr Kemmerer of the United States laboured in south and central America to set up miniature federal reserve systems. And Sir Otto Niemeyer's creations, mainly in the sterling world, are by now firmly established and thriving.

Today the problem is being posed again in the nascent dominions of the Commonwealth. They are not content with the currency boards with which they made do in their colonial days. In the Federation of Rhodesia and Nyasaland the transition from the Central African Currency Board to the new Central Bank of the Central African Federation has been completed. A report on the establishment of a central bank in Malaya (it may ultimately be two central banks, one for the Federated Malay States and another for Singapore) has recently been completed by Mr G. M. Watson of the Bank of England and Sir Sydney Caine, the director-elect of the London School of Economics. In the Gold Coast the imminent move into independence will be followed by the emergence of the National Bank of the Gold Coast as a fully fledged central bank which will take over the function of the West African Currency Board in that area. Nigeria will in due course follow suit—perhaps with no less than three central banks if the regions demand complete economic as well as political independence. Plans have already been prepared for a central bank that will serve the Caribbean Federation and in the more distant future yet another (or will there have to be three?) will take over the functions of the East African Currency Board, when Kenya, Uganda and Tanganyika acquire dominion status.

This transition from currency boards to central banks is understandable. The essence of the colonial currency system is that the local circulation is interchangeable with sterling not only at a fixed rate but automatically. The authority has discretion neither to decide the rate of exchange nor to expand or contract the volume of currency. It is purely passive in its functions. Whether it is a body of currency commissioners created by local statute, a currency board set up in the local territory, or one operating from London, it simply issues coins or notes locally against a deposit of sterling in London. It holds the sterling so received in cash or in gilt-edged investments and this sterling is paid out again on demand whenever local currency is paid in. The system is a faithful financial reflection of the political dependence that goes with it.

In the matter of interest rates and credit control the pace is set by London. The supply of currency in a colonial territory fluctuates almost automatically with the vagaries of the colony's balance of payments and the volume of its London funds. This may be right and acceptable when the territory concerned has little or no indigenous credit system and its economy is dependent on comparatively few exportable primary products. In those circumstances the balance of payments should indeed govern the supply of money. But when a domestic capital market emerges in such an economy and when its output becomes more diversified, the need for an independent mechanism of credit control arises. There should then be a central institution that will help to smooth out fluctuations in the supply of money by absorbing foreign exchange arising from a favourable balance of payments and sterilising the resultant increase in the cash reserve of the commercial banks, or reversing the operation in times of depression.

The first move towards creating this autonomous central banking system out of the currency boards was made when permission was given in November, 1954, to the currency boards to take up local securities with part of their assets and no longer to hold them exclusively in United Kingdom securities. This was intended to meet the understandable criticism that poor colonial territories were in effect financing the British Government in London instead of keeping their resources for the finance of their own and more urgent needs. There is no means of knowing how far there has yet been a shift from sterling to local currency assets. The movement has probably not gone far.

Since this shift of assets is likely to be much more pronounced when the currency boards develop into central banks, the change involves much more than pure finance. An illustration of what is involved may be given—in hypothetical terms—in the context of the Kariba scheme. The new central bank of the Central African Federation may take up short-dated bonds of the Federal Hydro-Electric Board. Electrical equipment for the scheme purchased in Britain may be paid for out of the proceeds of sales of sterling securities held by the Central Bank. In this way there will have been a shift of assets from sterling to local currency but behind that transaction there will lie a shift of real resources. Capital goods will have been imported from the United Kingdom to Rhodesia and this operation will have been financed by converting sterling assets of the central bank into local securities.

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The imminent emergence of central banks in the new and yet unborn dominions will pose a number of difficult problems. The first will be to ensure that these banks are effective instruments of control in the territories in which they operate. A central bank established in a country devoid of a well-developed local money must operate on lines that depart considerably from those which the Bank of England has gradually evolved or on which the Federal Reserve system was enacted. The difficulty of ensuring effective control of domestic credit is increased by the fact that the bulk of banking business in these areas is usually transacted by large institutions with headquarters in London. These banks will go out of their way to keep "out of the clutches" of the native central bank by keeping their liquid assets relatively large and invested in sterling. The recently published report on the establishment of a central bank in Malaya states that attempts to secure control by requiring the commercial banks to maintain deposits at the central bank proportionate to their liabilities "have not proved very satisfactory." It suggests that in the particular circumstances of Malaya the central bank should be given power to prescribe the percentage not of cash but of liquid assets which the commercial banks should be required to keep against their liabilities. It also suggests that the central bank should have power to vary these percentages and that the assets in question should include not only those in Malaya but those held in sterling:—

> The advantages of the system would be that, by giving the commercial banks a measure of elasticity, it would recognise the practical shortcomings of the system of achieving control through deposits at the central bank . . . it would facilitate the holding of a cushion of sterling exchange and, above all it would recognise the practical limitations of the existing money market in Malaya and the need to allow the commercial banks to continue to use the facilities of the London market in order to maintain properly organised liquid reserves behind their cash in hand.

That should be sound advice not only for Malayan but for other prospective central banks.

•

Another important aspect of the problem of creating effective central banks in the new territories will be that of finding the key men required for good and impartial administration. There must be a governor or deputy-governor well versed in the arts of central banking, an executive head of "chief cashier" rank, and someone of the highest reputation, in charge of the issue department. The need for the highest levels of probity in these appointments to the new central banks is underlined by the recent unsavoury political storms and scandals in the prospective dominions of West Africa. The men of the necessary technical and moral qualities are hard to find, for existing demands have already drained the supplies of top executive material in some of the older central banks.

A third aspect of this transition is cost. Currency boards perform their functions cheaply. The Commissioners are for the most part paid nominal or negligible fees. The secretaries are provided and paid by the British Government. Because of this economy in running costs currency boards have in the past been a substantial source of income for the territories concerned. The income on their investments, after building up the necesary reserves, has helped to finance the current needs of the colonial territories. The picture might change considerably after their metamorphosis, for central banks are prone to be expensive toys. Salaries of governors, directors and staff have to be paid and appropriate premises provided. Far from being net earners, the new central banks may, in terms of strict profit and loss, become net burdens to the territories they serve. None of the difficulties, however, will stop a movement which has behind it all the emotional force of nationalism as well as a considerable measure of economic reason. The new central banks will be established. Most of them will almost certainly make mistakes. It will behove the Bank of England to guide them as tactfully as possible into the ways of sound central banking and in the process to draw still further on the already inadequate supply of good potential central bankers in this country.

Minding Other People's Business

"THEY are almost business doctors, are they not?" was a question asked in the nineteen thirties by a departmental committee taking evidence about a profession aspiring to higher status; it comes as a surprise to know that the professional men in question were accountants, not industrial consultants. Today the nickname could hardly mean anything else. "Calling in consultants" is a well-known routine in a considerable sector of large-scale and medium-sized industry. Plenty of people still have no use for them; but then there are people who say "I've no use for doctors. I know how to keep myself fit—regular hours and a glass of decent claret at dinner" (or whatever the regimen may be). Moreover there is as yet no National Health—or National Efficiency—scheme that would put consultancy services easily within the reach of the small firm.

Industrial consultancy in Britain is about fifty years old, but only since the war has the demand for it grown to such an extent that managements can speak of "our consultants" without a slightly apologetic air, and consultancy firms themselves can offer young men long careers with pensions and reasonable security. One may be cynical about this. On the one hand unemployment before the war enabled firms to impose their will and their methods, however outdated, on workpeople without the comeback of a soaring labour turnover rate; on the other, since the war high taxation has greatly eased the apparent burden of consultancy fees.

But that is not the whole story. Even firms quick to agree with the definition of a consultant as "an ordinary guy a long way from home" do admit the value of bringing in the trained eye and detached mind of an experienced outsider to bear on problems with which everyone on the spot has become far too involved to see objectively. Many big firms—some of them with the largest of internal "work study departments"—attest their belief in outside advice by employing consultants almost constantly, sending them from one problem to another. This they consider no reflection on their own executives. Often the consultants' recommendation is precisely what their own executives want done; but it takes an outsider to resolve the conflicts and put it forward (and even take the opprobrium). Still more often, the broad lines of the solution are known — but the executive time needed to work it out in detail just cannot be found: the consultants come in as reinforcements at a critical sector in management.

Who are the consultants today? Before the war, firms or partnerships were mainly small, and the one-man show was common. Both the firm and the single consultant often specialised in a particular technique and had to seek the clients who needed it. Thus Charles Bedeaux built his organisation round incentive systems based on time and motion study techniques derived from F. W. Taylor; Harold Whitehead, on the other hand, developed new methods of sales analysis; Stephenson, Jordan and Harrison developed cost control and management accountancy; and Urwick, Orr grew up upon new production engineering methods. Today, many single practitioners still specialise; but the larger firms are usually equipped to advise on the whole range of business problems, ranging from a new factory lay-out to the design and launching of a new product. On the British Institute of Management register—which is an entirely voluntary one and confers no special cachet—there are four large firms and a dozen medium and a dozen small ones. These four large firms are believed to have handled some three-quarters of the consultancy jobs done since the war. Since their inception they have had over 3,000 clients.

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The problem today, for these best-known firms, is more often to get staff to do the jobs than to find clients. Apart from the directors, and some white-headed single practitioners whose stock of wisdom has accumulated since the days when to apply simple Taylorism to a British factory was a revelation, most "business doctors" are young men in their thirties, earning perhaps £3,000 a year on the average. The large firms find that about 60 per cent of their staff are engineers, about 30 per cent accountants, and the remainder from other professions. Nearly all are picked out of industry in the first place and nearly all return to it. The professional career of industrial consultants, like that of nurses and merchant seamen, is usually short. But this is inevitable; it is the best guarantee that consultancy is not quackery. For it means that the "business doctor" was trained initially on the job; and it means that he becomes so good that industry wants to buy him again for permanent use.

This, of course, is the basic problem of many firms of consultants, and the reason why they cannot expand. They reckon that they do not get back their investment in a man for two years; for he must be trained, both in special schools and alongside another consultant on a case. Engineers must be taught costing; accountants, work study. How long they can hold him after that varies. They soon lose a good man who simply joined to widen his contacts in industry with a view to making bigger money. But there is, it appears, an able managerial type of man who likes change, who enjoys being the teacher in teacher-pupil relationships under varying conditions, and who prefers to take responsibility for a single "operation" rather than for a continuous business function in one chair. These men are the backbone of the profession; but even they get tired of life in provincial hotels, acquire wives, and begin to think in terms of regular hours. Big consultancy firms with regional offices may hold men when they reach this stage; it is important to try, since by then their experience will

be exceptional. But at best it is a hard life; and there are few genuine consultants *faute de mieux* in these days. There are, of course, pirates who find that a maximum of plausibility with a minimum of competence pays well with perplexed directors in old-fashioned firms who have just heard that "calling in consultants" is now respectable and even economical.

Whether it is economical depends on the results achieved; it is not cheap when consultants' salaries must equal at least the pay of the middle-level executives whom they advise. Fees are on a time basis; they must cover not only the time of the consultant who "takes up residence" with the firm, but also the cost of specialist services supplied by the firm—for it is the firm's whole experience that is hired (or should be), not the use of a single man. A year's analysis of a problem and the putting in of a new system may cost £10,000; the consultants say that this can be recovered in a single year's working. Often it can be; but this is a large sum for a small firm, and even attempts to arrange part-time advice have not really enabled the consultants to get into the large market that they believe exists among the mass of firms employing 200 workpeople or less.

Consultants assiduously seek to dispel any impression that they have anything in common with the Man Who Stayed to Dinner. Among the best of them there is a defined procedure both for beginning and ending a case. There is usually a preliminary analysis, followed by a contract terminable on one month's notice for a specified period; the conclusion of the job, and the bringing in of the consultant's proposals, are usually specially negotiated when the work has proceeded to the appropriate point. A client who does not stick closely on his side to the terms of reference is liable to be dissatisfied; but it does happen that problems change while the consultant is on the job—and he may be on it for four years.

The consultants have certainly made a useful contribution to the effort to raise standards of British management and productivity since the war. Even if they cannot "widen their market downwards" to the small firm, it may still grow. It may well be that as businesses grow larger and more complex, the dangers of inertia that beset big organisations will need to be offset by more and more of these gingering-up operations from outside.

But there is little sign that the doctors of industry in Britain will increase to the extent that they have done in the United States. The shortage of good men, for one thing, sets a stiff limit. Whereas under inflationary conditions industrial and commercial firms can continue to raise the demand-price of talent, the consultants find it hard to do so. As in other professions fees do not rise as fast as overheads. And in the past it is expansionist attitudes that have engendered the demand for consultancy services; the British industrialist, looking round for economies, is quick to see in bought-out services of all kinds a "frill" to be cut out. He is often ill-advised; but in times like today, for example, though consultants may feel that there is more than ever that needs doing, sales-resistance is beginning to rise again.

Business Notes

Suez Blues

THE Stock Exchange Account that ended on Tuesday was a miserable affair for those investors who had joined the oil share scramble earlier in its three weeks' course. There have been some ugly falls and the losers were gamely cutting their losses up to almost the close of business on Tuesday. The institutions stood back with cash in their pockets and waited for the air to clear. When the new Account started on Wednesday there were signs that the selling had eased. The indices hardly do justice to the steadier tone of markets that seemed to be developing on Wednesday but was hardly maintained on Thursday. The *Financial Times* ordinary share index at 179.5 on Wednesday showed an unbroken fall through the first week of August from 183.9, though the Government security index on balance did not lose ground, for it stood at 83.91 on Wednesday compared with 83.64 a week earlier. The modest recovery at the start of the new account in recent speculative favourites was only sufficient to indicate that the selling had stopped. British Petroleum rose 1s. 3d. on Wednesday to £7 10s., only to fall back to £7 9s. 6d. on Thursday. They remain more than 24s. lower than when the Suez crisis broke.

The behaviour of markets has not fully conformed with the pattern that is expected when there is international trouble. The fall in oil shares was bound to be an element in it, and the preference of investors for transatlantic stocks was equally natural. Some weakness in gilt edged stocks caused no surprise but the market is still narrow and movements have been small. Several commodities have been strong; tin and copper (affected also by labour troubles),

lead, zinc, and rubber have all risen. Commodity shares (other than oil shares) might have been expected to rise too but have shown little response. A rise in shipping freights seemed a natural response to the Government's action in requisitioning a substantial number of ready ships in British ports, but so far this has paralysed rather than stimulated the freight market. The small advance in shipping shares a week ago has not continued.

The table shows a few of the divergent movements since

	July 26	Aug. 8	Rise (+) or Fall (−)
3½% War Loan	70⅝	70 3/16	− 7/16
Shell	163/1½	150/−	− 13/1½
United Molasses	50 6	47/3	− 3/3
P & O	32/3	28/6	− 3/9
United Sua Betong	47/6	46 6	− 1/−
Rhokana	£40	£42½	+ £2½
Rubber, spot, per lb	27d	31 1/16d	+ 4 1/16d
Tin, cash, per ton	£758½	£774½	+ £16
Copper, cash, per ton ...	£287½	£317	+ £29½
Gold, per fine ounce	251/1½	251/9½	+ 7d
Transferable sterling	$2·77	$2·75⅝	− 1⅛c.

July 26th—before the Suez crisis broke. It suggests the general conclusion that the crisis first produced a closing of open speculative and semi-speculative commitments—the closing of bull accounts in oil shares and of bear accounts in some of the commodities. It has not so far developed towards the second stage that would follow if the crisis were prolonged—the buying of goods, services and shares that are likely to be scarce. Charterers have not rushed in to hire ships; industry has not yet started to build up stocks of commodities that may take longer to arrive; and investors are in no hurry to search for shares that might benefit.

Breather for Sterling

STERLING has been in somewhat better shape this week, though the recovery from the post-Suez setback has so far been limited. On Thursday the spot dollar rate fell back ⅛ to $2.78 1/16 and was therefore only 1/16 above last week's nadir of $2.78¼, while the transferable rate this week has actually fallen further, to $2.75 9/10. The most encouraging movements have been in the rates against Continental currencies, which have all improved this week. Most notably, the rate against the D-mark has at last moved perceptibly above the support point at which it has had to be held by the Exchange Account for many weeks. Pressure from Europe has been mainly responsible for sterling's current phase of stress, and this week's modest reversal of the trend is much to be welcomed.

But the biggest excitement in the foreign exchange market in the past week has been in the market for security sterling. On Thursday of last week the rate on this category of "blocked" sterling dropped by nearly five cents to $2.60½—the lowest since the autumn of 1952, and representing a discount of nearly 7 per cent on the parity rate. The drastic weakening of security sterling (the market for which is relatively narrow) went hand in hand with an equally spectacular rise in the premium on dollar securities. After the Bank holiday security sterling moved up to around $2.66¼—still low by the standards of the last year or two.

Dollar Premium Counter Move

THE Government broker entered the market on Wednesday and sold short-dated United States Treasury stocks. The effect of this unprecedented move was to bring the boomlet in dollar—and particularly Canadian dollar—stocks to a sharp, if temporary, halt. The premium that British residents have to pay for the privilege of buying dollar stocks dropped from 6¼ per cent over current United States and Canadian prices on Tuesday to 4 per cent on Wednesday. The consequences of this new technique require explanation. When the Government broker sells short-dated stocks he is in effect pumping dollars into the limited pool from which British investors can buy dollar securities. He thus reduces the premium on them by increasing the supply. His Treasury shorts can be switched by the market into any dollar security for which there is a demand. Indeed the practice of the arbitrage market is to hold its working capital (since its members are not authorised dealers in foreign exchange) in these same short-dated Treasuries.

This action, taken on behalf of the Exchange Equalisation Account, was therefore parallel with operations in the foreign exchange market that nowadays protect both official sterling and the off-grades of sterling; it was presumably based on the view that the demand for dollar stocks had reached an intensity detrimental to the prestige of sterling. This action is in sharp contrast to the Government broker's previous transactions in the dollar security market. Previous sales have not been of "ready money" stocks; they have consisted of mixed bags of common stocks, preferred stocks and bonds that the Treasury thought would be better in the private hands of British investors than in an official portfolio. They have also been designed, not always successfully, to collect as much of the dollar premium for the Exchange Account as possible.

Investors Prefer Canada

IT does not follow that the methods adopted this week will invariably be used in the future, but it does seem possible that they will be needed from time to time. The table gives some impression of the heavy demand for Canadian securities (coupled with buying British shares with substantial Canadian interests) for more than a month. It is by no means wholly the result of the Suez affair. The supply of dollars available for purchases of dollar securities is limited to the proceeds of the sales of other dollar securities by British residents plus occasional bequests and occasional capital transfers, such as the Mexican Eagle payments. Since the supply has been limited the premium has recently been rising with demand. Buying has in

part been marked by speculative interest in Canadian oil shares and in part by a more solid investment interest in established Canadian and United States enterprises. It can be argued that the Canadian security markets are now dangerously high and that British official intervention, just after the news of tighter credit restrictions in Canada, was

	Price, June 29, 1956	Price, July 26, 1956	Price, Aug. 3, 1956	Price, Aug. 8, 1956	Yield, Aug. 8, 1956
Hudson's Bay	189/-	193/-	204/-	215/6	1·3
Rio Tinto	57/6	72/6	75/-	73/9	3·5
Hawker Siddeley.....	32/9*	45/9	45/1½	45/-	3·9
Aluminium, Ltd.....	$244	$264½	$282½	$270*	1·4
Bank of Montreal....	19¼	21⅞	24*	22⅜*	2·3
Canadian Pacific	$58½	$61½	$66	$66½	4·2
International Nickel..	$182½	$188⅞	$206½	$205½	3·3
Imperial Oil.....	$100	$106¼	$114⅞	$115	1·6
Triad Oil.....	$17	$19	$21¼	$22⅜	...
Dollar premium.....	3%	3¾%	6½%	4%	...

* Ex dividend.

effectively timed. Also the tax benefits given to domestic investors in Canada make the yields much more attractive to them than to non-residents. That does not mean that investors taking a long view of Canadian prospects will necessarily be dissuaded.

Calm on the Baltic

So far the shipping freight markets have been very subdued under the shadow of the Suez Canal dispute and the requisitioning of merchant ships by the Ministry of Transport. Fewer dry cargo fixtures have been made than usual and new business for vessels using the Canal is virtually non-existent. Charterers appear unwilling to take British ships as long as the threat of requisitions persists and owners—particularly those with vessels sailing under other flags—are holding off the market in the anticipation that rates must go up. But, apart from a few isolated instances of higher payments for both voyage and time charter, freights have stayed steady. There has been a similar pause in business on the tanker market. Both single voyage and period charter business is down; for Gulf shipments operators and owners are both keeping off the market, waiting for the time being to see what happens. A number of companies that operate liners through the Canal have however given shippers notice that they will not guarantee to call at ports in the Mediterranean—in the possibility that they may need to send vessels round the Cape.

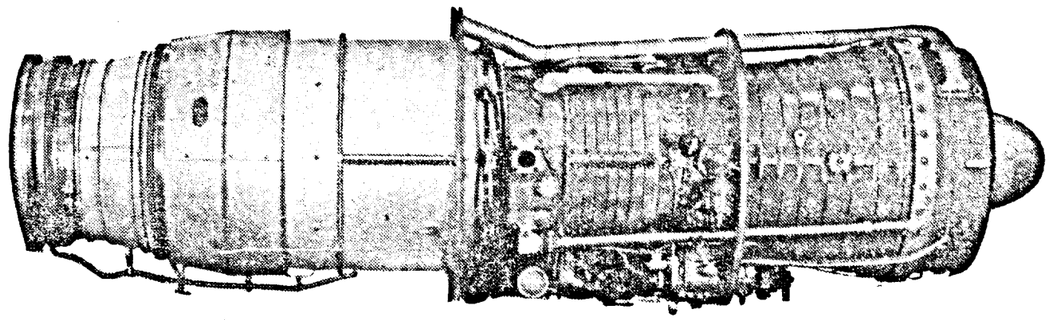
Unless transit through the Canal is physically impeded there seems to be little reason why freight rates for tankers and dry cargo vessels should be seriously affected. The number of ships requisitioned by the Government so far is comparatively few; by Thursday the number known to have been taken over had reached 25, all small dry cargo vessels of 7,000-10,000 tons. The liner *New Australia* of 20,000 tons is in a special category since it is owned by the Ministry of Transport and has been taking emigrants to Australia. The chartering arrangements for these vessels are at the moment uncertain, as it has been left to each individual owner to negotiate terms with the Ministry. But if the requisitions last for some time or many more ships are taken over, then the industry might make a collective move for an agreement on terms and rates—and the loss of tonnage on the market might also begin to be noticeable. For the present, however, the important need is for the Government to say when it has completed its requisitions, and so remove this extra uncertainty to business on the Baltic.

Super Tankers Round the Cape?

Neither of the two large tankers launched this week—at Kure in Japan and at Barrow-in-Furness—could sail through the present Suez Canal fully loaded. The bigger, the *Universe Leader* of 84,730 tons deadweight, built in Japan by National Bulk Carriers for the American company Universe Tankships, is indeed intended to carry oil from Persia to North America round the Cape of Good Hope. The operating economies associated with its huge size—it is the world's largest tanker and the fifth longest ship in existence—will enable it to carry oil by this longer route more economically than the normal-sized tanker can carry it from Persia via the Suez Canal.

The 47,150-ton *Evgenia Niarchos*, the last of ten vessels that Vickers-Armstrong has built for Mr Niarchos, the Greek ship-owner, has a draught of 37 feet 9 inches, which compares with the present 35 feet minimum depth of the Suez Canal. In practice, it would probably pay to operate this tanker through the Suez Canal less than fully loaded, as some of the other big tankers in the 45,000-ton class are being operated. Carrying less than a full load through the canal, and topping up their cargo from ports in the Levant, these vessels carry oil to the West cheaper than a fully loaded tanker in the 10,000-20,000-ton range. Moreover, it usually pays their owners to sail them back in ballast through the canal to the Persian Gulf, in order to get more round trips a year—and this might be possible even for the new tankers in the 80,000-ton range, if the Suez Canal Company's latest programme of deepening—to a minimum depth of 38 feet in 2-3 years' time—were to be carried out.

There are at present seven tankers afloat in the 45,000-50,000-ton range, one of 52,000 tons with a sister ship due off the slipway at Dunkirk very shortly, and the *Universe Leader*. More than 15 others are on order in the 45,000-50,000-ton class, and at least 12 more of 50,000 tons or over. Tanker operators generally talk of 50,000 to 60,000 tons as the size of vessel at which it becomes profitable to carry oil round the Cape to North America at present prices, with the economies of operation and the saving of canal dues more than offsetting the increase of about 40 per cent in route mileage. From the Persian Gulf to North-West Europe, however, is a different proposition; the route round the Cape is 75 per cent longer. The contribution that the existing super-tankers and those soon due to be launched could make to any major carriage of oil round the Cape to Europe would obviously be significant; but nobody should imagine that by current standards it could be cheap.



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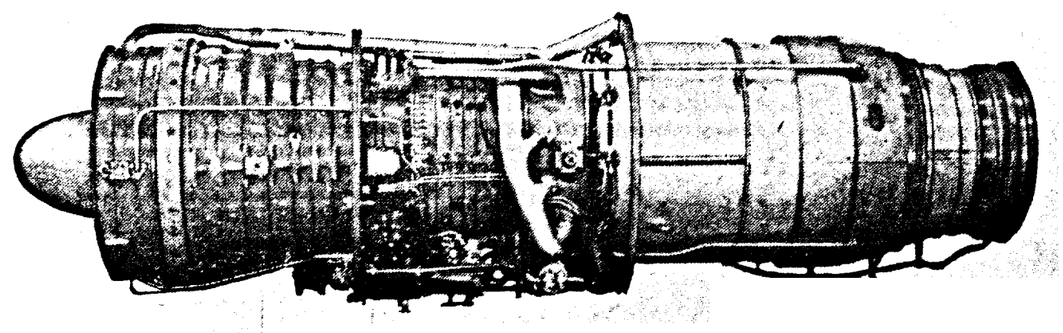
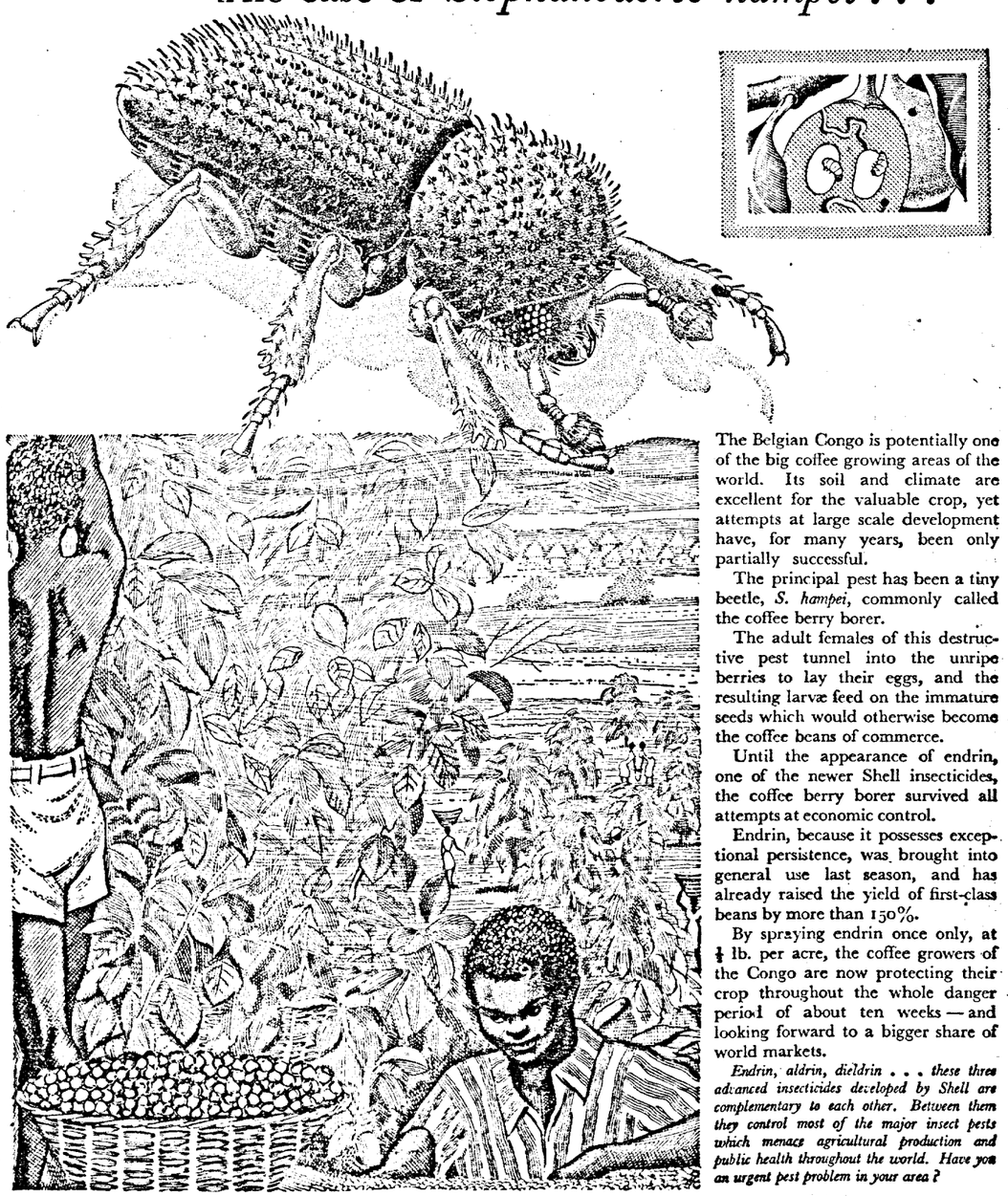


The case of *Stephanoderes hampei* . . .



The Belgian Congo is potentially one of the big coffee growing areas of the world. Its soil and climate are excellent for the valuable crop, yet attempts at large scale development have, for many years, been only partially successful.

The principal pest has been a tiny beetle, *S. hampei*, commonly called the coffee berry borer.

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BOAC's American Jets

THE contents of the memorandum sent by the British Overseas Airways Corporation to the Minister of Transport after the return of members of the corporation's board from the United States have not been made public but it is now widely assumed that they include a request for permission to order 17 Boeing 707 jet airliners at a probable cost of £30 to £40 million. It has been evident for some time that BOAC needed to order one or other of the two big American jets; other airlines have by now ordered more than 200 of them, many for use on the North Atlantic for which they have been specially tailored. It is on this route that BOAC's lack of modern equipment—indeed its physical shortage of aircraft of any type—has told most seriously. While traffic across the Atlantic has been increasing at a spectacular rate, BOAC's share of it has been sliding steadily downwards. It is now carrying barely 29 per cent of the passengers travelling on its own home market between this country and the United States.

A fleet of jet airliners capable of crossing the North Atlantic non-stop will not automatically cure the decline in the corporation's never rosy health, but it is certain beyond doubt that the deprivation of such a fleet, or permission to buy only a truncated version of what now seems necessary, will reduce BOAC to the status of hanger-on on this most gilded and competitive of all air routes, picking up the crumbs of traffic that its rivals cannot or do not want to carry. In the last three years, during which BOAC introduced the first Comets, and coast-to-coast flights began inside the United States, the trend of traffic has begun to show an unmistakable preference for the faster service.

For the time being, the only way to get higher speeds is to cut out intermediate stops. Non-stop North Atlantic services were started by Pan-American this summer and will be followed by BOAC when the first of the corporation's 10 Douglas Seven Seas arrives in two months' time. But the jet airliners that will come into service in 1959-60 will outstrip not only today's piston engined aircraft, but the turbo-prop Britannia which should, if the expectations of the Bristol Aeroplane Company are fulfilled, be flying on the North Atlantic in 1958. The Britannia is BOAC's insurance against failure by the American jets to fulfil expectations, but with speed at a premium, the Britannia alone cannot keep BOAC competitively strong.

The Choice of Aircraft

THE corporation has been faced with a choice between two almost identical jet airliners, one built by Douglas and the other by Boeing. The first company has an enviable record of civil aircraft development stretching back into the thirties; the second has made little impact on the civil market, beyond the sale of a limited number of Stratocruisers, but since the end of the war it has worked on a succession of steadily larger jet bombers. Not all of these have been free from trouble, but each one has added an accumulation of experience in big jet aircraft that is probably without equal. The first operator to order these jet aircraft, Pan-American, split its order neatly between the two types; since then roughly equal numbers of the two have been ordered. In choosing the Boeing 707, BOAC would simply be showing a preference for the company with the longer technical experience as against the company with the longer commercial experience. If the government does approve the plan to order these aircraft, Boeing could start delivery in 1959 and complete the full order for 17 during the following year.

Two points of doubt have arisen about these American jet aircraft. The first concerns their engines; the second concerns the number of airports that could handle them. If BOAC ordered the Boeing aircraft, they would be fitted with Rolls Royce Conway engines. Both American companies are to some extent working on trust that the Pratt and Whitney engines specified for their aircraft will have the performance figures promised and both have made extensive studies of alternative British engines. The Conway is no more advanced in its test programme than the Pratt and Whitney, but there are some technical grounds for believing that its installation may give either aircraft an advantage over versions fitted with American engines. This certainly influenced Trans-Canada to order Conways for its Douglas DC8s; an order for Boeing from BOAC would give Rolls Royce Conway-powered versions of both airliners in production simultaneously in both factories.

The ability of airports to handle these big airliners has worked up into a major debating point, but airport authorities are meanwhile quietly adapting their runways to meet the new requirements. There is no particular reluctance among airports to make provision for such technical changes as the jets will bring in terms of additional cubic yards of concrete, and the requirements themselves are less formidable when it is remembered that the occasions are few and far between when a civil aircraft—as distinct from a bomber—ever takes off loaded down with passengers, fuel and freight to its maximum permitted weight. It would be a pity if side issues such as these were allowed to cloud what is—or should be—a straight technical choice by BOAC of the aircraft most suitable for its services—on the success of which, incidentally, depends much of the prestige of British civil aviation.

Is Consumption Rising Again?

SHOPPERS spent about six per cent more in the first six months of this year than in the corresponding period last year, but the volume of their purchases was roughly the same. This ought to be a gratifying sign that inflationary pressures were being mopped up and that resources were being freed by restraints on personal spending. But the real level of retail spending appears to have been on the increase: in June the volume of retail sales was higher than in 1955—for the first time this year. The value of these sales in January and February was about three per cent higher than last year, between March and May about six per cent higher, and in June as much as nine per cent higher. After allowing for changes in prices—which in 1955 were fairly stable up to May and this year climbed steadily up to April and then slipped back somewhat—retail consumption looks to have been about one per cent

down in real terms over the first five months and about four per cent heavier in June.

One month is not long enough to support any generalisation, but increased spending in June was spread quite widely. Food shops reported a six per cent increase in sales over June last year—the same order of increase as in previous months—but since prices were a little lower the volume of sales increased. Clothing and footwear sales were also up, both in value and in volume—for the second month running. Household goods stores reported a remarkable gain of ten per cent, against one of two per cent for the half-year as a whole. But here comparison must reckon with last year's hire purchase restrictions which were imposed in February and began to take a severe toll in the summer months. This would also help to explain the 36 per cent increase in furniture sales by the multiples, which follows one of 29 per cent in May. When "no-deposit" hire purchase agreements were stopped last year the multiples' business was virtually halved. Nevertheless by pushing 9-month credit sale agreements they have since clawed some of this back.

Egyptian Payments Stopped

THE control of payments out of Egyptian sterling accounts is being operated more rigorously than was first supposed. Last week all payments into or out of Egyptian sterling accounts became subject to approval by the Exchange Control, but it was not then known how readily approval would be given. A Board of Trade circular to trade associations and firms now makes it clear that no payments are in fact being allowed out of Egyptian sterling accounts to UK residents or non-residents for goods awaiting shipment to Egypt, or in the course of manufacture, unless covered by confirmed credits established on or before July 27th. Approval is also being withheld from all other payments arranged after July 27th, with the previous exceptions that Egyptian nationals can draw on their accounts for living expenses, and that cases not covered by last week's instructions can be referred to the Exchange Control. Payments into Egyptian accounts are still being permitted.

Exports from Britain to Egypt may not necessarily come to a complete standstill, though that is plainly one of the objectives. It is possible that some British firms may be in a position to demand payment in a currency that is transferable, and conceivable, though unlikely, that some firms may be prepared to accept cheques drawn on an Egyptian account that cannot for the present be cashed. But coming on top of the difficulties of arranging shipment of goods to Egypt, and the withdrawal of cover by the Export Credits Guarantee Department, it will probably be enough to discourage all but the most venturesome exporters.

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Film Protection to Continue

FOR many years film production in Britain has been protected by legislation that requires most cinemas to show a prescribed proportion of British films in their programmes. For the last eight years it has had further assistance from the Government. Since 1948 a finance corporation has provided the bulk of its working capital with loans of public money, much of which has had to be written off, and since 1950, as a return for slight reductions in Entertainments Duty, cinema exhibitors have been paying a levy from box-office receipts to the producers of films made here, over and above the revenue these producers normally draw from film rentals. The quota legislation lapses in October 1958; the National Film Finance Corporation's power to lend money for film production expires in March, 1957; and the box-office levy system, which is in form still a voluntary scheme, comes to an end in October, 1957. These last two dates, at any rate, have been worrying British film producers: any film that was intended to draw a reasonable benefit from the levy before October next year ought to go into production in November, and ought therefore to be planned this summer. Last week Mr Peter Thorneycroft allayed these major anxieties of the producers: he said that the quota system would be extended beyond 1958, the NFFC's lending powers renewed before March, and a statutory scheme, comparable in purpose with the box-office levy, instituted when the voluntary scheme comes to an end.

Cinema exhibitors, in the past, have sometimes attempted to use the voluntary levy scheme as a bargaining weapon in attempting to wring reductions in Entertainments Duty out of the Government; from time to time some independent exhibitors have simply refused to pay the levy. Government departments, however, have in recent years affected to believe that there is no connection whatever between this duty, which takes about 35 per cent of the industry's gross revenues, and the financial situation of British film producers. In 1953 the Board of Trade threatened to make the levy statutory unless the exhibitors agreed to renew it on a voluntary basis, which they finally did; this year it is not giving them even the chance to argue. The exhibitors, admittedly, may well retain some hopes from Mr Macmillan's statement this summer that he is reviewing Entertainments Duty and may remodel it; but few of them expect a really significant reduction in their tax burden.

Cut in Australian Preferences?

THE official statement on the trade talks between Britain and Australia is an interim report that leaves many questions unanswered. Four weeks is a short time in which to examine the whole field of mutual trade and reach a comprehensive agreement, and it is not surprising that discussions have to be resumed in September. The two countries are still each other's best customer, but they recognise that the pattern of trade between them has changed in recent years, and both are facing "new and difficult problems." Discussions have concentrated on measures designed to help the balance of payments of Australia, and thus enable its quantitative import restrictions to be reduced. While the principle of mutual preference in tariffs will be preserved, the level of preference is being considered. The question of how best to increase Australia's traditional exports to Britain, particularly wheat, is receiving special attention.

Does the reference to the level of preference foreshadow some reduction in the preferences granted by Australia on British goods? Australia contends—and Whitehall does not deny—that the level of mutual preference is tipped in Britain's favour. Australia feels that if some preferences were reduced foreign countries could sell more goods to Australia and buy more Australian goods in return. It is also believed to be anxious to reduce costs in Australian industry by removing tariffs on certain capital goods and industrial materials. That would automatically sweep away some preferences, but Australia argues that the preferences on these goods are not fully effective: at times when Britain cannot supply enough of them to meet Australia's demand, the rest of them have to pay the full rate of duty, and that merely adds to Australian costs, without helping British exports. Hence the outcome of the negotiations may be a narrowing of preferences on some goods and the elimination of preference (and duty) on others. The British Government would no doubt oppose drastic changes that would materially diminish exports to Australia, and such changes would not be in Australia's real interests either. The extent to which Australia will seek alterations in preferences may depend on how far Britain can assist its sales of wheat.

Five Kinds of State Lorries

THE new form of organisation for British Road Services, announced this week within a few days of the Royal Assent to the Transport (Disposal of Road Haulage Property) Act, is based upon a clear, functional separation of

It's an Ill Trade Wind . . .

THE sterling area has two sharply divided parts. Britain is an exporter of manufactures and buyer of materials, the overseas sterling countries are exporters of mainly primary products and buyers of manufactures. A favourable wind for one does not usually help the other. That is shown by the Board of Trade's analysis of the volume and prices of trade with non-sterling countries in 1955. Last year, overseas sterling countries paid one per cent more for their imports from non-sterling countries than in 1954, and received one per cent less for their exports, since lower prices for their coffee, cocoa, tea, wool and cotton outweighed increased prices for their rubber and copper. So the terms of their trade—their average import prices matched against their export prices—worsened by two points from 96 to 98 (1953 = 100). Britain was a little more successful than this, for it had to pay three per cent more for its imports (particularly ores, timber and pulp and non-ferrous metals) but received two per cent more for its exports—mainly engineering products, metals and coal. So Britain's terms of trade worsened by only one point from 99 to 100.

Movements of prices in the last five years have been much more unfavourable to overseas sterling countries. For the past three years the prices of their exports have been no higher than in 1950—before the Korean boom and subsequent collapse. Though the prices of their imports have fallen too, they were nine per cent higher in 1955 than in 1950. Britain's terms of trade, in contrast, were much more favourable than in 1950. Prices of imports have risen by 16 per cent in the last five years, while prices of exports have risen even more, by 23 per cent.

Indices of the volume of trade explain most of the sharp deterioration in the balance of payments of the sterling area against the rest of the world last year. Exports to non-sterling countries rose by 11 per cent, but imports into the sterling area rose by 18 per cent, and Britain was mostly to blame for that adverse shift. Imports into this country rose sharply by 20 per cent, because we bought much more semi-finished and finished goods and fuel, and exports rose by only nine per cent. Overseas sterling countries increased their imports by 16 per cent but they were able to sell 14½ per cent more goods to non-sterling countries.

VOLUME OF NON-STERLING TRADE
(1953 = 100)

	Imports		Exports	
	UK	RSA	UK	RSA
1954	104	110	101	96
1955	125	128	110	110
1955, *1st qtr.*	*122*	*126*	*111*	*105*
" *2nd* "	*113*	*123*	*100*	*109*
" *3rd* "	*132*	*127*	*109*	*106*
" *4th* "	*132*	*133*	*119*	*120*

PRICES AND TERMS OF TRADE WITH NON-STERLING COUNTRIES
(1953 = 100)

	United Kingdom			Rest of Sterling Area			Total Sterling Area		
	Import Prices	Export Prices	Terms of Trade*	Import Prices	Export Prices	Terms of Trade*	Import Prices	Export Prices	Terms of Trade*
1950	87	82	105	89	101	88	88	92	95
1951	115	100	114	109	154	71	112	128	87
1952	116	103	112	108	107	100	112	105	106
1953	100	100	100	100	100	100	100	100	100
1954	98	99	99	96	101	96	97	100	97
1955	101	101	100	97	100	98	99	100	99
1955, *1st qtr*	*101*	*100*	*101*	*97*	*103*	*94*	*99*	*101*	*98*
" *2nd* "	*101*	*100*	*101*	*97*	*100*	*97*	*99*	*100*	*99*
" *3rd* "	*100*	*101*	*99*	*98*	*99*	*99*	*99*	*100*	*99*
" *4th* "	*102*	*102*	*99*	*98*	*97*	*102*	*100*	*99*	*101*

*Import price index as a percentage of the export price index; a rise indicates an adverse movement

the traffic handled by the 15,000 or so vehicles that at present constitute its fleet. From next month, when the new arrangements become effective, the state road haulage fleet will operate in five separate companies, each owned by the Transport Commission and controlled by the same Board of Management, although executive management will be conducted, as before, through a number of geographical divisions and districts. The largest of the five companies will operate the 7,750 or so lorries that will be engaged on general haulage. The others will be concerned with special traffics, contract hire, parcels, and meat haulage. The last two—the parcels company with some 4,400 vehicles and the meat haulage company with about 500—are still liable to be sold back to private owners, but the Act allows them to be retained for the time being by the Commission.

Thus the main lines have at last been settled for this venture in competition between state and private hauliers with, one hopes, complete freedom from further political disturbance for some considerable time to come and the possibility of technical co-operation emerging for wage negotiations, traffic clearings, and perhaps the sharing of certain depot facilities. Already there is a tendency for more private hauliers to argue a case for closer co-operation with BRS on common problems. But relations in the road haulage industry are being put to a severe practical test at the present time. Credit restraint has made its impact felt not merely upon some hauliers who bought new or denationalised lorries on credit, but also, and more noticeably, upon the total volume of traffic available. Industrial production is no longer rising and the recession in cars and other durable consumer goods has meant less business for hauliers serving these industries and their suppliers, which are relatively big customers. Yet total carrying capacity is still growing. As a result competition has become much fiercer. Private operators have found it difficult to secure the five per cent increase in freight charges recently recommended by the Road Haulage Association although the increase has been conceded by many large users of outside transport—mainly for work fixed by contract. And rate cutting has broken out in many parts of the country, particularly for casual traffics on the longer hauls.

Sugar in Plenty

BUYERS of raw sugar on the "free" world market can hardly complain of a lack of supplies from now on. In the space of one week the effective exportable supply from members of the International Sugar Agreement has been increased by some 800,000 tons, though a part of that supply had been sold in anticipation but not shipped. On July 31st export quotas under the agreement were raised by 444,000 metric tons to 4,440,000 tons and the restriction on shipments before the end of August was removed. Now the International Sugar Council has announced that Russia, Czechoslovakia, Poland, Holland and Haiti have duly notified it that they will be unable to use quotas or parts of quotas amounting in all to 451,000 tons. This quantity has therefore been allocated to eight other exporters in proportion to their basic quotas; Cuba, the largest exporter, receives 290,000 tons, and Formosa and the Dominican Republic each receive 64,000 tons. Hungary and Mexico, both of which shared in the redistribution, have since told the council that they do not expect to use their quotas to the extent of 20,000 tons and 50,000 tons respectively, and further tonnages may be released by other countries. These will also have to be redistributed.

Redistribution does not alter the total of the export quotas; it simply enables the quotas to be used. The new total of 4,440,000 tons compares with the council's latest estimate of 5,050,000 tons as the requirements of the free market in 1956. Allowing for the sugar likely to be available from non-member exporters the new quota seems a bit generous, and the world price has declined slightly to 3.39 cents a lb (fas Cuba).

Pensions at Last

THE Finance Act became law last week and insurance experts now feel safer in working out their proposals for the pensions for the self-employed and others that it facilitates. A useful description for the non-technical of what is and is not possible under the new law comes in a bulletin prepared for private circulation by the Northern Assurance Company. This brings out clearly the extent of the concession to the over-forties who are allowed by the Act in its final form to make pension contributions (and to claim tax relief for them) to a greater extent than the standard of £750 a year or 10 per cent of net relevant earnings (whichever is less) that is applied to younger contributors. The limits for the older contributors are:—

Year of birth	Maximum contribution lesser of	
	(£)	Per cent of earnings
1914–1915	825	11
1912–1913	900	12
1910–1911	975	13
1908–1909	1,050	14
1907 or earlier	1,125	15

These higher maximum contributions are not open to people who retain pension rights or receive a pension from previous employment.

SHORTER NOTES

With most of the returns in from the 600 manufacturing companies that contribute to the Board of Trade's survey of investment spending, the estimate of capital expenditure by manufacturing industry this year has been revised upwards to £910 million, an increase of 54 per cent on 1954 and of 21 per cent on 1955 (18 per cent extra for machinery and vehicles and 33 per cent more in building work). Only one industry has revised its forecast downwards—the motor vehicle industry, which now expects to spend 22 per cent more this year instead of 30 per cent more.

★

Leek and Moorlands Building Society announces that from August 1st its interest to shareholders is 3½ per cent, not 3 per cent as given in *The Economist* of July 28th. The society, subject to unforeseen circumstances, does not intend to alter its charges to existing mortgage borrowers this year.

★

The directors of Manfield and Sons, the footwear company owning about 200 shops, have recommended shareholders to accept the bid made by Sears Holdings. The offer is one 5s. "A" ordinary share in Sears (now quoted at 14s. 3d.) plus 11s. in cash for every 5s. ordinary share in Manfield (now quoted at 23s., against 19s. 4½d. on the eve of the offer). Manfield shareholders will retain the interim dividend of 7½ per cent.

Mercury Securities, formerly Central Wagon, earned a gross profit of £1,034,722 in the year to March 31st, against £868,065, and the ordinary dividend has been raised from 10 to 15 per cent. The acquisition of a group of insurance brokers came too late to have any effect on profits, but it is reflected in the rise in debtors from £1,661,694 to £6,443,322 and in creditors from £784,174 to £8,373,091.

★

Gross receipts into the Exchequer from the sale of national savings certificates in the week to Saturday last amounted to £4.7 million. The new certificates were issued from the middle of the week.

★

A further fall in hire purchase transactions in the motor trade is disclosed in the July figures issued by HP Information. Private cars sold on hire purchase during the month totalled 40,138 compared with 43,065 in June and 46,988 in July last year. Total contracts registered with HP Information were 65,720 in July compared with 70,846 in June and a peak figure of 87,842 in July last year.

Company Notes

TRIPLEX SAFETY GLASS. Stockholders in Triplex, the safety glass makers, take pot luck with the motor industry and when that luck is out they must expect to dine sparely. They know, too, that they are interested in a concern whose growth must be financed partly by retained earnings. Whether they were prepared for the conjunction of higher group earnings and a sharply reduced dividend that the preliminary figures shows is open to doubt. The operating surplus of the group for the year ended June 30th was £704,403, compared with £611,679, and the net surplus after tax £324,844, compared with £312,764. The dividend is 2s. per 10s. unit (20 per cent), compared with 2s. 6d. (25 per cent). That dividend would have shown a yield of £5 8s. per cent had the ordinary units remained at 37s. and a fall to 35s. 3d. was only to be expected and the yield is now £5 16s. per cent.

	Years to June 30th	
	1955	1956
	£	£
Group surplus before tax ..	*611,679*	*704,403*
Taxation	298,915	379,559
Group net surplus	*312,764*	*324,844*
Retained by subsidiaries ..	12,329	127,329
Parent company's net surplus	*298,091*	*180,470*
Preference dividend	9,256	2,121
Ordinary dividends	111,392	116,487
Ordinary dividends (per cent)	25	20
Retained profits	177,443	61,682
General reserve	100,000	25,020

The board gives three explanations for its decision to reduce the dividend in the face of higher earnings:

(1) It considers that a reduced dividend, despite higher profits, will assist the country in its struggle against inflation.

(2) Expansion schemes launched last year will involve considerable expenditure.

(3) Profits of the parent company were less this year than last, the recession in the motor industry having affected the last five months of the financial year. This loss of profit was made up partly by the acquisition of the balance of the share capital of Triplex (Northern) and by an improvement in some other subsidiaries, particularly of the engineering group.

Patriotic stockholders may wonder ruefully whether it is now their duty to buy only investments guaranteed to pay as little as possible. But the crux of the matter seems to be in the third explanation. The increase in earnings arose largely from newly acquired assets and was related to an increased ranking capital. Ordinary share capital went up from £774,902 to £1,012,933 because of the conversion of preference shares into ordinary stock and also of the issue of 395,542 stock units to Pilkington Brothers in part payment for the control of Triplex (Northern). But as the board points out, profits were adequate to pay at least a maintained dividend on the enlarged capital had they so decided.

★

WILLIAM CORY. As one of the big coal and oil merchants and distributors in this country, William Cory has to decide how much of its resources should be invested in coal distribution (which is still profitable) and how much in oil distribution (where the market is profitable and is growing quickly). It is not an easy decision. In the year to March 31st the group handled a record tonnage of oil but there was also an increase in its tonnage of coal and other produce, and the group's coal export department and its seaborne and railborne coal departments all enjoyed a better year. As a result the consolidated trading profit rose from £2,010,506 to £2,357,230. But the ordinary dividend was left unchanged at 17½ per cent, partly, it seems, because the company has quite formidable capital investments to make.

	Years to Mar. 31,	
	1955	1956
Consolidated earnings:—	£	£
Trading profit	2,010,506	2,357,230
Investment income ..	372,071	424,283
Depreciation	358,337	543,500
Taxation	1,063,567	1,144,632
Net profit	*794,659*	*894,193*
Ordinary dividends ..	580,019	585,644
Retained profits	83,598	273,508
Cons. balance sheet:—		
Net fixed assets	2,335,677	2,946,298
Net current assets ...	14,508,486	13,691,989
Debtors	12,265,359	13,025,969
Quoted investments ..	8,146,605	7,267,464
Cash and T.R.C.'s	5,336,357	4,414,570
Reserves	10,513,745	10,598,519
Ordinary capital	5,800,188	5,800,188

£1 ordinary stock at 65s. yields £6 3s. per cent.

In planning these investments the company has had in effect to decide between coal and oil. It has chosen oil. In view of the increasing changeover from coal to oil for industrial purposes, the chairman, Mr F. A. Leathers, is convinced that the company's present collier fleet, allowing for normal obsolescence, "will be able to take care of future seaborne coal requirements." And the group has placed orders for three new oil tankers, each of

18,000 tons dw to be delivered between 1958 and 1960. These orders must represent the bulk of the capital programme. But there are other commitments as well—to build two new ore-carrying vessels and to keep the group's fleet of lighters and its oil tank vehicles in good trim. In all, capital commitments are estimated at about £7½ million. The group has enough liquid resources in hand to finance such a programme. In October, William Cory celebrates its sixtieth year as a public company. Its record shows that it has kept abreast of the times and stockholders are entitled to believe on the evidence of the latest report that further progress will be made in the future.

★

CARPET PROFITS. Having enjoyed a sellers' market for much of the postwar period, carpet manufacturers are now passing through a bad spell. Production is down and exports have fallen even more heavily. At home, hire purchase restrictions and the increase in purchase tax have cut demand at a time when competition from imported carpets, notably from Belgium, has grown stronger. It is not surprising that three preliminary reports from companies with big interests in the manufacture of carpets make a sorry showing. It may happen with good fortune that the tufted carpet will give some manufacturers a useful market in a moderately priced floor covering, but that lies in the future.

The preliminary report from *Gray's Carpets and Textiles*, which is not exclusively concerned with carpet making, reveals a slight recovery in profits in the year to December 31st, which may reflect economies on textiles other than carpets. Profits, before tax, have risen from £51,834 to £101,263. But there is no dividend for ordinary shareholders, whose 5s. units are now quoted at 3s. 4½d. The directors explain that no ordinary dividend has been earned and that there is not enough cash in hand to permit them to pay an ordinary dividend of 10 per cent out of reserves as was done in the three previous years. Another company, *Associated Weavers* (which makes upholstery fabrics as well as carpets), has reported a drop in profits before tax from £564,542 to £321,620 in the year to March 31st. Ordinary shareholders in this company will receive a dividend, but it has been reduced from 30 to 20 per cent; the 1s. stock units now stand at 2s. 1½d. The directors of *A. F. Stoddard*, a Scottish manufacturer of carpets, whose 5s. ordinary shares are quoted in Glasgow, have adopted a different policy. In the past the dividends they have recommended have been conservative and now for the year to May 31st the dividend has been effectively raised from 10½ to 12½ per cent. Yet trading profits have fallen by 27 per cent, from £489,091 to £355,836. The dividend, however, absorbs only £35,938 from a net profit of £149,976.

★

METAL INDUSTRIES. This company is best known by its activities as shipbreakers and metal merchants. But it has a number of electrical and engineering subsidiaries, and it seems that it is the operation of these subsidiaries that has brought the group so much trouble. As was forecast in an interim statement in January, the company is not recommending an ordinary dividend for the year to March 31st; in the two previous years 9 per cent was paid. In this interim statement the directors said that the amount of the net profit attainable in the year was "problematical." That was a clear warning, but the fact that the group made a loss before tax of £544,923 (against a profit of £631,445) in the year to March 31st must still come as a shock to stockholders.

In February, the directors announced that they were seeking the advice of Cooper Brothers, the chartered accountants, on the administration of the group. Some of the recommendations made by Cooper Brothers after investigating the subsidiaries have now been put into effect and when the accountants' final report has been received a fuller statement on the company's affairs will be included in the chairman's speech. This statement by Sir Charles Westlake will probably be published with the full accounts in September. The £1 units are now 18s.

LONDON STOCK EXCHANGE

Next Account begins: August 22nd
Next Contango Day: August 22nd
Next Settlement Day: August 14th

GOVERNMENT securities tended to improve slightly this week, with undated stocks showing the largest gains. 3½ per cent War Loan rose ⅛ to 70⅜, but short-dated stocks declined after the increase in the Treasury bill rate; 3 per cent Exchequer 1960 falling ⅜ to 94⅞ xd. The new Agricultural Mortgage loan rose 7s. 6d. to a discount of 27s. 6d. There was a further slump in leading oil shares; despite a rally on Wednesday, British Petroleum was 13s. 10½d. lower on balance over the week at 150s. and Burmah lost 6s. 4½d. to 92s. 6d. Shell lost 5s. to 150s. Industrial stocks drifted lower, especially on the last day of the old account, and business was still restricted. A swift rise in Canadian shares up to the end of last week was reversed later, Aluminium Ltd. falling back $10 to $270 xd (London) on Wednesday and International Nickel losing part of the recent rise to $205¼ (London).

Bank and insurance shares remained weak; Barclays receded 9d. to 41s. 3d., Alexanders Discount lost 1s. to 27s. 6d. and Legal & General ¼ to 27½. Stores were weaker on balance, although recovering on Wednesday; GUS "A" fell 2s. 3d. to 36s. and Woolworth 1s. 4½d. to 55s. 6d. Robinson & Cleaver rose 3s. 6d. to 98s. 6d. Motor shares were depressed; BMC lost 4½d. to 6s. 7½d. and Ford 1s. 6d. to 33s. 6d. Vickers declined 10½d. to 42s. 10½d. and steel shares weakened, Dorman Long falling 1s. 3d. to 26s. 9d. Among textiles the trend was downward. British Celanese lost 6d. to 15s., Courtaulds 1s. to 36s. 3d. Unilever dropped 2s. 6d. to 76s. 6d. and United Molasses 2s. 3d. to 47s. 3d. Borax jumped 1⅛ to 15 xd and Hudson's Bay 15s. 6d. to 215s. 6d.

Kaffirs remained depressed; Randfontein slipped 2s. 6d. to 37s. 6d., Vaal Reefs 3s. to 28s. 9d. and OFSIT 4s. 3d. to 55s. 6d. Coppers were firm up to the weekend but eased later. Bancroft improved sharply on Wednesday to remain unchanged on balance at 51s., Rhokana rose 1½ to 42½. Rubbers were weaker, but Ceylon teas were firm.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices, (Dec. 29, 1950=100)					Average Yields (per cent)				
	July 26, 1955	April 24, 1956	May 29, 1956	June 26, 1956	July 31, 1956	July 26, 1955	April 24, 1956	May 29, 1956	June 26, 1956	July 31, 1956
Ordinary Shares :—										
Electrical engineering	174·9	152·5	144·9	141·6	140·3	4·26	4·80	5·11	5·24	5·31
Engineering	207·1	180·5	175·6	169·7	170·5	3·95	4·70	4·84	5·02	5·05
Motors and aircraft	214·5	176·0	165·3	165·6	172·8	3·72	5·46	5·78	5·83	5·63
Chain stores	280·1	269·1	251·6	248·1	244·3	3·54	4·04	4·42	4·47	4·55
Cotton textiles	115·9	102·6	97·7	96·0	92·5	7·88	8·92	9·39	9·31	9·68
Chemicals	239·6	212·8	199·9	196·1	191·4	3·78	4·46	4·73	4·84	4·96
Oil	252·8	277·2	279·8	318·3	317·3	4·67	4·68	4·91	4·46	4·45
Shipping	175·0	179·0	176·5	171·6	178·7	4·86	5·54	6·08	6·26	6·03
Investment trusts	256·0	221·6	224·9	225·0	230·3	3·82	4·93	4·96	5·04	5·00
Industrials :—										
Ordinary (all classes)	168·0	151·4	145·4	144·8	144·8	5·07	5·90	6·20	6·25	6·27
Preference	85·4	77·9	78·2	76·8	75·6	5·34	5·86	5·84	5·94	6·04
Debenture	82·2	72·3	72·5	72·4	72·2	5·00	5·67	5·66	5·66	5·68
Total (capital goods)	196·6	170·8	163·9	160·1	160·5	4·24	5·10	5·33	5·47	5·49
Total (consumption goods)	137·4	120·6	114·5	112·3	112·3	5·84	6·89	7·20	7·30	7·32
Consols 2½%	80·8	76·6	73·6	74·0	72·4	4·38	4·62	4·81	4·79	4·89

FINANCIAL TIMES INDICES

1956	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
Aug. 2	183·4	93·30	4·85	5·82
„ 3	182·5	93·33	4·84	5·85
„ 6	(a)	(a)	(a)	(a)
„ 7	179·9	93·21	4·84	5·93
„ 8	179·5	93·26	4·82	5·94
			Total bargains	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956 Aug. 2	8,407
„ Low	169·7 (Mar. 8)	93·20 (July 4)	„ 3	8,308
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 6	Closed
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 7	9,302
			„ 8	8,113

* July 1, 1935=100. † 1928=100. (a) Bank holiday.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Aug. 8, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 1, 1956	Price, Aug. 8, 1956	Net Yield, Aug. 8, 1956 £ s. d.	Gross Yield, Aug. 8, 1956 £ s. d.
98⅛	97	Funding 2½% '52-57	98⅛	98⅛	3 4 2	4 12 11
98⅛	97⅞	War Bonds 2½% (assented)	98*	97⅞*	3 0 0	4 18 7
95⅛	93½	War Loan 3% '55-59	94⅜	94⅛	3 7 3	4 16 4†
91⅛	88⅛	Funding 2½% '56-61	90⅛	90⅛	3 11 5	4 15 7†
100⅞	99⅛	Exchequer 5% 1957	100	100	2 9 7	4 19 8
99⅛	97	Conversion 4% '57-58	98⅜	98⅜	3 5 1	5 2 5†
97⅛	95⅛	Serial Funding 2½% 1957	97⅛	97⅛	3 3 2	4 6 4
94⅛	91	Conv. 2% 1958-59	94⅛	94⅛	3 10 10	4 8 11†
92⅛	88⅜	Exchequer 2% 1960	91⅛	91⅛	3 13 1	4 10 10
95⅛	92⅛	Exchequer 3% 1960	94⅛	94⅛	3 7 10	4 13 9
88⅛	83	Savings Bonds 3% '55-65	83½*	83½*	3 18 11	5 7 2†
82⅛	77⅛	Funding 3% '59-69	78⅛	78⅛	3 19 11	5 10 7†
92⅛	86⅞	Funding 4% '60-90	87⅛	87⅛	6 8 6	8 8 6
81⅛	75⅛	Savings Bonds 3% '60-70	75⅛*	75⅛*	4 0 3	5 10 2†
91⅛	88⅛	Exchequer 3% '62-63	88⅞	88⅞	3 12 4	5 0 5†
87⅛	83⅞	Exchequer 2½% '63-64	84⅛	84⅛	3 15 5	4 19 8†
81⅞	76⅛	Savings Bonds 2½% '64-67	77⅛	77⅛	4 2 9	5 8 4†
79⅛	72⅛	Savings Bonds 3% '65-75	72⅝*	72⅝*	3 14 9	5 5 8†
96⅛	90⅞	Victory 4% '20-76	90⅛*	90⅛*	3 6 9	5 3 1†
83⅞	78⅛	Funding 3% '66-68	78⅛	78⅛	4 0 5	5 9 11†
88⅛	82⅛	Conv. 3½% 1969	82⅛*	82⅛*	3 16 3	5 9 6
83⅛	77	Treas. 3½% '77-80	77⅛	77⅛	3 8 10	5 4 5†
84⅛	76⅛	Treas. 3½% '79-81	76⅜*	76⅜*	3 8 8	5 3 11†
72⅛	66	Redemption 3% '86-96	66⅛	66⅛	3 5 1	5 0 1†
81⅛	74⅛	Funding 3½% 1999-2004	74⅛	75	3 0 1	4 17 3†
84⅛	76⅛	Consols 4% aft. Feb. '57	77⅛	77⅛	2 19 6	5 3 6†
77	69⅛	War Ln 3½% aft. Dec. '52	69⅛	70⅛	2 17 8	5 0 8†
76⅛	69¼	Conv. 3½% aft. April '61	69⅛	70⅛	2 18 0	5 1 8†
66⅛	59⅛	Treas. 3% aft. April '66	61	61	2 17 1	5 0 1†
56⅛	51⅛	Consols 2½%	51⅛	51⅛	2 15 8	4 17 1†
56⅛	51⅛	Treas. 2½% aft. April '75	51⅛	52	2 15 10	4 17 10†
98⅛	90⅛	Br. Elec. 4½% '67-69	90⅛*	90⅛*	3 10 0	5 10 7†
80⅛	74	Br. Elec. 3% '68-73	74⅛	74⅜	3 17 3	5 8 10†
79⅛	72⅞	Br. Elec. 3% '74-77	73⅛	72⅛*	3 12 10	5 3 9†
95	88	Br. Elec. 4½% '74-79	88⅛	88⅛	3 4 6	5 5 0†
83⅛	77⅛	Br. Elec. 3½% '76-79	77⅛	77⅛	3 9 0	5 4 8†
90⅛	84⅛	Br. Gas 4% '69-72	85*	84⅞	3 10 11	5 8 7†
87⅞	80⅛	Br. Gas 3½% '69-71	82	80⅛*	3 13 8	5 7 3†
73⅛	67⅛	Br. Gas 3% '90-95	67⅛	67⅛	3 4 3	4 18 7†
80⅞	74⅜	Br. Trans. 3% '68-73	74⅛	74⅜	3 17 3	5 8 10†
90⅛	84⅛	Br. Trans. 4% '72-77	84⅛	84⅛	3 7 2	5 5 8†
73⅛	67	Br. Trans. 3% '78-88	67⅛	67⅛	3 7 11	5 1 4†

(e) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Aug. 8, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 1, 1956	Price, Aug. 8, 1956	Yield, Aug. 8, 1956 £ s. d.
94⅛	79	80⅛	74⅛	Aust. 3½% '65-69	75⅛	75⅛	6 0 10†
101⅛	87	87½	72	Ceylon 4% '73-75	77	77	6 1 10†
103⅛	87⅛	88½	82½	N. Zealand 4% '76-78	84½	84½	5 3 10†
88	87⅛	64½	57⅛	L.C.C. 3% aft. 1920	58*	58*	5 3 5
99	83	85⅛	83½	Liverpool 3% '54-64	84	84	5 10 7†
84	65	68⅛	61	M.Wtr.'B' 3% '34-2003	62⅛*	62⅛*	5 4 0†
102⅛	94⅛	97⅞	92⅛	Agric. Mort. 5% '59-89	94⅛	94⅛	5 7 0†
122⅛	91	116⅛	102⅛	German 7% 1924	115⅛	115⅛	...
213	149	206⅛	187	German 5½% 1930	205	205	...
212	160	225	208	Japan 5% 1907	224	224	...
254	190	275⅛	247⅛	Japan 5½% Conv. 1930	274⅛	270	...

Prices, Jan. 1 to Aug. 8, 1956 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 1, 1956	Price, Aug. 8, 1956	Yield, Aug. 8, 1956 £ s. d.
50/-	41·6	% 7	% 5 a	BANKS & DISCOUNT Barclays £1	42/-*	42/-	5 14 3
56/10½	50·6	6	6 a	Lloyds 'A' £5, £1 pd.	51/6*	51/-	5 17 8
72/4½	61/-	9	9 a	Midland £1, fully pd.	63/-*	63/-	5 14 3
70/-	59·9	9	9 a	N. Prov. 'B' £5, £1 pd.	61/-*	61/-	5 18 0
77/9	66·6	8	8 a	Westmstr'B'£4,£1½pd.	68/-*	67·6	5 18 6
43/6	28/-	3⅞	2½ a	Alexanders £1	28/6	28/6	4 7 9
46/-	29·6	5	5 a	Nat. Disc. 'B' £1	31/6*	29/6	6 15 7
50/-	40·6	6½	6 a	Union Disc. £1	43/6*	43/6	5 14 11
35/9	30/9	4	4 a	Barc. (D.C.O.) £1	32/-	31/-	5 3 3
41/9	33/6	7½	7½ b	Chart. Bk. of India £1	38/6	38/6	7 15 10
				INSURANCE			
28½	16½	12½	37½ b	Leg. & Gen. £1	27½	27½	1 16 4
25½	20	†20	a †47½ b	Pearl £1, fully pd.	22	21½	5 9 1
46½	40½	†117½	c †125 c	Prudential 'A' £1	42	42	5 3 6
				BREWERIES, ETC.			
119/-	106/-	33	10 a	Bass £1	110/-	111/3	7 12 4
24/10½	19·9	6	11½ b	Distillers 6/8	20/9	20/3	5 15 3
45/10½	38/6	25	10 a	Guinness 10/-	40/-	40/-	6 5 0
76/-	67/-	7	14 b	Whitbread 'A' Ord. £1	68/-	68/-	6 3 7

Prices, Jan. 1 to Aug. 8, 1956 High	Low	Last Two Dividends (a) (b) (c)		ORDINARY STOCKS	Price, Aug. 1, 1956	Price, Aug. 8, 1956	Yield, Aug. 8, 1956 £ s. d.
72/1½	45/-	14	15 c	Assoc. Elect. £1	72/1½	45/-	14 c
113/9	87/-	5	17½ b	Assoc. Port. Cem. £1	113/9	87/-	5 a
60/9	42/3	7½	7½ b	Bowater Paper £1	60/9	42/3	7½ a
54/9	45/3	4	8½ b	B.I.C.C. £1	54/9	45/3	4 a
81/10½	40/4½	4	8 b	Brit. Aluminium £1	81/10½	40/4½	4 a
60/-	45/9	†10	a †7½ b	Brit. Amer. Tob. 10/-	45/9	†10 a	†7½ b
$68½	$56½	3	b	Canadian Pacific $25	$62	$66	4 3 2
37/10½	24/9	43½	c 14·583 a	Decca Record 4/-	25/9	17/6	4 a
25/9	17/6	4	a	Dunlop Rubber 10/-	66/1½	47/3	4 a
66/1½	47/3	4	a	English Elect. £1	65/6	50/3	4½ a
65/6	50/3	4½	a	General Elect. £1	49/10½	41/3	4 a
49/10½	41/3	4	a	Imp. Chemical £1	62/9	45/1½	12½ b
62/9	45/1½	12½	b	Imp. Tobacco £1	$211	$141½	$2·90 c
$211	$141½	$2·90	c	Inter. Nickel n.p.v.	64/6	50·7½	7½ a
64/6	50·7½	7½	a	London Brick £1	30/3	22/9	6½ a
30/3	22/9	6½	a	Monsanto Chemicals 5/-	69/1½	56/3	4 1a
69/1½	56/3	4	1a	Tate & Lyle £1	69/6	54/3	12½ b
69/6	54/3	12½	b	Tube Investments £1	115/6	95/9	20 b
115/6	95/9	20	b	Turner & Newall £1	82/9	61/7½	6 a
82/9	61/7½	6	a	Unilever £1	52/-	34/1½	†5 a
52/-	34/1½	†5	a †11½ b	United Molasses 10/-	40/-	25/6	†12½ a
40/-	25/6	†12½	a †7½ b	Cons. Tea & Lands £1	2/10½	1/9½	5 a
2/10½	1/9½	5	a	London Asiatic Rbr. 2/-	61/9	37/6	15 a
61/9	37/6	15	a	United Sua Betong £1			30 b
				MINES			
8⅛	6⅜	20	a	Anglo-Amer. 10/-	7⅜	7⅛	4 12 7
135/7½	94·4½	80	a	De Beers 5/- Def. Reg.	105/-	106/3	9 8 3
96/10½	67·6	...		Free State Geduld 5/-	92/6	85/7½	Nil
50/6	36·6	12½	b	12½ a Randfontein £1	40/-	37/9	13 4 10
10/11½	8/6	28	c	London Tin 4/-	9/3½	9/2½	13 1 3
46	35	262½	c	75 a Rhokana £1	41	42½	6 3 6

New York Closing Prices

	Aug. 1 $	Aug. 8 $		Aug. 1 $	Aug. 8 $		Aug. 1 $	Aug. 8 $
Balt. & Ohio	51⅛	50⅛	Am. Smelting	54⅛	56⅛	Inter. Paper	142½	139
Can. Pac.	32⅛	35	Am. Viscose	36⅛	35½	Nat. Distill.	25	25⅞
N.Y. Cent.	39⅛	38⅛	Cel. of Am.	16	15⅝	Sears Roebuck	33⅛	33⅛
Pennsyl.	24⅞	24⅛	Chrysler	64⅛	65⅝	Shell	88⅛	100
Amer. Tel.	184⅛	183⅝	Gen. Elec.	65	64⅜	Std. Oil of N.J.	61⅛	58⅜
Stand. Gas	11⅛	11⅛	Gen. Motors	47	48⅛	U.S. Steel	64⅛	65⅞
United Corp.	6⅛	6⅛	Goodyear	79	78⅛	Westinghouse	57⅜	58⅛
W. Union Tel.	19⅜	19⅜	Inter. Nickel	110⅛	112	Woolworth	49	47⅛

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½% (e) To earliest date. (f) Flat yield. (g) On 16%. (h) On 8½%. (l) To latest date. (m) On 11½%. (p) On 15% Tax free. (w) On 14%.

Statistics

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

British		Overseas	
Prices and Wages	Aug. 4th	Western Europe: Production and Trade	Aug. 4th
Production and Consumption	This week	British Commonwealth	This week
Manpower	July 21st	Western Europe: Prices and Money Supply	July 21st
External Trade	July 28th	United States	July 28th
Financial Statistics	This week		
Industrial Profits	July 14th		
		World Trade	July 14th

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1953	Monthly averages 1954	Monthly averages 1955	1955 April	1955 May	1955 June	1956 Mar.	1956 April	1956 May	1956 June
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948=100	121	130	136	134	140	137	140	136	135	139–140[a]
Mining and quarrying		"	109	110	108	105	109	106	114	109	106	...
Building and contracting		"	111	115	117	115[a]	115[a]	115[a]	116[a]	...	...	...
Gas, electricity and water		"	134	145	153	145	144	134	171	159	144	...
Manufacturing, total		"	123	133	142	140	146	144	145	140	139	...
Engineering, shipbuilding, electrical goods		"	129	140	154	151	156	158	153	...	...	...
Vehicles		"	138	155	172	175	180	179	184	...	...	...
Chemical trades		"	153	168	177	178	185	176	178	...	...	...
Textiles and clothing		"	114	116	116	116	118	114	126	119	...	...
Food, drink and tobacco		"	114	116	117	119	128	126	117	122	...	...
BASIC MATERIALS												
Production of:												
Coal [1] [2]	W	'000 tons	4,300	4,298	4,250	4,114	4,290	4,175	4,486	4,317	4,211	4,536
Pig-iron	W	"	215	229	240	238	242	217	262	254	247	240
Steel, ingots and castings	W	"	339	356	381	393	402	364	426	421	396	380
Sulphuric acid	M	"	156·3	170·2	174·6	173·6	177·7	170·6	211·9	181·4	190·4	...
Newsprint	W	"	11·60	11·77	11·91	12·05	12·07	11·95	13·83	12·16	12·78	...
Electricity [1]	M	mn. kwh	5,459	6,075	6,679	6,102	6,214	5,636	7,806	6,952	6,381	6,142
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	17·97	19·17	16·91	16·31	18·18	14·92	16·62	16·54	16·55	16·60
Worsted yarn	M	"	18·40	18·80	18·48	16·64	18·28	19·05	20·20	17·59	19·13	...
Rayon and synthetic fibres, total	M	"	34·94[a]	37·30[a]	39·32	39·95	40·48	39·86	45·36	41·42	42·17	41·47
" " " staple fibre	M	"	16·85[a]	19·00[a]	19·94	21·31	20·38	19·59	23·57	22·61	22·61	22·51
Cotton cloth, woven	W	mn. yds.	35·2	38·3	34·3	35·3	38·9	33·8	31·8	31·9	31·2	...
Wool fabrics, woven	M	mn.sq.yds	34·3	34·5	34·2	30·1	31·5	34·8	34·7	23·7	31·5	...
Engineering production:												
Passenger cars and chassis	W	'000s	11·44	14·51	17·26	16·92	18·28	17·19	15·01	14·74	13·90	16·61
Commercial vehicles and chassis	W	"	4·61	5·07	6·53	5·91	6·82	6·43	6·96	6·37	6·27	6·61
Metal-working machine tools	M	'000 tons	12·63	11·39	12·52	11·11	13·24	12·80	12·43	12·68	...	...
Internal combustion engines	M	'000 BHP	311	356	408	435	421	429	464	427	...	...
BUILDING ACTIVITY												
Permanent houses completed: [1]												
Total	M	'000s	26·56	28·97	26·42	21·50	24·93	27·19	28·93	23·10	25·85	27·67
By private builders	M	"	5·24	7·55	9·46	8·84	9·25	9·89	10·75	9·96	10·80	11·05
By local housing authorities	M	"	19·91	19·58	15·98	11·71	14·91	16·50	17·35	12·38	14·15	15·58
Other	M	"	1·41	1·83	0·98	0·95	0·78	0·80	0·84	0·76	0·90	1·07
WHOLESALE SALES [1]												
Textile houses:		Av. value										
Total home sales		1950=100	95	95	98	96	88	79	120	99	99	...
Women's and children's wear		"	96	96	98	98	89	75	125	101	102	...
Men's and boys' wear		"	91	90	94	94	83	79	114	99	100	...
Piece-goods		"	66	63	62	60	60	47	83	62	66	...
RETAIL SALES [1] [7]		Weekly av. value										
All kinds of business:		1950=100	...	...	140	136	139	132	141	138	147	144
All retailers		"	...	...	136	132	134	128	134	133	139	135
Independent retailers		"	...	...	148	142	145	141	147	144	157	155
Multiple retailers		"	...	...	142	139	145	138	153	148	152	151
Co-operative societies		"	...	...	117	111	111	104	110	112	116	112
General department stores		"	...	...	148	145	148	143	155	153	155	153
By kind of shop:												
Food		"	...	...	121	122	127	121	116	114	138	128
Clothing and footwear		"	...	...	151	134	139	127	140	136	143	140
Household goods		"	...	...								
STOCKS												
Basic materials:												
Coal, distributed [5]		'000 tons	17,626	15,682	18,346	10,838	11,640	13,206	13,535	13,654	14,697	17,129
Steel		"	1,112	899	1,280	917	936	946	1,348	1,386	1,409	...
Copper [6]		"	55·3	61·5	76·2	69·8	58·5	64·3	73·7	76·4	71·7	...
Sulphur [8]		"	66·8	67·2	85·2	83·8	92·3	82·0	85·3	83·3	99·9	...
Newsprint		"	110·6	97·5	105·0	130·9	113·2	117·7	114·9	116·7	117·4	...
Textiles:		Av. value										
Wholesale houses, total [4]		1950=100	89	95	90	109	107	104	113	109	108	...
Large retailers, clothing and footwear [4] [7]		"	102	107	110	129	130	124	147	140	135	...

[1] Great Britain. [2] Provisional estimate. [3] 1954 figures onwards exclude all screening losses normally amounting to around 5,000 tons a week. [4] Excluding government stocks from August, 1953. [5] Average for first quarter. [6] Average for second quarter. [7] New series for retail sales calculated back to January, 1955; revised figures for stocks to be published later. [8] Rayon production only. [9] Including filter cake from May, 1956.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal: Australia	Coal: Canada	Coal: India	Coal: S. Africa	Crude petroleum: Canada	Crude petroleum: Pakistan	Electricity: Australia	Electricity: Canada	Electricity: India	Electricity: N. Zealand	Electricity: S. Africa
	'000 tons						million kwh				
1948	1,232	1,255	2,511	1,969	139	5·3	728	3,714	381	204	772
1954	1,647	952	3,064	2,404	1,062	21·4	1,206	5,761	627	312	1,220
1955	1,606	931	3,185	2,646	1,429	22·6	1,345	6,358	707	336	1,363
1955, December	1,353	1,225	3,388	2,785	1,662	23·4	1,309	6,900	786	324	1,356
1956, January	856	1,199	3,196	2,644	1,802	...	1,272	6,512	757	308	1,372
" February	1,418	1,034	3,346	2,599	1,794	...	1,308	6,487	750	318	1,265
" March	1,472	1,034	3,360	2,752	1,895	...	1,398	6,348	799	336	1,447
" April	...	858	3,223	2,775	...	...	...	...	...	...	1,412

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper: Canada	Copper: N. Rhodesia	Rubber: Ceylon	Rubber: Malaya	Tin: Malaya	Steel: Australia	Steel: Canada	Steel: India	Steel: S. Africa	Gold: Australia	Gold: Canada	Gold: S. Africa
	'000 tons									'000 fine ounces		
1948	16·3	17·4	7·9	58·2	4·14	106	238	104	49	73·8	294	965·4
1954	19·5	31·5	7·8	48·7	5·93	185	237	140	117	93·2	364	1,102·3
1955	21·6	28·9	7·8	53·3	5·89	183	337	142	130	87·4	379	1,213·7
1956, February	21·9	32·2	4·6	51·5	3·99	193	357	145	129	77·7	353	1,233·8
" March	25·5	31·5	5·2	51·0	6·78	202	394	...	127	78·9	385	1,298·4
" April	22·8	30·3	6·7	48·4	6·24	180	388	...	126	...	...	1,288·4
" May	23·0	32·8	7·2	43·2	6·26	...	...	...	...	...	...	1,349·6
" June	...	...	6·5	52·7	...	...	...	...	...	...	...	1,351·5

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia: Imports	Australia: Exports	Canada: Imports	Canada: Exports	India: Imports	India: Exports	New Zealand: Imports	New Zealand: Exports	Pakistan: Imports	Pakistan: Exports	S. Africa [4]: Imports	S. Africa [4]: Exports
	mn. £A		mn. $C		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1948	28·2	33·8	220	259	537	382	10·71	12·27	28·5	58·6	29·5	11·4
1954	56·6	67·9	341	329	544	487	20·43	20·33	97·2	107·2	36·9	26·5
1955	70·1	63·4	393	363	566	499	23·93	21·55	91·9	101·9	40·2	30·5
1956, January	63·4	55·8	404	365	588	465	22·6	18·7	100·3	186·8	41·4	28·8
" February	59·1	20·6	405	353	683	513	...	31·6	110·1	210·0	...	...
" March	80·5	77·9	464	333	745	583	...	31·9	106·7	217·4	...	...
" April	67·9	78·6	532	388	596	396	...	...	...	...	...	...
" May	72·1	90·3	555	435	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES [4]

	Gold and Foreign Exchange Holdings: Australia [5]	Canada	India [5]	New Zealand [5]	S. Africa	Cost of Living: Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1953 = 100						
1948	1,265	1,011	5,355 [9]	237	652	56	84	...	74	89 [10]	77	73
1954	1,133	1,955	1,782	239	416	101	101	95	105	98	102	100
1955	835	1,910	1,791	179	368	104	101	90	107	94	105	101
1956, February	...	1,887	1,789	185	340	107	101	92	109	96	108	103
" March	...	1,880	1,814	191	335		101	94		96	107	104
" April	...	1,875	1,771	214	325	...	101	...	...	...	107	105
" May	...	1,895	1,743	247	313	...	101	...	...	...	...	106
" June	...	1,909	...	...	318	...	...	...	...	...	...	...

[1] Electricity production for New Zealand represents about 87 per cent of total generation. [2] Copper and tin refer to metal production. [3] General trade (including re-exports) except for Canada, which is special trade only. Imports are cif except for Australia, Canada and S. Africa which are fob; exports are fob. Trade for India and Pakistan includes that going by land, except for Pakistan in 1948 when figures are for trade by sea and air only; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. [4] Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. [5] Including foreign investments. [6] Including semi-processed gold. Beginning January, 1955, including South-West Africa. [7] In July, 1948, part of holdings was transferred to the State Bank of Pakistan. [8] April, 1948—March, 1949. [9] Including some long-term securities.

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 4, 1956, there was an "above-line" surplus (after allowing for Sinking Funds) of £32,224,000 compared with a surplus of £11,645,000 in the previous week and a surplus of £55,157,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £6,270,000, bringing the total deficit to £237,625,000 (£326,025,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Aug. 6, 1955	April 1, 1956 to Aug. 4, 1956	Week ended Aug. 6, 1955	Week ended Aug. 4, 1956
Ord. Revenue					
Income Tax	2085,500	354,630	392,490	23,585	27,307
Surtax	144,000	23,700	28,000	600	700
Death Duties	170,000	65,900	60,700	3,300	2,200
Stamps	58,900	26,900	21,700	2,200	1,600
Profits Tax, EPT	216,750	59,400	60,100	3,600	7,000
Excess Profits Levy	4,000	11,100	2,300	200	100
Special Contribution and other Inland Revenue	1,000	150	150	...	...
Total Inland Rev.	2680,150	540,880	565,450	33,485	38,907
Customs	1204,000	391,404	400,300	18,391	19,268
Excise	953,550	274,760	279,540	54,155	42,345
Total Customs and Excise	2157,550	666,164	679,840	72,546	61,613
Motor Duties	92,000	16,212	17,411	3,263	3,312
PO (Net Receipts)	10,000	...	...	...	...
Broadcast Licences	28,000	5,300	6,200	...	...
Sundry Loans	30,000	11,739	14,919	5,579	53
Miscellaneous	200,000	28,405	21,970	8,380	6,775
Total	**5197,500**	**1268,700**	**1305,791**	**123253**	**110661**
Ord. Expenditure					
Debt Interest	670,000	186,603	201,065	21,244	16,825
Payments to N. Ireland Exchequer	61,000	19,601	19,674	2,007	...
Other Cons. Fund	10,000	4,971	4,467	125	41
Supply Services	8941,918	1125,223	1218,120	43,840	60,900
Total	**4682,918**	**1336,398**	**1443,325**	**67,216**	**77,766**
Sinking Funds	37,000	9,685	9,667	880	670
"Above-line" Surplus or Deficit		**77,383**	**147,202**	**55,157**	**32,224**
"Below-line" Net Expenditure		248,642	90,423	22,664	6,270
Total Surplus or Deficit		**326,025**	**237,625**	**32,493**	**25,954**
Net Receipts from:					
Tax Reserve Certificates		42,998	102,969	52	10,487
Savings Certificates		11,500	23,691	700	1,800
Defence Bonds		864	20,895	455	521

FLOATING DEBT

£ million

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Aug. 6	5,300·0	1,999·1	272·1	...	5,571·2
1956					
May 5	5,240·0	1,431·2	251·9	...	4,923·0
,, 12	5,250·0	1,436·6	237·4	...	4,924·0
,, 19	5,220·0	1,435·1	277·8	...	4,935·9
,, 26	5,220·0	1,446·4	277·4	...	4,943·8
June 2	5,240·0	1,439·6	243·0	...	4,922·6
,, 9	5,260·0	1,472·4	244·0	0·8	4,977·1
,, 16	5,260·0	1,226·0	240·6	...	4,726·6
,, 23	5,240·0	1,195·6	279·7	...	4,715·3
,, 30	5,270·0	1,257·7	268·5	5·3	4,751·4
July 7	5,270·0	1,252·2	256·9	1·5	4,780·6
,, 14	5,270·0	1,260·1	262·6	...	4,812·5
,, 21	5,300·0	1,256·6	277·7	...	4,834·3
,, 28	5,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	5,360·0	1,218·5	226·4	0·3	4,805·1

THE MONEY MARKET

The credit stringency in Lombard Street tightened further this week. On Tuesday one or two houses were obliged to take loans at Bank rate, and on Wednesday most houses found themselves "in" the Bank. The sustained purchases by the Bank in the previous fortnight had depleted the market's supplies of maturities; and the Bank's action of forcing the market to take seven-day loans was attributed to its desire to offset the disbursements a week later of the £170 million of maturing unconverted War Bonds. The amount of the week's penal borrowings is reflected in Wednesday's Bank return, which shows a rise in discounts and advances of £18.3 million, to £36.2 million.

The see-saw in the Treasury bill rate continued at last Friday's tender, when the discount houses lowered their bid by 3d. per cent, to £98 14s. 11d., exactly reversing their move at the previous tender and restoring the rate to a fraction above 5 per cent. Total applications were up by £18.1 million to £399.1 million, while the offer was up by only £10 million, and the market's allotment fell back from 73 to 57 per cent. After the tender, October maturities changed hands in the market at up to 4 13/32 per cent.

The Bank return shows a small reflux of notes of £1.5 million from the holiday peak of £1,979.2 million recorded on August 1st.

LONDON MONEY RATES

Bank rate (from 16 2 56)	4½%	**Discount rates** Bank bills: 60 days	5 5/8
Deposit rates (max.)		3 month	5 5/8
Banks	3½	4 months	5 5/8–5 3/4
Discount houses	3½*	6 months	5¾
Money Day to day	3½–5½	Fine trade bills:	
Short periods	4½	3 months	6 6¼
Treas. bills 2 months	4 13/16	4 months	6 6¼
3 months	5 1/16	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

£ million

	Aug. 10, 1955	Aug. 1, 1956	Aug. 8, 1956
Issue Department:*			
Notes in circulation	1,834·6	1,979·2	1,977·7
Notes in banking dept.	40·8	21·1	22·7
Govt. debt and securities*	1,871·2	1,996·2	1,995·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	24·0	14·4	16·7
Treasury special account	2·5	...	...
Bankers	230·1	200·7	189·1
Others	68·1	75·9	70·3
Total	324·5	289·0	276·1
Securities:			
Government	257·6	249·3	216·8
Discounts and advances	26·5	17·9	36·2
Other	15·7	16·9	16·8
Total	299·8	284·1	269·8
Banking department reserve	43·1	23·1	24·6
"Proportion"	13·2 %	7·9 %	8·9 %

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue increased to £2,000 million from £1,950 million on July 18, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Aug. 5	240·0	350·8	240·0	80 0·42	96
1956					
May 4	250·0	397·9	240·0	99 0·35	45
,, 11	250·0	404·5	250·0	98 11·56	42
,, 18	250·0	395·0	250·0	99 0·60	47
,, 25	240·0	375·2	240·0	99 1·15	52
June 1	260·0	381·4	260·0	100 3·45	53
,, 8	260·0	413·8	260·0	100 4·30	43
,, 15	240·0	398·0	240·0	100 4·20	41
,, 22	260·0	398·7	260·0	101 8·17	62
,, 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	452·4	280·0	101 1·84	61
,, 13	280·0	433·9	270·0	99 9·87	61
,, 20	270·0	418·4	270·0	100 3·82	50
,, 27	260·0	381·0	260·0	99 6·39	73
Aug. 3	270·0	399·1	270·0	100 3·79	57

* On August 3rd tenders for 91-days bills at £98 14s. 11d. secured 57 per cent. higher tenders being allotted in full. The offering yesterday was for £280 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: August 8	Market Rates: Spot: August 2	August 3	August 4	August 7	August 8
United States $	2·78–2·82	2·78⅛–2·78½	2·78⅛–2·78½	2·78⅛–2·78½	2·78⅛–2·78¼	2·78⅛–2·78½
Canadian $		2·73⅝–2·73¾	2·73⅝–2·73¾	2·73⅝–2·73¾	2·73⅝–2·73¾	2·73⅝–2·73¾
French Fr.	972–65 987–35	98 01–98 11	98 03–98 04	98 04–98 05	98 11–98 14	98 12–98 21
Swiss Fr.	12·15⅛–12·15⅝	12·17½–12·17¾	12·17½–12·17¾	12·17½–12·17¾	12·17½–12·17¾	12·17½–12·17¾
Belgian Fr.	138·95–141·05	138·97½–139·02½	138·97½–139·02½	139·00–139·05	139·10–139·15	139·22½–139·27½
Dutch Gld.	10·65–10·72	10·63½–10·63½	10·63½–10·63½	10·63½–10·63½	10·64½–10·64½	10·63½–10·63½
W. Ger. D-Mk.	11·67⅛–11·84⅛	11·67½–11·67½	11·67½–11·67½	11·67½–11·67½	11·68½–11·69	11·68½–11·68½
Portuguese Esc.	79·90–81·10	80·05–80·25	80·05–80·25	80·05–80·25	80·05–80·25	80·05–80·25
Italian Lire	1736½–1762½	1747–1747½	1747–1747½	1747½–1748	1748–1749	1747–1750
Swedish Kr.	14·40–14·40½	14·39½–14·39¾	14·39½–14·39¾	14·39½–14·39¾	14·39½–14·39¾	14·40½–14·40¾
Danish Kr.	19·19½–19·34½	19·34½–19·34½	19·34½–19·34½	19·34½–19·34½	19·34½–19·35	19·35½–19·35½
Norwegian Kr.	19·85–20·15	19·98½–19·99¼	19·98½–19·99¼	19·98½–19·99¼	19·98½–19·99¼	19·98½–19·99¼
One Month Forward Rates						
United States $		⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm
Canadian $		⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm
French Fr.		1 4 dis	1 4 dis	1 4 dis	1 4 dis	1 4 dis
Swiss Fr.		2¼–2½ pm	2¼–2½ pm	2¼–2½ pm	2¼–2½ pm	3 3½ pm
Belgian Fr.		½–1 pm	½–1 pm	½–1 pm	⅜–¾ pm	⅜–¾ pm
Dutch Gld.		2¼–2½ pm	2¼–2½ pm	2¼–2½ pm	2¼–2½ pm	2¼–2½ pm
W. Ger. D-Mk.		2½–2¾ pm	2½–2¾ pm	2½–2¾ pm	3 3¼pf. pm	3¼–3½pf. pm
Italian Lire		2 pm par	2 pm par	2 pm par	2 pm par	2 pm par
Swedish Kr.		1½ pm par	1½ pm par	1½ pm par	1½ pm par	1½ pm par
Danish Kr.		5 2½ pm	5 2½ pm	5 2½ pm	5 2½ pm	5 2½ pm
Norwegian Kr.		2½ pm par	2½ pm par	2½ pm par	2½ pm par	2½ pm par
Gold Price at Fixing						
Price (s. d. per fine oz.)		251 11½	252 0½	...	252/–	251 9½

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COMPANY MEETINGS

W. H. SMITH & SON (HOLDINGS) LIMITED

THE HONOURABLE DAVID J. SMITH REVIEWS THE YEAR'S TRADING

The Seventh Annual General Meeting of W. H. Smith & Son (Holdings) Limited was held on August 3rd at the registered office of the company, Strand House, Portugal Street, London, W.C.2.

The Honourable David John Smith, JP, the chairman, presided.

The following is his statement which was circulated with the report and accounts:

The financial year under review has been the most unsettled and difficult experienced for many years. The difficulties encountered, and the resulting reduction in our profit figure, have been largely caused by three labour disputes which took place during the year.

The first was the daily newspaper strike. This removed from our wholesale houses, bookstalls and shops the sale of all London daily papers for the period March 26—April 20, 1955. We could effect no savings to meet this loss, as the rest of the business continued to function and the distribution of weeklies, periodicals, books, stationery, etc., continued.

Soon after this strike ended the railway strike started. This not only closed all our bookstalls to the normal travelling public from May 29—June 14, 1955, but cost a very considerable sum in distributing papers, etc., to all parts of the country by road. Our emergency road transport service, which went into operation at once, worked extremely well and, with the co-operation of the publishers, our deliveries were effected without break.

When this strike ended we enjoyed normal trading conditions for a few months and, with the rise in the price of some of the London daily papers, we began to recover part of our losses in sales.

Then came the printing dispute in the London area which stopped the publication of many weekly periodicals and monthly magazines from February 16, 1956, until after the end of the financial year. This was the third severe blow, and again we were unable to make any significant economies to meet this temporary setback in sales.

In all, these three disputes meant a heavy loss in sales with no corresponding saving in expenses. During the strike periods we did not dismiss or lay off one single employee. Some 20 men at our Alacra factory were affected by the printing dispute ; all but one of these men, I am glad to say, are now at work again.

I think it speaks well for the resilience and enterprise of this business that we were able to weather these three severe blows.

RISING EXPENSES

In common with most businesses we have had to face a steep rise in expenses during this year. Under normal circumstances the extra gross profit on increased sales would have gone a long way towards offsetting this rise, but the particular difficulties which I have already mentioned and which were outside our control have prevented this. We shall again have increases in expenditure to meet in the coming year, as the following facts show.

During the last financial year wages increased by £564,365. Since 1948 wages have been steadily rising, and without any significant growth in the labour force our wage bill has increased from £3,181,978 in 1948-49 to £5,433,476 in 1955-56, an increase of 70.76 per cent. Annual increases have been as follows:

1949/50	£303,370	(9.53 per cent increase)
1950/51	£276,694	(7.94 per cent increase)
1951/52	£359,122	(9.55 per cent increase)
1952/53	£212,796	(5.16 per cent increase)
1953/54	£292,512	(6.75 per cent increase)
1954/55	£242,639	(5.25 per cent increase)
1955/56	£564,365	(11.59 per cent increase)

The balance of the large increases granted in the last year have still to be met in the current financial year

Rates charged by British Railways for carriage of our goods have increased during the past year, and during 1956-57 our expenditure under this heading is likely to rise by £42,000.

The new rating valuation falls very heavily on a company such as ours with shops in the best sites. It will involve an increased cost of about £140,000 per annum.

During the year we have recast the pension arrangements for our staff. Our superannuation scheme, started as long ago as 1894, has now been brought up to date and will, we believe, provide good and generous benefits for our staff. The main change has been that pensions will now be related to retiring salary rather than to a money purchase scheme, and a valuable extra benefit is the widows' pension. This new scheme will cost an additional £40,000 per annum.

It can be seen from an examination of these items alone that even greater efforts will have to be made by both management and staff so to expand the business and to examine the methods we are using that these constantly rising expenses are either absorbed by increased business or reduced by more economical methods.

CAPITAL EXPENDITURE

We are losing no opportunity to expand the business where we see good prospects. To finance such expansion substantial capital expenditure is essential for modernising and improving existing shops and bookstalls and wholesale houses, for opening new ones and for acquiring new businesses. In recent years capital expenditure has averaged just over £400,000 per annum and it is worth while reminding ourselves that this money can most economically be found out of the profits of W. H. Smith & Son, Limited. It is essential that our shareholders, the members of the staff and the management should be aware of this fact.

DEVELOPMENTS

The rebuilding of our Birmingham and Hull wholesale houses, mentioned in my statement last year, is now well under way and both will be finished during the present financial year. When completed I do not think there will be any better planned or better equipped wholesale distributing warehouses in the country. Two new wholesale depots have been opened at Weston-super-Mare and Goole.

We have opened a fine retail shop in Hull, which has made a most encouraging start. Other new retail shops have been opened in Ringwood, Hemel Hempstead, Bishop Auckland, Cowes, and Ripon.

Our policy of modernising and improving our shops and bookstalls is continually going forward, and many branches have been either entirely or partly refitted during the year. The effects on the sales have been excellent.

We have found that the installation of bookstalls in hospitals is particularly popular with both patients and staff, and we now have seven bookstalls in hospitals. Two new ones were opened during the year.

During the year literary brains trusts were organised by our publicity department at several public schools and at the *Sunday Times* Book Exhibition at the Royal Festival Hall and were broadcast by the BBC. Many well-known personalities in the world of literature took part in them and they proved extremely popular. We believe they did much to raise the company's prestige in the book world.

We also made an experiment in advertising on television from the new Midland station. Though no spectacular results were obtained we have reason to know that the programme was well liked and attracted a large viewing public.

STAFF TRAINING

The staff training college to which I referred last year has been opened, and courses for our retail staff have been running since November, 1955. Those members of the staff who have attended have derived considerable benefit from the courses and from the discussions and interchange of ideas which they have been able to have with their colleagues from different parts of the country. I am satisfied that this college will play an important and useful part in your company.

ACCOUNTS

The profit shown in the consolidated profit and loss account, after charging additional amounts under the heading of "supplementary payments to staff superannuation and pension funds," as referred to in the notes on the accounts is £1,475,911.

It will be noted that it has been possible to credit £30,000 representing provision for taxation for previous periods no longer required (as against £65,000 for the previous year): after taking into account this credit the charge for taxation is £836,821 (against £972,753).

After charging taxation the consolidated net profit for the year is £639,090 (against £801,612 for the previous year). Out of this amount £268,000 has been transferred to general reserve and £7,403 has been added to the balance of profit carried forward.

The total net dividends on the Preference and Ordinary shares of W. H. Smith and Son (Holdings) Ltd. amounted to £363,687, the small variation in the total compared with

the previous year arising from the difference in the standard rate of income tax for part of the year 1954-55.

The movements in the balance-sheet reserves are shown in the notes on the accounts.

Properties, plant, motor vehicles, fittings and fixtures, etc., have increased during the year by £514,445, after deducting depreciation and sales. The gross total expenditure under these headings amounted to £782,446.

The current assets less the current liabilities decreased during the year by £393,240.

SUBSIDIARY COMPANIES

W. H. Smith & Son (Alacra) Limited.—This company, which manufactures continuous stationery to run over specialised attachments to typewriters and accounting machines, had a successful year. Unfortunately in the last few weeks it was seriously affected by the printing dispute, but even so it earned a good profit. We are confident that we have an excellent product and that this wholly-owned subsidiary will make progress and increased profits.

Versatile Fittings (WHS) Limited.—This company, which started operations just before the end of the year under review, has been formed to market a particularly flexible and easily erected type of shop fittings. W. H. Smith & Son, Limited, will make extensive use of these fittings when redesigning old shops or opening new ones. The response from members of the shop-fitting trade in Great Britain has been encouraging, and plans are being made to develop export business to the Continent and other parts of the world.

W. H. Smith & Son (Canada) Limited.—Mr George Renison, a Canadian who was previously a part-time director of our Canadian subsidiary, has now been appointed full-time managing director. We feel sure that the new arrangement will have considerable advantages. The progress we have made in establishing ourselves in Canada has been slow and we still have some way to go before this subsidiary makes a profit. However, we believe that Canada has a great future, and a well-run business there must share in that future.

DIRECTORS

I am very glad to say that Mr Hugh Saunders, deputy managing director of the Rio Tinto Company Limited, has joined the board of directors.

STAFF

This year has been a hard one for the staff in view of the three disputes to which I have already referred. I cannot speak too highly of the efforts made by all members of the staff to tackle a difficult situation.

DIVIDEND POLICY AND PROSPECTS

During the five years 1950-51 to 1954-55 the group's reserves have increased by over £1,600,000, which is slightly more than the total net dividends paid in respect of the same period. The developments planned for the current financial year and the results so far achieved indicate that it should be a reasonably successful one. In view therefore of the extent to which we have built up the reserves in the past and our belief that the setback in profits in 1955-56 was only temporary we have decided to recommend the payment of the same dividend as last year.

The report and accounts were adopted.

HICK, HARGREAVES & COMPANY LIMITED

ANOTHER SATISFACTORY YEAR

PROGRESS AND STRENGTH MAINTAINED

MR W. D'ARCY MADDEN'S SPEECH

The sixty-fifth annual ordinary general meeting of Hick, Hargreaves and Company, Limited, was held on August 8th, at Bolton.

Mr W. D'Arcy Madden, CBE, JP, the Chairman and Managing Director, presided and in the course of his speech said: The Company has again experienced a most satisfactory year and its progress and financial strength have been well maintained.

The net profit before tax is £578,958, which is an increase of 10 per cent over the previous year. This is after providing full depreciation amounting to £50,083 on the revalued fixed assets to which I referred in my speech last year. Taxation amounts to £284,129 or 50 per cent of the profits earned, and the balance available with £35,141 brought in from the previous year is £329,970.

DIVIDENDS AND BONUS

Of the final net profit, £190,405 or 65 per cent is retained in the business and a final dividend of 10 per cent together with a bonus of 3½ per cent, on the capital as increased by the scrip bonus issue on May 2nd last, is recommended. This gives a total distribution for the year of 25 per cent of the net profit for the year available for appropriation. This year the sum of £26,000 has been set aside from the profits for a bonus for the Company's employees.

Turning to the Balance Sheet, you will notice that the issued share capital today is increased to £756,000 through the bonus issue I have already mentioned, having the effect of reducing the Capital Reserve to £182,121. Also that the authorised share capital has been increased to £1¼ million. The Plant Replacement Reserve has been consolidated with the General Reserve, which now stands at £1 million. On the other side, there is a substantial increase in the value of Work-in-Progress, while cash and investments total £883,077. The excess of current assets over current liabilities is £1,605,818.

WORKS IN FULL PRODUCTION

The works have continued in full production during the year. The contracts on our books still exceed £4 million sterling and include Condensing and Feed Heating contracts for the Central Electricity Authority for commissioning up to the end of 1960, which include five plants of 120 MW capacity. We have also received further orders for auxiliary equipment for the Atomic Power Stations now under construction. The expanded nuclear power programme to 1965 now announced will offer further opportunities in this important field.

The new testing and research building to which I referred last year will shortly be in operation. As stated in the Accounts, our commitments for Capital Expenditure are approximately £123,000, and further proposals for increasing the efficiency and productivity of the Works are under consideration.

THE OUTLOOK

My remarks last year in regard to competition, high cost, and lower profit margins, apply still more forcibly today. Moreover, the increasing size of power units will inevitably result in fewer, if larger, orders for the manufacturers of these equipments. With this outlook, notwithstanding our satisfactory order book and strong position, it is necessary to conserve our financial resources to meet any developments which may lie ahead. This is the policy your Directors have adopted and which I feel sure will receive your full support.

The relations between the management and the employees of the company continue to be happy and satisfactory, and the Directors wish to express appreciation of their work and loyal co-operation during the year.

The report and accounts were adopted.

HOVIS LIMITED

EFFORTS TO STABILIZE PRICES

The fifty-eighth annual general meeting of Hovis Limited was held on July 31st in London, Mr J. F. Morton (Chairman) presiding. After paying tribute to the wholehearted devotion and great ability of Mr Cecil Gordon Wood, whose retirement from the office of Managing Director was announced at the meeting, the chairman said:

The Organization's turnover in all milling products has risen to over £10 million, and that of trading activities unconnected with milling to over £2 million. The increase in turnover, however, has not been sufficient to offset the diminution in the profit margins; this accounts for the reduction in trading profits. In conformity with the Prime Minister's request, we have done our utmost to stabilize prices, so essential to the economic well-being of the country today.

Nevertheless, price stabilization can only be achieved if the costs of all means of production, including services of every kind, remain reasonably constant. Some fluctuations are bound to occur in a healthy, free economy and, of course, there is little we can do to counter a rise in price of essential imports of raw materials. But a great deal can be done in this country. Co-ordination of the will to combat inflation is surely possible if the leapfrog incidence of inflationary trends is halted, and in this respect the public services must all set an example if governmental exhortations are to receive wholehearted response. Our own efforts, so far, have brought about a measure of sacrifice which can only be endured if other members of the economic community fairly play their part. The margin of profit in the milling industry is already low, particularly when one takes into account the high costs of replacing capital equipment, the essential charge for the depreciation of which must form part of the total cost of the product.

As Hovis is unsubsidised, the termination of the bread subsidy will finally remove the artificial price distinctions that now exist. It is satisfactory to know that even under present adverse conditions the sales of our main product, Hovis, still greatly exceed the pre-war demand. Moreover, since the end of the financial year Hovis flour sales have shown a most encouraging tendency to increase.

The report was adopted and a total distribution of 12½ per cent on the Ordinary Stock was approved.

BANQUE INTERNATIONALE À LUXEMBOURG S.A.

LUXEMBOURG

CENTENARY YEAR

REVIEW OF PROGRESS

The annual general meeting of the Banque Internationale à Luxembourg S.A. was held in Luxembourg on May 24th, and the following are details of the report presented by the Board of Directors, which surveys the Bank's work from the time of its establishment:

The Banque Internationale à Luxembourg was founded on April 14, 1856 by Grand Ducal decree as Luxembourg's first bank of issue, and opened its doors on August 1, 1856.

BANK OF ISSUE

In the course of an eventful century, which witnessed two world wars and saw the country occupied twice within 25 years, the Bank continued to discharge its main function for the benefit of the country's economy.

Circulation rose from Thaler 1,226,800 during its first year of operations to Frs. 6¼ million on December 31, 1914, and Frs. 20 million in 1955.

CAPITAL

The Bank's statutes fixed its initial capital in 1856 at Frs. 40 million, although the first subscription totalled but Frs. 3 million. By 1919 this figure had risen to Frs. 25 million. After severe postwar difficulties, this capital was reconstituted at an Extraordinary General Meeting on March 15, 1920. Once the setbacks resulting from the second occupation had been overcome, the Bank's capital was further raised to Frs. 30 million at an Extraordinary General Meeting on May 29, 1947.

RESERVES

Reserve appropriations were effected consistently from the time the Bank was first established, and by December, 1915, they had reached a total of Frs. 8,650,000. In 1944, after the country had been liberated, the opening balance sheet in francs showed reserves as Frs. 28 million. By the close of the year under review a total of Frs. 86 million had been set aside in the Bank's reserve funds.

CREDITORS

The Bank's history has been an example of the elementary truth that a bank lives by the confidence of the public.

The number of current accounts, deposit accounts, and savings accounts rose steadily, and balances had reached the total of Gold Frs. 10 million by the end of the first 25 years. During the next 20 years these balances increased regularly at the rate of Gold Frs. 1 million a year, and totalled Gold Frs. 30 million in 1901. Progress was even more rapid thereafter, and by 1920 a total of Frs. 122 million had been reached. At the end of its first century of business, the Banque Internationale à Luxembourg S.A. could point to the proud figure of Frs. 2,500 million, comprising balances in current, deposit and savings accounts.

BRANCHES

The Bank covers the whole territory of the Grand Duchy, with two branches in Luxembourg town and 18 branches throughout the country. This represents a density of one bank counter for 2,800 people, compared with 7,550 in Belgium and 12,000 in France.

PROFITS

The Bank's reserves up to 1918 were entirely exhausted as a result of the Currency Law of December 11, 1918. Since then, in spite of the setback following the Second World War, reserves have risen encouragingly, and stand at Frs. 86 million today.

Dividends fluctuated around 8 per cent during the 58 years from 1856 to 1914. From 1920 to 1943, the rate remained steady at 5 per cent, and payments at the same rate were resumed in 1948. Since then there has been an upward tendency in dividend payments, and the rate rose to 6 per cent in 1952 and 1953, and to 7 per cent in 1954. The dividend proposed for 1955 again amounts to 5 per cent with an additional Centenary dividend of 10 per cent.

The report, the accounts, and the proposals put forward by the Board were adopted.

BOARD OF DIRECTORS

Max Lambert, Luxembourg, Chairman; Félix Chomé, Luxembourg, Deputy Chairman; Max Arendt, Luxembourg; André Bahuet, Paris; Charles Bech, Diekirch; Louis Lehembre, Brussels; Fernand Loesch, Luxembourg; Victor Prost, Grevenmacher; Willy Putz, Luxembourg; Leon Richard, Luxembourg; Albert Wehrer, Luxembourg; Joseph Wolter, Luxembourg.

BANQUE INTERNATIONALE A LUXEMBOURG S.A.

Balance Sheet as at 31st December, 1955

ASSETS		Frs.	LIABILITIES			Frs.
Liquid Assets			**Current Liabilities**			
Cash in Hand		104,064,616.78	Note Issue			20,000,000.—
Postal Cheques, Savings Bank and Banque Nationale de Belgique		72,466,198.91	Accounts Payable (Short-term)			521,818.32
		192,579,059.97	Bank Credits (at Sight)			143,770,479.59
Accounts Receivable (Short-term)		1,164,215,292.55	Bank Credits (Time)			295,392.24
Bank Balances (at Sight)		7,482,774.61	Deposits (up to One Month)			1,667,910,266.—
Bank Balances (Time)		492,929,458.80	Deposits (in Excess of One Month)			417,379,845.94
Bills of Exchange			Savings Accounts			420,154,229.89
Miscellaneous Debtors :—			Miscellaneous Creditors			109,106,388.25
With Collateral	Frs. 320,672,552.18		Sundries			159,704,321.48
Without Collateral	„ 320,435,582.91		Fiduciary Funds			22,128,953.12
		641,108,135.09	**Fixed Liabilities**			
			Capital			30,000,000.—
Securities			Statutory Reserve	Frs.	3,000,000.—	
State Funds	Frs. 125,569,123.—		Free Reserve	„	28,000,000.—	
Foreign Government Funds	„ 39,511,543.46		Revaluation 1944	„	23,000,000.—	
Other fixed interest-bearing Securities	„ 39,692,492.02					54,000,000.—
Other Securities	„ 26,142,061.12		**Profit**			
		230,915,219.60	Balance brought forward from preceding year	Frs.	3,371,864.71	
Miscellaneous		98,810,431.57	Profit 1955	„	8,356,581.46	
Fiduciary Funds		22,128,953.12				11,728,446.17
Fixed Assets						
Premises	Frs. 30,000,000.—					
Fixtures and Fittings	p.m.	30,000,000.—				
		3,056,700,141.—				3,056,700,141.—

LORRAINE-ESCAUT
(Paris)

INCREASED TURNOVER

The annual general meeting of Lorraine-Escaut was held in Paris on June 19th, Monsieur Jean Raty presiding, and the following is a summary of the report presented by the Board of Directors :

EXPANSION

The report outlines the activity of the iron and steel industry and of the tube industry during the year under review. These two industries benefited from the general expansion of the economy and increased their production by 18.4 per cent and 23.2 per cent respectively over the figures for the previous year.

The iron and steel industry came up against certain difficulties, however, which may prevent as rapid and regular a progress as the present demand on the steel markets requires.

The report goes on to stress the problems caused by the cost of raw materials such as fuel and scrap, whose supply gave rise to a certain amount of concern. Little progress was made in the field of transport charges within the area covered by the European Coal and Steel Community, a fact which lends added emphasis to the interest shown by the iron and steel industry in Eastern France in the project of building a Moselle canal.

PRICES

Particular emphasis was placed on the serious question of prices which leave the iron and steel industry with margins insufficient to make the necessary investments and to insure a proper return on capital invested.

In the circumstances, in view of the price increases effected by most of its foreign competitors, the industry had no alternative to the recent increase in its scale of prices.

In the tube industry development was very satisfactory on the whole, both on the home market and in export trade, and prospects seem favourable.

INVESTMENT

An extensive construction programme was carried out during the year, including among its main projects two new blast furnaces at Longwy and Thionville and the new housing for heavy plates at the Mont-Saint-Martin rolling mill, which was taken into service over a period of several months and which will be extended even further in order to raise its production capacity.

Work on other new installations is planned to begin before the end of the current year or at the beginning of 1957, including the production line for the manufacture of large welded tubes at Sedan as one of the most important projects.

FINANCE

The report concludes by referring to the important financial operations conducted by the Company during the year, either on its own account or as part of a group, and by giving an account of the progress and the results of the companies in which Lorraine-Escaut has an interest and which, on the whole, had a favourable year.

TURNOVER AND PROFITS

The Company's turnover during the year rose to Frs.74,419m., as against Frs.59,632m. in 1954 and output developed as follows :

	1955 Tons	1954 Tons
Steel	1,627,000	1,375,000
Tubes	269,000	222,000
Ore	4,241,000	3,600,000

Profits totalled Frs.978,614,958 and it was proposed to declare a dividend of 7 per cent gross as compared with a dividend of 6 per cent gross for the preceding year.

The report, the accounts, and the proposals put forward by the Board were adopted.

The Trust Company of Cuba
HABANA, CUBA.

CONDENSED STATEMENT OF CONDITION AS OF JUNE 30, 1956.

ASSETS		LIABILITIES		
Cash on Hand, in Banco Nacional de Cuba and Due from Banks	$ 62,798,243.11	Deposits		$187,400,330.49
Republic of Cuba Bonds and Other Public Securities	60,978,400.00	Acceptances under Letters of Credit		1,809,474.80
Stock of Banco Nacional de Cuba	488,000.00	Other Liabilities		496,431.66
Other Securities	2,048,582.17	Capital Funds:		
Loans and Discounts	61,521,822.98	Capital	$ 5,000,000.00	
Banking Premises	2,807,830.43	Surplus	5,300,000.00	
Customers' Liability on Acceptances	1,809,474.80	Undivided Profits	171,214.10	
Items in Transit with Branches	5,728,544.36	Reserves	602,550.00	$ 11,073,764.10
Other Assets	2,599,103.20			
	$200,780,001.05			$200,780,001.05

DEPOSITS		CAPITAL FUNDS	
June 30, 1956	$187,400,330.49	June 30, 1956	$ 11,073,764.10
June 30, 1955	161,957,126.15	June 30, 1955	10,426,153.93

BOARD OF DIRECTORS

ANTONIO RANGEL
Chairman Executive Committee

GONZALO R. ARELLANO
President, Por Larrañaga Fábrica de Tabacos, S.A.

JORGE BARROSO
President, Cía. Azucarera Central Cuba

JULIO BATISTA
Secretary

JOSE M. BOSCH
President, Cía. Ron Bacardí, S.A.

AGUSTIN BATISTA
President and Chairman of the Board

EUTIMIO FALLA
Sucesión de L. Falla Gutiérrez

ALFONSO FANJUL
Vice-President, Cuban Trading Company

PAUL MENDOZA
President, Banco Hipotecario Mendoza

JOSE A. MESTRE
Manager

JOSE I. DE LA CAMARA
Vice-Chairman of the Board

JUAN J. MARABOTTO
Vice-Chairman Executive Committee

LUIS RANGEL
Vice-President

CESAR RODRIGUEZ
President, Almacenes Ultra, S.A.

HUMBERTO SOLIS
Secretary, Solís Entrialgo y Cía., S.A.

The Economist : Annual Air Subscription Rates

Australia : £8.5s. (sterling)
Canada : $21.50 or £7.14s.
East Africa : £5.5s.
Egypt : £5.5s.
Europe (except Poland) : £4.15s.
Gibraltar, Malta : £3.15s.
Hongkong : £7
India & Ceylon : £6
Iran : £6 Iraq : £6
Israel : £6
Japan : £9
Malaya : £6.15s.
New Zealand : £9 (sterling)
Nigeria, Gold Coast : £5.5s.
Pakistan : £6
Rhodesia (N. & S.) : £5.10s.
S. America and W. Indies : £7.15s.
Sudan : £5.10s.
Union of S. Africa : £5.10s.
U.S.A. : $21.50 or £7.14s.

APPOINTMENTS

THE UNIVERSITY OF MANCHESTER
RESEARCH STUDENTSHIPS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships, tenable for one year in the first instance, and renewable for a further period, not exceeding two years. The studentships are normally of the value of £350 or £400 per annum. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University.—Applications should be sent, not later than September 1, 1956, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for the post of Computer in the Department of Economics. The salary will be on the scale £400 x £25 to £500 per annum.—Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications must be received by *Saturday, August 25, 1956*

LONDON COUNTY COUNCIL

Technical College for the Furnishing Trades. Teacher of Social and Industrial History required Monday evenings for the Foremanship course. Rate of payment (at present under review), 46s. 6d. per class.—Application forms from Secretary at College, Fitzfield Street, N.1, to be returned by August 30, 1956. (1500)

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

The Executive Committee invites applications for the post of Secretary, lately made vacant by the death of Mrs F. S. Stone. The appointment will be for a year in the first instance, with prospects of continuance. The salary will be in the range of £1,100 to £1,450, with F.S.S.U. provision and family allowances.—Applications, with the names of two referees, should be sent to the Acting Secretary (from whom further particulars may be obtained) at 2 Dean Trench Street, London, S.W.1, not later than September 30th.

THE NIGERIAN PRODUCE MARKETING COMPANY LIMITED, 5 BUCKINGHAM GATE, LONDON, S.W.1, has a vacancy for a trainee. Applicants should be Nigerians, possessing a good University degree, a study of Economics and Commercial subjects being an advantage. Commencing salary £650 per annum.

The successful candidate will receive a thorough training in the work of the Company and of the Marketing Board organisation as a whole with a view to eventual promotion to the Company's senior staff.

Apply in own handwriting, giving full details of age, experience, etc., as follows :

In the case of applicants now in the United Kingdom to :
The Managing Director,
Nigerian Produce Marketing Company Limited,
5 Buckingham Gate,
London, S.W.1.

Applicants at present at any of the Universities in the United Kingdom are requested to apply through the Secretary of their University Appointments Board who will forward their application to the Nigerian Produce Marketing Company Limited.

In the case of applicants in Nigeria to :
The Director,
Department of Marketing and Exports,
Consonza House,
Lagos,
Nigeria.

The closing date for applications is August 31, 1956.

MARKETING OFFICER required by N.C.B.'s Marketing Department at London Headquarters, as Head of Section concerned with policy questions on prices and utilisation of fuel, and with the marketing aspects of reconstruction and development in the industry. Applicants should have first-class administrative ability, sound commercial experience, a knowledge of the general problems and structure of the coal industry and some scientific or technical background. Appointment (superannuable) with inclusive range £1,660-£2,375 male according to qualifications and experience.

Write, with full particulars of age, education, qualifications and experience, to National Coal Board, Staff Dept., Hobart House, London, S.W.1, marking envelope SS/367, before September 3, 1956.

GRADUATE IN ECONOMICS required for Statistics Department of well-known Coventry engineering firm. Some experience of Market Analysis an advantage. Interesting permanent position. Modern factory with excellent working conditions. Pension scheme.
Applications, with full particulars, to Box 484.

ASSISTANT STATISTICIANS required by N.C.B.'s Statistics Branch at London Headquarters. Degree in mathematical statistics (or equivalent) and experience in the application of statistical techniques (including punched-card) to practical problems are required. Appointments (superannuable), according to qualifications and experience, within inclusive scales, either £834 to £1,031 male, £754 to £940 female, or £770 to £898 male, £694 to £810 female.

Write, with full particulars of age, education, qualifications and experience, to National Coal Board, Staff Dept., Hobart House, London, S.W.1, marking envelope SS/359, before August 18, 1956.

TURNER BROTHERS ASBESTOS COMPANY LTD., ROCHDALE, invites applications for a post of an unusual nature which offers a great deal of scope for initiative. The work will comprise the collation of statistical information covering most of the Company's activities and the presentation of such information in the form of charts. Applicants should have a knowledge of accountancy and statistics, and a qualification in one of these subjects would be an advantage.

Applications should state age, education, experience, Services career, present salary and salary required, and should be addressed to the Manager, Office Administration Department.

DEPARTMENT OF FINANCE, DUBLIN, invites applications for a post at Economic Assistant.

Age on September 1, 1956, not less than 25 and not more than 35.

Candidates must have at least a Second-Class Honours degree in Economics or a related subject and at least three years' satisfactory experience in teaching Economics or in economic research or in an economic advisory capacity.

Salary (according to age and experience) will be in the ranges (a) £1,400 to £1,700 for a man, and (b) £1,125 to £1,425 for a woman.

Particulars and application form from Staff Section, Department of Finance, Dublin. Latest date for receipt of completed application forms—September 6, 1956.

GOVERNMENT OF PAKISTAN

Applications are invited for the post of Director, Commercial Audit, Pakistan Audit Department, from qualified Accountants having previous experience of Government audit and accounts work. The appointment will be on a contract basis for five years. Salary for the first year will be at the rate of 2,250 rupees per month with increments of 100 rupees per month for the second, third and fourth years of the contract. First class B sea passage for self and family for outward journey and return on completion of contract. Free medical treatment and attendance, according to Rules. Leave on average pay at 1/11th of duty plus leave on medical certificate. One leave passage admissible each way after completion of three years' service. Permission to subscribe to Contributory Provident Fund, Sterling Branch. Liable to serve in either of the two Wings of Pakistan.

Any further information required may be obtained from the Chief Auditor, High Commission for Pakistan, 34 Lowndes Square, London, S.W.1, to whom applications with the names of two referees should be forwarded by August 25, 1956.

EXECUTIVE PRESIDENT—CANADIAN SUBSIDIARY

A leading British Company of Light Industrial Engineers, with several manufacturing establishments in the U.K., foreign Subsidiaries, and a world-wide organisation, intends to appoint immediately a senior Executive Engineer, who can be groomed to take over in two years the duties and responsibilities of President of its Canadian selling Subsidiary.

The opportunities attached to this post are considerable, and the person appointed will require outstanding potentiality, in addition to the following basic qualifications :

(1) Age group, 37-42, inclusive.
(2) An engineering background, preferably university graduate or member of recognised professional body.
(3) Direct experience of the problems associated with selling precision products over a wide engineering field.
(4) Sound executive experience, with recognisable capacity for effective administrative control at the highest levels.
(5) The drive and leadership necessary to direct and expand the activities of an already well-established organisation.

Companies, if any, to which applications are not to be forwarded, should be marked on the back of the envelope.

Applications should be addressed, in an envelope endorsed Canadian Appointment, to Box A 7390, W. H. Smith & Son Ltd., Strand House, London, W.C.2.

MARKET RESEARCH

JOHNSON & JOHNSON (Gt. Britain) LTD. have an opening for a woman as a SENIOR RESEARCH OFFICER at the Head Office of the company at Slough. The appointment will involve entire responsibility for a long term research project requiring the setting up and training of a small field force.

The successful candidate is likely to be about 30-35 years of age and have a sound university background with some knowledge of statistical method or mathematics. She will certainly be well experienced in the design and control through all stages of field surveys and/or consumer panels and have had personal experience in the field.

The commencing salary will be dependent on qualifications and experience but will not be less than £1,000 p.a. Applications, in confidence, setting out full details and salaries earned, to Johnson & Johnson (Gt. Britain) Ltd., c/o 93 Park Lane, London, W.1, marking the envelope "Research Appointment."

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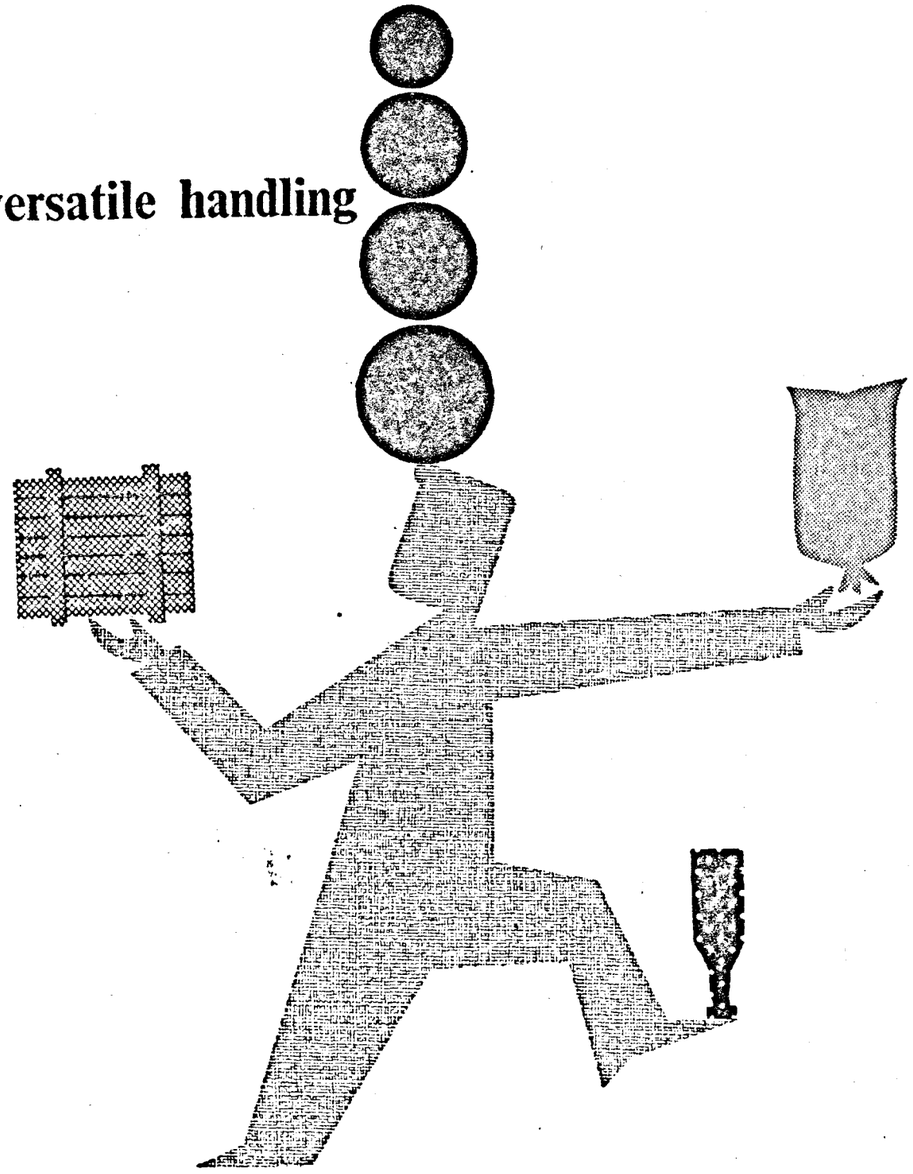

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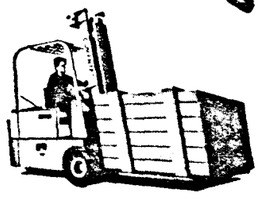

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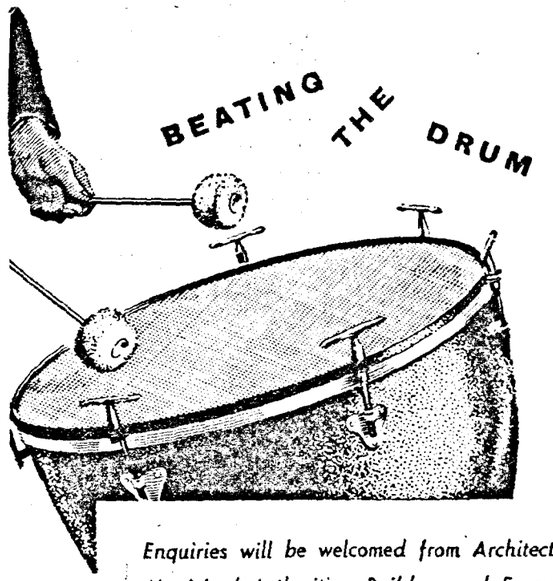

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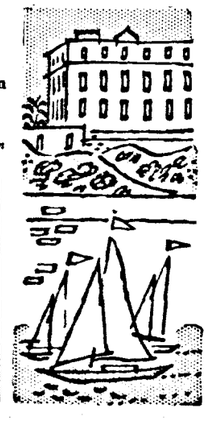

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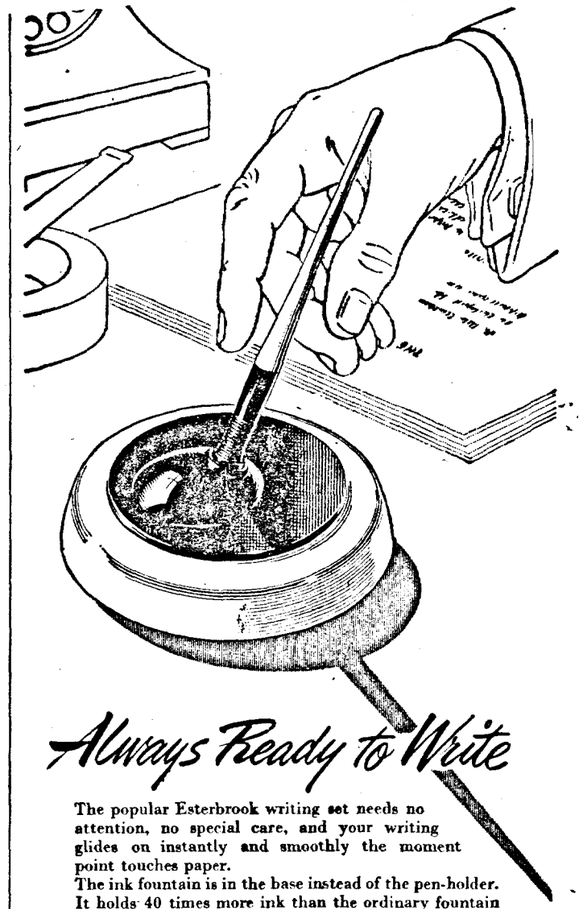

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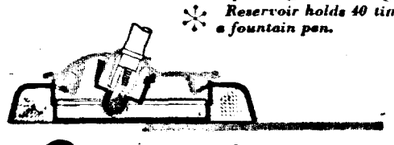

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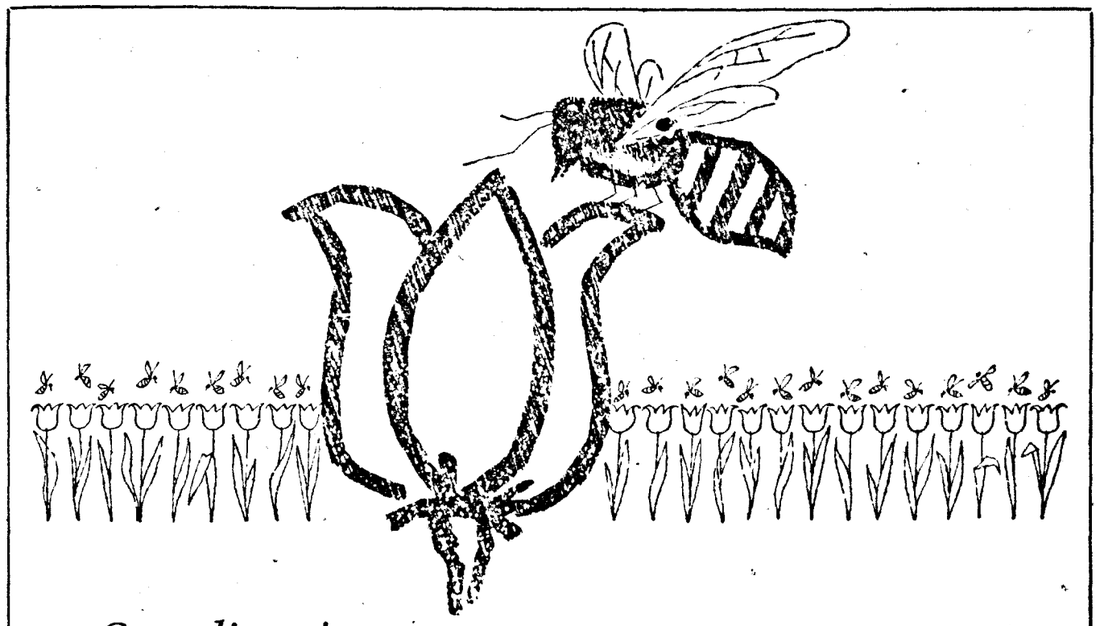

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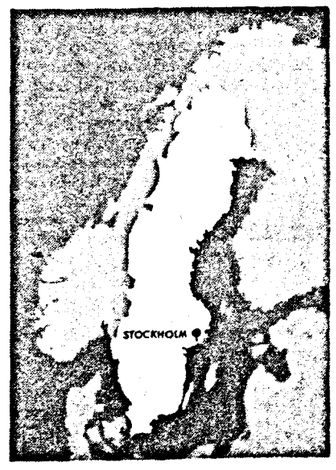

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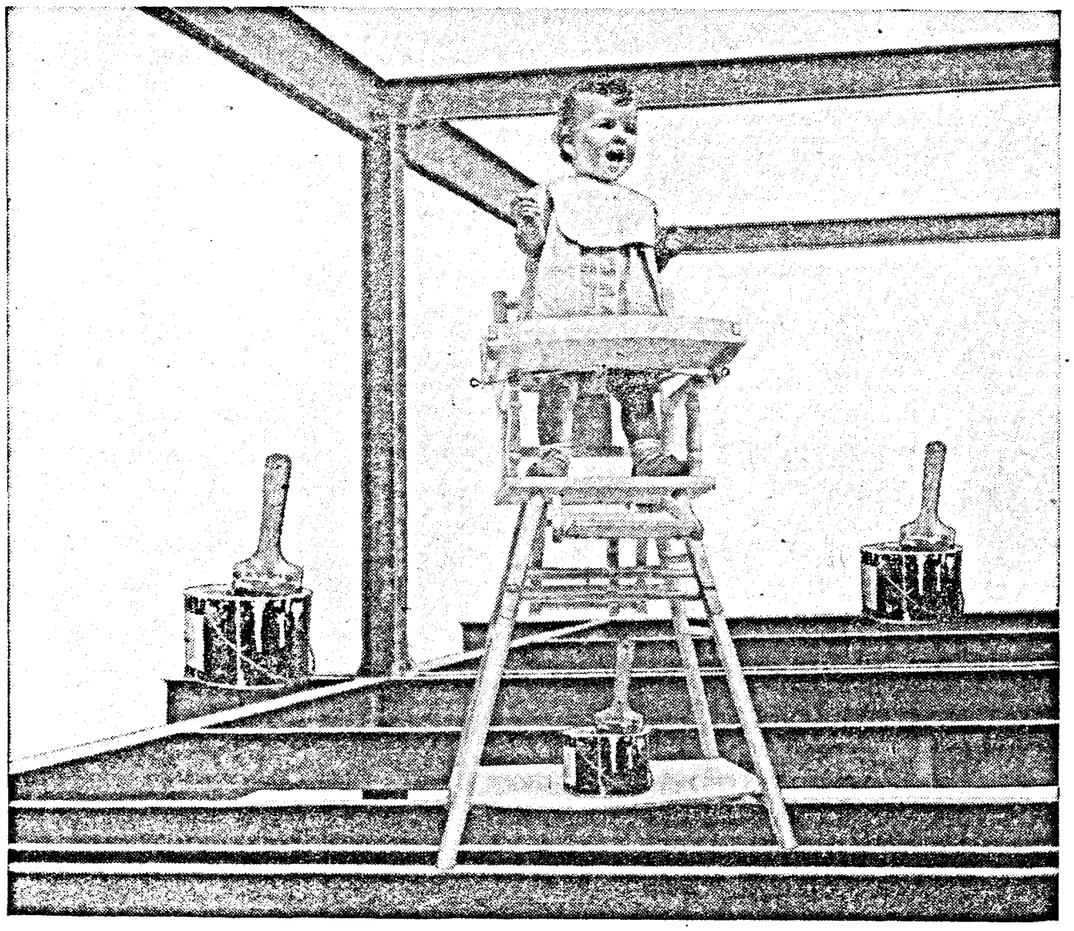

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Customers in Conference

THE Suez Canal conference has by force of circumstance become a users' conference. Its participants, though weighed down with differences, meet on one parcel of common ground. The twenty-two of them accounted between them last year for 77 per cent of the ships passing Suez, counted by flag ; if Liberian and Panamanian registered ships, run in fact on western account, are added, their total was 96 per cent ; each individually is concerned in the efficiency and availability of the canal.

As this issue of *The Economist* goes to press, all but two of the countries invited have taken their seats ; the absentees are Greece and Egypt. By one standard, the fact that Egypt has stayed away may be an impediment, but by another, it can be rated a boon. For it turns the meeting into a conclave of customers. It offers a chance, though a narrow one, of cutting out political posturing ; it enables speakers to discuss without inhibition the sinister warning of what might happen to any of them—the warning that is implicit in the experience of Israel. It affords an opportunity to determine the lowest common multiple of customers' requirements before seeking the highest common factor of readiness to ensure compliance. This opportunity could so easily be bungled or missed that it is as well for western eyes to be raised from their recent concentration on detail to a wider implication of this meeting—its significance for future relations between themselves and Afro-Asia.

Attending it are three groups of users, each approaching the problem from a different point of the compass and a different social standpoint. The first group consists of western countries whose concerns and desires are well known, but of whom it must be said that the member most eager for action, Britain, needs to avoid acting in isolation. Not only is the United States our indispensable ally, but up to now its views have been more collected and calmer in this matter than our own. The second group is represented by the Soviet Union, disinclined at the moment to see any convulsive change in the *status quo* in the world, but well content, as its note of last week on Egypt's "just action" against "the late company" indicates, to watch a new embroilment between the west and Afro-Asia. Russia also uses the canal sufficiently to be keen for a voice in the discussions ; the communist block's proportion of the total shipping is still only 1½ per cent, but it is rising fast as eastern Europe raises its trade with Asia and the Soviet Far East to levels far above the amounts that can be carried across Siberia. The third group consists of Bandoeng countries whose dependence on the canal may be great, but not so great as to outweigh their support for Egyptian national claims.

The most foolish thing that the western members of the conference could do would be to take a stand that would drive the second and third groups into alliance. In eastern eyes, the assembly and use of force by one country, or even by two, without international authority and before the Egyptians have in fact failed to keep the canal open,

falls into that category. A local victory won at Suez which lost this wider battle would not, in the long run, be worth the winning. The only adroit course now is a proposition capable of gaining the support of at least one of the other two groups. Is this feasible? It has become a little more so within the last two weeks. Some western quarters have begun to talk less about prestige and more about how to make the canal work. In Egypt, at the same time, the sober advice of practical technicians, as well as of Asian users of the canal, seems to have cooled President Nasser's temper after its initial explosion. His decision to send Major Ali Sabri to London is one mark of calmer appraisal. One of the most practical minds behind the Egyptian revolution will now be watching from the wings in London on Nasser's behalf.

Judging by statements made so far, it is likely that the optimum western plan, the vesting of full operating control in an international authority, would be acceptable to the Soviet Union or India, or both, only on condition that the Panama Canal, and perhaps other waterways, be treated likewise. The condition is one that Mr Dulles, needled from home by Mr Truman's reminder of Democratic advocacy of that very step ten years ago, could not possibly accept, Republican Convention or no Republican Convention. If the target is, as it should be, a maximum of agreement, it may be better to go for one of two second bests.

Either of these must entail acceptance of the Egyptian nationalisation, a *sine qua non* for both the Russians and the Asians. One possibility would be to accept it, as in Iran, subject to management by an international body for a fixed period—that body to be responsible for training Egyptians for all posts over, say, the twelve years until 1968. Some form of training arrangements will be essential. The department in the Ministry of Commerce that was set up long since to be ready for canal management in 1968 was hopelessly understaffed. Few Egyptians have acquired the ten years' experience on the high seas which the Suez Canal Company thinks necessary for its pilots; only this year the company has been pressing shipping companies to employ Egyptians for that purpose. In view of Egypt's need for high canal revenues, if only as security for the loans which it will need if President Nasser is to keep his word to his people, international management for a limited time might commend itself to the one or two practical advisers who were responsible for his relative moderation at his press conference on Sunday.

The second alternative recommends itself to customers who hesitate to entrust so much of their well-being not just to President Nasser but to any single pair of hands, and not only now but in the future. This is for a permanent users' council to keep an eye on the organisation set up to manage and administer the Canal. Much debate is likely on the form such an organisation shall take. According to the Pakistanis, Egypt wishes it to be run with Egypt "in authority"; in how much authority over the technical side of management and development? Mr Dulles, contrary to some expectations, said on arrival in London that in his view only an international organisation would afford adequate guarantees against discrimination.

Were such an organisation to be run purely in the interests of efficiency (as is, for instance, in Iraq, the Basra Port Authority that runs the Shatt-el-Arab dredging and traffic), the users' council, watching over the maintenance of acceptable standards on such matters as freedom from discrimination, economic dues, efficient running and development, would hold a sinecure. But were the organisation at any time to hoist Egyptian nationalist colours, the users' council might be busy. Either way, it is as well to face from the start the fact that its charter must be capable of being effective. If the user governments claim a right of supervision, then they will have to be ready to apply sanctions if a partisan Canal Organisation obstructs or ignores them. Without such readiness, each individual user would be exposed to the hazards of discrimination and of being left, as Israel has been left, without redress. Unless the users hang together now, experience points to conditions in which any one of them—Asian as well as western—could hang separately.

A salient point that must emerge from the current discussions is the undesirability of so much reliance on a single vital line of communication. A first thought in the minds of the nations present, and of some absentees, must be the desirability of creating alternative routes. Many are thinking in terms of the supertankers that will return to Vasco da Gama's way of evading Levantine pressure. Others are contemplating a greater variety of pipeline routes, including that from north to south in Iraq, reaching the sea both on the Persian Gulf and via Turkey. But, in view of current experiences, is it possible to tempt oil company money into these huge static investments in countries where moods may change overnight? Are there not now national governments rich enough to build such pipelines for themselves and to earn a reasonable return on their investment by charging a reasonable rent for their services? Investment in such projects is one of the least controversial ways of reducing the monopoly at Suez, increasing competition between routes, and improving the chances that each route will serve producers, consumers, and transit countries to the maximum.

The outlook is stormy. It is clouded by Egyptian over-confidence, by American preoccupation with election issues, by the British government's tendency to be bellicose, by the world's inclination to accept a code of behaviour for ex-dependencies that it would condemn in ex-empires, and by Soviet, Asian and Egyptian pleasure at a showdown with western capitalism. Its bright side is that not only Europe may lose by an uncompromising approach; the other loser would be Asia, with its crying need to sell oil and to attract investment.

Unions Take Notice

LAST week's settlement of the strike at the British Motor Corporation may mark a new departure in British industrial relations. It was agreed that "in the special circumstances of the BMC redundancy" there should be "some payment in lieu of longer notice to some of the men of long service with the company." This amounts to an admission by the Engineering Employers' Federation that to inform the unions only 36 hours beforehand, and to lay off 6,000 men with one week's pay was not good enough. That view was probably taken by most people in this country. But it is something new, and it introduces a principle not previously enunciated by either employers or unions. Both sides seem to have been bounced into accepting it by the course of events, rather than guided towards it by considered policy.

This is more surprising on the union side than on the employers'. The unions' function is to protect the interests of their members, and since it became clear earlier this year that patches of at least temporary unemployment were bound to appear in the summer, they might have been expected to devote a little less thought to a strategy for getting the most out of full employment and a little more thought to a policy of making the best of a reduced demand for labour in certain parts of industry. But nobody, from the general council of the Trades Union Congress downwards, seems to have given any thought to such a policy. The union reaction to redundancy has simply been to rage at the Government for having brought it about. Of the two big unions involved in the BMC strike, the Amalgamated Engineering Union stood for no redundancy at any price, having passed at its last annual conference a resolution pledging support for resistance to redundancy "at the point of production." The Transport and General Workers' Union, in the earlier dispute at Standard, had been fighting, not for compensation, but for a three-day week, and it was not at first to be appeased by the company's offer of £15 for all those dismissed. It was only when these events were overtaken by the dismissals at BMC that both unions saw that a three-day week was a hopeless battle ground, and began to concentrate their demands on compensation.

Having got a cash payment, however, the unions will certainly regard it as a precedent. The employers' federation, on the other hand, is most anxious that it should be understood that the payments which BMC will now make—a second week's pay for those with over three years' service and a third week's pay for those with over ten years—are not compensation for redundancy. It insists that these special payments are in special circumstances, and not to be taken as a precedent. If greater security for the men is wanted, some of them would argue, that is a task for unemployment insurance.

There seems little prospect, however, that this could provide the answer, unless the scale of benefit were radically changed. A suggestion, aired in these columns recently, was that unemployment benefit might be higher in the first few weeks of unemployment. Admittedly this would involve radical changes in the conception of unemployment insurance—the idea of different benefits has been limited to discouraging longer-term unemployment, and has never been applied to encouraging quick mobility. There is a profound difference between the scale of benefit needed to prevent want, and a scale of special payments for the first few weeks of unemployment that would be of real help to people changing jobs.

How far, then, should employers be expected to help in the moving of workers from their plants to other factories? First they can help by joint consultation and forward planning; by deciding in time not to replace workers who leave, redundancy may sometimes be avoided altogether. It must be admitted that this does not always work out so well. Workers do not like employers who talk of redundancy; it makes them uneasy; they are tempted to spread the work; and some key workers are tempted to leave for jobs elsewhere. The others have plenty of time to whip up feeling in favour of a strike, as they did at Standard recently. The spectacle of what happened there, where the unions were given fifteen months' warning of new mechanisation, no doubt had much to do with BMC's decision to hustle the six thousand off the premises in thirty-six hours. Nevertheless, joint consultation, sensibly used by both sides, ought to lessen the hardships of those whose jobs cease.

Compensation is a much harder nut. One idea that has been canvassed is that a compensation fund should be built up by contributions from employers, employed and the Government; indeed, one of the resolutions for the Trades Union Congress embodies this proposal, except that it does not mention any contribution from workers. The idea is borrowed from what is miscalled in the United States the "guaranteed annual wage"—by which the unemployment benefit of dismissed workers in the automobile and steel industries will be supplemented by their former employers to give them about two-thirds of their former earnings. But in Britain, employers are not ready to shoulder the liability, nor are workers keen to forgo any part of present wage increases for the sake of future severance pay.

In this country, the demand for compensation will presumably take the form of a demand for longer notice, which, in practice, means payment in lieu of notice. On this point it is much easier to say what the unions ought not to do, than to say what they should do. First,

in some industries redundancy pay would be difficult to contrive without running into the danger of abuse—building and contracting is one of them. In the seasonal trades (which once again include the motor industry) there is a good argument for spreading earnings over the year, which is the broad effect of the guaranteed annual wage, rather than for compensation based on the assumption that the job is lost for good—which it rarely is in these industries. In depressed industries there would be no point in seeking compensation.

Nor would it be wise, secondly, to seek for each industry a national agreement covering redundancy. Probably the unions would not want it; they would prefer to bargain with individual companies, according to their capacity to pay. Employers' organisations, on the other hand, might not care to see some of their number get first pick of the labour market by offering better terms than the rest; but this means that the prosperous and efficient firm can expand more easily than the unprosperous, and it should not be resisted.

Thirdly, it would be too much to expect that agreements under which no contribution was expected from the worker should cover all kinds of redundancy, regardless of the cause. One large firm has a rule that it pays if redundancy arises from decision about production taken by the management—the introduction of a new plant that displaces labour, for example, or the closing down of a factory—but not if it arises from trade fluctuations outside its control. The distinction cannot always be easy, but the policy seems to work. It would also be absurd to expect agreements to cover any workers with only short service. Standard, it is true, paid £15 to one and all, but it seems hard on the loyal veteran that he should get no more than the raw recruit. The qualifying period for an extra week's pay, however, need not necessarily be as long as the three years of the BMC agreement. A week's pay for one year's service seems a reasonable aim.

Finally, while the unions may ask for agreements on redundancy and other "fringe benefits" at the same time that they are making new large wage claims they should not be so unrealistic as to suppose that they will get both—or even either. The Confederation of Shipbuilding and Engineering Unions has decided on this course with loud war cries this week, in spite of the employers' firm statement in advance that they cannot grant a wage increase this year.

The same opposition will be encountered elsewhere, and this autumn will see it put to the test. But a policy that makes labour dearer will also tend to make it redundant, and the unions really have to decide whether they should switch the emphasis of their demands from the bigger wage packets, which hitherto have been their sole concern, to greater security against sudden economic change. They have made the automatic assumption that they have only to concern themselves with the exploitation of full employment, and they are to be blamed for refusing to consider what they should do in conditions of high prosperity when particular industries are lagging behind. Britain is not running into a slump; incomes are still high; and jobs are still easy to get; and it is slightly strange that the displacement of so relatively few people from such relatively high-paid jobs in the motor industry should have found them so little prepared for change. If the unions are prepared to concentrate on agreements to ease the hardships of redundancy and to assist their members to find new jobs they will have considerable public support.

Germany's Economic Dilemma

THE end of the German economic miracle has been regularly forecast. Germany, say the seers, has at last exhausted the reserves of labour and industrial capacity which have made its formidable industrial expansion possible, and is now immersed in the problems of full employment and inflation that Britain knows so well. They do not find it easy to explain why it is that west Germany's reserves of gold and foreign exchange continue to grow, and why people outside Germany complain of the cruel strain that its payments surplus imposes on the reserves of their own countries. To the British, such a juxtaposition of fear of inflation with a chronic surplus in dealings with other countries seems odd, but in west Germany both problems are real. Germany has not run suddenly into a wall of full employment, for its labour force, still supplemented by the stream of refugees, has grown with remarkable speed and ease. Yet, during the past year, unskilled as well as skilled men have become difficult to get in many areas, and in the main industrial regions for some time there have been more vacant jobs than unemployed. Last year, the growing bargaining power of the unions pushed up wages faster than productivity; in 1956, with the introduction of the 45-hour week in many factories, the gap may be wider still. The cost of living, steady for so long, rose by 3.7 per cent in the nine months to last March, and prices of farm products by still more. Savings deposits in recent months have been growing less quickly than before.

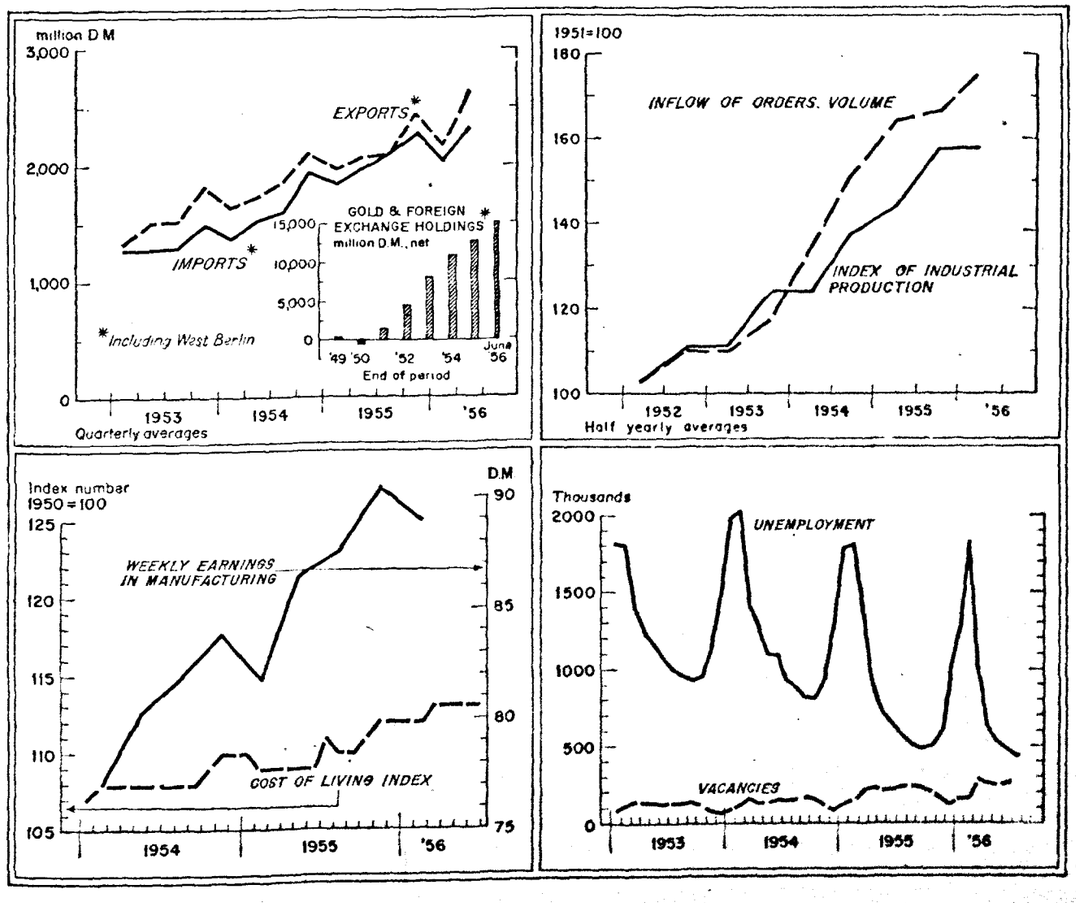
Yet at the same time the enormous west German balance of payments surplus disturbs Europe more each month. Three years ago full employment and the sweeping relaxation of import controls seemed likely to close the German gap. Since then imports have almost doubled, but exports have grown even more. Gold and exchange reserves increased faster in the first half of this year than in the whole of 1955. Because of the

spread of multilateral payments arrangements, Germany's surplus is no longer such an obstacle to its own exports as before, but the strain on the reserves of other countries grows ever more acute. As a result German economic policy faces a peculiar dilemma. Inflation at home demands a policy of restraint; but a cure for the payments surplus would imply the maximum expansion of home demand.

One answer springs at once to mind. Why should not Germany use its surplus to buy more imports which would hold down prices and soak up inflationary purchasing power at home? Encouragement to imports has in fact long been a central theme of Professor Erhard's policies. Import liberalisation has been most effective and has made the German market one of the main motors of prosperity in Europe. The recent tariff cuts will do still more. But it is difficult to believe that larger imports can close the German gap, so long as the German farmer has to remain shielded.

To the British onlooker inured to creeping inflation (and to some Germans, too) another answer may seem obvious. Why not a dose of inflation for Germany, too, to check exports, raise imports and at last cure Europe's Midas of his disease, to the benefit of his competitors? Most Germans cannot be expected to take this view. The experience of two inflations has given them a heartfelt desire for a stable currency. So in the past year German economic policy, and especially that of the central bank, has treated the danger of inflation, rather than the payments surplus, as its main problem, and has taken the path of domestic restraint. The central bank has squeezed credit by raising minimum reserve ratios and interest rates, and by open market operations. The Minister of Finance, for less sophisticated motives but with similar results, has squeezed the financial resources of the community by collecting a colossal budget surplus. The squeeze has worked. The capital market, which has been small and frail ever since currency reform wiped out liquid capital, has been almost extinguished. Local authorities and private builders, unable to raise funds, are starting fewer houses, and construction will fall next season. In industry investment, financed more than ever out of ploughed back profits, helped by generous tax depreciа-

The West German Economy



tion allowances, is still growing faster than the growth of the economy as a whole, but at a slower rate than last year; shortage of outside finance seems to be checking the less profitable projects, restraining the growth of stocks, and slowing down new orders. Even the shortage of skilled workers seems not quite as acute as it was. The cost of living has been stable for four months. On the whole the squeeze has achieved its aim of calming the excesses of boom and attuning the economy to a more moderate rate of growth.

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But in doing so it has aggravated the payments surplus. The magnet of high interest rates has attracted short-term capital from abroad, increasing Germany's reserves and impeding the restriction of credit. One logical and simple answer has been increasingly mooted in recent months—an upward revaluation of the mark. At one blow revaluation would raise prices of exports and cut those of imports. German imports would grow and exports shrink. And the drop in import prices would push down internal prices too. But at present the German government and central bank have turned down revaluation; the central bank still holds that Germany's surplus will not last. Temporary factors —the influx of short-term capital and the heavy foreign purchases of marks set off by the rumour of revaluation —have clearly helped to puff out the surplus in recent months. And before long rearmament will place a new and lasting burden on the balance of payments. Imports of arms alone in each of the next four years might absorb more foreign exchange than last year's surplus of £158 million; apart from the four billion marks of committed US aid, Germany's arms imports in the period of rearmament could well reach eight to ten billion marks, or over £700 million.

At the same time defence spending in Germany, which may be heavier than the defence ministry has so far implied—perhaps as much as, say, 45 billion marks —must have some expansive effects on the economy. If the new forces are really built on time, defence spending could in theory amount to as much as 20,000 million marks in the peak year, which is more than last year's growth in the national product. German industry, it is true, may be able to take rearmament in its stride, for the continuing growth of investment is expanding capacity, and much of the Bundeswehr's heavy equipment seems likely to be bought abroad. It is mainly lighter equipment—boots and battle-dresses, barrack-room furniture and food, army trucks, small arms, communications equipment—that will be bought at home; and in every case but the last, the German industries involved are not at present under strain. At one time, bottlenecks in the building industry seemed likely to obstruct rearmament and prove a dangerous source of inflation, but these have receded with the likelihood that fewer houses will be built next year. Still, though material capacity may suffice, the recruitment of half a million men is bound to intensify shortages of labour and pressure for higher wages; and recruitment will coincide with a sharp fall in the number of young people leaving the schools.

But economic crystal-gazers cannot ignore political events. What if Herr Blank and his planners are left high and dry by the receding tide of the military cold war? If the new German army, when it comes, is built on a smaller scale and perhaps more slowly than present plans envisage, then economic policy may have to be revised, and new consideration given to the problem of Germany's unwanted pile of gold. Even today there are German critics who demand a more active policy to reduce the "Second Tower of Julius." Prof. Erhard himself is against revaluation for the moment, but he does feel that an adjustment of European exchange rates would be wise; he has not given precise details, but it is no secret that some Germans feel that the French franc and perhaps the pound sterling could do with some devaluation, quite apart from lesser currencies. Some of them tend perhaps to overlook that devaluation is a great deal more hazardous than revaluation. When Professor Erhard lately raised the subject of European exchange parities with the British Treasury, he was rebuffed in a manner which makes it the more likely that a German move, when it comes, will be made without consultation.

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If alterations in exchange rates are for the moment excluded, what other tools remain? Capital exports are a temporary way out of Germany's dilemma. Switzerland, another chronic European creditor, has solved her problem in this way for the moment. But at present Germany's astronomic interest rates make private capital exports appear Utopian. No one with money to lend will send it abroad when he can get a safe 10 per cent at home. For a while, at least, advance repayment of Germany's foreign debt might help reduce the surplus. And Germany could, like the United States, give her surplus away in the form, say, of gifts under the Colombo Plan or to other underdeveloped countries or areas—though this would be a strange solution for a country with such pressing social and investment needs, in housing for example. But in the long run larger capital exports depend on a revival of the sickly capital market. And this in turn will require a fundamental reversal of internal policy, an easing of the money supply and a reduction of interest rates. To avoid inflation, such a policy would have to be accompanied by the slashing of the generous tax allowances to industrial investment, which industry has so far managed to ward off.

Meanwhile, Germany's growing wealth of reserves becomes more and more embarrassing. Rearmament or a slackening of world boom could change the picture. But if they do not, basic changes in policy—a reversal of the policy of internal restraint—or the more radical, but perhaps less dangerous move, a change in the value of the mark in relation to other currencies — could become imperative.

Notes of the Week

Labour and Its Crisis

THE Labour leadership has extricated itself with some delicacy from the charge of being allied with the Government's more belligerent supporters. Mr Gaitskell—like most people who usually find themselves in tune with his views—must now wish that he had laid more emphasis on the dangers of bellicosity in his speech on August 2nd, even though it included prudent qualifications in its support of the Government; but he could hardly change the inflexions after a whiff of pressure from the left. And the left were in prepared positions. Mr Zilliacus has made himself the spokesman of those who say that the whole Suez question should be referred to the inactive consideration of the veto-ridden Security Council; there has been the usual agitation from the fairly large block of Labour MPs who believe that the sole test of any foreign policy decision should be whether it commands Mr Nehru's support; Mr Warbey and some others appear to be virtually on Nasser's side, and this group would be larger but for the fact that at least half the Labour MPs who would normally be instinctive members for Cairo are already instinctive members for Israel instead.

The Labour leadership, although shifting sideways a little, has avoided the dangerous precedent of being forced into these embraces. Its tactics have been simple. The shadow cabinet met on Monday and unanimously—the Bevanites and former Bevanites agreeing—"endorsed the speech of the leader of the party in the debate on August 2nd," but with "particular" emphasis on the points on which insufficient emphasis was in fact then laid. It also asked for the recall of Parliament immediately after the Suez conference so that the proper emphasis could be laid this time. Apart from a premature new recommendation that the conclusions of the Suez "conference should be submitted to a special meeting of the General Assembly of the United Nations," the Labour leaders are now back in a more flexible posture in face of the crisis. There will still be some mutterings in the party against Mr Gaitskell for his speech of August 2nd, but only among people who always mutter against him anyway; most Labour members will now follow the official line which proclaims—with a slight stretch of the imagination—that what he is saying now is what he has been saying all the time.

The Tories and Theirs

WHILE Labour members have been composing their differences at long range from each other, non-party opinion is contemplating the awkward fact that, just before Parliament broke up, differences among Tory members did not seem to exist. Readers of foreign newspapers are being told that the average Tory backbencher is so resolute against Nasser that Sir Anthony Eden would find it politically difficult to accept even a reasonable solution, unless it were backed either by a public ration of humble pie for Egypt or by a show of force. This is an exaggeration. It is true that the only really spontaneous reaction to the canal *coup* came from the thirty or so Tory militants, howling for Nasser's blood. But the initial reaction of the average Tory backbencher (in so far as such a creature exists) was merely the rather muddled one that the Egyptian dictator seemed to have gone too far this time; the Tories hoped therefore that the Government would take "firm action," although they themselves did not quite see what this could be. It was only after Mr Selwyn Lloyd at a meeting of Tory MPs —much more than Sir Anthony in open debate in the House—appeared to indicate that the Government were prepared to go very far indeed that there was the united rallying to the cause.

Since Parliament rose, the militants have not been able to keep bellicosity on the boil by judicious agitation in the smoking rooms; they have used the correspondence columns of *The Times* instead. It is true that no Tory MP has yet used those columns to preach moderation, but for a fairly obvious reason. No Tory wants to sound pacific now if the Government should happen to be going to be bellicose; but the ordinary backbencher cannot hurt either his conscience or his personal prospects in the party by urging the Government towards stronger action. If the outcome of the London conference should be the sort of settlement that was suggested in *The Economist* last week, Sir Anthony Eden could almost certainly get the vast majority of his party to accept it; he would need to be deft in presenting the case because the tempers of some of his supporters are strained—but that is all. The most damaging charge that could be laid against the Prime Minister in the party is probably the vague one of "dilly-dallying." When and if Parliament is recalled, he will want to be able to give the impression that he is moving swiftly towards a solution; the real political compulsion upon him is to avoid any suggestion that he may be compelled to negotiate for a long time.

Moroccan Eyes on Nasser

ALL over the Arab world, nationalists are watching Egypt much as a class, hand to mouth, watches a tussle between one of its members and a Froebel trainee. Governments, too, are watching, but with more mixed feelings. Their hopes that Nasser will triumph are mitigated by anxieties about the effect on their extremists at home, and on their chances of securing the new foreign investment

that is essential to their plans. Among the most reflective Arabs on this score are some of the leaders in the *Maghreb*—western north Africa.

In Morocco, for instance, the Sultan and his Prime Minister, Si Bekkai, having extended their nominal sway by embodying the "liberation army" into the national forces, are—to France's dismay and chagrin—keeping the nationalist pecker up by ending the contracts of some hundreds of Frenchmen in the police force and by contriving the exodus of a few other French residents on minor charges. But they are at the same time continuing to negotiate with France about reciprocal treatment of nationals and for French help in economic and technical matters.

Even *Al Alam*, the much more extreme Istiqlal (Independence) party paper, which last week made a long survey of the country's economic plight and recommended abrogation of the Act of Algeciras (the international agreement of 1906 whereby Morocco is bound to observe an "open door" tariff system), proclaimed in the same breath the need for attracting new foreign investment. The same cross-currents of emotion and material self-interest influenced its paragraph on the American bases; this proclaimed that the terms on which the bases were leased must be revised by direct negotiation between a sovereign Morocco and Washington, but in a way that would produce for at least another ten years a rent that would be worth Morocco's while.

Mixed Feelings in Tunisia

IN the more mature world of Tunis, the conflict between hearts that beat for Nasser and heads that think him to be setting an imprudent example is even more marked than in Morocco.

A success for him over Suez would give a new impetus to the protagonists of Egypt—the Salah-ben-Youssefists—and, conversely, would make the organisation of "development" much more difficult for the Bourguiba cabinet, many of whose members eye President Nasser askance. M. Bourguiba himself has evaded accepting two invitations to Cairo this summer, pleading—justly enough—extreme pressure of business at home over his country's new political status and economic plight.

Meantime, he is engaged on a programme of social modernisation and secularisation that many a more easterly Arab would like to copy, if he dared, but that will for some time to come be impossible of execution in countries dominated by rural conservatism. Within a matter of months, M. Bourguiba has nationalised former religious property (*habous*), reformed Tunis's archaic Zitouna university, installed secular courts on a unified pattern and declared polygamy to be at an end. Movement at such a pace, and in the teeth of custom, has been possible only because Tunisia has a huge head on a small body, and is dominated to an extent as yet impossible in larger states by the urban opinion of its capital.

Although the pull of the west is no more than intermittent, and will remain so until France is able to cease campaigning in Algeria, it seems that women voters at the next election will strengthen the Bourguibist crusade for a state on a pattern more European than Asiatic—a pattern that will make the Arab League look old-fashioned. M. Bourguiba in his Friday talks to his people has made no reference, as yet, to the Suez affair. He attaches more importance to pursuing Tunisia's own line than to toeing Cairo's, and would be embarrassed by Youssefist satisfaction were Nasser too successful.

Greece Stays Away

GREECE'S final decision not to come to the London conference, after the British Government had rejected its request that the conference should be postponed and the site changed, is regrettable but hardly surprising. Anglo-Greek relations are at rock bottom. Cyprus dominates the political scene in Athens; Colonel Nasser is cheered when he appears on cinema screens; Suez and Cyprus have become inextricably entwined in the Greek mind. To appear at a conference table in London, at the British Government's invitation, might have seemed to blur the outlines of the Greek stand on Cyprus; to stay away is to paint them in more boldly.

Moreover, Greek interests in the Suez dispute are too close to those of Britain for Greek comfort. To oppose western proposals designed to guarantee uninterrupted passage through the canal would be to go against Greece's interests. But to oppose Colonel Nasser might mean the loss of the badly-needed votes of the Arab-Asian block when Greece brings up Cyprus again at the United Nations. The decision to stay away has been criticised by most of the opposition parties, but mainly, it seems, on the ground that the Greek government has missed a golden opportunity of annoying the British.

This episode should not be taken as a sign that Greece is likely—at any rate under the present government—to swing irretrievably away from the West. But it is a forceful reminder that preoccupation with Suez is no excuse for letting the Cyprus sore fester on.

An Autumn Budget?

DOES the Suez crisis mean that Mr Macmillan ought to repeat Mr Butler's 1955 expedient and introduce a supplementary budget this autumn? That question is already being bandied around the club-rooms and in some press discussion, but it is surely a premature one. Whenever a really major change in the strains upon the national economy occurs unexpectedly after the completion of the normal budget there may be need for supplementary fiscal measures, but the occasions upon which this has been judged necessary have been very few, and last year's decision was hardly typical of them. With that exception, "emergency" budgets have been reserved for genuine emergencies or for dramatic changes such as those precipitated by the end of the war in 1945, and Mr Butler's unhappy experience last autumn is bound to discourage any repetition of the experiment of taking budgetary action to cope with lesser changes. If the Suez crisis were to pile up into an emergency requiring or threatening large military expenditures, then indeed a supplementary budget would become a probability, and in

any such budget the stiffening would certainly take the form of additional taxation rather than of new attempts to cut civil expenditures. It is noteworthy, however, that no emergency budget followed the outbreak of war in Korea—despite the massive defence programme that was rapidly projected then.

So long as the bigger dangers inherent in the Suez affair remain no more than conjectural contingencies, the Government will obviously take no final decision on this matter. But already it is clear that the intentions of last April have been frustrated in some degree. Mr Macmillan then "frankly" said that if he had not felt able to count upon his hoped-for new cuts of £100 million in total government expenditure in this fiscal year, he would have felt it his duty to propose very heavy increases in taxation. Where, then, does the Chancellor's duty lie now? He has announced cuts totalling £76 million, but only by reckoning in some of the changes included in the original budget, and part of these savings has already been frustrated or offset by the costs of the military measures taken in these past three weeks. The amounts involved in these uncovenanted outlays cannot have been large by comparison, for example, with the supplementary votes for social services that were repeatedly shrugged off by Labour chancellors during the earlier postwar years. But Mr Macmillan's brave words last April implied that he would disdain any such shrugging. Obviously disinflation has been weakened in some measure; if the Chancellor considers that it is being weakened significantly and yet is not prepared to leap into new budgetary action (as he would be ill-advised to do), he had better press more firmly upon the brakes of monetary policy.

Agricultural Half-Measures

THE Minister of Agriculture has decided against reorganising the work of the county agricultural executive committees along the lines recommended in the recent report of the Wilson Committee. He has been influenced by the lack of enthusiasm for reorganisation among committee members and farmers generally. The Wilson report (like the Ryan report before it) wanted the county committees to concentrate on a limited useful task instead of exercising their present broad but shadowy responsibilities. But the farmers on the committees prefer to have the right to put a finger in every pie, however rarely they exercise it, and they are reluctant to identify themselves with the present direction of Government agricultural policy. Consequently they cling tenaciously to the *status quo*.

Mr Heathcoat Amory has therefore decided for the time being to disturb the county committees as little as possible. In the interests of economy, the routine administration of regulations and subsidies is being transferred to new divisional offices (as the Wilson report recommended); but the advice of the county committees will be sought in all difficult or dubious cases. The committees will also continue to dispense advice and to wield a cudgel over the heads of inefficient farmers, although they are now most unlikely to let it fall.

These decisions are clearly not final. Further administrative changes are pending—including, it is to be hoped, a pruning of such inflated branches as the Agricultural Land Service and a clearer allocation of responsibilities between officials and committees. Other changes will be needed when the Government makes up its mind over the future of coercive sanctions and security of tenure. But it is a pity that the Minister is approaching his task in this piecemeal manner. At a time when vigorous local leadership is still much needed, it is a grave mistake to leave the county committees in a state of suspended animation, possessing powers which they hesitate to use and lacking any clear sense of direction.

A Price Ring Breaks

THE new Monopolies Act has already chalked up its first victim among trade associations that have been enforcing their members' resale prices. Collective resale price maintenance, unlike other restrictive practices, was banned outright by the Act, but industry was given three months' grace before the ban came into effect. Nevertheless the Tobacco Trade Association, which was formed to maintain cigarette and tobacco prices, has decided to wind itself up on September 1st. Other trade associations that have been operating similar practices—the most notable is perhaps the British Motor Trade Association—have until November 1st to conform with the new law.

That the tobacco trade is the first formally to drop collective enforcement comes as no real surprise. Its association has been under a certain strain since last autumn when one of the struggling smaller cigarette makers—the Amalgamated Tobacco Corporation—re-introduced gift coupons. Coupon trading was stamped out by the Association in 1934 with the help of the larger tobacco firms; and it tried, therefore, by means of collective discrimination, to stifle this attempt to beat the gun. But now that collective discrimination must stop, the Amalgamated Tobacco Corporation is free to offer watches, nylon stockings, or anything else in exchange for smokers' coupons.

For the moment, however, the others are not availing themselves of this freedom. No doubt the Imperial Tobacco Company, which makes more than three-quarters of the cigarettes sold in Britain, would be happy to see the industry's smaller fry stay in business; but if competition became too serious it could use some powerful guns—including a stockpile of cigarette cards. Its immediate concern, however, is how to prevent price cutting by the individual enforcement that is still legal. Since there are nearly half a million tobacco dealers, including pubs and cafés, it will probably be fruitless to take price-cutting retailers to court; and a retailer whom it had refused to supply might still get supplies from a wholesaler. Cut-price cigarettes, therefore, may shortly make their appearance.

Mantles of 1888

"A SUCCESSOR STATE," an international lawyer has said, "does not desire to wear the old clothes of its predecessor." The mantle of signatory to the Suez Canal Convention of 1888 is not among those unwanted cast-off

garments. The Suez Canal conference is in the main a conference of users, and perhaps if the invitations had been sent out on that basis alone, the clamour about rights of succession in central Europe might not have arisen. But the invited governments were divided into "parties to the Convention of 1888" and "other nations largely concerned." From the parties to the Convention, two were omitted: Austria-Hungary, and Germany.

One explanation given (not officially) is that these two empires of 1888 do not now exist in the form in which they existed then—Austria-Hungary because of dissolution, and Germany because of division. In the nature of things this will not satisfy their succession states. Nothing has been heard yet of any Austrian protest, but the Hungarian foreign ministry put out a statement saying that it "disapproves and protests most resolutely"; Hungary's status as a party to the Suez Canal Convention of 1888 was expressly upheld, it pointed out, in the Trianon peace treaty. "The other legal successors of the Austro-Hungarian Empire—Austria, Czechoslovakia, and Jugoslavia," it added, "have been ignored in a like manner." The lack of a coastline has not deterred Czechoslovakia from holding that it ought to have been invited, both as a successor of Austria-Hungary and as a user.

With more justice President Tito has declared that Jugoslavia, having inherited most of the coastline, should have been invited as "the rightful heir of the maritime rights of the Austro-Hungarian monarchy" as well as a large user of the Canal. The Soviet government has espoused all these complaints. In maintaining, too, that the Arab states ought to have been invited, it pointed not only to their economic interest—which is in fact great, and should have received more attention—but also to the fact that some of them are successors of the Ottoman Turk.

Heirs of Bismarck

MOST of the public complaints of discrimination in the invitations to the London conference have come from governments which are ideologically against being nasty to Nasser. Thus, the German Democratic Republic (east Berlin) not only declared its opinion that it should have been invited (which the Soviet government supports), but nominated delegates and instructed its foreign ministry to procure British visas. The German Federal Republic, on the other hand, has been tactful about any reservations which it may have attached to its own acceptance of the invitation.

Bonn was invited not as a "party to the Convention of 1888" but as a "nation largely concerned." Some governments could consistently maintain that Germany is divided into two states, and that neither, therefore, is in a full sense the successor of the German Empire; but the three governments who sent out the invitations to the present conference are not well placed to take that attitude. For it is they who have declared (at London in October, 1954, and on other occasions) that

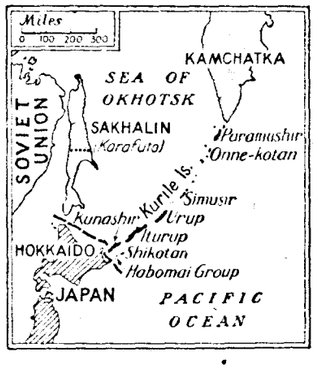
> they consider the government of the Federal Republic as the only German government freely and legitimately constituted, and therefore entitled to speak for Germany as the representative of the German people in international affairs.

Naturally this point has not been overlooked in Bonn, and much thought was given to the advantages and drawbacks of accepting an invitation which did not accord to west Germany the position of sole successor to the German Empire. Probably Bonn was wise not to make a public fuss; it might have caused the Soviet Union to insist on the equal status of the east Berlin government; as things are, Bonn is invited and east Berlin is not.

Official and unofficial comment in west Germany before the conference has not given the impression that the west German delegation will wholly support the British and French attitude to Colonel Nasser. Herr Blücher, the deputy chancellor, told German correspondents last week that what Egypt had done so far did not justify even economic sanctions. Bonn has taken care to preserve at least the appearance of being uncommitted. It has commercial and general grounds for not wishing to offend the Arab and Asian states; but it has a more specific reason, too. Offended by Bonn, Egypt might retaliate by recognising the German Democratic Republic. To avoid any spread in the recognition of east Berlin is a principal aim of west German policy.

Mr Hatoyama Plays for Time

THE talks in Moscow between Mr Shigemitsu, the Japanese foreign minister, and Mr Shepilov about the Russo-Japanese peace treaty have made it clear that the Japanese will have to renounce their claim to sovereignty over the islands of Etorofu, Kunashiri and South Sakhalin. Indeed, this has been obvious since the London talks ended in deadlock last March; only the Japanese Liberal Democrats have kept up the polite fiction that further concessions could be expected from the Russians. After a fortnight of appealing to Mr Shepilov's better feelings Mr Shigemitsu, who himself has always been considered a die-hard on this issue, admitted defeat to reporters, though he refrained from making a formal statement until he could get official support from his government in Tokyo.



Mr Hatoyama and his cabinet have refused him their support. They have refused to renounce the islands and have ordered him to resume the talks, with no concessions, after the Suez conference, which Mr Shepilov and Mr Shigemitsu have both come to London to attend. Mr Shigemitsu considers these tactics ill-advised, and has said so. Nothing, in his view, would be gained by procrastination, and the Japanese government's refusal to reach broad agreement before the interval imposed by the London conference might lead to a complete rupture.

The Soviet government has made it quite clear that its terms will become more and not less stringent as time goes on. True, Mr Shepilov showed anxiety not to offend Japanese public opinion more than was necessary, and he tried coaxing the delegation with a £25 million trade agreement; but the stick has been in use too. The fishing agreement negotiated in May ran out last week, and all Japanese boats have had to leave Russian controlled waters until a new settlement is reached. Agreement is therefore a matter of urgency. The delay, and Mr Shigemitsu's startlingly outspoken resentment of it, can probably be explained by Mr Hatoyama's attempts to indulge in some cabinet reshuffling while Mr Shigemitsu was safely out of the way. If this is true it is regrettable, since it means that Japan's interest in concluding peace is being sacrificed for a domestic party manœuvre.

Mr Mintoff Blows his Top

PICKING quarrels with the British Government has become a well established part of Mr Mintoff's policy. In June, his protests about the amount of financial aid Malta is to have were backed up by a threat that he would advise a dissolution if more money were not forthcoming. This breach was quickly closed for the time being; but in a new and louder protest Mr Mintoff has reopened the whole question and appealed directly to the British Prime Minister. In so doing he has given the Colonial Office a chance to specify the actual sums of money that Britain has paid to Malta since April. So far from no sums having been forthcoming from the £5 million which the British Government agreed to make available this year, as Mr Mintoff alleged, over £1 million has been paid. More than another million pounds has also been paid as grant-in-aid.

The curtain-raiser for the new burst of indignation was a local squabble between the Maltese government and the Governor of Malta over the landing of flying boats that were evacuating wives and children from the Suez Canal. Warning notices were put out by the civil aviation authorities, over the British-owned Rediffusion Company, that fishing boats and other craft should give clearance in certain bays in which the flying boats were to land. Mr Mintoff protested that the Maltese government should first have been consulted, and tried to get the company to put out a cancelling statement, which, on the Governor's order, it refused to do. Thereupon the Maltese government had the Rediffusion Company temporarily put out of action.

This local dispute has also apparently been settled, and the evacuation has proceeded with the full co-operation of Maltese ministers. But it shows how easily the two sides of the dyarchy—the Maltese and the imperial—can get across each other and underlines the importance of the proposals made by the round table conference for improving consultation between them. Mr Mintoff has a justifiable grievance if he were not consulted about the evacuation plans. But his reaction was out of all proportion, especially as Malta's income stands to gain far more from flying boats landing in its bays than from its fishermen fishing in them. Nor is his latest statement, however much it may impress the Maltese electorate by its tirade against the Colonial Office, likely to help the integration on which he has staked so much.

A Confident Conference

Our Special Correspondent writes:

HASTINGS was almost as sunny as it is on the posters for the first day of the conference of the Confederation of Shipbuilding and Engineering Unions. The delegates looked happy as they streamed past the orchestra, past the side shows and candy floss to the pier ballroom. This was not all due to the pleasures of the seaside and of meeting old friends. The confederation was meeting on the morrow of victory over the British Motor Corporation. The strike had been won, in spite of bad timing and indiscipline, by the ramifications of union power in other industries—which is just what this confederation of 40 unions represents. No wonder the delegates were happy.

With his bright eyes and red cheeks the president, Mr Harry Brotherton, always looks happy at any time, even when his industry is embroiled in the most baffling disputes. But his attack on wage restraint was strong and bitter—and warmly received. The loudest applause was reserved for the usual references to Sir Bernard Docker and to

> the incubus of profiteers, middlemen, share pushers, Stock Exchange gamblers and all the other hi-jackers whose permitted practices make a mockery of all our hopes for a decent way of life

But even this did not evoke the most uproarious applause of the day. This was when Mr Berridge, the London district secretary, was asked whether he would like to withdraw a telegram of condolences which he had sent to the Kremlin on the death of Stalin. Mr Berridge rose, red-faced and angry, but the president hastily told him that it was "only Jim's fun."

There was no laughter at the expense of another Communist delegate, Mr Frank Foulkes of the Electrical Trades Union, even though his views were extreme. Mr Foulkes regarded the employers' rejection of their wage claim even before it had been made as a call to arms. "If the employers do not want to negotiate, why should we negotiate?" This was received impassively, and with one accord these representatives of three million workers decided to present their claim for a substantial increase.

The British Larder

LAST year food prices rose more sharply than other consumer prices; yet the effect on the national diet was barely noticeable. Figures released last week show that, in terms of calories, the British people in 1955 were eating only very slightly less per head than the year before, and the average for the whole population of 3,120 a day is still a little higher than the amount supposed to be enough for a man doing moderately active work.

It is, in fact, remarkable how little the diet changes from year to year, even when some foods become more expensive than others. Indeed, there seems to be little, if any, connection between price and the housewife's choice. Among the slight changes recorded between 1954 and 1955, meat became dearer but consumption rose, whereas the price of bread was controlled and consumption fell.

Nor, in view of the rise in the standard of living since 1938, is there as much change as one would expect in today's diet compared with the prewar one. We drink considerably

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

	Average 1934–38	1954	1955
Meat (edible weight)	33·8	32·1	34·0
Fish	7·9	6·3	6·5
Potatoes	56·0	68·3	68·4
Fruit (fresh equivalent)	38·2	38·5	36·9
Vegetables (fresh equivalent)	37·0	38·6	37·3
Flour	59·8	57·6	56·1
Milk (incl. processed: pints)	3·9	5·3	5·3
Cheese	2·7	2·9	2·8
Eggs (number)	4·2	4·4	4·4
Butter	7·6	4·3	4·5
Margarine	2·7	5·6	5·5
Sugar and syrups	33·4	34·3	35·1
Tea	2·9	3·0	2·9
Coffee	0·2	0·4	0·4

more milk than before the war (presumably thanks to the welfare schemes) and eat more potatoes, quite a lot less fish and a little less flour and bread ; butter, moreover, has lost a lot of ground to margarine. Otherwise the British family feeds very much as it did twenty years ago.

Question Time in Budapest

In Budapest the successors of Mr Rakosi have been experimenting—perhaps dangerously—with some of the appurtenances of parliamentary democracy. They have openly admitted that the work of the Hungarian parliament has been a "formality" and that most legislation has been issued in the form of "decree-laws" by the presidential council. They have scolded the deputies for their laziness, their absenteeism and—surely with tongues in cheeks—their tendency to make speeches that merely defend the record of some ministry, giving "the impression that they were not the elected representatives of the people."

The Hungarian parliament is enjoined to turn over a new leaf. It is to meet more frequently and its committees, increased in number from four to ten, are to remain in permanent session. The deputies are to keep in closer touch with their constituents. To give fresh scope for their zeal, parliamentary question-time has been introduced. On the first of these occasions a variety of questions were asked and answered—about "coercion" practised against those in favour of religious education, about the alarming housing shortage in Budapest, about the quality of wine, about the long delays in getting replies out of ministries. A woman deputy who complained that young workers were illegally being put on night shifts received a written reply (because the Minister concerned was away on leave) which she refused to accept ; the Assembly backed her up and demanded that the Minister should present a satisfactory answer at the next session.

Western observers who sat through the question-time got the impression that the whole business had been carefully stage-managed ; for instance, two obviously working class deputies got up and delivered themselves of learned discourses which it is hard to believe were their own unaided work. There has been none of the angry spontaneity that marked the outbursts in the Polish Sejm in April. The chairman of the legal committee that drew up the Assembly's new standing orders said: "We have taken care that our proposals should not lead us back to bourgeois parliamentary practice." And Mr Apro, a vice-premier, rebuked "certain circles" which had been cherishing "delusions" that Hungary was about to go back to a multi-party democracy. But appetites grow with eating. So long as the deputies remain hand-picked stooges, the regime is probably safe from too much intrusion. But there is talk of a new electoral law to replace the list system. Care will be needed here to ensure that men who will really ask questions do not get into parliament.

Mr Gulek's Illegal Handshake

Mr Kasim Gulek, the irrepressible secretary-general of the People's Republican Party, has succeeded in making the Turkish government look foolish—at the risk of landing himself in gaol. A short time ago he made a tour along the Black Sea coast, watched wherever he went by police and soldiers detailed to make sure that he did not infringe the recently enacted law which forbids all political meetings and demonstrations except in the period immediately before an election. When he got to Rize, he went for a stroll through the bazaar and shook hands with the stall-keepers. He was thereupon arrested on a charge of fomenting a political demonstration. After being released on bail he was later brought to trial and given a suspended sentence (because it was a first offence) of a fine and six months in prison.

Mr Gulek is not the sort of opposition politician who will accept a government gag meekly. No doubt he was making a demonstration, of a kind. He is a well-known figure, and, in the present state of Turkey, to make what is, in the government's eyes, a political demonstration, he need do little more than appear in the street and flash his smile at the passers-by. But for this the Turkish government has only itself to blame. By blocking all the normal channels of political expression, in the press and on the platform, and at the same time persisting in an economic policy that gives plenty of cause for discontent, it has put a premium on political ingenuity and courage. By displaying both, Mr Gulek has shown up the absurdity of Mr Menderes's repressive measures.

Not Out

Political and Economic Planning approaches its latest broadsheet, somewhat sacrilegiously called "The Cricket Industry," with the obvious feeling that first-class cricket ought to be in desperate financial straits. Gates at county games last year averaged just over 4,000 on Saturdays, over 3,400 on Mondays, over 2,200 on Wednesdays and Thursdays, but dropped to derisory levels on Tuesdays and Fridays (the last days of three-day matches). They are still going down. Even with the aid of members' subscriptions (which are still more important than gate receipts for some counties), and such other oddments as county shares of Test match profits and the proceeds of private football pools (which make up nearly a third of some counties' gross receipts), most members of the championship either just failed or else just managed to balance their books last year. But it is significant that they did so at widely differing levels of expenditure. Lancashire spent £91,000 in 1955 and earned almost precisely as much ; Surrey spent £68,000 and had £2,000 to spare ; Essex spent only £24,000 and earned £2,000 less than that.

PEP then turns to consider the condition of the players, with the usual feeling that so depressed an industry cannot possibly be attracting the men it wants. But it finds that:

> A professional, with his 1st XI cap, playing regularly for one of the more affluent counties, may earn from his cricket between £700 and £900 a year, plus what he can earn outside cricket between September and April. Players in the less generous or less successful counties may average £600 or £750 from county to county.

There are also the "pickings," ranging from benefit years (Cyril Washbrook got £14,000 in 1948) to sponsorship and advertisement fees from which "the star players can earn far more . . . than from pay as a player."

Nevertheless, PEP notes sombrely that "no other country indulges in a game that goes on for three days at a time, week in week out," and it revives the old proposal that county cricket should be played at weekends only ; in addition to the financial advantage of playing before consistently fuller stands, this would mean that "a wider range of people would be available for first-class cricket" and all players could have a job outside the game. Quite apart from "the disruption to the careers of the existing 800 or so county professionals," however, PEP recognises that "there is likely to be serious opposition to competitive cricket on Sunday, even if games are arranged at times that would not clash with religious services." There is, indeed ; but PEP's own figures hardly justify its pessimistic conclusions. Although its statisticians seem to have been intent on preparing a deliberately crumbling wicket, they have not succeeded in bowling the present system out.

A Trust in Dispute

Last week's announcement by the trustees of the Charles Colston Trust that the trust had been wound up, and its funds redeployed, is to be followed by legal action ; a writ has been issued, against the trustees and against Lady Colston. After reserves had been made for outstanding liabilities, including £25,000 for the Hoover Company's sports pavilion at its Merthyr factory, the trust fund of £300,000 has been handed to Lady Colston, wife of Sir Charles. She has announced that she is setting up a new "Colston Educational Trust" for the benefit of New Hall (Cambridge), Bristol University, Colston's School (Bristol) and Stowe School (Buckingham).

Comment is inadmissible, but it is permissible to recall the known facts. In 1948 Sir Charles Colston, then chairman and managing director of Hoover Limited—the English subsidiary of the American firm—set up a trust with a substantial block of Hoover shares for the benefit of the employees, ex-employees and their dependants of the company he then managed. It was contemplated that the trust would be broken up not later than 1968. The trustees, Sir Harold Webbe, MP, Mr Eric Davies, and Mrs Robert Macdonald, found their wings sadly clipped because the Inland Revenue claimed that Sir Charles was liable to surtax on the income of the trust, even though he himself was completely excluded from benefit, because Lady Colston had been an employee of the Hoover Company and was therefore, as an ex-employee, a potential beneficiary. Sir Charles reclaimed that surtax from the trust, thereby absorbing most of its income.

The trustees have chosen a novel way out of that surtax liability in the future. Since the Inland Revenue has held that Lady Colston was a potential beneficiary of the trust, they have chosen to make her indeed a beneficiary to the extent of the whole of the uncommitted moneys of the trust. In the words of Sir Charles, "she was absolutely free to

Russian Slipperiness

When Russia had once frankly accepted the suggested bases for negotiation, and had carried these into effect by the Treaty of Paris with no more haggling or reluctance than was natural and seemly, we were inclined to hope and believe that she was really in earnest in disclaiming all design or desire to escape by diplomatic subtleties from the genuine spirit of her engagements, and that she was prepared to abandon in simplicity and good faith those aggressive and encroaching plans of policy which the recent struggle had shown her that she would not be suffered to pursue. She declared as much to our Government ; assuring them that they would find that she was resolved to accept in perfect sincerity and as a *fait accompli* the decision of the war, and that what she promised, that she would honourably perform. It now appears that in giving her thus readily credit for a determination to turn over a new leaf and deserve a new character, we were acting rather in conformity with our own principles than with what experience had taught us of hers. . . Her conduct in thus endeavouring to elude and violate the plain provisions, explicit or implied, of the Peace of Paris, appears to us singularly short-sighted and unwise. We were prepared to forget all, and to trust unreservedly. She has shaken our confidence and done much to revive our sentiments of animosity. We were about to go to sleep in our usual confiding simplicity, believing every one to be as honest as ourselves. She has warned us that she needs still to be watched with a vigilant and suspicious eye. She forbids us to put off our armour. Happily, neither fleets nor armies are yet disbanded ; and we, as well as our ally, are in a position to declare that we will not be trifled with. What steps our Government have taken in consequence of these proceedings—which they admit to be infractions of the spirit, if not of the actual words, of the Treaty—we cannot say ; but we think that a distinct intimation should go forth from both France and England that unless the sums necessary to rebuild the fortifications of Kars, Ismail, and Reni are forthwith paid or contracted to be paid by the Russian Government, we shall consider that the Treaty has been broken, and that we are free to take measures accordingly.

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employ it in any way she wished, retaining it for her own personal use if she so wished." She has decided to devote the money to a new educational trust—a full educational trust which would clearly not be liable for taxation. The new trust has objects in which Sir Charles and she have "both been interested for many years." On the face of them these objectives have little direct connection with the employees of Hoover. Two further facts call for mention. Sir Charles's connection with the Hoover company was severed after the formation of the original trust; secondly, certain employees of Hoover are claiming that "the transaction is irregular." That will be for the courts to decide.

German Protestants Meet

THE German Evangelical Church Congress has become a symbolic expression of the community of German people despite the political division of their country. There is little the Congress can do about reunification, and deep political differences sometimes divide the delegates, but they seem to gain from their meeting and the common affirmation of their faith a strengthened sense of community as Christian Germans. This year 22,000 people came to Frankfurt from the Soviet zone, among them Herr Nuschke, leader of the puppet Christian Democrat Union there, and Herr Dieckmann, President of the People's Chamber.

Western critics have often attacked the leaders of the German Protestant church for supping with the devil in such ways as this, for not opposing a materialist totalitarian regime politically, but accepting in some measure the worldly supremacy of the state and separating personal religion from political struggle. And the last church Congress at Leipzig was certainly used by the Pankow regime to propagate its ideas on the way to reunification. But the church's leaders hold that their one vital purpose in the east must be to preserve the church, even at some political cost. When the church itself is threatened, as in the campaign against the clergy of the last few months, they can be firm.

At Frankfurt this time the opposition between Christians in the zone and the regime broke out openly. Speaker after speaker from the zone attacked the regime's policies. Herr Nuschke was asked to make sure when he returned home that an interview given by his colleague Herr Dieckmann, sympathising with the idea of free elections, would receive wide publicity inside the zone. He was asked why as a Christian he and his party tolerated the pagan initiation ceremony which the regime has introduced as a substitute for confirmation. He left the meeting in disgust and was not expected to attend the final session. But on the day itself, he appeared. The East German regime could not afford to miss this opportunity to demonstrate its support for the idea of German unity.

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Italians in Belgian Mines

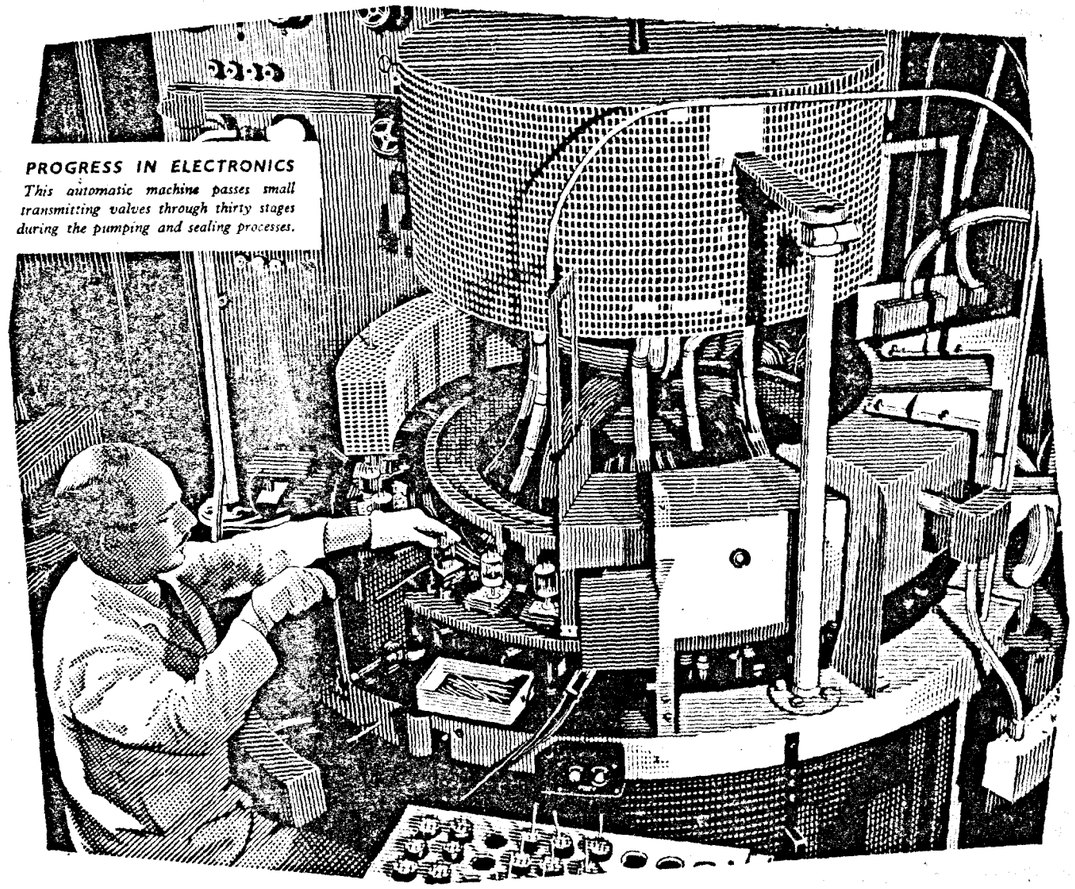
THE disaster at Marcinelle has struck a cruel blow at a development which is of some significance to the integration of Europe, the migration of Italian workers to the Belgian mines. Italy's overpopulation problem is perhaps the biggest single remaining source of poverty and social misery in western Europe. Migration to the fully employed countries of north Europe seems to provide a natural European solution.

The Belgian mines have been short of labour ever since the war, and both countries have benefited from the migration of Italian workers, who now form more than half the Belgian mining force of some 90,000 men. In the light of British experience, perhaps the most remarkable feature of the migration has been the complete acceptance of the Italians by the Belgian mining community. Foreign labour, mainly German prisoners, first went into the Belgian mines in large numbers at the end of the war, when the labour force was dispersed and production an overriding need; it has been accepted ever since. The Belgians themselves, indeed, realists that they are, seem to regard going down the mines as little better than prison. The Italians, together with the several thousand other foreign workers, have become indispensable to Belgian mining.

★

Italian opinion, however, has long been uneasy about the high accident rate. Because of this the Italian government stopped emigration three years ago, and though it was soon resumed, the ban was reimposed this February, after another nasty accident. After negotiations under the auspices of the Coal and Steel Community the Belgians recently agreed to allow Italian inspectors to visit the mines, but the Italians still refused to permit the flow of labour to start again, maintaining that the system of wages incentives sacrificed safety to higher output. The terrible events of the last week have naturally shocked Italian opinion more deeply than ever, striking with special force on the imagination of a nation whose own mining community is minute, and have led to demands in the Italian press that the emigrants should come home.

The court of inquiry has yet to decide whether safety precautions were in fact inadequate at the Bois du Cazier pit. On economic as well as safety grounds these old workings had been scheduled to be closed by the Coal and Steel Community, and were kept open on sufferance while a new shaft was sunk, with indirect financial help from the Community and from the Belgian government. The Authority's pressure for the closing of condemned "marginal" pits may now become stronger. The Italian government, too, though it is unlikely to withdraw labour, will certainly not agree to further emigration except under conditions. Belgian coal output may well suffer.



This machine is part of the product

In the final stages of manufacture, Mullard valves and television tubes part company with the machines on which they are processed. But until they do, the machines are virtually part of the product.

Machines on which electronic valves and tubes are manufactured can be used for no other purpose. Their design is so closely related to the design of the product that the introduction of a development in one is rarely possible without a modification or adjustment in the construction of the other. In many cases, the valves or tubes are activated while still on the machines which process them.

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With that cry another free auction begins. The time: 8 in the morning. The place: any of the big Distant Water Fleet ports—Hull, Grimsby, Fleetwood. The hustle and bustle: the daily selling of the catch just unloaded from the trawlers.

It is a busy, fast-moving auction held on the dockside against a noisy background of cranes, trawler sirens, and the constant hurry of bobbers, lumpers and the many others who earn their living from the port. Should you be there, you would probably find it confusing and seemingly inexplicable.

Speed is the keyword: nearly 1,000 tons of fish are sold in the hour. No time is lost to make certain that the fish is dispatched fresh and succulent to the great network of retail shops across the country. More important still, the fish auction is a free and open auction. There is nothing to stop you, or anyone else for that matter, from making your bid to the auctioneer in the white coat as he stands astride the metal kit containers (in which the fish is weighed and landed). There are no price rings to hold the customer to ransom. Just highly competitive trawler companies selling to 1,000 equally competitive merchants.

Before breakfast more than 2,500 tons of fish is sold every working day at the three main ports — Hull, Grimsby and Fleetwood. And this is a market which can gear itself quickly to expansion; there's no delay on delivery. In the first half of this year, for instance, the Distant Water Fleet based at these ports brought in 521,950,940 lb. of fish—54,575,080 lb. more than last year. Your orders have raised fish consumption considerably, true testimony to the fact that, despite higher operating costs, fish remains the cheapest first-class food money can buy.

BRITISH TRAWLERS

Hull / Grimsby / Fleetwood

THE BRITISH TRAWLERS' FEDERATION LIMITED

Letters to the Editor

Long Haul at Suez

SIR—The practical effects of the use of armed force against Egypt in the present situation would probably be as follows. First, the immensely expensive supplies and installations already in the Canal base would immediately be lost—and although our rights under the treaty might be restored, the material loss could never be made good. Second, all traffic to this country passing through the Suez Canal would immediately be cut off; as you pointed out last week, it is by no means sure that the tanker capacity exists to make good our oil supplies by the Cape route. Third, the pipeline through Syria would be seized, and so almost certainly would that through the Lebanon. Fourth, the governments of Iraq and Jordan would probably either be replaced by others more in sympathy with the Arab nationalist sentiment, or compelled to throw in their lot with Egypt and the other Arab states; this would mean the ejection of the British troops in Jordan, the end of the British connection with the Arab Legion and the removal of Iraq from the Bagdad pact. Fifth, there might be similar developments in Bahrain, Kuwait and even in Qatar, where nationalist feeling has already begun to make itself felt. Sixth, our assets in all these places might be nationalised and a boycott similar to that imposed on Israel might be declared. Neither of these moves would necessarily involve a declaration of war and might be difficult to counter without the further use of armed force. Seventh, we should have lost Arab sympathy for all time and should find it extremely difficult to regain our position there; in fact, an action supposedly taken to safeguard our oil supplies might well risk their loss to us altogether.

These are the immediate results of such action. But there would also be indirect repercussions. The use of armed force by Britain and France in the absence of any active interference with the flow of traffic through the Canal would be widely denounced by all Asia, by all other anti-colonial powers, and represented as a return to the very worst features of imperialism and an attempt by two stronger nations to impose their will by force on a weaker one. It would be condemned by all the Communist powers, who would exploit the issue for their own ends; and it might well not receive much sympathy, still less support, even in the West. Egypt would certainly bring the matter to the Security Council, and on the present composition of that body it is quite possible that our action would be condemned; we would certainly not be supported. It is not inconceivable even that some kind of collective action might be invoked against us. Any reputation which we may have gained for moderation and statesmanship over the last few years would be destroyed. This is quite apart from the question of international morality, which I am afraid would fall on deaf ears at the moment.

Most of the considerations I have mentioned are quite evident to anybody who has even begun to think about the question, and it is therefore unlikely that the Government can be seriously contemplating the use of armed force in present circumstances. But in this case their present ostentatious military preparations are surely a very grave error. What will the Government do if President Nasser, having refused to attend the proposed conference, declines to accept its conclusions? The measures are presumably intended as a show of strength; but can anything appear weaker than an elaborately mounted threat which at the crucial moment is not put into effect, than the brandished sword which at the instant of challenge is softly replaced in the scabbard again? The net effect will only be to alienate large sections of world opinion, without succeeding in intimidating President Nasser, who, even if he does not see the hollowness of the threats, in his present mood is more likely to be stung to defiance than cowed into submission.—Yours faithfully,

E. L.

★

SIR—I congratulate Mr Collard on his letter criticising your views. The intellectual's fundamental error is the belief that "gunboat diplomacy" is out of date. Nothing could be farther from the truth. There has been more gunboat diplomacy in the last forty years than in the previous 400. Stalin, Hitler, Mussolini and others have all done things that make Palmerston's most ruthless deeds look like Sunday school treats.—Yours faithfully,

H. B. BARWISE

Oxford

Minding Other People's Business

SIR—Your admirable article stirs me to make these points:

1. The value of the experienced consultant rises with the complexity of management. Few executives, even at high level, can show and maintain a lack of ambition "inside the shop," fearless independence of judgment, and both the right and need to have access to the Board. Experienced consultants will insist on all three. It clearly pays to hire them.

2. They also specialise in "time out" from current administrative vexations, in which time they adduce all their experience from other firms. It pays to hire this, too.

3. Experience and expertness grow bigger and faster in the best consultants, obviously. As in the medical world, there are quacks. But good managements spot good consultants; and bad managements can find them by seeking satisfied clients' testimony. Sceptics about management consultancy should remember that no consultants could last long, wax big, and multiply clients had they no value to offer; and that if their services were unprofitable, the clients would not remain faithful to them or vouch for them.

4. You wrote, and we all tend to think, as if industry alone needed modern techniques of management. Yet industry produces only 50 per cent. of our national income. Commerce, finance, transport, distribution, Government offices both central and local, public undertakings, agriculture—these need them even more. Their lag in productive efficiency claws back our higher industrial productivity figure to the low national one. So the field for consultants' skills is very wide here: wider than in America where, however, the services of consultants are still expanding with their turnover.

5. With the complexity of the best management, there is arising a new need: that of teamwork between competing consultants themselves (e.g. for research on methods, or on tricky assignments), or (as in America) between a firm of consultants (presiding) and economists, engineers, marketing or advertising or public relations or other technical experts, both for a specific job and for a client's permanent requirements. This, too, is capable of doing us a lot of good, yet it is virtually unknown here.

"But O, alas, so long, so far" must we wait till the proven techniques of good management leaven the lump of our massively rudimentary "admin." or "O. & M." in Britain! Contrary to your last paragraph's caution, the tempering of the past decade's inflation may now show up, both in public and private enterprises, where those who have demonstrated their skill can best mind other people's businesses. If so, it will not be the least of benefits conferred on the country by a mild disinflation.—Yours faithfully,

London, W.1 GRAHAM HUTTON

★

SIR—May I thank you for the excellent article on management consultants which appears in your issue of today's date?

There are one or two points of fact (quoted below) in which it is not wholly accurate, at least as far as the practice of this firm is concerned:

1. "A year's analysis of a problem and the putting in of a new system may cost

£10,000." At our present standard rate of fees in Great Britain the cost of a consultant and his supervision for a year's working is £7,500. Specialist advice is not charged in addition unless the specialist has to spend time at the client's plant. There are no "extras."

2. "This is a large sum for a small firm, and even attempts to arrange part-time advice have not really enabled the consultants to get into the large market that they believe exists among the mass of firms employing 200 workpeople or less." We have done many assignments for clients with 200 workpeople or less, but only when it suited us to do so. Most firms of this size cannot afford to pay for continuous operating nor do they need it except for a brief initial period: total fees have been from £1,500-£2,500. But, (*a*) it costs just as much to "sell" management consultancy into a small firm as into a big one; and (b) discontinuous operating greatly increases the difficulties of the consulting firm in planning the continuous utilisation of its own personnel and hence in working profitably.

As long as "the problem for the best-known (consulting) firms is more often to get staff to do the jobs than to find clients" they are unlikely to incur outlay and risk looking for clients among small firms.

3. "There is usually a preliminary analysis, followed by a contract terminable on one month's notice for a specified period." Only in exceptional cases do we ask a client to make a contract or to give us any notice. We prefer the professional relationship formerly established between doctor and patient, i.e. terminable at will on the part of the patient.

—Yours faithfully, L. URWICK,
Chairman

Urwick, Orr & Partners Ltd.,
London, W.1

The Ring and the Book

SIR—The most unfortunate side of Sir Basil Blackwell's crusade is the timing. The Net Book Agreement as it applies to the *new* book trade is a very desirable "restrictive practice" and is at this moment in jeopardy. I therefore consider that to wash a section of the book trade's dirty linen in public is, to say the least, ill-timed. Sir Basil is a party to the Net Book Agreement both as a publisher and a bookseller. In my experience the general public lump the book trade together, whether it be antiquarian, secondhand, new, or even periodicals, and Sir Basil's action at this time will not help the champions of the Net Book Agreement when they start their defence.—Yours faithfully,

JOHN PAXTON

Shepton Mallet, Somerset

Slaves for Sale in Mecca

SIR—In your issue of August 4th, your correspondent states that "slavery in its 'classical' form is still practised (*inter alia*) in the Trucial States."

It is extremely doubtful whether this is so. In this British-protected state it is discouraged by law; slaves are entitled to apply for manumission and most have done so. However, in the interior, notably the Buraimi Oasis and the surrounding areas, where I spent some months last year, grinding poverty is the lot of the ordinary folk who live in this primitive and backward region. These conditions have in the recent past been exploited by Saudi agents plentifully supplied with gold; younger children in large families are purchased to be sent as slaves to Saudi Arabia, thus helping to relieve the economic strain on hard-pressed households.

So, although slavery in its "classical" form is not practised in the Trucial States, it is an area from which slaves are recruited. A solution might be found by the application of economic measures, designed to raise living standards to a level at which the people are enabled to resist the temptation to sell their offspring into slavery in order to relieve their necessity.

It is to be hoped that the United Nations will give due consideration to the economic aspects of this problem, and recommend to interested governments such measures as may be appropriate to alleviate conditions, not only in the Trucial States but in other areas of the world where depressed living standards are an incentive to the recruitment of slaves.

No such measures would be complete without corresponding pressure on the "employing" countries, mainly Saudi Arabia, to bring about changes in their economic structure, which at present makes the possession of slaves by a small but immensely wealthy segment of the community a social necessity.—Yours faithfully, W. O. LITTLE

Manama, Bahrain

How Much Steel for Europe?

SIR—I read with great interest your article of July 7th.

In working out, together with the public authorities, a new plan to develop its iron and steel capacity, our industry is merely taking part in the general trend of expansion of steel industries throughout the world. The expected general increase in steel consumption is particularly certain for the French home market as a result of the French government's policy of expanding industrial production and increasing national income during the next five years. In 1955 steel consumption per capita in France was 247 kilograms, as against 439 kilograms in Germany, 383 in Great Britain and 623 in the United States. In view of this, French steel producers feel it appropriate to set up a modernisation and equipment programme destined to bring their annual raw steel production capacity from its present level of 13.5 million ingot tons to 17 million ingot tons in 1960-61.

Such a programme is certainly no "more ambitious," to quote the terms of your article, than those of our more direct competitors, especially the Germans, who plan to increase production capacity from 21.3 million ingot tons to 29 or 30 million ingot tons. The French steel programme is based on consumption estimates, and not on mere desire to maintain a balance between French and German production within the European Coal and Steel Community, as some parts of your article would seem to imply. The French steel expansion programme will require important capital expenditure. Initial estimates call for a total expenditure of 350 to 375 billion francs, to be spread out over 4 to 5 years. But this financial effort is in no way disproportionate to the aims that will be attained; nor in relation to the effort envisaged by German companies.

The ratio of investment per ton of steel cannot be considered as an adequate basis for a comparison of the modernisation and equipment effort between different steel industries. During the past ten years, the French steel industry has invested 445 billion francs (between 1945 and 1955)—a considerable amount in view of our capacity. Though this outlay is important, when worked out on an investment per ton basis, it should be remembered that the programme achieved during this period was mainly concerned with the modernisation and development of the rolling mills, which explains the high cost of those investments. To this is to be added the amount which our industry had to lay out for the reconstruction of equipment destroyed or damaged during the war. The investment programme for the future will be concerned mainly with the development of cast iron and ingot steel production capacity. Thus the investment per ton ratio will be considerably lower than under the previous programme.—Yours faithfully,

J. FERRY,
Délégué Général

Chambre Syndicale de la
Sidérurgie Française

Mr Poole's Bevanites

SIR—Whether the Middle Class Alliance and the People's League for Defence of Freedom will prove any more lasting than their ephemeral prototypes remains to be seen. But their formation is a clear indication that our present electoral system fails to secure amongst the Conservatives elected adequate representation of middle-class views. Such a leavening would obviously be to the advantage of the party, as well as more satisfactory to those middle-class elements at present so disgruntled as, however reluctantly, to feel they have no option but to set up these "pressure groups," with their serious risk of undesirable wrangling in public. A more effective remedy would be the reform of our electoral system to provide that electors shall not only have a choice between parties but also freedom of choice between candidates of the party they support.—Yours faithfully,

JOHN FITZGERALD,
Director and Secretary

Proportional Representation Society,
London, S.W.1

Books & Publications

Joint Enterprise

HISTORY OF THE SECOND WORLD WAR: *Studies of Overseas Supply.* By H. Duncan Hall and C. C. Wrigley. *HM Stationery Office* and *Longmans.* 548 pages. 37s. 6d.

TO anyone interested in the art or science of administration these studies are of absorbing interest. Some of them really read like history and to have made them do so is a most remarkable achievement. When one considers what the raw material must have been—the endless cables and minutes, notes and memoranda, filed in a way which can only have been a research student's despair—it is remarkable that it has been found possible so surely to impress the magisterial hand. Yet the text reads like an objective study of documentary evidence; there are few signs of the influence of *obiter dicta* by those who witnessed or formed the events, little as some of these may be surprised by the present judgments.

If the authors are right, the story on the whole is a cheering one. Some mistakes were made, a few of them probably unavoidable; but there were hardly any periods of administrative chaos. Administration responded to changing needs, and usually responded quite quickly and on both sides of the Atlantic. The British and the Americans had fundamentally different approaches and also fundamentally different political systems, yet they solved their joint problems well, and eventually found magnificent machinery in their Combined Boards. Yet even the Combined Boards were not left to die of old age; they were liquidated if anything too soon rather than too late.

To the authors it seems that the Combined Raw Materials Board was in general the most successful. It dealt with a sudden rush of problems in the early months of 1942 quickly and efficiently; its recommendations were almost never challenged and were actually implemented with remarkable precision; so long as the war lasted it carried confidence in the other countries as well as Great Britain and the United States; its techniques were ground-based and reliable and yet flexible. According to these studies, the experiences of the other Combined Boards and Joint Committees, with their varying degrees of effectiveness, showed how successful it was.

Why was it the most successful, and why was it able to be successful at all? The authors think it was the most successful, first because in raw materials the Commonwealth had, for once, as much to give as it could hope to receive; and, secondly, because the essential machinery, either from foresight or from the blind pressure of administrative logic, existed and was working in Washington before the board was established and dignified. The men "down the line" had been working away and working together on the commodities for some time. The higher command of the board applied itself to exploiting what they could do, and to giving them support and authority. There were some joint mistakes of economic judgment; but so far as the art of international co-operation was concerned hardly a foot seems to have been put wrong.

The impressive thing is that it was possible at all. To those who know only the fundamental differences of approach, both to policy-making and to administrative architectonics on the two sides of the Atlantic, it might seem a miracle. Yet the causes which made for success proved to be quite decisive. The administrators down the line, working on their commodity problems one by one, found a common, pragmatic and common-sense, attitude to the use of statistics; they regarded implementation as well as recommendation as part of their problem, and attacked this also jointly (it was a great problem on the American side, hardly a problem at all on the British); and they were agreed, both British and Americans, in taking to themselves—without fear—freedom of manœuvre and responsibility according to the urgency and importance of particular problems. They worked under free institutions; and also they worked in the same office.

A general point of great interest, which the authors of these studies bring out clearly, is that the Americans, because they came into the war more than two years later than Britain, did for the convenience of the British a number of things which they would not otherwise have done. Some of these things in the dispassionate light of history seem understandable but not too sensible. Most of them the Americans would never do again.

The book, as will have been seen, gives most of its attention to supplies and to the United States; but it also contains chapters on "The Eastern Hemisphere" and on "Scientific Collaboration."

England and Young America

THE FIRST RAPPROCHEMENT. By Bradford Perkins *Pennsylvania University Press.* London: *Cumberlege.* 269 pages. 40s.

IT is a matter for regret that the high cost of modern academic publishing will put this volume out of reach of the average library—still more of the average private purchaser. For without doubt this is an important contribution to the history of Anglo-American relations. Mr Perkins has taken the decade 1795 to 1805 and put it through a fine sieve of scholarship going back at every point to the contemporary records, the ambassadors' despatches, the Foreign Office and State Department archives, the Prime Ministerial and Presidential papers, the newspapers and pamphlets—in fact, almost everything which would throw light on the course of Anglo-American diplomacy during the period. He has done a splendidly thorough job—such a job, in fact, as one would expect from the son of the distinguished historian of that subsequent phase in Anglo-American relations, the Monroe Doctrine.

The War of 1812 has seemed so much at odds with the basically sensible way in which Britain and its emancipated colonies have generally conducted their relations that historians have usually depicted it as a hangover from the War of Independence. In consequence, the years between have taken on the appearance of an uneasy armistice. Mr Perkins disposes finally of any such way of thinking. He demonstrates conclusively that the years from Jay's Treaty to Trafalgar saw a *rapprochement*, based on mutual respect and joint interest, which was none the less real for being short-lived. Indeed, so realistic was the basis for this understanding that in the light of it it is the War of 1812 which once again appears abnormal—a strange failure of "the forces working for comity between the United States and Great Britain," as Mr Perkins calls them.

At the same time Mr Perkins demonstrates that this sunny decade had to be worked for. First of all, Pitt and Adams, later Jefferson, Madison and Addington had to apply patience and realism to the task of maintaining good relations. In Liston and Rufus King each side was served by excellent ambassadors. (Mr Perkins has put Robert Liston on the map as one of the pioneers of Anglo-American understanding.) When these retired, the prickly Anthony Merry in America and the formal James Monroe in London failed to maintain the standards of their predecessors, substituting the transmittal of grievances for the fostering of mutual understanding. All this and much more—war debts, impressment, neutrality disputes, boundary debates, Haiti and Louisiana—Mr Perkins relates, with accuracy, clarity and sympathy. This is a scholar's book, but, like all good scholarship, it has a significance beyond the academic.

Formless Schools

THE BOY AND HIS NEEDS.
By Erich Meissner.
Macdonald. 176 pages. 18s.

IT is depressing to review this book adversely, for Dr Meissner is a distinguished teacher and one of much more than average sensitivity to the needs of boyhood. Moreover, embedded in a wilderness of quotations there are jewels of profound and original thinking. Yet the harsh fact remains that "The Boy and His Needs" is virtually unreadable; partly because the author's literary style is overloaded with staccato assertions, excessive references to the works of others and rhetorical questions, and partly because the book seems to have no form or pattern.

It is impossible, at the end of the book, to say what Dr Meissner believes about almost any of the various aspects of education he has written about, while his expeditions into theology and moral philosophy are, to put it gently, obscured by a thick haze of verbal confusion. What, for example, is the reader to make of this not untypical passage which illustrates both the limitations of the author's prose style and his lack of clarity:

> Religious prudence cannot be taken for granted. It has to be cultivated. Knowledge of Israel proves indispensable because, through it, criteria are gained. Without criteria there can be no prudence. One day the Great Debate will open. Those steeped in "Gottesdummheit" (their name is Legion) will be at a loss. Salus ex Judaeis est. And why? Heraclitus said: "Man, insofar as he is truly human, lives close to God."

It will also surprise English teachers to know that "The large state schools in Britain are almost continental. Any Prussian school inspector could but approve of them." One wonders how many maintained schools Dr Meissner has visited, how often he has met the boys who, today, grow up in them—is it unfair to suggest that Gordonstoun is not the best laboratory in which to study the theory and practice of education?

Plain Words on Money

INTRODUCTION TO MONEY.
By Honor Croome.
Home Study Books. Methuen. 217 pages. 10s. 6d.

MRS CROOME'S "introductions" to economics, of which this is the latest, combine some of the best qualities of both teaching and journalism. She has the teacher's instinct for what must come first in the understanding of a subject; and she combines it with the journalist's ability to spell out the essentials as slowly as need be, yet keeping the argument moving by lively illustration and colloquial phrase. There is nothing slipshod about this book. Not only does Mrs Croome warn her reader on occasion of the "horrid complications" that he is permitted, for the moment, to escape. There are also passages in this book which, though they may seem simple enough to him, have in fact been drafted very carefully indeed, against more sophisticated criticism. Thirdly, there is the book's realism. Pretty solid technically, it misses little of the broad contemporary scene.

The book's construction is conventional. There are four parts: the first is on the character of money and near-money; the second is on the institutions of banking and the money market (but takes the money market and merchant banking before the commercial and central banks); the third part describes how the monetary system works or can be made to work; and the fourth is on the foreign exchanges. The troubles come, inevitably, in Part III. Mrs Croome does well for the first half of it: her three chapters on changes in the value of money—their measurement, causes and effects—are superior to the ordinary textbooks. But when she passes to Keynes and to the aims and means of monetary policy, she gives as the key element in Keynesian analysis, not the interrelationships of "real" and "monetary" factors dealt in earlier, but the dubious stagnation thesis—the "built-in bias," as she puts it, of the private enterprise economy towards depression. Mrs Croome's development of this thesis to cover contemporary problems—monetary policy is needed to overcome the bias to depression, but monetary policy is itself inflation-prone—is a *tour de force*. But it does less than justice to Keynes and, though giving Mrs Croome scope for a wide, and wise, discussion of "employment policy," leaves too little room for the specific problems of "monetary policy" on which one would expect enlightenment in a book with this title.

Part IV, on the foreign exchanges and international policy, is neatly done, except that there is no particular reference to the sterling area. Or is this prophetic?

Sharing Turkish Spoils

ENGLAND AND THE MIDDLE EAST.
The Vital Years: 1914-1921.
By Elie Kedourie.
Bowes and Bowes. 236 pages. 30s.

THE "vital years" are those in which the Allies first promised themselves shares of the unconquered Ottoman Empire and then, when they had won it, fell to quarrelling between themselves and with their Arab helpers over the spoils. The sources the author uses are Arab as well as European, and he produces some interesting evidence that the Arabs—if the Sharifian family and a few of its emissaries can be called "the Arabs"—knew in 1915-1916 of Anglo-French intentions to annex parts of Syria and Mesopotamia, and grew vociferous about broken promises only later, when times and their fortunes had changed.

But though interesting and very well written, the book is irritating on more than one count. First, its author is determined to press home a theory, no matter what the evidence that, in his scholarly honesty, he cites to suggest that it does not hold water. This theory is that some races are born administrators—the meticulous British and, in their more easy-going but steady way, the Turks. Others, notably the Arabs, are not. Therefore when the Allies destroyed the Ottoman system of administration they were in duty bound to all would-be livers of quiet lives in the Middle East to replace it with another as adequate. This they attempted to do in the Sykes-Picot agreement of 1916, which would have given Britain and France control of the whole area. Their project failed, chiefly through collapse of the will to work it, and it is in analysing this collapse that Mr Kedourie, carried away by his longing for the might-have-been, lays questionable emphasis on the reasons why the agreement petered out.

Rightly enough, he attributes its defeat to the shift of western opinion from imperialism to the climate of the Fourteen Points; to British fears of a French foothold in the Levant; and to British individuals with "personal involvement in the cause of Arab nationalism." Causes he mentions but fails properly to stress are the total unwillingness of an England busy demobilising, and building homes fit for heroes, to take on the number of commitments he would have liked to see it shoulder, and the irresistibility of the strongest postwar force in Arab politics—the societies and movements modelled on the Young Turks for whom desert kings were no match.

No doubt Mr Kedourie's dream world would have suited the minorities to one of which he belongs, but it was practical politics only if attained at the point of a gun. It was brought about, for a while, by General Gouraud; did Mr Kedourie welcome France's arrival at Damascus in 1920? He does not say.

His second major defect is his virtual omission of the Balfour Declaration and the foundation of the Jewish National Home. This, more than any other event of the period, has coloured British relations with the Middle East. "Disturbances" over Jewish immigration began as early as 1921, and, without a chapter on Palestine, the book's title and subtitle are misnomers.

North-East Passage

THE NORTHERN SEA ROUTE AND THE ECONOMY OF THE SOVIET NORTH.
By Constantine Krypton.
Methuen. 228 pages. 21s.

THE Northern Sea Route is the North East Passage of the Elizabethans. It is the shipping lane which runs round the north of Eurasia, using the Arctic Ocean to link the Atlantic with the Pacific, or, as Russians see it, European Russia with Far Eastern Russia. For this last reason, and for the access it gives to arctic Siberia, the Soviet government has made great and spectacular efforts to make use of it. It has spent large sums on organising this effort (for which a special government department was set up): on icebreakers, on aerial support, and on scientific work which includes the most detailed programme of sea ice research that any country has ever set up. What prompts this great outlay—economics or strategy? That is the question to which the West seeks an answer, and this book finds one for it.

Dr Krypton has good qualifications for doing so. Before leaving Russia during the war, he worked for a number of years in the Soviet government department concerned, where he had access to files and archives that no western investigator has ever seen; further, he has a scholarly attitude of mind, as was evident from his earlier book on the pre-revolutionary history of the Northern Sea Route. He examines in detail the economic potential of the areas of Siberia served by the sea route, and contrasts it with the freight actually carried. This leads him to the conclusion that it is not the sea route but the great northward-flowing rivers on which the economy of the north depends; that the sea route, therefore, is being developed primarily for strategic reasons.

There is certainly something in the argument, but it is somewhat overstated. It is likely that strategic and economic motives are both present; and also, one guesses, a third factor, which can exist only in a totalitarian country—the urge to do something unusual or spectacular for its own sake, without paying too close attention to the economic results.

Selections in a Mirror

THE HERITAGE OF ENGLAND IN COLOUR.
Photographs by A. F. Kersting. Text by John Bledlow.
Batsford. 110 pages. 16s.

ANOTHER book of pictures of the English scene? Yes; and there was a place for this one. Not just because the forty coloured photographs are beautiful, but also because they are only forty. It must have torn Mr Kersting's heart to pare down his list of buildings and other symbols of the English heritage so ruthlessly, but it was worth the effort; exhaustive collections are too often exhausting as well. In this case, the reader who complains of getting only five castles, seven cathedrals, and four views of Oxford and Cambridge will be paying the book an oblique compliment. The marvel is that in so small a compass such a representative group of national symbols has been brought together without any loss of spaciousness or of the publishers' high standard of presentation.

Buildings are not Mr Kersting's only themes. He finds room for village greens, with cricket (Godstone) and horse-pond (Finchingfield); for *HMS Victory* and Hadrian's Wall; for blossom and autumn leaves, lawns and daffodils; and for river scenes that range from the too little prized view from Waterloo Bridge to old mills, water meadows, and the boating reaches of Henley and Windsor. But, of course, it is the palaces and colleges, ruined abbeys and peerless cathedrals, inns, castles and great country houses that mirror the past to greatest effect. The changeable play of season and sunlight on English stone and brick is here captured more faithfully than in the companion volume, "London in Colour." Mr Bledlow's notes on the pictures and his 22-page historical introduction ramble through the centuries so beguilingly that the reader, happily bemused among royal licences to crenellate and farmers' ordinaries, emerges with a surprising amount of new information and not the slightest feeling of having worked for it. It is hard to think of anybody for whom this book would not be a welcome gift.

Order Out of Chaos

A SHORT HISTORY OF THE WEST INDIES.
By J. H. Parry and P. M. Sherlock.
Macmillan. 316 pages. 18s.

WHILE the area with which this book deals is a natural geographical unit, it is politically and historically disunited. Not only are its peoples largely transplanted; this is equally true of their physical surroundings in the forms of domestic animals and remunerative plants. And they have been transplanted not from one but from many places of origin. Hence it is no mean achievement on the part of the authors, respectively Professor of History and Vice-Principal of the University College of the British West Indies, to have canalised the diverse racial and cultural streams that have contributed to the complex past of the West Indies into a coherent and logical narrative of 300 pages.

The many strands of past history are woven into a comprehensible pattern; in more recent times, controversial topics such as the impact of the United States on the West Indies are handled dispassionately and objectively. There is a good, clear account of recent development in Puerto Rico with "the evidence which it affords of the administrative competence of the Island Government and the extraordinary corporate enthusiasm . . . which has replaced the apathy of the 'thirties." The Puerto Rican *Estado libre asociado* is, as the authors point out, a constitutional status unique in the world.

More, on the other hand, might have been said on the remarkably sustained totalitarian dictatorship of General Trujillo of San Domingo, whether on the presidential throne or behind it. And more, too, perhaps, in the chapter on "The Caribbean Colonies, 1918-54," on the immense help brought by the British taxpayer under the development and welfare legislation to a region which admittedly had suffered from previous neglect.

"The British West Indies in the middle nineteenth century formed a rich and varied museum of antiquated constitutional and administrative devices." With this sentence the authors begin their chapter on "Patterns of Colonial Government." It is a tribute to their complete mastery of their subject, their sense of proportion and their balanced outlook that they have produced from the chaos of their material so clear and readable a volume, even if the last chapter is a little reminiscent of the best sort of blue book. On the other hand, it is a pity that so many of the illustrations of what is after all a history, technically good as they all are, should be devoted to occupational subjects. More photographs of historic buildings might well have been substituted for those of the all too familiar sugar-cane, coconuts and bananas.

Kuwait in Retrospect

KUWAIT AND HER NEIGHBOURS.
By H. R. P. Dickson. *Allen and Unwin.* 627 pages. 75s.

SEVENTY-FIVE shillings will bring the collector of Arabiana a handsome book, beautifully printed, some glossy photographs of the chief personalities in Kuwait today, a few snapshots that well illustrate the text, and many miscellaneous jottings from the life and times of the greatest living authority on the Gulf Arab. But this is a lot to pay for a book that is a scrapbook, even by the standards of Arabists. It contains bits of history, folklore, bon mots, proverbs, anecdotes, recipes and fragments, some not elsewhere available, that are useful to the historian of Kuwait or the student of tribal genealogy, but it says virtually nothing (except in one photograph of the well-to-do sitting on the tasteful chintzes of an oil-company interior) about the difficult and absorbing topic of Arab adjustment to the new world created by oil, money and communications.

It turns its back on all such bustle, in order to flip over the pages of a diary of life lived at a serener pace. Only an occasional burst of haste or excitement—a punitive raid or a chase after a runaway camel—tempers days made or marred by the capture of a pregnant lizard and its leisurely preparation for the pot. The record of many such days in the years 1939-45 shows how greatly distance is capable of reducing worry. Tucked into a loop in the end-paper is a handsome reproduction of a War Office map. But its date is 1935, so that it marks neither the oil-port of Ahmadi nor the state's new arteries. This was, not is, Kuwait.

Books Received

ECONOMIC DEVELOPMENTS IN AFRICA 1954-1955.
United Nations, New York. London: *Her Majesty's Stationery Office.* 107 pages. 7s.

YEARBOOK OF FOOD AND AGRICULTURAL STATISTICS: 1955 Volume IX, Part I, Production.
Food and Agriculture Organisation, Rome. London: *Her Majesty's Stationery Office.* 427 pages. 17s. 6d.

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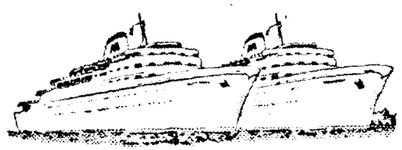

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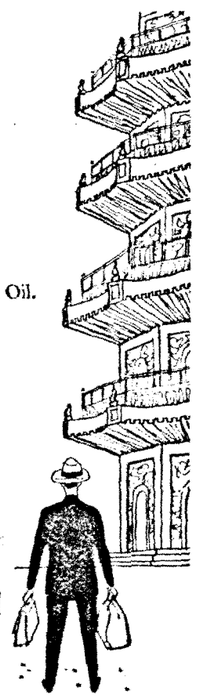

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American Survey

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

Battle in Chicago

Chicago, Tuesday

AT the Democratic convention, Mr Adlai Stevenson is waging a hard fight for the presidential nomination which was thrust upon him four years ago. Balloting had not begun when *The Economist* went to press. The first two days of the week had been taken up with various rituals in the convention amphitheatre, and negotiations between politicians in the air-conditioned rooms and corridors of Chicago's main hotels. Except for this single week once every four years an American political party is little more than a loose confederation of state parties. It must be conjured into a sense of cohesion before each presidential election. This is the supreme purpose of the convention, and it justifies the high-spirited demonstrations, the windy oratory, the gusts of passion and the bursts of sentiment.

To a remarkable extent, this year's struggle for power within the Democratic party has been expressed in semantic terms. Mr Stevenson, who seeks to continue, in a different context, Mr Eisenhower's role of reconciling groups and races, has adopted "moderation" as his slogan. By fastening on this word as the object of his scorn, Governor Harriman of New York has elevated it into a political issue. On the other hand, the South came to this convention determined to avoid a split over the anguishing problem of greater civil rights for Negroes, and was willing to stand by the party's platform if only the words "Supreme Court decision" were excluded.

Last week began well for Mr Stevenson. Senator Kefauver had switched to him and was asking his delegates to do likewise; tabulations in the press were suggesting that Mr Stevenson was already within sight of the 686½ votes needed for the nomination, and he had the further psychological advantage of being on the native ground of his home city. It was Mr Stevenson's objective to start with so much initial strength that when the balloting actually began, the various delegates pledged to cast at least a courtesy vote for such "favourite sons" as Senators Johnson of Texas and Symington of Missouri, and Governors Lausche of Ohio and Williams of Michigan, would quickly rally to Mr Stevenson's banner and make his victory final. Mr Stevenson would thus be above the need for bargaining: he would be able to choose his vice-presidential running mate on his merits and could enter the electoral campaign without any inconvenient political commitments.

The success of this strategy depended on obtaining substantial support from the South, as well as from a high proportion of Mr Kefauver's delegates and those who are formally uncommitted. The southerners regard Mr Stevenson as the least objectionable of the major candidates, because they are satisfied that he understands their problems. But they reserved their final decision until they were certain what the party platform would be. This gave a crucial significance to the attempts of the platform committee to find a suitable formula on civil rights.

★

The first major surprise came in the middle of last week. Mr Stevenson, confident of southern support and evidently worried by the effect on uncommitted northerners of Governor Harriman's imputation that he had become the captive of the South, let it be known that he favoured explicit reference in the Democratic platform to the Supreme Court's famous decision against racial segregation in publicly financed schools. Although the wisdom of this move was passionately debated by Mr Stevenson's staff both before and after it had been taken, the immediate reactions seemed to justify the risk. The southerners continued to show a conciliatory attitude in the platform committee and the chances of Governor Harriman, whom the South detests, because of his radical views on civil rights, appeared to have been further undermined even before his arrival at the convention.

Governor Harriman's arrival itself did nothing to reverse that impression. Despite his narrow electoral victory in New York in 1954, he showed at his first press conference in Chicago that he is still lacking in the magnetic qualities of a popular leader. In fumbling fashion he called for clarity in the expression of American foreign policy, and repeated in a lacklustre voice his mechanical phrases about his horror of "moderation" and his "deep sincerity" on civil rights.

It was at this moment that Mr Truman chose to enter the fight in an attempt to bring off an unprecedented coup by a former President with no political machinery and patronage at his disposal—to reverse the trend of a national convention. The old chieftain has renounced the trappings of power, but he still desires the obeisance. He is enormously popular in the party, because his astonishing victory in 1948 against all odds offers ground for hope in 1956. Mr Truman gave himself a tremendous build-up by promising to announce on Saturday the candidate of his choice. This kept the spotlight on him constantly, and he visibly loved every minute of it.

If Mr Truman had declared for Mr Stevenson he would have guaranteed party unity, and helped to ensu-

nomination on the first ballot. His strong and reiterated endorsement of Governor Harriman meant that there would be a battle, but he was setting himself an enormous task in trying to put across Mr Harriman's candidacy at the eleventh hour. It soon became apparent that the old professional, Mr Truman, had seriously underestimated the new professionalism of that former amateur, Mr Stevenson. It was already too late for Mr Truman to build up a winning combination. It is true that some highly-strung politicians and commentators behaved as if the Stevenson coalition was disintegrating, and while the delegates streamed into their hotels, the spotlight switched rapidly from Mr Truman to Senator Lyndon Johnson, the "favourite son" of Texas, who promptly announced that he was a serious candidate. Many southerners would now back Mr Johnson, who must know that he is unlikely to be nominated because, like President Eisenhower, he has recently had a heart attack. But a respectable total on the first ballot would give him the opportunity of bargaining with Mr Stevenson over the selection of the vice-presidential candidate and the disposal of party patronage. If northern votes deserted to Mr Harriman, Mr Stevenson would have to meet the southerner's price. If he declined to do so, Senator Johnson might really run seriously or might well choose a propitious moment to throw his strength to a compromise candidate such as Senator Symington of Missouri.

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The candidacy of Senator Symington, about which political pundits have been talking for at least three years, is a curious phenomenon. It is based on the so-called "law of availability." Mr Symington comes from a border state, is very handsome, is of the right age, and his views on the most controversial issues of the day are unknown. He is a northerner who is entirely acceptable to the South, and fits the mythical image of the dark horse emerging suddenly from a locked convention. The main difficulty about Senator Symington is that he is almost unknown to the general public except for his maladroit performance on the television screen during the McCarthy hearings and for his one-man war against the Department of Defence on behalf of bigger and better armaments. Moreover, Mr Symington has given no sign whatever in his public performances that he is of presidential calibre.

In this confusion, Mr Stevenson has a number of factors running powerfully in his favour. For months he has been doing his homework, unencumbered by public office, in building up support across the country. Since his defeat in Minnesota by Senator Kefauver, he has become a far more effective candidate, and now gives the appearance of being a real fighter. But most important of all, while Mr Harriman is attacking Mr Stevenson's "middle of the road" approach, great figures in the liberal pantheon, such as Mrs Eleanor Roosevelt, Mr Walter Reuther, and Senator Lehman of New York, are tirelessly assuring their admirers that Mr Stevenson is sound on all the essential issues.

Mr Truman's dramatic intervention may make Mr Stevenson's candidature, if he gets it, more worthwhile. He will have triumphed as a politician over Mr Truman and the old-style political operators with whom the ex-President still surrounds himself. And in the eyes of the country he will have finally cut his main link with a Democratic regime that still arouses memories of distaste among many independent and Democratic voters who supported Mr Eisenhower in 1952.

Before the Ballot

Chicago, Thursday

AS the delegates filed into the convention hall to nominate a candidate for the Presidency, it looked as if only a miracle could prevent Mr Stevenson from gaining a swift and decisive victory. For when the dust thrown up by Mr Truman's bomb had settled, it was apparent that very few delegates had gone over to Governor Harriman and it seemed clear that Senator Johnson had not been in time to rally the solid South. California, Michigan, New Jersey and Arkansas affirmed their support for Mr Stevenson. Governor Harriman could do little but deny that he had conceded the nomination to his opponent. To Mr Stevenson's aides, things "looked marvellous."

Mr Stevenson cleared what may have been his final hurdle when the convention approved a tortuous compromise on civil rights. As hammered out by the platform committee, the formula recognises the Democratic party's conviction that the Supreme Court's ruling on segregation is the "law of the land" but repudiates any use of force in carrying it out. The revolt against this casuistical solution was organised on the floor of the convention by men committed to Mr Stevenson, and this did further damage to the notion that Mr Harriman and his supporters were the only true liberals in the field. It involved the risk of a final split between Mr Stevenson's northern and southern supporters for the benefit of some dark horse candidate waiting in the wings. But when it came to the point, the majority of the delegates—as well as Mr Truman—were unwilling to sacrifice party unity. An attempt to strengthen the platform's stand on civil rights was rejected without even a roll call.

The party platform, as presented to the convention, features such traditional Democratic causes as the fight against monopolies, a higher minimum wage, rigid and high price supports for farmers and tax relief. But it contains one element that is a startling departure from the history and traditions of the Democratic party: it demands greater protection against foreign imports on the ground that the trade policies of the present Administration are sacrificing American industry to sub-standard labour abroad.

West of Suez

MR CHARLES WILSON, the irrepressible Secretary of Defence, appears to be the only member of the Administration who feels that the Suez crisis is a "minor upset" and "a relatively small thing." President Eisenhower and the rest of his team have been doing their best to bring home to the American public the gravity of the issue and to divert attention, for a moment at least, from the carnival in Chicago. Before Mr Dulles left for the London conference both he and the President sought to arrive at some statement of the American position. Mr Eisenhower expressed the strong hope "that this very serious difficulty will be settled by peaceful means" and said that he could not conceive of military force "being a good solution." But he was careful not to say that the United States would oppose the use of force "under any circumstances." Mr Dulles took a somewhat stronger stand and emphasised the immense importance of the Suez Canal to the economic prosperity of Europe and to the security of the western powers. He admitted, however, that the United States had "given no commitments of any kind" on what it would do if the London conference fails to arrive at a decision or if Egypt rejects a formula for international supervision.

Before embarking on the London venture, the Administration took steps to avert possible attacks from the Democrats and certain Latin American nations. The President invited congressional leaders of both parties, including such senior Democrats as Senator Johnson, Senator George and Representative Rayburn, to a special meeting at the White House. There he outlined the military and political aspects of the crisis and disclosed that he was not planning at present to call Congress back into special session. Mr Dulles also conferred with ambassadors from twenty Latin American republics. Although President Eisenhower has said flatly that "the conditions are not the same" for Suez and for Panama, the issue of unilateral American control over the Panama Canal may well arise. Mr Truman may have made this more likely by declaring blithely in Chicago that he had long favoured the internationalisation of a number of strategic waterways including both the Suez and Panama Canals.

Oil Prepares for Crisis

A NEW "Middle East Emergency Committee" to pool the resources of the American oil industry to meet the needs of Europe and the United States if the Suez Canal were closed to oil tankers, was formed this week in Washington under the wing of the Office of Defence Mobilisation. By guaranteeing the thirteen oil companies that make up the committee immunity from prosecution under the anti-trust laws, the government has cleared the ground for an international supply operation which, if it became necessary, might well surpass in scale that carried out after the closure of Abadan. Plans to meet the emergency will include the pooling, without regard to ownership, of the companies' tankers and storage facilities; inter-company sales and exchanges of crude oil and refined products to make the most efficient use of scarce tanker tonnage for American and European needs; and greater crude output in the United States and Venezuela.

These plans show how far the American oil industry is prepared to go in helping Europe to secure its essential oil supplies, and some means may also be found to reduce the dollar payments that these arrangements inevitably entail. The 8½ million tons of Middle East crude that were shipped through the Suez Canal to the United States last year could, in an emergency, be replaced by American domestic supplies. But the stake of the American oil companies in the Suez Canal is much larger than this. Although less than six per cent of the crude oil produced in the Middle East in 1955 was shipped to the United States, more than fifty-seven per cent of Middle East output was owned by American companies, who sold it mainly for consumption in Europe and shipped it through the Suez Canal or by pipeline to the Mediterranean. The proportion of proved reserves in the Middle East which are owned by American companies is even higher, and as these reserves are expected to play a progressively more important part in supplying both Eastern and Western Hemisphere demand, the American oil companies in the Middle East have as much to lose as have their European competitors. But one group in the American oil industry, while contributing to the solution of Europe's supply problems, would stand to benefit from a crisis: the domestic producers of crude oil who topped a long campaign against oil imports by submitting only this week a formal protest to the government.

A Peculiar Honour

Washington, D.C.

THE Vice Presidency, which provided this week's Democratic Convention with one of its main points of interest and which may provide next week's Republican convention with its only spark of excitement, is a peculiar honour. It is often despised and yet much sought after. For the Vice President remains the only other man besides the President to be elected to office by the entire United States. He is the presiding officer of the Senate and the presidential crown prince. For a battle scarred political veteran near the end of his career this may be a crowning glory; for a young, ambitious man the glittering title of the office may be a stepping stone to higher things.

During the electoral campaign itself, the vice presidential candidate is likely to carry a full part of the burden and to obtain a full share of the credit. But immediately after the triumph of the inauguration comes the anticlimax: the vain search for powers inherent in his office. An interloper in the exclusive club formed by the Senate and an incongruous member of an executive team built around the President, the Vice President is the hanging participle of American government. Unless he already has influence in the Senate in his own right, through long previous service there, or, in a few cases, through service in the House of Representatives, his office cannot supply it. His share of the executive authority, which he may inherit at a moment's notice, has, until very recently, been utterly dependent on the wishes of the President.

When the President is alive and fit, the Vice President is usually left plenty of leisure in which to reflect on the irony of being the second man in the nation but wielding practically no positive power. When the President dies he becomes President, although it is impossible to tell from the syntax of the Constitution whether the "office" or the "duties" of the chief executive were supposed to pass to him. Tyler, who in 1841 was the first Vice President faced with the issue, took the office; his action has since been confirmed by custom and, inferentially, by the wording of a constitutional amendment. In the case of presidential "inability" the Vice President is also supposed to take over, but the Constitution does not say, and no one has even decided, what determines inability, who establishes it, and whether the Vice President becomes acting or full President. From Tyler to Mr Truman seven Vice Presidents have

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inherited the Presidency. The four who filled out uncompleted terms in the nineteenth century were not later elected in their own right; the three who did so in the twentieth century were.

A vice presidential candidate is usually chosen to "balance the party ticket," either geographically or idealogically. Sometimes he is a member of the same political faction as the presidential candidate but appeals to a different racial, religious, economic or regional group; sometimes he is a member of an opposite faction whose votes are needed to build up a majority in the convention or of one which has been defeated in the convention and needs to be conciliated for the election. For such reasons Vice Presidents are often taken from populous states—there has been an exceptionally large number from New York, and Mr Nixon is from California.

In the great majority of cases a vice presidential candidate is not given a second nomination. During his four years of frustration a Vice President has usually made too many enemies. Since the Republican party was founded a century ago only one Republican President has ever lived through two complete terms; no Republican Vice President has ever been chosen for a second term. This year the second taboo may be broken, unless Mr Stassen has his way and upsets Mr Nixon's applecart, but the Democrats have not given a moment's thought to renominating Senator Sparkman of Alabama who ran with Mr Stevenson in 1952.

★

It would be wrong to conclude, however, that the successful presidential candidate can always dictate the choice of his running mate. None of the mediocre presidents between Lincoln and Theodore Roosevelt was able to do so, and Roosevelt did not attempt it when he had the opportunity in 1904. Roosevelt himself had been forced as a vice presidential candidate on President McKinley by an opportunistic combination of party bosses.

It would also be wrong to imply that all Vice Presidents have been equally without merit. Some of them were grotesque, such as the vulgar, barely literate Kentuckian, Richard Mentor Johnson. Vice President Johnson, who had been foisted on to the Democratic convention by Andrew Jackson, openly kept three Negro mistresses and ran an inn during his incumbency. Some, like Vice President Adlai Stevenson, grandfather of the present Mr Stevenson, were chosen because their views on the most disputed issue of the day were diametrically opposite to those of the President.

But many Vice Presidents have had something to contribute. Until recently it had to be in the legislative sphere, since a rigid application of the principle of the separation of powers kept the heir-apparent out of the executive government. No Vice President sat in the Cabinet between 1791 and 1918. When he did there was anxiety whether his presence was constitutional, and in 1925, when General Dawes was invited to attend he brusquely and publicly refused. But Vice Presidents who, like Curtis, the only man of Red Indian blood to serve in national office, and the late Mr Barkley, had been Senate majority leaders, or like Mr Garner had been Speaker of the House, used their experience and prestige to help push through the Administration's legislative programme. Unfortunately most of the experienced Vice Presidents broke with their chiefs before the end of their terms, or became infected by the presidential bug through proximity to the throne. They then turned into leaders of the opposition, like Princes of Wales in the eighteenth-century England on which American institutions are modelled.

More recently, with the end of the inhibitions about his taking part in the work of the executive, the Vice President has often undertaken presidential duties by delegation. The most striking examples of this have been Vice President Wallace's headship of the War Labour Board, and Mr Nixon's chairmanship of the Cabinet and the National Security Council during President Eisenhower's absence. It remains to be seen, however, whether the enlargement of the Vice President's function which has taken place under the Republican Administration can survive the special personal relationship between President Eisenhower and Mr Nixon. But, throughout the Vice Presidency's mottled history, the idea that it could be made the stepping stone to the highest office has never wholly evaporated. No Vice President has succeeded, except by death, since Van Buren in 1833. But Mr Nixon's ambitions and the eager competition among the Democratic party's promising young men at Chicago shows that the office is again regarded as an apprenticeship rather than a dead end.

Steel and Inflation

LAST week, the United States Steel Corporation raised its prices by an average of $8.50 a ton, presenting American industry with part of the bill for the recent strike which lasted thirty-four days and cost users over ten million tons of steel. This 6½ per cent increase is less than most buyers expected and the corporation claims that it will not fully cover the additional wage costs. In return for such industrial statesmanship, the steel industry feels that the government should allow more rapid depreciation, for tax purposes, on the new steel plants that are to be built over the next three years.

The increase in the price of steel has set off renewed but discordant discussion on the probable effects of the steel settlement on the American economy. Steel settlements set the standard for pay and benefits in steel fabricating, in the iron ore mines and in the aluminium industry where a brief strike has just ended. The new steel contract may also encourage Mr John L. Lewis to raise new wage claims for his coal miners. These are important segments of the economy, but many of the most important wage bargains, such as the agreement in the automobile industry, have already been struck and although the steel workers' gains are substantial they should not be sufficient to set off another spiral of increases.

Higher steel prices are likely to be passed on in full by the booming capital goods industries, but their impact on the prices of consumer goods will be less immediate. The cost of manufacturing a motor car, for example, will increase by less than $20. A more important question is whether the new level of steel prices will withstand the continuing increase of demand. Users had built up stocks in anticipation of a strike, but there is now a shortage of structural steels and of pipe supplies for the oil industry. And if prices continue to rise in other parts of the economy, it seems unlikely that steel can be relied upon to hold the line.

Half Throttle for Air Freight

FROM A SPECIAL CORRESPONDENT

BETTER financial weather is being forecast for the ten-year-old air freight industry, which has hitherto flown in turbulent economic air and suffered from poor business visibility. But the Civil Aeronautics Board has recently renewed for five years the certificates of the two largest domestic carriers of air freight and has granted them a limited right to carry mail, thus giving them some degree of certainty about future prospects.

Of the ten domestic "all cargo" carriers which sprang up with high hopes in 1947, only two have survived. And of these, only Slick Airways derives any substantial portion of its revenue from freight operations. All the others have either taken a tailspin into bankruptcy or simply grounded their equipment as their operations grew more intermittent and less profitable. One new company, still flying, entered the business in 1951, and operates between New York, Florida and Puerto Rico. The Seaboard and Western company is the only all cargo airline flying between the United States and Europe. A number of factors account for the high rate of failure in the industry. They include powerful competition from the passenger airlines; the absence of government subsidy in any of the forms enjoyed by the passenger carriers; the irregular flow of freight coupled with the high costs of equipment and maintenance which requires aircraft to be used to the full if operating charges are to be kept to reasonable levels.

Air freight, as such, did not come into existence until 1944. Before that, only "air express," at high rates, was flown under an arrangement between the Railway Express Agency and the passenger air lines. In 1945, approximately 1,600,000 domestic "freight-ton" miles were flown, with the all-cargo lines carrying 24 per cent of the total. In 1954, they carried slightly more than 30 per cent of the freight with the passenger airlines flying the rest. By 1956, the total freight-ton miles flown on both passenger and all-cargo lines had increased to only 275 million, far short of the billion tons which the CAB estimated, in 1949, as the potential for domestic air freight.

Competition has been extremely bitter. The passenger airlines have consistently claimed that a combination of passenger and freight carrying offers more economical and efficient service than the exclusive transport of cargo. The freight lines retort that the soundness of their operations is proved by the fact that more and more of the freight flown by the passenger lines is hauled in all-cargo aircraft. These are owned by the passenger airlines but are identical with those used by carriers who concentrate on air freight.

Since all civil aviation operations are regulated by the government, the CAB and the courts have been the arena in which the two groups have contended. The passenger lines have steadily objected to the granting of certificates to the freight carriers, the extension of their routes and the establishment of uniform rate schedules. Three of the major airlines were defendants in an anti-trust suit brought against them by Slick Airways on the charge of unfair competition and restraint of trade. The suit has been settled out of court.

As a result of their difficulties, the cargo carriers have been forced to shift their emphasis from the haulage of freight to contract flying—charter flights and the transport of military personnel and material. Without these military operations, the domestic air freight industry might well have died. The major source of revenue from genuine freight has come from carrying heavy industrial loads or perishables for which all-cargo aircraft are best suited.

Even though it is still very much of a touch and go proposition, there seems to be little doubt that the air freight industry will find a way to survive. A new tariff, a rate of fifteen cents a pound, has been established with a minimum of only $1 per package. Conceivably, the whole attitude of shippers and forwarders will be changed by this attempt to open up a market for cheap air freight. If so, the industry may well shift to full throttle.

The South Fights Back

WHILE the Democratic national convention has been hammering out a formula which, it hopes, will be satisfactory both to southern Democrats and to northern Negroes on whose support the party relies, the battle over racial segregation in the South itself has grown sharper. For more than forty years the National Association for the Advancement of Coloured People has been leading Negroes in their long and wearying fight for equality. The Supreme Court's famous decision barring racial segregation in publicly financed schools crowned years of effort by the Association's lawyers. But in a number of southern states steps are being taken to evade or oppose the Supreme Court's decision, and as many southerners hold the NAACP responsible for their present difficulties, some of their more rabid leaders have promised to "liquidate" it.

The Association has been banned in Louisiana and Alabama, and in the latter state it faces a fine of $100,000 for contempt of court, imposed when the NAACP refused to produce its records, particularly a list of its 14,500 members in Alabama. Lawyers for the Association argued that its members would be exposed to economic pressures and possibly to violence if their names were revealed. This has, in fact, happened in a number of the more backward southern communities, and the fear of reprisals has kept many Negroes from seeking a test of their rights and civil liberties in the local courts. Measures against the NAACP are also being taken or are contemplated in other states. The Florida legislature has passed a Bill to investigate the Association in order to determine whether it is "subversive," and the Attorney-General of Georgia is pressing for legislation to outlaw it for seeking to destroy "our traditional pattern of racial segregation."

The National Association for the Advancement of Coloured People is not finding it easy to translate its legal victories into the realities of daily life. Moreover, at its recent convention the NAACP showed that it was aware that certain white liberal groups are drawing away from it and accusing it of acting too quickly for the Negroes' ultimate benefit. The Association resents this charge and has pointed out that it is filing cases only in those states which have done nothing whatever towards complying with the Supreme Court's verdict.

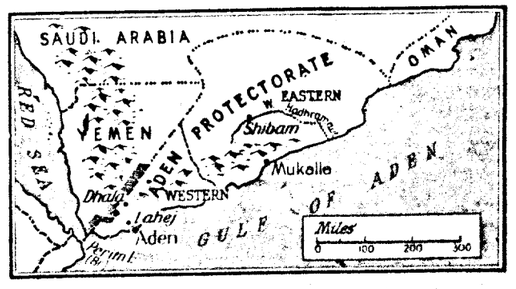
The World Overseas

Midget Thrones and Dreams of Oil

FROM OUR SPECIAL CORRESPONDENT LATELY IN MUKALLA

WHEN the Imam of Oman applied for entry to the Arab League, so the story goes, the League adjourned its session to find out where Oman was. Many Englishmen are no doubt equally uncertain of the whereabouts of such Arab states as Fadhli, Lower Yafai, Mahra, Bir Ali or Mausatta, for all of which they share some communal responsibility, and towards whose upkeep they pay, through the dark medium of the tax collector, some small contribution.

No fewer than 23 such petty states comprise the Aden Protectorate (divided into two parts, western and eastern), and with each of their Sheikhs, Sultans, Emirs, Regents and Sherifs the British Government enjoys protective treaty arrangements. More than that, it subsidises their development and security. provides advisers for their advancement, and has got itself embroiled in a depressingly complicated tangle of intrigue and rivalry concerning their future: whether they should federate under British auspices, whether they should retain their present erratic relationships with each other and with Britain, or whether they should be absorbed into the territories of their pushing but archaic northern neighbours, Yemen and Saudi Arabia. The Protectorate states produce almost nothing, and often seem quite incorrigibly addicted to the pleasures of violence and deceit. The conscientious Englishman, having discovered Upper Aulaki on his map, may well go on to wonder why on earth a harassed British Government wants to have anything to do with it.



Many of the Britons who work in the Protectorate have a disarmingly simple and old-fashioned answer. They say that Britain is in southern Arabia to help its inhabitants, to raise their standards, to induce in them some sense of serenity and to protect their interests against aggression. It may sound goody-goody, but for many of the men in the field it is happily true, and a little more of the spirit among Britons elsewhere in the Middle East might have saved a lot of trouble. Beyond altruism, though, stands hard policy, and at the policy-making level Britain's role in the Protectorate (simplified and rationalised, of course) is at once political and economic.

The political aspect of it can perhaps best be grasped in the Western Protectorate, the northern frontier of which marches exclusively with the Yemen. This contains most of the more jungly states, and its condition of internal disunion may be gauged by the fact that goods travelling from Aden Colony to Dhala, a distance of 76 miles, have to pass through five separate states and are subject to five different customs dues. Parts of this country, much of which is harsh and mountainous, have still never been penetrated by Europeans; but each of the states is served by a British adviser (who sometimes handles three or four of them) and British-financed security forces are scattered through the territory, maintained chiefly by air from Aden.

This place, the affairs of which frequently lapse into anarchy and tribal bloodshed, is a long, long way from stability or political cohesion. The British idea of a federation of its states, now thrown into the laps of the rulers, has not yet gone very far; not only are the rulers jealous of their own dignitaries and incomes, but people fear that a joint administrative structure might develop into some kind of British colonial rule. The Western Protectorate is feudal country, in which hereditary chieftains and their followers guard their prerogatives with a fierce medieval cunning.

British interest in this disagreeable backwater has never been very constructive. The total British expenditure on education there in 1953-54 was not much more than the Governor's salary; when £4 million was requested for the development of the whole Protectorate in the years 1955-60, the Colonial Development and Welfare Fund granted a total of £770,000. Nevertheless, it is largely the social progress that has been achieved that has re-aroused the acquisitive instincts of the Yemenis. The Yemen does not recognise Britain's right to be in the Protectorate, and claims, on the usual historical grounds, to own the whole of it; but recent attempts to encourage subversion across the border have probably been inspired chiefly by the fear of neighbourly progress, allied of course with sentiments of muzzy anti-imperialism.

In fact, the British Government is obviously far less inter-

ested in the territory *per se* than in its position as a buffer between Aden Colony and the rest of the Arab world, which nowadays can only be regarded as unfriendly to British interests. The Western Protectorate is Aden's hinterland, and if it was not under British protection (so the theorists say) Aden itself would be difficult to hold. This is not a strategic matter, but a political one (though British interest in the states of the hinterland first developed because of the need to secure Aden militarily). Nobody can really imagine the Yemenis rushing on Aden. But they have shown in the frontier areas how easy it is, with a gift rifle or the promise of benefits, to gain the support of the poor Arab ; and control of the Protectorate would give them access to many very poor and vaguely disgruntled Arabs within the colony itself.

The little rulers of the Protectorate, though with one or two notable exceptions unreliable and avaricious, are unlikely to relish the idea of Yemeni hegemony, if only because it might mean the loss of their midget thrones. The ordinary man might not welcome, when it came to the point, a return to the most barbaric principles of antique Islamic law, such as the removal of limbs in punishment. But there are three great inducements to subversion: first, the resurgence of pan-Arabism, which is noticeable in such relatively advanced centres as Lahej ; secondly, the sense of Islamic unity, most powerful among such shuttered communities as these ; thirdly, a widespread conviction, fostered by Yemenis, Saudis and Cairo radio, that the British will soon be leaving anyway and that it would be wise to climb aboard the bandwagon now, while the going is good.

Thus the British purpose in the Western Protectorate is necessarily a negative one : it is not really to increase production (though the Abyan cotton scheme is a splendid exception to a general rule), nor to fuse the states into unity, nor to establish more direct rule ; but simply to prevent other people gaining control there. The British presence fills a vacuum, and provides the port of Aden with a relatively innocuous backyard ; and it also protects the flank of the Eastern Protectorate, which is a different matter altogether.

The British Stake

Thanks to the inspiration of some brilliant and devoted British officials (not least the present Resident Adviser, Colonel Hugh Boustead) the Eastern Protectorate has achieved a measure of stability beyond conception twenty or thirty years ago. It consists of five states only, living reasonably peacefully with one another. The easternmost territory, Mahra, is practically unknown and has no administration ; but the principal state, Quaiti, has a successful and quite advanced local administration, maintained with the minimum of British participation. Nationalism and pan-Arabism have inevitably arisen there, but at least they have a basis of relative maturity and experience.

But here the British stake is different. Whereas the Western Protectorate appears to offer little hope of mineral resources (not that it has ever been completely surveyed), the Eastern Protectorate seems to hold the magical promise of oil. A British company is prospecting hopefully in the north, near the Saudi frontier, and the hope of success colours the whole British attitude to the territory. A British bank, for example, has begun operations in Mukalla, the delectable old port (a sort of Arabian Venice) which is the principal gateway to the Protectorate ; business is now slack, and the manager has time to chat ; but it is always worth waiting for oil. Rulers, merchants and British alike find their thoughts overlaid, so to speak, by visions of wealth to come : and the greedy Saudis across the frontier have an added inducement to expansionism.

Precisely whose wealth it will be seems to be a moot point. The concession was granted by the British, according (so they say) to their treaty rights ; but the royalties, it appears, will accrue to the individual rulers in whose territory the oil is found. The British hope that such royalties can be shared, through some federal system, among all the states of the Protectorate ; the rulers, naturally enough, tend to view such proposals with suspicion ; and the visitor is tempted to wonder why, if Her Majesty's Government is qualified to grant concessions, it is not also entitled to dispose of the consequent royalties.

Some people, in any case, question the wisdom of the British policy of co-operation with state rulers. These turbaned potentates are on their way out, so the argument goes, harried by the hounds of progress ; and without them it would be much easier to achieve some kind of unity. To this the advisers answer that without the Sultans and the Sherifs there would be nobody at all to negotiate with. In such advanced centres as Shibam (the white skyscraper city which stands thrillingly, like a land-bound Manhattan, in the remote Wadi Hadhramaut) there are certainly educated, travelled and cultured men—the Hadhramaut even has its own written literature ; but none of them can be considered as representative of the people, or competent to speak on their behalf. The existing system is in many ways difficult, and almost certainly doomed ; but there is at present no alternative.

So in one way and another, and for different reasons, the British policy is to maintain the *status quo* in the Aden Protectorate, in essential ways anyway ; commited, partly by a resilient sense of altruism, to programmes of development and improvement, and heavily engaged, with land and air forces, in protecting the northern frontiers against encroachment and subversion. There are differences of opinion about federation, about oil royalties, about the position of the frontier, about the ethics of the British attitude ; but the intention is clearly to hang on.

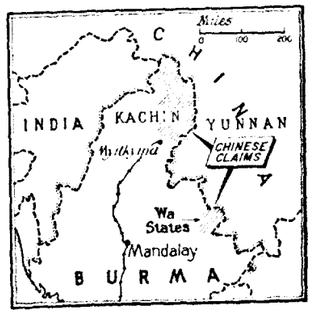
Are we right to assume these responsibilities, hampered by limited resources, and in the face of the universal Arab movement towards unity and independence ? In the city of Aden it is difficult to escape some qualms of doubt ; but in such a place as Mukalla, the lot of whose people has unquestionably been improved by the British presence, whose splendid Arab character has not been tainted and whose British advisers do their work with genuine respect for local pride and aspirations, one feels that (oil or no oil) there is something to be said for the Pax Britannica.

China, Burma and the Wa

BY A CORRESPONDENT

THE Burmese government is reported to have sought the good offices of India about the recent Chinese military penetration into the Wa country on the Yunnan border, a diplomatic protest to Peking having been of no avail. Whatever the significance of this particular incident, it has called attention to the fact that two stretches of the frontier between China and Burma have never been finally demarcated. As long as this situation remains, it provides possibilities of dispute and of Chinese pressure on Burma. The Burmese government has taken over from Britain the claim to the frontier line which appears in atlases published in this country. But Chinese maps show a different frontier, and although the Communist government has sought to allay Burmese fears about traditional Chinese claims, by maintaining that the maps in question were published under the Kuomintang, it has not shown itself disposed to settle the matter by a definite agreement.

Two tribal areas between China and Burma have always in the past been independent of both Chinese and Burmese control ; they have been at once too barren to be worth subduing and too difficult of access to be effectively administered without great exertions. One of these is the country of the Kachins in the extreme north, bordering also on Assam, and the other is the territory of the Wa tribes between the Salween and Mekong rivers to the north-east of the Shan States. It is the Wa country which is involved in recent events, though there have been reports of Chinese intrigues among the Kachins as well and the potential area of dispute there is much larger. The Wa occupy a land about the size of Yorkshire consisting of a jumble of limestone mountains, of no great height but extremely difficult to traverse. Numbering about 100,000, the people live in fortified hilltop villages rather like the " camps " of Iron Age Britain, each tribal unit being independent ; there is no central political control for the whole people. The Wa formerly occupied a much larger area ; they speak a language related to those of the Mons of southern Burma and the Khmers of Cambodia, but quite different from the Sinitic speech of the Shans who surround them. Unlike the Shans, Burmese and Siamese, they are not Buddhists, but retain a primitive animist religion of which headhunting—for the magical fertilising of the crops as well as for the exercise of warlike prowess—has been traditionally a part. The Wa were driven into their inhospitable mountain fastnesses by the Shans coming down from the north ; the Shans despise them as savages, but have in the past been content to leave them to themselves in a country which is as hard to conquer as it is unattractive for settlement. The Wa mountains, however, have been a refuge for people other than the Wa themselves ; when the rebellion of the Chinese Moslems of Yunnan known as Panthays was suppressed in 1875 with fire and slaughter by the forces of the Chinese imperial government, a group of them escaped to a stronghold in the Wa country, and indeed still survives, having augmented its original numbers by making converts among the Wa.



When Burma was brought under British rule, and contact was made with the outposts of the Chinese empire to the north-east, there was a desire in Rangoon and London for a frontier with China more precise than had been thought necessary in the old days of the Burmese kings. This did not necessarily imply a resolve to administer the Wa ; nobody had ever administered them, and from what was known of their ways it was likely to be more trouble than it was worth. But it seemed important to decide to whom the Wa nominally belonged in terms—unintelligible to the Wa themselves—of state sovereignty. A joint British-Chinese commission, therefore, was appointed to define the frontier in 1899, but failed to reach agreement ; the Wa were not interested in the frontier, but took the opportunity to cut off the heads of two British officials and four Chinese soldiers, for which some Wa villages were burnt by a combined British and Chinese force. After this the Wa were left alone until 1935, when a boundary commission was set up by the League of Nations with a Swiss chairman. By this time reports of mineral deposits in the Wa country—a silver mine had formerly been worked there by the Panthays—had suggested that the territory might after all have an economic value.

An exchange of notes between Britain and China in 1941 left the Wa country within Burma, but soon afterwards the Japanese invasion diverted attention from this remote area ; when, after the war, power was transferred to an independent Burma, the Wa were still virtually independent in their hill forts and the new regime had plenty of other troubles to distract it from the question of the frontier. The Kuomintang government in China had likewise too many troubles of its own to bother about the Wa, and the Communists after taking over China soon got themselves into the war in Korea and were careful to avoid complications with Burma or India, even when Kuomintang exiles were raiding Yunnan from the Shan States. But the Wa have not, it seems, been altogether forgotten ; governments in the modern world do not accept that anybody should remain unadministered. The only question is whether it is to be done by Burma or by China. The Burmese appear to have missed their opportunity to bring the Wa under control, and now the report is that the Chinese have moved in and established a garrison on what (by the Sino-British agreement of 1941) is the Burmese side of the border. Perhaps it does not matter very much and the Burmese should be grateful to China for taking on the task of bringing civilisation to the Wa. But when a frontier is challenged, the being of a state becomes uncertain ; once a dyke is breached, where is the water to stop ? The first Chinese encroachment on Burma is unlikely to be the last.

Arms and Japan

FROM OUR CORRESPONDENT IN TOKYO

NOBODY can be conscripted into the Japanese armed forces, and any volunteer soldier, sailor or airman can become a civilian again, almost at a moment's notice and without suffering any penalty for turning in his uniform. One result is that the so-called Self-Defence Forces, if not popular, are at least tolerated ; and unwary tots have even been known to wave to passing Japanese soldiers, though such instinctive patriotism is heavily frowned on by parents, who seem to feel ashamed of it as atavistic, as well as probably being unconstitutional. The Socialists, however, are a trifle less militant in their anti-militarism than they used to be. Mr Asanuma, the party's genial Secretary-

General, now says that, when they come to power, the Socialists will not immediately disband the army, but will reduce it by stages. It is true that the reason Mr Asanuma gives for this modification of previous attitudes is purely economic. Japan, he points out, has quite enough unemployed as it is, without throwing the army on the streets. It is also a fact that most of the men who voluntarily enlist are farmers' younger sons who see no other way of making a living. However, it can be safely asserted that for one reason or another the Japanese have come to accept the existence of a postwar defence system, and are prepared to spend some 12 per cent of the budget on it.

But any suggestion that either this sum or the forces themselves should be increased, invariably encounters stiff resistance. The army, navy and air force now total around 180,000 men. The soldiers are equipped with some thousands of outdated rifles, the sailors man three old destroyers and a dozen and a half superannuated frigates, and the airmen fly 250 aircraft, mostly trainers (no jet pilots have as yet completed their course). According to its agreement with the United States, the Japanese government is supposed to add 10,000 soldiers, 3,500 sailors and 9,000 airmen in the next twelve months, as a step towards the 1961 goal of a 180,000-strong army, an air force with 700 fighter planes, and a 125,000-ton navy. But all this is going to cost money, and the Japanese are very loath to spend it. It is, in fact, difficult to escape the conclusion that postwar Japan is prepared to tolerate armed forces only on condition that they are entirely for show and in no real danger of having to fight (and so, perhaps, lose). Many Japanese believe that, in the atomic age, large forces would simply provoke some large neighbouring countries' hostility, without being able to meet it.

"Fighting is for Yanks"

The corollary of this conclusion is that fighting is strictly for Yanks. In the upper reaches of the armed forces' own bureaucracy, nervous objections are sometimes voiced to the Americans' use of the term "Communists" to denote the potential enemy. The Japanese do not deny that Communists *are* the potential enemy, but seem to feel that that is the Americans' affair, not theirs. As one Japanese official explained when gracefully declining the offer of the use of an American base by the Self-Defence air force: "If the enemy bombs it while it is under your flag, that is your business, but if they bombed it while it was under our flag, why, we would be at war!"

A more recent phenomenon is the growing feeling that the Americans should take their business elsewhere, away from Japan. As SCAP—Supreme Command Allied Powers—recedes into history, so do the "Scapanese" who were well content to leave all decisions, as well as any possible fighting, to the Americans. Post-SCAP Japanese grumble that American armed forces on Japanese soil simply "attract the lightning" of Communist aggression. They want the Americans to go away, and they themselves want to become the Swedes of the Orient.

Some Japanese realise that this would entail taking over the full load of the defence burden, as a necessary part of the price of genuine neutrality. But this realisation is by no means widespread. The recent American announcement of a reshuffle of Pacific Commands, clearly foreshadowing the pull-out of some American forces from Japan, provoked some interesting but conflicting reactions. Perhaps the chief reaction was, "Since the United States is relaxing, Japan can relax also." The Hatoyama government typically sidestepped the awkward problem of a step-up in the share of the budget allotted to the defence forces by announcing (though with some dissident voices) that there would in fact be no large-scale movement of American forces out of Japan, so that the situation had not really changed at all. Others gloomily predicted that greater American concentration on Okinawa would simply make an Okinawa settlement that much more difficult: the reasoning seemed to be that the Americans should not merely leave Japan, they ought to get out of Okinawa as well. And yet another school of thought forecast a severe drop in American procurements of Japanese supplies and demanded that Japan should take what the Minister of International Trade, Mr Ishibashi, called "immediate countermeasures." What Mr Ishibashi meant, as he kindly explained in a signed article in the *Oriental Economist* (which he owns), was that Japan should take positive steps to increase its "economic exchanges" with China, and perhaps with Russia also.

It is not surprising, considering the delicate state of the country's balance of payments that economic factors should play a large part in Japan's thinking on these issues. The dollar deficit would be intolerable but for the American military procurements. The United States has, in addition, spent almost as much on equipping the Japanese Self-Defence Forces as have the Japanese themselves. If the procurements are going to drop because of an American pull-out, and if simultaneously the Japanese are going to be asked to spend considerably increased sums on expanding and maintaining their defence system, the chances are that the emotional drives towards a Nehru-type neutrality will receive greater impetus, while Japanese businessmen will begin in real earnest to look towards Chinese and Russian raw materials and markets.

The Communist countries are of course well aware of this, and would be, even if they did not have a smart ex-MVD lieutenant-colonel sitting in Tokyo disguised as a "fisheries expert," to advise them. A trade bait has already appeared in the Russo-Japanese peace talks in Moscow; and, while it is no doubt purely a coincidence, it must be a matter of satisfaction to the Communists that the Japanese Socialists' "solution" of Japan's territorial claims is to get the Americans out of Okinawa and the Bonin Islands, as a first step to

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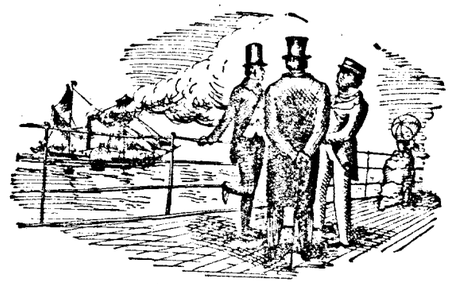

Immense!

"Wonderful thing steam Sir"
"Ah, it is indeed Sir"
"Great power Sir—Immense! Immense!"
"Great deal done by steam Sir"
"Ah!—Still in its infancy they say Sir".

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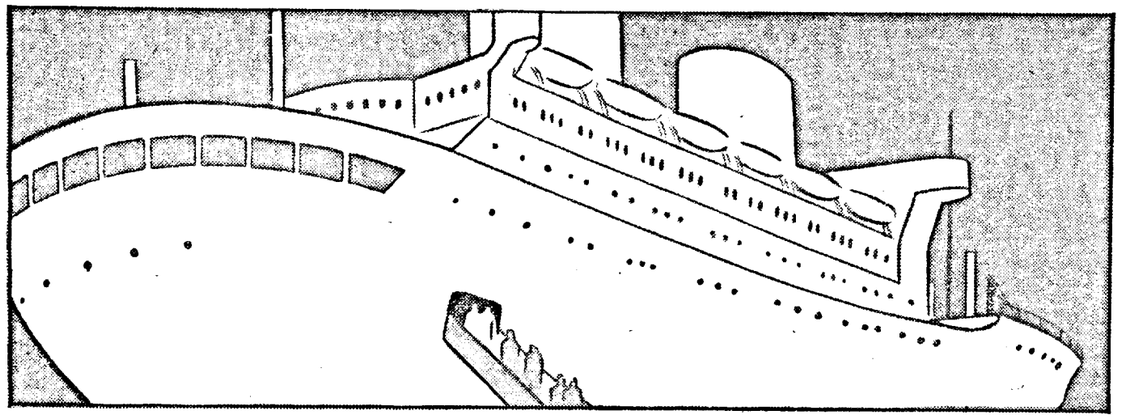

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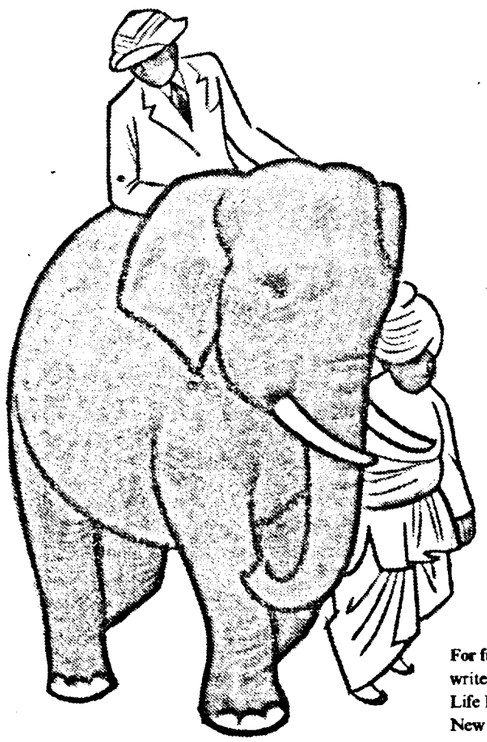

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persuading the Russians to hand over Kunashiri and Etorofu islands. One influential Japanese journalist, quite in the Nehru tradition, has, while accusing the Americans of having a "superiority complex," proposed that Japan should accept the burden, not of its own defence, but of "mediating" between Communist China and Formosa, as a first step towards real, peaceful coexistence in the Pacific.

Holland Fights the Sea

FROM OUR CORRESPONDENT IN HOLLAND

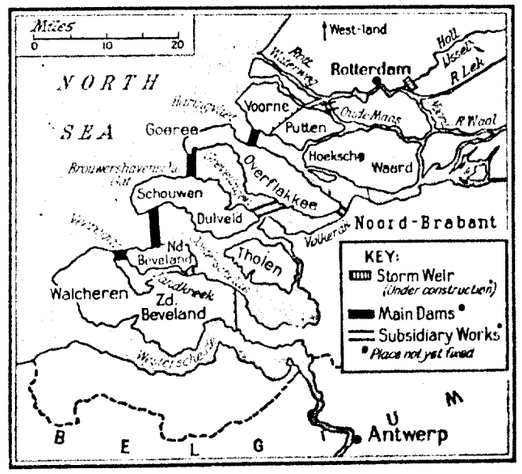
THE ambitious new Dutch scheme of sea defences, the Zeeland "Delta plan," has just been started with the sinking of the first mattress in the Haringvliet, one of the three big inlets which is to be cut off from the sea. The scheme will take about 25 years to complete and will cost around 2,000 million guilders. It will not lead to the reclamation of much new land—about 25,000 to 37,000 acres at the most—but it will give Holland much stronger defences against the sea than it has yet enjoyed and it will also provide much better facilities for preventing fertile fresh-water fields from becoming poisoned with salt water.

The Delta plan is a result of the hard lesson learned by the Dutch in a single night in February, 1953, when it became painfully clear that the safety of one-half of the country and the lives and livelihood of 60 per cent of the population rested on sea defences which were quite inadequate. On that night exceptional conditions of wind and tide caused the sea to break through the coastal defences and take a heavy toll of lives and property. An area of 375,000 acres, with a population of 600,000, was inundated. About 1,800 people lost their lives and at least 72,000 had to be evacuated. And yet the calamity might easily have been much more serious. A breach which was starting to appear in the dykes along the "Hollandse Ijsel" was only stemmed at the very last moment and with the utmost difficulty. If it had not been held, the centre of Holland, with a population of more than four million, would have been inundated.

The commission appointed to draft a plan for more adequate sea-defences decided against a scheme for strengthening and raising the level of the existing dykes as being both costly and unsatisfactory. It agreed that a better plan would be to build 20-30 kilometres of new dykes, leaving the old dykes to form a second line of defence. The three new main dykes will be built in Veeregat and Oosterschelde, Brouwerhavensche Gat and in Haringvliet. It will also be necessary to raise the dykes along the Westerschelde and the Rotterdamse Waterweg, and to dam the Hollandse Ijsel. Secondary dykes will have to be built at Zandkreek and Grevelingen to facilitate the construction of the main dykes, as well as at Volkerak and Oude Maas to control the water levels. Minor undertakings will be necessary to assist drainage, navigation and fish-culture. Ultimately, Holland's complete security against the sea will rest upon an unbroken coastline, the islands in the north being connected by dykes of some kind, but this scheme is still in the earliest stage of planning.

The Delta plan does not provide dykes along the Westerschelde and the Rotterdamse Waterweg, because the heavy sea-traffic of the ports of Antwerp and Rotterdam would find it too inconvenient to have to negotiate a system of locks through the dykes and the experts decided that there would not be strong enough advantages to justify the erection of these obstacles to easy navigation. Elsewhere, however, the plans will provide adequate protection against storm floods even though the water level rises far higher than it did in 1953, when it reached the highest recorded level. The large low-lying basin behind the main dykes acts as a safety valve when the water level of the Waterweg rises. The weir in the Oude Maas will be opened and the water level in the Waterweg thereby reduced. The Hollandse Ijsel dam will protect the area with the weakest defences and the lowest land in Central Holland. The sluices and lift-locks are already under construction, and by the winter of 1957-58 they will be in operation.

The plan also provides a way of dealing with the spate of water which in wet weather surges down the rivers Lek, Waal and Maas, and at the maximum rate of flow becomes



much greater than the Rotterdamse Waterweg can carry away. When the currents in the river Noord and the Waterweg become dangerously swift, the pressure will be relieved by opening the sluice gate at Haringvliet. But when the discharge from the rivers is at its lowest the water will have to be carefully husbanded, for it is greatly needed, not only for irrigation but also to wash out salt water that finds its way into the polders, where it poisons the crops and affects the livestock. At the moment half the water flows to the sea by way of the Haringvliet and is lost. When a separate project to canalize the Rhine and the Lek is completed, the consequent reduction in the discharge from the Lek might well cause the sea to penetrate deeper inland. But under the Delta plan all the sluice gates in the main dams, including the one in the Oude Maas, will be shut when the river levels are low, so that the flow will be directed entirely to the Waterweg. The swifter current will push the salt water further seawards, and Rotterdam and the horticultural area of the Westland district will thus get a better supply of fresh water.

Paradoxically, Holland, which always seems to have a water surplus, has also a problem of fresh water shortage.

Under the Delta scheme it will be possible to open the sluice in the projected dam in the Volkerak whenever there is a surplus of water and then close it as soon as the water level in the north drops below that in the south, and in this way to store water in the Zeeuwse Meer, as the estuaries of Zeeland are called. The water can then be distributed at will among the farming districts in Zeeland and Noord Brabant. If fresh water could be introduced into the sandy and impoverished soil of some parts of this area in the summer months, the productivity of the land would be increased by up to thirty per cent.

In order to convert the Zeeuwse Meer into a fresh water lake when the main dykes have been completed, drainage installations will have to be built in each of the dams, and also probably in the eastern part of the Oosterschelde, so that the salt water can be drained away gradually while fresh water is introduced through the Volkerak. Whenever there is severe frost the sluice gates in the Haringvliet will be opened so that the tidal movement and comparative warmth of the sea will break up the ice of the inland lake.

The dam in the Zandkreek and the one in the Veeregat form part of what is called the "three islands plan," which will link up Walcheren, Noord Beveland and Zuid Beveland. Bringing the islands into closer touch with the mainland will be an important result of the Delta scheme. Industry will then be able to settle in areas which have hitherto been unsuitable because of their inaccessibility. The labour from these areas will also be able to reach the surrounding industrial districts more easily, through the construction of high roads to Rotterdam over the new dams.

Strong Tidal Flow

Although the bill providing for the financing of the plan has not yet passed the Dutch parliament, the first big project, the dam in the Haringvliet, has been begun. The building of dams in Dutch tidal waters presents the engineer with difficult problems, both because at the bottom of these tidal inlets there is nothing but fine sand, and because the ebb and flow of the tide is very strong, and as work on the dam progresses, the tidal current flows through the narrowing gap with increasing force. Yet, if too great a margin of safety is allowed for, the construction will be too expensive.

Under the Delta plan the area of tidal water to be cut off is considerable. The tide range is about twelve feet and in the Oosterschelde alone 240,000 million gallons of water now move in and out at every tide. It is planned to build the dams in three main phases. First, a wide belt of mattresses made of willow branches or similar material, and weighed down with heavy stone ballast, will be placed on the sea bed to prevent the sand being scoured out by the tidal currents. These mattresses will have to be laid at slack water at depths of up to 85 feet. Secondly, a wide "threshold," or underwater dyke, flat-topped and made of mattresses, shale and basalt will be built on this protected base up to the maximum height at which it can still safely withstand the tidal forces; in general, its height will be 30 to 40 feet below sea level. Finally, a long mole of concrete caissons will be placed upon the threshold. The caissons, which will be floated to the site and lowered on to the threshold at slack water are in effect enormous sluices, which, as long as their gates are open, only slightly restrict the flow of water. Once the line of huge open caissons is complete, all its gates can be closed simultaneously. The dyke can then be completed and strengthened in still water.

New Zealand's Cautious Budget

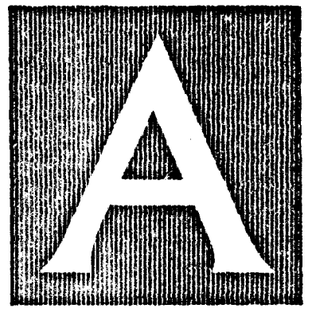
FROM OUR WELLINGTON CORRESPONDENT

NEW ZEALAND made a modest start last week in trying to use the budget to counter inflation. For the first time in seven years there were no tax concessions. Instead, Mr Watts, the Minister of Finance, budgeted for a modest surplus of £3,700,000, increased income tax by £3,500,000 (by halving the 20 per cent rebate granted last year), and removed the special plant depreciation allowance —the only tax concession recently given to companies.

The general public and the business community, which had expected something more severe, accepted Mr Watts' proposals with resignation and with some symptoms of relief. Before the budget, it had been predicted that the government would try to check imports by imposing higher sales taxes on a number of luxury goods, including motor-cars. There had consequently been a moderate run on stocks of liquor and tobacco; but this precaution proved unnecessary. The main criticism of the budget is that it shows yet another steep increase in government expenditure. Last year, while exhorting the public to save, the government increased its own expenditure by £8 million. During the present year, its expenditure will increase by £12,300,000. There is a good deal of restlessness in New Zealand about the high level of private and company taxation; and both this and the effects of the present credit squeeze would be accepted with more equanimity if they were accompanied by some evidence that the government was doing more to obey its own precepts. The halving of the income tax rebate will bring the annual proceeds from income tax to over £98 million.

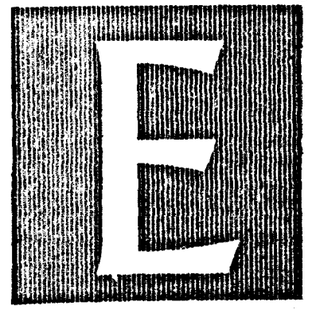
There is also some criticism of the abolition of the special plant depreciation allowance on the grounds that New Zealand's company taxation already leaves the companies only 7 per cent of their profits for distribution and that the real problem is to cut back unnecessary luxury imports instead of handicapping imports of necessary new plant. Mr Watts conceded that despite the credit restrictions New Zealand is unlikely to overcome its balance of payments deficit this year; the deficit would be substantially reduced, for the monthly rate of private imports was now £1,300,000 less than last year, when New Zealand had a payments deficit of over £26 million; but until the deficit was fully bridged all remaining controls on building, capital issues and imports (which at present cover about 20 per cent of imports) would be continued. The government is also to float an internal loan of £5 million.

The budget provided £76,500,000 for social security and welfare, or about 28 per cent of tax revenue. The chief increases in expenditure are in defence (roughly £2 million), works and education. The government is still hesitating about introducing "pay as you earn" taxation, and the most that Mr Watts would do was to announce the appointment of a special committee to investigate the matter still further. His budget's only marked characteristic is that it slightly increases taxation instead of slightly decreasing it. But it is extremely unlikely that its modest tax increases will have any real effect upon New Zealand's chief problem, which is its balance of payments deficit. The budget's chief merit is that at any rate it will do nothing to make the inflation worse, even if it does too little to remedy it.



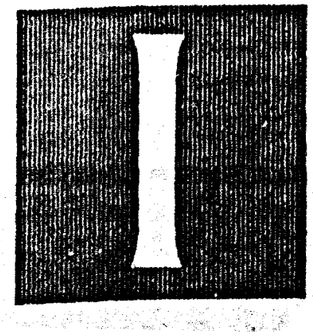
AUG 6th **BANK HOLIDAY BLUES**
This is a dismal bank holiday; hail and rain wet our clothes and damp our spirits. Some comfort, however, is provided by A.E.I. companies, for, thanks to electricity, much of which is generated by Metropolitan-Vickers and B.T.H. equipment, we can take refuge by our Hotpoint fire or at the Cinema where a western, shown by B.T.H. projectors, conjures up some memory of the sun.

every day

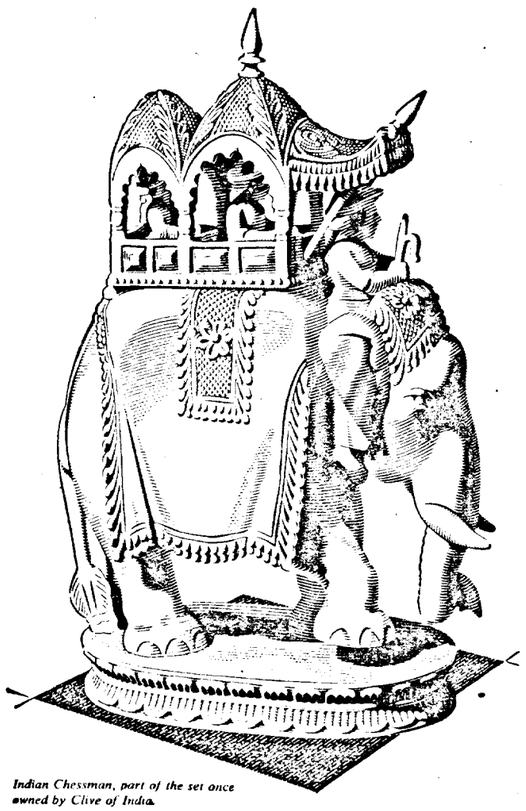


AUG 7th **MORE POWER FROM THE ATOM**
Sixteen atomic power stations with a total electrical output three times that of the twelve stations projected in last year's "Programme of Nuclear Power" are now proposed by the government. Amongst the four groups who are preparing tenders for the first of these stations is the A.E.I.—John Thompson Nuclear Energy Co. Ltd., builders of Britain's first privately owned reactor.

every way



AUG 8th **COMMUNICATIONS**
The Prime Minister is heard and seen in many homes in this country as he makes his speech to the nation this evening.
Ediswan valves and cathode ray tubes play a major part in such communication by radio and television. Ediswan is derived from two famous names, Edison and Swan, whose company—now a member of A.E.I.—made the first electric lamps in this country.



Indian Chessman, part of the set once owned by Clive of India.

Chequerboard of the East

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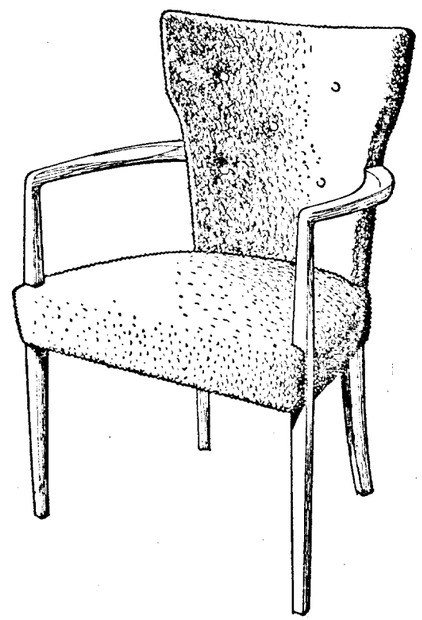

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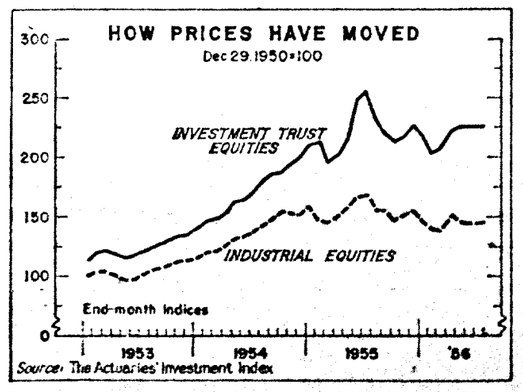
THE BUSINESS WORLD

Investment Trusts Compared

INVESTMENT trusts are a happy hunting ground for statisticians, who bring an elaborate apparatus of analysis, including earnings yields, priority percentages and break-up values, to their comparisons of different investment trust stocks. Such labour is not in vain. It gives the investor a good deal of help in picking his way through well over a hundred investment trust ordinary stocks; it also suggests rational answers to the question whether it is better to secure a stake in an expertly managed and balanced portfolio, or for the investor to use his money and any experience he may have to build up his own portfolio. But there are limits to the usefulness of this kind of figuring; for although the arithmetic of comparisons between trust stocks can be made precise, the market in investment trust stocks is narrow and unlikely to broaden—the nice calculations go with wide prices.

Occasionally it is well to take a less sophisticated look at the behaviour of the trusts. The results of such a general view are set down in the accompanying chart and tables. The chart measures the movement of the prices of investment trust ordinary stocks over the last three and a half years; the tables present the results of two "average" trusts, the first based on a sample of 15 London trusts and the second on nine Scottish trusts. The figures of these "average" trusts have value only as indicators of trends.



The investment trusts are not enjoying the vogue they had in the twenties. Last year several of them placed new capital (usually in the form of debenture stock) and some made small rights issues of ordinary shares. But the amount of new capital raised by investment trusts as a whole during a period of booming ordinary share prices has been small; indeed, one might say that by these issues the trusts were doing little more than passing on to their own stockholders some of the benefits and burdens accruing through the trusts' own participation in rights issues by industrial and commercial companies. While the welfare state has sent some other institutional investors bounding ahead the trusts have done little more than mark time.

Few new public investment trusts have been formed since the war—Cable and Wireless (Holding), now the biggest of them all, is a special case arising out of nationalisation. The demand for investment trust securities and even for the open-ended trust units has been limited. This can be explained partly by the blows suffered by private saving and investment and partly by what has seemed to be an illogical prejudice by governments against the trust form of investment. Memories of the slump in the thirties, which showed that even the most expert management cannot fly above a storm, have not entirely disappeared. And in the post-war bull market, where capital gains and better incomes have accrued virtually automatically for the private investor, there has been so much the less justification for paying a premium to secure expert management.

As the chart shows, the prices of ordinary stocks of investment trusts closely follow those of industrial equities, which bulk largely in the trusts' portfolios. But between the receipt of dividends on a

trust's portfolio of securities and the payment of its own dividend there is always a time lag. That lag is not reflected in market prices of the trusts' stocks. Historically the prices of investment trust equities have nearly always been below their break-up values, for break-up values are always most notional when they are most attractive. Investment trust equities also suffer restraint because the trusts do not normally distribute their income to the hilt. But in a bull market investment trust ordinary shares rise faster than their underlying securities because of the additional element of gearing in the composition of the trusts' capital. Over the last three years trust equities have gained ground on industrial ordinary shares, because of the gearing effect and also because the trusts, like other institutional investors, have been putting more of their money into ordinary stocks. The tables do not show exactly how far that movement has gone, for the portfolio distribution is calculated on market values so that a rise in ordinary shares automatically produces a fall in the proportion invested in fixed interest stocks. But they do suggest that the Scottish trusts have carried the switching out of fixed interest stocks into equities and out of British stocks into North American securities rather farther than the London trusts.

This policy has paid well in a period when profits and dividends were rising. The appreciation in portfolio values over the three years to end-1955 shows that the trusts' manager have done better with their investments than a portfolio simply made up of the industrial equities in the Actuaries' Investment Index would have done. In these three years the Actuaries Index (ungeared, of course), rose by about 36½ per cent, but the market value of the portfolio of the "average" Scottish trust rose by 58½ per cent, and that of the "average" London trust by 48¾ per cent. A trust must be expected to beat the averages if it is to stay in business. But the success of the trusts in keeping ahead of the British stock market indices is not quite a fair comparison, simply because they have been so active in buying of North American stocks which have moved ahead rather faster than British equities. There is, however, a converse to this: yields on North American stocks are generally lower than those on British securities. Increased participation in dollar stocks is thus one reason why the ratio of the trusts' gross income to the market value of portfolios has been falling. Another more important reason is that in a bull market share prices, on which the value of the portfolio is calculated, move ahead well in advance of the actual dividend payments from which the trusts' gross incomes are made up.

If this is an inflationary world, the trusts are right in concentrating more on equity investment, and it follows that there must be an element of growth in the trusts' own ordinary shares. But because of this switch into equities, the trusts are more vulnerable than they were. The chances of higher rewards from investing in a trust are better, but the risks are bigger, too. And, traditionally, the trusts appeal to the investor who desires a steady income—though this tradition got a nasty shock in the early thirties. A bear market would be a big test for the trusts; they would then have to fight for their reputation by maintaining dividends by means of transfers from reserves. Not many of them did so when faced with heavy book losses in the early thirties—and at that time they had proportionately bigger holdings in fixed interest stocks than now.

Investment trust ordinary stocks do not provide an easy road to fortune without risk. A few attempts to make the trusts more popular have been tried—as, for example, by Cable and Wireless (Holding) and Globe Telegraph in paying quarterly dividends and in promising an unchanged dividend rate, preserving an element of equity by free scrip and rights issues. In isolated instances success may attend these efforts. But with the impediments to private saving in this country it is difficult to believe that the trust movement will regain its former popularity. It now has to compete with various forms of indirect investment, such as insurance policies with profits and contributions to pensions funds. No doubt, the debentures and preference shares of the investment trusts will retain their appeal as safe investments, but the trusts' ordinary shares are as likely nowadays to go into the portfolios of other institutional investors as into the trust funds run by the family solicitor. And in the end it is the quality of management that counts ten times more than the precise calculations of the investment trust statistician.

AN "AVERAGE" LONDON AND SCOTTISH TRUST
(£'000s)

	Scottish Trust*					London Trust†				
	1951	1952	1953	1954	1955	1951	1952	1953	1954	1955
Issued capital:—										
Debentures	699	697	748	776	781	722	727	780	879	879
Preference	464	464	477	477	477	512	512	524	524	544
Ordinary	418	424	433	449	449	476	482	512	645	645
Portfolio:—										
Book value	1,712	1,728	1,757	1,876	1,933	1 928	1,968	2,040	2,188	2,359
Market value	2,392	2,171	2,261	3,041	3,584	2,616	2,438	2,721	3,586	4,032
Appreciation (per cent)	*+40*	*+26*	*+29*	*+62*	*+85*	*+36*	*+24*	*+33*	*+64*	*+71*
Gross income	131	137	140	157	179	150	163	168	188	222
Net income	44	48	52	64	80	47	52	55	67	86
Ordinary dividend	21	29	34	44	57	27	32	37	45	57
Gross income/market value (per cent)	*5·5*	*6·3*	*6·2*	*5·2*	*5·0*	*5·7*	*6·7*	*6·2*	*5·3*	*5·5*
Distribution of portfolio:—										
Debentures (per cent)	7·7	7·5	5·3	3·4	1·8	8·8	9·3	8·7	6·0	5·7
Preference (per cent)	16·8	16·1	15·2	11·9	8·3	20·2	19·8	19·2	16·1	13·0
Ordinary (per cent)	75·5	76·4	79·5	84·7	89·9	71·0	70·9	72·1	77·9	81·3
British (per cent)	58·7	53·3	53·2	50·3	50·0	64·1	64·3	65·4	63·9	60·5
Commonwealth (per cent)	13·0	12·0	13·8	12·7	9·4	19·0	16·2	15·1	13·0	11·5
North America (per cent)	19·9	26·1	28·4	32·6	36·5	9·6	12·2	13·0	16·2	21·8
Other (per cent)	8·4	8·6	4·6	4·4	4·1	7·3	7·3	6·5	6·9	6·2

* Based on a sample made up of Second Scottish, Second Edinburgh, Clydesdale, Scottish Consolidated, Scottish United, Third Edinburgh, Scottish Northern, Second Clydesdale and Third Caledonian.
† Based on a sample made up of United States and General, Standard, Southern Stockholders, Rio Claro, Omnium, Trans-Oceanic, City and International, Stockholders Investment, Capital and National, Phoenix, London and Montrose, London-Maritime, London, Scottish and American, Second British Steamship and Second Industrial.

Pop and Hi-Fi

THE gramophone record industry has a technical jargon of its own that is almost as baffling to the uninitiated as the commercial ramifications of its leading companies. Both have changed quite significantly during the past few years. The appearance of long-playing records has been followed by the cult of high-fidelity reproduction; on the commercial side, long-standing transatlantic partnerships have been dissolved to re-form in new and more complex patterns. The old familiar trademarks remain, but not always in the same hands. His Master's Voice and Columbia, Decca and Regal, Zonophone, Victor, Parlophone, Brunswick and relative newcomers like London, Vogue-Coral and Nixa, sell in their millions on both sides of the Atlantic but it is a wise buyer that knows his record's parent.

The most striking feature about the record industry is its survival in the face of rapid changes and advances in popular entertainment. With the leathery resilience of a coelocanth it develops and indeed prospers while the fortunes of rival entertainment industries such as films, radio and television fluctuate disturbingly with changes in public taste and in the economic climate. In 1952, the output of records in this country was roughly estimated at 35 to 40 million, many times the prewar rate. But by 1954 it reached nearly 51 million and last year output all but touched 60 million. Home sales for the first five months of this year are 29 per cent higher than in the same period of 1955 and exports are 11 per cent up over the same period.

The value of these sales is substantial. Home sales last year came to £15.5 million including purchase tax, or £9 million after deducting purchase tax (which has been at the rate of 60 per cent since the autumn budget). Exports were valued at nearly £3 million, which is 50 per cent higher than they were 4 years ago. Nearly half this business is accounted for by companies connected with Electric and Musical Industries, which now claims to be the largest record-making company in the world; indeed, EMI and Decca, the second biggest which probably sells about 44 to 45 per cent of the total, account between them for up to 90 per cent of the total British output although the proportions fluctuate. The balance, which probably amounts to some 10 million records a year, is divided between 20 or so record companies that are not affiliated to either of these giants. Some of these companies, like Nixa, which was acquired by Pye Ltd. in 1954, is growing rapidly; others are small business concentrating on highly specialised recording.

Records, both popular and classical, have a world market in a very literal sense. The same recording tends to sell with the same facility here, in the United States or in the Commonwealth. The exchange of catalogue rights between producers in different countries has, therefore, become a major part of the record business. Many of the records sold by EMI and Decca in this country are recorded in the United States and pressed here from matrices sent over from America and British recordings, similarly, are pressed in the United States. These foreign catalogue rights have played an important part in the fierce commercial rivalry that has developed between Decca and EMI since the war.

The end of the war found EMI distributing in this country and the Commonwealth the record catalogues of the then two biggest American producers, Columbia (British Columbia being owned by EMI) and RCA-Victor, as well as Metro-Goldwyn-Mayer recordings from film sound tracks. Decca was selling the recordings of American Decca (now a separate company) in Britain under the trade mark of Brunswick, while British Decca's own records were sold in the United States through its own distributing company as London Records. Decca was also distributing in this country recordings made by what was then a young and rapidly growing American company, Capitol.

In 1948 came the long-playing records; Columbia

pioneered the 33 rpm speed and RCA-Victor the 45 rpm. Two years later, Decca took the plunge in Britain and began producing 33 rpm records. For more than two years after that it was the sole British producer with not a single challenger in the market. Neither American company could sell their long-playing records in Britain or the Commonwealth because EMI, which held the rights to their catalogues, inexplicably delayed the change-over to long-play for four years until the end of 1952. Not until then did EMI decide to make both types, the standard sized 33 rpm and the smaller, 7 inch 45 rpm records.

In the meantime, the American Columbia company ended its association with EMI, impatience with EMI's long-play policy being a contributory factor, and from the beginning of 1954, arranged to have its catalogue distributed for it by the Dutch company, Philips; American Columbia recordings are now being sold in Britain under the Philips trademark. After this EMI, following Decca, began to make its own arrangements for distributing its recordings in the United States, under the Angel label, instead of relying on the American record companies.

The next move took place at the beginning of 1955, when EMI bought 96 per cent of the common stock of Capitol Records. This was a shrewd move. Capitol had by that time grown to the second largest record company in the United States, with a particularly strong popular catalogue which was being distributed in this country by Decca. The purchase of the company gave EMI control over this valuable catalogue by the same stroke that took it away from Decca. Almost a year later the wheel turned in favour of Decca. EMI's old agreement with RCA-Victor, which had survived so many changes, was ended and RCA-Victor teamed up with Decca. In four years, there has been an almost complete change in the old alliances. What were once quite small companies, Decca in Britain and Capitol in the United States, have come up to challenge the established leaders of the industry.

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At one time most companies would have said that long-playing records would eventually drive out the old fast 78 rpm, which has a markedly lower standard of reproduction. Today, they are not so sure. The 78 rpm record has been reprieved by the astonishing market for "pop" songs—records of popular tunes that sell by their tens of thousands for a few weeks before being lost in oblivion. The break-even point for a record is probably 20,000; a good "pop" record will net 50,000 or so and a handful reach the million mark. No one is quite sure who buys these records; indeed one of the mysteries of the industry is what happens to its huge output. The principal "pop" customers seem to be adolescents in their teens. Not more than 40 per cent of the money spent in this country last year on records went to long-playing types—

and in numbers of discs, that implies a far smaller proportion. The cheapness of the 78 rpm record is in its favour for works with the ephemeral appeal of most "pop" records. But one of the less desirable consequences is the likelihood of keeping three speeds of record in production indefinitely, unless the 45 rpm type is eventually dropped.

The other phenomenon is the growth in numbers of people at the other end of the scale who are prepared to invest quite heavily in fine quality sound. The "hi-fi" cult has reached the proportions of a substantial industry—though one in which the big recording companies have only an indirect role. Although claims for high fidelity are freely used to sell records, in hard fact there is usually little difference between the quality of one make of record and another. The technical standard of recording has improved beyond recognition since the war and the average quality of the reproducing equipment has not kept pace with it. Hi-fi equipment brings out the technical quality that is latent in any modern long-playing record but cannot be properly exploited by the normal gramophone or radiogram. The cheapest equipment that devotees of the cult would admit as "hi-fi" can hardly be had for less than, say, £75, while the highest grade can easily cost between £200 and £300: in price, therefore, "hi-fi" is roughly comparable to a television set.

Investment in such apparatus, certainly, has two elements likely to tickle British taste today: it provides a handle for a particular kind of snobbery, plus a degree of "do it yourself." The record makers are inclined to be cynical: they feel that the law of diminishing returns sets in rapidly as the enthusiast spends his money in added refinements, and that fairly soon he is getting not better sound, but only more of it. But hand in hand with the technical cult of hi-fi, almost as an engineering hobby, goes the growth and survival of numbers of small recording companies that specialise in works for musical enthusiasts who have equipment capable of getting the best from the recordings.

The equipment for hi-fi is supplied mainly by specialised component makers and assembled as and how the enthusiast chooses by himself or his local engineer. A small exhibition, held last spring, in which 37 manufacturers took part, surprised the industry by drawing long queues. The next stage could be the extensive use of recordings made on tape instead of discs. From the point of view of the record companies, the retailing of works on tape is expensive with few compensating advantages. It puts the amateur, however, in the strong position of being able to make his own tape recordings, which he could not do when records were confined to discs. This calls for more expensive and sensitive equipment than the standard tape recorder though tape equipment may sometimes be added fairly cheaply to the expensive bank of reproducing equipment that a hi-fi enthusiast has bought already: in any case, cost has not so far deterred the devotees.

Business Notes

£167 Million to Invest

WHERE did the £167 million that the Government paid out in redeeming the unconverted fraction of the 1954-56 National War Bonds go? It happened that on Wednesday, when the payment was made, the market as a whole, gilt-edged, industrials and oils, was rising. The rumours about Suez had taken a turn in the direction of moderation, if not of mediation; the edge had come off commodity prices and tin, copper and rubber were slipping back. So investors were venturing cautiously into gilt-edged and industrials and less cautiously into oil shares.

Some signs of buying in the gilt-edged market were not surprising. The volume was modest and the market narrow. Such buying as there was was well spread down the list of gilt-edged stocks with some concentration on the short dates such as the Exchequer 5 per cent of 1957, and the mediums like the Funding 3 per cent 1966/68. Dealings also started in the new 4½ per cent conversion stock of 1962 previously quoted as National War Bonds 1954-56 (assented). They were small and there seemed no selling pressure, but the price established of £97 18s. 9d. seems to imply that the stock stands at about 11s. 3d. below its calculated issue price. It must be assumed that the government departments holding probably most of the new stock will not be so unrealistic as to fail to supply the market somewhat below the calculated issue price. A good reception was also accorded to the small new loan of Stockton-on-Tees—£750,000 of 5¼ per cent stock dated 1966. With its 10-year date the stock is highly attractive to such institutions as the Trustee savings banks. The issue, all of which had been placed at £98, opened at about 10s. premium and rose during the day to £1 premium.

Those signs in the gilt edged market, and perhaps some of the buying of industrials that carried the *Financial Times* ordinary share index up 2.1 to 181.9 on Wednesday, may represent the reinvestment of a fraction of the £167 million repayment. But it can have been only a tiny fraction, representing the actions of individual operators. A large slice of the repayment must remain in the banking system.

Banks, Boards and Treasury

THE new method of financing the nationalised industries has come into operation this week, hard on the heels of the passing of the Finance Act which gave the Treasury the necessary authority. In future, the borrowing requirements of all the nationalised boards for other than short-term purposes will be met by direct advances from the Exchequer; in addition those boards that have hitherto obtained long-term finance in the first instance from the clearing and Scottish banks (pending the flotation of funding issues of government-guaranteed stocks) will borrow from the Exchequer in order to discharge their bank indebtedness. The first repayments to the banks have now been made, and the remainder are expected to be made in mid-monthly instalments extending to March next. These repayments will not entirely extinguish the bank advances, but are intended to reduce them over the eight months to approximately the amounts that are likely to be required for the short-term purposes for which finance will continue to be provided by the banks. The total of these residual amounts is believed to be in the region of £50-60 million, compared with aggregate overdraft limits of about £140 million sanctioned for the period to end-July last. At the peak reached before the big funding issues made last year by the gas and electricity industries, the comparable aggregate was around £209 million.

In the absence of the new arrangement, or of more frequent funding issues, the demands upon the banks might have risen beyond even that high figure, since this year the Transport Commission is expected to be a heavy borrower. This, together with the need to discharge the accumulated bank loans, explains why the Chancellor's estimate of Exchequer advances in the current fiscal year was put as high as £350 million. All advances, whether for new finance or for repayments, will be shown in the Exchequer return, in a new "below-line" item. They will be granted for periods related to the lives of the assets concerned—mainly, it is expected, for periods of 25 to 40 years, except for the nationalised airlines, whose assets have generally a shorter life—and will be repayable over the full period either by equal annual instalments of principal or by equated annuities.

The Treasury's new obligation will increase correspondingly its own direct borrowings (as distinct from issues of government-guaranteed stocks) but it is hoped that reliance on floating debt will actually be lessened. This is because the Treasury expects it to be less difficult to sell its own stocks than to sell guaranteed nationalisation stocks that it has taken up, in effect, as underwriter, especially as the timing of the stock issues or sales will now be determined solely by reference to official tactics in monetary policy and the management of the gilt-edged market. In the immediate future, however, the floating debt will tend to expand more than seasonally—unless the recent appeal for "co-operation" from the banks enables the government broker to speed up his sales of stock as bank liquidity ratios rise. The need for such sales has been made all the greater by the Treasury's repayment this week of the unconverted residue of the National War Bonds.

Shipping and Suez

PENDING the outcome of the international conference on the Suez Canal, activity on the Baltic Exchange is still practically at a standstill, so far as trades are concerned that involve voyages through the Canal. Owners, as well as charterers, are not anxious to commit themselves until decisions are taken over which they have no control. The British Government has continued to requisition ships, mainly ocean-going ships of about 10,000 tons deadweight each, though it has released one or two on finding them unsuitable for the cargoes it wanted to send. The 47 ships that it has taken so far have thus removed at one swoop perhaps an eighth of the British tramp tonnage of this size available, as well as reducing British liner tonnage available for normal commercial trading. The action has been one of the influences tending to strengthen rates in a few of the trades that do not go via Suez. If more ships have to be requisitioned, or if ships taken are kept for any considerable time, tramp ships under foreign flags would benefit most. Not only will the shortage of tonnage force rates up, but foreign owners may well be able to demand a premium for freedom from the danger of requisition: Panama and Liberia, in particular, have no obligations in the matter. None of the British owners concerned appears yet to have settled the question of freight rates for these ships with the Government: this week the Chamber of Shipping announced that a committee of deep sea tramp owners had been appointed to negotiate with the Ministry of Transport about terms and scales of rates.

Only a few British ships have as yet been re-routed to travel via the Cape; on the direct Australian trades the diversion does not involve more than about five—10 per cent more mileage. But most companies have been despatching their ships with sufficient bunkers and stores to cover any diversion that may become necessary, and some sailings have been postponed for a few days. So far no question of higher war risk insurance for shipping via Suez has arisen: in certain times of emergency, for example in the late thirties, the higher rates for cover in the Mediterranean have tipped the commercial balance for ships travelling, say, to and from Australia. A number of ships have been insuring against the extra costs of possible interruption of Suez Canal traffic: Lloyds has been quoting a rate of one per cent for this extra risk, though New York brokers later quoted three-quarters of one per cent for cover that excluded delays through shortage of pilots in the Canal. These have presumably been mainly responsible for the cuts in the number of Canal convoys from four to three this week; so far, the number of ships passing the Canal has not been reduced much below the normal rate. Quite apart from any delays that might be associated with its own decision to move troops from east to west across the Canal, the Egyptian government is already encountering the practical difficulties of operating it with too few pilots—key men who cannot be supplemented or replaced quickly, and whose allegiance is to the company.

Support for Security Sterling

RECENT selling of US Treasury Bonds in the London market by the Exchange Equalisation Account, which has pulled down the premium on dollar securities from nearly 7 per cent last week to 3½ per cent this week, is tantamount to official intervention in the market for security sterling. It therefore pinpoints the relationship between the discount on security sterling, quoted in New York and other foreign countries but not in London, and the premium on dollar stocks in the London market. The two are not the same, but the chart shows that they are closely correlated. Indeed the apparent time lag of a day between them is illusory. The dollar premium used is the official one calculated on the prices of dollar stocks at 3.30 p.m., over the exchange rate at that hour (not the premium over a fixed rate of $2.80 that dealers often quote). The discount of security sterling, below official sterling, is taken at the close of the New York market several hours later.

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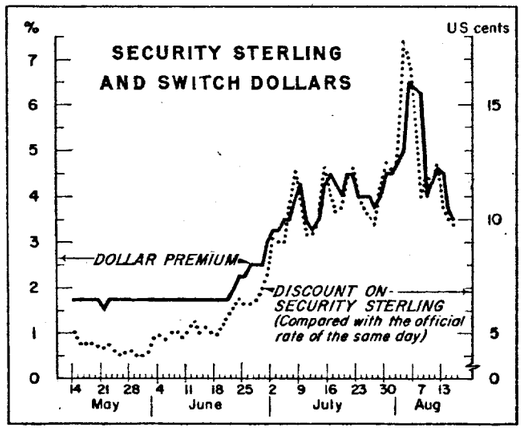
By this new form of intervention the authorities seem to be inspired by the argument that the main categories of sterling held by non-residents, namely, American account, transferable and security sterling, cannot be dissociated. When one of them falls too far it draws the others down, as happened towards the end of 1954 when the discount on



transferable sterling led to so much commodity "shunting" that the official rate was affected and the Exchange Account had to enter the market for transferable sterling to stop it. There is, however, a considerable difference between the present intervention—at one remove—in security sterling and the now established practice of dealing in transferable sterling. Transferable sterling is constantly being created by payments into transferable accounts, whereas both security sterling and the market in dollar securities in London should be virtually self-contained pools. Sterling area residents are able to buy dollar securities only because other residents of the area are prepared to sell them. The Exchange Account, too, is British resident and though its sales of securities that formerly provided the collateral for the loan from the Reconstruction Finance Corporation increase the supply in the market and lop the premium, they do not add to the total sterling area investment in dollar stocks. The pool of dollar investments is, however, increased from two other sources, capital transfers, including bequests from dollar area residents to sterling area residents, and market operations originating from certain free markets within the sterling area such as Kuwait.

How Kuwait Operates

THE discount on security sterling measures the price at which non-resident holders of blocked sterling are ready to exchange it for dollars to other non-residents who want to buy sterling securities. It has little obvious connection with the premium over current American and Canadian Stock Exchange prices which residents of the sterling area pay to buy dollar securities with the limited supply of dollars resulting from the sales of dollar securities by other sterling area residents. But markets such as Kuwait where the writ of exchange control does not fully run provide a close and continuous link between the two. A financial institution operating a Kuwait account—it may even be a Swiss or Dutch house operating through a Kuwaiti name—enjoys the privilege of being in a free market and yet within the sterling area. It may start with a holding of dollars to be converted into sterling by the cheapest route. Its choice lies between buying dollar securities in New York, selling in London and collecting the London premium; or buying sterling securities, selling them in London and collecting the discount at which security sterling is quoted in New York. The sterling that the operator ultimately receives by either route is resident sterling (since Kuwait is in the sterling area) and can be used to pay for current transactions such as imports into Kuwait. Operations of this kind keep security sterling and the London dollar premium in step.

Steel into Stock

BRITISH consumers of steel received nearly 10 per cent more of it during the first six months of 1956 than in the first half of 1955, but the bulk of this extra steel seems to have gone into stock, not into their own current output. Total stocks of steel in Britain, indeed, seem likely to have risen more than steel output did during these six months, so that some of the expensive foreign steel that consumers imported must have gone into stock. To the British industrial consumer, it seems, steel is still better than money.

Full details of stocks at the end of June are not yet available. But producers' stocks rose by 140,000 ingot tons, and stocks in the hands of merchants and consumers rose much more. In the first quarter alone these rose by about 275,000 tons of finished steel, or the equivalent of about 375,000 ingot tons of crude steel; and during the second quarter, the Iron and Steel Board reported last week, they continued to rise, though not as fast as in the first quarter. In total, therefore, steel stocks in Britain seem to have risen by close on three-quarters of a million tons, while the industry managed to produce just over half a million ingot tons more during the half-year. That increase in output was less than the industry had hoped, because it was affected by the maintenance workers' ban on overtime.

Steel stocks in the metal-using industries during the first half of this year, therefore, may have reached nearly 20 per cent more than in the first half of 1955. Output in the engineering, shipbuilding and vehicle industries showed no corresponding increase; during the four months to April, indeed, it was lower in 1956 than in 1955. The building and constructional engineering industries, plus shipbuilding, have been the main steel-consuming industries in which output has been rising: coal and the railways, too, have used more steel. But the range of customers needing more than they can get—and of products in very strong demand—is contracting.

STEEL SUPPLIES IN BRITAIN
(Mn. ingot tons)

	January to June		Per cent Change
	1955	1956	
Crude steel output	10·07	10·60	+5·3
Imports by steel industry	0·28	0·28	...
Re-usable material	0·15	0·15	...
Total available	10·50	11·03	+5·1
Increase in producers' stocks	0·05	0·14	...
Total supplies to consumers by British industry	10·45	10·89	+4·2
Exports	1·69	1·72	+1·8
Supplies to home market by British industry	8·76	9·17	+4·7
Imports by consumers	0·50	0·90	
Total supplies to consumers	9·26	10·07	+9·8

Speculative Gushers

RUBBER and gold shares have on different occasions become whirling centres of speculation in Throgmorton Street. It can now perhaps be argued that oil shares have become the casino for the diligent readers of the Sunday press and the brave dabblers. The enterprising American, the astute speculator and the cautious trust have all found occasion, though on different days, to bring their business to the oil market. Throughout the Suez crisis the oil market has reflected the changing mood of these widely different types of investors (because speculative business, which is not large in the market as a whole, has been concentrated there). Jobbers in oil shares did not like the tendency. Recently—and, perhaps, too late—they widened their prices, partly because they did not like what had happened to their books since the Suez crisis began, and partly because they fear that much of this week's buying will be contangoed instead of being paid for.

So far this week buyers have predominated in the oil market. The buying was sufficient to produce the

	July 26	Aug. 10	Aug. 15
Apex (Trinidad)	38/–	37/–	44/–
British-Borneo	53/6	52/3	55/6
British Petroleum	174/4½	144/4½	96/3
Burmah	111/10½	87/6	96/3
Shell (Registered)	163/1½	143/1½	148/1½

sharp rises shown in the accompanying table. On Wednesday, when industrial equities and gilt-edged were also rallying, business in oil shares became hectic as rumours about Suez changed. The kind of business that is being done is illustrated by the rise of 7s. to 44s. in Apex (Trinidad) in the three days to the close on Wednesday. Apex is neither a leader of the market nor is it the first share to think of in connection with Suez (though it is not quite so far removed from Trinidad Oil), but it happens to have been tipped in the Sunday press. Of more moment to the oil market, a number of the leading shares, particularly Shell, were bought on American account before the seizure of the Canal, but, save to a small extent on the first day of the crisis, there has been no sign that these buyers have tried to unload. The British pensions funds are not adverse to holding a proportion of oil shares, but they were quite ready to stand aside this week, letting the speculators have the first run.

Savings Certificates Sell

THE new 10th series of national savings certificates, yielding £4 3s 11d per cent net over seven years and the equivalent of £7 5s 11d to investors paying tax at 8s 6d in the pound, is perhaps the most attractive bargain now on offer to the small saver, and to the not so small saver there can be no argument about it, since savings certificates are free from income tax and surtax. It is not surprising that the new certificates are selling well. Sales in the first three days of issue appear to have reached £3½-4 million, and in the week to Saturday last they quickened to £12 million. This compares with sales of only £7 million in the first week of the ninth issue in 1951, but with £14 million from the first week's sales of the eighth issue in 1947, when national savings were still enjoying the aftermath of their wartime boost.

Sales of the new certificates—doubtless at this early stage still boosted by purchases by surtax payers of their full complement of 600 units—will need to expand considerably before they bring in net new money. For many weeks encashments of the earlier series have been unusually high, apparently in anticipation of switching into the higher yielding issue.

Those high encashments have been much the largest cause of the deterioration of the national savings experience in this fiscal year ; between April 1st and August 4th sales of certificates, defence bonds, and additional deposits in the post office and trustee savings banks fell short of encashments and withdrawals by nearly £26 million, compared with less than £10 million in the corresponding weeks of the previous financial year. Yet net receipts of the savings banks, stimulated by the budget concession relieving the first £15 of interest from tax, have been running appreciably above their levels a year ago, while net receipts from defence bonds (excluding redemptions on maturity) have been about the same—the good sales of the 4½ per cent bonds introduced on May 1st having just about offset the heavy encashments in April. Now investors in national savings have no more reason to hold back in certain anticipation of better things—except to have a fling in premium bonds.

To Ship or Not to Ship?

THE British Government's decision to stop payments from Egyptian sterling accounts, however expedient politically, leaves most exporters out on a limb. If the exporter's goods were not shipped by July 27th, or if his contracts were not covered by confirmed credits opened by that date, he must decide which of two courses offers the least risk. If he ships the goods, payment will be delayed, and even when the British ban is withdrawn the Egyptian authorities themselves might prohibit payment. Some exporters may be strong enough to demand payment in a currency that is transferable, but that would hardly be possible for the majority. The exporter who does not ship goods ordered by Egyptian purchasers may risk an action for failure to fulfil his contract, and will certainly have the problem of finding another buyer for the goods.

If the proportion of total British exports that is covered by the Export Credits Guarantee Department is any guide, only a minority of exporters to Egypt are covered by its policies. Early this month the Department withdrew cover on fresh business, but there were doubts whether its existing policies protected exporters against non-payment resulting from the action of the British government. Those doubts have now been cleared up, and policy holders have been assured that loss on these grounds is regarded as a risk covered under their policies.

Many exporters would no doubt feel happier if exports had simply been prohibited, for most contracts of sale provide for that contingency. To the government, however, a temporary ban on payments from Egyptian accounts presented the advantage that it impedes the flow of all goods financed from these accounts, whether consigned from Britain or other countries. Moreover, there is the hair-splitting point that the government can claim to have stopped short of outright economic sanctions in advance of the Suez conference ; payments are merely "frozen" for the time being.

KLM Comes to Market

SOME time before the end of this year, the Dutch government intends to sell part of its holding in the Dutch airline, KLM, on the Amsterdam stock exchange. A capital reconstruction scheme has been carried through to make this possible, and a quotation for KLM stock will be sought in Amsterdam for the first time. If this is secured KLM stock would become available to American and British investors through the normal "switching" channels. It may be that KLM and the Dutch government are more interested in securing American and British participation than the guilders of Dutch private investors. This event is likely to attract considerable interest because the European airlines are not generally sanguine about their ability to offer private investors a profit margin high enough to attract new capital in the volume in which the industry needs it.

KLM has never been formally nationalised. It was set up with private money in 1920, but over the years most of its additional funds have been provided by the Dutch

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government, which today holds an overwhelming majority of the shares. The change in the company's articles of association, which at the same time simplifies the structure of the company and makes it possible to place more shares on the market, was made last weekend. There is a strong feeling that if some foreign capital is invested in KLM, the airline will find it easier than it has in the past to negotiate traffic rights, especially in the United States. KLM has no big domestic market of the kind that forms a cushion for the majority of national airlines; it has to win traffic that originates outside Dutch territory and has no particular reason to travel by a Dutch airline other than the service offered. That KLM has been remarkably successful in attracting such traffic is a tribute to its efficiency and reputation, but when it comes to negotiate for traffic rights it has little or nothing to put on the table.

Last year KLM made a profit of £1.75 million after meeting all charges, out of which it paid a dividend of 6 per cent, one per cent higher than the year before. Between now and 1960, it has to meet a bill of about £50 million for new aircraft, most of them American-built. It seems highly probable that the Dutch government, or at least Dutch interests, will retain a majority shareholding in the company. But both of the British air corporations, who have heard a good deal of discussion in recent months about the desirability of bringing in some private capital, will watch this experiment with close interest.

Brush Resistance

ABOUT 200 million brushes of different sorts and sizes are made each year by the 500 or so firms that make up the brush industry in Britain. Most of these concerns are very small; none employs more than 750 workers and more than half employ fewer than eleven. Traditional craft and hand methods are still dominant and several firms still carry on the system of providing families of craftsmen with materials to work up in their own homes. So it is not surprising that brush-making is not Britain's most efficient industry. Like most craft industries, too, it is conservative and highly individualistic. The British Productivity Council also found that most of its firms were uncommunicative. But with the help of some of the larger concerns in the industry, the Council has produced an interesting review of productivity in brush making as a follow up to the report of the productivity team that visited the United States six years ago. Co-operative action is not completely absent: there is a small research association and its staff are paying an increasing number of visits to factories. Attempts have also been made by some firms to raise efficiency, by improving the layout of their factories, by introducing work study and costing techniques, or by paring down the enormous range of different sized brushes they make. But as a body, brush makers still have a long way to go.

Nevertheless, the Council thinks a number of possible future developments may help to quicken the pace. Some firms are finding themselves short of labour, particularly hand workers. Synthetic materials are being increasingly used to make the "filling," which is the brushing material, and the handles. They are already firmly established in the manufacture of toilet brushes—with a consequent concentration of firms—but they are not widely used yet in the production of household brushes and not at all for artists' and paint brushes, for which soft hair is still considered indispensable. The main barrier to the further progress of plastics materials in the domestic brush is their price, but bristles which are the natural filling material fluctuate widely in price and the Council expects that supplies from China (the main source) are likely to fall. Should the wider use of plastics lead to a greater concentration of manufacture, the industry might then more easily be able to afford schemes to promote sales; the main marketing problem for brush makers is apparently that this country, compared with others, is simply not "brush-conscious" and just does not replace worn-out brushes.

Trade Deficit Cut

THE improvement in the balance of British overseas trade was maintained last month. Though exports and re-exports were lower than in June, imports fell even more and the trade deficit was the second smallest this year. The provisional returns show that exports in July, which had one working day fewer than June, fell by £9.8 million to £266.3 million fob; this was slightly higher than the monthly average of £265 million in the first half of the year, and it was £24.2 million (10 per cent) higher than the monthly average for 1955. Imports, which had risen in June, fell sharply by £19.6 million to £320.3 million cif; the total was £9.1 million (three per cent) less than the monthly average in the first half of the year and £3.8 million (one per cent) less than the 1955 average. With re-exports £2.4 million lower at £9.8 million, the gross visible trade deficit dropped by £7.4 million to £44.3 million; this was

UNITED KINGDOM TRADE
(£ million—monthly averages or calender months)

	Imports cif	Exports fob	Re-exports fob	Trade deficit
1955:—				
Year	324·1	242·1	9·9	72·1
1st quarter ...	335·1	247·3	10·6	77·1
2nd „ ...	299·8	217·0	8·2	74·6
1956:—				
1st quarter ...	328·3	258·4	13·6	56·2
2nd „ ...	330·6	271·8	13·1	45·7
June	339·9	276·1	12·2	51·7
July*	320·3	266·3	9·8	44·3

* Provisional

£6.6 million smaller than the monthly average in the first half, and nearly £28 million smaller than the 1955 average. The second half of the year has started well. But too much should not be built on a month's figures; the most that can be said is that monetary policy now seems to be keeping the trade "gap" within bounds.

Exports to North America fell by £2 million to £35.6 million last month, thanks to a drop of £2.1 million in shipments to Canada. Shipments to the United States were £200,000 higher at £20.5 million, including a further instalment of £2½ million of silver bullion now being repaid. Excluding this item from this year's figures, the monthly rate of exports to North America in July was as high as in the first half of the year and nearly 23 per cent higher than in 1955.

Canada Turns the Screw

THE Canadian monetary authorities last week gave an open indication of their concern about the growth of the inflationary pressures in their economy; they raised the Bank rate by ¼ per cent to 3¼ per cent, which is a new peak for Canada. British investors, however (unlike some London security dealers), were daunted only slightly in their enthusiasm for Canadian stocks. Demand for them has continued strong.

The background to the increase in the Canadian Bank rate is intriguing. Like Britain and the United States, Canada has been seeking for at least a year to check its industrial boom; the authorities have sharpened their weapons of credit restriction, and with the latest increase have raised the discount rate five times since early August last year (when it stood at 1½ per cent). Like Britain, too, Canada has been out of balance in its current overseas payments balance—in the first half of this year the deficit on visible trade alone rose to the peak level of $550 million. Yet the exchange reserves have continued to rise, and in the markets the Canadian dollar has gone from strength to strength; this week the premium over the US dollar has topped 2 cents.

The explanation lies in the huge inflow of foreign capital, preponderantly of course from the United States. This naturally serves to weaken the efforts of the Canadian authorities to keep down the supply of money, though in recent weeks there have been some signs that the policy was being more successful. The further tightening last week appears to have been prompted partly by fears about the inflationary effect of the increase in steel wages and prices, which followed closely on the settlement of the strike in the United States. After the Bank rate increase, the Treasury bill rate edged up to a fraction under 3 per cent; and the Treasury bill rate in New York reversed its decline in preceding weeks and rose from 2.399 to 2.603 per cent.

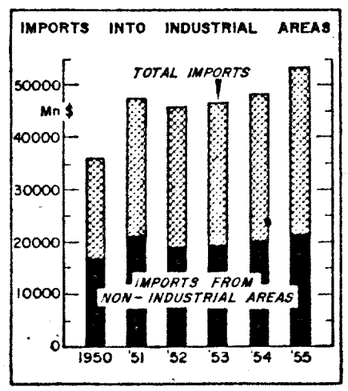
In Search of the Plateau

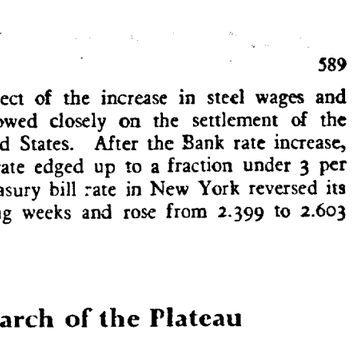
WITH the notable exception of fuel, the basic materials of manufacturing industry cost on the average no more in June than in December. But prices of manufacturers' products continued to rise, though not quite as rapidly as in 1955. The Board of Trade's price index of basic materials in June was 155.2 (June 30, 1949 = 100), compared with 155.3 in December and 150.7 in June, 1955. The decline in prices of copper (down 22 per cent), rubber (down 37 per cent), tin (down 10 per cent), and zinc (down 4½ per cent), just offset increases in other items, particularly cotton (up 18½ per cent), wool (up 9 per cent), imported iron ore (up 9½ per cent), heavy steel scrap (up 30½ per cent), and aluminium (up 10½ per cent). Materials used in mechanical engineering cost hardly any more in June than in December; the rise in iron and steel prices was almost offset by the sharp fall in copper and brass. The fall in these two materials had a bigger effect on the index of materials used in electrical engineering, which fell by 6 per cent to 184.2 between December and June. Prices of fuel, on the other hand, rose by 5.7 per cent to 165.6;

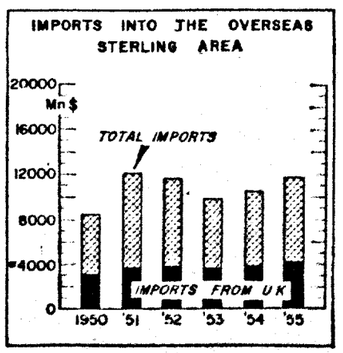
The Fastest-Growing Markets

THE underdeveloped countries may one day offer glittering prizes to exporters, but in the meantime the largest and fastest-growing markets are in the industrial centres of North America, Western Europe and Japan. The rapid increase in these countries' imports in recent years has benefited exporters of manufactures more than exporters of primary products. Between 1950 and 1955 their imports from other industrial countries rose by 65 per cent to $32,210 million, while their imports from primary producers rose by only 30 per cent to $21,450 million. The decline in the primary producers' share cannot be explained by price-movements; according to *International Trade 1955* (prepared by the Secretariat of the General Agreement on Tariffs and Trade), from which these figures are taken, prices of both manufactures and primary products were 16 to 17 per cent higher in 1955 than in 1950.

Britain is particularly vulnerable to any weakening in the export earnings of primary producers, for over half its exports go to those countries. Hence it must not neglect opportunities to expand its exports elsewhere. One such opportunity lies in the proposal for a common market among six European countries. Customs barriers within those countries would eventually be removed, and there would be a common tariff on imports from other countries. The charts show the relative importance as markets of the six European countries and of the overseas sterling area. They suggest that if Britain stood outside the common market, it would be handicapping itself in a market that is growing faster than that of the overseas sterling area.



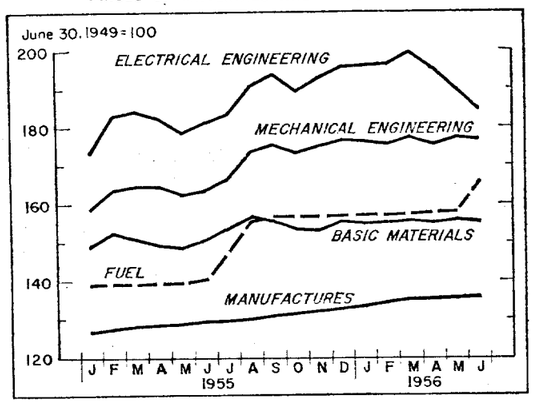




most of that rise occurred in June, when prices of coal, coke and electricity went up.

As the chart shows, the price index of manufactured products, excluding fuel and food, rose steadily to 135.6 in June, when it was 2.3 per cent higher than in December.

PRICES OF MATERIALS AND MANUFACTURES



That reflected a general increase in prices ; iron and steel, for example, went up by 5½ per cent, chemicals and allied products by 2.3 per cent, textiles other than clothing by 2.8 per cent, and paper products by 2.5 per cent. Manufactures have risen steadily for eighteen months ; will there be any slackening in the second half of this year? Now that the nationalised industries and many private firms have joined hands in the attempt to hold prices down, the search for a " plateau " is on.

Building Society Incentives

FIGURES of the Halifax Building Society for the half-year ended July 31st go some distance towards explaining the society's present readiness to offer competitive rates to investors. Total assets have now reached the formidable total of £271½ million. Mortgage assets have also grown, and though mortgage advances in the latest half-year have been restricted, it is safe to assume that only the wisdom of not overlending has held the total back. Receipts from investors, though lower, have also come in reasonably well. The rub has been in the withdrawals by investors which have persistently risen, cutting deep into the liquidity ratio —which the Halifax likes to see high. The ratio has now fallen below 14 per cent. Doubtless the rate of 3½ per cent net now payable to shareholders and particularly the exceptional rate of 3¾ per cent offered to depositors should attract new money and retain much of the old money.

Many societies are now alive to the need to offer inducements to regular savers that will match the attractions of the new savings certificates. Regular saving schemes on specially favourable terms are common. The Halifax society pays a bonus (usually ¼ per cent) on monthly subscription shares, bringing the probable rate this year to 3¾ per cent net. The Co-operative Permanent Society now announces a savings plan that seems to offer the highest benefits that any leading society has yet put forward. Under the Co-operative scheme regular saving of £1, £2, £3 or £4 a month brings no interest return for the first two years, but thereafter attracts an ascending scale of interest additions calculated to yield £4.8.0 per cent net compound interest (equal to £7.13.0 per cent gross) over the whole ten-year period of the plan.

THE HALIFAX FIGURES

	Six months ended July 31st		
	1954 £ Mn.	1955 £ Mn.	1956 £ Mn.
Advanced on mortgage	22·4	23·3	22·0
Repayments (including interest)	15·6	17·4	18·1
Receipts from investors	26·6	33·2	29·1
Withdrawals by investors	17·8	20·8	25·9
	July 31, 1955	Jan. 31, 1956	July 31, 1956
Mortgage assets	211·7	223·3	233·0
Liquid assets	40·6	40·5	37·7
Total assets	253·0	264·5	271·5
Ratio liquid to total	16·1%	15·3%	13·9%

Industrial Television

SALES conferences and other business meetings held some distance apart have been linked by television before. But the 600-mile closed TV circuit used by Pye for an hour on Thursday to bring together its sales representatives and dealers in six cities between London and Glasgow is the longest circuit yet used privately in Britain—though much bigger distances have been covered in the United States. This latest demonstration of the possibilities of industrial television was Pye's way of announcing its new models for next week's Radio Show, but there are now about 200 permanent television installations in industry, and the number has been growing rapidly in the last year or two with the development of relatively cheap and suitable equipment.

Pye and Marconi—which supplied the cameras and much of the equipment for the 200-mile London-South Wales closed circuit used by British Oxygen two weeks ago—have carried out most of this development. The cameras used on both these occasions were 'standard " image orthicon " cameras as used for BBC and ITA programmes, but these are too complex, cumbersome and expensive to be

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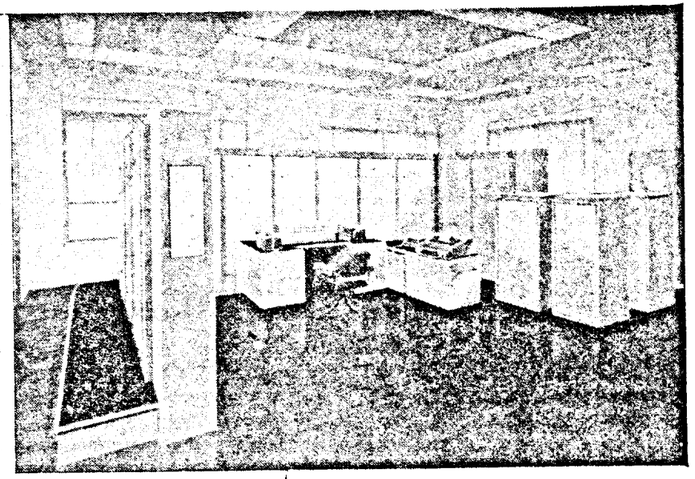

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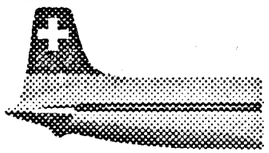

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suitable in the factory. An "image dissector" tube, invented in 1934, can be used, but its sensitivity is rather low. Since 1950, however, when the Radio Corporation of America developed the "Vidicon" or photo-conductive tube, which functions rather like photographic film, industrial television has had a rugged, highly sensitive and, above all, cheap camera available. It is very much simpler to construct and operate—the simplest type of scanning circuitry is used—and the pick-up tube need not be large. Altogether, the camera unit can weigh as little as 4-5 lb. A control unit, attached to the camera by up to 500 ft. of cable, is also small and light, weighing less than 20 lb. This basic equipment costs now from £500-£600 upwards and about a shilling or two an hour to run, but monitor screens, other accessories and special applications will cost more. Industrial television has definite advantages for a number of different control and inspection jobs, but, like most new toys, there is a danger of adapting it for purposes that can more cheaply be done by existing tools—by simple optics, for example.

Japan's Sterling

DISCUSSIONS to extend the Anglo-Japanese payments and commercial agreement are due to begin in London on September 10th. They will be dominated by the fact that Japan's sterling reserves have recently declined at an impressive rate. At this time last year Japanese officials were expressing alarm at the rate at which their sterling assets had risen. They touched close on £140 million, which is far in excess of the level at which the Japanese intended to maintain their sterling balances. The total then began to run down and reached about £100 million last April. Within the last few weeks the decline has gathered speed and the latest reports from Tokyo suggest that the balances are now only about £57 million. The main reasons are some setback in Japanese exports and the wider use by Japan of sterling for multilateral payments, including payments to EPU countries, and recently to Argentina and Brazil. There has even been some discussion of building up sterling balances by a repetition of the dollar swap arrangements (in effect borrowing sterling in the London market against the security of Japan's dollar reserves) which were so widely used in 1953 and 1954, at a time when Japan was exceptionally short of sterling. The fact that sterling is now so widely used by Japan carries with it the promise that the current shortage will not be remedied by specific restrictions against imports from sterling countries.

SHORTER NOTES

The second interim dividend on the 10s. ordinary shares of British-American Tobacco has been raised from 6d. to 7d. a share, tax free. This announcement sent the price of the shares up by 3s. to 51s., on guesses that the total tax free dividend might be of the order of 20 per cent, compared with 17½ per cent for 1954-55.

★

Since existing records of distances between railway stations and depots are anomalous and incomplete, the Transport Commission is going through the whole process of calculation afresh for the purposes of the new freight charges scheme. But as traffic could arise between any pair of the Commission's 7,000 loading points Leo Computors have been brought in to help. The basis of the calculations will be the shortest physical distance, but some places will be grouped together to lighten the work. Even so the highly detailed computer programming involved will make it a twelve-month job (instead of five years with fifty clerks).

★

The directors of Powell Duffryn have not taken the opportunity afforded by the receipt of £337,922 in accumulated interest arising from coal compensation in the year to March 31st to increase the ordinary dividend, which is left unchanged at 16 per cent. The group's gross income, including this special receipt, was £2,316,118, compared with £2,009,747, and its net income £1,070,232, compared with £841,811.

★

Following a rise of one cent per lb in the Canadian price of aluminium ingots, the price in Britain has been raised by the equivalent amount of £8 to £197 a ton (exclusive of the temporary surcharge of 30s. a ton). This brings the total increase in prices since the end of last year to £26 a ton. No announcement about prices of aluminium products was made before *The Economist* went to press.

Company Notes

FURNESS WITHY. For the second year running the directors of Furness Withy have raised the ordinary dividend by 2 per cent. The 16 per cent dividend for the year to April 30th takes £552,000 from a net profit attributable to the parent company of £1,036,586. From this profit another £400,000 (against £250,000) has been tucked away in the fleet replacement account, emphasising once again that Furness Withy, like the other shipping companies, has a big shipbuilding programme and despite the enjoyment of investment allowances, while mere mortals have to be content with initial allowances, has to find the finance for it. The decision to raise the ordinary dividend must be taken to indicate confidence that earnings will remain favourable.

Freight rates have risen but Furness Withy's profits reflect them with a considerable time lag. The bald preliminary statement shows that consolidated profits before tax have risen by only £91,326 to £2,646,365—and the 1954-55 figure of £2,555,039 was abnormally low because of special depreciation charged on new tonnage. Profits have lagged partly because of rising costs. Despite these well-publicised handicaps shipping has enjoyed favourable trade winds for several years. Furness Withy's increased dividend and its increased consolidated net profit of £1,706,013 (against £1,583,587), after charging £940,352 (against £971,452) for tax, are the earnests of prosperity. If the directors are willing to loosen the purse strings is there any reason to complain of a yield of 5¾ per cent on the £1 stock units at 56s. 3d.?

★

ROBINSON AND CLEAVER. Before City Centre Properties made its bids of £5 per share for the £1 ordinary share of Robinson and Cleaver, the directors had set in train their plans to put the money released by the sale of the Crown lease on its Regent Street property to work. It was therefore on the cards (though the cards were not then exposed to the shareholders' view) that Robinson and Cleaver would pursue a more liberal dividend policy. But would this policy have been carried to the point of distributing earnings almost up to the hilt had there been no bid? That bid has also produced a full statement from the directors, in which they argue implicitly that the shares are worth more than the £5 which is offered. Following this statement the shares fell 5s. to 95s.

The directors have said that the company's assets are now worth at least £7 5s. a share; the book value of total assets on July 31st was £2,665,592 (against £1,665,886), of which £664,198 (against £197,547) was held in liquid form; and the property reserve has risen from £39,317 to £975,768, reflecting the sale of the Crown lease. The gross trading profit has risen from £185,463 to £215,983 and net profits from £60,478 to £60,768; these profits do not include any earnings from the new subsidiary, John Moses. The new dividend of 40 per cent, compared with 25 per cent, absorbs £56,063 net, and the directors' promise of a substantially higher dividend has been fulfilled.

Given "reasonable trading conditions" the directors expect at least to maintain the 40 per cent dividend. They plan to spend about £500,000 in expanding the business; this is in addition to the £135,000 already spent on buying the John Moses company. They intend to establish 12 new shops, specialising in household linens, in the provinces, to improve the premises in Regent Street, and those belonging to John Moses. "From now onwards, until they are in full operation in about two years' time, these investments will, in the directors' view, progressively increase the group's trading profit to a substantial extent even after taking into account increased rentals, rates and general expenses."

Shareholders are thus faced with the choice between £5 in cash, surrendering the final dividend of 7s. gross if they accept the City Centre bid open until the end of this month, or accepting the belief of their present board that the asset values are worth more, that the profits will grow and that the 40 per cent dividend, none too well covered at present, will be at least maintained. With the shares yielding 8.4 per cent it seems possible that they will hope for a better bid—though there is no sign of one—yet.

★

INTERNATIONAL TEA. Faced with higher costs the chains of provision and grocery stores rest their hopes of an increase in profits on the achievement of bigger sales. To obtain it they have to improve and modernise their shops, and on occasion to introduce self-service. International Tea Companies stores has pursued that policy and on it a year ago the chairman predicted better results in the year to April 30th. Better results have been achieved. Consolidated trading profits have risen from £1,701,410 to £1,950,717.

Higher charges for taxation (up from £730,777 to £921,354) and depreciation (up from £283,212 to £313,947) absorb much of the increase and the consolidated net profit has risen by only £35,972 to £633,242. But that increase is enough to provide and justify an additional 1¼ per cent on the ordinary dividend. Effectively, the dividend has been raised from 13¾ to 15 per cent and after tax it absorbs £267,375—£25,188 more than in 1954-55. Thus the amount of profits retained in the business remains practically unchanged at just over £300,000. The company's 5s. ordinary units are currently quoted at 12s. 9d. to yield 5¼ per cent.

LONDON STOCK EXCHANGE

Next Account begins: August 22nd

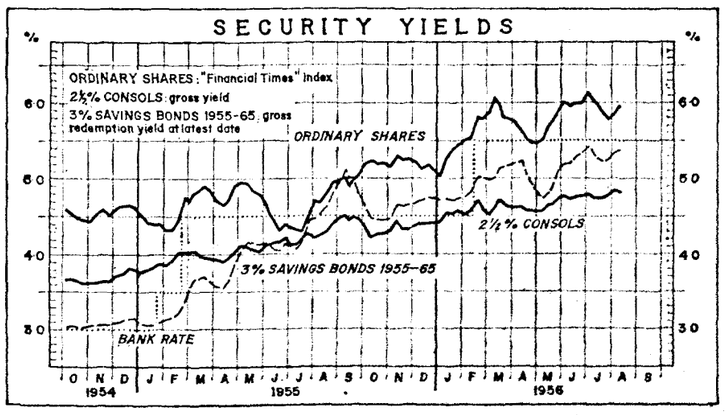
Next Contango Day: August 22nd

Next Settlement Day: August 28th

GOVERNMENT securities fell sharply at the end of last week, but after weakening slightly again on Monday, the July trade figures and the War Bond repayment prompted a rally, which more than recovered the previous losses. 3 per cent Treasury fell ¾ to 60½ last Friday, but subsequently recovered to 61¼. 5¼ per cent Plymouth 1964/65 rose to a premium of 1¼ and dealings in the new Stockton loan started at about 10s. premium, the premium subsequently rising to £1. Industrial stocks improved towards the opening of the Suez conference, but business was limited. An improvement on Wall Street also assisted a rally in oil shares on Wednesday; British Petroleum regained 7s. to 152s. 6d.

Dollar stocks receded, International Nickel falling back to $203¼ (London) following the quarterly results. Hudson's Bay finished 1s. 9d. higher over the week at 217s. Borax rose to 15¾ xd at one stage, but later receded to 15 xd. Motor shares improved; BMC were 4½d. higher at 7s. 0¾d. and Rolls-Royce rose 2s. 6d. to 108s. 6d. BSA gained 1s. 6d. to 28s. and Hawker Siddeley 2s. to 47s. Bristol Aeroplane rose 1s. 6d. to 19s. 6d. Stores improved, Debenhams rising 2s. 6d. to 38s. and GUS "A" 1s. 9d. to 37s. 9d. The increase in the interim dividend caused a sharp rise of 3s. to 51s. in BAT on Wednesday. Imperial Tobacco gained 1s. 9d. to 47s. 9d. xd at the same time. Steel shares were firmer, Stewarts & Lloyds rising 2s. 6d. to 66s. Shipping shares improved, P & O advancing to 30s. 3d.

The smaller oil companies remained strong throughout the week, Apex (Trinidad) jumped 7s. to 44s., but Shell lost 1s. 10½d. to 148s. 1½d. Among the copper producers RST rose 2s. 6d. to 50s. 3d. Bancroft receded to 50s. 9d. after touching 52s. 3d. Kaffirs improved from Monday; Harmony gained 1s. 4½d. to 26s. and Western Holdings 4s. 4½d. to 75s. 7½d.



FINANCIAL TIMES INDICES

1956	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
Aug. 9...	179·9	93·29	4·81	5·93
„ 10...	178·4	92·86	4·83	5·98
„ 13...	178·9	92·85	4·84	5·96
„ 14...	179·8	92·97	4·83	5·93
„ 15...	181·9	93·19	4·77	5·87
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	Total bargains 1956	
„ Low	169·7 (Mar. 8)	92·85 (Aug. 13)	Aug. 9	7,034
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 10	7,325
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 13	8,084
			„ 14	6,848
			„ 15	7,557

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Aug. 15, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 8, 1956	Price, Aug. 15, 1956	Net Yield, Aug. 15, 1956 § £ s. d.	Gross Yield, Aug. 15, 1956 £ s. d.
98 16/32	97	Funding 2½% '52-57	98 16/32	98¼	3 3 7	4 12 2
95⅛	93¼	War Loan 3% '55-59	94 11/32	94 13/32	3 7 0	4 16 4
91⅛	88 18/32	Funding 2½% '56-61	90 14/32	90 16/32	3 11 10	4 16 1
100 7/32	99 16/32	Exchequer 5% 1957	100	100	2 8 5	4 19 8
99 18/32	97	Conversion 4% '57-58	98 7/32	97 31/32	3 5 8	5 3 4
97 23/32	95⅞	Serial Funding 2½% 1957-59	97 12/32	97¼	3 2 11	4 6 5
94 23/32	91	Conv. 2½% 1958-59	94 13/32	94 15/32	3 11 0	4 9 4
92 7/32	88 7/32	Exchequer 2½% 1960	91 17/32	91 23/32	3 12 10	4 10 8
95 7/32	92⅛	Exchequer 3% 1960	94 7/32	94 11/32	3 8 1	4 14 2
88⅛	83	Savings Bonds 3% '55-65	83 1/32*	85⅛	3 18 0	5 6 3
82⅝	77⅛	Funding 3% '59-69	78 7/32	78⅜	3 19 6	5 10 1
92⅛	86⅝	Funding 4% '60-90	87 7/32	87⅛	6 8 5	8 8 10
81⅝	75⅛	Savings Bonds 3% '60-70	75 7/32*	75 8/32*	4 0 2	5 10 1
98	97 1/32	Conversion 4½% 1962	...	97 19/32	2 19 11	4 18 8
91⅛	88¼	Exchequer 3% '62-63	88 7/32	89 1/32	3 11 3	4 19 4
87⅛	83 7/32	Exchequer 2½% '63-64	84 3/32	85⅛	3 14 5	4 18 8
81 7/32	76⅛	Savings Bonds 2½% '64-67	77 7/32	77⅛	4 2 1	5 7 7
79⅛	72⅛	Savings Bonds 3% '65-75	72 7/32*	72⅝	3 14 7	5 5 7
96⅛	90¼	Victory 4% '20-76	90 1/32*	90 2/32*	3 7 2	5 3 7
83 7/32	78	Funding 3% '66-68	78 3/32	78⅜	3 19 11	5 9 5
88⅜	81 18/32	Conv. 3½% 1969	82 1/32*	82 2/32*	3 15 8	5 8 11
85⅜	77	Treas. 3½% '77-80	77 3/32	77⅜	3 8 8	5 4 3
84⅛	76⅛	Treas. 3½% '79-81	76 3/32*	76⅜	3 8 5	5 3 9
72⅛	66	Redemption 3% '86-96	66 1/32	66⅜	3 4 8	4 19 8
81⅛	74⅜	Funding 3½% 1999-2004	75	75⅜	2 19 10	4 16 10
84⅜	76⅛	Consols 4% aft. Feb. '57	77⅜	77⅝	2 19 4	5 3 4
77	69⅜	War L'n 3½% aft. Dec. '52	70 7/32	70⅜	2 17 4	5 0 2
76⅛	69⅜	Conv 3½% aft. April '61	70 7/32	70⅜	2 17 8	5 1 1
66⅜	59⅜	Treas. 3% aft. April '66	61	61⅛	2 17 0	5 0 0
56⅜	51⅛	Consols 2½%	51⅜	52⅜	2 15 1	4 16 0
56⅜	51⅛	Treas. 2½% aft. April '75	52	52⅛	2 15 4	4 17 0
98⅛	90⅜	Br. Elec. 4½% '67-69	90 1/32*	90⅜	3 9 11	5 10 7
80⅛	74	Br. Elec. 3% '68-73	74 7/32	74⅛	3 17 0	5 8 7
79⅛	71⅛	Br. Elec. 3% '74-77	72 1/32*	72⅛	3 13 1	5 4 2
95	88	Br. Elec. 4½% '74-76	88⅛	88⅛	3 4 7	5 5 2
83 18/32	77 7/32	Br. Elec. 3½% '76-79	77⅛	77⅜	3 8 10	5 4 7
90⅛	84⅛	Br. Gas 4% '69-72	84⅛	84⅜	3 11 1	5 8 9
87 7/32	80⅛	Br. Gas 3½% '69-71	80 3/32*	80⅜*	3 13 10	5 7 5
73⅛	67	Br. Gas 3% '90-95	67⅛	67⅜	3 4 0	4 18 5
80 7/32	74⅛	Br. Trans. 3% '68-73	74 7/32	74⅜	3 17 0	5 8 7
90⅛	83⅜	Br. Trans. 4% '72-77	84⅛	84⅜	3 7 3	5 5 9
75⅛	67	Br. Trans. 3% '78-88	67 18/32	68	3 7 8	5 1 1

(c) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Aug. 15, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 8, 1956	Price, Aug. 15, 1956	Yield, Aug. 15, 1956 £ s. d.
94⅛	79	80⅛	74⅞	Aust. 5½% '65-69	75½	75½	6 0 10
101⅛	87	87½	72	Ceylon 4% '73-75	77	77	6 1 10
103⅛	87 3/32	88⅛	82½	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87½	64⅛	57⅛	L.C.C. 3% aft. 1920	58*	58*	5 3 5
99	83	85⅛	83½	Liverpool 3% '54-64	84	84	5 10 7
84	65	68⅛	61	M.Wtr. 'B' 3% '34-2003	62½*	62½*	5 4 0
102½	94⅛	97½	92½	Agric. Mort. 5% '59-89	94½	95⅛	5 8 6
122⅛	91	117⅛	102½	German 7% 1924	115½	117⅛	...
213	149	209½	187	German 5½% 1930	205	209	...
212	160	225	208	Japan 5% 1907	224	224	...
254	190	275⅛	247½	Japan 5½% Conv. 1930	270	270	...

Prices, Jan. 1 to Aug. 15, 1956 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Aug. 8, 1956	Price, Aug. 15, 1956	Yield, Aug. 15, 1956 £ s. d.
		%	%		BANKS & DISCOUNT			
50/-	41 6	7	b	5 a	Barclays £1	42/-	42/-	5 14 3
56 10/32	50 6	6	b	6 a	Lloyds 'A' £5, £1 1/4 pd.	51/-	52/-	5 15 4
72 4/32	61/-	9	b	9 a	Midland £1, fully pd.	63/-	63/-	5 14 3
70/-	59 9	9	b	9 a	N. Prov. 'B' £5, £1 pd.	61/-	61/-	5 18 0
77 9	66 6	8	b	8 a	Westmstr 'B' £4, £1 pd.	67 6	67 6	5 18 6
43 6	28/-	3½	b	2½ a	Alexanders £1	28 6	28 6	4 7 9
46/-	29 3	5	b	5 a	Nat. Disc. 'B' £1	29 6	29 6	6 15 7
50/-	40 6	6¼	b	6¼ a	Union Disc. £1	43 6	43/-	5 16 3
35 9	30 7½	4	b	4 a	Barc. (D.C.O.) £1	31/-	31/-	5 3 3
41 9	33 6	7½	a	7½ b	Chart. Bk. of India £1	38 6	38 6	7 15 10
					INSURANCE			
28½	16½	12½	a	37½ b	Leg. & Gen. £1	27½	27½	1 16 4
25½	20	†20	a	†47½ b	Pearl £1, fully pd.	21½	22	5 6 9
48½	40½	†117½	c	†125 c	Prudential 'A' £1	42	43	5 1 2
					BREWERIES, ETC.			
119/-	106/-	33	b	10 a	Bass £1	111 3	111 3	7 12 4
114/10½	19 9	6	a	11½ b	Distillers 6/8	20 3	20 3	5 15 3
£5 10½	38 6	25	c	10 a	Guinness 10/-	40/-	39 4½	6 7 0
fleet	4 6¾/-	7	a	14 b	Whitbread 'A' Ord. £1	68/-	68 6	6 2 8

(a) To earliest date. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (h) On 8½%. (i) On 17½% Tax free. (l) To latest date. (u) On 11½%. (v) On 15% Tax free. (w) On 14%.

Prices, Jan. 1 to Aug. 15, 1956 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Aug. 8, 1956	Price, Aug. 15, 1956	Yield, Aug. 15, 1956 £ s. d.
		%	%		STEEL & ENGINEERING			
85/6	64/-	7	a	8	b Babcock & Wilcox £1	74/9	74/3	4 0 10
13/-	9/4½	3½	a	10⅜	b Cammell Laird 5/-	10 6	10 6	6 13 4
35/-	25/7½	8	c	3	a Dorman Long £1	27/-	27/3	5 17 5
54/9	40/-	3½	a	8½	b Guest Keen N'fold £1	44 4½	46/3	5 3 10
55/6	41/6	4	a	6	b Metal Box £1	49 4½	50/-	4 1 1
75/-	57/10½	12½	b	5	a Stewarts & Lloyds £1	64 3	65/6	5 6 11
48/-	36/9	8	b	4	a Summers (John) £1	37 3	37 6	6 8 0
57/-	46/6	11	b	3	a Swan Hunter £1	52 9*	54/-*	5 3 8
49/9	37/6	8½	b	4	a United Steel £1	39 9	40 6	6 3 5
44/3	32/4½	2½	a	7½	b Vickers £1	42/3	42 10½	4 13 3
					TEXTILES			
24/6	19/10½	6	b	4	a Bradford Dyers £1	21/3	21/-	9 10 6
23/7½	14/7½	3	a	5	b Brit. Celanese £1	15/-	15/-	10 13 4
25/10½	21/9	2½	a	6½	b Coats (J. & P.) £1	22 6	22/3	7 17 4
44/-	33/3	4	a	6	b Courtaulds £1	35/-	35/-	5 14 3
21/3	14/1½	5	a	5	b Fine Spinners £1	14 6	14 6	13 15 10
30/-	22/3	7½	b	5	a Lancs. Cotton £1	26 6	26/3	9 10 6
31/7½	26/-	2½	a	10	b Patons & Baldwins £1	29 6	30/-	8 6 8
					MOTOR & AIRCRAFT			
22 4½	16/3	3½	a	6½	b Bristol Aeroplane 10/-	18 3	19/3	5 3 11
9/-	5 10½	8½	b	4	a British Motor 5/-	7/-	7/-	8 13 7
44/3	29/3	2½	a	5	b Ford Motor £1	33 9	32 6	4 12 4
47/6	29/9	12½	b	3	a Hawker Siddeley £1	44 10½	46/-	3 16 1½
48/3	38/3	10	c	12½	c Leyland Motors £1	47 6	46 6	5 7 6
115/10½	85/6	5	a	12½	b Rolls-Royce £1	106 3	107 6	3 5 1
					SHOPS & STORES			
18/10½	13/10½	6	a	8	b Boots Pure Drug 5/-	14 6	14 6	4 16 7
38/6	29/-	20	b	7½	a Debenhams 10/-	35 7½	35 7½	7 14 4
44/9	32/9	15	a	47½	b Gt. Universal 'A' 5/-	36/-	37 6	8 6 8
71/1½	57/10½	17½	a	32½	b Marks & Spen. 'A' 5/-	60/-	60 6	4 2 8
25/6	19/11	25	a	20	b United Drapery 5/-	20 6	20 6	7 18 5d
64/10½	53/10½	36½	b	20	a Woolworth 5/-	55 6	57/3	4 18 11
					OIL			
183/9	99/-	†5	a	†10	b British Petroleum £1	136 3	150/-	3 9 7
117/9	63/-	5	a	12½	b Burmah £1	91 3	96 3	3 7 3
£87½	£58½	6	a	14	b Royal Dutch 100 fl.	£77½	£77½	2 8 6
171/-	103 3	†5	a	†13½	b Shell Reg. £1	147 6	147 6	3 10 9d
79/3	31 10½	†21½	c	†5	a Trinidad Oil 5/-	78 6	79 3	...
					SHIPPING			
35/6	28/6	...		...	Brit. & Com'wealth 10/-	34 6	35/-	4 11 5s
27/-	20 4½	2½	a	7½	b Cunard £1	21/-	21 6	9 6 1
35/9	27/-	3	a	5	b P. & O. Def. £1	29/-	29 6	5 8 6
					MISCELLANEOUS			
72 1½	45/-	14	c	15	c Assoc. Elect. £1	68 9	68 9	4 7 3
113/9	87/-	5	a	17½	b Assoc. Port. Cem. £1	102 6	101 3	4 8 11
60/9	42/3	7½	a	7½	b Bowater Paper £1	48 9	48 9	4 12 4d
54/9	45/3	4	a	8½	b B.I.C.C. £1	49 6	49/-	5 2 0
81 10½	40 4½	4	a	8	b Brit. Aluminium £1	78 9	78 9	3 1 9
60/-	45/9	†7½	b	†10⅝	a Brit. Amer. Tob. 10/-	49/-	50 6	6 0 7½
$68½	$56⅛	3	b	3	a Canadian Pacific $25	$66	$66	4 3 2
57 10½	24/9	4.53½	c	14	a Decca Record 4/-	26 3*	26 3*	6 13 4
25/9	17 6	4	a	10	b Dunlop Rubber 10/-	18 3	19/-	7 7 4
66 1½	47/3	8½	b	4	a English Elect. £1	53 9	52 6	4 15 3
65/6	50/3	4½	a	9½	b General Elect. £1	55/-	52 6	5 6 8
49 10½	41/3	4	a	6	b Imp. Chemical £1	44 3	43 9	4 11 5
62/9	45/-	12½	b	8½	a Imp. Tobacco £1	46/-*	47/-*	8 18 8
$211	$141⅛	$2.90	c	$3.75	c Inter. Nickel n.p.v.	$203	$203	3 6 4
64/6	50/-	7½	a	12½	b London Brick £1	51 10½	51 3	7 16 2
30/3	22/9	6⅝	a	15⅜	b Monsanto Chemicals 5/-	25/-	25/-	4 9 0
69/1½	55/3	12	b	4¼	a Tate & Lyle £1	62/-	62/-	5 6 6
69/6	54/3	12½	b	6½	a Tube Investments £1	58 9	58 9	4 15 4d
115/6	95/9	20	b	5	a Turner & Newall £1	104 4½	103 9	4 16 5
82/9	61/7½	6	a	9⅜	b Unilever £1	76 3	75 3	4 3 9
52/-	34 1½	+5	a	+11⅜	b United Molasses 10/-	48 1½	48 9	6 1 9
40/-	25 3	+2½	a	+7½	b Cons. Tea & Lands £1	25 9	25/-	13 0 0
2 10½	1 9½	5	a	15	b London Asiatic Rbr. 2/-	2 1½	2 1½	18 17 8
61/9	37/6	15	a	30	b United Sua Betong £1	46 10½	46 3	19 9 0
					MINES			
8⅜	6⅜	20	a	50	b Anglo-Amer. 10/-	7⅞	7½	4 13 4
135 7½	94 4½	80	a	120	b De Beers 5/- Def. Reg.	106 3	106 3	9 8 3
96 10½	67 6	...		...	Free State Geduld 5/-	85 7½	90/-	Nil
50 6	36 6	12½	b	12½	a Randfontein £1	37 9	39/-	12 16 4
10/11½	8 6	28	c	30	c London Tin 4/-	9 2½	8 10½	13 10 5
46	35	262½	c	75	a Rhokana £1	42½	42½	6 3 6

New York Closing Prices

	Aug. 8 $	Aug. 15 $		Aug. 8 $	Aug. 15 $		Aug. 8 $	Aug. 15 $
Balt. & Ohio	50⅛	50⅛	Am. Smelting	56⅛	55⅛	Inter. Paper	139	136
Can. Pac.	35	35⅛	Am. Viscose	35⅛	36⅛	Nat. Distill	25⅞	26¼
N.Y. Cent.	38⅛	38⅛	Del. of Am.	15⅞	15⅛	Sears Roebuck	33⅛	33⅛
Pennsyl.	24⅛	23⅝	Chrysler	65⅛*	70⅛	Shell	100	95
Amer. Tel.	183⅞	183⅛	Gen. Elec.	64⅛	62⅛	Std. Oil of N.J.	58⅛*	58
Stand. Gas	11⅛	11⅛	Gen. Motors	48⅛	47⅞	U.S. Steel	65⅛	65⅛
United Corp.	6⅛	6⅜	Goodyear	78⅛	78⅛	Westinghouse	58⅛	57⅛
W. Union Tel.	19⅜	20	Inter. Nickel	112	109	Woolworth	47⅛	47⅛

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	Aug. 4th	Western Europe: Production and Trade	Aug. 4th
Production and Consumption	Aug. 11th	British Commonwealth	Aug. 11th
Manpower	This week	Western Europe: Prices and Money Supply	This week
External Trade	July 28th	United States	July 28th
Financial Statistics	This week	World Trade	July 14th
Industrial Profits	July 14th		

Manpower in Great Britain

	Unit	Monthly averages 1953	1954	1955	1955 May	June	July	1956 April	May	June	July
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,373	23,667	23,912	23,916	23,912	23,954	23,984	23,984	23,989	...
Men	"	15,883	15,974	16,084	16,096	16,084	16,098	16,136	16,138	16,136	...
Women	"	7,490	7,693	7,828	7,820	7,828	7,856	7,848	7,846	7,853	...
Armed Forces	"	865	839	803	811	803	798	770	765	761	...
Civil employment:											
Total	"	22,238	22,604	22,933	22,919	22,933	22,976	22,990	23,017	23,031	...
Agriculture, forestry and fishing	"	1,087	1,074	1,066	1,062	1,066	1,076	1,022	1,037	1,042	...
Mining and quarrying	"	877	867	862	864	862	860	864	862	861	...
Building and contracting	"	1,437	1,453	1,486	1,486	1,486	1,489	1,488	1,510	1,515	...
Distributive trades	"	2,664	2,743	2,811	2,806	2,811	2,821	2,839	2,834	2,842	...
Public administration	"	1,320	1,326	1,289	1,288	1,289	1,289	1,287	1,289	1,291	...
Manufacturing industries	"	8,746	8,976	9,206	9,217	9,206	9,212	9,284	9,249	9,254	...
CHANGES IN EMPLOYMENT (2)											
Increase or decrease since June, 1954:											
Employees in engineering (3)	"	− 125	...	+ 190	+ 191	+ 190	+ 185	+ 254	+ 239	...	...
" " consumer goods industries (3)	"	− 67	...	− 13	− 4	− 13	− 1	− 14	− 28	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	342·0	284·8	232·2	223·6	210·5	184·9	251·5	237·4	222·6	238·1
" " —men	"	218·2	184·4	146·7	136·2	130·3	116·7	161·5	153·4	146·2	161·0
" " —women	"	123·8	100·4	85·5	87·4	80·2	68·2	90·0	84·0	76·4	77·1
Temporary or under 2 weeks—men	"	68·7	58·0	51·5	47·5	49·7	39·5	58·0	56·8	57·7	70·8
" " —women	"	43·9	36·4	36·7	38·0	38·7	30·0	41·6	34·9	34·2	32·7
Over 8 weeks—men	"	96·7	81·7	67·7	63·1	55·4	54·0	70·2	65·2	58·3	58·7
" " —women	"	46·3	37·1	26·5	29·8	25·2	23·9	28·6	27·5	24·6	23·8
By industry (4):											
Textiles	%	1·4	0·9	1·6	2·2	2·3	2·0	1·9	1·8	1·8	1·4
Clothing	"	1·3	1·3	0·9	0·8	1·2	1·0	0·9	0·9	1·0	1·0
Vehicles	"	0·8	0·5	0·4	0·3	0·3	0·5	1·0	1·3	2·8	2·8
Engineering, etc.	"	1·4	1·1	0·8	0·7	0·8	0·6	0·9	0·9	0·8	0·8
Coal-mining	"	0·2	0·2	0·1	0·2	0·1	0·1	0·1	0·2	0·2	0·1
Distributive trades	"	1·5	1·3	1·0	1·0	0·8	0·7	1·0	0·9	0·8	0·8
By regions (4):											
Great Britain	"	1·6	1·3	1·1	1·0	1·0	0·9	1·2	1·1	1·0	1·1
London and South Eastern	"	1·2	1·0	0·7	0·7	0·6	0·5	0·8	0·7	0·6	0·6
Eastern	"	1·3	1·2	0·9	0·8	0·7	0·6	1·1	0·9	0·7	0·6
Southern	"	1·4	1·1	0·9	0·8	0·7	0·6	1·0	0·8	0·7	1·1
South Western	"	1·6	1·5	1·2	1·1	0·9	0·8	1·2	1·1	0·9	0·9
Midland	"	1·1	0·6	0·5	0·5	0·5	0·4	0·7	1·0	1·2	1·9
North Midland	"	0·7	0·6	0·5	0·5	0·5	0·4	0·6	0·6	0·5	0·6
East and West Ridings	"	1·2	0·9	0·7	0·7	0·7	0·6	0·8	0·7	0·6	0·6
North Western	"	2·1	1·5	1·4	1·4	1·4	1·3	1·4	1·3	1·2	1·2
Northern	"	2·4	2·2	1·8	1·7	1·6	1·3	1·6	1·4	1·3	1·2
Scotland	"	3·1	2·8	2·4	2·2	2·2	2·1	2·5	2·4	2·1	2·1
Wales	"	3·0	2·5	1·8	1·7	1·6	1·4	2·0	1·9	1·9	2·0
VACANCIES											
Unfilled vacancies notified to Employment Exchanges (5):											
Total	'000s	270	338	382	426	460	473	390	380	407*	...
Men	"	147	191	214	239	255	262	213	209	220*	...
Women	"	123	147	168	187	205	211	177	171	187*	...
DISPUTES (6)											
Workers involved	"	114	37	55	203	41	17	54	28	34	...
Working days lost:											
Total	"	182	205	316	887	1,333	90	142	182	138	...
Mining and quarrying	"	33	39	93	574	18	29	61	48	45	...
Engineering, etc.	"	127	62	57	23	5	5	55	119	75	...
Other industries and services	"	22	104	166	290	1,310	56	26	15	18	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) United Kingdom. (6) From June, 1956 onwards comparison with earlier figures is affected by the revocation of the Notification of Vacancies Order, 1952.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1953 = 100)												
1948	42	94	74	65	90 *	...	...	104	75	66	72	94
1954	105	99	100	98	98	112	106	101	101	102	100	111
1955	108	101	103	98	101	120	110	101	102	104	104	119
1956, February	108	104	106	103	102	126	...	103	104	106	109	134
„ March	109	103	107	101	102	127	...	103	104	106	109	136
„ April	108	103	108	102	102	128	...	103	106	108	110	...
„ May	109	103	107	103	102	129	...	103	...	110	109	...
„ June	110	...	108	102	...	...	...	...	...	110	...	...
COST OF LIVING (2) (1953 = 100)												
1948	50 *	95	81	60	93	63	79	86	77 *	74	77	89
1954	103	101	101	100	100	115	100	103	104	105	101 *	110
1955	105	101	107	101	102	122	103	106	106	105	104	119
1956, February	107	102	...	103	104	126	106	109	107	106	107	137
„ March	107	103	...	103	105	126	...	111	108	107	108	136
„ April	107	103	111	103	105	127	...	111	107	108	108	137
„ May	107	103	...	103	105	125	107	112	107	111	109	...
„ June	108	104	...	102	...	...	...	...	...	...	...	...
IMPORT PRICES (3) (1953 = 100)												
1948	37	84	84	59	...	...	83	98	85	80	72	113
1954	96	96	97	98	96	118	101	98	95	98	99	103
1955	94	96	98	97	100	118	104	101	97	100	99	101
1956, January	98	97	...	...	101	...	106	103	95	102	} 102	{ ...
„ February	94	100	...	...	101	...	106	104	99	97		{ ...
„ March	97	100	...	...	104	122	107	105	97	102		{ ...
„ April	96	...	...	...	102	125	109	...	101	99	...	...
„ May	96	...	...	...	103	...	...	...	...	105	...	...
EXPORT PRICES (4) (1953 = 100)												
1948	42	95	91	68	...	...	79	103	96	84	76	91
1954	99	94	99	95	96	121	98	99	100	99	98	97
1955	102	97	101	95	98	133	101	102	101	107	102	111
1956, January	101	101	...	...	99	...	103	104	100	114	} 105	{ ...
„ February	102	101	...	...	102	...	101	105	100	115		{ ...
„ March	104	104	...	...	101	127	100	...	103	115		{ ...
„ April	107	...	...	...	101	141	100	...	106	111	...	...
„ May	107	...	...	...	101	...	...	...	...	113	...	...
TOTAL MONEY SUPPLY (7)												
End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	'000 mn. kroner	mn. liras
1948	...	154·0	7,110	2,165	11·8	1,984	110·3	1,989	7,285	6,937	7·67	1,715
1954	28·26	187·3	7,369	5,266	26·4	9·30 *	152·2	4,036	9,099	9,162	11·09	3,859
1955	28·62	...	7,438	5,992	29·1	11·97	154·7	4,472	9,859	9,353	11·29	...
1956, January	27·82	...	7,197	5,923	27·8	12·09	153·8	...	9,516	9,188	10·70	...
„ February	27·56	...	7,404	5,900	27·6	11·85	151·1	...	9,501	9,225	10·52	...
„ March	27·70	...	7,380	5,997	28·1	12·03	150·0	...	9,541	9,225	10·58	...
„ April	27·90	...	7,469	6,096	28·5	...	149·2	...	9,553	9,277	11·15	...
„ May	27·92	...	7,669	...	...	...	146·1	...	...	...	...	...
GOLD AND FOREIGN EXCHANGE HOLDINGS (8) (mn. US Dollars)												
1948	62	938	84·0	...	295	6·2	209 [10]	539	343	140·6	233 [10]	132
1954	412	1,046	143·4	1,369	2,682	10·8	260 [10]	1,041	1,276	137·3	479 [10]	206
1955	557	1,146	153·1	2,120	3,121	10·9	242 [10]	1,237	1,284	165·3	470 [10]	211
1956, February	351	1,177	138·1	1,968	3,207	10·9	225 [10]	1,227	1,309	159·5	458 [10]	216
„ March	345	1,195	142·4	1,969	3,253	10·9	236 [10]	1,241	1,291	161·4	454 [10]	218
„ April	347	1,216	146·1	1,919	3,331	10·9	234 [10]	...	1,297	161·5	448 [10]	218
„ May	348	1,197	138·3	1,838	...	10·9	226 [10]	...	1,270	160·6	431 [10]	218
„ June	357	1,210	134·6	1,858	...	10·9	...	...	1,219	...	435 [10]	...

(1) Relates to wholesale prices in Athens and Piraeus only for Greece. Figures for Ireland are based on January, 1952=100. (2) July-December. (3) Relates to prices in capital cities only for Austria, France, Greece and Turkey. Belgium excludes rent. Denmark includes direct taxes. Figures for Ireland are based on August, 1953=100. (4) Excluding rent. (5) Including direct taxes. (6) Index numbers of unit value which compare the current average value of trade with its value in 1953; they are influenced by changes in the composition of trade as well as price movements. (7) Deposit money and notes and coin held by business, individuals and foreigners. Except for Greece holdings of the issuing authority and other banks are excluded. (8) Holdings of the government and central bank at end of period; figures for Greece are gold reserves only; foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments. (9) Beginning May, 1954, a new drachma equal to 1,000 old drachmas introduced. (10) Including some long-term securities.

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 11th, 1956, there was a "above-line" surplus (after allowing for Sinking Funds) of £32,260,000 compared with a surplus of £32,224,000 in the previous week and a deficit of £7,107,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £9,540,000, bringing the total deficit to £214,905,000 (£338,880,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Aug. 13, 1955	April 1, 1956 to Aug. 11, 1956	Week ended Aug. 13, 1955	Week ended Aug. 11, 1956
Ord. Revenue					
Income Tax	2085,500	363,114	409,156	8,484	16,666
Estate Duties	144,000	24,300	28,000	600	1,000
Profits Tax, EPT	170,000	69,400	63,300	3,500	2,600
Stamps	58,900	27,800	22,500	1,800	800
Excess Profits Levy	216,750	64,800	63,900	5,400	3,800
Special Contribution and other Inland Revenue	4,000 / 1,000	11,500 / 200	2,400 / 160	400 / 50	100 / ...
Total Inland Rev.	2680,150	561,114	590,416	20,234	24,966
Customs	1204,000	412,056	420,178	20,652	19,878
Excise	953,350	311,140	335,355	36,380	65,815
Total Customs and Excise	2157,350	723,196	755,533	57,032	75,693
Motor Duties	92,000	16,466	17,914	254	503
PO (Net Receipts)	...	2,210	...	2,210	...
Broadcast Licences	28,000	5,300	6,200	...	...
Sundry Loans	30,000	11,757	15,565	18	646
Miscellaneous	200,000	28,989	29,590	584	7,620
Total	**5187,500**	**1349,032**	**1415,218**	**80,332**	**109427**
Ord. Expenditure					
Debt Interest	670,000	192,302	208,225	5 699	7,162
Payments to N. Ireland Exchequer	61,000	19 601	21,961	...	2,287
Other Cons. Fund	10,000	4,971	4,467	...	...
Supply Services	8941,918	1206,185	1285,320	80,960	67,200
Total	**8682,918**	**1423,057**	**1519,973**	**86,659**	**76,648**
Sinking Funds	57,000	10,465	10,187	780	520
"Above-line" Surplus or Deficit	**—**	**—**	**—**	**—**	**+**
	84,490	**114,942**	**7 107**	**32,260**	
"Below-line" Net Expenditure	254,390	99,963	5.748	9.540	
Total Surplus or Deficit	**—**	**—**	**—**	**+**	
	338,880	**214,905**	**12,855**	**22,720**	
Net Receipts from:					
Tax Reserve Certificates	42.390	101.813	— 609	— 1156	
Savings Certificates	11.800	— 15,600	500	8,600	
Defence Bonds	356	— 22,685	308	— 1992	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Aug. 13	3,130·0	1,969·5	298·3	...	5,577·8
1956					
May 12	3,230·0	1,426·6	257·4	...	4,914·0
„ 19	3,220·0	1,435·1	277·8	...	4,932·9
„ 26	3,220·0	1,446·4	277·4	...	4,943·8
June 2	3,240·0	1,439·6	243·0	...	4,922·6
„ 9	3,260·0	1,472·4	244·0	0·8	4,977·1
„ 16	3,280·0	1,216·0	240·6	...	4,736·6
„ 23	3,280·0	1,193·6	279·7	...	4,753·3
„ 30	3,270·0	1,237·7	268·5	5·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,161·2	231·9	...	4,783·0

THE MONEY MARKET

THE maturity on Wednesday of the £167 million of unconverted National War Bonds produced an exceptionally large turnover in the money market. The discount houses had to make substantial repayments of seven-day loans from the Bank; they took up a large portion of the week's new Treasury bills; their maturities had been depleted by the anticipatory purchases of the authorities in past weeks; and it was the make-up day of the clearing banks. Yet the Bank had still to make very large sales of bills "in reverse," both directly to the market and to the banks. Even so, some surplus of funds remained. The banks were keen buyers of November maturities at 4⅛ per cent and of Octobers at 4 23/32 per cent.

The discount houses maintained their Treasury bill rate unchanged at last Friday's tender at £98 14s. 11d. per cent, and secured 62 per cent of their applications, compared with 57 per cent in the previous week. Total applications rose by £10.8 million (to £409.9 million), which was fractionally more than the rise in the allotment (to £280 million); the average rate of discount rose by 2d. to £5 os. 5.84d. per cent.

The price of gold fell by 3¼d. an ounce to 251s. 6¼d. an ounce in the week to Wednesday last, despite the fall in sterling (by ⅛ to $2.78¼).

LONDON MONEY RATES

	%		%
Bank rate (from 4½%, 16/2/56)	5½	**Discount rates**	
		Bank bills: 60 days	5⅛
Deposit rates (max)		3 months	5⅛
Banks	3½	4 months	5 3/16–5⅛
Discount houses	3½*	6 months	5¼
Money Day-to-day	3–4	Fine trade bills:	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4 15/16	4 months	6–6½
3 months	5⅛	6 months	6–7

* Call money

BANK OF ENGLAND RETURNS

(£ million)

	Aug. 17 1955	Aug. 8, 1956	Aug. 15, 1956
Issue Department:			
Notes in circulation	1,808·5	1 977·7	1,951·0
Notes in Banking dept.	16·4	22·7	49·4
Govt. debt and securities*	1,821·5	1,996·2	1,996·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department			
Deposits			
Public accounts	19·2	16·7	30·3
Treasury special account	2·3	...	...
Bankers	224·7	189·1	236·2
Others	68·7	70·3	73·5
Total	314·9	276·1	320·0
Securities:			
Government	289·0	246·8	247·7
Discounts and advances	9·5	36·2	22·4
Other	16·0	16·8	17·0
Total	314·5	299·8	287·1
Banking department reserve	18·8	24·6	51·3
"Proportion"	% 5·5	% 8·9	% 16·0

* Government debt: £11,015,100, capital £14,553,000. Fiduciary issue increased to £2,000 million from £1,950 million on July 18, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Aug. 12	240·0	360·4	240·0	80 1·13	58
1956					
May 11	250·0	404·5	250·0	98 11·66	42
„ 18	250·0	393·0	250·0	98 0·60	47
„ 25	240·0	373·2	240·0	99 1·15	82
June 1	250·0	381·4	260·6	100 3·45	83
„ 8	260·0	413·8	260·0	100 4·90	43
„ 15	240·0	396·0	240·0	100 4·20	41
„ 22	260·0	358·7	260·0	101 8·17	62
„ 29	280·0	401·5	280·0	102 8·66	56
July 6	280·0	462·4	280·0	101 1·84	61
„ 13	280·0	433·9	270·6	99 9·87	61
„ 20	270·0	418·4	270·0	100 3·82	80
„ 27	260·0	381·0	260·0	98 6·39	73
Aug. 3	270·0	399·1	270·0	100 5·79	87
„ 10	280·0	409·9	280·0	100 8·84	82

* On August 10th tenders for 91 day bills at £98 14s. 11d. secured 62 per cent, higher tenders being allotted in full. The offering yesterday was for £280 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: August 15	Market Rates: Spot: August 9	August 10	August 11	August 13	August 14	August 15
United States $	2·78–2·82	2·78½–2·78⅝	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜
Canadian $	...	2·75⅞–2·73⅞	2·75⅞–2·73⅞	2·72⅞–2·72¾	2·72–2·72¼	2·72⅛–2·72⅜	2·72¼–2·72⅜
French Fr.	972·66–987·35	981¼–982¼	982–982¼	982–982¼	982¼–982¾	982–982½	981½–982
Swiss Fr.	12·15⅞–12·33⅞	12·17½–12·18	12·17½–12·18	12·17½–12·18	12·17½–12·18	12·18·12·18½	12·17½–12·18½
Belgian Fr.	138·95–141·05	139·25–139·30	139·22½–139·27½	139·22½–139·27½	139·25–139·30	139·22½–139·27½	139·20–139·25
Dutch Gld.	10·56–10·72	10·64½–10·64¾	10·64½–10·65	10·64⅜–10·64½	10·64⅜–10·64½	10·64⅜–10·64½	10·64⅜–10·64½
W. Ger. D-Mk.	11·67⅞–11·84⅜	11·69½–11·70	11·69½–11·70	11·69½–11·70	11·70–11·70½	11·70–11·70½	11·69½–11·70½
Portuguese Esc.	79·90–81·10	80·05–80·25	80·05–80·25	80·05–80·25	80·05–80·25	80·05–80·25	80·05–80·25
Italian Lire	1736½–1762½	1748–1749	1748–1749	1748–1749	1747½–1748	1747½–1748	1747–1747½
Swedish Kr.	14·37½–14·59½	14·40¾–14·40¾	14·40¾–14·40¾	14·40¾–14·41	14·40¾–14·41	14·40¾–14·41	14·40¾–14·40¾
Danish Kr.	19·19½–19·46½	19·35⅜–19·35⅝	19·35⅜–19·35⅝	19·35⅜–19·35⅝	19·35⅜–19·35⅝	19·35⅜–19·35⅝	19·35⅜–19·35⅝
Norwegian Kr.	19·85–20·15	19·98½–19·99½	19·98½–19·99½	19·98½–19·99½	19·98½–19·99½	19·98½–19·99½	19·98½–19·99½
One Month Forward Rates							
United States $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
Canadian $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
French Fr.		1–4 dis	2–5 dis	2–5 dis	2–5 dis	2–5 dis	2–5 dis
Swiss Fr.		¼–2c. pm	¾–2c. pm	¾–2c. pm	¾–2c. pm	¾–2c. pm	¾–2c. pm
Belgian Fr.		½–1 pm	¾–1 pm	¾–1 pm	¾–1 pm	¾–1 pm	¾–1 pm
Dutch Gld.		2¼–2½c. pm	2¼–2½c. pm	3–3½c. pm	3–3½c. pm	3–3½c. pm	2¾–3½c. pm
W. Ger. D-Mk.		3¼–3½pf. pm	3¼–3½pf. pm	3¼–3½pf. pm	3¼–3½pf. pm	3¼–3½pf. pm	3¼–3½pf. pm
Italian Lire		2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par
Swedish Kr.		½ pm–par	½ pm–par	½ pm–par	½ pm–par	½ pm–par	½ pm–par
Danish Kr.		5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm
Norwegian Kr.		20 pm–par	20 pm–par	20 pm–par	20 pm–par	20 pm–par	20 pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/6	251/6½	...	251/6½	251/6½	251/6½

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Reserve Funds	Pak Rs.	15,000,000
Deposits as on Dec. 31, 1955	Pak Rs.	468,700,000

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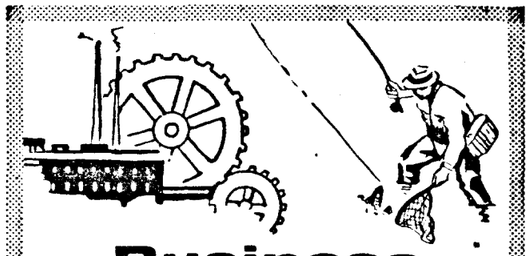

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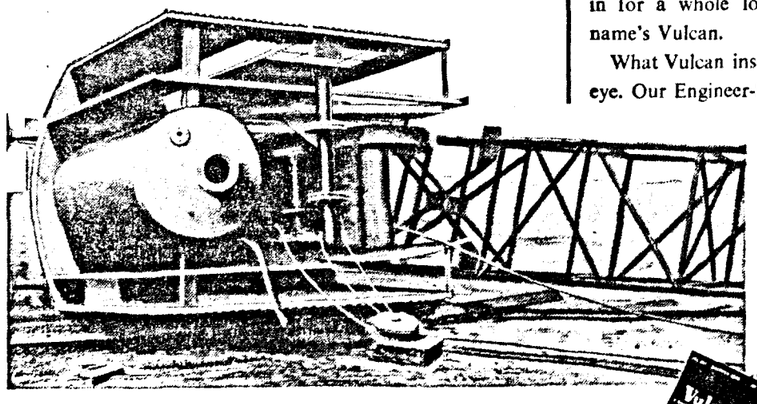

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COMPANY MEETINGS

UNITED DOMINIONS TRUST

RECORD RESULTS AGAIN ACHIEVED

HIRE-PURCHASE THE SCAPEGOAT IN COMBATING INFLATION

MR J. GIBSON JARVIE ON NEED FOR REDUCTION IN TAXATION

The thirty-fourth annual general meeting of United Dominions Trust Limited was held on August 14th in London.

Mr J. Gibson Jarvie (the Chairman) presided, and in the course of his speech said:

The financial year, which closed on June 30th, was the most difficult year in our history.

Yet, in spite of all the difficulties and the maddening uncertainties, we have again produced record results. The assets of the Group have risen from £58,241,773 to £63,543,729 and the gross Group profits have increased from £1,780,288 to £1,816,435.

Taxation at £941,228 approximates last year's figure. General Reserves are increased by £393,200 and the balance in Profit and Loss Account carried forward has risen from £423,778 to £458,015. Capital and Revenue Reserves now amount to over £8 million.

The Board have recommended an increase of 1½ per cent in the dividend for the year on the Ordinary Stock raising it to 17½ per cent.

GROWING STRENGTH OF OVERSEAS COMPANIES

I told you last year that within measurable time the Dominion subsidiaries, taken together, might easily beat the record of the parent company and their results this year encourage me to repeat that prediction. They have made a handsome contribution to the Group figures which is doubly important while we are facing such vicious Government interference here. Our early essay into the Dominions (the South Africa and Rhodesia companies were established before the War) has been richly rewarding and if we were permitted sufficient capital backing for it, there is no doubt that we could greatly magnify our success and the value of our contribution to the industrial growth of the Commonwealth, by much wider investment overseas.

INFLATIONARY TRADING CONDITIONS

The country is in a precarious state: so we have been told several times recently. Within the last few weeks the Prime Minister has said that we are suffering from "progressive poverty." If that means anything at all, it means—unless we call a stop to the process and recover the ground which we have lost and are losing every day—that we are headed for nothing less than economic chaos and national disaster. I said this last year and the year before that but the Government have apparently only just realised it.

The rising inflation of recent years has worried the Government so they have looked, not for a cure, but for a scapegoat. They found it in Hire-Purchase, a form of trading to which some people are allergic—a reasonably safe subject, therefore, for attack. Unfortunately, although the Government are still faithful to their old scapegoat, they are not yet prepared to apply the only effective remedies and inflation has increased to such an extent that they are now obviously frightened. They are increasing the pressure under their credit squeeze still further to reduce domestic spending and hire-purchase is still their special target.

The refusal by the Government to accept hire-purchase and credit sales as a necessary modern part of our economy and their persistent condemnation of the system and the high priority given to restricting it, is clearly intended to distract attention from the real causes of the present economic disorder. The Government must know the real causes of the inflation but beyond an oblique reference to wages outstripping production, they stubbornly refuse to act.

I repeat what I said last year: the real causes of inflation are profligate Government spending and the inability of production to keep up with the rising spiral of wages. The result is, of course, penal taxation which is placing an insupportable burden on industry and commerce and destroying all incentive and ambition in individuals. What the country needs is a tonic. And the best stimulant the Government could provide would be an immediate and substantial lightening of the dragging weight of taxation.

UDT—THE COMMONWEALTH AND THE FUTURE

In spite of every conceivable discouragement—I might go so far as to say some of it deliberately directed against your company—I have never lost my belief in our ultimate regeneration, nor have I lost faith in the Commonwealth. That is where the future of the UDT Group lies.

The Dominions have made it quite clear that they welcome our investment and the company has, with capital in Dominion subsidiaries supplemented by loan funds, already contributed in no small way to industrial, commercial and agricultural improvement and expansion throughout much of the Commonwealth. The Commonwealth is so big, so important in the world and so potentially strong in the world that, knit together by sentiment and common interests, its future would appear to be safe.

It is, I should think, beyond dispute that the growth of Dominion industry and commerce can do Britain nothing but good. In Great Britain itself, we must be done with chafing restraint and find independence and courage enough to fight back to the greatness we seem to have lost. And our fight must first of all be against our own governments—against those politicians who put expediency before principle and regard their own continuance in office as more urgent and important than national solvency and prosperity. We shall also have to see to it that the TUC and individual Unions can no longer serve their own selfish ends without reference to the nation as a whole. Labour must be made to realise the elementary truth that if by their conduct they damage the national economy, they are hurting themselves. If they cannot, or will not, see that simple fact, then whatever steps may be necessary to protect our economy from their intransigence must be taken.

It would be foolish to say that this company has been unaffected by the restrictive measures applied generally to the nation and particularly to us. We have had a difficult year and there seems little doubt that the Government will continue to do little to curb their own spending and much to restrict the budgets of everyone else. So that we can expect no lessening in difficulty in our current financial year. But so long as the official inhibitions of this country do not spread to the Commonwealth, our Dominion companies look for another successful year, and it is hardly necessary for me to tell you that at home we shall redouble efforts and invention to extend our business in the many fields in which we firmly believe we can contribute much to the nation's prosperity.

The report and accounts were adopted.

CARTER & COMPANY, LIMITED

IMPROVED EFFICIENCY

MR C. CYRIL CARTER'S STATEMENT

The forty-eighth annual general meeting of Carter & Company, Limited, was held on August 16th in London, Mr C. Cyril Carter, chairman, presiding.

The following are extracts from his circulated statement for the year to March 31, 1956:

Trading profits of the Group for this year show a slight increase despite the developing difficulty of trading conditions. Although we have not yet felt the full effect of major improvements such as the installation of the more efficient method of biscuit firing, of which I spoke last year as having been planned, both production and productivity at our main tile factory at Poole have been substantially increased without any appreciable capital expenditure. The first of these new tunnel ovens is now complete—it was lit up on July 2nd and will be in full operation by mid-August.

In the building that houses it provision is made for a second unit, and full benefit from the installation will not be felt until this second unit is built. It would not, however, be prudent to proceed with the building of another oven until the maximum economic performance of the first unit has been proved in practice. The oven and the building account largely for the sum of £77,000 spent during the year from the money raised for capital improvements by an issue of Ordinary shares in 1954, making a total of £93,000 spent from this account up to March 31, 1956. Our capital commitments at that date amounted to £32,000.

STOKE-ON-TRENT FACTORY

At our Stoke-on-Trent factory, J. H. Barratt & Company (1927) Limited, the manufacturing side is much more healthy than it was, but there has been a quite definite recession in the type of business in which that company is engaged—the making of tiles for the fireplace trade, which absorbs more than half of the total coloured tiles produced in this country—and the factory has not been working at really full pressure since November, 1955. Consumer hesitation, caused by the imposition of purchase tax on utility goods, rating revaluation and general uncertainty, has undoubtedly adversely affected sales.

The only major manufacturing need at this Stoke factory is now that of improved biscuit firing equipment. Arrangements have accordingly been made to finance, on favourable terms, the building of a tunnel oven, under the fuel saving scheme of the Ministry of Fuel and Power. Increases in wages, cost of raw materials, fuel and power have affected these tile manufacturing units.

POOLE POTTERY

The third manufacturing company, Carter, Stabler & Adams Limited, which makes Poole Pottery, has recognised the need to increase its exports to the greatest possible extent, in spite of the fact that selling in these markets is less profitable than in the home market. As a result of the recognition of this obligation and in the face of substantial increases here also in wages, cost of raw material, fuel and power, this company has been unable to maintain quite the same level of profitability as in the last two years.

The introduction of an exceptional number of new designs during the year has also contributed to reducing profitability but must be regarded as an investment for the future. Halfway through the financial year purchase tax at the rate of 30 per cent was imposed on tableware, previously untaxed. This, combined with the effects of the credit squeeze in the home market and increased import restrictions overseas, is making marketing very much more difficult, though the full effects of these changes were not felt in the year under review.

CONTRACTING COMPANIES

The contracting companies—as was to be expected in the year after the end of building licensing—have been at the limit of their capacity. With the slow cycle of completions which is inevitable in the building industry, much of the work finally invoiced during this period was, in fact, carried out in the previous year, before the latest increases in the cost of material and labour. In the case of the largest of these units these have more than offset the benefits of the highest sales that our Contracting Division has ever known. The volume of orders for all these companies has been maintained well and the demand for those skilled forms of architectural decoration which we have sustained at some cost in harder times is gratifying.

World economic conditions make the value of any forecast doubtful, but the fact that our sales have been maintained, and indeed slightly increased, is of importance. In the three months since the end of the financial year which we have been discussing, sales have still been maintained.

The report and accounts were adopted.

CROWN ZELLERBACH CORPORATION

(Incorporated in the State of Nevada, United States of America)

MANUFACTURERS OF PULP, PAPER AND ALLIED PRODUCTS, LUMBER, PLYWOOD AND OTHER FOREST PRODUCTS.

CONDENSED SUMMARY OF CONSOLIDATED RESULTS FOR SIX MONTHS ENDED JUNE 30, 1956.

	1956	1955
Net sales	$223,504,000	$196,856,000
Net income (excluding net gain on disposition of Fibreboard investment)	$24,973,000	$20,642,000
Dividends declared	$13,056,000	$12,226,000
Additions and improvements to properties ...	$31,244,000	$17,607,000
Shares of common stock outstanding June 30 ...	13,790,140	13,752,168*
Per share of common stock outstanding:		
Net income (excluding net gain on disposition of Fibreboard investment)	$1.76	$1.45*
Dividends to common stockholders ...	$ .90	$ .80*
Production:		
Paper and paperboard—in tons	828,208	785,669
Lumber—in thousands of board feet ...	83,377	84,274
Plywood—in thousands of square feet ...	45,613	34,702

* *Giving effect to common stock split-up in September*, 1955.

Copies of the report for the six months ended June 30, 1956, may be obtained from the London Transfer Agents, The British Empire Trust Company, Limited, 3, Lombard Street, E.C.3, on application.

Residents in the British Isles, whose shares are not registered in their own names, and other interested parties, who wish their names placed on the Mailing List for future communications, should notify the London Transfer Agents accordingly.

THE GLOBE TELEGRAPH & TRUST COMPANY

ANOTHER SUCCESSFUL YEAR

The eighty-third annual general meeting of The Globe Telegraph and Trust Company Limited was held on August 14th in London.

Sir Edward Wilshaw, KCMG (the Chairman), presided and, in the course of his speech, said: The accounts show that we have had another successful year and that the gross income has risen by £205,992 to £1,007,142.

The earnings for the year, before providing for taxation, are £831,675, which is £206,249 higher than last year. Income Tax absorbs £352,945 and leaves net earnings of £478,730 this year, against £353,499 for 1955. Out of the net earnings the Directors have already paid an interim dividend of 2½ pence per 5s. unit of stock and have transferred £100,000 to the General Reserve; they now recommend a final dividend of 3½ pence per 5s. unit of stock. These appropriations absorb £387,500 and leave £91,230 to be added to the unappropriated profits.

The Capital and Share Premium Accounts are unchanged at £5 million and £63,313 respectively; but the Capital Reserve has increased by £272,490 to £940,813, the General Reserve by £100,000 to £550,000 and the Unappropriated Profits by £91,230 to £326,457.

Invested funds now exceed £10 million and amount to £10,216,410, an increase of £277,340. Of these funds £7,847,750 is in Quoted Investments which had a market value of £15,306,507, nearly double the book value.

The Unquoted Investments, the value of which is substantially in excess of the sum shown in the Balance Sheet (£2,368,660) include our holding of one-half of the Ordinary Stock of Cables Investment Trust Limited, the book value of which is £1,335,000, but which is estimated to be worth more than £4 million.

PROPOSED RIGHTS ISSUE

We propose to make a rights issue which will not only give you the opportunity of increasing the overall yield on your present holding of Ordinary Stock in the Company, but at the same time increase our issued capital so as to enable us to widen our portfolio, thus gaining that additional security which the investment of such capital will provide. We propose to issue a further 4 million new 5s. shares and to offer to you at par, that is to say 5s. (the market value is in excess of 10s.) in the proportion of one new share for every complete five 5s. ordinary stock units already owned.

We shall have to increase our authorised capital from its present £5 million to £10 million so as to cover not only the present proposed issue but also any further new issues of shares which we may have the opportunity to make in the years to come.

In passing I would mention that the introduction of the 5s. units of stock has resulted in a considerable increase in the number of stock owners on our books. To encourage the small investor still further, I have been giving much thought to the introduction of quarterly interim dividends. In my opinion, our financial position is sufficiently secure to enable us to maintain our present rate of dividend unless unforeseen circumstances should supervene.

The report was adopted and the increase of capital was approved.

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS

EFFORTS TO COMBAT INFLATIONARY SPIRAL

SIR GEORGE EARLE ON PRICE STABILITY

The Annual General Meeting of The Associated Portland Cement Manufacturers Limited was held on August 14th in London.

The following are extracts from the circulated statement of the Chairman, Sir George Earle, CBE:

During the past ten years our Group has expended on capital account no less than £31,843,299 and this has been financed without our issuing fresh capital. Net Current Assets increased during the same period by £9,797,482.

The Associated Portland Cement Manufacturers Limited holds over 80 per cent of the equity of The British Portland Cement Manufacturers Limited and 100 per cent of the Alpha Cement Limited equity.

The trading surplus of these Companies increased by £302,000 to £11,355,000. We set aside for depreciation £2,303,000 and £725,000 for replacement of plant and machinery and are left with £8,327,000. Provision for Taxation amounted to £3,952,000. Various other provisions, payments and transfers to Reserves, including £1,250,000 to Reserve for the new Workmen's Pension Fund, which will give increased benefits to our men, absorbed £3,048,000, leaving for the Stockholders £136,000 more than last year. It is proposed that this increase be passed to them by way of a higher dividend.

REVALUATION OF FIXED ASSETS

The result of the revaluation of the Group's fixed assets was a surplus of £19,071,352. The elimination of the proportion of this amount attributable to Minority Shareholders leaves a balance of £17,859,771. Your Directors are satisfied that the valuation which produces these surpluses is conservative.

The fixed assets now stand at a more realistic figure and your Directors consider that the time has now come when the share capital should be more in line with the capital employed in the business. They therefore propose that the authorised share capital be increased to £25 million by the creation of 13,500,000 ordinary shares of £1 each, and that £12 million standing to the credit of certain reserve accounts be applied in payment in full for 12 million Ordinary shares. These will be issued to stockholders on the basis of three shares for each £2 of stock now held.

The fact that the capital of the Company has been increased provides no reason or promise that larger sums will be distributed as dividends. The issue of these new shares does not by itself increase the intrinsic value of any stockholder's holding.

I want especially to draw attention to the figures in the Accounts which show the dividend expressed as a percentage of the invested capital. For 1955 the figure is shown before and after revaluation—the former is comparative with past years and you will notice that the gross figure of 8.8 per cent is well below the prewar figure of 10.2 per cent; after tax the net figure is 5 per cent as compared with 7.5 per cent before the last war. Comparison with other businesses in this country and overseas indicates that, on this basis, we are working on narrower profit margins than is normal. This is perhaps to be expected as cement in England is sold at a lower price than anywhere else in the world.

The percentage of this Company's total profit, before provision for Taxation, which is provided by the home trade sales of cement is 29 per cent; the remainder of the profit arises from export trade sales of cement, sales of other commodities, dividends from investments in Companies both at home and overseas and interest.

PRICE STABILISATION

In pursuance of this industry's and our Companies' policy of low prices the industry in December announced that home trade prices would not be advanced until at least June 30th this year. The object of this decision was that if a large proportion of British Industry would do the same thing, the inflationary spiral would receive a check and we might begin to get some stability, and instead of wages being advanced they would become worth more in purchasing power.

It must be obvious to anyone that if prices here rise quicker than in the countries with which we compete in the export markets, we shall eventually lose our trade, and this must happen if we do not work harder and produce more to pay for the increased wages which have been received. Apart from doing all we can to keep prices down, which means we must all work hard and must run our businesses as efficiently as possible, it is difficult to know what more the ordinary business people can do.

It is disappointing that at this time Trade Unions should be pressing for a shorter working week and longer holidays which, if adopted, must increase costs and thus worsen our export position.

Last year our deliveries of cement were more than 300,000 tons better than our previous record year, 1954. Our exports, as well as our home trade, increased. But for the Dock strike they would have been better. It is more than regrettable that strife between Unions should affect our country's economy and the life of the people on this island.

After reviewing the Company's activities at home and overseas, the Chairman continued: It seems evident that we shall have to run our works at full output during this year in order to supply the demand and, unless conditions change, this should apply to the works of the overseas Companies as well.

FRIGHTENING FIGURE OF COAL COST

It was a bad blow to our ambition not to raise prices when the Coal Board jumped their price by about 6s. a ton from June 1st. Our Industry really is keen to absorb all the increased costs it can, but this coal advance will cost it about £1,500,000 a year on the home trade alone. This is too much to swallow, and with regret our home trade prices went up 3s. a ton on July 1st. This does not apply to export prices. As the Coal Board have agreed not to advance their pit prices for twelve months we have been able to state that our prices will not be advanced for the same period "unless something quite unexpected and exceptional happens." Our coal before the war, on the Thames, cost 19s. 3d. a ton and now it will be 91s. 7d., the pit prices being approximately 12s. 9d. as against 63s. 4d., nearly five times the prewar price—this is a frightening figure, for it affects the cost of all production.

The report and accounts were adopted and the capitalisation and scrip issue proposals were approved.

APPOINTMENTS

CENTRAL ELECTRICITY AUTHORITY

LABOUR RELATIONS AND WELFARE

The Authority propose to appoint a Chief Executive Officer to take charge of the Labour Relations and Welfare Departments at their Headquarters in London, and invite applications for the post.

The range of functions for which the officer will be responsible will include the Negotiating Machinery covering wages and conditions of employment throughout the industry, and the fields of Education, Training, Safety, Health, Welfare and the Joint Consultative Machinery.

The appointment, which is superannuable, will carry a salary within the scale £4,000 to £4,500 p.a.

Applications, stating age, present appointment and salary, and supported by full details of qualifications and experience, together with the names and addresses of two persons to whom reference may be made, should be forwarded to D. Moffat, Director of Establishments, Winsley Street, London, W.1, to be received not later than September 1, 1956.

ASSISTANT RESEARCH EXECUTIVE required for work in a Market Research Department of an Advertising Agency. The person appointed will be responsible for the impact research of important national advertising accounts. Applicants should be graduates with a sound theoretical knowledge and some practical application of statistics, but a degree in statistics is not essential. A pension scheme is in operation.—Write, stating age, experience, and salary required, to the Personnel Manager, F. C. Pritchard, Wood & Partners, 25 Savile Row, W.1.

ASSISTANTS required for research in the Faculty of Commerce and Social Science. Degree an advantage. Salaries up to £455 a year according to age and qualifications.—Particulars of education, experience, and to Clerk to the Faculty of Commerce and Social Science, The University, Birmingham 15.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN POLITICAL ECONOMY

Applications are invited for an Assistantship in Political Economy. Salary scale £550 to £650. Initial salary according to qualifications and experience. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than August 31, 1956, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

DEPARTMENT OF INDUSTRIAL RELATIONS

The College invites APPLICATIONS for ONE post of RESEARCH ASSOCIATE and TWO of RESEARCH ASSISTANT, as a team to investigate the effect of recent technical and economic changes on standards of life and social relations in a South Wales community. Salary (a) Research Associate, not less than £850 p.a. with F.S.S.U. and family allowances: (b) Research Assistants, £550 p.a. Six copies of applications (including the names of three referees) should be sent to the undersigned, from whom further particulars of the project can be obtained. Final date for the receipt of applications September 20, 1956.

University College, Cathays Park, Cardiff. August, 1956.

E. R. EVANS, Registrar.

WANTED

Economist/Statistician (male) recently graduated, interesting position combining commercial and statistical practice.—Write, with full particulars, qualifications, etc., to New Zealand Wool Commission (London Agency), 16 Coleman Street, London, E.C.2.

STAFFORDSHIRE COUNTY COUNCIL

COUNTY PLANNING AND DEVELOPMENT

Applications are invited for the appointment of a Senior Assistant in the Research Section of the Department on APT Grades IV-V (£710-£970) per annum. The commencing salary and grading will be in accordance with qualifications and experience.

The person appointed will be concerned primarily with the economic aspects of the Development Plan and the implementation of overspill proposals. Applicants should have an honours degree in economics, geography or related subjects and should preferably have had research experience in the public service, with a research institution or with industry.

Applicants should give details of age, education and training, qualifications, present and previous appointments and experience, and the names of two persons to whom reference can be made. Applications, in which relationship to any member or senior officer of the County Council must be disclosed, should be sent to D. W. Riley, County Planning and Development Officer, 41a Eastgate Street, Stafford, not later than August 28, 1956.

T. H. EVANS,
Clerk of the County Council.

ECONOMICS GRADUATE (with Statistics) required by trade organisation in Manchester. Successful applicant will assist in development work in a department responsible for various measures of productivity improvement. An interest in management training and the place of modern management techniques in improving industrial efficiency necessary.—Box 488.

COST ACCOUNTANT/OFFICE MANAGER wanted for Printing and Wholesale Stationery business in Scottish County town. Knowledge of trade desirable. Pension scheme. Salary commensurate with experience but not less than £750. Apply in confidence, stating age and previous experience.—Box 487.

APPOINTMENTS

VICTORIA UNIVERSITY COLLEGE

WELLINGTON, NEW ZEALAND

The Council of Victoria University College proposes shortly to appoint a LECTURER IN THE SCHOOL OF POLITICAL SCIENCE AND PUBLIC ADMINISTRATION, and invites applications from suitably qualified persons for this post.

The salary will be £985 per annum, rising by annual increments of £50 to £1,235. The initial salary will be determined according to the qualifications and experience of the appointee. An allowance is made towards travelling expenses.

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

The closing date for the receipt of applications in New Zealand and London is *September 30, 1956.*

UNIVERSITY COLLEGE OF THE WEST INDIES

Applications are invited from candidates with professional qualifications and practical experience of budgeting systems, including the application of mechanised accounting methods, for post of BURSAR.

Duties, to be assumed as soon as possible, include responsibility for all accounting work, preparation of annual financial statements, and advice on financial matters.

Salary scale £1,300 x £50—£1,900 p.a. Entry point determined by qualifications and experience. Child allowance. F.S.S.U. Unfurnished accommodation at rent 5 per cent of basic salary or allowance in lieu.

Passages for up to 5 persons on appointment, normal termination and study leave (once every 3 years). Detailed applications (6 copies) naming 2 referees, by September 15, 1956, to Registrar, University College of the West Indies, Mona, St. Andrew, Jamaica, from whom further information may be obtained.

VACANCY FOR THE POST OF SECRETARY TO THE NIGERIAN PRODUCE MARKETING COMPANY LIMITED, LONDON

Applications are invited from suitably qualified Nigerian candidates for appointment to the post of Secretary of the Nigerian Produce Marketing Company Limited, 5 Buckingham Gate, London, S.W.1.

Scale of Salary:
£1,500 to £2,000 depending upon qualifications and experience. The appointment itself will be on a probationary basis for a period of 12 months but the post will carry prospects of promotion to Directorship level at a salary of £2,250 plus Director's fees. Income tax will be payable at United Kingdom rates.

Qualifications:
Candidates should possess a Law qualification and have Professional, Administrative or Commercial experience.

Age: 30-40

Duties:
The Nigerian Produce Marketing Company Limited is the selling organisation of the Nigerian Produce Marketing Boards and the post will include duties of an Administrative as well as a Secretarial nature. Official visits to Nigeria may be necessary from time to time.

Other Conditions of Service:
The Company operates a Contributory Pension Scheme. Free first-class passages will be provided for the candidate, his wife and up to three children from Nigeria to the United Kingdom.

Applications should be addressed to:
The Managing Director,
The Nigerian Produce Marketing Company Ltd.,
5 Buckingham Gate,
London, S.W.1
so as to reach him not later than September 15, 1956.

MANAGEMENT SELECTION LIMITED

have been retained to advise on the selection of the

MANAGING DIRECTOR

for an old-established chemical manufacturing Company (public) near London. The post carries responsibility for the direction of all aspects of the business, especially for profitable development of new products.

The successful candidate will require wide administrative experience, either as general manager or as executive with comparable status, in a process industry and technical content a technical qualification would be an advantage. Starting salary about £4,000-£5,000 (basic) plus commission on profits and other usual benefits.

Preliminary enquiries, accompanied by brief personal details, are invited. No information will be passed to our clients without permission at interview. Please write in confidence to: H. E. Roff, Management Selection Limited (S.147), 8 Clarges Street, London, W.1.

DEPARTMENT OF FINANCE, DUBLIN, invites applications for a post as Economic Assistant.

Age on September 1, 1956, not less than 25 and not more than 35.

Candidates must have at least a Second-Class Honours degree in Economics or a related subject and at least three years' satisfactory experience in teaching Economics or in economic research or in an economic advisory capacity.

Salary (according to age and experience) will be in the ranges (a) £1,400 to £1,700 for a man, and (b) £1,125 to £1,425 for a woman.

Particulars and application form from Staff Section, Department of Finance, Dublin. Latest date for receipt of completed application forms—September 6, 1956.

FINANCIAL institution of high standing requires young man with banking experience, ideal age about 30. Must have Public school and university background. Only highest references considered. No capital required. Prospects for really able candidate quite exceptional.—Write Box 486.

REQUIRED, Chief Clerk Investments department, Bank in North Africa, trading in British and Foreign securities. Capable of taking charge receipt and delivery and all correspondence. £1,000 per annum.—Full details to Box 485.

ROYAL TECHNICAL COLLEGE, GLASGOW

DEPARTMENT OF INDUSTRIAL ADMINISTRATION

Applications are invited for a Lectureship in the Department of Industrial Administration. Candidates should preferably have had experience in Personnel Management or Industrial Relations (either with an employer or a trade union). The salary is on a scale £650 x £50 to £1,100 and may be extended to £1,350. There is a scheme of Superannuation and Family Allowances.—Forms of application may be obtained from the Secretary/Treasurer, George Street, C.1.

UNIVERSITY COLLEGE OF SWANSEA

Applications are invited for the post of Computer in the Department of Economics. The salary will be on the scale £400 x £25 to £500 per annum.—Further particulars may be obtained from the Registrar, University College, Singleton Park, Swansea, by whom applications must be received by *Saturday, August 25, 1956.*

HER MAJESTY'S OVERSEA CIVIL SERVICE

Statistician (BCD 63/7 03) in the Department of Agriculture, Kenya, to advise on the design of field and other experiments conducted by the Department including sampling, investigations and surveys, and to assist in the statistical analysis of results.

The appointment will be on two years probation for permanent and pensionable employment. Salary in scale £616 to £1,620 (including pensionable inducement pay) plus a temporary variable non-pensionable allowance at present 10 per cent of salary (maximum £162 per annum). Government quarters provided when available at a moderate rental. Free passages for officer, wife and family up to cost of three adult passages. Income tax at local rates which are much lower than in United Kingdom. Generous home leave.

Qualifications required are a good degree in Mathematics or Statistics with some post-graduate training in statistics, and preferably a diploma in statistics; some experience of, or training in, statistical methods as applied to agricultural field experiments is essential. The required post-graduate training would if necessary be provided for by means of a Colonial Agricultural Probationership. Applications will therefore be accepted from persons who have only recently graduated.

Intending applicants, who should be between 21 and 40 years old, should write to the Director of Recruitment (Her Majesty's Overseas Civil Service), Colonial Office, Sanctuary Buildings, Great Smith Street, London, S.W.1, stating briefly personal particulars and qualifications and quoting above reference.

(AMENDED ADVERTISEMENT)

THE LOCAL AUTHORITIES' CONDITIONS OF SERVICE ADVISORY BOARD

invite applications for the appointment of

SECRETARY

to succeed the present Secretary who is to retire in 1957. The salary for the appointment, which is pensionable, is £4,500 a year. The appointment will be held at the pleasure of the Board and will be terminable on three months notice on either side. Conditions of service will be those normally applying to chief officers of local authorities. The successful applicant will be required to take up his duties on a date to be arranged in 1957. The Secretary of the Board is responsible for:—

(1) advising the Board and the Employers' Sides of the wage negotiating bodies concerned with fixing wages and working conditions of employees in local government in England and Wales, and in Scotland also to some extent, numbering about 900,000 in many classes of employment;
(2) acting as Employers' Secretary to these wage negotiating bodies, and negotiating with the professional associations and trade unions representing such employees;
(3) the application of agreements on wages and working conditions arising from these negotiations;
(4) representing the Board and the Employers' Sides at meetings and conferences in connection with their activities;
(5) advising local authorities in matters concerning industrial relations.

A local government background would be helpful but it is not essential. The main requisite of the post is a thoroughly practical experience in wage negotiations over a very wide field (ability to assume responsibility for negotiations on a large scale and at all levels, and an extensive experience of industrial relations. Form of application, which is returnable by October 6, 1956, may be had on application to the Secretary,
37 Upper Grosvenor Street, London, W.1.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

METALS DIVISION

TECHNO-COMMERCIAL DEPARTMENT

Applications are invited for two senior positions in a newly formed department established to evaluate commercial and economic information affecting the long-term interests of the Metals Division. The successful candidates would be members of a small team undertaking market surveys and special investigations and presenting the information to form a basis for future policy.

Applicants, preferably between 28 and 40 years of age, should possess an honours degree and have industrial and commercial experience. An engineering or metallurgical background, although desirable, is not an important as the ability to draw the correct commercial inferences from technical information and present the results clearly, and in a form acceptable to senior management.

A generous commencing salary is offered and the Company operates both Pension and Profit Sharing Schemes. On joining the staff, the successful candidates will receive a reasonable refund of removal (including travel) expenses and, to assist them in house purchase, facilities are available in approved cases for loans.

Application forms may be obtained from the Staff Manager, I.C.I. Ltd., Metals Division, Kynoch Works, Witton, Birmingham 6, quoting TC/1/C.

SPICERS LIMITED require an experienced Office Organisation and Methods Officer, aged preferably between 30 and 40 years. The commencing salary offered would be not less than £1,250 p.a. Written application should be made to the Personnel Adviser at 19 New Bridge Street, E.C.4.

TAXATION: International firm of Chartered Accountants has vacancies for men wishing to specialise in taxation. Previous experience an advantage but not essential. Good prospects and interesting work with rapid promotion for the right men. Salaries in accordance with qualifications and experience. Pension scheme.—Write Box W 437, c/o Streets, 110 Old Broad Street, E.C.2.

MANAGEMENT EXECUTIVE (40), F.C.W.A., A.C.A., A.C.I.S.—5 years' specialist experience on Management Accounting in light electrical and mechanical Engineering industry—seeks permanent progressive position offering wide scope. Present salary £2,250 p.a.—Box 489.

NOTICE

The National Iranian Oil Company offers for sale, during the year 1957, a total quantity of 3,660,000 long tons of Iranian Light Crude Oil in following quarterly quantities F.O.B. Bandar Mashur:

	U.S. Barrels	Long Tons
First Quarter	6,683,000	890,000
Second Quarter	6,840,000	910,000
Third Quarter	6,919,000	920,000
Fourth Quarter	7,076,000	940,000
Total	27,518,000	3,660,000

Main characteristics of the Crude Oil offered are:—
Average Specific Gravity at 60° F: 0.8530 (34.10° A.P.I.)
Sulphur % Wt. 1.3 = 1.4%
Vapour Pressure 6.5 = 8.0 lbs. at 100° F.
Salt Content 5.2 lbs approx per 1,000 bbl.

Those interested are requested to indicate:
1. Price offered per barrel of 42 U.S. Gallons f.o.b. Bandar Mashur.
2. Quantity of crude oil required.
3. Period during which the required quantity will be lifted.
4. Currency in which payment will be effected. (Preference being given to payments in currencies of international convertibility.)
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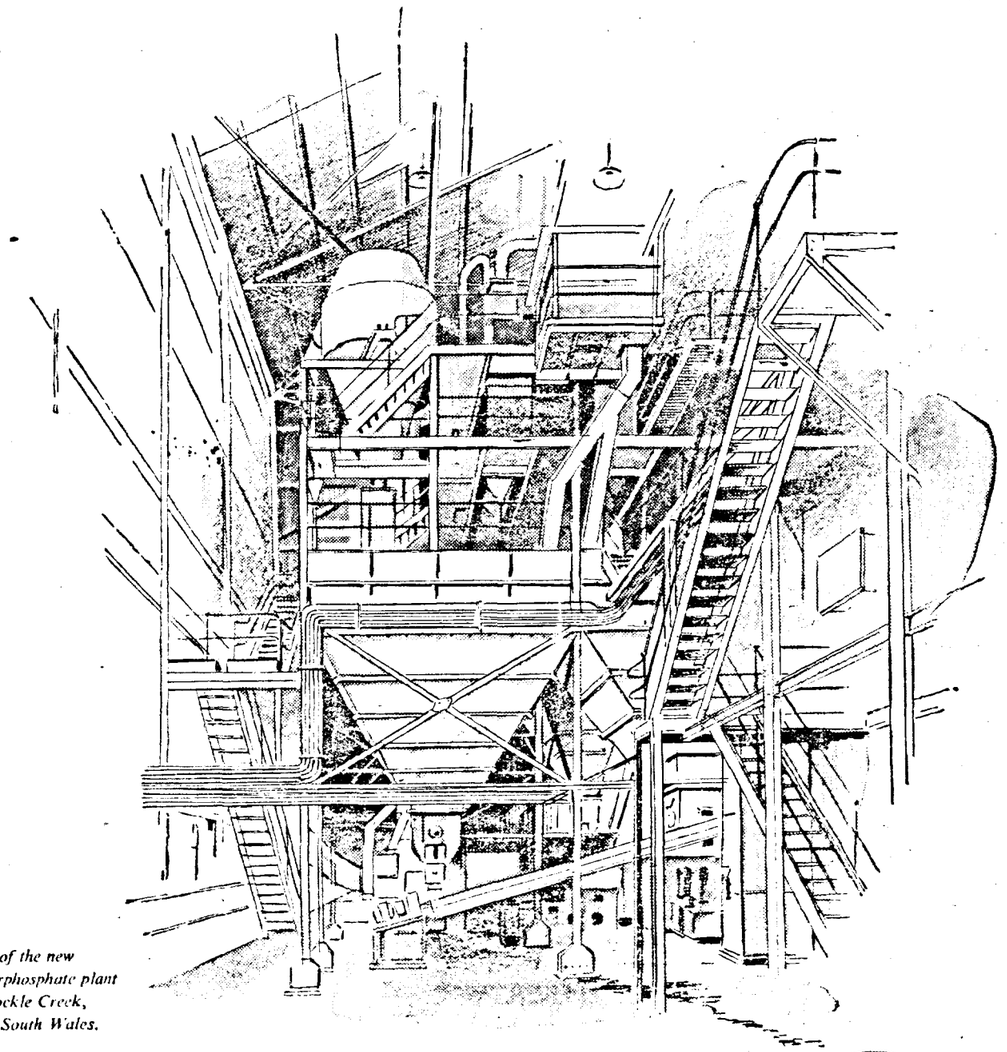

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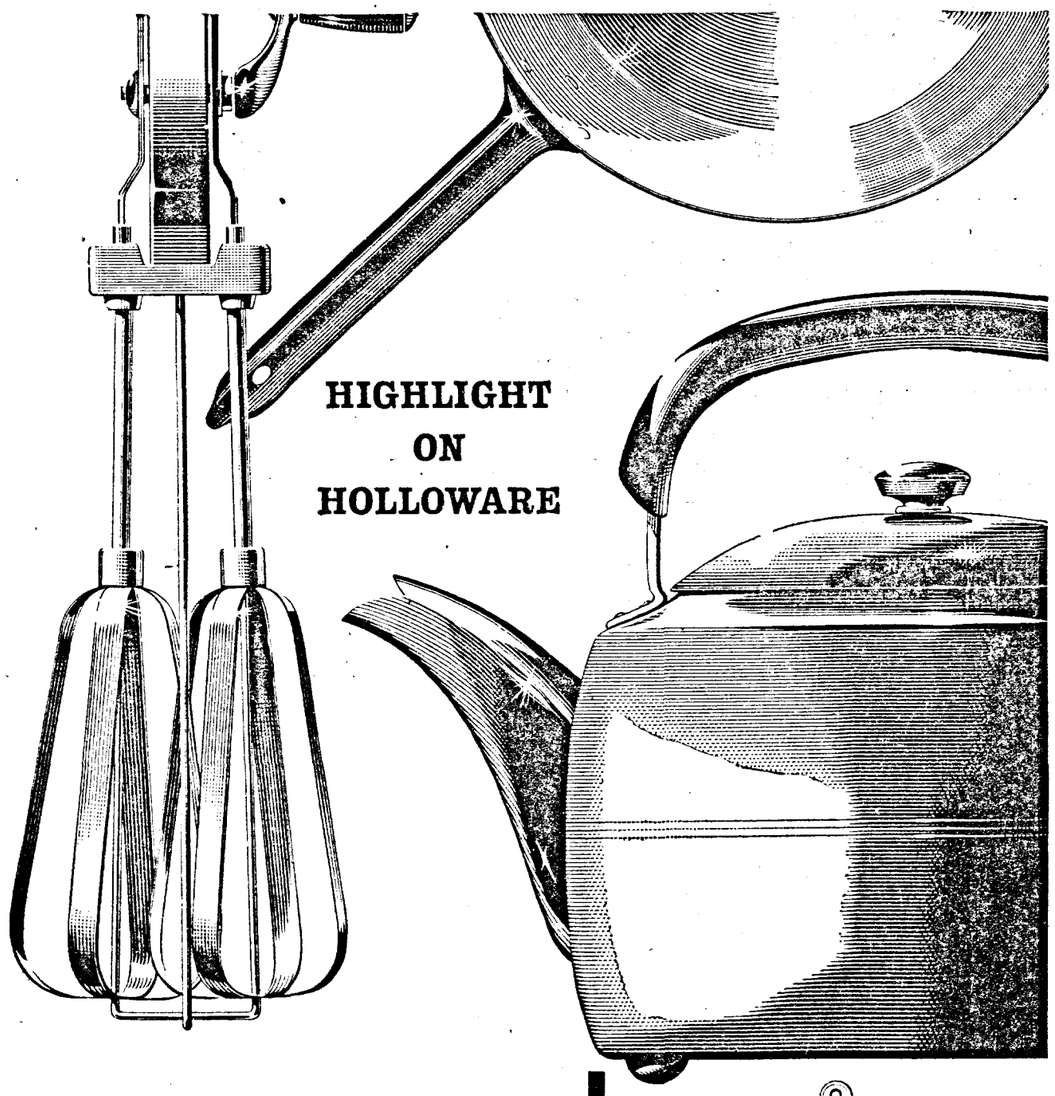

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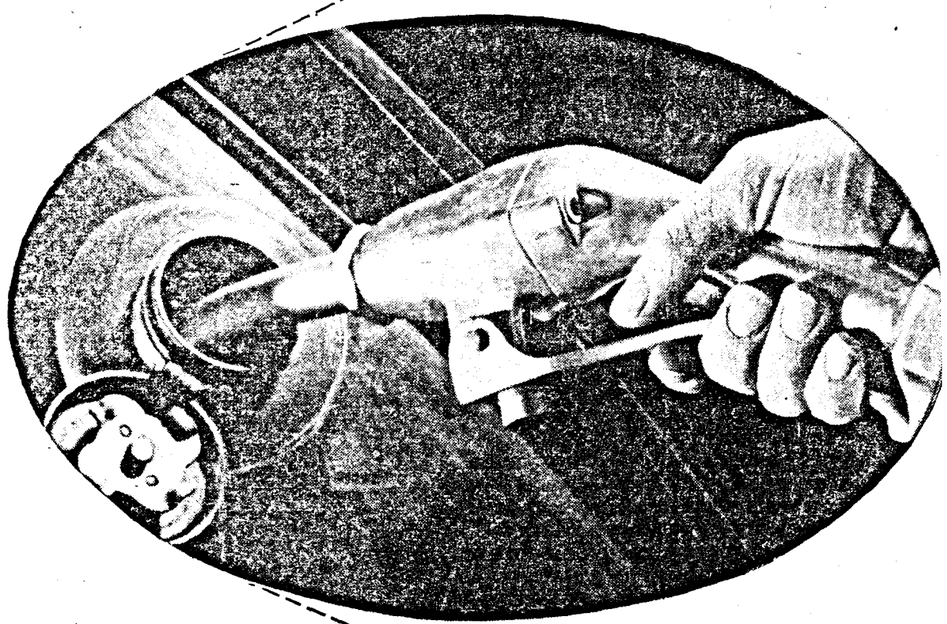

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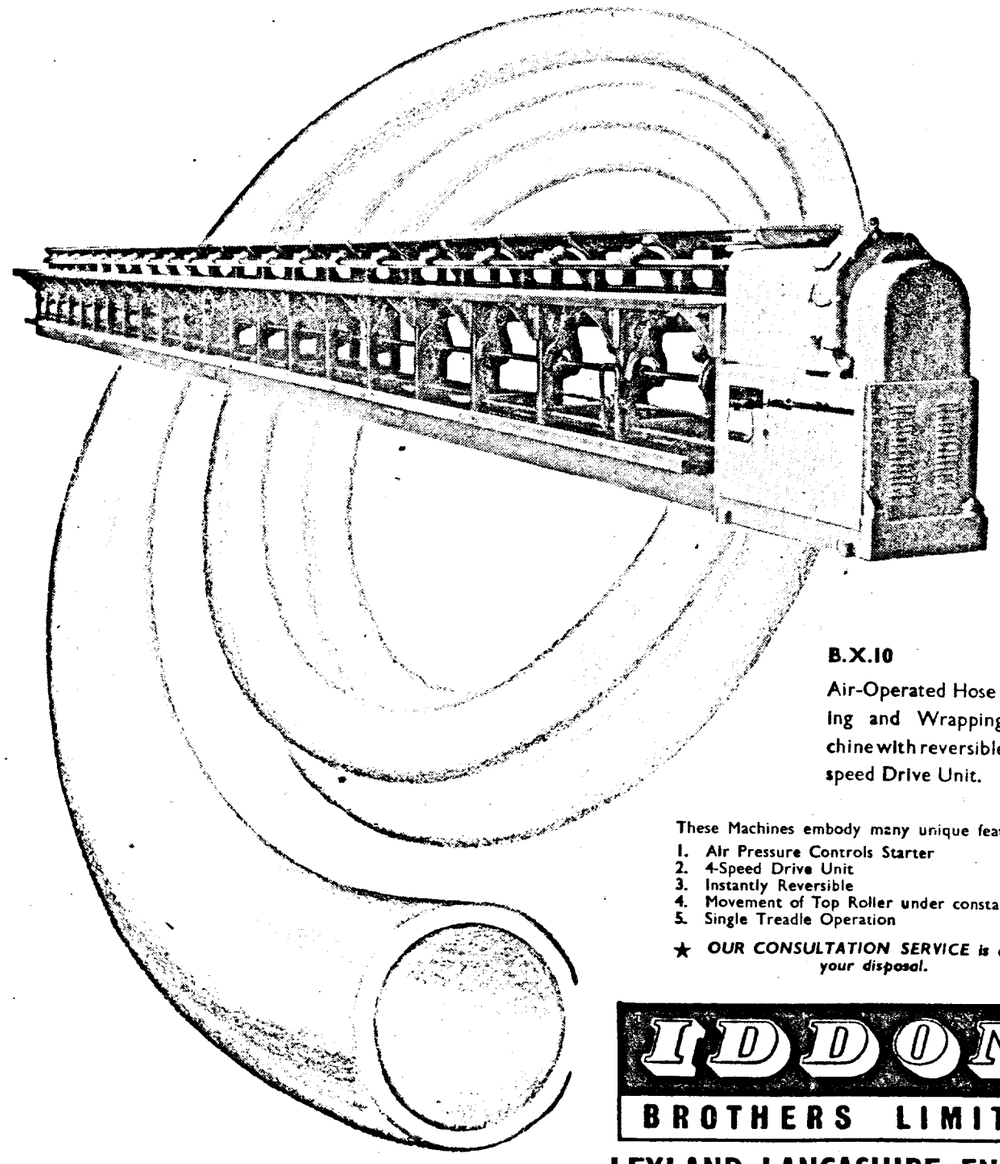

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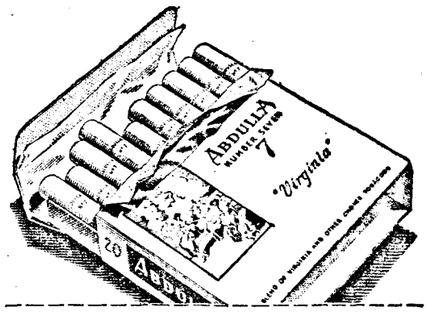

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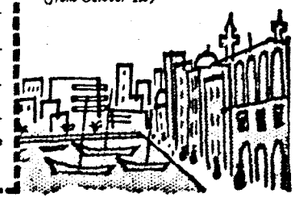

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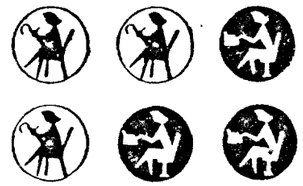

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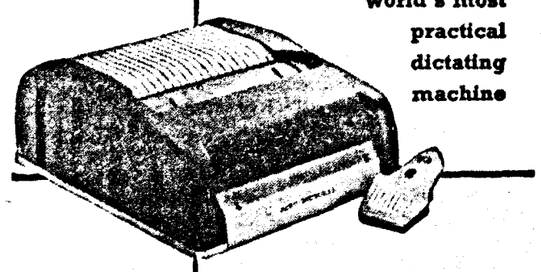

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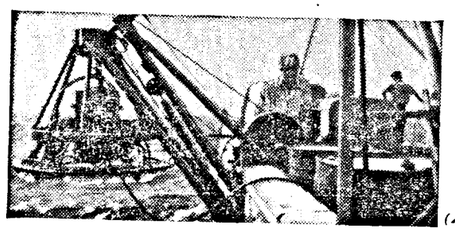

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Users in Unison

THE London conference on the Suez Canal ended at 5 o'clock on Thursday afternoon not, as some optimists had hoped, in a unanimous compromise, but in two unreconciled propositions. One is supported by 17 of its members, including all the world's main maritime nations; the other is advocated by a minority of four—India, the Soviet Union, Indonesia and Ceylon. During the meeting's worst passage, Mr Krishna Menon and Mr Shepilov, by devices which must have upset many a well-mannered Indian and Sinhalese, tried to ensure that if there were no unanimity, there should be no result. But this flight in the face of fact served chiefly to emphasise the wisdom of the 17 in wishing to keep the Canal affairs above the rough and tumble of politics. The conference has produced a result; 17 nationalities owning, or employing on charter, 95 per cent of the shipping using the Canal, agree on a plan which they wish to negotiate with Egypt.

At the closing session, the majority announced its intention to appoint a committee consisting of its Australian, Ethiopian, Iranian, Swedish and United States members, with Mr Menzies in the chair, to acquaint Egypt with the proposals to which the seventeen subscribe. (The position of Spain, which at one point made their number eighteen subject to a reservation, was still not clear as *The Economist* went to press.) Against the views of the majority, the minority wanted the conference to issue a communiqué, but an Indonesian draft, as it seems, did not please the Russians. Finally, the chairman, Mr Selwyn Lloyd, was asked to despatch the verbatim report of the conference proceedings to President Nasser. Presumably the scene will now quickly shift to Cairo where, judging by reports of a tense situation between the Egyptian government and some of the Canal Company's foreign staff, time is on the side of the Devil, not the Angels.

What promise of efficacy do the plans hold and what are their chances in negotiation? In the eyes of the majority, the heart of the matter is that the Canal's users must have a share in shaping or stopping events before things go wrong, instead of merely a right to protest at impediments, or mend faults, after they have occurred. Their anxieties apply as much to unintentional as to deliberate failings. Hence their key phrase about "control of operation, maintenance and development" by some international body insulated from "the influence of politics of any nation." Another important point these users make is that there shall be no profit apart from a fair and agreed return paid to Egypt for use of the Canal.

The weakness of their proposition is its lack of attraction for a dictator on the make. Yet is their dependence on the Canal so great that he can afford to refuse all parley with this overwhelming majority of its customers? Will he see any importance in a Spanish proviso, at one point accepted by the other seventeen as the price of Spanish adherence, that if the majority proposal is rejected, Spain on its own may put another proposition: "efficient" and "proportionate" representation of the users on an Egyptian board of control?

For Mr Menon, who put forward the minority plan, the main consideration is to win Egyptian co-operation, and the majority plan has no chance of doing so. Is he right? Can so many customers be disregarded? His own plan, which he marketed well when he spoke to the press, but badly in the conference, recognises the need for user supervision, but aims at thrashing out its organisation later. He told the London press that its key clause is, in his view, that which prescribes "consideration . . . of the association of international user interests with 'the Egyptian Corporation for the Suez Canal'." The phrase is, he said, purposely vague so as to afford both Egypt and the principal users a "red carpet" down which to approach a meeting point.

But the Menon plan falls short of an acceptable second best because of the slightness of its provision for what is to happen if Egypt, by accident or design, fails to fulfil customers' requirements. What does India propose to do if the Egyptians spasmodically, or habitually, apply now to one and now to another user the kind of treatment they have given Israel? Take the matter, says Mr Menon, to the Hague Court or the United Nations, after which all users must exercise their influence to get Egypt to accept the decision. This process failed in the case of Israel but not, as Mr Menon was quick to point out, for lack of the means to enforce it; there were in 1951 100,000 British troops on the Canal. What was lacking then was the will, and what is necessary to render his plan effective is both a will and a means to apply sanctions if gentler processes fail. Doubt of the world's ability to organise these causes the big customers to prefer multinational management.

A point that has become blurred during the argument is that two considerations govern the thinking of most of the majority governments. The first is that the Canal shall work. The second, important not just to western investors, but also to all Asians and Africans in need of foreign investment for development, is that the peremptory impounding of foreign assets must not turn out to be a paying practice, even for a handful of local politicians; in the long run it is the underfed millions of Asia who will suffer. One side of the medal, admittedly, is that the western investor does not want to lose his money; the other is that his adversaries who tell gullible mobs that he is still the old colonial type and merits rebuffing are misleading their flock for the political purposes of Cairo and Moscow. For he has become aware since Abadan, as he was not aware earlier, of the need for making his investment a welcome one locally, as well as to absentee shareholders.

Yet other considerations weigh with the user governments as they reflect what to do if President Nasser rebuffs their advances. If he does, it is important to keep a card in hand. What shall it be? The combination of seventeen such major users is not lightly to be jettisoned. It has been forged on condition that negotiation be tried; it would collapse if one or two of the number were to want to resort to force the moment parley were to fail. Certainly Mr Dulles attaches importance to this point: Egyptian unwillingness to talk would, he told the conference, present a new situation likely to call for "further concerted decisions."

He spoke too early to embroider the point, but imaginative minds can conceive some ways in which customers can make themselves felt. One possibility would be a concerted arrangement to withhold dues from an intransigent Egypt, even if the outcome were partial closure. The most powerful customers' sanction —that of boycott—would be difficult to organise among nations whose citizens are still—happily—free to sail what seas they please.

A contingency against which users would in any case do well to make provision is messy handling of Canal traffic, which may easily be caused by inconsideration for old pilots and inability to find good new ones. Asian as well as European buyers of goods normally canal-borne would feel the pinch of the more expensive route, and all might be wise to plan a system of financial help for shippers and traders obliged to go round, like the wise men, by another way. In either eventuality, the oil situation in western Europe would be serious, but not so serious as to throw western Europe into industrial chaos if the trans-desert pipelines were still working, and if help was at hand from the emergency oil committee now at work in the United States.

The second ugly thought that arises in the event of failure to negotiate is the implication in Asia if President Nasser (who could, had he wished, so cunningly and so diplomatically have put the clock forward from 1968 to, say, 1958 or even 1957) be allowed to get away with a piece of sharp practice just because it is directed chiefly at two ex-colonial powers. A triumph for him would produce, elsewhere in the Middle East, a disastrous chain reaction which would end by sweeping out all serious chance of early improvement in the living standards of the masses.

There is in Britain one school of thought which reckons that, failing negotiation, the only way to prevent this triumph and its consequences is to pull President Nasser up short by means of a quick military operation designed to upset him and strengthen his Asian enemies. But would this act yield such a result? There is another and more sober school which holds that such an operation would invite risks greater than those it would cure—that it will be interpreted as proof that old colonials never change, and so is fraught with hazards: sabotage of oil pipelines, the adherence of more Asians to the Soviet camp, and the collapse of user unity.

The most disastrous of all the consequences would be that military action, unless taken at the request of a conclave of dissatisfied customers, would upset the Anglo-American unity in which few Asians believe, but which is so real at moments of crisis. The renewed demonstration of that unity during the week that is ending is the brightest spot in a dark picture.

Lighter Sky Over Cyprus

THE cease-fire proclaimed by Eoka is the most encouraging thing that has happened in Cyprus since terrorism broke out some sixteen months ago. Eoka's proclamation, it is true, only suspends the shooting; it does not call it off altogether. Nevertheless it gives the British Government a real opportunity to break the present deadlock in which murder and repression have taken over from patient, constructive negotiation. If the opportunity can be grasped with skill, energy and imagination—as the measures taken by the Government this week suggest that it may be—the cease-fire may indeed prove, in Sir John Harding's words, a turning-point in the island's history.

The reasons that led Colonel Grivas to issue his "declaration" can only be guessed at. Conceivably he may have argued that violence had paid considerable dividends in budging the British from their refusal to acknowledge the Cypriot right to self-determination, and that for the time being other methods might be more appropriate. It is more likely, however, that the determined efforts of the British security forces and—flowing no doubt from them—the apparently greater willingness of the Greek Cypriots to come forward with information have thrown Eoka's forces and organisation into disarray. The cease-fire may well be designed to make the best of a bad situation; to gain a respite for men hard pressed by British troops, and at the same time to put to the test the British Government's sincerity in saying that terrorism was the great obstacle to a settlement.

Whatever the reasons for the cease-fire, the important thing is to make the most of the lull. The ultimate goal of British endeavours is to secure a peaceful political settlement acceptable to all the parties concerned, Greeks, Turks, British and the Cypriots themselves. The immediate goal is to make life on the island as normal as possible, given the facts that Eoka has not yet laid down its arms and that a close guard must be kept against renewed outbreaks of terrorism. If Colonel Grivas and his men are indeed in trouble they no doubt hope to live to fight another day if necessary; the cease-fire provides a breathing space in which to refresh and reorganise themselves. But the further the political temperature can be lowered, and the more completely the island's life can be induced to flow again along peaceful and normal channels, the more difficult will it be for Eoka to take up arms again. The terrorists cannot operate successfully without some help and co-operation from the local population—even if that support is the result of coercion. Cypriots who have lived through, and passed beyond, the dark days of the emergency may be reluctant, even under pressure, to go back to them.

Reports from the island speak of the delight with which ordinary Cypriots received the news of Eoka's cease-fire; this indicates that they have had their fill of vexatious restrictions and nagging fears of a shot in the back. For the time being at least, Eoka has removed the second. It is now up to the British authorities to do all they can, consistent with the needs of security, to remove the first; if they do not, all the ordinary Cypriot's ancient suspicions of British intentions and good faith will be fortified and Eoka's stock will rise correspondingly. The authorities have indeed shown themselves to be aware that the terrorists must not be allowed a monopoly of gestures; already some restrictions have been lifted. Above all, the Government has announced sensible surrender terms with a time limit of three weeks. These offer the irreconcilables the chance to go to Greece, provided that they seek Greek nationality and that Greece will have them; having done this, they are excluded from returning to Cyprus. No comfort is offered to people implicated in serious crimes unless they choose to go to Greece. Some of Eoka's small fry, not directly involved in crimes "involving violence against the person," may be induced by these terms to surrender and take the chance that they will not be too long detained. The terms may succeed in thinning out the terrorist movement, especially as the prospect is held out of an amnesty later.

Progress towards a political settlement need not, however, wait on the complete tranquillisation of the island. On the contrary, it is essential to take advantage of the improved atmosphere; to act—or to defer action—on the assumption that the British are mastering the situation and that time is on their side, might prove disastrous. The Eoka cease-fire has created what might be termed an auspicious vacuum; but it would be rash to assume that it will remain auspicious for long. It must be filled as quickly as possible with the plan for self-government on which Lord Radcliffe is working; it is good news that he is accelerating his work, and the Government is right to announce it.

There are two obstacles that may hamper and even prevent the acceptance and introduction of Lord Radcliffe's constitution. One is the reluctance—to put it no more strongly—of the Turks, both in Cyprus and in Ankara, to agree to any constitution that is acceptable to the Greek Cypriots. This is a real stumbling block and to ignore it will not cause it to melt away. The Government must bend its efforts to meeting legitimate Turkish misgivings and to overcoming what is unreasonable in the Turkish attitude. The second obstacle is the Cypriots' insistence that only Archbishop Makarios can negotiate on their behalf, and the British reluctance to treat with the Archbishop unless he

denounces violence. The British Government's stand on this has always been unrealistic; to persist in it after violence has, in fact, ceased would be unwise as well. If the Cypriots persist in their attitude—and there is no reason to suppose that they will not—then sooner or later the Archbishop will have to be brought back; and if the present opportunity to pacify the island and introduce self-government is not to be missed, it had better be sooner rather than later. Self-government will probably not prove to be the end of the road in Cyprus; but it is the first condition of progress towards a durable settlement.

Silent Grey Mare

THE attitudes of individual unions to the Government's financial measures and to the appeal for wage restraint have lately been made all too plain. There was still a faint hope, however, that when they put on their other hats and appeared in their alternative role as statesmen, the union leaders who compose the General Council of the Trades Union Congress would show signs of having been moved by the smiles and sherry and the appeals for co-operation which they received at 10, Downing Street, on several recent occasions. That hope will not be strengthened by the council's report to the Congress, which was published this week.

This is a straightforward account of the exchanges that took place, of the memoranda that were presented and the opposing views that were advanced. It all ended in nothing more concrete than an agreement to differ—or rather, in a polite promise to "give careful consideration to the Government's views." Indeed, the differences between Government and union points of view seem if anything to have been greater at the end of the exchanges than they were at the beginning. The memorandum which the General Council sent to all affiliated unions after the autumn budget last year had some wise phrases which it is worthwhile to recall. It is true that it attacked the fiscal policy on lines that are now familiar: namely, that the Government had got into a mess by making tax concessions to the undeserving in the budget of April, 1955, and was trying to get out of it by putting purchase tax on essentials, and by curbing investment not merely on unnecessary projects, but with a positive discrimination against the nationalised industries and social expenditure. Nevertheless, the memorandum reminded trade unionists of their responsibilities in helping to overcome the country's economic problems—with a footnote in the usual bold type that "this must be matched by an equal sense of responsibility on the part of all other sections of the community." Inflation will continue, it said,

> unless rises in incomes are kept broadly in line with increases in output—or until it is terminated by unemployment. . . . Costs and prices cannot go on rising indefinitely without seriously affecting our ability to export. . . . The rest of the world does not owe British workpeople a living.

Why have these words of wisdom gone with the wind? First, the General Council became more hostile as further monetary measures were introduced, and as its repeated advice to the Government to impose direct controls on the ideological expendables like "luxury" building and "inessential" imports was again rejected. Secondly, it has seen the effects of the policy on the motor industry, and is anxious to know how far the credit squeeze is to go and what its effect on employment is expected to be. Thirdly, trade unionists generally have persuaded themselves that all the sacrifices are being asked of the workers and that everyone else is still on the spree (a certain Daimler has been worth far more than its weight in gold to those who would justify wage claims). Hence the demand for control of profits and dividends. Fourthly, since November, there have been a number of union conferences, at which individual members of the General Council have had more regard for their own popularity than to brandish the powerless advice of their other selves at members eager to make their usual wage claims.

These considerations may explain but do not justify the fact that the economic section of the General Council's report breaks off with that vague promise to consider the Government's views, and thereafter disintegrates into a clutter of paragraphs about travelling expenses to and from work, postwar credits, and the British Industries Fair. It is true that all the report sets out to do is to inform the membership of what the General Council has been doing on their behalf. But if it had ideas and guidance to offer on the British economy, could it not have included them in a special report? It has done so on the subject of automation, and produced an admirable piece of work; this ridicules the "science-fiction" view of automation, as well as the fear that vast numbers are about to be swept out of their jobs by a tidal wave of electronics; and it declares that "the importance of mobility and flexibility cannot be over-drawn." That is a firm and sensible lead. It is really too mock modest of the most powerful estate in the land to have so little to say about wages.

Last March the General Council embarked on the task of producing such a report. But it now makes the excuse that the review

> was not one which could be completed hurriedly. . . . Starting from Britain's needs and problems at the end of the war, the General Council have been considering in detail subsequent developments in employment, production, incomes, costs and prices, consumption, investment and the balance of payments.

Trade unionists, as a glance at any of their publications will show, sometimes have a marvellous inability to see the wood for the trees. Why in heaven's name should the General Council start its review with Britain's needs and problems at the end of the war? The vital questions start with Britain's needs and problems now. What impact on employment and production will follow if the trade unions persist in their refusal to offer any co-operation in restraint when, on the face of their own words nine months ago, they must know it to be reasonable? This is not a matter for historical research, but of leadership in an economic crisis that is upon us now. In two or three weeks the Confederation of Shipbuilding and Engineering Unions will present a claim which the employers rejected in advance before it was even formulated. The employers, conscious that their hold on export markets is slipping, and knowing that the whole purpose of Government policy is to make it impossible for them to grant wage claims, will stand firm. What then?

The unions have to decide what they want. It is futile to answer, as they have done so far, that they want the Labour party's remedies; even if they worked, they will not be attainable for at least three years. Meanwhile, they ought to make up their minds about some more immediate questions:

1. Are they prepared to foster the greatest possible increase in productivity (with all the dislocation of jobs and working habits that it will entail) and then bargain as hard as they like for their share in the gains?

2. If not, do they think that Britain's export markets will put up with another large addition to wage costs?

3. Do they approve of wage claims which do not merely cover the rise in the cost of living (2 per cent since last January), but, like those now being advanced, are of the order of "15 per cent," or "substantial"?

4. Is their desire to see Conservative policy fail so great that they would willingly pay the price of a period of industrial strife, a slump in exports, a threat to employment, the danger of devaluation and a rigidly controlled economy, in order to prevent it from succeeding?

The opportunity for the TUC to give a lead that will take wages out of the arena of bad-tempered political discussion has not quite passed. At Brighton in the first week of September a large number of separate resolutions will be rolled up into a composite resolution condemning the policy of wage restraint. The General Council, if it has not lost all courage and decision, will oppose this with a resolution of its own. Nothing, after all, has happened to invalidate the advice that it gave the unions last November. It is still true that the world does not owe the British workman a living.

Korea Today—II

Korean Dreams and Realities

FROM A CORRESPONDENT IN SEOUL

SINCE the armistice of three years ago South Korea has learnt that neither democracy nor prosperity can be achieved merely by copying western models. The first constitution of the Republic of Korea (ROK), adopted in 1948, was of Anglo-American inspiration and combined parliamentary characteristics with elements borrowed from the presidential system of the United States. Ever since 1948 there has been an undeclared war between the legislature and the executive, but Dr Rhee (BA, George Washington University, MA, Harvard, and PhD, Princeton) has easily ensured that the American system should prevail, while denying the legislature any powers comparable with those of Congress.

The National Assembly, being liable at any time to find itself dissolved and facing fresh elections, is naturally wary of using its right of veto. Last year it even lost the right to interrogate the prime minister about the government's actions, for the office of prime minister was itself abolished. And today a majority of Assembly members belong to the all-powerful "Liberal" party, which is under the personal control of Dr Rhee. The party's power extends to every field of national activity. Its members hold key posts in organisations that range from the police and the Bank of Korea to the youth movements and big business enterprises. Mr Shinicky, the opposition candidate who died ten days before the presidential elections in May, put things pretty accurately when he declared publicly, two days before his death: "If this goes on, we'll have a dictatorship!" The average Korean, for his part, defines the policy of the Liberal party thus: "In order to avoid arbitrary actions that would disgrace true democracy, everything that is not yet forbidden must be made compulsory."

Yet it is possible to exaggerate the intolerance and oppressiveness of the Rhee government. The substantial charge against it is not that the officials oppress the population as a matter of policy, but rather that they are driven to sponge on it by their low pay. The poverty resulting from the war, on the other hand, acts as a bond between the 22 million South Koreans and their leaders; so does the willingness of both leaders and led to subscribe to the "Rhee legend." To high and low alike, in spite of such criticisms as that recently made by the Vice President in his inauguration speech, the aged president is "Grandfather," but if all respect his delusions, few share them. President Rhee's place in the history books is no doubt secure, and he himself is choosing the italics and bold type to do it justice. But for the present he has little freedom of choice.

He is obliged to impose austerity, to sacrifice the unproductive social wreckage of the war, such as the widows and disabled ex-servicemen, and to invest for the benefit of posterity.

The opposition parties, the Democrats and the left-wing Progressives, represent a cautious popular reaction against the President's programme of austerity. But they agree with him about the immediate future of democracy in South Korea. They, too, regard democracy as premature for a people with a long history of subjection either to an oligarchy or to a foreign oppressor, a people soaked in the Confucian tradition of respect for the established order, for power and for old age. The election programmes of the opposition parties differed from that of the present government only on details of administrative efficiency, or on foreign policy —particularly relations with Tokyo. Everybody, on the other hand, agrees that the trappings of democracy are worth while, since their value can be measured in the millions of US dollars earmarked for aid to a "bastion" of the free world against the communist tide.

There are drawbacks as well as advantages in being an anti-communist "bastion." For South Korea this status involves maintaining a military apparatus out of proportion to the country's slender resources. The 750,000 soldiers (one million, if the auxiliary services are included) represent a big loss of manpower—or, admittedly, of unemployed—and involve the government in enormous expenditure which it can meet only by recourse to the printing press. The resulting inflation paralyses the economy and hits the ordinary Korean family very hard. The purchasing power of the average consumer, now only a fiftieth of what it was eight years ago, is still continuing its vertical plunge. In 1948 the dollar was worth 50 won; today it is officially worth 500 hwan (the new currency unit adopted some four years ago by a decree which fixed a conversion rate of 100 old won to one new hwan). A dollar bill on the free market now buys more than 1,000 hwan. At present 95 per cent of South Koreans admit to being in debt; and they can console themselves only with the thought that their creditors are in debt, too.

The inflation is also the result, though to a lesser degree, of subsidies given by the government to nationalised undertakings, such as public services, transport, and collieries, whose services or products are sold at artificially low prices intended to hold down the cost of living. The aftermath of war and a hastily conceived farm policy have produced a shortage of rice in a country that was formerly the fourth biggest producer in the world, and the price of this staple item on the Korean menu soars upwards from time to time, causing a general rise in the cost of living. To check this inflation, the American aid experts decided to increase imports of foreign consumer goods; but this emergency measure threw the mediocre quality of local products into sharp relief, and diverted into quick-return commercial speculation much of the liquid capital desperately needed for productive enterprises. Since loans from the banks are reserved for the privileged few, the Korean importer tends to borrow privately at monthly rates of 25 to 30 per cent, thus putting the imported products out of the average consumer's reach by the time they reach the local market.

Private industrial investment is likewise discouraged by the attitude of the government, which changes its economic regulations from one day to the next and threatens to expropriate any enterprise that shows signs of becoming a national necessity. Thus only the more primitive handicrafts, carried on in miserable premises —this evades the taxes which visible signs of prosperity would attract—are able to survive, and the national fair held last autumn displayed an abundance of such products as nails, bolts, padlocks, bicycle pumps, hosepipes, wheelbarrows, and ox-cart axles.

This bric-à-brac merely reflects the average Korean's lack of interest in industrial enterprise. One must look elsewhere for the genuine results achieved by the foreign aid that has flooded in since the armistice (nearly $2,000 million and 8 million tons of varied cargoes). American officials believe that more economic progress has been achieved in South Korea than Sino-Soviet aid has brought about north of the 38th parallel. Certainly, coal production has risen substantially and it is estimated that by 1957 electric power output will meet the demand for the first time since 1945. Dr Rhee's government, however, remains unsatisfied.

When Mr Dulles visited Seoul in March the Koreans asked him for an additional allocation of $2,300 million, with the aim of making the country self-sufficient in five years. This, in effect, was a request for an exact repetition of the sum promised immediately after the armistice. On the other hand, much of the economic progress made under President Rhee's direction belongs to the future. It includes cement, glass, and chemical fertiliser factories which, in a few years' time, will make possible appreciable reductions in imports. Within three years, moreover, the textile industry will be able to satisfy a yearly demand of 13½ square yards of material per head. Many other industrial projects are also coming along, but the Korean, lacking both raw materials and markets, on bad terms with his nearest neighbours and several centuries behind Japan and the West in all technical fields, is well aware that his future will probably be limited by his three natural assets: rice, fish and minerals, in particular tungsten.

He leaves it to the foreigner to invest $200 million a year in mythical industry—that is, $180 million from the Americans and the balance from the United Nations. Apart from some brand-new trams, all the Korean sees are the black market, the inflation and the poverty which accompany the grandiose dreams of his President, whom he respects more by habit than by conviction. He will be in a mood to show his anger as soon as Dr Rhee's successor ascends the throne of the Korean Republic.

Notes of the Week

News from Ismailia

THE Egyptian body that impounded the Suez Canal has issued its first return, covering the 24 days after nationalisation. Up to August 19th, its record is fair enough. Although it had to cut the southbound convoys from two to one per day, by running a big convoy it has maintained the same average—43 ships a day—as that for the same period of last year. A breakdown of the statistics as between ships of the 22 users in conference in London shows that of the 1,029 ships that passed through, 75 per cent belong to the group in favour of an international authority, and only 2.5 per cent to Russia and India. (The Soviet figure of 21 ships compares with 171 for the whole of 1955 and 88 for 1954, and suggests that Soviet traffic is rising steadily.)

Can the level of traffic be maintained? What the statistics do not show is that the social scene on the Canal Bank is becoming tense. Up to date, the new Egyptian management has smiled on all customers; captains in transit report that ships refusing to pay their dues to the new body are waved through with the assurance that payment does not press, and that Egypt will collect the debt in due course. But the European employees of the company have a different tale to tell.

One assistant administrative manager, a Frenchman, has been dismissed for overstaying his leave. All sedentary workers have been served with a document, for signature when they receive their monthly pay, declaring that they are under contract to no company other than the Egyptian one, and agreeing to the institution of proceedings if they break their leave. This document has not been served on pilots—giving the impression that Cairo would like to force foreign desk workers out of their chairs on the assumption that theirs is working any Egyptian can do, but to hold on to most pilots while replacements are recruited, so as to maintain service with a smile.

It is untrue that the company has been deliberately trying to induce its employees to leave, as Mr Shepilov alleged in London. Quite the contrary; on the advice of the British and French governments, it has advised them to remain at their posts pending the outcome of the Conference.

Dropping the Pilots

PILOTAGE through the Canal may yet become crucial, especially if the settlement of the Canal dispute is much longer delayed. Cairo announced on Wednesday that any foreign employee who wishes to quit can do so, subject only to observing legal practices about notice and "provided navigation is not affected." It also announced that it is recruiting 300 new pilots, that it has communicated with all its embassies abroad for the purpose, and that it has already engaged 30 of them—27 Egyptians and three Greeks.

The company's British and French pilots are in an unpleasant position. There were 114 of them on duty in July—61 British and 53 French. Other foreigners included 14 Dutchmen, 11 Norwegians and 12 Greeks. It is the summer holiday season—always a period of short staffing; a small number have not returned from leave, and the corps on duty is seriously overworked. Cairo claims that some are feigning sickness, and is insisting that any health certificate attesting illness be signed by an Egyptian doctor.

In the course of making the Egyptian statement, Sayed Younis, of the Ministry of Finance, himself showed signs of strain, for he departed, for the first time, from observation of the principle of free navigation laid down in the 1888 Convention. If British and French pilots chose to leave, he said, the Egyptian management would not be responsible for delays to British and French ships, since it would get pilots of other nationalities to give priority to the ships of other flags, and to handle the British and French customers only after all others had been served. In the first 24 days since nationalisation, the Canal handled 256 British and 78 French ships—together, one-third of the total.

Short Time and Benefit

LAST April, hopes that labour would become more mobile were discouraged by a decision of the national insurance commissioner that a man on short time could draw unemployment benefit for the two days on which he did not work. In two more test cases decided this week, a tribunal of three commissioners has come to a quite different conclusion and thereby made the case law as anomalous as it is potentially damaging to the country's economy.

In both the new cases, the commissioners have ruled that the employees were not unemployed on the relevant days and therefore not entitled to benefit for them. Their decisions turned on the question whether the employees were still subject to an agreement of 1946, which in return for a guaranteed weekly payment bound them to be at their employers' disposal for work during the whole of the week. The commissioners ruled that the 1946 agreement did still apply to them and, in this respect, was not affected by a new agreement, which came into force on April 9th this year.

The new decisions do not therefore in fact contradict the earlier decision. In that case it was held that an

employee of Standard Motors was eligible for benefit for Friday and Saturday of a guaranteed four-day week, because, according to the particular guarantee of his firm, he was obliged to be at his employers' disposal for only four days of the week. This, in fact, is the criterion by which the commissioners give their rulings: "the ultimate question is not—what does the employer guarantee? [wages or working hours] but—what does the employee undertake in consideration of the employer's guarantee?" The effect, therefore, of the latest decisions is bound to be a revision, by employers and unions, of the terms of the guaranteed weeks, to make it plain that the employees' services are at their firms' disposal for an expressly limited period. It is to be hoped that, before such a revision becomes general, the national insurance advisory committee will propose regulations to preclude altogether the payment of benefit for underemployment. An issue of such importance should not be evaded for long.

Fuss About Academic Accounts

THE Public Accounts Committee does some very useful work, and aided as it is by the expert staff of Comptroller and Auditor General, it is as a rule in less danger of making amateur *gaffes* than is the Select Committee on Estimates. But it is getting in a groove. The chief complaint of this year's committee (whose sixth report was published last week), as of several of its predecessors, is that there is no parliamentary control over the expenditure of the University Grants Committee, and the demand is once again made that the committee's papers and records referring to capital expenditure (the "non-recurrent" grants) should be open to inspection by the Comptroller and Auditor General. As it is, the committee protests, it is unable

> to give Parliament an unqualified assurance that the grants made by Parliament have been spent on the purpose for which they were voted and with due regard to the elimination of waste and extravagance.

This criticism misses the point. The University Grants Committee was deliberately made independent of parliamentary control in the interests of academic freedom, and no one expects the Public Accounts Committee to be able to give Parliament assurances on how it spends its money. This is not to say that there is no "waste and extravagance" in university building: undoubtedly there is. But a better way to get rid of it is to improve methods of planning and design and to set rational standards of accommodation. A post-mortem examination by the Comptroller and Auditor General is not the way.

For one thing, there is little that can usefully be said once a building is going up. For another, the non-recurrent grant (estimated at £7.2 million in 1956-57), which is all that the committee proposes, so far, to bring under scrutiny, is only about a quarter of the recurrent grant (for current administration), and if it is logical to control the one it is logical to control the other. And whether it is logical or not, it certainly would not be effective in securing economies in university building. What, in practice, does parliamentary control mean in the case of school building? A careful check by members of Parliament on over-spending? Not at all; it invariably means bitter attacks on any economies that have been made.

Fuss About BBC Income

ANOTHER cause for the Public Accounts Committee's concern is the BBC—because, like the University Grants Committee, it is an autonomous body, which is, in the committee's view, quite improperly free to do what it likes with its money. By an agreement of 1954, the BBC gets from the Post Office the net licence revenue, after £2¾ million (in the current year) has been deducted as the cost of collecting the licence money. Lately the corporation has been doing quite well out of this arrangement because more licences (in all about £19 million worth) have been taken out than was expected; and as investment expenditure was cut from £6 million to £1 million this year, as part of the Chancellor's plan, the BBC has some money in hand, which it has put into British Government securities and loans to local authorities.

This the committee finds very distressing. It argues that it is misleading to talk about the "licence income." The charge for licences, it maintains, is a tax, and what the BBC gets back is not an income that it has earned, but an annual grant from Parliament. It is therefore wrong, in its view, that the BBC should be able to collect the extra revenue from the unexpectedly large number of licences; wrong that it should hold on to money that it does not spend; and wrong that its income should be arranged some years in advance, and not annually.

It would be a great mistake to follow the committee's advice. It is far more sensible and realistic to regard the licence revenue as a charge for a service—as it is certainly regarded by the public. It would be a very poor incentive to economy to suggest that because the BBC had not spent all its money, it should be deprived of what remained. Finally, it would be retrograde to introduce annual arrangements about income for a body like the BBC which has to plan developments ahead. In sum, it is absurd to suppose that independent bodies which the civil service does not, and could not, run, can nevertheless be subjected to the same kind of control as a Government department.

Bids for Power in Morocco

AUGUST 20, 1955, was the date of the uprisings and massacres in Algeria and Morocco that led, ultimately, to the restoration of the Sultan of Morocco to his throne. Its first anniversary, last Monday, was a quieter day but one no less significant for Morocco's future. It was the date chosen for the climax of an Istiqlal (independence) party congress that decided to withdraw its support from the coalition government of Si Bekkai—the government that has been working to complete the negotiation of independence, and so-called "interdependence," with France.

This move is important on two counts. First it was made under the leadership of much the most important Moroccan commoner, Si Allal el Fassi, who came to the meeting fresh from exile and from Cairo. Under his impulsion, ministers actually serving in the coalition agreed that this had moved much too slowly towards its goal of cutting the painter with France. Si Bekkai, if and when he resigns, may become

but the first of moderate Arab nationalists to fall to sickles swung, Nasserwise, at co-operation with the West.

The second reason why the decision points to the future pattern of events is that it seems likely to shake the Sultan's position. Constitutionally, on paper, his power is still absolute. Until a parliament is created, only he can appoint or dismiss ministries. Yet here is an important political party out for power.

As things stand, both Sultan and Istiqlal or, more accurately, both Mohammed V and Si Allal el Fassi, claim to speak for "the people," and so long as they move in harmony both can substantiate the claim. But part of the reason why the Istiqlal is resigning is social; it wants either to shuffle off responsibility for the economic conditions that accompany the current political uncertainty—the unemployment and the rising cost of living that weigh upon the urban proletariat—or else to be given full powers to handle them according to its lights. In this last wish it is supported by the trade union organisation, the Union Marocaine du Travail.

The Istiqlal now says that its members may join only an all-Istiqlal government or a coalition one committed to its programme. Supposing that it creates a situation in which the Sultan is compelled to appoint such a cabinet, does it not become his master and may it not move faster away from France and prospects of foreign investment, and towards the trade union and the left, than any occupant of a throne would wish?

Through Suez to Algeria?

FRANCE, looking at Suez through an Algerian prism, is more interested than any other country in the psychological aspect of the trial of strength with President Nasser. The nationalisation of the Suez company has strengthened the hand of all those groups—of which M. Lacoste, minister resident in Algeria is the mouthpiece in the government—which saw in Cairo the source of France's African troubles. M. Pineau, the foreign minister, had not long ago been under fire from those groups for stopping to see Colonel Nasser on the way back from his Indian trip. He came to London with instructions to reject any solution likely to boost the colonel's prestige or to raise further his standing in the Arab world.

Currents in the Arab world cannot be contained in tight compartments within the frontiers of the existing Arab states. France is learning this bitter lesson in its vain attempts to grant a radically different status to Algeria on one hand, and to Tunisia and Morocco on the other. It is also true that Cairo took delight in sheltering not only moderate nationalists from North Africa, but also extremists to whom anyone prepared to contemplate coming to terms with France was a quisling. The followers of M. Lacoste now want to strike Arab nationalism at its Egyptian head. They may be tempted to forget that the present revolt is not an imported product, but has its sources in the North African situation. Action at Suez will not by itself bring peace to Algeria.

A warning to that effect has come, surprisingly enough, from a French paper in Algeria, where the liberal voices had seemed completely drowned in the sea of colonialist

vociferation. The *Oran Républicain* has plucked up its courage to accuse M. Lacoste of setting on the road to Cairo all those Moslems "who still had faith in an honourable compromise." Is there still time to arrest this drift? M. Lacoste has just reiterated that 400,000 French troops will remain in Algeria until peace is restored; but is enough being done to bring war to an end? It would be tragic if the smoke from Suez were to serve as a screen behind which all the promised reforms can be dropped conveniently. Should the antics of Colonel Nasser be used as a pretext for inertia in North Africa until the autumn, the West will find itself once again with an awkward brief to defend in the United Nations against a coalition of the Soviet block and the Bandoeng countries.

German Communists and the Law

SINCE communism is not an internal but an external danger to the German Federal Republic, it is hard to see that the judgment of the Federal Constitutional Court declaring the German Communist party illegal can serve any useful purpose. For this the court itself is not to blame. The mistake was made not at Karlsruhe, but at Bonn in 1951, when the decision was taken to accompany the proceedings against the Socialist Reichs party, a crypto-Nazi group, with a parallel suit against the Communists—presumably to show that the Bonn government was not prompted by any left-wing bias in its actions.

The Socialist Reichs party is long since prohibited and dissolved, though some of the people concerned in it are still active, and the obscure backwoods forces which it represented continue to find expression in not very impressive forms. As was clear from the start, the suit against the Communist party had much bigger and more complex implications, which were for the government, not the constitutional court, to take into account. The court could only judge the matter on the text of the Basic Law, though it did exhaust all the possibilities of delay before arriving at the inevitable judgment.

The party which has now been suppressed received 5.7 per cent of the votes cast in the first general elections in 1949, and only 2.2 per cent in 1953. Thus it had, as an electoral factor, become negligible; it had no seats in the Bundestag and little prospect of regaining a place there. Its strength lay, and still lies, in quite another quarter, the support of east Berlin and of the Soviet occupying power, which give it an assured base from which to continue its uphill work in the west.

As the unknown factor in German politics, it will be at least as formidable as when it was in the open; all the more because the shadow of future all-German elections contains, necessarily, the shadow of a Communist return to open politics. This the Constitutional Court admitted in a curious passage in its judgment, which conceded the continued existence of a law of the occupying powers capable, when a four-power decision on all-German elections should be reached, of overriding the law of the Federal Republic. Such a decision, whenever it might be reached, would inevitably require the admission of the western parties to electoral activity in the east, and of the communists in the west.

Money for Malta

MR MINTOFF has now got £500,000 on account and a letter from Sir Anthony Eden, which he has described as courteous but unsatisfactory. The Colonial Office has had a statement of Malta's accounts which apparently might be described in the same terms. In the past, within limits, the British Treasury has met the gap between Maltese expenditure and revenue on production of quarterly statements. Everybody concerned in fact knows that Maltese finances are archaic, and the working out of new arrangements is one of the necessary preliminaries to integration on which Mr Mintoff declares that the British Government is dragging its feet. He, however, is concerned less with machinery than with getting in a strong bid for a bigger deficit to cover a rate of expenditure which the Maltese government apparently considers should be geared to the need to provide work for any unemployed Maltese workpeople.

Mr Mintoff is effectively covering the real issues with a smoke screen. First he refused the original offer of £5 million as inadequate; then he produced a schedule of expenditure which would have required annual subventions rising from £7 million to £10 million and more in later years; then he refused the proposed commission to investigate the figures; finally he demanded the £5 million "as promised," indicating, however, that it was simply on account, and was without prejudice to his bigger demand. His suggestion that Malta has nothing in the bank partly reflects antiquated short term financing arrangements and the local belief that debt, long or even short term, is akin to bankruptcy. This and many other tangled skeins have to be unravelled before integration can be presented as a coherent set of proposals to the House of Commons, which, as Mr Mintoff well knows, has been promised next session. If it is not, he will be the prime cause of delay.

Finance has always been the nub of integration, and these manœuvres show it; they should also be shown up—for Britain's offer remains generous and imaginative. Meanwhile the rediffusion lines are still down and the bickering between the agents of the imperial power and the Maltese government continues at a time when the base is of the utmost importance; but it looks as if to Mr Mintoff this is just the moment for hard bargaining, because it enhances the value of the goods he has to sell. There are, fortunately, signs that Mr Mintoff feels he is going too far.

Settlers in Britain

DURING the depression of the thirties more people returned to Britain from the dominions than emigrated. Since the war the outward tide seemed to have been resumed, but the second report of the Oversea Migration Board now suggests that as against a net outward movement of some 390,000 between 1946 and 1953 by all means of transport, in the past two years there has been a gain by immigration of nearly 100,000. This does not mean that Britain has ceased to supply migrants to the dominions; on the contrary, though total numbers of emigrants have fallen somewhat in recent years, the total is still well over 100,000 annually. But the number of inward passengers has greatly increased. The figures are still much in dispute, and the probability is that taking into account Irish settlers and the displaced persons settled after the war, Britain has on balance lost no population by migration at all; which is just as well in view of the shortage of manpower. The reason is that while a proportion always wants to emigrate (just as a proportion always wants to become regular soldiers whatever the conditions), a high level of capital investment and high wages in Britain have drawn migrants, both from the Commonwealth and elsewhere, and have thus made it possible for the country to resume its contribution to the peopling of the "white" dominions.

The Board shows that though this contribution is considerable, it is a dwindling proportion of the total intake of all the dominions except perhaps New Zealand and Central Africa, where immigration is limited in numbers though considerable in terms of local resources. Both Canada and Australia must rely to an increasing extent on non-British immigrants—if the dominions were to get all the British migrants they want, the Board concludes, they would take 150,000 to 200,000 a year. It is now beyond Britain's power to keep this up; the fact must be faced that the Canadian population of British origin will be down to one-third of the total in a few years. But it is important that the decline should be braked, and the Board was no doubt right to recommend that Britain should continue to support the assisted passage schemes on their present scale. Equally it is necessary to face the corollary that to some extent this means exchanging young British people not only for immigrants from the continent, but also for large numbers of coloured settlers. Even so, the problem of keeping Britain British is infinitesimal compared with that of keeping the dominions so.

Zik Moves Fast

THE Commission of Enquiry into banking affairs in Eastern Nigeria is now starting on its unenviable task. Its terms of reference are highly detailed, so that Dr Azikiwe has been given clear warning of the scope of the inquiry. Moreover the Commission must produce very full evidence under each head or allow the indictment to fall to the ground. Such evidence may be hard to obtain, although the nature of Dr Azikiwe's relations with the African Continental Bank may be clear enough. The terms of reference themselves amount to a direct attack on the Premier, which he has not been slow to use to his political advantage, and the Colonial Office has given him five clear weeks in which to answer every allegation in advance to the full satisfaction of his own supporters in the region.

This Dr Azikiwe has done so brilliantly that it is now almost an academic matter what sort of report the Commission produces. He has paraded the story that the Bank of British West Africa put up the Colonial Office to the whole thing because it feared the competition of the well-run African Continental Bank and has backed this tale by getting possession of certain private letters written by senior bank officials which, if authentic, can only be described as highly embarrassing, since they discuss various ways of getting government deposits for the bank as well as schemes for keeping competition from their main rival, Barclays (DCO), within bounds. Dr Azikiwe has thus successfully smeared one of the British banks as an institution indulging in all the malpractices of which he is accused by Mr Lennox Boyd.

Nor is this all. Dr Azikiwe has also made a raid on the letter files of the judge concerned with the Gold Coast Cocoa Purchasing enquiry from which he has got evidence, he alleges, that the judiciary itself is prejudiced politically against himself and the National Council of Nigeria and the Cameroons; and there are two chief justices on the Commission. Zik, before the Commission starts, therefore rests his case on the twin argument that one of the British banks is unscrupulous itself in the way it gets business and outsmarts its competitors, and secondly that the judiciary, which is so heavily represented on the Commission, is politically biased. To meet this campaign the Commission will have to turn up something quite out of the ordinary in scandal to make any action against the Premier worth while. But if the inquiry flops, Mr Lennox Boyd will find himself in a highly uncomfortable position when faced with a triumphant and probably vengeful Zik at the constitutional conference in the autumn.

Lying Doggo in Malaya

ENCOURAGING remarks on the decline in communist strength in Malaya which appeared in the territory's annual report for 1955 should not lead to complacency. It is in the clearest interests of the communists now to avoid action, to seek to maintain experienced forces in being, and to avoid losses of trained men, until they see how independence, promised "if possible" for twelve months hence, works out. The Baling conference has proved, in retrospect, to have been a moral victory for the Chief Minister, Tengku Abdul Rahman; the communists have not been able as yet to gainsay his position as Malaya's leader during the period when preparations for independence are hopefully going forward.

But the Tengku on his side has not made good his promise, if the communists did not surrender on fair terms, to throw the full weight of the country behind the war—which continues. The value of such a concerted drive has been shown in South Selangor, where co-operation from the population in denying the communists food, aid or comfort of any kind, on any threat, has wiped terrorism out. But in the north, in central Johore (where the communist traditions go back to the twenties) and in some other places nothing of the sort has proved possible; and even 3,000 terrorists in being remain a permanent threat to the country—and to the Tengku's own authority. As it is, he is now chairman of the defence committee, with the director of operations as a member; and as minister for internal security, he is active in pushing forward the creation of a self-contained Federation force. He is also behind the policy for preventing Singapore Chinese from infiltrating Malayan Chinese schools with communist doctrines. Further he cannot go; and so long as communal relations remain unsettled, an all-out drive against the communists is impossible. Six months after the London conference, within a year of independence, and on the verge of coming to London to ask for upwards of £200 million for development, the Tengku has still not come within reach of solving the problem that is at the heart of Malaya's future stability and progress.

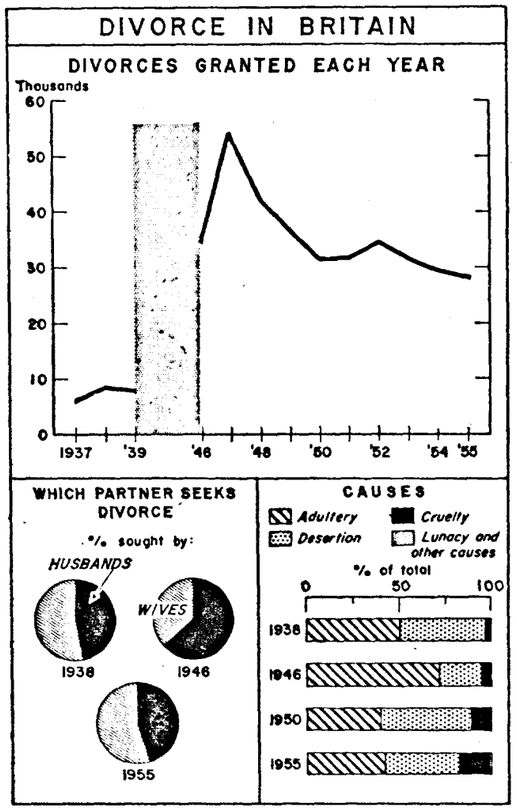
High Words on Slavery

HIGH words are being exchanged in Geneva, where a United Nations conference is trying to agree on a new anti-slavery convention designed to extend the scope of the existing convention of 1926. The membership of the conference has swollen from sixteen to over forty, which perhaps helps to account for the injection of political passions into what should be a purely humanitarian affair. The new convention seeks to widen the definition of slavery to include, in addition to straightforward "classical" slavery, such veiled forms as debt bondage and the "adoption" of children who in fact become tied to a rich family's home. But the effort to stamp out the practice in all its various forms has come up against the blank wall of sovereignty, it has been hindered by anti-colonial obsessions, and it has been diverted by political arguments over the desirability of laying the convention open to signature by non-members of the United Nations; some delegates regard this with suspicion as a backstairs way of getting some form of international recognition for countries like North Korea and North Vietnam.

But the clause which has aroused the greatest controversy so far—and in fact to the least purpose—is Article 3; this would make the carrying of slaves by sea liable to the same severe penalties as piracy and would allow warships and aircraft to search and seize vessels, suspected of carrying slaves, which may be found in a large area of the Indian Ocean, including the Red Sea and the Persian Gulf. This article has been strongly attacked by Egypt (clearly acting as Saudi Arabia's champion) and the Soviet bloc. A special group was eventually set up to work out a compromise; its conclusions are unknown at the time of going to press, but whatever they are, they are likely to miss the mark. Saudi Arabia would be the country most affected by the article; it is known to be actively implicated in the slave trade (as described in *The Economist* of August 4th). But the ships that carry groups of Africans who are eventually destined to be sold into slavery in Mecca, are ostensibly pilgrim ships. Their passengers, believing themselves to be on pilgrimage, would give small thanks to would-be deliverers who, so far as they knew, were merely trying to prevent them from fulfilling a life-long ambition. The article, in fact, is far too blunt an instrument for carrying out such a delicate operation as the prevention of this method of recruiting slaves. Moreover, the Saudis have a simple way out. The article would only apply to ships belonging to parties to the convention. The Saudis have not signed the 1926 convention; nor, it seems more than likely, will they sign the new one.

Flights of Invention

THE Moscow journal *Questions of History* has set a good example with a scathing denunciation of the familiar claim that a Russian named Mozhaisky built and flew the world's first aeroplane in 1882. This claim has been advanced only since 1945, but it is solemnly enshrined in the Soviet Encyclopædia and in a book on Mozhaisky of which a revised edition appeared only last year. *Komsomolskaya Pravda*, the party paper for young people, went one better in March and dated the invention 1876, which conveniently enabled it to celebrate the eightieth anniversary of the "first flight." It is now said that there is no reliable evidence that Mozhaisky invented the aeroplane; that he was definitely abroad at the time when his biographers claim he began building his machine; and that on the day in July, 1882, which they give as the date of his flight, meteorological records show that a storm was raging which no experimental machine could have weathered. The unfortunate biographers are accused of "borrowing" letters written to Victor Hugo by a French air pioneer and ascribing them to Mozhaisky, and of denouncing as enemy intelligence agents anybody who challenged their version of history.



Latest figures are taken from "Civil Judicial Statistics" for England and Wales (Cmd. 9775) and for Scotland (Cmd. 9808). Because the statistics for the two areas are compiled on a different basis, certain liberties have been taken in forming the totals for Great Britain.

Without this last point, the explanation of the new somersault might be simply that the two biographers have fallen foul of somebody powerful enough to get their reputations ruined. But the implicit admission that until lately nobody dared to question even the most fanciful claims for Russian inventiveness is suggestive of something bigger. After the "rehabilitation" of so many unjustly executed men, is there to be a rehabilitation of modesty and a withdrawal of the claims, so tirelessly publicised in recent years, that Russians invented or discovered, *inter alia*, jet aircraft, detergents, penicillin, radar, 3-D films, telegraphy, vitamins, artificial insemination and trams?

If so, the change will be trebly welcome. Credit will be given where credit is due; intelligent Soviet citizens will be spared further dislocation of their consciences; and the world will learn with relief that the Russians have at last got enough self-confidence to dispense with foolish boasts The trend is in the right direction.

Soviet Progress Report

THE Middle East is not the only source of encouraging reports for the Soviet government. News seems good, too, from the home economic front. Bumper crops are reported from the virgin lands of Kazakhstan and Siberia, while industry is also progressing according to schedule. This is, at least, the impression given by the report, recently published, on economic progress in the first half of the current year. The document, incidentally, breaks new ground: it does not limit its claims to enigmatic percentages, but describes the progress made in hard figures. In the first six months of 1956 the Soviet Union, it is claimed, has produced 24 million tons of steel, 209 million tons of coal and nearly 40 million tons of crude oil—a substantial stride towards the goals set under the new five-year plan.

Despite these promising signs, a campaign is being waged for the development of coal and steel production, particularly in the western regions of the country. True, the costs of production are higher there (the costs of production of a ton of coal in the Ukrainian Donbas, at 93 roubles, are roughly twice as high as in Karaganda, lying farther east); but the west still contains the main industrial regions of the country, which need the basic materials of industry on the spot. By 1960 Donbas alone should still provide well over a third of a coal output estimated at 593 million tons. The planners consider that the results hitherto do not correspond to the investment that has been made in technological improvement, and the present drive, led by Mr Khrushchev himself, aims at remedying this situation.

Good progress is also claimed in the semi-luxury branches of light industry producing watches, washing machines or refrigerators. This has enabled the government to cut the prices of some of these still very scarce articles. Spring price reductions used to be the routine method of increasing real wages. Sharp cuts after Stalin's death, however, were followed by strong inflationary pressure, and the traditional spring offering was discontinued last year. Now it has been revived discreetly, without the usual trumpets and without announcing the total "saving" that it means for the consumer. The cuts are concentrated on the fairly expensive luxury goods; foodstuffs seem too scarce for Mr Khrushchev to juggle with their prices. He must hope that a good crop will allow him to be more generous next year.

All This and a Rise Too

THE Conference of the Confederation of Shipbuilding and Engineering Unions continued as it had begun, in a confident mood. The demand for a substantial wage increase was followed by demands for all sorts of other benefits: a forty-hour week, an increase in apprentices' wages, the financing of "sandwich" courses by employers, an increase in the minimum payment by results, a pensions scheme transferable with the worker throughout the industry, bigger expenditure on schools, and, ironically enough, an appeal to the Government to "use every possible expedient to maintain prices at reasonable levels." The conference reaffirmed its desire for the nationalisation of the engineering industry, as laid down in 1953 in the Confederation's "Plan for Engineering"—a document which the late Arthur Deakin called "a mumbo-jumbo of meaningless phrases," and which still seems to be a cause of differences between the confederation and the General Council of the TUC, which is considering the future of public ownership.

Apart from a pious faith in more trade with China and the USSR, the only other topic discussed was automation. Here, by a single voice, the unanimity was disturbed. Mr Harry Nicholas of the Transport and General Workers' Union, who has not lately been notable for getting out of line, asked a series of inconvenient questions. The resolution proposed that automation should be subject to "proper social control" and to a plan of nationalisation: Mr Nicholas got away from these fine generalisations to some practical problems. For example, he said that the introduction of new devices would lead to a breakdown in the traditional demarcation of union responsibilities (would an electronic fitter belong to the ETU or the AEU?); and a new approach would be necessary to the questions of piece-work and shift-working. Another healthy sign was the production by the Executive Council of a report on the motor industry. They had asked the Board of Trade in April to conduct such an inquiry, and having been refused, embarked on one themselves. The document is neither doctrinaire nor polemical, but emphasises the gains made at the expense of British cars by foreign, and particularly German, competitors, and concerns itself mainly with the faults of British designs, sales and services, and with the possibility of offsetting the drop in car sales by bigger exports of tractors and commercial vehicles. This constructive criticism, and the practical remarks of Mr Nicholas, were a welcome change from the stream of demands.

New Town for Birmingham

AFTER a good deal of vacillation, Birmingham City Council is now struggling hard to cope with the problems of a large surplus population. The city itself is almost fully built-up and redevelopment schemes in the congested inner areas will inevitably displace large numbers of people. Over the next 15 years there will probably be 200,000 citizens seeking homes somewhere beyond the present city boundaries. If (as the neighbouring counties and the Government insist) another vast expansion of Birmingham is to be avoided, most of these 200,000 will have to find homes and work in other places some distance off.

To facilitate this process, Birmingham now hopes to conclude agreements with 23 towns which actively want more people. The most promising of these schemes are in Staffordshire, which has a highly co-operative county council and several small towns with good industrial prospects. But the list also includes more distant places, such as the old mining town of Dawley in Shropshire and the small spa of Llandrindod Wells in mid-Wales. There is little doubt about the mutual value of these expansion schemes, which would be built under the Town Development Act, but to make them practicable much more will have to be done to stimulate the movement of industries and firms out of Birmingham. Moreover these schemes will only cater at first for 56,000 people.

Birmingham has therefore decided that the only really effective and speedy method of coping with the bulk of its "overspill" is the construction of a new town. But whereas the city wants the new town (like previous new towns) to be built by a special Government corporation, Mr Sandys wants the city to undertake the job itself. Even

Danger to the Union

The aspect of affairs in the United States is very curious and deeply interesting—hopeful in some respects, gloomy and menacing in others. Something very like rebellion and civil war prevails in two districts remote from each other and tracing the disturbances which agitate them to entirely different causes. The great periodical party struggle—the election of the President—is approaching, and approaching under circumstances which will give unusual virulence to its details and unusual significance to its result. Many occurrences seem to indicate that the most vital and knotty question which America has to solve—and which for two generations has, in consequence of the difficulties which surround it, been cushioned by mutual consent—is now ripe for a settlement and can no longer be postponed. Altogether there is cause for grave uneasiness on the part of all the citizens of the Union, and for the most intense interest on the part of all spectators of the crisis. . . . There seemed every prospect that the great question of the extension of slavery was about to be brought to a bloody arbitrament, and to be fought out on the soil of Kansas between North and South. So perilous a conjuncture called for prompt action; and the House of Representatives at Washington appear to have proceeded promptly and with vigour and good sense. They decreed that the previous elections in Kansas should be quashed or cancelled, and that new elections should take place. . . . The Legislature thus chosen were to decide for themselves the momentous question whether Kansas should demand admission into the Union as a Free or as a Slave State. The President and the Senate had manifested at first great opposition to this just and simple measure; but it was generally believed that their resistance would be withdrawn . . . and that the affair would be finally decided by the admission of Kansas as a Free State. We anticipate nothing else from the good sense of the Americans, and their earnest and universal desire, even in their most exasperated moments, to maintain the Union intact and unendangered. If the matter be so settled, the decision of the momentous question of Free or Slave Preponderance, which *must* be met sooner or later, may be postponed for a short time further.

The Economist

August 23, 1856

if the Minister could get his way, the result would hardly be satisfactory. Birmingham's duty to its ratepayers would inevitably lead it to build something which (like the "satellites" built by the London County Council) would bear more resemblance to a distant housing colony than to a genuine new town. To repeat the "satellite" experiment in the Birmingham area would be a great mistake; a genuine new town is needed and needed quickly. The city ought, however, to participate to some extent in its financing and administration.

The Rainy Season

SOUTH COAST townspeople are surprisingly cheerful about this summer's bad weather. It seems that in the resorts, at least for the big hotels, trade one year is much the same as another. The best of it is that as the holiday traffic grows—25 million people went away last year, spending an estimated £400 million within the country—it becomes necessary to book long before one can see whether it will be a good summer or not. Conferences, moreover, are a growing source of income; Hastings, for example, has over thirty this year. But small hotels and boarding houses complain of a shortage of money—mainly, no doubt, because of hire purchase commitments at home.

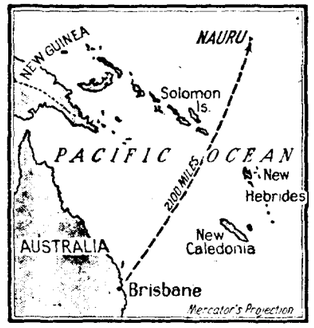
Some hotel managers even seem pleased about the weather—"It keeps the guests in the bar." And those who provide dancing and good food can still do well in the rain. The staff problem is, as ever, severe, but at least visitors are now used to, and less indignant about, the mealtimes dictated by the Catering Wages Act, whose regulation of working hours can make a late dinner more expensive to serve than to buy. Many hall porters and waiters are students, and the young man who carries your bag is likely to say Sir in the manner of the very best public schools.

The saddest sights are people who in fine weather are the life and soul of a resort: the ice-cream men, soft drink sellers, chair attendants, pier owners, and beach photographers. These, above all, are the people who seem, in more senses than one, to be feeling the draught.

An Island's Future

THE United Nations Trusteeship Council has been discussing the future of Nauru, an island in the Pacific, once German, but since 1919 administered by an Australian administrator on behalf of the British, Australian and New Zealand governments. Nauru, a UN trust territory, is only 8 square miles in size and has fewer than 4,000 inhabitants. It has very little land suitable for agriculture, and its economy is almost entirely dependent on the large phosphate deposits in its central plateau. Nauruan phosphate is of the highest grade known in the Pacific, and supplies a major part of the fertiliser requirements of Australia and New Zealand. But the deposits are not inexhaustible, and eventually the island will become virtually incapable of supporting life. Added to this problem is the extreme isolation of the place, which has no harbour and no regular air service.

A mission from the United Nations visited Nauru in the spring, and was told that at the present rate of exploitation the phosphate deposits would come to an end in about fifty years. The islanders are much concerned about their future, and the local government council informed the UN mission that there is a growing tendency among the people to favour eventual resettlement in Australia. The Nauruans would like to be resettled in a group rather than as individuals. The UN mission expressed no opinion on the feasibility of resettlement in Australia, but it did feel that a decision on the future of the islanders could not be postponed much longer without damaging their morale. "A time limit and an advanced plan will focus the attention of the people on this vital problem. Moreover, financial requirements make it strongly advisable to agree on a plan as early as possible." A recent decision of the British Phosphate Commissioners to increase the production of Nauruan phosphate makes the need for a resettlement plan more urgent.



Confidence in Brazil

THE decision of the United States Export-Import Bank to grant loans to finance development in Brazil is a qualified mark of confidence. The bank has announced an initial loan of $151 million to finance mainly railway equipment, and may well grant more later. No doubt the political desire to support the Kubitschek government in part inspired the loan, but the improvement in Brazil's foreign exchange earnings in the past year, and its success in meeting at least its short-term obligations, may also have played a part. Some private German investors, too, are recovering their confidence in Brazil after the doubts and setbacks of last year. A number of projects, some new, some the sequel of years of negotiation and planning, seem to be going forward.

These moves are not an unqualified demonstration of confidence. Though the EXIM bank granted a loan, the USA has refused Brazil's request to fund back dollar debts (put at some $800 million). Private foreign capital has recently been settling in Brazil, particularly in chemicals, not perhaps because of the hope of quick returns, but because of a reluctance to be left out of a market with such potentialities.

British capital does not yet share this interest. It is true that, with inflation still virulent and exchange earnings dependent on the fickle coffee market, prospects for industrial investment in Brazil remain hazardous. But export credits, which some European countries such as France, as well as the United States, are offering on an increasing scale, may have to play a larger part in Britain's trade relations with Brazil if British exporters are to get a fair share of development orders.

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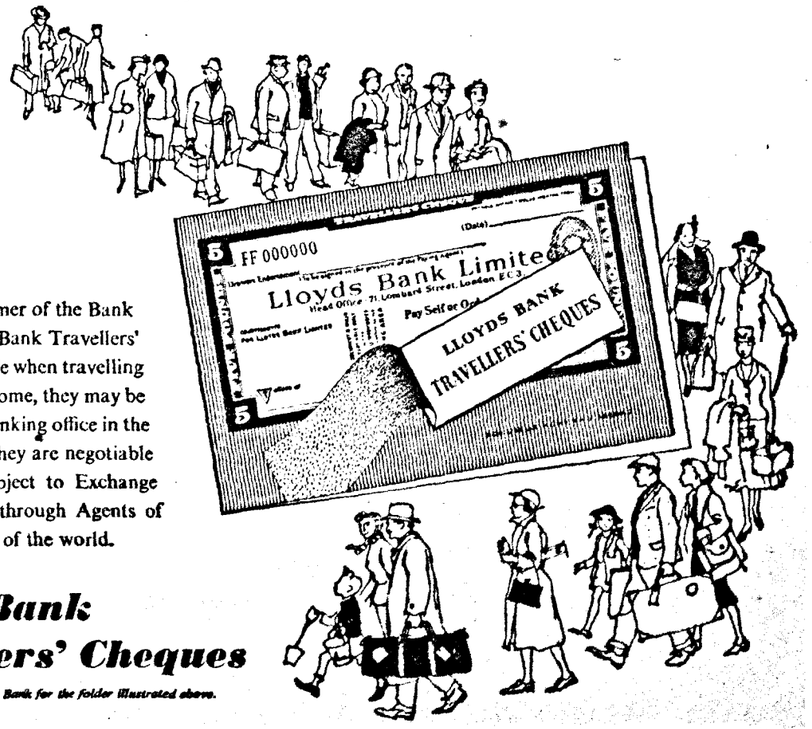

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Letters to the Editor

The Price of Enosis

SIR—In his letter published in your issue of August 4th, Mr Dukaris seeks to show, contrary to the conclusions drawn in your Note of June 29th, that the annexation of Cyprus by Greece would do no material damage to the Cypriot economy, and that the workers and peasants of Cyprus might even be in a better economic position.

Having in mind that the national income per head and the rates of real wages and salaries in Cyprus are demonstrably much higher than those in Greece, and having in mind the enormous rate of destitution in Greece, as officially announced, no reasonable person could suppose otherwise than that union of the two countries would gradually drag Cyprus's standards downwards.

Mr Dukaris, however, attempts to support his thesis by four arguments: (1) that national insurance facilities in Greece are more advanced than in Cyprus; (2) that agriculture in Greece has made more advance than in Cyprus; (3) that the Commonwealth preferential tariff acts adversely to the interest of Cyprus; (4) that the "adverse" balance of trade involves danger to the Cypriot economy.

These arguments are both factually incorrect and economically unsound.

1. According to the records available the "national" insurance of Greece covers less than 20 per cent of the population. Two-fifths of its expenditure goes on providing a measure of medical assistance, such as in Cyprus is provided by an island-wide public health service available at nominal charges. A further 45 per cent goes on providing small pensions for retired workers. Pensions of this kind are a serious need in Greece since, owing to the repeated devaluations of the drachma, the Greek peasant and wage-earner has never formed a habit of saving. In Cyprus, on the contrary, there is full confidence in the banks and the currency, and almost every family has an appreciable sum in savings banks accounts.

2. Mr Dukaris says "agricultural production in Cyprus is either stationary or on the decrease." This is nonsense. It is true that production of certain traditional crops, such as wheat, barley and carobs, has on average not changed much during this century. But that is because, for obvious economic reasons, farmers have diverted their interest to the more profitable export crops made available by the development of irrigation. Potatoes and citrus, which twelve years ago did not exist in Cyprus, are now of equal importance with the traditional crops.

3. Those who favour the annexation of Cyprus by Greece commonly argue that the reciprocal preferential tariffs between Cyprus and the United Kingdom must be operating to the disadvantage of Cyprus, because Cyprus buys more in value from the United Kingdom than vice versa. The absurdity of this line of argument is illustrated by the experience of a neighbouring and in some way similar country—Israel—which runs a huge trade deficit with the United Kingdom in spite of having no tariff preferences. The truth is that the United Kingdom is the only large and stable market for the main agricultural export products of Cyprus—citrus, carobs, potatoes—and without the tariff preference these products would fare very poorly in competition with the other Mediterranean supplying countries.

4. As to the argument that the economy of Cyprus must be in bad shape because she imports goods to a much greater value than she exports, it is scarcely necessary to waste space in *The Economist*, of all papers, to refute it. It is understandable that Greeks and Cypriots educated in Greece should view an "adverse" trade balance with dismay, since Greece maintains an independent currency which, from continued balance of payments deficits, has attained the reputation of being one of the most insecure currencies in the world. Cyprus, however, has a currency which is simply sterling under another name. Balance of payments problems do not exist for Cyprus as such, any more than they exist for, say, North Wales as such. If Cyprus is able to import more goods than it exports, that means simply that sterling area banks and investors have confidence in the island's economy and are ready to supply capital, both short-term and long-term, to it. As soon as confidence is lost and this capital ceases to flow in, imports will decline and the shocking "adverse" balance will disappear. So will the present standard of living in the island.

My impression is that most Greek Cypriot business men are aware of the economic dangers of enosis. Enosists counter this in two ways. Openly they say "Better a ragged mother than a rich foster-mother." Privately, some of them say: "If we join Greece the United States will have to step up its aid to Greece and we will get our share." This is crazy economics—and one more reason why the considerable minorities in the island are opposed to enosis.—Yours faithfully,

BERNARD BRAINE

House of Commons, S.W.1.

Labour and Its Crisis

SIR—In your issue of August 18th you write: "Mr Zilliacus has made himself the spokesman of those who say that the whole Suez question should be referred to the inactive consideration of the veto-ridden Security Council."

May I point out that (1) the Security Council is neither more nor less inactive than the Governments that compose it. Our own Government is one of the most important of its permanent members and British policy is a decisive factor in the activity or inactivity of the Security Council.

(2) The legal rule that the great powers who are permanent members of the Security Council must be unanimous before it can decide on "enforcement action" (i.e. "action in respect to threats to the peace, breaches of the peace and acts of aggression") merely registers the political fact that the Western powers cannot embark on even a small war against the will of the Soviet Union, or *vice versa*, without incurring the risk of a world war. That fact is self-evident in the Middle East.

(3) Egypt will not accept the Anglo-Franco-American plan of "international controls" of the Suez Canal in the sense of international management, even as a basis of negotiation, and the overwhelming majority of the Suez Conference, including the United States, are strongly against any attempt by the British and/or French Government to try to compel Egypt to accept by resort to force.

(4) The alternative to imperialism and force, which no longer work, is organised internationalism, based on equality of status, common interests and give and take. The appropriate machinery and obligations for working out and negotiating such a settlement is the Security Council of the United Nations.

The only thing needed to make a settlement on those lines work is a policy that is loyal to the Charter. So far the Government seem to prefer trying to make the ghosts of Disraeli and Palmerston walk again, in a world that no longer believes in ghosts.—Yours faithfully,

K. ZILLIACUS

House of Commons

Rubber Shod Economics

SIR—The rubber footwear industry cannot be allowed all the credit for its remarkable argument that a uniform price, however arrived at, practically proves the existence of a perfect market. It has at least one precedent. The US Steel Corporation in defending the basing-point system of pricing, before the United States Temporary National Economic Committee in 1940, put up a similar argument. Because there was one price quoted to a buyer, irrespective of where the steel was coming from, perfect competition existed. The consequence of a perfect market was present, and theory and practice were at one.—Yours faithfully,

S. RUBINSTEIN

Derby and District College of Technology

Books & Publications

Sterling à l 'Américaine

STERLING: *Its Meaning in World Finance.*
By Judd Polk.
Harper and Brothers, New York.
London: *Royal Institute of International Affairs.* 303 pages. 27s. 6d. $3.75.

THE STERLING AREA IN THE POST-WAR WORLD.
By Philip W. Bell
Oxford University Press. 478 pages. 63s.

STERLING, and the system of international payments that has grown up round it, hold a strange fascination for the American mind—academic and political. The explanation may in part be psychological or even psychiatric. To many Americans the sterling area appears to be one of the last vestiges of imperial dominion and of the colonialism from which they broke free in 1776. During the Anglo-American financial negotiations of the autumn and winter of 1945, there were long periods when the American representatives seemed much more concerned with removing the alleged blemishes and vices of discrimination from the sterling area system than with the task of providing the British economy with the blood transfusion it so urgently needed at the time.

The same note of virtuous exhortation echoes in the two latest additions to the already large American contribution to the literature of the sterling area. Mr Judd Polk's book, written under the ægis of the Council on Foreign Relations, is in large part devoted to a history of sterling and of its crises. He sees in the succession of postwar balance of payments difficulties evidence that the financial policy in sterling countries, and particularly in Great Britain, is being guided mainly " by the desire to maintain steady and near full employment " and suggests that this fact militates against any return of sterling to that state of true convertibility on which it gained its international pre-eminence. Mr Polk views with the gravest suspicion official British pronouncements that it is Britain's aim to bring about greater freedom of payments and trade. Rather does he fear that the regional character of the sterling system will become more and more marked.

Mr Philip Bell's more comprehensive study attempts a systematic survey of the sterling area's financial mechanism. He, too, sees little hope of regeneration by multilateralism in the sterling area. At the same time, he doubts whether the sterling area system can endure as a regional organisation, because Britain does not command the capital resources required to maintain the cohesion of the system. Mr Bell, quite rightly, sees as a disruptive factor the advancement of the colonies towards self-governing status and their desire to maintain their own external reserves and to spend at least part of their London balances.

These two authors, if one may judge by the bibliographies attached to their books, have read everything that has been published on the subject of the sterling area. Yet one must doubt whether they have understood the true essence of a system that existed long before it took visible shape after 1931 and statutory shape after 1939. There is in these two books all too little recognition of the basic fact that the sterling system depends not on compulsion but on the coincidence of interests of those concerned ; that such a procedure as the pooling of foreign currency earnings by sterling countries is something that is virtually automatic owing to the fact that the bulk of these countries' trade is transacted in sterling and financed, shipped, insured in the same currency. Nowhere in these two books is sufficient weight given to the negative factors that keep the sterling system going, namely, the absence, as things are now, of any effective alternative to replace it. The sterling system may, in large part, run on its own momentum, on the basis of institutions and qualities built in the years of convertibility. But it also continues to run because the arts of international banking, merchanting, insurance have not been learned by other contenders as readily as might have been expected.

These American authors, however, put their finger on the weakest spot of the system—the inability of an over-fully-employed, over-social-security-conscious, Britain to provide year after year the balance of payments surpluses with which Britain must maintain its position as a great financial power. Mr Harold Macmillan, in his first speech as Chancellor of the Exchequer, suggested that the " excess of home demand," which all the diagnosticians hold to be the culprit in Britain's economic difficulties, could be described in a " simple but inelegant word, namely greed." Greed and the financial leadership of the sterling area are incompatible bedfellows. But if the sterling system were for this, or any other reason, to disintegrate, there is no readily available alternative that would perform the work it has so admirably and unostentatiously done over the past century. The two American authors should have given greater recogntion to this—the system's functional aspect.

What Apartheid Means

YOU ARE WRONG, FATHER HUDDLESTON.
By Alexander Steward.
Bodley Head. 111 pages. 12s. 6d.

DRUM.
By Anthony Sampson.
Collins. 256 pages. 16s.

FATHER HUDDLESTON'S personal account of life as lived by the African under *apartheid,* " Naught For Your Comfort," was only the latest of a series of books whose impact on public opinion outside South Africa had begun seriously to worry the Union government ; but the exceptional publicity it attracted, and the personality and standing of its author, an Anglican missionary from a highly disciplined monastic order, evidently caused the South African authorities to feel that it should be formally answered. This book, by one of South Africa's most able public relations officers, now posted to the High Commissioner's office in London, is the result of that feeling ; and it is, in a sense, an answer to all books attacking the " inhumanity " of South Africa's racial policy. Fair-minded people who have read the challenge should read the reply.

Mr Steward is concerned to make two main points against Father Huddleston. The first, which is well taken, is that no tears need be shed for Sophiatown as a slum, that the new African locations are far superior considered as housing estates, and that virtually all Africans who have been moved have been glad. He makes mincemeat of Father Huddleston's mystical attachment to Sophiatown, giving a brisk impression of a modern town-planner of the fresh-air-and-hygiene school. He makes all South Africa's communal segregation plans sound like a single vast slum-clearance scheme (as to some Afrikaners it is—physically and racially).

On the wider issue, Mr Steward treads the party line on *apartheid* as the only way of giving Africans a true *lebensraum*—" another political dimension "—in which they can rule themselves and rise to the top economically, professionally and artistically, protected from superior white competition. But the power of Father Huddleston's book resided in his intimate knowledge of what *apartheid* in practice here and now means to relations between black and white. To his assertions of sheer unchristian indifference and of police and official brutality, Mr Steward returns a bland negative. But now comes not a priest but a journalist to repeat, with new—and fascinating—instances, precisely the story that Father Huddleston told. Mr Sampson was in large measure the creator of a remarkable African pictorial weekly, written and photographed by, for and about Africans, called *Drum ;* and what little Father Huddleston did not see Mr Sampson, one feels, did. His book is not only the story of a remarkable African journalistic enterprise—of the sort that presumably fits beautifully into the theoretical fabric of *apartheid,* factual criticisms of the white world and all ; it is also a valuable picture of the detribalised, semi-Europeanised African mind in an industrial white environment. Mr Sampson's story is of the hopeless estrangement between the races born of the humiliations imposed by the one on the other. He tells of the slow but careful appraisal by the black of the resources and morale of the *herrenvolk,* which, for its part, is lost in admiration of its own prowess in bringing the wonders of technical civilisation to the dark continent and its aborigines.

> I found that Africans regarded Europeans as strange animals rather than human beings, or standard-bearers of civilisation. The insults that white men throw on black men are returned in good measure. Some whites think black men look like animals: and vice versa ; the long hair and thin lips of a white man are at least as ape-like as the flat faces and dark skin of the black man. . . . " To the bantu," says the distinguished African scholar, Selby Ngcobo, " the Europeans, probably because of their materialistic outlook, lack the essential quality of human beings, which is best conveyed by the Zulu word ' ubuntu.' "

" Drum " should make grim reading in South Africa ; and for apologists like Mr Steward it poses awkward questions about the inhumanities practised in prisons and on farms, which " Mr Drum " exposed by eye-witness report and camera: police connivance at purely inter-African crime and intimidation, and police violence in support of segregation laws ; the utter denial of opportunities for gifted Africans ; the suppression of even the mildest political activity among non-whites ; the use of the anti-communism act. Mr Sampson had followed Father Huddleston back to England before the new law, enabling a junior magistrate to exile an African from his home and people without appeal to the courts, was brought in. But even without this piece of totalitarianism, " Drum " adds considerably to Father Huddleston's indictment of South Africa as a police state. It looks as if Mr Steward will have to get busy with a new book—" You are wrong, Mr Sampson."

Crown Princess

THE EMPRESS FREDERICK.
By Richard Barkeley.
Macmillan. 334 pages. 30s.

QUEEN VICTORIA'S eldest child, Victoria, became the wife of perhaps the most tantalising might-have-been of German history. For it was only towards the end of the 'seventies and during the 'eighties that the liberalism that had stood up so bravely to the Prussian monarchy in earlier decades was finally drowned in the stormy seas of German chauvinism. Had Crown Prince Frederick succeeded to the throne of Prussia and Germany in the 'seventies, as he might well have done, the demoralising rule of Bismarck might have ended at the same time. Frederick was the spiritual child of his mother's Saxe-Weimar, and, since Germans are singularly susceptible to the tone of their leaders, it is not altogether sentimental to claim that a period might have been born which would have been more solidly liberal than the sickly Republic of 1918.

This Frederick is a subject that deserves the historian's attention. Victoria, favourite child of his mentor, Prince Albert, became his devoted wife, and her destiny seemed inseparable from his. She gave him sympathy and comprehension, but she was tactless and impulsive, so that his enemies—with Bismarck at their head—could always exploit what they chose to proclaim as the sinister influence of the interfering Englishwoman with all her family behind her. When at last, in 1888, the two became Emperor and Empress, Frederick was already dying of cancer of the throat. Thus the unhappy Empress Frederick was left alone, until thirteen years later she too died of the same disease. Hers was the more tragic fate, for she survived to see much of the cruel folly of her eldest son that was one day to precipitate war between her country and his.

Dr Barkeley has written a rather pedestrian account of this daughter, wife, and mother, of princes ; but it is probably a just one, correcting false emphases created by prejudice in the past.

New Forces in the Middle East

COMMUNISM AND NATIONALISM IN THE MIDDLE EAST.
By Walter Z. Laqueur.
Routledge and Kegan Paul. 373 pages. 32s.

THIS is an unusual book. Its field is very different from the Middle East of those travellers, Arabophiles, who find in the simplicity of the desert something which their own civilisation fails to provide for them. To such men, and women, the cities and city-types of the Middle East are merely bad copies of the West.

Mr Laqueur concerns himself entirely with these types. His thesis is that as a class they are dangerously vulnerable to the appeal of communism. Their training has predisposed them against traditional Islamism, which seems to have no place for the technology that has made the West so powerful and which they have set themselves to acquire. The structure of society around them admits them only grudgingly to positions where their skills can be used and well rewarded in economic terms, and it still denies them real power. Yet western technology has not provided them with a creed to replace the religious certainty they have abandoned with Islam. Communism by contrast does both. It offers at once a creed of certainty and a society in which intellect confers power and status. Communism in the Middle East is a party of intellectuals only. In societies where all political parties are small in numbers and only those classes that can loosely be called intellectual take part in politics, a dangerous situation can thus arise.

The exceptions are Turkey and Israel. In Turkey, Russian hostility makes communism synonymous with treachery ; in Mr Laqueur's view, Russian anti-Zionism has the same effect today in Israel. It is at this stage in his thesis that the reader becomes conscious of the author's Israeli nationality . nd suspicious of special pleading.

His treatment of source material is also unfortunate. Of necessity much of his information has come from communist publications, both legal and illegal. He has obviously had access, somehow, somewhere, to very large collections of such material. Yet how and where is not apparent. Many of the chapter notes contain considerable information about individual communists, which suggests access to personal dossiers going in some cases back to periods well before 1939, or, if not to dossiers, at least to persons able to give detailed information. This is, as the author points out in his introduction, a pioneer study. Yet he has neglected the most important duty of the pioneer, to blaze his trail so that others can follow.

The result of this neglect is to throw what is most probably unwarranted doubt upon a most interesting and important book. Its theme is of the first urgency. The most amateur student of current Western policy in the Middle East must be uneasy at the degree to which it seems to have become committed to the maintenance of an unworkable *status quo.* Mr Laqueur's study can only increase those anxieties. In taxing the West with failing to provide an ideal which the forces of discontent in the Middle East can follow, he poses the old familiar question: how can a civilisation, whose development is based on the denial that certainty can ever be attained, satisfy those who are not adult or experienced enough to take this as an answer ?

Undismal Science

ECONOMIC COMMENTARIES.
By Dennis P bertson.
ESSAYS IN MONETARY THEORY: *fourth impression.*
By Dennis Robertson.
Staples. 174 and 252 pages. 16s. and 18s. respectively.

SIR DENNIS ROBERTSON must be getting rather tired of those unfailing tributes to his wit, literary grace, light-heartedness and general charm, elicited by every book he writes ; but his " Economic Commentaries," a collection of ten essays and lectures produced between 1952 and 1955, ensure that they shall be paid yet again. On such topics as Sir Dennis treats under the titles " The Future of Sterling " or " Creeping Inflation " there are indeed other people who can write in a clear, seemly and pleasurable manner—though none so well as he ; but when it comes to rigorous economic theory, as distinct from political economy, he stands entirely alone. Consider, in this volume, " Some Recent Writings on the Theory of

Pricing," and "Utility and All What?" To the large (and growing) class of readers who once knew some economics and would really like to know what is going on among the boys in the back-room—those whom with genial modesty Sir Dennis hails as "fellow idiots"—these two essays in particular can be recommended as one recommends, from personal experience, either a really good restaurant or a really painless dentist. But just how good, just how miraculously painless, can only be appreciated by those who have themselves despairingly tried to reconcile, say, Professors Hicks, Samuelson and Little on economic welfare or to sort out the various concepts of market imperfection.

Sir Dennis warns the general reader—"anyone who is not fairly familiar with the jargons and techniques used by professional economists"—against attempting Part I of his book, including the two essays just named. One might, indeed, make the warning a little more general than that. There is a certain psychological danger in the very smooth, very appetising, very entertaining presentation of intrinsically very difficult stuff; the reader, who in the hands of a less endearing guide would squarely recognise his own incompetence, may find himself believing that he has understood when he has only been intellectually tickled. But how rare is the economist of which such a comment can be made.

The "Essays in Monetary Theory," first published in 1940, are now reprinted for the fourth time. They wear extremely well. Topical as many of them were, and remote as now seem many of the circumstances which prompted them, it is surprising that Sir Dennis has not found, in his usual mine of epigraphs, some suitably cock-eyed version of the detestable words "I told you so."

Poet and Martyr

THE LIFE OF ROBERT SOUTHWELL.
By Christopher Devlin.
Longmans. 377 pages. 21s.

QUICKLY following the recently translated autobiographies of John Gerard and William Weston comes this life of another Elizabethan Jesuit, Robert Southwell. Southwell came to England in 1586 and, nine years later, heroically met the torture and martyrdom which, ever since his entry into the Order, he had eagerly desired. He was a tragic figure: sensitive, sincere, a poet and a publicist, whose "humble Supplication" written in 1592 is a clever and a moving statement of the Catholic case. Father Devlin has been able to use some recently discovered letters relating to this mission, and his book is the product of wide reading and much ingenuity. But it is a work of apologetics rather than of history. There are some placatory phrases. Father Devlin considers it necessary to inform his readers that "the Elizabethan government was not the equivalent of the Nazi or 'Iron Curtain' regimes of this century." But he proceeds to convey very different suggestions by saying that Elizabeth was regarded as "the equivalent of a gangster's moll," attributing to Burghley "the mentality of a blackmailing footman," writing of the "Cecilian dictatorship" and of the government's use of concentration camps and of the "Big Lie."

Father Devlin's study of Southwell's character is both lyrical and speculative. He refers to his subject as "the despair of a modern hagiographer," and his usual formula for Southwell is that of "cold intelligence with fearless ardour." Yet, despite Southwell's own pride in his birth, his dependence on aristocratic patrons and his reference to "my bevy of aristocratic youths," Father Devlin has "little doubt that he was happier in the slush of a cobbled gaol-yard than in the heated splendour of a banqueting-hall." Embarrassingly high claims are made for the importance of Southwell's achievement and influence as a poet. Southwell dedicated poems to "my worthy good cousin, Master W. S.," and had in fact a cousin, William Shelley. But by a "staircase of probabilities" leading to a "tentative conclusion," separately reinforced by a "general impression," Father Devlin suggests the identification with William Shakespeare, thus roused "to a loftier conception of the divine spark within him." A footnote reminds us that Shakespeare is said to have died a papist—and in a district served by Jesuits. Father Devlin devotes an appendix to the theory of equivocation, which does not allow flat untruths but permits ambiguities likely to mislead. This theory, designed for situations "when truth seems to be on one side and justice or charity on the other," is not, Father Devlin allows, "altogether satisfactory." Readers concerned with truth will not find this book deficient in charity towards its subject.

Great Anarch

PIERRE-JOSEPH PROUDHON.
By George Woodcock.
Routledge and Kegan Paul. 300 pages. *Illus.* 28s.

PROUDHON'S "What is property?" published in 1840, gave a simple answer: theft. A peasant by origin, and a craftsman by trade, what he attacked was rich men's use of their wealth to exploit the skill of others. "I ask," he wrote, "an end to privilege, the abolition of slavery, equality of rights, and the reign of law." He pursued this demand for social justice for the rest of his life. Naturally combative, but not desiring power for himself, he never belonged to a party, nor sought to lead one; yet he was a much respected force on the French left for the next generation. A logical democrat, he came to believe so firmly in the common sense of common people that he thought they could manage very well for themselves, if only all established authorities were abolished. It was his misfortune to be depicted as a bogy-man by Louis Philippe and Louis Napoleon from the right, and as a false prophet by Marx from the left; it is only in retrospect that we can see how greatly the world would have benefited if poor men's claims had been taken up by Proudhonians instead of Marxists. The reputation of this lovable, profound revolutionary has never been as great as his merits deserve: partly because of Marx's jealous and venomous attacks on him, and partly because he can so easily be made a figure of fun.

Mr Woodcock has written a useful life of him, based partly on his unpublished diary. The book is weaker in analysis than in biographical detail, but draws attention to "the bold and arresting nature of his thought, the penetrating and often prophetic insight he displayed into the world of his time, and the strong and subtle prose in which he expressed his ideas"; and it will make his readers want to know more about Proudhon's own works.

Shorter Notices

RED, BLACK, BLOND AND OLIVE.
By Edmund Wilson.
W. H. Allen. 508 pages. 25s.

Mr Wilson is a full-powered American intellectual, complete with liberalism, enthusiasm and odd prejudices. The singularly unmemorable title of his book refers to the skin colour of various communities he has visited; New Mexican Indians in 1947, Haitians in 1949, Soviet Russians in 1935, and Israelis in 1954. He brings to his subjects brilliant journalistic observation and the intellectual keenness of a leading literary critic, commenting on Voodoo and the Moscow underground, Old Testament philology and bedbugs. His visit to Russia, before the Stalin purges, progresses from pink-spectacled enthusiasm to extreme irritation, while the Israeli section is of particular interest as a sympathetic view by a non-religious observer of a hieratic society. Readers of his successful book on the Dead Sea Scrolls will find further enlightenment in the comments on the Jewish faith, and this interest in man's need for faith is carried through the study of Indian tribal dances and of Voodoo, and, tacitly, in Mr Wilson's own breaking faith in the Marxist dialectic. Here is a book of discoveries, and as such it is fascinating reading, both for its own sake and for the knowledge it provides of an ever-lively mind.

TREASURE IN THE THAMES.
By Ivor Noël Hume.
Muller. 255 pages. 21s.

Mr Hume is known as a broadcaster with a turn for popularising antiquities, and this readable book affords a theme adapted to popular treatment. It is a record of the antiquities dredged up from the Thames.

Important finds in the river's metropolitan area are becoming less frequent, and of late the Thames Conservancy Board has been more successful than the Port of London Authority. Among the most notable recoveries have been a colossal bronze head of Hadrian from the vicinity of London Bridge, an Iron Age bronze shield from Battersea, and a horned bronze helmet, ascribed to the first century BC, which was found near Waterloo Bridge. All three are in the British Museum.

American Survey

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

All According to Plan

San Francisco

CORRESPONDENTS arriving wearily from the marble floors and glaring lights of Chicago's Conrad Hilton Hotel felt smothered by the magenta carpets and gloomy caverns of San Francisco's Fairmont Hotel. The two typify the differing atmospheres of the Democratic and Republican conventions as definitely as do the climates of the two cities. Chicago was steamy and fevered, San Francisco is cool and collected. Equally typical are the attitudes of party officials and delegates as they face the press. Democrats always seem delighted to tell all to newspaper people; to many Republicans reporters are to be suffered rather than encouraged except in their proper place at a press conference. In San Francisco there was really no need to ask questions; everything had been planned and rehearsed for months, and the whole purpose of the operation—the prayers, the flags, the songs, the speeches, building up to the apotheosis of Mr Eisenhower's acceptance of the nomination on Thursday—was merely to provide four days of television entertainment and to start the Republican campaign with enough momentum to keep it rolling until it culminates in President Eisenhower's and Vice President Nixon's predestined victory.

But in the last few days Republican officials have been wondering whether all this efficient and expensive planning will really achieve its purpose. However much they may criticise the Democrats for airing their party quarrels on the television screen, the Republicans cannot deny that the rival show provided the spontaneous and dynamic suspense which attracts an audience. This was particularly true of the vice presidential nomination, as exciting a contest as any convention has produced within living memory. The public was brought directly into the biggest smoke-filled room ever known, the convention hall itself, with party caucuses and political negotiations being conducted directly before the roving microphones and television cameras. This was the real stuff of politics—a free convention nominating Senator Kefauver in an open and thrilling fight.

The Republicans who flocked to San Francisco were too self-assured to feel the need for such rough and tumble. But their decorous calm springs also from the feeling that it would be pointless to attempt to change the arrangements made months ago by party officials in Washington. So the delegates have come to this beautiful city to spend their money and enjoy themselves, to gather their strength for the coming campaign and to cheer their beloved President. But there are empty rooms in hotels and, what is more serious, there were probably empty television screens in many American homes. Mr Eisenhower's sudden decision to come to San Francisco a day early probably reflects a last-minute attempt to inject life and enthusiasm into the proceedings, and his wish to show that, whatever the Democrats may say, he is well enough and interested enough to fight an energetic campaign.

★

Mr Stevenson, after himself being nominated as presidential candidate, threw the vice presidential nomination to the free choice of the Democratic delegates. Thus he exploded with a bang the carefully inflated myth that the Republican convention, too, was an open one. There is no doubt that Mr Eisenhower has been the enthusiastic choice of the Republican rank and file all along. But there are many who doubt whether a majority of the delegates would freely have chosen Mr Nixon had he not been imposed on them by the party machine. There are even more who privately doubt whether he was the best choice. In particular it is thought that, with his controversial name on the ballot paper, the party may lose enough votes to forfeit its chance of winning a majority in Congress. This was Mr Stassen's contention. Unfortunately, his brave but belated attempt to put up Mr Christian Herter, the Governor of Massachusetts, as a genuine alternative, seems to have been frustrated before it began—if only because Mr Herter refused to play his part. Nothing came, moreover, of the rumours which were rife in San Francisco this week that several potential candidates were to be encouraged to stand against Mr Nixon so that delegates might feel that they had had a genuine say in the matter. In the last moment, Mr Stassen went to see President Eisenhower to surrender abjectly and to ask for the privilege of seconding the nomination of Mr Nixon, that "great Californian." Mr Eisenhower graciously received the penitent and asked the convention to give him "the courtesy of a real hearing." It is difficult to see what Mr Stassen hoped to gain from this ignominious epilogue to his lone foray. He will have added to the vengeful displeasure of Mr Nixon and the party professionals the contempt of many who would have respected him if he had stuck to his spiked guns.

So Mr Nixon was nominated for the Vice Presidency by acclamation, and the dictatorial tone which has been imposed on the Republican convention by the party's publicity experts and professional organisers will stand in clear contrast to the Democratic readiness to bow to the will of the people. This rigidity, this unwillingness to change plans to meet changing circumstances, was one of the things which kept the Republican party out of power for twenty

years. The events of this week have shown that the Republicans are still unable to do without President Eisenhower and how right he is in thinking that it will take him another four years to rebuild his party. But they have made his bland support for Mr Nixon even less justifiable.

Last week in Chicago, the Democrats were demonstrating once again the quality which kept them in the White House for twenty years—their ability to move with the times. In rejecting Mr Truman and Mr Harriman, they rejected the outdated philosophy of the New Deal, which was the product of an economic depression and has little relevance to present prosperity. The compromise in the Democratic platform on civil rights for Negroes represented an appraisal of reality and a readiness for conciliation in what is an increasingly explosive dilemma. The point of outstanding interest is that on both questions the two wings of the party were prepared to make concessions, for the moment at least, to avoid a split. Under the pressure of their defeat in 1952, the Democrats have drawn together as the Republicans did four years ago, and it is difficult to deny that for the Democrats the process is more genuine than it was for the Republicans. The Democrats may have washed some of their dirty linen in public, but at least the audience saw that it was washed clean. The Republicans give the impression that a good deal of their dirt is merely being brushed under the carpet of Mr Eisenhower's popularity.

As a result of all this, Mr Stevenson's fight for the Presidency no longer seems an absolutely hopeless one. This impression grows as the San Francisco circus goes through its well-organised hoops. But what brought the Democrats together in harmony is precisely that mood of prosperity and moderation which is epitomised by Mr Eisenhower and which gave the Republicans their victory four years ago. The Democrats, by their choice of Mr Stevenson, have clearly joined their rivals in the middle of the political road. The struggle between the two parties during the next ten weeks will not be over what road the country should follow, but over who is to guide the traffic. Unless there are unexpected developments, this will be a campaign of personalities and not of policies. Mr Stevenson showed at Chicago that he had become in the last four years a professional politician and a hard fighter. But when it comes to personality and an established record the advantage still lies heavily with President Eisenhower.

New York After Chicago

THE outcome of the Democratic national convention has had an immediate impact on the political situation in the State of New York. After being defeated in his hard struggle for the presidential nomination, Governor Harriman returned to his home grounds and made it clear that he would seek a second term at the gubernatorial elections in 1958. In his wake came Mr De Sapio, the "boss" of the state's Democratic organisation and the manager of Mr Harriman's ambitions. Mr De Sapio went to Chicago as a potential kingmaker; he has returned as a local politician with troubles at his doorstep. For Senator Lehman announced this week that he would not seek re-election in November. Mr Lehman, who served four terms as Governor of New York, and who has been in the Senate since 1949, is seventy-eight years old. But despite this fact, he would have been the strongest and most popular candidate available to the party.

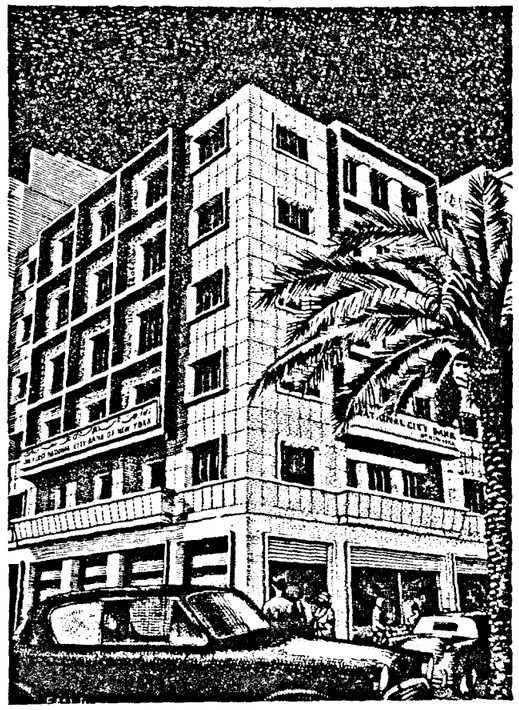
It had been expected that in the event of Senator Lehman's retirement, the nomination would go to Mayor Wagner of New York City. On returning from Chicago, however, Mr Wagner indicated that he was "not interested" in standing for the Senate. This statement—which may not be Mr Wagner's final word—surprised many observers who have long felt that it was Mr Wagner's ambition to fill the Senate seat formerly held by his famous father. The Mayor's reluctance may reflect the belief of certain Democrats that the Stevenson-Kefauver "ticket"—especially without Mr Lehman on it—will not do well in New York. It is this belief, moreover, which caused the New York delegation at Chicago to do everything in its power to obtain the vice presidential nomination for an easterner such as Mr Wagner or Senator Kennedy. Having been rebuffed both in their presidential hopes and in their suggestions for the second man on the team, New York's professional Democrats may not be feeling much enthusiasm for the coming campaign.

Senator Lehman's decision should bring a number of strong Republican candidates into the open. There had been rumours that the party would conscript former Governor Dewey, whose influence in the state remains considerable. But Mr Dewey has said that he would not run, and it is thought that Mr Javits, the State Attorney-General, has the best chance of being nominated. He is a bright young politician who defeated Mr Franklin Delano Roosevelt, Jr., in 1954, and who is Jewish. In New York that is a powerful combination.

Bundles for Germany?

THE fight over the restoration to their original owners of some $612 million worth of German and Japanese assets confiscated during the war has been waged in Congress and the American courts over the past ten years. A strong group of Congressmen, from the right wing of both parties and from states in which voters of German descent are numerous, have been doing everything in their power to set aside the Reparation Agreement of 1946 under which America and its allies specifically agreed to forgo reparations against Germany in exchange for the retention of seized German assets. Despite the opposition of the Administration, which favours the restitution of amounts only up to $10,000 to individuals as a matter of grace, a wholesale restitution Bill has been approved by the Judiciary Committee of the Senate and chances for a similar measure in the House of Representatives—where action has been postponed until the next session of Congress—are improving. Moreover, if some Congressmen have their way the $250 million worth of assets already disposed of by the Alien Property Office will have to be reimbursed to German and Japanese corporations by the American tax payer.

The largest property involved is the General Aniline and Film Corporation which is thought to be worth about $140 million and which has been run by the American



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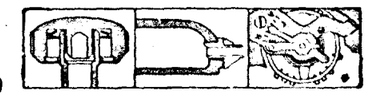

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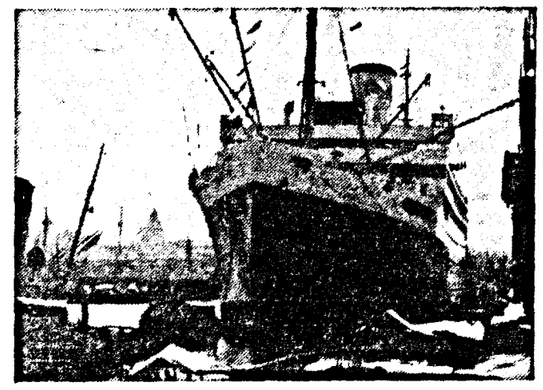

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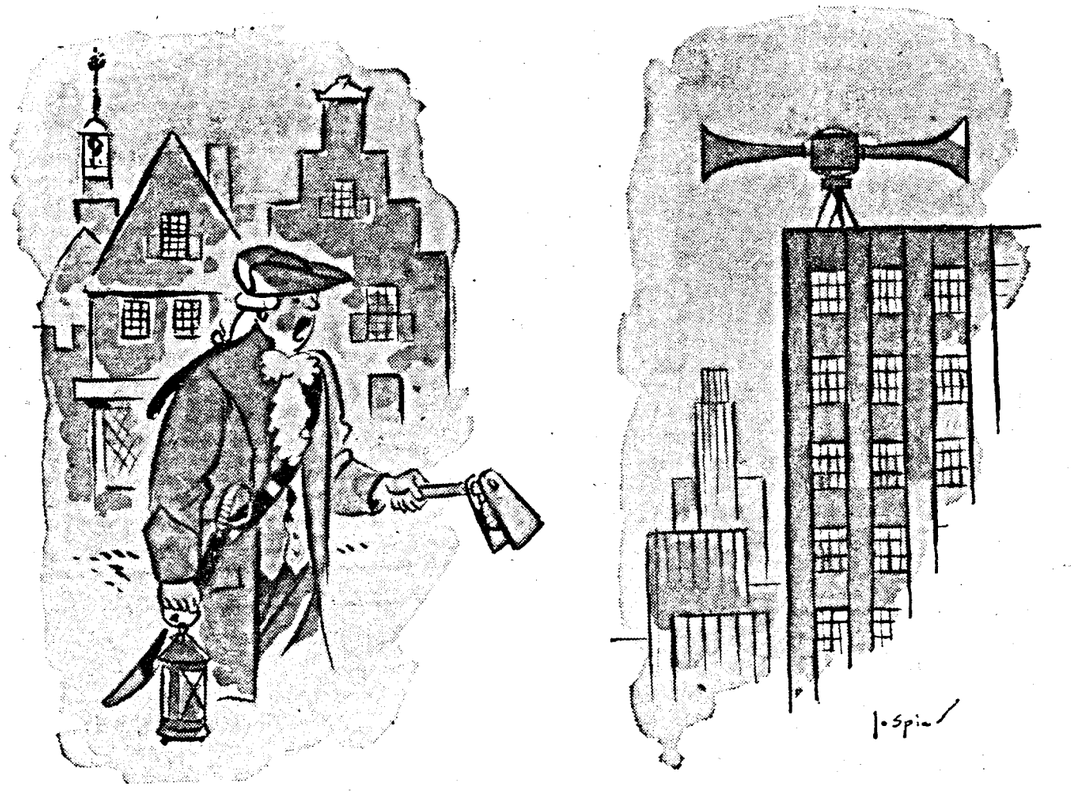

PROTECTION

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government since the beginning of the second world war. During this period, the net worth of assets applicable to the ordinary shares has increased by more than $60 million and sales this year are expected to reach $120 million. The firm was seized from IG Chemie of Basel, now known as Interhandel, and over the past eight years the latter has been trying to prove that it is a Swiss company. The Department of Justice, on the other hand, has contended that Interhandel is merely a façade for German interests, especially for IG Farben which sold its shares in General Aniline to the Basel subsidiary while reserving the right of repurchasing them at any time. Earlier this month, a federal court upheld this contention and the Department of Justice believes that it can now dispose of its holdings. But the Swiss government has requested joint arbitration, and lawyers for the German interests hope that they can prolong their legal manœuvres until Congress comes to the rescue.

The whole idea of restoration has neither historical nor legal warrant, and speculations on the German stock market have made it perfectly clear that whatever assets are sent back to Germany will go into the hands of large corporations and not of individuals suffering under alleged hardships. The only plausible arguments advanced so far by Senator Dirksen and his supporters are that restitution would strengthen Dr Adenauer's domestic position and would set a precedent which could be appealed to if America's $29 billion worth of assets abroad were to be jeopardised in a future war.

Second Round for the Vaccine

THE removal of government controls over the distribution of the Salk anti-poliomyelitis vaccine, which coincides with a particularly sharp outbreak of the disease in Chicago, gives an impression of premature complacency. The number of polio cases in the United States dropped from 38,000 in 1954 to 29,000 last year, and the paralytic cases from 14,000 to under 11,000. This year the polio rate is lower than it has been at any time since 1947, and only 4,000 cases were reported up to the end of July, compared with 5,500 during the same period last year. But half of this year's victims have been afflicted with the most dangerous paralytic form of polio, and it is disquieting that there have been as many paralytic cases as there were last year.

In 1955 there was not sufficient evidence to assess the general effect of the Salk vaccine on the disease. The production of the vaccine was first interrupted when certain faulty batches were found to have been distributed, and later slowed down by the stringent safety precautions that had to be imposed on the manufacturers. As a result, only 8 million children were vaccinated, and only some of these were given the triple inoculations now recommended as providing the maximum immunity. This year about 75 million doses of the vaccine have been distributed so far, and the manufacturers have now overcome the initial problems of large-scale production. Some 40 million children have now received one or more "shots" of the vaccine, but there are 65 million in the groups most susceptible to the disease—youngsters under twenty and pregnant women. In the worst outbreak of polio this year, in Chicago, nine out of ten of those who caught the disease had not been inoculated against it.

The responsibility for filling this gap now rests on the "normal distribution channels" from the vaccine manufacturers through wholesalers to the public health agencies, private doctors and chemists. Congress has provided $54 million for a free inoculation programme, which is due to run until June, 1957, when it is hoped that three injections will have been given to all those who want them. Only then will the efficacy of the vaccine have been put to the crucial test—although the persistence of the disease may be prolonged by the surprisingly large minority who refuse to have their children vaccinated.

Money in Politics

FROM A SPECIAL CORRESPONDENT

THE way in which American political campaigns are financed has long disturbed observers in the United States. Public attention was directed to the subject last winter when Senator Francis Case, of South Dakota, revealed during the debate on the natural gas Bill that he had been offered a campaign contribution by an attorney for an oil company. The climate of suspicion that was aroused by this disclosure led President Eisenhower to veto the measure after it had been passed by Congress.

The roots of the whole problem, which is currently under study by a special Senate committee, lie in a conflict between the inherent financial realities of the American electoral system and certain moral expectations held by most Americans. In the United Kingdom it is understood that parties will get their funds from persons and organisations that agree with their programmes. In the United States, on the other hand, any sizable political donation is generally assumed to link the donor and the process of government in an unhealthy way. Innumerable statutes have been adopted by Federal and State governments in an attempt to bring political donations under acceptable control. Many statutes impose specific limits on the amounts that may be spent, but most of them are either full of legal loopholes or are not enforced.

In 1952 some $140 million were expended on behalf of candidates for nomination and election in local and national campaigns. In addition, at least another $7 million were probably contributed to political causes in the form of goods and services. These figures appear in a study of money in politics now being completed at the University of North Carolina.* It does not appear that the real costs of elections have been rising. Such comparisons as can be made indicate that between 1940 and 1952 the total costs of electioneering rose by 60 per cent while the consumer price index went up 90 per cent and the national income increased by 240 per cent.

Campaign funds must, of necessity, come from those who can afford to give. This means an extensive investment in American politics by business organisations through the contributions of their executives and directors. A study of a large number of contributions of $500 or more given in

* "Money and Politics," by Professor Alexander Heard: A Public Affairs Pamphlet to be published in September.

1952 shows that roughly one third of the directors of the major American corporations took out their cheque books. This is true, moreover, of all categories of big business: the oil companies, the merchandising firms, the banks, the manufacturing establishments, and the largest defence contractors. There is evidence that campaign gifts are also made regularly by individuals in firms of lesser size. Since matters affecting the business community are always up for decision before the legislative and executive branches of the government, there is a temptation to sniff bribery in these gifts. In fact, many contributors seek nothing in return for their support. But there is one thing they will obtain: access to the politicians' ears. There they can argue for their interests in a piece of legislation or an appointment to some official position. Access and influence are not equivalent, but one leads to the other and they become difficult to distinguish.

*

Because so much money for political campaigns comes from business sources, Republicans collect a larger share than Democrats. The disparity is not, however, as great as is usually claimed. An analysis of expenditures by the chief national campaign agencies active in 1952, including committees formed by organised labour, showed that Republicans spent $5.50 for every $4.50 spent by Democrats. Naturally, this ratio varies sharply in different places, and wherever one party overwhelmingly predominates, it receives more funds than the other. In the more closely competitive states, however, the Republicans have the best of it, and in some places by a substantial margin. One factor contributing to the affluence of the Republicans is the highly systematic fund-raising programme developed by the party organisation during the last twenty years. The party has effectively used professional techniques developed by those who raise money for charities. But the impact of this Republican advantage on the outcome of elections is not always predictable. The candidate with the smaller war chest can win, as President Roosevelt demonstrated on four occasions. Money talks loudly, however, when it comes to selecting a prospective candidate and a man with personal means or the capacity to attract financial interest may have an important advantage.

The Case episode, together with the estimate that campaigns in 1956 will cost some $175 million, have inspired attempts at a fresh approach to deal with political contributions. This must concede a point denied by much of the existing legislation. Campaign funds are a necessary part of elective politics, especially in the age of television and costly media of publicity. A new attitude became evident last year when Minnesota adopted legislation allowing limited income tax deductions for expenses incurred by candidates and certain party officials, and for campaign contributions of up to $100 by individuals. These measures shift some of the costs of democracy to the government and at the same time endow the process of getting elected with a dignity and public sanction hitherto lacking. Similar in spirit is a novel suggestion in the North Carolina report to create neutral or bipartisan campaign pools. All donations would go into one fund to be divided equally or on some proportional basis among the contestants. In order to work, such a scheme would need the favourable tax status presently enjoyed by educational institutions as well as limitations on the use of political funds derived from other sources. It would also require the kind of education of the public on which the success of many charitable appeals has been based. But what is needed most are new and frank attitudes on the need for money to make democratic politics work.

The Future of Synthetic Fuels

THE uncertainties affecting the future of oil from the Middle East have given an unexpected topicality to the Bureau of Mines's final report on the synthetic fuels programme. In 1944, when the government began research on synthetic liquid fuels, the United States produced more petroleum than it needed, and its net exports amounted to 7 per cent of production. But during the next decade output failed to keep pace with the growth of demand and American imports now exceed 10 per cent of production. As the cost of finding and producing crude oil in the United States is rising, and would rise more sharply if domestic reserves had to make good an interruption in imports, the commercial incentive to develop cheaper methods of producing petrol from coal or oil shale is becoming stronger.

Between 1944 and 1955 Congress authorised nearly $88 million for research into synthetic fuels; the Bureau of Mines built three laboratories and three larger scale demonstration plants. But the Republican Administration felt that the government's role should be confined to the operation of laboratories and small pilot plants. The two plants in Missouri, which demonstrated the two best known methods of producing oil from coal—by direct hydrogenation and by the Fischer-Tropsch process—were sold to private industry at a small fraction of their cost. And the plant at Rifle, Colorado, where methods of mining, retorting and refining oil from shale were developed, was put on a stand-by basis. The government still owns shale reserves in Colorado which are estimated to contain over 500 billion barrels of oil, but the development of the process has been continued by the Union Oil Company of California, which has large shale deposits of its own. The Administration has been widely criticised for "giving away" the results of publicly financed research for exploitation by private industry. But the beneficiaries have, in fact, shown little enthusiasm. The oil industry has never been eager to develop a process based on a competing fuel, and the coal producers have frequently been pilloried for spending so little on research. If oil costs rise, however, or supplies are threatened, this attitude will change and synthetic fuels may, at last, come of age.

Safety on the Highways

FROM A CORRESPONDENT IN BOSTON

WORK is about to begin on the $33 billion highway programme which President Eisenhower approved at the end of June. But the prospect of thousands of new miles of roads travelled by an ever increasing host of automobiles has brought home to many Americans the realisation that something must be done about the tragically high rate of accidents. Experts predict that 41,000 people will be killed this year in traffic accidents, nearly 3,000 more than in 1955 and considerably more than the total casualties suffered by American troops in Korea. During their conference in June, the State Governors set up a committee on highway safety made up of the Governors of Nebraska, Tennessee, New Jersey, New Mexico, Wyoming, Oregon, Idaho and Illinois. It was placed under the chairmanship of Governor Abraham Ribicoff of Connecticut who has been leading a campaign against traffic hazards in his own state.

Half a year ago, Governor Ribicoff, a Democrat in a state with pronounced Republican leanings, shocked the public by announcing that all motorists convicted of speeding would automatically lose their licences for thirty days after the first offence and for sixty days after the second. Drivers with automobiles registered outside Connecticut would be under the same prohibition as far as their driving in that state was concerned. Moreover, Mr Ribicoff put judges on notice that they would not be re-appointed when their terms expired if they allowed motorists with political or local connections to evade conviction and punishment.

The Governor's campaign "to slow down drivers to keep them alive" swung into high gear. Large signs, proclaiming "Don't speed. Conviction Means Loss of Licence," were erected on the 34 principal roads leading into Connecticut. State officials sought to be flexible and realistic in imposing speed limits and on the heavily travelled "parkway" connecting New York and Boston they fixed a uniform limit of 55 miles per hour. The results have been startling. Fatalities on the road fell by 15 per cent over a six months' period while deaths for the same period in the rest of the United States increased by about 9 per cent. During the first six months of the year, 5,398 motorists lost their licences because of speeding compared with only 231 in the first half of 1955.

*

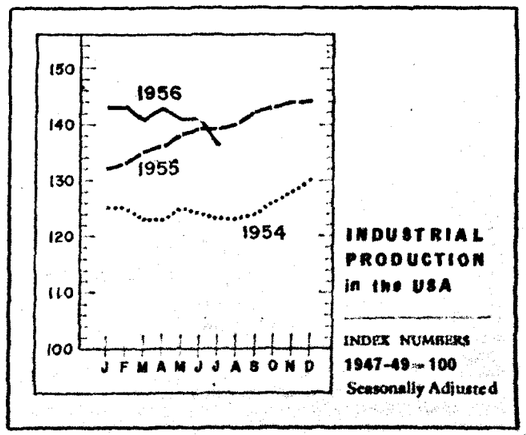
Republicans in Connecticut believed that Governor Ribicoff's draconian measures would make him unpopular with the motorists and voters of the state. But, in fact, the safety campaign has enjoyed a wide measure of support. Some judges have allegedly been too zealous and have tended to convict without further ado anyone brought before them on a speeding charge. Mr Ribicoff has emphasised that this was not his intention and that he would be fully satisfied only when "traffic slows down to the point where no arrests have to be made."

Reciprocal arrangements with neighbouring states are expected to strengthen the Governor's hand. New Jersey had agreed previously to take action against those of its drivers convicted of speeding in Connecticut. Rhode Island is proposing to consider each case on its merits and Massachusetts is studying the problem. During the Governors' conference, moreover, Governor Harriman abandoned an earlier attitude of scepticism and promised to support Mr Ribicoff's programme. If this trend continues and public opinion is thoroughly aroused, Connecticut may have set a pattern for the nation. The committee of Governors is studying the possibility of adopting uniform traffic laws in the forty-eight states, of co-ordinating law-enforcement and of establishing reciprocity in the upholding of conviction and the suspension of licences. Governor Ribicoff's success may convince his colleagues that safety on the highways is both good sense and sound politics.

Confusion at the Docks

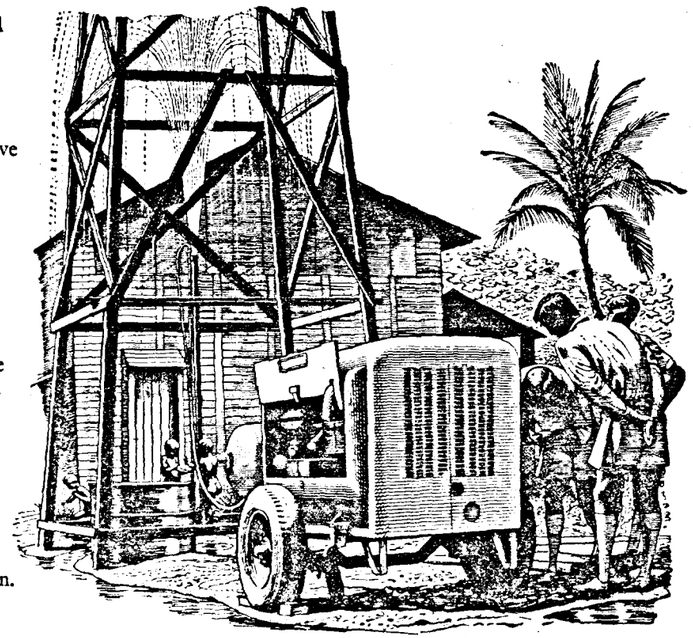
THE confusing struggle between the rival trade unions for the control of the dockers in New York and other east and Gulf coast ports has reached a crucial stage. The International Longshoremen's Association is at present entrenched on the New York waterfront. It was thrown out of the American Federation of Labour in 1953 on the grounds that it had failed to cleanse itself of gangster control. The insurgent union is the International Brotherhood of Longshoremen, which is supported by the AFL-CIO, and narrowly lost to the ILA in two previous elections to represent the New York dockers. The ILA is supported by the powerful International Brotherhood of Teamsters, which controls the road transport workers servicing many of New York's piers but the IBL can rely on the support not only of the AFL-CIO, but also of the Seafarers' International Union, which has just donated $250,000 to the cause, and of one of the local branches of the Teamsters' union.

The two groups tried to settle their jurisdictional dispute by negotiation. The IBL threatened that if the ILA would not accept its terms it would petition the National Labour Relations Board for another representational election on the waterfront. On the other hand, if the longshoremen could come to some *modus vivendi* with their rivals, the AFL union would do its best to secure their return to the AFL-CIO fold. The ILA is, in any case, particularly embarrassed by the jurisdictional dispute because it has just opened negotiations with the New York employers for a new wage contract to replace the existing one which expires in six weeks' time. These negotiations have broken down because the employers quite understandably refused to conclude a "national" agreement covering other east and Gulf coast ports where the New York employers have no responsibility. Both sides also appeal to the solidarity of the east coast dockers to oppose any infiltration by the west coast union led by Mr Bridges. But neither threats nor inducements prevailed. The negotiations broke down; the IBL petitioned the government for new waterfront elections, and is now sticking to its guns. In retaliation, the longshoremen have threatened to refuse to work any ships under contract with the IBL's supporters, and the New York waterfront seems destined for another period of strife. The losers, as always, will be shipping lines and the individual dockers.



Burma fights disease with clean water

Wiping out typhoid, dysentery and cholera epidemics caused through water taken from disease-ridden rivers is a major aim of Burma's three-year public health plan. To give remote jungle villages a plentiful supply of fresh, uncontaminated drinking water, Burma is drilling as many as 6,000 deep wells. Nearly six hundred of these wells have now been drilled. And it is compressed air that is bringing the water gushing upwards. A number of Atlas Copco portable air compressors are touring Burmese villages pumping newly-bored wells until completely clear water is raised to the surface; water that is aiding the health of a nation.



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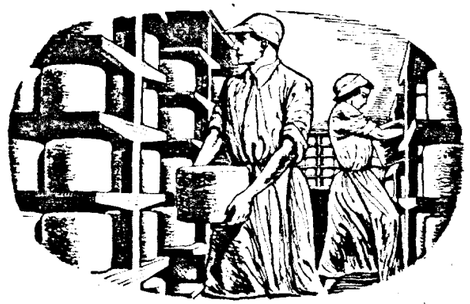

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The Orphan of Asia

FROM OUR TOKYO CORRESPONDENT

AN American who first visited Tokyo in 1945, after the débâcle, recalls that he rode over from Yokohama in a jeep, and that after hours of wandering among smashed and flattened buildings, he found only one store, and all it had to sell were some very old copies of *Time* magazine He bought one and jeeped back to Yokohama, filled with melancholy reflections. Eleven years of prodigious effort have healed all Tokyo's physical war scars. Almost every street blooms with giant bouquets tied to tall bamboo poles, to mark the completion and formal opening of a new building. And still new buildings are fast taking shape, amid a hellish clang of hammers and pile-drivers that drowns the constant hooting of the city's thousands of suicidally driven taxis.

Yet the Japanese complain bitterly that their country is still "the orphan of Asia," fighting what many gloomily suspect to be a losing battle with harsh economic facts. There is confusion as well as pessimism in high circles. While the Ministry of Finance valiantly pretends that dollar earnings from American military orders are not going to fall, or not heavily, the Ministry of International Trade forecasts just the opposite; and even the Finance Ministry admits that the special procurement orders are only a "temporary and unreliable source" of the foreign currency Japan desperately needs. Threatened by inflation and unbalanced trade, the Japanese see the South-East Asian countries demanding Japanese reparations but opposing the entry of Japanese goods and Japanese capital; and they note an equal reluctance to buy Japanese goods, on the part of those very Western countries which most heartily urge Japan to solve its problem by becoming "the Manhattan of the Orient." In these circumstances, it is perhaps not surprising that the Japanese tend to look back with increasing nostalgia to the good old days of the lucrative China trade, and to wonder if China, despite Communism, is not still a good bet for them, both as market for their goods and supplier of raw materials. A would-be Manhattan, Oriental or Occidental, still needs a mainland.

These thoughts have just been crystallised in an important signed article in the *Oriental Economist*, by Japan's energetic Minister of International Trade, Mr Tanzan Ishibashi. After stoutly contending that Japan's prewar investments in China, though regrettably tinged by imperialism, were nevertheless "by no means unprofitable to China and her masses," Mr Ishibashi takes the bull by the horns and declares:

> The Japanese Government is about to take the initiative . . . for the early conclusion of a trade agreement with Peking. [If the West does not like this, the West itself is to blame.] Japan has been endeavouring to tighten economic relations with South-East Asian regions other than Communist China, with Central and South America and with the Middle and Near East, so that they may develop into dependable suppliers of raw materials to Japan and promising markets for Japanese exports. The result so far, however, has not been satisfactory enough to induce the Japanese to give up Communist China. Worse still, despite Japan's accession to Gatt, more Western European countries are apparently trying to discriminate against Japanese goods. . . . Boycotts against Japanese articles have also become somewhat rampant even in the United States . . . [These developments] have driven the Japanese Government into a very embarrassing position.

In this article, Mr Ishibashi merely dots the i's and crosses the t's of an argument that more and more Japanese businessmen are coming to accept. They see other nations relaxing restrictions on trade with China, and have no intention of being left out of the race for the market which Japan itself once almost succeeded in dominating. At present, the United States buys £160 million worth of Japanese goods compared with China's figure of a little over £10 million. The large Japanese firms certainly do not wish to imperil their trade with the United States for the sake of a bird in the Chinese bush, however potentially plump. But, even if the West's strategic restrictions cannot be removed—and Mr Ishibashi affirms that the Japanese government is "working hard" for their removal or alleviation—they can probably be got round somehow; a firm already doing business with the United States might also trade with China through a nominally independent subsidiary without too much risk from the Battle Act.

Even with the existing restrictions on trade with Communist China, Japan's adverse balance with that country has this year, for the first time, been slowly changing into a favourable one (and thus comparing sadly with the balances with other areas, which seem to be worsening). With the restrictions removed or got round, the Japanese believe they could sell to China large quantities of ships, railway equipment, electrical equipment, and structural steel. From China, Japan would hope to receive iron and coal, at much lower prices than it now has to pay for American coal and iron, because of the freight charges. To make Chinese mouths water, Japan already plans to exhibit "restricted" items at the Japanese trade fairs to

be held in Peking and Shanghai next October and December.

Like other would-be traders with China, the Japanese are by no means unconscious either of the political implications, or of the strong possibility that, after all the kind words and exchanges of goodwill assurances and trade and "cultural" missions, the actual extent of trade that the Chinese will be prepared to undertake may prove disappointingly meagre. After all, three China-Japan trade agreements have already been signed, without Japanese government participation; each visualised a £30 million trade maximum (one way) which has so far come nowhere near fulfilment. The strategic restrictions may not be altogether to blame for this shortfall. That, no doubt, is why Mr Ishibashi, in his article, first stressed that "under no circumstances" would larger trade with China signify any Japanese alignment, "politically, ideologically, or otherwise, towards the Communist *bloc*," and then delicately hinted: "Economic relations are always transitional. If economic ties strong enough to support the existence of Japan could be formulated with countries other than Communist China, Japan might not necessarily stick to the Communist China area."

In short, it is primarily their feeling of being the "orphans of Asia" that is at present impelling the Japanese towards China. This despairing feeling is heightened, not diminished, by Japan's dismal knowledge that China, and Russia, are more likely to turn out to be nutcrackers rather than friends. Japan is not, at this stage, simply trying to blackmail the West into offering it better economic terms. It is trying to say that the temptation of even an illusory escape from its present economic squeeze may prove irresistible if no one else is prepared to give it room to breathe.

Uganda After Cohen

FROM A CORRESPONDENT IN UGANDA

SIR FREDERICK CRAWFORD, who has just been appointed Governor of Uganda in place of Sir Andrew Cohen, will have to show considerable resource, patience, and, above all, goodwill if he is to make a success of his new appointment. All that Uganda knows of him is that he comes by way of Kenya—and Deputy Governor of Kenya at that. This has inevitably created an atmosphere of mistrust that springs from the fear that he has the "Kenya approach." There is, of course, a very small minority in Uganda which believes that what is needed is "firm government" and that a man with Sir Frederick's experience is therefore a very good choice for Governor.

In this, curiously, they may find themselves allied to the ruling faction of the Uganda National Congress. These Uganda politicians had come to realise that Sir Andrew Cohen—who could be talked to and reasoned with—was a bad thing for Congress. Sir Andrew had succeeded in assuring everybody of his sincerity in pursuing self-government—on behalf of Her Majesty's Government—in as rapid a manner as possible without loss of dignity. It was difficult for Congress to pick a quarrel with Sir Andrew. To do so meant being landed with the onus of making practical proposals in greater detail than it wished to consider. A new Governor is just what it wants. Be he the most sweetly reasonable being, if he be unknown, Congress can make an enemy of him. If he comes from Kenya, Congress will make a diabolical enemy of him. At last there is a chance to go one better than the Governor. Shortly it will be possible to ask for self-government *yesterday*. If this should happen, and the present peace is broken by large and noisy meetings, then it will be most tragic.

There was a good case for Sir Andrew being asked to stay on. The Baganda have now come to think of him as the man who restored the Kabaka rather than the man who exiled him. The Representative Members of the Legislative Council were planning to show their support for an extension of Sir Andrew's tour of duty by sending a delegation to London. Letters in the press have been overwhelmingly in favour of an extension. In fact the feeling in favour of his staying has surely been quite exceptional and, because of it, there was every chance that he would have been able to carry the country forward to self-government rather than be forced to let it rush him precipitately towards an unsatisfactory, undignified and incomplete achievement of that goal.

We have yet to see what Sir Frederick will make of the situation. What is certain is that he is in no position to indulge in "firm government." Such an approach would be disastrous, and it would certainly not slow down the pace of events. Sir Frederick has a reputation of competence in economic matters. This will be a great asset, for the maintenance of prosperity would do much for the maintenance of sanity.

Investing in the Desert

FROM OUR PARIS CORRESPONDENT

TWO days before the French Assembly adjourned, when Suez and inflation held the stage, the government quietly introduced a bill dealing with another great issue—the Sahara's integration with the modern world. The bill, which M. Mollet wants debated in October, sets up a special Economic Organisation for the Sahara which would develop the desert's industrial potential; it would be under a director-general immediately responsible to the Prime Minister.

The bill comes at a difficult time. The Suez crisis casts doubts on the future of investment in Islamic areas; as long as the Algerian rebellion smoulders on, no Saharan dispensation can seem definite, for nearly half the desert belongs to Algeria and the government's bill confirms the title deed. But in Africa there is no oil industry to seize; on the contrary there is probably one to be created—but not without foreign help. This difference from the Middle Eastern situation is reflected in the care the Moroccan and Tunisian premiers have taken not to quarrel with France over Suez and in the fact that the leading French African politician, M. Houphouet-Boigny, of the Ivory Coast, is the minister in the Mollet government who drafted the bill. The government itself would like to see the Sahara as the "functional" federator of the whole area, fed with mostly European capital under French administration. It may seem late in the day for such an ambition. But given

French energy and realism by nationalists, French and African, it might effectively create the kind of co-operation the West must devise with former colonies.

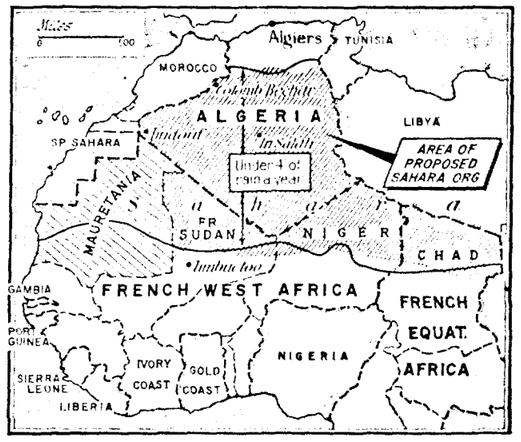
Four years of intensive geological research have shown that the Sahara may rival Canada as a source of raw materials. They have revealed iron ore in the western Sahara, at Tindouf especially, on the scale of Lorraine and of almost Swedish quality. Copper has been found in Mauretania, and elsewhere more modest deposits of zinc, lead, tungsten and manganese. Coal has been mined at Colomb-Bechar since before the war. The star turn promises to be oil. "There is the smell of oil in the Sahara," the experts say, though even two interesting strikes near the Libyan border which gave a promising gush have not rushed them into taking their hunches for fact. Rich natural gas deposits have been found in Algeria proper, and near In-Salah, in the central Sahara. There are vast areas still to be explored.

It has always been clear that the Sahara, like northern Canada, must produce on the grand scale, using intensive methods, sparing of men but lavish with machines. There is no question of populating the Sahara with industrial cities. Research itself has been carried on largely by aerial photography. Raw materials in the Sahara lie hundreds of miles from the coastal peoples and ports and can move there only with their agreement; there is no railway beyond Colomb-Bechar. Power is as short as transport, though oil can be used today—if the pipe-lines are built—and atomic energy and perhaps solar energy tomorrow. M. Louis Armand, the brilliant and ubiquitous chairman of the African Industrial Bureau (one of many posts) recently told an illustrated weekly that, at Tindouf, for instance, it would be necessary to mine "five or ten million tons of ore a year, or nothing at all." The capital required for the Sahara will run to tens and perhaps hundreds of millions of pounds—more than strained French budgets can spare. The government hopes to attract foreign funds; there has been talk of Eurafrica, with Germany as an active partner. But large investors require large incentives and long-term guarantees, both economic in the form of aids to production and marketing, and political. Conversely, the French naturally wish to control operations which, in the terms of sale of raw materials to North Africa, for instance, will be highly political. A strong directing body is needed to co-ordinate development plans, float loans, grant concessions and negotiate economic conventions on a coherent pattern.

Side-Stepping the Traps

Coherence is precisely what the Sahara lacks. It was penetrated from the coast on all sides (so that Algeria stretches south almost to Timbuctoo) and is now the poor relation of five territories (Algeria, Mauretania, Sudan, Niger, and Chad). These territories belong to three economic units—Algeria, and French West and Equatorial Africa—with differing francs, customs duties, fiscal systems and mining legislation. The government's bill ends this confusion, roughly within the "Sahara belt," the line of less than four inches of rainfall a year: the economy of the desert is entrusted to a director-general with a directing committee nominated half by the government and half from a control committee, itself composed half of parliamentarians and half of representatives of the five territories.

In this way, the government hopes to side-step the first political traps of a complex situation. In France, many nationalists wanted the Sahara to be a separate political unit, to stress that it owed everything to French efforts. This was abandoned in order to avoid the impression that France was cutting its losses in Algeria and in order to maintain the links between the desert and the coastal populations it must supply. The economic approach, it is hoped, will avert other difficulties as well. Colomb-Bechar, which is the first, if modest, "combinat" of the Sahara, is in an area where the Algero-Moroccan frontier has never been clearly defined. Political separation would have raised the frontier question and added fuel to the flare of Si Allal el Fassi's claims for a Greater Morocco down to the Senegal river which he has reiterated only this week at the meeting of the Istiqlal national council in Rabat. The economic emphasis, on the contrary, reminds the Moroccans that they need capital, just as M. Lacoste's ceremonial laying of the foundation stone of the new Colomb-Bechar power-station was symbolic of French will to provide it. The Sultan



and his government, like M. Bourguiba, seem aware that industrial expansion is more important to their countries than more territory.

Can a Sahara economic organisation promise dividends? French success probably depends on three connected factors. The first is that France keeps control of the desert, which is facilitated by its sparse population and the fact that it belongs essentially to no one and to all Negroes and Arabs alike. The second is success in obtaining investment funds. This depends in part on an Algerian settlement which renews confidence in the security of the area; in part on the availability of capital, especially in Europe. Oil should not be a problem; and the steel industries of the Coal and Steel Community might be interested in Tindouf's ore. The third is the ability of the French to hand on the benefits of Saharan investment to the coastal populations. The experts believe, for instance, that oil and natural gas sold in North Africa at the local economic price and not at European parities as now, would greatly help the area to develop the industries which alone can solve its demographic problems. The French also seem keen to obtain Moroccan and Tunisian participation in the Saharan organisation. It is to be hoped they will persist in these liberal tendencies, for they start with the great advantage of being patently more interested in spending money in

West and North Africa than are other countries. Results in the Sahara cannot come overnight; when the organisation is set up, as hoped, in the winter, it will really be embarking on planning and further research. But the right start has been made by showing a sense of urgency and of the scale of the problems involved.

Shorter Hours for Swedes

FROM OUR SCANDINAVIAN CORRESPONDENT

SWEDEN is to introduce a 45-hour working week by January 1, 1960. This is the unanimous recommendation of the Commission on Shorter Hours which was appointed by the Swedish government two years ago, and published its 40,000-word report last month. The composition of the Commission, which included representatives of workers' and employers' organisations, and of the main political parties, lifts the report outside the field of political controversy, and virtually ensures adoption of its recommendations. The government will probably introduce the necessary legislation next year. Opinion tests have revealed that the proposed reform is popular; it is indeed understandable that there should be a shift of emphasis in trade union aims from higher pay to increased leisure. The reform is bound to have repercussions elsewhere in Scandinavia; indeed, in both Norway and Sweden, government-appointed commissions are now studying the same question.

At present, the statutory maximum number of hours worked in Swedish industry, commerce, transport and agriculture is 48. Most white-collar workers, however, work only 40 or 42 hours. Among other categories, less than 10 per cent have a working week of less than 48 hours. In industries which have experienced trading difficulties, notably textiles and leather, shorter hours have sometimes been dictated by economic necessity. Overtime will, in the future, be limited to the present legal maximum of 200 hours per year, except in special circumstances.

In order to avoid sharp falls in production, and dislocation of the economy, reduction of the working week to 45 hours will take place in three progressive stages. From January 1, 1958, maximum hours will be 47; in the next year 46; and from 1960 onwards 45. Within this statutory framework, workers' and employers' organisations will work out the most practical means of carrying out the reduction in individual industries. Most workers apparently favour working a five-day week of nine hours. But for the merchant marine and agriculture this has obvious difficulties. The report envisages that agricultural workers will work a 47-hour week at harvest time, and correspondingly shorter hours during the rest of the year. Workers in some industries may elect to work longer hours in winter, in order to enjoy increased leisure during the brief summer months.

After 1960, Swedish workers may look forward to between 120 and 130 free days each year, counting Saturdays, Sundays and public holidays. They already enjoy a statutory 3-weeks' holiday with pay. The effective working year will thus be reduced to under 8 months. The ultimate objective of the Swedish labour movement remains the adoption of a 40-hour week. The introduction of the present reform without reducing pay packets will, it is estimated, cost Sweden the equivalent of a 6 per cent general wage increase. This seems acceptable, provided that unions exercise restraint in presenting future wage claims, and that the anticipated annual productivity increase of 3 per cent in maintained.

Nevertheless, the scheme's sponsors realise that it carries the risk of further inflation, leading to renewed balance of payments difficulties. There are, however, encouraging signs of a return to more normal conditions in the Swedish labour market, after years of "over-employment," which has led to an upward "wages drift" outside negotiated agreements. Indeed, in the past decade industrial wages of male workers have increased by 139 per cent. Their standard of living, now the highest in Europe, has thus improved by 60 per cent. White-collar workers' salaries have lagged somewhat, but they enjoy greater leisure.

With a general election due in September, the timing of the Commission's report is significant. The restrictive policies of the Social Democrat-dominated government may have lost it some adherents; and although the main parties support the 45-hour week, the government doubtless hopes to hog the credit. The caution of the Swedish Press shows that no one is anxious to cast the first stone. The next Swedish government may have to consider adopting less rigid economic and fiscal policies, since the scheme can only succeed in a prosperous, expanding economy.

South African Printers Under Fire

BY A CORRESPONDENT

THE South African Board of Trade and Industries has recently carried out an investigation of 512 firms in the printing and packaging industry. Its conclusions should give food for thought to the printing industry in Britain, where the Court of Inquiry into the strike of compositors and readers last spring recommended that the unions should co-operate in setting up two-tier central machinery to negotiate wages with the employers' organisations.

In South Africa all unions in the printing and packaging industry are members of the South African Typographical Union, which negotiates with the local Federation of Master Printers and the Newspaper Proprietors' Association. High natural protection, a tariff of 30 per cent on printed matter and the statutory closed shop (which is standard in South Africa) have enabled the union to exact from the industry, and the industry from a defenceless consumer, conditions of employment which the board considers to be unjustified in relation either to comparable occupations in South Africa, or to printing productivity in other countries, particularly Holland and the United States. As a result, the board has recommended not only a reduction of the tariff, but also the establishment of separate industrial councils for the packaging and stationery manufacturing sections of the industry.

The board castigates the restrictive outlook of the local typographical union, whose quite remarkable "working rules" have been published in full. It condemns the restrictions on the intake of apprentices which became so severe that a breakdown was averted only by importing qualified printers from Britain and Europe. It refers to "a maze of formal and informal restrictive practices which appear to have been specifically designed to nullify any attempt on the part of management to relate the reward of the individual employee to his productivity," and it criticises the payment of high premium wages "to the efficient and inefficient alike." From this the board concluded that the whole basis of cost and competition is largely artificial.

Management in the industry has not escaped criticism either. The evidence given to the board disclosed the same wide variation in managerial competence which similar detailed surveys have revealed in Britain. The board found that little attention was paid to modern systems of production control and that "few firms had any precise knowledge of the variation in profitability of different processes or departments, of the incidence of short runs on costs, or of the true cost of idle capacity." It also disapproves, for a variety of reasons, of the costing system of the British Federation of Master Printers which the local federation recommends its members to adopt.

The majority report recommends that the tariff be reduced from 30 to 25 per cent. It concludes with some force that while the tariff can be used to protect real wages in one industry, this can be generally achieved only by a reduction of the real wages in others, and that even this possibility is reduced in proportion to the number of industries already enjoying protection. A country cannot lift itself up by its tariff boot straps. All this should be recommended reading for protectionists in all developing countries. Those who sit at the seat of tariff judgment are often inclined to sympathise too readily with the local producer whose case is usually well organised, at the expense of the local consumer.

In a minority report one member goes further; he urges a really drastic reduction of the duty, and blames the statutory closed shop for much of what has happened. Here is a strong argument against "restrictive conditions of employment and operation which . . . insulate both employers and employees, at the community's expense, from the operation of those economic and technical forces which make for change, progress and the reduction of costs." It is unfortunate, but not surprising, that the publication of this report in South Africa should have been greeted by a virtual conspiracy of silence on the part of the entire South African press.

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NOTES FROM AUSTRALIA

(From our correspondent in Canberra)

The Prime Minister's Shoes

NO one knows how long Mr Menzies intends to keep Australia playing a guessing game about when he will resign as prime minister. But those of his senior ministers with any chance of the succession are holding themselves ready. There is, of course, no reason why anyone should think Mr Menzies may soon resign except his own habit of hinting that he would like to do so and the fact that he is already so far beyond the previous records of other prime ministers that the nation is inclined to feel that a change must come soon. But Mr Menzies's leadership remains unchallenged in his party and in the coalition; the Liberals have no clear ideas about a successor; and the most recent public opinion poll showed, surprisingly, that the supplementary budget medicines administered last March have not affected the patient's fondness for the practitioner. At least the poll suggested no stronger desire to call in Dr Evatt.

With the ballot for the deputy leadership of the Liberal party due in a month or two (Sir Eric Harrison resigns to go to London as High Commissioner when Mr Menzies returns) the prime minister will be able to watch the first skirmish for his crown within the Liberal party. Three of his senior ministers have indicated that they probably will take the field. They are Mr Holt, minister for labour and immigration, Mr Casey, minister for external affairs, and Sir Philip McBride, minister for defence. If either Mr Holt or Mr Casey should become deputy leader (and this is quite likely) the Liberal party will have shown who is the strongest Liberal candidate to be Mr Menzies' successor. A win for Sir Philip would not be of equal significance, since his name appears to have been put forward simply on the grounds that he would provide a congenial deputy leader capable of managing the House of Representatives. Mr McEwen, minister for trade, and deputy leader of the Country party, is also a potential successor to Mr Menzies if the Liberals should not like any of their own candidates well enough.

* * *

Labour Party in the Doldrums

FOR the Opposition the winter parliamentary recess has been a period of gloom with constant internal strife, appearing sporadically on the surface, and a comparative silence on national issues which has surprised an electorate accustomed to the often unpredictable forays of Dr Evatt. Some of Dr Evatt's enemies had hoped that the expulsion from the New South Wales Parliamentary Labour party of his brother, Mr Clive Evatt, QC, early in July, would have provoked the party's federal leader into an eruption and made his position untenable. None came. Dr Evatt did not contest, at least publicly, the sacred Labour rule that no member may vote against a party decision in a legislature, even on so local an issue as an increase in train fares. Mr Evatt, the party's *enfant terrible*, went.

There have, however, been some signs that Labour has begun to think seriously about a consistent and long-term internal policy. Since Mr Chifley's death in 1951 Labour policy in Australia has consisted mostly of opposition to any

of its opponents' measures that proved unpopular and of catchcries and slogans based on depression thinking, that veered from left to right and back again, depending on whose support the party leadership most needed at the time. The Hobart Federal Labour conference eighteen months ago did provide some sort of a foreign policy with a slant towards neutralism.

The New South Wales Labour party Executive—the recent expeller of Mr Evatt—has now suggested a conference of British Commonwealth Labour leaders in Australia at which, presumably, it would hope to pick up some ideas. Such a conference would have its uses since any policy suggestions put forward by Australian Labourites tend to be treated more on the basis of what faction put them forward, than for what they are intrinsically worth. When given the opportunity to think in an atmosphere clear of party fug Australian Labour has shown itself—as recently as the Chifley era—capable of some fine achievements.

★ ★ ★

Balance of Payments on the Mend

IN spite of increasing anxiety over internal inflation, the government is able to look on the balance of payments problem which was its biggest worry a few months ago with a less dismal eye. The last three months of the 1955-56 trade year (ending on June 30th) produced a heartening favourable trade balance ; the first of the new season's wool has maintained the firmer note evident in June prices ; the shearers' strike has been settled in most states, and some wool which would normally have been exported in the 1955-56 trade year will be shipped in the next few months, which are generally the Australian off-season for exports ; the season has begun well on the land ; and the restrictions on imports have produced results. All this does not mean that the Australian balance of payments problem is evaporating. With an economy so dependent for its health on good seasons and satisfactory export prices, Australia has hardly ever been free of this problem in one form or another. In 1950 the government was encouraging imports, and, as Mr Holt recently pointed out, only a few years ago Australia's overseas balances were embarrassingly high.

A good primary production season and a satisfactory wool price are the Commonwealth's best hopes for an early easing of import licensing. Sir Arthur Fadden has promised a "review" of the balance of payments position in August-September. Though that may be a little early for government action, the present trends, if they continue, could give Coventry a happier Christmas.

★ ★ ★

Argument Over Migrants

SHOULD Australia maintain its migration intake at the 1955-56 rate of 125,000 (about half of them assisted migrants) or is the cost in terms of inflation, the balance of payments, housing, and ultimately living standards and economic health, too high ? Within the Liberal party organisation, in the newspapers supporting the government, and in the two coalition parliamentary parties this question has been argued to a point where both sides have become exasperated with each other. Whatever the Federal Cabinet decides to do, it will displease some sections of its supporters.

Those who want a reduction (20 or 25 per cent is suggested) see the present intake as the gravest of the risks Australia is taking in the rapid expansion of its economy. Since every adult male migrant, and a number of adult females too, require a job and materials for a job, and since four-fifths of Australian imports are for industry, migration is undoubetdly increasing import demand. The "give us a breather" school argues that if a cut has to be made in imports, the presence of a large migrant population's demand for consumption goods might cause the cut to fall on raw material imports and thus hit production and employment. Moreover, since the capital needs of, and for, migrants increase the strain on the economy, it is claimed that the present high intake will lead to more controls and heavier taxation and thus tend to make Australia more socialist.

The opponents of a reduction say that even if much of all this were true Australia must rapidly increase its population to safeguard its external security. Sharp changes in policy would certainly rebound against Australia's credit in migrant countries and make migrants difficult to obtain. Industry does not gear its expansion to short-term policies, and a temporary reduction might have little effect on its demand for capital. It is also argued that since a larger proportion of migrants than of indigenous Australians are of working age, their production is an anti-inflationary factor that outweighs the effect of their consumption.

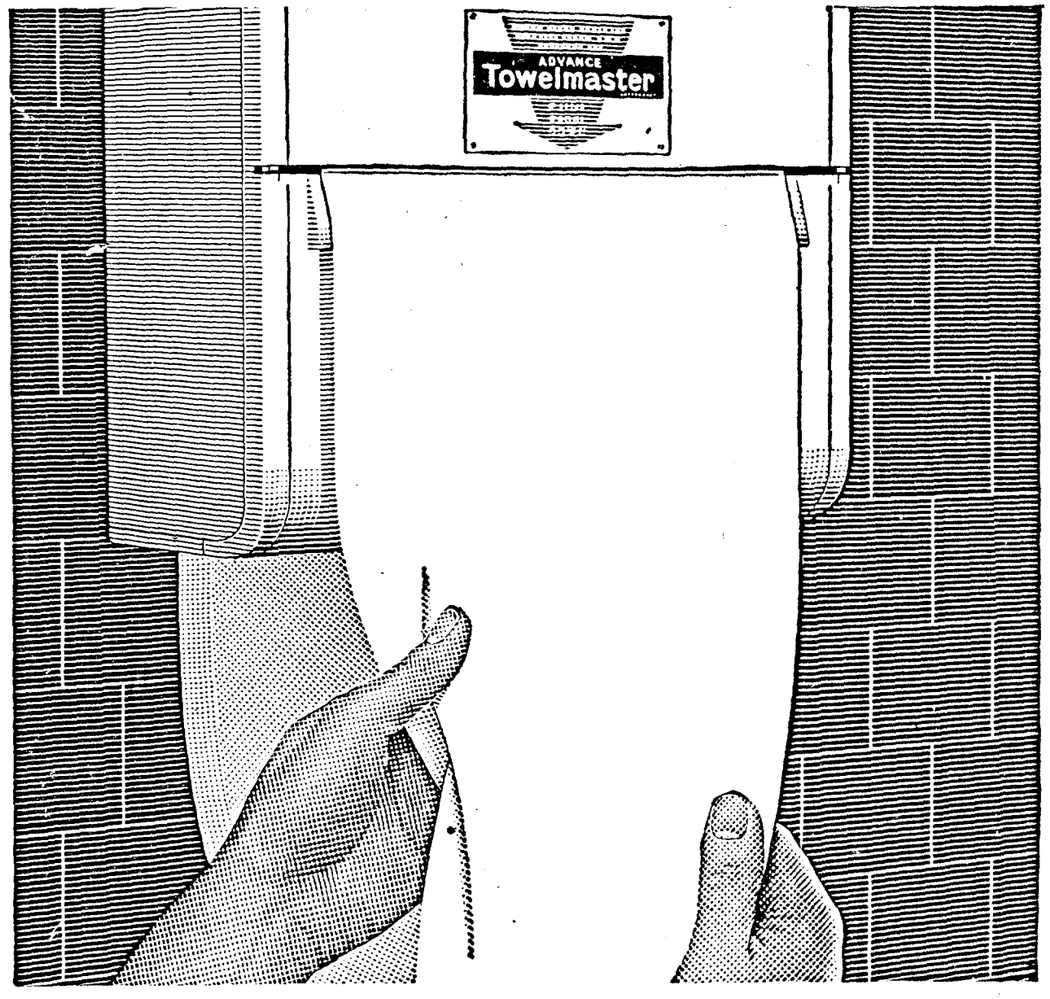
★ ★ ★

TV Comes to Australia

AUSTRALIA will see its first television in September, but Australians are not yet buying television sets at a rate which suggests that they have been dying for lack of it. Possibly the prices (most of the advertised models cost £A200 to £A280) are too much to pay before television has definitely arrived. The public has a feeling that the prices must come down, like the prices of radios in the 'thirties, "later on." The first really big television show will be the Olympics at the end of the year, and, as most Australians cannot resist watching any kind of sport, television should be well established by Christmas.

About 40 per cent of Australians will be within television range this year ; two commercials will operate in both Sydney and Melbourne and one national station in each, though no date has yet been announced for the beginning of regular national transmissions. Newspapers, radio and film companies control the commercial stations to the considerable disgust of the Labour party, which at first urged national television only. When the Commonwealth Parliament approved commercial television the party sought and was refused a licence. Finally, Labour advocated the promotion of television companies by the stock exchanges. The government refused.

Social workers and others who were cautious about the possible effects of television in homes have been satisfied by a strict set of standards laid down by the government. Australia's dual system of commercial and national broadcasting has proved a happy one and, politics apart, there seems no reason why Australian television should not give pleasure to those who want it or should corrupt the young any worse than elsewhere.



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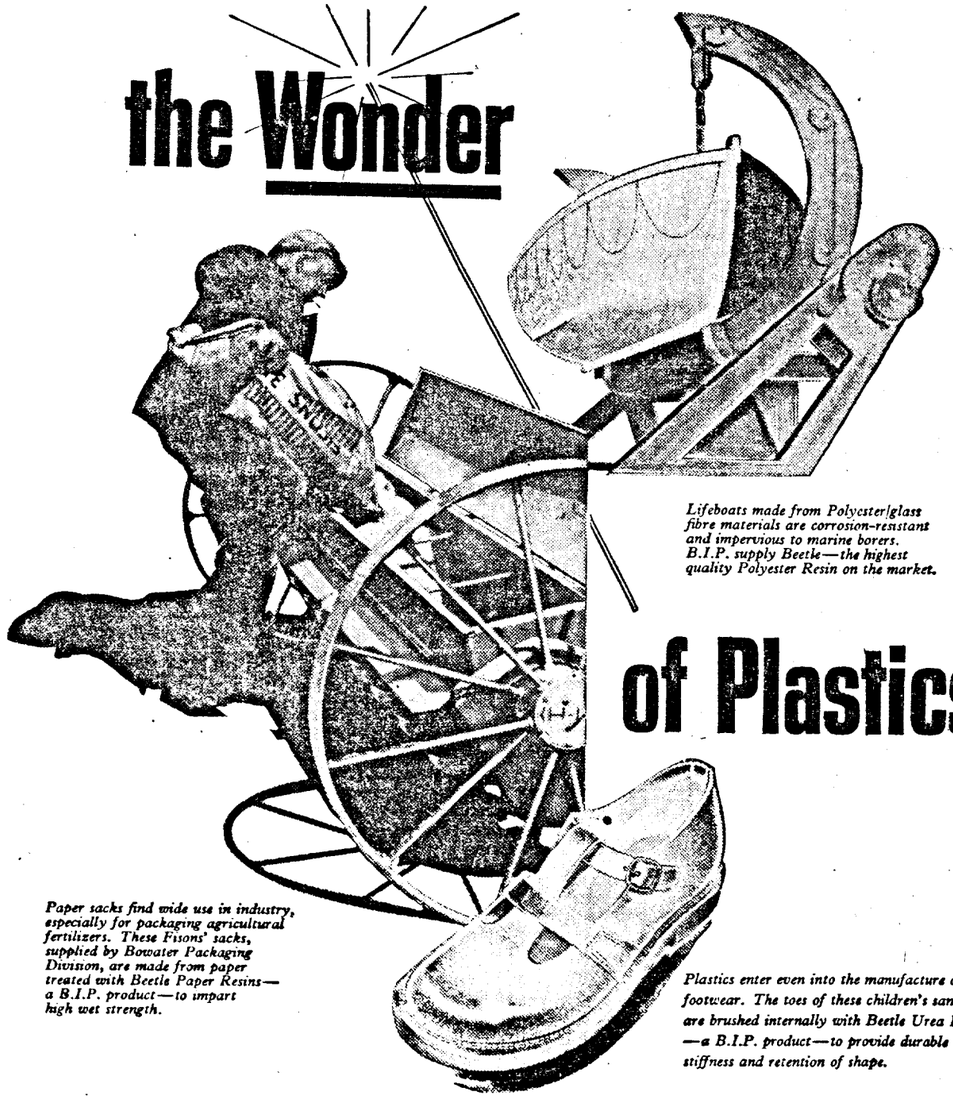

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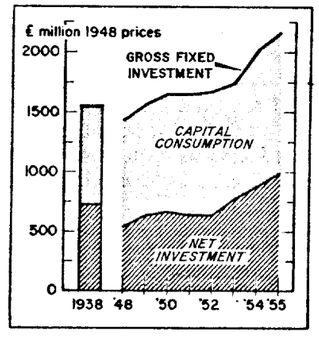
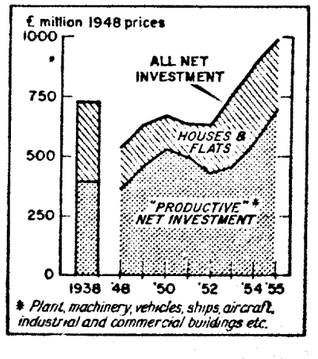
THE BUSINESS WORLD

Britain's Capital Gains

IT has long been the stock wisecrack about the annual Blue Book on National Income and Expenditure that the one figure not to be found inside its covers was any estimate of the national income; but not any more. The paradox hinged on this: that in aggregating the value of the goods and services Britain produced and earned from abroad in any one year, the gross national product, the Central Statistical Office was not prepared to estimate how much of these resources the country ought to be setting aside in that year to make good the wear, tear and obsolescence of its stock of fixed capital—buildings, plant and machinery, vehicles and ships. The ultimate aggregate, until 1955, thus amounted to national income, plus depreciation—but nobody knew how much depreciation. Early last year one of the CSO's staff, Mr Philip Redfern, presented to the Royal Statistical Society a first estimate* of how much depreciation Britain really ought to be allowing. And in this year's Blue Book† the CSO has committed itself to his way of doing this and, with slight revisions, to his answers—which thus introduce a new section on "Capital Consumption" and, suitably on very nearly the last page of the book, a fairly unambiguous figure for Britain's national income.

What really matters in these new tables, however, is that for the first time there exists an official estimate, however wreathed in provisos, of what Britain ought to be setting aside every year merely to maintain the value of its fixed productive assets—and hence, how much of the gross investment put into new buildings and equipment each year can be counted as net investment, a net addition to the value of these fixed assets. Of necessity such a calculation requires the use of some arbitrary formula: there is no direct way of measuring the amount of capital resources "used up" in current production. The formula that the CSO has adopted follows the conventions of ordinary accountancy.





Accounting conventions assume that the usefulness of any fixed asset is spread in some arbitrary way over a predetermined life, and that depreciation should be provided from its current earnings during that life to replace it at the end of the period. In this estimate of depreciation of the nation's fixed capital, the CSO has used the "straight line" method, in which the asset is assumed to depreciate by a constant amount each year (e.g., one-tenth of its value if the life is ten years). But it has not been content with the practice of most accountants and the Inland Revenue of simply depreciating the original cost of the asset, regardless of what it would cost now because of inflation since it was bought. For national income accounting it is essential to put a figure on capital used up in producing a year's output based on what the capital would cost at the prices current in that year. This is the replacement cost principle, and it is put into practice in these new estimates of net investment by calculating

* "Net Investment in Fixed Assets in the United Kingdom, 1938-53." Journal of the Royal Statistical Society. Series A (General), Volume 118, Part 2, 1955.

† "National Income and Expenditure, 1956." HMSO, 6s.

from the written-down value of assets after making adjustments for price changes.

This has been a formidable exercise. The assets for which it has been done exclude consumer durables, such as private motor cars, but include houses and buildings owned by private persons along with the fixed assets of business and "social fixed capital" such as schools and hospitals; they exclude also investments in Britain financed from abroad and British investments overseas. The lives assumed have been 10 years for road vehicles, 25 years for tankers and 30 years for other ships; 50 years for industrial buildings, 75 years for offices and shops, and 100 years for houses; and for the vast variety of plant and machinery, the working lives implicit in the standard depreciation allowances for income tax. No allowance has been made for "capital consumption" of land (site values) or roads (current expenditure on "new construction and major improvements" of roads is regarded as net investment). Nor has any allowance been made for depletion of mineral resources such as coal.

Obviously a good deal hinges on the accuracy of the price indices and of the estimates of capital investment in past years—both of which have had to be taken back as far beyond 1938, the earliest year for which the Blue Book provides estimates, as the depreciation life of the particular assets in question require. The price indices, applied to such estimates of gross investment in these assets, give estimates of gross investment at constant 1948 prices over the years, which can then be written down on the straight line basis to yield a figure of "total capital consumption" at constant 1948 prices. The price indices have then been used to convert these figures of capital consumption back to current prices—yielding from the existing estimates of gross national product and gross fixed capital formation the final figures of net national income and net fixed investment.

Some of the answers to these laborious calculations are set out in the accompanying tables and charts.

"REAL" INVESTMENT

(Net Domestic Fixed Capital Formation at 1948 Prices; £ million)

Type of Asset	1938	1948	Average 1948–1955	1955
Vehicles, ships and aircraft ..	46	132	81	80
Plant and machinery.....	134	184	254	338
Dwellings	332	167	216	291
Other buildings and works..	212	48	165	283
Total*.....	724	531	716	992

* Includes legal fees, stamp duties, etc., less destruction of building.

They are, as Mr Redfern's original estimates were, rather more reassuring than certain lugubrious guesses hazarded a few years ago that since the war Britain might have been consuming its own substance. On the other hand, they offer no welcome revelations that we have been doing a great deal better in building up capital than was thought. By this measure, there has been no "net disinvestment" in any year since the war; Britain has always invested in new fixed capital more than the values of the existing capital might be deemed to have shrunk during that year. On the other hand, it was not until 1953 that the amount of net investment, in real terms, exceeded the addition to capital stock made in 1938—when national fixed capital was probably significantly smaller. Since 1953 net investment, in real terms as well as in terms of inflated pounds, has risen sharply.

Some comfort, however, can be drawn from the evidence that more of Britain's net investment is now going into productive capital. In 1938 nearly half of Britain's net investment, after providing for depreciation, went into flats and houses; in spite of housing programmes since the war, in no post-war year has such a proportion for housing been reached, though in 1953 and 1954, the years of the Conservative housing boom, it exceeded a third of Britain's additions to net capital. In 1948 net investment in plant and machinery was already 37 per cent above the 1938 level; by 1955 it had reached two-and-a-half times as much, allowing for price changes. As a proportion of national income, net fixed investment appears to have been 6 per cent in 1938 and the same from 1948 to 1952; but it reached about 8½ per cent of national income last year.

National Income and Net Fixed Capital Formation

	1938	1948	1949	1950	1951	1952	1953	1954	1955
At Current Prices (£ million)									
Gross national product	5,175	10,376	11,057	11,636	12,793	13,928	14,858	15,909	16,784
less Capital consumption	−359	−904	−947	−1,010	−1,163	−1,301	−1,368	−1,427	−1,558
National income	4,816	9,472	10,110	10,626	11,630	12,627	13,490	14,482	15,226
Gross domestic fixed capital formation.....	656	1,435	1,583	1,700	1,893	2,108	2,350	2,549	2,865
less Capital consumption	−359	−904	−947	−1,010	−1,163	−1,301	−1,368	−1,427	−1,558
Net domestic fixed capital formation.....	297	531	636	690	730	807	982	1,122	1,307
At 1948 Prices									
Gross domestic product at factor cost.....	...	10,189	10,625	10,935	11,403	11,411	11,848	12,421	12,848
less Capital consumption	...	−904	−936	−972	−1,012	−1,037	−1,073	−1,119	−1,169
Net domestic product at factor cost	...	9,285	9,689	9,963	10,391	10,374	10,775	11,302	11,679
Gross domestic fixed capital formation.....	1,559	1,435	1,561	1,643	1,649	1,661	1,837	2,004	2,161
less Capital consumption	−835	−904	−936	−972	−1,012	−1,037	−1,073	−1,119	−1,169
Net domestic fixed capital formation	724	531	625	671	637	624	764	885	992

The Central Statistical Office is still extremely reluctant to follow Mr Redfern in publishing some of the by-product calculations that arise implicitly from the formula both have adopted; in particular, into putting a figure on the value of Britain's total stock of fixed capital, and seeing how this has changed over the years. Their reluctance arises partly from emphasis on the limitations of this formula, which is, certainly, only one of the possible ways of arriving at such a valuation.

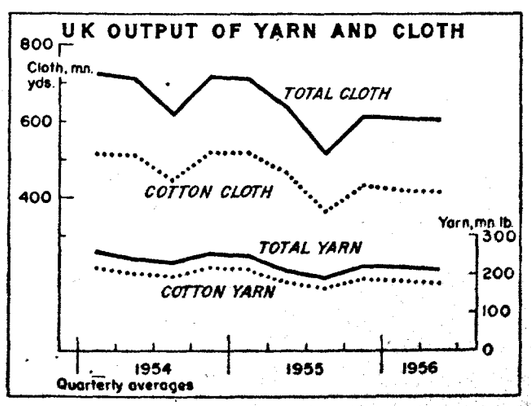
The method adopted in the Blue Book indeed, rests upon only one of the possible concepts statisticians could produce for net investment; and it may involve particular hazards in thinking about the physical quantity of capital assets in the country, Britain's "capacity" as it were. A new machine replacing one that is identical but worn out will appear as net investment because it has a longer productive life before it than the old; so that in periods of physical replacement of machines on a large scale, as in certain years just after the war, the rise in productive capacity may have been smaller than figures of "net investment" would suggest. In practice, however, the new machine seldom is identical with the old; its productive capacity is usually higher, which cannot be fully allowed for in these calculations. Moreover, in periods of very high demand, when plant tends to be used for production as long as it will run, figures of net investment calculated on strict depreciation lives may under-estimate the amount of productive capacity that is actually retained in use.

These figures, inevitably, will be used in nice international comparisons of the amount of current production that each country in Europe or the world is prepared to set aside for expansion. That is perfectly legitimate, provided it is borne in mind that other countries' definitions of net investment—and indeed in some cases of what constitutes investment at all—vary somewhat from Britain's (some of the formulae are logically more attractive, few equally firmly worked out). These new figures, it is clear, are regarded by the Central Statistical Office as a beginning—in particular there are hopes that more detailed figures by industries may eventually be on the (punched) cards. This is part of the process of improving the data, not prejudging the conclusions. Any Bradshaw, as has been remarked before in these columns, is only as good as the man who is using it.

Hard Times in Cotton

INVESTORS in cotton textiles have had their full share of bad news this year. Lancashire is again in the throes of a recession that few companies have escaped. But even the least sanguine investor may have been shocked by the slump in the profits of Tootal Limited. This is a vertical concern which markets its own branded goods and does a big export trade, and has often been held up by Lancashire's critics as a shining example to the rest. In the past the company has carved out for itself a profitable market in medium-priced textiles of good design and quality. Hence it must have escaped the full brunt of competition from cheap Asian textiles in the home and overseas markets. And though it was bound to suffer from the tendency of buyers to hold off in anticipation of lower prices of raw cotton, its trade in rayon goods should have benefited from the steady price of that raw material.

Tootal's results, nevertheless, tell a gloomy tale. Group net profits in the year ending on June 30th fell by £155,000 to £183,000, after providing only £217,000 for tax, compared with £520,000 last year. Thanks to a credit of £815,000 from overprovision for tax in previous years, the available net income, at £998,000, is £457,000 higher than before. Contingency reserve receives £500,000, against nil last year, and the general reserve £700,000, against £291,000. The dividend on the Ordinary and Employees' shares is reduced from 10 per cent to 7½ per cent less tax, absorbing £145,500 (£194,000) and the carry forward falls to £1,444,000 (£1,564,000). The decision to cut the dividend means that for the first time since the early 'thirties the workers do not receive a bonus. This bonus, payable when the dividend exceeds 7½ per cent, absorbed £75,684 (gross) last year. The cut in the dividend suggests that the company does not expect a quick revival in its fortunes.



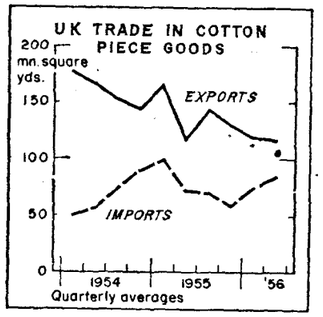
What went wrong? Investors must await the chairman's statement for a full explanation, but one conclusion is clear. A setback of those dimensions

could only have come from a loss of trade, as well as smaller margins, abroad. The company is heavily dependent on overseas trade; last year two-thirds of its total sales went abroad (compared with only about one-quarter for the industry as a whole), and in piece goods the proportion was over three-quarters. Sales must have suffered from the contraction of the Australian market, a major customer, and from the fierce competition from other European producers in South Africa and elsewhere.

Do Tootal's results, the first important cotton profits with an end-June accounting date, foreshadow more shocks for investors? The short-term answer is generally yes. Some companies have weathered the storm well—and a few, including Simpson and Godlee, the merchant converters, have actually increased their profits—but the outlook is not bright. A number of companies should benefit from the triangular trade deals that have been arranged with Pakistan, Indonesia and Burma, but there is no general revival in export business. Trade in the home market remains fairly steady, but margins are narrowed, and companies in the cheap end of the trade especially are feeling the impact of imports of cheap grey cloth from India and Hong Kong—lately supplemented by increasing imports of made-up goods, particularly shirts and towels. And the lack of confidence in raw cotton prices continues.

The United States is exporting its surplus cotton at prices that are far below the domestic price. The Administration plainly hopes to maintain its export prices at a minimum of about 25½ per cent a lb for 1⅛ inch staple, but Congress has directed it to accept lower prices if need be. Mexican cotton, for instance, is now being offered at a discount on the American price, and no one can be sure that other producers will not follow suit when their crops come on to the market. Buyers of raw cotton and cotton textiles are thus tempted to continue buying from hand to mouth, just in case the United States felt obliged to follow the market down.

Business in Lancashire has been slack since the spring. Production of cotton yarn and waste in the second quarter was over four per cent lower than in the previous quarter of this year, and slightly lower than in the second quarter of last year. Production of spun rayon and mixture yarn, however, was higher than in the previous quarter, and also higher than in the second quarter of last year. Production of cotton cloth in the second quarter fell slightly below the first quarter's level, and it was over 10 per cent below the second quarter of last year. Production of rayon and mixture fabrics, again, was higher than in the previous quarter and the second quarter of last year. That contrast between cotton and rayon owes something to the attraction of a steady price for rayon staple.



The labour force has naturally fallen with output. By the end of June spinning and weaving employees numbered only 247,900, nearly 40,000 fewer than at the beginning of last year; both sections of the industry lost rather more than 19,000 workers, bringing the labour force in spinning down to 126,420 and in weaving to 121,480. In cotton, the scale of "redundancy," as it is now fashionable to call it, has been far greater than in the motor industry, yet it has occurred without strife or strikes. Many of the married women thrown out of work have stayed at home; older male workers have often been unable to find work, but younger men and women have found jobs in engineering and in other industries that have so greatly lessened the dependence of the north-west on textiles. Though there are many cases of real hardship in certain cotton towns, the number of registered vacancies in the industry still exceeds the number of unemployed.

As old mills are being closed down, or bought up, production is being concentrated among fewer firms, and machinery is being used more intensively. Competition is forcing employers and unions to revise their ideas about shift work. The weaving unions, who accepted double shifts on automatic looms years ago, recently agreed to the introduction of three shifts, so that some weaving firms are already working their machinery round the clock. The spinning employers have for many months been in negotiation with the unions on working conditions, the extension of two shift work being one of the objectives.

Some firms are extending the range of their products. Others are turning to new products, some of them even outside the textile field; recently a firm of weavers in Lancashire took over a clothing concern, and one of the big spinners took over a towel manufacturer. There is no tidy pattern of change, though in general the bigger firms tend to absorb the smaller, and the structure of the industry is tending to become more vertical. Big spinning combines have bought spinning mills, but they have also bought weaving and merchanting firms. Some of the large merchanting and weaving concerns have taken over both merchants and weavers, and English Sewing Cotton has taken over both spinning and weaving concerns. Where the integrations are "vertical," they have more often been forward, towards the customer, than backwards towards the raw material as they might have been if supply had been the problem. Old hands will not forget that in a previous slump Tootal took the lead in going direct to retailers and that much of the company's strength in recent years dates from that bold move.

In one—rather ironic—sense, the industry is now technically strong. While order books are low, so are stocks; and yarn prices are now in line with prices of cheap American cotton. A revival of business should quickly lead to increased output. Such a revival could perhaps come in the next month or two, when buyers for the home trade place orders for the spring. But will recovery, if it comes, peter out, as it did this year, or will it be maintained? The investor would be wise to look farther ahead. Investment in cotton textiles has always required discrimination, and that is even more necessary today. Though the industry as a whole is contracting, there will always be room for the progressive firm, and Lancashire has not a few. The yields offered on their shares are high, as they must be, for the risks in this trade are high.

Share	Year-end	Peak profits‡ (£'000s)	Latest profit (£'000s)	Latest price s. d.	Ord. dividend %	Earnings Yield %	Dividend Yield %
Spinners:							
Lancashire Cotton £1	Oct. 31, '55	6,819	2,804	26 4½	12½	20·7	9·5
Fine Spinners £1	Mar. 31, '56	4,753	1,380	14 3	10	5·2	14·0
Weavers:							
Horrockses Crewdson £1	Aug. 31, '55	1,123	393	31 10½	12½	8·2	7·8
John Grey 10s.	Jan. 28, '56	342	23	4 0	10§	nil	25·0
Ashton Bros. £1	Dec. 31, '55	695	247	18 0	12½	18·2	13·9
Finishers:							
Bleachers 10s.	Mar. 31, '56	1,982	1,506	8 4½	12½	22·6	14·9
Calico Printers £1	June 30, '55	4,449	2,041	32 9	15	14·9	9·2
Vertical Groups:							
Tootal £1	June 30, '56	2,155	400*	21 3	7½	10·2	7·1
Whitworth & Mitchell £1	June 30, '55	407	2	4 4½	nil	nil	nil
Simpson & Godlee £1	Mar. 31, '56	362	153	†	10	21·7†	10·0†

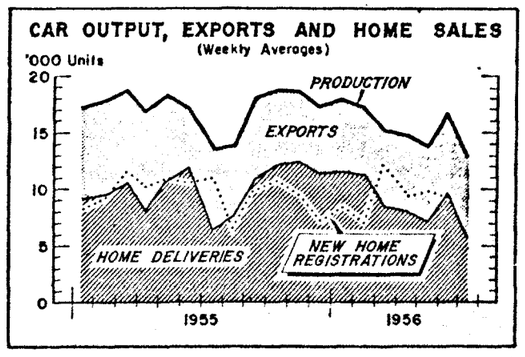
* After depreciation.
† Ordinary shares held privately: yields taken at par.
‡ These gross profits before depreciation were earned in the period 1950–51.
§ Interim dividend since reduced.

Business Notes

Seasonal Dip for Motors?

STRIKES over redundancy may now be past for the British motor industry; redundancy is not. Last week Vauxhall announced that it will be laying off about 1,100 of its 16,000 workers during the current fortnight, and working four- and five-day weeks alternately; Daimler announced dismissals and abandoned the last remaining Lanchester model; and among the industry's suppliers, Wolverhampton Die Casting dismissed men and Garrington's, the country's biggest drop-forging concern, went on a four-day week. In British Motor Corporation factories many departments are working four days a week, some three, though production of its sports cars is still going full time. Standard are still working a four-day week. Ford are working full time and have laid off no men, though total output is no higher than a year ago: Rootes say that they are working full time and increasing output of certain models such as the new Hillman Minx. But most managements in the industry are already resigned to a further significant fall in car output before the end of the year.

During the first seven months of 1956 car output in Britain was about 10 per cent lower than in the same months of 1955; registrations of new cars on the home market were down nearly as much, and exports down rather more, by about 12½ per cent. But compared with the peak of the motor boom at the end of last year, when the industry was turning out nearly 19,000 cars a week, the current rate of production is down by more than 20 per cent. Exports have picked up since their nadir early this year—in July, as in June, they were higher this year than last. But the industry has little hope that they can rise enough in the next few months to offset the seasonal slackening of home sales. This year, therefore, the high rate of output in the late autumn that has characterised motor output in most years since the war may well turn into a seasonal dip.



Capacity to Spare

THE summer peak of car buying is over; with some manufacturers such as Vauxhall already announcing that their basic models will undergo little more than titivating—plus a small price increase—motor dealers are none too hopeful of the usual revival of buying just after the Motor Show. Even in the postwar years of chronic car shortage, customers were reluctant to take delivery in the middle of the winter. And this year dealers are likely to be extra reluctant to carry large stocks. It would take a really powerful gust of optimism this autumn—which neither the Chancellor nor the industry's designers on present form seem likely to stimulate—for sales on the home market not to slip further.

Nor is there much prospect that exports can balance out the seasonally low home sales this winter. In certain years since the war there has been a tendency for exports to the Southern hemisphere to rise in the second half of the year, offsetting a decline in exports to overseas markets in the Northern hemisphere: the latest Australian restrictions are likely to rule that out. But exports as a whole, since 1952, have been markedly smaller in the second half of the year than in the first six months; it has been the fairly high rate of October registrations in Britain and the building of trade stocks to meet the yearly peak of demand just before Easter that has supported high output during the winter months.

Over the year, then, car output may well be 15 per cent down compared with last year. It has also to be compared with a capacity that must be significantly higher, for the major manufacturers, than it was last year; at the end of last year output was close on double the 1951 rate, and the industry's expansion plans postulated a further rise by about 50 per cent by 1960. The industry is probably running at a rate of output quite 25 per cent below what its facilities would now enable it to produce. Hence four- and three-day weeks. These are costly; they have been costly, on and off, for several months for some producers. In an industry that could guess confidently what seasonal pattern it was likely to settle down to in this new buyers' market for everybody, excess capacity, balancing of working hours at certain times of the year, and temporary lay-offs with payments to keep workers sweet might all have their part in production management. This industry, today, has no firm basis yet for any such confident guesses. It has been under-employing a significant proportion of its labour force for some months. Both its managements and its trade unions—which have recently shown themselves clear-headed enough in analysing its problems, though resolutely wrongheaded in suggesting what needs to be done about them—must be aware that more men will have to be sacked before the end of the year.

New Life in Markets

IF one of the objects of British financial policy now is to persuade the banks to buy gilt-edged stocks, it becomes essential that the outlook in the gilt-edged market should at least not be repellent. This week with a broadening volume of business and rising prices that condition seemed at last to be being fulfilled. In the first three days of the week the rise was substantial. The *Financial Times* Government securities index rose from 84.76 on Friday to 85.37 on Wednesday, 3½ per cent War Loan rising ⅞ to 72⅛. The buying was spread well down the list with some concentration on the medium dates. It was thought that some banks had nibbled, though their volume of buying was certainly not heavy. Some institutional money was coming into the market and private investors were at work. Some at least of the £167 million paid out the previous week in redemption of the unconverted portion of the 1954-56 National War Bonds came in for reinvestment. The Government broker was able to sell comfortably without depressing the market and his sales seem to have been chiefly from the medium-dated section of the list.

Persistent but skilful selling from the official holdings does not necessarily depress prices, though obviously it limits any rise. Two other restraints remain—Suez, and the new issue market. The waiting list of would-be borrowers is long and is believed to include New Zealand. The small placing this week of £1 million of 5¼ per cent Stoke-on-Trent stock at 98½ for dealings next Tuesday is a small reminder of many issues to come. It is an 8-year stock redeemable in 1964 to show a gross redemption yield at the placing price of £5 9s. 7d. per cent. Comparison with the previous placing—£750,000 of 5¼ per cent Stockton-on-Tees stock at £98—is instructive. The Stockton stock placed 10s. per cent cheaper but with two years' longer life was placed at a gross redemption yield of £5 10s. 4d. It now stands at £2 premium and though the mortgage market with which this type of issue competes shows slightly firmer rates for 8-year money than for 10-year money, the Stoke loan looks cheap. Obviously some allowance has had to be made for the risks of Suez.

The industrial market has also been moving up, and business was broadening. The number of markings in the first three days of this week was 25,281, compared with 22,489 in the same days of last week. The industrial index in the same period rose 1.2 to 184.5. In oil shares the course has been more erratic but when, as on Tuesday, the New York market sold stock back to London, London was able to absorb it. On balance the two "Canal" shares BP and Burmah declined slightly over the first half of the week, but Shell showed a net rise. The picture as a whole has been of brighter markets than for several weeks, with the investor prepared to take a growing interest, and not always ruled by the movements on Wall Street. But while the winds blew alternately hot and cold about Suez, markets must remain restrained. It was natural that Thursday should have brought a moderate reaction in both gilt-edged and oil shares.

Banks and Gilt-edged

THE first of the statements from the big banks for their mid-August make-up lend just a little support to the hopes current in the City recently of new purchases of gilt-edged by the banks but there has been no general move towards reinvestment. Lloyds Bank, which increased its portfolio by £5.4 million in the first half of July (following a reduction of £17¼ million in June), has since added a further £5.1 million. Williams Deacons shows an increase of £1.4 million and Glyn Mills one of £½ million, but Barclays and Martins, both of which added substantially to their holdings in July (the former by £20 million) show no perceptible further change. The 1954-56 National War Bonds matured on the make-up date, but it is believed that these banks had not carried any substantial holdings of these bonds to maturity. Most of these banks show some decline in their liquidity ratios—Lloyds is down from 33.9 to 32.8 per cent—but the new Exchequer lendings to the nationalised industries had not taken place at the date of the banks' make-up. In sharp contrast to these banks the Midland which was known to be much the largest holder of the maturing war bonds was in no hurry to re-invest in the gilt-edged market. Investments fell by £60 million to £402 million, a decline that must tie up approximately with the bank's holding of the maturing stock. Its Treasury bill holding increased by £84 million to £283 million.

Seasonal Fall in Imports

A SEASONAL fall in the volume and prices of foodstuffs was mainly responsible for the drop in Britain's import bill last month. Compared with the average for the first half of this year, imports fell by £9.3 million to £320.1 million cif, reflecting a drop of £10 million to £112½ million in imports of foodstuffs and of £6 million to £73 million in manufactures, partly offset by a rise of £7 million to £98 million in basic materials. Three-quarters of the decline in imports of manufactures was attributable to iron and steel and non-ferrous metals. Lower prices of copper brought imports of non-ferrous metals down to £16.9 million, one-eighth below the average for the first half of the year. Iron and steel imports, which fell sharply in May and June from the high level of earlier months, dropped a little further in July to £8.5 million, one-fifth below the first half year's average. Imports of steel-making materials, on the other hand, continued to rise. Metal ores and scrap, at £18.4 million, were one-third higher than in the first half of the year; imports of iron ore and manganese ore themselves were 38 per cent higher.

Exports in July (excluding re-exports) amounted to £266.2 million fob. There was little significant change in the main categories. Ships and boats fell to £7.3 million from the exceptionally high totals of May and June. Shipments of cars and chassis recovered further to £11.1 million, 13½ per cent more than in the first half of the year, but shipments of commercial vehicles and chassis fell to £7.6 million, eight per cent below the high average of January to June. Shipments of cotton yarns and fabrics continued to decline; the July total of £7.2 million was four per cent below the January-June average.

Lower prices for foodstuffs and copper brought a further improvement in the terms of trade. The composite index of import prices fell by two points to 103 (1954=100), while the index of export prices remained at 106, higher prices for metals, textiles and "other manufactures" being offset by a fall of one point in engineering products. The ratio of import to export prices moved from 99 to 97, the most advantageous figure for the past year.

First Loans to State Boards

THE first advances made from the Exchequer to the nationalised industries under the new arrangements authorised in the Finance Act were, as expected, disclosed in the Exchequer return for August 18th. Equally as expected, the new advances much exceeded the amount of the first instalments of repayments of accumulated bank indebtedness that were made to the banks last week. These instalments were in the region of £5 million, whereas the Exchequer advances totalled £27.2 million—shown in the returns as comprising £14 million to the Central Electricity Authority, £5 million to the Gas Council, £5 million to the British Transport Commission and £3.2 million to "other nationalised industries, etc." This last category at present includes only the two Scottish electricity boards (£2.2 million for the Northern and £1 million for the Southern), since no advances have yet been made to the two airline corporations. The nationalised coal industry is of course excluded from the new procedure, since its borrowing requirements have always been satisfied from the Exchequer.

It is understood that all seven bodies have elected to repay the advances by equal instalments of principal (rather than equated annuities) over the period of the contracts, most of which have been arranged for 25 years; the airlines are expected to borrow for seven years. The interest rate for new advances (fixed for the life of the contracts) is at present 5½ per cent for 6 to 15 years inclusive and 5¼ per cent for over 15 years.

BEA Consolidates its Profits

EIGHTEEN months ago, British European Airways gained a toe-hold on solvency after an uninterrupted history of operating loss. In the past financial year, 1955-56, that hold has been consolidated into a comfortable margin of profit. The corporation made a net profit of more than £600,000, compared with £63,000 in the previous year; its revenue went up by 26 per cent to £21.6 million and its expenditure by a little under 23 per cent to £21 million. These figures have a special significance at present. Many of BEA's past financial troubles arose because it could not avoid flying aircraft that were unattractive to traffic and expensive to operate. Much of its better fortune is due to re-equipment with new, highly competitive aircraft. Indeed, BEA's results would be even better but for the substantial number of aircraft on its less popular routes that are no longer economic by modern standards and at today's fare levels. Even such a relatively new aircraft as the piston-engined Ambassador is being relegated to routes where BEA does not have to face its stiffest continental competition. Its sister corporation, BOAC, is expected to make a loss during this current year because it is handicapped by equipment problems. BEA's figures show how vital it is that BOAC should be allowed to re-equip with the right aircraft for its routes—and in sufficient numbers.

The need for aircraft that are economic to operate is emphasised by one curious aspect of BEA's results. The corporation regularly filled nearly 70 per cent of its seats

during the year—a proportion so high that it indicates that at times bookings had to be turned away. Yet the average load that the aircraft carried was only 63 per cent of full capacity—in fact—2 per cent less than they were carrying the year before. This odd discrepancy was due to lack of freight to fill the big holds of the Viscounts. BEA made a concerted drive for freight during the year and increased the tonnage by 25 per cent to 18,600 tons, but it could have carried much more. Fortunately the corporation had a margin over the average load of 61.4 per cent that its fleet of 101 aircraft needed to break even. Had operating costs not declined by nearly 3 per cent it might have been difficult to offset this fall in the average load carried.

With 77 new turbo-prop aircraft on order from Vickers-Armstrongs, some due for delivery during the next two months, BEA is already beginning to consider whether these will not have to be supplemented towards 1960 by a fleet of jet aircraft for the longer routes on its network. The shorter routes will be operated to an increasing extent by newer types of Viscounts ; some of these will follow the Air France Viscounts on the Paris route in December. The problem of equipment for the persistently uneconomic Highland services remains.

Seasonal Pressure on Sterling

AUTUMNAL pressure has begun to make itself felt on sterling. It has been weak against most currencies, particularly against the US dollar. In the early dealings this week the rate on New York recovered from $2.78⅝ to $2.78½, but this was due in the main to bear covering, following favourable reports from the London Suez Conference. Once that covering had been completed, the rate again came under the influence of substantial commercial demand for dollars and weakened to around $2.78¼. In contrast to the day-to-day fluctuations in the official rate, the rates for transferable and security sterling have been unusually stable this week.

Sterling has also weakened against Continental currencies. In these markets the German mark, in demand both on commercial and capital account, has remained dominant. The German authorities, despite the chronic strength of their currency, are going out of their way to hold credit extremely tight. As a result, German exporters are repatriating the proceeds of their sales with the minimum of delay and capital movements are still flowing towards Germany partly to earn the high interest rates available there, but also because of the lure of an ultimate appreciation of the mark.

The one rate which has moved in favour of sterling and against the general trend is the Canadian. From $2.72½ at the beginning of this week, the Canadian dollar has weakened to $2.73¼. In terms of US dollars the premium on Canadian dollars has dropped below 2 per cent for the first time in many months. The weakening is due partly to commercial, partly to capital transactions. This is the time of the year when the seasonal Canadian deficit on trade with the United States is at its greatest. In addition, the trend towards higher interest rates in the New York market and the reports of an imminent increase in Federal Reserve rates are beginning to pull a certain amount of US and Canadian short money from the Canadian to the New York market. Another factor pulling in the same direction is the change in

Canadian tax law which has reduced from 95 to 51 per cent the interest in a Canadian subsidiary that a foreign parent concern needs to hold in order to qualifiy for special tax benefits. Many American firms are likely to market in Canada some of the shares in their Canadian subsidiaries. The anticipation of this has already begun to affect the exchange market.

The Radio Show

THE credit squeeze has been discreetly pushed into the background at the Radio Show which opened in London this week. Its effects are clearly marked in the industry's production figures, with television production down nearly 25 per cent in the first half of the year compared with the same period of 1955 and radio production affected nearly as badly. The total of 637,000 television receivers built during the period still represents an output of nearly 100,000 sets a month since the credit restrictions came into force in February, but this is substantially less than the rate to which the industry was geared. The rapid spread of credit sales agreements has softened the blow to retailers whose television sales have dropped by an average of only about 12 per cent. What has hit the industry hardest is the restriction on rental agreements. These had been multiplying at a phenomenal rate up to February and taking a substantial proportion of the industry's output. Now that it has become necessary to ask for nine months' rent in advance, the business in new rentals has come to a standstill.

More strenuous efforts have been made by manufacturers to reduce selling prices than for some years past. The steady growth in the size of television screens partly obscures this, but a third of those sold in the first half of this year cost £50 or less (before tax) compared with only 18 per cent last year. The average retail price of a 14-inch set is the same today, £68 (with tax), as it was 18 months ago in spite of an increase in the rate of purchase tax. The 21-inch sets, which now account for 6 per cent of sales with the balance divided largely between 14-inch and 17-inch sizes, are nearly £40 cheaper, at £110, including tax, than the average price six months ago. This, really, is a sign that the big tubes are in quantity production rather than that the set manufacturers have made special economies. But an optional choice of cheaper types of cabinet can make a difference of £8 to the retail price of a television receiver, and there is a growing tendency to market cut-price sets with fewer than the average number of components for areas not too far from a transmitter.

Transistors and Tapes

THE dimensions of the cathode tube set fairly rigid limits to what designers can do to television receivers, and there is nothing of the same variety of size, shape, performance and even trim that there is in radio sets nor the bewildering variety of experiment that is now possible in the field of sound reproduction. For the first time. radio

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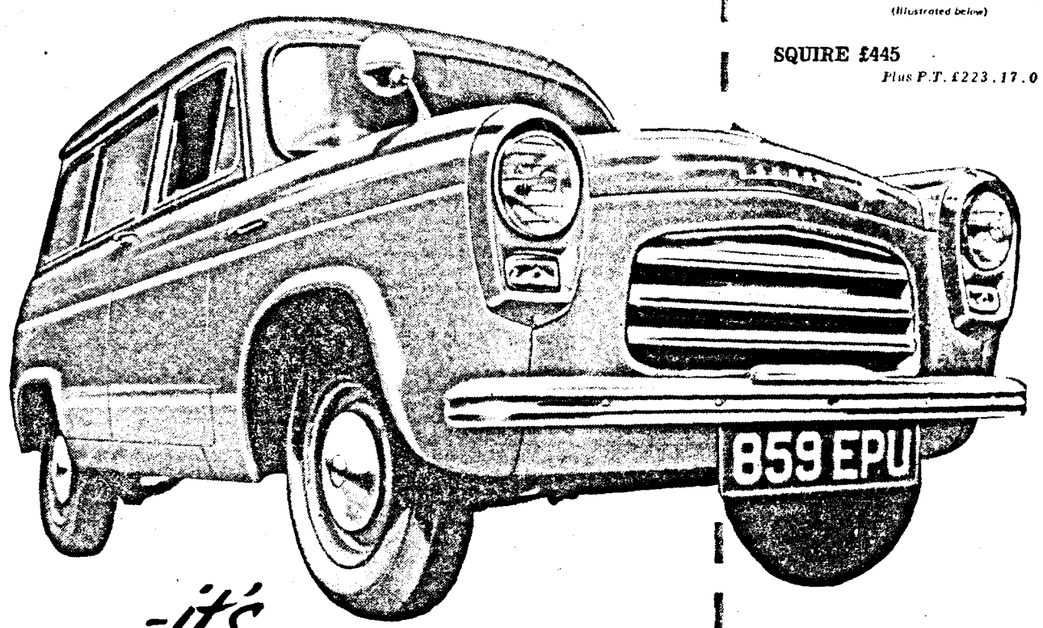

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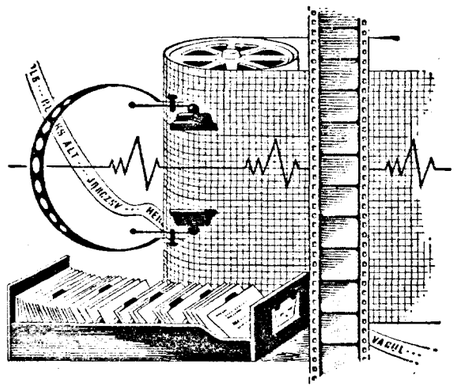

How much information can you use?

Most people, even if they are not closely connected with industry, know what a recording instrument looks like. Like a Seismograph it goes on giving a record line of information about conditions which are generally quite normal. The geologist usually only wants to record the frantic jump in this record line when an earthquake occurs; similarly the man in industry usually only wants to know when the recorded condition is abnormal. For some time Sunvic Controls Ltd. have been developing new means of monitoring this information so that it provides a more easily used record—not of the *normal* conditions about which nobody wants to know, but about the *abnormal* on which action has to be taken. One method is to record this information digitally—or in more simple terms to print it out as with a teleprinter. Alternatively the information can be placed on punch cards so that it can be analysed mechanically.

Sunvic do not pretend that they are the only people in the world thinking about this. But because of their experience in automatic controls and processes they do believe that they have more of the answers than most people. They have them because some of the best brains in industry are working on these problems. And incidentally, Sunvic are anxious to hear from younger men with scientific and technical qualifications who would like to join this Brains Trust.

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manufacturers are dabbling with the use of germanium transistors in place of standard valves. Transistors have been under development for some years, the early type of "point contact" or cat's whisker transistor having given way to the more sturdy and easily produced "junction" transistor; they are steadily increasing in power and performance. But none of the transistor manufacturers, of which Mullard is the largest, would say that the transistor is yet fully developed. It has two advantages over the glass valve: its minute size (which makes it possible to blend a high-powered hearing aid into the ear pieces of a pair of glasses) and its low consumption of power.

It is the second of these characteristics that attracts manufacturers of domestic equipment. In a battery-operated receiver, transistors in place of valves would give a substantial increase in battery life. In mains-operated sets there is no immediate advantage. But transistors are only in limited production and they are much more expensive than valves of the same power. Manufacturers can retail a battery receiver today at less than £13 including tax; if the same set were converted to transistors, the price is nearer £30. The biggest immediate market for transistors is therefore likely to be in large computers that use valves by the thousand, so that heating becomes a distinct problem.

The amount of floor space given over to sound reproducing equipment—gramophones to the non-U—is one of the surprises of the show. More and more exhibitors are showing Hi-Fi tape recorders for enthusiasts to make their own recordings and Pye presents an interesting variation—a recorder that uses a magnetised gramophone disc and not a tape. Being a recorder, this attracts no purchase tax and sells at 36 guineas; it will also play normal records, whereas the tape recorder is confined to tape. It is only a year since EMI pioneered the sale of recordings made on tape, amid much head-shaking, and of reproducing equipment fitted with two physically separate loudspeakers to give three-dimensional sound effects. These stereophonic players are now being taken up by other manufacturers like GEC. They are expensive playthings, retailing at substantially over £200. Those who prefer Lo-Fi will be relieved to find at the Radio Show that electronic engineers are also prepared to design equipment that will give one a toffee if asked politely.

The Building Societies' Reply

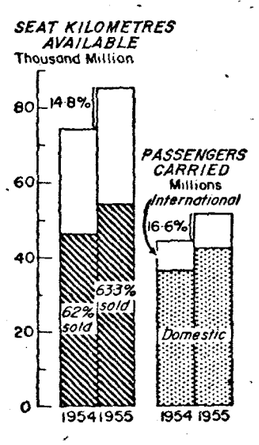
BUILDING societies were charged in the recent controversy between their association and the Halifax Building Society with accepting excessive deposits from limited companies. That is dangerous money to take in quantity and use for long-term lending. It consists of temporary surpluses that will be withdrawn as soon as the company's own business requires it and that often happens to be while money is tight. In the current number of *Building Society Affairs*, the Building Societies' Association has produced its reply. Out of a representative sample covering 45 per cent of all the assets of the building society movement and including big, medium and small societies, investments by companies represented 2.51 per cent of the societies' total resources. That fortieth of the total includes a fair proportion of deposits by insurance companies, which are as steady as any money that the movement takes in and some equally permanent investments by pension funds. Moreover depositors of sums

Airlines in 1955

THE world's major airlines carried nearly 16 per cent more traffic last year; 52 million passengers flew 1,800 million kilometres, and numbers of passengers increased at a faster rate than the mileage flown. The 73 members of the International Air Transport Association together owned a fleet of 2,580 aircraft at the end of 1955, 55 more than in 1954. The left-hand column shows the actual capacity that the airlines offered for sale. It was nearly 15 per cent greater than in 1954 and the proportion actually filled was also higher; on some routes and at peak periods, the airlines were turning away bookings, and the heavy order books of the aircraft manufacturers represents the airlines' attempt to catch up with mounting traffic.

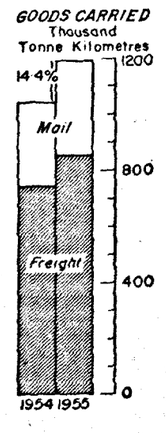
The bulk of this traffic is still carried on the world's domestic routes; international traffic makes up only 18 per cent of the total passengers carried. Moreover, most of this domestic traffic is in North America. In 1954 the leading operator, American Airlines, which does not fly outside the United States, accounted for 12 per cent of the world's traffic; last year it had increased its share to 13 per cent and flew more than 7,000 million passenger kilometres with 7 million passengers. TWA slipped from third to fourth place. Pan-American increased its share of traffic slightly, as did National Airlines and British European Airways (which is doing better against its competitors in Europe than these figures would suggest). The rest lost ground.

The right-hand column shows that the effort to increase freight was beginning to bear fruit, even though the new cargo rates were not introduced until the summer of 1955. Freight traffic went up nearly 15 per cent, which is nearly double its rate of increase last year.



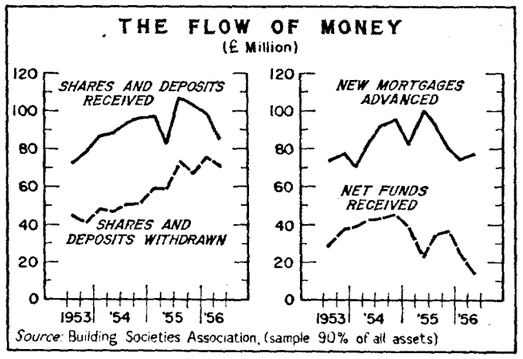
SHARE OF THE 54,000 MILLION PASSENGER KILOMETRES FLOWN BY LEADING AIRLINES

	%
American Airlines	13·0
United Air Lines	11·8
Eastern Air Lines	10·7
Trans-World Airlines	10·4
Pan-American	8·0
Air France	4·1
Northwest Airlines, Delta C & S, BOAC	3·0
Trans-Canada	2·9
KLM	2·8
National Airlines	2·7
BEA	2·1
SAS	2·0
Sabena	1·1
Trans-Australia, Swissair	1·0



exceeding £5,000 are often required to give longer than normal notice. Periods of from six months to two or three years have been stipulated. The Association therefore claims that "there is no substance in the criticisms that have recently been made" and that such a tiny proportion of company money is "well within the capacity of the societies to deal with at any time without embarrassment."

These are trenchant words, but the association has in fact produced just half of a good answer. A 90 per cent sample of the building society movement would have carried conviction, and such a sample is used in the association's regular quarterly statistics. A 45 per cent sample is less conclusive. Moreover a bald average is not quite sufficient. What was the highest proportion of company money among the societies sampled? And what was the lowest? How many societies approximated to the best? And how many



Source: Building Societies Association, (sample 90% of all assets)

to the worst? This should not be the association's last word, for most building societies have nothing to lose by revealing the facts.

On the other matter that interests the public just now—the need for higher interest rates and mortgage charges—the results of the 90 per cent sample (to June 30th) are made available and the conclusion is crystal clear. The movement, as the charts show, was running short of funds and interest had to go up. The amount by which new investments exceeded withdrawals fell from £23 million in the first quarter of this year to under £14 million in the second. Advances at £77 million, compared with about £75 million in the first quarter, but with £100 million a year earlier. There was less money for lending than the public called for. Yet to maintain even that volume the ratio of liquid assets to total assets had been drawn down. It was 13.75 per cent on June 30th compared with 14.24 per cent on March 31st and with 13.91 per cent in June last year.

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GEC's Atomic Effort

TENDERS for the first two Central Electricity Authority atomic power stations are due to be submitted by the end of next month and the GEC-Simon-Carves atomic design group, one of the four concerned, estimates that the total cost of the effort it has so far put into preparatory research and actual designing is of the order of £2 million with expenditure running at about £500,000 a year. GEC had admittedly a good deal of ground to cover, having made a later start than some of its competitors. In an effort to catch up, the company has probably been spending more than any of the other three groups and has set up extensive laboratories. Much of the work done in these is on metallurgical problems and experiments in heat transfer that have a special bearing on plant design. Basic research data is provided from Harwell and much of the practical information is available from the construction of Calder Hall.

This is one case in which British companies are having to meet their entire development costs themselves, whereas their American competitors are getting a fair measure of government assistance. Such expenditure is necessary to buy a foothold in atomic engineering though it promises no immediate return. The four design groups in industry are competing for three atomic power stations, two in southern England and one, to be announced later, in Scotland. Although the CEA's atomic programme is big enough to keep all four groups fully employed for the next decade, this does not dull the almost symbolic importance to these young design teams of winning one of the first two contracts to be awarded for wholly commercial atomic power stations.

Wage-Earning or Salaried?

LAST year the average wage-earner in manufacturing industry received about £444, and the average salaried worker about £654. That annual wage was about 60 per cent higher than the average annual wage in 1948; the average salary had gone up by only about 40 per cent. There is nothing surprising in this estimate that wages have gone up much faster than salaries; but the absolute comparison is perhaps one about which few people would have been prepared to hazard a guess. The estimates come from a new table in the Blue Book on National Income and Expenditure, in which the Government statisticians have set out not only the total annual wage and salary bill for particular industries in the postwar years, but also for the first time estimates of how many people have actually been earning these total wages and salaries. The estimates are based mainly upon postwar censuses of production.

As the table shows, the most striking change that has occurred in manufacturing employment is the sharp increase in the number and proportion of salaried people; these

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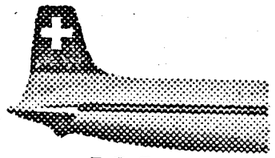

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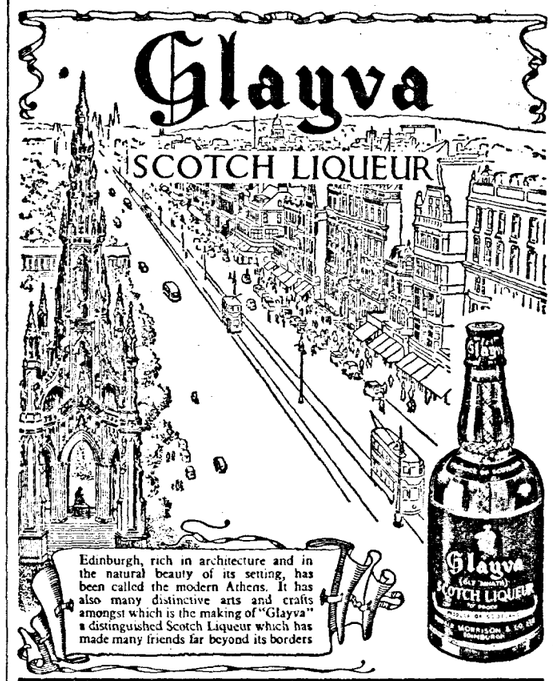

Edinburgh, rich in architecture and in the natural beauty of its setting, has been called the modern Athens. It has also many distinctive arts and crafts amongst which is the making of "Glayva" a distinguished Scotch Liqueur which has made many friends far beyond its borders

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have risen in numbers by a third since 1948, while the number of wage earners has gone up by only a tenth. Broadly, the division is between directors (other than those paid by fee only), managers, superintendents, works foremen, people in research, experimental, technical, design and drawing departments, salesmen and office staff, in the salaried category; and operatives, drivers, security guards and firemen, who constitute manufacturing wage earners.

WAGES AND SALARIES IN MANUFACTURING
W = Wage-earners. S = Salary-earners.

	Numbers Employed Millions		Average Earnings £		Index of Earnings 1948 = 100	
	W	S	W	S	W	S
1948	6·29	1·20	279	470	100	100
1949	6·38	1·25	291	489	104	104
1950	6·51	1·30	304	508	109	108
1951	6·67	1·36	330	546	118	116
1952	6·58	1·42	360	577	129	123
1953	6·64	1·47	383	599	137	127
1954	6·73	1·54	409	621	147	132
1955	6·90	1·59	444	654	159	139

The average wages given in these new figures for manufacturing industries appear to be slightly lower than those that might be deduced from the figures of earnings collected twice a year by the Ministry of Labour, which gave weekly earnings as £9 0s. 4d. in April last year and as £9 5s. 9d. in October; the earnings inquiry, however, is concerned only with workers actually at work during the weeks in question. The increase from 1948 to 1955, shown in these new figures, however, ties up exactly with the increase shown in the Ministry of Labour's figures; both come out to exactly 59 per cent.

New Rules for HP

Six months ago the drastic limitations on hire purchase put the deposit up to 50 per cent for a wide range of articles and brought hiring agreements within the scope of the control. The amended regulations that the Board of Trade introduced this week suggest that the controls must be working efficiently. Six months is long enough for the ingenious to find loopholes, but the changes that are now made are small. The Board of Trade's indices of the volume of hire trading support the impression that the controls are biting. In June, the latest available month, hire purchase debt was being paid off faster than it was being accumulated.

The country's outstanding hire purchase debt is now stated to be "at least £397 million," £53 million (about 12 per cent) lower than at the beginning of the year. Of the new total at least £164 million was owing to finance houses. The big houses that are members of the Finance Houses Association claim £126 million (77 per cent of it). The figures suggest the dominance of the big houses but do not precisely measure it since the Board of Trade's figures do not cover the full range of small outside houses. Hence the words "at least" in the official figures. The index of hire purchase debt has declined without a break from 100 in December, 1955, to 90 in May and to 88 in June, but in June there was no significant further change in retailers' hire purchase business. The household goods shops index was 68 compared with 67 in May and the percentage of their total sales by hire purchase remained steady at 28. The big decline occurred in the articles that are normally financed from finance house to consumer—cars, commercial vehicles, and motor cycles. The number of contracts declined, though the financing per contract rose.

Brushing up its controls the Board of Trade has closed two loopholes in its control of hiring (not of hire purchase) which chiefly affect radio and television. It has been made illegal to evade the regulation requiring the deposit of nine months' rent in advance by the device of shorter agreements and switching similar sets between house and house. Some traders have also exploited the clause that exempted from control hiring agreements where the hirer held the set for less than twelve days in any month by actually leasing sets to one member of a family after another in 12-day stretches. This is now stopped. One other amendment has been made, as a concession to the Federation of British Industries. Where industrial machinery, office equipment, or vehicles are being made for a consumer on a credit sale agreement with progress payments, the necessary deposit and the start of the agreement is the date when delivery is completed, not the date of the first progress payment.

Prospect for Wool

Next Monday the new wool marketing season begins in Australia, to be followed a week later by the South African sales; the first auctions in New Zealand come much later, on October 22nd. How the market will fare concerns more than growers and users: wool is the most valuable single export not only of Australia but of the whole overseas sterling area. The past season finished much better than it began. Prices of merino and fine crossbred wools were much higher than at the beginning of the season in September and higher even than in July last year. Crossbred wools closed a little higher than at the beginning, though they were still below the level of the previous July. The recovery in prices was a boon to Australia, though its wool cheque for the whole season, at £267 million, was still £15 million less than in 1954/55, and that despite an increase of over eight per cent in the quantity sold. This season few traders, even in Bradford, expect the market to weaken at the start. Floods and delays in shearing have held up supplies in Australia. Arrivals of wool in Britain and the Continent have been delayed by the re-routing of some ships round the Cape, and stocks here and in other countries are rather low. Hence there should be no lack of demand at the early sales.

Only a broad guess can yet be made of prospective supplies this season. The Australian clip is expected to be about five per cent larger, and the South African and New Zealand clips should be as large, if not a little larger, than last year. Production in Argentina and Uruguay will not be known for some time, but it is known that those countries will enter the new season carrying practically

no stock. World consumption of wool is still running at a higher rate than a year ago. The Commonwealth Economic Committee estimates that consumption of virgin wool in eleven leading countries in the second quarter was seven per cent higher than in the same quarter of last year; it was three per cent lower than in the first quarter of 1956, but as the second quarter had fewer working days the rate of consumption was the same. But the market will not pay much attention to statistics. There are other questions in traders' minds. Will Japan, which dominated the market for fine wools last season, continue to buy heavily? Will deflation in Britain and other countries affect purchases of wool goods? Will political developments in the Middle East supervene?

Trinidad Petroleum Developments

ANOTHER oil producer in Trinidad may soon change to foreign ownership. The Canadian liquidator of British Controlled Oilfields, which holds half the ordinary capital of Trinidad Petroleum Development is negotiating with Colorado Oil and Gas Company. Two directors of Trinidad Petroleum have flown to New York for discussions with him and a third is already there. Nothing has yet been disclosed of the price though it seems probable that any bid by the Colorado company will be for the whole ordinary capital of Trinidad Petroleum and not merely for the half that is held by British Controlled. It is obviously the duty and the tactics of the directors of the Trinidad company to do their best to see that any offer is laid open to all the ordinary shareholders.

The solid block of two million 5s. stock units (500,000 votes) in Trinidad Petroleum held by the liquidator of British Controlled carries effective day-to-day control of the company. His votes put the majority of the present board into office. Any question of winding up the Trinidad company or of selling the undertaking would give £693,000 of preference capital one vote per pound; then the liquidator's voice might not be decisive, unless the preference shares were first redeemed. The previous board would have resisted, if they could, the sale of BCO's half interest as a block to a single oil group. But it is far too late to cry over spilt milk, if indeed the milk is spilt. Nor is it relevant to shareholders that Trinidad Petroleum's production of crude oil is sold to the Shell group under a long-term contract that has, it is believed, still a few years to run. They can assume that the big British oil groups have had an opportunity of bidding.

There is nothing in the negotiations so far, nor in the outcry that has followed the announcement of them, that would justify the Treasury in applying a veto. But it is relevant to shareholders both of Trinidad Petroleum and of British Controlled that such a deal would need Treasury consent. And in the course of its work the Treasury could look into both the direction in which the company's oil will flow when the present contract is ended and the extent to which the dollars paid will go to Canada. Prices of 49s. 9d. for Trinidad Petroleum ordinary (compared with 36s. not long ago), 2s. 3d. for British Controlled ordinary and 28s. 7½d. for British Controlled $5 Preferred take a good deal for granted. The exact liabilities of British Controlled are not known; the Trinidad Petroleum holding is its only big asset and a price of 50s. would not apparently quite provide the full $5 per share on the British Controlled preferred capital. There was substantial and possibly well informed buying of those preferred shares on Wednesday. It may turn out right for the eventual break-up could well amount to more than the $3.90 which is the Canadian dollar equivalent of the present sterling price of the shares, but it is counting the chickens before the eggs are even laid. At present there is not even a bid. The value of the ordinary is anyhow problematical.

Record Consumption of Cotton

RAW cotton has had a remarkable year. In the season that ended last month world consumption reached a new peak; stocks in the United States rose higher than ever before while stocks in the rest of the world fell to the lowest level on record; and the American government began to subsidise cotton exports. The International Cotton Advisory Committee estimates that world consumption (excluding communist countries) rose by 600,000 bales to 28.2 million; the increase was achieved in the face of a falling market for American-type cotton that discouraged buying in many countries. In the United States, where the market was shielded from that fall, consumption rose by about 400,000 bales to nearly 9.2 million; consumption in Japan was 200,000 bales higher at 2.3 million, while consumption in India and other Asian countries rose by 200,000 bales to 6.4 million. In Britain consumption dropped sharply by 300,000 bales to 1.5 million; in other West European countries as a whole consumption was unchanged at 5.5 million bales.

WORLD* COTTON SUPPLIES
August 1st to July 31st
(Million bales)

	1953/54	1954/55	1955/56
Production	30·3	29·5	30·3
United States	16·4	13·6	14·5
Rest	13·9	15·9	15·8
Consumption	26·9	27·6	28·2
Stocks on July 31st	18·9	20·5	21·9
United States	9·7	11·2	14·5
Rest	9·2	9·3	7·4

Source: International Cotton Advisory Committee.
* Excluding Communist countries.

As the table shows, world production continued to outstrip consumption, thanks to a record yield of 417 lb per acre in the United States. Production there rose by no less than 900,000 bales to 14.5 million despite a sharp reduction in acreage. Though acreage in the rest of the world increased, production fell slightly to 15.8 million bales because the average yield dropped to 165 lb per acre, which was only two-fifths of the American figure. Exports from the United States dropped by more than a third to about 2.2 million bales. For most of the season American export prices were too high and buyers could foresee that cheaper (subsidised) American cotton was on the way. Sales of

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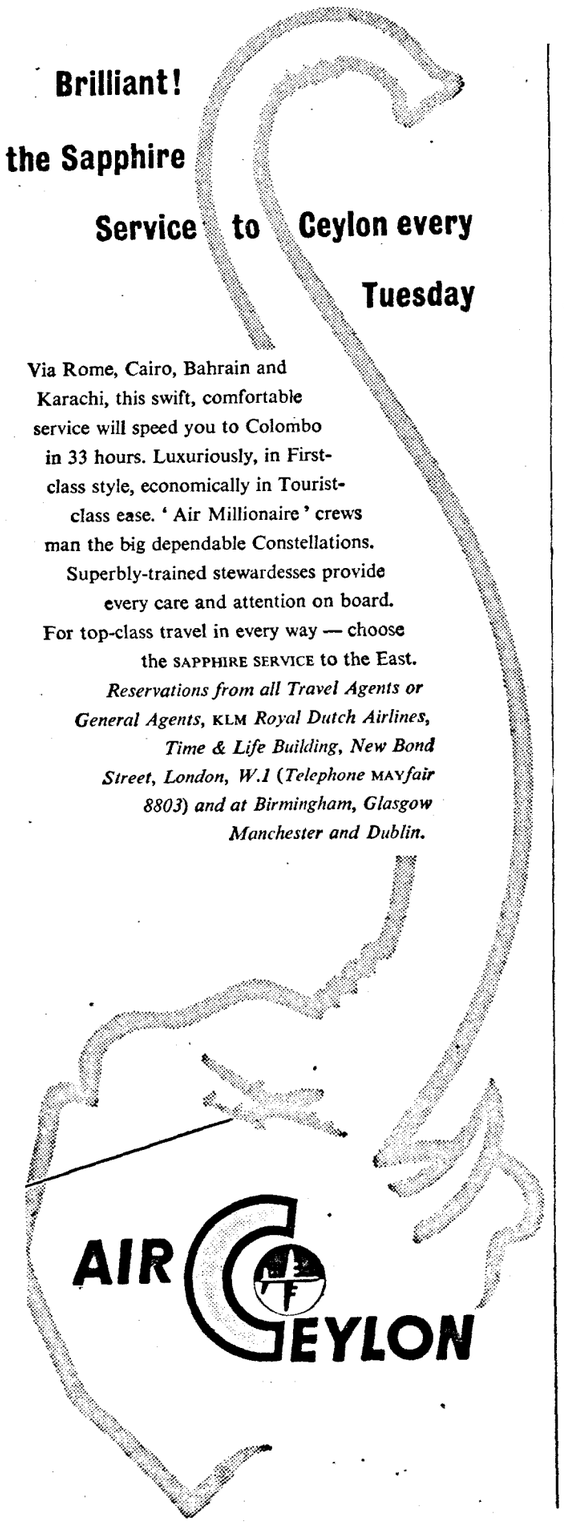

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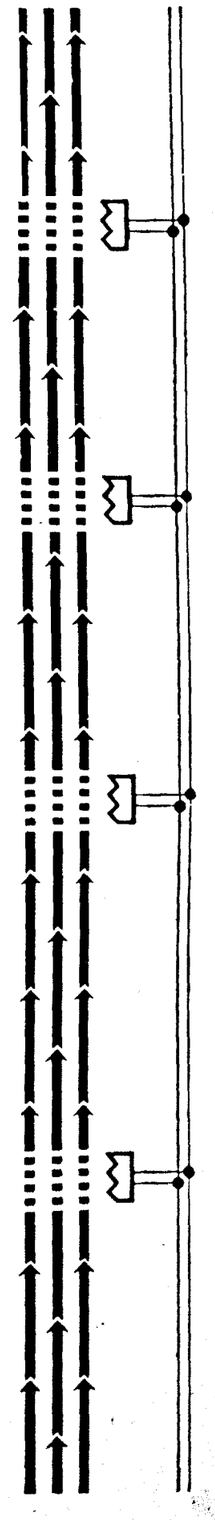


cotton abroad at prices below the domestic level did not begin until January 1st and were limited to one million bales that season. Nearly every other exporting country, in contrast, shipped more cotton than in the previous year.

SHORTER NOTES

The half-yearly figures of Lewis's Investment Trust, the controlling company of the department store group, show little change. In the six months to August 1st the consolidated trading profit was £1,975,258, against £1,953,365, and the net profit £817,646, against £815,187. The revenue of this period accounts for about two-fifths of that of a full year. The interim ordinary dividend is left unchanged at 5 per cent.

★

New orders for machine tools placed in May were lower than in the month before or in May, 1955, though still rather higher than the rate of tool deliveries. The total order book of the industry, therefore, rose slightly during the month to £104.8 million—which at the current rate of output represents about 15 months' work on hand.

The Tube Investments group is to rationalise its bicycle manufacturing interests in the Birmingham area by concentrating them into a large factory at Handsworth that has recently been extended. It has formed a new subsidiary, the British Cycle Corporation, to take over and control the resources of the constituent cycle companies concerned, Hercules, Armstrong, Phillips, Brampton Fittings, and Walton and Brown.

★

Savoy Hotel, once itself the centre of a take-over struggle, has made an offer for the shares of Connaught Hotel. Negotiations between the two companies have been in progress for some time and they will, it is hoped, be completed in the near future.

★

Crittalls has joined Arcon, the group of companies that collaborate in designing, manufacturing and marketing all types of pre-fabricated buildings. The other members are ICI, Stewarts and Lloyds, United Steel, and Taylor Woodrow.

Company Notes

DISTILLERS. The full accounts of Distillers would make more sense to one hundred thousand ordinary shareholders if figures for the divisions of the group, which range from whisky distilling to chemicals and antibiotics, were separately shown. It must be regretted that the board has rejected this suggestion, adhering "to its view that the provision of such information would not serve any useful purpose." Shareholders have thus to be content with Sir Henry Ross's bland disclosure that "the greater proportion of total earnings is attributable to the whisky and gin companies, but, on the other hand, the industrial and general operations are satisfactory and profitable." Sir Henry adds that the increase of £1,503,208 to £19,584,795 in profits after depreciation was derived principally from whisky and gin.

The gin companies are enjoying—the use of the present tense is itself significant—"increased home and export sales." The whisky companies are increasing production, by reconstructing and redesigning their distilleries. Stocks of maturing whisky are being built up; for the industry as a whole they came to 180 million proof gallons on March 31st, and the book value of Distillers' own stocks rose by nearly £4 million. But for the Distillers' group much of the stock has not yet reached the maturity required for blending. The demand for Scotch whisky is still growing and Sir Henry believes that the group's "overseas trade will continue to expand." The group cannot meet all the demands of its distributors in the United States, its largest market for whisky. In Canada, the second largest market, Distillers has a harder fight against the competition of local brands, particularly as the Provincial Liquor Commissions fix a higher "mark-up" on Scotch (forcing the selling price up) than on the Canadian ryes and bourbons. Shipments to Australia have been cut down by the import restrictions, but Distillers has built a bottling plant in Sydney to circumvent the prohibitive duty on imported bottled Scotch. At home, more Scotch is being bought, but supplies are even more restricted than for overseas shipments.

	Years to Mar. 31, 1955	1956
Consolidated earnings:—	£	£
Trading profit	19,676,368	21,475,308
Investment income	431,517	1,018,441
Depreciation	1,594,781	1,890,513
Loan interest	556,995	291,806
Taxation	9,451,347	10,484,301
Net income	*7,873,409*	*9,209,869*
Non-recurring credits	1,029,782	1,982,971
Provisions, etc.	435,841	1,244,398
Reserves and carry forward	4,497,710	5,658,840
Ordinary dividends	3,895,390	4,213,702
Ordinary dividends (per cent)	*16¼*	*17¼*
Cons. balance sheet:—		
Net fixed assets	19,695,800	22,157,009
Trade investments	7,948,291	8,288,373
Net current assets	76,730,419	80,418,637
Stocks	67,437,155	71,729,895
Cash	10,048,327	6,864,187
Loan capital	7,994,000	6,506,225
Future tax	9,624,413	10,187,724
Capital reserves	7,945,867	9,259,834
Revenue reserves	28,801,397	34,013,323
Ordinary capital	41,717,704	41,875,303

6s. 8d. ordinary share at 20s. 1¼d. xd. yields £5 9s. per cent.

On the industrial side of Distillers, the story is also one of expanding sales—in chemicals, plastics and antibiotics. But costs are rising in these industries and markets are competitive, so there has been some contraction in profit margins. The directors hope, however, to secure "beneficial results" by organising Distillers' own sales department for antibiotics, previously marketed through other pharmaceutical companies. Prices in this market, Sir Henry adds, are hardening.

Sir Henry Ross sums up by saying "trading results in the current year are so far encouraging" and that for the year as a whole they should be "satisfactory." Investors may look upon these comments as understatements, but they must also realise that the expansion of Distillers requires considerable capital investment. A sum of about £4 million was spent on buildings and plant in 1955-56, and capital commitments of £2½ million on March 31st suggest that a sum not far short of this figure will be spent this year. Yet the directors could afford to loosen the purse strings, raising the ordinary dividend from 16½ to 17½ per cent. It is not excessively generous, but it will encourage the conversion of the remaining loan stock.

★

THORN ELECTRICAL INDUSTRIES. The 5s. ordinary shares of Thorn Electrical Industries, yielding only 4½ per cent with the price at 17s. 6d. and dividend at 15 per cent, are thought by investors to have growth potentialities. That view is partly based on the company's plans to associate itself with Sylvania Electric Products of the United States in producing cathode ray tubes in this country. Investors are also prepared to accept a low current yield because Thorn Electrical is not simply a radio and television manufacturer. In addition to Ferguson radio and television sets, it is an "independent" producer of electric lamps and it is the largest producer of fluorescent tubes in this country. But, in accepting such a yield, investors are taking a long view which extends beyond the current financial year.

The new year has now run almost five months and the company has just produced its preliminary results for the year to March 31st. The old year was good. Consolidated trading profits rose by about 15 per cent, from £1,501,610 to £1,736,780. Bigger charges for depreciation (up from £280,651 to £381,186) and taxation (up from £520,307 to £594,670) cut into the increase and net profits actually fell from £609,007 to £572,137. But, as the directors promised at the time of the one for two rights issue, the dividend rate has been left unchanged at 15 per cent on the increased capital of £1,603,125.

These results, however, come from a period in which the production of television sets rose by about 20 per cent and that of radio sets remained practically unchanged. Over the last few years it has been the production of television sets which has given an added zip to the profits of companies making electrical consumer goods. Since the fresh batch of hire purchase restrictions in February—and, hence, since the close of Thorn's latest financial year—the production of these sets in the quarter to June 30th fell by about 30 per cent. Currently earned profits from this side of the industry cannot be as buoyant as they were.

★

PINCHIN, JOHNSON AND ASSOCIATES. In its current financial year, now five months old, Pinchin, Johnson and Associates, the biggest manufacturer of paints in the Commonwealth, will be more dependent than before on its overseas subsidiaries. That itself causes no worry, for the chairman, Sir Horace Clarke, says that "reports received to date from abroad indicate that the profits of overseas companies for the current year may increase."

At home, however, he sees the outlook for sales and profits as less rosy. Sales may decline as the group's customers feel the effects of the credit squeeze on their own production schedules. Profits may fall more sharply than sales because costs are still rising. Indeed, because of yet another increase in costs, trading at home in the first quarter of the current trading year yielded Pinchin, Johnson a slightly lower net profit.

For the group as a whole, it seems problematical whether results of the current financial year will be as good as those reported for the year to March 31st last.

	Years to Mar. 31, 1955	1956
Consolidated earnings:—	£	£
Trading profit	2,205,122	2,211,344
Other income	103,590	139,569
Depreciation	298,541	286,211
Taxation	1,077,067	1,092,853
Net profit	*659,313*	*678,572*
Ordinary dividends	373,103	378,034
Ordinary dividends (per cent)	16¼*	16⅝
Retained profits	261,735	274,951
Consolidated balance sheet;—		
Net fixed assets	3,642,397	4,476,079
Trade investments, etc.	1,277,002	1,747,747
Net current assets	7,458,822	6,474,327
Stocks	4,615,670	4,668,355
Net liquid assets	1,643,199	1,424,024
Capital reserves	2,127,970	958,602
Revenue reserves	2,969,957	3,246,320
Ordinary capital	2,629,800	3,944,700

10s. ordinary share at 19s. yields £8 15s. per cent.
* Equivalent rate on capital as increased by 50 per cent free scrip issue.

In that year production, sales and net profit records were again achieved by both the parent company and the group. But gross trading profits remained almost unchanged at just over £2,200,000 because the increase in costs trimmed profit margins. To keep control on its share of a keenly competitive market, Pinchin, Johnson has to invest more on capital account, notably in extending its overseas interests. In 1955-56 the group spent about £800,000 on expansion, most of it being invested in Britain, Canada and Australia; the programme is not complete; outstanding capital commitments on March 31st last were estimated at £565,000. To invest on this scale the group depends upon its own resources. These, thanks in part to an improvement in the rate of stock turnover which has made it possible to economise on working capital, are ample for the task in hand.

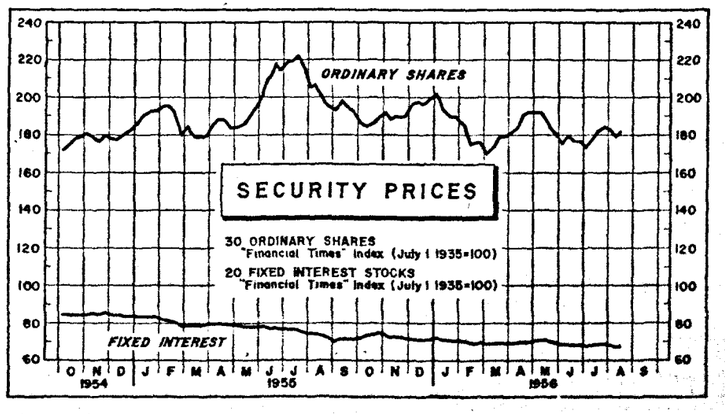
LONDON STOCK EXCHANGE

Next Account begins: September 5th
Next Contango Day: September 5th
Next Settlement Day: August 28th

THERE was a sustained demand for gilt-edged securities in the first half of this week and prices recovered sharply after their recent steady decline. Medium-dated stocks remained firm up to Wednesday, 3 per cent Savings 1955/65 gaining 1⅛ to 85⅛, but longer-dated issues eased slightly on Wednesday, 3 per cent Transport 1978/88 losing ½, but remaining 1½ higher at 69½ on balance. Industrial shares made persistent gains, but dollar stocks receded with the decline on Wall Street.

Banks and discount houses improved and Legal & General Assurance advanced 20s. to 28½. Electrical stocks were generally higher; AEI rose 4s. 6d. to 73s. 6d. and Reyrolle and C. A. Parsons both gained 5s. to 116s. and 96s. 3d. respectively, but GEC lost 1s. to 51s. 6d. Among the stores, Debenhams touched a peak of 41s. 4½d. before receding to 40s. 3d. Imperial Tobacco rose a further 10½d. to 48s. 7½d. and BAT improved to 52s. 6d. xd. Clarke Chapman was outstanding in the engineering section with a rise of 8s. 1½d. to 123s. 1½d. Guest Keen & Nettlefolds rose 1s. 6d. to 48s., British Tabulating 2s. to 47s. 6d. and Steetley 2s. 1½d. to 59s. 4½d. Following the results, Thames Grit jumped 6s. 10½d. on Wednesday to 58s. 1½d. Shipping shares were dominated by a further leap in London & Overseas Freighters from 88s. 6d. to 107s. 6d. and a rise of 3s. on Wednesday in Stanhope to 27s. 6d. on the possibility of operating from Bermuda.

Oils suffered large losses on Tuesday, British Petroleum losing 6s. 10½d., but recovering 3s. 1½d. on Wednesday to 152s. 6d. Kaffirs were firm after weakening on Monday. Central Mining rose 4s. to 53s. 3d. on consideration of the Trinidad oil payment. Buffelsfontein gained 10½d. to 28s. 1½d. and Harmony 1s. 9d. to 27s. 9d. Rhodesia-Katanga remained active in coppers and jumped a further 6s. 3d. to 43s. 9d. On the news of the bauxite discovery Consolidated Zinc rose 4s. 6d. to 57s. 3d.



FINANCIAL TIMES INDICES

1956	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Cons.	Yields: Ord.
			%	%
Aug. 16	183·4	93·25	4·75	5·82
„ 17	183·3	93·47	4·73	5·82
„ 20	183·9	93·60	4·69	5·80
„ 21	184·0	93·74	4·67	5·80
„ 22	184·5	93·81	4·68	5·78
			Total bargains	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956 Aug. 16	8,238
„ Low	169·7 (Mar. 8)	92·85 (Aug. 13)	„ 17 „ 20 „ 21 „ 22	7,484 10,138 7,957 7,184
1955, High	223·9 (July 21)	115·97 (Jan. 7)		
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)		

* July 1, 1935=100. † 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Aug. 22, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 15, 1956	Price, Aug. 22, 1956	Net Yield, Aug. 22, 1956 §	Gross Yield, Aug. 22, 1956
					£ s. d.	£ s. d.
98 16/32	97	Funding 2½% '52-57	98	98	3 2 2	4 11 5 l
95	93	War Loan 3½% '55-59	94	94	3 6 8	4 16 1 l
91	88 16/32	Funding 2½% '56-61	90	90	3 11 10	4 16 3 l
100	99 16/32	Exchequer 5% 1957	100	100	2 6 5	4 18 10
99 16/32	97	Conversion 4% '57-58	97	97	3 5 6	5 3 7 l
97 16/32	95	Serial Funding 2½% 1957	97	97	3 2 8	4 6 6
94 16/32	91	Conv. 2½% 1958-59	94	94	3 10 0	4 9 5 l
92	88 16/32	Exchequer 2% 1960	91	92	3 12 0	4 9 11
95	92	Exchequer 3% 1960	94	94	3 7 8	4 13 11
88	83	Savings Bonds 3% '55-65	83	85	3 12 11	5 0 11 l
82	77	Funding 3% '59-69	78	79	3 16 2	5 6 6 l
92	86	Funding 4% '60-90	87	87	6 5 0	8 5 5 e
81	75	Savings Bonds 3% '60-70	75*	77*	3 17 0	5 6 8 l
98	97	Conversion 4½% 1962	97	98	2 19 11	4 18 10
91	88	Exchequer 3% '62-63	89	90	3 6 7	4 14 6 l
87	83 16/32	Exchequer 2½% '63-64	85	86	3 10 1	4 14 3 l
81	76	Savings Bonds 2½% '64-67	77	79	3 17 3	5 2 6 l
79	72	Savings Bonds 3% '65-75	72	74	3 12 6	5 3 2 l
96	90	Victory 4% '20-76	90	90*	3 6 5	5 2 10
83 16/32	78	Funding 3% '66-68	78	80	3 16 2	5 5 5 l
88	81 16/32	Conv. 3½% 1969	82	83	3 13 3	5 6 4
83	77	Treas. 3½% '77-80	77	78	3 7 3	5 2 8 l
84	76	Treas. 3½% '79-81	76	77	3 7 1	5 2 2 l
72	66	Redemption 3% '86-96	66	68	3 3 2	4 17 7 l
81	74	Funding 3½% 1999-2004	75	76	2 18 9	4 15 5 l
84	76	Consols 4% aft. Feb. '57	77	78 16/32	2 18 7	5 2 0 f
77	69	War L'n 3½% aft. Dec. '52	70	72	2 16 2	4 18 2 f
76	69	Conv 3½% aft. April '61	70	72	2 16 6	4 19 2 f
66	59	Treas. 3% aft. April '66	61	62	2 15 10	4 17 10 f
56	51	Consols 2½%	52	53	2 14 1	4 14 3 f
56	51	Treas. 2½% aft. April '75	52	53	2 14 5	4 15 5 f
98	90	Br. Elec. 4½% '67-69	90	90	3 9 8	5 10 4 l
80	74	Br. Elec. 3% '68-73	74	76	3 14 6	5 5 10 l
79	71	Br. Elec. 3% '74-77	72*	73	3 11 1	5 1 10 l
95	87	Br. Elec. 4½% '74-79	88	87*	3 4 0	5 3 1 l
83 16/32	77	Br. Elec. 3½% '76-79	77	78	3 7 3	5 2 9 l
90	84	Br. Gas 4% '69-72	84	86	3 9 1	5 6 7 l
87	80	Br. Gas 3½% '69-71	80	81	3 11 9	5 5 2 l
73	67	Br. Gas 3% '90-95	67	69	3 2 9	4 16 8 l
80	74	Br. Trans. 3% '68-73	74	76	3 14 6	5 5 10 l
90	83	Br. Trans. 4% '72-77	84	85	3 5 11	5 4 2 l
73	67	Br. Trans. 3% '78-88	68	69	3 6 1	4 19 0 l

Prices, Jan. 1 to Aug. 22, 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Aug. 15, 1956	Price, Aug. 22, 1956	Yield, Aug. 22, 1956
		% %				£ s. d.
85/6	64/-	7 a	8 b Babcock & Wilcox £1	74/3	76/3	3 18 8
13/-	9/4½	3½ a	10½ b Cammell Laird 5/-	10/6	10/6	6 13 4
35/-	25/7½	8 c	3 a Dorman Long £1	27/3	27/3	5 17 5
54/9	40/-	3½ a	8½ b Guest Keen N'fold £1	46/3	48/1½	4 19 10
55/6	41/6	4 a	6 b Metal Box £1	50/-	51/3	3 18 1
75/-	57/10½	12½ b	5 a Stewarts & Lloyds £1	65/6	66/-	5 6 1
48/-	36/9	8 b	4 a Summers (John) £1	37/6	37/6	6 8 0
57/-	46/6	11 b	3 a Swan Hunter £1	54/-*	54/6	5 2 9
49/9	37/6	8½ b	4 a United Steel £1	40/6	40/9	6 2 8
44/3	32/4½	2½ a	7½ b Vickers £1	42/10½	43/7½	4 11 8
			TEXTILES			
24/6	19/10½	6 b	4 a Bradford Dyers £1	21/-	20/9*	9 12 9
23/7½	14/7½	3 a	5 b Brit. Celanese £1	15/-	15/6	10 6 6
25/10½	21/9	2½ a	6½ b Coats (J. & P.) £1	22/3	22/6	7 15 7
44/-	33/3	4 a	6 b Courtaulds £1	35/-	37/-	5 8 1
21/3	14/-	5 a	5 b Fine Spinners £1	14/6	14/3	14 0 8
30/-	22/3	7½ b	5 a Lancs. Cotton £1	26/3	26/6	9 8 8
31/7½	26/-	2½ a	10 b Patons & Baldwins £1	30/-	31/6	7 18 9
			MOTOR & AIRCRAFT			
22/4½	16/3	3½ a	6½ b Bristo. Aeroplane 10/-	19/3	20/3	4 18 9
9/-	5/10½	8½ b	4 a British Motor 5/-	7/-	6/9	9 5 2
44/3	29/3	2½ a	5 b Ford Motor £1	32/6	32/9	4 11 7
47/9½	29/9	12½ b	3 a Hawker Siddeley £1	32/6	32/9	4 11 7
48/3	38/3	10 c	12½ c Leyland Motors £1	46/6	47/6	5 5 3
115/10½	85/6	5 a	12½ b Rolls-Royce £1	107/6	107/6	3 5 1
			SHOPS & STORES			
18/10½	13/10½	6 a	8 b Boots Pure Drug 5/-	14/6	14/6	4 16 7
41/4½	29/-	20 b	7½ a Debenhams 10/-	35/7½	40/3	6 9 5
44/9	32/9	15 a	47½ b Gt. Universal 'A' 5/-	37/6	37/-	8 8 11
57/10½	47/-	17½ a	32½ b Marks & Spen. 'A' 5/-	60/6	61/6	4 1 4
25/6	19/1½	25 a	20 b United Drapery 5/-	20/6	20/9	7 16 7d
64/10½	53/10½	36½ b	20 a Woolworth 5/-	57/3	58/3	4 17 4
			OIL			
183/9	99/-	†5 a	†10 b British Petroleum £1	150/-	151/10½	3 8 8
117/9	63/-	5 a	12½ b Burmah £1	96/3	93/9	3 14 8
£87½	£58½	6 a	14 b Royal Dutch 100 fl.	£77½	£78½	2 8 0
171/-	103/3	†5 a	†13½ b Shell Reg. £1	147/6	149 4½	3 9 11
79/3	31/10½	†21½ c	†5 a Trinidad Oil 5/-	79/3	79/3	...
			SHIPPING			
...	...	...	... Brit. & Com'wealth 10/-	35/-	35/-	4 11 5
35/6	28/6	...	7½ b Cunard £1	21/6	23/-	8 13 11
27/-	20/4½	2½ a	7½ b P. & O. Def. £1	29/6	31/6	5 1 7
			MISCELLANEOUS			
72/10½	45/-	14 c	15 c Assoc. Elect. £1	68/9	72/6	4 2 9
113/9	87/-	5 a	17½ b Assoc. Port. Cem. £1	101/3	105/-	4 5 9
60/9	42/3	7½ a	7½ b Bowater Paper £1	48/9	49/4½	4 11 0
54/9	45/3	4 a	8½ b B.I.C.C. £1	49/-	50/-	5 0 0
81/10½	40/4½	4 a	8 b Brit. Aluminium £1	78/9	77/6	3 1 11
60/-	45/9	†7½ b	†10¾ a Brit. Amer. Tob. 10/-	50/6	52/6*	5 15 11
$69	$56¾	3 b	3 a Canadian Pacific $25	$66	$67	4 2 0
27/10½	24/9	43¾ c	14 ¼ Decca Record 4/-	26/3*	27/6	6 7 4
25/9	17/6	4 a	10 b Dunlop Rubber 10/-	19/-	20/-	7 0 0
66/1½	47/3	8½ b	4 a English Elect. £1	52/6	51/3*	4 17 6
65/6	50/3	4½ a	9½ b General Elect. £1	52/6	52/6	5 6 8
49/10½	41/3	4 a	6 b Imp. Chemical £1	43/9	44/9	6 2 8
62/9	45/-	12½ b	8¼ a Imp. Tobacco £1	47/-*	48/6	8 13 2
$211	$141¾	$2·90c	$3·75c Inter. Nickel n.p.v.	$203	$199¾*	3 7 7
64/6	50/-	7½ a	12½ b London Brick £1	51/3	51 10½	7 14 8
30/3	22/9	6¾ a	15½ b Monsanto Chemicals 5/-	25/-	26/-	5 3
69/1½	55/3	12 b	4¼ a Tate & Lyle £1	62/-	63/-	5 4 9
69/6	54/3	12½ b	6¼ a Tube Investments £1	58/9	60 7½	4 12 4
115/6	95/9	20 b	5 a Turner & Newall £1	103/9	105/-	4 15 3
82/9	61/7½	6 a	9½ b Unilever £1	75/3	76 10½	4 1 11
52/-	34/1½	†5 a	†11½ b United Molasses 10/-	48/9	52/-	5 11 6
40/-	24/6	†2½ a	†7½ b Cons. Tea & Lands £1	25/-	25/-	13 0 0
2/10½	1/9½	5 a	15 b London Asiatic Rbr. 2/-	2 1½	2 1½	18 17 8
61/9	37/6	15 a	30 b United Sua Betong £1	46/3	45 7½	19 14 6
			MINES			
8½	6½	20 a	50 b Anglo-Amer. 10 -	7½	7½	4 11 10
135/7½	94/4½	80 a	120 b De Beers 5/- Def. Reg.	106 3	106 3	9 8 3
96 10½	67/6	...	... Free State Geduld 5/-	90/-	90 7½	Nil
50/6	36/6	12½ b	12½ a Randfontein £1	39/-	38 6	12 19 8
10/12½	8/6	28 c	30 c London Tin 4/-	8 10½	8 9½	13 13 8
46	35	262½ c	75 a Rhokana £1	42½	41½	6 6 7

Prices, 1955 High | Low

Prices, Jan. 1 to Aug. 22, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 15, 1956	Price, Aug. 22, 1956	Yield, Aug. 22, 1956
					£ s. d.
80½	74½	Aust. 3½% '65-69	75½	75½	6 0 10 l
87	72	Ceylon 4% '73-75	77	75	6 6 3 l
88½	82½	N. Zealand 4% '76-78	84½	84½	5 3 10 l
64½	57½	L.C.C. 3% aft. 1920	58*	59	5 1 8
85½	83½	Liverpool 3% '54-64	84	84	5 10 7 l
68½	61	M.Wtr. 'B' 3% '34-2003	62½*	62½	5 4 0 l
97½	92½	Agric. Mort. 5% '59-89	93½	93½	5 8 6 l
117½	102½	German 7% 1924	117½	116½	...
209½	187	German 5½% 1930	209	207	...
225	208	Japan 5% 1907	224	224	...
275½	247½	Japan 5½% Conv. 1930	270	268½	...

(a) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, Jan. 1 to Aug. 22, 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Aug. 15, 1956	Price, Aug. 22, 1956	Yield, Aug. 22, 1956
		% %				£ s. d.
50/-	41/6	7 b	5 a Barclays £1	42/-	43 6	5 10 4
56/10½	50 6	6 b	6 a Lloyds 'A' £5, £1¼ pd.	52/-	53 6	5 12 2
72/4½	61/-	9 b	9 a Midland £1, fully pd.	63/-	64 6	5 11 8
70/-	59 9	9 b	9 a N. Prov. 'B' £5, £1 pd.	61/-	61 6	5 17 1
77/9	66 6	8 b	8 a Westminstr 'B' £4, £1¼ pd.	67 6	69 -	5 15 11
43/6	28/-	3½ b	2½ a Alexanders £1	28 6	29 6	4 4 9
46/-	29 3	5 b	5 a Nat. Disc. 'B' £1	29 6	31 6	6 7 0
50/-	40 6	6½ b	6½ a Union Disc. £1	43 -	46 -	5 8 8
35/9	30 6	4 b	4 a Barc. (D.C.O.) £1	31/-	32 -	5 0 0
41/9	33 6	7½ a	7½ b Chart. Bk. of India £1	38 6	38 6	7 15 10
			INSURANCE			
28½	16½	12½ a	37½ b Leg. & Gen. £1	27½	28½	1 14 11
25½	20	†20 a	†47½ b Pearl £1, fully pd.	22	22	5 6 9
48½	40½	†117½ c	†125 a Prudential 'A' £1	43	43½	4 19 11
			BREWERIES, ETC.			
119/-	106/-	33 b	10 a Bass £1	111 3	111 3	7 12 4
24/10½	19 9	6 a	11½ b Distillers 6 8	20 3	20 3*	5 15 3
45/10½	38 6	25 c	10 a Guinness 10/-	39 4½	39 4½	6 7 0
76/-	67/-	7 a	14 b Whitbread 'A' Ord. £1	68 6	68 6	6 2 8

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (g) On 16%. (h) On 8½%. (i) On 17½% Tax free. (l) To latest date. (u) On 11½%. (v) On 15% Tax free. (w) On 14%.

New York Closing Prices

	Aug. 15	Aug. 22		Aug. 15	Aug. 22		Aug. 15	Aug. 22
	$	$		$	$		$	$
Balt. & Ohio.	50¾	48¾	Am. Smelting	55¾	54	Inter. Paper	136	128½
Can. Pac.	35¾	35¾	Am. Viscose	36¾	35¾	Nat. Distill.	26¼	25¾
N.Y. Cent.	38¾	37¾	Cel. of Am.	15¾	15¾	Sears Roebuck	33¾	32¾
Pennsyl.	23¾	23¾	Chrysler	70¾	67	Shell	95	93
Amer. Tel.	183¾	182	Gen. Elec.	62¾	61¾	Std. Oil of N.J.	58	56¾
Stand. Gas	11¼	11¾	Gen. Motors	47¾	45¾	U.S. Steel	65¼	63¾
United Corp.	6¾	6¾	Goodyear	78¾	77¾	Westinghouse	57¼	56¾
W. Union Tel.	20	19¾	Inter. Nickel	109	105¾	Woolworth	47¼	46¾

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	Aug. 4th	Western Europe: Production and Trade	Aug. 4th
Production and Consumption	Aug. 11th	British Commonwealth	Aug. 11th
Manpower	Aug. 18th	Western Europe: Prices and Money Supply	Aug. 18th
External Trade	This week	United States	This week
Financial Statistics	This week	World Trade	July 14th
Industrial Profits	July 14th		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages 1953	1954	1955	1955 May	June	July	1956 April	May	June	July
VALUE											
Imports:											
Total	£ million	278·6	281·2	324·1	290·3	294·2	338·8	327·4	329·1	339·9	320·1
Food, drink and tobacco	,,	109·6	110·5	120·1	104·6	107·6	118·8	118·3	123·5	127·9	112·4
Basic materials	,,	87·9	85·4	93·8	85·6	79·9	100·8	92·6	92·3	94·6	98·0
Mineral fuels and lubricants	,,	26·1	27·4	34·1	32·7	38·6	34·9	35·5	36·4	37·3	35·8
Manufactures	,,	53·6	56·6	74·8	66·4	67·3	83·1	80·0	76·0	78·8	73·0
Exports of UK produce:											
Total	,,	215·2	222·9	242·1	249·4	157·0	223·0	256·4	283·8	276·1	266·2
Manufactures	,,	174·8	180·9	198·9	207·1	126·0	184·3	215·4	237·5	233·2	224·1
Re-exports	,,	8·8	8·4	9·9	8·3	8·1	7·9	13·7	13·5	12·2	9·8
Balance of trade (exports *less* imports)	,,	− 54·6	− 49·9	− 72·1	− 32·6	−129·1	−107·9	− 57·3	− 31·8	− 51·6	− 44·1
VOLUME											
Imports	1954=100	99	100	112	104[3]	...	114[4]	113	113	113	...
Exports	,,	96	100	107	97[3]	...	107[4]	111	122	118	...
BY AREA											
Imports:											
Dollar area—total	£ million	52·9	51·6	70·2	60·5	60·9	79·0	65·6	65·5	73·2	69·0
,, USA	,,	21·1	23·5	35·1	27·8	26·1	40·6	31·0	33·8	31·2	28·4
,, Canada	,,	25·5	22·7	28·6	26·8	27·7	28·5	25·1	24·9	34·2	31·7
Non-sterling OEEC countries	,,	64·0	68·1	79·6	75·0	78·1	79·8	80·0	80·2	83·4	80·2
Sterling area	,,	125·3	124·8	131·1	119·8	120·2	134·5	136·7	135·2	136·1	123·3
Exports:											
Dollar area—total	,,	33·7	31·3	34·8	35·2	23·2	36·5	42·7	59·4	46·7	46·3
,, USA	,,	14·3	13·3	16·6	14·8	12·5	16·6	19·1	25·5	21·2	21·9
,, Canada	,,	13·4	11·3	12·1	15·2	6·2	15·1	16·6	23·3	17·5	15·4
Non-sterling OEEC countries	,,	62·2	64·7	68·1	69·7	53·6	67·8	73·0	76·0	84·5	74·9
Sterling area	,,	105·8	112·2	120·9	123·0	71·0	102·2	120·4	125·4	121·6	122·6
Balance of trade (exports *less* imports):											
Dollar area	,,	− 19·2	− 20·3	− 35·4	− 25·3	− 37·7	− 42·5	− 22·9	− 6·1	− 26·5	− 22·7
Non-sterling OEEC countries	,,	− 1·8	− 3·4	− 11·5	− 5·3	− 24·5	− 12·0	− 7·0	− 4·2	+ 1·1	− 5·3
Sterling area	,,	− 19·5	− 12·6	− 10·2	+ 3·2	− 49·2	− 32·3	− 16·3	− 9·8	− 14·5	− 0·7
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	335·0	288·6	375·4	365·4	350·3	332·5	464·4	376·5	546·5	502·5
Meat	,,	63·1	56·3	67·1	48·1	39·2	60·5	59·4	65·7	67·3	57·8
Sugar, unrefined	,,	247·4	201·2	186·6	198·3	197·7	228·4	289·2	187·4	186·6	157·1
Raw cotton [1]	,,	27·5	30·8	24·2	25·3	15·4	20·1	27·3	29·9	26·0	30·0
Raw wool, sheep's and lambs' [1]	mn. lb.	63·2	51·6	55·3	60·0	53·6	75·7	65·5	55·1	61·0	58·5
Rubber, natural and synthetic [1]	'000 tons	18·4	20·6	24·6	17·7	18·2	27·0	17·1	10·4	8·2	21·3
Softwood	'000 stds.	119·1	122·0	140·6	104·2	125·9	189·2	58·7	82·7	118·9	150·6
Woodpulp	'000 tons	133·7	159·8	187·0	173·5	177·7	200·3	152·2	163·4	235·1	207·9
Crude petroleum	mn. galls.	558	606	602	578	698	596	663	679	662	664
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,400	1,351	1,196	1,271	903	1,029	767	1,047	872	808
Woven piece-goods—cotton	mn. sq. yds	59	53	46	45	25	42	38	41	38	40
,, ,, wool[2]	'000 sq. yds.	8,710	8,204	8,963	8,643	5,522	9,216	7,965[3]	8,948[3]	9,138[3]	9,783[3]
Passenger cars and chassis	number	25,181	30,487	31,100	33,577	22,920	30,828	28,749	29,752	30,428	32,145
Commercial vehicles and chassis	,,	9,196	10,525	13,121	12,885	8,454	12,347	13,552	14,693	13,376	12,703
Agricultural tractors	,,	7,807	8,908	8,720	10,115	6,449	8,685	8,943	9,337	8,454	7,528
Machinery—electrical	£'000	5,023	4,923	5,163	5,065	2,645	3,683	6,187	5,402	5,598	5,493
,, other	,,	30,145	30,553	34,669	36,700	21,975	32,094	39,285	41,403	40,892	39,275
Chemicals, elements and compounds	,,	3,968	4,214	4,419	5,228	2,535	3,906	4,993	5,107	5,206	4,296

[1] Retained imports. [2] Average for second quarter. [3] Excluding fents from January, 1956. [4] Average for third quarter.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1955 prices
	1947 49 = 100						1948 = 100			1939 = 100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	45·97
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	101	119	229·8	71·86	71·65
1955	110·7	89·6	114·5	110·9	103·7	120·0	119	102	117	304·6	76·52	76·52
1956, March	112·8	86·6	114·7	109·0	104·8	120·7	123	108	114	350·9	78·78	78·62
„ April	113·6	88·0	114·9	109·6	104·8	120·8	123	108	114	355·4	78·99	78·75
„ May	114·4	90·9	115·4	111·0	104·8	120·9	...	...	...	347·0	79·00	78·37
„ June	114·2	91·2	116·2	113·2	104·8	121·4	...	...	...	341·4	79·00	77·85
„ July	114·0	90·1	...	...	...	...	...	...	...	359·4	78·60	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civilian employment [1]		
			Durable goods			Non-durable goods			New construction			
	Seasonally adjusted annual rate		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	Seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947–49 = 100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	54	47	66	80	49	8·2	55,230	45,750	17·2
1954	360·7	125	137	108	175	116	100	142	37·8	64,468	61,238	5·0
1955	390·9	139	155	140	203	126	109	159	43·0	65,847	63,193	4·0
1956, March	403·4 [2]	141	156	145	197	127	107	166	43·0	65,913	63,078	4·3
„ April	} 408·3	143	159	145	194	129	108	167	43·9	66,555	63,990	3·9
„ May		141	157	141	187	128	107	169	44·2	67,846	65,238	3·8
„ June		141	157	135	191	128	106	168	44·1	69,430	66,503	4·2
„ July	...	136	149	72	191	127	106	165	44·4	69,489	66,655	4·1

TRADE

	Personal consumption Annual rates	All business [3]		Total retail [3]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1948 = 100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	120	119
1955	254·0	51·7	82·2	15·5	23·9	944	237	231	1,279	782	134	120
1956, February	} 261·7 [4]	52·9	83·6	15·3	24·2	1,034	262	246	1 341	829	143	120
„ March		53·1	83·8	15·7	23·8	1,071	264	240	1,562	956	148	141
„ April		53·2	84·5	15·5	23·9	977	245	237	1,494	900	135	135
„ May	} 263·7	54·4	85·1	15·9	23·9	1,079	...	...	1,686	1,014	...	...
„ June		54·3	85·6	16·0	23·8	1,027	...	...	1,673	...	...	...
„ July	...	...	...	16·0	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics [5]		Budget expenditure [6]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion, seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1954	287·3	201·8	12·5	30·13	22·47	85·3	70·6	67·8	— 3·1	0·953	2·52	2·90
1955	306·1	217·4	11·7	36·23	27·90	78·3	82·6	64·6	— 4·2	1·753	2·80	3·06
1956, February	317·1	226·1	12·0	35·27	27·78	75·8	82·5	5·0	+ 1·2	2·372	2·82	3·08
„ March	318·6	227·5	11·2	35·54	27·96	75·2	84·7	5·4	+ 5·9	2·310	2·90	3·10
„ April	321·7	230·1	11·3	35·96	28·26	74·7	85·3	5·4	— 1·3	2·615	3·05	3·24
„ May	322·8	230·4	11·5	36·57	28·59	73·6	86·0	5·5	— 0·4	2·650	2·94	3·28
„ June	324·2	231·7	11·1	37·09	28·89	72·8	87·7	6·8	+ 4·8	2·527	2·89	3·27
„ July	...	...	...	...	...	...	...	...	...	2·334	2·97	3·28

[1] 1939 figures calculated on the basis of a smaller sample. [2] 1939 figures not strictly comparable with rest of series; stocks are at end of period. [3] All commercial banks. [4] Annual figures are totals for the fiscal year ended June 30th. [5] Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended August 18th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £80,858,000 compared with a surplus of £32,260,000 in the previous week and a deficit of £58,006,000 in the corresponding period of last year. "Below-line" expenditure "below-line" last week reached £36,122,000, bringing the total deficit to £325,884,000 (£363,119,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Aug. 20, 1955	April 1, 1956 to Aug. 18, 1956	Week ended Aug. 20, 1955	Week ended Aug. 18, 1956
Ord. Revenue					
Income Tax	2085,500	386,351	434,475	23,237	25,319
Profits Tax	144,000	25,000	29,900	700	900
Death Duties	170,000	73,400	66,800	4,000	3,500
Stamps	58,900	28,600	23,200	800	700
Profits Tax, EPT	216,750	69,700	68,700	4,900	4,800
Excess Profits Levy	4,000	11,600	2,400	100	...
Special Contribution and other Inland Revenue	1,000	200	160	...	...
Total Inland Rev.	2680,150	594,851	625,635	33,737	35,219
Customs	1204,000	434,424	441,552	22,368	21,374
Excise	953,350	328,430	355,425	17,290	20,070
Total Customs and Excise	2157,350	762,854	796,977	39,658	41,444
Motor Duties	92,000	16,466	17,914	...	...
Miscl. (Net Receipts)	...	5,760	2,500	3,550	2,500
Broadcast Licences	28,000	5,300	6,200	...	...
Sundry Loans	30,000	13,660	15,639	1,903	74
Miscellaneous	200,000	29,223	30,245	234	655
Total	5187,500	1428,114	1495,110	79,082	79,892
Ord. Expenditure					
Net Interest	670,000	242 180	272,365	49.878	64.140
Payments to N. Ireland					
and Exchequer	61,000	19,601	21,961	...	...
Other Cons. Fund	10,000	5,130	4,507	159	40
Supply Services	3941,918	1282,583	1381,120	76,460	95,800
Total	4682,918	1549,495	1679,952	126437	159980
Sinking Funds	37,000	11,115	10,957	650	770
Above-line" Surplus or Deficit	—	132,496	195,799	48,006	80,858
Below-line" Net Expenditure	—	230,623	130,085	+ 23,767	30,122
Total Surplus or Deficit	—	363,119	325,884	24,239	110980
Net Receipts from:					
Tax Reserve Certificates		40,221	101,245	— 2169	— 568
Savings Certificates		12,600	— 3,700	600	11,300
Defence Bonds		— 100	— 21,749	— 456	956

FLOATING DEBT

(£ million)

Date	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Depts.	Bank of England	
1955					
Aug. 20	3,320·0	2,027·8	257·8	...	5,605·6
1956					
May 19	3,220·0	1,435·1	277·8	...	4,932·9
„ 26	3,220·0	1,446·4	277·4	...	4,943·8
June 2	3,240·0	1,439·6	243·0	...	4,922·6
„ 9	3,260·0	1,472·4	244·0	0·8	4,977·1
„ 16	3,280·0	1,216·0	240·6	...	4,736·6
„ 23	3,280·0	1,193·6	279·7	...	4,753·3
„ 30	3,270·0	1,237·7	268·5	5·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,161·2	231·9	...	4,783·0
„ 18	3,420·0	1,355·6	262·4	0·8	5,038·7

THE MONEY MARKET

THE surplus of funds in Lombard Street produced by the maturity of the unconverted War Bonds last week dried up at the weekend, and through the first three days of this week credit was short. The Bank on each day gave special help through purchases of bills, which on Tuesday were very large, but nonetheless the market was forced to take loans at the penal rate. On Monday four or five houses were involved for a small amount, and on Tuesday one or two for a trifling amount. The stringency enabled some banks to raise their buying rates for November maturities to 4⅛ per cent.

Applications for the unchanged total of £280 million of Treasury bills on offer at the tender on Friday last fell by £16.5 million to £393.4 million, and although the discount market raised its bid by 1d. to £98 15s. 0d. per cent (equivalent to a fall in the discount rate to just 5 per cent), its allotment remained at 62 per cent of its application. Outside tenderers appear to have raised their bids by rather more than the market, as the average rate of discount fell by 5½d. to £5 0s. 0.43d. per cent.

The Treasury bill rate in New York rose further this week, from £2.603 per cent to £2.818 per cent.

The Bank return shows a further post-holiday reflux of notes of £26.6 million, permitting a reduction in the fiduciary issue of £50 million to £1,950 million.

LONDON MONEY RATES

	%		%
Bank rate (from 16/2/56)	4½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅛
Banks	3½	3 months	5⅛
Discount houses	3½*	4 months	5⅛–5⅜
		6 months	5⅜
Money Day-to-day	4–5½		
Short periods	4½	Fine trade bills:	
Treas. bills 2 months	4⅜	3 months	6–6½
3 months	5⅛	4 months	6–6½
		6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Aug. 24 1955	Aug. 15, 1956	Aug. 22, 1956
*Issue Department**			
Notes in circulation	1,788·9	1,951·0	1,924·4
Notes in banking dept.	36·4	49·4	26·0
Govt. debt and securities*	1,821·2	1,996·2	1,946·2
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	11·7	30·3	13·1
Treasury special account	2·7	...	...
Bankers	233·0	216·2	220·0
Others	68·4	73·5	70·5
Total	315·8	320·0	303·6
Securities:			
Government	249·2	247·7	258·1
Discounts and advances	30·2	22·4	19·0
Other	16·1	17·0	17·0
Total	295·5	287·1	294·1
Banking department reserve	58·8	51·3	27·9
	%	%	%
"Proportion"	12·2	16·0	9·1

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,950 million from £2,600 million on August 22, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million)			Three Months' Bills	
	Offered	Applied for	Allotted	Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Aug. 19	270·0	380·1	270·0	80 1·28	62
1956					
May 18	250·0	393·0	250·0	99 0·60	47
„ 25	240·0	373·2	240·0	99 1·15	52
June 1	260·0	381·4	260·0	100 3·45	53
„ 8	260·0	413·8	260·0	100 4·90	43
„ 15	240·0	396·0	240·0	100 4·20	41
„ 22	260·0	358·7	260·0	101 8·17	62
„ 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	452·4	280·0	101 1·84	61
„ 13	280·0	433·9	270·0	99 9·87	61
„ 20	270·0	418·4	270·0	100 3·92	50
„ 27	260·0	381·0	260·0	99 6·39	73
Aug. 3	270·0	399·1	270·0	100 3·79	57
„ 10	280·0	409·9	280·0	100 5·84	62
„ 17	280·0	393·4	280·0	100 0·43	62

* On August 17th tenders for 91 day bills at £98 15s. 0d. secured 62 per cent, higher tenders being allotted in full. The offering yesterday was for £270 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	August 22	August 16	August 17	August 18	August 20	August 21	August 22
United States $	2·78–2·82	2·78 7/16–2·78 9/16	2·78 7/16–2·78 9/16	2·78 7/16–2·78 9/16	2·78 7/16–2·78 9/16	2·78 7/16–2·78 9/16	2·78 7/16–2·78 9/16
Canadian $	...	2·72 1/16–2·72 3/16	2·72 1/16–2·72 3/16	2·72 1/16–2·72 3/16	2·72 1/16–2·72 3/16	2·72 1/16–2·72 3/16	2·73 2·73 3/16
French Fr.	972·65–987·35	981 1/2–982	981–981 1/4	980 1/4–980 1/4	981–981 1/4	980 1/4–980 1/4	980 1/4–980 1/4
Swiss Fr.	12·15 7/16–12·33 9/16	12·17 1/2–12·18	12·17 1/2–12·17 3/4	12·17 1/2–12·17 3/4	12·17 1/2–12·17 3/4	12·17 1/2–12·17 3/4	12·17 1/2–12·17 3/4
Belgian Fr.	138·95–141·05	139·20–139·25	139·10–139·15	139·05–139·10	139·10–139·15	139·02 1/2–139·07 1/2	139·00–139·05
Dutch Gld.	10·56–10·72	10·64 1/2–10·64 3/4	10·64 1/2–10·64 3/4	10·64–10·64 1/4	10·64 1/2–10·64 3/4	10·64–10·64 1/2	10·63 3/4–10·64 1/4
W. Ger. D.Mk.	11·67 3/4–11·84 1/4	11·69 1/4–11·70	11·69 1/4–11·69 3/4	11·68 1/4–11·68 3/4	11·68–11·68 1/2	11·68 1/4–11·68 3/4	11·67 3/4–11·67 1/2
Portuguese Esc.	79·90–81·10	80·05–80·35	80·05–80·20	80·05–80·20	80·05–80·20	80·05–80·20	80·05–80·20
Italian Lire	1736 1/4–1762 1/2	1746–1747	1743 1/4–1744 1/4	1742–1743	1742 1/4–1743 1/2	1740–1741	1739–1740
Swedish Kr.	14·37 1/4–14·59 1/2	14·40 1/4–14·40 3/4	14·40 1/4–14·40 3/4	14·39 1/4–14·40 1/4	14·40 1/4–14·40 3/4	14·40 1/4–14·40 3/4	14·40 1/4–14·40 3/4
Danish Kr.	19·19 1/2–19·48 1/2	19·35 1/4–19·35 3/4	19·35 1/4–19·35 3/4	19·35 1/4–19·35 3/4	19·34 1/4–19·35 1/4	19·34 1/4–19·35	19·34 1/4–19·34 3/4
Norwegian Kr.	19·85–20·15	19·98 1/4–19·99 1/4	19·98 1/4–19·99	19·98 1/4–19·99	19·98 1/4–19·99	19·98 1/4–19·99	19·98 1/4–19·99
One Month Forward Rates							
United States $		1/4–1/2 c. pm	1/4–1/2 c. pm	1/4–1/2 c. pm	1/4–1/2 c. pm	1/4–1/2 c. pm	1/4–1/2 c. pm
Canadian $		1/16–1/8 c. pm	1/16–1/8 c. pm	1/16–1/8 c. pm	1/16–1/8 c. pm	1/16–1/8 c. pm	1/16–1/8 c. pm
French Fr.		2–5 dis	2–5 dis	2–5 dis	2–5 dis	2–5 dis	2–5 dis
Swiss Fr.		3 1/4–2 1/2 c. pm	3–2 1/4 c. pm	3–2 1/4 c. pm	2 3/4–2 1/4 c. pm	2 3/4–2 1/4 c. pm	2 1/4–2 c. pm
Belgian Fr.		1/4–1/8 pm	1/4–1/8 pm	1/4–1/8 pm	1/4–1/8 pm	1/4–1/8 pm	1/4–1/8 pm
Dutch Gld.		2 1/4–2 c. pm	2 1/4–2 c. pm	2 1/4–2 c. pm	2 1/4–2 c. pm	2 1/4–2 c. pm	2 1/4–2 c. pm
W. Ger. D.Mk.		3 1/4–2 1/2 pf. pm	3–2 1/4 pf. pm	3–2 1/4 pf. pm	3–2 1/4 pf. pm	3–2 1/4 pf. pm	2 3/4–2 1/4 pf. pm
Italian Lire		2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–par	2 pm–1 dis
Swedish Kr.		1/2 pm–par	1/2 pm–par	1/2 pm–par	1/2 pm–par	1/2 pm–par	1/2 pm–par
Danish Kr.		5–2 1/2 pm	5–2 1/2 pm	5–2 1/2 pm	5–2 1/2 pm	5–2 1/2 pm	5–2 1/2 pm
Norwegian Kr.		2 1/2 pm–par	2 1/2 pm–par	2 1/2 pm–par	2 1/2 pm–par	2 1/2 pm–par	2 1/2 pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/6 1/2	251/6 1/2	...	251/5 1/2	251/3 1/2	251/5 1/2

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COMPANY MEETINGS

THE DISTILLERS COMPANY LIMITED

ALL DIVISIONS CONTRIBUTE TO IMPROVED TRADING RESULTS

POSITION IN WHISKY INDUSTRY FULLY MAINTAINED

INDUSTRIAL GROUP'S SATISFACTORY PROGRESS

SIR HENRY J. ROSS ON POLICY OF HIGH QUALITY

The Seventy-ninth Annual General Meeting of the Distillers Company Limited will be held in the North British Hotel, Edinburgh, on Friday, September 14, 1956, at 12.30 p.m. The following is the statement by the Chairman, Sir Henry J. Ross, which has been circulated with the Report and Accounts for the year ended March 31, 1956:

There have been no changes in the Directorate since my last statement, but I have to report the retirement from executive duties of Mr Walter Walker, the Managing Director of White Horse Distillers Limited, who had the distinction of 50 years of service with that Company. His knowledge and wide experience have been of great value to us, and he will remain on the Board of this Company in a consultative capacity for a further three years.

As you will note from the Accounts, the trading profit, after depreciation, for the year to March 31, 1956, is £19,584,795, which is an improvement on last year of £1,503,208, and confirms the indication given when the interim dividend was declared. The year's trading throughout the Group has been active, and these satisfactory results reflect the contributions of all our various divisions, although the increased profit this year has been derived principally from our Scotch Whisky and Gin interests, to which I will refer in greater detail later. At this point, however, I would say that your Board, having given careful consideration to the question of publication of separate figures for the profits earned in the various sections of the Company's business, adheres to its view that the provision of such information would not serve any useful purpose. As a general comment, I may say that the greater proportion of our total earnings is attributable to the Whisky and Gin Companies, but on the other hand, our industrial and general operations are satisfactory and profitable. Many of our new industrial developments and extensions have only been installed during recent years, and I am satisfied that, conforming as they do to a logical pattern of industrial development in the United Kingdom and overseas, they should contribute steadily improved results in the future.

TRADE INVESTMENTS

In addition to the higher trading profit, we obtained a larger income from our trade investments, dividends amounting to £1,018,441 against £431,517 in the previous year. Here the increase was derived from our investment in British Hydrocarbon Chemicals Limited, from which a dividend of £750,000 was received, compared with £125,000 last year. I shall comment on the progress of this Company at a later stage.

After deducting interest on loans, the profit from all sources is £20,311,430, out of which we have to provide £10,484,301 for taxation. Deducting the proportion of the balance attributable to minority interests in Subsidiary Companies, £617,260, the net profit of the Company is £9,209,869, compared with £7,873,409 for the previous year.

You will observe that there is a substantial credit of £1,706,382 "below the line" for taxation adjustments in respect of earlier years. I am glad to report that the Group's position in relation to the Excess Profits Tax imposed during the war has now been agreed, and this credit is mainly due to settlement of our claim for deferred repairs and renewals. I should perhaps mention that it has also been agreed with the Inland Revenue that the Group is not liable to the Excess Profits Levy which operated during some of the postwar years.

Your Directors have decided to write down certain investments in Subsidiaries and Trade Investments After applying £1,121,017 in this way, and dealing with one or two minor matters, the amount available for appropriation is £9,948,442, compared with £8,467,350 last year.

BALANCE SHEET FEATURES

Turning to the Consolidated Balance Sheet, you will observe that during the year we expended approximately £4 million on new buildings and plant. On the Scotch Whisky side of our business, this reflects the provision of additional distilling capacity and warehouse accommodation, as well as part of the cost of building new premises for one of our major blending subsidiaries. We have also been engaged on the erection of new premises for one of our principal Gin companies. On the Industrial side, the main capital expenditure has been incurred by our Plastics Division, where, as reported last year, a large extension has been made to the plant for the manufacture of "Geon" polyvinyl chloride and a plant has been erected for the manufacture of "Styron" polystyrene.

Although the Balance Sheet figure for Trade Investments is much the same as last year, there have been a number of fairly substantial changes. We have increased our shareholding in BX Plastics Limited by £500,000, by capitalising an existing loan of that amount, and have made a contribution of a similar amount to Murgatroyd's Salt & Chemical Company Limited, to wipe out losses existing at the date of acquisition. Our partners in both these enterprises have acted similarly. On the other hand, we have disposed of our interest in the Canadian Whiskey concern, Montmorency Distillery Limited.

Under current assets you will note that the value of Stocks has again risen by some £4 million, mainly through the augmentation of our stocks of maturing Scotch Whisky. There is also an increase of £2 million in Debtors, and as a result of all these additional forms of investment, our cash resources are again somewhat lower, aggregating some £7 million.

There is no significant change in current liabilities. Our long-term debt has been reduced by the repayment of the outstanding £1 million of 3½ per cent Unsecured Loan and the conversion into Ordinary Shares of £437,775 of the 5 per cent Unsecured Loan Stock.

The remaining items in the Consolidated Balance Sheet are, I think, adequately covered by the notes to the Accounts, as is the Balance Sheet of the Distillers Company itself.

DIVIDEND DECISION

As mentioned above, the amount available for appropriation is £9,948,442, of which the Subsidiaries have retained £2,803,171, leaving £7,145,271 at the disposal of your Board. In considering how this sum should be dealt with, we have had due regard to the serious difficulties which beset industry in general today. In the inflationary conditions which have marked the postwar years, it has been essential to retain a portion of profits purely to maintain our real working capital despite the depreciating currency. At the present time, having regard to the financial restrictions imposed on industry, we must also endeavour to augment our resources by such sums as we consider necessary for the essential development of the business. The burden of taxation which has to be borne makes it extremely difficult for Companies such as ours to deal with these problems.

Notwithstanding all these factors, your Directors feel that, in view of these improved results, a moderate increase should be made in the dividend paid to our Ordinary Shareholders, of whom we now have about 100,000. They therefore recommend that the final dividend on the Ordinary Capital should be at the rate of nine and one-fifth pence per share, which, with the interim already paid, makes one shilling and twopence per share for the year, equivalent to 17½ per cent, compared with 16⅔ per cent last year. Of the remainder, the Board has transferred £2,697,500 to augment the General Reserve of the Company, leaving £158,169 to be added to the amount brought forward from the previous account.

SCOTCH WHISKY

Although our Malt distilleries were scheduled to operate at full capacity, production was unfortunately somewhat curtailed by shortage of water, due to the abnormally low rainfall. The opening of the Malt Whisky distilling season was accordingly delayed and, for the same reason, production had again to be reduced at certain distilleries in May and June of the current year. On the other hand, our Grain distilleries were able to operate normally, so that over all it may be said that production was reasonably satisfactory.

In the year under review, our production side was strengthened by the re-opening of Imperial Distillery on Speyside. This distillery, which had not operated since 1925, came into production again in December last. Completely re-designed under the supervision of our own architects and engineers, it includes the latest equipment without departing in any way from the traditional processes for the production of Malt Whisky. Although the Whisky now produced at this distillery will not be ready for use in our blends for some years, I am confident its quality will prove to be of a high standard.

Extensive reconstruction continues to be carried out at a number of our other distilleries, with the object of bringing them to the highest state of efficiency. Substantial sums have also had to be provided to cover the cost of new bonded warehouses to accommodate our increasing stocks. At the same time we are engaged in an extensive programme for the construction of new houses and the modernisation of existing ones at our distilleries throughout Scotland.

The total stocks of maturing Whisky held by the industry as at March 31, 1956, were 180 million proof gallons. This is approximately 30 million proof gallons more than the quantity held in 1939, and constitutes a record. The war years with their virtual cessation of distilling, followed by limited production for some time afterwards, reduced those stocks to 82 million proof gallons. It might be thought that the current stock position illustrated by the above figures would be sufficient to meet all demands for Scotch Whisky, but, so far as we are concerned, a great proportion has not yet reached the maturity which we require of the Whiskies used in our blends.

Our improving inventory has, however, enabled us to expand our sales, and in this achievement, your Company has fully maintained its position in the industry. The increase by the trade as a whole of some 12 per cent over the preceding year is not only a tribute to the quality and acceptance of Scotch Whisky as an international beverage, but carries with it encouraging promise for the future.

The United States of America continues to be our largest market, and there is no sign of any diminution of demand. Indeed, we are still unable to meet the needs of our distributors. Although this presents difficulties, your Board is confident that their policy of maintaining the quality of our brands is wise and will be amply justified by results. Scotch Whisky is, in fact, one of the greatest dollar earners of the United Kingdom. I am sure the industry as a whole may be depended upon energetically to pursue all means to further progress, but it would welcome a more realistic and practical response by HM Government to some of its problems.

EXPORT TRADE

While dealing with the United States, I think it is right for me to tell shareholders that, as reported in the Press, your Company together with certain leading American and Canadian Companies, has been cited as a defendant in an action for damages. It would not be proper for me to comment at this stage on the proceedings, other than to say that the best legal advice has been obtained, and your Directors are giving this matter their closest attention

In Canada, our second largest market, we are having to fight hard to maintain our position against the growing consumer demand for locally produced Whiskey. Whilst recognising the natural desire of Canadians to support a home industry, one of the obstacles to our progress is the policy of the various Provincial Government Liquor Commissions in fixing a higher "mark-up" on our commodity than applies to Canadian Whiskey. This has a very serious effect on consumer prices, and consequently on our sales, but we are hopeful that representations now being made on this subject will receive favourable consideration.

Our shipments to Australia during the year have been severely restricted by a tightening of import control. Our brands are well established, however, and we hope to resume larger shipments to this important market as soon as the general economic position improves. In view of the fact that Scotch Whisky shipped to Australia in bottles is subject to a prohibitive duty, and our facilities for bottling in Australia were proving inadequate, we have built an up-to-date bottling establishment in Sydney.

It is hardly possible to make individual reference to all our export markets. We have not yet succeeded in penetrating the so-called "Iron Curtain," and certain South American markets are still—we hope only temporarily—closed to us, but otherwise our trade is world-wide. In general, there is an increasing demand for our brands, which we shall meet so far as our stock position permits. Problems of import restrictions and exchange affect our activities in a number of markets, but looking at the broad canvas, I consider the outlook is promising and that our overseas trade will continue to expand

So far as Home trade is concerned, the industry showed an increase of 500,000 proof gallons over the previous year. Here supplies, so far as we are concerned, are even more restricted than for overseas, not only because of our stock position, but to a greater extent because the national interest requires priority to be given to the Export trade.

I referred in my last statement to the much higher cost of the Whisky produced since the war, which we are now using. This factor, together with other increases in costs, made it imperative during the past year to raise both our home and export prices. It will, however, be of interest to shareholders and consumers alike, to know that our current selling price at home, apart from duty, is still little more than double the prewar figure. During the same period, the duty on Scotch Whisky has almost trebled, and today stands at the staggering figure of £10 10s. 10d. per proof gallon. Our feeling is that the retail price is in danger of reaching a level which might well place Scotch Whisky beyond the means of the consumer. Pressure from the distributive side of the trade for a higher margin has been resisted on this ground, but we are bound to say that their case is not without merit, and the Government's share of the total proceeds is unreasonably large.

GIN

As regards Gin, there are no aspects which call for special comment at this time, other than to report that our Companies are making excellent progress, and enjoying increased home and export sales. This section of our organisation plays a valuable part in our overall economy.

The plant of The Distillers Company Limited, Delaware, at Linden, New Jersey, USA, continues to operate at full capacity, and sales for the year were substantially in excess of the record established in 1954.

In South Africa, our Gin establishment at Isando, Transvaal, is also developing in an encouraging manner, with sales showing a substantial increase over the preceding twelve months.

YEAST

Although the continued fall in the consumption of bread inevitably entails a reduction in the demand for Yeast, we have achieved an increase in the sale of Bakers' Sundries. Last year, I referred to the reorganisation of the distribution system of this branch of our business. This had as its object a reduction in operating costs and, at the same time, the improvement of our nation-wide service to the Baking trade. The measures which were taken are beginning to bear fruit, and our total earnings have improved.

The Peerless Refining Company (Liverpool) Limited has had a good year, and sales of fats and margarine have shown a satisfactory increase. The development of this business is most encouraging, and has warranted an increase in the capacity of the Netherton factory.

INDUSTRIAL GROUP

The Industrial Group has made satisfactory progress during the past year in face of strong competition as regards certain products and despite the higher cost of raw materials and labour. We have endeavoured, through improved processes and efficiencies, to absorb the major part of these increases and keep our prices stable. Whilst inevitably there has been some contraction in margins, the overall profit earned corresponds closely to that of last year.

Chemical Division.—Sales of solvents and other synthetic chemicals and intermediates made at our British Industrial Solvents factories at Hull, Bromborough and Carshalton are satisfactory. We are continually extending the range of our specialities in the chemical field which are generally not subject to the intense competition that the standard materials have to face.

At Hull, the vinyl acetate plant of our Associated Company, Hedon Chemicals Limited, should be ready to start up in October next. The demand for this material continues to expand and the sales prospects are good.

Sales of carbon dioxide, which, apart from its wide use for refrigeration, is rapidly gaining importance in its industrial applications in the engineering field, showed a further substantial increase in tonnage.

During the year, the name of British Petroleum Chemicals Limited was changed to British Hydrocarbon Chemicals Limited. This was done to avoid confusion with the name of our partners in this undertaking, British Petroleum Company Limited. British Hydrocarbon Chemicals and its subsidiary, Forth Chemicals Limited, operated at Grangemouth to full capacity throughout the period, and earnings were satisfactory. The extension scheme for doubling the British Hydrocarbon Chemicals plant is progressing well and should be completed by the end of 1956. The new butadiene plant is nearing completion, and should come into operation this month. This material is of growing importance as one of the main constituents of a variety of synthetic rubbers.

The major extension to the monomeric styrene plant of Forth Chemicals Limited was scheduled for completion in April last, but owing to an unofficial strike by the Contractors' employees, completion has been delayed. It is now hoped to start up this unit almost immediately, but the delay has been unfortunate, since these additional supplies were required to obviate the need for importing this proportion of our requirements.

As regards the other subsidiary of British Hydrocarbon Chemicals Limited, Grange Chemicals Limited, in which the Oronite Company of California holds a third interest,

the detergent alkylate plant was completed and commenced production in December, 1955. I am glad to say that this plant came into operation with the minimum of difficulty, is producing a high quality product, and sales are developing satisfactorily.

The demand for industrial alcohol shows a steady increase. When the Grangemouth extensions, to which I have already referred, are completed, British Hydrocarbon Chemicals will be producing synthetically two-thirds of our total output of industrial alcohol, the balance being produced by the fermentation of molasses.

Biochemical Division.—The competitive conditions in the sale of antibiotics in general, and of penicillin and streptomycin in particular, to which I referred last year, have been keener than ever, and although we have been able to increase the volume of sales, profit margins on a considerable part of the export business have been meagre. However, during the last few months, there have been signs that the prices of antibiotics are hardening, and the future may show that there have been adjustments of the excess production which led to these uneconomic selling conditions, and prices will reach a more stable and satisfactory level.

You will be glad to know that during this year we were able to make a notable addition to our range of products. I refer to phenoxymethyl penicillin which, for the first time, makes penicillin available in a safe and effective form for administration by the mouth instead of by injections. "Distaquaine" V is really a new substance. Unlike the earlier penicillin G, it is stable under the acid conditions which normally occur in the human stomach. It is this completely novel characteristic which makes it effective in oral administration and constitutes such a great advance in antibiotic therapy. Marked progress has already been made in the sale of this product. The Company is the sole manufacturer in the United Kingdom, and has also secured exclusive rights in certain overseas markets.

When we first entered the biochemical field, we marketed our products through a number of well-known British pharmaceutical houses. This system of distribution was excellent when the products were in short supply, but, now that antibiotics are freely available and we have extended our range of products, we have decided, by arrangement with the companies concerned, to build up our own sales organisation on a world-wide basis. This re-organisation is already well in hand, and, whilst acknowledging the valuable service our distributors have given us in the past, it is anticipated that more direct sales promotion will have beneficial results.

Plastics Division.—The continually expanding demand for plastics materials resulted in substantially increased turnover. Sales of our synthetic resins and moulding powders continue to progress in many varying fields. The latest extension to the plant of British Geon Limited was completed and brought into operation in January of this year, and its product, polyvinyl chloride, is selling well. The new plant of Distrene Limited was completed and operating by December, 1955. Despite keen competition, its products, marketed under the trade name "Styron," are in good demand both at home and abroad.

Murgatroyd's Salt and Chemical Company Limited.—This Company, which we own jointly with Fisons Limited, has completed the new 15,000 tons per annum extension to its chlorine and caustic soda plant. This additional installation represents the very latest practice and is the first of its kind in the United Kingdom. The new unit is working smoothly, and the output is finding a ready sale.

Magnesium.—Magnesium Elektron Ltd., in which we are now associated with the British Aluminium Company Ltd., has had a good year of expanding sales. Of particular interest is the use of magnesium for cathodic protection of metals against corrosion, particularly iron and steel. This is being developed jointly by Magnesium Elektron Ltd. and our subsidiary F. A. Hughes & Co. Ltd., and is marketed by the latter Company under the trade name "Guardion." Sales have made rapid progress, and our method is now standard practice with many of the largest shipping Companies, particularly for tankers.

South Africa.—For our Associated Company, National Chemical Products Limited, this has been a year of considerable progress, with earnings substantially higher than last year. The new plants for the manufacture of phthalic anhydride, acetaldehyde and acetic acid have been completed and will extend further the Company's operations. The balance of the share capital of Poly-Resin Products Limited, of East London, which manufactures synthetic resins for the paint and allied trades, was purchased during the year. National Chemical Products has developed a new range of chemicals for the flotation treatment of metallic ores, which have met with acceptance by the South African mining companies. Arrangements have been made to exploit the large markets in the USA and South America, where initial developments look promising.

Australia.—I am glad to be able to report that our Associated Company, C.S.R. Chemicals Pty. Ltd., has had a more satisfactory year. Sales of cellulose acetate have increased and process improvements have reduced unit costs. It is also gratifying that the application to the Tariff Commission for some form of assistance in the development of this new enterprise has been successful, and the Australian Government has granted a bounty on production of cellulose acetate flake retrospective to July 1955. This will provide welcome support to the Company's operations. The general chemical and plastics division has done well during the period under review.

TECHNICAL DEVELOPMENT

Much is written today about what is called "Automation," which suggests to some that this is a new development in industry. It is, in fact, the progressive improvement of methods of manufacture and control which has always been an essential part of industrial progress both here and in other countries. The competitive conditions prevailing in world trade today largely dictate the speed of such progress.

Our Research and Engineering Departments play an important part in this essential field, and through their efforts we are continually improving the performance of our plants by the extended use of mechanisation and instrumentation and the introduction of the latest types of automatic control. Only in this way can we absorb rising costs and preserve our competitive position in relation to the industries we serve.

Our Research Stations throughout the organisation also continue to make a valuable contribution to our progress in the development of new and improved processes.

PERSONNEL

The Company has a continuing demand for suitably qualified men and women, and we are giving careful consideration to our recruitment and training methods. It is well known that the continuing industrialisation of the country is making overwhelming demands upon our universities, technical colleges and schools. With this in mind, the Board is happy to be associated as a founder member with the Industrial Fund for the Advancement of Scientific Education in Schools, a fund designed to provide better capital facilities for the teaching of science in those schools which receive no Government finance, and thus to encourage a larger number of young people to study science from an early age.

We pride ourselves on attracting an excellent type of employee, and we have always enjoyed good relationships with them. This is abundantly reflected in the large number who qualify under our scheme for long service awards after 25 and 40 years' service.

Your Group employs over 20,000 men and women, and to them all I should like to express our thanks for their efforts and enthusiasm during the past year.

FUTURE PROSPECTS

Trading results in the current year are so far encouraging. The operation of the "credit squeeze" and other measures introduced by the Government to combat inflation may well be expected to bring about some contraction in the home demand which, temporarily at any rate, might affect the volume of our business. On the other hand, our operations are on a broad basis, both in the United Kingdom and overseas, and I therefore feel reasonably confident that we can anticipate satisfactory results for the current year.

TEA CORPORATION LTD.

PROMISING PROSPECTS

The annual general meeting of the Tea Corporation Limited was held on August 22nd in London, Mr A. A. Estall, chairman, presiding.

The following are extracts from his circulated statement for the year to January 31, 1956:

A crop of 1,454,404 lbs. of made tea was harvested from estate leaf for the year under review, equivalent to 716 lbs. per acre.

The rubber crop at 105,398 lbs. for the year was 20,602 lbs. below the estimate.

A gross profit of £18,216 was made for the year and your directors recommend the payment of a dividend of 20 per cent, less tax, for the year.

Addressing the meeting, the chairman said: The current year began quite well; prices were good and duty remained at the reasonable figure of 11½d. per lb. In the last few months, however, the price of teas has steadily dropped; at last week's auctions our gross average price was 4s. 5¼d. per lb. Nevertheless, I feel sure that the final results will prove to be satisfactory; our crops are steadily increasing and as offerings at the auctions improve in quality better prices may be expected.

For the first six months to the end of July 814,359 lbs. of made tea had been secured, compared with 767,579 lbs. last year, an increase of 46,780 lbs. Of this crop 458,450 lbs. had been sold at a gross average price of 52.96d. per lb. Estate costs to the end of June are 3s. per lb. compared with 3s. 6d. per lb. to the same date last year.

The report and accounts were adopted.

Company Meeting

Automation

A BOON AND NOT A PROBLEM

Progress in Many Fields Reviewed by Mr. John Oldham, O.B.E.

"A YEAR of continued progress, not all of which is fully reflected in the figures before you," was reviewed by Mr. John Oldham, O.B.E., Chairman of Oldham & Son, Ltd., whose Annual General Meeting was held on August 24th, 1956.

His statement, circulated with the Annual Report, mentions a volume of production which was a record for the Company; increased home sales in all the Company's main types of manufacture, and an all-round increase of over 50 per cent. in the exports of its products; progress by Overseas Companies in South and Central Africa, India, Australia and France; the building up of "a valuable overseas trading structure"; and further technical developments by the Company's expanding Research and Development section.

The Company will continue its endeavours to play a leading part in the progress of battery-operated equipment "wherever it lies within the field of our activities."

"Results Can be Considered Satisfactory"

AFTER his reference to the Company's continued progress, Mr. Oldham's statement said: As most shareholders know, this has been a period not entirely free of difficulties in the shape of rising costs of raw materials, increased wages and other important items of expenditure. These increases have largely been absorbed by improved working methods both at home and overseas and also, to some degree, at the expense of profits.

We did not attempt to pass on to our customers the increased costs to which I have referred. Our selling prices still remained at 1952 levels and, to this extent, the Company can claim to have taken its full part in the present national need for contributing to price stabilisation.

Sales in all sections of the business materially exceeded those of the previous year while the volume of production was a record for the Company. When set against the conditions to which I have referred, the results can be considered as satisfactory.

TRADING RESULTS

Notwithstanding the fact that the Group sales increased, the over-all profit was £398,419 as against £452,958.

The Subsidiary Companies' profits in the aggregate were £158,650 as compared with £202,751 last year. It is unnecessary for me to comment further on the figures now submitted, excepting perhaps to say a word on the financial position as disclosed by the Balance Sheet now under review.

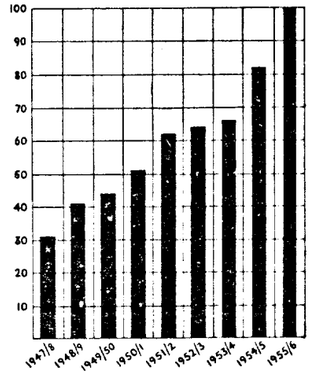
FINANCIAL POSITION

The Consolidated Balance Sheet shows a surplus asset position of the Group of £1,416,133. This position, which has been built up very considerably over the years out of profits retained in the business, by no means represents the true value.

For example, the book value of the factories and plant at home and overseas appears at £945,646, and I am satisfied that the present value is considerably in excess of the total figure at which they appear.

Our expansion programme both at home and abroad has been financed from existing resources and while we continue to resort to the aid of our bankers, we do not contemplate at this stage issuing any further permanent capital.

It will be observed that from the Consolidated Balance Sheet the surplus of our Current Assets over Current Liabilities amounts to £483,805 of which a very considerable proportion rests in the item Stocks-on-Hand.



OVERSEAS SALES YEAR BY YEAR: the steady increase in volume of total overseas sales, which in 1955/56 represented 45 per cent of total Group sales.

HOME MARKET

Sales at home of all our main types of manufacture increased over previous years—and, of course, no effort is being spared to increase our share in the expanding market for our products.

In referring to the home market, it is, I feel, appropriate to remind the Shareholders of the diversity of the Company's production—which is represented in four separate divisions. These comprise the production of miners' electric safety lamps—of which the Group is the world's largest producer—emergency lighting and other electrical equipment; electric storage batteries for commercial vehicles, industrial and Government services, and the private motorist; and a number of engineering products and manufactures.

EXPORTS

Last year, in referring to our direct export business, I said there were reasonable grounds upon which to expect that the volume would again rise this year. This expectation has been fulfilled, and on this occasion I am able to report an all-round increase of over 50 per cent. in the exports of the Company's products.

OVERSEAS MANUFACTURE

In South and Central Africa, India, Australia and France, our overseas companies continue to make a substantial contribution to the Group's trading. All in all, the Company's overseas business—taking into account both our increasing direct exports, and the expanding operations of our various overseas Companies—is developing satisfactorily, and it may be fairly said that a valuable overseas trading structure has been built up.

THE FUTURE—NEW FIELDS

In looking at the future long-term prospects of the Company, I am again encouraged by the increasing diversity of our output, and the expanding demand for our products in mining, transport, and many other essential fields of industrial effort.

Subject to conditions beyond our control, and based upon its record to date, there is no good reason why the progress of the past should not be matched in the future, as new fields open before us, in this second half of the twentieth century.

Your Company's base is too near the scenes of the Arkwright riots for us not to be conscious of all the implications of newly-devised mechanical power. Surely any reasonable economist—and any reasonable layman, whatever his shade of politics—must now realise that the more we can procure machinery to supplant the drudgery of life, the better off we all shall be.

If new battery-operated equipment can thus supplant or replace physical effort, it creates a boon and not a problem, and we as a Company shall continue our endeavours to play an increasing part in such progress, wherever it lies within our activities.

OLDHAM AND SON LIMITED
DENTON, MANCHESTER
Electrical and Battery Engineers

VENNER LIMITED

ANOTHER SUCCESSFUL YEAR

POLICY OF DIVERSIFICATION

MR ARTHUR A. ROWSE ON CURRENT TRENDS

The forty-fifth annual general meeting of Venner Limited was held on August 17th at New Malden, Surrey. Mr Arthur A. Rowse, CBE, MIMechE, MICE, MIEE (the Chairman), who presided, said:

I propose with your permission to take as read the Accounts which have already been circulated. (Agreed.)

It is again my pleasure to report a year of successful trading resulting in a net profit slightly higher than last year. Labour costs consequent on wage awards have increased and competition has become keener. However, by continuous attention to methods of manufacture and plant utilisation, coupled with an increased output, the position has been more than held. The small improvement is an indication of the inherent difficulty of the problem and how little room there is for the "substantial wage advance" claim which is so regularly put forward.

THE ACCOUNTS

The profit after depreciation is up by £5,500 at £103,367. Income Tax absorbs £44,665 and Profits Tax £12,560, a total of £57,165. The available balance is £46,202. To this is to be added the balance brought forward from last year of £16,728, making £62,930 which your Directors recommend should be allocated as follows:

	£
To Dividend on 8% Cumulative Preference Shares for the Year ended September 30, 1955, less Income Tax	1,350
To General Reserve	25,000
To a Dividend of 15% on the Ordinary Stock, less Income Tax	18,630
To be carried forward	17,950

The effect of the current high taxation on Company development is seen if we look at the Accounts for the past three years. During these years the Company has paid in taxation, apart from Excess Profits Levy, £150,329 or 53 per cent of the net profits earned (last year it was 55 per cent) before anything was available for dividend or for the development of the business and replacement of plant. The depreciation allowed by the Inland Revenue is quite inadequate for this purpose since it it is calculated on historic cost of assets and therefore ignores the reduced purchasing power of the pound sterling. During the same period the Company has paid £59,040 in net dividends to holders of Preference Shares and Ordinary Stock and added £67,605 to General Reserve and Carry Forward. Also, in order to maintain its own competitive position, to diversify its products and to handle the increased volume of business it has in this period had to spend £239,765 on new equipment and additional buildings; of this sum £67,605 has been provided by "ploughing back" as I have already mentioned and £86,767 by an increase in the provision for depreciation, making a total of £152,998 from the Company's own resources. The amount of £85,393 has therefore had to be borrowed by means of the Unsecured Loan. The balance of this Loan and the Bank Overdraft have been used to finance the increase in stocks, work-in-progress and debtors which is the consequence of higher output and more active trading. Borrowing has been forced on the Company by the high rate of taxation. The Bank Overdraft is well secured but clearly the level of the standard rate of tax and the accompanying profits taxes constitute a serious restraint on development, forcing companies more and more into borrowing to maintain their competitive position.

ADDITIONAL FACTORY SPACE NEEDED

The Battery is establishing itself in its own special field in a very positive way. The volume of business likely to be available in the reasonably near future is such that additional factory space will be needed and active steps are being taken by your Board. This will cause an immediate increase in overheads for the time being before the full advantage to earnings accrues.

On the precision engineering side there is a very wide commercial field and although some development work remains to be completed the long-term prospects are encouraging. Immediate prospects, however, are affected to some extent by the uncertainty of the precise way in which the Government economy measures will affect production of service aircraft.

The Parking Meter has been the subject of so much newspaper and public discussion generally that I almost hesitate to refer to it. Much of the criticism has been so ill-informed that one waits with some impatience to see the first public installation in this country so that the essential simplicity and effectiveness of the system of "fair shares for all" in parking can be visually demonstrated. Meanwhile, nearly all the parking meters installed in the Commonwealth have been made by your Company and the freedom from trouble in service confirms the view that in every way the manufacturing facilities which have been created will constitute a remunerative asset in due course when the Transport Bill has passed the House of Lords. But that may be too late to benefit the current financial year to any material extent.

The rise in the interest rate on municipal borrowing and the call for economy may dissuade some councils from expenditure on new projects. However, so much of the output of the Company in this field is essential to normal development that the long-term effect is unlikely to be serious, although, once again, current trading may be affected in some measure. The effect on the parking meter may be to slow down the rate of introduction, but once installation commences the advantages will be so obvious and the revenue so attractive that the pace must quicken.

GROWING POTENTIAL WORLD DEMAND

As regards the future, there are so many complicating factors that it is difficult to predict the short-term trend, but, as indicated above, prospects for the current financial year are possibly less favourable than those for the year under review. Looking further ahead, however, the potential world demand for the Company's products is undoubtedly growing all the time, but currency restrictions and import licences create serious problems and wide fluctuations in the intake of orders. We must also remember that overseas buyers just will not pay higher prices arising from a desire, however natural, that the people of Britain should be entitled as of right to a higher standard of living and more leisure. Profits on overseas orders are usually marginal when transport costs and delayed payments covering transit time are considered. But an order lost is the loss of more than profit. The gap in production has to be filled if the overhead expense of the factory is to be met.

The Board some time ago embarked on a policy designed to broaden the base of the business and ensure its stability by diversification of the products. In any recession a policy of this kind has a cushioning effect. Much has been done in this direction. We therefore face the ultimate effects of the credit restriction with the consciousness of having made timely moves to mitigate them.

And to the extent that the organisation has succeeded in these tasks during the past year, the Directors—and I am sure the Shareholders—would wish to record their appreciation of the efforts made.

The report and accounts were adopted.

WILLIAMS & WILLIAMS

ENCOURAGING PORTENTS

The forty-seventh annual general meeting of Williams & Williams, Limited, was held on August 17th at Reliance Works, Chester.

The chairman of the company (Mr B. A. Williams, CBE) presided, and in the course of his remarks said:

A year ago I stressed the important bearing on our trading results of the continuous increases in the costs of wages, materials and services. Our maintenance of fixed selling prices resulted in a heavy decline in our earnings. Fortunately, as stated in your directors' report, most of the fixed priced contracts have now been completed. We must, however, accept this as a very salutary reminder of the increasing necessity for relentlessly pursuing the most economic methods of production in all its phases, not merely to offset any upward trend of cost, but in order successfully to meet the challenge of keen and severe competition in both the home and the export markets. There is no doubt that your North American interests found the difficulties that assailed them tougher than they had expected, and consequently their development has been slower than had been hoped. However, we are looking forward to those interests producing better results in the year ahead.

I think it is right that I should express appreciation of those of your subsidiaries whose results for the year do manifest a highly creditable performance. I would refer in particular to your companies in the Union of South Africa and Rhodesia, where, in a period possibly of the greatest difficulty yet experienced in the industry there, uniformly steady and satisfying results have been achieved. Moreover, such examples give encouragement for the view that this year's disappointment will give way to next year's improvement.

The net profit of the Group after providing for all expenditure other than taxation amounted to £206,927, and after providing £99,085 for taxation and adding the sum of £263,854 brought forward from previous years, a balance remains of £371,696 which your directors recommend be dealt with in the manner set forth in their report.

The report was adopted, and the dividend of 12½ per cent less tax for the year was approved.

APPOINTMENTS

THE UNIVERSITY OF MANCHESTER

RESEARCH STUDENTSHIPS IN ECONOMIC AND SOCIAL STUDIES

Applications are invited for the above studentships tenable for one year in the first instance, and renewable for a further period, not exceeding two years. The studentships are normally of the value of £350 or £400 per annum. They are offered to candidates who have obtained the degree of Bachelor or Master in this or any other approved University.—Applications should be sent, not later than September 1, 1956, to the Registrar, The University, Manchester, 13, from whom further particulars and forms of application may be obtained.

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN POLITICAL ECONOMY

Applications are invited for an Assistantship in Political Economy. Salary scale: £550 to £650. Initial salary according to qualifications and experience. F.S.S.U. and family allowance benefits.

Applications (three copies) should be lodged, not later than August 31, 1956, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHISON,
Secretary of University Court.

UNIVERSITY OF BRISTOL

SENIOR AGRICULTURAL ECONOMIST

Applications are invited for the post of Senior Agricultural Economist in the Department of Economics, Bristol I Provincial Agricultural Economics Centre at Bristol. Applicants should possess a good honours degree in Economics, Agricultural Economics or Agriculture with Economics and should have had some years of experience in research in the field of Agricultural Economics. The present salary scale is within the range of £1,070 to £1,260 per annum with superannuation under F.S.S.U.

Further particulars may be obtained from the undersigned to whom applications should be forwarded by September 7, 1956.

H. C. BUTTERFIELD, Registrar and Secretary.

UNIVERSITY OF BRISTOL

SENIOR AGRICULTURAL ECONOMIST

Applications are invited for the post of Senior Agricultural Economist in the Department of Economics, Bristol II Provincial Agricultural Economics Centre at Newton Abbot, Devon. Applicants should possess a good honours degree in Economics, Agricultural Economics or Agriculture with Economics and should have had some years of experience in research in the field of Agricultural Economics together with some experience in farm management and advisory work. The present salary scale is within the range of £1,040 to £1,220 per annum with superannuation under F.S.S.U.

Further particulars may be obtained from the undersigned to whom applications should be forwarded by September 7, 1956.

H. C. BUTTERFIELD, Registrar and Secretary.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF HISTORY

Applications are invited, preferably from those with special interests or qualifications in European and/or English History of the 19th and 20th centuries, for a temporary Assistant Lectureship in Modern History for one year at a salary according to qualifications and experience but in any case not less than £550. Applications (three copies) stating age, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds 2 (from whom further particulars may be obtained) not later than September 20, 1956.

INDEPENDENT TELEVISION AUTHORITY

Applications are invited for the combined post of CHIEF FINANCE AND ESTABLISHMENTS OFFICER to the Authority. The salary is £2,500 p.a., but up to £3,000 may be paid for outstanding qualifications. Candidates should have responsible experience in finance and accounts. Experience in a public authority or a Government department is desirable but not essential, and a professional qualification will be an advantage. There will be a contributory Pension Scheme.

Applications, with particulars of education and experience, should be sent, not later than September 15th, to the Secretary of the Authority, 14 Princes Gate, S.W.7.

REQUIRED, Chief Clerk, Investments department, Bank in North Africa, trading in British and foreign securities. Capable of taking charge and delegating and all correspondence. £1,000 per annum.—Full details to Box 485.

A WOMAN MARKET INTELLIGENCE OFFICER is sought by prominent City finance corporation. Economics degree or similar, some statistical or research experience, and ability to make contact with sources of industrial, technical and trade information. Age 25-35, salary £6-800. Full details of qualifications and experience to Box 490.

DEPARTMENT OF FINANCE, DUBLIN, invites applications for a post as Economic Assistant.

Age on September 1, 1956, not less than 25 and not more than 35.

Candidates must have at least a Second-Class Honours degree in Economics or a related subject and at least three years' satisfactory experience in teaching Economics or in economic research or in an economic advisory capacity.

Salary (according to age and experience) will be in the ranges (a) £1,400 to £1,700 for a man, and (b) £1,125 to £1,425 for a woman.

Particulars and application form from Staff Section, Department of Finance, Dublin. Latest date for receipt of completed application forms—September 14, 1956.

CENTRAL ELECTRICITY AUTHORITY require a SENIOR STATISTICAL ASSISTANT in the Utilisation Research Section of the Commercial Department at Headquarters, E.C.2, to assist in applying statistical methods, especially sampling and regression analysis, to problems of consumer and load research, and to advise on statistical matters. Candidates should have a University degree in Mathematics or Economics with Statistics as a special subject. Salary £819-£895 p.a. Applications stating age, qualifications, experience, present position and salary, to D. Moffat, Director of Establishments, Wimley Street, W.1, by August 31, 1956. Quote Ref. E/872.

UNIVERSITY COLLEGE OF NORTH WALES, BANGOR

Applications are invited for the post of TEMPORARY LECTURER IN ECONOMICS for the sessions 1956-57 and 1957-58. The salary will be £650 p.a., and the appointment will date from October 1, 1956, or from a date to be arranged.

Applications should be sent to the undersigned, from whom further particulars may be obtained, as soon as possible.

KENNETH LAWRENCE,
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FEDERAL MINISTRY OF AGRICULTURE

Applicants for the vacancy on this staff of the Chief Agricultural Economist must possess a degree in Agriculture or Economics, together with experience in the field of agricultural economics, preferably on farm management inquiries or production cost investigations.

Starting salary—£650-£1,100 depending on qualifications and experience on scale rising to £1,600 p.a. Oxb entrant with a Second Class Honours degree and two years' experience would start at £1,000 p.a.; with four years' experience at £1,100. With a Pass Degree and four years' experience, starting salary would be £1,000 p.a.)

Duties will include the collection from farmers of economic data for the farm management surveys and cost of production inquiries. The officer will be required to travel widely within the Federation.

Application forms and further details from the Secretary, Rhodesia House, 429 Strand, London, W.C.2. Closing date September 15th.

STATISTICAL OFFICERS required by EAST AFRICA HIGH COMMISSION. Appointment on two years' probation for permanent and pensionable employment. *Commencing salary according to qualifications and experience* in scale (including inducement pay), £1,956 rising to £2,341 a year. Outfit allowance £30 in certain circumstances. Free passages. Liberal leave on full salary after tour of 30-36 months. Candidates between 25 and 35, must be of good education and have had experience in organisation and routine analysis of statistical material. Qualification in economics, statistics, or *mathematics an advantage. Female candidates must be* UNMARRIED. Write to the Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience and quote: M1B/45565/EN.

MULLARD LIMITED has vacancies for QUALITY CONTROL ENGINEERS in several plants, mainly in the South of England. The work will be concerned with the application of statistical methods in the development, production and testing of receiving valves, or cathode ray tubes or semi-conductors. Applicants, who should be aged between 24 and 30, should have a degree, preferably in mathematics with post-graduate statistics and in economics with statistics. Candidates offering other qualifications must have mathematical ability. They should be able to work on their own initiative and mix with people successfully, while at the same time maintaining an independence of view. Training will be given, partly in Central London. Salary at 24 will be not less than £630 a year. Applications should be sent in writing to the Central Personnel Department, MULLARD LTD., Century House, Shaftesbury Avenue, London W.C.2, marked Q.1.

SALES EXECUTIVE. William R. Warner and Co., Ltd., require a Sales Executive for their ethical pharmaceutical products. The successful applicant will be expected shortly to assume the duties of Sales Manager. Applicants should have had experience of all aspects of medical representation and have a good knowledge of planning and control of this type of work. Commencing salary according to qualification and experience and will be adequate to attract an experienced and enthusiastic executive. The company has a generous, non-contributory pension scheme. Applications, stating age, qualifications, positions held and salary earned, should be sent to Director, William R. Warner and Co., Ltd., Power Road, London, W.4.

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In the case of married persons only, a variable cost-of-living allowance, at present £234 p.a., is payable in addition. Previous experience and academic qualifications may be taken into account in fixing the commencing salary.

Full particulars and application forms may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

The closing date for the receipt of applications, in South Africa and London, is September 15, 1956.

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The National Iranian Oil Company offers for sale, during the year 1957, a total quantity of 3,660,000 long tons of Iranian Light Crude Oil in following quarterly quantities F.O.B. Bandar Mashur

	U.S. Barrels	Long Tons
First Quarter	6,683,000	900,000
Second Quarter	6,840,000	910,000
Third Quarter	6,919,000	930,000
Fourth Quarter	7,076,000	920,000
Total	27,518,000	3,660,000

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2. Quantity of crude oil required.
3. Period during which the required quantity will be lifted.
4. Currency in which payment will be effected. (Preference being given to payments in currencies of international convertibility.)
5. Whether the purchaser is prepared to put up a performance bond.
6. Whether the purchaser would arrange for vessels carrying crude oil to be bunkered by the National Iranian Oil Company.
7. Banks to which reference can be made.

This offer is open until September 10, 1956, and the National Iranian Oil Company will notify its acceptance or rejection of the proposals received before November 30, 1956.

The National Iranian Oil Company is also prepared to consider offers for long-term contracts for the purchase of Iranian Light Crude Oil.

Proposals may be directed to the National Iranian Oil Company, Tehran, or to the Iranian Embassies, Legations, or Consulates abroad.

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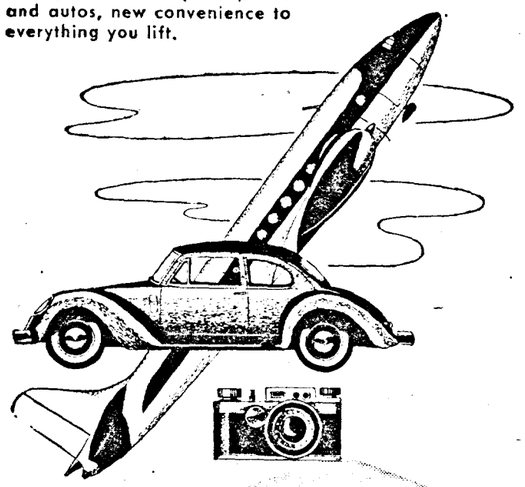

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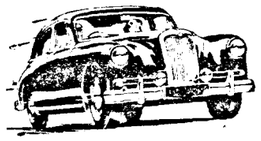

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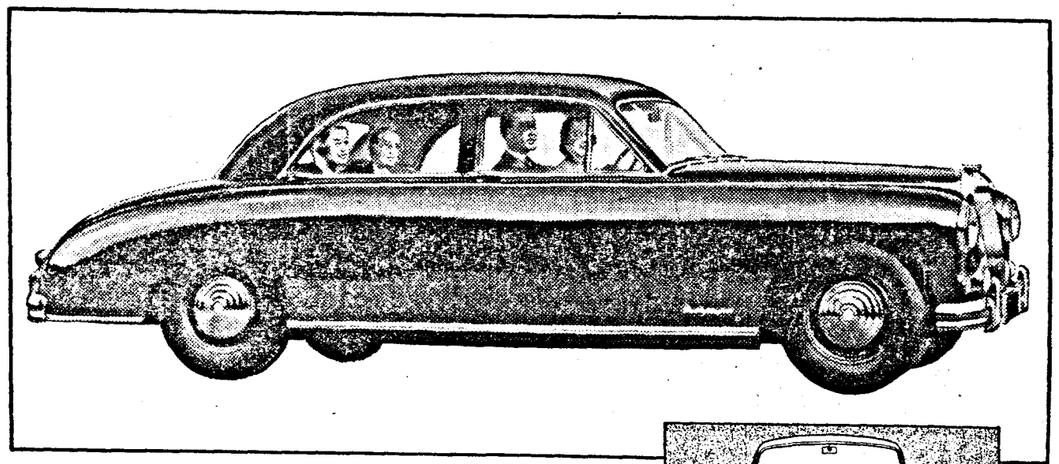

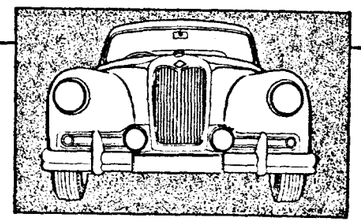

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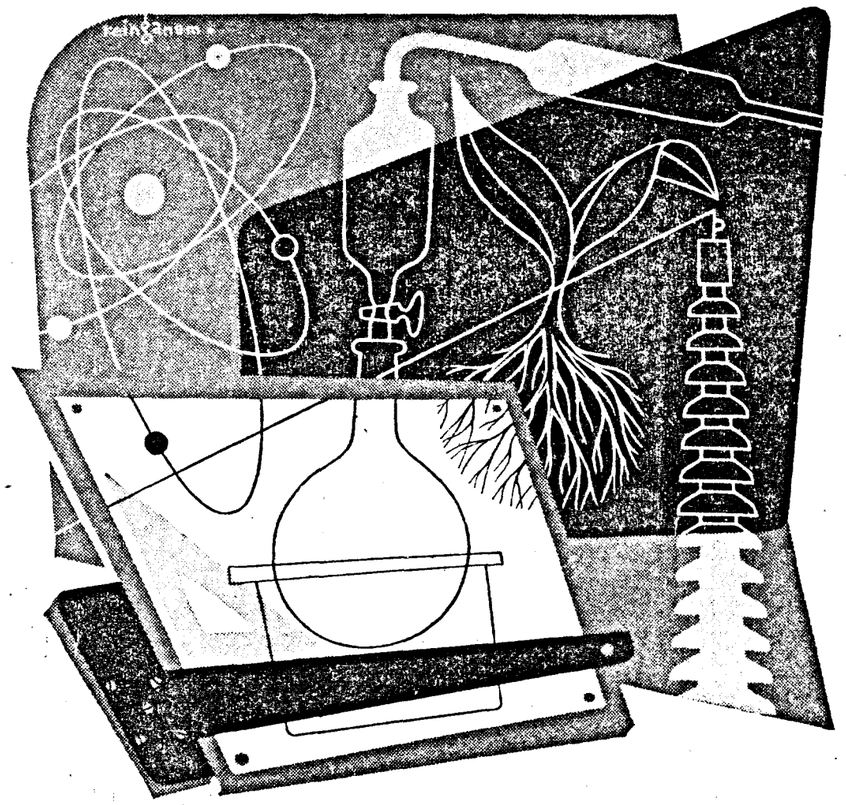

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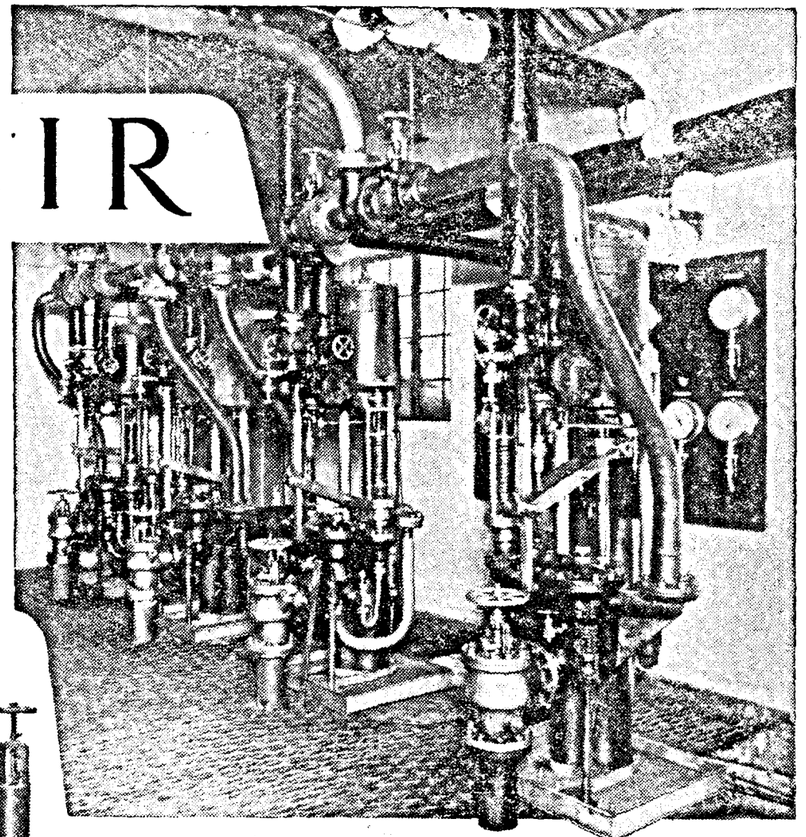

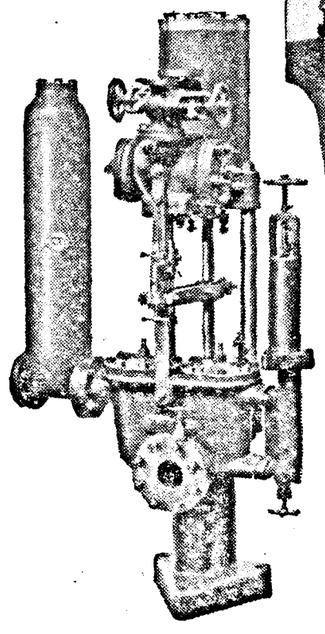

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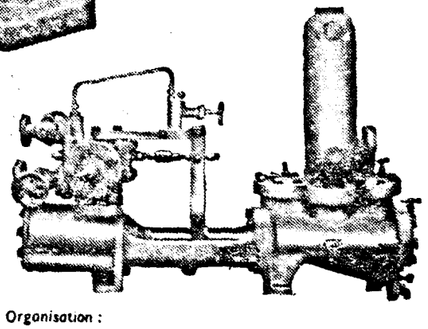

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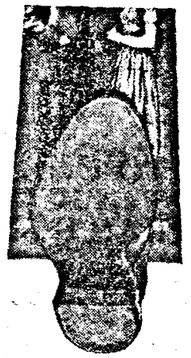

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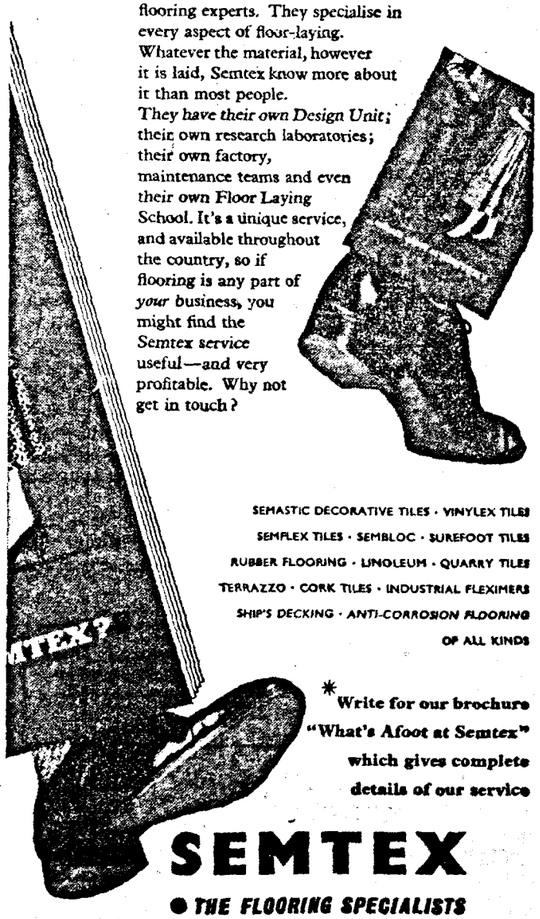

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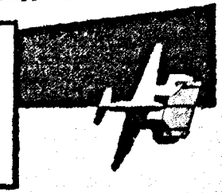

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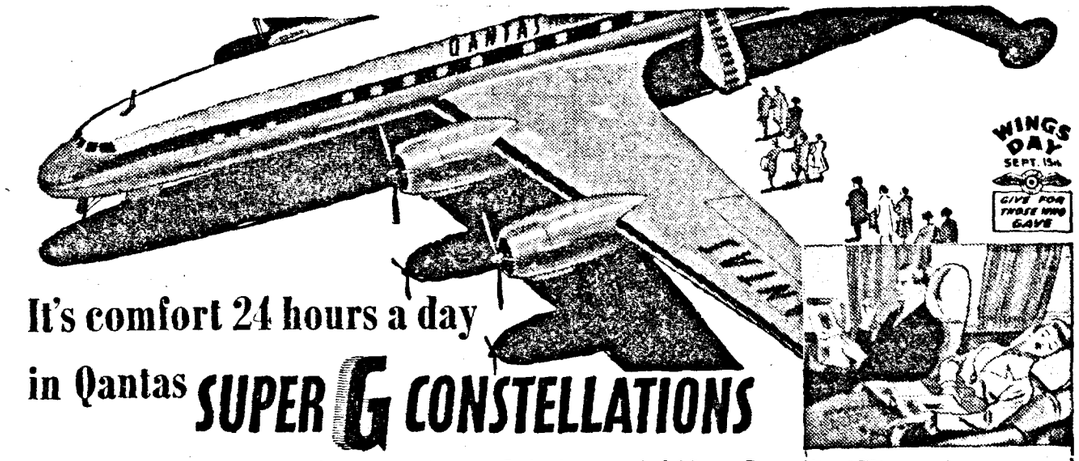

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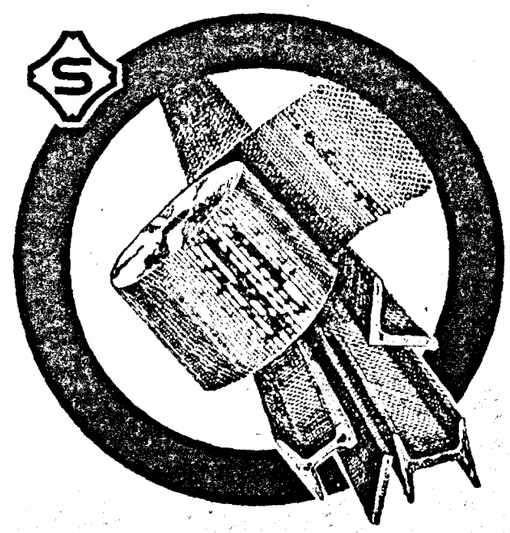

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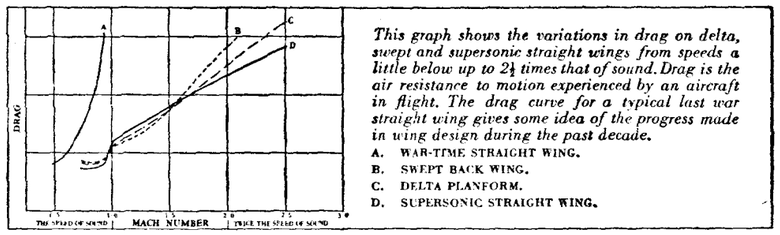

This graph shows the variations in drag on delta, swept and supersonic straight wings from speeds a little below up to 2½ times that of sound. Drag is the air resistance to motion experienced by an aircraft in flight. The drag curve for a typical last war straight wing gives some idea of the progress made in wing design during the past decade.
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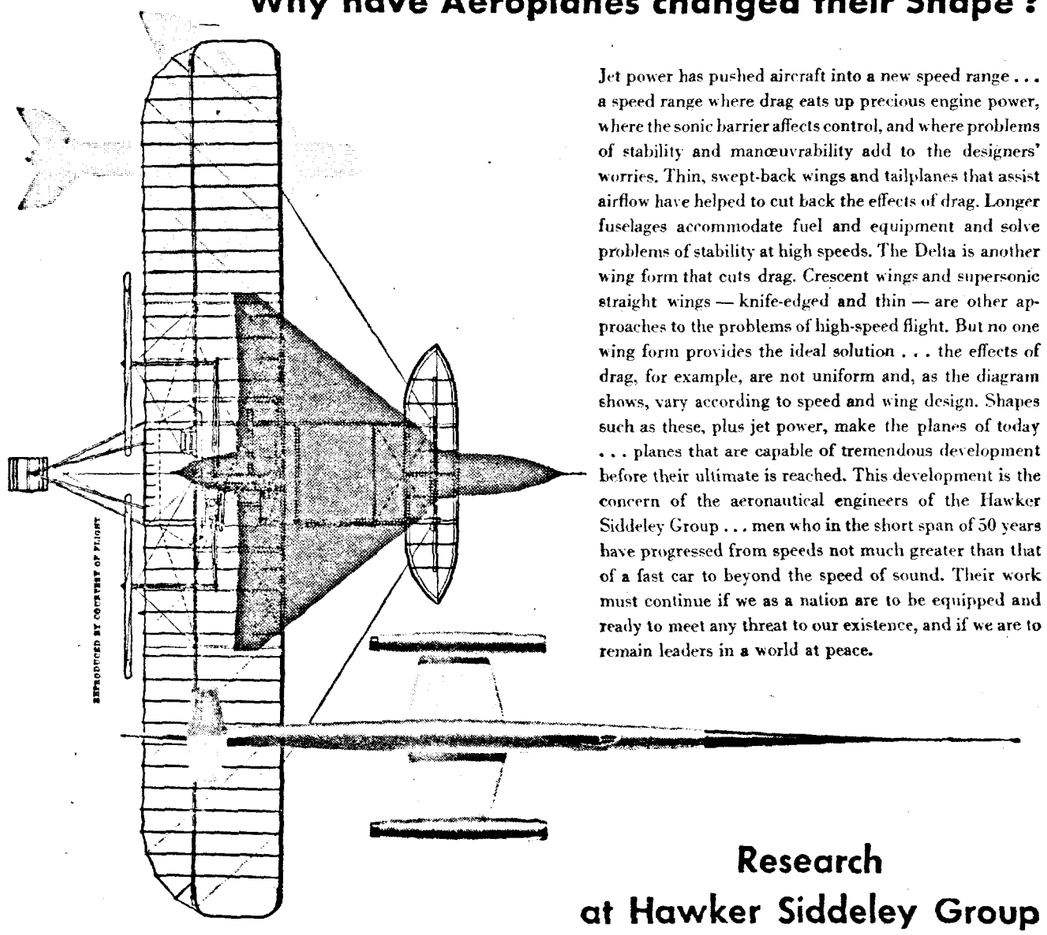

Jet power has pushed aircraft into a new speed range . . . a speed range where drag eats up precious engine power, where the sonic barrier affects control, and where problems of stability and manœuvrability add to the designers' worries. Thin, swept-back wings and tailplanes that assist airflow have helped to cut back the effects of drag. Longer fuselages accommodate fuel and equipment and solve problems of stability at high speeds. The Delta is another wing form that cuts drag. Crescent wings and supersonic straight wings — knife-edged and thin — are other approaches to the problems of high-speed flight. But no one wing form provides the ideal solution . . . the effects of drag, for example, are not uniform and, as the diagram shows, vary according to speed and wing design. Shapes such as these, plus jet power, make the planes of today . . . planes that are capable of tremendous development before their ultimate is reached. This development is the concern of the aeronautical engineers of the Hawker Siddeley Group . . . men who in the short span of 50 years have progressed from speeds not much greater than that of a fast car to beyond the speed of sound. Their work must continue if we as a nation are to be equipped and ready to meet any threat to our existence, and if we are to remain leaders in a world at peace.

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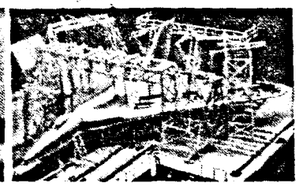

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Ends and Means at Suez

PARLIAMENT has been recalled for Wednesday to hear the outcome of the Menzies mission to Cairo on the future organisation of the Suez Canal. It is imperative to reduce the confusion that reigns in many British minds, including some in high places, about the objectives of present policy, for until these objectives are seen clearly, instead of in a haze through which diplomacy and military preparations are simultaneously discernible, no member of Parliament can very well decide what ought to be done if Mr Menzies's team should have failed, or, still more difficult, if it has achieved only an incomplete and unsatisfactory success.

What are the facts? Last month the London Conference met and, by Egypt's choice, became a users' conference. Its members, though somewhat arbitrarily chosen, represented 95 per cent of the owners sending ships through the canal, and very nearly all of them held a belief that President Nasser's impulsive and peremptory action boded no security for them, and destroyed their confidence in Egyptian management unless this were subjected to control. The conference was a success, from the users' point of view, in that the great bulk of them—eighteen in all—reached agreement on the end they must seek if their confidence were to be restored. This end, as expressed by Mr Dulles, was to make

> institutional arrangements for co-operation between Egypt and other interested nations in the operation, maintenance and development of the Canal.

The Dulles formula specified four essentials: respect for Egypt's sovereign rights, an orderly settlement to include compensation, dependable operation without extortionate dues, and—most important of all—freedom of passage without risk of interference for political ends. So far so good. But the agreement between the eighteen covered ends only, not means; beyond sending five of its members on an exploratory trip to Cairo, it did not attempt to decide how to execute its wishes if Colonel Nasser refused to agree. Indeed, the eighteen would not, at that stage, have agreed about means if they had tried.

The danger that their unity would collapse if put to that test is brought out only too clearly by the British domestic debate on what to do next. British action in the Suez dispute has been riding two horses, not in harness. The Government, by playing host to the conference and by subscribing to its main result, implicitly accepted negotiation as the best way round an awkward bend. Yet at the same time cabinet ministers, led by an indignant Prime Minister, have given first place, not to the policy of negotiation about the future management of the canal, but to that of denouncing President Nasser as an untrustworthy fellow with whom any arrangements are valueless; it is this thought, rather than ordinary motives of prudence, that has seemed to inspire the military build-up against him. Which of the two courses do they want, and which will Parliament want when it meets to debate

their policy ? Do they seek to secure practical ends on the Canal that may be capable of achievement by negotiation ? Or are they bent on the overthrow of President Nasser on the ground that preservation of the general western position in the oil-bearing Middle East demands that he suffer a public military or diplomatic defeat ?

The incompatibility of these concurrent policies can be glossed over too easily. Glib tongues are arguing that the assembly of force is only a means of compelling President Nasser to take the users' committee seriously, and to weigh the possibility of military action in his calculations. But to test his nerves in this way begs dangerously the whole question of present-day relations between Europe and Asia. It is possible that a show of force, or the use of force, would settle the immediate matter of President Nasser's gamble, but any such military exercise merely postpones, and does not solve, the political issue of the future. It must never be forgotten that a military operation, to be effective, could not be the quick in-and-out affair that some swashbucklers envisage, but would entail grim reoccupation together, probably, with action over a very wide area. It would need to include, for instance, provision to deal with saboteurs bent on wrecking the westward flow of Middle Eastern oil and capable of doing so anywhere over hundreds of miles of desert pipeline. To strike Nasser down, Gladstone-wise, may delight the thin remains of conservative ruling classes in Asia and Africa, but will antagonise millions of younger fry whose envy and resentment of European skill and supremacy are a force to be lived with by the world's white minority for the rest of the twentieth century. An avoidable military operation against President Nasser would break the united front of the canal's customers; its only advocates are a section of British and of French opinion. Ultimately it would tend to drive all but a conservative minority of Asian and African opinion into the open arms of the Soviet Union.

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The British Government may have to choose between the purposes to which it subscribed when it called a conference and the conflicting purpose of overthrowing the Egyptian regime. Admittedly, an outright victory for President Nasser would gravely impair western interests elsewhere in Asia and Africa. It would destroy the hopes of more than a few rulers and would-be borrowers in the Bandoeng states, and would delight only the unthinking millions of nationalists who have for years been conditioned into leaping before they look. But how likely is such a victory ? A Cairo correspondent in a message on page 802 suggests that Egypt is more likely to keep open the opportunity of negotiation than to give a categoric "No." The indications are that President Nasser sees the advantage in being flexible and in holding out the possibility of a compromise—which is likely, however, to fall far short of conceding full international control and its corollary, the repeal of nationalisation. Other reports coming from Cairo at the time of going to press suggest that the exchanges in Cairo may have developed in this way. By flexibility President Nasser may hope to preserve the asset that has stood him in such stead over the last year—freedom of manœuvre to play off East against West. At stake, as far as he is concerned, is the sympathy of important sections of world opinion, not only in the United States but in Asia, which he will lose if he plays his cards in such a way as to shackle himself to Soviet aid, trade and imperialism.

The Menzies committee undertook a heavy responsibility, not only in presenting its case in Cairo, but in reporting to its sponsors at the end of the talks. Much may depend on the conclusions that the individual members of the mission draw, for the benefit of their own governments, from President Nasser's attitude. The private observations and interpretations of five men severally representing a member of the British Commonwealth, the United States, a leading European neutral, a member of the Baghdad Pact and an African state affect a wide range of diplomatic opinion. Egypt was bound to meet them cordially, if only in the name of neutralism. Whatever President Nasser's ultimate intentions, it is presumably in his interest now to take a line which, even if it does not satisfy Sir Anthony Eden and M. Pineau, will convince other powers among the users that negotiations are worth continuing.

This being so, what is the British public to do ? Should it listen to the thesis that if Nasser is not put down there will be no end to trouble in the Middle East ? Or to the argument that if his defeat is secured by military intervention, the relief will at best be temporary—and all the current political problems of the Arab world will recur, eventually, in a more acute form because embittered by the use of force ? So long as the way of negotiation remains open at all, surely this is the sounder view. To hold it is certainly not to argue that force ought never to be used; but it would need to be backed by a broader range of world opinion than it has been able to muster yet.

British policy at this crucial stage should pursue the purposes on which the user nations are broadly agreed, rather than the aim on which they are divided. Thus it may keep at least the eighteen user nations together and preserve a united strength for use if things go wrong with the canal traffic in the future. Disruption of their unity would merely weaken the chances of getting the kind of management that will make the canal work, and of getting a measure of agreement to act if its working is impeded. This implies leaving any plan for the overthrow of President Nasser to the Egyptians. The use of force may not in the end be avoidable but it would be a misfortune, to be faced only if it proved the only way. The principal effort must still be fixed on the search for arrangements which, by confining President Nasser's ambitions, will keep the canal open, cheap and efficient.

Report from Brighton

The Trades Union Congress met at Brighton this week with the eyes not only of the country but also of an inconvenient number of foreign holders of sterling firmly fixed upon it. The reports below, from our special correspondents on the spot, summarise the atmosphere at the congress, and discuss the main lessons that seem to be deducible from it.

WHAT one wanted to find out at Brighton, of course, was the real attitude of the trade union leaders to the wage struggles that lie ahead; and one soon began to suspect that this could not be done by taking too literally the resolutions and oratory in the Pavilion. It could not easily be found out behind the scenes either, partly because many of the leaders were not stone-cold certain about their attitude themselves. But, as the week wore on, one felt more willing to chance one's journalistic arm about the undercurrents of feeling at Hotel Metropole level; there is less accounting—and fortunately less need to account—for the ideas that were simmering (rather than seething) at boarding house level lower down.

The clearest initial impression was that the old stagers on the general council are as worried as any other sensible body of men about the prospect ahead; they do not want the economy to be wrecked this autumn by extravagant wage claims and strikes. Except for Sir Tom Williamson, whose position (in two senses) seems to grow daily more obscure, however, most of these old stagers now represent the smaller craft unions, which will not have much direct say in 1956's crucial wage struggles; and at the beginning of this week they therefore seemed to have fallen back, in private and semi-private utterance, on one constant refrain. The refrain was that, in view of the vague sins of the Tory Government, "their" (the militants') views were perfectly understandable; and that it would take very considerable diplomacy to stop "them" from giving their indignation full vent. The significant point is who the understandable "they," who were said to need this careful handling, now are.

In contrast to previous congresses, "they" were no longer the union rank and file, nor even the shop stewards and activist branch secretaries who have long represented the rank and file in the average general secretary's mythology. Instead—and this represents a revolution in postwar trade union pressures—the "they" about whom the old guard were so worried were now the Cousinsites, the newly emergent group among the general secretaries themselves. The phenomenon of Mr Cousins's rise to what might be decisive power, of this sudden accession of a complex character from the third to the first eleven, is discussed in a later note. All that need be said here is that a man whose primary aims have often seemed to be Labour-political—in a way that professional Labour politicians' aims rarely are—has been ruffling the composure of the general council by an apparently instinctive belief that anything that might help a Tory Government should, *prima facie*, be considered by a socialist movement to be an actively bad thing.

It should be said straightaway that the weight of the old-guard's opinions—and weight is the right physical term for the mass gathered at Brighton—did have some effect on the eagerly awaited speech about wage negotiations that Mr Cousins delivered on Wednesday. When Mr Cousins said that his motion did not mean that his union was going "on the rampage," he was scratching the general council's back at its request; just as the general council, in pretending that the motion could be interpreted in a way that precisely coincided with its views, was scratching his. But, inevitably, the sound of this affable scratching was lost in the mass of delegates' excitement. The gap between Mr Wilfred Heywood's obvious dislike of strike threats and Mr Cousins's open willingness to issue them remained significant—the more so because both men were verbally trying to narrow it. And it is the emotions on the Cousinsite side of the gap that now really matter. For even although Mr Cousins has not tipped the balance within the council towards his more activist views, all the signs are that his union's new militancy certainly has tipped it within the Confederation of Shipbuilding and Engineering Unions; while on the railways Mr Jim Campbell was a Cousinsite before that term ever had to be invented. These are the all-important points. For it is in engineering or on the railways that the explosion of a national strike for higher wages is most likely first to come.

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That, to an observer at Brighton, seemed to be the personal and political background to the threatened wage struggle. But it is, of course, a gross underestimate of the technical capacity of Mr Cousins and Mr Campbell (or of the leaders of the Amalgamated Engineering Union, who have become Cousinsites as a thankful relief from their own internal pressures) to suppose that personal and political factors alone weigh with them. They are also, quite obviously, making a sober estimate of their chances of winning any battle in which they may become engaged. And it is natural that, for Mr Cousins and other leaders of the Confederation of Shipbuilding and Engineering Unions, the starting point should be the lessons learned from their recent dispute with the British Motor Corporation.

The confederation's leaders remember, even though some newspaper correspondents have forgotten, that the BMC dispute showed that many workers' enthusiasm for recurring stoppages was dramatically low; and some may even lay more weight than is strictly justifiable on the recent report of the *News Chronicle* Gallup poll that 69 per cent even of Labour supporters said that they would willingly forgo wage increases in return for price stability (in answer to a question framed with a deliberate *nonne*). But the confederation's leaders have also taken note that the real difference between an official and an unofficial strike is that the former can be supported by sympathetic action; it was the threat of a stoppage of all transport facilities by the railway unions, they say, that swiftly brought the BMC to compromise if not to heel. If the first decisive clash over the wages issue was called in engineering, there would again be this threat of a stoppage of all railborne supplies; if it came on the railways, Mr Cousins's lorry drivers would refuse to take any black cargo on the roads. In their hearts the union

leaders may admit that there are weaknesses in their own position (because of the apathy of their membership) as well as in the employers' (because of the power of the sympathetic strike), so that in any struggle each side would to some extent be calling the other's bluff. But the gloomy impression one must report from Brighton is that the union leaders who for the moment really matter seem to believe that they would be able to call the bluff that decisive bit the longer.

If the new guard does put this belief to the test of a national strike, what will the old guard do? The answer may depend on where the initial clash comes, and the best starting point for conjecture is to suppose that it may come in engineering first. (Although the impression at Brighton was that the railway unions must eventually come together in face of the Transport Commission's rejection of any wage increase, the railwaymen still have an inter-union squabble to surmount; the confederation has reached the stage of unity already.) If there is a call for a national strike in engineering, and if it gets something less than a 100 per cent response, then one's guess (although the union leaders concerned would probably at present deny it) is that some people on the TUC may offer to try to help turn the wheels of compromise fairly quickly; there may also be some room for a compromise to be secured. The leaders of the engineering unions, and their members perhaps still more, have some inkling that a large increase in costs could price Britain out of export markets and lose many of their people their jobs; and there are various fringe benefits—compensation for redundancy, pensions and so on—about which agreements might be struck to save face.

If the first decisive trouble arises on the railways, however, the situation may be much more difficult. For one thing, a call to a railway strike would almost certainly get a 100 per cent response; and the general opinion at Brighton seemed to be that, given a sympathetic embargo by the lorry drivers, the NUR would be in a very strong fighting position. For another, there is little room for compromise about fringe benefits on the railways; compensation for redundancy is beside the point because the railways—this is largely why they are in such a sad plight—do not dismiss their many redundant workers anyway, and pensions increases would be expensive because so many railwaymen are so old. Moreover, it is generally assumed among all trade unionists that a rise on the railways would not price railway workers out of their jobs, but would merely add to the Transport Commission's now customary deficit. If Dr Gallup had taken a confidential poll at the Hotel Metropole this week—though not among the unions directly concerned—he would probably have got the answer that a railway strike would be likely to succeed, an engineering strike quite possibly not. It should be added, however, that there was no evidence of collusion among the new guard in order to play their stronger card first. The atmosphere at Brighton was depressing enough in all conscience, but it was not Machiavellian.

* * *

Very Conformist Congress

WHILE an outside observer usually leaves a Tory party conference feeling vaguely anti-Tory (too many horse-faced women in hats) and a Labour conference feeling vaguely pro-Labour (because of the obvious sincerity of all those decent little people taking a sacrificially late annual holiday for the cause), he leaves a Trades Union Congress feeling more than vaguely cynical. The delegates (one per 5,000 members) are chosen in different ways by different unions, but the general rule seems to be for each organisation to try to get an adequate leaven of senior unionists who are still on the work-benches to join with the mass of full-time paid officials. Many of these people have already had their annual holiday, but their employers do not usually cavil at the extra week off (they had better not); and the union often pays full expenses and compensation for loss of wages. The Sunday newspaper which suggested last week that Mr Macmillan would by now have had the unions eating out of his hand if he had introduced a capital gains tax (in a year in which there have been large capital losses) and building licences (which could not yet have had one iota of disinflationary effect) finally banished one's Brighton blues when it put forward as its third postulant a determined attack upon expense accounts. From this well-meaning recipe one looked up in delight around the hotel lounge, at a congress which largely consisted of people who were living for a week off expense accounts; whatever they might say on the Pavilion floor, they seemed to be liking them fine.

This method of choosing and financing delegations has two other effects. One is that the median age of delegates is unexpectedly high (at a guess, around fifty), and many delegates tend to conform almost caricature-wise to a type; a check along one row revealed that one in five could reasonably be described as largish men with large horn-rimmed spectacles. The second effect is that, initially at least, the floor seems to be on its very best behaviour, as the factory workers show off to the headmasters of their delegations and the headmasters show off back to them. The deadening effect of this was obvious on Monday when Mr Beard—in a courageously moderate presidential address, made the more courageous because he shouted the moderate bits and slurred over the rest—almost projected himself over the rostrum trying to strike a spark from all those horn-rimmed spectacles; but there was no spark to be had. When the seconder of the vote of thanks to Mr Beard brightly informed the congress that one of the president's great virtues in collective bargaining was his "willingness to see the other fellow's point of view," the delegates—although most of them clearly thought that seeing the other fellow's point of view was a very bad thing—quickly shushed the only man present who thought that the orthodox reaction to this was to groan. Later the floor livened a little, and the more militant the speakers the louder—undoubtedly—rang the cheers; but the instinctive tradition of brotherly good manners towards those with whom most delegates disagreed was significant. It is nonsense to say that the congress is a body that cannot be led; there was no uncontrollable spring of angry militancy gushing up here from below.

A Cousins in the Nest

INEVITABLY, all eyes at Brighton were on Mr Cousins; one had stolen sidelong glances at him at last year's Labour conference at Margate, as his predecessor lay dying of cancer, but then it had seemed almost indecent to make the scrutiny too close. The monstrously powerful post of general secretary of the Transport and General Workers' Union was originally tailored to fit Ernest Bevin (by Mr Bevin himself); Mr Bevin then prepared Arthur Deakin for the mantle, and Mr Deakin prepared Mr Tiffin. Mr Cousins stood before the TUC this week as the man acclaimed by his union to fill the gap left by Mr Tiffin's death, but not as Deakin's choice.

Seen from the floor he looked as if he is going to develop all of his predecessors' presence (and therefore possibly of their power), and he may well be more skilled than Mr Deakin in the art of personal relations; but on wider matters he still plainly lacks some of Deakin's wisdom and *savoir faire*. Granted that all the cards could not have been more favourably stacked for him, his speech on Wednesday was still a major oratorical success; it is nice to hear a union leader who speaks in short sentences instead of incomprehensively long ones. But the matter of his speech was as thin as its manner was impressive. There was no evidence that he has pushed his processes of economic reasoning beyond an implicit belief that anything that is Tory and "unplanned" must be all wrong, and that most things that are "planned" should be all right.

The same mixed verdict must be passed on his other speech to congress—on Monday, outlining his union's dispute with the National Amalgamated Stevedores and Dockers. He spanked the NASD with all of Deakin's paternal arrogance; it is plainly not true, as some people have been saying, that the relative contributions of the two general unions to British public life are now being determined solely by the accident that Mr Cousins is physically a broad-shouldered man, of the sort that the trade union movement expects in its leaders, while Sir Tom Williamson happens to be a thin one. But in the structure of his speech—which consisted largely of indignant quotes of the rude things the NASD has been saying about his union—he ran risks that Deakin would have avoided; one felt that considerable harm could have been done to his cause by the interjection of a single sacrilegious "Hear, Hear."

Although the old guard finds itself increasingly in opposition to him, it shows no sign of personal resentment. Its attitude seems to be akin to that of some civil service department that has just got a Mr Bevan as Minister. ("A very able chap despite his background and views; by emphasising where we agree instead of disagree with him we will turn him into a national asset in time.") In pursuance of this policy, the more cautious members of the general council have busied themselves this week trying to bridge the gap between his school of thought and theirs by turning as many motions as possible into bromides that mean nothing at all—or, better still, that mean several things at once. There was no variety in this approach. Every member of the old guard was seeking this week to be personally undistinctive, in order not to appear to be personally leading a reaction against the Cousinsites; and the effect was inevitably cloying. Here was the TUC at Brighthelmstone, and nary a Prinny there.

* * *

Committee of Management

SIR VINCENT TEWSON, the general secretary of the TUC, said to the press on Sunday that the function of the General Council was not to lead the unions but to serve them. Events showed that this was perhaps excessively modest; except in the wages debate—where congress and the Cousinsites led the council — the decisions taken by congress were again very effectively controlled by central authority, in the shape of the General Purposes Committee. The function of this body is to arrange such things as the withdrawal of duplicate motions and the acceptance of emergency and composite resolutions; it operated with smooth efficiency.

The fact that the steamroller was in action became evident on the first restful day. The National Amalgamated Stevedores and Dockers' complaint against the Transport and General Workers' Union, which the general council had not wanted to be discussed at all, was shelved after a very short debate by a successful motion to pass to the next business. The steamroller showed itself to more palatable effect next day. The National Union of Railwaymen had put down a motion urging the reduction of national service to twelve months, which the Society of Boilermakers wished to amend to one urging total abolition. The general purposes committee persuaded these two powerful unions to withdraw their resolutions in favour of one, from the Furniture Trades Operatives, which merely urged a "speedy and progressive reduction" in service. By doing this, as Sir Tom Williamson put it, congress formulated a policy worthy of a Labour Government rather than a mere opposition; without this behind-the-scenes activity, congress's voice on national service might have been very odd indeed.

The council also rightly gave a lead in the debate on automation. Here, no less than nine separate resolutions were compounded into two, and it was arranged that the most effective spokesman for complete state control, the communist Mr Haxell of the Electrical Trades Union, should propose the milder one, which called for the protection of workers' interests and for tripartite consultations of state, employers and unions; the powerful TGWU then put up Mr Nicholas to demolish, with smooth efficiency, the arguments for the more extreme motion—which demanded detailed state control and a national planning board of "pseudo-civil servants."

It was, however, in foreign affairs that the technique of behind-the-scenes management operated to best advantage. Some members of the council apparently

inclined to a line on Suez indistinguishable from that of the Government ; others were virtual supporters of Colonel Nasser. The council nevertheless succeeded in drawing up an emergency motion which contained almost everything, including the essential rebukes to Egypt ; which did declare, apparently after some internal argument, that " force should not be used until the question has been referred to the United Nations, and with its consent " ; but which also struck upon the happy thought that " the Egyptian government has the opportunity . . . to exhibit statesmanship which recognises world needs as being above a narrow conception of sovereignty." Once again, the motion was passed. The best comment on the management of the conference was made by the delegate who declared on Wednesday that he was taking part " not in a debate, but a demonstration." The objective of the council, which seems to have been attained in handling most of the motions, has clearly been that delegates should leave Brighton giving different—but generally self-satisfied—answers to the puzzling question: a demonstration of what ?

France's Creeping Inflation

THIS autumn, France's political troubles threaten at last to break in on the extraordinary " normalcy " of her citizens' lives in recent years. Since 1954 France has been displaying the paradox of an economy flourishing as rarely before amid political crises and social maladjustments she seems unable to solve. Even the Algerian rebellion, draining away 150,000 men as conscripts, has barely laid its bill at the ordinary Frenchman's door. But the return from the first national three weeks' holiday with pay could bring a rough awakening. Pressure on prices—coming mainly from growing consumption but screwed up to a new pitch by the cost of Algeria in men and money—has been growing for months, and the broad-rumped administration is finding it hard to sit on them effectively.

Strangely, the fault in the authorities and the business world has tended to be over-optimism, derived from the extraordinary buoyancy of industrial production. Alone among European countries, France has recently matched German industrial growth month for month. As if inspired by this vitality, industrialists are showing more willingness to invest than they have shown for thirty years. A new surge of production is expected in the autumn, and the record industrial output of 1955 may even be bettered by ten per cent this year. The government is anxious to sustain this changed mentality ; France has done notably less than its neighbours this year to restrict credit.

Unhappily, what industry has given with one hand, circumstance has withdrawn with the other. The frosts in February reduced food production ; fruit and vegetables in April were nearly twice the price they were a year before ; food is still dearer than usual. The call-up has turned full employment into manpower shortage. Lack of skilled labour, according to an official inquiry in May, was hampering 42 per cent of firms, and of engineering firms 60 per cent. Growing immigration (7,000 foreigners came in June) has not filled the gap. Finally, capacity has fallen behind demand, particularly in steel, engineering and construction. In the extreme cases, building prices have risen 12½ per cent in a year and some heavy electrical goods by twenty. The national product may rise in real terms by some £600 million, less than five per cent, in 1956, compared with a rise of nearly £1,000 million in 1955.

Against this reduced, though respectable, increment, must be set growing calls on resources. First and foremost, wages (though profits are a good second) : the first signs of inflation came after last autumn's big round of increases. Without trade union pressure it is likely that in 1956, shortages, longer hours and the government's social legislation will raise them alone almost as much as the growth of the national product. Increasing investments add to the strain : they seem to be 17 per cent higher than last year, though the statistics are poor. So, finally does the much publicised obesity of the budget deficit. True, the astronomical figures of French budget deficits should not be taken tragically. A rough approximation to British practice would turn the official deficit of £700 million in 1955 into a handsome surplus. The fact remains that, notwithstanding increased taxes, Algeria will swell the deficit by nearly £200 million this year.

The result, by the beginning of the holidays, was that retail prices had risen by 3½ per cent in six months—and it seemed more than that to the housewife shopping. The trade unions were becoming restive, and business men showed their first doubts in the franc after three years of confidence.

M. Mollet's disinflationary sternness of speech was well-timed to forestall any panic during the holidays that would have committed the country to inflation when it returned to work. He offered " rigour and severity " ; blocked prices, and no " October rendezvous " with the unions to discuss wage claims. However, when it comes, not to holding down the inflationary pressure, but to reducing it, M. Mollet's programme seems more modest. Last month credit was mildly reined in for short-term loans and hire purchase (just out of its infancy). Subsidies to private building are being slightly tightened. M. Mollet has promised " flexible " controls on investments to trim the fat ; continued high imports ; more foreign labour ; and a £250 million cut on the 1957 budget estimates. He has threatened more of the same medicine if need be. Yet it is a programme that rests on too many ifs and buts to be entirely convincing in itself. Investment controls are hard to apply. The foreign labour that is

obtainable is not skilled labour. As for budgetary cuts, M. Ramadier is now speaking of £400 million to keep the 1957 deficit within present limits. The government plainly banks on industrial growth to ease the pressures.

Every day makes this look more like an underestimate of the effort required. The official cost-of-living index at 147.1 in August (1949 = 100) is perilously near the ceiling of 149.1 beyond which the national minimum wage must be raised by 5 per cent. The margin is so narrow that seasonal variations in prices might break through it even without inflation. Technically, that need not mean general wage increases, for most are well above the minimum. Politically, it will be touch and go with wage restraint, especially with the Communists now aiding and abetting the traditional responses to inflation. Even should the Government succeed and keep prices, producers and workers in something like the present economic frame, the rate at which it is piling up trade deficits promises a balance of payments crisis by the end of the spring. Last November, the foreign exchange reserves, standing at £700 million, were almost as large as those of the sterling area. When the first slight swell of inflation began to be felt in December the government decided that this unwonted wealth justified a temporary trading deficit to meet growing raw material and investment needs without disinflationary action. Thus it hoped to keep production and supply ahead of demand. But the deficit exceeded expectations : exports outside the franc area have fallen by 3 per cent if one compares the first halves of 1956 and 1955 ; imports have risen by 16 per cent. By the New Year the exchange reserves will probably be halved. Everyone agrees that devaluation would be no solution, not least because French trading regulations already amount to a partial devaluation in practice. Next year, therefore, domestic demand will need to be further restrained to repair the deficit in the balance of payments. Self-denying ordinances will have to be maintained far into 1957.

M. Reynaud has doubted that the Fourth Republic can so deny itself. Applauding the government's good intention to reduce subsidies, now running at over £400 million, he has added sceptically : " Subsidies have such political importance that it will be impossible to touch them as long as the Constitution is not reformed." In this respect, however, the North African crises and the general anxiety to avoid inflation strengthen M. Mollet's hand. A socialist, he has been able to suggest wage restraint. He has dared to call for the publication of the tax returns of people resisting official inquiries. But to tackle inflation effectively he will probably have to grasp the bigger nettles : taxation ; restrictions on credits for investment ; or cuts in military expenditure in North Africa.

The government has already resorted to new taxes, some of which themselves tend to raise prices, and which help by their inequities to inflame the ever present class resentments. The scope for fresh ones is limited. Investment cuts are possible, for instance in private house building or transport, but a credit squeeze would almost certainly obstruct the all too recent expansion of the metal-working industries on which future growth depends. Yet, if investment is not cut, spending in North Africa must be. Algeria is not the root cause of inflation ; it is still the one that can be removed with most decisive effect. An end to the conflict would not replace a policy of monetary restraint, but it would give it a chance. Immediately, because it would help the government to restrain the unions, later because it would reduce spending and above all the labour shortage which threatens the economy. This gives added urgency to an Algerian settlement this autumn.

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Now Suez complicates the issues. A riposte to Nasser, even a peaceful one, is likely to cost money ; but, in North Africa, a Nasser success would exalt the Algerian rebels and make the moderation of Bourguiba or the Sultan of Morocco in their dealings with France look like reprehensibly un-Arab activities. Luckily, the government does not now seem to follow M. Lacoste in his tendency to put off an Algerian solution during Nasser's lifetime. If it is really working for a settlement it is wise, not only for Algeria, but because inflation would undermine its own progressive policies in other sectors.

Prosperity has done much to mould the nineteenth-century features of France to a more contemporary pattern. The willingness of industry to invest corresponds, as many observers agree, to the arrival in management of a new generation and outlook. Last year's Renault-type agreements, tying rising wages partly to rising productivity, which spread rapidly through industry, have strengthened the trade unions and have led to the first increase since 1948 in trade union membership. The newborn confidence on both sides of industry needs time and good weather to mature it.

The unrecognised merit of the Mollet government has been to channel the existing forces of expansion into the beginnings of a coherent policy. It has prepared social reforms, as in housing and education, which growing wealth made urgent. It has worked to renew the much undermined French Union, granting greater autonomy to the overseas territories, and envisaging an industrial future for the Sahara, based on greater cooperation with the Africans and with other European states. The hopes of European integration themselves have regained ground with the Franco-German agreement on the Saar, negotiated with remarkable calmness of temper, and with M. Mollet's unexpected success in persuading Parliament to approve the Euratom talks. However uncertainly, the lineaments of a potentially new France have been shaping through the tribulations of the old in 1956. The government deserves credit as well as blame ; but its partial successes are threatened by inflation and by the unresolved problem of Algeria.

Notes of the Week

The Speculative Tide

THE $129 million fall in the gold reserves last month, the details of which are discussed in a Business Note on a later page, calls for a sense both of proportion and precaution. It seems clear that it was a consequence of the familiar Suez crisis rather than the inevitable harbinger of a new economic one. But for the speculative withdrawal of funds that Suez set off the August figures apparently would not have gone beyond the bounds of the moderate decline that the Treasury had long foreseen for this season. Britain's own current balance of payments almost certainly remains in surplus.

But the alarming feature, of course, is that a speculative movement against sterling can now so swiftly take effect. In part, this is because the channels through which funds can be withdrawn are much smoother and wider than they used to be, especially now that the D-mark rivals the dollar as a sensible currency for speculators to escape into. In greater part, however, it reflects a changed international outlook towards the British Government. Confidence, which was sterling's greatest ally in Mr Butler's heyday, has turned traitor. One reason for this, which Mr Macmillan has still not sufficiently appreciated, has lain in his own persistent remarks that he is not doctrinaire in his attitude to physical controls: some foreigners have deduced from this that at the first sign of real trouble Britain might interfere with the way in which they use their money—so, as trouble signals are hoisted, they tend to hurry to get their money out of the country. Another reason, however, is that Britain's present economic difficulties are recognised as being largely a matter of too high prices—not merely of delays in delivery dates—in export markets ; the last time this was true was in 1949, and every foreign banker remembers what happened then. The only sensible conclusion for Britain is that economic action this winter will have to take the strain not only of moderating demand at home—to some extent, it has done that already—but of pressing on far enough to recapture confidence as our ally.

"Spy Rings" and Pilots

THE number of British citizens whom President Nasser has arbitrarily thrown into gaol has now risen to four: all are business men ; in Egyptian eyes, none has the kind of status that is likely to cause London to make a real fuss. (Perhaps they are right. Why, otherwise, have only consular officials concerned themselves with the fact that these men have been held *incommunicado* for unreasonably long periods ? Why has there been no more energetic or exalted protest?) The Levantine inference from this fact is that endless impediments can safely be placed in the path of the British consular officials who, anywhere but in a totalitarian state, would have been able to see them at once.

Naturally, this behaviour, smelling as it does of Nazi and Soviet precedents, will deter foreign residents from staying and exposing themselves to the risk of the knock in the night, the extorted " confession " and the other horrid paraphernalia of dictatorship. Among the foreigners thus deterred are bound to be the Suez Canal pilots—who are suffering from strain and fatigue, and few of whom want to go on serving a master who is advertising all over the world for replacements. True, President Nasser has said that he wants the pilots to stay ; but it must be fairly plain to them that it is only a matter of time before he sets out to get rid of everybody associated with the old regime. The Egyptian propaganda machine speaks and writes of the pilots as if they were a corps subject to orders from home ; so do some people in London and Paris ; but in fact they are not. They are free men, youngish and skilled in a profession that is in short supply. They are hanging on at outside request till the Menzies mission is over, but few will want to stay if Egypt treats foreigners as it has treated the arrested Britons. Who wants to work, if he need not do so, in a totalitarian area that sets no store by human life, mental distress and the anguish that breaks up family life ?

Algiers Revisited

M. MOLLET is revisiting the scene of his inauspicious beginning as French prime minister. Last February he travelled to Algiers in hopes of announcing a new policy. He returned to Paris a few days later, having given in to the pressure of tomato-throwing settlers. The chance of winning Moslem support was missed, and France since then has been learning, in sweat and blood, the bitter lesson that the settlers are not the only Algerians to be taken into account. But by now the conclusion seems to have been reached—even by such men as Marshal Juin and the bellicose minister of defence, M. Bourgès-Manoury—that force alone will lead nowhere. It is generally assumed that M. Mollet's purpose in revisiting Algiers is to persuade M. Lacoste, the minister resident, to grant a new statute to Algeria without waiting for the ever-receding end of hostilities. If on his second visit M. Mollet succeeds in producing a formula capable of attracting Moslem Algerians, he will do much to obliterate the distasteful memories of the first visit.

The political statute proposed is not yet clearly known but seems to aim at some kind of federal Algerian state, itself federated with France. The manner of the proposal may be even more important than the substance of what is proposed. Will the new charter be granted to Algeria by the grace of the French government, or will it be negotiated, and with whom ? Only negotiation is likely to do much good. It now seems clear that the only way to break Moslem resistance will be by opening up rifts in the National Liberation Front through tempting offers to its more moderate men. For a long time the French government has been acting as a recruiting agent for its Moslem opponents ; now a more imaginative approach is urgently needed.

Unfortunately, the whole Algerian question is hopelessly entangled with the Suez dispute. Partisans and opponents of reform in Algeria alike talk of nothing but of rebuffing President Nasser. French politicians sound more belligerent than their British counterparts, and Socialist ministers, full of Hitler and Munich, are using language that is not in character. What if the whole crisis were to fizzle out without a slap for Nasser ? What effect would it have on policy for Algeria, and on the Mediterranean reincarnation of the *Entente Cordiale* ?

Mohammed V's Sober Touch

MUCH as volcanoes now and then throw out earth and rock instead of hot air, so Arab rulers sometimes give off a piece of practical home policy instead of the more usual emotional and self-deceptive talk about intentions. Nuri Pasha's Iraq and M. Bourguiba's Tunisia are the steadiest practical performers ; Sultan Mohammed V of Morocco has now joined their select number with a display of cool and effective statesmanship.

On August 19th the coalition through which he governs was shaken by a threat of resignation from its largest component, the Istiqlal party. This group, which represents extreme nationalism but also youth and the underdog in general, had been stung to act partly by an unpromising economic situation but also by the impact on its congress of Si Allal el Fassi, fresh from long exile and from Cairo, and second only to the Sultan as a popular figurehead. The Istiqlal leaders urged the Sultan to form a " homogenous " government consisting only of themselves.

His response was simultaneously to say he would consider the matter and to call many of them into inter-ministerial committees to deal with a pile of homework of daunting dimensions—integration of the half-wild " Army of Liberation " into the Royal army, or else into jobs in civil life ; unemployment ; the flight of capital and the scant measure of local technical and financial resources. The dossiers with which he confronted them are reported to top a thousand.

The Sultan has not spoken, but last weekend his Prime Minister, Si Bekkai, broadcast a sober appraisal of the national situation in which he spoke of the need for an all-party coalition at a time of growing pains and remarked, *inter alia*, that:

> The country must not allow itself to be misled into belief in a Santa-Claus state. . . . Only a combination of public order and hard work will relaunch our economy.

Undoubtedly, he spoke with the Sultan's approval, and that of those Moroccans (who include a minority of Istiqlalists) who know that there is nothing to gain from pandering to mobs led by emotional theorists. " Man cannot live by slogans alone " was the theme of the broadcast. Will the Istiqlal's managing directorate accept it ?

Laboured Agenda

NEXT month's annual conference at Blackpool will bring the Labour party one of its triennial opportunities to change its constitution. The final agenda, published this week, produces the usual crop of constituency schemes for inflating their own position, relative to that of the unions. There are the familiar proposals for giving the constituencies more seats on the National Executive, and a bigger slice of the votes at the annual conference. But any arguments in favour of such changes are going to sound very thin in face of the figures shown in the annual report: the party's individual membership dropped 90,000 last year and is now lower than at any time since 1949. The affiliated union membership, on the other hand, rose by 76,000 last year and now stands 660,000 higher than it did in 1949. The constituencies can fairly claim that this merely reflects the arbitrary decisions of the heads of a few big unions to increase the size of their affiliated membership—in order to give themselves more votes than the Bevanites. But explaining away how the union figure has risen will not help the constituency zealots to show why their own membership has sunk. A recruiting drive has been started, and will need to be pressed vigorously if Labour hopes to recover the 170,000 constituency members which it has lost since the peak of 1952.

It may be no coincidence that the decline in the constituencies has paralleled the disillusion with Bevanism, which has gone much further among the mass of the country than among local party officials. Prospective party members cannot be blamed if they find little attraction in constituency organisations dominated by extreme left-wingers. The leftward tilt is as marked as ever: in the battle for the treasurership, which threatens to be the one bright spot in an otherwise dull conference, more than a hundred constituencies have supported Mr Bevan's nomination, only seven Mr Brown's. This, of course, is no guide to the possible result ; with the Transport and General Workers' Union on his side, and the promise of other big union support, Mr Brown still has about an even chance.

The resolutions listed in the agenda, as usual, provide no accurate guide as to the likely course of the conference ; but, also as usual, they provide plenty of light relief. Hastings constituency party wants the conference to try

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We regret that owing to a printer's error last week's issue of _The Economist_ bore an incorrect issue number: 5899 instead of 5897.

to abolish the rate of interest; North West Leicester has a new recipe for public ownership—"the nationalisation of all industries unable to maintain their workers in employment"; Colchester objects to the electricity authorities' practice of asking householders to read their own meters, and adds for some reason that this and similar practices "contribute to the high cost of living, especially in the case of old age pensioners"; Richmond and Barnes thinks that it is an intolerable blight upon the welfare state that a charge should be made for the use of public conveniences; and a sight of what sort of a community some of the constituencies would like to build may have prompted South-East Derbyshire's wish to see "more of the national resources devoted to training of psychiatrists."

The Hats of Ninotchka

WHO is to blame for magnifying the incident over Nina Ponomareva, caught at an Oxford Street store without a ready proof of legal possession of five hats worth 32s. 11d., into a minor diplomatic crisis? The Russians, who called off the international athletics meeting, failed to surrender Nina to her bail at Marlborough Street, and, after trying her case themselves and finding her innocent, announced that the whole Russian team was the victim of a dirty trick? Or some person or persons in authority on the British side who, at some stage in the process of accusing, identifying, arresting, charging and subsequently sending out a warrant for Nina after her failure to appear in court, missed the opportunity to get the whole thing quietly dropped—the store, the police, the magistrate, the public prosecutor, or the Foreign, *via* the Home, Office? And what is the result? The vindication of the incorruptibility of British justice—and notably the essential separation of the judiciary from the executive? A public exposure of the touchiness of Russian dignity at not having athletes treated as diplomats, and at the suggestion that Russian supplies of consumer goods are so bad that a Russian citizen cannot resist capitalist millinery? Or a demonstration to the world, as some say, of British hamhandedness?

So far as public opinion can be gauged it seems far more irritated by the failure to get Nina off somehow, and still more by the solemn police hunt which continues, than by the violent Russian reaction which spoilt the pleasure of thousands at the White City. The *Daily Worker's* criticism of the Russian decision, enjoyable as it was, was hardly general. The store can hardly be blamed, though it is a pity that it did not have somebody about who was quick-witted enough to grasp the position. From the moment the magistrate charged Nina with breaking her bail on the Thursday morning the damage was done—Russian prestige was pitted against the judicial machine. It is a misfortune that this was ever allowed to happen. Now that it has happened, the best thing will be for the police to be really efficient and somehow let Nina slip through their clutches. A continuing massive determination to uphold the majesty of the law may win a victory for principle—which, once evoked, is certainly important; but, in terms of international realities, it would probably be widely acclaimed as a defeat for British commonsense, even if the Russians contrive no nastier tit for tat.

The Clyde Stops

THERE have not been many occasions in the past when a serious strike has been in progress as a Trades Union Congress convened, but the effect of the congress on the shipbuilders' strike on Clydeside has been an odd one; it has been that—with all the industrial correspondents, and most of the major union leaders intimately concerned, gathered at Brighton—the strike has had less publicity than it certainly deserves. It is clear that, in sharp contrast to the British Motors dispute, all members of the Boilermakers' Society have obeyed their union's call; the completeness of the stoppage may have been helped by the fact that the men are all piece-workers with some tradition of casual employment, who are not necessarily in the habit of working continuously in the same job anyway. By Wednesday 5,000 men were on strike, and nearly 3,500 others had been dismissed because there is no work for them while the craftsmen are out. The total number unemployed will rise as the work that can be done after the stoppage of one section runs down.

The issues involved in the strike are clear enough: the union is demanding a guaranteed weekly wage that the employers fear would be high enough to tempt some men to report for duty but do virtually no work at all. This looks like a recipe for deadlock. The union is making preparations for a long stoppage, and has even appointed "sports organisers" to keep the strikers happy; as the strike drags on, there is likely to be a drain of men into other work in the Clyde area. On Friday, unless there is some last-minute change of heart, 900 welders are due to stop work on Tyneside on the same issue. It remains to be seen whether this strike, in advance of the main wages struggle, will serve to make trade union members and the public even more fed up with direct action than they are already; or whether the union, from its apparently strong position, will win a victory that could set a dangerous precedent for autumn; or whether, as some shipbuilding strikes have done in the past, it will merely drag on interminably and damagingly, with the general public taking even less notice of it than they have done already.

European Free Trade Zone

FORMALLY, M. Spaak's visit this week to Mr Macmillan is merely the step decided upon in Paris in July: contact between the six Messina powers and the other members of the OEEC (of which Mr Macmillan is chairman) to gauge the chances of building a free trade zone round the promised common market of the Six. In fact, it tends to demonstrate what needed to be proved, that the British Government is taking seriously the idea of a free trade zone in Europe. It has been decided that the OEEC's working party to analyse the problems of the free trade zone will first meet on September 24th. Thus, it will work concurrently with the Brussels talks among the Six on Euratom and the common market, which have just started. The working party is due to report by the new year, and will have to work fast. For if the idea is to go further it will have to provide formulas to meet at once the problems raised by freeing trade in each of the OEEC countries—most of which depend more than Britain on European trade; by co-ordination with the common market proposals of the Six, which themselves have not yet reached a final form; and by the GATT trading rules, which will raise delicate scruples even in a favourably inclined United States.

The change in the attitude of the British government can be gauged by the official discovery that Imperial Preference is perhaps not such an obstacle after all to a free trade area with Europe. It is recognised that non-agricultural imports—those most affected by European free trade—amount to only 10 per cent of Commonwealth purchases. And the preference on these is often slight. Thus, though there has been little consultation yet with the Dominions, it should not be too difficult to apply the free trade area concept—that while trade barriers are lowered within the area, each member retains a separate tariff towards nations outside it. Cuts in customs duties and quotas would touch some protected British industries to the quick. But European trade still only accounts for a quarter of British trade, and the Spaak report on the common market for the Six suggests a transition of 15 years to its goal; these facts limit the difficulties of adaptation for the British economy. This new British attitude, once it is fully appreciated abroad, is bound to give fresh impetus to the negotiations for a European common market. The most important aspect of Mr Macmillan's talk is that he seems to have convinced M. Spaak, the moving spirit of the Brussels talks, that it is a new attitude.

Incident in the China Seas

EIGHTEEN months ago, when the tension between the United States and Communist China over Formosa was at its height, the shooting down of an American naval aircraft, with loss of its crew, by Communist fighters outside Chinese territorial waters would have been regarded as an incident endangering the peace of the world. During the last month such an event has failed even to reach the headlines of the daily press, and this fact gives the measure of the relaxation that has taken place in the Far Eastern conflict. The case has nevertheless brought out once more the fundamental incompatibility of the present claims of the two sides and should serve as a reminder of the dangers which remain inherent in the situation.

The Peking government has not denied the American assertion that the plane was outside territorial waters, but claims that it was in a "combat area," where it was "justifiable" for a Chinese Communist fighter to mistake it for a Nationalist aircraft. On this ground Peking rejects the American demand for compensation. By admitting a mistake and expressing regret for the loss of life, however, Communist China has avoided the imputation of a deliberate attack on an American air force patrol as such, and this indicates a reluctance to provoke America too far. The American government, for its part, has been wary of starting a major quarrel within three months of the presidential election, and has not talked of reprisal.

But the implied principle contained in Peking's reply that any American aircraft over the high seas off the coast of China deserves to be shot down without any liability on the part of the People's Republic is one which Washington cannot be expected to swallow. If such incidents recur, are any counter-measures to be taken, and if so, what are likely to be their results? The Communist view, of course, is that American planes have no right to be patrolling over the China Seas at all. But such patrolling is an essential part of defensive precautions under the terms of the American undertaking to protect Formosa, and the American air force is responsible for ensuring the safety of its crews as long as they are over international waters.

The Bakers' Responsibility

ON September 14th an important conference will be held in London: the various trade associations concerned with bread will meet to discuss what should be the new price of bread after September 29th when the bread subsidy comes to an end. The millers have not yet made any statement about the price of flour, but by next week the harvest should be far enough advanced to forecast its prices and grades. Assuming for the moment that the basic price of flour remains unchanged, the arithmetic of the bread price would be this: the controlled price for the 1¼ lb loaf was 8½d., to which must be added 1½d. as the value of the lost subsidy. There have also been some minor cost increases which have not yet been assessed, but which might be covered by another farthing; as neither trade nor customers like farthings, this might provide a case for setting the final price at 10½d. The bakers complain, however, that this price assumes no increase in their profit margin (now controlled to produce an average of 7s. per sack of flour used for bread). Therein lies the controversial question.

It is the more controversial because the two sections of the trade have different interests. Many small bakers have made less than the average profit and they have more to

Emergency Issues Reprinted for Binding

The size of the pages in five of the issues of *The Economist* produced during the printing dispute earlier this year was overlarge. These issues (dated March 3, 10, 17, 24 and 31) have now been reprinted in normal size and are available for those who regularly bind copies of the paper. The cost of a set of the five issues is 2s. 6d. including postage. It would be appreciated if remittances could be sent with orders, which should be addressed to:

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lose than plant bakeries by the disappearance of the subsidy. As this was adjusted to cover the cost of transporting flour, the country bakery will miss it more than the plant bakery in the town ; and whereas the extra subsidy of 4s. a sack on the first twenty-five sacks covered most of the small man's production, it meant very little for the plant bakery. The small bakers would like to see a new price of 11d. But there is no doubt that the plant bakeries could manage comfortably on 10½d. for the unwrapped loaf and still more comfortably on 11½d. for a wrapped loaf. Let them manage then. It is important that the conference should not pursue uniform prices for all types of bakery and all parts of the country. Quite apart from the general case against monopoly price-fixing, the bakery trade has a heavy responsibility at the present time, since any rise in the price of bread has a psychological impact not to be measured in farthings.

West African Customs

THE report of the inquiry into the Cocoa Purchasing Corporation in the Gold Coast appears just as evidence is being given in the Nigerian banking inquiry. Together they may seem to throw a murky light on financial morality as understood in the young governments in West Africa. The cocoa inquiry not only convicts Dr Nkrumah's government of using the corporation's power to make loans to farmers as a political weapon, but charges him, and his finance minister, with untrustworthiness when answering questions in the witness box about the corruption of the corporation's officials. This has stung him into issuing a white paper complaining of the judicial methods used in the inquiry, and promising new legislation to define procedure in any such inquiry in future. Dr Azikiwe, in Eastern Nigeria, of course, slapped in his white paper about the banking question before the inquiry started.

To people in Britain such goings-on reinforce doubts about African capacity for decent administration. Fears have been expressed that they will inevitably frighten away the overseas capital Africa needs. This may be true, but it is well to keep a sense of proportion. West Africa is not the only area where a measure of corruption prevails without administration breaking down or international capital feeling unable to do business; and in Western Nigeria, at any rate, Mr Awolowo appears to be running an administration that compares more than favourably with some in the Middle East or South East Asia. In the Trusteeship Council, indeed, Britain is accused of having a peculiar and unhealthy puritanical obsession with administrative cleanliness to the detriment of the far bigger issue : the right of colonial peoples to self-government and democracy.

The cocoa report may serve in Britain as useful ammunition to the dissident Ashantis ; but Dr Nkrumah will probably not go short of apologists who will say, in Clive's words, that, considering how much loose cash has been lying about in the Gold Coast in recent years, his henchmen's moderation has been astonishing. And at least he has published the report. The fact had better be faced that the shock to West African public opinion is likely to be very moderate.

On Beef and Milk

APART from the losses of a wet harvest, British agriculture is facing awkward problems of adjustment. The price settlements of the last few years have aimed at discouraging milk production while giving a strong stimulus to the output of beef. Yet while milk output continues to rise, efforts to step up the consumption of liquid milk—the profitable part of the milk business—have so far failed. Even the perennially optimistic Milk Marketing Board is becoming alarmed. Beef producers, on the other hand, are in the doldrums because prices have slumped. Farmers blame the Government for allowing increased imports of Argentine chilled beef, and their union is pressing strongly for import regulation.

In fact the outlook for beef producers is brighter than they seem to think. The price guarantees for fatstock are calculated on a rolling twelve-month average, and guarantee payments are low now simply because market prices were high last summer. Fat cattle prices seem certain—whatever happens to beef imports—to climb back to a satisfactory level by next year ; and since Mr Heathcoat Amory has already promised not to cut the beef guarantee next spring, the further outlook for producers is also reasonably good. Nevertheless, meat production is one of the most hazardous branches of farming ; if the Minister does not want producers to take premature alarm and reduce their stock (as they are beginning to do) he will have to do some more effective explaining.

The milk situation is fundamentally more dangerous. Milk yields on the better dairy farms are rising rapidly—which is wholly to the good. The trouble lies in the vast number of farms whose financial backbone consists of a small and relatively inefficient dairy business. Most of these farmers ought either to specialise much more effectively in milk or else go in wholeheartedly for something else—such as beef. The only way to make them do so is to cut the milk guarantee while leaving the other guarantees untouched. Because this course is so unpopular, there is a real danger of sliding into the alternative expedient of introducing a system of milk production quotas—a course which would spell inefficiency, not only for the dairying industry, but for British farming as a whole. The Milk Marketing Board has so far firmly opposed such ideas ; but neither Board, Government, nor progressive farmers can afford to let the situation drift.

Bonn and Moscow at Odds

DR HAAS, the west German ambassador in Moscow, has returned to his post from Bonn in an atmosphere dominated by recriminations over the repatriation of Germans in Russia and Russians in Germany. These at the moment almost take precedence over the long-promised German note on reunification, which Dr Haas still did not take with him. He went with "more precise verbal instructions" for the conduct of his difficult mission in Moscow ; the note, Bonn says, is now in process of delivery.

Dr Haas will have more scope for persuasiveness on the vexed question of repatriation, about which for months Bonn and Moscow have been exchanging small-arms fire. The latest shot from Moscow has come in the form of a note accusing the federal government of keeping Soviet citizens in Germany by "moral pressure, intimidation, persecution and even physical maltreatment." These improbable allegations have prompted a renewed German protest to Moscow against the Russian refusal to allow Dr Haas's officials to get in touch with some German technicians and scientists, including rocket experts, in the Black Sea area. The Russians claim that the east Berlin government is responsible for these particular Germans. The federal government retorts that international law gives it the right to identify its own citizens.

This is the sort of quarrel that flourishes on bad temper. The Social Democrats have said with justice that relations between Moscow and Bonn are now "worse than they have ever been." Certainly they have not improved since Mr Zorin left Bonn. The Central Committee of the Russian Communist Party has now declared that the ban on the German Communist party makes the "reunification of Germany impossible on a peaceful and democratic basis," adding one more to the list of "impossibles" which bar the way to German unity. The Russians must be more angry than surprised at what was a long-gestating judicial decision ; it is doubtful if their note really marks a change of attitude. But the occasion was too good to ram home the argument that a change of German government next year is an essential preliminary—one of many—to reunification. Since the federal government's purpose in making proposals is largely to persuade home opinion that it is doing something effective about reunification, it has not strengthened its hand by holding this card till now.

Nenni's Qualified "No"

FIRST reports of the meeting of reconciliation between Signor Nenni and Signor Saragat seem to have erred on the side of optimism. The talks on Italian Socialist unity that have followed the initial meeting at Pralognan are not going quickly. In itself, this is no bad thing: protracted talks presuppose an agreement in principle that the Nenni Socialists and the Saragat Social Democrats desire unity, and want to settle the many points of difference that must be reduced if unity is to be achieved. An earlier attempt at an *avvicinamento* between the left and right wings of the Italian socialist movement—marked by a meeting on June 6th between Signor Nenni and the Social Democrat party secretary Signor Matteotti—proved premature and indeed was condemned by Signor Saragat as over-precipitate. The present talks look more like the real thing.

The more detailed reports of the Nenni-Saragat meeting now made public, however, mostly underline the differences between the two parties. The 64-dollar question came from Signor Saragat, who maintains his opposition to a "popular front." He wanted to be sure that Signor Nenni would not accept Communist votes or invite the Communist party to join a coalition government, even if one of these courses would give a unified Socialist party a controlling position in the Chamber of Deputies. The fact that Signor Nenni said "No" is less interesting than his reason for so doing: "The country," he said (according to Signor Saragat), "would not understand it." It may be assumed that Signor Saragat will require evidence of a more radical change of heart before he commits himself to collaboration with such recent fellow-travellers as the Nenni Socialists. Indeed, the subtle overtones of Signor Nenni's observation that it is the business of socialists to be anti-capitalist rather than anti-communist must be ringing disturbingly in Signor Saragat's ears.

It is understandable, therefore, that Signor Saragat should firmly deny suggestions that he is thinking of leaving the Segni government, in which he is deputy premier. His denial merely demonstrates his awareness that there are still obstacles to be got over. Not the least of these is the rivalry between the non-communist trade union federation (UIL) and its bigger and still communist-dominated rival, the CGIL. M. Commin, who has made a start, on behalf of the Socialist International, in bringing the two sides together, said in Rome on Wednesday, after five days of inquiries, that he believes the basic conditions for fusion exist. But the preconditions already listed by both parties suggest a tug of war rather than an imminent joining of hands.

Planning the City

MR SANDYS'S decision to reject the Barbican plan for the bombed area north of St Paul's is hardly surprising. The Minister paid tribute to the imaginative sweep of the proposal, which would have provided office and commercial accommodation, an underground car park, flats and community buildings in a single group of buildings, topped by five towers between 200 and 300 feet high. But all this would have meant a vast increase of employment in an already congested area ; on top of the general expansion of office space in the City of London it might have strained transport beyond the breaking-point ; and it is for these reasons that the Minister—"not without regret"—has vetoed the project.

Mr Sandys is right, but it will be tragic and unpardonable if this is the end of the Barbican idea. The controversy over the Barbican has had the salutary effect of forcing the City of London to produce its own comprehensive plan for the area, and this plan is at least a great improvement upon the undistinguished, piecemeal office development which has so far passed for town "planning" in the City. In particular the City has accepted the Minister's view that it is wrong for its territory "to be choked by day and deserted by night" ; and has included in its plan some residential development and community facilities.

It will, however, be far from easy to persuade individual developers in the Barbican area to co-operate in the City scheme, particularly in developing a true residential neighbourhood rather than a few luxury flats—unless someone can be found (and assisted) to take the financial risk. Past history regrettably suggests that the City authorities, now that the rival challenge is removed, are all too likely to content themselves with licensing individual office projects first and making what they can of the remaining sites afterwards. This is not good enough for the one site in the City where a really bold scheme is still practicable. Mr Sandys should not rule out the possibility of redesigning the Barbican scheme, should the City now fail to display the necessary initiative.

Economics at Sheffield

THE economics section of the British Association has perceptibly shifted its policy this year. In the past, it has dealt with general theoretical themes, broadly indeed and in relation to current events—as Professor Hicks dealt last year with wages—but nevertheless from the aspect of principle. This year, the emphasis was on political economy: directly political in the case of Professor H. D. Dickinson's highly personal views on the effects of automation (discussed in a Business Note on a later page) but more constructively so in other papers whose concern was with special fields and (particularly) with recent legislation. Professor Gilbert Walker and Mr A. D. Peel took transport as their theme, the former, in his presidential address, devoting most of his attention to the effects of the Transport Act of 1953; Mr Sara, discussing progress in the United Kingdom iron and steel industry, laid more stress on technological than on economic factors; Mr Hunter, dealing with the control of monopoly, emphasised its legal and institutional aspects.

There is a great deal to be said, in the proceedings of a body aiming to act as a liaison between scientists and public, for this approach to economic problems. Whatever other economists may feel about it, the lay audience or reading public moves more happily from the particular to the general than vice versa. Nevertheless, something will be lost if this shift of policy turns out to be permanent and is accentuated. The British Association cannot indeed be expected to duplicate the functions, as a form and means of communication within each of the several disciplines represented, of the learned journals. That is not its job. In so far, however, as that job is to communicate to other scientists and to the public at large the current findings (or their currently most important applications) of each specialist group, that aim is frustrated when the reports concerned deal too narrowly with a speciality within a speciality. There is need of at least one "keynote speech" on a major theme. Professor Walker's address on competition in transport was hardly in this category. The perfect recipe for Section F's contribution to the loosely conceived "advancement of science" will never be easy to find; but it should be possible, without reacting too far towards theoretical generalities, to improve on the 1956 formula.

Reformatories for Children

The great meeting of the National Reformatory Union, held at Bristol last week, is one consequence and illustration of the conscientious alarm which begins to prevail as to the defects of our penal jurisprudence, and of the general desire to find some useful supplement to it and a remedy for them. . . . What do these reformers propose? To take children who are criminal, or are neglected and likely to be criminal, under their care—teach them and provide for them. They are in many cases to do the duties of parents to neglected and criminal children. They assume that the parents neglect the children; at the same time the *beau ideal* at which they aim is to establish for these children the relations of the family. Higher than that they do not go. But they suppose their duties in their assumed office as parents will be better performed than the duties of the natural parents; a supposition in general—whatever may be true of some select individuals—as wild and unfounded as ever entered the heads of political schemers. . . . As the rule, natural parents will care much more for their offspring than strangers, and when they neglect them are not always to blame. Where the neglect occurs from poverty—from a difficulty of procuring the means of subsistence, the proper cure is to lessen the poverty, to remove the obstacles in the way of obtaining an easy subsistence, to increase commodities and enlarge the field of productive labour. Now all these reformatory contrivances, as the rule, impede productive labour: they employ so much capital in some other way than in producing, and *pro tanto* they must increase the poverty which is the source of neglect and crime. To all the persons engaged in looking after the reformatories—secretaries, teachers, chaplains, etc., etc.,—they give ease and give comparative opulence. All such institutions are supported by the produce of labour, and the more they are multiplied, the more labour is hampered and the less labour is rewarded.

The Economist

September 6, 1856

Slowly Up from Slavery

So much cold water has been poured on the new United Nations convention on slavery that the public is probably already left with the impression that the whole thing has been a waste of time. That is a false impression. It is true that the conference at Geneva which ended on Tuesday generated more heat than light; and that the convention as finally adopted was a much weaker affair than the earlier drafts. Asian, Arab and Soviet votes secured the defeat of the British-sponsored clause which would have authorised the signatories' warships to detain and search vessels suspected of carrying slaves in the waters around the Arabian peninsula. Concessions were also made to the colonial powers' familiar argument that they cannot arbitrarily order far-reaching social changes in states under their protection, or in dependencies in evolution whose own governments and legislatures tend to resist interference in their domestic affairs. In its final form, the convention amounts to little more than a reaffirmation of the 1926 convention on slavery, with additional clauses calling for the early abolition of tenant serfdom, forced marriages, the exploitation of "adopted" children, and similar practices.

It may attract more signatures than did the convention of 1926, but to sign is one thing; to execute is another. No means of coercing laggard governments are provided, and the history of slavery is evidently not going to end in 1956. However, it need not be concluded that the UN discussions have yielded nothing but bad blood. The bad blood is, in fact, an essential ingredient in the only anti-slavery formula that is practicable in this age of new nationalisms. Slaving can no longer be attacked, as it was in the "bad old days" of the last century, by punitive expeditions and naval patrols. Today, even the most backward regime regards those forms of action as intolerable affronts to its sovereignty. Only by publicly arraigning the offending states in an international forum can pressure be put upon them to mend their ways. No state—whether it is an Arab kingdom, a South American

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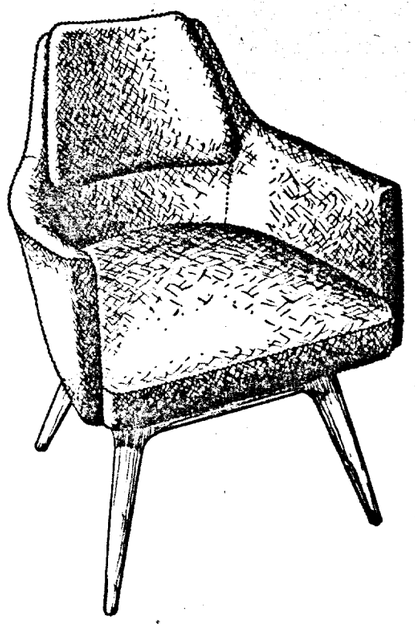

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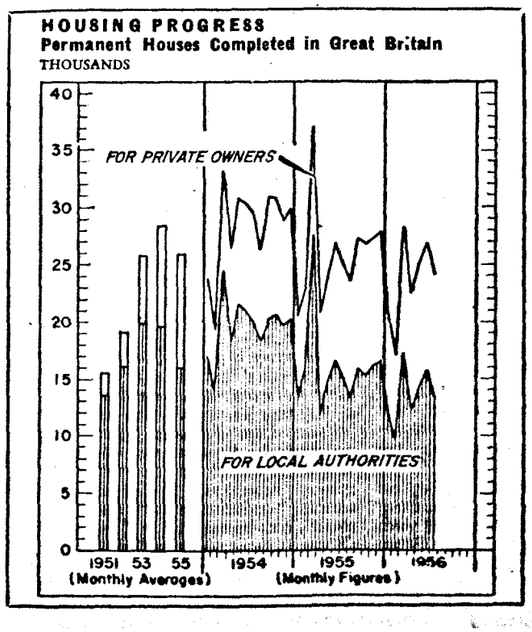
republic or a colonial power—enjoys being pilloried in this fashion, and the fact that there have been bitter exchanges at Geneva only goes to show that some of the anti-slavery campaigners' thrusts have gone home. The important thing now is to keep up the pressure by further periodic discussion in public, and periodic review of the extent to which the new convention is being honestly put into effect. It is a painfully slow method, but better than silent acquiescence.

Optimism in Canberra

THE new Australian budget is less remarkable than Sir Arthur Fadden's comments on it in his speech in the House of Representatives. There have always been two legitimate views about the Australian economy. One, the sceptical, sees the traditional standard of living as threatened by unbridled immigration and excessive capital investment, and favours not merely the governmental brake, but even an "as you were" policy—ideally, no doubt, the *status quo ante* immigration, but since this is impossible, at least a halt to expansion and its attendant discomforts. The other view, that of the optimists, assumes the necessity for continued massive immigration and argues that Australia's rate of expansion is justified by the mineral discoveries of the past few years. This school believes the worst evils of inflation to be susceptible to treatment, and contends that its minor evils are a price worth paying for benefits in store.

In his budget speech, the Federal Treasurer ranged himself firmly with the optimists. Sir Arthur did not share the opinion of those who said that Australia must reduce its rate of economic growth or resign itself to chronic shortages of foreign exchange and perpetual import restrictions. None, he said, could doubt the country's capacity to yield more and more commodities to meet the world's basic needs. In terms of immediate needs, he foresaw a considerable improvement in Australia's trade figures in the coming year. There is still, however, some way to go, since the country's net deficiency in all external transactions is still high at £A73 million for 1955-56—much better than the £A256 million deficit of 1954-55, but a long way from the £A191 million surplus of 1952-53. But the existing import restrictions, together with rises in the value of Australia's staple exports—including wool—are closing the gap.

Internally, the Treasurer seems content to let the drastic medicine of the supplementary budget introduced in March (which provided for increased bank charges and interest rates on overdrafts, and raised taxes or duties on cars, beer, tobacco and petrol) take effect. Hence the present "holding" budget.



Pence and Pens

IT is an old view that sees pence and pens joined together to be mightier than the sword. But surely nobody has accepted it with more wide-eyed candour than the Suez Canal Company in its dealings with the French press. Not, one hastens to add, the Egyptian Canal Authority, whose troubles in placing advertisements for pilots indicate a certain innocence. But the dispossessed company, which has had eighty years in which to learn not to pay the press, at least not openly, for publishing its communiqués—and least of all crypto-Communist papers like *Libération*, which promptly reproduced a photograph of the cheque for 100,000 francs which the company sent to it (as to other Paris papers) accompanied by a duplicated letter of appreciation for services rendered. It is inelegant for the company to be caught distributing even small favours just before announcing the Egyptian seizure of its assets bars it from paying interest on its debenture shares. Its officials have confessed with a blush to having supposed that payment is due for political news as it is for advertisements and company reports. If that were so, the general view is that it values news space rather low; 100,000 francs is not a bribe but a tip. *Le Monde* notes the decay of the gentle art of bribery since the Panama scandal which nearly wrecked Clemenceau's career in the nineties, for 100,000 francs is a mere 500 gold francs to the 20,432,704 which the other canal company dispensed in more opulent days.

Naturally, the Communist press is making much play with the charge of corruption. The *Humanité* has arraigned the "bourgeois" press for keeping silent until *Libération* crowed—its own silence is perhaps due to the company's conviction that it accepts only Moscow gold. The charge is barbed in Paris, where political corruption of the press has for decades been a favourite theme with pamphleteers (almost certainly with more justice in the Third Republic than in the Fourth) and where newspapers are often in financial straits. But it is hardly serious. The routine distribution of duplicated letters and cheques owes less to the traditions of bribery than to a gold-plated view of expenses.

Letters to the Editor

Money for Malta

SIR—Your comment in your issue of August 25th carried on the misrepresentation based upon incorrect facts contained in your previous recent comment.

You say: "First he (Mr Mintoff) refused the original offer of £5 million as inadequate; then he produced a schedule of expenditure which would have required annual subventions rising from £7 million to £10 million and more in later years; then he refused the proposed commission to investigate the figures. . . ." The truth is that the Colonial Office fixed the figure of £5 million without consulting the Maltese Government and without having seen Malta's Five-Year Development programme or the estimates for the current year. Following this, the Colonial Office tried to make out that their limit was recommended by the Round Table Conference. That this was not so has been confirmed by members of that conference. There is no logic behind the unilaterally fixed figure of £5 million and no supporting evidence has ever been produced.

On what evidence, therefore, do you base your assertion that "Britain's offer remains generous and imaginative"? Reference to previous levels of assistance do not impress those who understand the nature of Britain's debt to Malta and who appreciate the past failures to provide the basic public services and a viable economy.

Regarding the budget proposals of the Maltese Government, the first proposal for assistance was for £8.2 million from all sources for all purposes. At no stage did the Colonial Office look at these budget proposals on their merits from an economic point of view: all along they said that the proposals did not offer a basis for discussion since £5 million was the limit. In spite of this negative attitude Mr Mintoff offered the Secretary of State a cut of £0.75 million—not £0.5 as stated incorrectly by the Secretary of State. This offer was not accepted and no agreement was reached: the £5 million barrier remained.

Later the budget was revised and because the CARE programme was reduced, and in order to try to meet the Colonial Office, the figure asked for the United Kingdom contribution was reduced to £6.6 million. Where you get your "£10 million and more later" is a mystery, since no such proposals exist.

You are also wrong in saying that Mr Mintoff refused to accept the suggested economic commission. What he objected to was the manner in which it was proposed to make its appointment, and to the original terms of reference which prejudiced the whole issue. In this connection, it may interest your readers to know that while it took the Maltese Government only 48 hours to reply to the suggested terms of reference and membership of the commission, it took the Colonial Office three weeks to reply to the alternative suggestions which had been discussed with the Imperial side of the Dyarchy locally.—Yours faithfully,

A. PELLEGRINI

Office of the Prime Minister,
Malta

Minding Other People's Business

SIR—Perhaps some of your readers will be interested in the reactions of a United States management consultant to your article on British management consultants in the issue of August 11th.

As your article says, our profession has grown rapidly in the United States during the past two decades—and for the reasons you indicate. But perhaps the greatest single reason for our growth is the fact that in the United States employing a management consultant is no longer regarded by sophisticated management as a reflection on that management's competence. In fact, in this country the most extensive users of management consultants today are the largest, best managed and most successful enterprises.

Perhaps this greater maturity of our profession—as well as our less severe tax structure—makes our staffing problems less severe than those of British firms. In any event, our leading firms are career firms, owned and managed by men who have devoted their careers to the firm. They have achieved success on the basis of their ability as management consultants. Our problems of turnover are much less severe than that of British firms, as described in your article.

Moreover, our firms do not experience the economic squeeze between salaries and fees that is described in your article. Our leading firms do not "sell time." Rather we are compensated on the basis of the values contributed. Sophisticated managements recognise that professional contributions are measured by the worth of the recommendations, not the amount of time spent in their development.

American corporations are calling on management consultants for assistance on more important problems than your article indicates is the case in Great Britain. There are more calls for assistance on questions of major policy, organisation structure, and operational philosophy than for studies to cut costs and simplify paper work.

Finally, our practice reflects recognition by the corporations of other countries that the retaining of United States management consulting firms is one way to import American management know-how. This importation must consist of building in philosophical concepts and basic understandings of management methods rather than learning about our systems or procedures. Such knowledge is, of course, also to be found in British management consulting firms.—Yours faithfully,

MARVIN BOWER

McKinsey and Company Inc.
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SIR—Much as I respect Colonel Urwick, I can almost see the Churchillian grin on his face when he wrote paragraph three of his letter. He well knows that the analogy he draws of doctor and patient (as between management consultant and client) would be more accurately described as surgeon and patient. The surgeon cannot be dismissed in the middle of an operation. The "patient" is usually under an anæsthetic.—Yours faithfully,

L. S. DAWSON

Stockport

Expectation of Life and its Value

SIR—Law courts are now quite frequently faced with the new and difficult task of assessing damages for a shortened expectation of life. In addition to these difficulties the ruling of the House of Lords presents further complications, making it almost impossible to find reasonable solutions. According to this ruling the court must be satisfied —before damages are awarded in respect of the shortened life of a given individual —that the circumstances of his life were calculated, on balance, to lead to a positive measure of happiness of which the victim of an accident has been deprived. If, however, his character or habits were calculated to lead him to a future of unhappiness or despondency, that would justify a smaller reward. In other words, the jury or the judge are asked to measure incommensurables. Indeed, not even the wisest human being could possibly know whether it would have been happiness or unhappiness that Providence might have had in store for men or women, if their life had not come to an untimely end.

Only recently the Lord Justices of Appeal could not help admitting that there is no real basis on which to assess a "reasonable sum" in such cases, because these estimates were "wholly erroneous." As a matter of fact, the sum being awarded as compensation for loss of expectation of life at present almost "conventionally" amounts to some £400 in cases of a "happy life." Damages, however, awarded for loss of expectation of life in cases of an allegedly "unhappy life" do not exceed —as far as I know—£75. These decisions stand out in sharp relief against those which—quite sensibly—have taken into account "amenities of life" under the head of "non-pecuniary losses," such as "gardening" or "watching football." Whether justified or not, substantial awards of this kind greatly contribute to a fantastic diversity of decisions, and raise the question whether a uniform scale—though necessarily somewhat arbitrary—might be preferable to a system trying in vain to put a "price on the priceless." Anyhow, known facts such as age, state of health, profession, achievements, special qualifications and the status of a given individual in general, should enable the courts to return to a sense of proportion in such estimates.—Yours faithfully,

London, N.W.6 LEON ZEITLIN

Labour and Its Crisis

SIR—In his letter published on August 25th, Mr Zilliacus points out that the Security Council is neither more nor less inactive than the governments that compose it. This is quite true and the British Government has played a considerable part in its deliberations. Yet upon all major decisions it is the negative activity of Russia, armed with the veto, that has blocked settlement of international disputes referred to it. The only time when the United Nations policy has worked in an international dispute was in Korea. This was made possible only because the Russian delegates had departed from the scene.

Mr Zilliacus has used such generalisations as organised internationalism, based on equality of status, common interests and give and take to support the United Nations. But surely even Mr Zilliacus must face facts as they exist and judge the United Nations upon performance rather than ideals, upon actions rather than words.

The truth is that, apart from Korea, the United Nations has never succeeded in settling any of the major disputes that have troubled the world. How well the Arabs know this. The United Nations passed a resolution on December 11, 1948, for a settlement of the Arab-Israeli dispute—this has neither been accepted by Israel nor implemented by the United Nations. Nearly eight years have elapsed during which time the problem has deteriorated day by day.

Any United Nations resolution would be met with the same scorn as that which Egypt showed over the 1951 resolution regarding Israeli shipping through the Canal. It would not even be considered until the 1948 resolution had been implemented. Perhaps though this is part of the give and take Mr Zilliacus referred to; perhaps he would wish to bargain disputes on this basis. Whatever the answer may be to these conjectures, Mr Zilliacus, I feel sure, would prefer to leave the company of ghosts he does not appear to admire and emerge into a world of reality patterned by facts as they are and not as how he would like to see them.—Yours faithfully,

Worksop CHARLES LONGBOTTOM

Books & Publications

Study of the Universe

AN HISTORIAN'S APPROACH TO RELIGION: *Based on the Gifford Lectures for* 1952-3.
By Arnold Toynbee.
Oxford University Press. 316 pages. 21s.

HISTORY and philosophy seldom mix. History deals with rugged, unique, unrepeatable events. Metaphysical philosophy seeks for abstract and general laws; applied to history it finds laws where there are no laws, and resents the concrete rock of the past which will not fit into some manufactured category.

One part of this book consists of the brilliant and far-ranging illustrations and parallels that fascinated the reader of the "Study of History." Humbled like the astronomer before his firmament, we range the centuries and the continents and the civilisations, glimpsing the Megistanes and the Orejones, Naramsin and Ur-Nammur, Har Govind and Govind Singh, rising and falling empires and creeds and cultures and gods. The insular mind cannot read it without being stretched and enlightened, and sometimes bewitched by the magic of distant vistas and exotic names.

Another part of the book consists of the philosophy—and more exotic names, but now they are called Absolute Reality, Peaks in the Time-Space, the Collective Human Intellect, the Essence of Terrestrial Life. Here, there is a modicum of misty language (the word wrong is used to mean both erroneous and sinful but we are not told which; the word self-centredness appears to be used in two different senses throughout the book), and the analysis of several paragraphs would be a healthy exercise for students of theology or logic. There is also some difficulty in Dr Toynbee's apparent claim to read the philosophy from the history, the apparent claim that his empirical observations (wider observations, let it be said, than those of other contemporary historians) enable him to make particular inferences about truth. Dr Toynbee might have said, "this is my personal impression." But on his first page he rejects this interpretation of his book and seems to believe that, whatever varieties of philosophy individual historians may come to, this is the kind of general result which those who are deep in history will attain. It is almost a claim to be propounding, not *religio historici*, but *religio historicorum*. And the most astonishing thing of all about the book is the declaration that every historian ought to be trying to answer the question "What is the nature of the Universe?" It is to be hoped that our coming historians do not accept this view or we shall indeed suffer from a spate of dogmatisms.

This misty aura that pervades Dr Toynbee's book is to be deplored, for it may conceal the wisdom that underlies so much of what he has to say. Stripping away the heavy garments of historical parallelism and the capital letters of neo-Hegelian abstractions, we find the reflections of a gentle and learned sage upon the religious and moral situation of the world. The argument that for him is cogent is (as one might expect) the argument based on widespread experience. Dr Toynbee appears to think little of "intellectual" argument as a means of apprehending or analysing moral or religious truth, and he makes a curious distinction between the truth provided by the intellect and the truth provided by the sub-conscious Psyche, each of which is valid in its own sphere. He has observed people over the world and through the centuries intuitively certain that selflessness is right and selfishness sinful; certain, too, that selflessness is right and possible because it is in line with what he calls "the main Current of the Universe," or—a little more apologetically—because it is in its measure some reflection of the nature of God.

Exercising Sovereignty

TO THE HUSTINGS.
Selected and introduced by H. G. Nicholas.
Cassell. 360 pages. 18s.

MR H. G. NICHOLAS, a foremost figure of that vigorous team of Oxford experts on the postwar general elections, has now called the novelists to the aid of the students of electoral practice. He has brought together, in a most readable form, thirteen election scenes from English fiction, spanning the period from Dickens's Eatanswill to Belloc's study of Mr Clutterbuck's election, and to R. J. Cruikshank's genially penetrating picture of a general election in the early nineteen-thirties.

This use of the tension and passion of a general election to illuminate character had its heyday in the novels dealing with the mid-nineteenth century. The first Reform Bill had widened the electorate enough to give the contest validity, and the Corrupt Practices Act of 1883 had not yet "robbed the British election of all its character as a popular public festival, and made of its ultimate ceremony merely a sense of private rendezvous with the citizens' consciences." Mr

Nicholas protests that despite this decline in the colour and drama there is still a big field for the art of the novelist in portraying the behaviour of the public at this one moment when they do exercise their sovereignty. One hopes he will succeed in this quest. Yet one is also bound to ask whether in fact the true political novel of our time does not belong more to the private meetings of the party committees who select the candidates, and to the tension and clashes of such bodies as the Parliamentary Labour Party, where issues are truly decided and where the real contests for power take place. This is the realm which the novelists of today have left almost completely unexplored.

Meanwhile, Mr Nicholas's book, rich in character and humour, and in the true atmosphere of elections across a century and a half, is a most stimulating volume for both the historian and the general reader.

Revolutionary Prelude

THREE WHO MADE A REVOLUTION: *Lenin, Trotsky, Stalin.*
By Bertram D. Wolfe.
Thames and Hudson. 661 pages. 30s.

AUTHORS often give the impression that they are far more interested in a quite different topic than the one they are writing about. Mr Wolfe's study of the revolutionary prelude in Russia ends before the outbreak of the October Revolution, but he is clearly keen to have his say on the resulting Stalinist society. Such flashes backwards and forward, if they do not disturb the picture, may be illuminating, but the author runs the risk of distorting the image by reading too much into the past.

This is most striking in Mr Wolfe's treatment of Lenin, naturally the most prominent figure in his story. Until recently, Soviet historians attempted to describe Stalin as "Lenin now." Mr Wolfe, unwittingly, backs their case by showing Lenin as "Stalin then," as above all a man manipulating the party machine. It is true that at first he brushes in a social and political background, but Lenin's conception of the party is not set against it. The gap separating Lenin's preparation of his troops in exile or in the underground from Stalin's handling of the monolithic machine when in supreme power is not shown properly. By insisting on Lenin's party manœuvres and devoting much space to "expropriations," Mr Wolfe shows him as Stalin's legitimate ancestor. The road may or may not have led inevitably to Stalinism; its shape was determined by Russia's peculiar conditions rather than by the Leninist conception of the party. It is significant that even in his chapter on Lenin as a philosopher Mr Wolfe is more concerned with "psychobiography" [sic] than with ideas.

Stalin cannot claim pride of place in events up to 1914; there is really comparatively little to say about his role until then. Mr Wolfe is aware of this; yet, as if to fill space, he enters into lengthy polemics with Stalin's panegyrists. (In the light of what is now happening in Moscow the task seems superfluous.) Thus, what properly belongs to the writer's workshop and should at most emerge in footnotes intrudes on the text and slows down the narrative. Trotsky's portrait comes out best, probably because his stature was so striking, his path so scintillating and because he has left so many brilliant landmarks in writing.

Mr Wolfe's book stands out from a mass of rubbish written about the Soviet Union; he knows more about the subject, and is more skilful in exposition, than most. When a reviewer, however, is told by the publisher that no less an authority than Mr Isaiah Berlin considers this the best book ever on the subject, he becomes more exacting, and feels compelled to state that in scholarship, style and historical sweep it cannot be compared with Trotsky's own writings.

The book was first published in the United States in 1948. It is a pity that in this English edition the opportunity was not taken to eliminate some ephemeral gossip, both inaccurate and irrelevant (such as a reference to the late Henrykowski as the man directing Polish policy from Moscow after the war). The book could also gain by a concluding chapter in which the various theoretical and tactical concepts could be tested against the reality of the revolution. The previous quarrels would thus make better sense and some unnecessary excursions into the future could be avoided.

An Historian's Approach to Religion

ARNOLD TOYNBEE

No reader of *A Study of History* should neglect this complementary volume, in which Dr Toynbee considers the attitude of the twentieth-century Western World *towards Christianity. 21s. net*

Family and Neighbourhood

Two Studies in Oxford

J. M. MOGEY

The author examines an obsolescent housing area and a new housing estate in Oxford and contrasts the behaviour and attitudes of the people living in them. The results of his inquiries challenge many widely-held opinions about the harmony of life in a slum and about the quality of family living in our new housing estates. The methods used to collect the information are new. *Illustrated* 30s. *net*

OXFORD UNIVERSITY PRESS

Studying the Market

READINGS IN MARKET RESEARCH.
Edited by Frederick Edwards.
British Market Research Bureau. 271 pages. 35s.

WHEN the Market Research Society was founded ten years ago its sponsors could not assemble even twenty people of proved competence in the planning, execution and analysis of market research surveys. Today the society has over three hundred members and associates, and their numbers are still growing. At present British industry is spending at least £4 million annually on market research, and hundreds of manufacturers are using it systematically to help decide policy on advertising, distribution, packaging, product content, public relations and so on.

This expansion is all the more remarkable when it is remembered that there is no university or technical college in Britain that provides any comprehensive training in the subject. For the most part, the postwar recruits to market research have come from the universities with degrees in economics, history and mathematics (but rarely sociology or psychology) and have acquired their present skills by watching their elders at work, by attending occasional weekend schools and, in exceptional cases, by reading some of the many excellent American journals and books on the subject. No substantial textbook on market research has yet been written in this country, and Mr Edwards and his colleagues have set out to fill the gap by republishing in a single volume fifteen articles by British authors that bear on market research techniques and practices. The only new material is an excellent introductory essay in which Messrs Downham, Shankleman and Treasure describe market research as now practised in Britain, indicate likely future developments and provide a sound bibliography.

All the fifteen articles are good, but their sum is perhaps ill-balanced. Over half the material is provided by academicians and civil servants concerned primarily with social surveys and not with market research. One consequence of this is that, relatively, far too much space is given to techniques of sampling, too little to the construction of questionnaires and the problems of interviewing. Some of the gaps are substantial. There is little or nothing on product testing, communications research, copy tasting, advertising media research other than the press or motivation research, and the only case history is taken not from commercial market research but from a university social survey. These omissions are usually due to the fact that no relevant material has been published by a British author—which makes one doubt the wisdom of nationalism in the compiling of a "Reader." Half-a-dozen essays drawn from American sources would have enabled the book to be of much greater value to those starting a career in market research in this country. Even among the British contributors there are some regrettable omissions: one would have liked to see reprinted Mr Cauter's paper describing in detail the organisation of a large-scale market research agency, and the code of practices adopted by the Market Research Society. However, even as it stands, the book is sufficiently useful to ensure that new editions, with additional material, will be welcome.

Lessons About France

LES FRANCAIS ET LA REPUBLIQUE.
By Charles Morazé.
Paris: Armand Colin. 256 pages. 20s.

IT is a major weakness of British public life that the academic study of politics is at such a low ebb. Even so, M. Morazé can envy us. For him, France is even further behind: however great the individual brilliance of its leading intellects, its public life suffers from the complete lack of serious political education on the part of both French parliamentarians; who cannot learn what France's problems really are until they achieve office, and, consequently, the French electorate, which has to watch totally unreal issues forming the sole subject of party debate.

To fill this gap, to examine France's political situation in relation to its economic and demographic development, to French resources, human and natural (the latter, he reminds us, so often overrated) to its position at the crossroads of Europe and the world, to its immensely complicated and diverse social and geographical structures—this has been M. Morazé's self-imposed mission in the series of remarkable books that have come from him since the liberation. His latest, written after the frustrating experience of the December dissolution and January election, written, so Paris has it, in six weeks and bearing some marks of the eloquence of haste—printed (English publishers, please note) with its 69 maps and graphs in the space of three months—is perhaps the most striking contribution so far.

Where method and approach are concerned, admirers of M. Morazé will find themselves on familiar ground: two disciplines, economic history—including both demography and the history of technology—and geography, are for him the real foundation of any serious study of politics. From these studies derives his general picture of France as a country where, despite early national unity, different societies at different stages of development continue to coexist, and create political complexities that make France incapable of progressing from one technological and social stage to the next with the smoothness achieved by English parliamentarism, but instead demand for each step forward either a revolution or a war. Can France now step into the atomic age without either? Or should it continue, will it be allowed to continue, as an island of "malthusian economics," preferring luxuries (wine) to necessities (bathrooms), and of abstract and outmoded cultural forms?

It is characteristic of M. Morazé's unwillingness to allow any of the difficulties to remain hidden that he uses the same book to explore the anguish of France's position in North Africa, and to suggest historical reasons why the British find "disengagement" so much easier, to see what there is real and what false in the idea of "Europe," and to give the most lucid and convincing interpretation of France's hesitations about "integration." M. Morazé is not impeccable; he shares the continental illusion that there is an Anglo-Saxon form of politics common to Britain and America, and shares it because, like so many of his countrymen, his knowledge of Latin America is not matched by any corresponding knowledge of the northern half of the Western hemisphere. But in a book designed to provoke thought rather than to lay down a doctrine, this is not enormously important. What is difficult is to see whence the French are to derive the inspiration and leadership to make the leap forward into the new world of thought and action that M. Morazé believes essential to their survival. He does not tell us. But where most French books carry a note about special printings on luxury paper for the author and his friends, this one carries the simple legend: "*dix exemplaires de cet ouvrage ont été tirés à part destinés au général de Gaulle.*"

The Golden Horn

BYZANTIUM AND ISTANBUL.
By Robert Liddell.
Cape. 256 pages. 25s.

IF a confidential survey were to be made among armchair travellers who have later been able to check personally on their reading, many of them would be found to have strong feelings about travel-writers with rose-coloured spectacles. Mr Robert Liddell, however, is not open to any strictures on this score in this book. He was not happy in Constantinople and he makes no bones about it. Not that he is unfair to the place; but his feelings are mixed. "So splendid and so squalid; so immortal and so dead. One of the most beautiful cities in the world, one of the most interesting, and one of the most unpleasant." Many people who have striven to fight off disillusion while climbing up the steep streets of Pera will know what he means. (But if Mr Liddell goes again to Constantinople, he could now get away from Pera and stay on the other side of the Golden Horn.)

Part of Mr Liddell's trouble is that he is, on his own confession, a "nostalgic Philhellene"; if, in spirit, he had come to Istanbul from the east, he might have felt better about it. All the same, he does his duty by the city's monuments nobly. He has reservations about the Byzantine churches, not least about Santa Sophia; the lesser ones, he says dryly, must be approached "without great expectations." About the mosques, however, he is uninhibitedly enthusiastic. And wherever he takes the reader, into the churches or mosques, along the walls or into the recesses of the Seraglio, he is clear, informative and never dull. He does, moreover, warn the would-be traveller of the snags. At the end of the sea walls, for instance, there is the "lovely and venerable" Marble Tower; but "it can best be seen from beside an evil-smelling rubbish-heap with scraps of hides here . . . one can hardly stay long enough to photograph it without overpowering nausea."

The two groups of chapters, the first describing the Byzantine monuments and the second the Ottoman ones, are each preceded by a historical survey. These, like so much potted history, are less satisfactory than the rest of the book; but they have a generous sprinkling of amusing, bizarre and sometimes lurid anecdotes. The book is poorly served with plans of the city, but the photographs are splendid; they are enough to make any armchair traveller discount Mr Liddell's warnings about the "spleen of Pera" and take the next plane, train or boat to the Golden Horn.

Books Received

WORDSWORTH: *a re-interpretation. Second edition.* By R. W. Bateson. *Longmans.* 238 pages. 25s.
The first edition of this book was reviewed in *The Economist* of November 6, 1954. The second has a new preface in which the author replies to Mr T. S. Eliot's criticism of the first edition.

THE ATOM: *fifth edition.* By George Thomson. Home University Library. *Oxford University Press.* 211 pages. 7s. 6d. 30.8.56.

BOTTIN INTERNATIONAL 1956: *International Business Register.* Paris: *Didot-Bottin.* 2,241 pages. No price given.

FISHERIES YEAR BOOK AND DIRECTORY 1956.
British-Continental Trade Press. 462 pages. 20s.

LATIN AMERICAN MARKETS.
Compiled by J. Walter Thompson Co. *McGraw-Hill.* 196 pages. £6 15s.

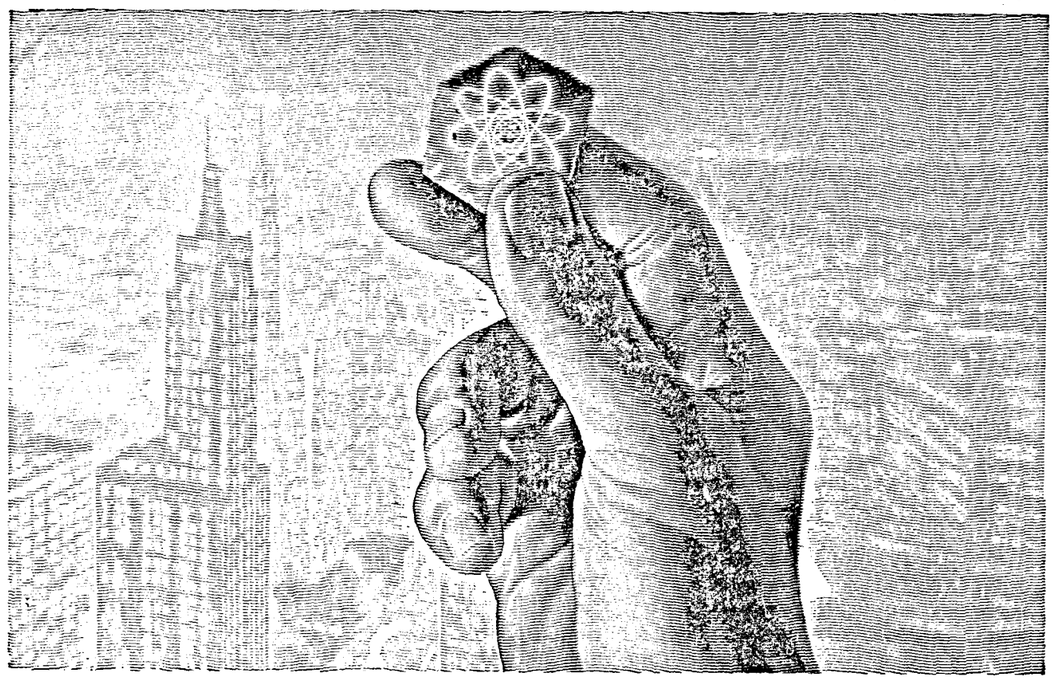
THE BRITISH CARIBBEAN: *Who What Why* 1955-1956.
Edited by Lloyd Sydney Smith. *Lloyd Sydney Smith,* Trinidad. 868 pages. No price given.

STANDING ROOM ONLY: *The Challenge of Over-population.*
By Karl Sax. USA: *The Beacon Press.* London: *Mark Paterson.* 206 pages. 21s. 6d.
This book, which was reviewed in our issue of December 24, 1955, is now available in this country.

MONETARY THEORY AND PRACTICE.
By J. L. Hanson. *Macdonald and Evans.* 374 pages. 30s.

THE WORK OF WHO 1955: *Annual Report of the Director-General to the World Health Assembly and to the United Nations.*
Geneva: *World Health Organisation.* London: *Her Majesty's Stationery Office.* 253 pages. 10s. $2.00. Available in French and Spanish editions.

THE SUPPORT OF MEDICAL RESEARCH: *A Symposium.*
Organised by the Council for International Organisations of Medical Sciences. Established under the joint auspices of Unesco and WHO. *Basil Blackwell.* 181 pages. 17s. 6d.



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American Survey

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

Less Little Acres

Washington, D.C.

PRESIDENT EISENHOWER showed his firm grasp of political realities when he announced on Wednesday that he would start off his campaign by defending his farm policies at the national ploughing contest in Iowa. It is true that farmers represent no more than thirteen per cent of the electorate, but general prosperity compels the Democrats to pick up hard luck cases where they can find them. The farmer, moreover, is a sizeable minority in twelve key mid-western states, and his vote is liable to carry with it many businessmen who are economically dependent on his well-being. The "farm" states have between them 154 of the 266 electoral votes needed to win the Presidency. No politician will ever forget that it was their unexpected support for Mr Truman that brought him victory in 1948.

The farmer's mood, however, is more than normally elusive. Early in the year he was sizzling with anger—his net income having dropped painfully in the course of 1955. But now, in harvest time, not a growl is coming forth. The Republicans claim jubilantly that the farm "revolt" is over. They point out that farm income has been stabilised and has even been rising slightly—though, unhappily for them, it fell again by three per cent in August.

But hog prices, which, at 10 cents a lb., were causing mutiny in the deepest Republican strongholds in the spring, have strengthened to 15 or 16 cents. Wheat farmers are said to be pleased that President Eisenhower has stabilised their support price at $2 a bushel, both for this season and next, a move which he took, in departure from his own principle of flexible supports, at the time he vetoed the Democratic farm Bill. And the soil bank, which was the Administration's answer to the double problem of agricultural surpluses and falling prices, is expected to put $225 million in the farmers' pocket book before polling day.

Finally, there is one point that is often overlooked : in his attempts to adjust farming patterns to the size and shape of the market the Secretary of Agriculture, Mr Benson, has always had the American Farm Bureau Federation squarely behind him. The Federation is the largest of the three farm organisations. Its opponents claim that its membership figures are padded out with non-farmers and that many farmers, otherwise out of sympathy with its aims, join because of the good insurance it provides. But whatever may have been the farmer's initial motive for joining, he is exposed, once he is in, to the Federation's skilled and continuous educational campaigns.

Democrats are keeping their spirits up by arguing that the farmer is no fool and knows perfectly well that the benefits that are now bolstering his income are for election year only. A few straws, moreover, seem to be blowing the Democratic way. In Minnesota, one of the farm states which Mr Stevenson ought to recapture if he is to stand a chance this time, a poll taken by the *Minneapolis Tribune* shows considerable advance for the Democrats over a poll taken at the same stage in 1952. Political pundits travelling through Iowa report that the farm revolt, though it has run underground, is still very much alive.

To balance the Farm Bureau Federation, the Democrats have the ardent support of the National Farmers Union, the smallest but fastest growing of the farm organisations. At Chicago, the Democratic platform committee swallowed its views almost whole. One cannot help suspecting that they are rather more to the taste of Senator Kefauver than of his senior partner. Much of the union's propaganda is surrounded with a miasma of rhetoric about the circumstances squeezing out the family farm, which has been the "backbone" of America, for the benefit of "factories in the field," and about the loss of "spiritual values" which this will entail. This is a potent emotional cry ; the rights of the family farmer have been fought over since before the Revolution, and most of the homestead and reclamation laws still on the books proclaim it to be public policy that a man should carve out 160 acres for himself and no more.

★

It is perfectly true that, in the last quarter of a century, a tremendous technological revolution has almost totally changed the face of American farming. Agriculture, if it is to pay, is now big business rather than a "way of life." A young man needs to raise about $50,000 and farm several hundred acres if he is to place himself in control of an efficient, properly capitalised unit. But even in its expanded form it is still overwhelmingly a one-man, or one-family business, in which the managerial decisions and the labour are supplied by one family, except for extra help at harvest time. While such farms have changed beyond recognition, the large corporate farms have remained fairly steady in size and the amount of hired labour on them has actually declined.

The Farm Bureau Federation and the Republican party are candid in their recognition and acceptance of these new conditions. The Farmers Union and the Democrats bow to them when pressed, but devote most of their energies to expressing the frustrations and discontents which changes on this scale must always generate. There are large numbers

of farmers or farmers' sons who, for one reason or another, are unable to cope with the new scale of agricultural operations. Like handcraftsmen at the time of the industrial revolution, they are victims of expansion. More and more family farms become, in effect, farms on which families live, in a state of concealed underemployment. The sharp decline in the number of individual farm units, as farmers of this sort give up and go to the towns, provide splendid, and to some extent justified, material for speeches on the decline of the rugged American way of life. Unfortunately, it is not always the very poorest of the farmers who give up—the 1.5 million families living on incomes below $1,000 a year are mainly in areas in which there are few alternative forms of employment.

Foreclosures are few and farm assets are at a record level, mainly because of land values, which, according to the latest Federal Reserve Bulletin, rose between 1954 and 1955 by $4 billion. The reason is that in most areas there is a shortage of land as those farmers who are capable of remaining in business scramble to extend their acres in order to make full use of their machinery. Owing to the huge agricultural surpluses in government storage, the rising costs, which afflict the new much more immediately than the old forms of farming, and the falling prices only the maximum effort and most efficient techniques keep the successful producer in the running.

In these circumstances, the Federation, with the Republicans more or less in tow, has been trying to remove the distortions caused in the relations between different crops by the government's selective reduction of existing price supports. The Farmers Union wishes to do the same thing by extending what it prefers to call "income protection" to all crops, including perishables. Its main idea resembles the British type of deficiency payment, to be used for that part of the crop destined for home consumption. The remainder would presumably go into export at world market price. Remembering their international responsibilities, the union and the Democrats provide for an international food bank to handle at least part of the overflow. On a global basis, they insist, there are no surpluses but only deficiencies. Sooner or later, whichever party wins, the free world will have to take some responsibility for deciding whether the fruits of American abundance are to be eaten or not.

Tanks in the Schoolyard

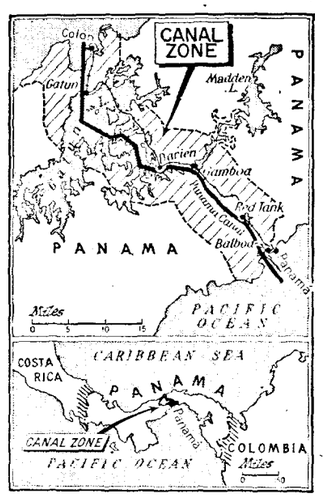
THE start of the school year brought violence and bitter racial hatred to a number of communities in eastern Tennessee and Texas. Exercising the rights granted them in 1954 by the Supreme Court, Negro schoolchildren sought to enter previously segregated schools in Clinton, Tennessee. At first, the presence of a dozen coloured pupils was taken calmly but, as is so often the case, agitators with a vested interest in violence came in from the outside. Quickly the town took on an aspect which recent films have made familiar—the Negroes shut in their houses, mobs made up half of sinister loiterers and actual hoodlums, and everywhere the threat of arson and brutality. With great courage, local police and a group of volunteers faced the mob and held the line until the dramatic appearance of the National Guard sent by Governor Clement to restore the rule of law. The latest news was that the Negro students were attending school in the protecting shadow of the National Guard's tanks and bayonets. But racial clashes were occurring in other towns in the state, such as Dayton and Oliver Springs. In Texas, moreover, Governor Shivers, while ostensibly upholding the law, had done nothing to make it possible for Negro children in the town of Mansfield to go to a hitherto segregated school, and the whites had hung up an effigy making it perfectly plain what they threatened to do if any Negro came.

These incidents—which may well be multiplied in other communities—are the darker side of a gradual revolution. The Southern Education Reporting Service estimates that some 300,000 Negroes will be attending mixed classes in the 17 states and the District of Columbia where segregation prevailed before 1954. That is definite progress. But within that area some 2.5 million Negro pupils are still attending segregated schools, and in Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi and Louisiana regulations have been passed, or are being passed, to strengthen segregation. Voluntary segregation is also deeply rooted and in Lexington, Kentucky, only 21 out of 2,600 Negro students chose to enter mixed schools. Racial integration poses human and psychological problems about which an outside observer, however convinced that it is the right goal, can only speak with great caution. But professional agitators and mob rule are in any circumstances intolerable; and the sooner the South realises this, the sooner can real progress be made towards a gradual solution.

What About Panama?

INTERNATIONAL control over the operation of the Suez Canal might possibly be more palatable to Colonel Nasser if it involved other international waterways, such as the Panama Canal. But any doubt about the likelihood of this was removed last week by the exchanges between Mr Dulles and the Panamanian Foreign Minister, Señor Alberto Boyd. The Panama Canal runs through territory which, until 1903, was part of the Republic of Colombia. In that year Panama, with United States support, declared itself an independent republic, and signed, five days later, a treaty leasing to the United States "in perpetuity" a strip of land ten miles wide for the construction of a canal. In this canal zone, the United States has authority "as if it were sovereign" over functions connected directly with operation, maintenance, and defence, and with sanitation. In return for these rights the United States paid Panama a lump sum of $10 million and an annual sum of $250,000. From 1934, the annual payment was raised to $450,000, and from 1955 it was more than quadrupled to $1,930,000 a year. Tolls on all commercial vessels passing through the canal amount to some $33 million a year, of which roughly half goes towards operating expenses and maintenance.

The Panama Canal is run by the American government itself exercising its perpetual rights, and not by a commercial company operating on a concession of limited duration. And there is no international convention guaranteeing freedom of transit. For these reasons the American government maintains that the status of the Panama Canal is entirely irrelevant to the negotiations on the Suez Canal. But Mr Dulles's assertion that the United States "holds the sole right to exercise sovereignty within the canal zone, to the exclusion of every other government" drew from the Panamanian government the tart rejoinder that the canal was built on Panamanian territory, over which Panama had never relinquished sovereignty, and that all Panama had granted to the United States was "certain powers expressly for the purpose of the canal and nothing else." This exchange has done nothing to improve the relations between the two countries, which were already touchy. But the sporadic unrest in Panama City, the angry newspaper editorials asserting "our sovereign rights," and the Panamanian student demonstrations for Nasser and nationalisation, should not be taken too seriously.



Changes in the Teams

WHILE President Eisenhower and Mr Stevenson are preparing for their return match, attention is focused on crucial preliminaries which may determine the fate of the Senate. The Democrats have 49 seats in the upper house to the Republicans' 47. Thirty-five seats are at stake this year and of these 18 are held by Democrats and 17 by their rivals. Whereas some ten seats, mainly in the South, are considered safely Democratic, 12 seats now held by Republicans are considered marginal. The Republicans must hold these and win two new seats to obtain a majority, as the casting vote in the Senate is held by the Vice President, Mr Nixon. The mathematics of the situation give the Democrats a clear edge, but recent events in New York, Maryland and Texas suggest that political prophets will have a nail-biting autumn.

In New York State, both parties will choose their senatorial candidates next week. Senator Lehman's retirement has left the Democrats with a large void. Yielding to pressures from Mr Stevenson and other party leaders, Mayor Wagner of New York has now agreed to stand for the Senate. The Republican choice is, as yet, unclear. A leading contender for the nomination, Mr Javits, has been charged by one of the most unsavoury McCarthyites still on the loose with being the "*protégé* of important Communists." He has indignantly repudiated this slanderous charge and is seeking to clear his name. But although respectable opinion has rallied to him, some Republicans are seeking to conscript Mr Dewey. The latter has shown no sign of wanting the nomination, but if he can be persuaded the New York race would be one of the most dramatic and unpredictable in the country.

In Maryland, illness has compelled the Democratic candidate, Mr Millard Tydings, to withdraw from the senatorial contest. After a bitter struggle among themselves, the Democrats have chosen Mr George Mahoney in his stead. Mr Mahoney has a long record of defeats and it now looks as if the Republican incumbent, Senator Butler, will win re-election in November to what should be a Democratic seat. In Texas also, the Democrats are displaying a talent for jeopardising what should be certain victory by fighting among themselves. In 1952, Governor Shivers defeated the "loyalists" within his own party and led the state's Democratic organisation into President Eisenhower's camp. In his wake came Senator Price Daniel whom the Republicans did not even oppose. Last spring, the two Texan Democrats who lead Congress, Senator Johnson and Representative Rayburn, recaptured the party's delegation to the national convention. But last week, Senator Daniel defeated the "loyalist" candidate, Mr Ralph Yarborough, in the primary election for the Governorship. This will necessitate a special election for the Senate and, unless the Democrats patch up their ranks, Mr Thad Hutcheson, a popular young Republican, may replace Mr Daniel in Washington.

Off to a Quicnic

FROM A SPECIAL CORRESPONDENT

SOME eighty million disciples of Columbus have been discovering America all over again. Their adventures extend from the bottom of the sea to the top of Pikes Peak and may encompass a sweep of 10,000 miles around the United States. Many, however, need look no farther than their own back yards to discover a "new world" whose frontier begins on the doorstep of every suburban home. *Al fresco* is becoming as American an expression as "hot dog" and this year political oratory must compete with the "call of the wild." While the trend may be unprofitable for politicians, it is turning into a boom for businessmen who have been shrewd enough to see the commercial possibilities of this nationwide instinct for taking to the woods and "roughing it"—in luxury.

Last year, domestic tourists—amounting to almost half the population—spent more than $17.5 billion. This year, it is estimated that this amount will have increased by five to ten per cent. This wanderlust is the product of higher incomes, paid vacations, greater mobility and increasing leisure. The eighty-five per cent who travel by automobile and take advantage of the high-speed toll roads to achieve twenty-five per cent greater distances, are expected to stay mainly in roadside "motels" and to cover a total of fifteen billion miles this year as opposed to eleven and a half billion in 1955. Families with incomes of $5,000 and over, whose number almost doubled between 1948 and 1954, are the most persistent travellers. The modern Incompleat Angler takes his wife and children and fishes uncontemplatively, as much for his children as for trout. Women, according to a recent survey, put travel above all other desires and are the driving force behind most jaunts. Finally, "getting away

from it all" no longer ends on Labour Day — the first Monday in September. Americans now take more than 25 per cent of their trips in the autumn and almost 35 per cent in winter and spring.

Tourists are bringing new wealth to remote corners of the country and individual states are sparing no effort to hold the tourist tide and achieve as much financial irrigation from it as they can. Half of them can show that out-of-state visitors are among their three most profitable sources of revenue.

Last year, for example, Texas valued its guests at $26 million more than its famous Longhorn cattle. With the imaginative co-operation of local chambers of commerce and businesses, the states are developing their natural resources of hospitality, glamour, nature, culture and nostalgia. If this requires that twenty thousand men in Albuquerque, New Mexico, grow beards to make the "Enchantorama" historically atmospheric, the community takes action. The ancient art of waylaying and casting a spell on travellers has changed little, except that today's Ulysses is thoroughly forewarned by neon signs and billboards: "Keep right for Scylla and Charybdis, Nature's most formidable spectacle"; "Forget your troubles at the Lotus Eaterie"; or, "You won't know yourself after a visit to Circe's—only ten more miles."

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There is, however, an ultimate retreat from such temptations. The deep desires which drive tourists so many miles—a longing to come close to nature, to feel genuine wonder and to know the heart of the country—are fulfilled by more and more people every year in the National Parks. There are conserved some of the most superb scenery and fantastic natural wonders in the world. Here also are symbolised the spiritual, mental, and physical strength of what still likes to think of itself as a frontier people. Almost a third of the population is expected to visit the Parks this year and more than a third of these will camp out. Even those tourists who race through them, scattering litter and remarking on the similarity between the bears and their wives' relatives, have at least been exposed to a breathtaking vision.

The "outdoor" revolution began in the West when the picture window brought nature to the hearth. Then, with the vogue of the patio, the walls were breached and the indoors was moved out, thus producing the ritual of the "barbecue" where the man of the family cooks native dishes to the accompaniment of distaff applause. From there it was only a station wagon ride to "the great outdoors." Unlike the orthodox minority of veteran campers, known by their blackened equipment and pioneer austerity, the greenhorns are delighted with plaid ice chests and civilising gadgets such as a kitchennette which transforms the rear of an automobile into a culinary centre, and a trailer which can be converted into a tent or an outboard motor boat.

Manufacturers of outdoor equipment are probably the only people not taking vacations this year. Even with yearly increases in sales of from 30 to 40 per cent, many companies are far from meeting the demand. The output of sleeping bags by one firm alone jumped from thirteen thousand to seventy five thousand in two years. Barbecue equipment, which has rocketed from a negligible business in 1950 to approximately $70 million last year, can be sold in the middle of a blizzard, and the five billionth "hot dog" of 1955 was eaten on the weekend of July 4th as compared with mid-August the year before. Sports requiring complicated gear, like boating or hunting, are acquiring new converts, and the craze for skin diving—the country's fastest growing sport—has spread even to the oceanless mid-west. The industrial giants have been getting into the act, too, with the Ford Motor Company's publicising "Recreation Unlimited" via automobile or station wagon, and the United States Steel Company sponsoring "quicnics" (picnics out of tins). As with travel, the seasonal character is disappearing from the market for outdoor equipment. The first tree a new tent or camp stove nestles under may be the Christmas tree.

A problem which is giving many prophets pause is what the American, with his puritanical compulsion to work at everything, is going to do with all his leisure. The answer to this may be that he is "learning by doing." The recreation trend, gadgets notwithstanding, is healthy and is one reply to the worriers about national fitness, who fear that the country may be "going soft." As long as Americans can head for the hills and woods on a "quicnic," the problem of leisure in an age of automation can be solved.

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Airborne Business

AN American business corporation has placed the first order for three of the new Fairchild 10-seater aircraft powered by four small jet engines. Three other American firms have had Vickers Viscount turboprops for business use on order for over a year. The "junior jets" may not be in commercial service on a significant scale until the 1960's, but to the aircraft manufacturer the market for business aircraft is no mere adjunct to the large orders from the commercial airlines. As early as 1953 business aircraft flew over a million more hours than all of America's scheduled domestic airlines together. The airlines have larger aircraft, and carry more passengers, but ten times as many business planes are in the air. Most of these are single-engined machines seating four or five passengers, but there is now a pronounced trend towards the use of larger twin and even four-engined planes for business purposes. Over 6,000 firms now have their own planes, and some, like the major oil companies, have company fleets of more than a score of aircraft. The makers of executive and utility aircraft, led by the Cessna Aircraft Company, Beech Aircraft Corporation, and Piper Aircraft Corporation delivered no less than 4,044 airplanes, valued at $62 million, in the first seven months of this year, more than 1,000 more than during the same months of last year, and many more orders are on the books.

Unless a firm can use its private aircraft very intensively the costs of operation per seat mile are likely to be greater than the cost of a ticket on a regular airline. But the airlines call at only about 10 per cent of America's 6,000 airports ; the business executives with their own planes can land at any of the others as well, and have the added advantage of a completely flexible flight schedule. By this means executives can keep in close touch with their branches, and salesmen with their more remote customers.

So great are the attractions of business flying, and so great the demand for new aircraft that the Civil Aeronautics Board's estimate of an 80 per cent increase in business flying by 1965 is beginning to look highly conservative. But this growth intensifies the problem of air traffic control which was dramatically emphasised when two airliners crashed recently in mid-air and 128 people were killed. Given adequate ground facilities, many airline pilots feel, the use of "Visual Flight Rules," when a pilot relies only on his sight to avoid mid-air collision, should be drastically limited. But the counterpart of this is that many more business pilots must be intensively trained in instrument flying, and business must foot the bill for the expensive navigational equipment, which is left out of many private planes flying today.

Divided Republicans

Madison, Wisconsin

NEXT Tuesday's primary election in Wisconsin will decide whether the senior Republican on the Senate Foreign Relations Committee, Senator Alexander Wiley, is to go into compulsory retirement for having upheld, in the face of President Eisenhower's seeming ingratitude, the Administration's foreign policy. Although the Republican state convention endorsed a smooth young Congressman, Mr Glenn Davis, to fill Mr Wiley's seat, the Senator has challenged him to come and fight for it at the polls. Mr Wiley's unpopularity with the Republican party workers stems in part from his internationalist voting record and in part from his failure to vote either way on the action to censure his junior colleague, Senator McCarthy.

But McCarthyism and isolationism in their naked form are at such a low ebb that their remaining disciples would never have chosen this year to make a stand if they had not felt confident that Senator Wiley would defeat himself. Mr Wiley is a mixture, half-Bottom the weaver and half-Polonius. He graduated to the Senate in 1938, having held no other major public office, from the headship of the Wisconsin and Upper Michigan branch of the Kiwanis, one of those American organisations for noisy good fellowship. After clowning his way through his first two terms, he was infected with statesmanship just as Senator Vandenberg's death provided him with an opportunity to emerge as the Republican party's chief spokesman in the Senate on foreign affairs. But unfortunately, the Senator's great maturity of outlook did not have an altogether happy effect on his public manner. Towards Wisconsin Republicans, who had never acquired the habit of taking him seriously, Mr Wiley affected a lofty air, a supercilious strut, and a waving aside of local considerations in favour of the global issues that occupied him "in this atomic age." It was this personal factor that contributed greatly to Senator Wiley's rejection by the party.

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Whatever their expectations, Mr Davis has spent a good deal of time on television wading through statistics to prove that he has been a more regular supporter of President Eisenhower in the House of Representatives than Senator Wiley in the Senate. He is able to produce this surprising calculation, despite his repeated votes against the President on foreign aid and foreign trade, partly because he supported almost the whole of the Administration's domestic programme, whereas the Senator voted with the Democrats over farm supports and public power, and partly by counting Mr. Wiley's absences. Mr Davis's supporters are not behaving now like men who are confident of victory. They are clearly sensitive about the contrast in the public mind between the flashy unanimity of this year's Republican national convention and the attempt to replay in Wisconsin immediately afterwards the match that was fought and lost in the convention of 1952.

Even on the issue of foreign aid Mr Davis has found it prudent to occupy both sides of the street. A private poll taken by his managers in order to select for him the most marketable slogans showed opinion evenly divided. Mr Davis's final poster incorporates the slogan which received the highest positive response: "No more money should be appropriated for foreign aid until we take another look at the whole programme to see what good our money is accomplishing." The first part of the sentence is what Mr Davis's backers mean ; the second is no more than what the President himself has already said.

Senator Wiley, with little campaign money and only a scratch organisation, is circulating around the state on his own, slapping the backs of old acquaintances. So far he has contrived to do this without any of the major ineptitudes on which Mr Davis and his friends had relied.

The result of the election may well be decided by the size of the Democratic contingent which goes into the Republican primary in order to help Senator Wiley. Little interest has been evoked by the Democrats' own contest for the senatorial nomination. Neither of the candidates, Mr Maier, the Democratic leader in the State Senate, and Mr Walstead, a former state chairman, looks like beating the Republicans in November. One point should emphatically be made in advance of next Tuesday's result. A victory for Mr Davis should not be accounted a sign that Senator McCarthy would have been re-elected if his term had expired this year. Outside a hard core of fanatics he has forfeited support in almost every quarter, less from his general iniquity than on account of his vote on the natural gas Bill in favour of the interests of his Texan oil backers and his repeated personal attacks on President Eisenhower. The two years before Mr McCarthy has to face the voters could give him time to seize on an issue that would recoup his fortunes. Failing that, he may well be headed for defeat in the Republic primary of 1958.

Who Pays for Expansion?

FROM A SPECIAL CORRESPONDENT

THE recent increases in wages and prices in the American steel industry have not settled the problem of the relationship between prices and the cost of the expansion of productive facilities. The rise in prices covered the rise in the costs of labour but could not cover the interest and repayment on money borrowed for the construction of new plants. The next round of expansion, which is due to begin late in 1957, will probably cost an average of $3 per ton of steel more than construction completed up to the present. Whether or not the money is borrowed—as most of it will be—steel producers want to have it reflected in current prices.

The United States Steel Corporation, as the dominant producer, has the unenviable task of meeting public criticism of the price increases. The company agrees emphatically that there is a need for more capital funds but feels that it is up to the government to provide more of these by allowing special tax deductions. Specifically, it believes, steel firms should be allowed a more rapid depreciation of their plants. United States Steel argues that further price increases should be postponed until attempts have been made to obtain action by the government to secure this and until the construction of high-cost projects is nearer at hand. Further increases now would put a squeeze on steel consumers or, if passed on to the public, would embarrass the Administration in its battle against inflation.

In effect, this means that the day of reckoning has been postponed. Steel users are on notice that, sooner or later, they must pay for the industry's expansion. It is not only steel but the entire range of manufacturers who face the problem of raising large amounts of cash in the coming year. In addition to expansion programmes already scheduled for 1957 and 1958, industry faces higher operating costs because of this year's wage increases, higher freight rates and the increasing price of raw materials. All this will absorb capital originally intended for plant construction; and construction costs themselves are rising. It is symptomatic of the new situation that the Ford Motor Company, which had intended to finance next year's expansion entirely from internal funds, has had to borrow $250 million from a group of insurance companies.

While a giant such as Ford can meet its needs in this fashion, smaller firms are having trouble. Can they borrow enough if inflation keeps driving up the cost of expansion? Many firms have been refused loans this year, have received less than they asked for, or have been advised to postpone new issues of securities. The conviction is growing that future expansion will have to be financed by larger profits from higher prices rather than by reliance on an already over-extended money market.

Estimates prepared by the Machinery and Allied Products Institute suggest that by 1960 American corporations will need more than $32 billion a year for expansion and the replacement of plant and equipment. This compares with $24 billion spent in 1955. The Institute believes that normal increases in retained profits and depreciation allowances might be sufficient to provide most of the funds required—if the costs of construction were not sharply increased by inflation. But many observers feel that such an inflation is already under way. The long-range outlook for capital investment implies a strong demand for money market funds to pay for expansion in depreciating dollars; and the suspicion is increasing that savings may be in tight supply during the next five years.

The problem is most acute in those industries which must undertake large and long-term investments in capital equipment, such as the steel, electric power, oil and railway industries. These are the fields, moreover, where the price of the final product can be held down either by regulation or by the indirect influence of the government. Almost no one, however, has suggested that the plans for expansion should be cut back, since—with the exception of automobiles—practically all types of industrial capacity are urgently needed to match the growth in consumption. The Federal Reserve Board has, indeed, made borrowing more difficult. But it has not stopped the leading companies from obtaining loans for plant expansion—although speculative borrowing for inventory purposes has undoubtedly been held back.

It remains to be seen whether the next Administration will accept another round of price increases as the way to finance additional investment. Some tax concessions to the heavy industries, in the form of accelerated depreciation, may well be granted before 1956 is over. It would not be surprising if the corporate income tax rate is reduced in 1957, as part of a general tax reduction. And there is sure to be pressure on the Federal Reserve Board to ease its credit policy.

SHORTER NOTES

After a year's delay the Senate before adjourning at last confirmed the nomination of Mr Simon Sobeloff to be a federal judge on the fourth circuit, which covers five southern states. The opposition to Mr Sobeloff, a Republican who has been Solicitor General of the United States for the last two and a half years, came entirely from Southerners who considered that he was "right on the borderline of Red philosophy," because he had argued the government's case against racial segregation in schools before the Supreme Court. Mr J. Lee Rankin has been nominated to succeed him as Solicitor General.

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The most important agreement so far for the disposal of agricultural surpluses has been concluded between the United States and India. Approximately $400 million worth of wheat, rice and cotton is to be shipped to India over a three-year period in exchange for reimbursement extending over twenty-five years and going, in part, towards the maintenance of American services in India.

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The government has been authorised to recruit a new "national defence executive reserve" from employees of private industry and the professions. Those enlisted have to undertake a limited amount of training in peacetime and, in the event of war, could immediately be assigned to full-time government jobs.

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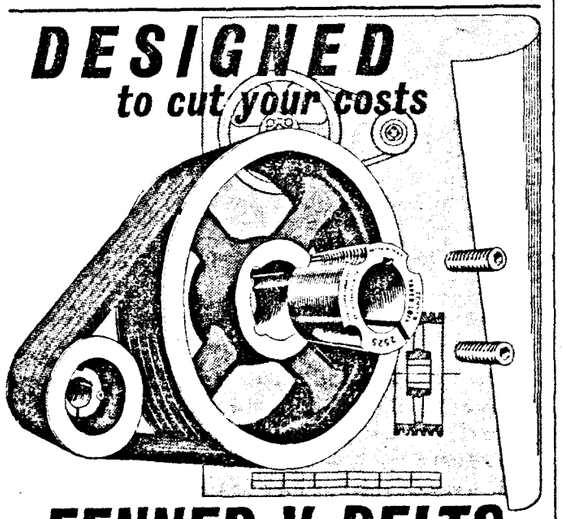

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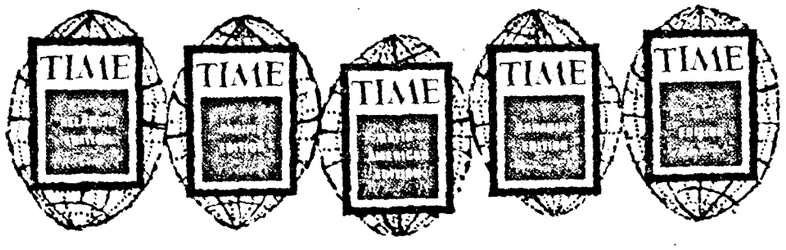

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The World Overseas

Anti-Colonial Front for Students

FROM A SPECIAL CORRESPONDENT IN PRAGUE

CONVENED to give a façade of unity to the "student movement," the Fourth World Congress of the International Union of Students, which met at Prague last week, split asunder on the same issues that divide the globe—Suez, the Israel-Arab conflict, Cyprus and Algeria. In trying to show a post-20th-Party-Congress smile to the Western observers present, the Presidium seriously underestimated the force of Afro-Asian colonial discontent. With unity—or even reconciliation—obviously impossible, a choice became necessary; the Presidium dropped the West. But if the Congress itself was a failure, it was the West alone which suffered a real defeat. When non-political Western national student organisations could not promise the militant anti-colonialism offered by the Soviet bloc, the cords of expediency which tie nationalism to communism pulled tighter than ever.

In its ten years of existence, the IUS has been little more than a shrill echo of the now-defunct Cominform's mournful dirge. Since the Czech coup, when Western students left to form the nucleus of the present world-wide International Student Conference, the Union's membership has shrunk to the Soviet block, a group of more or less "neutral" nations (Iceland, Finland, Burma, the Sudan, Japan, and one of the two major Indian student organisations) who are members either for political or for strategic reasons, and about 20 splinter groups with no claim to represent the students of their countries—the nations or colonies of Asia, Africa, and Latin America. Many delegates in fact represent only colonial students studying in metropolitan countries. But representative organisations from the West and from uncommitted nations have continued to send observers to IUS gatherings, principally to learn new aspects of the Union's tactics, but also to maintain a semblance of contact with its member organisations.

Two Embarrassing Secrets

The Western observers seated in the grotesque Julius Fučik Palace of Culture in Prague last week saw two phenomena not seen since 1948: genuine disagreement among members and what looked like a real loss of control by the Presidium, which had intended to soft-pedal the major issues. But from the moment on August 26th when a Moroccan proposed a minute of silence for the "student martyrs" who had died "fighting for independence in Cyprus and Algeria," to the closing session a week later when the Japanese moved to condemn the United States for "inflicting immeasurable sufferings on the lives of the inhabitants" of Okinawa, the Presidium steadily retreated from most of its original endeavours to contrive a mythical unity.

Clearly, the Presidium's ignorance of the elementary principles of parliamentary procedure was partly responsible for its near-collapse. Past Congresses had been much simpler: the executive never allowed debate or even open discussion. But this year, when, for example, the chair permitted a Syrian to use the floor during a discussion of unity to deliver a hysterical attack on Israel, and then, "in the interests of unity," at first refused Israel permission to answer, the Congress skidded close to complete disruption. Yet the chair also used procedure to advantage. Thrown days behind schedule by the heated political debate, the Congress was forced into long night sessions. On the final evening, while groggy delegates mechanically held up cards for unanimous votes, four members of the Presidium literally re-wrote whole sections of the constitution and railroaded through a hollow resolution on the very unity that the Asians had indicated they opposed. And the late hours of this closing session allowed the IUS to pass over its credentials and financial debate in a few minutes, hiding two of its most embarrassing secrets: that many of its members are completely unrepresentative, and that the greater part of its colossal budget comes from the Soviet government.

Not Even a Western Whisper

If sham procedure, the countless unanimous votes, and the popular music which, during every free moment, flooded congress halls, dining rooms and living quarters, told Western observers something of the nature of the totalitarian political process, these had an opportunity to learn, too, the more important lesson of how far behind they were in the race for the allegiance of the uncommitted countries. Observers from the British, French, Dutch and Belgian national unions of students (no American delegation was present) could only explain their silence on resolution after resolution of solidarity with colonial students with the limp excuse that their constitutions forbid their acting on issues that are clearly political, and not of concern to students *qua* students. When the Canadians proposed a condemnation of all colonialism, including Soviet domination in Eastern Europe, they were hooted down. As one Pakistani observer put it, "these Afro-Asians don't care what happens in Eastern Europe. The vital thing for them is that the Soviet

block screams its support while the West will not even whisper." More important, few of the colonial students realise that the Western student organisations are debarred from action precisely because they represent societies which allow open dissent, while it is the enforced unanimity of the communist world that makes its voice strong.

Typical of the colonial students were the Cypriots studying in Britain, for whom the IUS Secretariat printed and distributed anti-British propaganda, while it did not allow the French to hand out their own material on Algeria. Coming to their first Congress, none of the Cypriots knew anything of the history of the IUS, not even that it was communist-controlled. "Why should we believe there is oppression in Eastern Europe?" the Cypriot leader asked this correspondent. "If there were, the student delegations from those countries would tell us about it here."

Nasser and the Five

FROM A CORRESPONDENT

Cairo, Wednesday

WHILE most of the Cairo press continues to strike a note of defiant valour, the progress of the talks between President Nasser and the Menzies committee has been surrounded by well-kept discretion on both sides. Beyond the simple, and perhaps encouraging, facts that the talks have not just collapsed at the first charge by the other side and that according to amiable, but close-lipped, spokesmen, the atmosphere has been "cordial," at the time of writing nothing substantial or reliable has emerged to indicate the trend of the talks.

All that seems clear is that they have gone beyond the stage of statement and explanation and entered that of "discussions." There is also a growing feeling here that the talks this week represent the real turning-point in the Suez crisis, and that their outcome will decisively influence the future pattern of events. Speculation inevitably centres on the possibilities of that future pattern. One result can probably be ruled out in advance. That is unqualified acceptance by Egypt of the 18-power proposals in their original form. There remain two alternatives. One is complete rejection by Egypt of any assurances or machinery not already contained in the 1888 Convention. The other, which appears more probable, is a less clear-cut situation in which Egypt holds out the possibility of negotiations that might eventually produce a compromise. The target in this case would presumably be new assurances, both on freedom of navigation and on the international economic aspects of Canal operation, embodied in a supplementary convention and in some new international machinery which fell short of complete international control.

The indications are that President Nasser will see it in his interest to be as flexible as possible, short of conceding the principle of full international control with its implied corollary, the complete revocation of nationalisation. By this means he might hope to retain a certain freedom of manœuvre; the sympathy of important sections of world opinion, especially in Asia; the possibility of some diplomatic support from the less committed western nations, including perhaps the United States; and, above all, time.

With the end of the present talks the situation again becomes fluid. Except in the event of unqualified Egyptian acceptance of the 18-power proposals as a basis for negotiation, none of the governments that endorsed the proposals at the London conference is formally committed to any particular course of action. The central problem may then be the varying interpretations which different governments may put on the prospects opened up by the Menzies talks. Whatever President Nasser's ultimate intentions, it is presumably in his interest to take a line which, even if it does not satisfy Britain and France, may convince enough other interested powers, including the United States, that it is worth while continuing negotiations and using their influence to restrain the British and French from any precipitate action.

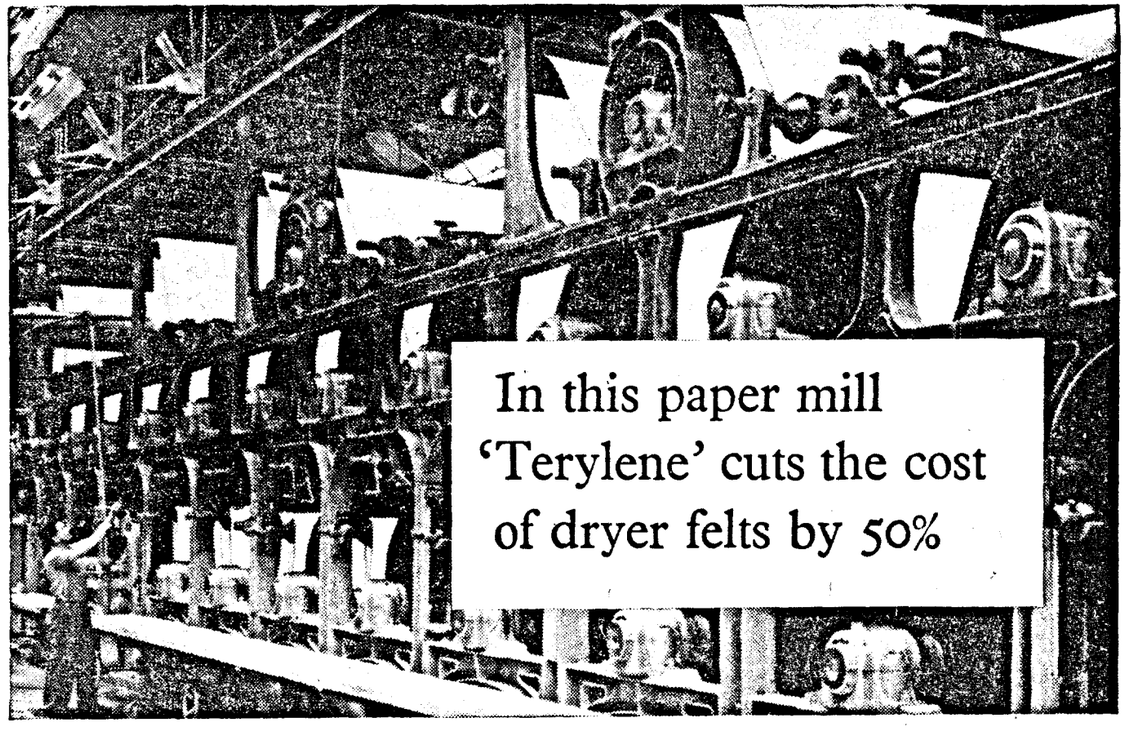
If Britain and France conclude from the Menzies committee report that continued negotiations will not give them international control or any assurances they consider adequate, what will they do? While Sir Anthony Eden continues to tell the British public that the present military measures in the Mediterranean are "precautionary," every indication is being given here that they are intended for use against Egypt if it does not accept international control of the Canal. The intention naturally is to convince President Nasser that Britain is not bluffing or at least to compel him to accept the possibility of military action as a serious factor in his calculations. It is a dangerous test of nerves. But whether President Nasser decides that the British and French threat is real or bluff, there is every sign that he is prepared to take the consequences rather than accept what can be construed here as full international control of the Canal. And despite the undoubted anxieties of several other Arab governments for a peaceful settlement, there is little doubt that in the event of war he would carry most of the Arab world with him.

East African Governors Say No

WITHIN a year of the publication of the radical recommendations of the Royal Commission on East Africa, the comments of the three governors thereon,* and the comments of the Colonial Office on their comments‡ have appeared with commendable promptitude—although not too soon for the Colonial Office, like the governors, to declare that since the commission's tour of East Africa many of its proposals have been implemented. But neither this, nor the fulsome congratulations to the commission on its remarkable grasp of the problem in so short a space of time, will deceive its members. They will realise that the Man on the Spot has hardly been jolted by their work; that their basic gospel has fallen on deaf ears.

Their basic gospel was that after years of failure in applying mainly political solutions to problems which are in large part rooted in economics, those in authority should give economic solutions a chance. They proposed, in particular, that artificial barriers between tribes and races, and especially between producer and market, and between capital and investment outlet, should be swept away. Their fundamental proposition was that the process of transition from communal to individual tenure should be accelerated by setting up authorities to register title on a far bigger scale,

* Cmd. 9801. 7s. ‡ Cmd. 9804. 6d. HMSO.



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and that ownership of land should carry the right to sell, lease and mortgage in a free market subject to limited safeguards. Their other recommendations, some of which may well be open to criticism, mostly follow from this ruthless intrusion of Adam Smith into the semi-feudal East African scene.

The outgoing governor of Uganda is by far the most receptive to this basic doctrine, despite his well-known socialist sentiments. In his despatch he clearly accepts the need to get away from tribalism as much in land tenure as in politics, but he urges the need to adapt the pace to the social awareness of the tribe ; and this fatal qualification —fatal because it can mean anything or nothing—is even more strongly pressed by the governor of Tanganyika and his advisers, although they too are prepared to introduce legislation to speed up registration of title. Neither governor is at all happy about the idea that a free market in land should develop to encourage capitalisation, consolidation and a switch from subsistence cultivation to cash cropping. They fear the effect on backward tribes to whom land is security. But the Royal Commission never said that an agricultural and industrial revolution would be painless ; it said that the alternative was worse.

Can Europeans Stand Competition?

The real challenge of the commission's report was, however, to Kenya, where its proposals involved the breaking down of the boundaries of the White Highlands as well as those between tribal reserves in the matter of sale and lease of land. In particular the commission objected to "broad acres of unused or partially used land" in the European area which could not be sold or leased to other races and were a constant source of grievance. As the Kenya comments on the report were in fact largely written not by the governor but by members of his Council of Ministers, it is not surprising that they firmly rejected the idea of removing this restriction, arguing that it would upset the confidence of the white farmers to an extent disastrous to Kenya's economy ; and the Colonial Secretary endorsed this judgment. It is, of course, economic nonsense ; but the fact is that the reservation of the Highlands is a built-in feature of the Kenya situation and its preservation at least until 1960 a part of the Lyttelton agreement, so that while the Royal Commission was right to attack it, there was no chance of immediate action. It would have been more honest, however, if the Kenya despatch had given the true reasons for its opposition to the commission's ideas.

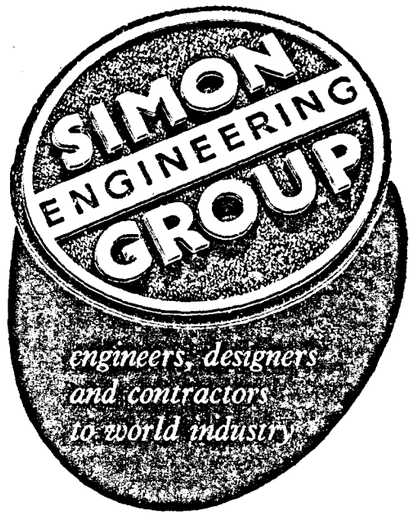
The Kenya despatch inevitably rejects the Royal Commission's proposals for African freehold villages for the workers on European farms and their families, on the ground that they would weaken the tie between employer and farm worker ; but it accepts the commission's view that in lieu of squatting rights farm workers must be paid a family living wage, provided, however, that this should not be so large as to push agricultural costs to an uncompetitive level in world markets. The Royal Commission's logical answer to this is, of course, that if European farming cannot pay in terms of a living wage it is genuinely uncompetitive as such and ought to be put out of business by native cash cropping—which may well be the fate of many, though probably not all, European-grown crops. The proper answer is competition between the two types of economy. But this there can never be when native farming is subsidising low paid native workers in industry and on white farms ; the vital move is to break the tie between the native on the land and in industry or on the plantations. But the Kenya government is not in any case favourably disposed to the argument of the Carpenter Committee that an adult African's wages should cover the full living cost of his family, and should not take into account his holding in the reserve. Here, statutory wage increases are not the entire answer ; if land could be freely bought and sold, a proper balance between employment and wages in industry, plantations and African farming areas would be brought about.

The governors have the weight of much practical experience on their side in giving their reasons for rejecting the policy of a courageous all-out drive to let the free market dominate East African development henceforth ; but this simply means that they defend the *status quo*, the political, or sectional, solution of their problems, which has already been found wanting, and whose failure led to the appointment of the Royal Commission. They must accept the corollary that if in consequence progress is too slow to stave off the political unrest that comes with economic and racial frustration, they will not get enough of the international capital which—as they agree with the Royal Commission—is vital to all their plans. The truth is that they want the capital as a substitute for an intelligible economic policy.

A Windfall for Khrushchev

FORTUNE has smiled at last on Mr Khrushchev in his role as overlord of Soviet agriculture. Nature had been unkind since he took over the leading role in this domain. In 1954 drought in the Volga region spoilt the crop and last year it was the turn of the "new lands" in the east. This year, though spring sowing was affected by rain in the Ukraine, this is apparently more than outweighed by a bumper crop on the virgin lands of Kazakhstan and Siberia. The propaganda machine throughout the country is exhorting farmers to gather in the grain rapidly and appealing for volunteers, and combine harvesters are moving swiftly eastward in a race against time. If the crops are not left standing too long and are not damaged by rain, this year should yield a record harvest. The actual volume of the crop remains unknown ; the Russians have published no absolute figures since 1953, when Mr Malenkov admitted that previous Soviet grain figures had been inflated. However, progress can be measured through the rise in grain deliveries to the state. These amounted to only 40.5 million tons in 1952-53, but are expected to total 62.6 million this year, Kazakhstan accounting for 16 and the Ukraine for 8 million, while the Russian Federal Republic is expected to account for 35.5 million tons, including 16 million from Siberia.

The high proportion coming from the new lands of Siberia and Kazakhstan is understandable, because these are surplus areas with many state farms and with sparsely populated collective farms. A good crop in the east gives the government direct control over a large share of the harvest, and thus strengthens its hand elsewhere in the countryside. At the same time a record harvest based on an eastern bounty has its drawbacks. Mr Khrushchev once stated that out of five harvests on the "new lands" two are expected to be good, two bad and one indifferent. Success in one year is, therefore, a slender basis for future



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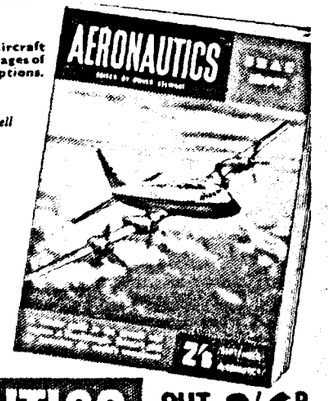

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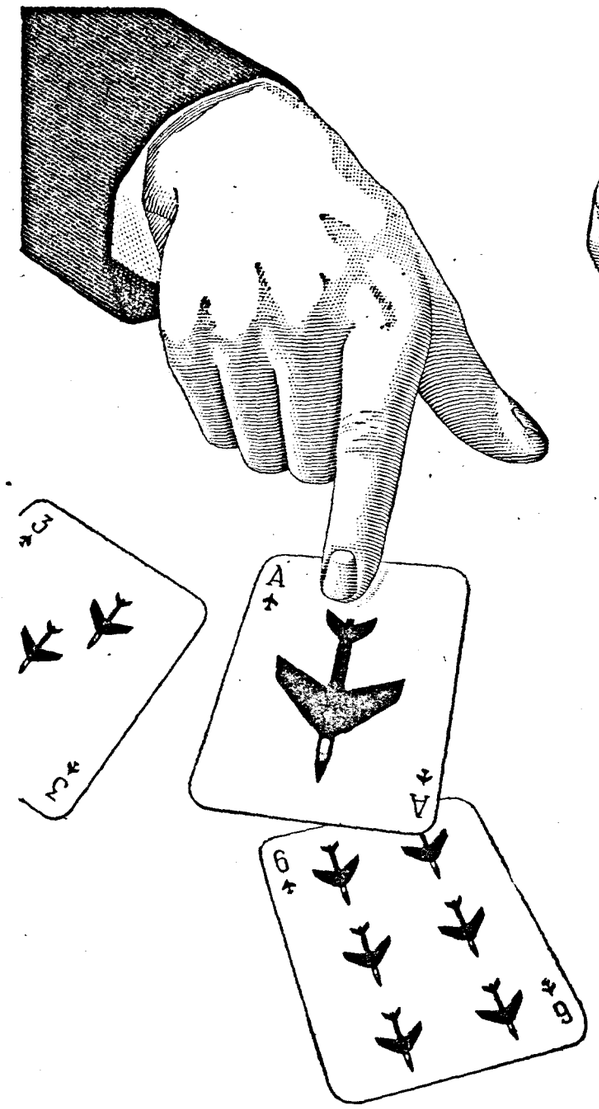

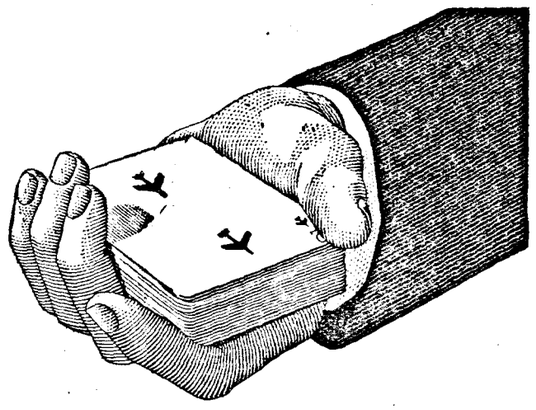

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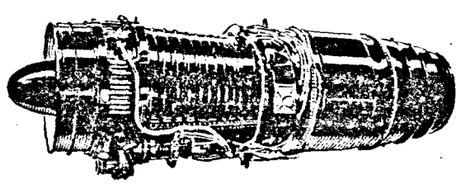

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calculations; stocks must be built up and the exportable surpluses are probably not as great as might appear. The planners show no intention of extending the reclamation of land in these areas much beyond the 75 million acres already brought under cultivation. They seem more concerned with improving quality and diminishing fluctuations, while the search for new land is likely to shift to the Far East. Nevertheless, after years of apparent failure, Mr Khrushchev can claim a measure of success for his gigantic drive for "the conquest of virgin lands," and this eastern windfall should assist his efforts both to intensify agricultural production and to change the structure of the countryside.

Stalin's heirs put agricultural recovery high on their agenda as soon as they took power. They frankly admitted the poor state of agricultural production, and announced a series of remedial measures. Some, such as further mechanisation and larger supplies of fertilisers, were long-term projects. Other steps, providing increased incentives, were expected to yield quick results: taxes were cut, compulsory deliveries lowered, prices paid to farmers raised, and farmers were encouraged to cultivate their private plots and to breed their own stock. To top it all, Mr Khrushchev launched his drives first for the reclamation of virgin lands and then for a switch over to maize.

Milk supplies over the last three years apparently rose by 60 per cent (to 9.3 million tons up to July, 1956) and meat deliveries by 10 per cent—(to 1.18 million tons up to mid-1956). The figures for livestock quoted below show that, after two terrible slaughters, the numbers of cattle are regaining their pre-collectivisation level, the stock of sheep has risen considerably and that of pigs has nearly doubled. For 1956, however, only figures for collective stock are available, although a large proportion of cattle and pigs is the private property of the farmers. The withholding of statistics for these animals may reflect a certain disappointment with the policy of incentives. The supplies of meat and dairy produce by the farmers have not come up to expectations. Peasants have been accused of buying cheap grain for feeding cattle which they then sold privately at a high price. Sales of grain have been cut and a tax imposed on private owners of stock. There are also endless complaints that farmers spend more time on their private plots

than in communal work, and to prevent this a measure has been introduced linking the size of the plot with the number of hours worked for the collective.

Mr Khrushchev cannot rest on his temporary laurels. The planned goals—including 180 million tons of grain by 1960, and the doubling of meat and dairy production—still loom far on the horizon. Besides, agriculture still occupies too big a share of the population for its output. According to the latest statistics, out of a total Soviet population of 200 million 87 million live in the towns, the rest in the countryside. Collective farmers form the bulk of the rural population: the 90,000 or so *kolkhozy* group about 19 million households consisting of 83 million people. This seems a tremendous army of labour, but the population statistics themselves partly explain the paradoxical contrast between this high figure and the reported manpower shortages in the countryside. They show that Soviet war losses were incomparably greater than was ever assumed. Since the exodus

SOVIET LIVESTOCK
(million head)

	1928	1940	1953	1955
Cattle	66·8	47·8	56·6	67·1
Of which Cows	*33·2*	*22·8*	*24·3*	*29·2*
Pigs	27·7	22·5	28·5	52·2
Sheep and goats	114·6	76·7	109·9	142·6

from country to town has nevertheless continued, the proportion of able-bodied men in the rural population may be exceptionally low. Statistical deductions thus confirm the impression gained by visitors that Soviet agriculture is "manned" largely by women and aged or partially disabled men.

Since 1950, it is claimed, the total area under cultivation has grown by 115 million acres and the area under grain alone by 75 million. The number of tractors has grown by half. Almost all ploughing, 81 per cent of grain harvesting and over half of potato-sowing has been mechanised and passed on to the MTS (machine and tractor stations) which now employ three million people. Half of the school-trained agronomists now work for the MTS: the civil servants have, in fact, been sent to the fields. The results do not seem to correspond to the efforts involved. Mr Khrushchev has also a major social problem on his hands. The difficulties with farmers' private plots may have reminded him that the peasant property instinct is still alive and revived his old dreams of bridging the gap between the town and the countryside through the creation of "agro-towns." It will be interesting to see how he acts now that a bumper crop in the east looks like giving him a respite, a chance to think of long-term plans and not only of expedients.

Mr Diem Digs In

FROM OUR CORRESPONDENT IN SAIGON

NAPOLEON'S advice has not been taken by the makers of the South Vietnamese constitution, for it is neither short nor obscure. The 101 articles of the still unpromulgated draft suffer if anything from omissions rather than obscurities. Clauses providing for a new national flag and national anthem have still to be drafted; last month the members of the National Assembly sat entranced listening to tape-recordings of suggested new anthems and poring over designs for new flags. The preamble to the constitution has also to be concluded. The Assembly has had a long discussion as to whether a reference to the "Most High" should be included in the preamble. This was

followed by an even longer and more passionate discussion as to what exactly the expression the "Most High" meant. Though the latter question was never satisfactorily elucidated, the deputies seemed to enjoy the debate, and the Most High finally found his, or its, place in the draft constitution.

The draft seems to draw its principles from the American constitution and many of its details from the French. Its outstanding feature is the exceptionally strong powers given to the president of the republic, who is also the chief executive. His veto power on legislation can only be reversed by a three-quarters vote of the single chamber legislature, he can govern by decree during five months of the year when the National Assembly is not in session, and has the power to suspend the constitution completely during the first legislative term of four years. Apart from the president's powers, the constitution follows comparatively unexceptional lines. The Assembly sits for four years and cannot be dissolved; there are 22 articles prescribing elaborate rights and duties for all citizens; one unusual provision sets up a national economic council, representative of the leading economic interests of the country. A curious feature is the omission of almost the entire judicial system, apart from the mention of a few special courts; one assumes that the present French system of justice will continue. As usual, there are not many holes to be picked in the constitution on paper, and the exceptional presidential powers are perhaps not more than are justified in a country where chaos has reigned uninterruptedly for ten years.

"Edification" by Generals

It is pretty certain that many of the elaborate freedoms written into the constitution will remain a dead letter as long as the "state of crisis" exists. For all Vietnamese officials, this justifies the absence of any real freedom in the present regime. Diem is entrenching himself south of the parallel, largely by military means. Since the destruction of the sects two curious military operations, one to the west and the other to the east of Saigon, have been set on foot; each is commanded by a general and each was launched with an imposing order of the day. The laudable official object of these operations is "pacification and edification." They are clearly intended to put all political enemies out of harm's way, and to make the people feel the reality of the military power. In spite of the proclamation of a democratic constitution, there is not much doubt that Diem's government is slowly moving towards a semi-military dictatorship. The Vietnamese make out a plausible case for this, but it has never yet been proved that such methods are the most effective defence against Communism in a divided country.

It is still too early to tell how far the exertions of the government, aided by the gigantic inflow of American aid, are going to resolve the economic and social difficulties of the South. The creation of a free market in the piastre at the end of June has not yet attracted foreign capital, nor has it prevented a rise in the cost of living. There has been determined action by the new minister of national economy, M. Nguyen Ngoc Tho, to cut down the absurd number of small importers, who have risen from 200 to 20,000 in two years and have made the economy unworkable. Despite this action, a heavy *immobilisme*—perhaps a French legacy—seems to hang over the South Vietnamese economy; it arises out of the confusing breakdown of the former French commercial structure, the generous but chaotic impact of American aid, the startling lack of foreign investment, and the uncertainty about the ultimate form of the country's economy.

A certain paralysis also afflicts land reform. The South Vietnamese plan for this is a good one. It consists of four stages; first, the lowering of agricultural rents to from 15 to 25 per cent of the rice crop (as opposed to 40 per cent or more in the past) and the drawing up of tenancy agreements between landlords and tenants; second, loans to farmers at interest rates far lower than any that have prevailed in the past—6 per cent per annum as opposed to 5 or even 10 per cent per *month* formerly; third, the redistribution of state lands; and finally, the limitation of private landownership and distribution of the surplus land. Of these four stages the first two are in operation, though not complete. The third and fourth stages are not off paper and possibly not yet even *on* it. It must be remembered, however, that Mr Diem has been very preoccupied with politics and that anyway it is not easy for a right-wing government to carry out a radical land reform, especially when the minister of agrarian reform and several other ministers are large landowners.

A Newspaper's Fate

The economic and social front is very important, but it is not the only front on which the South needs to fight its battles. The Vietnamese are intensely nationalistic, and under an urbane exterior many of them feel extremely frustrated that their country, on the morrow of independence, should find itself partitioned into two halves, each in the orbit of a foreign power. They dream of their united country, with a population of 24 million, playing a strong part in South Asia. They yearn for economic independence. It cannot be assumed that all Vietnamese south of the parallel, if they were free to speak their minds, would put horror of Communism above unification of their country. There is no provision in South Vietnam for a "unification first" party—such as the Social Democrats in West Germany—for the government and its supporters consider such a line to be a dangerous form of Communist subversion.

There was a significant example of this last month when a Saigon weekly newspaper suggested that a southern delegation should proceed to North Vietnam to inquire into conditions there, as a first step towards talks between the zones. The result of this suggestion was that the newspaper's offices were broken up and the paper driven out of business. The government dissociated itself from the incident; the police, however, did almost nothing to restrain the hooligans, and the editor of the paper has since been arrested.

The government's policy of condemning Geneva and everything to do with it has obvious dangers. Hanoi has already been able to posture as champion of the unification against which Saigon has closed the door; it will be able to do so even more successfully now that July—election month under the Geneva agreements—has passed, because it is clearly Diem's fault that the unifying elections have been indefinitely postponed. Diem must have some policy for reunification more coherent than "Not now" and "Wait and see" if he is not to put a useful weapon into the hands of his astute and watchful opponents across the parallel.

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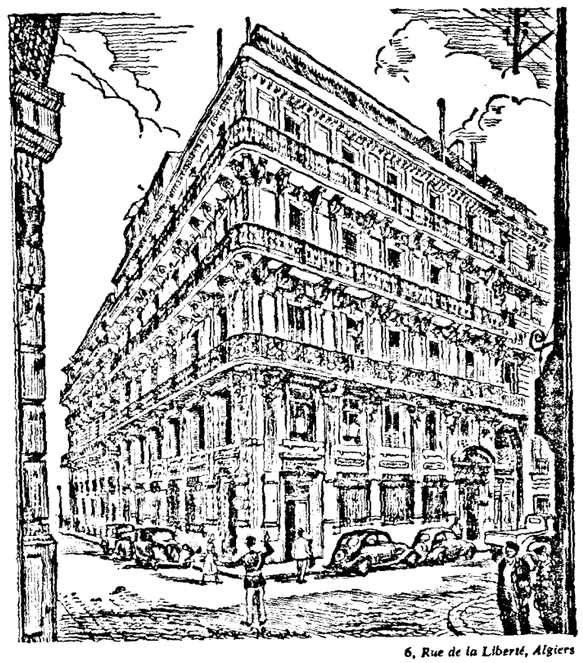

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THE BUSINESS WORLD

Research Out of Balance

IN recent years several guesses, more or less informed, have been made about the amount of resources that Britain devotes to scientific and industrial research—and, even more often, judgments have been passed whether the country is spending enough. In these columns two years ago, for example, it was guessed that total expenditure on research and development in 1951 might have been of the order of £200 million; last spring, Sir Harold Hartley* put the figure for 1954 at probably £200-250 million. This week, at the British Association meeting in Sheffield, Mr Ernest Rudd of the Department of Scientific and Industrial Research presented the first estimates of the money and manpower devoted to research and development in Britain that have been derived from any specific and systematic inquiry. Mr Rudd offered figures—estimates with an admittedly large margin of potential error—not judgments. But his valuable figures do broadly support many of the judgments that have been passed on the basis of earlier guesses about the research effort; their implications are roughly the same, only more so.

That is true, in the first place, of his total estimates. On the basis of sample inquiries by DSIR and the Ministry of Labour, he puts total British expenditure on research and development last year at £325 million, with a margin of error that might be as high as £80 million either way. Well over half, he thinks, was done in industry:

	£ million
Government laboratories, etc.	120 (+ or − 35)
Privately-owned industries	185 (+ or − 40)
Publicly-owned industries	4 (+ or − 1)
Research associations, universities and elsewhere	16 (+ or − 5)
	325 (+ or − 80)

This industrial research effort, Mr Rudd calculates, was carried out by about 98,000 people engaged wholly, and another 35,000 people engaged partly, on research and development (in all, perhaps, equivalent to about 106,000 full-time workers). Of the 133,000, about 32,000 were qualified in science or engineering.

The estimates of research employment are based on information from a sample of some 3,700 industrial companies: those of expenditure have been built up by using information on expenditure from only 240 companies so far, plus information in the public domain, specific inquiries and guesses about research spending elsewhere. The industrial coverage of the first inquiry may be reasonably good—there seems little doubt that research is an activity concentrated mainly in the larger companies, a high proportion of which were included—but the possible error of the expenditure figures is inevitably greater. The data have enabled Mr Rudd to show employment and expenditure, per head and in total, on research and development in the main sectors of industry. Some of these figures—which etch out a pattern of sharp contrasts—are shown in the table at the foot of the next page.

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For purposes of rough comparison, a number of other figures of the output, investment, and productivity of these different industrial groupings have been appended to the figures in this table. Mr Rudd has shown research employment as a percentage of total employment in each industry, which is a good way of expressing the very different proportion of total resources that each devotes to research and development. A more usual way of doing this, inside industry, is to relate research expenditure to turnover. This cannot yet be done even approximately for 1955, since gross output figures from the Census of Production, which correspond to turnover, are not available for last year. In the table following, however, gross output figures for 1954 have been included to give at least some indication of the relative output of the industrial groups concerned. Investment in new plant and equipment,

* "Scientific Research in Britain: Its Structure and Policy." *Progress*, Spring 1955.

moreover, gives some indication at least of the extent to which research and development are applied; fixed investment figures for these industries in 1954, therefore, have also been included. Finally, rough estimates are given of the growth in physical output and of labour productivity in the different sectors.

This DSIR survey provides data, not generalisations. There is, as Mr Rudd points out, a clear distinction between the "science-based industries"—aircraft, oil refining, electrical engineering and the chemical industry—and the traditional industries such as building, wood, cork, paper and printing, and food, which spend only a fraction as much on research and development. The proportionate research effort of some of the technologies in between these two extremes—metal manufacture, for example, and the metal-using industries other than electrical engineering and aircraft—is much more difficult to interpret. It is important to bear in mind that some industries do much more research and development co-operatively in research associations than others: the expenditure and employment shown by industries in the large table shows only work actually done in the laboratories of private industrial concerns.

The bill for this work, totalling £185 million in 1955, is by no means, however, what British industry spends on research. Indeed, industry seems to have paid for only about a third of it. Nearly two-thirds —close on £120 million, Mr Rudd estimates—was research done by industry but paid for by the Government. The Government—primarily the defence services—was in fact responsible for about £200-£210 million of the total British research expenditure of perhaps £325 million last year; the "supply and service departments" spent about £75 million on research and development work in Government laboratories and about £117 million on research done for them by industry and the universities. No indications of the different industries in which the Government financed this vast research effort is available: but it is an open secret that practically the whole of the £90 million spent on aircraft research and development was public money. The development of new equipment, indeed, is as characteristic an activity of any modern aircraft industry as actual production—and whether or not more successful, at least more continuous. These figures of Government spending on defence research, incidentally, leave out the research effort of atomic energy, about which Mr Rudd has been able to obtain no information: for completeness he offers a pure guess of £30 million last year (plus or minus £25 million!).

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"Enough" has as elusive a meaning in assessing a country's total research effort as in judging its investment. The fashionable postwar substitute has been comparison with the United States; and Mr Rudd's figures offer a reasonably firm basis for this too. Our total expenditure on research and development—defined as widely as the scientists and businessmen concerned choose—amounted last year to roughly 2 per cent of our "gross national product," while the United States, in 1953, was spending about 1½ per cent of its own vastly larger national product for these purposes. The total American expenditure in 1953 was about $5,300 million, at "face" rates of exchange six times ours in 1955 (what a fair rate of exchange between the research dollar and the research pound might be would set scientific administrators arguing for months).

But the United States was also employing, in manufacturing research and development, six times as many graduate scientists and engineers as Britain, with a manufacturing labour force of less than twice the size. And a more damaging comparison still is between what British industry pays for and what American industry does. For the American Government—though its definition of "in the interests of national security" appears far wider than the British Government's when it comes to handing out research and development contracts—nevertheless finances only about 35 per cent of total research and development in the United States against the 60 per cent that the Government pays for here. Mr Rudd does not quote any figure indicating the proportion of the research actually done in American industry that is paid for by the government, but for 1952 the proportion has been put at about 45 per cent. From such figures it could be inferred that American industry might be spending eight or nine times as much on research and development as British industries employing more than half as many men.

Some work remains to be done upon the refinement of these new British figures; much on their interpretation. They might support the proud boast that Britain spends a larger proportion of its national income on research and development than any other country in the world (save perhaps Russia). They equally show, on the other side of the penny, that private industry in Britain lags far behind American industry in what it spends for these purposes from its own resources; the Government is the really heavy investor in British research and development. This disproportion may to some extent be inevitable: certain types of research, as for example the vast supporting research that lies behind high-speed aircraft, require men and money on a wholly different scale from most kinds of civilian research and development. It is nevertheless disquieting. The heaviest cost of defence to the modern British economy, as has been said here before, is not the 10 per cent that it takes of the national income. It is the 60 per cent that defence pre-empts of all the resources this country can assemble to invest in technological progress.

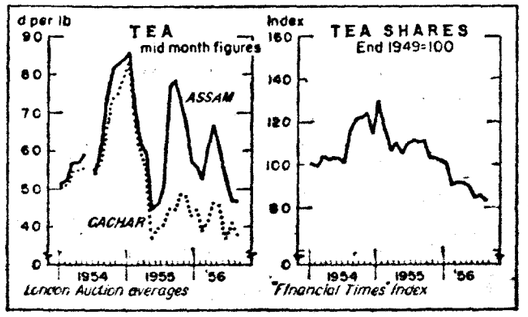
Research and Development in British Industry, 1955

	People employed on research and development, 1955			Expenditure on Research and Development, 1955	Gross Output 1954	Gross Fixed Investment, 1954	1955 Indices of Output (1948=100)		
	Total	Equiv. to full-time workers	Per Cent of Total Employed %	£ Mn.	£ Mn.	£ Mn.	Total Output	Output per Head	
Bricks, china, glass, etc.	1,600	980	0·28	1·3	494	24	129	117	Bricks, china, glass, etc.
Chemicals (excluding oil refining)	25,400	14,700	3·9	20·0	1,496	73	166	142	Chemicals (excluding oil refining).
Mineral oil refining	2,400	2,500	6·1	3·1	392	16	551	430	Mineral oil refining.
Iron and steel	2,800	2,000	0·48	2·5	1,497	60	134	126	Iron and steel.
Non-ferrous metals	1,800	1,400	1·2	1·7	449	9	131	113	Non-ferrous metals.
Engineering and Shipbuilding	13,800	10,800	0·77	15·0	2,018	55	135	124	Engineering and Shipbuilding.
Electrical Engineering	31,500	27,000	3·3	32·9	975	30	196	147	Electrical Engineering.
Vehicles (other than aircraft)	6,000	4,800	0·5	5·8	1,288	31	172	134	Vehicles (other than aircraft).
Aircraft	31,200	30,100	12·0	90·0	369	11			Aircraft.
Other metal goods	2,400	1,600	0·30	2·1	811	23	125	123	Other metal goods.
Instruments, jewellery, etc.	1,700	1,300	0·99	1·8	272	5	126	111	Instruments, jewellery, etc.
Textiles, leather, clothing	5,400	4,000	0·25	5·4	2,906	63	115	112	Textiles, leather, clothing.
Food, drink, tobacco	2,800	1,800	0·20	2·4	3,903	80	117	97	Food, drink, tobacco.
Wood, cork, paper & printing	1,800	1,100	0·12	1·5	1,413	47	161	141	Wood, cork, paper & printing.
Other manufacturing	2,700	1,900	0·65	2·5	411	14	153	130	Other manufacturing.
Building and Contracting	500	200	0·02	0·3	1,911	48	116	114	Building and Contracting.
TOTAL	133,500	105,900	1·0	185	..	584	136	121	TOTAL.

A Junta for Tea

ALMOST £85 million has been invested in India's tea gardens, and of this total £54½ million is non-Indian—that is British. This estimate comes from the three-man commission on the plantation industry that reported to the Indian parliament last week. The commission trounced the industry for not halving its dividend distributions, thus in an unspecified period increasing its internal resources by 25 per cent. Production costs in the sterling companies, the report said, were consistently higher than in the Indian, yet the sterling companies, it claimed, distributed a higher proportion of their total profit.

Without the British investment, without the services of the British agency houses, without the world market in tea that London provides, India would not be the dominant tea producer that it is, and this great and growing industry, two-thirds British, would not be India's largest single source of employment, with a million workers. Its fortunes still have great importance for a large body of patient British investors. Is it true, tea men will ask, that the profit margins on the Indian-owned estates are wider than on the European owned, after proper allowance has been made for maintaining the property? Or has some element of capital consumption crept into the calculation? If Indian managements are more successful than British, why has the commission had to devote so much of its deliberations to schemes—sensible schemes—for raising more capital for the **smaller** Indian-owned estate and so little to finding finance for the European owned? Why has it thought it necessary to advise tighter control over the transfer of estates from sterling owners to (presumably more efficient) rupee owners? Why, above all, is two-thirds of the industry still in British hands?



The commission's proposals are basically not extremist—neither the main report nor the dissenting minute by Mr K. G. Sivaswamy recommends nationalisation; they are pro-Indian rather than anti-foreign. Some helpful recommendations in the report will find supporters in all sections of the industry: greater help from the State bank and the Industrial Finance Corporation, specially for the small producers, and the establishment of co-operative organisations for the supply of stores are examples. The real trouble is that the plan as a whole bristles with immature and amateur thinking.

At no point is this more evident than in the proposals for management remuneration. The abolition of agency commissions and the substitution of fixed fees is proposed even though part at least of the commission is a charge only against profit, while the fixed fee would be payable in good years and in bad. It is also proposed to reduce production costs by savings on non-Indian managerial staff and managing agencies. The Tea Board, it is argued, should have power to examine cases of disproportionately high pay to **senior** staff, and the number of **Indians** in managerial posts should be **increased**. European-owned estates welcome more Indians in managerial posts; they claim they appoint them as fast as suitable applicants come

forward, and they pay the rate for the job (subject only to any special allowance that the Englishman gets for pulling up his roots in his homeland). They would deprecate its use as a back-door access to cheap labour, and they would deny that cheap labour at the top or the scrutiny of managers' salaries by an outside agency could ever promote efficiency.

The least acceptable part of the report is the all-embracing function suggested for the Tea Board. That body of about 40 people drawn from the Government, the industry and the consumers, is offered this list of duties :—

1. Collecting a replanting cess estimated at £3 15s. per acre.
2. Making special arrangements for the provision of selected tea seeds.
3. Drawing up, in consultation with producers, a programme of phased replanting.
4. Granting or withholding approval when it is proposed to sell any garden exceeding 100 acres.
5. Collecting the replanting cess in a lump sum in advance from the buyer as a condition of registration of transfer of an estate.
6. Making a regular study of cost data.
7. Collaborating with state governments in making a survey of land resources.
8. Establishing co-operative organisations for supply of stores.
9. Setting up a plantation finance committee to watch the financial needs of the industry and, if necessary, setting up a new financial institution under its own control.
10. Regulating the sales of tea in the Indian auctions.
11. Examining warehouse and brokerage charges.
12. Setting up a tea promotion directorate.
13. Organising the training of young men in the industry.
14. Reviewing managerial salaries.
15. Valuing estates offered for sale if either the buyer or the seller wishes it.
16. Arranging part of the distribution of tea in India under its own labels.
17. Taking over responsibility for warehousing.
18. Certifying valuations where it is proposed to revalue a company's assets.

The Board, with its regional offices, would require an enormous expert staff. No one can say where it would be recruited, but its powers would be enormous.

How then must the shareholder, still financing most of the industry, view his prospects ? He will not, of course, assume that the Indian Department of Commerce will simply swallow the report unamended. Nor, certainly, will he suppose that violent changes of fortune in the tea industry have been suddenly eliminated in favour of a steadily growing demand and a rising tide of finance from the Industrial Finance Corporation and the Indian National Bank.

The market for tea will still call the tune, and since the boom collapsed early last year quality tea has come into its own, while the producers of plain tea, particularly in India, have found it difficult to make ends meet. This week buyers paid up to 11s. a lb for a good—but not extraordinarily good—Assam tea from the new season's crop, while Indian plain tea, if it was not withdrawn from sale, went for 2s. 10½d. a lb or less. At anything less than a London price of about 3s. 3d. a lb few producers of plain tea can show a profit. In the first few weeks of the new season the average price in London of Assam tea, which is usually of high quality, was 6s. 11½d. a lb, an increase of more than 1s. 5d. a lb over last season, while the average price of tea from Cachar, which produces only plain tea, fell by more than 7d. to 3s. 1½d. a lb.

World production this year is running slightly above last year's rate, and unless bad weather cuts production in North India in September and October, the remaining peak months, prices of plain tea are likely to remain low. Many growers think that the conclusion of a new international tea agreement of which the Indian Commission was, with reservations, in favour, would restore confidence to the market. But there is no sign yet that the differences between the signatory countries have been ironed out. Another possibility is that the Indian government, which still controls exports, might reduce the quantities to be exported later in the season—even though the abolition of the quota system, but not of export control, is one of the recommendations now put forward. Finally, the Indian government might reduce the rate of export duty payable by producers of common tea. At present this duty, which is based on the average price of all Indian tea in London, amounts to 6¾d. a lb. The commission urges the use of a six months' average instead of one month's, which would not in these circumstances be of any help.

	Gross Profits (Including Other Income)	Provision for Taxation	Net Profits after Taxation £'000	Dividends	Total Retained Profits
1939	3,562	860	2,216	1,165	1,051
1946	8,374	3,204	4,312	2,286	2,026
1950	11,727	4,876	5,178	2,328	2,849
1951	5,674	2,761	1,567	1,766	−199
1952	435	1,265	−2,069	904	−2,973
1953	15,816	5,235	8,308	2,292	6,016
1954*	17,239*	6,349*	8,845*	3,032*	5,813*

* Figures from half this sample, i.e. 123 companies with about half the acreage of the earlier years.

For investors in Indian tea shares the wheel of fortune has turned half a cycle. The facts today are vastly different from those based largely on the years up to 1953, which the commission collected and on which it based its report. It used the results of 1953, which was a fairly good year, almost forgetting 1952, when net profits were a negative quantity and bankers lent some tea companies more than their collateral was worth. The commission was also without complete data for 1954, the best year for tea profits ever known. The full tally of share bonuses and free scrip issues for 1954 no doubt shocked the commission, but that year also strengthened the tea companies greatly, for profit retentions were also higher. That is one fact distinguishing the depression of 1955 and 1956 from its predecessors ; the other is the specially good showing for 1955 still coming from the producers of fine teas.

The present tone of the tea market suggests—though it is early in the season to guess—that the 1956 results for the general run of companies may be even worse than for 1955, and that for the well-managed fine tea producers they may be even better. The market in tea shares has slid to a yield basis that is high even for tea shares, and business has dried up. This happens often enough in the narrow, highly speculative tea share market, but it is an odd moment for the commission to have suggested that debenture issues (of all things) are likely to be popular. Save for the favoured companies that obviously do not need money, issues of any kind are impossible. And at the best of times a tea company is a field only for equity investment, or failing that for a loan stock convertible into ordinary shares on attractive terms. It is the bait of the occasional boom year—like 1954—that draws private capital into tea. The commission, with all its searching for more capital for the weaker companies, with all its plans for making the Tea Board into a public nursemaid to supervise and prescribe allocations to reserves and how they shall be invested, with its proposal to bring the sterling tea companies under the Indian capital issues control, will not stimulate the flow of investment that it desires.

Business Notes

Suez and the Reserves

THE Chancellor's warning last week had prepared markets for the heavy gold loss during August, and in the event the figures announced last Tuesday were shrugged off as no worse—or even a shade better—than the pessimistic imaginings his statement had conjured up. The loss of $129 million reduced the reserves to $2,276 million and extinguished the whole of the gain achieved in the preceding four months. This was much the biggest loss since the summer of 1955—when Britain was in deficit on its whole current balance of payments and sterling was under speculative fire because of the rumours that the permitted range for fluctuations would be widened. This time, since the current account is in moderate credit, the main influence apart from seasonal ones has been the movement of funds—including precautionary covering of commercial requirements—provoked by the Suez crisis.

There were special influences in August that increased the gold drain; the deficit (or surplus) with the European Payments Union is settled a month in arrear, and the reserves were burdened in August by a payment of $51 million in settlement of the gold portion of the big deficit of £24 million incurred with EPU in July. Only part of that EPU deficit could have been attributable to the Suez strains during the last few days of that month. Last month's EPU deficit, though still substantial at £16 million, was a good deal smaller ; it will involve a gold payment of $34 million this month. The August statement was also affected by at least one substantial non-recurring payment—the $14½ million subscription by Britain to the newly-formed International Finance Corporation. American defence aid, which had been unusually large in July, reverted to the more normal figure of $4 million, while the monthly payments under the bilateral agreements covering former EPU debt rose from $2 million to $3 million.

The impact of the Suez crisis on the reserves can be best gauged by recalculating the figures to exclude the non-recurring items and defence aid and to show the EPU payments in the month to which they relate. On this basis, there were deficits of $21 million in June, $40 million in July and $102 million in August. Hence the true increase from July to August, part of which was attributable to seasonal factors, was much less striking than is suggested by the unadjusted figures. As a further guide to the extent of Suez nerves, it may be noted that parallel calculations

THE SUEZ DRAIN

($ million)	Gold payments (—) or receipts (+)*		US Aid	Change in Reserves	Reserves at end of Period
	EPU Settlement	Other Dollar Accounts			
1956—					
January	— 23	+ 46	6	+ 29	2,149
February	— 8	+ 63	6	+ 61	2,210
March	— 16	+ 78	6	+ 67	2,277
April	...	+ 47	4	+ 51	2,328
May	+ 29	+ 9	3	+ 41	2,369
June	+ 16	— 2	2	+ 16	2,385
July	— 19	+ 30	16	+ 20	2,405
August	— 51	— 68	4	— 129	2,276
Total Jan.-Aug.	— 72	+ 203	46	— 156	2,276
Jan.-Aug.					
1955	+ 2	— 416	102	— 305	2,457
1954	+ 81	+ 426	104	+ 400	2,918
1953	+ 133	+ 268	222	+ 623	2,469

* Settlements with EPU governed by balance in previous month.

for the months of exceptional strain last year would have shown deficits of $166 million in July, $114 million in August and $135 million in September. By such tests, recent experience looks more reassuring: but the dangers that may lurk ahead for sterling are not of a kind that can this time be obliterated by any facile "Istanbul" assurances about sterling policy. The $180 million paid this week for the sale of Trinidad Oil comes opportunely into the emptying coffers of the Exchange Account.

New Zealand Comes to Market

MARKETS have behaved well in the face of this week's three severe tests, the gold and dollar loss, the talking in Cairo and the shouting in Brighton. Prices were sagging at the beginning of the week. On Monday and Tuesday the *Financial Times* index of Government securities stood at 84.28, a drop of 1.31 compared with Tuesday of the previous week. The industrial index stood at 181.2, a drop of 5.2. Business had dried up particularly at the short-dated end of the list of Government stocks which were affected by the new rule against bond washing. Commodity markets, too, were stagnant. Nevertheless when the new Stock Exchange Account opened on Wednesday business in industrial securities did perk up, the industrial index rising 0.8 in distinctly steadier markets. Naturally that bright opening was not fully maintained on Thursday afternoon. There was over £60 million of Trinidad Oil money paid out that day, but there was also the news that Parliament had been recalled.

It was probably not the week that New Zealand would have desired for floating a loan in the London market, nor probably was £5 million all the money that New Zealand would have liked to have raised here, for the Dominion's requirements for capital expenditure are heavy. Nevertheless the prompt success of issue of £5 million 5¼ per cent stock 1978-82 at £96 10s. was a considerable achievement in these lean markets. The lists closed oversubscribed at 10.15 on Thursday morning and the basis of allotment—applicants for up to £50,000 of stock receiving full allotment and larger applicants 91 per cent of their requirements suggests that the loan has been just comfortably oversubscribed without any stagging.

New Zealand is an excellent borrower, and the loan despite its small size and the inauspicious timing, seems to have had the wide appeal that it deserved. It offers a flat yield of £5 9s. per cent for a minimum of 22 years and a gross redemption yield to 1982 of a shade over 5¼ per cent. The proceeds will help to pay for the Dominion's programme of hydro-electric schemes, land development, forestry and road construction estimated to cost £70 million during 1956-57. The greater part of that cost has already been raised in New Zealand.

Overdrafts of State Boards

A TREASURY innovation this week has pointedly set an example before the banks in the matter of banking statistics. Under the new arrangements for financing the nationalised industries the Treasury is disclosing regularly not only the amount of its own advances to these bodies (as it has a statutory duty to do), but also the amount of the outstanding bank advances to them. This information is being released each month to coincide with the issue of the combined make-up (or balance sheet) statement of the clearing banks. The first release was made at the end of last week, showing that at August 15th total bank advances to the seven nationalised bodies concerned were £123.4 million, of which £111.7 million had been granted by clearing banks and £11.7 million by Scottish banks. Comparative figures, set out below, were given for the two preceding accounting dates.

This welcome innovation might suggest to the uninitiated that only a series of simple subtractions is now needed to yield from the clearing banks' monthly statements a clear indication of the trend of their advances to all other

BANK BORROWINGS OF NATIONALISED BOARDS
(£ million)

1956	From Clearing Banks	From Scottish Banks	Total
June 30	94·2	6·6	100·8
July 18	98·2	8·7	106·9
Aug. 15	111·7	11·7	123·4

borrowers (broadly the private sector, plus local authorities). Unfortunately, this is not so. The relevant subtractions show residuals of £1,881 million at June 30th, £1,832 million at July 18th and £1,819 million at August 15th. The decline of £13 million between July and August may be reasonably indicative (though only the banks can say for sure), but the £49 million for the first eighteen days of July certainly is not.

This large movement reflects a fluctuation of unknown extent in the major category of extraneous items that nearly

LONDON CLEARING BANKS

	August 15, 1956 £ mn.		Change on Month £ mn.	Change on Year £ mn.
Deposits	6,298·3		+60·2	−107·4
Net Deposits*	6,007·7		+19·8	−146·2
	£ mn.	%†		
Liquid Assets	2,239·8	(35·6)	+33·8	+188·3
Cash	520·8	(8·3)	+12·4	+ 5·6
Call Money	408·9	(6·5)	−18·4	−14·8
Treasury Bills	1,216·5	(19·3)	+119·4	+206·8
Other Bills	93·6	(1·5)	−19·6	− 9·3
Investments and Advances	3,818·4	(61·1)	−74·4	−338·4
Investments	1,918·1	(30·5)	−74·9	−163·9
Advances	1,930·3	(30·6)	+ 0·5	−174·5

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

all banks include in their so-called "advances" total—the amount of cheques, etc., in course of clearing between branches within each bank. These internal clearings (like those passing from bank to bank through the clearing house, which are shown separately in bank statements) are subject to large and often unpredictable variations, and always cause big distortions of unascertainable amount in the "advances" total at the end of each half-year. The

fact that the Treasury has seized its first opportunity to make the banks' own figures of advances a little more intelligible should surely shame the banks into taking the next step themselves. If the monthly advances figures cannot be published on the same "clean" basis as that used for the quarterly classified return, surely the banks can segregate from them these troublesome "internal transit" items?

Engine Designers' Farnborough

THE air show at Farnborough has never been more attractively laid out than it was this year, with its silver exhibition hall at the top of a hill garlanded with flags and the blue-and-white awnings of the exhibitors' caravans carpeting the slopes. When the sun shone, as it did on the opening day, this setting had heraldic overtones that were picked up in the armoured polish of multi-coloured aircraft formed up at the foot of the hill with trappings of orange missiles, black mines and red, green and black rockets. The impression was heightened by two Fairey deltas standing side by side, with needle-thin noses projected like lances ahead of an improbably slight pair of wings, one nose hinged downwards in an attitude of rest, and the other pointing straight ahead. But in terms of showmanship, as well as hard technical progress, this was an engine designer's show: the aircraft were vehicles for showing off the ingenuity of the engine shops.

There are more really good engines in Britain today than there are aircraft for them to drive; design talent has always, indeed, been clustered more thickly in the British engine factories than in the rest of the industry. Both Rolls-Royce and Bristol are flying new turbo-prop engines in the 4,000 horse-power class and de Havilland is developing a smaller, lighter engine from its massive Gyron. Bristol has been lucky to be able to use a Britannia airframe for some of the flight testing, while Rolls-Royce has a make-shift installation in the nose of an old Lincoln bomber that makes the Lincoln look even more of a backwoodsman among the jets than aircraft like the Handley Page Herald or the Scottish Aviation Pioneer that are designed for genuine backwoods operations.

The most notable refinements of existing engines are Avon developments carried out by Rolls-Royce for the Comet IV. The civil Avons, giving 10,500 pounds thrust, are quiet by modern jet standards and the company has made progress with the system of reversing some of the jet thrust to brake the aircraft as it lands. Rolls-Royce demonstrated this on a Hunter, using smoke to show the change in the flow of gas from the jet efflux into louvres in the sides of the jet pipe. A propeller, whether attached to a piston engine or a turbine, can be put into reverse pitch

Stocks and Economists

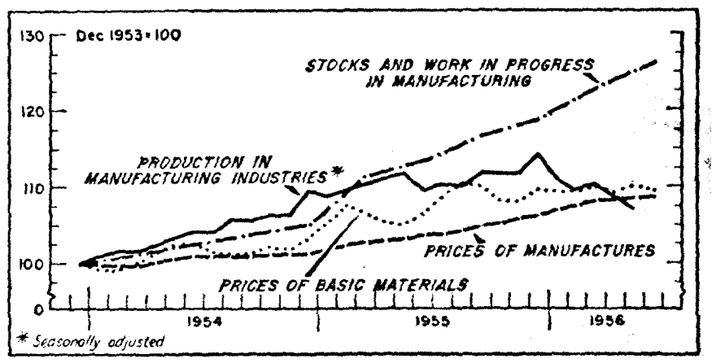
IN well-hedged guesses about the probable changes in supply and demand in Britain this year, most economists—and *The Economist*—have agreed on one thing: that stocks and work in progress would rise less this year, in real terms, than they did last, if indeed they rise at all. Last year an extremely high proportion of the extra resources available in the ecomony went into building up stocks. This year, with these large stocks in hand and disinflation moderating any further rise in output, it seems logical that they should not rise nearly as much.

The latest expert guess about the balance of the economy so far this year—an estimate of changes in real demand and supply in the first two quarters of the year, with some attempt at seasonal adjustment, in the current *London and Cambridge Economic Service*—repeats the same assumption. It puts the increase in total stocks and work in progress throughout the economy as increasing in the first quarter by something of the order of £130-£200 million at 1948 prices, which would suggest say £185-£300 million at 1955 prices; but assumes that for the change in the second quarter, "zero would seem as plausible a figure as any other."

It would, indeed. But the fact remains that this week the Board of Trade published figures which show that stocks and work in progress in manufacturing industry—which amount to close on half of the total value of stocks in the economy as a whole—have continued to rise. The value rose 3 per cent during the second quarter of 1956, bringing the rise for the first half of the year to 6 per cent—during a period when the prices of basic materials have remained steady and the prices of finished manufactures have risen by only about 1½ per cent.

The increase has been mainly, as might be expected, in the value of work in progress. Industries faced with slackening demand have presumably waited to be sure before cutting output in full proportion. As a result, stocks of finished and semi-manufactured components have accumulated on their hands. When a higher proportion of an industry's stocks is held at stages where more has been done to the material, value is automatically added to the total stocks.

It is too early to abandon even the hypothesis that total stocks in the British economy, in real terms, may not have changed in value during the second quarter of 1956—let alone the continued prognosis that over the year stocks will not rise as much as they did in 1955. Changes in the value of stocks in the rest of the economy, outside manufacturing, could have outweighed the rise in manufacturing stocks during the second quarter; in manufacturing itself, stocks may run down in the second half of the year. But the evidence so far, however inadequate, is that a large proportion of the country's stock was still rising halfway up to June.



* Times Review of Industry, September.

to give braking power; in a jet the whole force is taken on the wheels. Foreign airlines, particularly American operators, are not prepared to risk landing a jet airliner weighing in the order of 90 tons on a slippery runway without some additional help from the engines, and reverse jet thrust will have to be perfected before these airliners go into service.

In Search of Customers

THE roar, the smoke and the sheets of flame that some of the aircraft left as they climbed at Farnborough this week partly concealed the fact that these were tricks like after-burning and rocket take-off used by engine designers to put a new lift into essentially conservative aircraft. Either of two conclusions might be drawn from the absence of any new aircraft but the Supermarine N113, the long-awaited naval fighter from Vickers-Armstrongs. The appearance of bigger Britannias and bigger Viscounts, the fact that de Havilland is dismantling the Comet III preparatory to starting construction of the Comet IV, the improvements in engine thrust, and the delivery of Vulcan bombers to the RAF (somewhat modified from the white bats that floated over Farnborough in earlier years)—all these could all be read as signs that British factories have learnt the importance of consolidating before they advance. But the absence of high-speed aircraft of the types that other countries already have flying might, like the lack of any big jet transport, be a sign that all is not well in the factories working on such projects. The Russian visitors, when they spoke in complimentary terms of the Fairey delta's world speed record, added that they, too, had aircraft flying at similar speeds; and there is no reason to think this is an exaggeration.

There is a certain irony in the industry's contention that the aircraft being shown this year at Farnborough are almost all available for sale: some of them have been searching hard for customers. Vickers, indeed, passed the 350 mark in Viscount orders early this week, and has delivered 138 of them, but its order books for the bigger Vanguard are still practically empty. Some of the best money earners in the industry are, like the Viscount, its oldest aircraft. The de Havilland Vampire trainer makes up for technical obsolescence by versatility. Air forces on a tight budget have appreciated its ability to change from trainer to fighter, to bomber, to ground attack fighter and back again as the need arises. The English Electric Canberra bomber, a team of which went through aerobatics that would not have shamed a fighter, has shrugged off its years in the same manner, but it remains to be seen whether the Hunter, appearing for the first time as a ground-attack fighter, or the Javelin will prove as flexible. The Folland Gnat, impeccable in the air and firing its guns at altitudes that have put more elaborate fighters in difficulties, needs modifications to curb its scalded landing run before it meets the requirements of countries looking for light fighters to operate off small airfields. As to the Fairey deltas, they were built for speed and nothing else, as research aircraft for future designs. The one military aircraft that might have stolen the fire and the thunder from the engines, the English Electric P1, was not flown. Foreign visitors at Farnborough were saying that the price the Government may have to pay for its present economies, which have whittled down development contracts to one design for each basic aircraft type, is the loss of 10 years if that single design turns sour.

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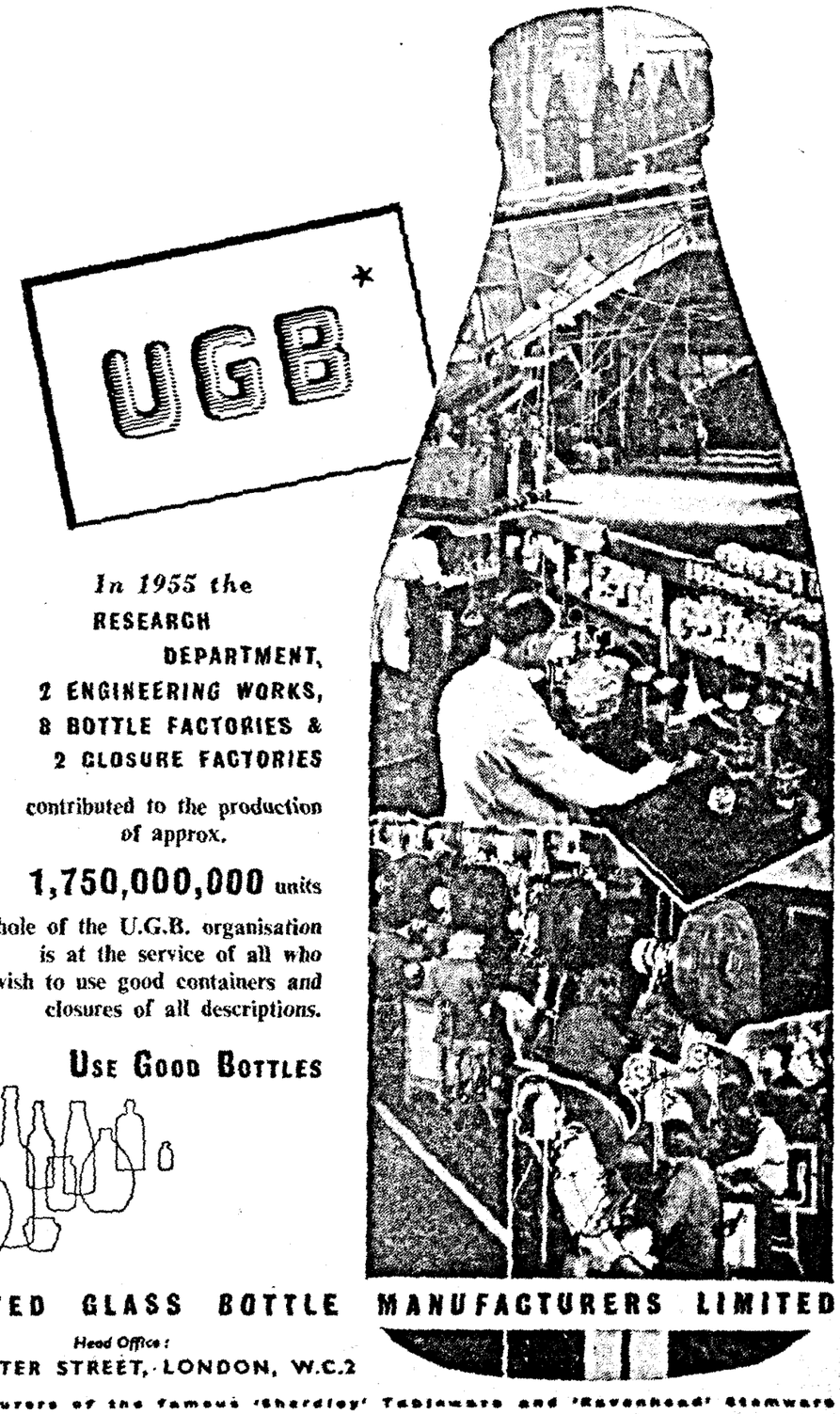
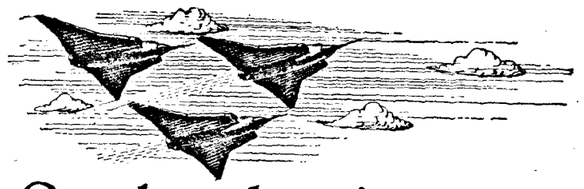
"Washing" and "Reverse Washing"

THE Stock Exchange Council has recently been engaged in a tidying up operation on some of its rules, and one form of dealing that has proved costly to the national revenue has now been, if not stopped, at least severely curtailed. It is known in City jargon as "bond washing," with its counter-part "reverse bond washing." This is a form of dealing in the half-yearly payments on various stocks, profitable because investors do not all pay the same rate of tax. One type of investor, including the investment trusts and the fire and accident departments of the insurance companies, pays the full standard rate (at present 8s. 6d. in the £); a second type, the life funds of the insurance companies, pays a special rate (at present 7s. 6d. in the £); and a third type, including finance houses, discount houses and the gilt edged jobbers themselves, pays tax only on the profit of the business as a whole.

The amount by which the price of a stock falls when it goes "ex interest" in the market depends on the relative pull of these different types of investor and there may be a substantial potential profit for investors of one class to buy "cum interest" and sell ex interest claiming a proportionate refund of any tax that has been suffered. That is known as "bond washing," and is in effect trading in interest payments rather than in stock. There may also be a substantial gain for a fund on a different tax basis to sell cum interest and buy back ex interest, gaining more from the fall in the price stock than the net value to that fund of the interest payment sacrificed. That is "reverse bond washing." Those operations have to be tolerated. What is frowned upon both in Whitehall and in Threadneedle Street is the washing of the same bond again and again within the 21 days before it is quoted ex interest—a period within which it has hitherto been permissible to deal either ex interest or cum interest. The Treasury was at risk of having to pay out in tax refunds more than it collected in tax.

A simple amendment to the Stock Exchange rules has now come into force that limits the scope for such transactions. It has long been the rule with 3½ per cent War Loan





On the alert in northern skies

Jet fighters streaking across the Swedish skies remind us that traditional neutrality is no head-in-the-sand affair. Sweden's air defence force is one of the three largest in Europe; fifty powerful squadrons equipped with some of the world's fastest jets. Nearly all of these jets come from the famous SAAB works, in Sweden, one of the world's pioneers of the air.

Streamlined SAAB production methods see to it that Sweden's air force is as up-to-date as any in the world. On the busy assembly lines, compressed air helps speed construction. Run from Atlas Copco compressors, thousands of Atlas Copco hand tools are riveting, drilling and reaming with precision to build aircraft to protect Sweden's freedom.

Your beer is under pressure

Compressed air is versatile. Atlas Copco provide the means for all its many applications. In many breweries the mash inside fermenting vats is now stirred by air supplied from special Atlas Copco compressors, a method found to be more efficient than mechanical agitators. Atlas Copco air compressors are also moving beer under pressure into filling machines, and bottles into crates.

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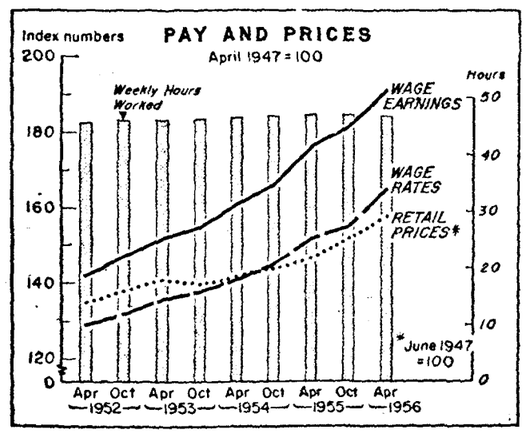
that it may not be dealt in ex dividend before it is officially so quoted or cum dividend after it has ceased to be quoted in that form. To the War Loan has now been added the whole range of Government stocks normally quoted subject to accrued interest. That is the Government stocks with dates shorter than five years. Bond washing will not thereby be wholly stopped, there will still be stocks both inside and outside the gilt-edged market—for instance Japanese bonds—in which it could be done, but the expectation is that it will be reduced to proportions that do not really matter because the temptation is removed from those stocks that are dealt in in great volume by discount houses and some other institutions. Therefore the Treasury should not need to intervene. That hope is reinforced by the understanding in the gilt-edged market that all sales of stock will actually be delivered, so that the same stock cannot turn over and over without settlement.

Wage Rates and the Wage Bill

BETWEEN October, 1955, and April this year earnings in industry rose rather less than the index of basic wage rates—for the first time since 1952. Earnings rose by 6 per cent—to a peak of £11 15s. 4d. a week for men working in a large sample of industries, including all manufacturing—but wage rates had risen by 7 per cent. The shift, though small, is significant: wage rates are what a man's trade unions bargain about, and earnings are what he actually achieves in a week, after overtime and production bonuses of various kinds. It was predictable at the beginning of this year that as soon as disinflation began to grip, that cushion of earnings over and above basic wages would be squeezed somewhat. The process by which earnings rose less than basic wage rates was that the average hours



worked weekly in April were very slightly lower than in October, because less overtime was being worked and short time was beginning to increase slightly. Both processes have probably continued during the summer; but the amount of overtime being worked, in the economy as a whole, remains very high.

Whether wages are considered in terms of basic rates or of actual earnings, it may be added that they rose more than prices during these months. The monthly index of retail prices was only 4 per cent higher in April than in October, and since then it has fallen. Admittedly the comparison over the previous six months is less favourable to wages; but over the twelve months from April, 1955, to April, 1956, earnings and rates rose 8½ per cent and prices 7½ per cent.

New Ideas in Steel

TWO new departures in steel technology, in fairly early stages of development, made headlines during the British Association's annual meeting: equally unconventional suggestions about the economic development of the industry went largely unnoticed. Sir Charles Goodeve, of the British Iron and Steel Research Association, mentioned a new process of making steel direct from iron ore called "Cyclo-Steel," which would bypass the blast furnace; and Mr E. T. Sara of the United Steel Companies referred to some tentative development being done here and in the United States upon the chemical separation of iron from certain iron ores, particularly those in which the iron is mixed with more expensive metals such as vanadium or nickel. Mr Sara's remarks about the development of re-rolling in the steel industry of this country, and his question whether iron ore and now coal, are the right things for British steel to be importing, received less attention.

No details are available of the chemical separation processes in which United Steel is interested; Sir Charles Goodeve was comparatively forthcoming about BISRA's "Cyclo-Steel." This, in a sense, would reverse the existing Bessemer process, in which air bubbles are blown through a liquid metal; the idea is to inject liquid metal as droplets into a stream of very hot reducing gas. Neither silicon, carbon nor phosphorous would then enter into the liquid metal thus produced, which would be drawn off with slag by precipitation. The research association is a long way from having the process ready; but it has already made small quantities of what Sir Charles calls "very crude steel" with it.

Mr Sara's two unconventional suggestions about developing the industry were that the large number of independent re-rollers in the British steel industry, who buy steel billets and roll them into sections as the market requires, should re-equip their mills to take larger billets, because extra quantities of such large billets can readily be produced at a variety of existing steel plants. This is one solution to the difficulties in supplying extra billets cheaply for the re-roller; the other is that a new continuous billet mill, which alone could produce smaller billets economically, should be put down. More will be heard of this argument. Whether other people in the industry will rise to Mr Sara's second suggestion—that Britain might do better at some stage in the future to import pig iron, or "some other suitable cold melting base," instead of bringing in the ore and now some of the coal and making the iron here—remains to be seen.

New Money for John Brown

THE need for new money must be imperative to drive a company into the market for new capital in these days of stringency and uncertainty. That company, too, must have a strong belief in its own future prosperity. John Brown, the shipbuilding and engineering firm, will take the plunge at the end of this month. Since the war, the group has been able to finance its capital needs from retained profits and compensation payments from nationalisation. Now, with about £3 million in liquid assets and fixed capital commitments of about £1.3 million on March 31st, it has to appeal to the market to finance the fixed and working capital needs of its programme of expansion.

The directors have chosen—and in the present market there was really no other choice—to make a rights issue, by offering one new £1 ordinary share "at an appropriate price" for every five units held; the current market price on the existing shares is 35s. 6d., and the company should have little difficulty in fixing an issue price attractive to shareholders. The rights issue will be followed by a free scrip issue of one for six ordinary shares. On the new capital, the directors intend to pay a tax-free dividend of 1s. per share (exactly equivalent to the tax-free payment of 1s. 2d. on the present capital).

The background against which the issue stands is not a sombre one. The subsidiaries are working at full pace and profits have been rising; they went up from £2,512,163 to £3,629,451 in the year to March 31st. The group's order books are full. In particular, its shipbuilding subsidiary is assured of work for some time ahead, new contracts last year exceeding deliveries, and it is planning to increase its building capacity for large tankers. A safe equity, with some growth possibilities as the John Brown units possess, is unlikely to fail in an appeal to the market.

Automation Again

PUBLIC discussion of automation broke out again at Brighton and Sheffield this week: much sense and some nonsense was talked at both places about it, but when one compares the technical background of the people talking, the Trades Union Congress deserves more credit for the understanding it displayed than the British Association. Mr James Crawford, speaking for the general council at Brighton, set the keynote:

> We will co-operate fully if we are brought in on the ground floor. If the employers will put into the pool in the right spirit, we will face technical change with courage, knowing that our members are being protected all the way.

BOAC's Falling Traffic

THE chairman of the British Overseas Airways Corporation did not mince his words when he described the circumstances that have led to the airline's poor financial showing in its last financial year, and its even poorer prospects for the current one. The steady downward trend set in train by the Comet disasters has continued uninterrupted. It will not be checked until the gaps have been filled that were left in the BOAC fleet by the loss not only of the Comet Is, but the Comet IIs that were due to enter service, and the Britannias whose introduction has been so long delayed. The profit of £1 million which the corporation made in 1953-54 after meeting all charges had shrunk in 1955-56 to £118,000, although revenue had gone up from £38 to £43 million and operating costs had actually shown a slight decline. Although BOAC has succeeded in wiping out entirely its accumulated deficit, it is likely to show a net loss again this year.

The figures that show most plainly the reason for this decline are those that measure what proportion of the capacity offered for sale was in fact filled:—

1951-52	65·7 per cent
1952-53	64·5 per cent
1953-54	64·5 per cent
1954-55	63·7 per cent
1955-56	61·7 per cent

Had costs not also fallen over the period, BOAC would by now be well in the red.

This occurred when the traffic of other airlines was booming. BOAC has an ageing and makeshift fleet of Stratocruisers, Constellations and Canadair IVs and passengers are tending to fly more and more by other airlines with more modern equipment.

The short-term prospects suggest that the worst is now over. By October, BOAC should both be getting delivery of its Douglas Seven Seas and putting Britannias into service. Britannia costs are likely to remain high until the overhaul life of the engines is comparable to that of an established piston engine;

PASSENGER TRAFFIC BETWEEN BRITAIN AND THE US

	Total Traffic	BOAC's Share
1951-52	90,570	40 per cent
1952-53	124,000	37 per cent
1953-54	139,000	No change
1954-55	152,000	30 per cent
1955-56	191,900	29 per cent

at present the life is much shorter and maintenance costs are therefore excessively high. But the financial year 1957-58 should see an improvement and in 1958-59 the Comet IVs should arrive. These three new types will give BOAC a reasonably competitive fleet. But the effect will be nullified by 1959 when the first of the big American jets begin to appear on the North Atlantic.

BOAC's future as a major airline therefore depends on getting equipment that will enable it to win back a reasonable share of North Atlantic traffic, which the board thinks should be about 50 per cent. The corporation can probably get by on its other routes where competition is much less intensive but the traffic is also thinner.

Much turns on the government's decision on BOAC's request to buy 17 Boeing 707s at a round cost, in dollars, of £2 million apiece, excluding their engines, which would be provided by Rolls-Royce. The corporation's aircraft commitments so far are:—

Britannias	£22 million
Comets	£27 million
Seven Seas	£11 million
Viscounts	£5 million
TOTAL	£65 million
To which the Boeings would add, say	£40 million

Its accounts show that it has made progress payments amounting to £23 million for aircraft under construction up to March 31st this year.

The government is not expected to announce its decision about buying the American jets before the end of the month. A total refusal, according to Mr d'Erlanger, would be sufficient to put BOAC out of business. Meanwhile the huge size of the BOAC staff continues to amaze other operators. BOAC's equipment troubles, serious though they are, should not be allowed to create the impression that they are the only aspect of the corporation's operations that need attention.

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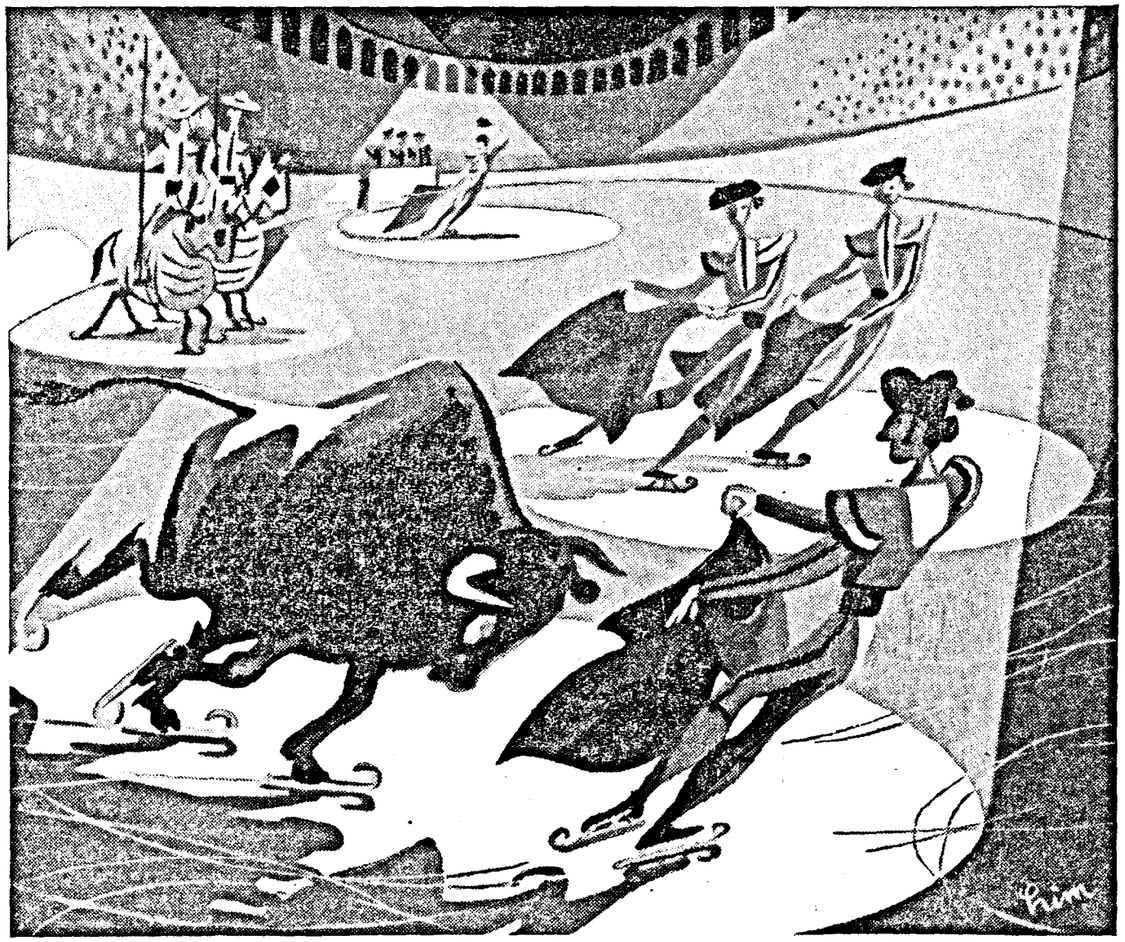


EUROPE IN PERSCHWEPPTIVE

Last comes our surprise report from SPAIN. Our corps of Schweppesialists, unpaid (but on an exschweppes account) have reported that in Spain there is no sign of any Perschwepptive whatever. To clarify their findings in a phrase — was is is, is is was. Dr. Rudelsbein, the American member of our team, an ethnoeducationist, researching on the Spanish tendency to be slightly late, was able to prove, by living for two months in a *choza* above Torremolinos, that he "found no progress among teen-age groups in the awareness of the core activities vital to life-adjustment problems, so that there were as yet few of the basic social processes one would hope would evolve from a more balanced behaviour relationship."

But if Old is New and New is Old, there is some hope that western influences may before long be making their mark on Spanish peninsularity. If there are still areas untouched by chewing gum, and restaurants which make no attempt to serve warmed-up shepherd's pie and stewed bottled rhubarb, there are definite signs of soccer in Madrid, the ladies of the flounce and the castanet have been observed casting anonymous glances at the more or less two piece, and the fact that the biggest bull-ring in Barcelona has recently seen a performance of Cinderella on ice suggests a glorious future, even a more pleasing present. If in Spain the Perschwepptive is intangible, we can still say it is a land of prospwepts.

Written by Stephen Potter: designed by George Him.

SCHWEPPERVESCENCE LASTS THE WHOLE DRINK THROUGH

That is as much as one could expect as a general reaction from the trade union movement: the general council's resolution showed that it would interpret "protection" as full consultation well in advance, recruitment and training policies geared to the technical changes, avoidance of redundancy where possible and "adequate maintenance" where labour has to be displaced—plus "reduction in the price of the commodities being produced." Mr Haxell of the Electrical Trades Union was sourer, but not unrealistic: he observed darkly that automation could only bring prosperity in an expanding economy, which is probably true enough. Nor was discussion from the floor too haunted with Luddite fears—while a doctrinaire resolution about a Minister and a national planning board to control the introduction of automation was rejected by the common sense of the congress.

At Sheffield the major aspects of automation were discussed by experts, most of whom displayed the same qualities as at the several conferences at which they have made roughly the same speeches before. Lord Halsbury entered his customary objection to the very word "automation," while defending firmly his own excellent list of the things that the word had better mean since it exists (he will not have this called a definition). One newcomer to this particular palaver was Professor Dickinson of Bristol University, who had the courage to discuss the "Economic Effects of Automation." He was concerned with its effects on labour transference and income distribution in the "medium-long" period (presumably when we are all rather old). He thought that automation might bring about simultaneously a considerable amount of general unemployment with a great shortage of highly specialised labour; that it might tend to reduce wages relative to property incomes, unless prices were reduced or taxation made more redistributive; and that glaring inequalities might be created between the few workers left in "automated" industries and those in other jobs. His premises for these conclusions were that automation might often offer savings in labour (at least direct labour) of 75-80 per cent: and that in most cases labour-saving innovations will result in the displacement of labour from the industry concerned. Part of the reasoning behind his conclusions was impeccable; but both his premises appear somewhat removed from recent general experience.

Sheen on the Copper Belt

THE Rhodesian Selection Trust group of copper companies sells its copper at fixed but not unchanging prices: with a suitable time lag the group has accommodated its prices to the London Metal Exchange price, but as it happens has more often been below it than above it. The preliminary figures for the two operating companies, Roan Antelope and Mufulira, show that the average prices received from the sale of copper over the year to June 30th were about £337 a ton for Roan and £341 a ton for Mufulira. Though costs were higher, these prices were well above those obtained in 1954-55 and this, together with the increase in the tons of copper sold, sent profits up. After a provision for replacement (which may be increased when the full accounts are published), Roan's profits after tax jumped from £9.8 million to £14.6 million and Mufulira's from £10.9 million to £16.8 million. Bigger dividends to shareholders seem probable.

The latest yearly figures of the two companies, reproduced in the accompanying table, include the 9,245 tons of copper bought by each company from Government stocks. The cost of these stocks and the marketing of them is shown at £396 per ton. The Board of Trade

SALES AND PROFITS
(£'000's)

Years to June 30	Roan Antelope		Mufulira	
	1955	1956	1955	1956
Sales revenue	22,625	32,548	23,808	35,192
Operating costs	12,765	18,527	12,272	18,389
Gross surplus	10,627	15,030	12,071	17,640
Replacement	744	443*	1,191	857*
Profit before tax	9,833	14,587	10,880	16,783
Sales (long tons)	*82,982*	*95,078*	*86,391*	*101,829*

* Subject to revision in the full accounts.

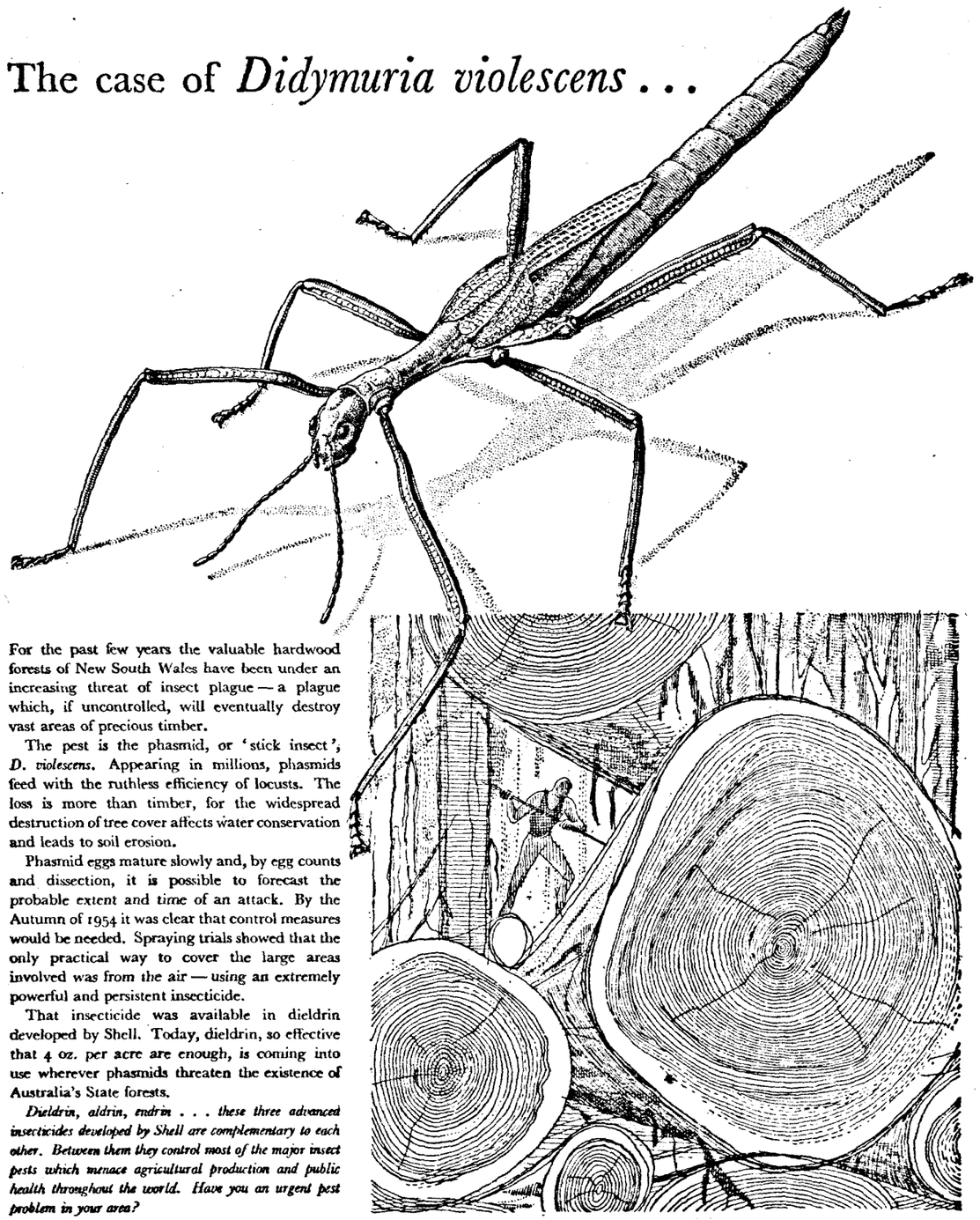
adopted the sensible rule of handing back to each maker his own brands. The RST group has not cut itself entirely from the metal exchange and much of this stock of copper was sold in the market; as prices there were at one time well over £400 per ton it cannot be presumed that the RST group made a loss on this transaction. The group's highest fixed selling price in the period was £385 a ton, thus underlining the fact that on balance the group has been making a concession to consumers. It also served to preserve a connection—all too thin—between the copper companies and the market, and provided a narrow market with a few much-needed "chips." The fixed price is now £300, the market price £308½, and copper obviously is still highly profitable, though not so profitable as it was.

Oil in the Haven

BOTH the nature and the location of the new oil tanker terminal that British Petroleum this week announced it is going to build at Milford Haven are significant. The new terminal, which will cost £5 million, is to be capable of berthing super-tankers of 50,000 tons deadweight "and over"; though BP owns tankers up to 32,000 dw tons, it has not until recently shown much inclination to invest in tankers of the size for which it is to build the terminal. Moreover, the choice of Milford Haven may have considerable implications for the area; local enthusiasts for this magnificent landlocked anchorage in Pembrokeshire have been arguing its virtues for many years, but until now it has never attracted the industrial development for which they hope.

The new oil terminal will be linked by a 16-18 inch pipeline with BP's refinery at Llandarcy, near Swansea; it will be at Popton Point, across the anchorage from Milford Docks. The pipe will be able to move 5 million tons of crude oil a year. The Milford Dock Company has for some time been planning to build a new dry dock, capable of accommodating and repairing tankers of up to 45,000 tons deadweight, and following BP's announcement the com-

The case of *Didymuria violescens* . . .



For the past few years the valuable hardwood forests of New South Wales have been under an increasing threat of insect plague — a plague which, if uncontrolled, will eventually destroy vast areas of precious timber.

The pest is the phasmid, or 'stick insect', *D. violescens*. Appearing in millions, phasmids feed with the ruthless efficiency of locusts. The loss is more than timber, for the widespread destruction of tree cover affects water conservation and leads to soil erosion.

Phasmid eggs mature slowly and, by egg counts and dissection, it is possible to forecast the probable extent and time of an attack. By the Autumn of 1954 it was clear that control measures would be needed. Spraying trials showed that the only practical way to cover the large areas involved was from the air — using an extremely powerful and persistent insecticide.

That insecticide was available in dieldrin developed by Shell. Today, dieldrin, so effective that 4 oz. per acre are enough, is coming into use wherever phasmids threaten the existence of Australia's State forests.

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pany's shares showed a rise. The Esso Company also owns some 300 acres of land in the area of Milford Haven on the same side as the docks, but it has not yet finally decided what it wants to do there.

Sentinels Pass

BY buying Sentinel (Shrewsbury), Rolls-Royce is broadening the base of its activities. By selling its controlling interest, Metal Industries is cutting its losses and reinforcing its liquid assets. Both the buyer and seller thus have reason to be happy with the deal. Rolls-Royce has offered 20s. 6d. a share for the 96 per cent holding Metal Industries has in Sentinel's preference capital of 90,000 shares and 32s. a share for its 90 per cent holding of 910,000 £1 ordinary shares. Rolls-Royce is offering to buy the minority holdings on the same terms, though minority ordinary shareholders can choose instead to accept Rolls-Royce's ordinary shares in exchange at a value of £5 on the Rolls-Royce units.

Sentinel (Shrewsbury), whose operations contributed to the heavy losses that Metal Industries has recently suffered, makes locomotives, diesel vehicles, machine tools and specialised vehicles for the Ministry of Supply. Rolls-Royce will continue these lines of production, which should fit into the pattern of its own production of small oil engines. The acquisition of Sentinel will thus broaden Rolls-Royce's activities outside the aircraft industry. But, making probably well over half of the aircraft engines in this country, Rolls-Royce's primary concern remains with aircraft. It has said that it will use any surplus capacity at Sentinel to meet the demands of its own expanding business and that might make the difference between loss and profit. Sentinel will be making components for aircraft engines which at the moment are made by Rolls-Royce's sub-contractors. The willingness of Rolls-Royce to spend over £1½ million on buying a going concern suggests that in the face of gloomy prognostications in the aircraft industry, Rolls-Royce is taking a confident view of the future.

German Bank Rate Reduced

A DECISION of the Council of the Bank deutscher Länder this week provides one point of light in the sombre setting that at present surrounds sterling. On Wednesday the West German central bank reduced its discount rate from 5½ to 5 per cent and its advances rate from 6½ to 6 per cent, thus making the first relaxation since the dear money phase opened last March—with an increase in the discount rate from 3½ to 4½ per cent, followed by the much-criticised further rise in May.

The significance for Britain of this reduction derives from the fact that an important part of the pressure to which sterling has been subjected since the spring has been attributable to the sustained strength of the D-mark—a strength founded upon Germany's large external surplus, and then exaggerated by a big speculative inflow of international funds induced by hopes of exchange revaluation. As in Britain in 1954, when sterling was buoyed up by an excessive influx of hot money, the German authorities have ruled out revaluation; but, for fear of domestic inflation, Herr Vocke, the President of the Bank deutscher Länder, had hitherto also ruled out the corrective of a lower bank rate. The influx of funds, by creating liquidity in the commercial banking system, was threatening to undermine his policy of credit restriction—but less than a month ago he was suggesting that he might meet that difficulty by raising minimum reserve requirements.

The easing of bank rate is a natural concession to these pressures, but it is being emphasised that the policy of credit restriction is not being reversed. Meanwhile, the pace of the inflow of funds has become more moderate. Germany's surplus with EPU for August amounted to $67 million, compared with $106 million for July, and the increase in total exchange reserves shrank from DM 726 million to DM 297 million.

Royal Dutch-Shell Holds the Pace

THIS year the Royal Dutch-Shell group will spend about £300 million on capital account. That sum will be found from depreciation provisions and retained profits. A fall in profit margins, even only a slight fall, will therefore operate against any chance that the Shell ordinary dividend will be bigger than the tax free payment of 15 per cent already forecast by the directors. Stockholders must therefore look not merely at the rate of expansion in sales and income in the group's interim reports but also at changes in profit margins.

INCOME AND SALES
(£ million)

	Jan.-Mar., 1955	Jan.-Mar., 1956	Apr.-June, 1955	Apr.-June, 1956
Sales, etc.	473·6	535·4	509·0	559·7
Operating costs	272·1	308·0	283·1	309·5
Sales, taxes, etc.	93·2	102·9	115·2	122·6
Depreciation	41·7	45·0	44·4	46·4
Gross income	*67·2*	*80·2*	*68·8*	*83·0*
Net income	*34·1*	*40·7*	*36·6*	*43·3*
Gross income/sales	14·2%	14·8%	13·5%	14·8%
Net income/sales	7·2%	7·6%	7·2%	7·6%

On both counts the latest interim report should cause stockholders no concern, even though it does not provide any ground for excessive optimism. In the quarter to June 30th sales did not rise so fast as they did in the first quarter of the year, but the group's net income, rising by 18.4 per cent to £43.3 million in the April-June quarter, has grown only slightly more slowly than in the January-March quarter, when it rose by 19.4 per cent to £40.7 million. Over the half year to June 30th the group's net income rose by £13.3 million to £84 million so that an increase for the whole of 1956 commensurate with the increase of £25½ million in 1955 does not seem to be impossible. Profit margins have been maintained; the ratio of gross profits to sales at 14.8 per cent and of net income to sales at 7.6 per cent shows no change over the first two quarters of this year. Thus the fear that a rise in costs would erode still further the benefits gained from the

increase in oil prices last autumn has been lessened. That does not mean that the group can let profit margins fall much below their present levels, but it does suggest that progress so far has been good.

Sauce for the Goose

ORDINARY stockholders in Triplex Safety Glass whose rate of dividend was recently cut from 25 to 20 per cent, must have rubbed their eyes as they read this resolution to be proposed by a stockholder at the general meeting:

> That the directors be paid a sum of £10,000 as additional remuneration for their services in respect of the year ended June 30, 1957, in addition to all sums to which they are entitled under the articles of association or as employees of the company, such sum to be distributed among them as they shall agree or in default of agreement equally.

To explain the 20 per cent dividend, payable on a capital of £1,012,933 as increased by the conversion of preference shares and the acquisition of the balance of the share capital of Triplex (Northern), the directors give three reasons: the profits of the parent company, thanks to the recession in the motor industry, have fallen, the loss being made good by increased profits from engineering subsidiaries and by the absorption of Triplex (Northern); second, the group has heavy capital commitments and must preserve its liquid assets to meet that cost; finally and more strangely the directors say:

> The country's struggle against economic inflation still needs and will continue to need financial restraint in every possible way. In recommending a reduction of dividend despite higher profits the board considers that it is assisting the country in this struggle.

How embarrassing to the Triplex directors the inflationary shareholder must be. But there is an escape for them. They might have appealed for proxies against the resolution; they can still refuse the extra payment if it is voted.

Company Notes

GREAT UNIVERSAL STORES. Nothing, it seems, can dim Mr Isaac Wolfson's confidence. Great Universal Stores has had to make a big switch from hire purchase to cash or short term credit sales—through the loophole presumably that the Board of Trade deliberately left when it excluded instalment sales of less than nine months' duration from the hire purchase controls; yet in the year to March 31st new records in sales and profits were achieved. The rate of growth in the group's profits, as was shown in these columns on August 4th, is slowing down while operating costs are going up; yet Mr Wolfson goes on adding new businesses to the empire, though not perhaps quite so fast as he once did.

How, when other businesses were groaning in the chains of hire purchase restrictions, has GUS managed to do so well? The answer is the skill of the "top brass" of the business. And some facts revealed by Mr Wolfson show how the directors and managers redeployed their forces to meet the new and difficult circumstances. The first is that the group seems to be more diversified than ever; domestic sales in the year to March 31st fell in the following pattern: 44.4 per cent in clothing and footwear, 15.3 per cent in household linens, 8.4 per cent in fancy goods, 9.1 in hardware and 22.8 per cent in furniture, radio and television. The second is that the percentage of sales made on hire purchase terms fell from about 20 per cent to 14.1 per cent. That decline the group could not probably avoid but its sales and profits record suggest that the management was able to adjust itself quickly to a new type of market. The greater proportion of the group's business is now transacted upon cash or short credit terms and in the climate of the present controls that proportion must grow.

The impact of these changes is seen in the balance sheet of the group. The fall in hire purchase business has reduced the amount of accounts outstanding and this has resulted in the release of £2,861,506, previously provided in respect of unrealised profit (subject to the cost of collection), for inclusion in the year's profits. Hire purchase debts have fallen by £9,419,854 to £41,929,906; the unrealised profit (subject to collection charges) on these debts is £14,286,777, compared with £17,148,283 the year before. But debts on short credit sales have risen by £4,974,199 to £18,900,187 while the provision for collection charges on these debts has gone up by £306,539 to £2,423,904. Stocks, too, have risen, from £22,561,084 to £25,338,329. Taking stocks and the debts of the group's customers together, GUS has about £59 million tied up in its wares. That is one reminder of the dangers if trade turned sour.

	Years to Mar. 31, 1955	1956
Consolidated earnings:—	£	£
Trading profit	18,923,479	20,273,185
Depreciation	973,352	1,298,191
Taxation	9,634,158	10,377,993
Net income	*7,510,322*	*7,681,528*
Tax credits	425,492	592,044
Ordinary dividends	2,864,999	3,373,626
Retained profits	5,008,376	4,835,402
Consolidated bal. sheet:—		
Net fixed assets	26,979,292	29,012,743
Net current assets	35,372,889	40,245,987
Stocks	22,455,922	25,234,186
Hire purchase debtors	34,201,477	27,643,129
Credit sales debtors	11,808,623	16,476,283
Other debtors	4,253,539	5,069,688
Cash	6,420,712	5,599,455
Overseas bank overdrafts	2,821,872	3,818,241
Creditors	26,466,387	22,480,518
Reserves	30,471,833	35,559,604
Ordinary capital	8,424,358	9,387,485

5s. "A" ordinary share at 37s. 7½d. xd. yields £8 5s. per cent.

But it does not seem that it will. The furniture division, having experienced a decline in sales, is now securing bigger sales than it enjoyed in the corresponding period last year. And, speaking about the group as a whole, Mr Wolfson says that "for the period to date sales and consequent trading profits are in excess of the same period last year." That may owe something to the inclusion of the figures of recently acquired subsidiaries. It, perhaps, owes more to the fact that 86 per cent of the group's retail trade at home is upon cash or short credit terms, suggesting that GUS can adapt itself to controls without losing its customers. And when the time comes Mr Wolfson and his managers are clearly prepared to switch their efforts back to longer dated hire purchase.

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BEECHAM GROUP. It is clear from the full accounts of the Beecham Group that the "administrative" difficulties in the proprietary foods division of the business were serious. Sales of these foods at home went up from £5.9 million to £8.8 million and about another £1 million came from sales in overseas markets. These were the most significant items in the growth of total sales by all divisions in the group from £22.8 million to £27.2 million. Of this increase of £4.4 million, £3.2 million of the extra sales were achieved in the home market. Yet, Lord Dovercourt, the chairman says that the fall in profits by £195,019 to £3,665,808 was more than accounted for by the reduction in the profits of the proprietary food businesses. The difficulties experienced by this side of the business, he says, have now been overcome.

Lord Dovercourt does not go into any more detail than this, except to say that debtors in the food businesses were about £1 million above their "normal" levels and that this accounted for the appearance of a bank overdraft of £952,630 in the balance sheet at the end of the financial year. The bulk of these debts has now been remitted and the group is no longer in debt to its bankers. Lord Dovercourt then adds that the proprietary food businesses will earn "substantially increased profits in the current financial year." A less spectacular expansion in the sales of proprietary medicines (which rose from £4.1 million to £4.2 million in overseas markets and remained practically unchanged at just over £4.1 million at home) and of toilet preparations (which at home went up from £4.5 million to £4.8 million and which were maintained at £4.2 million abroad) has been recorded. But there is a reasonable prospect that profits for the group as a whole should show a recovery in the current year and there should be no difficulty in maintaining the 30 per cent ordinary dividend.

	Years to Mar. 31, 1955	1956
Sales and earnings:—	£	£
Sales	*22,783,947*	*27,193,697*
Raw materials, etc.	10,237,997	13,383,307
Wages, etc.	3,513,889	4,541,617
Advertising	4,659,398	4,941,342
Depreciation	549,169	661,623
Taxation	2,203,626	1,932,276
Ordinary dividends	695,406	847,945
Retained profits	661,346	629,015
Consolidated bal. sheet:—		
Net fixed assets	5,725,997	6,864,511
Net current assets	3,948,740	5,272,463
Stocks	4,141,994	4,623,633
Debtors	4,504,733	5,633,382
Cash	758,112	844,946
Bank overdrafts	377,387	952,630
Capital reserves	3,643,190	5,354,857
Revenue reserves	2,917,826	3,574,825
Ordinary capital	4,533,701	5,104,687

6s. ordinary share at 18s. 3d. yields £8 4s. per cent.

★

A. C. COSSOR. This company has had one of the most chequered records of all the radio and television manufacturers since the end of the war. Between 1948 and 1951 it paid no ordinary dividend and its preference dividend was in arrears. It came back to the dividend list in 1952 with a payment of 10 per cent; last year the dividend was raised to 15 per cent. For the year to March 31, 1956, however, no dividend is being paid on the 5s. ordinary shares.

The directors could do nothing else but to pass the dividend, for the accounts show a loss of £87,445, compared with a net profit of £254,740 (after charging £239,152 for tax) in the previous year. The actual loss on trading must have been still higher, for the figure is struck after crediting a net tax recovery of £32,426. The consolidated balance carried forward has been reduced from £278,408 to £148,314. These figures must come as an unpleasant surprise to shareholders; they show just how vulnerable the company is.

It is to the directors' credit that in the preliminary statement they do explain why the loss occurred and what they are doing to set the company on its feet again. They say that the company's operations were "severely affected both by very heavy cancellations of Government orders and by the setback to the radio and television business caused by the imposition of more onerous hire purchase terms, increased purchase tax, restriction of hiring contracts, credit restraint and increased interest rates." The directors add that "the loss for the year includes provision necessary for the writing down of stocks of television and radio sets and components left on hand at the end of the period. Measures taken with the object of minimising losses and restoring trading to a profitable basis have included the running down of the company's workpeople and staffs by 1,200 and the enforcement of economies in expenses of all kinds." The 5s. shares now stand at 5s. 4½d., having fallen 1s. 3d. since the preliminary figures were published. A report such as this reminds investors of the present troubles of the television and radio industry. But not all the companies are faring equally badly. The chairman of Pye, for instance, speaks of a greater concentration of effort on export markets while the chairman of Thorn Electrical Industries speaks of expansion of the Ferguson radio and television division, though the parent company has had to postpone its plans to build cathode ray tubes in association with the American company, Sylvania Electric Products.

LONDON STOCK EXCHANGE

Next Account begins: September 19th

Next Contango Day: September 19th

Next Settlement Day: September 11th

DESPITE several disturbing influences in markets, prices during the past week have declined only modestly. The *Financial Times* index for Government Securities has moved down from 85.51 to 84.35 and the Industrial Ordinary index starting the week at 186.4 dipped to 181.2 and rallied to 183.1 on Wednesday.

Early in the week the Chancellor's warning about the economic situation lowered gilt-edged prices by about ½ per cent and the losses have since increased to about a point. Three per cent Savings Bonds 1955-65, which were 86½, have fallen to 85⅝, 3 per cent Gas Stock 1990-95 lost ⅛ and 2½ per cent Savings Bonds 1964-7 declined from 79½ to 78½. A steadier tendency developed on Tuesday which the fall in gold reserves failed to upset. The tendency in the industrial market has been similar. Early declines were followed by a quiet but steadier close to the account. And on Wednesday, when the new account opened, the tone was more cheerful though business remained restricted and markets declined again on Thursday. The Farnborough air show drew interest towards aircraft shares; Hawker Siddeley rose 1s. 7½d. to 48s. 4½d. Rolls-Royce rose 5s. 3d. on Wednesday and at 111s. 6d. showed a net rise on the week. Shell advanced 4s. 4½d. to 152s. 6d. and Royal Dutch gaining 25s. at £79½.

The projected plan by British Petroleum to build a tanker terminal at Popton Point on Milford Haven influenced the shares of Milford Docks which rose 2s. on Wednesday to 66s. Great Universal Stores were bought on the publication of the full report, the "A" shares being 2s. 4½d. higher at 37s. 7½d. ex-dividend. Hudson's Bay were supported from the US and showed a 4s. 6d. rise at 219s. 6d.

Kaffirs were firmer on Tuesday but on Wednesday most of the gains were lost. Tin shares have been a firm market, Pengkalen rising from 13s. 7½d. to 15s. 6d.

THE ACTUARIES' INVESTMENT INDEX

Group	Price Indices, (Dec. 29, 1950 = 100) Aug. 30, 1955	May 29, 1956	June 26, 1956	July 31, 1956	Aug. 28, 1956	Average Yields (per cent) Aug. 30, 1955	May 29, 1956	June 26, 1956	July 31, 1956	Aug. 28, 1956
Ordinary Shares :—										
Electrical engineering	159·7	144·9	141·6	140·3	142·1	4·68	5·11	5·24	5·31	5·26
Engineering	184·2	175·6	169·7	170·5	174·7	4·45	4·84	5·02	5·05	4·96
Motors and aircraft	197·7	165·3	165·6	172·8	173·9	4·06	5·78	5·83	5·63	5·58
Chain stores	261·6	251·6	248·1	244·3	252·8	3·79	4·42	4·47	4·55	4·38
Cotton textiles	106·9	97·7	96·0	92·5	92·9	8·51	9·39	9·31	9·68	9·43
Chemicals	218·4	199·9	196·1	191·4	193·2	4·13	4·73	4·84	4·96	4·93
Oil	235·2	279·8	318·3	317·3	323·9	4·97	4·91	4·46	4·45	4·31
Shipping	162·6	176·5	171·6	178·7	182·1	5·30	6·08	6·26	6·03	5·98
Investment trusts	232·8	224·9	225·0	230·3	235·9	4·22	4·96	5·04	5·00	4·93
Industrials :—										
Ordinary (all classes)	156·4	145·4	144·8	144·8	147·2	5·45	6·20	6·25	6·27	6·17
Preference	81·8	78·2	76·8	75·6	75·0	5·57	5·84	5·94	6·04	6·09
Debenture	78·5	72·5	72·4	72·2	71·8	5·24	5·66	5·66	5·68	5·71
Total (capital goods)	178·7	163·9	160·1	160·5	163·1	4·67	5·33	5·47	5·49	5·42
Total (consumption goods)	130·1	114·5	112·3	112·3	114·1	6·15	7·20	7·30	7·32	7·21
Consols 2½%	77·8	73·6	74·0	72·4	75·0	4·55	4·81	4·79	4·89	4·72

FINANCIAL TIMES INDICES

1956	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Aug. 30	184·1	93·78	4·75	5·80
,, 31	182·9	93·58	4·78	5·83
Sept. 3	181·2	93·34	4·85	5·89
,, 4	181·2	93·34	4·85	5·89
,, 5	183·1	93·41	4·84	5·83
			Total bargains	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956	
,, Low	169·7 (Mar. 8)	92·85 (Aug. 13)	Aug. 30	6,647
			,, 31	6,233
1955, High	223·9 (July 21)	115·97 (Jan. 7)	Sept. 3	7,833
,, Low	175·7 (Mar. 15)	98·23 (Sept. 2)	,, 4	6,383
			,, 5	6,638

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Sept. 5, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Aug. 29, 1956	Price, Sept. 5, 1956	Net Yield, Sept. 5, 1956 §	Gross Yield, Sept. 5, 1956
					£ s. d.	£ s. d.
98 16/32	97	Funding 2½% '52-57	98 12/32	98 8/32	3 4 2	4 14 10
95 8/32	93 1/32	War Loan 3½% '55-59	94 16/32	94 13/32	3 6 5	4 16 4
91 8/32	88 16/32	Funding 2½% '56-61	90 16/32	90 13/32	3 12 4	4 16 11
100 7/32	99 16/32	Exchequer 5% 1957	100 4/32	100	2 4 6	4 19 7
99 16/32	97	Conversion 4% '57-58	98 24/32	98	3 4 9	5 3 8
97 28/32	95 28/32	Serial Funding 2½% 1957	97 12/32	97 8/32	3 3 9	4 8 5
94 28/32	91	Conversion 2½% '58-59	94 7/32	94 4/32	3 11 9	4 10 5
92 8/32	88 28/32	Exchequer 2½% 1960	92 2/32	91 28/32	3 12 11	4 11 1
95 7/32	92 1/32	Exchequer 3% 1960	94 12/32	94 7/32	3 7 11	4 14 5
88 1/32	83	Savings Bonds 3% '55-65	86 1/32	85 24/32	3 12 9	5 0 10
82 24/32	77 28/32	Funding 3% '59-69	80 28/32	79 24/32	3 17 10	5 8 6
92 1/32	86 24/32	Funding 4% '60-90	88	87 24/32	6 10 7	8 11 9
81 28/32	75 24/32	Savings Bonds 3% '60-70	77 7/32 *	76 28/32	3 18 10	5 8 10
98 24/32	97 28/32	Conversion 4½% 1962	98	98	3 0 5	4 19 7
91 28/32	88 24/32	Exchequer 3% '62-63	91	90 16/32	3 6 4	4 14 5
87 24/32	83 28/32	Exchequer 2½% '63-64	87	86 24/32	3 9 8	4 13 11
81 7/32	76 24/32	Savings Bonds 2½% '64-67	79 28/32	78 24/32	3 19 2	5 4 8
79 24/32	72 24/32	Savings Bonds 3% '65-75	74 24/32	73 24/32	3 14 0	5 5 0
96 24/32	90 24/32	Victory 4% '20-76	90 16/32 *	90 7/32	3 7 6	5 4 2
83 7/32	78	Funding 3% '66-68	80 24/32	79 16/32	3 18 1	5 7 7
88 24/32	81 16/32	Conversion 3½% 1969	85 24/32 *	82 24/32	3 14 11	5 8 3
83 24/32	77	Treas. 3½% '77-80	78 16/32	77 24/32	3 8 1	5 3 9
84 24/32	76 24/32	Treas. 3½% '79-81	78	77 24/32	3 8 2	5 3 6
72 24/32	66	Redemption 3% '86-96	67 24/32 *	66 24/32 *	3 4 3	4 18 2
81 24/32	74 24/32	Funding 3½% 1999-2004	77	76 24/32	2 19 3	4 16 2
84 24/32	76 24/32	Consols 4% aft. Feb. '57	78 24/32	78	2 19 2	5 3 1
77	69 24/32	War Ln 3½% aft. Dec. '52	72	70 24/32	2 17 5	5 0 5
76 24/32	69	Conv. 3½% aft. April '61	70 16/32 *	69 24/32 *	2 17 10	5 0 5
66 24/32	59 24/32	Treas. 3% aft. April '66	62 24/32	60 24/32 *	2 16 11	4 18 10
56 24/32	51 24/32	Consols 2½%	53 24/32	51 24/32 *	2 15 7	4 16 6
56 24/32	50 24/32	Treas. 2½% aft. April '75	52 24/32 *	51 24/32 *	2 15 9	4 16 9
98 24/32	90 24/32	Br. Elec. 4½% '67-69	91	90 24/32	3 10 0	5 10 11
80 24/32	74	Br. Elec. 3% '68-73	75 24/32 *	74 24/32 *	3 16 7	5 6 11
79 24/32	71 24/32	Br. Elec. 3% '74-77	73 24/32 *	72 24/32 *	3 12 1	5 3 1
95	86 24/32	Br. Elec. 4½% '74-79	87 24/32 *	87 *	3 4 10	5 4 3
83 16/32	77 24/32	Br. Elec. 3½% '76-79	79 24/32	78 24/32	3 8 4	5 4 2
90 24/32	84 24/32	Br. Gas 4% '69-72	86 24/32	85 24/32	3 10 5	5 8 3
87 24/32	80 24/32	Br. Gas 3½% '69-71	82 *	81 24/32 *	3 12 11	5 6 7
73 24/32	67	Br. Gas 3% '90-95	69 24/32	68 24/32	3 3 9	4 18 0
80 24/32	74	Br. Trans. 3% '68-73	75 24/32 *	74 24/32 *	3 16 7	5 6 11
90 24/32	83 24/32	Br. Trans. 4% '72-77	85 24/32	84 24/32	3 11 1	5 5 1
73 24/32	67	Br. Trans. 3% '78-88	69 24/32	68 24/32	3 7 3	5 0 7

Prices, Jan. 1 to Sept. 5, 1956 High	Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, Aug. 29, 1956	Price, Sept. 5, 1956	Yield, Sept. 5, 1956
						£ s. d.
			STEEL & ENGINEERING			
85/6	64/–	7 a	8 b Babcock & Wilcox £1	80/–	77/6	3 17 5
35/–	25/7½	3½a	10⅜b Cammell Laird 5/–	10/6	10/6	6 13 4
13/–	9/4½	8 c	3 a Dorman Long £1	28/–	27/3	5 17 5
54/9	40/–	3½a	8½b Guest Keen N'fold £1	48/9	47/6	5 1 1
55/6	41/6	4 a	6 b Metal Box £1	53/–	53/9	3 14 5
75/–	57/10½	12½b	5 a Stewarts & Lloyds £1	68/–	66/3	5 5 8
48/–	36/9	8 b	4 a Summers (John) £1	38/–	38/6	6 4 8
57/–	46/6	11 b	3 a Swan Hunter £1	55/–	54/6	6 2 9
49/9	37/6	8½b	4 a United Steel £1	41/9	41/–	6 1 11
44/7½	32/4½	2½a	7½b Vickers £1	44/1½	42/4½	4 14 4
			TEXTILES			
24/6	19/10½	6 b	4 a Bradford Dyers £1	21/–*	21/–	9 10 6
23/7½	14/7½	3 a	5 b Brit. Celanese £1	15/6	15/–	10 13 4
25/10½	21/9	2½a	6½b Coats (J. & P.) £1	22/9	22/3	7 17 4
44/–	33/3	4 a	6 b Courtaulds £1	37/6	36/–	5 11 1
21/3	13/10½	5 a	5 b Fine Spinners £1	14/3	14/–	14 5 8
30/–	22/3	7½b	5 a Lancs. Cotton £1	26/6	26/–	9 12 4
31/10½	26/–	2½a	10 b Patons & Baldwins £1	31/6	30/9	8 4 7
			MOTORS & AIRCRAFT			
		3½a	6½b Bristol Aeroplane 10/–	20/–	20/–	5 0 0
		8½b	4 a British Motor 5/–	6/9	6/6	9 12 4
		2½a	5 b Ford Motor £1	32/3	32/3	4 13 0
		12½b	3 a Hawker Siddeley £1	46/9	48 10½	3 11 6
		12½c	Leyland Motors £1	47/6	47/6	5 5 3
125/6	85/6	5 a	12½b Rolls-Royce £1	108/9	108/9	3 4 6
			SHOPS & STORES			
18/10½	13/10½	14 c	3 a Boots Pure Drug 5/–	15/3	14/9*	4 14 11
41/4½	29/–	20 b	7½a Debenhams 10/–	39/9	38/–	7 4 9
44/9	32/9	15 a	47½b Gt. Universal 'A' 5/–	38/6	38/–*	8 6 1
71/1½	57/10½	17½a	32½b Marks & Spen. 'A' 5/–	62/–	61/6	4 1 4
25/6	19/11½	25 a	20 b United Drapery 5/–	21/3	20/6	7 18 7
64/10½	53/10½	36½b	20 a Woolworth 5/–	59/9	58/9	4 16 6
			OIL			
183/9	99/–	†5 a	†10 b British Petroleum £1	154 4½	148 9	3 10 2
			12½b Burmah £1	94 4½	92/6	3 15 8
			14 b Royal Dutch 100 fl.	£79	£79½	2 7 6
171/–	103/3	†5 a	†13½b Shell Reg. £1	151/3	151 10½	3 8 9
			SHIPPING			
			Brit. & Com'wealth 10/–	35/–	35/6	4 10 2
28/6			7½b Cunard £1	23/–	22/6	8 17 9
20/4½		2½a	5 b P. & O. Def. £1	31/6	31/3	5 2 5
27/–		3 a	MISCELLANEOUS			
45/–		15 c	5 a Assoc. Elect. £1	73/9	71/3*	4 4 3
87/–		5 a	17½b Assoc. Port. Cem. £1	105/–	103/9	4 6 8
42/3		7½a	7½b Bowater Paper £1	49/4½	47/6	4 14 9
45/3		4 a	8½b B.I.C.C. £1	50/6	50/–	5 0 0
40/4½		4 a	8 b Brit. Aluminium £1	76/3	72/6	3 6 2
45/9		†7½b	†10⅝a Brit. Amer. Tob. 10/–	54/–*	52/9	5 15 4
$56⅜		3 b	3 a Canadian Pacific $25	$67½	$67½	4 1 5
24/9		43½c	14 a Decca Record 4/–	27/6	27/6	6 7 4
17/6		4 a	10 b Dunlop Rubber 10/–	20/–	19/–	7 7 4
47/3		8½b	4 a English Elect. £1	51/3*	50/–	5 0 0
48/4½		4½a	9½b General Elect. £1	51/3	48/9*	5 14 10
41/3		4 a	6 b Imp. Chemical £1	45/–	44/3	4 10 5
45/–		12½b	8½a Imp. Tobacco £1	50/–	48/–	8 6 8
$141⅜		$2·90c	$3·75c Inter. Nickel n.p.v.	$202½*	$204½	3 5 7
50/–		7½a	12½b London Brick £1	51/10½	51/10½	7 14 8
22/9		15½b	6⅜a Monsanto Chemicals 5/–	26/–	24/6*	4 12 8
55/3		12 b	4½a Tate & Lyle £1	63/–	63/–	5 4 9
54/3		12½b	6½a Tube Investments £1	62/6	60/–	4 13 4
95/9		20 b	5 a Turner & Newall £1	106/3	104 4½	4 15 10
61/7½		6 a	9½b Unilever £1	77/6	75/9	4 3 0
34/1½		†5 a	†11½b United Molasses 10/–	53/9	55/3	5 4 11
24/–		†2½a	†7½b Cons. Tea & Lands £1	24/6	24/–	14 10 0
1/9½		5 a	15 b London Asiatic Rbr. 2/–	2 1½	2 0½	18 13 4
37/6		15 a	30 b United Sua Betong £1	45 7½	45/–	20 0 0
			MINES			
6 3/8		20 a	50 b Anglo-Amer. 10/–	7 3/8	7 3/8	4 14 10
94 4½		80 a	120 b De Beers 5 – Def. Rex	108 9	105/–	9 10 6
67 6			Free State Geduld 5/–	90 7½	88 9	Nil
36 6		12½b	12½a Randfontein £1	39/–	37 9	13 4 10
8 6		28 c	30 c London Tin 4/–	9 2½	9/–	13 6 8
35		262½c	75 a Rhokana £1	42½	43½	6 1 0

Prices, 1955 High	Low	Prices, Jan. 1 to Sep. 5, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Aug. 29, 1956	Price, Sept. 5, 1956	Yield, Sept. 5, 1956
							£ s. d.
94⅜	79	80⅜	74⅜	Aust. 3½% '65-69	75½	75½	6 0 10
101⅜	87	87½	72	Ceylon 4% '73-75	75	75	6 6 3
103⅜	87 16/32	88½	82½	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87½	64½	57½	L.C.C. 3% aft. 1920	60	60	5 0 0
99	83	85½	83½	Liverpool 3% '54-64	84	84	5 10 7
84	65	68½	61	M.Wtr.'B'3%,'34-2003	62½	62½	5 4 0
102½	94⅜	97½	92½	Agric. Mort. 5% '59-89	93½	93½	5 8 6
122⅜	91	117½	102½	German 7% 1924	116½	115½	...
213	149	209½	187	German 5½% 1930	207	206½	...
212	160	225	208	Japan 5% 1907	224	224	...
254	190	275½	247½	Japan 5½% Conv. 1930	267½	267½	...

(a) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend.
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

New York Closing Prices

	Aug. 29	Sept. 5		Aug. 29	Sept. 5		Aug. 29	Sept. 5
	$	$		$	$		$	$
Balt. & Ohio.	48⅛	48⅛	Am. Smelting.	53¼	53¼	Inter. Paper	126½	127⅛
Can. Pac.	35⅛	35⅛	Am. Viscose	35⅛	34⅞	Nat. Distill.	27¼	27⅛
N.Y. Cent.	36⅛	37	Cel. of Am.	15⅛	15	Sears Roebuck	32¼	32⅝
Pennsyl.	23¼	23¼	Chrysler	67⅛	69⅜	Shell	94⅛	87⅛
Amer. Tel.	183	183¼	Gen. Elec.	61	62¼	Std. Oil of N.J.	55⅜	56
Stand. Gas	11⅛	11⅛	Gen. Motors	47	47⅛	U.S. Steel	63⅜	67
United Corp.	6⅛	6⅛	Goodyear	79⅛	79⅜	Westinghouse.	56¼	57⅛
W. Union Tel.	19⅜	20⅛	Inter. Nickel	105⅜	108½	Woolworth	46⅜	46⅛

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (g) On 16%. (h) On 8½%. (i) On 17½% Tax free. (l) To latest date. (u) On 11½%. (v) On 15% Tax free. (w) On 14%.

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	Sept. 1st	Western Europe:	
Production and Consumption	This week	Production and Trade	Sept. 1st
Manpower	Aug. 18th	British Commonwealth	This week
External Trade	Aug. 25th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Aug. 18th
Industrial Profits	July 14th	United States	Aug. 25th
		World Trade.....July 14th	

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1953	1954	1955	1955 May	June	July	1956 April	May	June	July
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948=100	121	130	137	140	137	122	136	135	140	124-125 [3]
Mining and quarrying		,,	109	110	108	109	106	85	109	106	114	...
Building and contracting		,,	111	115	116	115 [3]	115 [3]	119 [4]	...	...	...	...
Gas, electricity and water		,,	134	145	153	144	134	121	158	143	141	...
Manufacturing, total		,,	123	133	142	146	144	127	141	140	145	...
Engineering, shipbuilding, electrical goods		,,	129	140	155	156	158	136	...	...	...	...
Vehicles		,,	138	155	172	180	179	157	156	160	...	...
Chemical trades		,,	153	168	179	185	176	161	187	174	...	...
Textiles and clothing		,,	114	116	116	118	114	102	120	115	...	...
Food, drink and tobacco		,,	114	116	117	128	126	113	124	132	...	...
BASIC MATERIALS												
Production of:												
Coal [1] [2]	W	'000 tons	4,300	4,298	4,250	4,290	4,175	3,409	4,317	4,211	4,536	3,780
Pig-iron	W	,,	215	229	240	242	217	231	254	247	240	240
Steel, ingots and castings	W	,,	339	356	381	402	364	308	421	396	380	326
Sulphuric acid	M	,,	156·3	170·2	174·6	177·7	170·6	165·0	181·4	190·4	...	...
Newsprint	W	,,	11·60	11·77	11·91	12·07	11·95	7·18	12·16	12·78	...	...
Electricity [1]	M	mn. kwh	5,459	6,075	6,679	6,214	5,636	5,115	6,952	6,381	6,142	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	17·97	19·17	16·91	18·18	14·92	14·01	16·54	16·55	16·60	13·33
Worsted yarn	M	,,	18·40	18·80	18·48	18·28	19·05	16·63	17·59	19·13	19·86	...
Rayon and synthetic fibres, total	M	,,	34·94 [7]	37·30 [7]	39·32	40·48	39·86	36·71	41·42	42·17	41·47	...
,, ,, ,, ,, staple fibre	M	,,	16·85 [7]	19·00 [7]	19·94	20·38	19·59	18·77	22·61	22·61	22·51	...
Cotton cloth, woven	W	mn. yds.	35·2	38·3	34·3	38·9	33·8	20·4	31·9	31·2	33·3	...
Wool fabrics, woven	M	mn. sq. yds	34·3	34·5	34·2	31·5	34·8	31·7	28·7	31·5	33·3	...
Engineering production:												
Passenger cars and chassis	W	'000s	11·44	14·51	17·26	18·28	17·19	13·51	14·74	13·90	16·61	12·87
Commercial vehicles and chassis	W	,,	4·61	5·07	6·53	6·82	6·43	5·38	6·37	6·27	6·61	4·91
Metal-working machine tools	M	'000 tons	12·63	11·39	12·52	13·24	12·80	11·81	12·68	...	...	...
Internal combustion engines	M	'000 BHP	311	356	408	421	429	408	427	...	...	...
BUILDING ACTIVITY												
Permanent houses completed: [1]												
Total	M	'000s	26·56	28·97	26·42	24·93	27·19	25·59	23·10	25·85	27·67	25·00
By private builders	M	,,	5·24	7·55	9·46	9·25	9·89	9·43	9·96	10·80	11·03	10·66
By local housing authorities	M	,,	19·91	19·58	15·98	14·91	16·50	15·09	12·38	14·15	15·58	13·44
Other	M	,,	1·41	1·83	0·98	0·78	0·80	1·07	0·76	0·90	1·07	0·90
WHOLESALE SALES [1]												
Textile houses:		Av. value										
Total home sales		1950=100	95	95	98	88	79	71	99	99	84	...
Women's and children's wear		,,	96	96	98	89	75	70	101	102	80	...
Men's and boys' wear		,,	91	90	94	83	79	76	99	100	91	...
Piece-goods		,,	66	63	62	60	47	49	62	66	57	...
RETAIL SALES [1]												
All kinds of business:		Weekly av. value										
All retailers		1950=100	...	...	140	139	132	145	138	147	144	147
Independent retailers		,,	...	...	136	134	128	142	133	139	135	141
Multiple retailers		,,	...	...	148	145	141	153	144	157	155	155
Co-operative societies		,,	...	...	142	145	138	156	148	152	151	148
General department stores		,,	...	...	117	111	104	125	112	116	112	124
By kind of shop:												
Food		,,	...	...	148	148	143	150	153	155	153	154
Clothing and footwear		,,	...	...	121	117	120	135	114	138	128	134
Household goods		,,	...	...	151	139	127	149	136	143	140	145
STOCKS												
Basic materials:												
Coal, distributed [1]		'000 tons	17,626	15,582	18,346	11,680	13,206	14,282	13,654	14,697	17,129	18,451
Steel		,,	1,051	899	1,280	936	908	1,046	1,386	1,409	...	...
Copper [4]		,,	55·3	61·5	76·2	58·5	64·3	99·7	76·4	71·7	...	...
Sulphur [5]		,,	56·8	67·2	85·4	92·3	82·0	75·5	83·3	99·9	...	...
Newsprint		,,	110·6	97·5	105·6	113·2	117·7	110·8	116·7	111·4	...	...
Textiles:		Av. value										
Wholesale houses, total [6]		1950=100	89	95	90	107	104	110	109	108	108	...
Large retailers, clothing and footwear [6]		,,	102	107	110	130	124	109	140	135	133	...

[1] Great Britain. [2] Provisional estimate. [3] 1954 figures onwards exclude all screening losses normally amounting to around 5,000 tons a week. [4] Excluding government stocks from August, 1953. [5] Average for second quarter. [6] Average for third quarter. [7] Rayon production only. [8] Including filter cake from May, 1956.

British Commonwealth

PRODUCTION OF FUEL AND POWER (1)

Monthly averages or calendar months	Coal				Crude petroleum		Electricity				
	Australia	Canada	India	S. Africa	Canada	Pakistan	Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh				
1948	1,232	1,255	2,511	1,969	139	5·3	728	3,714	381	204	772
1954	1,647	952	3,064	2,494	1,952	21·4	1,206	5,761	627	312	1,220
1955	1,607	931	3,185	2,646	1,429	22·6	1,345	6,358	707	336	1,363
1956, January	845	1,199	3,196	2,644	1,802	23·7	1,272	6,503	757	308	1,372
„ February	1,456	1,034	3,346	2,599	1,794	21·6	1,308	6,150	750	318	1,265
„ March	1,495	934	3,360	2,752	1,835	24·2	1,398	6,487	800	332	1,447
„ April	1,537	857	3,223	2,775	1,574	...	...	6,348	781	298	1,412
„ May	1,754	974	3,314	2,910	1,530	...	...	6,896	...	328	1,533

PRIMARY PRODUCTION (2)

Monthly averages or calendar months	Copper		Rubber		Tin	Steel				Gold		
	Canada	N. Rhodesia	Ceylon	Malaya	Malaya	Australia	Canada	India	S. Africa	Australia	Canada	S. Africa
	'000 tons									'000 fine ounces		
1948	16·3	17·4	7·9	58·2	4·14	106	238	104	49	73·8	294	965·4
1954	19·5	31·5	7·8	48·7	5·93	185	237	140	117	93·2	364	1,102·3
1955	21·6	28·9	7·8	53·3	5·89	183	337	142	130	87·4	379	1,213·7
1956, March	25·5	31·5	5·2	51·0	6·78	202	394	154	127	78·7	385	1,298·4
„ April	22·8	30·3	6·7	48·4	6·24	180	388	142	126	76·0	369	1,288·4
„ May	23·0	32·8	7·2	43·2	6·26	208	413	...	...	...	...	1,349·6
„ June	22·6	32·4	6·5	52·7	...	...	...	...	...	...	...	1,351·5
„ July	...	...	...	54·7	...	...	...	...	...	...	...	1,369·7

EXTERNAL TRADE (3)

Monthly averages or calendar months	Australia		Canada		India		New Zealand		Pakistan		S. Africa *	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	mn. £A		mn. $C		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1948	28·2	33·8	220	259	537	382	10·71	12·27	28·5	58·6	29·5	11·4
1954	56·6	67·9	341	329	547	495	20·43	20·33	97·2	107·2	36·5	27·6
1955	70·1	63·4	393	363	666	504	23·93	21·55	91·9	101·9	40·2	30·7
1956, February	59·1	20·6	405	353	683	521	19·9	31·6	110·1	210·0	44·2	31·9
„ March	80·5	77·9	464	333	745	597	...	32·3	106·7	217·4	45·1	31·9
„ April	67·9	78·6	532	388	596	399	...	24·1	96·4	121·8	...	...
„ May	71·5	90·5	555	435	687	452	...	...	97·4	81·0	...	...
„ June	...	...	493	429	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES (4)

	Gold and Foreign Exchange Holdings					Cost of Living						
	Australia [5]	Canada	India [6]	New Zealand [6]	S. Africa	Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1953 = 100						
1948	1,265	1,011	3,355 [7]	237	652	56	84	...	74	89 [8]	77	73
1954	1,133	1,956	1,782	239	416	101	101	95	105	98	102	100
1955	835	1,910	1,791	179	368	104	101	90	107	94	105	101
1956, March	...	1,880	1,814	191	335	107 [10]	101	94	109 [10]	96	107	104
„ April	...	1,875	1,771	214	325	...	101	97	...	96	107	105
„ May	...	1,895	1,743	247	316	...	101	...	...	95	107	105
„ June	901	1,902	1,678	301	318	100	...	...	...	...	...	106
„ July	910	1,905	...	...	...	...	...	...	...	...	...	...

(1) Electricity production for New Zealand represents about 87 per cent of total generation. (2) Copper and tin refer to metal production. (3) General trade (including re-exports) except for Canada, which is special trade only. Imports are cif except for Australia, Canada and S. Africa which are fob; exports are fob. Trade for India and Pakistan includes that going by land except for Pakistan in 1948 when figures are for trade by sea and air only; annual figures for India are for 12 months beginning April 1st of year stated and for Australia and Pakistan 12 months ended June 30th. (4) Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. (5) Including foreign investments. (6) Including semi-processed gold. (7) Beginning January 1955, including South West Africa. (8) In July 1948, 114 of holdings was transferred to the State Bank of Pakistan. (9) April 1948–March 1949. (10) Including some long-term securities. (11) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 1st, 1956, there was an "above-line" deficit (after allowing for *Sinking Funds*) of *£22,197,000* compared with a deficit of £8,161,000 in the previous week and a deficit of £16,476,000 in the corresponding period of last year. There was a net receipt "below line" last week of £24,725,000, bringing the total deficit to £344,793,000 (£408,655,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Sept. 3, 1955	April 1, 1956 to Sept. 1, 1956	Week ended Sept. 3, 1955	Week ended Sept. 1, 1956
Ord. Revenue					
Income Tax	2085,500	426,606	489,862	22,818	33,510
Surtax	144,000	26,000	31,200	500	700
Death Duties	170,000	80,400	71,500	3,400	2,500
Stamps	58,900	31,900	26,000	1,500	1,400
Profits Tax, EPT	216,750	76,700	77,900	3,500	4,500
Excess Profits Levy	4,000	12,200	2,800	300	200
Special Contribution and other Inland Revenue	1,000	250	160	...	...
Total Inland Rev.	2680,150	654,056	699,722	31,818	42,610
Customs	1204,000	479,270	485,699	21,829	21,193
Excise	953,350	369,530	399,255	20,670	28,770
Total Customs and Excise	2157,350	848,800	884,954	42,499	49,963
Motor Duties	92,000	17,063	17,914	362	...
				Dr.	Dr.
PO (Net Receipts)	...	6,100	6,850	1,910	950
Broadcast Licences	28,000	7,200	7,600	1,900	1,400
Sundry Loans	30,000	13,660	15,639	...	...
Miscellaneous	200,000	34,019	38,098	58	7,845
Total	**5187,500**	**1580,898**	**1670,778**	**74,728**	**100869**
Ord. Expenditure					
Debt Interest	670,000	277,581	306,263	31,068	28,615
Payments to N. Ireland Exchequer	61,000	21,918	24,597	...	...
Other Cons. Fund	10,000	5,184	4,529	30	13
Supply Services	3941,918	1402,319	1546,380	56,069	90,580
Total	**4682,918**	**1707,003**	**1881,760**	**87,168**	**119208**
Sinking Funds	37,000	15,431	15,176	4,036	3,859
"Above-line" Surplus or Deficit	**141,536**	**226,157**	**16,476**	**22,197**	
"Below-line" Net Expenditure	267,119	118,636	24,943	24,725	
Total Surplus or Deficit	**408,655**	**344,793**	**41,419**	**2,528**	
Net Receipts from:					
Tax Reserve Certificates	51,343	118,251	9,821	15,742	
Savings Certificates	12,900	7,200	...	1,200	
Defence Bonds	1,116	21,595	392	540	

FLOATING DEBT

(£ million)

Date	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Depts.	Bank of England	
1955					
Sept. 3	3,380·0	1,998·5	265·0	...	5,643·5
1956					
June 2	3,240·0	1,439·6	243·0	...	4,922·6
„ 9	3,260·0	1,472·4	244·0	0·8	4,977·1
„ 16	3,280·0	1,216·0	240·6	...	4,736·6
„ 23	3,280·0	1,193·6	279·7	...	4,753·3
„ 30	3,270·0	1,237·7	268·5	5·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,161·2	231·9	...	4,783·0
„ 18	3,420·0	1,335·6	262·4	0·8	5,038·7
„ 25	3,450·0	1,346·2	257·3	...	5,053·5
Sept. 1	3,480·0	1,330·3	228·5	...	5,038·9

THE MONEY MARKET

By far the biggest single influence throughout this past week has been the payment of *£60 million* to shareholders of the Trinidad Oil Company. It was evident that the disbursement might cause a temporary glut of credit. Hence at last week's Treasury bill tender the discount houses substantially reversed the previous week's reduction of their tender price—offering 3d. more, at £98 14s. 11d. per cent—and concentrated the greater part of their applications upon bills dated Wednesday and later days. Total applications declined from *£405* to *£385* million, and the market's allotment rose from 50 to 80 per cent.

In consequence of the excess of bill maturities early in the week, the easing of credit supplies became more pronounced on Monday and Tuesday. On the first of these days, indeed, the authorities found it necessary to mop up supplies by "reverse" sales of bills. New money in the market ranged from 4¼ to 3¼ per cent, and there was a fair turnover in November and "hot" bills at 4⅛ per cent. In the event, the credit position on Wednesday was fairly evenly balanced but, as expected, supplies were very unevenly distributed. The bank recipients of the Trinidad funds lent actively early in the day at 3¼ and 4 per *cent, but other banks were short.* Two or three discount houses found it necessary to take new seven-day loans at Bank rate.

LONDON MONEY RATES

	%		%
Bank rate (from 16/2/56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅛
Banks	3½	3 months	5⅛–5¼
Discount houses	3½*	4 months	5⅛–5¼
		6 months	5¼–5⅜
Money Day-to-day	3½–4½	**Fine trade bills:**	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4⅛	4 months	6–6½
3 months	5⅛	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Sept. 7, 1955	Aug. 29, 1956	Sept. 5, 1956
Issue Department:*			
Notes in circulation	1,781·0	1,907·5	1,900·7
Notes in banking dept.	19·3	42·9	24·7
Govt. debt and securities*	1,796·3	1,946·2	1,921·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	30·4	33·0	17·5
Treasury special account	2·7	...	...
Bankers	253·3	227·4	209·2
Others	65·8	72·1	68·9
Total	332·2	307·5	295·6
Securities:			
Government	286·5	237·4	256·6
Discounts and advances	25·5	26·6	13·7
Other	17·0	17·1	17·2
Total	329·0	281·1	287·5
Banking department reserve	21·7	44·8	26·7
	%	%	%
"Proportion"	6·5	14·5	9·0

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 *million from £1 950 million* on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million)			Three Months' Bills	
	Offered	Applied for	Allotted	Average Rate of Allotment	Allotted at Max. Rate*
				s. d.	%
1955 Sept. 2	290·0	362·9	290·0	81 3·78	70
1956 June 1	260·0	381·4	260·0	100 3·45	83
„ 8	260·0	413·8	260·0	100 4·90	45
„ 15	240·0	396·0	240·0	100 4·20	61
„ 22	260·0	358·7	260·0	101 8·17	62
„ 29	280·0	401·9	280·0	102 8·55	56
July 6	280·0	452·4	280·0	101 1·84	61
„ 13	280·0	433·9	270·0	99 9·87	61
„ 20	270·0	418·4	270·0	100 3·82	50
„ 27	260·0	381·0	260·0	99 6·39	73
Aug. 3	270·0	399·1	270·0	100 3·79	57
„ 10	280·0	409·9	280·0	100 6·84	62
„ 17	280·0	393·4	280·0	100 0·43	62
„ 24	270·0	405·2	270·0	101 2·95	50
„ 31	290·0	385·0	290·0	100 6·41	80

* On August 31st tenders for 91 day bills at £98 14s. 11d. secured 80 per cent, higher tenders being allotted in full. The offering yesterday was for *£290 million.*

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	September 5	August 30	August 31	September 1	September 3	September 4	September 5
United States $	2·78 2·82	2·78¼ 2·78⅝	2·78¼ 2·78⅝	2·78¼ 2·78⅝	2·78¼ 2·78⅝	2·78¼ 2·78⅝	2·78¼ 2·78⅝
Canadian $	...	2·72⅞ 2·73⅛	2·72⅞ 2·73⅛	2·72⅞ 2·73⅛	2·72⅞ 2·73⅛	2·72⅞ 2·73⅛	2·72⅞ 2·73⅛
French Fr.	972·65 987·35	980¼ 980¾	980¼ 980¾	980¼ 980¾	980¼ 980¾	980¼ 980¾	981 981¾
Swiss Fr.	12·15⅛ 12·33⅛	12·18½ 12·18¾	12·18½ 12·18¾	12·18½ 12·18¾	12·18½ 12·18¾	12·19·12·19¼	12·19⅜ 12·19⅝
Belgian Fr.	138·95 141·05	139·00 139·05	139·00 139·05	139·00 139·05	139·00 139·05	139·02½ 139·07½	139·10 139·15
Dutch Gld.	10·56–10·72	10·63⅜ 10·63¾	10·63⅜ 10·63¾	10·63⅜ 10·63¾	10·63⅜ 10·63¾	10·63⅜ 10·63¾	10·63⅜ 10·64
W. Ger. D Mk.	11·67⅛ 11·84⅛	11·67⅛ 11·68	11·67⅛ 11·68	11·67⅛ 11·68	11·67⅛ 11·68	11·68–11·68⅛	11·68–11·68⅛
Portuguese Esc.	79·90 81·10	80·05 80·15	80·10 80·20	80·10 80·20	80·10 80·20	80·10 80·20	80·05 80·20
Italian Lire	1736½ 1762½	1742 1743	1741 1742	1741 1742	1741 1742	1741–1742	1741 1742
Swedish Kr.	14·37⅛ 14·39⅛	14·40¼ 14·40½	14·40¼ 14·40½	14·39½ 14·40¼	14·39½ 14·40¼	14·40–14·40¼	14·40–14·40¼
Danish Kr.	19·15½ 19·48½	19·33¼ 19·34¼	19·33¼ 19·34¼	19·33¼ 19·34¼	19·33¼ 19·34¼	19·33¼ 19·34¼	19·33¼ 19·34¼
Norwegian Kr.	19·85 20·15	19·98½ 19·98¾	19·98½ 19·98¾	19·98½ 19·98¾	19·98½ 19·98¾	19·98½ 19·98¾	19·98½ 19·98¾
		One Month Forward Rates					
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
Canadian $		⅛–¼c. pm par	⅛c. pm par	⅛c. pm par	⅛c. pm par	⅛–¼c. pm	⅛–¼c. pm
French Fr.		2·5 dis	2·5 dis	2·5 dis	1·4 dis	par–2 dis	
Swiss Fr.		2–1¼c. pm	2–1¼c. pm	2–1¼c. pm	2–1¼c. pm	2¼–1¼c. pm	2¼ 2c. pm
Belgian Fr.		½ pm	½ pm	½ pm	½ pm	½ pm	½ pm
Dutch Gld.		1¼–1¼c. pm	1¼–1¼c. pm	1¼–1¼c. pm	1¼–1¼c. pm	1¼–1¼c. pm	1¼–1¼c. pm
W. Ger. D Mk.		1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1pf. pm	1¼–1¼pf. pm
Italian Lire		par–2 dis	par 2 dis	par–2 dis	par 2 dis	par 2 dis	par–2 dis
Swedish Kr.		⅛ pm par	⅛ pm par	⅛ pm par	⅛ pm par	⅛ pm par	⅛ pm par
Danish Kr.		5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm
Norwegian Kr.		16 pm–10 dis	16 pm–10 dis	16 pm–10 dis	16 pm–10 dis	16 pm–10 dis	16 pm–16 dis
		Gold Price at Fixing					
Price (s. d. per fine oz.)		251/5½	251/5½	...	251/5½	251/5½	253/5½

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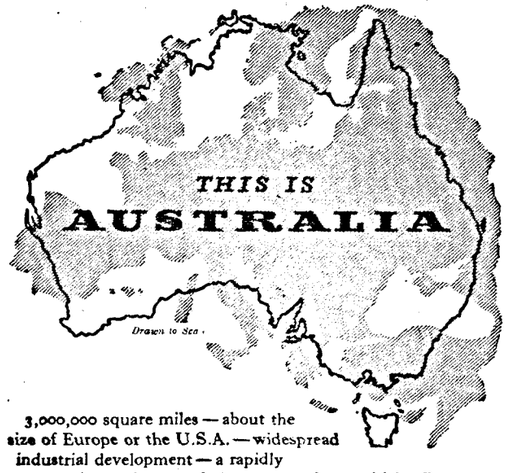

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Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3.
London Managers: S. W. P. Perry-Aldworth; M. D. Scott

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Chairman - - - - Sir Homi Mody, K.B.E.
Vice-Chairman - - - - - - C. H. Bhabha

...

Paid-up Capital ... Rs. 3,14,54,250 (£2,359,068)
Reserve Fund and Other Reserves ... Rs. 4,01,81,217 (£3,013,591)
Deposits (31.12.55) Rs.1,28,96,40,383 (£96,723,028)

Note: The Sterling equivalents of the Rupee figures shown above have been converted at the rate of 1/6d. per Rupee.

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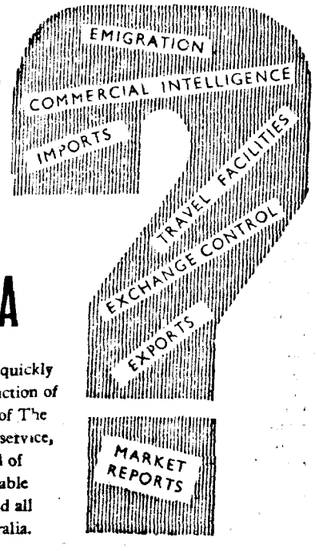

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COMPANY MEETINGS

WM. CORY & SON LIMITED

THE HONOURABLE F. A. LEATHERS'S REVIEW

The Honourable F. A. Leathers, the Chairman of the Company, presided at the Sixtieth Annual General Meeting of Wm. Cory & Son, Limited, held on August 30th at Cory Buildings, Fenchurch Street, London, E.C.3.

The following is an extract from his statement circulated with the report and accounts:

At your Company's discharging wharves on the Thames and Medway there has been an increase in tonnage of coal and other products. Progress is being made on the construction of the new jetty at Erith.

I have to report in the Lighterage Department an increase in tonnage and profits. We have taken delivery of a specialised craft for salvage and mooring work on the River Thames. A contract has been placed for a self-propelled tank barge.

The Seaborne and Railborne Coal Departments have had a good year compared with the previous year. Coal has been in more plentiful supply. Every assistance is given to industrial concerns who wish to turn over to oil fuel.

The Coal Export Department has had a better year.

All the ships have been fully employed. Your Company suffered a great misfortune in the tragic loss of the *Corchester* with eight lives. The *Cordale* has been sold and we have taken delivery of the *Corstream*. The *Corstar*, *Corbank* and *Corsea* have been launched and will be in commission shortly, leaving the *Corbeach* to be launched later in the year. There is every indication that we shall not order any further colliers. Contracts have been placed for three 18,000 tons deadweight tankers due to be delivered at the end of 1958, during the latter half of 1959 and in 1960 respectively.

A contract has been placed for two ore-carrying vessels of 15,000 tons deadweight, in partnership with BISC (Ore), Limited, and these ships should be in service at the end of 1959 and 1960 respectively.

The Oil Departments have shown up to advantage. A record tonnage was achieved during the year.

John Kelly Limited had increased business during 1955, although the final profit for the year was lower.

As a result of the acquisition of another road transport concern, your Company now operates, in addition to its road tankers, about 150 vehicles. Orders have been placed for large road tank wagons for general purpose work.

The remaining half-interest has been purchased in the holding company operating through subsidiaries, the recovery of ballast by sea dredging. A ready-mixed concrete plant is now being built.

In South Africa, Mann, George & Company Limited, has not had a successful year, owing chiefly to the embargo on coal exports imposed by the South African Government. Our ship agency, forwarding and clearing sections have been able to expand. A business in Nyasaland has been acquired.

The report and accounts were adopted.

MUREX LIMITED

OVERALL VOLUME OF SALES INCREASED

The thirty-seventh annual general meeting of Murex Limited will be held on September 27th in London.

The following is an extract from the circulated statement of the Chairman, Sir Arthur Smout, LLD:

The financial results of the year under review have again shown a satisfactory advance over those of the previous year. The story is one of increased activities combined with improved technical efficiencies. Thus we have been able to absorb the greater part of the additional costs which arose during the year. These increases in turn were reflected in the higher prices British industry has had to pay for consumable stores, freight, fuel, electricity and other services essential to the conduct of the nation's business. It was not possible to absorb altogether the higher prices that had to be paid for some of our raw materials, and increases in the selling prices of some of our products were accordingly unavoidable; on the other hand, where the price of raw materials fell the reduction was passed on to our customers without delay. In spite of keen competition throughout the year in many fields of our activity, the overall volume of sales increased.

Scientific advances of the past ten years in such fields as atomic energy, gas turbines, jet aircraft and electronics are slowly but surely altering the pattern of Murex products. I have referred in my earlier statements to the part our production people are playing in these matters and to the encouraging developments which are taking place. I have also clearly indicated the Board's intentions to follow up this work speedily by spending money freely but at the same time with care and discretion on worthwhile projects, where the expected return is commensurate with the risks taken. In pursuance of this policy, capital expenditure on new fixed assets during the year at £300,000 was some £44,000 higher than the previous year. Firm commitments entered into at April 30, 1956, amounted to £192,000, and in addition the Board authorised at that date further expenditure of £330,000 for which orders had yet to be placed. Further immediate expenditure envisaged, apart from increased production capacity in established products and ventures into new fields, includes additional office accommodation and the provision of further laboratories to handle our growing business.

The Consolidated Balance Sheet is extremely strong and in spite of a progressive capital expenditure policy, the liquid resources are greater than ever. It is reassuring to know that in these days of financial stringency there are sufficient liquid funds available for all our foreseeable needs.

The opening months of the current financial year show no appreciable change in the level of our activities, nevertheless, with rising costs and keener competition, both home and overseas, with the soundness of the country's present financial policy as yet unproven and with a world situation growing more complex daily, it would be unwise to do anything other than exercise extreme caution in making any pronouncement as to future prospects.

Personally, I have great faith in the future of our Company; it occupies a leading position in the metallurgical world and is the most important producer of the less common metals in this country, if not in Europe. It is the largest manufacturer of welding electrodes and electric welding equipment in the UK and covers the widest range.

RUSTON & HORNSBY, LIMITED

SOUND ORDER BOOK

The sixty-seventh annual general meeting of Ruston & Hornsby, Limited, was held on September 5th in London, Mr W. J. Ruston, chairman, presiding.

The following are extracts from his circulated comments on the report and accounts for the year to March 31, 1956:

After taxation, the Earnings of your Company and its Subsidiaries at £779,024 compare with £1,060,753 in the previous year. Your Directors recommend a dividend at the rate of 9 per cent on the Ordinary Stock. The total distribution to Shareholders is £331,776, an increase of £23,870 on the previous year. The distribution must be regarded as modest, representing as it does less than half (43 per cent in fact) of the Net Profits of the Group.

Taxation is having a crippling effect on the finances of a Company such as ours, and the greatest encouragement the Government could give to industry, especially an exporting industry such as that of your Company, would be to effect serious economies in the enormous and ever-mounting scale of Government expenditure. I feel I must join the ranks of others who have raised their voices in protest against Profits Tax and the two increases recently made in the rate at which this tax is levied on distributed profits. I would emphasise that this tax is charged on all profits, distributed or otherwise.

It is a matter of regret that the expansion of the past few years has not brought greater, instead of reduced, earnings. I emphasise expansion because over the past six years profits ploughed back have exceeded £4 million, but earnings have not moved in step, so that it may be said that the bulk of this investment has yielded only a meagre return—the result of the constantly rising level of costs which forces us to work to ever-narrowing margins in markets which are becoming increasingly competitive.

OUTPUT

Although there has been some fall in output during the year, following on the drop in the order book to which I referred last year, and the diminishing Defence Programme, this fall would have been greater were it not for the fact that we have kept down our selling prices.

Exports, direct and indirect, continue to represent something over 70 per cent of our output in our main line of production. The currency problems and shortage of sterling continued to affect our business in many of our more important export markets, though other markets I am glad to say have expanded, mainly due to a general world expansion of the oil production industry.

As regards the future, our order book is sound, representing on the average about ten months' production, but price competition, particularly from German and American competitors, is increasing in our most important markets and the growth of secondary industries continues in many countries on an increasingly competitive scale. If any further demands from Labour have to be conceded, or if the price of essential services and materials continues to rise on the same scale as that experienced in recent months, and if there is no alleviation in the present penal rate of taxation and high interest charges, it may be that our profits will fall again during the current year.

The report and accounts were adopted.

L M ERICSSON TELEPHONE COMPANY

Stockholm—Sweden

ORDERS INCREASED BY 50 PER CENT

NEW PLANT FACILITIES AT HOME AND ABROAD

GOOD RESULTS IN SPITE OF INCREASED MANUFACTURING COSTS

The English edition of the Ericsson Group's annual report for 1955 has now been published, and copies are available upon request to the Swedish Ericsson Company, Limited, 329 High Holborn, London, W.C.1. In the following is given a brief outline of the Directors' Report:

A GOOD YEAR DESPITE INFLATION

World political developments during the past year did not discourage, with a few exceptions, telephone administrations from long-term investment programmes, including automation of their telephone systems. In the United States, Western Europe, and in other parts of the world as well, economic conditions showed a continuing upward trend and the resulting activity in turn affected the economy of the raw material producing countries. In most of the countries where the Company is active there were noticeable inflationary tendencies, and various economic and political measures were taken to combat these trends, such as import and credit restrictions, combined with increased bank rates.

Sweden was subjected to heavy inflationary pressure and the general price level rose by 5 to 6 per cent, principally owing to substantial wage increases becoming effective at the beginning of 1955. Increased labour costs and rising world prices for metals and other industrial raw materials resulted in an increase in the Parent Company's production costs, in addition to which it has had to bear additional expenses arising from various anti-inflationary measures introduced during the past year. The Swedish bank rate was raised by 1 per cent in April, an investment tax of 12 per cent was levied and the corporation tax was increased from 40 per cent to 45 per cent on 1955 earnings and to 50 per cent for ensuing years. These measures have naturally placed the Parent Company in an unfavourable competitive position against foreign manufacturers not burdened with similar wage and tax loads.

ORDERS

Business nevertheless was maintained at a satisfactory level. Orders rose approximately by 50 per cent over the previous year, and, since deliveries could not be increased by more than 10 per cent, the order book reached a new record level.

Orders received from the Swedish Telecommunications Board increased over the previous year and comprised largely equipment for further extension of the automated long distance traffic. Equipment was also ordered for new automatic exchanges in three Swedish towns and their environs.

Foreign orders indicated increased interest abroad for automating the long distance traffic. Substantial orders for crossbar long distance equipment were placed by Denmark, Finland and Holland, including a trunk office in Copenhagen for semi-automatic service of international telephone traffic.

In 1955, a long-term contract was negotiated with the Turkish Telephone Administration for the successive deliveries of automatic telephone exchanges of the Ericsson 500-point selector system for a total of 125,000 lines. Large orders of this type of central office equipment were also placed in Colombia (25,000 lines) and in Venezuela (22,900 lines).

The Ericsson crossbar system continues its market expansion. Orders were received from Odense, Denmark, for a crossbar office with 23,000 lines and from Rotterdam for 16,000 lines. The first crossbar installation in Eire was also booked with the Company, for an exchange in Limerick.

The Company's Network Department has undertaken large sub-contracting work in Portugal, Colombia, and Brazil for the planning and construction of long-distance cable lines.

The demand for subscriber sets continued to grow and the factory in Karlskrona increased its production to the neighbourhood of 400,000 sets a year.

The rapid expansion of the market for telephone equipment in many countries, particularly in Latin America, has necessitated extensive long-term credits during the year.

SALES

The Parent Company's sales for 1955 showed a 10 per cent increase and reached 238 million Crowns, as against 216 million Crowns the previous year. Export sales rose by about 11 per cent from 98 million Crowns to 110 million Crowns. Total sales of the Parent Company and its Swedish subsidiaries reached 408 million Crowns, as against 368 million Crowns in 1954. The sales result of the entire Ericsson Group—but not including the revenues of the operating companies—amounted to 741 million Crowns, an increase of 68 million Crowns from 1954.

INCREASED SHARE CAPITAL

During 1955, the Parent Company's share capital was increased from 122.3 to 163.1 million Crowns through the issue of new shares at 110 per cent of par value, which provided new capital to the amount of 44.9 million Crowns after deducting the necessary expenses. The new capital was invested in property and plant facilities, in addition to financing increased inventories resulting from the expanded operations.

RESEARCH AND DEVELOPMENT

During 1955 research and technical development were intensified, and 17 million Crowns were invested for that purpose by the Parent Company. Of particular interest is the agreement signed during the year with the Swedish Board of Telecommunications for pooling research and development in the field of electronic switching.

The new research laboratory established in Darmstadt is now operating according to plan.

The Transmission Department concluded the development work of a new single-channel carrier system for open wire lines with automatic pilot regulation. In addition, several new multi-channel systems for radio links were developed, including a 47-channel radio link for pulse time modulation in the 6 cm band, based on a grid-operated reflex clystron developed by the subsidiary company AB Svenska Elektronrör.

A simplified crossbar switchboard with pushbutton operation was designed and delivered.

An automatic fire alarm, designed on new principles, was brought to the prototype stage. Progress was also made in developing plastic insulated and sheathed cables, as a substitute for conventional types of paper insulated lead covered cables, in order to save lead and simplify installation work.

A committee was formed by the Parent Company and the Telecommunications Board for the purpose of developing new types of subscriber sets.

PERSONNEL

The average number of employees of the Parent Company during 1955 was 9,166 (up from 7,859 in 1954) of which 3,034 were office and 6,132 factory employees.

Salaries and wages during the year were 53,992,058 (43,758,782) Crowns paid to factory employees and 38,110,620 (30,893,086) Crowns to office employees. Directors' fees and management salaries amounted to 1,925,222 (1,664,816) Crowns. (Figures in brackets refer to 1954.)

Total number of employees in the Parent Company and its Swedish subsidiaries increased during the year from 13,246 to 14,319. Including foreign subsidiary and associated companies the Group employed 38,800 people at the end of the year, an increase of about 3,000.

MAIN SUBSIDIARIES AND ASSOCIATED COMPANIES

EUROPE

Sieverts Kabelverk, Sundbyberg, Sweden, reported net earnings of 2.1 million Crowns on sales amounting to 119.7 million Crowns, an increase of about 25 per cent over 1954. The share capital was increased from 20 to 30 million Crowns and 75,000 sq. ft. of new factory space was acquired. Construction was started on a new factory for the manufacture of high tension cable.

AB Ermi, Stockholm, formed in 1955, obtained a satisfactory sales volume but reported a small loss resulting from the activities of the former company. The manufacture of electrical instruments was reorganised and some of the plant facilities were transferred to the Parent Company.

Svenska Radio AB, Stockholm, increased its sales of radio equipment from 22.6 to 23.4 million Crowns. Sales of radio receivers declined somewhat and television sets continued in small demand owing to the restricted transmission programme. A new laboratory and office building will be completed for occupation in 1956.

AB Rifa, Stockholm, manufacturer of condensers and rectifiers, reported sales about the same volume as in 1954. Operating results improved somewhat over previous years.

AB Alpha, Sundbyberg, Sweden, supplying the Swedish Group companies with miscellaneous bakelite components, operated at nearly full capacity during 1955. Considerable interest was shown in the company's new record press.

L M Ericsson A/S, Copenhagen, had a satisfactory year and its capital stock was increased from 1.5 to 3.0 million D. Crowns through conversion of sums due to the Parent Company.

Dansk Signal Industri A/S, Copenhagen, maintained its sales and net earnings at about the same level as in 1954.

O/Y L M Ericsson A/B, Helsinki, increased its sales by about 25 per cent, and showed a satisfactory net for the year.

A/S Elektrisk Bureau, Oslo, had net earnings of 1.1 million N. Crowns and declared an 8 per cent dividend.

Ericsson Telefoon-Maatschappij, NV, Rijen, Holland, showed net earnings of 561,000 Guilders, of which 180,000 Guilders were paid in dividends. Another addition to the Dutch factory is planned to permit expansion of the manufacturing programme.

Société des Téléphones Ericsson, Colombes, France, operated at nearly full capacity throughout the year. A crossbar exchange modified to French requirements, for 2,000 lines was manufactured and installed in Beauvais. Property was acquired in Paris for a planned electronics research laboratory. The share capital was increased from 810 million to 1,000 million Francs.

SETEMER, Soc. per Az., in Milan, reported net earnings of 843 million Lire for the financial year, 1954-55 and declared a 6 per cent dividend. The share capital was increased in October, 1955 to 7,344 million Lire by a stock dividend of 2,448 million Lire. All companies of the SETEMER group showed increased sales and satisfactory earnings.

SET, Soc. per Az., telephone operating company in Naples, increased its number of subscribers by 16 per cent, from 201,000 in 1954 to 233,000. Long distance traffic increased by 27 per cent. A 6.5 per cent dividend was declared.

Compañia Española Ericsson, S.A., Madrid, had a satisfactory year, and the share capital was increased from 4.75 to 10 million Pesetas.

ASIA

Sales in Asia are conducted by branch offices in Calcutta, India, and Bandung, Indonesia, as well as by local agents. The Calcutta office had considerable difficulties obtaining a satisfactory sales volume, whereas Bandung, operating in an old established market, booked substantial orders for the reconstruction of the Indonesian telephone system.

WESTERN HEMISPHERE

North Electric Company, Galion, Ohio, increased its US sales from $14.3 to $16.6 million and reported net earnings of $406,000, as against $325,000 for 1954. Plant additions of altogether 58,000 square feet were taken into use, and the manufacture of crossbar switching equipment is proceeding according to plan. Orders for crossbar facilities now amount to 31,900 lines, planned to serve altogether 77,000 plural party line subscribers.

Teleric, Inc., the Panama holding company, reported net earnings of $151,000 which were reinvested in the business. No dividend was declared.

Teléfonos de México, S.A., Mexico City, encountered financing difficulties and had to defer its new construction programme, resulting in a net increase for the year of only 8,200 subscriber lines, or about 2.8 per cent, as against 18,000 new lines in 1954. Net earnings for 1955 were 35.9 million Pesos. A 10 per cent dividend was declared.

Ericsson do Brasil Comércio e Indústria S.A., Rio de Janeiro, increased its sales volume. The new telephone factory in Saõ José dos Campos was put into production.

The Argentine subsidiaries operated at about the same level as in previous years. *Industrias Eléctricas de Quilmes, S.A.*, Buenos Aires, engaged in the manufacture of lamps and cables, had net earnings of 2,224,000 Pesos, as against 1,267,000 Pesos in 1954, and its share capital was increased from 17 to 20 million Pesos, principally by means of a stock dividend. The sales company *Compañia Sudamericana de Teléfonos, S.A.*, increased its share capital from 7 to 12 million Pesos out of 1955 earnings to offset the effects of the inflation in Argentina. The telephone operating companies, *Compañia Argentina de Teléfonos, S.A.* and *Compañia Entrerriana de Teléfonos, S.A.* again reported satisfactory earnings. The new Argentine government has not shown any inclination to nationalise the companies or acquire their installations, but, on the other hand, imports of Swedish-made equipment remained insignificant owing to import restrictions.

Sociedad Telefónica del Perú, S.A. the telephone operating company in Peru, reported about the same revenue as for the previous year and declared the same dividend as before, or 450,000 Soles.

Compañia Anónima Ericsson, Caracas, obtained a number of substantial contracts with the Venezuelan government for new installations. The share capital was increased from 100,000 to 500,000 Bolivares, out of earnings. The sales company, *Teléfonos Ericsson, S.A.*, which caters to the private market operated at a loss during 1955.

Compañia Ericsson de Chile, S.A., Santiago de Chile, increased its share capital from 15 million to 25 million Chilean Pesos out of retained earnings to offset the effects of inflation.

Compañia Comercial Ericsson, S.A., Mexico City, had to sustain substantial losses owing to the devaluation of the Mexican Peso in April, 1954. Its position in the private market remains strong, despite increased competition.

Compañia Ericsson Ltda., Bogotá, had a satisfactory year, with increased sales, although net earnings did not come up to those of the previous year.

Compañia Ericsson, S.A., Montivideo, showed a profit on about the same volume of business as in 1954.

Compañia Ericsson, S.A., Lima, has shown a net loss for the year.

Ericsson Telephone Sales of Canada, Ltd., Montreal, is not yet firmly established on the Canadian market.

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet shows that retained earnings at December 31, 1955, amounted to 88,087,000 Crowns, of which 20,070,000 Crowns were net income for 1955. The Boards of Directors of the respective companies have proposed that out of this amount 3,371,000 Crowns be appropriated to reserves not available for distribution.

The availability of retained earnings shown in the Consolidated Balance Sheet may be affected by exchange restrictions and other uncertain factors, such as taxation.

DISPOSAL OF RETAINED EARNINGS OF THE PARENT COMPANY

In addition to the general reserve, the following amount was available for distribution at the Annual Stockholders' Meeting:

	Crowns
Net income for 1955	14,141,497.05
Accumulated earnings brought forward from previous year	11,041,394.24
	25,182,891.29

The Board of Directors and the General manager proposed that the amount available be distributed as follows:

	Crowns
To the legal reserve	2,421,940.00
To the shareholders, against Coupon No. 29, a cash dividend of 2.50 Crowns per share, equivalent to 4.7 per cent of the Company's net worth	11,651,605.00
Balance carried forward	11,109,346.29
	25,182,891.29

The report and accounts were adopted by the General Meeting. Chairman of the Board is Mr Marcus Wallenberg and Managing Director Mr Sven T. Aberg.

THE ERICSSON GROUP

Stockholm—Sweden

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1955

(In Thousands of Crowns)

Assets	1955		1954
Property, P'ant and Equipment :—			
At cost	253,284		
Less—Accumulated depreciation	127,509	125,775	98,969
Patents and Other Intangible Assets		937	642
Miscellaneous Investments		5,532	4,627
Investments in Subsidiaries not Consolidated and Associated Companies :—			
Subsidiary Companies :—			
Investments in capital stock	19,228		20,084
Receivables	2,707	21,935	2,090
Associated Companies :—			
Investments in capital stock	64,342		64,342
Debentures	22,402		22,402
Receivables	24,083	110,827	22,371
		132,762	131,289
Deferred Receivables		12,367	13,986
Own Mortgage Bonds and Debentures held in Treasury (face value 6,725)		6,538	8,535
Current Assets :—			
Inventories		162,548	98,268
Installations in progress for customers		69,695	50,240
Receivables		147,708	113,857
Cash		88,308	88 786
Miscellaneous		14,065	9,892
		482,324	361.043
To secure indebtedness the above assets were pledged in the amount of 189,766 and 178,676, as at December 31, 1955, and 1954 respectively.		766,235	619,091

Stockholders' Equity and Liabilities	1955	1954
Stockholders' Equity :—		
Capital stock	163,122	122,342
Reserves not available for distribution	46,835	33,552
Reserves for contingencies	17,250	17,150
Unappropriated retained earnings from previous years	68,017	56,265
Net income for the year	20,070	20,092
	315,294	249,401
Reserves Arising on Consolidation	60,121	50,471
Minority Interests in Subsidiary Companies	11,019	12,102
Liabilities to Subsidiaries not Consolidated and Associated Companies :—		
Subsidiary companies	3,421	3,776
Associated companies	57	1,778
	3,478	5,554
Noncurrent Liabilities :—		
Pension foundations	45,930	39,702
Mortgage bonds	37,027	32,705
Debentures	46,066	45,149
Mortgage loans	6,278	3,825
Miscellaneous	4,194	11,496
	139,495	132,877
Current Liabilities :—		
Advances from customers	92,923	78,912
Accounts payable—Trade	47,438	26,756
Accrued taxes	9,879	15,345
Bank loans	29,657	6.055
Miscellaneous	56,931	41,618
	236,828	168,686
	1955 1954	
Contingent Liabilities	21,359 16,153	
	766,235	619,091

STATEMENT OF CONSOLIDATED INCOME FOR THE YEAR 1955

(In Thousands of Crowns)

Income		
Net Sales		613,761
Income from Subsidiaries not Consolidated and Associated Companies (other than sales to such companies) :—		
Dividends	4.424	
Interest	3,149	
Miscellaneous	7,636	15,209
Other Income :—		
Dividends	258	
Interest	4,644	
Miscellaneous	1.050	5,952
		634.922

Expenses		
Costs and Expenses, other than items below		549,185
Depreciation :—		
Buildings	2,728	
Machinery and equipment	12,339	
Other	506	
		15,573
Interest Expense		6,977
Miscellaneous Provisions :—		
Contributions to pension foundations	7,126	
Other (net)	15,920	
		23,046
Taxes		19,347
Minority Stockholders' Shares of Net Income of Subsidiaries		724
Net Income for the Year		20,070
		634,922

TATA IRON & STEEL COMPANY, LIMITED

VITAL ROLE OF FREE ENTERPRISE IN NATION'S FUTURE DEVELOPMENT

The Annual General Meeting of Tata Iron & Steel Company, Limited, was held on August 30, 1956, in Bombay.

Mr J. R. D. Tata (Chairman of the Company) presided. The Chairman said: "We all realise that since Independence our Government have performed a tremendous task. We also realise," he continued, "that their task in the coming years will remain a formidable one; that the success of India's plans of economic development is essential to the future prosperity and happiness of our people. We in the industrial and business field are therefore at one with Government in their objective of a prosperous, democratic and happy nation emerging from the years of toil ahead. Where we differ is in the respective roles of the State and of the individual in the economic activity of the nation. We sincerely feel that some of Government's policies are based on economic theories on capitalism and socialism which no longer fit the facts, if ever they did. They seem to ignore the lessons of the social and economic experiments undertaken elsewhere in the world during the last few decades; for instance, the fact that, apart from the US, countries in Europe, which have relied largely on free enterprise and given it the necessary support and encouragement, have achieved not only economic prosperity but also, through realistic fiscal and administrative measures, the socialist dream of an equalitarian Welfare State."

While pointing to the dangers inherent in such developments which seemed to threaten the balance of the mixed economy, Mr Tata said that he had consistently made it clear that free enterprise in India unreservedly accepted the national objectives of increased production and equitable distribution and was anxious to co-operate with Government in the building of a practical Welfare State in which State Enterprise and Free Enterprise joined hands in the common task.

CONCENTRATION OF ECONOMIC POWER

Mr Tata, however, felt that he must reiterate the concern with which he and many others viewed the ever increasing centralisation of economic power in the hands of Government.

Referring to the uninterrupted growth of Governmental power in the economic field, Mr Tata observed that India was well on the way to a strange and unnatural combination of political democracy and economic autocracy. "The question that should agitate the minds of all of us," continued Mr Tata, "is whether our political freedoms can long survive if our economic freedoms continue to be whittled away. Once all economic power is centred in Government, will it not be found equally necessary to curtail other freedoms in the interests of the people? Although there may be no danger that the able men in power today, motivated as they are by democratic ideals, will abuse their powers, history shows that the danger lies in the very existence of unlimited power which may one day fall into less worthy hands."

NATIONALISATION OF LIFE INSURANCE

Commenting on the nationalisation of life insurance, Mr Tata observed, "Although spokesmen of Government have stated in the past that ideology played no part in the formulation of their economic policies, it is noteworthy that, during the debate in Parliament on the Life Insurance Corporation Bill, the then Finance Minister said:

> 'There was no need for Government to make out a case that private enterprise had failed in order to effect nationalisation. Nationalisation could be justified on grounds of ideology and philosophy.'

"This statement, coupled with the fact that every practical object which the Government sought to achieve could have been secured without recourse to nationalisation, must lead to the conclusion that political or ideological considerations were largely responsible for the measure and that they are likely to motivate future economic decisions."

PRIVATE SECTOR'S PERFORMANCE

Commenting on the view held in certain quarters that Indian capitalism had failed to deliver the goods, that it had shown no initiative and that it could not in an economically backward country like India produce the dynamic results obtained in the highly developed economies of the West, Mr Tata said that this view overlooked a number of facts such as that the Private Sector had fulfilled and in some cases exceeded its production quotas under the first Five-Year Plan; that private enterprise in India had not up to now had the freedom of action and the incentives it enjoyed in the countries where it had proved so strikingly successful; and that there was enough evidence available that the introduction of socialism of the kind, and by the means, contemplated in India had not proved an unqualified success in other countries. "Still, even if we accept the premise that the magnitude and urgency of the task in India render its performance beyond the capacity of free enterprise alone," said Mr Tata, "the correct solution, which until not so long ago seemed to have been accepted by Government, lies in a mixed economy in which both Free Enterprise and State Enterprise are harnessed to the country's needs."

Continuing, Mr Tata observed: "I feel the charge that free enterprise in India has shown no initiative in recent years is particularly hard to take. I for one am in fact surprised at the amount of initiative displayed considering the discouragement and disincentives to which it has been subjected. While saying this, it is only fair that I should acknowledge the help and advice which industry in the Private Sector has received in recent years from our dynamic Minister for Commerce and Industry." Without his encouragement and quickness of decision, their Two Million Ton Project might not have come into being or would still be at the stage of discussion and correspondence.

Mr Tata said that Indian industry needed no compulsion to induce it to collaborate with Government or to make its full contribution to the economic development of the country. "It is prepared," said Mr Tata, "to take the necessary risks and to make the necessary sacrifices, but it asks to be left in reasonable peace to do its allotted job."

FINANCIAL RESULTS

Commenting on the working of the Company, Mr Tata said that the financial results of the year's operations were characterised by a decrease of Rs. 34 lakhs (£255,000 or $715,789) in disposable profit, largely due to lower sales of ferro-manganese and by the large accretions exceeding Rs. 4 crores (£3 million or $8,421,054)—to the Plan Rehabilitation and Development Fund and the Development Reserve under Government's new retention price scheme.

TWO MILLION TON PROGRAMME

Mr Tata referred to the proposal reported by him to the shareholders at the last annual meeting to increase the Company's ingot steel production from the target of 1.3 million tons per annum under the current modernisation and expansion programme to a new target of 2 million tons per annum within a period of 3 years and at a cost of about Rs. 60 crores (£45 million or $126 million) on the new plant. He informed the meeting that the contract for the engineering, procurement, construction and supervision services for this further expansion programme, styled as the Two Million Ton Programme, had been placed with two Divisions of the Henry J. Kaiser Corporation of California, known for their industrial and engineering experience and their ability to get things done quickly. The first orders for the principal items, such as the three main rolling mills and electrical equipment, were placed by March, 1956.

Referring to potential sources of delay in rail and road transport difficulties, bottlenecks in steel fabrication and congestion in the Calcutta Docks, Mr Tata stated that the chances of completing the job in time were improved by the co-operation extended by the Ministry of Commerce and Industry and the Finance Ministry of the Government of India.

PROJECT COST

The cost of the new plant was estimated to amount to Rs. 62 crores (about £46.5 million or $130 million). Including, however, the related items of work to be undertaken departmentally by the Company, such as site clearance, modifications to existing shops and mills, provision of rolling stock and other items and expenditure on the collieries, mines, quarries, etc., the entire project would cost Rs. 75 crores (about £56 million or $157 million).

WORLD BANK LOAN

Mr Tata referred to the loan of $75 million or £27 million which the Company had negotiated with the International Bank for Reconstruction and Development, the agreement for which was signed on June 26, 1956.

A striking aspect of this loan, Mr Tata mentioned, was the fact that it was the largest loan granted up to now by the Bank for an industrial undertaking anywhere in the world and also the largest single loan granted for any purpose to any country in Asia.

One aspect of the negotiations with the Bank was the remarkable speed at which they were conducted and concluded. Mr Tata expressed the Company's gratitude to Mr Eugene Black, the distinguished President of the Bank and to his associates for so kindly expediting, in response to the Company's request, the detailed and complex procedures which the Bank normally follows in disposing of loan applications.

This loan of $75 million and the additional

share capital of $28 million or £10 million authorised by the shareholders towards the end of the previous year, would provide the Company about $103 million or £37 million out of the total of $157 million or £56 million required for the Two Million Ton Programme. The balance of about $54 million or £19 million, Mr Tata said, would be secured from retained earnings over a period of five years ending 1960 and from further borrowings.

AGREEMENT WITH THE UNION

Referring to the agreement with the Union, Mr Tata pointed out that it set out the rights and obligations of the Company and the Union and recorded agreement on a number of outstanding issues. "A special feature of this Agreement," observed Mr Tata, "was that it contained an important declaration of intention to bring about a closer association of employees with Management in the working of the industry."

ASSOCIATION OF EMPLOYEES

The shareholders were informed that under a Supplemental Agreement signed between the Company and the Union on August 4th, the considerable machinery already existing at Jamshedpur for joint consultation would be rationalised and, with the exclusion of matters concerned with collective bargaining or grievance procedures, would be brought within a three-tier structure of Consultative Councils. It was pointed out that while the function of these Councils would be of an advisory character and Management would remain, as before, in control of the Company's affairs, due weight would naturally be given to the views and recommendations of the councils.

Mr Tata emphasised that the Company had no intention of surrendering its managerial functions and responsibilities. "I for one do not believe in the concept prevalent in some labour circles that factories, whether owned by the State or by shareholders, should ultimately be handed over to workers who would provide both the labour and management of the enterprise. In my opinion, such a view is both unsound and impractical, and its pursuit can only lead to barren disagreements and ultimate disillusion."

"The Management of mechanised industries," observed Mr Tata, "is becoming more and more complex and requires increasingly high standards of technical and administrative experience and competence. Any worker, however humble his beginnings may have been in the industry employing him, should have the opportunity of rising in the organisation, his progress being determined by merit and his ability to discharge his allotted responsibilities. But this obviously implies that at a certain stage such a worker leaves the ranks of labour and becomes part of Management. This is a very different proposition from that of handing over the management of a factory to the workers collectively."

At the close of his speech Mr Tata said: "We have already come a long way in developing sound industrial relations at Jamshedpur for which I feel both the Management and the leadership of the Union deserve credit. We have not by any means solved all our problems; discipline, morale and productivity are not yet what they should be. No doubt, our standards of management themselves can be further improved; but I think it can be said that the present Management of the Company and of the Union have the will to co-operate for the good of the industry and the country as a whole."

The report and accounts were adopted.

FURNESS, WITHY & COMPANY

EARNINGS, LESS TAXES, OUTPACED BY REPLACEMENT COSTS

SIR ERNEST H. MURRANT ON "FLAGS OF CONVENIENCE"

The sixty-fifth annual general meeting of Furness, Withy & Company Limited will be held on September 26th at Furness House, Leadenhall Street, London, E.C.3.

The following is an extract from the circulated statement of the Chairman, Sir Ernest H. Murrant, KCMG, MBE:

The Consolidated Balance Sheet and Consolidated Profit and Loss Account show a very satisfactory situation.

In reviewing the accounts of the Parent Company, the chairman said: On the general subject of taxation, about which so much has been said and written, and which is at the root of the current controversy about ships flying "flags of convenience," and the decline in Britain's proportion of world tonnage, Stockholders will no doubt be interested to learn of the following figures.

In the past ten years we, and our Shipowning Subsidiaries, have paid in cash, or by deduction from income at source, in respect of United Kingdom taxes, £10.673,282. We have incurred a deferred liability to account for taxes on £7,644,262 by reason of Initial Allowances. We are obliged to bring into account and settle in cash, or by set off, the tax liability on Balancing Charges (which have amounted to £3,106,219) in respect of ships lost or otherwise disposed of. These figures bring out with realistic force the fact, of which I have no doubt, that our taxation burdens are far in excess of those of any other unaided Maritime Nation.

No British Shipowner would wish to pass over, without generous acknowledgement, the most helpful gesture of the Chancellor of the Exchequer, in continuing the Investment Allowance to the Shipping Industry when it was withdrawn from others. This was undoubtedly a clear admission that our case for alleviation is a strong and good one. But one must ask the question: is it enough to ensure the maintenance of an adequate and efficient Merchant Marine in the future?

In the Consolidated Balance sheet Shipping Property and Payments on account of new Tonnage figure at £25,404,874 compared with £24,151,142 at April 30, 1955. Four new ships came into commission at varying dates during the year, and three were disposed of. As at the date of the Accounts there were fourteen ships under construction or contracted for in the Group, and the estimated balance of liability therefore amounted at April 30th to £13,787,000.

It will be recalled that in my Statement a year ago I mentioned (in reference to the Group's liquid resources) that the figures were likely to read very differently in the course of the next year or two, and that forecast is gradually being borne out as our replacements eat into our resources. The point must again be emphasised as it is already inevitable that, planning ahead for 1960, still further contracts must be placed during the current year if our business is to be kept alive and competitive.

In short, what the Shipping Industry has been saying for years past is now passing from the theoretical to the practically demonstrable stage viz. that earnings, less taxes, cannot keep pace with the increased cost of replacing the older units of the fleet.

If existing conditions continue, it is probable that (a) it will be increasingly difficult to maintain the actual amount of tonnage under the British flag and (b) the relative proportion of the British share of world tonnage will continue to decline.

"FLAGS OF CONVENIENCE"

Part of the increase in world tonnage has benefited by the use of so-called "flags of convenience." The Organisation for European Economic Co-operation (OEEC) in its recent report commented on this subject in the following terms:

"Resort to flags of convenience is not directly instigated by Governments, though their actions, particularly in the field of taxation, may indirectly create conditions in which the practice presents attractions to Shipowners. Whether these attractions are real and permanent may be open to question, but there is no doubt that they can easily bring about conditions which may provoke counter-measures."

There are several British Colonies in which registration facilities exist, similar, so far as taxation is concerned, to the most popular "flags of convenience," such as Panama, Liberia, Honduras, etc., and one obvious "counter-measure" would be for British Shipowners to take advantage of the protection afforded by suitable Colonial flags in order to build up their fleets by means which are denied to them through excessive taxation in the Mother country.

It may well be that this would be following an example which in some quarters would be held to be a bad example, but I am not aware of any practical method of preventing, or restraining, a practice which is becoming a serious threat to the future welfare of the British Shipping Industry.

The total net revenue from all sources was £5,391,203, an increase of £605,982 compared with last year. Depreciation at £2,608,565 absorbed £464,293 of this increase, and taxation at £1,063,193 absorbed a further £21,887. We are left with the Parent Company's proportion of the net profit at £1,036,586, an increase of £262,625. It is your Directors' recommendation that the dividend be increased by 2 per cent (absorbing more than half the available surplus, viz. £552,000 after deduction of tax), that £400.000 be allocated to Fleet Replacement Reserve, and that the amount carried forward into the current year should be £448,035, compared with £406,574.

Increases in operating costs are demonstrable, but the actual increases in Capital costs, and the consequential effects thereof, flow through the whole structure of Shipping finance. The vital necessity is to retain, or plough back—to use a more popular phrase—sufficient of our net earnings to provide for the replacement of our wasting assets. But here again the bogey of taxation raises its head as any increase in earnings creates an increased liability for taxation as a first charge.

In all the circumstances as they at present exist, we can do no more than endeavour to establish a reasonably fair division of such surplus net earnings as remain after normal depreciation and taxes, between the amount which can be ploughed back into Reserves towards replacement costs, and the amount to be distributed upon the risk bearing Capital which belongs to our Stockholders.

APPOINTMENTS

AUSTRALIA-CANBERRA UNIVERSITY COLLEGE

Applications are invited for appointment to the following posts:—

Lecturer or Senior Lecturer in Law.

Lecturer or Senior Lecturer in Geography (with qualifications in Economic Geography).

Lecturer in German.

Salary range: Senior Lecturers, £1,824-£2,174 per annum; Lecturers, £1,224-£1,774 per annum (Australian currency). Commencing point within the range will be determined in accordance with the qualifications and experience of the applicant. Annual increments are £70.

Further particulars, conditions of appointment and the summary form, which must accompany applications, may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close in London and Australia on October 15, 1956.

UNIVERSITY COLLEGE, IBADAN NIGERIA

Applications are invited for Lectureship (a) (Grade II or (b) (Grade II) in PUBLIC ADMINISTRATION. Revised salary scales (a) £1,400 x £50 to £1,650 p.a., (b) £1,000 x £50 to £1,300 p.a. Entry point on (b) scale according to age and qualifications. Appointment for three years in first instance. Child allowance £50 p.a. per child resident in Nigeria (max. £150 p.a.), or £100 p.a. per child resident elsewhere (max. £300 p.a.). Part furnished accommodation at rent up to 7.7 per cent of salary. Passages for Lecturer, wife and up to three children under 11 years on appointment, overseas leave and termination. F.S.S.U. Outfit allowance £60.

Applications (six copies) detailing qualifications and experience and naming three referees, by September 29, 1956, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

MARKETING OFFICER required for Nigerian Federal Government Marketing and Exports Department for one tour of 15-24 months in first instance. Commencing salary according to experience in scale (including inducement addition), £840, rising to £1,530 a year. Gratuity at rate of £100-£150 a year. Outfit allowance £60. Free passages for officer and wife. Assistance towards children's passages and grant up to £150 annually for maintenance in U.K. Leave on full salary. Candidates, preferably under 35, should have had several years' good commercial experience in a responsible capacity, or hold a degree in Economics or Commerce and a diploma from, or membership of, a recognised Institute of Commerce. Administrative ability essential.—Write to the Crown Agents, 4, Millbank, London, S.W.1, State age, name in block letters, full qualifications and experience, and quote MIB/43051/EN.

EASTERN GAS BOARD

APPOINTMENT IN THE AREA STATISTICIAN'S OFFICE

Applications are invited for appointment to a vacancy in the office of the Area Statistician at Tottenham. Applicants should hold an Honours degree in Economics or Commerce or have had equivalent training.

The work will be concerned partly with the compilation of statistics and partly with the preparation of statistical reports for the guidance of management. Calls for attention to detail and the ability to write clearly rather than a high level of mathematical statistics.

The successful candidate may be required to pass a medical examination and, unless already subject to a pension scheme by virtue of the Gas (Pension Rights) Regulations, 1950, will be required, if eligible, to join the Board's staff pension scheme within six months from taking up the appointment.

The salary will be in accordance with grade APT 6 (£640 to £720 per annum) of the National Salary Scales for Gas Staffs, and the initial placing within this grade will be subject to the candidate's qualifications and experience. Promotion beyond this grade would be dependent upon proved ability.

Applications, stating age and qualifications, should be addressed to the Secretary, Eastern Gas Board, 2 The Abbey Gardens, Great College Street, Westminster, S.W.1, to reach him not later than October 6, 1956.

THE BRITISH COTTON INDUSTRY RESEARCH ASSOCIATION

(SHIRLEY INSTITUTE)

There is a vacancy for a graduate in the department concerned with operational research and the relations and interactions of technology and economics. Applicants should have a good honours degree in economics, preferably with statistics as a subsidiary subject. They should also have an interest in manufacturing industries, and some aptitude for mathematical methods. The person appointed will interest himself primarily in problems concerning costs, but will also participate in the other work of the department. The work is non-routine and offers variety and scope for fresh thinking. A salary in the range of £550 to £640 per annum will be paid, and the post qualifies for participation in the Federated Superannuation Scheme for Universities.—Applications should be made to Dr. D. W. Hill, Director of Research, The B.C.I.R.A., Shirley Institute, Manchester, 20.

SPECIAL OPENING FOR YOUNG GRADUATES TO ENTER ADVERTISING WITH COMPLETE TRAINING

Large international advertising agency offers intensive 12-month training in all branches of advertising to selected men (with starting salary of £600 p.a.) and women (£500 p.a.). Prospects are exceptional and selection will be rigorous. First judgement will be made on quality of letters of application, which should be typed, if possible, and should attempt to do more than list qualifications and ambitions. Writers of suitable letters will be invited to take written aptitude tests. Interview will follow if these are successful. Essential qualifications: age 21-27, Honours Degree, lively imagination, plenty of common sense, flair for good English, enterprise, initiative, ability to get on with people, good nerves, good nature and well-developed inclination for hard work.—Box 494.

THE UNIVERSITY OF LEEDS

DEPARTMENT OF ECONOMICS AND COMMERCE

Applications are invited for a temporary appointment, for one year only, as Lecturer or Assistant Lecturer to assist in teaching management subjects to undergraduates working for degrees in the Faculty of Technology and in organising seminar courses for established managers. Salary will be within the range of £650-£1,350 for a Lecturer, or £550-£650 for an Assistant Lecturer. Candidates may offer qualifications for teaching in one or more of the following fields: Accounting and statistical methods as used in management, administrative practice and policy, methods study, human relations.—Applications (three copies), stating date of birth, qualifications and experience, together with the names of three referees, should reach the Registrar, The University, Leeds, 2 (from whom further particulars may be obtained), not later than September 24, 1956.

THE UNIVERSITY OF HULL

Applications are invited for a Research Assistantship in the Department of Economics and Commerce to undertake research into problems of the distribution of the British industrial working population between different industries over the next 25 years. Salary scale £500 x £50 to £750 per annum with F.S.S.U. and children's allowances.—Further particulars from the undermentioned, to whom applications (five copies) should be sent not later than September 29, 1956.

W. D. CRAIG,
Registrar.

THE UNIVERSITY OF HULL

Applications are invited for a Lectureship in Statistics. The person appointed will be required to teach Economic Statistics in the Department of Economics and Commerce. Salary scale £650 x £50 to £1,350 per annum with F.S.S.U. and children's allowances.—Further particulars from the undermentioned, to whom applications (six copies) should be sent not later than September 29, 1956.

W. D. CRAIG,
Registrar.

UNIVERSITY COLLEGE OF NORTH STAFFORDSHIRE

Applications are invited for the post of Assistant Lecturer or Lecturer to be held jointly in the Departments of Geography and Education. Salary: Lecturer, £650 x £50 to £1,000 (Efficiency Bar) x £50 to £1,350. Assistant Lecturer, £600 x £25 to £650. F.S.S.U. provident scheme available and Children's Allowances are payable.—Further information and application forms may be obtained from The Registrar, The College, Keele, Staffs, to whom completed applications must be returned not later than September 18, 1956.

WOOLWICH POLYTECHNIC

LONDON, S.E.18

Principal: I. S. Tait, Ph.D., B.Sc., A.R.T.C., M.I.E.E., M.I.Mech.E.

Applications invited for:—

(iii) Lecturer in Industrial Relations, Applied Economics and Management Studies from honours graduates who should have specialised in Applied Economics in their final degree. Industrial experience in Labour Management or Personnel Department of a manufacturing concern, teaching or lecturing experience desirable.

(iv) Assistant Grade B to teach Costing, Accounting, Office Organisation and Methods and Allied Subjects. Candidates should be qualified Professional or Cost Accountants with good industrial and teaching experience.

The proposed salary scales are: Lecturer, £1,200 to £1,450; Assistant Grade B, £650 x £25 to £1,200, starting salary according to qualifications and experience; plus London Allowance of £30 to £48.

Particulars and application form from Clerk to Governors, to be returned by September 21, 1956.

B.B.C. REQUIRES PROGRAMME ASSISTANT, Greek Section (British subject). Duties include writing, editing and initiating scripts, deputising for Programme Organiser, assisting in administration of section, allocating duties to programme assistants and planning and supervising output. Essential qualifications: Sound, up-to-date knowledge of Anglo-Greek relations, interest in world affairs, and good knowledge of Greek language and people. Salary £975 (possibly higher if qualifications exceptional), rising by five annual increments to £1,200 maximum. Requests for application forms (enclosing addressed envelope and quoting Reference "2030 Ec") should reach Appointments Officer, B.B.C., Broadcasting House, London, W.1, within five days.

MARKETING RESEARCH.—An unusual opportunity exists for a man with some practical Research experience to join one of the top ten Advertising Agencies to handle the Marketing and Research activities of an important client. A four-figure salary is envisaged for the right man. The successful applicant need not have been in sole charge of a Research Department, but he should know from his own experience how competent Research is carried, and the use that is made of it. Familiarity with the Nielsen Index would be an advantage. This is a permanent and progressive appointment.—Box 493.

HOOVER (WASHING MACHINES) LIMITED

Merthyr Tydfil, South Wales

Invites applications for the post of

ASSISTANT TO THE COST ACCOUNTANT.

Applicants should not be less than 30 years of age, and should either hold A.C.W.A., or have passed finals. Previous experience of industrial cost accounting systems, preferably in a supervisory capacity, will be an advantage.—Applications should be made by letter, to the Employment Officer, giving full details of qualifications, experience and age.

MECHANICAL ENGINEER.—A well-known steel and engineering company requires, for its large works in India, an experienced engineer, aged between 30 and 40. Candidates must have served a full engineering apprenticeship or be Graduate Engineers. Although not essential, some railway experience would be an advantage. The post carries great responsibility, and salary and conditions offered are in keeping with the high standard required.—Applications, which will be treated in strict confidence, should give full details of age, qualifications and career to date, and should be addressed to Box 528, c/o Walter Judd, Ltd., 47 Gresham Street, London, E.C.2.

THE NATIONAL INSTITUTE OF ECONOMIC AND SOCIAL RESEARCH

SECOND ADVERTISEMENT

The Executive Committee invites applications for the post of Secretary, lately made vacant by the death of Mrs. F. S. Stone. The appointment will be for a year, in the first instance, with prospects of continuance. The salary will be in the range of £1,100 to £1,450, with F.S.S.U. provision and family allowances. Applications, with the names of two referees, should be sent to the Acting Secretary (from whom further particulars may be obtained), at 2 Dean Trench Street, London, S.W.1, not later than September 30th.

SALES ADMINISTRATION

Vacancy occurs (through promotion) at Glasgow Branch of progressive company. Applications sought from young men of intelligence, initiative and tact who can fit into a dynamic team. Experience of sales planning, office procedures and customer contacts an advantage. Attractive salary with good prospects in expanding company. Give full details of career, including present salary, in confidence, to Black and Decker Ltd., Personnel Department, Harmondsworth, Middlesex.

GRIFFIN & SPALDING LTD., Nottingham, invite applications from men and women seeking advancement in retail distribution for the posts of Under-Buyer in Fashion, Furnishing and Accessories Departments.—Send full details confidentially to Managing Director.

ACTUARY, preferably under age 30, required at Head Office by Australian Life Office operating in Commonwealth countries. Staff are distribution and expansion of business offer excellent prospects of promotion.—Apply, in confidence, Box 502.

INCORPORATED ACCOUNTANTS'

The Society of Incorporated Accountants' Examinations EXAMINATIONS, NOVEMBER, 1956

The Society's November, 1956, Examinations will be held on the following dates:

Preliminary:	November 13 and 14, 1956
Intermediate:	November 15 and 16, 1956
Final Part I:	November 13 and 14, 1956
Final Part II:	November 15 and 16, 1956

The Centres will be Belfast, Birmingham, Cardiff, Dublin, Glasgow, Leeds, Liverpool, London, Manchester, Newcastle-upon-Tyne and Southampton.

Applications on the appropriate forms must be lodged with the Secretary, Incorporated Accountants' Hall, Temple Place, Victoria Embankment, W.C.2, not later than Thursday, September 20, 1956.

B.Sc.(ECON.) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE

provides postal tuition for the above Degree obtainable without residence, which is a valuable qualification for those seeking executive appointments in commerce or industry, appointment of municipal posts. The College, established 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas in G.C.E. free from the Registrar, 60 Burlington House, Cambridge.

AUSTRALIAN NATIONAL UNIVERSITY, CANBERRA

RESEARCH SCHOLARSHIPS

Applications are invited from post-graduate students with research experience for Scholarships in Anthropology and Sociology, Demography, Economics (including Economic History and Economic Statistics), Geography, Australian History, Far Eastern History (China and Japan), a substantial knowledge of the relevant language as a pre-requisite, Pacific History, International Relations, Law, Political Science (including Public Administration), Philosophy, Political and Social Philosophy, and Statistics, including Mathematical Statistics.

The Scholarships are tenable for an initial period of two years, and may be extended for a third year. Scholars will be expected to enrol for a Ph.D degree, and to commence their studies in March, 1957.

The present value of a scholarship is £A771 per annum. Married scholars with dependent children may be granted additional allowances. The University will make a contribution not exceeding £stg.135 towards a scholar's fares to Canberra from the United Kingdom, and the same amount towards his return fare.

Application forms and further information may be obtained from the undersigned or from the Secretary, the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1. Applications should be lodged with the undersigned by October 15, 1956.

R. A. HOHNEN, Registrar.
Box 4, G.P.O., Canberra, A.C.T., Australia.

SUCCESSFUL TUITION FOR THE B.Sc.(ECON.) DEGREE

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for Lond. Univ. B.Sc.(Econ.) (three if Entrance is included). Moderate fees, instalments. Over 1,000 Wolsey Hall students have secured this valuable degree since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies, Dept. P.16, WOLSEY HALL, OXFORD.

EL CID.—Do you know the name? Yes, he was a Spanish Knight of the 11th century. But EL CID is also the name of a very fine sherry, shipped by Duff Gordon. You'll find it wherever good wine is to be had.

THE CHARTERED INSTITUTE OF SECRETARIES

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for Examinations—University, Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects. Write today for free prospectus and/or advice, mentioning examination or subjects in which interested, to the Secretary (Dept. 2),

METROPOLITAN COLLEGE, ST. ALBANS

or call at 30 Queen Victoria Street, London, E.C.4.

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Australia: £8.5s. (sterling)	Europe (except Poland): £4.15s.	Iran: £6	Iraq: £6	New Zealand: £9 (sterling)	S. America and W. Indies: £7.15s
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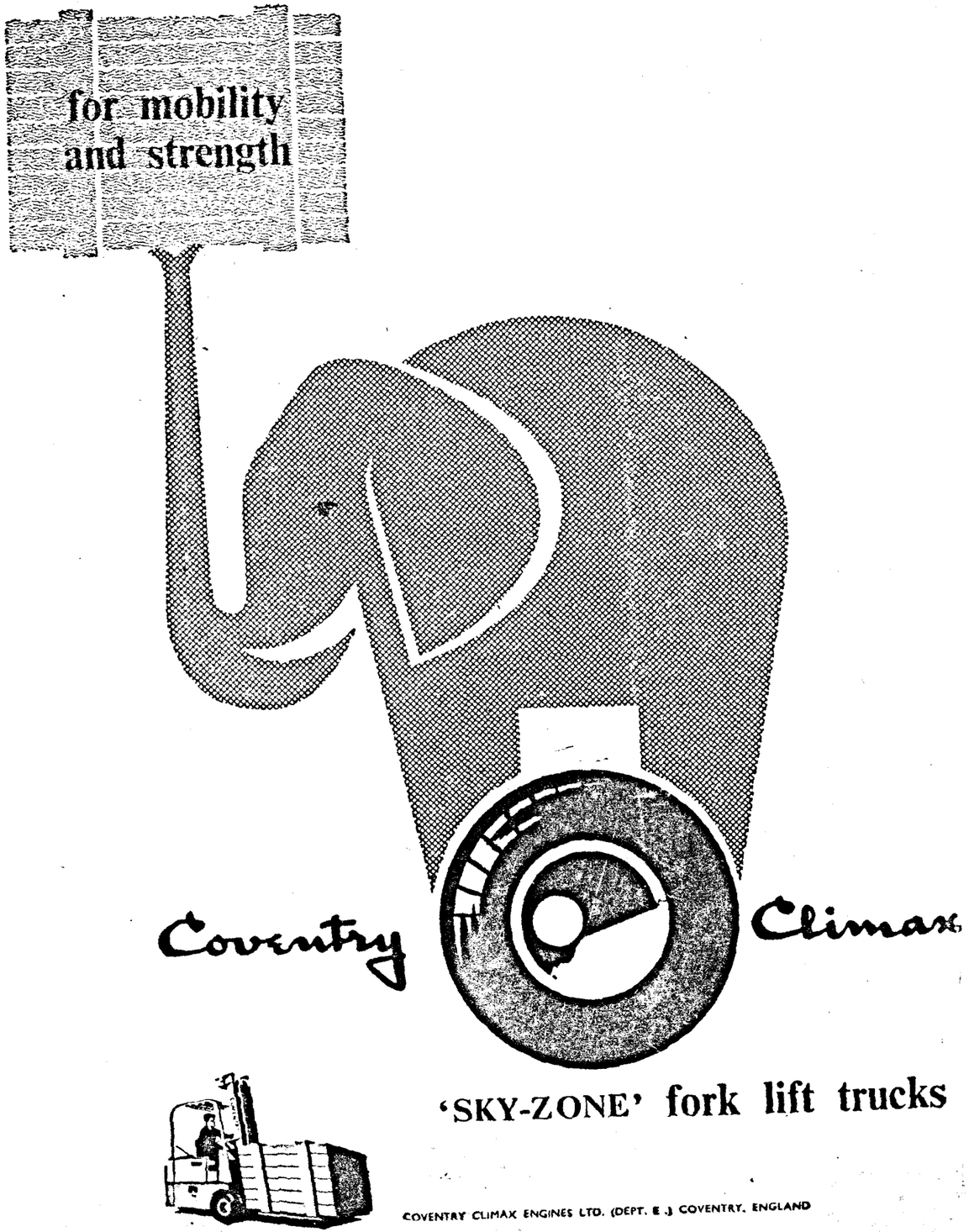
Printed in Great Britain by St. Clements Press, Ltd., Portugal St., Kingsway, London, W.C.2. Published weekly by The Economist Newspaper, Ltd., at 22 Ryder Street, St. James's, London, S.W.1. Postage on this issue: Inland 3d.; Overseas 2½d.—Saturday, September 8, 1956.



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The Key to Greater Export Sales

The Key to increased export sales often lies in advertising . . . and in advertising three words are of great significance—**who . . . where . . . how.**

Consider first the word—**who.** As a business man, you know how much depends on *who* reads your selling message. When you advertise in LIFE INTERNATIONAL and LIFE EN ESPAÑOL, you can be certain your advertisement is being read by people who can do something about it. The readers of these international editions of LIFE are men of influence—leaders in business, government and the professions.

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These are the INTERNATIONAL EDITIONS of LIFE magazine, with a combined current circulation of over 600,000 copies every fortnight.

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The Frozen Wastes of England

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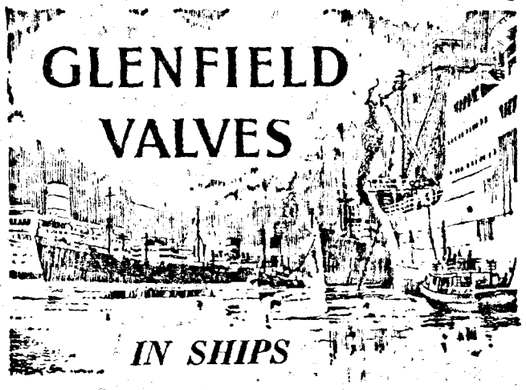

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GLENFIELD & KENNEDY LIMITED KILMARNOCK

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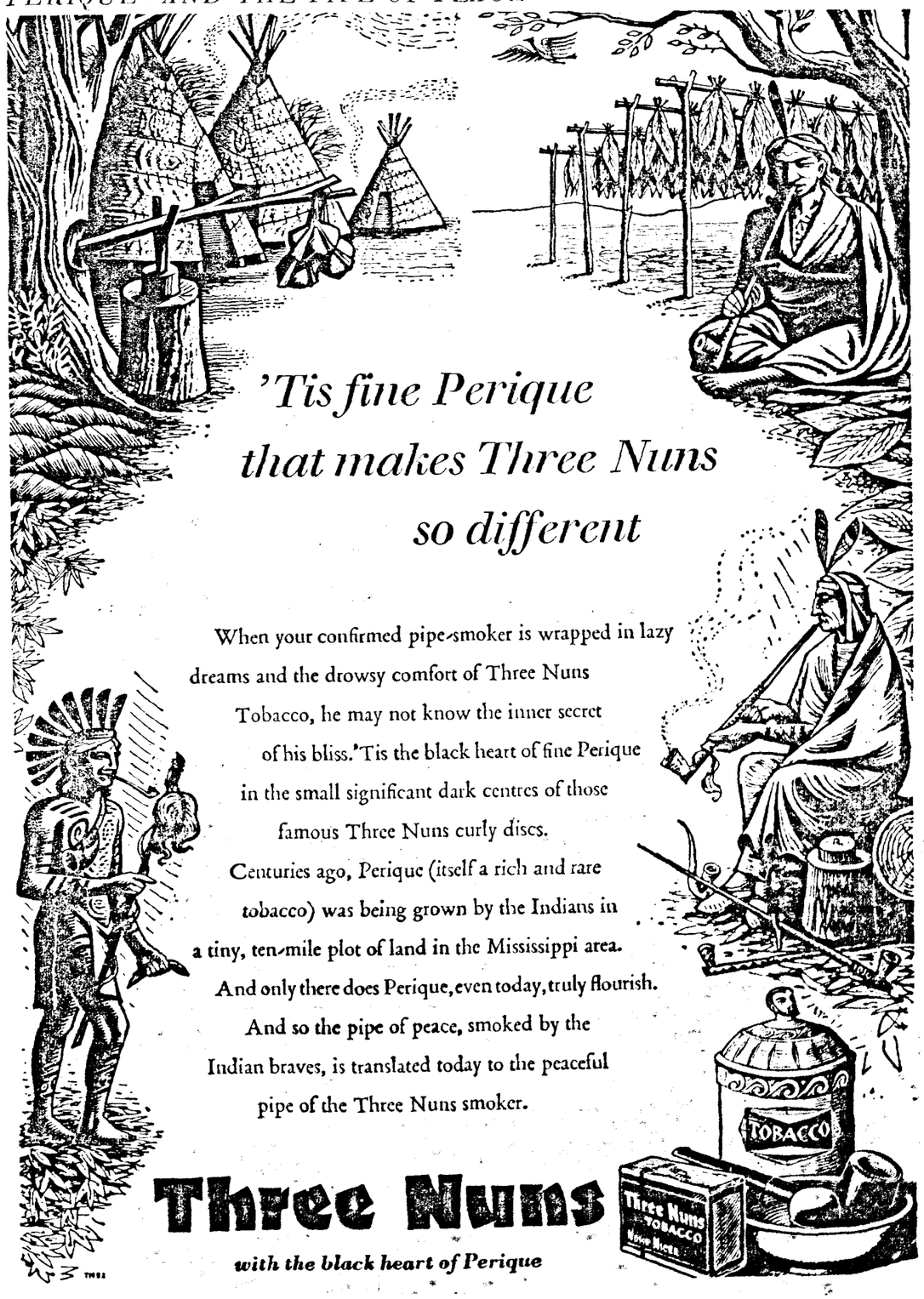

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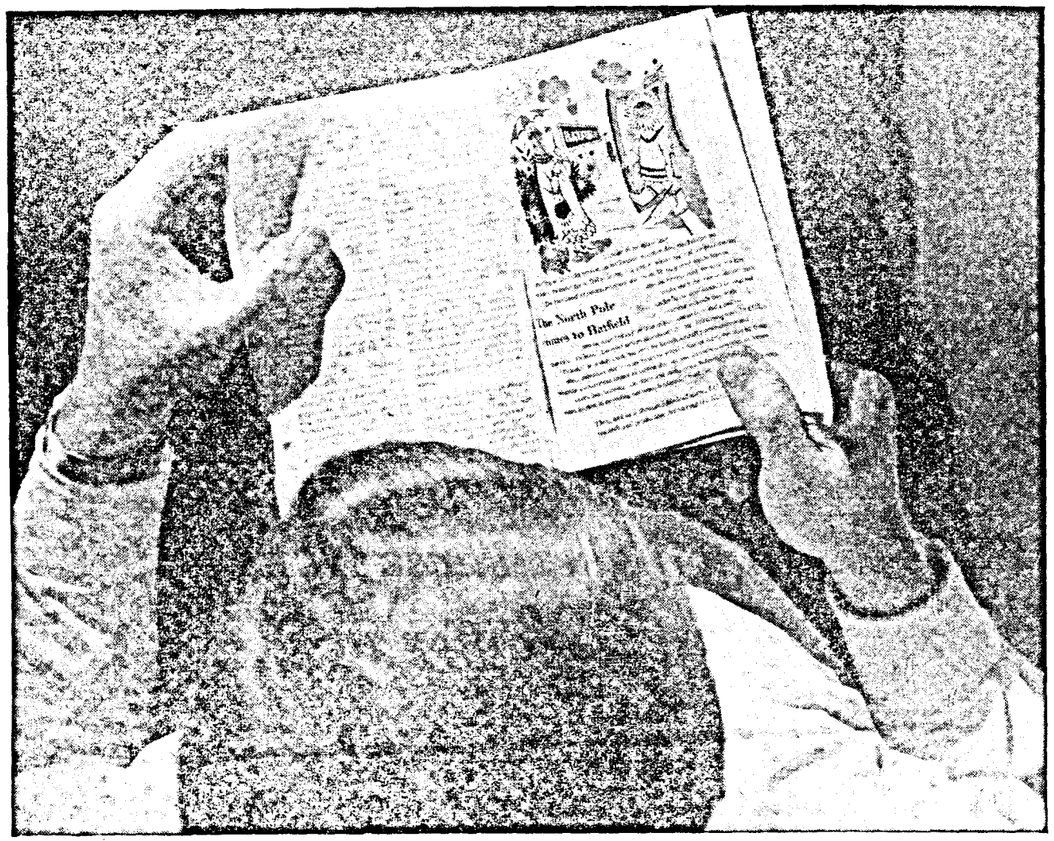
When your confirmed pipe-smoker is wrapped in lazy dreams and the drowsy comfort of Three Nuns Tobacco, he may not know the inner secret of his bliss. 'Tis the black heart of fine Perique in the small significant dark centres of those famous Three Nuns curly discs.

Centuries ago, Perique (itself a rich and rare tobacco) was being grown by the Indians in a tiny, ten-mile plot of land in the Mississippi area. And only there does Perique, even today, truly flourish.

And so the pipe of peace, smoked by the Indian braves, is translated today to the peaceful pipe of the Three Nuns smoker.

Three Nuns

with the black heart of Perique



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But more important still is our readers' *character*. The Reader's Digest deliberately sets out to please people with inquiring minds, receptive to new ideas. Its phenomenal success—over a million sale in Britain, a *world* sale of over eighteen million—is the measure of the opportunity it offers to the advertiser. Its readers really *read* it—pick up each issue many times as they browse through its articles. There is ample evidence that they read the advertisements, too. And they are exactly the kind of people, better informed than most, whose example is apt to influence their friends.

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The Reader's Digest

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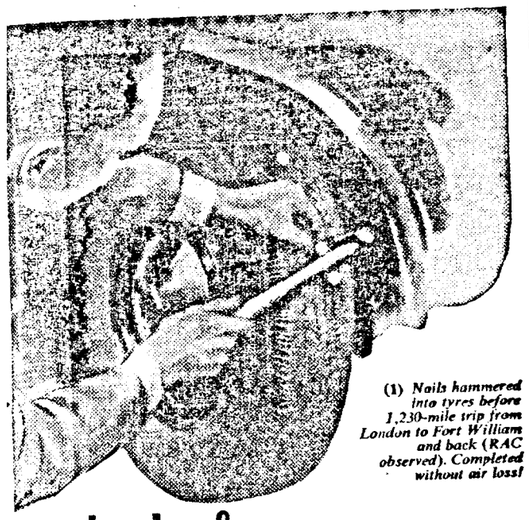

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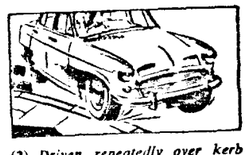
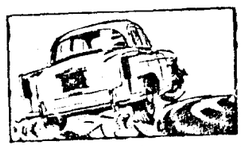


(2) Driven repeatedly over kerb with deliberate violence. No loss of air despite three 3" nails in the tyre.



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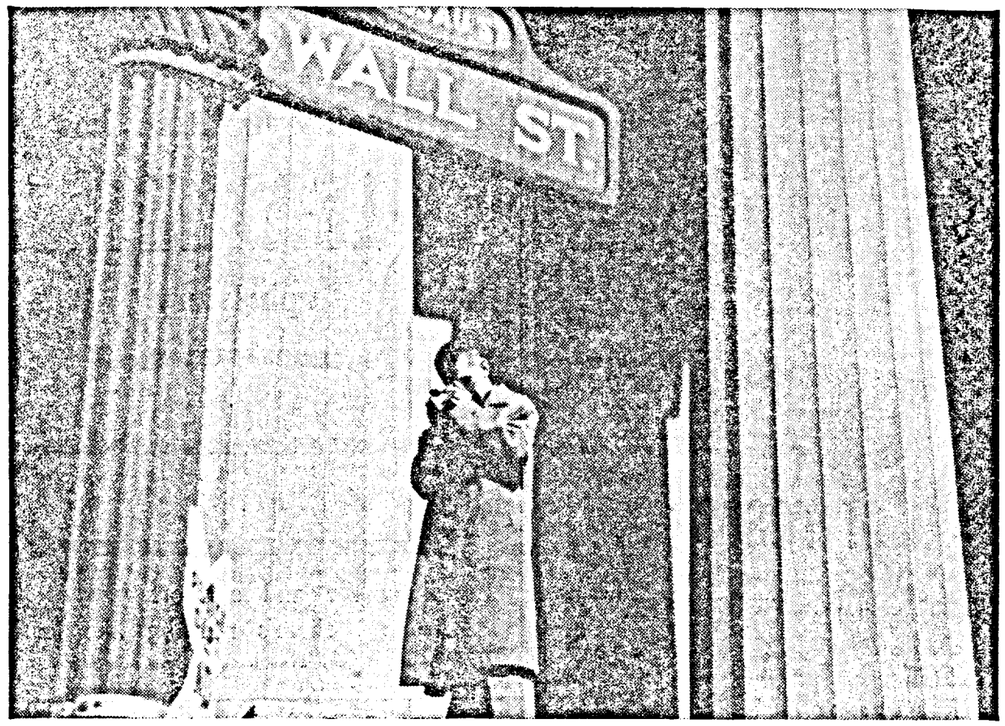

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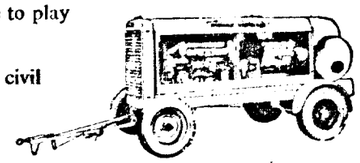

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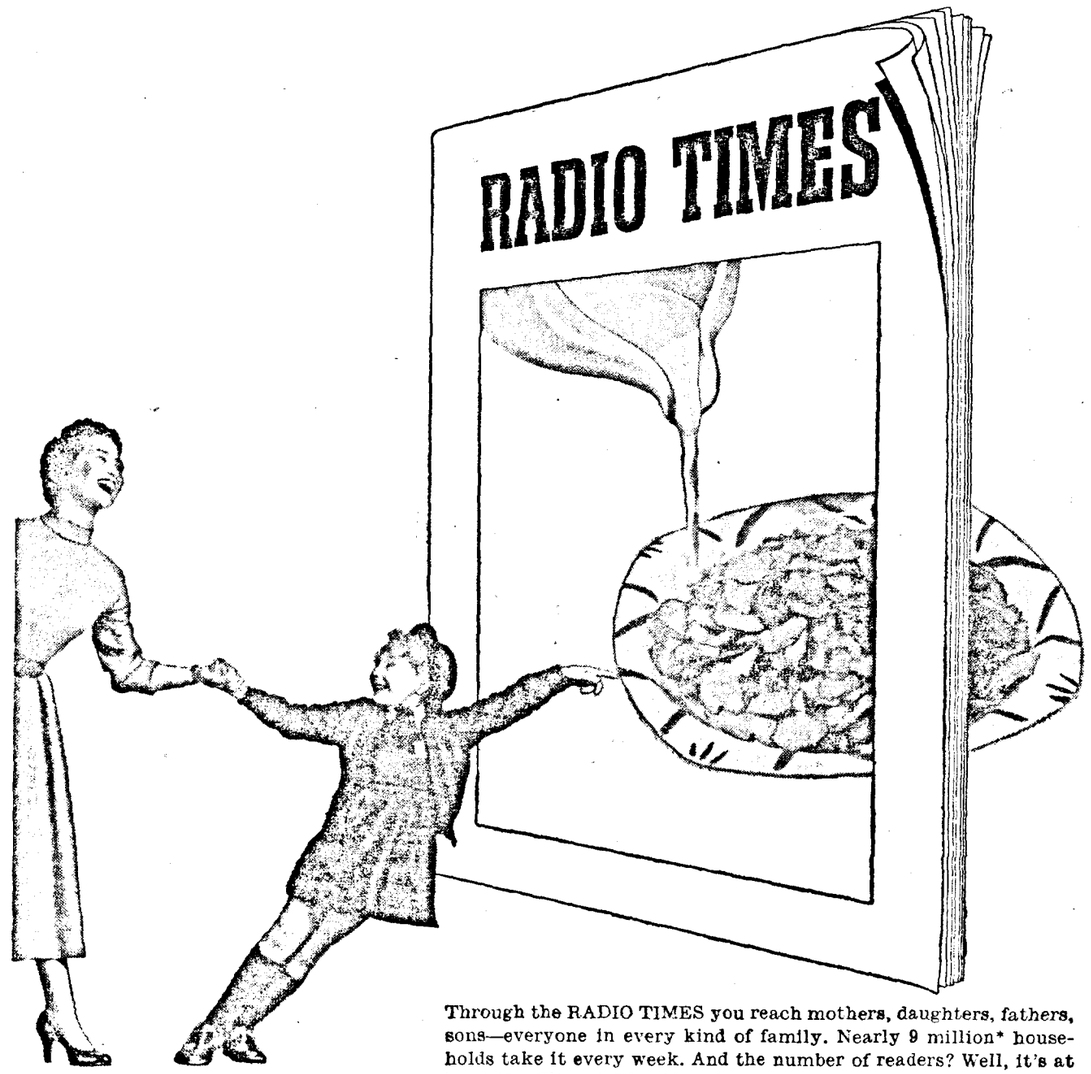

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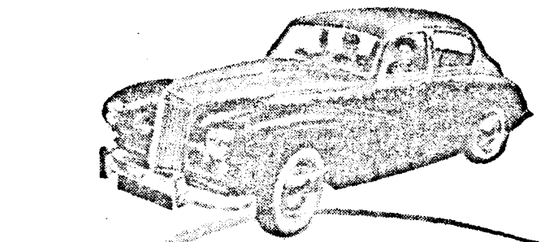

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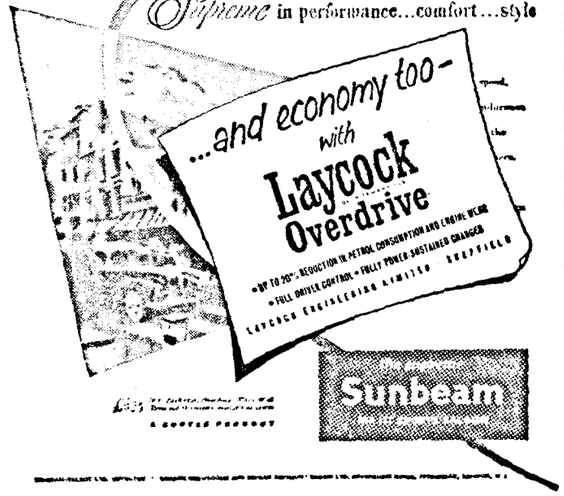

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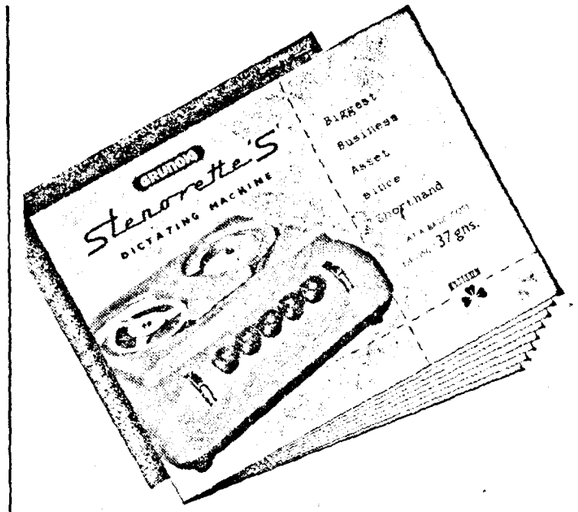

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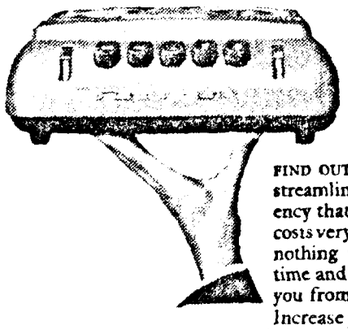

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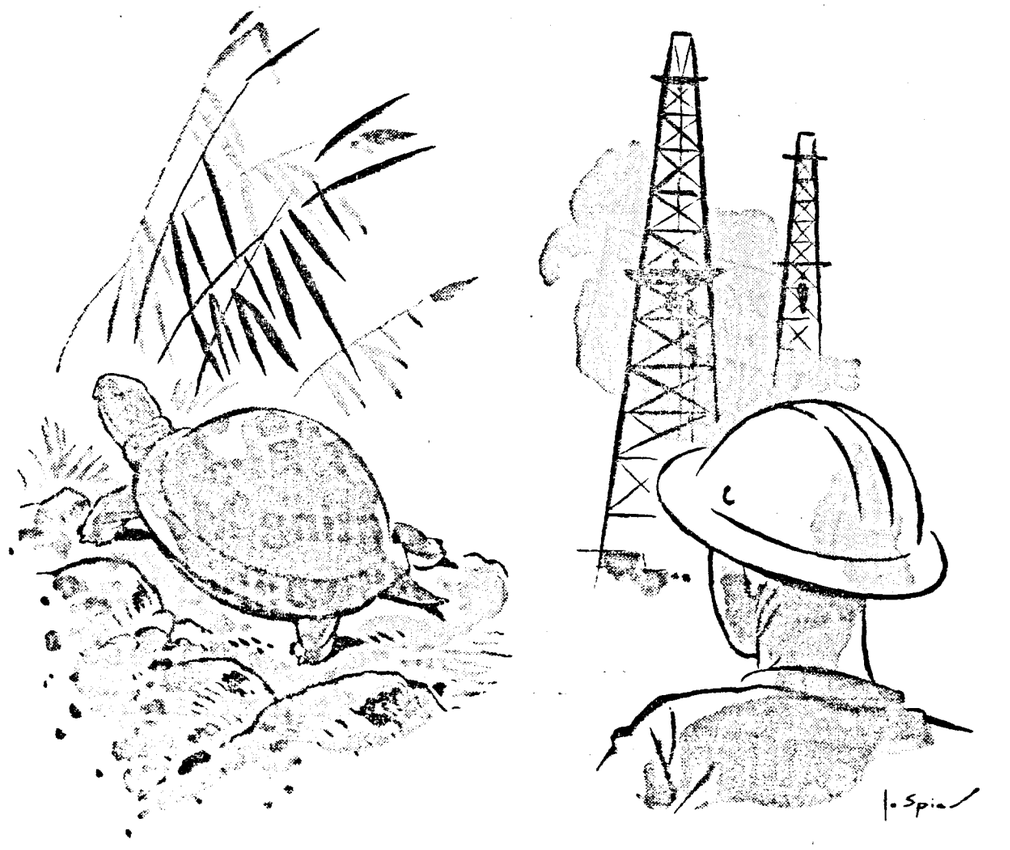

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Wielding the Users' Club

IN the days that preceded the reassembly of Parliament on Wednesday, authoritative hints had multiplied that the Government was, after all, inclined to take the Suez Canal dispute to the Security Council of the United Nations. By the time it met this intention (for it must be presumed to have been an intention, if only three-quarters formed) had been changed. The United Nations is for the present left out of it, except in the theoretical sense that the three powers, when they seek a solution by "peaceful means of their own choice," can claim to be acting under Article 33 of the Charter. This claim, which Mr Selwyn Lloyd made on Thursday afternoon, can be made legitimately so long as the means chosen are peaceful; Article 33 does not permit violent action. Instead, Sir Anthony Eden announced a new and startling scheme, which, as he stated it, left many things obscure, but at least made it clear that, while recourse to the United Nations had been shelved, it had not been shelved in favour of negotiation with Colonel Nasser.

Britain, France, and the United States had decided, he said, to form a provisional organisation "to enable the users of the canal to exercise their rights." In the context it is the American participation which is remarkable. The passages which followed leave little doubt that these rights are to be assumed, not negotiated: the users' association "will employ pilots, will undertake the responsibility for co-ordination of traffic through the canal, and, in general, will act as a voluntary association for the exercise of the rights of the Suez Canal users." Egypt will "be requested to co-operate" and "would receive appropriate remuneration"; but the users' association will collect the dues. Discussions were still going on between the three powers about the details. Most fascinating of these as yet undisclosed details of the scheme is the manner in which President Nasser is to be got to agree to it. Obviously, since President Nasser claims to have nationalised the canal, he holds that the right to employ the pilots and marshal the ships belongs to him. There can hardly be two organisations marshalling and piloting ships through one waterway in competition; therefore, when the three powers communicate to him (as presumably they will) their intention of assuming these duties, they are in effect inviting him to relinquish them for himself, which, as he had already made clear enough, he is not prepared to do.

On the face of it, therefore, the new three-power plan is not a plan at all but a device for bringing matters to a head, producing the "clear-cut situation" after which there has been so much hankering. M. Mollet, speaking in Paris at about the same time as Sir Anthony Eden spoke in London, contributed to this impression by his statement that the users' association "will begin to function and to exercise its powers immediately.". What is meant by this phrase, "exercise its powers"? Many of the pilots are believed to be about to leave their posts, not because of any conspiracy by the governments of the countries from which they come, but because they personally see no future in the

position in which Colonel Nasser has landed them. As it appears, the users' association intends to be their new employer ; but in the eyes of the Egyptian government, once the pilots have left the Egyptian canal administration they will have no standing, no right to work, and presumably no right to be on Egyptian soil at all.

How do the three powers propose to employ them, in the absence of Egyptian assent ? Unlike most canals, the Suez Canal runs from sea to sea at one level, with no locks ; ships go through under their own power ; at a pinch, they could go through without services from the shore, provided that someone obligingly left the swing-bridge at El Ferdan open, and provided that no other ship was coming through the other way. But in practice, and in spite of the baffling language of the Prime Minister's statement, it has to be assumed that " users' " convoys are not going to set off through the canal without Egyptian permission and face the awkward situation that would arise if they met an " Egyptian " convoy head-on. The three western powers must have something else in mind.

The key to what they have in mind must probably be sought in the sentence: " Transit dues will be paid to the users' association, not to the Egyptian authorities." From the start of the dispute Britain and France have been withholding the transit dues in respect of their ships. The United States, which has not, now agrees to join their club. No doubt a time would in any event have come when the Egyptians would have stopped ships which refused to pay dues to them. But the three powers may have calculated that, before that happened, the traffic would in any case be greatly cut down by the defection of the pilots ; this seems to be the expectation in Egypt, as our Cairo correspondent indicates in a message on page 890. Anticipating both these hindrances, the three powers have in effect adopted a scheme which, if it does not work—and plainly it is unlikely to work—must entail sending their ships by other routes, rather than send a diminished volume through the canal on Colonel Nasser's terms. This was made plain by M. Mollet ; it has been confirmed by Mr Dulles.

★

Thus the new plan is, in effect, a decision to boycott the canal ; such a boycott, with the United States in, promises to be many times more effective than if Britain and France had embarked on it alone. The most surprising feature of the scheme is that it is an American scheme, originating with the American government, which so far (after administering its initial rebuff to Colonel Nasser by withdrawing the offer of aid for the High Dam) had been much milder than Britain or France in its treatment of the Egyptians. So far as can be learned—and the exchanges between Washington and London in the days between the failure of the Menzies mission and the reassembly of Parliament will one day make a fascinating chapter in diplomatic history—it is the American preference for the way of economic pressure on Egypt which caused the recourse to the Security Council to be put on the shelf. But almost certainly the overriding motive in American minds has been the need to avoid war.

The way they have chosen does not, on the face of it, strengthen the western legal position in the dispute: how many governments, and what court, would accept the powers which they have assumed as flowing indubitably—as the Prime Minister implied—from the Convention of 1888 ? But it confronts President Nasser with a heavy economic penalty for his folly. A nation if it is united can bear such a penalty for a long time ; nobody can say for how long the Egyptians will choose to bear it, with the rash young dictator who has brought it upon them. The course of action which the three western powers have adopted is not only an alternative to negotiation ; it is also an alternative to war. Sir Anthony Eden took care when he spoke in the Commons to keep the possibility of military action open for the future and, admittedly, the plan would be perfectly consistent with an intention to use force against Colonel Nasser if he were to obstruct the users' association or deny passage to its pilots. But if that were the intention, the United States government would not have joined in this scheme, much less suggested it.

★

Mr Dulles said explicitly on Thursday that, if Egypt blocked the passage of ships travelling under the association's auspices, " the United States does not intend to shoot its way through the Suez Canal." Instead, oil and other traffic would be diverted round the Cape ; and Mr Dulles revealed that the decision had already been made to take the American reserve fleet of tankers " out of mothballs " for the purpose. Mr Dulles's statement made the Commons debate on the use of force, which was reaching its climax as he spoke, irrelevant. The three-power course of action has been charted ; it is a pity that the Government did not see fit to disarm Labour reproaches by telling the House this at the start.

So, as it seems, there is to be a period—perhaps prolonged—in which the users' club will keep its merchant ships away from Suez. The canal traffic is too vital to Britain and France to have permitted them to apply this sanction alone ; for they could neither have found the ships to carry a huge volume of oil round the Cape nor have kept their economies running unimpaired on much diminished oil supplies. Such vulnerability makes it difficult and hazardous to act in the manner traditional to great powers. The United States can supply the deficiencies of oil and ships, or most of them ; evidently it is contemplating steps to supply, too, the deficiencies in dollars that will result. It is a heavy price for a nation to pay to keep its allies at peace. Too many men in this country and in France have sneered at the American determination to prevent war in the Middle East ; they should, rather, respect it.

Dialogue in Cairo

THE Menzies mission did its job in Cairo and failed. Its work is summarised in a long exchange of letters between Mr Menzies and President Nasser, displaying unbridgeable differences on two matters—sovereignty and freedom of passage.

On a third important subject—the efficient working of the canal—the Nasser letter does not dwell for long enough to reveal a third difference, certainly no less important. In the heat generated by the first two topics, Mr Dulles's original wish to concentrate on the " actual practical conditions " of " reliability of passage " seems to have got pushed to one side ; this fact is worth recording because it is the problem of practical working, and of keeping traffic at the volume needed to finance improvements, that may turn out to be in the end the starting point towards a settlement.

On the first two issues—sovereignty and freedom of passage—the interchange as revealed in the letters seems to have run as follows. On sovereignty:—

Menzies : We must " both in law and in fact ensure that the Suez Canal . . . be operated free of politics or national discrimination"; there should therefore " be a body charged with operation, maintenance and development . . . to be constituted of people from various countries, including Egypt. . . . Nowhere in our proposals is there a denial of Egypt's territorial sovereignty."

Nasser : We keep constantly in mind the vital importance of genuine international co-operation, as distinct from the domination of any country, be it single domination, as the one Egypt has just got rid of, or collective domination, as would inevitably be considered the system proposed by the committee. . . . It is obvious that (Egypt's) indispensable co-operation cannot be had if the people will consider the operating body as hostile and as against their sovereignty, their rights and their dignity.

And, on freedom of passage:—

Menzies : Your Excellency has told us with clarity and frankness that you do not believe the canal could be excluded from the politics of Egypt since it is part of Egyptian territory and assets. To this we have pointed out that . . . then the many nations using the canal will have to realise that their pattern of overseas trade will be at any time subject to the decision of Egypt alone.

Nasser : It can be asked whether it was the Suez Canal Company which guaranteed freedom of passage. Was it not indeed the government of Egypt who safeguarded and still safeguards it ? . . . We believe that the real insulation of the canal from politics would best be guaranteed by a reaffirmation or renewal of the 1888 Convention. . . . If the real objective is to secure freedom of passage, the answer is there, namely that passage through the canal has always been and continues to be free.

These exchanges are worth quotation because they display that the real issue is one of confidence on both sides. President Nasser has no confidence in a multinational board because he will not—he says he could not—sell his public a project that looks like occupation all over again. He cites, as justification for his fears, the fact that Egypt is currently subject to " threats, the deployment of armed forces and . . . economic pressure " ; further, the Big Three stacked the pack when they picked the nations invited to London.

Simultaneously, the eighteen nations have no confidence in Egypt's word that it will keep, and is keeping, the canal open in the spirit of the 1888 Convention. What trust can they put in the word of a man who, for demagogic purposes, on July 26th snaps short a concession on grounds that " the Suez Canal Company annually takes £35 million ; why shouldn't we take it ourselves ? " and on September 9th affirms that " we have announced our intention . . . to divert none of the revenues needed for (Canal) development to other channels " ?

When a ruler needs money and has destroyed the confidence of foreign lenders, are not his home budgetary considerations bound to come first ? Are not foreign misgivings justified when Egyptian servants on the Canal bank remind passers-by that it is in their power to send disfavoured nations to the back of the shipping queue ? Lastly, are they not justified in querying Egyptian assurances when they reflect on the case of Israel ? Only this week a small Greek vessel limped back to Haifa after detention at Port Said since May in concentration camp conditions, because it was carrying cement bound for Elath—Israel's port on the Red Sea. Admittedly, Egypt's critics are on weak ground when they cite Israel's case, because they are themselves at fault through having condoned since 1951 Egypt's flouting of the Security Council resolution of that year. Nevertheless, the treatment Israel has had is relevant to current assurances, for what is happening to its goods today could happen to someone else's tomorrow.

Other comment on the repercussions of the Suez crisis will be found in Notes of the Week : " How They Split " (page 864), " Boomerang from Canberra " (page 865), " Bypass by Pipeline " (page 865), " Do our Rulers Read History ? " (page 873) ; in a despatch from our Cairo correspondent on page 890 ; and in a Business Note on page 903.

This atmosphere of no confidence intensifies when attention turns to the question of operation and the possibilities of creeping closure caused by inefficiency and other involuntary lapses. The Menzies team put the danger to President Nasser but its thrusts were parried with generalities. Mr Menzies therefore returned to London convinced that Egypt was underestimating the problems involved, particularly the financial ones. He pointed out that if the canal was to be improved in the way which the company had planned and which Egypt still envisaged, continuous assurance of custom from the larger ships that are big payers was imperative. Nothing short of complete confidence between users and management would establish this, and he and his colleagues seem to have agreed that it was doubtful whether the Egyptians could induce such confidence:—

> If expansion would not be necessary, it would be because the users' confidence would be lacking and many of them would have found ways to avoid being dependent on the canal. . . . We have therefore, in the interests of Egypt and the users, urged that the structure of the body actually conducting the canal operations should be such as to inspire worldwide confidence and bring about a capacity to raise the necessary capital sums because of a prevailing feeling of security. . . .

But the warning fell flat. Egyptians, though so versatile, are often confident that mere wishes will produce results.

For instance, they are proven wishful thinkers over the question of pilotage. Had they produced their nationalisation law in less of a hurry, or after consultation with Egyptians already inside the Suez Canal Company, they might have noticed that its directors' report only this year stated that

> it has been impossible to find the necessary number of applicants (for pilots' posts), even outside Egypt.

and might from the start have realised the need to tempt serving pilots to stay, at least for the time being. Instead, they confronted irreplaceable servants with deterrents—threats of prison, advertisement for substitutes, sequestration of the houses of absent colleagues—and so are confronted with the position that our Cairo correspondent describes on page 890.

President Nasser's positive action, which must have been planned before the Menzies team left, for it was taken within an hour of its departure, was to communicate to all governments (except Israel) and to the Secretary General of the United Nations his desire for the creation of a negotiating body charged with finding a peaceful solution. His motives were patent. He had resented the London conference, with its picked cluster of maritime nations, and the assumptions, adverse to him, on which it was called. He wanted a wider range of opinion, including the many Asians who depend heavily on the canal for dry goods carried in other people's ships. The gesture was bound to appeal to all of these—indeed, to all the Bandoeng states. It might, he seems to have reckoned, also drive a wedge between Anglo-French fire-eaters and United States Republicans bent on finding a peaceful solution before their election. It has achieved his end in Asia. It has not done so in the West, where the hard practical purposes that were the core of the original Dulles proposal have bulked larger than he anticipated.

Air Bases?

THE agonising reappraisal of the problem of bases overseas, on which the services gingerly embarked when the shrinkage of the colonial empire became almost a matter of predictable dates, must become more painful and urgent as the result of the Suez crisis. This follows the bitter and still unsettled wrangle over the Singapore base, the abrupt decision of the new and neutralist government of Ceylon to take over the naval and RAF bases on the island, and the dismissal of Glubb Pasha from Jordan; for service directors of operations it is only the worst shock in a year of shocks.

A previous article in *The Economist*, which appeared before the Suez crisis—on June 16th—examined the Navy's base problem and found that it centred on Singapore. Between the home dockyards and Australia, the irreducible minimum of main fleet bases seems to be Malta and Singapore. The uncertainty in the Middle East and the loss of the Ceylon bases are primarily a headache for the RAF. For, though bombers and troop transports can make long hops, yawning gaps in the network of secure air bases now make those hops uncomfortably long; and the string of staging posts along which fighter and close-support aircraft can be moved is in complete jeopardy. Moreover, the capacity of air command to bring air power to bear in limited wars, and continuously and deterrently over large areas in the cold war, depends on a network of operational bases rather than on a few main bases. And, while the Navy can cruise anywhere at sea in peace and war, the air over a land mass is sovereign property and flying through it by military aircraft is strictly by permission.

In terms of the great deterrent—global hot war—there is as yet no serious air base problem. Both the American strategic air force and the British V-bomber force would operate mainly from British and continental airfields. Strategists consider that the ring of western air bases round Russia confers an important deterrent advantage, and for this reason the security of the North African bases is important; but developments in the Middle East are less so, since the Turkish bases would be better placed for offensive action.

The loss of colonial sovereignty and the defection of allies is much more serious in terms of the use of air power to prevent limited wars, or to fight them if they should break out. There are now two main threats to be met. The first of these—and present concentration of attention upon the Middle East should be a reminder of, not a detraction from, its gravity—is the maintenance of air communications between Britain and South East Asia: the problem not merely of normal replacements and movements, but of the reinforcement of overseas garrisons and operational aircraft in times of tension. The second is the preservation of a network of bases from which tactical aircraft can operate to deal with any areas, including the Middle East, in which threats of limited war may develop. Upon adequate bases the whole concept of a highly mobile airborne reserve (economising in manpower and poised for quick action) manifestly depends.

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It will be best to deal with communications with East Asia first; as and if the clouds over Suez clear, this is likely to emerge as the RAF's main long-term problem. The great difficulty here is the "gap" between Aden and Singapore, left by Ceylon's neutralism. Even before Ceylon withdrew its bases, the difficulty of moving short-range aircraft had arisen. In Imperial days, short-range aircraft could fly out to Singapore via the Middle East, India and the Andamans. Today there exists an agreement with India under which British military aircraft operating in South East Asia may be replaced by flights over India on a one-for-one basis. But this is a purely peacetime arrangement. Unless India's neutralism changed to an alliance, it would not be possible to operate via India at all in war. In the Korean war, freedom to operate long-range aircraft from Ceylon was shown to be vital.

Today, the position is that though Britannias (especially the new version to be delivered to the RAF, which has a still-air range of 4,500 miles) can be flown from Aden, or possibly East Africa, to Singapore in one hop, it is an uncomfortable operation—and even more so for Canberras, our main close support aircraft. Fighters, of course, must in any case go by sea. The need for a base in the Indian Ocean is the plain conclusion of a glance at the map—which equally plainly points to the Maldive Islands as the sole remaining haven. They are equidistant from Aden, Singapore and the Australian base on the Cocos Islands—about 2,100 miles from each. There is a case for alternative bases on Socotra (to reinforce Aden) and on the Seychelles. But the Maldives would be the key to air communications in war if India and Ceylon had to be by-passed. The only alternative is the "west about" route via Canada or the United States; the former is handicapped by weather and both cost dollars.

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In the Middle East, by contrast, the difficulty is not a vast expanse of sea, but the fact that a string of vital British staging posts depends on treaty relations with sovereign states, which foreign policy must keep friendly if the posts are to be usable in time of stress. These bases have been hinged to the idea that defence must look north to Communist Russia or inwards to the allies of Saudi Arabia. But once it is clear that warlike preparations, or any action against an Arab country, would overstrain the friendship of Iraq or Jordan, and perhaps even make it impossible to use Bahrain and Kuwait, the RAF's whole position is undermined. The RAF believed that the system whereby it trained the local air force in return for base facilities—as in Iraq and Jordan—was an almost perfect substitute for a base under full British sovereignty; indeed it even claimed that this was a superior and cheaper arrangement to the American system of renting bases (which was hardly true when the subsidies to Jordan or Libya are taken into account). The defect in these arrangements, however, should have been clear enough from the reservations made by Libya that the leased base should not be used against any Arab state.

It follows that the RAF inevitably places far more emphasis now upon the importance of retaining both Cyprus and Aden as the vital—indeed the only—safe links in the chain of air communications between the Mediterranean and Africa and the East. Almost certainly they are now the only two bases from which any kind of air power could be exerted against Arab states. Yet they are only serviceable as links for long-range transport or support aircraft—such as Britannias or Canberras. Except in peace, fighter aircraft can no

longer be operated along the strategic air route from the Mediterranean to Singapore and Australia. For the same reasons, air power as part of the "little deterrent" in the Middle East is now gravely circumscribed.

Is there any way out of this difficulty? Is it possible to bring technology to bear to redress the balance? There are a number of possibilities. Improved engines and design may further lengthen the range of long-range aircraft. There is also scope for the development of flight refuelling, which still further extends the range of bombers and transports, and may double the operational range of fighters. Greater extensions to the range of fighters and close support aircraft may be achieved by the pick-a-back (or "buddy") method, whereby a long-range aircraft releases a fighter in the air and retrieves it when its mission is completed. But though flight refuelling was pioneered in Britain, the RAF (like the Navy) has felt too secure in its apparent wealth of bases to develop it; the Americans, faced with the vastness of the Pacific and Arctic circle as operational areas, and lacking colonial bases, have made all the running in these techniques. These chickens are now coming home to roost.

The other alternative, and the one more likely to be studied carefully, is the greater use of aircraft carriers as mobile bases for launching strike aircraft inland. The Navy, totting up the bills for the RAF's bases in the Middle East, now contends—a little smugly—that carriers at £20 million a time would have proved far cheaper. Unfortunately, they are not a complete substitute, for RAF short-range aircraft cannot use them, and the naval air arm possesses only obsolete carrier planes (such as Sea Venoms and Sea Hawks). These could cover amphibious operations in a limited war against an ill-equipped power; but the lack of such modern naval strike aircraft as the de Havilland 110, and the poor prospects for a really up-to-date aircraft, curtail the usefulness of British carrier forces.

Clearly one lesson of this year's succession of crises in base areas is that naval aircraft should have had a far higher priority in production—or else (one is coming round more and more to this view) they should have been bought long ago from the United States. Another lesson is that the carrier's role in the cold war is vital to Britain, and sweeping criticisms of it on the ground that it is useless in a hot war (which may or may not be true) misses the basic point: that, until and unless there is a complete revolution in aircraft ranges, air power will somehow have to be increasingly seaborne when allies and colonies are lacking.

Beauty and the Bench

A HUNDRED and ten years ago an Englishman, drunk or sober, could negligently cause the death of a fellow-citizen and not be liable to anyone for a pennyworth of damages. A beater, with a family of ten dependent on him, might be shot dead by a careless sportsman; a pedestrian might be killed in the streets by a brewer's dray; and no one could ever bring an action against the offender. Our Common Law did not permit it.

In 1846 Lord Campbell's Act changed the law by giving damages to the dead man's wife, parents and children; and since that date at least six more acts have been passed extending the rights of defendants and adding to the number of potential claimants. Today the dead man himself may bring an action from the grave against the man who put him there; the courts are constantly trying actions brought by next of kin as well as by dependants; and the judges regularly face the task of deciding on the value of a man's life (a) to his wife and children and (b) to himself. It is often a difficult decision to make, and though certain rules have been established by case law, the business is complicated by subtleties introduced by the untiring skill of our lawyers. These subtleties have been explained and analysed in a book* recently written by a man and wife (both lawyers)—one of those rare books that can be read by practitioners with advantage and by amateurs with interest and amusement. The situation it reveals, without itself commenting upon, is one that most laymen will consider very odd.

When a judge fixes the sum to be paid to widows, parents and orphans, how does he go about his task? First he must remove from his mind any sympathy with the plaintiffs and forget the fact that a woman has lost her life's companion and children their natural protector. He will concern himself only with £ s. d.—the wages the dead man earned or might expect to earn. That gives the judge his starting figure. From that he must deduct the dead man's living expenses; and what is left after the subtraction is called the "dependency value." Multiply that figure by the number of years appropriate to the man's expectation of life, and you have the gross damages.

So far the process sounds reasonably simple; but now the subtleties begin. Further deductions must be made, and for a wide variety of reasons. For example, the husband may have worked in an unusually dangerous trade and been likely to have his span of life shortened by the chances of his employment; or he may have been killed shortly before the outbreak of a war in which he could have been called up. In either case the damages given his dependants could be reduced. But, of all the reasons for bringing damages down, the most delicate is the question of the widow's remarriage. Is she likely or not likely to be wooed by a second husband—a matter (as Lord Wright said in Davies v. Powell Duffryn Associate Collieries, Ltd.) of speculation and doubt. It is also a matter of good looks.

What happens is apparently this. The plaintiff goes into the witness box and the judge in the discharge of his duty has a good look at her. He may like her appearance, or he may find her unpleasing. Opinions will differ, and naturally some judges are better judges in this sphere than other judges; but each must do his best in the light of his own taste and experiences. He must mark the plaintiff's looks to the best of his ability. If he gives her only gamma minus, he will make no deduction for the possibility of remarriage, and the lucky plaintiff will get the full arithmetical damages. If, on the other hand, his Lordship is favourably impressed and puts her in the beta or beta plus class, then there will be a substantial cut, and the damages may come down by twenty or twenty-five per cent.

In the rare event of an alpha or alpha plus stepping into the box, the judge is in a cruel predicament. As a man of the world he surmises that before her marriage the plaintiff had a queue of suitors. As a man of sentiment he knows that many young men must have remained single for her sake, still carrying through the years her image in their hearts. Remarriage will certainly be open to her as soon as she wishes it, and it looks as though the judge must stifle his feelings, knock 100 per cent off the dependency value and award no damages at all.

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For the good-looking young woman who is unfortunate enough to be the plaintiff in a fatal accident case the lesson is clear. For weeks or months before the action comes on she must concentrate on her personal appearance. She must search the shops for the most unbecoming dress she can find. It should fit badly. It will be useful if the colours clash; they cannot fight each other too fiercely for her purpose. She should keep away from the hairdresser for a long period, and if she can borrow a pair of glasses with very thick lenses, they will be helpful. Nature may have given her a voice like Cordelia's, but she must try to shout her evidence raucously and make her answers to counsel's questions as waspish as possible. If, when she leaves the box, the judge says to himself "what a dreadful woman," she will have scored a triumph and secured her hundred per cent.

There is a lesson, too, in this book for men (with wives and families) who daily face death in the London streets. Take two men of saving habits, both of whom by thrift have been able to save £20,000. Both are killed by some motorist's negligence, and both widows make the appropriate claim. But one of the men has achieved his fortune by paying yearly premiums on life policies, and the other by making his own investments on the Stock Exchange. By common sense standards both would seem to be entitled, *ceteris paribus*, to the same damages. But they are not. The law says that the £20,000 which results from investments must be taken into account. A deduction must be made from the dependency value corresponding to the widow's benefit from a premature enjoyment of her husband's estate. The £20,000 paid out on the life policies must *not* be taken into account. No deduction may be made for it—a subtle and perplexing distinction.

These reflections will not be found in Mr and Mrs Kemp's excellent book, which is an exposition, not a criticism, of the law. But it would be interesting to know what they say about it to one another in private. Would they say that the attempt to keep a perfect balance between tort-feasor and tort-receiver has been carried to the point at which the law looks ridiculous? Would they agree that, while the scales of justice must undoubtedly be kept in good working order, we should not try to adjust them with the nicety of a physical research laboratory? And might the public in general consider that, if seven acts in just over a century have brought us to this sort of legal pass, the time might almost be ripe for an eighth?

* The Quantum of Damages: *Volume 2, Fatal Injury Claims.* By D. A. McI. and M. S. Kemp. *Sweet and Maxwell.* 326 pages. 32s. 6d.

The Disposal of Refuse

Amongst the matters recently referred to by the Registrar-General as affecting the health of the metropolis . . . are "the cleansing of the streets, now covered with horse-dung . . . " The subject has two distinct aspects, the material and the moral, or what should be done with the refuse matter we must get rid of or perish, and who should do it. As to the refuse matter, many modes are adopted or recommended of removing it; but the mode at present in use and considered the most agreeable—washing the bulk of it away . . . and running it into sewers, and ultimately into the river—though quite a modern plan . . . begins to be generally condemned. It fills our streets with noxious gases . . . and wastes the elements of fertility. To make it cease to be a gigantic nuisance, poisoning the river and the whole atmosphere of the metropolis, a gigantic and costly system of sewerage is required, such as never yet has been carried into effect. . . . The other branch of the subject . . . is equally worthy of attention. . . . Who should remove these refuse matters? The Government? Certainly not. We are all now agreed that it should not feed the people: why should it clean away their dirt?—why be their scavenger? Should the municipalities, the parish authorities remove it? Certainly not, except as a matter of contract or convenience, not of duty. . . . Nothing is clearer than that every man is bound to remove his own refuse or dirt. . . . Parish, municipal, and Government authorities may compel him to perform it, but most certainly they are not bound to perform it for him. . . . Under the present division of labour . . . each individual may bargain with others to remove the refuse. . . . Nor does it require a degraded class to perform the work . . . it demands much chemical knowledge and skilful mechanical contrivances. . . .

Then let every toil be hallowed
That man performs for man,
And have its share of honour
As part of one great plan.

The Economist
September 13, 1856

and Iran exports which at present travel via Suez. The deduction to draw from the new venture is that a squeeze by any monopolist, whether Egypt, Lebanon or Syria, breeds resilience in the victim.

The Liberals Start by Running

WHEN the annual Liberal Assembly meets in ten days' time the "delegates" (which means pretty well any Liberal who is willing to buy a ticket to Folkestone) will be in a cheerful mood; the party has done surprisingly well in this year's by-elections. That is why it must expect the compliment of having rather more outside advice offered to it than usual. First, about candidates. It was announced this week that there are already 113 prospective Liberal candidates (three more than at last year's election), with another 40 or so being negotiated. Past experience suggests that some of these will fall by the wayside, while others will be added; but, in general, this total seems about enough. The assembly would be well advised to adopt the formula proposed by Westmorland: "the maximum number of suitable Liberal candidates that can be effectively presented to the electorate"—and to lay heavy emphasis on both "suitable" and "effectively."

Secondly, about policy. The agenda for the assembly is not very promising. The platform has only two motions down—one supporting the report on co-ownership, the other calling for the end of the de-rating of industry and (progressively) farm buildings. The leadership will also put up an emergency resolution on Suez. On general economic policy the assembly will debate two oddly cautious proposals: that committees should be set up to bring the free trade doctrine up to date, and to work out a "true radical solution" to inflation. Eleven years after the war seems late for a small party out of office to begin working out its solution to the main postwar problem. Later in the assembly Mr Grimond will be introducing a wide-ranging motion on automation; whether the buck-passers like it or not, his speech is likely to set the tone for the Liberal approach to the economic events—including the trade union events—of this crucial winter. Finally, one constituency motion demands that the Liberals should have equal broadcasting time with the other two parties—a proposal which the executive wants to modify to "a more equitable distribution." This is a small instance of how the Liberal leaders need to educate some of their followers into learning to walk before they can run.

Rain on the Just?

FARM output this "summer" is going to be very badly down. Crops have not only ripened late, but when ripe have often been impossible to gather. Corn has been laid flat, peas and beans have been destroyed by storms, and although roots are not doing at all badly, there is likely to be difficulty in harvesting them because men will still be busy with the abnormally late grain at the end of this month. In some areas the new strong-stemmed wheats have stood up well to the storms, and have been successfully harvested by combines: but most of this wheat needs to be artificially dried. Farmers using reapers and binders find much of their grain sprouting in the stook. In Lancashire, which the Minister of Agriculture has been visiting, many fields are severely flooded; and much land not actually under water has been so wet that machines could not get into the fields. Even those farmers who have been lucky or skilful enough to get their crops home will find their production costs considerably increased.

Inevitably, the farmers are calling for extra aid; and they have already got some in the reopening of eleven state-owned silos for the drying of wheat. These silos were used by the Ministry of Food until 1954 for the storage of its own purchases. When grain purchasing was decontrolled, the twenty-two national silos were offered for sale *en bloc* to the National Farmers' Union, which refused the deal. The silos were available to farmers for drying the harvests of 1954 and 1955, but were so little used that the Treasury decided to cut down this expensive service. It is fair to add that the NFU attributed the small use of the silos in 1954, a bad harvest year, to the unfamilarity of the service, to farmers' reluctance to pool their grain before sale for drying purposes, and to inadequate publicity. 1955 was a notably dry harvest when very few dryers were needed anyway. In May this year the service was closed down. Nine of the silos were disposed of to private firms (including only one farmers' co-operative), while the rest were used for defence storage. Dryers were kept available for an emergency like the present one.

What other forms of Government action are possible? There is no case for increasing guaranteed prices; quite apart from the need to avoid the principle that farmers can always shunt any unexpected rise in their costs on to the market, such an increase would benefit only the more fortunate farmers who have saved much of their crop. But this year's experience does seem to underline the need for better drainage in many areas—not only areas actually flooded, but those where machines were unable to get into the fields. And cannot something be done to even out farmers' income—not to increase it—by fostering wider insurance of crops?

Alarm on the Copperbelt

THE growing tension produced by the latest "strike" on the copperbelt has frightened the Northern Rhodesian government into declaring a state of emergency. The refusal of the African mineworkers to wear identity discs and greaves is in fact an act of mass industrial disobedience, even though it is ostensibly aimed at "discrimination." Discs are worn underground by white and black alike to enable managements to check who is in the workings, a necessary precaution against major accidents; while greaves are a natural defence against minor accidents to labourers moving equipment. But the African miners turn up for work and have to be sent home again, and apparently their demeanour is alarming the authorities. The reasons behind this demonstration are likely to be the same as for the previous strikes which at times halved copper production—the anger of the African Mineworkers Union over the companies' recognition of the African Staff Association. Although the leaders of the mass union did originally agree to recognition, they now repent this decision because they see that Africans who take up jobs under the new schedules of "advanced" jobs join the Staff Association; in consequence, the mass union, though it represents over 90 per cent of the black copper miners, is being deprived of the membership of the more skilled and perhaps more intelligent men.

It seems clear that political motives are becoming an increasingly important factor with the leaders of the mass union, and the government seems to have recognised this by arresting them (but on what grounds?). The African Mineworkers Union and the African National Congress have drawn steadily closer in the last year with a view to presenting a solid African front to the Europeans, and the mere existence of the African Staff Association—with its moderate leadership, middle-class ideas, and repudiation of the strike weapon — cuts across this strategy. Meanwhile, the strikes are holding up the work of the arbitrator who is examining the Africans' claims for higher pay for all black workers. They are also frightening the white mineworkers, who otherwise have come to accept the whole principle of African advancement; until now, the work of job evaluation has been going forward fairly rapidly, and promises to create thousands of new "intermediate" jobs for African workers in 1958. Growing African political bitterness darkens this prospect. It is a pity that the Northern Rhodesian government has persisted so long in its somewhat reactionary attitude to Congress. It should have recognised that Congress must be treated as an increasingly important opposition party, and tried to guide it into moderate channels. Even now it should face anew the question of extending the territorial franchise. On these two points the commissioner who is enquiring into the causes of the industrial unrest may find himself unable to remain entirely silent.

Pakistan's New Look

FOR the first time in four years, there is now the heartening sight of a government in Karachi that corresponds to the actual balance of party forces. This is a decidedly hopeful outcome of the recent tortuous series of clashes and realignments. If the "new look" of Pakistani politics is not marred by further fissions between volatile party leaders, there may be an end to the need for perennial interventions by the official hierarchy to prevent the party politicians from endangering the stability of the state. And even if things do not go all that well, the impossible position of recent months will at least have been liquidated.

Since Mr Mohamad Ali became Prime Minister in August, 1955, at the head of a coalition of the Muslim League and the Bengali group misleadingly named the United Front, both these parties had continued to disintegrate. With the Prime Minister's tacit approval, many of the better elements in the League had gone over to the new Republican party founded by Dr Khan Sahib, the Chief Minister of the western province. A point was reached at which Mr Mohamad Ali was being sustained by the Republicans against the intrigues of the rump of his own party, the League. In East Pakistan, meanwhile, the United Front provincial government had lost control of the local assembly, and its helplessness in face of this summer's severe food shortage had made it necessary to call in the army to distribute food and to deal with speculating hoarders. The Prime Minister found association with his nominal supporters increasingly intolerable, and finally decided to force a showdown.

At first sight it may seem strange that after breaking with the League and putting it in its place, securing the confidence of a majority in parliament, and being asked by President Mirza to remain in office, Mr Mohamad Ali should have insisted on resigning. Basically non-partisan, he could almost certainly have rallied a new coalition around him. But, quite apart from his reported ill health, he may well have reasoned that the time has come when the tangled skein of party politics can at last be straightened out and party politicians made responsible for the burdens that have too long rested on the shoulders of others. Mr Suhrawardy's coalition of Republicans and his own Awami League (hitherto the main Bengali opposition party) can command a clear majority in the central parliament; and, untainted by the deplorable record of the once omnipotent Muslim League, it may prove able to see the country safely through a general election next year.

Reunification Revived

THE Bonn government's Note to Moscow on German reunification is new in tone rather than in substance. True, it expresses willingness to countenance a demilitarised zone in a reunited Germany—probably in what is now the German Democratic Republic—and by envisaging Germany joining a European Mutual Security pact of the kind the Russians have suggested, it shows a new concern for the Russian point of view. But the proposals themselves go no further than those of the western powers at the Geneva conference last October.

At that time the Russians demanded a demilitarised zone and a security pact before Germany could be reunited; the federal government now repeats the objection the west then made, that this would "petrify" the division of Germany and perpetuate tension instead of removing it. The effort to reopen the dialogue is also hampered by the Russians' retreat from last year's positions. They are now entrenched, if Mr Gromyko has said their last word, behind the doctrine that the banning of the west German Communist party makes reunification "impossible." Herr Ulbricht, the head of the east German Communist party, recently put the Soviet motives more plainly: it is "senseless" to talk of all-German elections so long as "the west German . . . warmongering forces are able to use their economic and political power to influence the election." This implies that Moscow might think again if a new Bonn government were to emerge from next year's elections, but not before.

Thus the federal government has not initiated negotiations so much as given itself a case to argue before the

elections. This is probably what it now most wants. As the memorandum puts it, it is not a bad case. By being conciliatory on security questions the Chancellor has left himself freer to concentrate, with relish, on the weak spot in the Russian argument, the refusal of all-German free elections. For the world, up to its neck in the Suez crisis, here is a reminder that the German problem remains. At home, where the Note has been fairly well received, it makes it easier for the government to show the electors it is prepared to talk seriously with the Russians. But the appeal is weakened by the contrast between its reasonableness of tone and the ostracism of the Russian ambassador that drove Mr Zorin away from Bonn during the period of gestation of this very memorandum. It still remains harder for Dr Adenauer to claim that none can talk to the Russians better than he, than for the opposition—with Russian help—to suggest that almost anybody could.

Bread in Our Philosophy

ON September 29th the bread subsidy is due to end and the bread to which the subsidy applied—that made from "national" flour—is due simultaneously to disappear. The row that this is likely to arouse about the price of bread, and the classical muddle it is likely to cause about the necessary imperfections of cost-of-living indices, was discussed in *The Economist* last week. Now more evidence has been produced about the dieticians' quarrel which is going to be associated with it. The background to this quarrel is that a Government-appointed advisory panel reported last May that the proposed decrease in the extraction rate (from 80 per cent to 70 per cent), which had been decided by the National Association of British and Irish Millers, was "very unlikely" to have any adverse effect on the public health—given, of course, that the new whiter "basic" flour is, like the "national" flour which it supersedes, to be enriched. It was known that the Medical Research Council was opposed to this report. The council's counter-statement has now been issued; its main charge is that although the proposed change would not necessarily lead to an increase in recognisable illnesses, it is "a risk that can be avoided."

It is at once obvious from reading these documents that the clash is less a matter of nutritional expertise than of social attitude. To the council, no avoidable risk to health can ever be justified; one may suspect that its feelings in this instance are sharpened by the special mystique dating from the days when bread really was the staple food of the people, and not merely a filler or convenient means of conveying butter, margarine, jam, cheese, or fish paste to the mouth. To the advisory panel, the almost universal public preference (however astonishing to natives of other lands) for steam-processed cotton wool justifies its introduction as long as the risk to health is minimal; the panel feels that if the public cannot get the bread it wants, it is likely to eat more of other manufactured foods which are less nourishing; and it stands by the general liberal principle that the onus of proof must always lie with those who wish to make people eat, drink, or use other commodities than those which they prefer.

This is one of those almost undebatable questions of social philosophy on which people divide by instinct, rather than by reason. It is, however, an interesting comment on the *mores* of the times that many of those in the school of feeling that supports the council do not recognise that the school that supports the panel has any ethical right to exist.

Mr Mintoff Mollified

THE agreement reached between Mr Mintoff and the Colonial Office last week is disappointing, and it will probably purchase peace only for a short time. Financially, the Colonial Office did not yield a lot of ground. It agreed to pay promptly against Malta's statements of account, but only at the promised rate of £5 million a year for eighteen months; on balance Mr Mintoff may have screwed a little more out of the Colonial Office, but not much. But all this is recognised to be purely temporary accommodation until integration comes into force. Even the financial commission, whose composition—Sir William Scott and Sir George Schuster and a secretary—is now agreed, is merely to make recommendations on the budgetary position for the interim period. This means that the financial terms to be embodied in the integration bill to be presented to Parliament at Westminster have still to be fought out; originally the financial commission was to prepare them. Mr Mintoff would not be Mr Mintoff if between now and the preparation of the bill, which the Colonial Office is supposed to be working on, he did not think up a new formula designed to give him the subsidies he wants.

The upshot of this patched-up quarrel is that Mr Mintoff is more than ever convinced that the economic question is what integration is mainly about: he thinks that it will somehow bring, or can be made to bring, a large enough British subvention to jack up the Maltese standard of living to something like parity with Britain. But this is precisely what no subvention can quickly do; and Mr Mintoff may lose sight of the other and real advantages of integration as he gradually finds this out. It would be foolish to expect the truce or Mr Mintoff's temper, in the present state of the dyarchy, to last long.

Japanese Table-Turning

MR SHIGEMITSU, the Japanese foreign minister, has returned from the abortive Russo-Japanese negotiations for a peace treaty to find his Liberal-Democrat colleagues involved in political intrigues of rare complexity. It is possible that Mr Shepilov hoped to increase the confusion within the governing party when he refused to grant any territorial concessions to Japan. If so he must be pleased by the results.

Japanese business interests, tempted by the Russian offer of a £90 million trade agreement, are pressing for a settlement with Russia at all costs. They have, therefore, hitherto supported Mr Shigemitsu against Mr Hatoyama, the prime minister, who, they say, has reached the limit of his usefulness. But Mr Hatoyama, having refused to allow Mr Shigemitsu to negotiate a peace on Russian terms, is now angling with some success for a settlement on the basis of "an Adenauer formula," whereby the question of the disputed Kurile Islands would be indefinitely shelved. Mr Shigemitsu and his supporters oppose the idea bitterly, but it looks as if it is the only possible way out of the deadlock. If it is adopted it will add considerably to the power and prestige of Mr Kono, the minister of agriculture and fisheries, who has for some time been using the old and sick prime minister as a stalking horse for his own ambitions.

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Mr Hatoyama has succeeded, in the face of stiff opposition, in getting his cabinet to allow him to go to Moscow personally to negotiate a settlement. The question now is whether he will be able to dismiss Mr Shigemitsu, who would otherwise act as his deputy, before he goes. Other cabinet members, and particularly Mr Kishi, who has been described as the heir apparent to the party leadership, are afraid that it would not only be Mr Shigemitsu who would lose his post if there was a reshuffle.

Mr Shigemitsu, backed as he is by the men who brought down the Yoshida administration, seems to have a reasonable chance of turning the tables on his attackers, and perhaps of becoming prime minister himself. But Mr Hatoyama has hung on to his office for more than a year after his fall was prophesied, and if his health allows it he may stay there for some time yet, simply because the party cannot agree on his successor. Japanese politicians have taken to heart the maxim: "Always keep a hold on nurse, for fear of finding something worse."

The Russian Visitors

THE Air Ministry and the Ministry of Supply were hosts last week to two parties of Russian air experts, one led by the head of the Russian air force, Chief Marshal of Aviation Zhigarev, one of the few fervent Stalinists to achieve promotion under the new regime, and the other by the Minister in charge of the aircraft industry, P. V. Dementjev. The visit, timed to cover the period of the Farnborough air show, was in return for Russian hospitality to a roughly similar British mission that went to Moscow for the air display in July, and although the Russian teams between them covered a good deal of ground, including visits to RAF stations and aircraft factories, it is improbable that they saw or learned anything of more value than the British took away with them from Moscow. The aircraft that they were allowed to inspect closely, and in one case to fly, were both trainers; the Sapphire engine they saw in production is not as widely used in the RAF as other types of engine that they did not see.

There is a marked difference between the style of flying put on in Britain and in Russia at air displays. A Russian air show consists almost entirely of fly pasts at speed without aerobatics. The Farnborough display at which the Russians spent a good deal of time is made up of highly individual displays that vary considerably in quality, while at the RAF bomber station at Honington, one of the few places where they appeared in uniform, the members of the Russian air force were given a small and elegant display of team flying by the newer RAF aircraft, including the carefully unscheduled appearance of a Vulcan bomber in the clouds, that was as skilled and precise and as different from Farnborough as dressage is from hunter trials. This close formation flying was warmly applauded by the Russians as a novelty they do not possess at home, but it left them none the wiser about British military potential.

The Russians, for their part, were equally circumspect. After a morning spent at Westminster Abbey they expressed a disarming preference for walking the London streets to visiting St Paul's. They gave some new details about their 180-seater turbo-prop airliner that is due to fly next year, and pointed out mildly enough that aircraft are flying as fast in Russia as they are in Britain. But they would not say how many people work in aircraft factories in Russia, nor would aircraft designer Antonev, who was in the minister's party, be persuaded to be more specific about the time it took to develop an aircraft in Russia beyond claiming that it seemed to be shorter than in this country. Visits like this are made by other military missions without causing more than a ripple in the smooth RAF hospitality machine, but Russian visitors to the West are still unusual enough to raise the wild hope that they might do the utterly unpredictable. Chief Marshal of Aviation Zhigarev may not be the first man to have got a headache from Cinerama, but he has earned a small measure of immortality by leaving the performance because of it.

Breaking the Ring

SIR BASIL BLACKWELL and his supporters are to be congratulated on their part in bringing about the decision of the Antiquarian Booksellers Association to advance into respectability. Hitherto the association has agreed to expel members only if they are convicted of breaking the law against rings (the Darling Act); as nobody ever is convicted, it has been common knowledge that the association has had some law-breakers in its ranks. Under the amended rule it is contravention, not conviction, which is to disqualify firms from belonging to the association; and in its new role as guardian of the law the association is to be helped by a tribunal which is to have outside members—i.e., members who are not booksellers at all (presumably lawyers). This ought to mean that the rigging of auctions even in country sales will now become the exception; if not, Sir Basil Blackwell still has the ammunition to enable him to force the association to add further sanctions.

Now is the time for public opinion to demand, loudly and insistently, that bodies like the British Antique Dealers Association should adopt similar rules for their own members. Given such rules and such co-operation, the police (whose own record in this matter has never seemed very efficient) ought at last to be able to bring some of the culprits to justice. The time is also ripe to try to spread the campaign against auction rigging abroad. The British booksellers, now that they have cleaned their hands,

have an opportunity to focus attention on conditions in other countries, by bringing the question of rings before the International League of Antiquarian Booksellers, to which they are hosts during its meeting in London. If they do, they could isolate the main offenders that remain—the French and Belgians.

Dollar Goods for Delhi

THE new "food-loan" agreement between India and the United States (briefly noticed last week on p. 798 of *The Economist*) is the most massive of its kind. The Americans are to deliver $305,900,000 worth of agricultural surplus products, mainly wheat, and are to pay $54,200,000 towards shipping charges. Sixty-five per cent of the total American outlay—$234 million—will be a loan intended to help India's economic development; duration and rate of interest are to be arranged later. Of the remainder, $54 million will be an outright grant to India, and $72 million will be spent by the American government inside India for its own purposes — including the building of a new $2 million embassy, and the purchase of strategic materials.

By any standard, this is bold and imaginative. It will provide $288 million for India's economic development, of which $54 million will not have to be repaid. An Indian government statement has remarked that 3,500,000 tons of American wheat and 200,000 tons of rice will not only enable current consumption to be increased, but will make it possible to build up reserve stocks. The agreement will also reduce India's requirements of foreign exchange—a critical element in the second five-year plan. For the United States, it has undeniable political advantages. At farm-support prices, the commodities involved cost the United States $550 million (over 80 per cent more than their probable cost to India); on the other hand, as the American Secretary of Agriculture remarked after the agreement had been announced, it will bring about "a helpful reduction in our surplus stocks, particularly wheat, cotton and rice, which have been among our most burdensome." But there is more to it than that. In the context of the economic struggle which the Russian leaders call "competitive co-existence," the agreement compares favourably with the Soviet loan of $100 million to India for the building of a steel plant, even if, as is likely, the interest charged on the loan portion of the American deal is higher than the Russians' 2½ per cent.

In the same context, America's huge farming surpluses are more than physically "burdensome"; they are an embarrassment to the American government as the champion of free enterprise and therefore a gift to communist propaganda; any move to reduce them to manageable proportions is thus doubly welcome. The Americans have sought to avoid offending either their competitors in the free world or the private sector of the Indian economy. Thus, the agreement stipulates that the wheat, cotton and rice shipments will be additional to India's normal imports from all countries, and that not less than $55 million of the $234 million "counterpart fund" will be used to promote Indian private enterprise.

Aid designed to better the prospects of India's relatively free economy in competition with China's is money well spent. This point of view is far from universally accepted in President Eisenhower's Administration, and there are doubtless official critics who dislike seeing American resources go to help a resolutely neutralist country. Washington has done well to disregard their arguments.

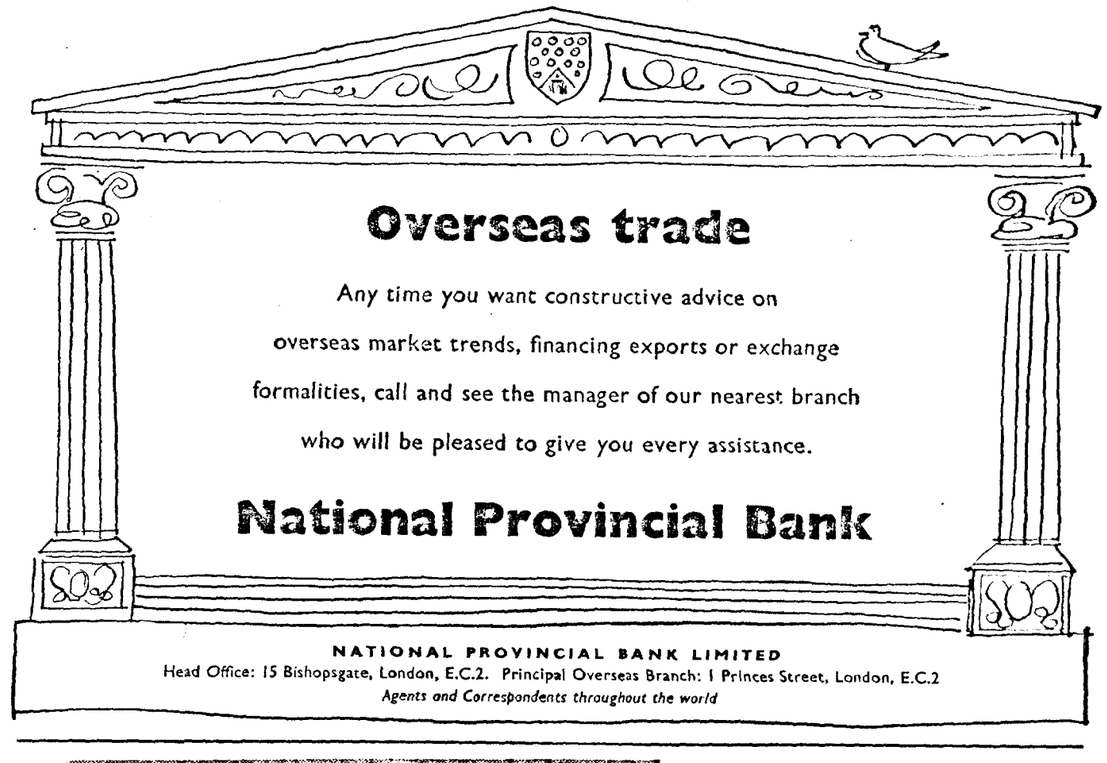
Henry VI and All That

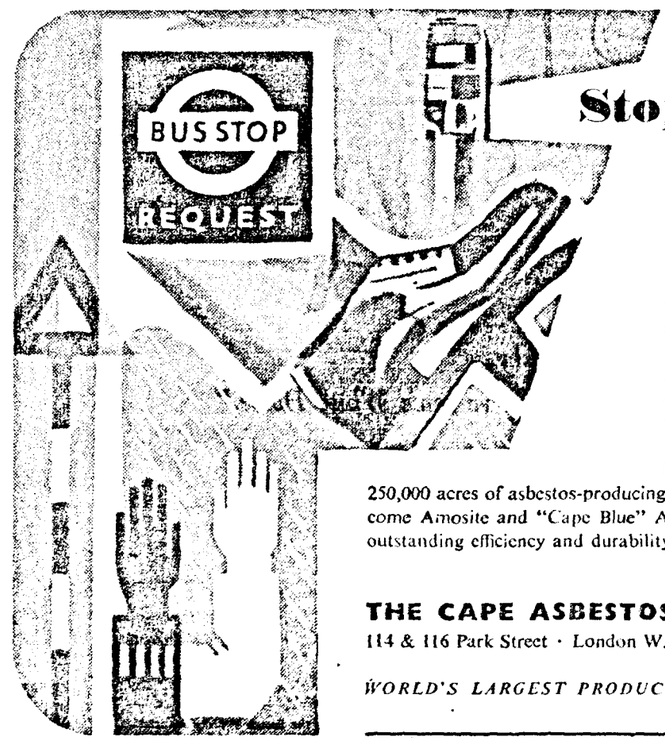
THE Home Secretary, who clearly feels that he will be ruffling sufficient hornets' nests next Parliamentary session with his promise to reform the betting laws, replied decisively to a *démarche* from a motor-cycle racing club during the recess that there is very little prospect of early government legislation on the "highly controversial subject of Sunday entertainment." This means that the law will continue to permit an infinite amount of sophistry both by those who wish to see it observed and by those who wish to evade it. Although there are still on the statute book laws of Henry VI and of 1625, the main bulk of restrictive legislation is contained in an Act of 1780, mitigated by that of 1932 which permits the Sunday opening of cinemas and museums and certain forms of concert that must not be in costume. Typical anomalies are that in a Sunday concert a man might tell funny stories by himself, but must not have a companion with whom to exchange equally funny repartee: a Scotsman might with impunity wear a kilt on a stage on Sunday, while an Englishman doing the same might lay himself open to prosecution. There are also certain dodges for the sale of tickets to a charity concert on a Sunday, and exemptions from the law for clubs.

Mr Lloyd-George's reply to the latest bout of pressure for reform represents another victory for that strange and lynx-eyed body, the Lord's Day Observance Society, whose purpose it is to ensure that nobody gets away with any infringement of the Sunday laws. The society is adamant, campaigning against the existing Sunday privileges, using every legal means to stop Sunday activities. It claims, not without reason, that the anomalies in the law arise out of the "compromises" made in this century, and so has no compunction about using legal points which might seem to others to have fallen into a deserved neglect. Its publicity is of a curiously nineteenth-century flavour: "An honoured Sunday means an exalted Empire" (with picture of Union Jack). It is, in fact, a last stronghold of vigorous Puritanism, with a surprisingly large membership coming from a surprisingly large cross-section of the community, for it is quite wrong to suppose that it is representative of elderly members of the low churches only. The obvious and heated sincerity of this large minority provides a case for saying that it is democratically acceptable, as it is clearly also politically convenient, that the law should remain an ass. It is now certain to do so for at least another three or four years.

Mr Lim Emerges

WHEN Mr Lim Yew Hock took over from Mr David Marshall as Chief Minister of Singapore it was widely but over hastily predicted that as a right-wing leader he would look too obviously a Colonial Office instrument to last long. In fact under his leadership Singapore has had





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a period of relative quiet for reflection, and last week Mr Lim won a unanimous vote of confidence for his government—which is no longer described as a "caretaker" ministry—in the Singapore Assembly, after trouncing Mr Lee Kuan Yew, leader of the People's Action Party, in debate. But he did so on a policy of going to London to negotiate for self-government early next year; he merely refused to be tied by Mr Lee's "conditions," though he agreed to the most important of them—that there shall be all-party agreement on what Singapore will then demand. Clearly Mr Lim intends to take up the negotiations where Mr Marshall left off, and on that basis nobody in the Assembly could well vote against him.

He has, however, strengthened his own position, and that is important, for in matters of method, if not in purposes, he is a moderate. He has, moreover, scored off Mr Lee Kuan Yew, whom he successfully reproved for attacking the Chief Minister of Malaya on the grounds that his policy was worsening Malay-Chinese relations. The development both of a Singapore military force and the Royal Malayan Navy is, in fact, increasing co-operation between the two countries, as the visit of Tengku Abdul Rahman to Singapore suggests. But Mr Lee put his finger on the sore point in the Federation; and Mr Lim could hardly deny that Singapore still predominantly expresses the Chinese point of view, and the Federation the Malay point of view. The gulf between them remains—and so does that between Malaya and Singapore. But it is more likely to be bridged by practical men like Lim Yew Hock than theorists like Lee Kuan Yew—or those who stand behind him.

Do our Rulers Read History?

It is axiomatic that the proposer of internationalisation of the Suez Canal is never the man in possession.

Take 1885. It is three years since the British occupation of Egypt; the powers have met in Paris to draw up a draft treaty intended to guarantee the free use of the Canal. Sir Julian Pauncefote represents Britain. *Procès Verbal* of May 11th:—

> The Delegate of Great Britain observes that these authors were speaking of natural straits, and not of artificial passages, such as the Suez Canal or the Caledonian Canal, created by human industry within the territory of an independent Power. It cannot be admitted that such channels of communication, although connecting two seas, should be burdened with an international servitude.

Or take 1947. Egypt, represented by Nokrashy Pasha, is appealing to the Security Council for an end to occupation by Great Britain. *Procès Verbal* of August 5th:—

> The status of the Suez Canal is quite different from that of other artificial waterways which serve as arteries of international communication, for it is fixed by that multipartite international agreement to which I have just referred. The Suez Canal was an international enterprise from the very beginning, and then a few years after it was opened all the principal powers of Europe joined with the Ottoman Empire, acting for Egypt, to regulate its traffic, its neutrality and its defence. . . .
>
> It is understandable of course that the United Kingdom should be interested in the security of the Canal. It is not alone in this interest however. Other European countries whose territories extend to Africa and Asia are similarly and equally interested.
>
> The United Kingdom's pretensions to sole responsibility for safeguarding the Canal cannot be reconciled with the principle of universality, equality and neutrality established by the 1888 agreement.

The Other Haley

"LIKE many of the upper class," wrote Hilaire Belloc, "he liked the sound of broken glass." This traditional U-taste has been spreading fast in the last fifteen years: instead of hearties from the Bollinger Club putting aesthetes in Oxford fountains, "youths" (a Bad Word, meaning potential delinquents) have recently been turning hoses on cinema managers, excited by rhythmical music rather than by drink. The main difference between the two phenomena is that the undergraduate was confined within the walls of his college, or at worst within a town which had many centuries in which to build up a defence of scornful tolerance against this kind of behaviour. The young people who now find themselves excited by the rhythms of Mr Bill Haley, the Rock 'n' Roll maestro, are not only unconfined to one area, but are much more numerous. Their nuisance value is therefore much greater than that of their upper class precursors, although this form of intoxication is probably less violent as well as less toxic than that caused by drink.

★

The saddening thing about it all is that Rock 'n' Roll is not more rhythmical than any other form of jazz: it is just more blatantly rhythmical. The basic combination of electric and steel guitars supports shouted words whose *doubles entendres* are as subtle as pile-drivers, and it has been well described as "music for morons." But around the juke-boxes are clusters of young people putting in their three-pences to hear it all over again, and the film which has caused all the trouble has attracted great crowds both here and in the United States. The main attraction is that in enjoying this music there is an esoteric bond between the addicts: those who don't dig Bill Haley are square, those whom he "sends" are really in the groove, inside a charmed circle of enthusiasts. A national newspaper this week took a speaker at the TUC to task for his concern about the waste of all this enthusiasm, when he said how much better employed it would be in the trade union movement. But the speaker was, although over-serious, perhaps on the right lines, for it is a very similar emotion which leads a public-school boy to fanatical attachment to his house, or a Cypriot schoolboy to throwing bombs at Englishmen. If there is no outlet for the natural feelings of loyalty and devotion to a group, they will turn towards the oddest objects, especially when canalised by skilful publicity. And what objects for loyalty are offered in the aimless years between school and National Service? If there is more open hooliganism, then more towns will have to ban Mr Haley's film; but let us realise, please, that that would be a pity.

Letters to the Editor

White Man of Asia

SIR—It was a rude shock to read the article in your issue of August 11th. How a high-minded, reputable, usually accurate and intelligent periodical could stoop to such gutter journalism is beyond understanding.

If "A Correspondent in Seoul" really exists, he should be indicted for violation of everything for which Great Britain and Englishmen stand. His position is anti-British, anti-American, anti-Free World. It is, in other words, pro-Communist. Set forth very briefly, these are some fundamental policies of Korea that were distorted, twisted, and completely misrepresented in *The Economist* article:

Diplomatic relations.—Korea seeks friendly relations with all Free World nations, and it believes in a policy of toughness only against those that are bent upon its destruction. Unfortunately, formal diplomatic relations can be maintained with only a few countries because of the excessive cost of such overseas missions.

Japan.—President Syngman Rhee and Korea have been seeking friendly relations with the Japanese ever since the Liberation of 1945. But Japan continues to claim 85 per cent of Korean property and to challenge the sovereign existence of the Republic. Both actions are in open violation of the San Francisco Peace Treaty by which Japan regained its independence. Once Japan abides by agreements already made, the Korean Government stands ready to reopen negotiations for the adjustment of all outstanding differences.

Communism.—The Republic of Korea was wantonly attacked by the Communists in 1950, and was saved by the intervention of the United States and 15 other countries of the United Nations. Red China later joined the north Korean puppets in the invasion, and both regimes were branded aggressors by open, democratic vote of the United Nations. The Korean War still has not ended, and the Communists are building up strong forces for renewed attack. Until the Communists give up what they have taken by force, and abandon their conspiracy of international conquest, the Korean nation and people believe that there can be no lasting peace in Korea or anywhere else.

Unification.—Korea has never insisted on anything except assurances of free and democratic procedures. The unification formulae of Korea and the United Nations are identical.

Relations with the United States.—Korea and America have mutual respect and consideration for one another, as all friendly nations should. Differences have always been adjusted amicably, and there has been no dictation from America and no intransigence on the part of Korea. Both are proud of the fact that the alliance between them has been constructive and highly successful for both sides.

Military Forces.—Korea is compelled to maintain large armed forces by the continuing threat of even larger land and air units in the Communist-held north. But these forces remain under orders of the United Nations Command and have neither the power nor the intention to unleash offensive warfare.

We of Korea hope sincerely that *The Economist* will make an honest effort to set the record straight about our country and its policies, and that it will also make amends for the great disservice its Seoul correspondent has done the British-Free World cause.—Yours faithfully,

IL SUN YUN
President
Seoul National University, Korea

Bundles for Germany?

SIR—I read with some dismay of the efforts of the Germans, with the apparent sympathy of the United States Administration, to recover some, if not all, of the German property seized in the United States.

By the Paris Act of 1946, the Allies undertook not to return the German property they seized. By the Bonn Convention the validity of the seizure was recognised by the West German Federal Republic, which undertook to compensate its nationals accordingly.

It is hard to understand why the United States should apparently be willing by a unilateral act to disregard such treaty obligations.

Moreover, what will be the effect on our European Allies? Success in the United States will undoubtedly lead to German pressure on the French, Belgians and Dutch. The future clearly emerges.

The Germans occupied these countries and subjected them to economic pillage and, as you reported in an earlier issue, the claims of Holland for the restitution of securities looted during the occupation are as yet denied by the Germans. Unless something is done to stop the present trend, a nation which from the economic viewpoint has emerged from defeat stronger than before will succeed in recovering all its foreign assets, and the victors who paid the price for their victory will be the poorer and finally be deprived of reparation for the damage they suffered.

It is to be hoped that the United Kingdom Government, at least, will point out to the United States the obligations it apparently now intends to disregard.—Yours faithfully,

ROGER W. SEWILL
Director-General,
London, S.W.1 Aims of Industry

Anti-Colonial Front for Students

SIR—While your correspondent's report on the Congress of the International Union of Students in Prague is admirable, his conclusions are unnecessarily alarmist. To suggest that the West is losing the race for the allegiance of the colonial and Asian countries is to attach too much importance to the unrepresentative delegations from these countries. The significant feature at Prague was, in this respect, the absence of the National Union of Students of the Gold Coast, Nigeria, the West Indies, Malta, Ceylon, Kenya, Pakistan and many other similar countries. They will, in fact, be meeting at the International Student Conference in Ceylon this week, an organisation founded by the Western Unions in 1950 and now by far the most representative gathering of its kind. This year, indeed, the Afro-Asians will be in an absolute majority for the first time. There cannot, therefore, be much doubt who has won the race for their support.—Yours faithfully,

ROLAND FREEMAN
Leader of the British Group of
Observers at the Prague Conference
National Union of Students, W.C.2

New Ideas in Steel

SIR—One of the "unconventional suggestions," which you attribute to me in your Business Note of page 821, is not quite correctly described. It was not my intention to suggest that the independent re-rollers "should re-equip their mills to take larger billets." My suggestion was that new re-rolling plants producing 4,000 tons per week might be built at some of the existing smaller steelworks, who could contrive to expand their melting capacity sufficiently and use larger billets from their existing rolling mills. I did, in fact, mention that this has already happened in this country as well as abroad.—Yours faithfully, EDWARD T. SARA
United Steel Co., Sheffield

University College Students

SIR—Unfortunately, we have got records of the careers and up-to-date addresses of only a very small proportion of the old students of University College London, of whom we calculate that there must be some 30,000 either in this country or overseas. We are anxious to get in touch with them, to invite them when possible to appropriate college functions, and on occasion to seek their advice. We hope that old students will write, even a postcard, to the Secretary of University College London, Gower Street, London, W.C.1, giving their addresses, dates at college, and subjects.—Yours faithfully, IFOR EVANS
University College, London

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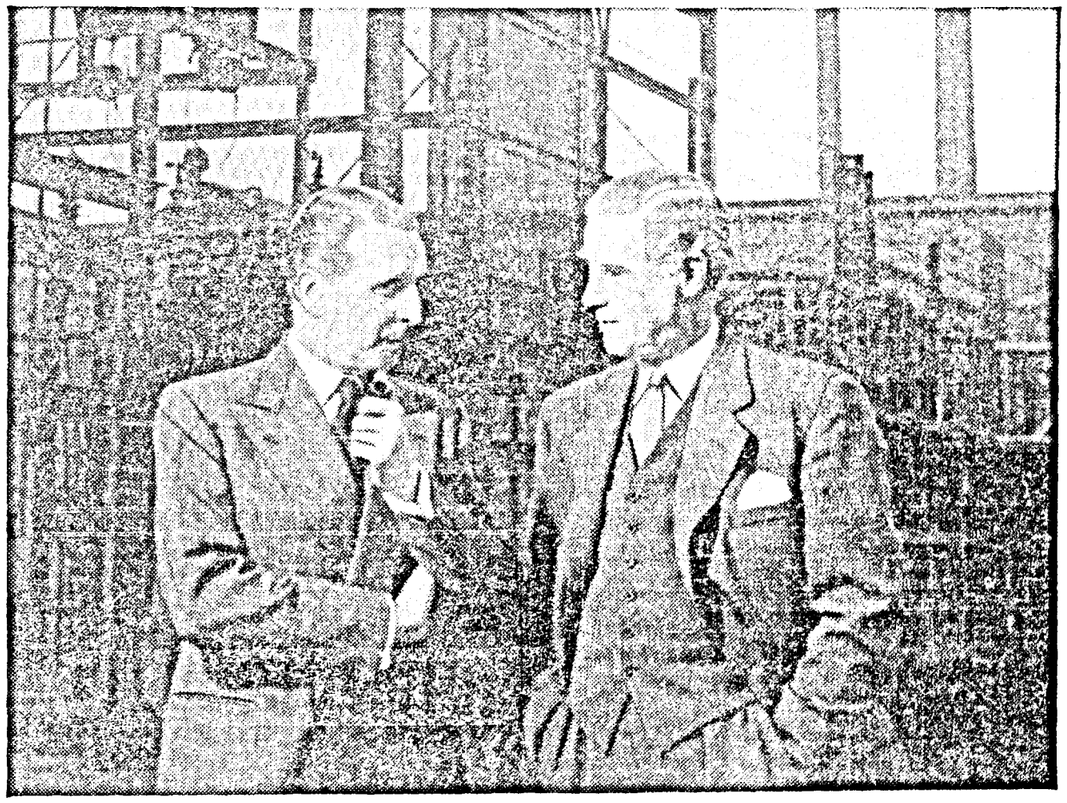

"... yes, I did read about that factory—terrible reminder that fire not only burns but *kills*. Actually, we've never believed in taking chances with fire. That's why we got the best fire-fighting equipment. What's that? Oh, you're thinking of getting Nu-Swift too? Wise man!

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Quintessential Economics

A REVISION OF DEMAND THEORY.
By J. R. Hicks.
Oxford University Press. 203 pages. 18s.

PROFESSOR HICKS is one of our contemporary economists who writes with style. Not that his text is embellished with flourishes or manifest witticisms; his gift goes deeper. He takes the reader comfortably into his confidence; he confronts him with some (carefully selected) obstacles that have impeded the progress of his thoughts; he asks him to share in his delight at the suddenly perceived way through a thicket of difficulties, sometimes almost in the manner of Henry James seeking to make us share his perception of some psychological fine shade.

The subject matter is of the highest degree of abstraction. Taking problems perplexed by the contortions of mathematicians, he has applied some logical principles, expressible in simple English, and some arithmetic, or most elementary algebra, and brought to his aid a few diagrams of outstanding informativeness, and thereby brought us to his conclusions. It is a superb exercise of exposition.

He is mainly concerned to deduce the law of demand, generalised to include the demand for groups of commodities, from the sole premise of consistent preference.

> In one set of market conditions he [the ideal consumer] makes one choice, in others other choices; but the choices he makes always express the same ordering, and must therefore be consistent with one another.

He does not think that this hypothesis can itself be tested, as some have argued, by observing market behaviour; the variety of tastes, and of incomes, in a group of consumers would generate apparently, but not really, inconsistent phenomena. "The only way of testing the hypothesis is by seeing how far such explorations [viz. in terms of changes in other variables than current prices or incomes] do in fact satisfy us, in the inconsistent cases which we find." Teachers have long been expounding that the law of demand stems from the bare assumption of rationality, and does not require some alleged psychological principle of diminishing reaction to stimuli; but they have had no such clear account of the stemming as that now provided by Professor Hicks.

He makes some other deductions too from the bare principle of consistency, such as, subject to appropriate assumptions, the equality of cross elasticities. Simple-minded readers will be pleased to learn that the Giffen exceptions to the law of demand "can hardly occur, as soon as consumption is reasonably diversified," though they will be terrified to discover the possibility of an "anti-Giffen" case, when the enhanced real income due to the greater abundance of a "normal"—the opposite of an "inferior"—article might raise its marginal valuation. Happily this case could not "show up in actual market behaviour." As may be expected, Professor Hicks touches on the great cardinalist-ordinalist controversy; he holds, albeit not dogmatically, that we do not require the hypothesis that a cardinal measurement of utility is possible.

It may perhaps be complained that there are not enough clear fingerposts to the general bearing of certain passages, pellucid though these may be in themselves. The fingerposts are there all right, just as they are there in Henry James. But, while in a work which primarily stimulates æsthetic apprehensions, one is on the alert for obscurely placed fingerposts, when the current text is taxing all one's intellectual powers, one may fail to perceive inconspicuous fingerposts, anyhow till the second or third reading. And it must be frankly stated that this book does tease the intellect, and tax it to its full capacity; but the teasing and taxing are made as pleasant as it is possible for those processes to be.

In Shady Cloister Mew'd

IN A GREAT TRADITION: *Tribute to Dame Laurentia McLachlan, Abbess of Stanbrook.*
By the Benedictines of Stanbrook.
John Murray. 324 pages. 25s. net.

THIS is a profoundly interesting book. Mainly the account of a most remarkable woman who spent her long life from girlhood in an enclosed Benedictine nunnery near Worcester, it also records the vicissitudes during three centuries of the community to which she belonged. The community was established at Cambrai on New Year's eve, 1623. Among nine voluntary exiles to Flanders, sisters of the new "Monastery of our Lady of Comfort of the English Dames of Cambrai," were Gertrude More, great-great-granddaughter of the author of *Utopia*, and Catherine Gascoigne, claiming descent from Lord Chief Justice Gascoigne who sent the future Henry V to prison.

The book sketches the general history of English Benedictine monasticism before and after the Reformation, but its framework is essentially biographical, a narrative of this nunnery's varying fortunes under the leadership of successive Abbesses, from Dame Catherine Gascoigne (1600-1676) to Dame Laurentia McLachlan (1866-1953). The Cambrai nuns escaped to England during the French Revolution, destitute and in the clothing of Carmelite nuns who had shared imprisonment with them at Compiègne before being guillotined. After further and rather grim vicissitudes in England, the returned Benedictines were able in 1838 to occupy their present home in Worcestershire, the Abbey of Stanbrook.

Margaret McLachlan, a brilliant girl from Lanarkshire, entered Stanbrook's convent school in 1881, joined the community in 1884 as Sister Laurentia, and was elected Abbess in 1931. She became an excellent musician, a learned scholar in musicology who greatly influenced the revival of plainsong, an eminent authority on illuminated manuscripts, and an outstanding administrator. With these gifts and accomplishments was a genius for friendship. The most interesting part of her biography describes how the radiant charm, abundant sympathy, and wit, of an enclosed nun brought her the devoted friendship of GBS, who was introduced to her in 1924 by Sir Sydney Cockerell, secretary to William Morris and afterwards re-creator of the Fitzwilliam Museum at Cambridge. Sir Sydney had known Dame Laurentia since 1907, but at that time she had never even heard of Bernard Shaw. Accompanying Shaw on one of his visits to Stanbrook, Cockerell beheld a GBS bereft of his customary ebullience. Many years later he remarked to a member of the community: "With Morris and your dear Abbess he was on his good behaviour and seemed to admit that he was in the presence of a being superior to himself."

Extracts from letters exchanged between Dame Laurentia, GBS and Cockerell are extraordinarily interesting. This dazzling and strangely assorted trio were—inevitably—much concerned with problems of belief and unbelief. The dedicated and disciplined Roman Catholic nun, the deistic Shaw, and the immutably sceptical Sydney Cockerell furnish a fascinating series of epistolary debates.

The book is admirably written and illustrated. It appears to be the work of one anonymous author with a lively narrative style. This author should, however, have verified the quotation on page 205 from *Dedicatory Ode* by her (or his) co-religionist, Hilaire Belloc.

Prospectus for World Union

MINOS OR MINOTAUR? *The Dilemma of Political Power.*
By John Bowle.
Cape. 209 pages. 15s.

MR JOHN BOWLE has made a niche for himself as an exponent of the lines of development in European political thought which may be quoted in support of west European and "Atlantic" union. His latest book goes further; it is a sort of prospectus for world union and a world state. In its total effect the book is somewhat discursive; it is not the reasoned analysis which the author sometimes claims to be offering, but more of a succession of linked commonplaces, with many of which a reader will find it easy to agree.

Some distinct trains of thought can be isolated. The main one, which will have a familiar ring to readers of certain works of sociology, particularly Professor Popper's "Open Society," starts from the proposition that the central problem of politics is the control of power. Such control can be guaranteed publicly only by a constitutional form of government, and privately, Mr Bowle adds, by "conscience." The key to progress in a society which satisfies these conditions is "social engineering," the application of the social sciences. Contrasted with this world view at the present moment are on one side conservatism and traditionalism and on the other dialectical materialism and Marxism-Leninism, either of which favours a closed rather than an open society.

To this thread of argument Mr Bowle attaches his beads of opinion, warmly felt and rotundly expressed; his unquestioned support of western diplomacy, with its various strategic devices, Nato, Seato, and so on; and a sonorous partisanship of the United Nations idea, with all those activities and agencies—WHO, FAO, ILO, TAB, and the rest—which he regards as enduring examples of applied social science, destined, as embryonic world institutions, to supersede the more ephemeral manifestations of western defence. These last are made necessary because the world he is seeking to unify is divided, into a liberal-democratic half, animated by conscience, and a communist half, bemused by myth.

How the transition to world harmony is to be effected is the problem confronting not only Mr Bowle but also those who would be content with something short of a world state. He passes over the important fact that the communists are more explicitly dedicated to the unification of the world than their many-hued opponents. He puts before humanity the well-known alternative, total destruction by atomic war or the peaceful evolution of a world state. But how, short of war, he will persuade the communist countries to give up their own dream of a world union and accept his uncompromisingly western one instead, he does not say. Perhaps he envisages, as many do, a future in which the west, having followed his prescriptions, will be so overwhelmingly successful that the communists will have no choice but to join the enlarged western community. The prescriptions themselves often seem little more than an inventory of western institutions and attitudes with the attachment of a "good" or "bad" label to each: colour prejudice—bad; public schools—good; over-population of the United Kingdom —bad; Asian awakening—good; Asian and African poverty and backwardness —bad; religion (of Eisenhower's all-embracing kind)—good; and so on.

The trouble is, as a more considered analysis would have brought out, that the various tendencies of which Mr Bowle approves do not necessarily reinforce one another but may be in conflict. It may be, for instance, that some development or other in the direction of European union will not be a stage to world union but stand in its way. The interests of Commonwealth unity and Atlantic union are not always easy to reconcile. Awkward facts like these are the affair of practical statesmen, the "realists" and "power politicians" at whom Mr Bowle rails for their lack of enthusiasm for Unesco and some other United Nations (or "United Europe") activities. Yet these same realists are certainly the architects of the western defensive arrangements of which Mr Bowle also approves. They may even share some of his likes and dislikes, though they might not rank them all so equally. What they might, however, ask is whether the addition of a world state to western aims is not an unnecessary additional complication in the business of coming to terms with the communist and neutralist states.

Why Man Gardens

MEN AND GARDENS.
By Nan Fairbrother.
The Hogarth Press. 240 pages. 21s.

THIS disquisition into the reasons why men want gardens, and the kind of gardens they make, is conducted on very personal lines. History, impressions, anecdotes and quotations are strung together so lightly as to make it an attractive bedside book. There is, however, a good deal more to it than this, much of it of considerable interest. The chapter on the gardens of Tudor England is excellent, while the account of the formal gardens of the seventeenth century is written with an understanding that leaves one feeling almost warm-hearted about Louis XIV. On present-day gardens, too, Miss Fairbrother's approach is just what is needed; although unorthodox, it is a great deal more to the point than the so-called "practical" gardening books.

To the English school of landscape gardening she does rather less than justice. This is a pity, for the English park and the *jardin anglais* are among our few contributions to the art forms of the world. And Humphrey Repton was not merely a "fashionable writer." Many of the ideas and designs contained in his famous red books were carried out by the landowner clients for whom the books were prepared. They form the basis of much of the beauty of the English countryside today. His analysis of the "Sources of Pleasure in Landscape Gardening," given in the appendix to his "Sketches and Hints" and reprinted in Loudon's "Landscape Gardening," is as valid now as when it was written and might be read with advantage by all who contemplate laying out a garden.

Lending on Houses

URBAN MORTGAGE LENDING.
By J. E. Morton.
Princeton University Press. 207 pages. $4.00.

THE United States National Bureau of Economic Research has been engaged for some time on an urban real estate finance project, and has already published several monographs on the urban mortgage market. This volume summarises the findings of some of the earlier studies and draws together information relating to the principal institutional lenders—insurance companies, commercial banks, mutual savings banks and savings and loan associations. It is thus a study of the supply side of the mortgage market in the United States, dealing with a group of lenders which have considerably increased their share of the total outstanding debt over the past thirty years. They have done so, not because they have increased the proportion of mortgages in their portfolios, but rather because they have secured a greater share of total savings and maintained the proportion of their funds invested in mortgages. The sharp increase in the number of owner-occupied houses which has occurred in recent years (from 11.4 million in 1940 to 19.8 million in 1950) has provided much of the impetus to the expansion; and the introduction of federal mortgage loan insurance in 1934 and the Veterans' Administration loan guarantee programme in 1944 have materially helped to make the owner-occupier mortgage a more attractive investment medium.

The study contains much statistical material which emphasises (as in the case of hire-purchase finance) how much more is known about mortgage finance in the United States than in this country. A similar investigation of the financing of investment and owner-occupier houses and flats by insurance companies, building societies, local authorities and housing associations would be of more than passing interest. Probably we should find that some of the findings were broadly parallel to those of Professor Morton. We know, for instance, that building societies have become by far the biggest lenders on single family houses, and this development is paralleled in the United States by the savings and loan associations. We know, too, that mortgages rarely survive their contractual repayment terms, and we should probably find that loan-to-value ratios and interest rates have followed much the same trends in this country.

This is a valuable survey of a particular field of finance. If there is a criticism it is that the prewar and postwar phases could with advantage have been separated instead of being treated as a whole.

Books Received

THE BRITISH ENGINEERS' ASSOCIATION: *Classified Handbook of Members and their manufactures.* 1955 *edition.* 737 pages.

WORK IN THE WELFARE AGE: *LPE Papers No. 4, July* 1956.
The London Press Exchange. 36 *pages.* No price given.

THE PALESTINE POUND AND THE ISRAEL POUND: *Transition from a Colonial to an Independent Currency.*
By Robert David Ottenwooser.
Librairie E. Droz, Geneva. 177 *pages.* No price given.

RAILWAYS AND GEOGRAPHY.
By A. C. O'Dell.
University Library. *Hutchinsons.* 198 pages. 10s. 6d.

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American Survey

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

South of the Law

Washington, D.C.

ON Monday, after a week in which angry small town mobs were held back from the schoolhouse by the National Guard in the Tennessee mountain town of Clinton and the mining settlement of Sturgis in Kentucky, racial segregation was abolished without incident throughout the entire publicly financed school system of Louisville—Kentucky's principal city. This contrast may for some time be the mark of the "border" zone separating the deep South from the rest of the country. As was to be expected, a substantial city, with a strong liberal newspaper, a university which has already been integrated and two years of intensive preparation by social agencies, managed a major social reversal with more grace than small, backward communities with long traditions of rugged conservatism.

The outbreaks of violence in Kentucky and Tennessee and the threats of violence in Texas have produced varied reactions. In the famous state capitol at Richmond, Virginia, where public debates have been going on all this week and last about new plans to buttress racial segregation, it was eagerly noted that the incidents took place in counties where there were relatively few Negroes. This was taken to prove that southerners will not stomach integration in the schools under any circumstances even where it would not create major practical difficulties. Ardent segregationists concluded that Virginia's south-western mountain counties, which are similar in character to those in eastern Tennessee, might back even more intransigent defiance of the Supreme Court than had been expected.

Observers in Washington, however, less than an hour's flying time away from the completely southern atmosphere of Richmond, were drawing different conclusions. In Sturgis and Clinton, despite the hostile crowds, Negro children were still going to previously segregated schools because the Governor of Kentucky, immediately, and the Governor of Tennessee, after an interval of painful hesitation, had used force to uphold the law. In Clinton, agitation was whipped up from outside by a racist fanatic from Washington. He was sent to prison for contempt of court and the boycott of the school by white children soon began to dwindle away. On the other hand in Mansfield, Texas, where there was also trouble, Governor Shivers, an ardent segregationist, merely sent a handful of Texas Rangers to "keep order" while maintaining neutrality towards a court order to admit Negro children into the school. As a result no Negroes have been able to register.

These two types of reaction are not mutually exclusive. They both emphasise that the crucial feature is the attitude adopted by the individual state governments. Five states have formally proclaimed it to be their policy to defy the Supreme Court and "interpose" their "sovereignty" between their citizens and the "usurping" justices so as to shield the local authorities from the Court's decision. The example of Texas, where "interposition" has just been adopted by Democratic voters in their primary election, although not yet ratified by the state legislature, shows how difficult it will be to give reality to a court order wherever this strategy is in effect.

*

Broadly speaking, two forms of resistance are merging in the deep South. There are variations of the "pupil assignment" plan, under which the local school board or the state authorities will direct pupils to particular schools according to such criteria as "health" or "intelligence," which would be contrived to keep the races separate. Secondly, there are various strategems of delay ending with the brick wall of the total abolition of the publicly supported school system. The original Virginian plan, a delicately balanced compromise between different sections of the state, provided for counties to decide by local option whether to assign pupils in a manner which the courts would accept or whether, when all delaying tactics were exhausted, to abolish the schools. Tuition grants would be available to parents if the local school had been integrated and they did not wish their children to attend it, or if the school was no longer there. It is substantially this scheme which was adopted by constitutional referendum in North Carolina last week.

But in Virginia itself, under Senator Byrd's new policy of "massive resistance," the state government is now asking the General Assembly to reject any policy that would assist racial integration anywhere in the state. Under the new scheme all state funds would be cut off from a school board which complied with a court order to integrate. Senator Byrd's objective is to force both the Virginian public and the federal judges to acknowledge the absence of any middle ground between "the ultimates." The state can have either segregation or a public school system—but not both.

The debate in Richmond is being watched with intense interest on account of the primacy of esteem in which Virginia is traditionally held in the South. Its progress suggests that, however cautious one should be in such an emotional issue, President Eisenhower's attitude of relaxed decency may not be enough. It suffers from at least two disadvantages. The defence of a major constitutional prin-

ciple against the opposition of state and local officials is being left entirely to the courts. This puts the onus of setting the pace and deciding the tactics on the shoulders of a private organisation, the National Association for the Advancement of Coloured People, which picks the law suits. This is scarcely fair; the NAACP is vulnerable to local pressures and to attack under state laws, as has already been demonstrated in Alabama and Louisiana. Moreover, since moderates, including the President, have developed the habit of establishing their good faith by criticising "extremists on both sides," the NAACP has been made to look like the counterpart to the extreme segregationists and White Citizens Councils. This, as one of its leaders recently admitted, has seriously damaged its public standing.

But the second objection is perhaps more serious. As Mr Lippman has pointed out, the gradual adjustment of the South to the Court's decision involves social and political decisions, not just legal ones. A former Republican candidate for the Governorship of Virginia has just produced a four-stage timetable for the whole southern region, starting with counties that have few Negroes and moving on through cities such as Norfolk, Virginia, where the pattern of housing would ease the problem, to a large zone where compliance cannot be expected for a very long period. But unless the President gives a real lead and supplies some machinery, however informal, through which this and alternative schedules can be considered, the embattled southern moderates will lose heart and the upholders of "active resistance" consolidate strength. For it is precisely because they are afraid that compliance in the cities and the easier counties will weaken the principle of state sovereignty on which they stand, that the Virginian leaders are calling for retaliation against areas that comply with the law. The experience of the last three years suggests that time is not to be relied on indiscriminately as the great healer.

How Maine Went

PRESIDENT EISENHOWER and the five hundred Republican leaders who gathered at Gettysburg to launch their party's electoral campaign hoped that they could disprove once and for all the old adage—"As Maine goes, so goes the nation." For in its elections, which come eight weeks before the nation-wide presidential and congressional ones, Maine went Democratic in no uncertain way. Running on the slogan of "one good term deserves another," Governor Edmund Muskie, a lanky Democrat of Polish descent, was re-elected by a larger margin than in 1954 in a state long identified with dour conservatism. Mr Muskie's victory may represent a vote for a personality rather than a party but the same is not true of the congressional and local results. Of the state's three seats in the House of Representatives, one went to the Republicans, one to the Democrats and the third will probably fall to the Democrats after a re-count of an extremely close vote. This will be the first time in twenty-two years that Democrats will represent Maine in Congress. The same trend was apparent in the elections for the state legislature; six of the seven seats from the city of Portland were captured by the Democrats.

Republican strategists were probably less worried by the actual results in Maine than by the fact that the Democrats were so successful in getting people to go out and vote. For if anything can mar the strong prospects of the President's re-election it is the threat of over-confidence and resultant apathy among Republicans or those independents who went to the polls in support of General Eisenhower in 1952. This problem was neatly illustrated in this week's primary elections in Wisconsin. There, Senator Wiley, the staunchest Republican supporter of the Administration's foreign policy, retained the senatorial nomination by defeating Mr Glenn Davis, a right-wing Congressman whom the Republican party in the state had endorsed in May. Senator Wiley probably owed his survival not to support from the White House—which was conspicuously lacking—but to the fact that many Republicans in Wisconsin refused to accept the lead of their party organisation—and Democrats may have voted in a Republican primary for the lesser of two evils.

In order to meet the threat of apathy squarely, Vice President Nixon is starting out on a 15,000 mile campaign trip through thirty-two states. This vigorous tactic may, however, backfire, for not only is Mr Nixon the weaker link in the Republican chain but his ubiquity will underscore President Eisenhower's absence. That is just what Mr Stevenson needs to keep the issue of the President's health in the voters' minds.

Rising Investment Abroad

A HEALTHY increase during 1955 both in American private investment abroad and in foreign investment in the United States is reported in the Department of Commerce's annual review of international investment, published in the August issue of the *Survey of Current Business*. American private investors added $2.4 billion to their overseas assets in 1955, bringing the total invested abroad to $29 billion; assets held by foreigners in the United States increased in value by nearly $2.8 billion to a total of $29.6 billion. Over 90 per cent of the increase in American private investments abroad was in long term investments, and $1.6 billion of this consisted of new investments and reinvestment of earnings in the foreign branches and subsidiaries of American companies. By contrast, most of the rise in foreign assets in the United States came from the higher market values of foreign holdings of American corporate stocks and from a rise in liquid dollar resources, such as bank deposits and obligations of the American government, held by foreigners.

The greatest attractions for American investors outside their own country are still in Canada where, although less was invested than in the earlier postwar years, American holdings, mainly in manufacturing and in the petroleum industry, rose by nearly $600 million in 1955. More than $300 million was invested in Latin America, also mostly in manufacturing concerns. American investment in manufacturing plants and petroleum refineries and distribution facilities in Western Europe also rose by over $300 million. But the underdeveloped countries of Asia and Africa shared in the general acquisition of new American private capital on a much smaller scale.

With more foreign subsidiaries reaching the earning stage, helped by the strong world demand and rising prices of both raw materials and manufactures, American private investors earned a record $3.1 billion from their overseas ventures in 1955, a jump of almost 20 per cent over the previous year. Of these earnings $1.2 billion came from the petroleum industry, reflecting a 15 per cent increase in the production of crude oil by American-controlled oil companies overseas. It is significant that many American companies abroad earned their own dollars to pay dividends to their American shareholders, for about one-third of American imports from Canada and Latin America and about one-tenth of American imports from the rest of the world were produced by American companies established abroad.

Foreign held assets in the United States, nearly three-fifths of which are short term investments, earned only $640 million in 1955, although this was a 20 per cent increase over the previous year.

To Span America

ON August 2nd, the State Highway Department of Missouri awarded a contract for the construction of a multi-lane motor road between two local communities, Lebanon and Hazelgreen. This project, which covers less than three miles, is the opening gun in a vast programme that will span America with 41,000 miles of new road. The federal government will spend more than $33 billion—to be matched in the forty-eight states by state, local and municipal funds—and construction is expected to take from thirteen to fifteen years. Ohio, California, Texas and Kansas rapidly followed Missouri in beginning work on a mosaic of local construction which when completed will allow the American driver to speed safely and freely from Boston to San Francisco and from the Canadian border to Texas. Only some 200 miles of new road will be paved in the coming year, but 3,000 miles of "super-highway" are scheduled for service by the middle of 1959.

It is already becoming possible to estimate some of the economic consequences of this enterprise. The road equipment industries are at present operating at 50 per cent of capacity and a third of their equipment is idle. But by the end of 1957, it is expected that they will be working at full stretch. It is estimated that highway construction will require nearly 3.5 million tons of steel in the next twelve months, and a grand total of 50 million tons for the entire programme. The steel strike aggravated a chronic shortage of structural steel and this will only be overcome when new rolling mills are completed. An even more acute problem is the lack of engineers. As one observer put it in Oregon, "it seems that we will be building our highways with high school engineers." But several states, with California in the lead, are trying to solve this difficulty by using new electronic calculators. These machines can compute and analyse traffic statistics, calculate traverses and the amount of earth that must be shifted for a given section of the road, and perform other mathematical chores, thus freeing available engineers for actual design and construction.

The government is seeking to reassure state and local authorities who are worried lest the federal highway programme should spell the end of toll roads built by the individual states. Toll roads which adequately serve the traffic needs of the local area will not be duplicated by the new highways and under special fiscal conditions they may be integrated into the interstate network. Congress has ordered a study with a view to deciding, in January, 1958, which toll roads should be included in the system of free highways and investors in these roads will then be compensated.

Conscience at the Bar

FROM A SPECIAL CORRESPONDENT

WHEN Judge John Bigelow was appointed in July to the newly created board of governors of Rutgers University, New Jersey, the Judiciary Committee of the State Senate first rejected the nomination and then agreed to confirm it only after a storm of public protest. The committee was reluctant because Judge Bigelow, after his retirement from the bench, had responded to a request from the Essex County Bar Association to represent a teacher who invoked the Fifth Amendment, which protects a witness against self-incrimination, before the House Un-American Activities Committee. This provoked attacks on the Bar Association's "destructive leadership" in helping to provide counsel for "Fifth Amendment pleaders."

Earlier in the year, a senior official in the Department of Justice attacked the Cleveland Bar Association, in a public address, on the ground that it had been "duped" into furnishing counsel for Communist party officials standing trial in Cleveland. Before the week was out, the President of the Cleveland Bar Association had called on the Attorney General in Washington and Assistant Attorney General Tompkins had denied making the statement. The officials of most other Bar associations, however, maintained an embarrassed silence. Local Bar associations in Philadelphia and Denver had set a somewhat reluctant example in providing counsel from leading firms for groups of Communist party officials charged with advocating the violent overthrow of the government; and the American Bar Association as a whole had gone on record as early as 1953 about the obligation to provide counsel for unpopular defendants, "without being penalised by having imputed to him his client's reputation, views, or character." But, by and large, lawyers seem to be more sensitive to the popular identification of the lawyer with his client than they are to the tradition that enjoins the Bar to provide counsel for any man accused of a crime.

The tradition was enshrined in the canons of ethics adopted by the American Bar Association half a century ago, but in a way which exonerates the individual lawyer from any direct responsibility. One article which deals with the right of the lawyer "to undertake the defence of a person accused of crime regardless of his personal opinion as to the guilt of the accused"—and *a fortiori* as to the opinion of the community—is counteracted by another which permits the individual lawyer to choose his briefs, and to reject any that he finds distasteful, without accounting for his choice to the Bar or to the public. It has been said that the responsibility for representing unpopular

Heir from the West

San Francisco

THE Republican convention confirmed that Mr Nixon is now heir presumptive not only to the Presidency but also to the leadership of the party. But the convention also made it clear that, if Mr Nixon has not succeeded to the Presidency itself in the meantime, his right to the succession in the party will be hotly contested as 1960, the next presidential year, approaches. It was Republicans who were murmuring "Stick with Ike, stuck with Dick" in San Francisco. More significantly, the only sustained opposition to Mr Nixon's nomination developed in the delegation from his home state, California. Admittedly, the revolt, which was only suppressed after some complicated negotiations, was led by one of the Vice President's bitter rivals, Governor Knight, but Mr Knight objected to supporting Mr Nixon on the ground that independent voters, particularly trade unionists, would not vote Republican if he was one of the party's candidates.

This type of independent support was first drawn to the Republican party in California by Mr Knight's predecessor, Governor Warren. He ran the state on almost non-partisan lines and, as a result, Californian elections have consistently been won by Republicans in recent years, although the party lags far behind the Democrats in the number of voters it can claim in the state. California is the second largest state in the country and one where the results in the presidential election are likely to be close. Furthermore the main reason why Mr Eisenhower is thought to be unbeatable is because he appeals to the type of voter who is supposedly repelled by Mr Nixon; Republican votes alone are not enough to elect a President today.

In fact Mr Nixon is most criticised by members of his own party in the place where he is best known. Many Republicans resent just as much as do Democrats the way in which he won his seat in the House of Representatives in 1946 and his seat in the Senate in 1950. His opponent in each case was a well-known liberal Democrat against whom Mr Nixon's supporters used distorted evidence to show that they had close connections with the Communist party. When Mr Nixon's friends defend him by claiming that his lieutenants were merely too energetic on his behalf, his critics reply that he has never repudiated them.

The second main charge which has been made against Mr Nixon is that no one can find out what he really believes in. His voting record in Congress was inconsistent and suggests that he is guided by expediency rather than principle; in so far as it provides any indication, it shows him as leaning towards the isolationist wing of the Republican party. To this Mr Nixon's admirers—and there are many of them—reply that those who dislike him are jealous of his sensational and effortless rise to national prominence. These friends admit that he was young and inexperienced when he was in Congress but assert that he has grown with his new responsibilities. Moreover, they say, both his record as Vice President and Mr Eisenhower's praise for him prove that he has loyally supported the Administration's progressive internationalism.

This is apparently Mr Dewey's view, for this epitome of Republican liberalism rather unexpectedly came out in favour of Mr Nixon's nomination last month. But Mr Nixon has also succeeded in winning over Senator Knowland, long one of his most prominent enemies in California and the most influential of the Republican isolationists. Both men have presumably come to share the view of the officials of the party organisation, who see Mr Nixon as the strong young leader, the symbol of the future, which the new Republican party will need so badly once Mr Eisenhower retires.

Old Leaguer

Bismark, North Dakota

SENATOR WILLIAM LANGER, who is chronically diabetic and practically blind, has announced that he will remain in the Republican party, despite a realignment of political forces that gives North Dakota its first straightforward two party election in forty years. During that period the decisive battles have been fought in the Republican primary elections between the radical Non Partisan League, in which Mr Langer has spent most of his tempestuous political career, and the orthodox Republicans. The small Democratic party was usually swamped in November by whichever faction had won the Republican nomination.

This year, after a long period of preparation, the Non-Partisan League switched from the Republicans to the Democrats. This was a logical step. The League had been founded in 1916 as an instrument of the farmers' revolt against the business interests which they felt were cheating them. It rested on the theory that national party divisions were irrelevant to the real problems of North Dakota and merely helped outside forces "divide and rule" the farmers. Rather than attempt to launch a third party the founders of the League, of whom Mr Langer is now the lone survivor, decided to form a private association which should capture the official machinery of the Republican party.

But the political setting has radically changed. Early this year the "old guard" joined in forming a united Republican party, thus clearing the way for the League, under fresh leadership, to move in with the Democrats. The League formally retains its identity; the Democrats have endorsed all its candidates and its programme, which markedly reflects the views of one of the principal match-makers, the National Farmers' Union. This radical farm organisation owes its exceptional power in this state to its close connection with the co-operatives to which many of the farmers belong.

It is clear from the voting figures in this year's primaries that a substantial proportion of the League's rank and file has joined the Democratic column. The Democrats are pinning their campaign on the danger of family farm ownership being replaced, under another four years of "big business" in Washington, by large soulless "General Foods" corporations. But the effects of Senator Langer's decision to stay with the Republicans and the other issue which it highlighted have still to be seen. The old Leaguer explained that, although he was on the side of the Democrats on all major domestic issues and had been promised the retention of his seniority in the Senate if he came over to them, he must "keep faith with the dead rather than with the living." His governing consideration was that three Democratic Presidents had led the country into war, while President Eisenhower was succeeding in keeping it at peace.

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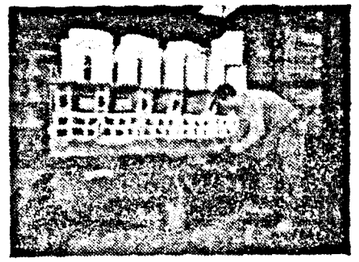

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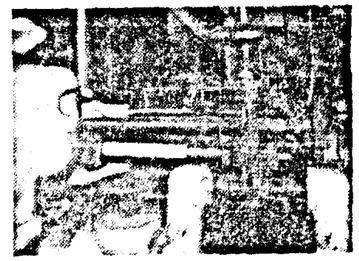

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Ireland's "1951"

FROM OUR CORRESPONDENT IN DUBLIN

THE Republic of Ireland is at present traversing one of those periods in which everything seems to be going wrong economically at the same time. The balance of payments has severely deteriorated after three years in which the deficit was contained within manageable limits. The £30 million gap in 1955 was much greater than that in the three previous years put together. An attempt has been made to discourage imports by means of two sets of import levies (that is, special tariff increases) imposed in March and July; but for the first seven months of 1956 the visible deficit has been reduced by only some £4 million below last year's level. The position is made more serious by the sharp fall in Ireland's exchange reserves, out of which past deficits have been covered.

In 1955 the "net external assets of the banking system"—the front line reserves—fell by about as much as the payments deficit. This loss was the highest in any postwar year, and there are now only £80 million of these assets left. Pessimism is reinforced by the fairly general feeling that the import levies, by themselves, will not arrest the adverse trend. Finally, the result of the census in April, which showed that in the last five years the population has fallen by over 60,000, to less than 2.9 million, came as a severe blow to the Irish people. The combination of a falling population with a declining standard of living and drooping exchange reserves seems an eloquent judgment on current economic policies.

This position is inevitably described as a crisis. In fact, however, it is very largely a self-created situation, due to factors within Irish control. The fall in population is not such a factor: it reflects the lure of high wages and over-full employment in Britain. The sharp fall in the price of cattle, which has severely reduced the value of exports, is also outside domestic control; though the fact that cattle are by far the greatest agricultural export is a consequence of past and present agricultural policies. But the main problems must be attributed to the high volume of imports, which derives from persistent inflation, which derives in turn from unbalanced budgets, the working of the capital investment programme and the maintenance of low interest rates. These are domestic decisions. There can be no doubt that a heavy programme of capital investment is badly needed in Ireland; but in practice the investment programme here has been concentrated on objects of high social and employment value, such as housing and public health, to the exclusion of increasing production in the exporting industries, of which agriculture is the chief. The programme has been financed by the incurring of external debt and by the realisation of the sterling assets. Savings have been sparse and, granted the present divergence between British and Irish rates of interest, there is little inducement for any saver to leave his money in Ireland. The funds to support the long spending spree are running low.

This, however, still does not amount to a crisis, in the strict sense of the word. Ireland is not a major trading nation, and it could support itself on the present level of exchange reserves, especially as there are substantial private holdings of foreign investments; Britain might regard almost with envy a country where there is no need for a dramatic call to rebuild the reserves, but only for a warning that the reserves must not drop any further. Unfortunately, however, the situation now emerging is quite unfamiliar in Ireland, where the substantial assets of the banking system have provided a cushion for recurring deficits (which have therefore come to be regarded as a natural right). This is "1951" in the Irish calendar—the point at which policies that have become traditional need to be examined and reframed.

Bipartisan Neglect

In the short run, no doubt, restrictions such as the import levies are inevitable. But sooner or later—and much better sooner, while there is still room for freedom of action—Ireland will have to tackle the problem more directly by a revision of the policies that invite heavy imports; it should be obvious, for example, that the expensive maintenance of cheap money cannot be prolonged much further. The longer-run need is for policies that will restore confidence and productive power to agriculture, which, for more than twenty years, has been overshadowed by industrial protectionism and capital programmes that have favoured the cities.

It is ironic that at this juncture the *Fine Gael* party should hold the major posts in the government. Throughout its long exile from office between 1932 and 1948, it never ceased to preach the necessity of agricultural development and the need for sound financial policy, and to predict the collapse that would inevitably be caused by neglect of these principles. All these gloomy prophecies are now coming true, but the present government, as the circumstances of office alter cases, has been content to adopt the general aims of policy that were laid down by Mr de Valera's *Fianna Fail*, now in opposition. Since *Fine Gael*

came to office in 1954, it has been unlucky in that the price of cattle has fallen and that competing rates of interest in Britain have risen, but its main economic enthusiasm seems to have been for such matters as copper-mining development and for planning the oil refinery at Cork. These are enticing industrial toys; but they are not answers to the present difficulties. The greatest danger to the government's survival is the very general feeling that it is not facing these problems. That danger has not yet been translated into positive support for *Fianna Fail*. Mr de Valera may yet return to office as the apostle of austerity and self-reliance; but his chief lieutenant and heir-apparent, Mr Lemass, is wholly concerned with industrialisation and urban issues. The pessimism to which any Irish economist must give vent on surveying the Irish scene is therefore not so much the result of an inevitable crisis—two years on a new tack of economic policy would comfortably avoid the rocks—as of a feeling that no remedy will be found in the policy which both major parties are content to maintain.

No Pleasure at the Helm

FROM OUR CAIRO CORRESPONDENT

PRESIDENT NASSER refuses to be provoked. European canal pilots who resign this week will be bowed out with cold courtesy from Egypt, untouched by the Suez Canal Nationalisation Law which threatened them with imprisonment if they abandoned their work. Thus ends for them a period of several restless weeks. Quite apart from the persuasion of the international company and the crusading Monsieur Picot, their departure had become inevitable in the political situation which made of them an enemy within nationalised gates. They came to feel that whatever the outcome of current events they had little future to expect in Egypt.

The effect on the canal will be immediate. The number of experienced pilots remaining will not be enough to handle more than about one quarter of the usual traffic. Since, moreover, most of the pilots who are leaving are those with the longest experience and therefore used to handling big ships, the size of the vessels which can travel through the canal will probably be reduced. One assumes a steep rise in insurance rates and a general reluctance of companies to risk big ships through the canal. It may well be in these circumstances that there will not be more than about a quarter of the usual traffic seeking to pass through the Suez canal.

The Egyptian authorities believe that the withdrawal of pilots will not have as serious an effect as western maritime nations seem anxious to anticipate. They will put on to the larger ships those remaining pilots who already have experience of the canal, and on smaller ships the new pilots whose six weeks' training is, they contend, enough for this less difficult work. There will nevertheless be a shortage of pilots for some time, although reduction of traffic may prevent it from being felt.

Only an expert navigator can say how difficult the pilots' task is. It appears, however, that the few feet of water between the ship's bottom and the canal floor play tricks with the helm in a manner which sometimes produces a reaction converse to normal. This kind of thing seemingly takes much experience to understand and with large ships there is no small danger of accidents in so narrow a channel. Certainly, the international company took great pains to secure the best navigators and give them a lengthy training in the roads outside Port Said and Suez and on the smallest ships in the canal, before considering them fully-fledged pilots. The Egyptians contend that there was in this much mumbo-jumbo designed primarily and deliberately to restrict the employment of Egyptians. They may take a chance in navigating the canal in proof of their contention. Sir Anthony Eden and M. Mollet may find an unexpected ally in those few tricky feet of water between keel and floor.

Delays in canal traffic will meet with a mixed reception by the world at large, and even among those allies of France and Britain who, though in sympathy with their general aim, lack their determination. Western Germany, for example, busily forging trade links east of Suez, and in any case lacking enthusiasm for the old company, regards the prospect of the long Cape haul with dismay. Among Arabs and in further Asia, the withdrawal of pilots will be regarded simply as an act of sabotage by Britain and France.

Colonel Mahmoud Yunis, who is now chief administrator of the canal, has described the withdrawal of pilots as "conspiracy prepared in advance" and his opinion will be shared by a large part of the Arab world. Some Arab leaders may blame President Nasser for trapping them in a dangerous net of his own nationalism, but the less critical peoples see in the evolution of events a simple campaign to destroy the Egyptian regime. President Nasser, they say, is willing to write into the new convention not only freedom of navigation but, in considerable detail, the terms on which the nationalised company will administer the canal. The western refusal to examine the question of calling a conference to organise negotiations, or even to see whether President Nasser's proposals offer any of the guarantees it wants, is in their view more brusque than President Nasser's rejection of Mr Dulles's proposals and can only mean that President Nasser himself has been totally rejected along with nationalisation.

Need to Live with the Arabs

Whether or not the new western plans can succeed, whether or not Egypt will submit to imposed international pilotage or can be forced to submit, is not in the long run the crux of the problem. Essentially it is a question of finding terms whereby the West can continue to live with the Arabs, and it is to be doubted whether the firmness of western governments will do anything to achieve this long term aim. For it must not be forgotten that the security of the West's oil supplies, on which so much of the importance of the Suez crisis has been built, does not depend solely on the security of transit through the canal. It rests ultimately on western relations with the Arabs. The Suez crisis is not simply due to the perversity of President Nasser nor to the intransigence of his predecessors. It is the product of a long period in which the mind of the West has become so divorced from the mind of urban Arabs that even the most elementary postulates of policy have lost their meaning. It seems from here that the kind of western victory sought in the Suez crisis will worsen, not improve, the long term position. The West will try to cure a decade of decay with a bandage of strength. The result is likely to be gangrenous.

Swedish Voters and the Socialist Record

FROM OUR SCANDINAVIAN CORRESPONDENT

ON Sunday Swedes will go to the polls to elect a new Second Chamber. The Second Chamber or Lower House of the Riksdag, which is elected every four years, today numbers 230 members; after the elections it will have 231. The Social Democrats (110) and Farmers' Party (26) form the so-called "Red-Green" coalition government, while the People's Party or Liberals (59), Conservatives (31) and Communists (5) constitute the opposition. The election campaign has been conducted with the staid decorum which characterises Swedish politics. Most meetings have been thinly attended, although they have sometimes been enlivened by films on the horrors of alcoholism which, after the abolition of liquor rationing last year, were deemed by the main parties to provide a stimulating, if non-partisan, curtain-raiser. Radio debates and interviews with party leaders have been keenly followed, while for the first time television has had an important influence.

The almost costive conservatism of Swedish electors, who tend to vote as their fathers and grandfathers voted, is a byword. Surprises are not, however, entirely ruled out. In 1948 the Liberals replaced the Conservatives as second largest party, and more than doubled their mandates. This year the Conservatives show guarded optimism. They staged a moderate come-back in 1952, and the 1954 local elections went distinctly in their favour. Local elections in Sweden mirror national trends closely; on the 1954 showing, the Conservatives would now stand to win seven seats and the Social Democrats and Communists one each, while the Liberals and Farmers would lose five and one respectively.

The Social Democrats have had an exceptionally long innings. Apart from a three-month interval in the summer of 1936, they have been in office since 1932. They have taken the Farmers into alliance with them twice, in 1936-9 and from 1951 onwards. During the war they headed a national coalition of all parties except the Communists. Although some leading Social Democrats might privately welcome the invigorating effect of a spell in opposition, the party's official aim is to win an absolute majority in the lower house. (In the upper house they already hold 78 out of 150 seats.) This would relieve them of their dependence on the Farmers, whose partnership—especially in the fixing of food prices—is often embarrassing.

Axes for Taxes

The main planks of the Social Democrat platform are full employment, a shorter working week and pension reform. The first two are non-controversial; but over pensions the parties differ considerably. At present everyone over 67 draws a "people's pension." The Social Democrats, however, now propose that all wage and salary earners shall receive a pension commensurate with their previous earnings. The Liberals, Conservatives and Farmers favour increased "people's pensions" plus a voluntary self-pensioning scheme. The Social Democrats' record of social reform is marred by their inability to alleviate the acute housing shortage, and the opposition parties have also attacked the compulsory enrolment of trade unionists in the Social Democrat party by majority vote.

The Liberals demand more scope for private enterprise, while supporting a high degree of social security. The Conservatives outdo them both in condemning the *dirigiste* state and in calling for lower taxes. (A Swedish family with two children and an income of £900 today pays no less than 31 per cent in taxation and social contributions.) The tax cuts advocated by the Conservatives would decrease the Swedish taxpayers' burden by £52 million next year. The Liberals propose reducing taxes by £32 million; and even the Social Democrats have clambered belatedly on to the bandwagon with a proposed cut of £23 million.

All parties support the traditional "alliance-free" policy, based on muscular defences. There are, however, considerable differences of emphasis in foreign affairs. The Conservative leader, Hr Hjalmarsson, would like a clearer definition of Sweden's ideological adherence to the western camp, and unequivocal recognition that Russia is the only potential aggressor. Hr Ohlin, the Liberal leader, holds similar views. This summer's Swedish naval visit to Riga was described by opposition speakers as an affront to the enslaved Latvians, while the prime minister, Hr Erlander, and the foreign minister, Hr Unden, thought it a welcome sign of improved relations with Russia. The recent uncovering of yet another spy ring directed by the Soviet embassy in Stockholm, and the continued lack of definite news about the missing Swedish diplomat, Hr Wallenberg, have provided further ammunition for the opposition parties. Nevertheless, domestic policies are likely to decide the outcome of Sunday's elections; and, as Sweden still enjoys full employment and an unusually high standard of living, it is reasonable to read the barometer as pointing to "no change."

The Other Togoland

FROM OUR UNITED NATIONS CORRESPONDENT

THE United Nations Trusteeship Council has now recommended that the trustee agreement for British Togoland should be terminated so that the territory can unite with an independent Gold Coast. In regard to French Togoland, however, the Council has been in deep water, and it ended its summer session without coming to any conclusion on France's proposal for the future status of the territory. Some months ago the French delegation informed the Council, in a somewhat vague statement, that reforms had been effected in French Togoland and that the objectives of

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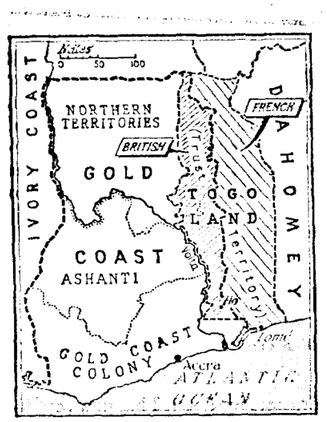
the trusteeship system were close to achievement. On July 30th it elaborated the earlier statement, announcing that a draft statute had been prepared by which the administration of French Togoland would pass into the hands of a Council of Ministers responsible to a legislature elected by universal suffrage. The territory would continue to be represented in the French Parliament and the Assembly of the French Union. The Trusteeship Council was asked to " make immediate arrangements to appoint a mission of observers to follow the operation of the referendum " in which the people would be asked to choose between the new statute and a continuance of trusteeship. The referendum was to take place in October.

The Council was placed in a difficult position by this unexpected and maladroit French move. It was highly doubtful whether the proposed statute and the method of its presentation was consistent with the objectives of the trusteeship system. There was general satisfaction at the United Nations with the way Britain had allowed the UN to play a dignified and responsible role in the final stages of British Togoland's emergence to self-governing status. There was considerable hesitation about the idea of the United Nations supervising a referendum which might result in French Togoland having a status which fell short of the objectives of the UN Charter. On the other hand, to refuse to supervise the referendum might be interpreted in the underdeveloped areas of the world as a sign of the United Nations' inability to safeguard the rights of dependent peoples. The problem for the Trusteeship Council was not eased by the fact that the matter did not arise until the last week of an already extended 10-week session which had left some delegates exhausted and irritable.



To avoid the necessity of coming to a hasty decision, it was suggested that the proposed referendum be postponed for twelve months. The French delegate, however, insisted that the referendum could not be deferred. He said that the only question before the Trusteeship Council was whether the referendum would be carried out with or without UN observers. He then submitted a draft resolution to enable the Council to comply with the French request.

In an effort to save the situation, the forthright American delegate, Mr Mason Sears, proposed certain amendments to the French text designed to make it more acceptable to the critics of France's colonial policy. In particular, the United Nations would reserve its position as to the terms of the referendum and its stand with regard to future action. However, even the amended resolution was unacceptable to the anti-colonial group and was rejected by a tie vote of 7 to 7. All the colonial powers voted for the resolution and all the non-colonial countries (including Nationalist China and Guatemala) opposed it.

Meanwhile the territorial assembly of French Togoland has proposed certain changes in the draft statute, and these have been accepted by the French cabinet. The territory has been declared a republic within the French Union ; its new prime minister took office this week ; and the referendum is to take place, without UN supervision, on October 28—a fortnight before the opening of the UN Assembly.

New Attitudes in Brazil

FROM OUR CORRESPONDENT IN RIO DE JANEIRO

SEVEN months have elapsed since President Kubitscheck took office in a cloud of mistrust, and those who predicted that he might not celebrate even half a year in office have been disabused. Some foreign onlookers are still inclined to predict an inevitable explosion ; yet they may well be proved wrong, too. The great mass of Brazilians, despite the galloping inflation and brazen speculation which this government has not yet been able to contain, still show a characteristic tolerance and restraint. Had the ordinary citizen in certain other South American countries been exposed to similar provocations, an explosion would indeed have been almost inevitable. But there are more tangible indications that Brazil will neither plunge away to the far left nor follow Argentina along the road of civil strife.

With the recent increases in minimum wages, the government has to some extent pacified the masses ; but it has a long way to go to secure even a truce with its enemies. Yet there is a new political atmosphere in Brazil, even though it is still having to be maintained by the one organised body in the country which can impose its will—the army. The army guaranteed this government's taking office and its continuance as a "freely elected authority which must be given the chance to prove it can govern." This military tutelage is deeply resented even by Brazilians who have no strong feelings about Snr Kubitscheck. But the situation is inspiring a new, if wry, reasoning: what might be the alternative situation if the distracting political hubbub continues too long ? Fratricide is something unthinkable from which every Brazilian recoils. But there is another possibility: the army might become far more exigent in pursuing its mission of tutelage. What would then become of the democratic regime of which Brazilians are fiercely proud, even though some of them interpret it as licence for confusion ?

President Kubitscheck said recently that the regime had become consolidated and that favourable winds were beginning to blow. To some extent this claim seems justified. Brazil today may well be on the doorstep of a new phase. A number of foreign countries, not only the United States, are now offering it help which could at last put it on the road to the destiny which nature has so lavishly designed. The Americans have agreed to finance Brazilian development on a basis which will not only help Brazil and American suppliers, but will also release funds and provide new opportunities for European enterprise. A first credit is of $100 million for re-equipment of the almost obsolete railways ; a further $26.4 million will be granted for hydro-electric development, and $25 million for ports. Other projects will be considered and financed according to necessity and merit. This financing agreement, however,

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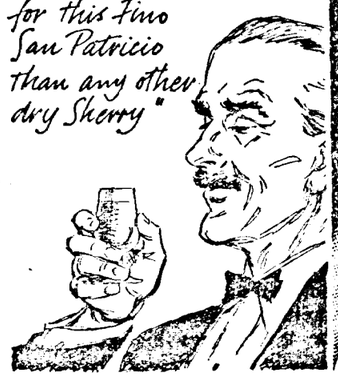

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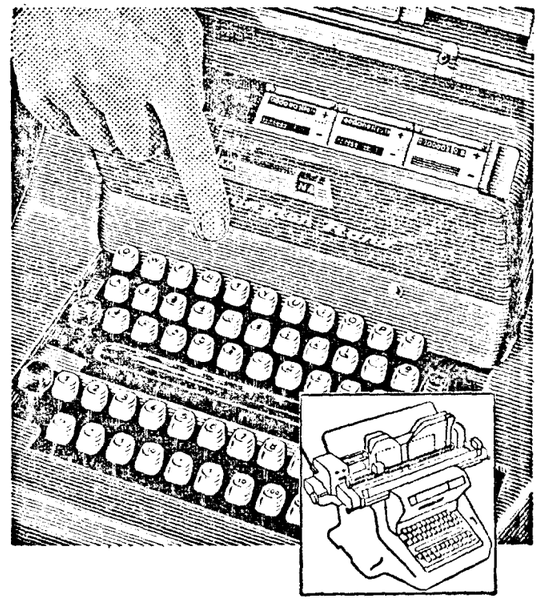

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the economic problem can be solved simply by curtailing profits and redistributing income. They ignore the fact that 80 per cent of the national income already goes to the small earner and that the real problem is not redistribution but augmentation of the national income. They never tire of pointing to the easy earnings of the *nouveaux riches*, which are indeed conspicuous in a small country which until recently was accustomed to very plain living. While Mapam maintains its siren song, economic issues will continue to be decided on largely political grounds.

India's Nagas

BY A CORRESPONDENT

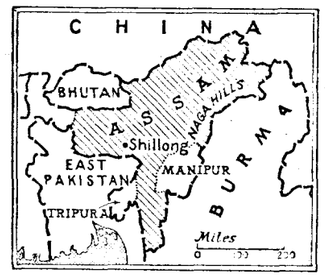
SCATTERED in the centre and in the eastern borderlands of India, in jungle-clad hill tracts difficult of access, are several primitive peoples who have never been assimilated to Hindu or Islamic civilisation and have retained to the present day their ancient ways of life. Among these are the Nagas of Assam along the frontier of Burma, whose insurrection against the authority of the Indian Union has recently attracted world-wide attention. It has attracted attention in India, too, for the Nagas have a representative in the central Indian parliament, a Mr Keishang, who has been pleading the cause of his people before the forum of Indian public opinion. He has alleged that the troops sent to quell the uprising have burned four-fifths of the Naga villages and have treated the rebels with excessive severity. He has appealed to Mr Nehru to use in his government's dealing with the tribesmen "the patience and spirit of peaceful negotiation for which he is famous in the field of international relations."

The Nagas and other "aboriginal" tribes of India — though the Nagas, who speak a Tibeto-Burman language and appear to have come from the north-east in relatively recent times, cannot be regarded as aboriginal in the sense that the Khasis, Santals and some other Indian peoples can claim that distinction—were formerly left more or less to themselves by the Indian kingdoms which governed the plains; when in the nineteenth century they were subjugated by the British Raj, their territories were usually designated as special areas kept separate from the regular administration of the provinces. In this way they retained to a great extent their ethnic identities and a consciousness of being different from the more numerous civilised plain-dwellers around them. In the eyes of Indian nationalists, however, this British tendency to insulate them and preserve their primitive folkways was simply part of an imperialist divide-and-rule technique aimed at accentuating the diversity of the Indian nation; the destiny of all these minor peoples in an independent India was to take their place as ordinary citizens and be integrated into the body social and politic of India as soon as possible.

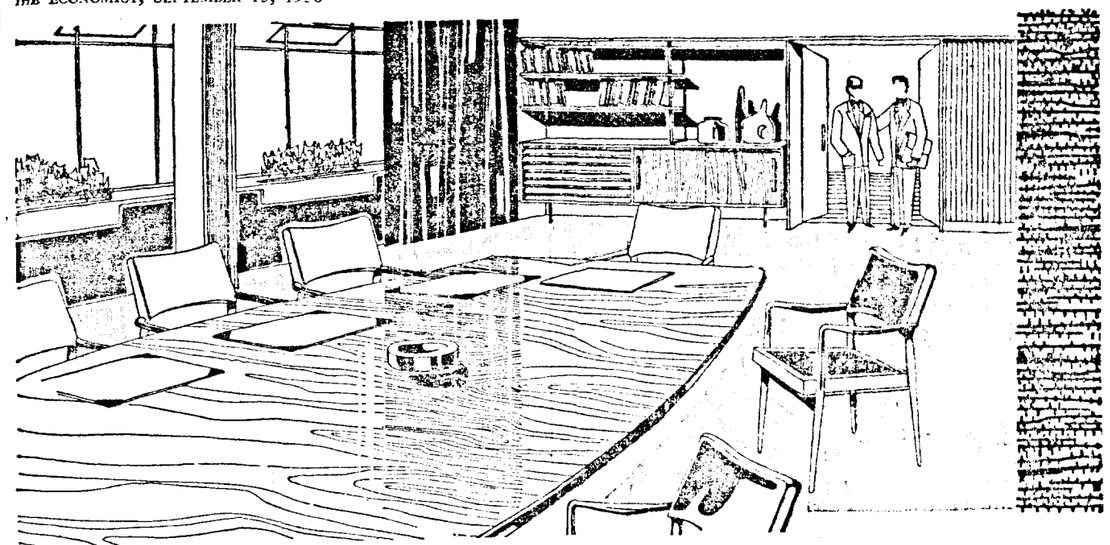
Free Debate

In a few cases special administrative units under the central government have been retained for tribal areas since independence, but in other cases minority peoples have been placed under the regular administration of the states in which they are located. The Nagas came into the latter category, and have been treated as an integral part of Assam. But there has never been any love lost between the Nagas and the Assamese, from whom they differ in language, religion and custom. The Assam government appears to have started out with the best of intentions; it was determined to civilise the Nagas, to make them wear clothes, to send them to school, to raise their economic level and to turn them into good citizens of India and Assam. Unfortunately, these efforts have met with little co-operation from the side of the Nagas, who have killed or driven out Assamese officials sent to administer them and have even talked of setting up an independent state. Conditions finally became so bad that a considerable military expedition had to be sent to quell Naga turbulence, and the pacification seems to have been attended by the kind of incidents which commonly occur in operations of the regular forces of an organised state against a primitive population carrying on an obstinate guerrilla warfare.

The Indian authorities have merely promoted the bad impression which they now claim the world unjustly has of their campaign by measures taken to prevent foreigners from entering the Naga country on the ground that their safety there cannot be guaranteed. It should, on the other hand, be emphasised in India's favour that the issue has been freely discussed in the Indian parliament and press and that Indian opinion is very disturbed about what has been happening. Under the totalitarian system of Communist China similar repressions of tribal minorities, such as the Goloks, can receive no comparable publicity, and there can be no criticism of official versions, if any, of what takes place. In the Soviet Union likewise the mass repressions and deportations of the Chechens and other peoples of the Caucasus which Mr Khrushchev has now admitted as counts in his indictment of Stalin were at the time completely concealed, except for vague rumours, both from the Soviet public and from the outside world. If so much more is known about the troubles in the Naga hills, despite the security regulations imposed by the local authorities, it is primarily because India remains a political democracy in which scandals, however inconvenient to the government, can be exposed and discussed.



The attention given to the problem in the Indian parliament and press affords ground for hope that official policies towards the Nagas and similar minorities will now be reconsidered. Indian nationalists have too easily persuaded themselves that any one within the boundaries of the Union can immediately be turned into a patriotic Indian citizen. But the building of a genuinely united nation requires time, tact and patience when there are numerous elements ethnically and culturally divergent from the main core of the population. If Indian national consciousness tends to wear thin when Mahratta and Gujerati are contending for control of Bombay, it is even thinner among people whose mental horizon has never before extended beyond a jungle-girt valley in the hills. Nagas will not be turned into Indians by burning their villages, but only, as Mr Keishang says, by application of the principles of which the Indian Prime Minister is so notable an exponent.



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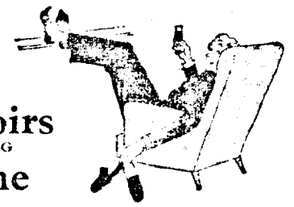

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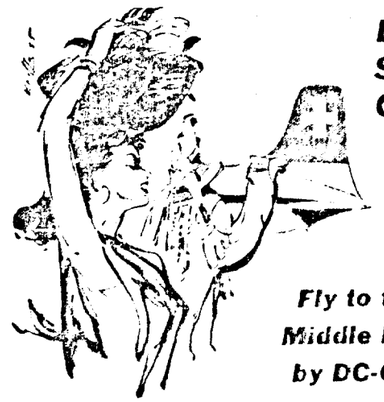

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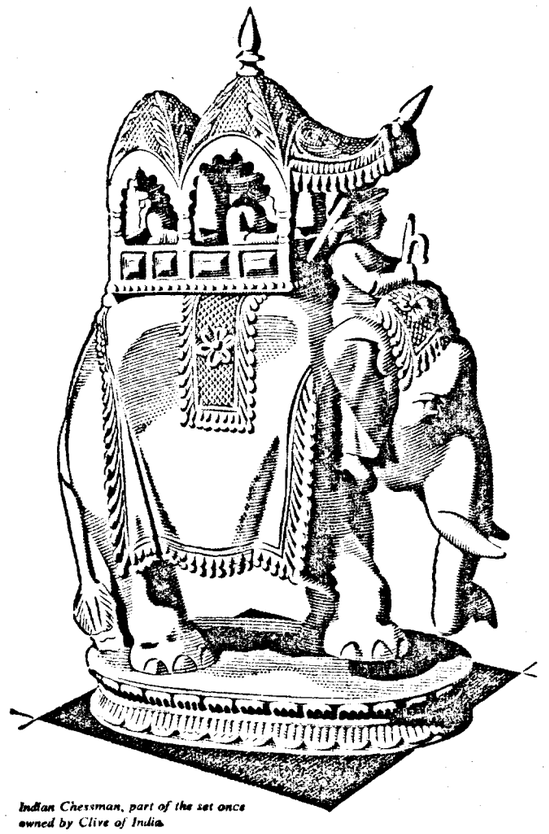

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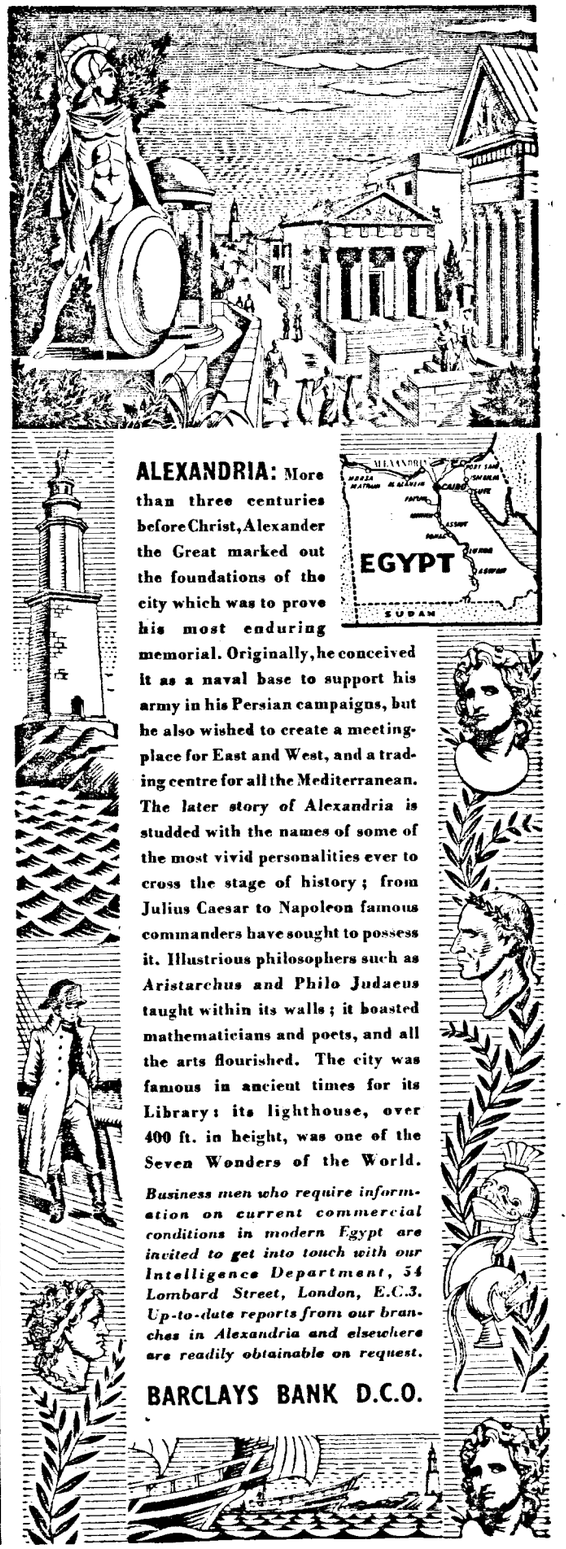

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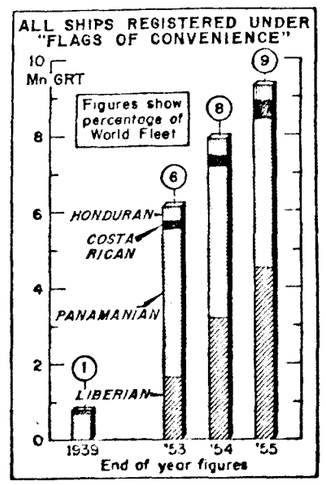
THE BUSINESS WORLD

Ticket to Bermuda

MORE shipping companies are setting sail for Bermuda. Company registration in the island needs an act of the local parliament: there are said to be almost 60 such bills in the September queue. Not all of them, naturally, are the offspring of British shipping companies. Financial institutions and others interested in trusts where capital growth rather than dividend is the main objective have been making their arrangements, as have some companies in the precious stone business. But every speech by chairmen of the major shipping companies this year has dwelt on "flags of convenience" and the tax burdens of staying at home in Britain: shipping is the industry to which the still unvexed Bermoothes make their strongest call.

The almost tax-free island is beckoning them in. A brochure from the Bank of Bermuda, now to be seen on many a shipowner's desk, tells just how to form a company in Bermuda and for which jobs to employ locals (it is thought advisable that the secretary and three directors, including the vice president, should be residents). It propounds Bermuda's financial bliss without excessive modesty. The taxation of companies is simple—a stamp tax of ¼ per cent on the par value of capital on issue, another of 1/5 per cent on a mortgage or the transfer of a property and a flat company tax of £200 a year. "No other taxes are payable. There is no income tax, profits tax, or capital gains tax. There are no taxes on dividends. There is no estate duty." How long can this El Dorado last? Proposals for an income tax have been before the local parliament several times in recent years. But the brochure points out that in each of those bills relief was provided for non-Bermudians deriving more than 90 per cent of their income from sources outside Bermuda—with complete relief for trusts and local companies beneficially owned by such people.



Bermuda is thus in the company registration business—in it to the extent of being willing to accord to the company that has no business in Bermuda privileges that the company actually doing trade and owning property there may not enjoy. That is the meaning of the exemption orders that the new companies registered in Bermuda negotiate and receive. These orders last up to thirty years; they are specifically granted to companies not trading in the island. They amount, in effect, almost to a contract between the government and the company that its rate of tax will not be changed for thirty years—though like other undertakings of governments they could be upset by the subsequent actions of parliament. The fact that one of the big groups that has been thinking about Bermuda—Furness Withy—has a company registered there and has properties, including an hotel, in the island does not appear to exclude it from the extra benefits now offered to companies that do not trade in the island. The properties are not held by the same Bermudian company that would own the ships.

On the Bermudian side Barkis is more than willing. How does the proposition appear to the British shipowner—and to the Inland Revenue Department here? The shipowner's case can be summarised thus: despite the fact that the investment allowance has been continued for shipping, while other industries have been

put back on initial allowances alone, the burden of British tax is excessive for an international business like shipping. Not enough profit is left to keep pace with the rise in shipbuilding costs caused by inflation. Therefore, the British shipping becomes a shrinking fraction of world tonnage, and the fleets that sail under flags of convenience—the flags of Panama, Liberia and Costa Rica—are as the charts show, a rising proportion. The names Niarchos and Onassis, leading exponents of keeping clear of tax jurisdictions, are on every tongue and their growing fleets are on every sea.

A Bermuda Profit Timetable

A tanker and a dry cargo ship each costing £1 million are assumed to be built by a British resident company. Both attract once only investment allowance of 20 per cent. Both are depreciated on the reducing balance system, the dry cargo vessel at 12½ per cent and the tanker at 15 per cent. The two assumptions of long-term average voyage profit on bareboat charter are 15 per cent and 11 per cent on the investment. It will be seen that the dry cargo vessel starts earning a profit in excess of its allowances in either its fifth or its eighth year and the tanker in either its sixth or its ninth year.

£'000

End of Year	Cumulative voyage profit at 11%	Cumulative voyage profit at 15%	Cumulative tax allowances: Tramp 20% once +12½% annually	Cumulative tax allowances: Tanker 20% once +15% annually
1	110	150	325	350
2	220	300	434	477
3	330	450	530	586
4	440	600	614	678
5	550	750	687	756
6	660	900	751	823
7	770	1,050	807	880
8	880	1,200	856	928
9	990	1,350	899	968
10	1,100	1,500	937	1,003

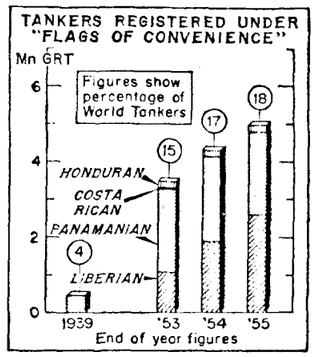
It is not the British mercantile marine, but the mercantile marine of the United States, with its fantastically high labour costs, that has lost most ground to Panama and Liberia. Nor is there any reason to think that the British Treasury would look with favour on a proposal to transfer a shipping asset outside the sterling area. But British shipowners have been looking round and seeking a flag of convenience within the sterling area.

Bermuda may be that flag. It is a sterling area country with strong dollar associations. It is a net earner of dollars and the Bank of England does not speak harshly to it. Unlike some other candidates—Jamaica for example—it offers the hope that taxes there can remain low. Under the general consent for starting new enterprises in the sterling area granted by Mr Gaitskell in 1951 no application to the Treasury to start a company in Bermuda is needed, provided that it is a new undertaking and not the transfer of an existing business that is contemplated. Consent would be needed (and might well be refused) to any proposal to transfer an existing company. But that is not what the shipowners are doing. They are moving cautiously. Several of the big ones, including some that have been most forthright in their speeches, have taken no action as yet. Those that have acted—apart from the Shell group, which is international in character and which has already 21 tankers in Bermuda ownership—are largely the small and medium-sized groups.

These groups have not made their Bermuda offshoots subsidiaries. London and Overseas Freighters has gone "half and half" with its financial associates, led by Philip Hill and Partners. Stanhope Steamship has taken only 49 per cent of the capital of its Bermudian associate. Silver Line has brought in two shipping associates, so that none of them has a controlling interest. Aviation & Shipping is still negotiating. Boldly Mr Jack Bilmeir of Stanhope has let it be known that he proposes that all his new tanker building should be through his Bermudian offshoot. Mr Basil Mavroleon of London and Overseas Freighters, on the other hand, intends to pursue a vigorous building policy from London while London and Overseas Tankers in Bermuda is also building. Save for the Silver Line group, which may eventually have a mixed tanker and dry cargo ship fleet in Bermuda, all the plans are for tankers.

There is both a legal and an administrative trap that explains the caution. The legal pitfall is "constructive transfer of assets." To start a new and additional venture in Bermuda is acceptable to the Inland Revenue here, but if it were clear that the new venture contained all the group's building plans, so that in the course of time, as the British company's fleet became obsolescent, the Bermuda enterprise was intended to supersede it, the intention might be challenged. Secondly, the severance of management and control must be effective. How much ship management can be done remote from the freight market? The answer seems to be either bareboat chartering to the associate in London or a management agreement with that company. In either event, is it advisable that the financial links between parent and offshoot should be too pronounced?

Thus a trip to Bermuda is an occasion for careful thought and good legal advice. Investors may wonder what makes it worth the candle. At least one bright shareholder has seen an answer for himself and written to his company offering to reside in Bermuda and represent them. Others may need to know the arithmetic. There are no likely gains in running costs. British maritime rules and rates of pay apply. The ships will be built just as at present—principally in Britain. They may be registered in this country, as London and Overseas Tankers intends, or in Bermuda as Mr Bilmeir intends, or indeed anywhere in the Commonwealth; it makes no difference, so far as British tax is concerned. The object is emphatically not to pay a dividend. It is to accumulate a tax-exempt income and use it to build ships. American money, it is believed, will be available in Bermuda for building tankers on the near "hire purchase" terms that Mr Niarchos and others have used. The technique will be much easier to apply with a tanker that can be fixed on long time charter with an oil company long before it is launched than with a dry cargo vessel, and the management of a tanker so fixed, by remote control, is much easier than the management of a dry cargo tramp.



Bermuda is nevertheless long-range planning for any shipowner. Many years must pass before an appreciable tax saving can arise—one big group that has not yet made its decision known has worked out that no appreciable saving would be likely in the first ten years. Among the earliest of the new Bermudian ventures to get delivery of its first tankers will be London and Overseas Tankers—at the end of 1958. Even after that no advantage arises until the investment allowances and depreciation that would have been enjoyed in Britain have been overtaken by earnings—that is, until the company would have had a taxable profit had it been UK registered. The table shows, on two different assumptions of earnings and for both dry cargo vessels and tankers, that this period might be as much as nine years or as little as five. More favourable results could naturally be obtained if present high earnings on shipping persist or if something more ambitious than bareboat chartering can be undertaken. But the tax allowances that a young and growing shipping company enjoys in this country are large.

London and Overseas Freighters, for example, has hardly paid tax since its formation in 1949. Yet it is in the vanguard of those who are to use Bermuda as a refuge from the burden of British taxes. That is not the paradox it seems to be. Tax reserves in the balance sheet at £1.6 million are a foretaste of a contingent liability that is building up. Moreover, if inflation continues and if it ever becomes desirable to sell, a ship belonging to the Bermudian associate would attract no balancing charge: a ship in the ownership of the UK company would attract tax on any excess of the sale price realised over the written down value subject to a maximum of the original cost.

Family-controlled shipping companies that can afford to look into the distant future will continue to use Bermuda and it is difficult to suggest that the British revenue authorities should try to stop them, for their actions are to the ultimate advantage of the Commonwealth's mercantile marine. The giants of the industry will face the question with much more circumspection. They are pulled back by tradition and by large vocal bodies of shareholders, who must realise that the whole object of the exercise is frustrated if the Bermudian company pays out any substantial part of its earnings as dividend. That dividend would come into the English company's income and would suffer the full blast of British income tax and profits tax with no benefit from investment allowance. For many big companies the choice must be narrow—so narrow that a further small concession from the Chancellor, for instance in the size of the investment allowances, might sway the balance.

Staying Put on Wheels

IT may seem surprising that two-thirds or so of the caravans dotted around Britain are used as permanent living places, eleven years and 2½ million new houses after the end of the war. But translated into actual numbers this two-thirds—which is the industry's estimate—is only 60,000 to 70,000 caravans, living space for perhaps 160,000 to 190,000 people. And from the few surveys that have been made of these successors to the gypsies, it would also appear that about half of them actually prefer to live in their mobile homes of plywood and aluminium rather than in a more conventional residence of bricks and mortar. Whether they prefer to live there or not, these wheeled householders have been the mainstay of the caravan builders' postwar boom.

In the thirties about 3,000 caravans were made and sold in Britain each year. Production took a long time to restart after the war when materials were almost impossible to obtain, but by 1947 most caravan builders were able to get back into business. As supplies of materials gradually eased, the housing shortage made salesmanship almost unnecessary, and production simply leapt upward. According to the Census of Production, caravan output topped the prewar level of 3,000 a year as early as 1948 and hit 18,200 in 1951. A minor shakeout followed; many of the "back-yard" caravan builders that had been attracted in by the industry's boom then disappeared. But the industry estimates today that its yearly output approaches 20,000. The 45 manufacturers who were members of

the National Caravan Council last year raised their output to 12,200, seven per cent more than in 1954. This year already their production rate is about ten per cent greater. How many caravans are being produced by other makers can only be guessed, but there are about thirty firms of any significance outside the Council's membership, plus an uncertain number of builders producing caravans for profit or, with purchased components, for their own use. If caravan output is taken as now about 20,000 a year, then at an average price of £500 or so for a caravan and the equipment that goes in it, the industry can claim a turnover of some £10 million a year—about £2 million in distribution margins and about £8 million from manufacturing.

But it is still an industry for the small man. Almost anyone could assemble his own caravan, given certain components and the plans or simple designing experience. The largest firm, built up since the war, now makes about 4,000-5,000 caravans a year; there are several others with four-figure outputs; but the majority of firms measure their annual performance more in scores or fifties. Within the maximum dimensions laid down by road trailer construction regulations —22 ft. in length and 7 ft. 6 in. in width—they make any size caravan down to midgets of 9 ft. x 6 ft. x 6½ ft. at prices from £1,750 to as little as £175. For this space and price the builder provides sleeping accommodation for between two and four persons, lavatory, hot plate and kitchen facilities, and upholstered seats or chairs. In the mammoth "Atlantic Homestead," a 35 ft. six-sleeping caravan made to special order for United States and Canadian servicemen on Continental bases —it is too big for British road regulations—room has been found for four rooms, with space heating, a bathroom, and a 7 cu. ft. refrigerator. Exports, however, are comparatively small, not more than 800 or so a year. The present lack of suitable building facilities abroad sharply limits overseas assembly of "knocked-down" components, and the empty space in a caravan can be expensive to ship.

★

Saving space and weight has been brought to a fine art by these builders. Extra equipment to raise amenities and appeal makes a caravan heavier to shift, but the light-weight materials used for chassis and shell keep most caravan weights into the remarkable range of 11 cwt to 2 tons. A caravan shell normally consists of two skins around a softwood or welded tubular steel frame—an outer skin of aluminium and an inner panel of hardboard. Plastics are even lighter in weight, and glass fibre reinforced resins are appearing for outer skins, but cost limits their wider use at present.

Quality is important and caravan users are quick to complain if they do not get it for the prices they pay. A caravan is relatively simple to construct and contains few working parts; but those few—cooking, ventilation, weather-proofing, and perhaps heating, too—are essential requirements for the holiday-maker or householder in the British climate, and the industry is highly sensitive of the shoddy standards of performance of a few makers on its fringes. Faults of design or construction do not normally become apparent until the caravan is in use, and the price or rent has been paid. The National Caravan Council has been considering a mutual trading scheme based on lists of approved manufacturers and dealers conforming to certain standards of construction and after-sales service. No manufacturer would be allowed to supply dealers not on the list, and no dealer to stock the caravans of unlisted makers. But this introduction of private regulation into a highly individualistic industry was bound to be controversial and the industry's largest manufacturer has so far refused to join. The new scheme would also presumably have to pass the critical eye of the new Registrar of Restrictive Practices.

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This new industry feels that it is still on the edge of its potential market. Although a caravan is not a cheap luxury, there are the usual facilities for credit payment and for hiring, and about half of current sales are in fact now carried out on hire purchase. Since manufacturers and distributors had always pressed for down payments of as much as 20 per cent to 33 per cent, the recent tightening of hire purchase regulations has not made much impression upon sales. The number of transactions this year is only slightly lower than in 1955; it is still above the 1954 level and total sales have risen notwithstanding. Rental, too, has been expanding rapidly in recent years, particularly the form known as "static hire," or the renting of caravans that never leave their holiday sites. Counting the caravans used to live in and those kept by their owners the whole year round in one spot for renting at holiday times, the proportion of caravans that never leave their site is in fact very high. This should encourage the manufacturers to provide detachable undergear and so reduce the caravan's initial cost, but a far more important consequence is the heavy pressure placed upon the limited capacity of caravan sites. This might be eased as the housing shortage diminishes, but sites for residential caravans are not normally those chosen by holiday-makers.

At present the shortage of sites is more acute for residential needs, mainly around the larger cities, but there are problems too for the operator wishing to develop sites for holiday makers. Licences under the Public Health Act, 1936, are usually readily granted once local authority regulations about sanitation, refuse disposal and water supply are complied with; but the obtaining of planning consent under the Town and Country Planning Act, 1947, is not always so simple. A number of local authorities, jealous of local amenities, are now withholding their consent for additional caravan sites; others give their approval for fairly short periods of five years or so.

This limited "tenure" of caravan sites is probably convenient for authorities that may have to review their planning policies after every few years, but it bedevils long-term planning by the site operator. The industry estimates that it costs upwards of £100 to £120 a caravan pitch to provide the minimum site amenities and services—which cannot be got back within five years without charging excessive rents or skimping on basic investment. Although in practice most authorities have not rescinded their consent at the end of the first period (those that have done so have been faced with the far more difficult problem of "suggesting" an alternative site for the displaced operator and his tenants), this element of uncertainty in site development accounts for many of the bad sites and disgruntled caravan users. This is a problem that strikes at the very heart of the industry's hopes for expansion, and both caravan makers and local planning authorities realise that it cannot be left entirely to local hands, to be tackled piecemeal in each area. The industry's desire for "a national policy for caravan sites" sounds rather grandiose: translated into "some ministerial advice on the matter for local councils," it sounds more reasonable.

Business Notes

Markets Shrug it Off

THE extraordinary fact about investment markets this week must surely be the absence of extraordinary behaviour. With sterling under continuous pressure, with a poor set of overseas trade figures for August, with Parliament meeting, and the Suez dispute obviously moving towards a new crisis, no explanation of the modest fall in security prices and the modest rise in commodity prices is needed. Suez Canal stocks dropped a full point; some tanker company shares rose steeply. But the reaction has been really modest. Over the week ended on Wednesday the *Financial Times* industrial index has declined from 183.1 to 181.2, and the Government security index from 84.35 to 83.54. Demand for transatlantic securities has remained strong, the official premium (over the rate of the day, not over $2.80 to the £) has risen from 5½ per cent to 6½ per cent and the Exchange Equalisation Account has done nothing to check it; this seems to dispose of the market supposition that some secret point existed in the region of 6½ per cent premium at which the Government broker would again sell American Treasury shorts to limit the rise.

Despite these symptoms the extent to which business has remained unruffled is remarkable. In the gilt edged market, business has shrunk sadly, but it has shown redeeming features. Without any kind of official help 3½ per cent War Loan has rallied promptly whenever it fell to 70. There is roughly £1 of gross accumulated interest in the price (so that the true resistance point is lower), but the resilience has been noteworthy. Secondly the £5 million New Zealand Loan, quickly oversubscribed last week, has retained a small premium throughout a week of idle conditions, emphasising that even in narrow markets the genuine subscription of a £5 million issue is not impossible.

Even now the flow of new borrowers has not ceased. Southend-on-Sea has this week placed firm an issue of £1 million 5¼ per cent stock dated 1964-66 with arrangements for dealings to start yesterday. At the price at which Messrs Pidgeon and Stebbing have placed the stock (£98 10s. per cent) it looks reasonably attractive compared with the Stoke-on-Trent 5¼ per cent stock (1964) also recently issued at £98 10s. and now commanding a premium of £1. The flat yield on the Southend stock is £5 6s. 7d. per cent and the redemption yield to the latest date £5 9s. per cent.

Reactions to Suez

To assimilate the implications on market prices of the Prime Minister's new plan for Suez is a problem on which market operators have barely had time for first thoughts, and on which they may possibly need second thoughts. First reactions in the market were that the line looked strong, but that the probability of a quick settlement looked dimmer. Therefore prices began to adjust themselves to a pattern that looked closer to the Korean model than anything that the Suez crisis has produced so far. In the gilt-edged market and in the industrial share market business shrank and prices idled away without falling. The oil shares most directly to be affected by any diversion of shipping round the Cape of Good Hope were adjusted downwards and American investors unloaded a small quantity of shares onto London.

Commodity prices on the other hand rose as they always do when war clouds gather. For most of the commodity advances shown in the table special reasons can be adduced that are not obviously connected with Suez. Copper is affected by the labour dispute in Rhodesia, and wool top futures by the strong consumer demand for wool. Probably because of the risks that ships may be requisitioned, the advance has not so far been quotably imparted to shipping freights, nor save for the tanker companies, to shipping

shares. There is an element of moving into commodities such as often happens when political tension grows. And the conflicting supposition that if more shipping is to be occupied in plying round the Cape there must be less shipping to be used in other directions, for example to the Mediterranean, seems not yet to have occurred to market operators. It could, however, happen that economic sanctions short of war might injure certain classes of British exports.

	July 26	Sept. 11	Sept. 13
Shares :—			
British Petroleum	174/4½	147/–	144/6
Burmah Oil	111/10½	88/9	88/6
John I. Jacobs	16/6	16/6	18/–
Lon. & Overseas Freighters	81/–	120/–	125/7½
P & O defd	32/3	29/6	29/7½
'Shell' Registered	163/1½	151/3	149/10½
Suez Canal Capital	£70	£55½	£55½
Commodities :—			
Tin (cash), per ton	£758½	£782½	£822½
Copper (cash), per ton	£287½	£306½	£310½
Rubber (spot), per lb	27d	28d	29¼d
Wool top futures (Dec. per lb)	113½d	125½d	130d
Freights, coal, Hampton Roads to Antwerp (per ton)	71/6	70/6	70/6

Squeeze on Sterling

STERLING has been under further pressure this week. The Suez crisis, second thoughts on the proceedings at the TUC and on the size of the August gold and dollar losses, and the publication of the preliminary trade returns for August, have all combined to hold the official dollar/sterling rate close to the effective support point of $2.78¼. On some days official intervention has been needed to prevent the rate falling below that point. Intervention has also been necessary to hold the rate for transferable sterling just above $2.75. Transferable sterling has been sold substantially on Chinese and Middle East account through the Zürich market. The Communist Chinese authorities are converting some of their considerable sterling balances into Swiss francs and have placed some of these francs at the disposal of Egypt to finance trade between the two countries. The Middle East is a large holder of sterling and, in face of the Suez crisis, has attempted to convert some of it into dollars.

Part of this pressure against sterling is speculative, as the slight widening of the discount on forward sterling suggests. In terms of dollars the one month discount is equal to an interest rate of 2½ per cent per annum. As the cost of one month's money in New York is about 3½ per cent, this would make the cost of selling sterling short about 5¾ per cent—a high rate which supports the suggestion that bear operations have indeed been undertaken. But it also explains why some operators have grown tired of speculating against sterling and have covered. These covering operations would have had greater impact on the rate were it not that commercial demand for dollars has inevitably been anticipated because of political fears. The commercial bidding for dollars has been unusually keen this week, even allowing for the fact that the normal seasonal peak is approaching. The bad harvest in Western Europe seems certain to increase the demand for dollars to pay for cereal imports from North America.

Pressure against sterling continues to come from the German mark which throughout the week has kept close to its upper limit. The discount on forward sterling against the mark is completely out of alignment with the relative level of interest rates in the two countries. The rate for monthly money in Germany is about 6½ per cent. Adding to this the 2½ per cent which represents the cost of the forward swap operation, the total cost of a bear sale of sterling, financed in Germany, would be 9 per cent per annum. The one corner of the European scene from which relief for sterling has been apparent is France, where the franc remains depressed in terms of all other European currencies.

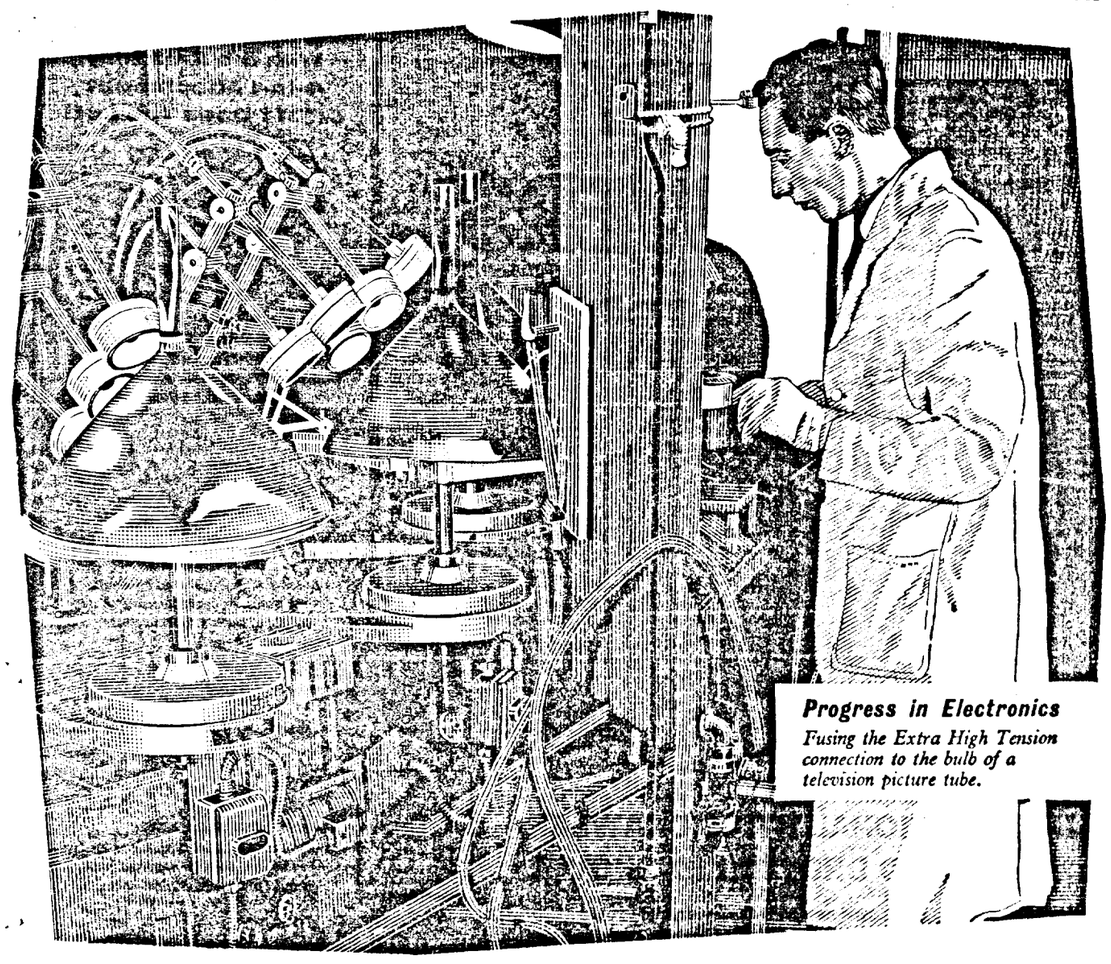
Investment Nearing A Peak?

IT is too early yet to say that the industrial investment boom which began with an upsurge of ordering in late 1953 is passing its peak, but there are some indications that it may do so by about next spring, and with the probable decline in housing activity by the end of this year, total fixed investment in the economy might level off or turn downwards a little earlier. Figures of building starts and of orders for machine tools have recently tended to fit this interpretation: so, for what they are worth, are the forecasts of fixed capital expenditure for 1957 that the Board of Trade has now obtained from about 400 of the 600 industrial companies that provide it with regular details of their fixed investment quarter by quarter (the total sample is believed to account for nearly half of fixed investment by all British manufacturing industry). These forecasts show that the companies consulted in the manufacturing industries expected, at the end of June, that their total expenditure in 1957 would be about 1 per cent lower than in 1956, with only those in chemicals and metal manu-

INVESTMENT AND EXPECTATIONS, 1954–1957

	Total fixed investment 1954 £million	% change 1955 over 1954	% Change expected, 1956 over 1955	% Change forecast, 1957 over 1956
Manufacturing industry :				
Plant, machinery and vehicles	452	+21	+18	+ 1
Building	141	+48	+33	– 9
Total	593	+27	+21	– 1
Shipping	72	+ 6	+12	+ 5
Other industries*	(250)	+31	+20	– 1

* Includes building and contracting; transport other than shipping; distributive trades; property owning; and miscellaneous services.



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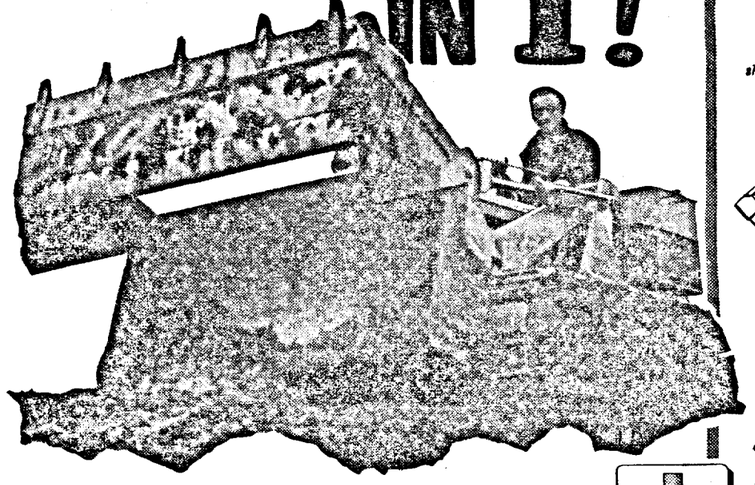

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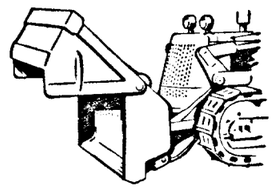
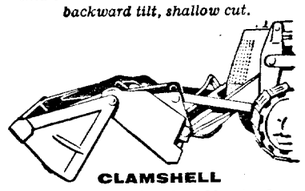


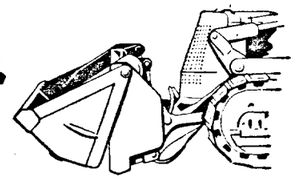
BULLDOZER

Blade moves forward, resting on skid-shoes. Forward tilt gives deep cut; backward tilt, shallow cut.



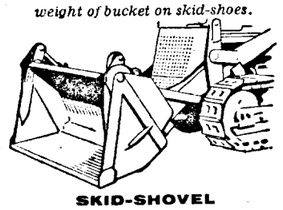
CLAMSHELL

Loose material gathered by simple clam action; transported with weight of bucket on skid shoes.



BULLCLAM

After cutting, dirt is gathered by clam action, then transported with weight of bucket on skid-shoes.



SKID-SHOVEL

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facturing forecasting increases; among shipping companies, expenditure on tankers was expected to rise significantly next year, but expenditure on dry-cargo ships to decline.

The decline of 1 per cent expected in manufacturing industry next year comprised a rise of 1 per cent in purchases of plant and machinery, offset by a decline of 9 per cent in expenditure on building, as completion of the new factories and workshops gives way to the delivery of the new equipment for them. These forecasts are provisional in the extreme, and may understate expenditure in 1957. But as an indicator of businessmen's confidence, they have to be compared with the increases in fixed investment by manufacturing industry of 27 per cent between 1954 and 1955, and with the increase of 21 per cent expected this year over 1955.

The Squeeze at Work

THE latest quarterly classification of bank advances suggests that the credit squeeze has lately taken a tighter grip—if not in the sense of a toughening of banking policy, at least by way of a contraction of customers' net requirements. In the three months to mid-August total bank advances rose by £17 million to £2,002 million, but the public utilities absorbed an additional £40 million and the local authorities £8 million. Hence the borrowings of the private sector, which had started to rise again in the previous quarter, declined by some £31 million. This carries them 6½ per cent below the peak reached twelve months previously—still an appreciably smaller reduction than the banks expected to make when the squeeze "by request" began. The latest reduction has, however, been well spread. The only industrial groups that are increasing their borrowings for other than seasonal reasons appear to be the major expanding and export industries—engineering (up by £16 million over the quarter and £40 million over the year), iron and steel (£1.6 million on the quarter but £13 million on the year), shipping and shipbuilding (£2.4 million and £5.4 million), and chemicals (£3.3 million and £3.5 million). Agriculture absorbed an extra £4.7 million during the quarter, a less than seasonal rise that leaves its total £15 million down on the year at £224 million. Fishing, now shown separately for the first time, rose from £3.1 million to £3.8 million, and is also slightly higher on the year.

The quarter's main declines in the industrial categories occurred in retail trade (down £23 million, or much more than in corresponding quarters of the previous three years), food, drink and tobacco (£18 million, or rather less than in earlier years), non-ferrous metals (£7.2 million), builders and contractors (£3.8 million), and leather and rubber (£2.3 million). The contraction of the large personal and professional group continued, but at a slower pace—by £6 million, carrying it to £72 million (or 18 per cent) below the peak reached in May, 1955. Loans to hire-purchase finance houses declined by a further £5 million to £25.5 million. The large "other financial" category, however, expanded by £5 million and, at £180 million, is the only other group that shows an increase over the year; this group includes, *inter alia*, loans to the FCI and ICFC and the newer finance corporations.

"Clean" Advances Totals

A WELCOME new feature of the return, which is to be repeated in future, goes some way towards meeting the criticism, made in *The Economist* last week, of the advances figures of the clearing banks. Hitherto, the only published "clean" figures of bank advances—even of total advances—have been those compiled for the purpose of this quarterly return, which embraces not only the clearing banks but also all other members of the British Bankers' Association. None of those other members publishes a monthly statement. The only monthly figures were those shown in the so-called advances item in the clearing banks' make-up statements, but the coverage of this item differs in three major respects from that of the association's quarterly total. It includes advances made outside Great Britain; it is subject to distortions due to the differing accounting procedures of the several banks and, subject to these differences, generally shows advances "gross" without allowance for offsetting credit balances; and it is further distorted by the inclusion of entirely extraneous items—notably, in most banks, the highly-variable amounts of cheques, etc., in course of clearing between their own branches. The resultant aggregate thus afforded no reliable measure of the behaviour of true advances; and this meant that there was no "clean" figure, not even the quarterly one of the BBA, that could be related to the corresponding bank deposits and other bank assets.

ADVANCES WITHIN GREAT BRITAIN
(£ million)

	August, 1955	May, 1956	August, 1956
British Bankers Association:—			
All members	2,215·2	1,985·1	2,002·0
Clearing banks	1,934·3	1,724·7	1,748·4
Other banks.....	280·9	260·4	253·6

This serious deficiency is now to be remedied, for one month in three, by the publication in the association's return of the aggregate of clearing bank advances computed on the same "clean" basis as that employed for the full BBA classification. The first figures, set out in the accompanying table, show that in August the clearing banks accounted for just over 87 per cent of the BBA total; the clearing banks' "clean" total of £1,748 million was £182 million less than the "advances" shown in their make-up statement for the same date. The disparity three months previously was £185 million and in August, 1955, £171 million. The true decline in clearing bank advances within Great Britain over the twelve months amounted to £186 million (9.6 per cent), whereas the decline shown by the make-up figures was £175 million.

Trade "Gap" Widens

IT is seldom wise to base firm conclusions on the overseas trade figures of a single month, especially when that happens to be a holiday month. So it is possible to

look upon the preliminary returns for August, thoroughly bad though they appear, as no more than a warning signal. It is permissible to recall that a year ago the August exports were swelled by the aftermath of a dock strike and that though the comparison runs badly with July of this year also, there is normally a holiday slackening in August. It will be for the active trading months of the autumn to reveal whether the check to the improvement in Britain's visible trade balance was a transient effect of holidays and motor strikes, or the onset of a new and serious problem. It will be for the figures of those autumn months also to show the first effects of the Suez crisis on British trade. It can hardly have affected the August figures.

British exports in August at £253.4 million were nearly £13 million less than in July, although July had only 25 working days and August 27. The figure was nearly £11 million less than in August last year when the total was swollen by the aftermath of the dock strike. Imports were £322.3 million, £2 million more than in July and £20 million less than in August last year. Re-exports

UNITED KINGDOM TRADE
(£ million—monthly averages or calendar months)

	Imports cif	Exports fob	Re-exports fob	Trade deficit
1955 :—				
Year	324·1	242·1	9·9	72·1
1st quarter ...	335·1	247·3	10·6	77·1
2nd „ ...	299·8	217·0	8·2	74·6
3rd „ ...	327·1	243·2	9·5	74·3
1956 :—				
1st quarter ...	323·3	258·4	13·6	56·2
2nd „ ...	330·6	271·8	13·1	45·7
July	320·1	266·2	9·8	44·0
August*	322·3	253·4	8·2	60·7

* Provisional

continued to decline; at £8.2 million they compared with £9.8 million in July and with £10.0 million in August, 1955. The result is a trade "gap" (an excess of imports cif over exports and re-exports fob) of £60.7 million. This is the highest figure since January and £16½ million more than in July.

It is still true to claim that 1956 so far is running in much happier balance than did 1955. The monthly average of exports of July and August, though it is down by about 2 per cent compared with the monthly average of the first half of this year, was about 7 per cent higher than the rate for 1955. For the same two months the import average was about 2½ per cent lower than in the first six months of this year and one per cent lower than the monthly rate for 1955. The visible adverse balance in July and August was at a rate about £1½ million more than the monthly rate for the first half of 1956, but £20 million lower than the monthly rate for last year. To the vital dollar markets of North America the export figure for August was £34.4 million (compared with £35.6 million in July). It was again distorted by a return to America of £2½ million of lend lease silver. The total of those repayments over the past five months amounts to £11½ million. Excluding those quasi-capital transactions, the monthly rate of exports to North America in July and August was about one per cent below the average for the first half of this year.

Dr. Delfino's Grand Tour

THE Argentine financial mission headed by Dr Mendes Delfino is now on a round of the European countries to which Argentina owes money. Its main task is to negotiate funding agreements on the lines that were mapped out in Paris last August when Argentina undertook to move from bilateralism to multilateralism in its trade and payments arrangements with Europe. The tour began in London, where talks ended a fortnight ago in a draft agreement. Argentina offered to fund and repay over a period of ten years the £25 million of commercial and government debts owed to this country. It was, however, decided that the Anglo-Argentine Agreement should not be formalised until arrangements had also been completed for funding Argentina's debt to her two most important creditors, Western Germany and Italy. The mission has since visited Bonn and discussed with the German authorities the funding of their commercial and governmental debt amounting to the equivalent of about $200 million. The Bonn visit ended without definite agreement, the German Government apparently raising objections to the proposed repayment period of ten years. They claimed that because they were the largest creditors they should have preferential treatment and quicker repayment. This is not an argument that will sound pleasantly in the ears of other creditors, notably the London creditors.

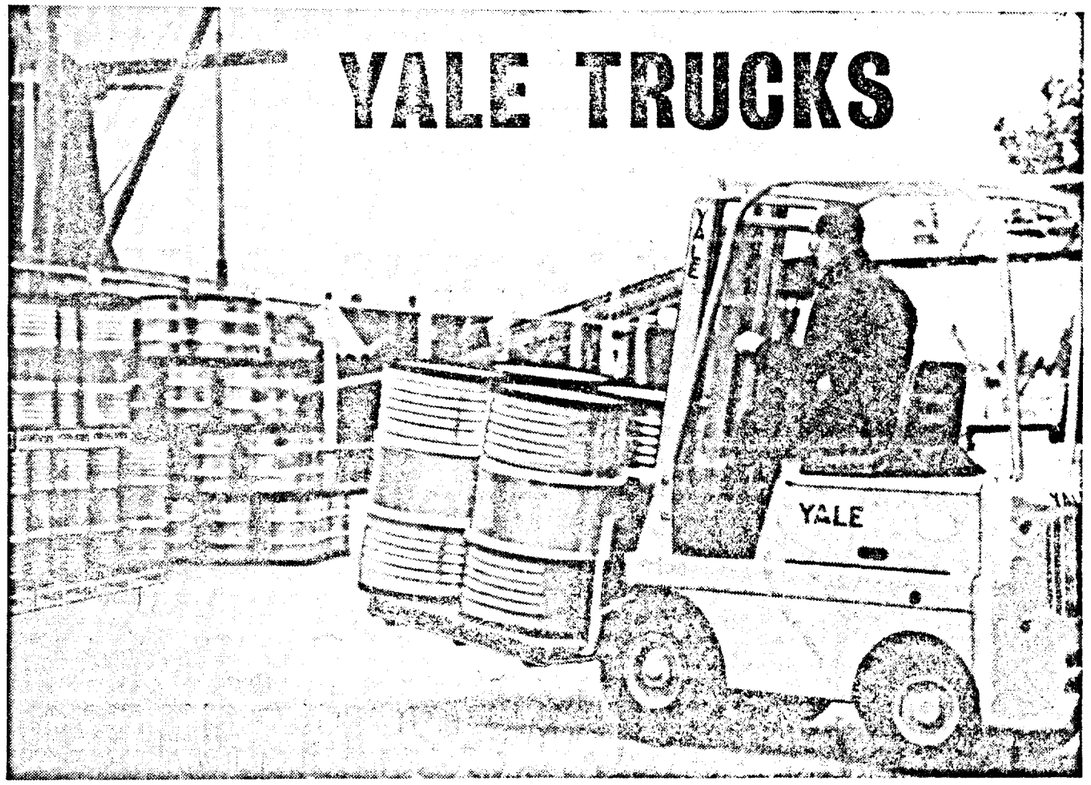
Independently of the discussions with European creditors, Argentina has made similar arrangements with Japan. It has funded its $60 million debt with Japan to be repaid over the next ten years and has substituted for the previous bilateral payments arrangement, which was based on "treaty dollars," a multilateral clearing system by which the bulk of the trade between the two countries will be paid for in transferable sterling. In this way Anglo-Japanese trade and payments will be linked with the new multilateral system through which trade and payments between Argentina and Western Europe are being conducted.

The problem of arrears of financial remittances was discussed but not solved when the Argentine financial mission was in London. Since its departure, however, an announcement has been made in Buenos Aires notifying a partial release of funds blocked on foreign account in Argentina. The total amount of these blocked funds has been estimated at 2,000 million pesos, equal to £25 million at the current free market rate of exchange. Of this total 100 million pesos, or £1,250,000, has been released and may be remitted over the exchanges at the free market rate.

Slower Spending?

ABOUT 5 per cent more money seems to have been spent on consumers' clothing, household goods, drink and tobacco in the second quarter of this year than in the same period of 1955. Revalued at 1948 prices, however, the increase is limited to 1.3 per cent, which is much lower than the rate of quarterly increases during 1954-55. In 1954 and early 1955 the volume in which these particular goods were being bought was bounding up each quarter at

(*Continued on page* 912)



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Mr Rank, Manufacturer

IT would be a gross exaggeration to suggest that the Rank Organisation is edging sideways out of the film business. But there is no doubt which side of its activities is developing fastest, and this is not films. It is the mixed bag of optical and electronic companies that the vast cinema group shows in its schedule of trading results under the label "Manufacturing."

Six years ago, in its 1949-50 accounts, the Rank Organisation showed net trading profits of £265,000 on those activities —representing, in a year when the group's net profits in the film business were suffering heavily from big losses on film production, about 15 per cent of the heavily depleted total profits. In the accounts for the year ending June 30th, issued this week, manufacturing profits are shown as £2,052,034 net. Allowing for a slight change in the presentation of the accounts, these net trading profits are more than 7½ times what they were in 1949-50; and this year they accounted for nearly a third of the group's total net trading profit of £6,375,215.

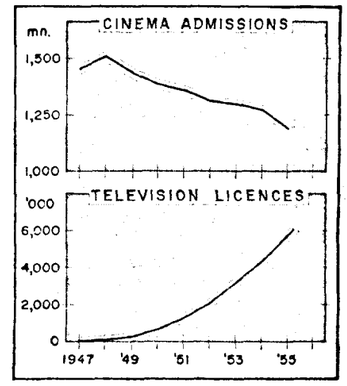
By no means all the Rank manufacturing units are associated with the film industry, though several began or were acquired as ancillaries. Rank Precision Industries builds cameras and projection equipment for the amateur as well as for the industry—noting proudly this year that it can offer an 8-mm cine camera and a home projector for less than the price of the average television set; its subsidiary Taylor, Taylor and Hobson is expanding output of the lenses and instruments that it exports throughout the world; and it is beginning to make office dictating equipment as well as sound equipment for cinemas and studios. Cinema-Television, Ltd.—television studio equipment, test gear and instruments—and Bush Radio are more or less completely outside the film world. At a guess, between a third and a half of Rank manufacturing is connected with the film industry; the rest is not.

The latest expansion in this non-film field was announced last week, when the Rank Organisation joined the Haloid Company of Rochester, NY, in forming Rank-Xerox, a company to develop the rights outside the United States and Canada of a new process of electronic printing. The fixed capital of all Rank manufacturing activities is shown in the balance sheet at a book value, written down, of only £1,748,170, compared with £38,168,363 for cinemas; but the group made more than three-quarters as much profit on manufacturing as on cinemas.

Those cinemas were built, almost entirely before the war, for nearly £53 million, and since 1939 the cost of building a cinema has risen about four and a half times. The index offers no neat multiplication; to say that the replacement value of Rank cinemas would be well over £200 million would only make sense if one assumed that anyone would be prepared today to replace every one of them with cinemas, which is unlikely. Nevertheless, their values as buildings for alternative purposes—such as dance-halls or super-markets—must be very considerable, and recently the group has been taking advantage of this in rationalising its cinema circuits.

Last week the Rank Organisation announced that by the end of October it would close 40 of its cinemas; in his statement with the accounts Mr Rank said that 39 more will be closed in the next few months. The pruning is easily explained: during 1955-56, out of the 570-odd cinemas in the two Rank circuits, 184 made a loss, at the rate of £444,000 a year. He added: "I say with great regret that I believe that some hundreds of cinemas will close in this country in the next year."

His own group, however, is not merely cutting out dead cinemas (and hoping to make useful capital profits in disposing of them); it is at the same time adding live ones, or ones in live places. During the year it completed three of which building was suspended at the outbreak of war, rebuilt another three that had been closed since being bombed, and bought 14 others. It is also buying 12 more in Northern Ireland (plus seven that it has had on lease from the American company Paramount): in all, about 40.



The report, for the first time in several years, does not record the box-office takings at the group's cinemas, so that it becomes impossible to see whether the Rank circuits have been holding their share of the generally declining cinema business. In the twelve months ending March 31st this year cinema admissions in Britain were down by about 7 per cent and gross takings down about 5 per cent: Sir Philip Warter of Associated British Picture Corporation, the most important rival of the Rank circuits, said at the annual meeting in July that attendances at ABC cinemas had fallen less than the average for the trade.

Sir Philip is directly concerned in commercial television: Mr Rank's interest in it is only as a customer for equipment (he makes no direct mention this year of selling it television films) and as a powerful competitor. As such, he pays it due credit: "As the stations opened independently it was possible to measure the effect over the first 6 or 7 months, showing a 10 per cent fall in attendances in the areas covered by the new service compared with the rest of the country."

Against such priceless competition for the viewer's time, he argues that the only hope of putting the film and cinema business back on to a comfortably profitable basis lies in reduction of the Entertainments Duty that at present takes 33 per cent of box-office receipts. In his printed statement Mr Rank duly expressed himself as "confident that relief will be given" by the Chancellor; at a press conference this week he was more laconically realistic: "Hope springs eternal—if the man has any brass to spare."

TRADING RESULTS*
(£'000s)

Years to end-June	1950	1952	1953	1954	1955	1956
Exhibition in Britain	2,809	3,278	2,942	3,283	3,579	2,655
Exhibition overseas	261	643	631	613	325	226
Film production and distribution	*Dr. 3,138*	*Dr. 110*	361	848	745	925
Manufacturing	265	1,062	1,279	1,289	2,159	2,052
Film studios and laboratories	338	178	200	151	303	399
Miscellaneous	223	299	276	196	283	119
Total	**1,758**	**5,350**	**5,689**	**6,381**	**7,393**	**6,375**

* After depreciation but before tax; 1950 figures exclude dividends from trade investments but subsequent figures include them.

(*Continued from page 908*)

figures which touched nearly 10 per cent at the end of 1954, though consumption generally was rising at a much more sober rate.

The consumer boom was thus centred largely on durable goods: cars, household equipment, radio and television, and it is in these goods that the recession has taken place. It would be unwise, therefore, to read too much into these preliminary figures for personal consumption in the second quarter; the goods included account for only about one-third of consumers' total expenditure and tend to be considerably revised as fuller returns come in. The fact that people are buying fewer television sets than they did a year ago does not necessarily mean that they have cut back their spending in other fields: indeed, retailers believe that the money which their erstwhile customers will not save in order to put down a hire purchase deposit is only being spent in other ways.

Where the Motorway Ends

If road transport in Britain is to reap the full advantage of the system of national arterial motorways to which the country is now committed, improvements will be necessary also in the terminal routes by which these motorways are connected to the centres of the cities at each end. One kind of terminal that has been adopted in many American cities and is planned for several in Europe is the "urban motorway." As its name implies, this runs into the central areas of cities a route embodying, on a slightly smaller scale, many of the features of the arterial motorway—restricted access, except at key points, to the ordinary network of surface roads; grade segregation of traffic going different ways; and high average speeds for the motor vehicles that alone are allowed to use it. The urban motorway has no pavement and no shops along the edges; it is generally taken along cuttings or over viaducts, with ramps giving access at selected points to the ordinary surface roads in the city centre. In some ways, it has more in common with a railway than a normal road; and in certain cities it is said to be cheaper to build than a first class road. But not everywhere: one around the built up centre of London, it has been estimated, would cost £130 million for 11.1 miles—nearly £12 million a mile, or three times the cost per mile of driving a new deep tube railway through London.

A distinguished body of traffic experts is being gathered in London next week to discuss the virtues of the urban motorway and its possible application to British cities. This week they have had an advance contribution to their discussion—a study of American experience of traffic problems by Political and Economic Planning.* This, without coming to any final conclusions, mentions the disillusion with which some American traffic experts are now beginning to regard the urban motorway and other solutions that, by attracting and generating extra peak-hour traffic into a city, may tend over the years to aggravate the very problem they are designed to solve. A system of "freeways" into central urban areas, such critics argue

> entails enormous expense. It constantly disrupts city operation. And regardless of the millions of dollars spent, no city yet has solved the downtown problem by this alternative.

Urban motorways, like extra parking facilities in the centre of the city, may have a useful part to play in the integrated planning of city transport. But it remains open for discussion whether both may not require consequential regulation, primarily by the price mechanism, of the motorcar commuters whose cars they bring in to choke the circulation of the city. Few American traffic experts are today so confident of having solved the problem of the car-clogged city as they were a few years ago, in the first flush of enthusiasm about turnpikes, expressways and mechanical parking systems; and in this country city traffic is relatively even more important than in the United States.

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Boeings for Australia

The announcements that the Australian nationalised airline, Qantas Empire Airways, has ordered seven Boeing jet airliners for delivery in 1959 is a sharp reminder that American competition to British aircraft extends well beyond the North Atlantic route. The type ordered by Qantas is not the huge version of the Boeing 707 intended for non-stop North Atlantic operation, but a smaller, earlier mark with less powerful American-built engines which had been developed primarily for coast-to-coast operations inside the United States. Qantas is the first airline outside America to buy this type of American jet; all the earlier foreign orders placed with Boeing and Douglas, including that of Japan Air Lines, were for the transatlantic giants that will come into service in the 1960s.

There is no jet aircraft under development in Britain that is capable of crossing the North Atlantic non-stop; but either the Comet IV or the Britannia might have seemed suitable for the kind of operations for which Qantas has ordered the Boeing jets. The reason for rejecting the turbo-prop Britannia—not, perhaps, without reluctance—comes from a fairly strong conviction in Qantas that when other airlines were re-equipping with jet fleets, a comparatively small airline (Qantas has a fleet of 12 Super-Constellations, 6 Douglas DC6s and several smaller aircraft) could stand out against the trend. The Comet IV, which could have been delivered at the same time as the Boeings, was rejected principally because it has not enough range for the South Pacific routes to San Francisco, where Qantas has to meet its stiffest competition. The Comet is a little smaller and a little slower than the Boeing, but it is doubtful whether these reasons alone would have led the Australian government to sanction the expenditure of $42 million on alternative American jet airliners.

* "Solving Traffic Problems." PEP. 2s. 6d.

More from Sir Eric

Sir Eric Bowater and his fellow-directors of the Bowater Paper Corporation have now published their first half-yearly statement of profits. They have compared the 1956 results with half of the total of 1955 and not with the corresponding months of that year. It is a statement which will please stockholders—on both sides of the Atlantic. It contains figures of sales as well as consolidated profits; it has been released in North America as well as this country; the figures are set out in dollars as well as pounds; Sir Eric makes a short interim statement; and the general tone of the report is bullish. The most important titbit is the effective increase in the interim ordinary dividend from 3¾ to 4½ per cent. That is backed by a statement which shows a further increase in sales and earnings; part of that increase reflects the inclusion in the latest results of the figures of British-Australian Paper and two months' figures of Mersey Paper. The results of two other recently acquired subsidiaries, Bowater-Scott and Bowater-Eburite, are not included.

Six months to June 30	1955	1956
	£'000s	£'000s
Sales	41,421	44,729
Trading profit	6,605	7,715
Depreciation	1,671	1,990
Taxation (excluding distributed profits tax)	2,166	2,600
Net profit	2,161	2,557

Sir Eric in his statement draws attention to the "further overall improvement" in earnings, adding that "subsidiaries overseas have, as heretofore, contributed the major part." With a due proviso about any deterioration in the international situation, Sir Eric says that "the prospects for the second half of the current financial year would appear to be satisfactory."

Summer Savings

The new savings certificate, launched on August 1st, is still going strong. The moderate slackening of sales in its fourth and fifth weeks—from £15 million to £13 million, and then to £10 million—gave place to a stronger demand in the week to Saturday last, when £12 million were sold. This brought the total to fully £66 million—in contrast with sales of only £18½ million of the ninth issue during the corresponding weeks last year. For a security issued at the crest of the holiday season, this is a remarkable performance: perhaps it is not only the cinemas that have benefited from the wet summer. The one adverse trend, noticeable in the latest two weeks, has been a sharp increase in the encashments of old certificates—to nearly £19 million in the fortnight, so that net receipts were small. Since end-July, however, sales have exceeded encashments by £34 million; in the similar period of 1955 the excess was only £2 million.

This gain has not been made at the expense of other "national" savings. These showed a moderate deficiency during August, but a smaller one than in August, 1955. The new savings certificate had, however, cast its shadow over the early months of the fiscal year: in the first seventeen weeks (before the present issue was available). Sales of savings certificates showed a substantial net deficit. At end-July, total national savings, before allowing for accrued interest, were in cumulative deficit to the extent of £26 million, despite the launching in May of the new 4½ per cent Defence Bond, whereas at the similar date in 1955 the deficit was £4 million. By September 1st last the deficit had been reduced to £5¼ million, whilst in 1955 it had risen to over £19 million.

Brisk Wool Sales

All the evidence pointed to a brisk start to the September wool sales, the first in London of the new season. The strong opening to the season in Australia and South Africa, the high prices bid at the sales of English wool that have preceded this London series, the vigorous demand of the worsted industries of this country and of Western Europe, together with the reduced quantities available in Australia because of the cancellation of the first Melbourne and Brisbane sales, all emphasised that the market must be brisk. The prophets have not been disappointed. Compared with the previous (July) London series, prices of merino wools show a rise of 10 per cent and sometimes of 12½ per cent, Australian crossbreds a rise of 10 per cent and occasionally more, while New Zealand crossbred wools are 5 to 10 per cent dearer. The British home trade and the near Continent seem to have divided the buying fairly equally between them, with no sign of Eastern Europe in the market.

That was as expected. Some experts had guessed that Suez might force the market up even further. Clearly if the fact of ships going round the Cape of Good Hope instead of through the Suez Canal was going to make an appreciable delay in the arrivals of wool in Europe, London as the spot market for Western Europe might develop a stiff premium. If, in addition, British military preparedness caused the Government to reconsider selling from the British stockpile, that premium could have been still further increased. Neither of those events has happened. Many ships are going round the Cape, but the Orient Line, for example, which takes some of the Australian wool, is to take only one day longer for the voyage and the talk of delayed arrivals on account of Suez seems much exaggerated. The effect of the diversion of shipping may indeed eventually operate not in withholding raw wool from London, but in making it more difficult for British experts

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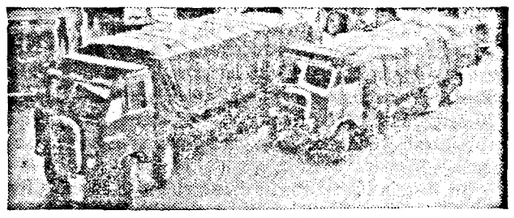

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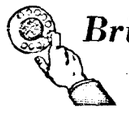

British Road Services Ltd

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of woollen goods to reach certain destinations, particularly in the Mediterranean area. The British stockpile, despite Bradford rumours, is also still selling as expected. Its offerings in this London series have comprised 9,700 bales out of total supplies offered of 53,000 bales.

Split-Second Photography

MORE than 300 delegates arrived in London this week from all parts of the world, including the USSR, for the third international meeting on high-speed photography since the end of the war and the first to be held in this country. They belong to the small and select band of experts in this special photography and the exhibits put on by 25 bodies from Los Angeles to Hamburg comprise the largest assembly of high-speed photographic equipment yet collected under one roof.

High-speed photography is not photography as the layman knows it. It is taking pictures with ultra-short exposures—sometimes as short as a millionth of a second—that can freeze for an instant events so rapid that the eye has never a chance to see them. It deals in two time systems—the fast and the fantastically fast. The less exacting system simply requires a clearly defined record of events taking place at high speeds and beyond the range of normal cameras. An example of the merely fast is the tracking of missiles in flight, sometimes from the target aircraft, sometimes with cameras mounted on the missile itself, which watch its booster rockets fall away, or its fins disintegrate under the strain of light; for this a camera taking pictures at a rate of 100 to 1,000 frames a second is generally sufficient, provided that it can stand up to violent heat, friction, vibration and acceleration.

In the class of the fantastically fast, the picture must show in detail what the eye could never see—the impact of bullets; the sometimes violent cavitation effects set up by droplets of water on the casing of an underwater missile cleaving through them; the process of an atomic explosion. These call for speeds that run from a ten-thousandth to a millionth of a second and may be taken by drum cameras weighing a ton in which the prism spins like a dynamo while the film remains stationary, or with cameras based on cathode tube principles. The defence ministries are much the biggest customers for high-speed equipment; for them photography is in one sense a substitute for the test pilot, and in the development of guided missiles it is the only possible agency. But a certain amount of use is made of these techniques in industry, especially those using stroboscope systems, and in research laboratories.

Statistics for Research

NEARLY ten years ago, at the beginning of 1947, a standing committee was set up to survey and advise upon social and economic research in government departments. This committee, under the chairmanship of Sir George North, has now published its third report (HMSO, 2s. 6d.) following previous ones in 1948 and 1950.

The committee has no powers of enforcement but in the course of its lifetime it has made 164 recommendations to government departments and 70 per cent of these have been accepted, in principle at least. The latest report records the work of four sub-committees reviewing some of the services of the Board of Trade, the 1951 Census, local government statistics and food statistics. Recommendations have ranged over one for a detailed analysis of patent specifications, the publication of actual prices to supplement index numbers, advice on the tabulation of census figures, a fuller analysis of the finance of town and country planning, and the need for statistical information about distribution costs and profit margins in the food trades.

This appraisal of government statistics is all to the good, but does it go far enough or fast enough? Over the last five years only a part of the government information services has been scrutinised and on one particular score the committee's work has gone disappointingly slowly; the intention to replace the prewar *Guides to Current Official Statistics*. Only three booklets have so far been published, the last—on local government statistics—three years ago. Moreover, the committee is bent on looking after the interests of outside research workers but, it would seem, mainly those in universities. One of its duties is to encourage the flow of unpublished official material which could be made available to research workers and lists of such documents are circulated periodically to certain libraries. But the wants of industry and the public are not represented. If there is need for such a committee—and it would seem to have many useful functions—there is surely something to be said for one with wider advisory powers keeping the statistical service under regular review and the demands of the various users of it in proper balance.

When is a Proxy Not a Proxy?

THE struggle in Amalgamated Tobacco over coupon trading and the reduction in its capital has not been particularly edifying. On one side has stood the chairman, Mr E. E. Mills, and directors of the company, and on the other a shareholders' committee headed by a group of City trusts, which would like to vote the present board out of office. But unedifying though the fight has been, the latest move in the struggle has given rise to an important point about shareholders' rights and the validity of their proxy votes at a meeting.

At a meeting this week, the sitting board gained approval for its scheme to reorganise the company's capital structure but failed to gain the necessary vote to reduce the capital by £180,000. In the course of this meeting the chairman, having sought legal advice, declared invalid a number of proxies cast in favour of his opponents. His grounds for doing so were that some of the statements put out in the opposition's circulars—particularly those in reference to the reduction in capital giving him, the chairman, control of the company—were misleading. The opposition in turn has sought legal advice—and quickly—for a further extraordinary meeting was due.

Mr Mills' action poses a number of questions. Has any chairman the right to accept or reject proxies? If he has

what principles should guide his action? Must he state his reasons? Can he do so simply because the opposition's circulars seem to him to be misleading? These questions must be answered promptly and decisively, and the decision of Mr Justice Diplock to grant an interim injunction suggests that they will be.

SHORTER NOTES

A significant drop in opencast coal production is tending to nullify the slight increase in output from the mines that the National Coal Board has managed so far this year with slightly fewer miners. The contractors who get the coal at these surface sites are inclined mainly to blame the Ministry of Fuel and Power, which as usual is having difficulty with the Ministry of Agriculture in obtaining agreement upon the opening of new opencast sites. Coal stocks, however, are still about 3 million tons higher than a year ago—and particularly high in dealers' yards, since the domestic consumer is as yet showing no sign of stocking up his own cellar.

Expectations that the Canadian official wheat crop estimates would show a better than average crop have been amply fulfilled. The first estimate from the Bureau of Statistics is 512,250,000 bushels, whereas the general expectation was for a figure of about 500 million bushels.

★

The Atomic Energy Authority opened its greatly enlarged reactor school at Harwell this week. It can now accommodate 55 students on the long, 14-week course compared with only 30 previously. These courses are mainly for engineers from the large electrical engineering companies involved in atomic design, and for foreign students. Shorter courses lasting only six weeks are held for university lecturers and scientific staff who do not want to go into reactor design in the same detail.

★

Costain-John Brown, in collaboration with William Brothers Ltd. of Oklahoma, has obtained a £5½ million contract from the North Atlantic Treaty Organisation for the construction of oil-line pumping stations, marine terminals, and storage facilities which are to be erected as part of the Nato "infra-structure" for Turkey.

Company Notes

A. C. COSSOR. The report of A. C. Cossor shows how severely the credit squeeze can work. Indeed, this company has the unenviable distinction of being among those most heavily buffeted—as yet—by it. Even if Cossor was more vulnerable than some, it is instructive to follow Lord Exeter, the chairman, through his frank explanation why a profit was turned into a loss in the year to March 31st; the lesson has importance for others besides Cossor shareholders.

Sales fell from £9.2 million to £7.4 million; trading profits fell from £652,545 to £76,190; a profit before tax of £492,147 (thanks in part to heavier interest charges on bank loans) was turned into a loss of £134,939; and no ordinary dividend (against 15 per cent) is to be paid. Stocks and work in progress rose from £2,737,854 to £3,691,513 and bank overdrafts rose from £431,943 to £1,386,343.

The first step along the road to misfortune was the cancellation of about £6 million of orders by the Ministry of Supply and other Government departments. To fill the gap made by these cancellations, the company planned to double its production of radio and television sets. A few weeks later came the Autumn budget, increasing purchase tax, and sales collapsed. For a time some of the stocks were absorbed by the demand for sets on rental; then in February this trade was restricted by the "control of hiring" regulations. The group had begun to cut back production and to dismiss some of its workpeople after the autumn budget but at the end of the financial year it had about £1 million of radio and television sets in stock or in the course of manufacture. Along with other manufacturers, Cossor tried to keep trade moving by offering lower prices or better terms but at the same time costs were rising and profits were squeezed. In the equipment division, the group had a little more success and its export sales went up from £1.6 million to £2.1 million.

There is a moral to this story: a mistake in timing or a misjudgment in forecasting by the management can play havoc with profits in a period of stringency. Can Cossor recover from this setback? Lord Exeter admits that he is not very optimistic about the current year's outturn. But there are a few facts on the credit side. The company has written down its stocks; this, presumably, is largely a non-recurring provision. And it is extending its business in the electronic instrument and telecommunication fields, but other radio and television manufacturers are in this field too and competition is likely to be severe.

★

ORANGE FREE STATE DIVIDENDS. Three of the OFS gold producers from the Anglo American stable have declared their half-yearly dividends. The payment by President Brand (at 2s. a share) and by President Steyn (at 1s. a share) are both in line with market expectations, but the dividend of 2s. a share from Western Holdings, which has been going through a mediocre patch, was slightly better than had been anticipated. Gold share prices reacted favourably to the announcement, Western Holdings rising 1s. 3d. to 76s. 3d., and President Steyn 1½d. to 32s. 10½d. None of the three mines has yet approached full production. At the moment President Brand is milling nearly 60,000 tons a month and by the end of the year this rate should have risen to about 70,000 tons; its eventual capacity is put at 125,000 tons. So, too, is the capacity of President Steyn, which is currently milling ore at about 93,000 tons a month, a rate which should go up to about 100,000 tons by the end of the year. A rather bigger increase in production is expected from Western Holdings, where the rate should go up from the current

	Sept. 1955	Mar. 1956	Sept. 1956
Dividends:	*s. d.*	*s. d.*	*s. d.*
President Brand	1 0	1 6	2 0
President Steyn	0 6	0 9	1 0
Western Holdings	1 6	1 6	2 0

83,000 tons a month to 100,000 tons by the end of the year; its eventual capacity is put at 150,000 tons. Of the three mines Brand is not expected to pay tax on its profits until 1958, Western Holdings not until 1959 and Steyn not until 1960.

Uranium profits are never likely to be as important for these mines as they are for some of the Rand producers. Currently President Brand is earning about £60,000 in profits from uranium and as its gold production rises these profits may approach £100,000 quarterly—a target already reached by President Steyn. Western Holdings is a scheduled uranium producer but as yet the ore raised has not warranted treatment for uranium. What is of more importance for Western Holdings is the results that will be shown in the next two quarterly reports of Free State Geduld. These two properties are

adjacent and the "jackpot" area, where the boreholes revealed such rich values, lies near and seems to spread across the boundary of the two mines. Development results from this area, which are likely to be revealed in the next quarterly statements, are important for the whole of the OFS field as well as for F. S. Geduld and Western Holdings.

★

INTERNATIONAL TEA. The credit squeeze has cast a faint shadow only across the consolidated balance sheet of International Tea Company's Stores. That document shows that stocks in the year to April 28th rose from £4,865,960 to £5,550,692, absorbing a good part of the group's liquid resources. One reason for this increase in stocks was that, because of the credit squeeze, some of the group's smaller suppliers could not finance their own holdings of stocks and the buyer, International Tea, to ensure the availability of supplies, took these stocks off their

	Years to April 28. 1955	1956
Consolidated earnings:—	£	£
Trading profit	1,701,410	1,950,717
Depreciation	283,212	313,947
Taxation	730,777	921,354
Net profit	*597,250*	*675,242*
Ordinary dividends	242,187	267,375
Retained profits	217,002	254,557
Consolidated balance sheet:		
Net fixed assets	5,739,809	5,985,299
Net current assets	5,445,428	5,525,721
Stocks	4,865,960	5,550,692
Cash and T.R.C's	1,312,760	777,258
Reserves	4,688,979	5,268,618
Ordinary capital	3,100,000	3,100,000

5s. ordinary share at 13s. 9d. yields £5 9s. per cent.

hands earlier than it would otherwise have done. A second reason for the increase in stocks was the seasonal stocking up of dried and canned fruits in rather a greater quantity than is usual. A third was the increase in turnover both in the retail and wholesale sections of the company. So the group's liquid assets have been put to more vigorous work, but consumer demand for edible goods has not been curtailed. The extra profits deriving from these extra sales were partly offset by a rise in costs but trading profits rose from £1,701,410 to £1,950,717. The directors took this opportunity to raise the ordinary dividend from 13⅓ to 15 per cent. Costs are still rising and the group will have to pay more in rates this year. But though profit margins were being squeezed the group was able to secure a further increase in sales in the first quarter of its current financial year.

★

ALBRIGHT AND WILSON. The latest half-yearly figures of Albright and Wilson, the chemical manufacturers, include the profits of Marchon Products, which was acquired in 1955 and whose principal subsidiary, Solway Chemicals, did not begin operations until the second half of 1955. To help stockholders, the directors have published figures showing the profits of the group in the first half of 1955 with and without the Marchon figures. The trading profit in the first half of this year came to £2,292,000; in the same period last year the profit (including Marchon) was £1,781,000 and excluding it

	Six months to June 30. 1955*	1955†	1956*
Consolidated earnings:	£'000	£'000	£'000
Gross profit	1,781	1,577	2,292
Depreciation	750	669	919
Taxation	590	520	817
Net Profit	479	426	539

*Including Marchon. †Excluding Marchon.

£1,577,000. The interim dividend has been left unchanged at 5 per cent, but this is payable on a bigger capital as increased by the rights issue; thus more distributed profits tax is attracted and this has prevented net profits from rising proportionately in line with the trading surplus.

The turnover of each of the constituent companies of the group has been higher than in the corresponding period of 1955, but the directors, like many others in the chemical and other industries, draw attention to a further increase in costs. Declining profit margins and the possibility that Marchon will take some time to make a notable contribution to earnings are two facts that investors must consider in looking at the low yield of 4½ per cent offered by the 5s. units at the current price of 20s. on the indicated dividend of 18 per cent.

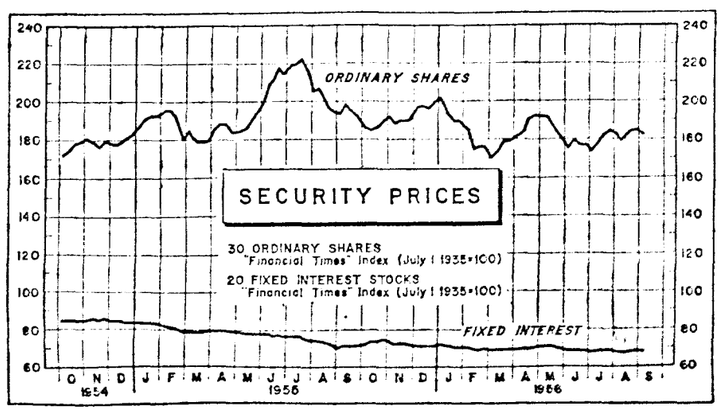
LONDON STOCK EXCHANGE

Next Account begins: September 19th
Next Contango Day: September 19th
Next Settlement Day: September 25th

STOCK markets remained quiet before the reassembly of Parliament and the Prime Minister's statement on the Suez Canal crisis and they remained equally quiet after it. The market was thin and there were no sudden movements in prices. Gilt-edged prices slipped slowly downwards until on Wednesday the *Financial Times* Government securities index touched 83.54, the lowest point of the year, compared with 84.35 a week earlier. Industrial share prices wavered narrowly backwards and forwards and on Wednesday the *Financial Times* ordinary index stood at 181.2, compared with 181.1 on Monday and 183.1 a week earlier.

The biggest movements in prices were recorded in the oil and shipping markets. After days of erratic movements in a sensitive market, British Petroleum at the close on Wednesday stood at 145s. 3d. (compared with 146s. 3d. a week earlier); Burmah Oil over the same period fell from 89s. 4½d. to 87s. 6d., but Shell rose from 148s. 13d. to 150s. The most spectacular rise in the shipping market was recorded by London and Overseas Freighters, which in three days' trading to Wednesday's close went up from 112s. 6d. to 125s. (after touching 130s. on Wednesday). Other tanker shares were higher, with John I. Jacobs closing on Wednesday at 18s. Lyle Shipping remained unchanged at 32s., despite the enormous increase in profits reported in the preliminary statement. The Suez Canal shares weakened and on Wednesday the Capital shares fell 2½ to 54, the Jouissance units 2 to 34½ and the Founder shares 1½ to 33½, but recovered on Thursday.

Kaffir shares were usually quiet, but FS Geduld gained 2s. to 87s. 7½d. on Wednesday on rumours of high development values. Anglo-American improved to 148s. 9d. on Wednesday on interim dividend anticipations. In the copper market interest centred on Messina, which were marked up in anticipation of next month's dividend.



FINANCIAL TIMES INDICES

1956	Security Indices Ord.*	Fixed Int.†	Yields 2½% Cons.	Ord.
			%	%
Sept. 6	183·1	95·41	4·84	5·83
„ 7	181·4	95·61	4·87	5·88
„ 10	181·1	95·64	4·87	5·89
„ 11	181·4	95·61	4·88	5·88
„ 12	181·2	95·60	4·89	5·89
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	Total bargains 1956 Sept. 6	6,730
„ Low	169·7 (Mar. 8)	92·85 (Aug. 13)	„ 7	7,107
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 10	7,748
„ Low	175·7 (Mar. 15)	98·25 (Sept. 2)	„ 11	6,362
			„ 12	6,678

* July 1, 1935 = 100. † 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Sept 12, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Sept. 5, 1956	Price, Sept.12, 1956	Net Yield, Sept. 12, 1956 §	Gross Yield, Sept. 12, 1956
					£ s. d.	£ s. d.
98 16/32	97	Funding 2½% '52-57	98⅛	98¼	3 4 4	4 15 10
95¼	93½	War Loan 3% '55-59	94 18/32	94 18/32	3 10 3	4 15 10
91⅜	88 16/32	Funding 2½% '56-61	90 13/32	90⅜	3 15 4	4 17 5
100 7/32	99 16/32	Exchequer 5% 1957	100	99 31/32	2 3 11	5 0 5
99 15/32	97	Conversion 4% '57-58	98	97 16/32	3 5 4	5 4 8
97 15/32	95⅜	Serial Funding 2½% 1957	97⅛	97⅛	3 4 0	4 9 2
94 23/32	91	Conversion 2½% '58-59	94 13/32	94⅜	3 12 3	4 11 2
92⅛	88 8/32	Exchequer 2% 1960	91 16/32	91 16/32	3 13 1	4 11 4
95 8/32	92¼	Exchequer 3% 1960	94 8/32	94 8/32	3 7 11	4 14 7
88½	83	Savings Bonds 3% '55-65	85⅜	85⅛	3 14 0	5 2 3
82⅝	77¼	Funding 3% '59-69	79½	77¼*	4 0 5	5 9 9
92⅛	86½	Funding 4% '60-90	87½	86⅜	6 17 4	8 19 1
81⅞	75¼	Savings Bonds 3% '60-70	76⅜	75⅛	4 0 8	5 10 10
98⅛	97⅛	Conversion 4½% 1962	98	97⅛	3 1 1	5 0 6
91⅜	88⅛	Exchequer 3% '62-63	90 28/32	90⅜	3 7 2	4 15 5
87⅛	83 3/32	Exchequer 2½% '63-64	86⅜	86⅜	3 11 1	4 15 5
81 4/32	76¼	Savings Bonds 2½% '64-67	78⅜	78⅛	4 0 8	5 6 4
79⅜	72½	Savings Bonds 3% '65-75	73⅝	72 28/32	3 15 7	5 6 10
96⅛	90	Victory 4% '20-76	90 4/32	90⅛	3 8 0	5 4 11
83 4/32	78	Funding 3% '66-68	79 4/32	78⅜	3 19 11	5 9 8
88 8/32	81 16/32	Conversion 3½% 1969	82½	82¼	3 16 9	5 10 4
83⅜	77	Treas. 3½% '77-80	77⅛	77	3 9 6	5 5 6
84½	76¼	Treas. 3½% '79-81	77⅛	76⅛	3 9 5	5 5 2
72⅛	65⅜	Redemption 3% '86-96	66⅛*	65⅛*	3 5 0	4 19 3
81⅛	74⅜	Funding 3½% 1999-2004	76⅛	75⅛	3 0 2	4 17 7
84⅜	76⅜	Consols 4% aft. Feb. '57	78	77⅛	2 19 7	5 3 10
77	69¼	War Ln 3½% aft. Dec. '52	70⅜	70 4/32	2 17 11	5 1 4
76⅞	68⅜	Conv. 3½% aft. April '61	69⅛*	68 16/32*	2 18 4	5 1 4
66⅛	59⅜	Treas. 3% aft. April '66	60⅛*	59⅜*	2 17 6	4 19 11
56⅛	50⅜	Consols 2½%	51⅝*	51⅛*	2 16 0	4 17 3
56⅛	50¼	Treas. 2½% aft. April '75	51¼*	51⅛*	2 16 0	4 17 4
98⅛	90⅛	Br. Elec. 4½% '67-69	90⅜	90⅜	3 10 11	5 12 0
80⅜	73⅛	Br. Elec. 3% '68-73	74⅛*	73⅜*	3 18 5	5 9 0
79⅛	71⅛	Br. Elec. 3% '74-77	72⅞*	72⅛*	3 13 5	5 5 8
95	86¼	Br. Elec. 4½% '74-79	87*	86⅛*	3 5 7	5 5 2
83 15/32	77 5/32	Br. Elec. 3½% '76-79	78⅛	77⅛	3 9 6	5 5 7
90⅞	84⅛	Br. Gas 4% '69-72	85⅜	84⅛	3 11 11	5 10 0
87 5/32	80⅛	Br. Gas 3½% '69-71	81¼*	80⅛	3 14 6	5 8 5
73⅛	67	Br. Gas 3% '90-95	68⅛	67⅛	3 4 8	4 19 3
80⅛	73⅛	Br. Trans. 5% '68-73	74⅛*	73⅛	3 18 5	5 9 0
90⅞	83⅛	Br. Trans. 4½% '72-77	84⅞	84⅛	3 7 7	5 6 5
73⅛	67	Br. Trans. 3½% '78-88	68⅛	67⅜	3 8 5	5 2 2

(c) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Sep.12,1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Sept. 5, 1956	Price, Sept.12, 1956	Yield, Sept. 12, 1956
							£ s. d.
94⅜	89	80⅞	74⅞	Aust. 3½% '65-69	75⅛	75⅛	6 0 10
101⅛	87	87⅛	72	Ceylon 4% '73-75	75	75	6 6 3
103⅞	87 3/8	88⅛	82¼	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87⅛	64⅛	57⅜	I.,C.C. 3% aft. 1920	60	59	5 1 8
99	85	85⅜	83⅝	Liverpool 3% '54-64	84	84	5 10 7
84	65	68⅜	61	M.Wtr.'B' 3% '34-2003	62½	62½	5 4 0
102⅛	94⅞	97⅞	92	Agric. Mort. 5% '59-89	95⅜	95⅜	5 8 6
122⅞	91	117⅛	102⅛	German 7% 1924	115⅜	115⅜	...
213	149	209½	187	German 5½% 1930	206½	206½	...
212	160	225	208	Japan 5% 1907	224	224	...
254	190	275½	247⅛	Japan 5½% Conv. 1930	267⅛	267	...

Prices, Jan. 1 to Sept. 12, 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 5 1956	Price, Sept.12, 1956	Yield, Sept. 12, 1956
		% %	BANKS & DISCOUNT			£ s. d.
50/-	41 1½	7 b	5 a Barclays £1	44 6	44 -	5 9 1
56 10½	50 3	6 b	6 a Lloyds 'A' £5, £1 pd.	53 6	53 6	5 12 2
72 4½	61/-	9 b	9 a Midland £1, fully pd.	66/-	66 -	5 9 1
70/-	59 9	9 b	9 a N. Prov. 'B' £5, £1 pd.	63 6	62 6	5 15 2
77 9	66 6	8 b	8 a Westmstr'B'£4, £1 pd.	69 -	68 6	5 16 9
43 6	28 -	3½b	2½a Alexanders £1	30 6	30 6	4 2 0
46 -	29 3	5 b	5 a Nat. Disc. 'B' £1	33 6	33 6	5 19 5
50 -	40 6	6½b	6½a Union Disc. £1	47/-	46 6	5 7 6
35 9	30 6	4 b	4 a Barc. (D.C.O.) £1	33 -	33 -	4 17 0
41 9	33 6	7½b	7½a Chart. Bk. of India £1	36 6	35 6	8 9 0
			INSURANCE			
29	16¾	12½a	37½b Leg. & Gen. £1	28	27¼	1 16 9
25¾	20	†47½b	†20 a Pearl £1, fully pd.	21*	21*	5 11 9
43¾	40¾	†117½c	†125 c Prudential 'A' £1	44	44	4 18 9
			BREWERIES, ETC.			
119/-	106/-	33 b	10 a Bass £1	112 6	112 6	7 12 9
24 10½	19 9	6 a	11½b Distillers 6 8	20 3	20 6	5 13 9
45 10½	38 6	25 c	10 a Guinness 10 -	40/-	40/-	6 5 0
76 -	67/-	7 a	14 b Whitbread 'A' Ord. £1	68/-	68 -	6 3 6

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (g) On 16⅔%. (h) On 8⅓%. (i) On 17½% Tax free. (l) To latest date. (u) On 11⅓%. (v) On 15% Tax free. (w) On 14⅔%.

Prices, Jan. 1 to Sept. 12, 1956 High	Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Sept. 5, 1956	Price, Sept.12, 1956	Yield, Sept. 12, 1956
		% %	STEEL & ENGINEERING			£ s. d.
85/6	64/-	7 a	8 b Babcock & Wilcox £1	77 6	79 4½	3 15 7
13/-	9/4½	3½a	10½b Cammell Laird 5/-	10 6	10 6	6 13 4
35/-	25/7½	8 c	3 a Dorman Long £1	27 3	26 6	6 0 9
54 9	40/-	3½a	8½b Guest Keen N'fold £1	47 6	47 6	5 1 1
55 6	41/6	4 a	6 b Metal Box £1	53 9	53 1½	3 15 3
75/-	57/10½	12½b	5 a Stewarts & Lloyds £1	66 3	64 3	5 8 11
48/-	36/9	8 b	4 a Summers (John) £1	38 6	37 9	6 7 2
57/-	46 6	11 b	3 a Swan Hunter £1	54 6	53 6	5 4 8
49 9	37 6	8½b	4 a United Steel £1	41/-	39 10½	6 5 4
44/7½	32 4½	2½a	7½b Vickers £1	42 4½	42/1½	4 14 11
			TEXTILES			
24 6	19/10½	6 b	4 a Bradford Dyers £1	21/-	20 6	9 15 1
23 7½	14 4½	3 a	5 b Brit. Celanese £1	15/-	15/-	10 13 4
25/10½	21/9	2½a	6½b Coats (J. & P.) £1	22 3	22 3	7 17 4
44/-	33/3	4 a	6 b Courtaulds £1	36 -	35 6	5 12 8
21/3	13/-	5 a	5 b Fine Spinners £1	14 -	13 6	14 16 4
30/-	22/3	7½b	5 a Lancs. Cotton £1	26/-	25 3	9 18 0
31/10½	26/-	2½a	10 b Patons & Baldwins £1	30 9	30 3	8 5 5
			MOTORS & AIRCRAFT			
22/4½	16/3	3½a	6½b Bristol Aeroplane 10/-	20/-	20/-	5 0 0
9/-	5/10½	8½b	4 a British Motor 5/-	6 6	6 6	9 12 4
44/3	29/3	2½a	5 b Ford Motor £1	32 3	31 6	4 15 3
49/3	29/9	12½b	3 a Hawker Siddeley £1	48 10½	47 9	3 13 4½
48/3	38/3	10 c	12½c Leyland Motors £1	47 6	47 6	5 5 3
115/10½	85/6	5 a	12½b Rolls-Royce £1	108 9	107 6	3 5 1
			SHOPS & STORES			
18/10½	13/10½	14 c	3 a Boots Pure Drug 5/-	14 9*	14 9*	4 14 11
41 4½	29/-	20 b	7½a Debenhams 10 -	38 -	37 9	7 6 0
44 9	32 9	15 a	47½b Gt. Universal 'A' 5/-	38 -*	37 6*	8 6 8
71/1½	57/10½	17½a	32½b Marks & Spen. 'A' 5/-	61 6	60 6	4 2 8
25 6	19/1½	25 a	20 b United Drapery 5/-	20 6	20 6	7 18 7
64 10½	53/10½	36⅔b	20 a Woolworth 5 -	58 9	57 6	4 13 6
			OIL			
183 9	99/-	†5 a	†10 b British Petroleum £1	148 9	145/-	3 11 11
117 9	63/-	5 a	12½b Burmah £1	92 6	87 6	4 0 0
171/-	103/3	†5 a	†13⅓b Shell Reg. £1	151 10½	151 3	3 9 0
			SHIPPING			
...	...	...	Brit. & Com'wealth 10/-	35 6	35 6	4 10 2
27/-	20/4½	2½a	7½b Cunard £1	22 6	23/-	8 13 11
35/9	27/-	3 a	5 b P. & O. Def. £1	31/3	30/-	5 6 8
			MISCELLANEOUS			
75/3	45/-	15 c	5 a Assoc. Elect. £1	71/3*	71 3*	4 4 3
113/9	87/-	5 a	17½b Assoc. Port. Cem. £1	103 9	102 6	4 6 8
60/9	42/3	7½a	7½b Bowater Paper £1	47 6	48 1½	4 13 7
54/9	45/3	4 a	8½b B.I.C.C. £1	50/-	50 -	5 0 0
81/10½	40 4½	4 a	8 b Brit. Aluminium £1	72 6	72 6	3 6 2
60/-	45/9	†7½b	†10⅔a Brit. Amer. Tob. 10/-	52 9	52 6	5 15 11
$69	$56¼	3 b	3 a Canadian Pacific $25	$67½	$66½	4 2 11
37/10½	24/9	45½c	14⅓ Decca Record 4/-	27/6	26 10½	6 10 3
25/9	17/6	4 a	10 b Dunlop Rubber 10/-	19/-	18 9	7 9 4
66 1½	47/3	8½b	4 a English Elect. £1	50/-	50 -	5 0 0
65 6	47/-	4½a	9½b General Elect. £1	48 9*	47 6*	5 17 11
49/10½	41/3	4 a	6 b Imp. Chemical £1	44 3	44 3	4 10 5
62 9	45/-	12½b	8½a Imp. Tobacco £1	48 -	48 6	8 13 4
$211	$141½	$2·90c	$3·75c Inter. Nickel n.p.v.	$204½	$204½	3 5 3
64 6	50 -	7½a	12½b London Brick £1	51 10½	51 10½	7 14 8
30 3	22 9	15⅔b	6⅔a Monsanto Chemicals 5 -	24 6*	24 6*	4 12 8
69 1½	55 3	12½b	4¾a Tate & Lyle £1	63/-	63/-	5 4 9
69/6	54/3	12½b	6¼a Tube Investments £1	60/-	60 -	4 13 4
115 6	95/9	20 b	5 a Turner & Newall £1	104 4½	104 4½	4 15 10
82 9	61/7½	6 a	9½b Unilever £1	75 9	76 10½	4 1 7
57 9	34 1½	†5 a	†11½b United Molasses 10/-	55 3	57 1½	5 1 6
40/-	23 6	†2½a	†7½b Cons. Tea & Lands £1	24 -	24 -	14 10 0
2/10½	1/9½	5 a	15 b London Asiatic Rbr. 2 -	2 0½	2 0⅜	13 13 4
61 9	37/6	15 a	30 b United Sua Betong £1	45 -	44 4½	20 5 8
			MINES			
8½	6⅜	20 a	50 b Anglo-Amer. 10/-	7⅛	7 7/16	4 14 2
135 7½	94 4½	80 a	120 b De Beers 5 - Def. Reg.	105/-	105 -	9 10 6
96 10½	67 6	...	... Free State Geduld 5/-	88 9	88 1½	Nil
50 6	36 3	12½b	12½a Randfontein £1	37 9	37 -	13 10 5
10 11½	8 6	28 c	30 c London Tin 4/-	9 -	9/-	13 6 8
46	35	262½c	75 a Rhokana £1	45½	45½	6 1 0

New York Closing Prices

	Sept. 5	Sept. 12		Sept. 5	Sept. 12		Sept. 5	Sept. 12
	$	$		$	$		$	$
Balt. & Ohio	43⅞	41⅞	Am. Smelting	53¼	51⅞	Inter. Paper	127⅞	123
Can. Pac.	35⅛	34¼	Am. Viscose	34⅞	33⅞	Nat. Distill.	27⅜	28⅛
N.Y. Cent.	37	36⅛	Cel. of Am.	15	15	Sears Roebuck	32⅜	32
Pennsyl.	23⅛	23⅛	Chrysler	69⅛	69	Shell	87⅛	88
Amer. Tel.	183½	172⅛	Gen. Elec.	62⅛	61⅞	Std. Oil of N.J.	56	54⅝
Stand. Gas	11⅛	11⅛	Gen. Motors	47⅞	47⅛	U.S. Steel	67	67⅛
United Corp.	6⅛	6⅛	Goodyear	79⅜	77⅞	Westinghouse	57⅛	57⅛
W. Union Tel.	20⅛	19⅜	Inter. Nickel	108⅛	105⅛	Woolworth	45⅛	45⅛

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	Sept. 1st	Western Europe: Production and Trade	Sept. 1st
Production and Consumption	Sept. 8th	British Commonwealth	Sept. 8th
Manpower	This week	Western Europe: Prices and Money Supply	This week
External Trade	Aug. 25th	United States	Aug. 25th
Financial Statistics	This week	World Trade	July 14th
Industrial Profits	July 14th		

Manpower in Great Britain

	Unit	Monthly averages 1953	1954	1955	1955 June	July	Aug.	1956 May	June	July	Aug.
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,373	23,667	23,912	23,912	23,954	24,039	23,984	23,989	23,999	...
Men	"	15,883	15,974	16,084	16,084	16,098	16,144	16,158	16,136	16,130	...
Women	"	7,490	7,693	7,828	7,828	7,856	7,895	7,846	7,853	7,869	...
Armed Forces	"	865	839	803	803	798	793	765	761	757	...
Civil employment:											
Total	"	22,238	22,604	22,933	22,933	22,976	23,058	23,017	23,031	23,042	...
Agriculture, forestry and fishing	"	1,087	1,074	1,066	1,066	1,076	1,082	1,037	1,042	1,052	...
Mining and quarrying	"	877	867	862	862	860	860	862	861	860	...
Building and contracting	"	1,437	1,453	1,486	1,486	1,489	1,496	1,510	1,515	1,505	...
Distributive trades	"	2,664	2,743	2,811	2,811	2,821	2,837	2,834	2,842	2,856	...
Public administration	"	1,320	1,326	1,289	1,289	1,289	1,289	1,289	1,291	1,291	...
Manufacturing industries	"	8,746	8,976	9,206	9,206	9,212	9,257	9,249	9,234	9,212	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1954:											
Employees in engineering(2)	"	− 125	...	+ 190	+ 190	+ 185	+ 213	+ 239	+ 228	...	...
" " consumer goods industries(3)	"	− 67	...	− 13	− 13	− 1	+ 7	− 28	− 30	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	342·0	284·8	272·2	210·5	184·9	199·7	237·4	222·6	238·1	266·8
" " —men	"	218·2	184·4	146·7	130·3	116·7	124·8	163·4	146·2	161·0	181·7
" " —women	"	125·8	100·4	85·5	80·2	68·2	74·9	84·0	76·4	77·1	84·8
Temporary or under 2 weeks—men	"	68·7	58·0	51·5	49·7	39·5	45·9	56·8	57·7	70·7	75·7
" " " —women	"	43·9	36·4	36·7	38·7	30·0	37·8	34·9	34·2	32·7	35·9
Over 8 weeks—men	"	96·7	81·7	67·7	55·4	54·0	51·7	65·2	58·3	58·8	62·9
" " —women	"	46·3	37·1	26·5	25·2	23·9	20·5	27·5	24·6	25·8	25·8
By industry (4):											
Textiles	%	1·4	0·9	1·6	2·3	2·0	2·0	1·8	1·8	1·4	1·6
Clothing	"	1·3	1·3	0·9	1·2	1·0	0·9	0·9	1·0	1·0	1·1
Vehicles	"	0·8	0·5	0·4	0·3	0·3	0·3	1·0	1·3	2·8	1·6
Engineering, etc.	"	1·4	1·1	0·8	0·8	0·6	0·6	0·9	0·8	0·8	1·1
Coal-mining	"	0·2	0·2	0·1	0·1	0·1	0·1	0·2	0·1	0·2	0·2
Distributive trades	"	1·5	1·3	1·0	0·8	0·7	0·8	0·9	0·8	0·8	0·9
By regions (4):											
Great Britain	"	1·6	1·3	1·1	1·0	0·9	0·9	1·1	1·0	1·1	1·2
London and South Eastern	"	1·2	1·0	0·7	0·6	0·5	0·5	0·7	0·6	0·6	0·7
Eastern	"	1·3	1·2	0·9	0·7	0·6	0·7	0·9	0·7	0·6	0·8
Southern	"	1·4	1·1	0·9	0·7	0·6	0·7	0·8	0·7	1·1	1·1
South Western	"	1·6	1·5	1·2	0·9	0·8	0·8	1·1	0·9	0·9	1·0
Midland	"	1·1	0·6	0·5	0·5	0·4	0·5	1·0	1·2	1·9	2·1
North Midland	"	0·7	0·6	0·5	0·5	0·4	0·5	0·6	0·5	0·6	0·6
East and West Ridings	"	1·2	0·9	0·7	0·7	0·6	0·7	0·7	0·6	0·6	0·8
North Western	"	2·1	1·5	1·4	1·4	1·3	1·3	1·3	1·2	1·2	1·4
Northern	"	2·4	2·2	1·8	1·6	1·5	1·5	1·4	1·3	1·2	1·5
Scotland	"	3·1	2·8	2·4	2·2	2·1	2·0	2·4	2·1	2·1	2·2
Wales	"	3·0	2·5	1·8	1·6	1·4	1·6	1·9	1·9	2·0	2·1
VACANCIES											
Unfilled vacancies notified to Employment Exchanges (5):											
Total	'000s	270	338	382	460	473	448	380	407*	397*	...
Men	"	147	191	214	255	262	251	209	220*	214*	...
Women	"	123	147	168	205	211	197	171	187*	183*	...
DISPUTES (6)											
Workers involved	"	114	37	55	41	17	30	29	35	53	...
Working days lost:											
Total	"	182	205	316	1,333	90	74	180	138	288	...
Mining and quarrying	"	33	39	93	18	29	31	49	44	20	...
Engineering, etc.	"	127	62	57	5	5	29	119	78	257	...
Other industries and services	"	22	104	166	1,310	86	14	12	16	9	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) From June, 1956, onwards comparison with earlier figures is affected by the revocation of the Notification of Vacancies Order, 1952. (6) United Kingdom.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1953 = 100)												
1948	42	94	74	65	90 [2]	...	...	104	75	66	72	94
1954	105	99	100	93	98	112	106	101	101	102	100	111
1955	108	101	105	98	101	120	110	101	102	104	104	119
1956, March	109	103	107	101	102	127	...	103	104	106	109	136
„ April	103	103	108	102	102	128	...	103	105	108	110	...
„ May	109	103	107	103	102	129	...	103	104	110	109	...
„ June	110	105	108	102	101	131	...	...	104	110	...	...
„ July	111	...	...	102	101	130	...	...	...	...	...	...
COST OF LIVING (2) (1953 = 100)												
1948	59 [4]	95	81	60	93	63	79	86	77 [5]	74	77	89
1954	103	101	101	100	100	115	102	103	104	105	101 [6]	119
1955	103	101	107	101	102	122	103	103	105	105	104	119
1956, March	107	103	...	103	105	126	...	111	108	107	103	136
„ April	107	103	111	105	105	127	...	111	107	108	103	137
„ May	107	103	...	103	105	125	107	112	107	111	109	...
„ June	108	104	...	102	105	126	...	...	109	...	...	...
„ July	109	104	112	102	105	127	...	...	...	...	...	...
IMPORT PRICES (3) (1953 = 100)												
1948	37	84	84	59	...	...	83	98	85	80	72	113
1954	96	96	97	93	96	118	101	98	95	98	99	104
1955	94	96	98	97	100	118	104	101	97	100	99	101
1956, February	94	100	...	...	101	...	106	104	99	97	102 [10]	...
„ March	97	100	...	...	104	122	107	105	97	102		...
„ April	96	...	...	...	102	125	109	...	101	99	...	...
„ May	96	...	...	...	103	...	...	...	...	105	...	...
„ June	93	...	...	...	...	...	...	...	...	...	...	...
EXPORT PRICES (3) (1953 = 100)												
1948	42	95	91	68	...	...	79	103	96	84	76	91
1954	99	94	99	95	96	121	98	99	100	99	98	97
1955	102	97	101	95	98	133	101	102	101	107	102	111
1956, February	102	101	...	...	102	...	101	105	100	115	105 [10]	...
„ March	104	104	...	...	101	127	100	...	105	115		...
„ April	107	...	...	...	101	141	100	...	105	111	...	...
„ May	107	...	...	...	101	...	...	...	...	113	...	...
„ June	109	...	...	...	...	...	...	...	...	...	...	...

TOTAL MONEY SUPPLY (7)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	'000 mn. kroner	mn. liras
1948	...	154·0	7,110	2,165	11·8	1,984	110·3	1,989	7,285	6,937	7·67	1,715
1954	28·25	187·3	7,369	5,266	26·4	9·30 [8]	152·2	4,056	9,037	9,162	11·09	3,869
1955	28·62	...	7,458	5,932	29·1	11·97	154·7	4,472	9,859	9,553	11·29	...
1956, February	27·56	...	7,404	5,900	27·6	11·85	151·1	...	9,501	9,225	10·52	...
„ March	27·70	...	7,580	5,937	23·1	12·03	150·0	...	9,541	9,225	10·58	...
„ April	27·90	...	7,469	6,006	23·5	...	149·2	...	9,553	9,277	11·15	...
„ May	27·92	...	7,669	...	23·7	...	146·1	...	...	...	...	...
„ June	...	...	...	...	23·8	...	...	...	...	...	...	...

GOLD AND FOREIGN EXCHANGE HOLDINGS (4) (mn. US Dollars)

1948	62	938	84·0	...	295	6·2	209 [10]	539	343	140·6	233 [10]	192
1954	412	1,046	145·4	1,369	2,682	10·8	260 [10]	1,041	1,276	137·3	479 [10]	208
1955	357	1,146	133·1	2,120	3,121	10·9	242 [10]	1,237	1,284	165·3	470 [10]	211
1956, March	345	1,193	142·4	1,969	3,253	10·9	276 [10]	1,241	1,291	161·4	454 [10]	218
„ April	347	1,216	146·1	1,919	3,331	10·9	234 [10]	...	1,297	161·5	448 [10]	218
„ May	343	1,197	138·3	1,883	...	10·9	226 [10]	...	1,270	160·6	451 [10]	218
„ June	357	1,210	134·6	1,858	...	10·9	...	...	1,219	...	435 [10]	...
„ July	375	...	...	...	...	...	...	...	1,125	...	...	...

(1) Relates to wholesale prices in Athens and Piraeus only for Greece. Figures for Ireland are based on January, 1952=100. (2) July-December. (3) Relates to prices in capital cities only for Austria, France, Greece and Turkey. Belgium excludes rent. Denmark includes direct taxes. Figures for Ireland are based on August, 1953=100. (4) Excluding rent. (5) Including direct taxes. (6) Index numbers of unit value which compare the current average value of trade with its value in 1953; they are influenced by changes in the composition of trade as well as price movements. (7) Deposit money and notes and coins held by business, individuals and foreigners. Except for Greece holdings of the issuing authority and other banks are excluded. (8) Holdings of the government and central bank at end of period. Figures for Greece are gold reserves only; foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments. (9) Beginning May, 1954, a new drachma equal to 1,000 old drachmas introduced. (10) Including some long-term securities. (11) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended September 8th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £11,797,000 compared with a deficit of £22,197,000 in the previous week and a deficit of £34,736,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £20,743,000, bringing the total deficit to £377,333,000 (£455,682,000 in 1955-56).

£'000	Esti-mate, 1956-57	April 1, 1955 to Sept. 10, 1955	April 1, 1956 to Sept. 8, 1956	Week ended Sept. 10, 1955	Week ended Sept. 8, 1956
Ord. Revenue					
Income Tax	2085,500	437,449	504,142	10,843	14,260
Surtax	144,000	26,000	32,100	600	900
Death Duties	170,000	85,000	75,600	2,600	3,300
Stamps	58,500	32,600	27,300	1,700	1,500
Profits Tax, EPT	216,750	80,000	85,200	4,100	5,300
Excess Profits Levy	4,000	12,500	2,500	300	100
Special Contribution and other Inland Revenue	1,000	250	100	...	...
Total Inland Rev.	2680,150	674,099	725,402	20,043	25,680
Customs	1204,000	542,309	569,946	23,039	24,267
Excise	953,350	574,200	404,600	4,670	5,345
Total Customs and Excise	2157,350	876,509	914,568	27,709	29,612
Motor Duties	92,000	17,323	18,436	260	522
PO (Net Receipts)	...	6,350	8,150	250	1,300
Broadcast Licences	28,000	7,200	7,600	...	...
Sundry Loans	30,000	22,352	24,331	8,692	8,692
Miscellaneous	200,000	35,530	38,357	1,511	259
Total	**5187,500**	**1639,363**	**1738,842**	**58,465**	**66,064**
Ord. Expenditure					
Debt Interest	670,000	284,615	319,258	6,434	12,975
Payments to N. Ireland Exchequer	61,000	23,926	26,887	2,068	2,286
Other Cons. Fund	10,000	5,193	4,521	9	...
Supply Services	3941,918	1486,119	1607,380	83,800	61,000
Total	**4682,918**	**1799,253**	**1958,021**	**92,251**	**76,261**
Sinking Funds	37,600	16,381	16,776	950	1,600
"Above-line" Surplus or £ Deficit		**176,272**	**237,954**	**34,738**	**11,797**
"Below-line" Net Expenditure		279,410	139,379	12,291	20,743
Total Surplus or Deficit		**455,682**	**377,333**	**47,027**	**32,540**
Net Receipts from:					
Tax Reserve Certificates		56,729	120,514	—1614	2,263
Savings Certificates		13,900	9,300	1,000	2,100
Defence Bonds		— 1,968	—21,454	— 852	141

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955 Sept. 10	3,420·0	2,023·3	249·9	...	5693·3
1956 June 9	3,260·0	1,452·4	244·0	0·8	4,977·1
„ 16	3,260·0	1,216·0	240·6	...	4,716·6
„ 23	3,260·0	1,195·6	279·7	...	4,735·3
„ 30	3,270·0	1,237·7	268·6	5·3	4,781·4
July 7	3,270·0	1,252·2	256·9	1·5	4,780·6
„ 14	3,270·0	1,240·1	272·5	...	4,782·6
„ 21	3,360·0	1,236·6	257·7	4·4	4,858·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,191·2	253·9	...	4,835·0
„ 18	3,420·0	1,196·6	224·4	0·8	4,841·7
„ 25	3,450·0	1,246·2	249·3	...	5,045·5
Sept. 1	3,490·0	1,189·3	228·5	...	5,018·9
„ 8	3,510·0	1,192·4	229·9	1·8	5,010·1

THE MONEY MARKET

CREDIT shortage has persisted throughout this past week. On each of the six days covered by the latest Bank return the authorities gave aid by purchases of bills. On Thursday of last week such purchases were unusually large, yet one or two discount houses were "in the Bank" for a small amount; and on Monday, despite the disbursement of Health and Milk moneys, further borrowings at the Bank were made by two or three houses. The most general rate for new money has been 4½ per cent, but on most days a fair business has taken place at 5 per cent.

At the tender for the £290 million of Treasury bills, the discount market reversed the tactics adopted before the Trinidad Oil pay-out, and reduced its bid by 3d. to £98 14s. 8d. per cent. Total applications rose steeply, by £45 million, and the allotted proportion of the market tenders dropped back to 55 per cent from the abnormal 80 per cent secured in the previous week. Before the tender November and "hot" bills had changed hands at 4 1/8-3/8 per cent, but since then the discount houses, under pressure of credit shortage, have been unable to sell at better than 5 per cent.

The gold price rose from 251s. 5½d. to 251s. 7½d. a fine ounce on Monday, lost ½d. on Tuesday when sterling was momentarily firmer, and on the following day receded to 251s. 6¼d., although sterling relapsed to $2.81 5/8.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% 16 2·56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅜
Banks	3½	3 months	5⅜-5½
Discount houses	3½*	4 months	5⅜-5½
		6 months	5⅜-5½
Money Day-to-day	3½-5		
Short periods	4½	**Fine trade bills:**	
Treas. bills 2 months	4⅛	3 months	6-6½
3 months	5⅛	4 months	6-6½
		6 months	6-7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Sept. 14, 1955	Sept. 5, 1956	Sept. 12, 1956
*Issue Department**:			
Notes in circulation	1,775·7	1,900·7	1,893·0
Notes in banking dept.	24·6	24·7	32·4
Govt. debt and securities*	1,796·3	1,921·2	1,921·2
Other securities	0·7	0·8	0·7
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	12·4	17·8	16·8
Treasury special account	2·6	...	...
Bankers	257·2	209·2	227·0
Others	86·1	68·9	70·6
Total	358·3	295·6	314·4
Securities:			
Government	277·5	256·6	260·8
Discounts and advances	35·1	13·7	20·5
Other	17·2	17·2	17·2
Total	329·8	287·5	298·5
Banking department reserve	27·1	26·7	34·3
	%	%	%
"Proportion"	8·0	9·0	10·9

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
				s. d.	%
1955 Sept. 9	300·0	341·1	290·0	81 4·67	44
1956 June 8	260·0	413 8	260·0	100 4·90	43
„ 15	240·0	396 0	240·0	100 4 20	41
„ 22	260·0	368·7	260·0	101 8 17	62
„ 29	280·0	401·9	280·0	102 8 55	66
July 6	280·0	452·4	280·0	101 1·84	61
„ 13	280·0	433·9	270·0	99 9 87	61
„ 20	270·0	418 4	270·0	100 3 82	80
„ 27	260·0	381·0	260·0	99 6 39	73
Aug. 3	270·0	399 1	270·0	100 3·79	87
„ 10	280·0	409 9	280·0	100 5 84	62
„ 17	280·0	393 4	280·0	100 0·43	62
„ 24	270·0	405 2	270·0	101 2 95	80
„ 31	290·0	385·0	290·0	100 6 41	80
Sept. 7	290·0	430·0	290·0	101 4·50	88

* On September 7th tenders for 91 day bills at £98 14s. 8d. secured 55 per cent, higher tenders being allotted in full. The offering yesterday was for £290 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: September 12	Market Rates: Spot: September 6	September 7	September 8	September 10	September 11	September 12
United States $	2·78-2·82	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾
Canadian $		2·72 3/8-2·72 5/8	2·72 3/8-2·72 5/8	2·72 3/8-2·72 5/8	2·72 3/8-2·72 5/8	2·72 3/8-2·72 5/8	2·72 3/8-2·72 5/8
French Fr.	976 65-987·35	98⅛-98¼	98⅛-98¼	98⅛-98¼	98⅛-98¼	98⅛-98¼	98⅛-98¼
Swiss Fr.	12 19 5-12 32 5	12 19½-12 19⅝	12 19½-12 19⅝	12 19½-12 19⅝	12 19½-12 19⅝	12 19½-12 19⅝	12 19 12 19½
Belgian Fr.	138 95-141 05	139 07⅛-139 12½	139 07⅛-139 12½	139 07⅛-139 12½	139 05-139 10	139 10-139 15	139 12½-139 17½
Dutch Gld.	10 56-10 72	10 63½-10 63¾	10 63½-10 63¾	10 63½-10 63¾	10 62½-10 63	10 63-10 63½	10 63-10 63½
W. Ger. D-Mk.	11 64½-11 84 5/8	11 68½-11 68¾	11 68½-11 68¾	11 68½-11 68¾	11 68-11 68¼	11 68¼-11 68½	11 68¼-11 68½
Portuguese Esc.	79 90-81 10	80 06-80 20	80 06-80 20	80 06-80 20	80 06-80 15	80 06-80 15	80 06-80 15
Italian Lire	175½-178¼	174½-174¾	174½-174¾	174½-174¾	174¼-174½	174¼-174½	174¼-174½
Swedish Kr.	14 35½-14 55½	14 36-14 36¼	14 36-14 36¼	14 36-14 36¼	14 35½-14 36	14 35½-14 36	14 35½-14 36
Danish Kr.	19 19½-19 48½	19 35½-19 36	19 35½-19 36	19 35½-19 36	19 35-19 35½	19 35-19 35½	19 35½-19 36
Norwegian Kr.	19 85-20 15	19 96½-19 97	19 96½-19 97	19 96½-19 97	19 96-19 96½	19 96-19 96½	19 96½-19 97
One Month Forward Rates							
United States $		⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm
Canadian $		⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm	⅛-⅛c. pm
French Fr.		fast 2 dis	fast 2 dis	fast 2 dis	fast 2 dis	fast 2 dis	fast 2 dis
Swiss Fr.		2 2c. pm	2 2c. pm	2 2c. pm	2 2c. pm	2 2c. pm	2 2c. pm
Belgian Fr.		⅜-½ pm	⅜-½ pm	⅜-½ pm	⅜-½ pm	⅜-½ pm	⅜-½ pm
Dutch Gld.		2 11c. pm	2 11c. pm	2 11c. pm	2 11c. pm	2 11c. pm	2 11c. pm
W. Ger. D-Mk.		2 11½c. pm	2 11½c. pm	2 11½c. pm	2 12c. pm	2 12c. pm	2 12c. pm
Portuguese Esc.		par 2 dis	par 2 dis	par 2 dis	par 2 dis	par 2 dis	par 2 dis
Italian Lire		par 2 dis	par 2 dis	par 2 dis	par 2 dis	par 2 dis	par 2 dis
Swedish Kr.		⅜ par	⅜ par	⅜ par	⅜ par	⅜ par	⅜ par
Danish Kr.		5 2c. pm	5 2c. pm	5 2c. pm	5 2c. pm	5 2c. pm	5 2c. pm
Norwegian Kr.		16 pm-16 dis	16 pm-16 dis	16 pm-16 dis	16 pm-16 dis	16 pm-16 dis	16 pm-16 dis
Gold Price at Fixing							
Price (s. d. per fine oz.)		251-5⅝	251/5⅝	...	251/7⅛	251/7	251/6⅛

COMPANY MEETINGS

PINCHIN, JOHNSON & ASSOCIATES LIMITED

RECORD YEAR'S TRADING

FURTHER EXPANSION

SIR HORACE W. CLARKE'S STATEMENT

The Annual General Meeting of Pinchin, Johnson & Associates Limited was held on September 11th at the Connaught Rooms, Kingsway, W.C.2, Sir Horace W. Clarke (the Chairman) presiding. The following is the Chairman's Statement circulated with the Report and Accounts for the year ended March 31, 1956:

The Report of the Directors has referred to the resignation in June last of Mr G. R. T. Taylor, who considered that the time had arrived to reduce his business activities.

I am honoured to have been chosen to succeed him as Chairman and feel sure that you share my appreciation of the high quality of Mr Taylor's leadership and the able manner in which he has used his vast experience to direct your Company's affairs so successfully.

Mr P. Evans, who has decided not to seek re-election, has been connected with the Company for 54 years, and many of you will know the important part he has taken in your Company's affairs. I am sure that you will endorse your Board's good wishes to both Mr Taylor and Mr Evans.

In February last, your Board unanimously elected Sir James Reid Young as a Director. This gentleman has taken a prominent part in the control of several important Companies and your Directors are confident that his extensive commercial and administrative experience will be of great value to the Group.

ACCOUNTS

Shareholders will be pleased to note from the Report of the Directors that your Company and its Subsidiary Companies have concluded another satisfactory year, the final net profit applicable to the Parent Company, after taxation, amounting to £678,572 for the year to March 31, 1956, a new record, compared with £659,313 for 1954-5. As in previous years, the ratio of net profits to sales has declined, the satisfactory result being achieved largely because of a substantial increase in turnover.

The Balance Sheet of the Parent Company discloses that a large sum was invested during the past year, approximately £540,000 being expended to acquire further shares in Subsidiary Companies and about £36,000 in other trade investments. The larger part of the additional investments made in Subsidiary Companies was met by the capitalisation of loans previously made by the Parent Company.

The Consolidated Balance Sheet set out on pages 8 and 9 incorporates the Balance Sheets of the Parent Company and all Subsidiary Companies. It reflects the accelerated expansion which has taken place throughout the past year. Land and Buildings, Machinery, Plant, etc., increased by nearly £800,000, major extensions taking place in the United Kingdom, Australia and Canada. The larger Group turnover led to an increase in Debtors but Group stock values were held at approximately the previous year's levels, despite increased sales and higher raw material values, by an improvement in the rate of stock turnover.

Under the heading of Goodwill, an increase is shown in the item "Excess of book value over nominal value of shares held in Subsidiary Companies." This is merely a balancing entry arising from the consolidation of the accounts, the increase being due mainly to additional investments by the Parent Company in the Australian and Canadian undertakings.

Alterations in reserves are fully detailed in the Accounts, the most important being in Share Premium Account by reason of capital issues by the Parent Company and by Taubmans Industries Limited, the Australian Company.

Shareholders' Funds at March 31, 1956, at £8,949,622 compares with £8,527,727 at the end of the previous year.

Your Directors have transferred £100,000 to General Reserve and recommend the payment of a Final Ordinary Dividend of 11½ per cent, less tax, making a total of 16⅔ per cent for the year, less tax. The total rate is equivalent to 25 per cent on the Ordinary Share Capital at the date of the last Accounts, prior to the capitalisation of reserves which took place during the past year, which was the rate paid for 1954-5.

THE HOME MARKET

The Directors' Report has stated that gross and net profit margins declined in 1955-6, particularly in the United Kingdom, owing to the absorption of increased material, production and overhead costs, and I would like to amplify that statement.

During our financial year 1955-6, the weighted cost index of raw materials used in our industry increased by approximately 10 per cent, the advance being accentuated in the second half of the year. In addition, in the year under review, substantial increases occurred in the majority of other expenses, most of these being absorbed, thus aggravating the decline in net profit ratios.

The lower profit for each unit of output was partially offset by a record volume of sales whilst an increase in investment income, accruing from capital outlays of recent years, contributed to the satisfactory final net profit figures.

Operating Reports indicate that Home trading for the first three months of the current financial year has yielded a slightly lower net profit than that earned in the same period of 1955-6, the decline being due to a further absorption of additional costs.

It is doubtful if the effect of inflation on costs has yet been eradicated. This, and the reduction in home demand which has occurred in some industries, due to credit stringency, together with a decline in the export sales of a number of our customers' products, may result in a reduction for the time being in your Company's turnover and profits derived from Home trading.

However, a temporary reduction in demand often leads to greater activity at a subsequent stage, and I am confident that our production facilities will permit your Company to share in any such welcome development.

OVERSEAS PROGRESS

The Overseas Companies of the Group collectively improved upon their previous year's trading results and contributed a larger proportion of the Group profits.

Sales and net profit records were again achieved by the Australian Companies, where production facilities have been substantially extended in recent years, and further progress is reported by the New Zealand Company which is now wholly owned by the Australian Group.

Improved profits were obtained by the Companies operating in India, USA, Belgium, Italy and Germany, but the earnings of Pinchin, Johnson & Associates SA (Pty) Limited, our South African Subsidiary Company, continue to be disappointing, whilst the French and Canadian Companies returned a trading loss. The Canadian Company, however, has reported a substantial increase in turnover and shows a net profit for the year to date. Although the earnings yield on this investment is not yet adequate, your Directors feel that reasonable returns should be obtained in the future.

The Argentine Company is trading under extremely difficult conditions, and it is not surprising that the profits of this Company declined.

The greater industrialisation which has taken place in recent years in some of the overseas markets is resulting in an appropriate growth of our local Companies operating in those territories.

Reports received to date from abroad indicate that the profits of our overseas Companies for the current year may increase.

CONCLUSION

The wide geographical spread of your Group's activities and its ability to supply an immense variety of high quality materials at competitive prices confirm my confidence in the continued success of our undertaking.

I extend our thanks to the Management, members of the staff, and all other workers in the Group throughout the world for their continued co-operation and loyalty.

The report and accounts were adopted.

CLIFFORD MOTOR COMPONENTS

GREATER EFFICIENCY AND INCREASED PRODUCTION

The twenty-seventh ordinary general meeting of Clifford Motor Components Limited was held on September 7th at Birmingham.

The following is an extract from the circulated statement of the chairman, Mr S. C. Joseph: The trading profits of the Group amount to £645,682 (last year £589,647), an increase of £56,035. Taxation totals £298,986 (£284,895) and after deducting this amount there is left a net profit to the Group of £346,696 (£304,752).

After the deduction of dividends paid by the parent company £101,674 (£87,952), and transfer to reserve £175,000 (£150,000), the undistributed profits of the Group to be carried forward are £550,472 (£480,450).

The following is an extract from the Report of the Directors: Your directors recommend a final dividend of 20 per cent less tax.

In December, 1955, we acquired the whole of the issued share capital of Girdex Engineering Company, Limited, and since March 31, 1956, we have purchased further shares in Standard Valves Limited with the result that that company now becomes a wholly owned subsidiary.

Having in mind the increasing competition in home and export markets we have, during the year under review, operated on lower profit margins. The result shown in the accounts has been achieved by improved manufacturing methods and increased production.

Today it would be unwise to forecast the results for the current year. Changing circumstances in the automobile industry naturally cause us some concern, but I would point out that the several units comprising our Group facilitate redeployment where such an operation may be helpful.

The report and accounts were adopted.

DIDIER-WERKE AG, WIESBADEN

Balance Sheet at 31st December, 1955

(Summary)

LIABILITIES	DM	ASSETS	DM
Share Capital	16,650,000.—	Fixed Assets (including buildings and payments thereon)	17,966,677.—
Convertible Bonds (conditional capital)	4,850,000.—	Participations	6,055,768.—
Reserves	8,660,085.—	Stocks	16,287,267.—
Value Adjustments	13,082,828.—	Open Construction Account	15,334,517.—
Contingency Reserves	19,629,131.—	Securities	598,489.—
Current Liabilities:—		Mortgages and Land Charges	331,223.—
Staff Pension Fund	4,869,653.—	Payments on Account	1,565,549.—
Payments on Account	17,569,398.—	Debtors (Trade)	15,606,679.—
Creditors (Trade)	7,899,200.—	Debtors (Associated Companies)	3,281,462.—
Creditors (Associated Companies)	3,155,532.—	Miscellaneous Amounts Outstanding	15,795,369.—
Creditors (Banks)	2,380,915.—	Cash in Hand, including Bank Balances	9,956,851.—
Miscellaneous Liabilities	3,154,786.—	Transitory Items	694,274.—
Transitory Items	223,927.—		
Profit (including Balance brought forward)	1,348,730.—		
	103,474,135.—		103,474,135.—

Profit and Loss Account for Year ended 31st December, 1955

EXPENDITURE	DM	RECEIPTS	DM
Wages, Salaries, Social Security Payments	34,194,957.—	Profit Balance brought forward	52,193.—
Depreciation	2,950,928.—	Gross Surplus	42,565,144.—
Interest Payments	401,808.—	Revenue from Participations	54,672.—
Taxes	3,767,492.—	Extraordinary Revenue	1,063,906.—
Extraordinary Expenditure	1,070,000.—		
Profit (including Balance brought forward)	1,348,730.—		
	43,733,915.—		43,733,915.—

Dividend Notice

Our General Meeting on 21st July, 1956, resolved on payment of a dividend of 10 per cent for the year 1955.

BOARD OF DIRECTORS:

Dr. jur. Robert Frowein, Chairman; Dr.-Ing. h.c. Adolf Schondorff, Vice-Chairman; Alfred Broese; Dr. Dr.-Ing. Fritz Harders; Fritz Höfermann; Dr.-Ing. Hugo Krueger. Staff Representatives: Jakob Eckes, labourer; Rolf Racky, clerk; Georg Richter, labourer.

BOARD OF MANAGERS:

Edmund Bieneck, Wiesbaden, Chairman; Karl Springer, Wiesbaden; Dipl.-Ing. Erich Schroth, Wiesbaden; Johannes Dietze, Wiesbaden (Acting).

INTERNATIONAL TEA STORES

RECORD PROFIT

The annual general meeting of The International Tea Company's Stores, Limited, will be held on October 2nd, in London.

The following is an extract from the circulated statement by the chairman, Mr William Bolwell, for the year to April 28, 1956:

It is with pleasure that I announce a year of achievement in turnover and a further improvement in the earnings of the company. Referring to the Profit and Loss account it will be seen that our Group trading profit is up by £249,307 as compared with last year and at £1,950,717 constitutes a record in the company's history. I am very pleased to pay tribute to all sections of our business for increased earnings. The improvement is shared by factories, bakeries and the retail branches of both the parent and all subsidiary companies.

A NOTABLE IMPROVEMENT

The wholesale department of Kearley and Tonge, Limited, has achieved a notable improvement. It is pleasing also to be able to report that Ridgways, Limited, following the very disappointing results in the tea trade generally during the previous year, have made a remarkable recovery and produced record profits.

The turnover of both retail and wholesale sections of the whole group has shown considerable expansion during the year. The *extra profit from this* increased trade was partially offset, however, by substantially increased wages and other expenses. In all the circumstances, I feel sure you will regard the final result as satisfactory.

PROFITS AND ALLOCATIONS

The profits, before taxation, at £1,554,596 are £226,549 more than last year. Income Tax and Profits Tax once again combine to curtail substantially the benefit of increased profits and at £921,354 are £190,577 up on last year, leaving the consolidated net profit only £35,972 higher at £633,242. Of this amount £41,932 has been retained in the accounts of subsidiaries and £210,319 has already been distributed by way of dividend to preference and ordinary stockholders. Of the balance remaining we propose that £200,000 be added to General Reserve to enable us to *continue with our programme* of expansion and modernisation and that a final dividend be declared on the ordinary stock of 10 per cent, bringing the total dividend for the year to 15 per cent, as compared with 13⅓ per cent last year (7½ per cent on the old capital and 10 per cent on the capital as increased by capitalisation issue), leaving £1,273 to be added to the balance of Profit and Loss account to be carried forward by the parent company.

The year under review has been one in which we have met a further rise in wages and there is yet no sign of a halt in the inflationary process which brings this about. In a trade as competitive as ours, this trend is *bound* to have its impact on profits. There is obviously a limit to the extent to which increased costs can be recovered by higher selling prices and we must, therefore, exert every effort to offset these increased costs. We know we can never let up. Amongst the specific increases in expenses which will have to be faced during *the current* year is that on local rates. I can report that our experience during the first three months of the current year is that turnover continues to show an increase on the corresponding period of the previous year.

CITY CENTRE PROPERTIES LIMITED

£10 MILLION DEVELOPMENT PLANS

The seventy-fourth Annual General Meeting of City Centre Properties Limited was held on September 7th at 32, Victoria Street, Westminster, S.W.1, Mr F. W. Lindgren, FCA, Chairman of the Company, presiding.

The following are extracts from his statement which had been circulated with the Report and Accounts:

The Income of the Group for the year to March, 1956, increased to £687,700 from £598,350 for the year to March, 1955, notwithstanding the sale during 1955 of Chesham House which produced over £90,000 per annum. Outgoings, including interest but not taxation, increased from £444,418 to £517,241. The excess of Income over Outgoings increased from £153,932 to £170,459.

During the year under review, your Company has completed negotiations for the development of the Monico site in Piccadilly Circus in association with the Legal & General Assurance Society Limited. A new company is in course of formation to carry through this scheme. This project serves to emphasise that the Group is active not only in the centre of cities in general but also in the very hub of the Empire and Commonwealth. This important and valuable property has been included in the Balance Sheet at cost, and I am assured that a valuation would show a substantial surplus.

BIRMINGHAM AND LIVERPOOL

In Birmingham we are proceeding, through Raventop Developments Limited, in association with Land Securities Investment Trust Limited, with the development of the most important site in the centre of the city, which covers an area of some three and a half acres. Our interest in Raventop Developments Limited is included in the Balance Sheet at Cost £1. It is obviously of great value.

The first section of our Lord Street, Liverpool, development has been completed. Work is proceeding on the adjoining sections. In Eastgate, Leeds, the Contractors have almost completed Shell BP House. In Bristol a new building on a site in Wine Street, leased from the Bristol Corporation, is proceeding satisfactorily.

The total capital expenditure involved in developments in various parts of the country in which the Group is interested exceeds £10 million. These are expected to be completed over the next three to five years and will add very considerably to the revenue of the Group.

The Directors still have under consideration the question of bringing the Issued Capital of the Company more into line with the value of the assets, which involves the capitalisation of reserves. At the appropriate time they will take the necessary steps to apply for the consent of the Capital Issues Committee.

The report was adopted.

APPOINTMENTS

SENIOR INFORMATION OFFICER (UNESTABLISHED) required by Central Office of Information to take charge of Unit providing service of reference information on United Kingdom, Commonwealth and World economic affairs. Essential qualifications are a sound background of basic economic reading; knowledge of current affairs and of sources of information; ability to marshal facts, to report clearly and concisely, and to plan, supervise and edit Unit's work. University degree, preferably in economics, essential. Salary £1,285 to £1,530 (men), £1,168 to £1,378 (women).—Write, giving date of birth, education, full details of qualifications and experience of posts held (including dates), to AB. 1017, London Appointments Officer, Ministry of Labour and National Service, 1-6 Tavistock Square, W.C.1. No original testimonials should be sent. Only candidates selected for interview will be advised.

LARGE PUBLIC COMPANY engaged in Building and Civil Engineering require the services of an ECONOMIST, male or female, with a good Honours Degree in Economics.
The person appointed will be required to advise management with regard to economic and financial trends at home and overseas. Previous experience in commerce or journalism would be an advantage.
Salary offered would be up to £1,500 per annum according to experience. Write in the first instance to Box 505.

ORGANISATION AND METHODS ASSISTANT, 25-35, required for progressive manufacturing company. Applicants should have good knowledge of modern clerical methods and procedure. Preference given men with industrial experience in cost and works accounting and production planning. Excellent prospects. Pensionable. State age, qualifications, experience.—Box 509.

D.S.I.R., Road Research Laboratory, require three Scientific Officers in Colonial Section, which advises Colonial Governments on road and traffic engineering and undertakes research into road problems of overseas territories. Based at Harmondsworth, Middlesex, with opportunities of visits overseas. Facilities available for obtaining wide knowledge and experience of road engineering at home and abroad. Work concerns road materials and methods of construction, soil mechanics, traffic engineering, road safety and economics of roads and road transport. Qualifications: 1st or 2nd Class Hon. degree or equivalent in Civil Engineering, Economics or Statistics. Salary: £555 to £1,025. Prospects of promotion to Principal Scientific Officer in mid-thirties (up to £1,900) with possibilities of higher posts.—Forms from M.L.N.S., Technical and Scientific Register (K), 26 King Street, London, S.W.1, quoting E.384/6A.

POTENTIAL MANAGING DIRECTOR required by well-known U.S. manufacturers of office machines, for immediate assignment in long-established British subsidiary. Qualifications: Retail and Wholesale sales experience in office equipment or speciality line, plus proved Managerial ability at high executive level.
Capable of development to top Management responsibility within two years.
Age 30-45.
Salary open (including incentive), according to proved past record.
Reply to:
The Principal,
American Chamber of Commerce in London,
7 York Buildings,
Adelphi, W.C.2,
giving, in strict confidence, complete background of past and present earnings, with copies of testimonials covering past ten years.

SALES MANAGER required by B.X. Plastics Ltd., for P.V.C. Calendered Sheet and related products. Experience of sales and general management essential. Practical knowledge of thermoplastics or textiles an advantage. This is an important position with good prospects for the right man.—Applicants are invited to send details of education, experience, etc., to the Sales Director, B.X. Plastics Ltd., Chingford, London, E.4.

THE BRITISH INSTITUTE OF MANAGEMENT requires two technical Information Officers to assist in the Personnel Management field and in the Education and Training field respectively. Essential qualifications are good general education, University degree or equivalent; experience in the appropriate function in industry or commerce; good critical faculty and ability to write well. Languages an advantage. Starting salary, £600-£700 p.a.—Further details from the Director, Management House, 8 Hill Street, W.1

ECONOMETRICIAN required by The Distillers Co., Ltd., for an operational research unit in their Research and Development Department at Epsom. Age over 25 years. Honours degree in Economics, with knowledge of mathematical statistics, or in mathematics with knowledge of applied economics. The work would include a variety of subjects such as production scheduling, inventory control, and distribution problems, covering the whole of the Company's activities in the United Kingdom. Apply: Staff Manager, The Distillers Co., Ltd., 21 St. James's Square, London, S.W.1. Quote Ref. 34/56.

A PROMINENT MANUFACTURER of flexible packaging materials has a vacancy in the Market Research Department at its London Office for a male Assistant who will be concerned with Market Investigations involving some travelling within the United Kingdom) aimed at assessing the sales potential for the company's products. Candidates should be in the age group 22-28 and should hold a degree in economics.—Applications should be forwarded, giving full details of qualifications and experience (newly qualified graduates will be considered), to Box 500.

WELL-KNOWN National Food Manufacturing Company seeks chief sales executive.
Applicants (preferably in 32-42 age bracket) must be able to prove wide and successful experiences of sales management on National basis and ideally in grocery product field. Sound knowledge marketing, including advertising, research, analysis and statistics, also essential.
Post offers progressive opportunity for first-class man and carries substantial salary grade with non-contributory pension scheme and other amenities.
Applications, stating age, experience and present salary, in confidence, to Box 499.

APPOINTMENTS

METEOROLOGICAL OFFICE, SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for permanent posts. Early application is advised. The duties include research in atmospheric physics, covering the study of cloud structure, synoptic and dynamical meteorology, large and small scale diffusion and turbulence, climatology, and development of instruments. There is a limited number of posts for graduates who are more interested in mathematics. Successful candidates will be given a course in meteorology before being assigned to a research or forecasting establishment for further training and experience. In some instances candidates with national service obligations can be commissioned in the R.A.F. for forecasting duties at R.A.F. stations for further information should be obtained from the Director, Meteorological Office (M.O.10), Air Ministry, Kingsway, London, W.C.2.
Candidates must be between 21 and 28 on 1st January 1956 (up to 31 for permanent members of the Experimental Officer class). They must have (or obtain in Summer, 1956) a First or Second Class Honours degree (preferably in physics or mathematics). Salaries (London rates) £605-£1,085. Women's scales lower but being improved under equal pay scheme. Somewhat lower rates in provinces. Opportunities for promotion to Senior Scientific Officer (£1,145-£1,545), and higher posts.
Particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. 852/56 (M).

MARKET RESEARCH HEAD

A young executive age 30 to 40 with modern techniques of market research required to head new department with 100-year-old North British Rubber Co. currently engaged on £5 million modernisation and expansion programme in conjunction with the United States Rubber Co., one of America's largest rubber manufacturers. The company is preparing to market research carefully and new rubber and plastic products in the field of Tyres, Footwear and General Mechanicals. Applicants should have a knowledge of statistical method to degree standard and should have spent a number of years in this type of work. A man with real initiative and desire to teach a position of responsibility is the one being sought. Details of qualifications and experience should be addressed to The Industrial Relations Division, Castle Mills, Edinburgh.

MECHANICAL ENGINEER—A well-known steel and engineering company requires, for its large works in India, an experienced engineer, aged between 30 and 40. Candidates must have served a full engineering apprenticeship or be Graduate Engineers. Although not essential, some railway experience would be an advantage. The post carries great responsibility, and salary and conditions offered will be kept in line with the standard required.—Applications, which will be treated in strict confidence, should give full details of age, qualifications and career to date, and should be addressed to Box 5.S., c/o Walter Judd, Ltd., 47 Gresham Street, London, E.C.2.

WE require an Account Executive to work on the Schweppes Account. The person, either male or female, should preferably have had no advertising experience whatever, but should be of suitable educational quality, have a feeling for contemporary life and since the job of an Account Executive is a harassing one a balanced personality. Starting salary good and prospects excellent.—Write, Managing Director, Clifford Bloxham & Partners Ltd., Dane House, Red Lion Street, W.C.1.

(AMENDED ADVERTISEMENT)

THE LOCAL AUTHORITIES' CONDITIONS OF SERVICE ADVISORY BOARD

invite applications for the appointment of SECRETARY

to succeed the present Secretary who is to retire in 1957. The salary for the appointment, which is pensionable, is £4,500 a year. The appointment will be held at the pleasure of the Board and will be terminable on three months' notice on either side. Conditions of service will be those normally applying to chief officers of local authorities. The successful applicant will be required to take up duty on a date to be arranged in 1957. The Secretary of the Board is responsible for:
(1) advising the Board and the Employers' Sides of the wage negotiating bodies concerned with fixing wages and working conditions of employees in local government in England and Wales, and in Scotland also to some extent, numbering about 900,000 in many classes of employment;
(2) acting as Employers' Secretary to these wage negotiating bodies, and negotiating with the professional associations and trade unions representing such employees;
(3) the application of agreements on wages and working conditions arising from these negotiations;
(4) representing the Board and the Employers' Sides at meetings and conferences in connection with their activities;
(5) advising local authorities in matters concerning industrial relations.
A local government background would be helpful but it is not essential. The main requisite of the post is a thorough practical experience in wage negotiations over a very wide field, ability to assume responsibility for negotiations on a large scale and at all levels, and an extensive experience of industrial relations. Form of application, which is obtainable by October 6, 1956, may be had on application to the Secretary,
37 Upper Grosvenor Street, London, W.1.

CENTRAL ELECTRICITY AUTHORITY

SOUTH WALES DIVISION

Applications invited for superannuable N.J.R. appointment of SECOND OR THIRD ASSISTANT ENGINEER (STATISTICAL INFORMATION) (OPERATION) DEPARTMENT, DIVISIONAL HEADQUARTERS.
Salary: Grade AN/IN2 £1,015 to £1,240 per annum
Grade AN/IN4 £810 to £1,010 per annum
according to experience.
The successful applicant will be in charge of the Statistics Section and should have had experience in the application of statistical method to problems.
A university degree including statistical method or an equivalent qualification desirable.
Application forms obtainable from Secretary, South Wales Division, Central Electricity Authority, Twyn-yr-felwen Road, Gabalfa, Cardiff, to be returned by September 21, 1956.

ACCOUNTANT,

with at least intermediate qualifications, required in NIGERIA, WEST AFRICA,
by an associate company of RICHARD COSTAIN LTD.
Should have a minimum of three years in a professional accounts office or in Head Office accounts department of commercial firm. Must be capable of supervising African clerks.
Tours of 18 months' duration followed by three months' paid leave in U.K. Kit allowance and free single furnished accommodation provided.
Salary £1,456 to £1,820 per annum, according to experience.
Write, giving full details of experience, to:
Chief Personnel Officer,
Richard Costain Limited,
111 Westminster Bridge Road,
London, S.E.1.

SALES ADMINISTRATION

Vacancy occurs (through promotion) at Glasgow Branch of progressive company. Applications sought from young men of intelligence, initiative and tact who can fit into a dynamic team. Experience of sales planning, office procedures and customer contacts an advantage. Attractive salary with good prospects in expanding company.—Give full details of career, including present salary, in confidence, to: Black and Decker Ltd., Personnel Department, Harmondsworth, Middlesex.

IMPERIAL CHEMICAL INDUSTRIES LIMITED, Dyestuffs Division, has vacancies for one of two PROGRAMMERS for an Electronic Computer and Data Processing System to be installed shortly. The work will be concerned with commercial data processing and the application of the computer to various commercial procedures and problems. Applications are invited from experienced programmers, or persons with a degree in mathematics or an accountancy or kindred qualification, interested in being trained in this work. Starting salary will be commensurate with qualifications and experience and the posts offer good prospects. Please write, giving brief details of age, experience and qualifications, to Staff Department, Hexagon House, Blackley, Manchester, 9.

NATIONAL COAL BOARD, East Midlands Division, invite applications for Superannuable appointments in their Organisation and Methods Branch.
The Work involves the conduct of studies of office methods, organisation and staffing throughout the Division.
Commencing salaries will be between £1,085 and £1,475 for those who are already occupied in all respects for these posts. If further experience or training is necessary appointments may be made initially within the scale £940 to £1,200.
Applications, with full particulars of age, education, qualifications, experience and present salary, to: The Staff Director, National Coal Board, East Midlands Division, Sherwood Lodge Arnold, Notts (within 14 days.
Envelopes and applications to be marked S.V. 620 G.

ACTUARY, preferably under age 40, required at Head Office in Australian Life Office operating in Commonwealth countries. Staff age distribution and expansion of business offer excellent prospects of promotion.—Apply, in confidence, Box 502.

APPOINTMENTS

UNIVERSITY OF CAMBRIDGE

INDUSTRIAL MANAGEMENT

The Appointments Committee of the Faculty of Engineering hope shortly to be in a position to appoint an Assistant Director of Research in Industrial Management. The person appointed will be expected to engage in research in the field of Industrial Management and to take part in the undergraduate teaching in the Department of Engineering. He will be expected to enter upon his duties not later than January 1, 1957.
Forms of application and further particulars may be obtained from the Secretary of the Appointments Committee, Engineering Laboratory, Trumpington Street, Cambridge. The closing date for applications is November 12, 1956.

UNIVERSITY OF LONDON

The Senate invite applications for the Readership in Economics tenable at the London School of Economics and Political Science (salary £1,500-£1,850 a year). Applications (10 copies) must be received not later than October 25, 1956, by the Academic Registrar, University of London, Senate House, W.C.1, from whom further particulars may be obtained.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments covering a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects a number of vacancies is small; individual vacancies exist in the Natural History Museum for candidates who have special knowledge of, or who are interested in, palaeobotany, malacology, helminthology, acarology, foraminifera, mammalian taxonomy.
Candidates must have obtained a university degree with first or second class honours in an appropriate scientific subject (including engineering) or in Mathematics, or an equivalent qualification or record of professional attainments. *Candidates for Senior Scientific Officer posts* must in addition have had at least three years' postgraduate or other approved experience.
Interview Boards sit at frequent intervals.
Candidates taking their degrees in 1956 may apply before the result of their degree examination is known.
Age limits: Senior Scientific Officers, between 26 and 31; but specially suitable candidates under 26 may be admitted; for Scientific Officers between 21 and 28 during 1956 (or 31 for permanent members of the Experimental Officer class). Salary (London): Senior Scientific Officers: (men) £1,145-£1,545; (women) £1,026-£1,240. Scientific Officers: (men) £605-£1,085; (women) £605-£962. Women's scales being improved under equal pay scheme. Somewhat lower rates in the provinces.
Further particulars, for which early application is advised, from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. 853/56 for Senior Scientific Officers and 852/56 for Scientific Officers.

METEOROLOGICAL OFFICE, SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for permanent posts. Early application is advised. The duties include research in atmospheric physics, covering the study of cloud structure, synoptic and dynamical meteorology, large and small scale diffusion and turbulence, climatology, and development of instruments. There is a limited number of posts for graduates who are more interested in mathematics. Successful candidates will be given a course in meteorology before being assigned to a research or forecasting establishment for further training and experience. In some instances candidates with national service obligations can be commissioned in the R.A.F. for forecasting duties at R.A.F. stations; further information should be obtained from the Director, Meteorological Office (M.O.10), Air Ministry, Kingsway, London, W.C.2.
Candidates must be between 21 and 28 on 1st January 1956 (up to 31 for permanent members of the Experimental Officer class). They must have (or obtain in Summer, 1956) a First or Second Class Honours degree (preferably in physics or mathematics). Salaries (London rates) £605-£1,085. Women's scales lower but being improved under equal pay scheme. Somewhat lower rates in provinces. Opportunities for promotion to Senior Scientific Officer (£1,145-£1,545), and higher posts.
Particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. 852/56 (M).(2).

STATISTICIAN

A Statistician is required with a good knowledge of mathematics or statistical theory for research work in Management problems in a large Company just outside London. The work is akin to operational research, and the applicant will have the opportunity later of moving into a Management Job. Experience is not essential and some posts straight from a University would be acceptable. Salary will vary according to experience, but will not be less than £600 per annum to start.—Apply Box 508.

RESEARCH WORKER required in the Research, Economic Intelligence and International Affairs Section of the N.C.L.'s Industrial Relations Department at London HQ. The duties include analysing statistics, preparing reports and participating, when necessary, in research projects undertaken in co-operating areas. Knowledge of statistical principles and methods is essential; educational qualifications in sociology, or any related social study an advantage. Appointment (superannuable) according to qualifications and experience within inclusive scale £864 to £1,661 male.
Write, with full particulars of age, education, qualifications and experience, to: National Coal Board, Staff Dept., Hobart House, London, S.W.1, *marking envelope* SS/382, before September 22, 1956.

ACTUARY, early 30s, for several years head of stockbrokers' investment department, seeks change larger firm or institution where ability to deal with institutional business will have more scope. Capable all aspects of work, including report writing and gilt switching. Box 503.

PERSONNEL MANAGERESS, 28, requires post with challenge. Cambridge economist, experienced welfare, canteen, hostel and Box 504.

AUSTRALIAN NATIONAL UNIVERSITY

GENERAL MOTORS HOLDEN'S FELLOWSHIPS

Through the generous foundation of General Motors-Holden's the University is pleased to invite applications *for study in Canberra from university graduates.*
Three awards are offered, each tenable for one year, commencing in 1957. In the discretion of the University these awards may be made with the expectation of renewal for a further period not exceeding two years.
Preference in selection will be given to students preparing for careers in industry, or other activities, including teaching, and who have graduated in disciplines related to the Sciences, Engineering, Commerce or Economics.
The value of the Fellowships, which will not be less than £A800 per annum nor more than £A1,200 per annum, will be determined according to the needs and maturity of the applicant. These emoluments will be exempt from Australian income tax.
Those to whom Fellowships are awarded will be required to take up their Fellowships at the beginning of the 1957 academic year (March). Applicants must be University graduates with some research experience. Successful applicants must be able to enrol for a degree (Ph.D., M.A., or M.Sc.).
Further particulars and application forms should be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.
Applications close on October 15, 1956.

B.Sc.(ECON.) LONDON UNIVERSITY

UNIVERSITY CORRESPONDENCE COLLEGE provides postal tuition for the above Degree obtainable without residence), which is a valuable qualification for those seeking executive appointments in commerce or industry, government or municipal posts. The College, established 1887, is an Educational Trust. Highly qualified Tutors. Low fees. Prospectus of U.C.C. Courses for London Degrees and Diplomas, G.C.E., free from the Registrar, 60 Burlington House, Cambridge.

CHAIRMEN/MANAGING DIRECTORS/ MAJORITY SHAREHOLDERS

Top management consultant, with 20 years' industrial experience including that of Managing Director, now specialises in surveys of Company Group structure and organisation to continue stability and expansion against the complex future. Box 506.

COMPANY with long experience of production and marketing in proprietary field wishes to purchase one other business of similar character. Products may be food, pharmaceutical, toilet or cosmetic. Negotiations will be searching and conducted at professional level. Location of some importance, and Lancashire or Yorkshire preferred. All enquiries treated with utmost confidence.—In first instance they should outline history, present situation and financial aspects to Managing Director, Box 507.

SUCCESSFUL TUITION FOR THE B.Sc.(ECON.) DEGREE

Wolsey Hall (Est. 1894) provides Postal Courses in a wide range of subjects for the two examinations for Lond. Univ. B.Sc.(Econ.)—those if Entrance is included. Moderate fees, instalments. Over 1,000 Wolsey Hall students have secured this valuable degree since 1925.—Prospectus from C. D. Parker, M.A., LL.D., Director of Studies, Dept. P.16, WOLSEY HALL, OXFORD.

WHERE'ER GOOD SHERRY is to be had, you will find Dudley Dunn Gordon's P.L. CID. It's a fine light Amontillado—a sherry for the connoisseur. Named, appropriately enough, after a Spanish hero of the 11th century.

THE Economist Bookshop has the world's widest range of books on Economics, Politics, History, Anthropology and the Social Sciences. World-wide mailing service. Second-hand books bought.—11-12 Clements Inn Passage, Aldwych, London, W.C.2.

FOR SALE.—*The Economist*, April, 1949-December, 1955.—Offers to Box 501.

EXPERT POSTAL TUITION

for Examinations: University Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus, and/or advice, mentioning examination or subjects in which interested, to the Secretary (C.9.2.),
METROPOLITAN COLLEGE, ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

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Egypt: £5.5s.	India & Ceylon: £6	Malaya: £6.15s.		Rhodesia (N. & S.): £5.10s.
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				Sudan: £5.10s.
				Union of S. Africa £5.10s.
				U.S.A.: $21.50 or £7.14s.

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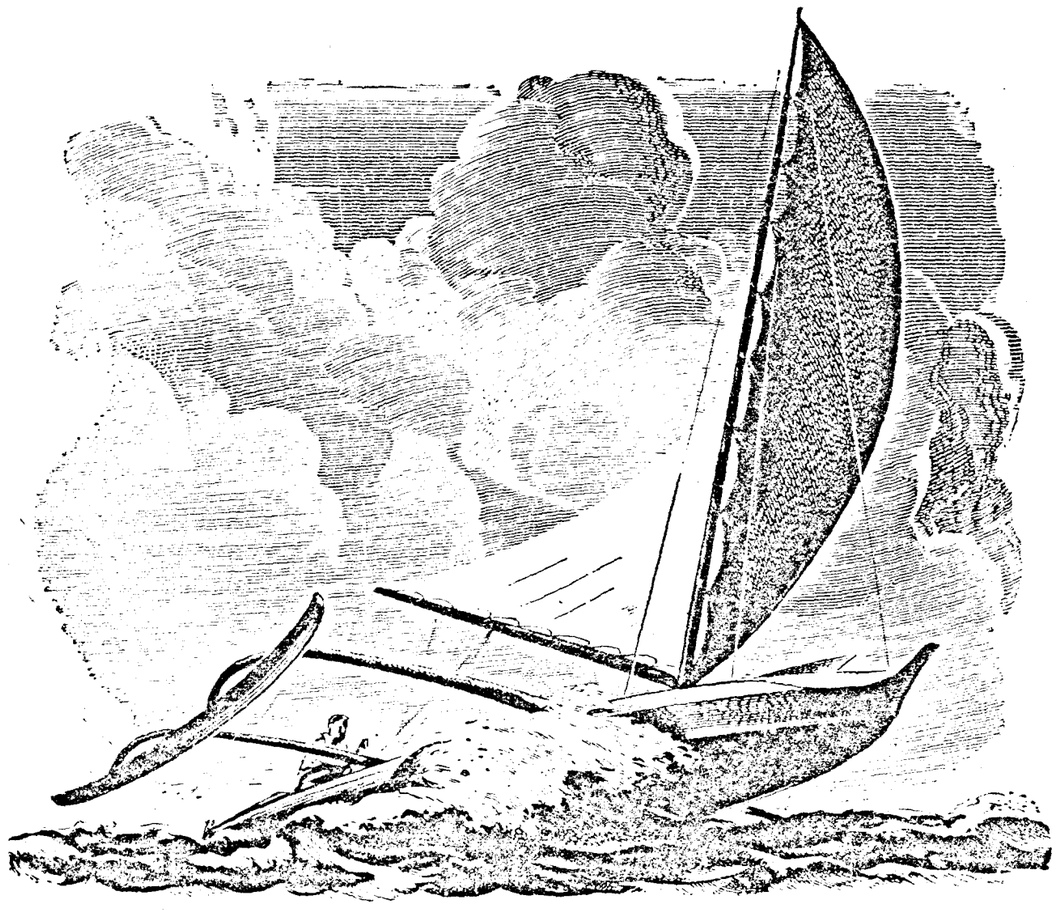

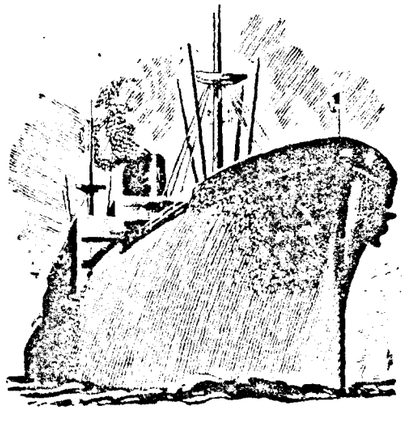

Imagine a marine world without oil!

Hard to do, isn't it? Yet how much harder it would be to live in such a world. In the marine field alone, oil has contributed in so many essential ways. It has facilitated trade and commerce. It has drawn together the community of nations. It has helped people everywhere to live better, to progress and prosper. In supplying finer marine products to the peoples of 67 free nations, and through more than 350 world ports, Caltex has for years played a significant role in this dynamic industry.

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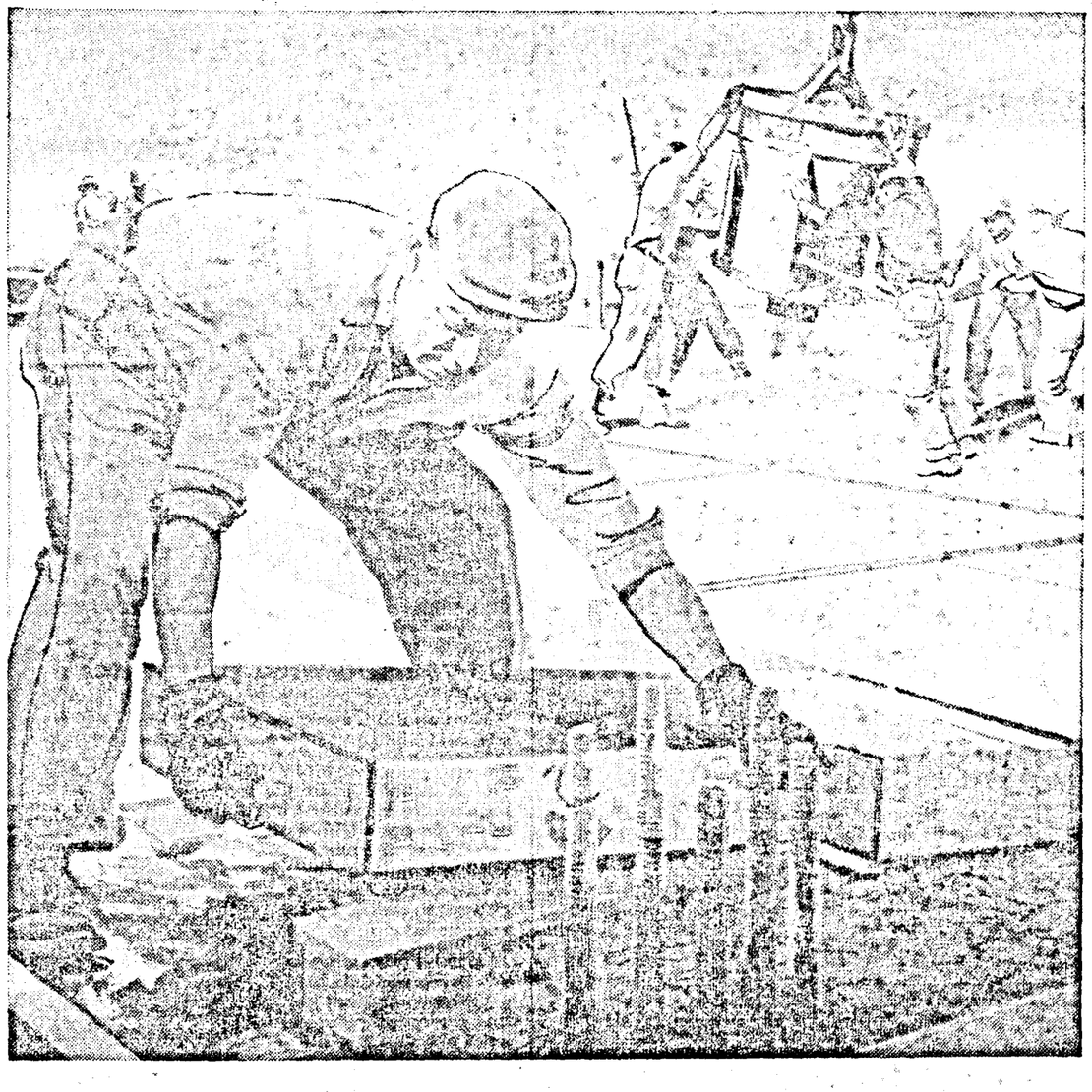


Building costs slashed. Concrete is poured on forms of CORRUGATED board

It takes a strong man to lift a cubic foot of concrete. But these new pouring forms made of corrugated board, first introduced in the United States, can stand up under nearly six times the weight. Yet they're less expensive and easier to install than any other kind.

Instead of storing and handling cumbersome metal pans or wooden frames, builders can simply staple these pre-cut corrugated forms together at the site and mount them in place. Besides saving time and money, they eliminate the storage problem and effect a sizeable gain in man-hour productivity.

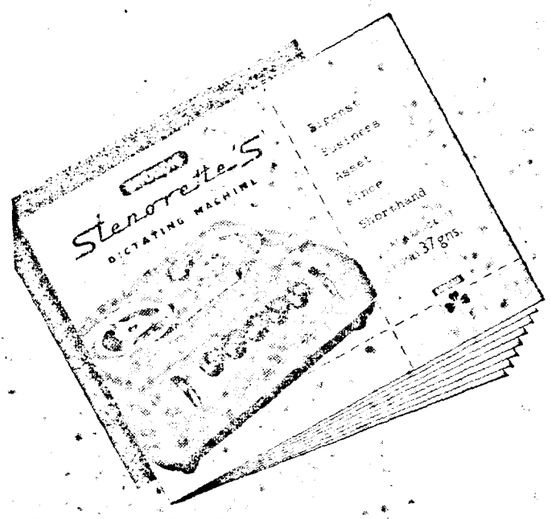
Corrugated forms are being used today in practically all kinds of concrete construction: slab on fill, slab on fill-joist, and second story slab on joist. Additional time can be saved by installing conduit and lath in advance—before the concrete is poured—and by leaving the forms in place.

This latest step forward in the building industry is dramatic proof of the strength and economy of corrugated board. When you need new shipping containers for your products, heavy or light, sturdy or fragile, think first of corrugated.

Langston doesn't sell corrugated; only the machines that make it. Since 1902, these machines have led the field in efficiency and dependability. *Samuel M. Langston Co., Camden 4, N.J., U.S.A.*

LANGSTON Corrugated Container Machinery

MANUFACTURED IN ENGLAND BY MASSON SCOTT & CO., LTD.



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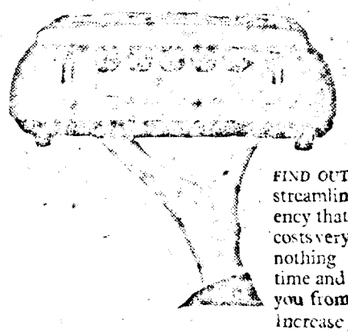

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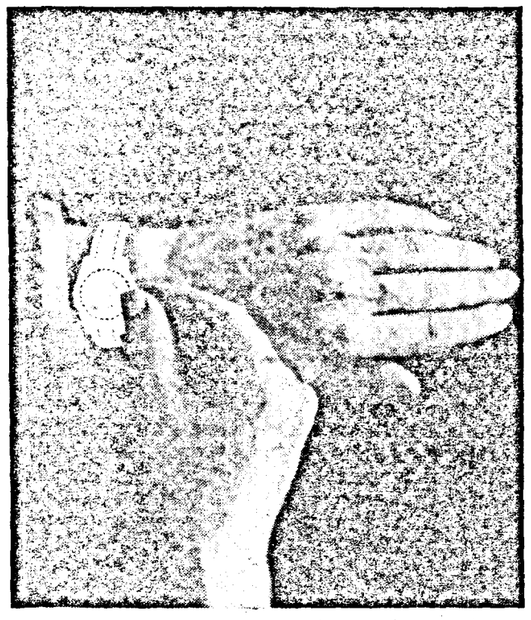

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There are clear difficulties in using this selection of countries to illustrate comparative questions, despite the loading of the text with frequent cross-references. With Great Britain and France a fairly similar treatment on conventional lines can be adopted and the differences in essence dealt with in an introductory chapter to each of the two sections. On the other hand, with Germany, where the Federal Republic has still to establish itself, the approach is much more historical and ranges over almost the whole of Germany's past in order to demonstrate Mr Finer's justifiable pessimism about the ability of Germans to run a democratic system of government satisfactorily. Soviet Russia presents problems of yet another kind. Here the question is one of principle. Mr Finer has understandably as much dislike of the Soviet system as of the Nazi one. He therefore makes no attempt to view it other than by comparison with the norms of a free western society. His revulsion is so great, indeed, that it leads him not merely to put the worst interpretation upon every aspect of Soviet society, but also to blacken unwarrantably the progress made in the century before the Bolshevik Revolution. It is clear that he does not like Russians whatever their political colour.

The student, therefore, has in fact very little material to illustrate the major institutional forms that countries inspired by western constitutionalism have adopted, and none with which to assess calmly the model of government which much of the world beyond Russia has adopted or may in some form come to adopt. A further difficulty from the student's point of view is added by the fact that the whole book is written in emotive language and suggests a transcript of lectures delivered at high speed in an enormous American auditorium, probably with the use of microphones for transmitting it to adjacent classrooms.

Nevertheless, the book does include a great deal of valuable material, particularly on Britain and France, and for the tougher student whom Professor Finer has in mind it might well serve a distinctly useful purpose. It has the merit of being a fresh look, particularly at these two countries, and not simply an attempt to patch previous classical treatments. It is not seriously marred by a number of errors due to bad proof reading, but one is bound to express surprise that Professor Finer should believe that up to 1356 the mediæval Empire was in continuous hereditary succession in the family of Charles the Great, or that he should suppose that the sale of offices was unknown in Prussia or other German states in the seventeenth and eighteenth centuries. It was not the Allies who wished Berlin included in the German Basic Law and the Germans who wished to leave it out, as Professor Finer suggests, but precisely the contrary. Lord Attlee is not a Wykehamist; Macaulay was a glory of Trinity, Cambridge, not of Trinity, Oxford; and (let us hope for the last time) Lenin's christian name was not Nikolai.

Letters to the Editor

When is a Liberal not a Liberal?

SIR—It is encouraging that twice within a fortnight (once shortly, and once at length) you should have given advice to the Liberals. Your advice covers leadership, function and tactics.

On the first the matter is now settled, and it remains only to add that a man of great reputation and long experience will be followed by a man of growing reputation but who, because of his limited experience, will receive all the support that the Liberal party is longing to give him.

On function you pose a non-existent cleavage. Carefully sought applause, especially through an attack upon another party, is easy to attain. But, during my recent two years' experience as chairman of the party's executive, I always found the most ready response to the claim that "if ever Liberals look upon the Liberal party itself as more important than those aims for which the Liberal party stands, it will deserve to die."

On tactics we are not hopeful, as you suggest we should be, of making "the other two parties as much like Liberals as possible." But we may be able to make them act as though they were Liberals. We shall be successful in this strictly according to our visible support from the voters. Thus we do not contest elections, as you suggest "for fun." We contest them to prove to other parties the strength of opinion behind us, and to secure increasing representation of our own in the House of Commons. We know that our present small membership there is our greatest single handicap; we believe that if once we can increase it against the efforts of both our opponents that handicap will disappear, and our progress will be rapid.

We therefore see no sense in your suggested limitation of fighting in only one-fifth of the constituencies. Rather, we hope to fight on a front that will be limited only by the availability of suitable candidates backed by genuine and efficient organisation.—Yours faithfully,

GEOFFREY ACLAND

Press Publicity Dept.,
Liberal Party Organisation, S.W.1

Trimming a Bad Egg

SIR—Though I have no interest in eggs except as a consumer, I must protest that your note on eggs and your correspondents' comments miss the point and the facts of the present subsidy, control and marketing position.

These are the essential facts about the average English farm:

1. 90 per cent of the input is controlled by trade agreements, whether union, association or statutory.
2. All our suppliers shelter under tariffs.
3. Even a medium-size unit is a weak buyer and seller. Bargaining as buyers is impossible—it is either against the law or would be in breach of some agreement signed by our suppliers. Bargaining as sellers is ludicrous—we are one of too many.
4. All our overseas competitors sell by means of co-operative or government marketing boards which have the financial resources and expertise to sell at the right price and time.
5. Though production per man hour on an efficient English farm is two or three times that of suppliers and customers and is higher even than that of Imperial Chemical Industries or Associated Electrical Industries or an oil refinery, we cannot afford to pay comparable wages.

If these facts are accepted, the conclusion must be that subsidies are largely absorbed in support of suppliers and customers.

In the case of our own farm this is easily proven and it is also easy to prove that while the efficiency of suppliers and customers is far lower than ours, their profit per £ of turnover is three to four times as great with far less risk.

No efficient English farmer would mind the return of "freedom," but what is sauce for the goose must be sauce for the gander. This is what I was brought up to believe was the definition of Free Trade.—Yours faithfully,

HENRY HOBHOUSE

Castle Cary, Somerset

Open Door to Europe

SIR—No one can predict what the remaining forty-four years of the present century may bring forth; but nothing more momentous has occurred during its first fifty-six years than the pronouncement about the possibility of uniting Western Europe with the British Commonwealth in some kind of economic union.

Vested interests in all these countries will make a desperate attempt to kill this great conception at birth; but those who understand what it means should not be intimidated by them.

According to press reports, agricul-

tural products would be excluded from this vast common market. I would suggest that this exclusion would be a ruinous blunder; for it would impose upon the people inhabiting these territories the burden of dearer food. How, then, could competition be successfully maintained with countries lying outside this economic union and having lower food prices? Unless the prices of all goods, agricultural and industrial, are brought by competition into their proper relations, free trade cannot work.

The salutary pressure of competition would compel the farmer to turn his skill, energy, and resource to the best account.—Yours faithfully,

London, E.C.2 PAUL DE HEVESY

South of Khartoum

SIR—Your correspondent who was lately in the Southern Sudan deserves to be congratulated for managing to grasp a complicated situation dominant therein in so short a time. His article in your issue of September 22nd is both fairly accurate and constructive. But nevertheless I am urged by a feeling of doing the Government of the Sudan justice to bring into light a few facts.

For fifty years the South has been declared by the ex-Co-domini rule a closed area in the face of whatever emanated from the North: people, ideas or trade. What the Government has done in the last few months could not have possibly been sufficient to uproot the results of half a century of highly organised deliberate alienation. Hence the present air of distrust.

Naturally, efforts to arrest some 150 mutineers so far unaccounted for justifies the continuance of a state of emergency declared in the South since August, 1955, so that by March, 1957, general elections for the Constituent Assembly proceed unhampered.

The troubles of the past were, however, associated with one man and his party at present away from rule; and chief amongst the responsibilities with which Parliament shouldered the new Government when it first came to office is to bridge the gap between South and North. Since then they have left no stone unturned to fulfil their pledge to Parliament.

Administrators are being specially selected to man the chief executive and judicial posts in the South. At the same time Southerners are being promoted to positions of greater responsibilities, but not at the expense of efficiency.

A commission with a Southerner Deputy Chairman has already started work to develop the South. It was given wide powers to implement its decisions without reference to the Government except in a few cases involving security issues or financial expenditure.

Radios were lavishly distributed to remote villages to keep the people informed up to date. Finally and most comforting is that a South problem has been recognised.

The Christian missionaries are being financially aided by the Government. Instructions, frank and to the point, were issued to administrators in the South not to interfere with missionary activities as long as they kept away from politics.

As far as federation is concerned, it may be surprising to mention that the idea is existing only in the minds of a few ambitious politicians lacking public support, a clique of Southerner communists and a small number of missionary school teachers or/and graduates. The bulk of the South is for a united Sudan.

One final point: The area in turmoil is not quite south of Khartoum except in the sense that Portsmouth is south of Glasgow. The area is separated from Khartoum by a province bigger in area and population than any two of the three provinces combined, i.e., far away from effective control by Headquarters in Khartoum.—Yours faithfully,

OMER EL ZEIN,
Council of Ministers

Khartoum, Sudan

John Bull's Model Ireland

SIR—In the interesting Ulster Supplement to your issue of October 6th there appears a short article, "Finance under Devolution." In the second paragraph reference is made to the "imperial contribution," which sum you go on to say "is in theory agreed by the Joint Exchequer Board, which, however, meets very rarely; and its procedure is obscure."

As chairman of the board I feel I cannot allow that statement to pass without saying that not only in theory but in practice is the sum agreed by the board, which meets as may be necessary to fulfil its statutory duties. The last two meetings were held at Stormont within the space of twelve months, on the occasions of the Finance Minister making his budget statement, which was listened to by the members of the board.

May we apply the words of Thomas Carlyle to the board—Happy the people whose annals are blank in history books!—Yours faithfully,

Edinburgh J. M. ERSKINE

Israel, Armistice and War

SIR—I was astonished by your note in your last issue. In fact, you suggest that Colonel Nasser may, after all, be justified in stopping Israeli cargoes from passing through the Suez Canal.

It appears that your note betrays an emotional bias in assessing Middle Eastern affairs. The Israeli raid, which you are so eager to condemn, was only the effect of a cause which you prefer to minimise. The cause which makes retaliation inevitable is the stubborn refusal of the Arab states to recognise the state of Israel, and the disastrous consequences of this refusal. Israel's defensive actions must be seen in the light of the fact that the Arab states refuse even to discuss the possibility of entering into the peace negotiations which Israel has advocated since its very inception. I doubt whether any government, including our own, would tolerate continuous acts of violence perpetrated by hostile neighbours, within their own territory, without adopting effective counter-measures.

The arms balance in the Middle East has been tilted against Israel, and it is probable that the present border crisis has been caused by the tensions inherent in this disparity in armaments. By restoring the balance of power, we may well avert a full-scale war in the Middle East. Your argument that Israel's "bellicosity" indicates that it does not really need Sabre jets is most unconvincing. Israel has to undertake defensive actions just because the quality and quantity of its weapons are not impressive enough to deter by their very existence violations of Israel's frontiers.—Yours faithfully, LIONEL BLOCH

London, N.W.8

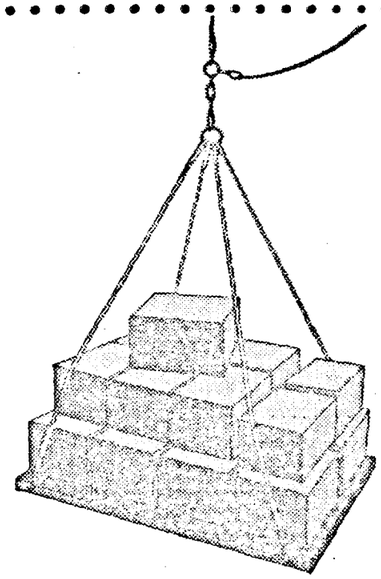
Town, Gown and Mr Sandys

SIR—There could be no better illustration of the "remote and ineffectual don" than Mr Beloff's latest letter. He says "it would seem obvious that the best people to decide on how the university can be preserved are those who have made their working life within it." But when Mr Macmillan sold his university and Oxford City over the Clarendon Hotel scandal, a Conservative university councillor, Mr A. B. Brown, said it was quite disastrous "that a bigger Woolworths is to appear in the centre of the city where it is bound, and designed, to attract increasing traffic." Now the mercenary dons of Christ Church hope to add to the confusion with a vastly enlarged Marks and Spencer—"in time a new and fine modern building will face Messrs Woolworths . . ." (*Oxford*, May, 1956). Similarly, St John's, to whom we owe the spoliation of the Woodstock Road entrance to Oxford, have recently persuaded the Minister to allow them to industrialise Aristotle Lane. Preservation? William Morris complained nearly seventy years ago that

> the guardians of this beauty and romance, so fertile of education . . . have made its preservation give way to the pressure of commercial exigencies, and are determined apparently to destroy it altogether.

No, Sir. Oxford needs to be saved from mercenary dons (*Dominus Nuffield Illuminatio Mea*), and the two great anti-Liberal parties who are out to sabotage the national educational system—the one on grounds of expediency, the other on ideological grounds. If the essential Oxford is to be saved it will only be through a Royal Commission. The college comments on the original road plans showed—*tot homines, tot sententiae* (only Balliol took an extra-mural view) "where self the wavering balance shakes, 'tis rarely right adjusted." It seems that the colleges wish to hang separately, not together.—Yours faithfully, D. G. AMBROSE

Oxford



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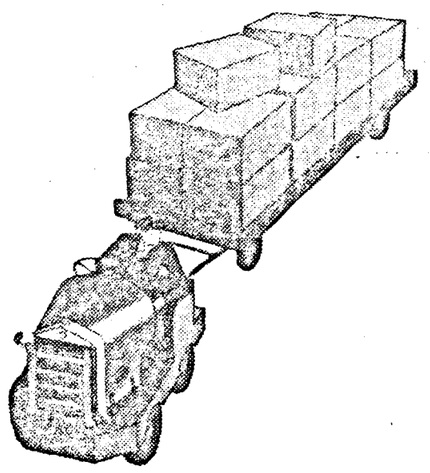

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LIFE INTERNATIONAL EDITIONS

are than with "averages" of statistical prosperity. Moreover, despite the general well-being and pride in the supposed absence of class consciousness in America to which Vice President Nixon invariably appeals, interviewers in industrial areas find that the view that "Democrats favour the workers" is held with remarkable tenacity.

The traditionally powerful issues—peace and prosperity—the two-term habit and the personal popularity of the candidate all point to a Republican victory in this election. But the electoral statistics, showing that 1952 was a Republican peak and that since then the Republicans have consistently lost elections of all kinds—culminating in September's losses in Maine—suggest that Mr Stevenson might just be dragged into office if he could catch the coat-tails of enough locally popular Democrats. Therefore both parties for opposite reasons are trying to bully the electorate into voting logically for all of one party's candidates for all the offices at stake. But, although no President has yet been elected without his party winning a majority in Congress, such an outcome seems distinctly possible this year.

The "vote-splitter" who picks and chooses feels that he is having things both ways and he can, if need be, rationalise his conduct as a mature display of discrimination. Moreover, unless Mr Stevenson can make some dent in the widespread conviction that Mr Eisenhower has an especial ability as a keeper of the peace, this is just the kind of issue on which "economic Democrats" are likely to split their votes between Mr Eisenhower and local candidates of their own party. It is too soon to tell whether Mr Stevenson's two attempts to capture a share of the "peace issue"—his speculation about an approaching end to conscription and his proposal to stop tests of large nuclear bombs in advance of general disarmament—will succeed. The Republicans hope that it will strengthen the view that he lacks Mr Eisenhower's judgment on world affairs. But if the theory is correct that people make up their minds how to vote weeks in advance of polling day, these efforts may have no effect whatsoever.

John L. Lewis Partnership

THE new "golden age" of co-operation between capital and labour in the American coalmines entered its seventh year last week when Mr John L. Lewis, the president of the United Mine Workers, announced the wage agreement which he had been negotiating unobtrusively with Mr Edward Fox, the new president of the Bituminous Coal Operators Association. As usual, Mr Lewis has done his miners proud. Their wages will rise, in two steps, by $2 a day (to $22.25 for 6½ hours' productive time in an 8-hour shift) and they will also receive more pay for holiday and weekend work. Even before the increase, according to the miners' union, average hourly earnings in the coal mines were $2.83, compared with $2.69 an hour paid under the new contract in the steel industry, and $2.31 in the automobile factories. The latest agreement, bettering the rise recently won by the steel workers, pushes the miners' position still nearer to the top of the industrial wage scale.

It is significant that the new coal agreement makes no mention of the guaranteed annual wage which has been a major demand of the trade unions in the automobile and steel industries. The miners have long had their welfare fund, which paid out over $127 million in pensions, medical care and other benefits in the year ending June, 1956, and still has over $130 million in hand. With this fund, which is financed entirely by employers' contributions at the rate of 40 cents a ton of coal mined, the union feels secure enough to concentrate on demanding higher wages, and follows a consistent policy of stimulating efficiency in the industry so that it may be able to pay them. An advocate of increased mechanisation in the mines, the union takes pride in the fact that productivity has risen from 6.8 to over 11 tons per man day since 1950, even though, as a result of this policy, only 229,000 miners are now employed in the industry, compared with 416,000 in 1950, when output was only slightly higher than it is today. The welfare fund takes care of those who lose their jobs.

The only inconsistency in this community of interests between the miners and their employers is the renewed complacency with which both regard the prospect of rising prices at the pit head. Three years ago a similar wage increase, which weakened the competitive position of coal compared with other fuels, intensified a depression from which some companies are still recovering. As a result of Mr Lewis's latest contract, coal prices may rise by as much as a dollar a ton over the next year, in an economy which is already tight at the seams with inflationary pressure.

Detroit's Autumn Showing

FROM A SPECIAL CORRESPONDENT

AFTER a year that Detroit will be happy to forget, the automobile industry is coming out with its 1957 models. Output is scheduled to rise to 1.8 million cars in the next three months, compared with just over 1 million in the period from July to September. This increase is partly seasonal, since the "model year" or marketing year begins in October—as it does for most lines of retail trade in the United States. But the scheduled rise in production also assumes that sales will be favourably influenced by the drastic restyling of this year's cars. These feature lower bodies, smaller wheels and a continuing attempt to make cars look more like aeroplanes by shaping the rear wings as tail-fins. Some purchasers will be pleased to find that colours are more subdued this year, although it may be very difficult to get a car that is in one colour only.

The public taste for luxury has led the Ford Company to discontinue its plain but inexpensive "Mainline" series, and to introduce a new high-style "Fairline 500" series. Moreover, Ford raised prices as much as $104 for its family saloon in the cheapest remaining class, citing low volume of output as the excuse. The company feels that it can make a profit without increasing prices for the more expensive station-wagon and convertible models because there will be a greater demand for them. All firms are aiming at the middle-income market, which seems to want as much style and luxury as it can get within the limits of the low-to-medium price field.

In spite of the obvious appeal of the new models, no one in Detroit predicts that sales in 1957 will equal the peaks of 1955. There is no backlog to be filled this time,

SIAMESE FABRICS FROM FRANKLIN IMPORTS, LOS ANGELES

Smooth . . as Siamese silk!

Smooth silken strands are today tightening the commercial and cultural bonds between Thailand and the United States. Developed since the war, the Thailand silk industry now exports a growing quantity of hand-woven silk fabrics to this country . . . fabrics that are noted for their brilliance of color, their tightness of weave, their strength of texture. Commanding top prices in American fashion centers, Siamese silks are air shipped to New York . . . Chicago . . . San Francisco . . . where they are used by exclusive dress designers and interior decorators to create wearing apparel and home furnishings of unusual beauty.

Financing exporters and importers of Siamese silk . . . speeding consignments on their way by knowing the local regulations, the procedures, and the people . . . is all part of a day's work to Bank of America men abroad. If you are in a business or industry that could benefit from this fast, efficient international banking service, why not get in touch with our International Department today?

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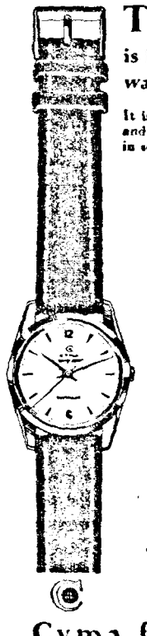

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CYMA navy star—a masterpiece of Swiss craftsmanship. Its ultra-slim stainless steel case is so designed that faultless watertight sealing is achieved without the bulk usually associated with watertight watches. 17-jewel precision lever movement. Anti-magnetic, Anti-shock* Price £24.10.0

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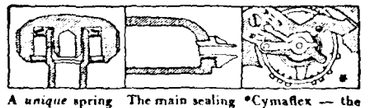

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SEE HOW SLIM THIS WATERTIGHT WATCH IS

La Corona

The cigar by which other cigars are judged

HAND MADE IN HAVANA

Supreme the World over

as there was after the Korean war and the 1954 recession. Nor is there much chance that demand can be stimulated, as it was in the later part of 1955, by reductions in dealers' prices or easier credit. Margins of profit are low for dealers now, and credit terms have been stretched about as far as lenders think is wise. Moreover, some of the lenders on automobiles—particularly the smaller banks and consumer finance companies—are short of funds because of the generally tight money market, and all are screening their risks more carefully.

People who paid cash for their cars—usually wealthy individuals—have been less numerous in 1956 than in 1955, and many of these are likely to want a new model in 1957. A large number of people who bought cars late in 1954 on an 18- to 24-month hire purchase agreement are also expected to be back in the market. The favourable terms for used cars now offered in exchange are a strong inducement to these two groups to invest in new models during the next few months. However, by the spring the market will depend more on the usual type of buyer on credit, who may have purchased his car in 1955 with thirty months to pay and may therefore have to wait until 1958 to buy again; this will leave the new car market less buoyant in the second half of 1957. The industry is predicting sales of 6.5 to 7 million new cars, compared with 7.5 million in 1955 and about 6 million in 1956.

★

To achieve a comeback in sales this year has made the industry spend lavishly on new equipment. It is only two years since the major style change of 1955, and the cost of tooling for the 1957 models has been even greater. In addition to the special dies, cutting tools, jigs and fixtures for shaping the bodies in new forms, it has been necessary to rearrange assembly facilities to handle the longer, heavier shapes. New equipment for painting and welding was required, and new forging machines to make stronger axles. Altogether, the total outlay connected with style changes is estimated at over $1 billion, most of which must be recovered during the two years in which the present models will be on the production line. This is in addition to expenditures of at least $1.5 billion on permanent additions to the industry's manufacturing capacity, consisting of new assembly lines and new buildings and equipment to make engines, transmissions and other mechanical components. It is in this latter field that most of the costly automatic devices are being installed, but the cost of style changes is beginning to overtake even the cost of automation.

As the industry looks ahead, it is the expense of styling which dominates thinking about capital requirements. The basic capacity is in place to handle a considerable expansion of automotive sales over the next five years. This much automation has achieved, and continuing improvements may be expected to yield more capacity for standard items at relatively low capital cost from now on. But the designs of 1959 cars, which are already on the drawing boards, would call for another huge expenditure on facilities to produce differently styled bodies. If the engines were also to be changed—a step that would mean replacing many automated machine-tools with others of different design—the cost of changing models would become astronomical.

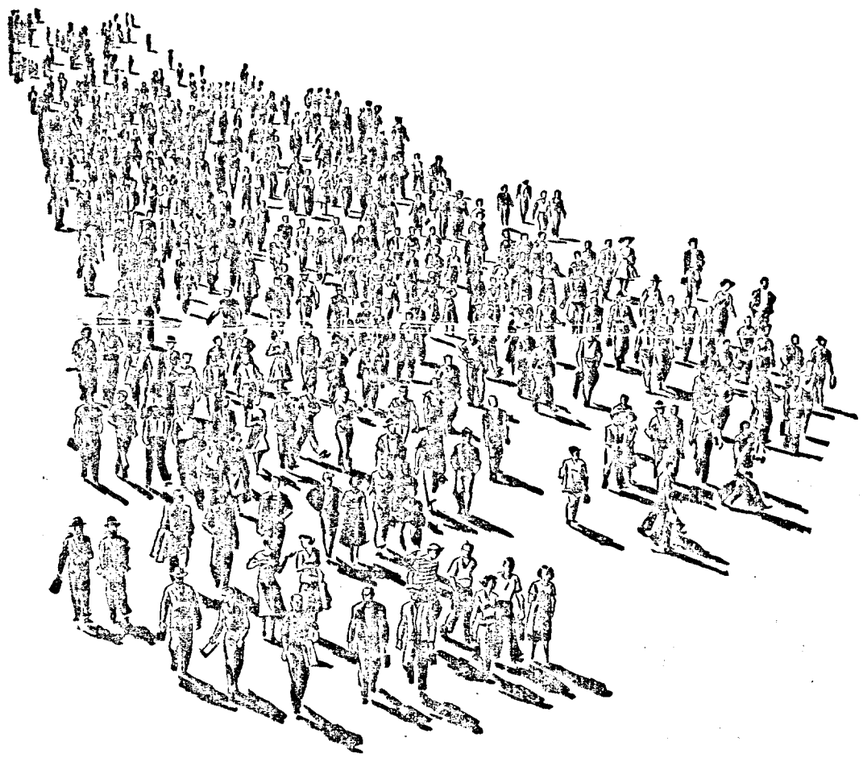
Some observers believe that only the General Motors Corporation could afford both to introduce a major change in engines—such as the gas turbine—and to maintain the present cycle of biennial changes in body styles. Even for GM it might not be profitable and mechanical changes may come slowly over the next five years. The real dilemma is how to pay for style. The smaller companies will be hard pressed to find the cash for model changes every two years, on the scale that Ford and General Motors are setting. Yet this is clearly what sells cars. In fact, considering the public enthusiasm for change in 1955 and the apathy about the same cars in 1956, there is likely to be some restyling every year in future. All this must be accomplished, according to the dictates of competition, without large price increases. The leading companies have done it for 1957, and they plan to keep on in 1958 and 1959. This year may tell whether their smaller competitors can stay in the race.

Communists Go American

THE rickety affairs of the American Communist Party have taken a public lurch for the worst and Mr Brownell, the Attorney General, is happily claiming the credit. Mr William Z. Foster, the party chairman, has written an article attacking the "Draft of Political Resolutions" approved by the national committee to go before the party's convention next February. His was the only vote cast against these admissions of past errors in leadership. He accuses the committee of "trying to downgrade Lenin," of showing a "strong right tendency" and of under-emphasising the "aggressive role of American imperialism." History has been unkind to Mr Foster's past success in keeping the unusually turbulent American Communist Party to the Stalinist line.

The authors of the resolutions attacked by Mr Foster speak of the "uncritical acceptance" and the "dogmatic application" of the ideas of Marxists foreign to the American scene. The authors confess to exaggerating the likelihood of an industrial recession with America then provoking a third world war. "Negative attitudes" have been held towards "non-left Negro" and other "libertarian" organisations. These Communists argue vigorously that the American Party has "long since discarded . . . Stalin's thesis about . . . inevitable proletarian revolt." They admit that these errors, the general level of prosperity, the repressive legislation against them, and the plausibility of "the lie" that they were agents of "a foreign power," have dangerously weakened the Party. They pledge themselves to attain socialism by peaceful and constitutional means.

The Attorney General has released a "memorandum to the President" giving the draft resolutions free publicity and underlining the credit the Communists give to his department for their plight: the prosecutions for violation of the Smith Act (against conspiracy to overthrow the government by violence); prosecutions for perjury before public committees; the denaturalisation and deportation of subversive persons and the elimination of "security risks" from government employment. If anyone ever accused the Administration of being soft to Communists, Mr Brownell seems to argue, the Communist Party itself has now given the reply conclusive.



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Atomic Fair

FROM A CORRESPONDENT AT CHICAGO

IT was in a squash court under a football arena on Chicago's Southside that the first atomic pile was built and a sustained chain reaction produced in December, 1942, opening, for better or worse, the Atomic Era. Last month the atom, very well developed for a teenager, returned to the Windy City. On Navy Pier, jutting out over a mile into Lake Michigan, nearly 25,000 persons from all over the world trooped in to view the machines and minutiæ of nuclear energy on display at the Second Annual Atomic Trade Fair.

The fair was sponsored by the Atomic Industrial Forum, a unique trade association with more than 500 members from industry, labour and the professions. The Forum, which has often acted as a link between the government's Atomic Energy Commission and the American business community, stresses the exchange of information and tries to avoid taking sides in controversial issues. Its first fair, held in Washington a year ago, drew 78 exhibitors ; this time there were 121. Thirty per cent of the exhibitors at the fair were manufacturers of reactors and components, with every major builder represented. Companies making instruments and suppliers of raw materials each accounted for another twenty per cent, and the remainder was a mixed bag which included universities, technical publishers and governmental agencies.

On the whole, the exhibits were splendidly mounted. Those few organisations which have actually built nuclear reactors in the past focused attention on their accomplishments ; other firms wistfully offered tangible evidence of what they will do as soon as they are given their chance. The Westinghouse Electric Corporation, which has enjoyed enormous prestige in the budding atomic field because of the success of its pressurised water reactor, provided one of the most extensive displays, featuring photographs of the submarine *U.S.S. Nautilus* powered by Westinghouse's nuclear plant ; the company has now been awarded a contract for reactors for another six submarines. Nearby stood an exhibit of similar proportions sponsored by another industrial titan, the General Electric Company. GE, which has recently become extremely active in the development of a nuclear aircraft engine, is closely identified with the boiling water reactor, which was given prominence.

A smaller display which drew large crowds was that of still another builder of heavy reactors, the Leeds and Northrup Company of Philadelphia. Here a model system artfully simulated the actual performance of an integrated nuclear power plant. In a twelve-minute lecture-demonstration. the animated reactor was brought into operation under full load, worked through automatic controls, and finally shut down, or " scrammed," on reaching the allowable limits of heat and radiation. The Union Carbide and Carbon Corporation, one of the most highly diversified of the colossi which characterise the American economy, featured in its display a continuous showing of a new motion picture on uranium and its uses which excited great interest.

When glutted with geiger counters and surfeited with scintillometers, the contemplative nuclearphile could reflect on the extent to which the fair faithfully mirrors the present state of the atomic energy programme in the United States. At the age of fourteen the estimated annual dollar volume of American nuclear industry is $2.5 billion. The AEC employs directly only about 6,000 people, but its contractors have another 107,000 on their payrolls ; at least 20,000 additional persons are engaged on research and other pursuits in non-governmental enterprises. Much of this activity is of recent origin, since until the Atomic Energy Act was amended in 1954, the field offered little scope for private industry.

In this early phase, it is doubtful whether many of those working with the tiny fragment of matter are realising anything more than correspondingly tiny profits. Among the relatively few companies known to be making money is the Anaconda Company, a sprawling giant in the raw materials field which now derives a substantial portion of its income from uranium mining and milling operations on the Colorado Plateau. Anaconda was not an exhibitor at the fair ; neither were the Climax Molybdenum or the Homestake Mining companies, both of which are profiting from the mining of nuclear materials. Another successful producer of uranium, understandably missing, was the Atchison, Topeka and Santa Fé Railway Company.

★

This, then, is the stage in the development of an atomic energy industry in which some of the raw material suppliers bask in a kind of mild sunlight. But few manufacturers of heavy equipment and fewer makers of radiation instruments are reaping large returns from their present atomic energy undertakings, which consist mainly of fulfilling parsimonious contracts with the AEC. At the fair, however, a feeling of restrained optimism about the near future was noticeable ; a basic reason for this limited ebullience is the surprising progress recently made in the field of atomic propulsion. In recent months, the time it is expected to take to develop a nuclear aircraft has been repeatedly shortened, and there is a persistent rumour that an atomic plane will fly before the end of next year.

The capital requirements of the American nuclear power programme have been estimated at $3-5 to $7 billion over the next ten years. The Chase Manhattan Bank of New York is making a special drive for pre-eminence in the financing of this development. It was one of the first financial institutions to establish an atomic energy division. The banking system, however, cannot supply the long-term financing or venture capital which is now required by expanding atomic industry ; the fair included a display by one source of such money, the Atomic Development Mutual Fund. This is an " open-end " investment trust through which American investors have channelled $44 million into corporations active in nuclear energy.

Except for the full budget of technical speeches, there was little to distinguish this gathering of nuclear industry from similar meetings in less complex areas of endeavour. There was considerable trade gossip and window shopping for the products and personnel of competitors, shapely model girls appeared on reactors and some, not much, serious business got transacted. A minor innovation was a vodka concoction imaginatively labelled " the Atomic Icebreaker," which was offered to visitors at the " hospitality centre " of a leading producer of generators. This drink, which seemed to justify its title, appeared somewhat in advance of a Russian nuclear vessel of the same name, scheduled to traverse the Arctic seas in about two years.

The World Overseas

Canada Eyes the Trade Plan

FROM OUR CORRESPONDENT IN OTTAWA

EVER since Messrs Macmillan and Thorneycroft unveiled the British plan for a European free trade area, built around the Messina common market, Ottawa has been pouring forth contradictory press reports about the Canadian reaction to the plan. The confusion of reports has at least one virtue: it reflected, though without fully revealing, the intensity of the debate which the British plan has stirred up in Canadian official circles. Probably nothing which has happened since the war has driven the entrenched Liberal administration to such a thorough re-examination of trade and fiscal policies.

The Canadian government will find it difficult to resolve the multiplicity of views within its own official family into any sort of clear answer. Already it appears inevitable that this answer will consist of a general acquiescence with a considerable number of provisos. The precise degree of warmth to be given to the acquiescence, and the exact note of sternness to be injected into the provisos, have still to be settled. The resulting document will be a state paper in which, if all goes well, every phrase will be claimed as a triumph for one or other of the conflicting departmental groups. To report this is not to denigrate the earnestness or vision of the Canadian ministers and officials who are puzzling over the British plan. It is rather to compliment them. It means that the arteries of thought are not yet hardened after this doctrinaire decade. It also means that no department is judging the merits of the proposed British European free trade area solely by its short-run effect on Canadian trade.

Canada must be concerned and disappointed that the free trade area, as now envisaged by the British Government, puts paid to all hopes of expanding the export of Canadian manufactures to Britain. It is not comforting to hear British ministers brush off—as Mr Macmillan has done—the " mere 10 per cent " of present Canadian exports which would be affected by the plan. The fact is that the present 10 per cent of manufactured goods in Canada's total exports to Britain have been won through a series of unofficial negotiations between the Canadian government and the Board of Trade ; and only the officials concerned know how tough and difficult they have been. Most of the 10 per cent consists of semi-fabricated goods like paper of various kinds, chemicals (whenever import licences could be obtained), and some synthetic fibres. All of them benefit from substantial preferences. If the quota restrictions can be overcome, the tariff has been favourable. All these commodities represent the fractional beginnings of what Canada has always hoped might develop into considerable lines of trade. The short experience of recent years in being able to obtain import licences for manufactured goods has fortified the belief that some Canadian manufactures at least could compete in Britain if only they could gain admission ; this has seemed to be true of a considerable range of products—mostly in the semi-processed class—where Canada has natural advantages in processing its own raw materials. Some of the most important products concerned, moreover, have been things like chemicals, where Canada is establishing new domestic industries to which even a limited export market was of great importance. When, therefore, Canada is invited to give up all preference on its manufactured goods as against Europe, the reluctance stems chiefly, not from attachment to the present 10 per cent of exports, but rather from the shattered dream of the exports that might have been.

If all the other doubts and hesitations could be removed, however, this concern about Canadian exports would not be allowed to stop Canadian approval of a scheme which might promise so much in the longer run. The worst anxiety of all can be summed up as a fear that the European free trade area, with Britain as a member, could become the embodiment of a regionalism which would utterly rupture Canada's cherished conception of an Atlantic Community. " European integration," in the political and military sense, has always been an object of Canadian policy, but only as part and parcel of Nato. The spectre which now appears before Ottawa's horrified eyes is a scene in which France, indignant and disillusioned by Mr Dulles's tactics over Suez, and Germany, accepting Dr Adenauer's new rejection of United States " patronage," draw Britain into a political grouping which regards European unity as a sufficient goal.

A precisely parallel anxiety obtains in regard to trade. For all Mr Thorneycroft's lip-service to non-discrimination and abolition of quotas, the obvious logic of the situation leads Canadians to suppose that once the European regional dream supersedes the transatlantic and multilateral dream the " liberalisation " of dollar trade will be at best postponed. If all British tariffs and all quota restrictions against Europe are to be reduced over twelve or fifteen years few Canadians are optimistic enough to suppose that Britain would have much time or effort left to devote to dismantling quotas against dollar goods. At the best, most people here believe, achievement of the European free trade area would postpone any significant advance towards greater dollar

liberalisation at least until the reduction of European barriers had been completed.

That brings up the other brooding fear which haunts Canadian deliberations on this matter. On the assumption that the six-nation common market does get launched, and the free trade area gets started around it, is it prudent to expect that either or both can be carried through to the full fruition of free trade—even without food products, agriculture, horticulture and tobacco? For Canada this is a vital question. If the Canadian government can manage to convince itself that the Macmillan-Thorneycroft proposals will bear the fruit their authors promise, then it might not merely acquiesce but actively welcome the British initiative. Twelve or fifteen years is, in any case, a long time. If it can be believed that Western Europe will steadfastly maintain its march towards free trade as it planned at the outset and avoid the temptations of a regional isolationism, then Ottawa can see as clearly as anyone else all the advantages that would be gained.

But it is hard to accept immediate disadvantages unless the ultimate prospect seems to have a very good chance of becoming real. No one here doubts the good faith of Mr Thorneycroft when he pledges that as far as Britain is concerned the annual reduction of tariffs and quotas against Europe shall be immutable. But is French resolution to be assumed as readily? Can it even be assumed that Mr Thorneycroft's determination will carry the day five years hence—even in a Conservative government, let alone a Socialist?

Beside the desired goal appears another ghostly shape. It shows Britain and Western Europe, embarked on the brave road towards a free trade area, and bogged down or thrown into the ditch half way along it. If it should be this vision and not the other one which eventually takes the form of reality, Canadians cannot help thinking that everybody will be much worse off than if the brave adventure had never been undertaken. We should then be left with a "regionalism manqué" which would quite defeat all the aims of Canada, of Britain and of the world. We should face a new preferential system, unable to get out of the chrysalis into the beautiful form of free trade, stuck forever in the rigid and unlovely form of a cocoon.

The British proposals are most welcome to Canada, if they can strengthen Europe's political unity within Nato and its economic viability within an eventual Atlantic and world sphere. But if they are to end, in spite of all good intentions, in regional separatism either politically or economically, then the price Canada is asked to pay is liable to swell from a minor consideration to a heavy sacrifice.

Between Gold Coast and Ghana

IN five months the Gold Coast will become fully sovereign and independent. There is much to be done, however, apart from organising the celebrations, before the country is ready for its new status. The constitution is, of course, the most urgent matter. The opposition, centred in Ashanti, the Northern Territories, and Transvolta-Togoland, has now become more reasonable. To the last moment it could not believe that the British Government would agree to grant unconditional independence on the strength of Dr Nkrumah's electoral victory, decisive as it was; and in accordance with African methods, so long as there was any hope left to it, it did not abate one tittle of its full demand for federalism, which for two years it has upheld by its refusal to discuss any compromise. But now the date has been fixed the demand for federalism has been dropped, and the opposition merely insists that the constitution must be agreed before March 6th, or else Ashanti and the other regions will secede.

This is an abrupt reduction of the asking-price. But what the present demand is, remains vague. It no doubt includes all the Bourne proposals for regional devolution, including the special safeguards for chiefs. The main argument in fact is not over terms but procedure. The opposition has agreed to treat in an all-party conference outside the Assembly, which is to begin next Tuesday. But Dr Nkrumah has already promised that the constitution, which is to be ventilated in a new white paper, must come before the House which would indeed hardly forgive him if he tried to by-pass it. The Convention People's Party is evidently determined that the chiefs shall not get away with undue powers, and certainly not with undue emoluments; "traditional dignities" are readily conceded. After all, there are some 10,000 chiefs in the territory to share those. To the "small boys" of Accra, chieftainship has virtually had its day, except as a minor executive office and a honorific title; the major paramount chiefs naturally hope to postpone the evil day, though they are probably now heartily sorry that they ever engaged in party politics.

Powers of the Chiefs

It remains to be seen whether compromise can be reached. Until it is, disorder and vendetta will be endemic in Kumasi and other areas, but it is now unlikely that the Asanteman council can count on large numbers of Ashantis being ready to take up arms in defence of either vested interests in chieftainship, or to support secession, which can hardly be legally sustained in the terms of the original treaties between Britain and the chiefs. Those treaties did not concede to the chiefs the sovereign powers which, for example, were conceded to many Indian states, which nonetheless reverted to India upon its independence. But much will depend on the care with which the government plays its cards.

There are, however, many other loose ends to be tied up. The United Nations has still to make up its mind finally about Togoland; and the creation of a French Republic of Togoland now makes a new and far stronger appeal to Ewe nationalism. It is far from certain even now that, despite British support, Ghana will get southern Togoland. A good deal of work has also to be done on Ghana's relations with Britain and the outside world. Nothing has yet been said of a defence treaty which would give Britain some use of Takoradi or the air bases in Ghana in peace or war; but both are important, and presumably discussions on a defence link-up are in progress, perhaps on the Ceylon model. A very small Gold Coast *corps diplomatique* is being trained, but clearly Britain (or will it be India?) will have to be asked to look after Ghana's interests in most areas of the world at first. Britain has to think about two key appointments: the Governor-General who will succeed Sir Charles Arden-Clarke, and the High Commissioner. Sir Charles is known to want to make his governor-generalship a matter of a few months, at most; and while it is possible that Dr Nkrumah might like to find an African for the post, he is more likely to wish to keep it in cold storage behind a British figurehead for some time; nonetheless, the figurehead needs to be an able and tactful man, for he has to demonstrate how the "head of state" reigns without ruling. The High Commissioner needs to be carefully chosen, and his staff carefully instructed also. For they will represent Britain in a country many of whose higher civil servants are still British—but it would be utterly fatal if they did not observe the very strictest protocol in all dealings, whether private or official, both with them and with British business men. The idea that the High Commissioner's office could "get at" the expatriate civil servants would ruin good relations; this is a tricky situation for which there has been no real precedent, not even in Pakistan. These are matters which the Commonwealth Relations Office should ponder; the Colonial Office, of course, has here no advice to give, except that the Gold Coasters are determined not only to be free, but to be seen to be free.

The Gold Coasters (there is as yet no noun of assembly for Ghana, though an African, recently asked what he would be when Ghana was his country, replied happily "a Ghanation") will probably wish their country to remain a monarchy, and would welcome a visit from their Queen. Dr Nkrumah has recently denied that he was thinking of a republic on the Indian model. Yet there is much natural republican sentiment in the country, and the position may change. But it is certain that Ghana wishes to remain in the Commonwealth, and assumes that even an exchange of letters between the other members is a mere formality.

For the rest, the new currency notes are ready printed (though not, as has been urged, on the metric system), a bank of issue is being organised, and Mr Gbedemah, the Minister of Finance, has been to Washington to see about joining the World Bank. Ghana will lose Colonial Development and Welfare money, and is not in the Colombo Plan; and independence will coincide with the lowest cocoa prices for many years, low sterling reserves and a somewhat doubtful business outlook. But if this encourages caution in the new state, which is still the richest colonial territory in Africa, it may prove a blessing in disguise.

Jordan in the Toils

FROM OUR CORRESPONDENTS IN THE MIDDLE EAST

AN election this month—it is due on October 21st—is an unsuitable activity for a country in Jordan's plight. The economy is unstable; military needs on the Israel frontier are expensive, and exacting; another reprisal raid by the Israel army was launched on Wednesday and was followed, for the first time, by Jordanian army counter-action. But notwithstanding these dangers the country is riven by factions arguing for and against Egypt, or for and against Iraq. King Hussein would like to ride above the babel and to get help from as many as possible of his Arab neighbours, whatever their relations with one another. He has therefore renewed his efforts to secure a meeting of the heads of all the Arab states, and is exchanging messages with everybody.

He has also sought to curry favour with his nationalists at home by asking his Arab neighbours how far they would go towards helping him financially if he were to free himself from his treaty commitments with (and his financial support from) Great Britain. The response is not proving immediate, although the Saudi Arabians and Iraqis have already given him cheques; the former is said to be for £250,000, and to be the first of four quarterly payments that are to be Saudi Arabia's contribution to an Arab Fund for the upkeep of the Jordanian National Guard. At an Arab military conference held at Riyadh last month, promises of subscription to this fund were said to tot up to £3,600,000. But this royal quest for general Arab support is being conducted to a most discordant accompaniment of election noises. For instance, left-wing and pro-Egyptian parties, the strongest of which is the National Socialist Ba'ath party, are promising their voters detachment from Iraq by means they do not specify, and are derisively referring to Iraqi troops as "soldiers of the Turkish alliance," thus branding them with a double stamp of colonialism—once from Turkey and once from Iraq's British ally. Simultaneously, the government has chosen Iraq as the first port of call for its Foreign Minister, Sayed Auni Abdel-Hadi, who is embarking on a round of visits to Arab capitals in quest of further support against Israel; his second visit is to Cairo.

Chagrin After Baghdad Talks

His trip to Baghdad is locally considered disappointing. He went there immediately after Israel's reprisal raid on Jordan positions near Jerusalem on September 26-27th: the atmosphere was one of crisis, and the omens looked good. Iraq is said to have given him an outright £250,000 for the Jordanian National Guard. But when details of possible military aid were discussed, stumbling blocks arose. Jordan had already asked for the stationing of Iraqi troops on Jordanian soil, and Iraq has given so many assurances that it will stand by Jordan that such a request ought to have been hard to refuse. But Iraq raised the question of a joint army under a single commander, who was bound—by sheer *avoirdupois*—to be an Iraqi. This condition both the King of Jordan and his young C-in-C, Ali Abu Nuwar, would find difficult to swallow at any time. The Iraqis were also said to be claiming some powers in the realm of internal security; it is probable that they have not much confidence in the capacity of the National Guard to sustain calm in view of its composition—which is largely ex-Palestinian, left wing and pro-Egyptian.

The Jordanians swallowed their chagrin for three days before agreeing to the issue of a joint official statement on their talks with Iraq, but on October 4th consented to a face-saving formula which might read—to the uninitiated—as if "technical talks" were all that is needed to produce agreement. But most Jordanians see through the platitudes; the press has dubbed the talks a failure:

> The reply of the brotherly state's government has all along been the same: "Iraq is preoccupied with reconstruction and development."

At the same time, Auni Abdel Hadi has told the Egyptians that Iraq imposed no conditions in return for its help to Jordan, nor did it press the Jordanians to join the Baghdad Pact. The current position, therefore, is, firstly, that King Hussein is still appealing for help, but has told his home public in a broadcast that was phrased with the electorate in mind that he is bent on refusing it unless "given with goodwill and without ulterior purpose." Secondly, that aid must be obtained from somewhere or Jordan would collapse at the first serious blow from outside—whether delivered overtly from Israel or covertly from the Egyptian allies of the left wing and anti-monarchic parties; and lastly, that

the neighbouring monarchies—Iraqi as well as Saudi—are trying to keep Jordanian attention riveted on the Israeli danger so as to minimise the chances of disintegration from within. It is possible that King Hussein will find or manufacture some excuse to postpone the elections. Israel's fresh burst of reprisal raiding provides one good one.

Fighting the Drug Traffic

FROM OUR UNITED NATIONS CORRESPONDENT

THE latest report of the United Nations Narcotics Commission shows some progress in the control of illicit drug traffic. But a lot remains to be done on the purely administrative and technical planes. One problem, for example, is the existence of several international agencies whose functions overlap. Apart from three UN bodies—the Commission on Narcotic Drugs, the Permanent Central Opium Board and the Drug Supervisory Body—there is a Committee of the World Health Organisation and the Arab League's Anti-Narcotics Bureau; while the International Criminal Police Commission is particularly concerned with combating illicit international traffic.

A second problem is that there are now in force nine different conventions, agreements or protocols, concluded between 1912 and 1953, on narcotics control. It is urgently necessary that these treaties be consolidated into a single convention. The UN Narcotics Commission has been working on this for a number of years but has been unable to produce a generally acceptable draft. In its latest report the commission proposes that a committee of five nations should meet in Geneva next January to prepare a simplified draft convention.

According to the commission's statistics there are 1½ million drug addicts in Iran, causing 5,000 suicides annually, 100,000 premature deaths and the abandonment to destitution of some 50,000 children. In Egypt there are 400,000 addicts to cannabis and 100,000 to opium, and a further 500,000 are reported to be on the way to becoming addicted. High estimates of addiction are reported from many of the countries of the Middle and Far East. In the United States there are said to be 60,000 addicts and in Canada 3,300.

The heaviest illicit traffic in drugs is in the Far East, but in the Middle East it is almost as bad. Opium and its derivatives are the most important drugs seized. Much of the crude morphine comes from clandestine sources in or near Northern Siam. Traffic in hashish is most serious in the Middle East, with the Lebanon and Syria as countries of origin and Egypt as the principal market. Consumption of hashish and other forms of cannabis is the most widespread form of drug addiction and consumers are numbered in millions. The quantities of cocaine seized have continued to decline, though a small traffic in this drug still persists.

Ingenious methods are used to conceal drugs during illicit traffic. Drugs (especially heroin) are concealed within the natural cavities of the body or in rubber containers which are swallowed when an accused person is accosted by an enforcement officer. Morphine and its derivatives have been found inside medications, soap and tinned food. Drugs are moved by modern and traditional forms of transport, and in Egypt stores of narcotic drugs have been discovered in the stomachs of camels. Siam is a particularly black spot; more than 35,000 kg of raw opium were seized there last year. The commission noted that Siam had not prohibited opium smoking, and the American delegate described an incident concerning the offer for sale of 200 tons of opium by a Siamese firm. A considerable quantity of the narcotics seized in Singapore and Hongkong apparently originate in Siam.

The proceedings of the Narcotics Commission were enlivened by an exchange between the delegates of Britain and Nationalist China. The Chinese annual report for 1954 had made some disparaging references to the "somewhat" lax control of narcotics in Hongkong. The British delegate indignantly denied this allegation and added that the Taiwan authorities had never furnished to the Hongkong government any information which might help in controlling illicit traffic. The Chinese delegate then switched his ground and said that the real source of danger was the Chinese mainland under Communist control, though Hongkong and Macao were ports of transit.

The commission's report described the Lebanon as "a centre of illicit activity involving opium and opiates and cannabis." The Lebanese observer described the methods used by his government to prevent cultivation of narcotic plants and the traffic in narcotic substances. He insisted that the Lebanon was an area of transit rather than a source of narcotics, and that illicit traffic was a problem for the whole region.

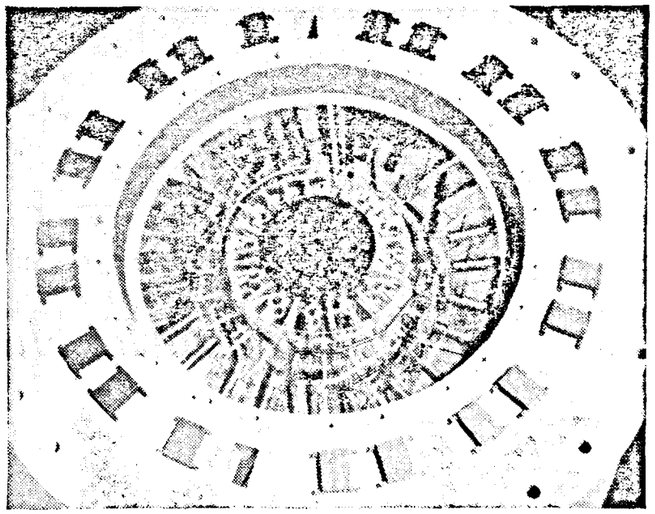
The commission was given a relatively encouraging report on the situation in Iran. The cultivation of poppies had been banned and free treatment was being provided for addicts. Nevertheless, the Iranian representative proposed a draft resolution—which was approved in principle—under which UN technical assistance would be offered to Iran for a five-year programme of narcotics control. A resolution sponsored by Canada and the United States, which was adopted unanimously, would initiate a general programme of technical assistance in narcotics control. This would take the form of advisory services of experts, fellowships, "seminars," and laboratory services for the determination of the origins of narcotics found in illicit trade. The trouble is that, with a limited budget for the United Nations' expanded programme of technical assistance, such an extension could only be effected at the expense of some other form of aid.

East German Realities II

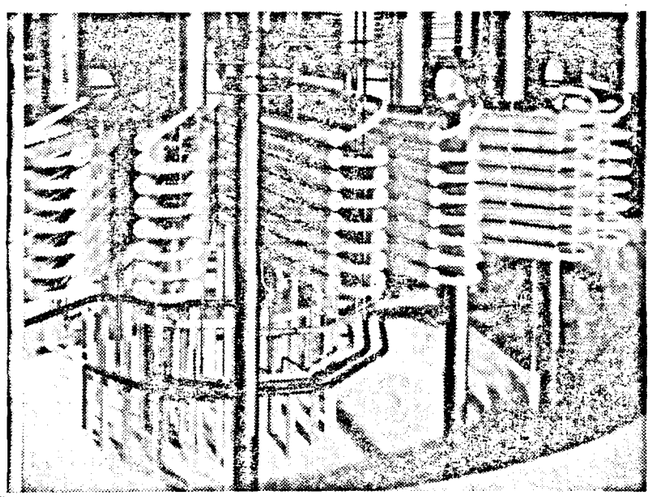
BY OUR SPECIAL CORRESPONDENT

MOST visitors to East Germany are accompanied by a guide, courteous, helpful, invaluable in finding trains and hotels, but a Marxist of pristine purity whose presence is somewhat inhibiting to conversation with third parties. Yet even the brief occasions when it is possible to evade one's Marxist guide are enough to reveal the deep and sometimes bitter opposition to his government that is felt by the average East German. The most obvious opponents of the regime are the underprivileged—the old, the lower paid workers, the dispossessed struggling to survive. But the core of the opposition, as in 1953, remains the working class. The flight of refugees is sometimes attributed today to economic factors, and certainly the better living stan-

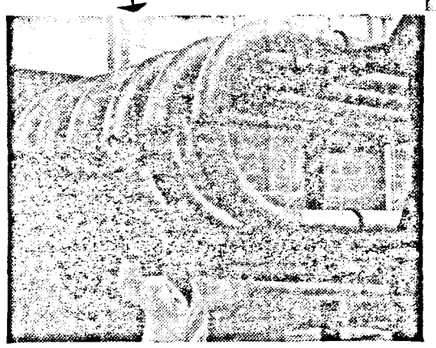
NUCLEAR POWER ENGINEERING



Two views of the accurate scale model of the Dounreay fast reactor showing the arrangement of the primary heat exchanger circuits in relation to the central reactor vessel. The complete primary heat exchange section, in which heat from the reactor is transferred from primary to secondary liquid metal circuits, is enclosed in a concrete biological shield which is here shown partially cut-away



Radiographing welded joints in the actual stainless steel heat exchange units in John Thompson's works. Compare this unit for scale with the illustrations of the model



The scale model above has been built by John Thompson to aid construction of the U.K. Atomic Energy Authority's fast reactor at Dounreay. John Thompson are manufacturing the stainless steel reactor vessel, all the liquid metal circuits, primary and secondary heat exchangers, ancillary vessels, boiler drums, instrumentation and associated equipment including water treatment plant.

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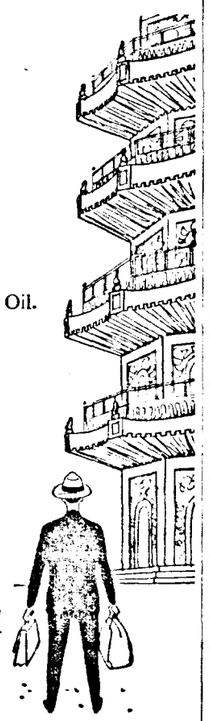

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SOUTH AFRICAN SHERRY

dards of the west play a part. But resistance springs also from political causes, from resentment against the ceaseless drive to work ; from the loss of all the traditional workers' rights ; from bitter disillusion with the fair words about the "workers state," and above all from the irksome political pressure to join the party and show political conformity, the incessant fear and anxiety that one is being watched. It is to seek security from these things that many working people flee to the west and East Berliners come to visit their friends in West Berlin for a day, merely to sit and sleep in peace for a while. The ceaseless political pressure has given the working people a greater solidarity than ever before. In many factories they know exactly who the security agents are and watch each newcomer carefully before admitting him to their community. And their morale and knowledge of the outside world are preserved by listening to the western radio and by personal contacts.

The working class are the sole organised cohesive opposition group, but the peasant too remains a passive opponent. Since the economic pressure on him has eased, his resentment has cooled, but his resistance to collectivisation remains absolute and successful. There are collective farms, run efficiently and profitably, but their members tend to be refugees, ex-labourers, former agricultural officials ; and the few former peasants who do join collectives generally own uneconomic land. The vital importance of food production has forced the regime to relax for the moment its pressure for collectivisation, and despite all inducements the bulk of farm land remains in individual hands.

Core of Fanatics

Opposition is of course not universal. At the head of the system, in the party, in the bureaucracy, there is a core of convinced believers. Ambition no doubt plays a part in their attitude, but there is a group of old-guard communist workers, young people converted in the chaos of the postwar period and intellectuals who all have an impressive belief in their ideology. But in the party itself, sometimes in high places, there are many opponents of the regime who are seeking to mitigate its ill effects. Among professional people too there is a large group which is working to make the best of things, paying lip service, without wholly agreeing with the methods and aims of the communists. They are paid well and given some political leeway, because they are valuable. But the pressure to conform politically continues. This academic year, for example, several school and university syllabuses have been given a further political twist and more than one professor, who has held out until now, has given up and fled west. The higher these people are, the less easy is it for them to reconcile the demands of political conformity with their consciences, the less they sleep at night. Nor is it easy for them to find a job and start a new life in the west. Isolated and alone, these professional people are under much greater pressure to succumb to Marxist notions than are the organised workers. The remaining owners of private businesses, though of course basically opposed to the regime, are also isolated and sometimes cowed, and one finds amongst them an unattractive willingness to compromise in order to survive.

Has the regime then achieved nothing ? It has provided one or two social advantages which contrast favourably with Western Germany—cheap annual holidays, a most generous system of grants for students and school children, a health service and kindergartens which, though held back by the weakness of the economy as a whole, do provide, in some areas, facilities absent in West Germany. Yet these careful copies of Russian practice are soured by the political use to which they are often turned. They inspire little gratitude from the people as a whole.

Herr Ulbricht and his circle rely in the last resort on the Red Army's tanks and on the ingenious system of political pressure and fear which binds every Communist society ; but they have also been under pressure from Moscow to relax. When they did so on Russian orders in 1953, the zone blew up. This time Russia has allowed Ulbricht to pick his way more carefully. Mild reforms, like a scheme to bring more democracy to local government, a suggestion that the trade unions occupy themselves more with the workers' interests and less with politics have been put forward at intervals. But any real move towards democracy would lead to the overthrow of the regime. Some changes of leadership may occur. But it is Ulbricht himself who is hated most of all by working people, and no changes which leave him in effective political power can satisfy their bitter discontent.

One potential source of strength for the regime lies in its power over the young. All the meagre resources of the zone are squeezed to provide funds for education, for sport, for youth organisations. The state is seeking to capture the minds of the young, to collectivise their personalities by filling their brief leisure time with collective pursuits. Parents and teachers have so far succeeded in protecting the children to a remarkable extent, but the communists are also steadily gaining ground. Even if they are not convinced of Ulbricht's virtues, many young East Germans brought up collectively are unfit to stand on their feet in a free society. And hence a fifth of young refugees return to the drab shelter of the east.

One other political success must be credited to the regime. If its propaganda about its own achievements has generally failed, its appeals to fear and resentment have not. The danger of nuclear war is endlessly rubbed in. The creditable and successful efforts to convince East Germans of the evils of nazism and of German responsibility for the last war have also been poisoned and turned into a weapon of hate and fear against the west. In Leipzig there stood recently a huge poster of a red figure with two faces :

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remain outside. The population of these five countries and Britain amounts to 78 million ; with the 161 million of the common market the free trade area would have nearly 240 million consumers.

This group of countries absorbs one-fifth of Britain's total exports and also provides one-fifth of Britain's total imports. The bulk of this trade consists of semi-finished and manufactured goods, and it is the industries that make these goods which will benefit, or suffer,

WHAT SOME MANUFACTURES PAY NOW
All duties per cent *ad valorem*

	UK	Germany	France†	Benelux	Italy†
Motor vehicles	33⅓	17-21	30	24	29-45
Tractors	15-20	8-15	15-30	6-24	18-36
Diesel engines	17½	8-12	18-21	6-8	15-23
Machine tools	15-20	nil to 8	6-22	6	7-23
Textile machinery	15-20	5	10-22	6	18-20
Electric motors	20	nil to 8	20	8-12	15
Transformers	20	nil	20	8-12	25-27
Switchgear	20	4-6	15-23	10	15
Iron & steel sheets*	25-33⅓	nil to 22	11-22	3-6	15-23
Bars, rods & sections*	20-33⅓	6-17	9-25	3-8	16-22
Wool fabrics	17½	13-19	13-15	18	13
Cotton fabrics	17½	10-19	20-25	12-18	13-18
Clocks & watches	25-33⅓	5-8	10-30	10-12	3-15

* British duties on most items temporarily suspended ; duties for other countries apply to imports outside common market.
† All imports into Italy are subject to certain additional charges, and French imports of some items listed are subject to a temporary "compensation" tax.

from the gradual removal of tariffs. Within the group British trade is naturally largest with the countries sponsoring the common market, and in this trade Britain sells more than it buys: its exports to these countries are, in fact, half as large again as its imports from them. As the table shows, the balance of trade varies considerably with particular items. Britain now buys from these countries more chemicals, cotton and synthetic textiles, iron and steel than it sells to them, but in wool textiles, non-electric machinery and all the other groups listed it sells them more—sometimes much more —than it buys. About one-quarter of Britain's total exports of non-ferrous metals go to these countries, one-fifth of its exports of metal manufactures and one-sixth of its exports of non-electric machinery and wool textiles. In almost all the items listed, however, Britain's preferential markets in the Commonwealth provide by far the largest, though not the fastest-growing, market.

The table exposes what may prove to be Britain's main weakness—trade in cotton and rayon textiles. Some of Britain's chief competitors are countries that would be in the common market ; the value of the cotton and rayon textiles that they sell to Britain is nearly five times larger than Britain's sales to them. The table conceals, however, another possible weak spot—British trade in motor cars. Imports of motor cars into Britain are limited by quota, as are British exports to several countries in the common market. But judged by British experience in Switzerland, one of the few free markets of Europe, Britain might, on present showing, lose rather than gain from freedom of trade in motor cars.

The Spaak report proposes that tariffs within the common market should be eliminated within twelve years, with a possible extension to fifteen. Each country would start from the rates in its existing tariff, or from the average rates in force between 1953/55, whichever was the lower. One year after the treaty entered into force the rates would be cut by 10 per cent ; every eighteen months during the next six years they would be cut by a further 10 per cent, and in the following (eighth) year, by 10 per cent again, making a total reduction of 60 per cent below the initial tariff level. The remaining 40 per cent would be abolished within the next four (or possibly seven) years.

The process of tariff reduction would not necessarily be exactly even throughout the items listed in the

UNITED KINGDOM TRADE IN MANUFACTURES WITH CERTAIN AREAS, 1955

Exports to: Common Market Value £mn.	Common Market % of group total	Other OEEC countries† Value £mn.	Other OEEC countries† % of group total	Preferential market Value £mn.	Preferential market % of group total	Commodity groups	Imports from: Common market Value £mn.	Common market % of group total	Other OEEC countries† Value £mn.	Other OEEC countries† % of group total
31·8	13·7	15·9	6·9	100·4	43·2	Chemicals	41·0	36·5	11·9	10·6
19·3	15·7	12·3	9·9	45·4	36·7	Wool textiles, including tops	6·2	79·4	..	..
3·5	2·6	7·7	5·9	74·7	56·7	Cotton & synthetic textiles	15·4	43·1	..	..
9·4	6·0	17·2	11·0	77·2	49·3	Iron & steel	35·5	35·8	8·7	8·7
18·3	24·6	6·3	8·5	19·0	25·5	Non-ferrous metals	8·2	3·6	5·0	2·2
32·0	19·3	12·7	7·7	71·5	43·2	Metal manufactures	5·7	44·5	2·1	16·2
72·7	15·8	33·8	7·3	197·2	42·9	Non-electrical machinery	37·3	40·5	14·4	15·6
17·9	9·3	10·5	5·5	102·5	53·4	Electrical machinery	11·9	50·6	2·2	9·3
16·8	8·0	13·9	6·7	111·5	53·5	Cars & commercial vehicles and chassis	8·4*	31·5*	..	..
6·3	18·0	3·7	10·5	16·1	45·7	Scientific instruments, cameras, watches, etc.	5·9	40·0	3·3	22·0
227·8	12·8	134·0	7·5	815·5	45·8	Total of above	175·5	26·8	47·6	7·2

* Road vehicles and aircraft. † Norway, Sweden, Denmark, Switzerland.

tariff, but there is a proviso to ensure that it was reasonably spread. All items would be grouped into tranches, according to rates of duty. Items which initially carried a duty of up to 10 per cent and above 50 per cent would be grouped into tranches of 5 percentage points each. Items carrying rates of duty above 10 per cent and below 50 per cent—the great bulk of existing duties are stated to be in this range—would be grouped into tranches of 2½ percentage points each. After the first reduction had been made, each successive cut of 10 per cent over the eight year period would be applied to the average rates in each tranche. Reductions on each item within the tranche would be weighted by the value of trade in that item.

Governments would therefore be able to vary the rate of reduction on individual commodities, as long as the average reduction on all goods within the tranche amounted to 10 per cent. The scope for variation would be extended still further by the right of members to link any two tranches together. The exception is that items carrying a duty of more than 30 per cent would have to be reduced by at least one-half of the average reduction in their tranche.

Reduction of tariffs, however, would be of little help to industries whose markets are still restricted by quotas. So the report suggests that all quotas should be increased year by year by 20 per cent of the preceding quota. "Minute" quotas would first have to be raised either to a value equal to one per cent of domestic output of the goods affected, or to a value equal to the average of imports per head in the six countries, multiplied by the population of the country concerned.

POPULATION AND GROSS NATIONAL PRODUCT IN 1955

	Population (Thousands)	Gross National Product (Mn. US $)
Common market:		
Belgium	8,868	8,700
France	43,274	40,571
Western Germany	49,995	33,123
Italy	46,016	18,741
Luxemburg	309	337
Netherlands	10,747	6,855
Others:		
United Kingdom	50,968	47,601
Norway	3,425	3,143
Sweden	7,262	7,954
Denmark	4,439	3,689
Switzerland	4,977	5,137*
Austria	6,974	3,362

* National income in 1954.

Apart from the provision for slowing down the rate of tariff reduction on particular items, the report does not specify any escape clauses as such. Though its recommendations, on this as on other points, apply only to the common market, present British thinking would also be against escape clauses—not excepting the McKenna and key industry duties. But the report suggests that the method of reducing duties after the first four years could be modified by majority decisions, and that some escape clauses of a temporary nature might have to be accepted. No country would fail to save itself from a payments crisis, but it is not proposed that tariffs should be the method used. Strategic industries if need be could be helped by subsidy and the British watch industry's new life might be preserved that way. Such devices might prevent the grand idea being whittled away by numerous demands for exceptions.

The report also suggests that industries particularly exposed to foreign competition should be helped to move into other fields of manufacture by a special investment fund. A relief fund for industries hit by unexpected competition, rather than investment in the commercial sense, seems the proper description for this technically difficult idea. The present British government, for one, is reluctant to guide industrial investment along any but the broadest lines.

How then would the British system of imperial preferences fare as Britain began scaling its tariffs down towards nothing on imports from the other members of the area ? Vis-à-vis the non-members there need not be any change. The General Agreement on Tariffs and Trade prohibits the creation of wider preferences, but existing ones can remain. Vis-à-vis the other members of the area the preference would disappear as the duty vanished. Though the few Commonwealth countries that are exporters of manufactures may be prepared to accept this loss as the price of a more prosperous Europe, real difficulties must be faced.

The countries affected are Canada (whose attitude is discussed on page 145), India and Pakistan and the colony of Hong Kong. Imports of manufactures from the three Asian members of the Commonwealth consist mainly of cotton and jute textiles, which enjoy duty-free entry and a preference of 17½ to 20 per cent. Canada is interested in preserving the preference on the few manufactures it exports to Britain but it is still more interested in getting import restrictions removed.

In theory Britain might have tariff-free entry for the club members, a preferential level for the Commonwealth and a general tariff for the outside world. In practice there is no doubt that if free entry were progressively granted to the club members the Commonwealth would in general get it too. But a few exceptions might be contemplated. If the tariff on motor cars from Europe were eventually abolished, could Britain avoid admitting Canadian motor cars, which are produced by American-owned companies, duty-free ? The standard rate of duty is 33⅓ per cent (shortly to be reduced to 30 per cent) and the preferential duty is 22 per cent. Yet if only a moderate duty of, say, 10 per cent had then to be imposed on Canadian cars, the value of the preference over American imports would be doubled. As Britain is prevented by the rules of Gatt from increasing preferences, the standard rate would have to be correspondingly reduced.

The Spaak report does not, indeed could not, make it clear whether countries which participated in the

Business Notes

The Chancellor Takes Stock

THE economic progress report that tradition makes the substance of the Chancellor's speech to the annual Bankers' Dinner at the Mansion House has this year added a little—but only a little—to what was already known about economic policy and the state of the economy. The additional government expenditure arising from the Suez crisis, "of which we do not know the end," has not, Mr Macmillan indicated on Tuesday, so far given any reason for fearing that the "broad structure of the budget will not be maintained," and the wider economic effects have not been significant. Since the budget, the boom has been slowing down; vacancies still exceed the numbers unemployed, but not by much; consumption is only slightly above last year's level; savings are increasing; the business world has become "a little more cautious" in its new commitments for fixed investment and in stock-building; and thus the pull of the home market has been reduced. The fruit of this modest progress has been seen in the balance of payments: anticipating the detailed estimates given in the White Paper issued on the following day (and discussed below), the Chancellor revealed that the surplus earned in the first half of this year had well surpassed the cautious indication given some months ago—it amounted to £144 million.

But this, Mr Macmillan wisely reaffirms, is not enough, and "we must not relax." The halt in the rise in imports is due partly to reduction in some stocks and partly to the fact that industrial production has not been rising in the last year or so. When it begins to increase again, so will the demand for imports. Development schemes in countries of the overseas sterling area will involve drafts on their accumulated sterling assets, and there is in any case need to rebuild the gold reserves of the area as a whole. Moreover, even aside from the capital strains that the Suez crisis has imposed upon those reserves, the performance of the balance of payments in the second half of the year cannot be judged by the first half, since that is seasonally the more favourable. For all these reasons the efforts to contain domestic demand, to shift resources to exports and to keep export prices competitive must go on.

Bank Rate Still Flexible?

FAMILIAR though these arguments are, their reiteration is helpful. More has to be done, but the Chancellor seems satisfied that no additional measures of disinflation are needed. He said again that he does not believe the monetary instrument alone can solve all the problems, but he did not this time allude to the possibility of further recourse to direct controls. Perhaps because he was talking to bankers, nearly all his emphasis was reserved for the several devices of monetary action—the squeeze-by-request, the drive for National Savings (which in the first half of this fiscal year has netted £29 million if defence bond redemptions are not subtracted, the best performance since 1948), the forcing of the local authorities into the markets, and the coming premium bond ("please be kind" to that!). The policy of making money "both dear and scarce," the Chancellor believes, has "done a great deal to curtail spending and encourage saving." He expects the rate of growth of profits to slacken further, and predicts a squeeze upon profit margins. But the requisite disinflation, he seemed to imply, may be attained without a further toughening of money policy: for he remarked again that "in practice, if not in theory," there is "a limit beyond which the rate for money could not be driven."

At this point Mr Macmillan seemed to be echoing, *pianissimo*, his end-June speech, which was generally taken to mean that he regarded that limit as having been reached already—except for circumstances of "extreme emergency." Tuesday's speech from the Governor of the Bank of England appeared at first glance to be trying to correct this widespread impression; the Governor emphasised that "no commitment has been given, or will be given, to anybody about the future course of Bank rate . . . it will be considered week by week and left unchanged or altered in either direction as circumstances require." It is not certain, however, that Mr Cobbold would countenance a further rise any more readily than would the Chancellor; for although the Governor emphasised that the battle against inflation is "certainly not yet won" and that "the coming months are crucial," he gave no warning about higher rates. On the contrary, his only reference was to an easing: "we shall obviously feel more comfortable when circumstances justify a somewhat lower pattern of short-term rates." He is satisfied that monetary policy has been increasingly effective since about April, 1955—at first negatively, and this year more positively—though he does not regard the monetary brake as a long-term method of offsetting inflation if that is caused by putting one foot on the "accelerator of public expenditure."

Meanwhile, he made it clear that the much discussed device of compulsory and variable liquidity ratios has been considered and rejected, at least for the time being. He definitely prefers the present approach, which seeks to regulate bank liquidity by regulating the floating debt—by a policy that puts its emphasis on "savings, funding and economy" and also relies at times upon "co-operation" between the authorities and the commercial banks. He recognises, however—and this is a very notable point—that the very responsiveness of the banks to official wishes "carries dangers with it," for the national economy as well as for the banks themselves.

The £144 Million Surplus

THE British public should take real, but limited, encouragement from the Balance of Payments returns for the first half of this year. The surplus on total current payments of £144 million represents, as the tables show, a turnround of over £250 million compared with the second half of last year, and of £126 million compared with the first half. The small changes in defence aid make the true improvement even a little better than that. The figures are certainly good enough to provide modest encouragement at home and a growth of confidence abroad, provided that the limitations of the presentation are understood. It is essential to remember that the first half of any year is nearly always better than the second half, partly because of the incidence of the dollar debt service on the end-year and partly because visible trade has a seasonal pattern that favours the first six months. The British economy is not

THE UNITED KINGDOM BALANCE

(£ million)	1955 Jan.–June	1955 July–Dec.	1956 Jan.–June
All countries:			
Exports	1,527	1,538	1,695
Imports	1,696	1,735	1,732
Balance of trade	−169	−197	− 37
Net invisibles	+157	+ 79	+172
Current payments balance	− 15	−118	+135
Balance including defence aid	**+ 18**	**−107**	**+144**
Financed by:			
Change in reserves	− 29	−200	+ 95
Change in overseas sterling holdings	− 38	− 95	− 23
Net investment (plus) or borrowing (minus)*	+ 9	− 2	+ 26

*Residual; includes errors and omissions.

running at a true surplus at the rate of £288 million per annum or anything approaching that figure. The sensible conclusion is that financial policy has begun to show noteworthy results and that with continued firmness it could be made to show better.

The recovery springs largely, if comparison is drawn against the first half of 1955, from visible trade and its improvement comes from a rise in exports offset only slightly by a higher import bill. The visible trade deficit on this method of counting, which reckons both imports and exports fob, and is therefore not comparable with the monthly Board of Trade figures, reveals a decline in those trade deficits from £169 million in the first half of 1955 to £37 million in the first half of this year. The invisibles have been less spectacular, but the net oil credit has been a helpful item, for the 1955 figures were reduced by higher payments, including big payments for royalties and tax to the Middle East states and by the initial costs of resuming operations in Persia. In the end the total invisible credit shows a modest improvement compared with the first half of 1955 at £172 million compared with £154 million, but there was a marked improvement compared with the second half, when the invisible credit was only £79 million.

The outstanding feature of the improvement, however, has been geographical. There has been almost no change in the United Kingdom's balance with the rest of the sterling area, which shows up as a credit of £113 million compared with £112 million in the first half of 1955 and £107 million in the second half. There has, however, been a marked change for the better in the British balance with the other main currency areas. In particular, the balance with the dollar area, which was in deficit to the tune of £76 million in the first half of 1955 and of £131 million in the second half, has swung over to a credit of £61 million in the first half of this year.

Sterling Area Investment

ONE less satisfactory by-product of the finance squeeze which comes out clearly in the Balance of Payments White Paper is that overseas investment, in the sterling area, has had to suffer. The figures are necessarily tentative. Much of the investment is unidentifiable, so that there is a "balancing item" in the latest half year of approximately £50 million. It is built up from the fact that gold and dollar reserves increased during the period by £95 million, which was £49 million less than the current surplus, while other identifiable capital movements amounted to about £100 million. But it seems clear that long term investment has suffered. Net long term commercial investment by the United Kingdom in the rest of the world is provisionally estimated at £50 million for the half year compared with £125 million in 1955 and £175 million in 1954. For investment in the rest of the sterling area UK investment is put at £25 million, compared with £100 million in the whole of 1955 and with £175 million in 1954. The figure for the first half of this year has nothing to do with the Trinidad oil sale which occurred, in the financial sense, in the second half year.

A clearer picture is now available as a result of rearranging the presentation of the sterling holdings of overseas countries. These are now shown excluding the long term debt expressed in sterling and the change has made it possible to incorporate an item representing the net effect of the repayment of government loans. On the old presentation the repayment of a loan simply meant that the lender continued to hold sterling in another form and there was no net change in sterling holdings. In the new presentation total overseas holdings of sterling amounted to £4,022

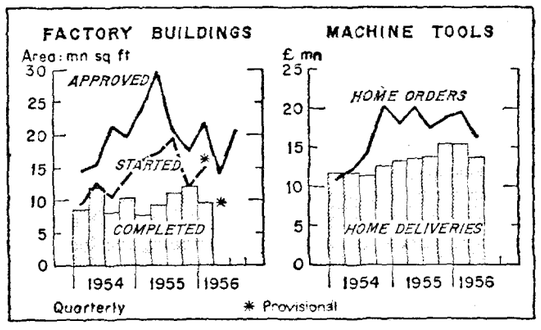
THE REGIONAL BALANCE

(£ million)	1955 1st half	1955 2nd half	1956 1st half
Current balance including Defence Aid with—			
Dollar area	− 76	− 131	+ 61
Other Western Hemisphere	+ 6	− 6	nil
OEEC countries	− 2	− 49	− 38
Other non-sterling countries	− 17	− 27	+ 12
Rest of Sterling Area	+ 112	+ 107	+ 113
Non-territorial organisations	− 5	− 1	− 4
Total	+ 18	− 107	+ 144

million at end-June, compared with £4,166 million at mid-1955 and £4,041 million at the year-end. A guide to the effect of the change in presentation can be gained from the fact that the end-1955 figure was previously returned at £4,211 million: so that about £190 million of sterling holdings have been excluded. The decline in sterling holdings compared with a year ago occurred wholly in the holdings of the non-sterling countries which on the new basis of presentation are down from £751 million to £649 million. The running down of Japanese sterling balances has clearly been one of the significant items in that account, but holdings in the dollar area and in the OEEC countries have also been reduced, reflecting no doubt the lack of confidence in sterling in international money markets.

Caution in Investment

THE caution of which the Chancellor spoke on Tuesday in "the business community's plans for modernisation and expansion" can be seen quite clearly in the latest information about machine tool orders and schemes for new industrial buildings. The machine tool makers report that they took £36 million worth of new orders from their home customers in the first half of this year, or 8 per cent less than last year; and new factory schemes, which totalled 57 million square feet in floor space between January and September, were down by a quarter on the same months of last year. This augurs a marked slackening in the rate



of new industrial investment in 1957, though these figures are, at best, very rough guides. Not all the plans for new buildings, for example, go further than the drawing board (on past performance about a quarter are usually dropped); and occasional huge projects can further distort these statistics, as in the spring of 1955 when the vehicle industry placed very large, and belated, orders for machine tools and when, more recently, extensions at Margam and the Caltex refinery at Southampton contributed over five million square feet—roughly a quarter—to the latest batch of factory plans. But the general trend of these figures fits in with the first forecast of industrial capital expenditure in 1957 from the Board of Trade's regular investment survey. This suggests that manufacturing industry would be spending next year about the same or very slightly less than it spent this year.

This levelling off comes after a 27 per cent annual increase in 1955 and an estimated 21 per cent increase this year. Up to June the manufacturing companies contributing to the survey reported that they had spent 26 per cent more than in the first half of 1955—47 per cent more on building work, 22 per cent more on plant and machinery, and 12 per cent more on vehicles. This may mean some slackening in the rate of increase in spending during the rest of the year, though returns in the last quarter will probably be inflated, as they were in 1955, by the accounting practices of some of the companies that tell the Board of Trade what they are investing.

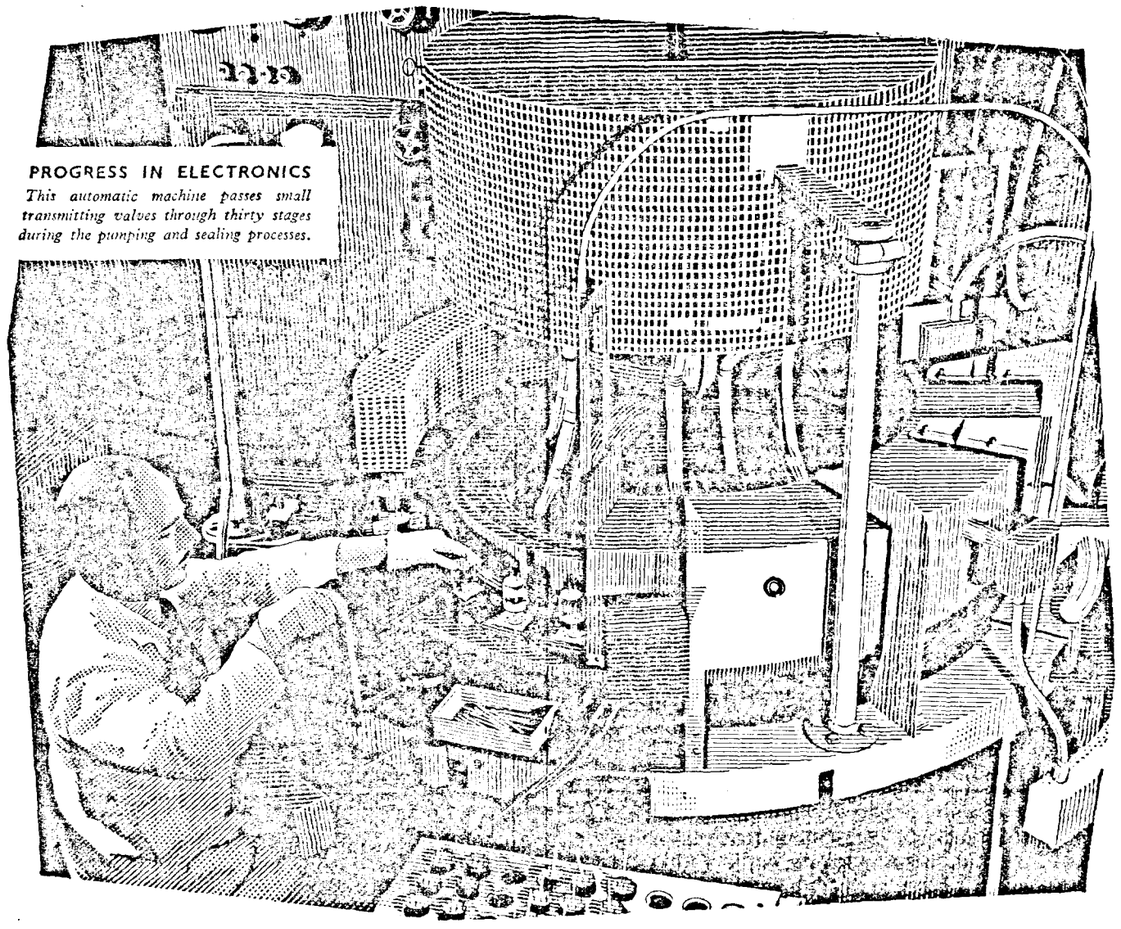
LCC Borrows £15 million

THE explanation of why the Bank of England wished to keep the first half of October relatively clear of big industrial issues has not been long delayed. The London County Council has come to market this week to borrow £15 million and that issue, especially if it is followed almost at once by a refunding of the maturing £7 million of Australian 3½ per cent stock, will test the lending power of a thin market. London is the first county council to swallow the bitter pill of issuing a medium-long dated 5½ per cent stock. The issue of £15 million 5½ per cent stock 1977-81 at £99 10s. per cent reflects a first-class trustee borrower having to bid high for investors' limited resources. The flat yield on the new stock is £5 10s. 7d. per cent and the gross redemption yield to the final date £5 10s. 9d. per cent. To those institutions reckoning to acquire their investment as underwriters, the flat yield becomes £5 11s. 8d. and the gross redemption yield £5 12s. 3d. The sum of money required is greater than in any of the recent trustee issues. And the very fact that the borrower has had to offer a 5½ per cent coupon, a small discount and a date such as institutions are now demanding, made some downward adjustment in the prices of other home corporation issues inevitable. Many of them fell by about a quarter after the news came out on Tuesday, and indeed there was a short-lived downward adjustment through the gilt-edged list as a whole.

London's new issue, for which lists opened and closed yesterday, should appeal to institutions that will like the minimum life of 21 years (and maximum of 25). It should also release some of the temporary money which the council has recently had to borrow for its capital expenditure. The only doubt in the market was not whether it would be a good stock attractive to investors but whether the subscribing power of the present narrow market was adequate, but the prospectus was well received. The necessity of mobilising all potential investors has been fully recognised both by the sponsors of the loan and by the council. Advertising of the issue through the local press of the country has been unusually wide, and the LCC's Finance Committee's report of October 9th promises preferential allotment to small applicants with a minimum of £100 each.

Fuel Oil Bandwagon

FIRST fruits of the purchase of Trinidad Oil by the Texas Company are likely to be found in the financing of the new refinery that is to be built near Southampton for Regent Oil, the joint subsidiary of Trinidad Oil and Caltex. Although the site has now been chosen and



This machine is part of the product

In the final stages of manufacture, Mullard valves and television tubes part company with the machines on which they are processed. But until they do, the machines are virtually part of the product.

Machines on which electronic valves and tubes are manufactured can be used for no other purpose. Their design is so closely related to the design of the product that the introduction of a development in one is rarely possible without a modification or adjustment in the construction of the other. In many cases, the valves or tubes are activated while still on the machines which process them.

That is why the greater part of Mullard machinery and equipment is designed, developed and built in Mullard's own engineering department. Constant research into manufacturing techniques and progressive development of plant and machinery are among the reasons why Mullard products enjoy a world-wide reputation for performance and reliability.

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Canadian market. More Canadian oil leases have been offered in the New York market and in addition two sizeable loans, one of them for Quebec Hydro, are being underwritten in New York.

Strength of the Mark

IN the market for continental currencies the Deutschmark continues to rule the roost. The impending meeting of OEEC ministers, although intended to discuss the common market plan, has revived rumours of an adjustment of European exchange rates involving a revaluation of the mark is also likely to be considered. Hot money movements and the "leads" and "lags" in commercial payments are for this reason pulling constantly in favour of the mark which has strengthened to 11.69¾ against sterling. The strength of the mark has been accompanied by that of the French franc—not for any reason flattering to that currency but because it has for some time past been at its lower "gold point" against the mark. With the Bank of France compelled to support its currency against the mark the strength of the latter has inevitably pulled up the French franc against most other European currencies, including sterling.

Trinidad Petroleum—a New Bid

THE affairs of Trinidad Petroleum Development took a new and unexpected turn on Saturday when it was announced that British Petroleum was to make an offer for the whole of the company's ordinary capital. Trinidad Petroleum had recently been in negotiation with Colorado Oil and Gas Corporation and a provisional basis had been agreed, but doubt had arisen as to whether the Treasury would consent to the sale of a sterling company to a dollar owner against an exchange of shares. Now British Petroleum, in which the British Government holds a controlling interest, comes forward with an offer which the directors of Trinidad Petroleum Development are recommending for acceptance.

The offer is in two parts; for the two million 5s. units held by the liquidator of British Controlled Oilfields it is 47s. 6d. in cash; to the public that holds the other two million TPD units it is one £1 British Petroleum unit for every three TPD units. It is conditional on acceptance by the liquidator and by holders of 80 per cent of the other half of the capital. Shareholders accepting will retain the 50 per cent gross dividend which it is proposed that TPD should pay for the year ended July 31st. The key to success or failure is clearly the Canadian-appointed liquidator of British Controlled Oilfields and the impression in London is that he intends to accept. Some of the ordinary shareholders may feel a tinge of disappointment, for the offer (including the net amount of the dividend to be retained) is worth about 49s. 9d. whereas the shares have recently changed hands at 50s. It is nevertheless a good price in relation to the long-term average of these shares. Ordinary and Preference shareholders of British Controlled Oilfields have apparently little say since that company is already in the hands of a liquidator. The outstanding 5,241,185 of 7 per cent non-cumulative preference shares are entitled to their $5 per share of capital in priority to the 3,606,951 common voting trust certificates. It is believed in the market that after paying off the secured loan there may be about 31s. per share available for the preference, whose full claim at present exchange rates is a little over 36s. It would leave nothing for the common stockholders. Holders of that stock who have latterly paid up to 2s. per unit will hate the idea that their stock is worthless. Hopes that it may still have a nuisance value account for BCO common still commanding a price of over 1s. in the market, but it seems a tenuous hope.

Trade Deficit Up Again

BRITISH exports fell sharply last month; imports fell by rather less and the trade deficit rose almost to the highest figure reached this year. Provisional figures show that exports amounted to £222.2 million fob, £31.2 million less than in August. This is not necessarily alarming. Shipments in September, as in the previous month, are usually low because of the holidays, and September contained only 24 working days, three fewer than August. The Board of Trade states also that shipments were slightly affected by the requisitioning of ships following the Suez dispute. Though the sharp decline in exports may be wholly attributable to extraneous factors, the October figures will be expected to show a sharp recovery. Meanwhile, it is comforting that exports for the first nine months of the year were still 10 per cent higher than in the same period last year, thus maintaining the previous rate of increase.

Imports in September fell by £27.2 million to £295.1 million cif; unfortunately there is no encouragement to be drawn from that, for once again seasonal influences and the requisitioning of ships were no doubt responsible; and total imports in the first nine months remained one per cent higher than in the same period of last year. With re-exports at £9.2 million, £1 million more than in August, the gross visible trade deficit rose by £3.1 million to £63.7 million. This brought the average monthly deficit in the third quarter to £57.4 million, £6.5 million higher than the

UNITED KINGDOM TRADE
(£ million—monthly averages or calendar months)

	Imports cif	Exports fob	Re-exports fob	Trade deficit
1955 1st quarter	335·1	247·3	10·6	77·1
2nd quarter	299·8	217·0	8·2	74·6
3rd quarter	327·1	243·4	9·5	74·2
1956 1st quarter	328·3	258·3	13·6	56·4
2nd quarter	350·6	272·0	13·1	45·5
3rd quarter*	313·6	247·2	9·0	57·4
July	320·1	266·2	9·8	44·1
August	322·3	253·4	8·2	60·8
September*	295·1	222·2	9·2	63·7
1955 Jan.–Sept.	320·7	235·9	9·5	75·3
1956 Jan.–Sept.*	324·1	259·2	11·9	53·1

* Provisional.

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No merciless clacking of knitting-needles. Instead, a peaceful revolution—the painless rising of the working classes, which has changed the nation's economic structure.

Between 1949 and 1954 the number of people in the middle income group, between £500 and £1,000 after payment of tax, *more than trebled.* It is into this category that the averagely successful working man can now expect to graduate.

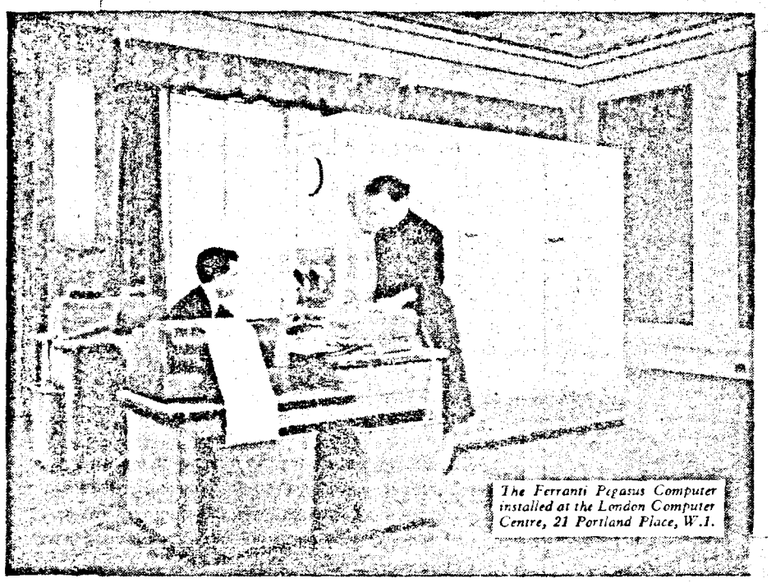
Industrial and factory workers have benefited most. They, and their tastes, have been 'Americanised' into what used to be considered the middle-class standard of living. This in turn is why the Empire News & Sunday Chronicle—read by one fifth of the country's adult population—has greatly strengthened its already strong position, and why it can help others to do likewise.

For the Empire News & Sunday Chronicle is indispensable to any advertiser aiming to cover the vital Midlands and North, the great industrial regions. The IPA Survey showed that 64% of Empire News & Sunday Chronicle readers were concentrated in the North—32% more than any other national Sunday newspaper.

Here too are concentrated the greatest number of multi-income households. Families with four-figure earnings and low overheads can well afford what were recently middle-class 'luxuries'. The Empire News & Sunday Chronicle's unequalled penetration into these homes confirms the paper's dominant advertising significance.

'The most interesting phenomenon of recent years' is how The Economist describes this revolution. As a phenomenon it is not only to be marvelled at. It alters the work of the statistician, the social worker, the politician. It also strengthens the living bond between the advertiser and the Empire News & Sunday Chronicle.

THE FERRANTI PEGASUS COMPUTER



The Ferranti Pegasus Computer installed at the London Computer Centre, 21 Portland Place, W.1.

The Ferranti Pegasus Computer is a new, very versatile electronic machine whose uses include many different types of accounting and statistical work. One of its principal features is the exceptionally wide range of operations which can be performed, making it much simpler to "programme" than most machines of its type. For full information on Pegasus write to Ferranti Ltd., Computer Department, West Gorton, Manchester 12, or London Computer Centre, 21 Portland Place, London, W.1.

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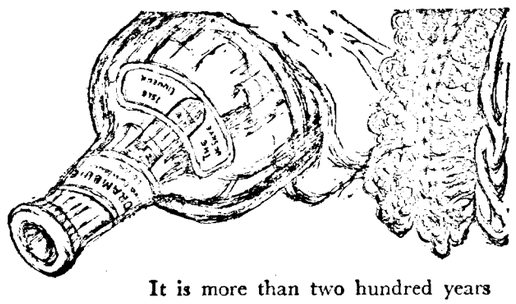
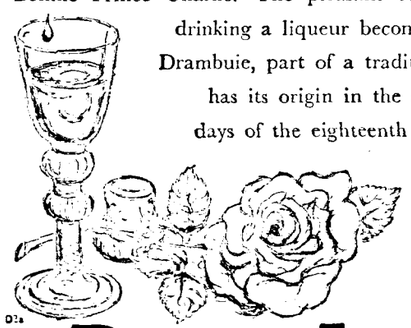


It is more than two hundred years since Drambuie was first brought to Scotland by Bonnie Prince Charlie. The pleasant custom of drinking a liqueur becomes, with Drambuie, part of a tradition that has its origin in the colourful days of the eighteenth century.



D2a

Drambuie

average for the first half of the year. For the first nine months as a whole, however, the average deficit was £53.1 million, £22.2 million less than in the same period of last year.

Exports to North America in September fell only slightly, by £1.3 million to £33.1 million, owing entirely to smaller shipments to Canada. Exports to the United States included a further instalment, worth nearly £3 million, of repayments of silver bullion. Excluding this item, exports to the United States in the first nine months of this year amounted to £159 million, 23 per cent more than in the same period of last year; exports to Canada amounted to £133 million, an increase of 30 per cent.

Innovation—New Styles and Old

SIR DONALD ANDERSON, in his presidential address to the Institute of Marine Engineers this week, had a certain amount of justified fun with the advocates of "Buy British at all costs" in the airline business:

> That is a comparatively new attitude to what for some reason is still called business. . . . "We will astonish the world with speed and luxury, and you taxpayers will make up in reflected glory what it costs you in cash" . . . shows an outlook becoming widely accepted and entirely different from that of the shipping industry, which works for filthy lucre and, as it happens, earns more of it from the world for its fellow citizens than any other industry in this country.

This "sordid outlook," he added, necessarily conditioned the demands that shipping makes on the marine engineering industry: the marine engineer was not given contracts to design and develop engines over several years which shipping could use if they worked and taxpayers could pay for if they did not. For shipping, advances in engineering technique had ultimately to be measured in terms of cost. The cheapest was not necessarily the most competitive on the sea routes of the world; operating patterns could be adjusted to suit the particular advantages of new technical developments. But the cost criterion was final; nuclear power for ships would be no better than other methods of raising steam or turning a turbine rotor until it showed a net advantage in the voyage account.

The age, the history, and the facts of life and defence of aircraft development are obviously vastly different from those of shipbuilding and marine engineering; but lacking this immense outside impetus, and actuated simply by the "natural" economic impulse of demand in a competitive market, do these older engineering arts advance as much as they potentially might? That question, in many fields of technology, is becoming of critical importance for British industry. In this field, Sir Donald was honestly confident—"I can see no commercially economic line of progress that has not been pursued and brought into use." At times in the last 25 years, he thought, the United States had been ahead in turbine practice, or the Continent in diesels; Britain might be a little more wedded to past practice than some—"no defect when carried no further than prudence." The last remark might well have come from many other industries assessing their technology. But could all of them back it with such searching confidence?

High Copper Dividends

THE Selection Trust Group of Rhodesian copper mining companies, of which Sir Ronald Prain is chairman, shows so much of its results in its quarterly statements that the higher dividends announced last week occasioned little surprise. Roan Antelope is to pay a total of 100 per cent for the year ending June 30th, compared with 80 per cent last year; Mufulira owned as to 64 per cent by Rhodesian Selection Trust and as to most of the balance by the opposition (Rhodesian Anglo-American group) is to pay 125 per cent, compared with 100 per cent; while Rhodesian Selection Trust, which derives almost its whole income from its investment in Mufulira, is to pay 120 per cent, compared with 95 per cent. After deducting local tax Roan pays a net 62½ per cent, Mufulira 78⅛ per cent and Rhodesian Selection Trust 75 per cent.

Profits, as were foreseen, amply justify those higher payments. The gross earnings of Roan Antelope rose by £4.7 million to £15.5 million, those of Mufulira by £5.9 to £18.2 million and those of Rhodesian Selection Trust by £900,000 to £4.4 million. The only variable in the earnings figures which investors did not already know is the allocation to replacement and obsolescence reserve which is always fixed at the end of the financial year and does not normally agree with the provisional apportionments made in the quarterly statement. On this occasion Roan Antelope has provided £1.5 million, against £1 million, for replacement and obsolescence and Mufulira £2.3 million, against £1.5 million. After tax net profits of the two operating companies still show handsome rises. Roan Antelope earned £8.4 million, against £5.9 million, and Mufulira £9.3 million, against £6.4 million.

The year happened to include the peak of the recent boom in copper prices. Copper in London touched its recent ceiling of £435½ per ton in March and had fallen to £264 per ton by the end of these companies' financial years. Even allowing for the fact that this group has been selling its copper at fixed prices, which on the average have been a little below market price, the average for the year must have compared favourably with the figure of about £270 reported a year ago. Investors will naturally take into account the fact that since then copper has been substantially cheaper, but at its present level of around £290 a ton and at the group's fixed price of £300 per ton it must remain highly remunerative. If prices this year are lower the effect will be cushioned by the fact that two elements in cost rise and fall with the market price of copper—the European mineworkers' bonus and the royalty payable to the British South African Company.

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Seven Years of Gas

THE genial progress of the gas supply industry has seldom been distinguished by any large ripple since it was nationalised just over seven years ago; but this surface calm was a trifle disturbed during its latest financial year, which ended in March. Sales of its main product, gas, rose barely one per cent against a five per cent increase the year before, and its revenue from sales of appliances fell away sharply, because of restrictions on hiring, for the first time for several years. Although sales of by-products such as coke were up by rather more than usual, the industry's net surplus fell as a result from £2,473,000 to £532,000, eight of the area gas boards making a surplus and the other four recording a deficit. But this paper surplus was reached after charging £21 million for depreciation of the industry's assets valued at their original cost; at replacement cost another £10 million or so would have to be deducted in order to give a measure of the industry's profitability or, this year, unprofitability in real terms. The boards in fact set aside only about £1 million to a replacement reserve out of the accumulated surplus.

More significant in the long-run, perhaps, are the deeper currents in the industry's operations. Although the number of householders using gas is still rising steadily, between them they are just as steadily using a smaller total quantity gas. On the other hand industrial consumption is slowly rising, although paradoxically the number of individual industrial customers is declining. Industry now takes almost 30 per cent of the industry's total sales while the share of the domestic user has slipped to just over half (most of the rest is bought by commercial users). At the same time too the industry is steadily making rather less of the gas it sells. Last year it bought about a seventh of its total supplies, mainly from the steel industry, and the two further contracts concluded since March for the supply of refinery "tail" gases, from Fawley and Shellhaven, presage an increase in another outside source of supply—though the quantities yet taken or envisaged are relatively tiny.

Throughout these seven years the industry has been gradually improving the efficiency of gas making and distribution. It calculates that it would have required to use 30 million tons of coal last year at the industry's production efficiency of 1948 instead of the 28 million tons it actually used, and that it has raised its charges since vesting day in 1949 by £15 million less than the total increase in costs. These gains have come more from heavy capital expenditure on the replacement of obsolete equipment than from the fruits of any significant research effort of its own. Last year this cost less than £1 million, out of a total turnover of £346 million.

Freights, Apart from Suez

FREIGHT rates for tramp shipping have tended to move upwards in recent weeks. This is the normal tendency at this time of the year; the Suez Canal crisis is having no very noticeable effect on the market though a certain amount of postponed demand for ships may have built up. In the initial stages there was the natural tendency for business that might be affected if the Canal were closed to be suspended until the outcome was clearer, but rates did not shift downwards, while the requisitioning by the British Government of 75 or so ships—some of which have since been released—removed quite a substantial block of tonnage from the open market. Although grain is moving steadily about the world in a number of directions, the mainstay of that open market remains the movement of American coal across the Atlantic.

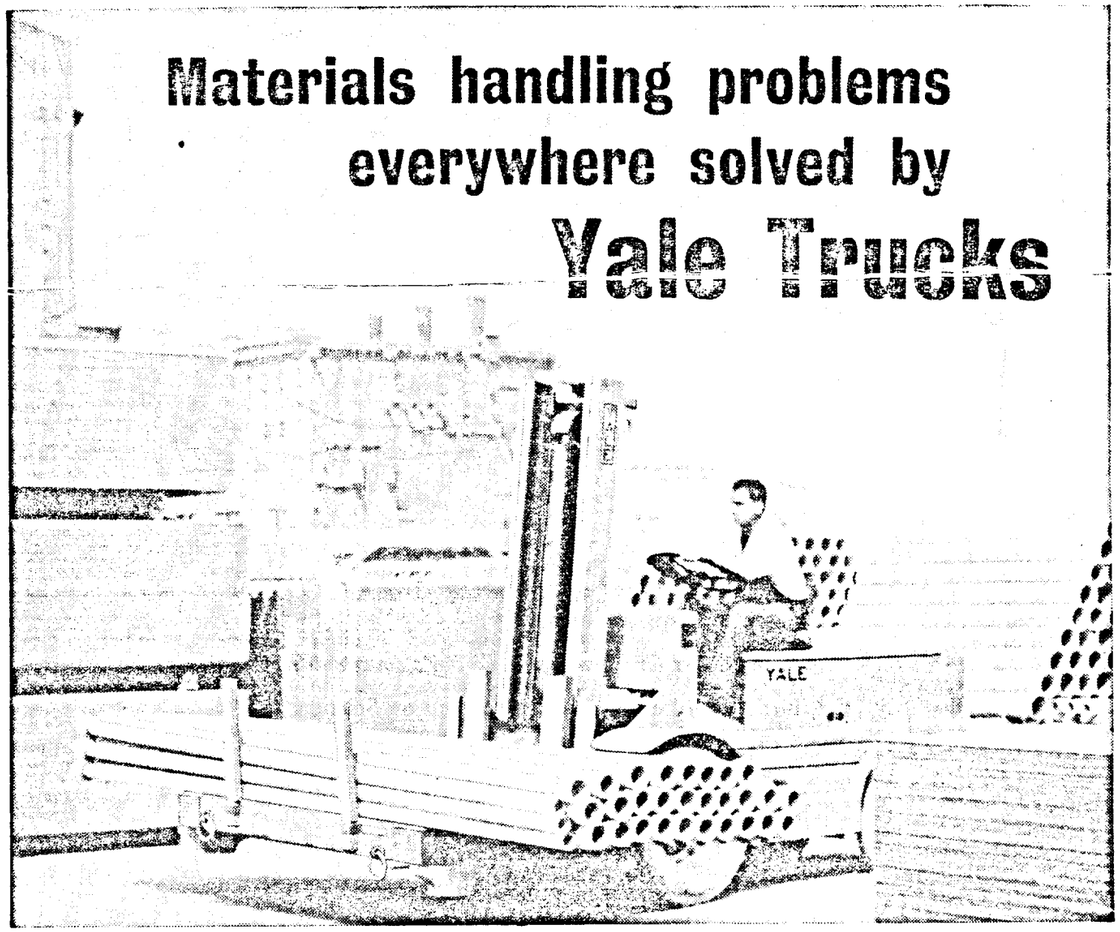
Autumn is the time when this trade normally increases in volume, but the amount of forward chartering now taking place seems likely to ensure a high level of activity throughout next year. For voyages from Hampton Roads to Northern Europe in the first half of next year, rates of between 70s. and 80s. per ton are being agreed, while a remarkable example of extreme forward booking is the signing of a contract for the carriage of three million tons of coal between 1960 and 1966. The necessary approval from American Government departments has been obtained for the chartering of government tonnage from the reserve fleet by a company representing US coal interests. If this scheme materialises it will add 30 Liberty ships to the transatlantic coal fleet: but brokers doubt whether even this sizeable addition of tonnage will have little effect on transatlantic rates.

Hague Club in Rio

THE European countries that have joined the Brazilian system of multilateral payments sent a delegation to Rio de Janeiro last week to return the visit that the Brazilians made to Europe earlier this year and to review the initial operations of the new commercial and payments system. The review revealed highly satisfactory results, notably for the United Kingdom; British trade with Brazil is no longer bedevilled by the bilateral arrangements under which the bulk of the sterling earned by Brazil was earmarked for oil payments, leaving little for other imports from the sterling area. Since the new system of multilateral payments came into force British exports to Brazil have gone ahead satisfactorily, and Britain is now responsible for one-third of Western Europe's exports to Brazil, British exports to Brazil amounting to £9,321,000 in the first eight months of this year, against £4,171,000 in the corresponding period of last year.

The discussions in Rio were also concerned with the possibility of other countries joining the multilateral payments system. The Scandinavian countries are likely to be included in the near future. There is also the possibility that Japan will later on adhere to it. The mechanism of the new system has been run in smoothly. The Brazilian central bank collects in its own accounts the various currencies earned by Brazilian exports to the European members of the system. A part of these currencies is retained to pay for direct government imports and to meet debt payments. Experience suggests that about half of these earnings are in fact kept back for the Government's needs. The other half is then put up for auction, not as so many separate European currencies, but under the generic title of ACL dollars—Limited Convertibility Dollars. To pay for category three imports which include many important items of machinery and materials ACL dollars have

Materials handling problems everywhere solved by Yale Trucks



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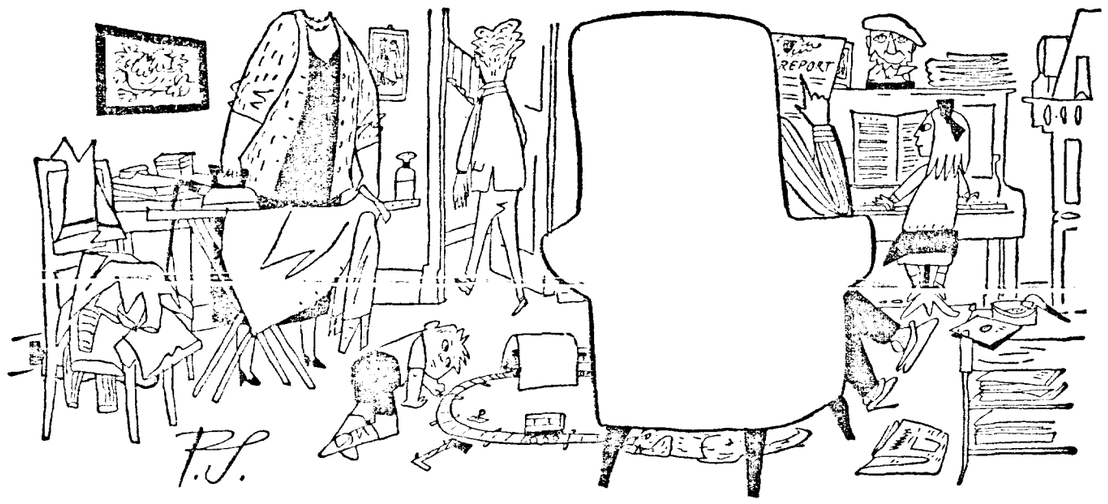

the things they say!

85 marks for Chemistry — the boy's doing well!

Yes, but I wish he wasn't quite so keen on Science.

Why? What have you got against Science?

I don't think it's the best course for someone who really wants to get on.

Nonsense! The scientist is going to be the key man of the future.

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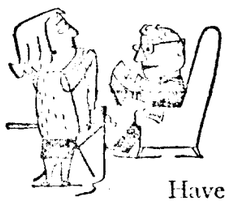
You're wrong, you know. This careers book from I.C.I. shows that the technical man has first-class opportunities with them. And not only on the scientific side — on the commercial and administrative sides, too.

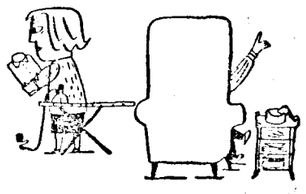
Oh, a few good posts go to them, no doubt.

More than a few. It says here that 12 out of the 17 full-time Directors of I.C.I. are graduates in Science or Engineering.



Directors? That's a bit ambitious, isn't it?

All right. Listen to this: "of the men holding the 254 most senior posts, 160 are graduate scientists or engineers".



Have it your own way! You always get the better of me in the end.

Imperial Chemical Industries Limited

recently been bid for at about 135 per cent premium over the official rate compared with a 156 per cent premium for United States dollars. The buyer of ACL dollars can then obtain from the central bank an equivalent amount of whatever European currency he requires. If the demand for one of these currencies outruns the supply available to the central bank, the necessary conversion is done by the central bank. The total of ACL dollars offered at the auctions is not greater than the mixed bag of appropriate European currencies held by the Brazilian central bank, so that if the demand for sterling is greater than the sterling actually held by the central bank, the bank provides the necessary supply by converting into sterling D-Marks or French francs or whatever European currency it holds.

Government Sells Copper

THE Board of Trade has now decided how it will dispose of the 36,000 tons of copper released from the strategic stock. The plan, drawn after consultation with the producers and the London Metal Exchange, is the same as that adopted in the past for disposals from the trading stock. Delivery and pricing will be spread more or less evenly over the five months beginning in November. About half the total quantity will be offered for sale by open competitive tender, and application forms will be available next week. The remainder will be offered to the original suppliers, principally the Rhodesian producers, on closely comparable terms. The decision had been expected and had no effect on prices; indeed cash copper rallied on Thursday to close at £284 10s. a ton, though it was still £9 lower over the week. But this extra quality is becoming available at a time when—strikes in the producing countries apart—the supply is already ample. Moreover, the present disposal may be followed by a further release in the financial year beginning next April.

Where the Steel Went

ONE of the missing economic statistics that in a year like 1956 Britain badly needs but has not got—but unlike many others, one that requires ingenuity in Whitehall rather than more forms for industry to fill in—is a rough distinction between capital goods and durable consumer goods in engineering output. In default of this, figures of steel consumption act as a partial, oblique indicator, though these too are hampered for the purpose by the classification of their customers into groups that may lump together builders of machinery, home equipment and weapons quite inseparably. As the table of finished steel deliveries from January to August shows, deliveries of steel to the "motors, cycles and aircraft" industries have this year been significantly smaller than in 1955; some of steel's customer industries where the purchases clearly go into investment, such as coal mining, railways and rolling stock, shipbuilding and constructional engineering, show rises in demand. But "General engineering," "Wire and wire products," and "All other consumers," where rises in deliveries have also been recorded, contain an inextricable and significant element of metal goods for the home consumer market; while "Hollow-ware, metal furniture, and canning" appear to have been taking as much steel this year as last.

NET HOME DELIVERIES OF FINISHED STEEL
(Weekly average—'000 tons)

	January–August	
	1955	1956*
Coal mining	12·7	13·3
Railways and rolling stock	18·1	20·7
Building & constructional engineering	26·3	28·9
Shipbuilding and marine engineering	14·6	16·8
Motors, cycles and aircraft	27·3	24·3
General engineering	33·4	35·6
Wire and wire manufacturers	17·0	17·7
Hollow-ware, metal furniture, canning, etc.	23·3	23·3
All other consumers	34·2	40·2
Stockholding merchants	31·7	31·5
Imports by using industries	11·8	18·2
Total	250·4	270·5

* Provisional.

Climate to Measure

SINCE Britain cannot be called the best of markets for air-conditioning equipment, manufacturers here have to seek most of their business either in shipbuilding or overseas. The largest firm of manufacturers—Thermotank in Glasgow—which has pioneered many new developments in this industry and produces perhaps 70 per cent now of all British-made equipment, still finds about four-fifths of its business in marine work. But in the last six years it has made a most successful entry into the American market, the present home of air-conditioning, which recently culminated in the completion of a $6 million installation at the new Ford administrative building at Dearborn. This success followed an equally notable contract worth $5½ million for the new General Motors Technical Centre, near Detroit, which was also finished this year. Altogether more than $12 million worth of business has been earned by this firm, by its air-conditioning know-how, particularly by its experience with high-velocity equipment, since three of its Glasgow technicians set up their office in a small Detroit hotel bedroom in 1951. One of these three is now executive vice president of the firm's American subsidiary.

But hopes of expanding the market here for air-conditioning have not been lost. Last week Rootes acquired a controlling interest in Tempair (Dorking), a new firm founded about a year ago, and the Dryer division of Birlec held an exhibition of air-conditioning and dehumidification plant at Birmingham. Factories where the dust or moisture content of the air is an important element in production—nuclear energy is merely one of the more recent examples—are perhaps the major market in a country that seldom swelters. Hotels, shops, and offices are other markets the manufacturers are hoping to develop further, but the cost of the equipment does not make the task easy, and virtually rules out sales to householders on any large scale.

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World Exports of Manufactures Up

THE remarkable growth of world exports of manufactures shows no sign of slowing down. According to provisional figures published by the Board of Trade, exports of manufactures reached a record value of $9,916 million in the second quarter of this year ; that was 6 per cent higher than the previous peak in the fourth quarter of last year and no less than 20 per cent higher than in the second quarter of last year. The Board considers that comparison between the second quarters probably exaggerates the real increase, one reason being the fall in British exports caused by the transport strikes of May and June last year. In the first half of 1956 as a whole exports of manufactures were valued at $18,899 million, a rise of nearly 16 per cent over the first half of 1955. No estimate of the volume of exports in the second quarter of 1956 is yet available ; in the first quarter, however, the volume was nearly 6 per cent higher than in the first half of 1955, and export prices have probably changed little since the first quarter.

WORLD EXPORTS OF MANUFACTURES
US $ million : percentage shares in brackets

	1st half, 1955	2nd half, 1955	1st half, 1956
United States	4,128 (25·3)	4,171 (23·7)	4,934 (26·1)
United Kingdom	3,205 (19·6)	3,480 (19·8)	3,709 (19·6)
West Germany	2,443 (15·0)	2,807 (16·0)	2,958 (15·7)
Canada	1,016 (6·2)	1,053 (6·0)	1,087 (5·8)
Japan	776 (4·8)	967 (5·5)	1,001 (5·3)
Other W. European	(29·1)	(29·0)	(27·6)
Belgium-Luxemburg	1,070	1,142	1,288
France	1,517	1,560	1,465
Italy	529	620	656
Holland	626	673	680
Sweden	440	472	517
Switzerland	566	655	626
Total	16,315	17,580*	18,899*

* Provisional.

Company Notes

MORPHY-RICHARDS. This company is lucky in that hire purchase restrictions can have had little effect on its trade. Making the smaller electrical appliances, most of its sales must be for cash. It is unlucky in that two of its principal products, electric irons and toasters, are now subject to purchase tax. But building on an established reputation in the British market, it has been expanding its export sales. In their interim report for the first half of the year the directors spoke of an increase in sales, which enabled the company to absorb higher costs and return a bigger profit. The story was evidently repeated in the second half of the year, for over the whole of the year to June 30th gross profits rose from £472,728 to £578,118. This is a good result from a company engaged in a highly competitive business.

Depreciation (up from £42,068 to £70,672) and taxation (up from £219,533 to £262,495) have eaten into earnings, but net profits have risen from £197,285 to £230,531. The company has had no difficulty in maintaining the dividend at 50 per cent, paid on a capital slightly increased by the issue of shares on the acquisition of Astral Equipment. The directors have also decided to make a big free scrip issue, by capitalising £389,235 from reserves to issue three new ordinary shares for every two held.

Currently the 4s. ordinary shares at 25s. 9d. yield 7¾ per cent. That is not the yield of a growth stock and it is unlikely that the free scrip issue is anything more than a book-keeping transaction. It is unlikely because the company is to raise £500,000 on a convertible loan stock in the market ; a company which needs new money in today's markets can hardly be contemplating any large immediate increase in dividend payments. In the preliminary statement the directors do do not say why the new money is being raised. Is it simply to meet the cost of new plant and equipment in the new factory, designed to double capacity, the company is building ? Or have the directors other plans in mind ?

METAL INDUSTRIES. "Curiouser and Curiouser" is the only epithet which can be tagged on to Colonel S. J. L. Hardie's intervention at the annual general meeting of Metal Industries. Colonel Hardie, the first chairman of the Iron and Steel Corporation in the days of nationalisation, is one of the honorary presidents of Metal Industries, a company with which he was long associated in the past, and from which he drew last year a pension of £3,000.

At the meeting, Sir Charles Westlake, the new chairman of the company, added an up-to-date supplement to the full statement he had already circulated to stockholders. He said that "the figures so far available show a heartening measure of recovery" ; "that there is every prospect that this recovery will continue steadily," and that he hoped it would be possible "to pay a modest dividend in respect of the current year." He added that the six-monthly estimates he had seen that morning gave him "greater confidence" and made him even "more optimistic."

Such a statement could not fail to please stockholders and it suggested a stronger measure of recovery than had been anticipated in Throgmorton Street. But that was where Colonel Hardie, with-

SHORTER NOTES

Since City Centre Properties now controls Robinson and Cleaver, if only by a narrow majority, it seems likely that Mr F. W. Lindgren's proposal that the ordinary dividend should be 25 per cent, as in the previous year, instead of the 40 per cent dividend proposed by the board when it was trying to fight off the bid will carry the day.

★

Export quotas under the International Sugar Agreement have been cut by two per cent to 4.348,000 tons, and the price of raw sugar in the "free" world market after recovering to the prescribed minimum of 3.25 cents a lb has now slipped one point below it. Meanwhile the United Nations sugar conference is meeting in Geneva to try to broaden the membership of the agreement.

★

The reduction of 4s. in the price of flour has proved to be short-lived. The price has been restored to 99s. for a 280 lb sack, but as bakers customarily buy their requirements three months ahead the new price will not take full effect before the end of the year.

★

Wall Paper Manufacturers, Limited, has added a 5 per cent bonus to its final dividend of 15 per cent on the deferred capital. This raises the total dividend for the year to 25 per cent, compared with 20 per cent last year. After taxation of £2,166,069 net profits for the year to June 30th are £1,533.492. Last year the tax charge was £1,810,108, leaving a net profit of £1,287,643.

out apparently more than a few minutes' warning to the Chairman, stepped in. He wanted the meeting to be adjourned for a month to enable fuller information to be put before stockholders, and when his proposal was defeated on a show of hands he claimed to hold 300,000 proxy votes and demanded a poll. The chairman suggested an adjournment until after luncheon. During that break he and Colonel Hardie seem to have composed their differences and after it Sir Charles explained that Colonel Hardie had thought the chairman had been too cautious in forecasting a "modest" dividend. Sir Charles added that he would soon issue a report to stockholders covering the first six four-weekly periods of the current year. The promise of an interim report—which is in keeping with Sir Charles' wish to provide stockholders with the fullest information—seems to be the only result of Colonel Hardie's intervention. But one tangible result of the meeting was to put the ordinary units up by 1s. 1½d. to 22s. 10½d.

★

WESTLAND AIRCRAFT. One new recruit to this autumn's queue of borrowers is Westland Aircraft, in which John Brown owns a 50 per cent interest. Prominent in the production of helicopters, the company is expanding quickly—as the increase in net profits from £288,281 to £476,983 in the year to June 30th and the payment of a tax-free dividend of 6¼ per cent (against 5 per cent net) shows. The company is to offer to existing shareholders 2,400,000 5s. shares in the ratio of one for two at 7s. 6d. each (compared with the current market price of 9s. 1½d.) John Brown, the largest shareholder, will continue to take an active part in the management of the concern, but will take up only two-thirds of its entitlement of new shares.

John Brown is giving up part of its entitlement because if it accepted a full allocation of the shares the investment in view of the growth of Westland would "represent an unduly large proportion of its resources in relation to its other interests." Most of the remainder of the new issue will be placed with financial institutions, but some will be made available to shareholders applying for excess shares. An issue thus carefully planned and with an element of bonus in the rights can hardly fail. After the cash issue Westland will capitalise £450,000 to make a 25 per cent free scrip issue of 1,800,000 ordinary shares.

On the new capital after the two issues, the directors hope to pay a tax-free dividend of 5 per cent for the year to June 30th next. This will represent an effective increase, for the new payment is equivalent to 6¼ per cent, tax free, on the capital after the cash issue but before the free scrip issue.

★

EASTWOODS. New records in sales and production were established by Eastwoods, the bricks, cement and tile manufacturers, in the year to March 31st. But its directors support the policy of price stabilisation within the industry and as costs have risen profit margins have narrowed. Hence the group's trading profits show an advance but it is only a slight one—from £956,256 to £1,012,784. To step up production the group has had to spend heavily on capital account—to the tune of £800,000 in the last financial year.

To find the new money the group made a rights issue last November, which raised the issued ordinary capital from £1,500,000 to £2,000,000. On this capital the directors are maintaining the ordinary dividend rate at 17½ per cent. The profit figures would hardly allow them to do more. The net ordinary dividend absorbs £201,250 out of a net profit of £302,679. This net profit, thanks to heavier charges for taxation and depreciation, is lower than the £323,579 recorded in the previous year.

	Years to March 31,	
Consolidated earnings:	1955	1956
	£	£
Trading profit	956,256	1,012,784
Depreciation	196,296	225,861
Taxation	316,327	352,915
Net profit	*323,579*	*302,679*
Ordinary dividends	150,937	201,250
Ordinary dividends (per cent)	17½	17½
Retained profits	166,867	125,391

£1 ordinary shares at 51s. 6d. yield £6 16s. per cent.

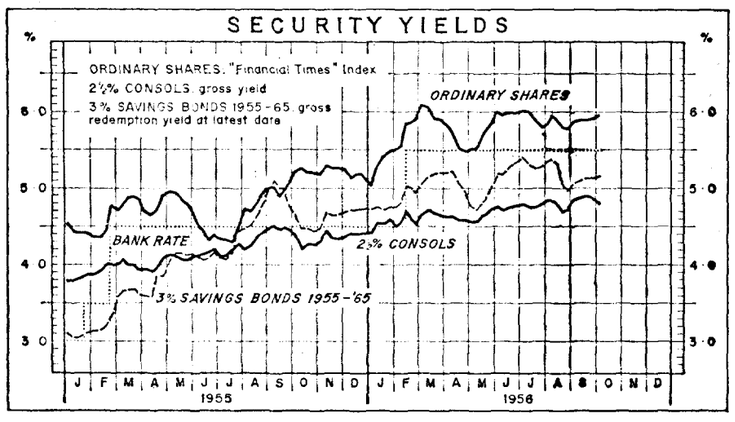
LONDON STOCK EXCHANGE

Next Account begins: October 17th
Next *Contango* Day: October 17th
Next Settlement Day: October 23rd

ALTHOUGH gilt-edged weakened on Tuesday, when the terms of the LCC loan were known, a sharp recovery on Wednesday left most stocks higher on balance. Short-dated stocks shared in the improvement, 2 per cent Conversion 1958/59 gaining ⅜ to 94$\frac{13}{32}$, while 3 per cent Transport 1978/88 rose ½ to 68⅛ and 3½ per cent War Loan gained ⅛ to 71¼. On Thursday, gilt-edged prices were firm but there was a further decline in Industrials. The market in industrial stocks broadened a little, but losses predominated, the *Financial Times* index of industrial ordinary shares falling from 179.4 to 177.5 on Wednesday.

Brewery shares were again firm and the counter-bid for Charles Kinloch raised the shares to 45s. Wall Paper deferred rose 6s. 9d. to 72s. 6d. on Thursday following the results. Ford Motor lost 1s. 4½d. to 30s. in anticipation of the results but remained firm after the announcement. Dunlop, which fell to 15s. 6d. last week, was firm at 16s. 9d. Dowty rose at first to 34s. 7½d., but then fell to 30s. 3d. after the dividend announcement. Among the stores, John Barker has gained 5s. 10½d. to 60s. 7½d. since Tuesday. C. A. Parsons lost 7s. 6d. to 82s. 6d. on Tuesday and Reyrolle 12s. to 96s. following rumours of a rights issue, but both recovered on Wednesday, C. A. Parsons to 86s. and Reyrolle to 98s. ICI drifted down to 40s. xd. Steel shares were again weak; Stewarts and Lloyds lost 2s. 7½d. to 57s. and John Summers 1s. 10½d. to 34s. 7½d., but Swan Hunter were firm at 57s. 3d. Most sectors of the industrial market were weak on Thursday.

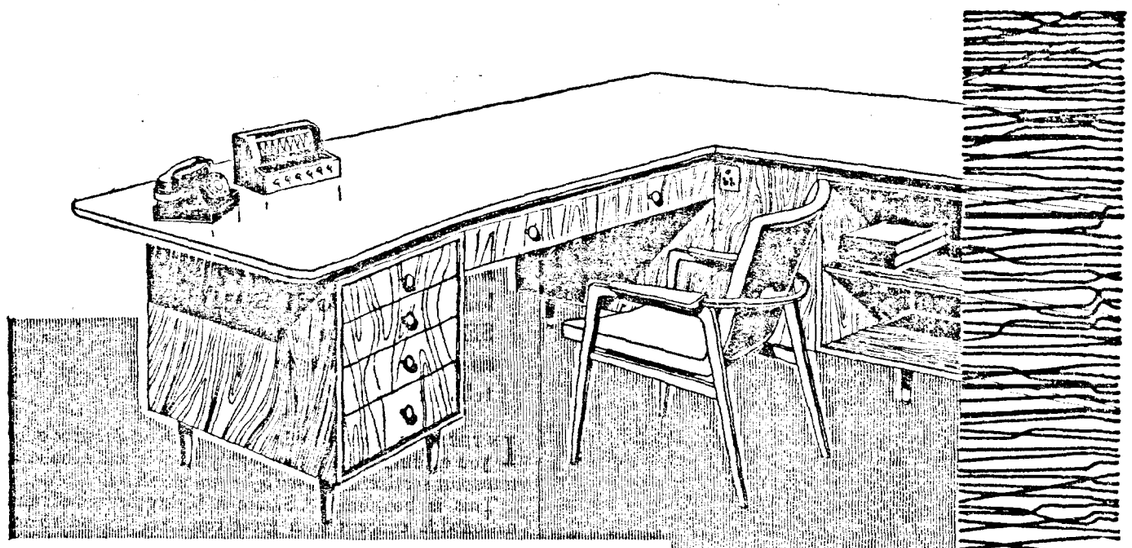
Oil shares improved on Wednesday, but BCO common were lowered to 10½d. on the offer by British Petroleum. Coppers advanced, Rhodesia-Katanga being very active and advancing 3s. 9d. to 47s. Tin shares were strong, large gains being made by the Gopeng group of companies, which has announced projected capital repayments. Rubbers have been quiet and tea shares irregular.



FINANCIAL TIMES INDICES

1956	Security Indices		Yields	
	Ord.*	Fixed Int.†	2½% Cons.	Ord.
			%	%
Oct. 4	179·3	92·87	4·78	5·95
„ 5	178·8	92·85	4·78	5·97
„ 8	178·4	92·92	4·77	5·93
„ 9	177·4	92·82	4·78	6·02
„ 10	177·5	92·89	4·76	6·02
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	Total bargains 1956 Oct. 4	8,433
„ Low	169·7 (Mar. 8)	92·65 (Oct. 1)	„ 5	8,719
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 8	10,726
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 9	9,094
			„ 10	8,863

* July 1, 1935 = 100. † 1928 = 100.



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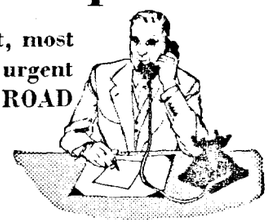

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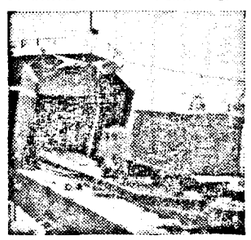

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LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Oct. 10, 1956 High	Prices, Jan. 1 to Oct. 10, 1956 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 3, 1956	Price, Oct. 10, 1956	Net Yield, Oct. 10, 1956 § £ s. d.	Gross Yield, Oct. 10, 1956 £ s. d.
£8 3/8	97	Funding 2½% '52-57.....	98 7/8	98 7/8	3 7 3	5 2 5
£5 1/2	93 1/4	War Loan 3% '55-59.....	94 3/4	95 1/8	3 9 8	4 15 11
£1 1/2	88 3/8	Funding 2½% '56-61.....	90 1/8	90 1/4	3 14 10	4 17 4
£10 1/8	99 1/4	Exchequer 5% 1957.....	99 3/8	99 3/8	1 19 5	5 2 5
£9 1/2	97	Conversion 4% '57-58.....	97 1/4	97 1/4	3 5 4	5 6 7
£7 1/2	95 1/2	Serial Funding 2½% 1957.	97 1/8	97 1/8	3 12 5	4 10 5
£4 1/2	91	Conversion 2% '58-59....	94 1/8	94 1/8	3 13 4	4 12 10
£2 1/2	88 3/8	Exchequer 2% 1960.....	91 1/8	91 1/8	3 14 0	4 12 8
£5 1/8	92 1/4	Exchequer 3% 1960.....	94 3/4	94 1/2	3 8 3	4 15 6
£8 1/4	83	Savings Bonds 3% '55-65.	85 1/8	85 1/8	3 14 6	5 3 1
£2 1/4	77 1/8	Funding 3% '59-69.....	77 1/8 *	78 1/8 *	3 19 2	5 8 7
£2 1/4	84 1/2	Funding 4% '60-90.....	85*	85 1/8 *	3 0 0	4 17 11
£1 7/8	75 1/2	Savings Bonds 3% '60-70.	76 1/2	76 1/2	3 18 10	5 9 0
£5 1/8	97 1/8	Conversion 4½% 1962....	98 1/8	98 1/8	3 1 3	5 1 4
£1 1/8	88 1/4	Exchequer 3% '62-63....	90 1/2	90 1/2	3 6 11	4 15 6
£7 1/4	83 3/8	Exchequer 2½% '63-64...	86 1/8	85 7/8 *	3 12 3	4 15 2
£1 1/8	76 1/2	Savings Bonds 2½% '64-67	78*	78 1/2 *	3 18 10	5 3 0
£3 1/2	72 1/4	Savings Bonds 3% '65-75.	73 1/2	73 1/8	3 14 2	5 5 4
£6 1/2	90	Victory 4% '20-76.....	90 1/2	90 1/8	3 7 8	5 4 10
£3 3/8	78	Funding 3% '66-68.....	79 1/8	79 3/8	3 18 5	5 8 2
£8 1/8	81 7/8	Conversion 3½% 1969....	82 1/8	82 1/4	3 16 0	5 9 10
£3 1/2	76 3/8	Treas. 3½% '77-80.....	77 1/8	77 1/4	3 8 11	5 5 0
£4 1/2	75 3/8	Treas. 3½% '79-81.....	76 1/4	76 3/8	3 9 2	5 5 0
£2 1/4	65 1/2	Redemption 3% '86-96...	66 1/8	66 1/2	3 4 2	4 18 3
£1 1/2	74 3/4	Funding 3½% 1999-2004..	75 3/8	75 1/8	2 19 11	4 17 3
£4 1/8	76 1/8	Consols 4% aft. Feb. '57..	77 1/2	78	2 19 4	5 3 7
£7	69 1/4	War L'n 3½% aft. Dec. '52	71	71 1/16	2 16 9	4 19 5
£6 1/4	68 1/2	Conv. 3½% aft. April '61..	69 1/2	70 1/8	2 17 5	4 19 11
£6 3/4	59 1/2	Treas. 3% aft. April '66..	60 1/2 *	60 1/2	2 16 10	4 18 10
£5 1/8	50 1/2	Consols 2½%.....	52 1/2 *	52 1/2	2 14 10	4 15 4
£6 3/8	50 1/2	Treas. 2½% aft. April '75.	51 1/2	52 1/4	2 15 2	4 16 1
£8 1/8	90	Br. Elec. 4½% '67-69.....	90 1/2	90 1/2	3 10 9	5 12 2
£9 1/2	73	Br. Elec. 3% '68-73.....	74	74 1/8	3 17 0	5 7 7
£7 1/8	71 1/4	Br. Elec. 3% '74-77.....	72 1/4	72 1/8	3 12 10	5 4 2
£5	86 1/4	Br. Elec. 4½% '74-79.....	86	86 1/8	3 5 9	5 5 7
£3 1/8	76 1/2	Br. Elec. 3½% '76-79.....	77 1/4	76 1/2 *	3 9 7	5 4 7
£9 1/2	84 1/4	Br. Gas 4% '69-72.....	84 1/2	85 1/8	3 11 7	5 9 10
£7 1/8	80 1/2	Br. Gas 3½% '69-71.....	80 1/2	80 1/2	3 14 5	5 8 8
£3 1/4	66 1/8	Br. Gas 3% '90-95.....	67*	67 1/8 *	3 3 11	4 17 5
£0 1/8	73	Br. Trans. 3% '68-73.....	74	74 1/8	3 17 0	5 7 7
£9 1/8	83 1/2	Br. Trans. 4% '72-77.....	84 1/8	84 1/8	3 7 4	5 6 4
£3 1/2	67	Br. Trans. 3% '78-88.....	68 1/8	68 1/8	3 7 5	5 1 0

(*c*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Prices, 1955 Low	Prices, Jan. 1 to Oct. 10, 1956 High	Prices, Jan. 1 to Oct. 10, 1956 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Oct. 3, 1956	Price, Oct. 10, 1956	Yield, Oct. 10, 1956 £ s. d.
94 1/2	79	80 3/4	74 7/8	Aust. 3½% '65-69	75 1/2	75 1/2	6 0 10
101 1/2	87	87 1/2	72	Ceylon 4% '73-75....	75	75	6 6 3
105 1/2	87 1/8	88 1/2	82 1/2	N. Zealand 4% '76-78.	84 1/2	84 1/2	5 3 10
88	87 1/2	64 1/2	57 1/2	L.C.C. 3% aft. 1920..	59	59	5 1 8
99	83	85 1/2	83 1/2	Liverpool 3% '54-64..	84*	84*	5 10 7
84	65	68 1/2	61	M.Wtr.'B'3% '34-2003	62 1/2	62 1/2	5 4 0
102 1/2	94 1/2	97 1/2	92	Agric. Mort. 5% '59-89	95 1/2	95 1/2	5 8 6
122 1/2	91	117 1/2	102 1/2	German 7% 1924....	115 1/2	115 1/2	...
213	149	210	187	German 5½% 1930....	209 1/2	209 1/2	...
212	160	226	208	Japan 5% 1907.....	226	226	...
204	190	275 1/2	247 1/2	Japan 5½% Conv. 1930	269 1/2	269 1/2	...

Prices, Jan. 1 to Oct. 10, 1956 High	Prices, Jan. 1 to Oct. 10, 1956 Low	Last Two Dividends (*a*) (*b*) (*c*) % %	ORDINARY STOCKS	Price, Oct. 3, 1956	Price, Oct. 10, 1956	Yield, Oct. 10, 1956 £ s. d.
			BANKS & DISCOUNT			
£0/-	41/1½	7 *b*	5 *a* Barclays £1	45/-	45/-	5 6 8
£8/9	50/3	6 *b*	6 *a* Lloyds 'A' £5, £1¼ pd....	56 6	58/-	5 3 5
£2/4½	61/-	9 *b*	9 *a* Midland £1, fully pd. .	68/-	68/-	5 5 11
£0/-	59/9	9 *b*	9 *a* N. Prov. 'B' £5, £1 pd.	64/-	64/6	5 11 8
£7/9	66/6	8 *b*	8 *a* Westmstr'B'£4, £1½ pd.	69 6	70 6	5 13 6
£3/6	28/-	3½ *b*	2½ *a* Alexanders £1	30 6	31 6	3 19 4
£6/-	29/3	5 *b*	5 *a* Nat. Disc. 'B' £1.....	35/-	36/-	5 11 1
£9/-	40/6	6½ *b*	6½ *a* Union Disc. £1.....	46/-	46 6	5 7 6
£5/9	30/6	4 *b*	4 *a* Barc. (D.C.O.) £1	32 6	32 6	4 18 6
£1/9	33/-	7½ *b*	7½ *a* Chart. Bk. of India £1	34/-	36/-	8 6 8
			INSURANCE			
£9	16½	12½ *a*	37½ *b* Leg. & Gen. £1.....	26½	26½	1 17 5
£5½	19½	†47½ *b*	†20 *a* Pearl £1, fully pd.....	20	20½	5 14 6
£8½	40½	†117½ *c*	†125 *c* Prudential 'A' £1	43	43	5 1 1
			BREWERIES, ETC.			
£9/6	106/-	33 *b*	10 *a* Bass £1.....	118 9	118/9	7 4 11
£4/10½	19/9	6 *a*	11½ *b* Distillers 6/8.....	20 9	21/-	5 11 1
£5/10½	38/6	25 *c*	10 *a* Guinness 10/-.....	40 -	39/4½	6 7 0
£6/-	67/-	7 *a*	14 *b* Whitbread 'A' Ord. £1	68 6	68 6	6 2 8

Prices, Jan. 1 to Oct. 10, 1956 High	Prices, Jan. 1 to Oct. 10, 1956 Low	Last Two Dividends (*a*) (*b*) (*c*) % %	ORDINARY STOCKS	Price, Oct. 3, 1956	Price, Oct. 10, 1956	Yield, Oct. 10, 1956 £ s. d.
			STEEL & ENGINEERING			
85/6	64/-	8 *b*	7 *a* Babcock & Wilcox £1.	76 10½	75 5	5 19 9
13/-	9/4½	14 *c*	4 *a* Cammell Laird 5/-...	10 3*	10 5*	6 16 7
35/-	25/1½	8 *c*	3 *a* Dorman Long £1.....	26/-	25 4½	6 6 1
54/9	40/-	3½ *a*	8½ *b* Guest Keen N'fold £1.	45/3	43 3	5 11 0
55/6	41/6	4 *a*	6 *b* Metal Box £1.....	53/3	51 10½	3 17 1
75/-	56/9	12½ *b*	5 *a* Stewarts & Lloyds £1.	59 9	57 6	6 1 9
48/-	34/7½	8 *b*	4 *a* Summers (John) £1...	36/7½	35 -	6 17 2
58/-	46 6	11 *b*	3 *a* Swan Hunter £1	56 6	57 6	4 17 5
49/9	37/4½	8½ *b*	4 *a* United Steel £1.....	39 1½	37 10½	6 12 0
44/7½	32/4½	7½ *b*	2½ *a* Vickers £1	41/7½*	38 7½*	5 3 7
			TEXTILES			
24/6	19/4½	6 *b*	4 *a* Bradford Dyers £1...	21/-	22/-	9 1 10
23/7½	13/9	3 *a*	5 *b* Brit. Celanese £1.....	14/-	14/-	11 8 6
25/10½	21/9	2½ *a*	6½ *b* Coats (J. & P.) £1....	22/3	22/9	7 13 10
44/-	32/10½	4 *a*	6 *b* Courtaulds £1	34 -	34 -	5 17 8
21/3	12/3	5 *a*	5 *b* Fine Spinners £1.....	12/6	13/-	15 - 7 8
30/-	22/3	7½ *b*	5 *a* Lancs. Cotton £1.....	25/6	26/9	9 7 11
33/3	26/-	2½ *a*	10 *b* Patons & Baldwins £1	32/3	33/3	7 10 4
			MOTORS & AIRCRAFT			
22/4½	16/3	6½ *b*	3½ *a* Bristol Aeroplane 10/-	19/6	20/3	4 18 9
9/-	5/10½	8½ *b*	4 *a* British Motor 5/-....	6/6	6 6	9 12 4
44/3	29/3	5 *b*	2½ *a* Ford Motor £1.....	31/-	30 6	4 18 4
49/3	29/9	12½ *b*	3 *a* Hawker Siddeley £1..	45/3	45/-	4 1 5h
49/4½	38/3	10 *c*	12½ *c* Leyland Motors £1...	48/9	48/9	5 2 6
115/10½	85/6	5 *a*	12½ *b* Rolls-Royce £1	110/-	107/6	3 5 1
			SHOPS & STORES			
18/10½	13/10½	14 *d*	3 *a* Boots Pure Drug 5/-.	14/3	14/-	5 0 0
41/4½	29/-	20 *b*	7½ *a* Debenhams 10/-.....	40/3	40 3	6 16 8
44/9	32/9	15 *a*	4½ *b* Gt. Universal 'A' 5/-.	36/6	35 6	8 16 3
71/1½	57/10½	17½ *a*	32½ *b* Marks & Spen. 'A' 5/-	60/-	60/-	4 3 4
25/6	19/1½	20 *b*	12½ *a* United Drapery 5/-..	21/9*	21/9*	7 9 5
64/10½	53/10½	36½ *b*	20 *a* Woolworth 5/-	56/-	55/9	5 1 8
			OIL			
183/9	99/-	†5 *a*	†10 *b* British Petroleum £1.	144/4½	146/3	3 7 1
117/9	63/-	12½ *b*	5 *a* Burmah £1.....	93 9	93/1½	3 16 3
£87½	£58½	6 *a*	14 *b* Royal Dutch 100 fl. ..	£80½	£82½	2 5 7
171/-	103/3	†5 *a*	†13½ *b* Shell Reg. £1.....	153/1½	155, 7½	3 7 0v
			SHIPPING			
38/-	28/6	...	... Brit. & Com'wealth 10/-	37/-	36 6	4 7 8g
27/-	20/4½	2½ *a*	7½ *b* Cunard £1	24/-	24/-	8 6 8
35/9	27/-	5 *b*	3 *a* P. & O. Def. £1.....	30/6*	31/-*	5 3 3
			MISCELLANEOUS			
75/3	45/-	15 *d*	5 *a* Assoc. Elect. £1.....	63/9	62/6	4 16 0
45/6	34/10½	5 *a*	17½ *b* Assoc. Port. Cem. £1..	38/9	37/6	4 16 0v
60/9	42/3	7½ *b*	4½ *a* Bowater Paper £1....	45 6	45/3	5 6 1
54/9	45/3	4 *a*	8½ *b* B.I.C.C. £1.....	48 9	48/9	5 2 7
81/10½	40/4½	8 *b*	4 *a* Brit. Aluminium £1 ..	67/6*	*66/10½	3 11 8
60/-	45/9	†7½ *b*	†10⅜ *a* Brit. Amer. Tob. 10/-	54/-	54/-	5 12 9s
$69	$56¾	3 *b*	3 *a* Canadian Pacific $25.	$64½	$65	4 5 1
37/10½	24/9	43½ *c*	14 *a* Decca Record 4/-....	27/6	26 10½	6 10 3
25/9	15/6	10 *b*	2½ *a* Dunlop Rubber 10/-.	18/6	16 6	7 11 6
66/1½	43/6	8½ *b*	4 *a* English Elect. £1.....	46/3	45/-	5 11 1
65/6	41/3	4½ *a*	9½ *b* General Elect. £1.....	43/9	42/6	6 11 9
49/10½	39/6	6 *b*	4 *a* Imp. Chemical £1	42/6	40/3*	4 19 5
62/9	45/-	12½ *b*	8½ *a* Imp. Tobacco £1.....	47/6	48/-	8 15 0
$211	$141½	$2·90 *c*	$3·75 *c* Inter. Nickel n.p.v....	$195½	$197½	3 8 3
64/6	50/-	12½ *b*	7½ *a* London Brick £1.....	50/7½*	50/7½*	7 18 0
30/3	22/9	15½ *b*	6¾ *a* Monsanto Chemicals 5/-	23/-	23/-	4 17 10
69/1½	55/3	12 *b*	4½ *a* Tate & Lyle £1.....	63/-	62/6	5 5 7
69/6	54/3	12½ *b*	6½ *a* Tube Investments £1..	56/10½	55/7½	5 0 8w
115/6	95/9	20 *b*	5 *a* Turner & Newall £1..	100/7½	100/-	5 0 0
82/9	61/7½	6 *a*	9½ *b* Unilever £1	75/7½	75/-	4 4 0
58/-	34/1½	†5 *a*	†11¾ *b* United Molasses 10/-	54/4½	54/4½	5 6 8
40/-	23/6	†2½ *a*	†7½ *b* Cons. Tea & Lands £1.	26/6	25/6	13 13 4
2/10½	1/9½	5 *a*	15 *b* London Asiatic Rbr. 2/-	2 1½	2/1½	18 16 4
61/9	37/6	15 *a*	30 *b* United Sua Betong £1	49 4½	50/-	18 0 0
			MINES			
8⅜	6⅜	20 *a*	50 *b* Anglo-Amer. 10/-....	7*	7½*	4 19 2
135/7½	94/4½	120 *b*	80 *a* De Beers 5/- Def. Reg.	102/6	100/-	10 0 0
96/10½	67/6	...	... Free State Geduld 5/-	91/3	88/9	Nil
50/6	35/-	12½ *b*	12½ *a* Randfontein £1.....	36/3	35/9	13 19 10
10/11½	8/6	28 *c*	30 *c* London Tin 4/-	10/3½	10/3½	11 12 10
46	35	262½ *c*	75 *a* Rhokana £1.....	42½	43½	6 0 6

New York Closing Prices

	Oct. 3 $	Oct. 10 $		Oct. 3 $	Oct. 10 $		Oct. 3 $	Oct. 10 $
Balt. & Ohio..	49½	50⅛	Am. Smelting..	52½	52½	Inter. Paper..	114½	117½
Can. Pac.	35½	34⅜	Am. Viscose ..	34⅜	35⅜	Nat. Distill. ..	28½	28½
N.Y. Cent. ...	38	39	Col. of Am....	15	15	Sears Roebuck	30⅜	32
Pennsyl.	23½	23½	Chrysler	74⅛	75⅜	Shell	82	82½
Amer. Tel.	169⅜	166½	Gen. Elec.....	58½	59½	Std. Oil of N.J.	55½	55⅝
Stand. Gas	11	11⅛	Gen. Motors ..	47⅞	48½	U.S. Steel	67½	68⅜
United Corp. .	6⅜	6⅜	Goodyear	73½	75½	Westinghouse.	52⅞	52¼
W. Union Tel.	18½	18⅜	Inter. Nickel .	103½	104½	Woolworth...	44½	44½

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 52½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*i*) On 17½% Tax free. (*l*) To latest date. (*s*) On 15% Tax free. (*w*) On 14%. (*y*) On 9%.

Industrial Profits and Assets

THE tables below continue the analysis of company balance sheets and profit and loss accounts which was introduced in *The Economist* of January 22, 1949; the figures are discussed on an earlier page in this issue.

Comparative analysis of 530 profit and loss accounts published July-September, 1956 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(16)		(9)		(33)		(9)		(3)		(39)		(58)		(6)	
Year	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest
Gross trading profit	*28,354*	30,907	*2,302*	2,484	*20,360*	23,260	*21,773*	23,583	*183*	173	*27,814*	28,678	*21,612*	23,588	*3,801*	3,355
Income from investments	*726*	1,361	*73*	71	*250*	304	*154*	199	...	9	*828*	1,016	*713*	863	*96*	114
Other current income	...	...	...	...	*8*	28	...	...	...	...	*10*	1	*4*	8	*6*	5
Non-recurring credits	*1,488*	2,169	*60*	94	*552*	701	*487*	749	...	...	*1,103*	1,007	*468*	575	*55*	31
Total Income	**30,568**	**34,437**	**2,525**	**2,649**	**21,170**	**24,293**	**22,414**	**24,531**	**183**	**182**	**29,755**	**30,702**	**22,797**	**25,034**	**3,958**	**3,733**
Depreciation	*2,703*	3,170	*272*	309	*4,798*	5,524	*1,452*	1,828	*21*	24	*4,860*	6,090	*3,070*	3,401	*408*	456
Income tax	*10,240*	11,263	*845*	880	*6,322*	7,170	*8,751*	9,489	*53*	52	*9,021*	9,419	*7,398*	7,987	*1,378*	1,401
Profits tax	*2,630*	2,812	*168*	185	*1,101*	1,501	*1,994*	2,305	*15*	13	*1,842*	2,035	*1,489*	1,758	*200*	352
Directors' emoluments	*568*	604	*191*	185	*813*	791	*250*	253	*35*	33	*1,154*	1,147	*1,453*	1,540	*212*	214
Administrative charges, etc.	*19*	23	*44*	43	*100*	151	*418*	427	*10*	12	*122*	157	*185*	166	*6*	5
Contingencies, provisions, etc.	*560*	1,225	*57*	35	*948*	315	*120*	36	*7*	2	*1,881*	312	*756*	321	*18*	21
Pensions	*454*	195	*41*	41	*215*	364	*130*	127	*12*	14	*175*	1,696	*273*	314	*8*	15
Minority share in profits	*744*	738	*39*	60	*41*	58	*866*	387	...	...	*592*	659	*59*	77	*86*	82
Loan interest	*1,108*	908	*32*	42	*250*	248	*289*	411	...	...	*317*	310	*148*	208	*3*	2
Preference dividends	*378*	367	*69*	71	*357*	397	*287*	288	*1*	2	*246*	296	*266*	292	*44*	45
Profits retained by subsidiaries	*3,510*	3,357	*170*	255	*1,400*	890	*3,006*	2,536	*5 Dr.*	*18*	*3,623*	2,378	*1,512*	1,775	*203*	50
Ordinary dividends	*5,482*	5,849	*281*	295	*2,318*	2,529	*3,924*	3,772	*34*	31	*2,890*	3,134	*2,791*	2,873	*525*	573
Revenue reserves	*2,005*	3,577	*125*	90	*1,520*	2,090	*2,292*	2,298	*10*	30	*2,357*	2,958	*2,717*	3,440	*684*	637
Brought in (parent company)	*3,554*	3,741	*527*	737	*4,596*	5,583	*713*	548	*Dr.*	*14 Dr.*	*3,579*	4,184	*4,362*	5,112	*710*	748
Carried forward (parent company)	*3,741*	3,944	*737*	889	*5,583*	7,848	*548*	922	*Dr.*	*34 Dr.*	*4,184*	4,295	*5,112*	5,996	*798*	889

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(2)		(11)		(23)		(18)		(17)		(94)		(6)		(8)	
Year	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest
Gross trading profit	*2,767*	3,901	*4,162*	4,100	*20,843*	21,149	*6,062*	6,891	*15,281*	14,546	*43,307*	46,253	*7,860*	10,657	*3,475*	2,495
Income from investments	*124*	134	*123*	84	*304*	324	*114*	87	*392*	516	*1,988*	2,100	*802*	818	*493*	551
Other current income	...	...	...	...	*4*	41	*3*	14	*2*	5	*57*	40	...	...	...	...
Non-recurring credits	*141*	...	*28*	127	*482*	541	*58*	53	*178*	229	*1,664*	1,356	*280*	207	*309*	1,195
Total Income	**3,032**	**4,035**	**4,313**	**4,311**	**21,633**	**22,055**	**6,237**	**7,045**	**15,853**	**15,296**	**47,016**	**49,749**	**8,942**	**11,682**	**4,777**	**4,437**
Depreciation	*554*	711	*534*	580	*2,972*	3,692	*573*	745	*1,730*	1,816	*6,671*	7,580	*3,538*	4,115	*691*	865
Income tax	*1,111*	1,561	*1,414*	1,350	*7,293*	5,928	*2,164*	2,411	*5,314*	5,054	*15,854*	15,946	*1,698*	2,192	*1,282*	1,045
Profits tax	*269*	321	*286*	310	*1,259*	2,308	*426*	500	*1,058*	1,056	*3,629*	3,678	*589*	712	*286*	267
Directors' emoluments	*78*	85	*292*	295	*599*	619	*416*	448	*651*	630	*2,295*	2,384	*159*	145	*314*	145
Administrative charges, etc.	*1*	1	*21*	18	*155*	268	*23*	42	*34*	30	*472*	613	*32*	51	*8*	157
Contingencies, provisions, etc.	*29*	...	*355*	145	*1,354*	671	*190*	128	*246*	110	*3,069*	1,115	*632*	136	*198*	29
Pensions	*2*	2	*91*	22	*551*	674	*66*	85	*272*	308	*341*	408	*22*	23	*545*	...
Minority share in profits	*63*	85	*6*	6	*199*	192	*7*	17	*342*	365	*1,091*	965	*218*	155	...	*Dr.* 2
Loan interest	*2*	...	*42*	39	*361*	585	*24*	28	*209*	196	*244*	475	*4*	...	*93*	69
Preference dividends	*63*	67	*85*	85	*396*	406	*72*	69	*419*	423	*1,032*	918	*149*	155	*81*	125
Profits retained by subsidiaries	*302*	137	*399*	134	*791*	1,245	*532*	480	*2,546*	2,076	*3,279*	3,828	*890*	1,168	*219*	71
Ordinary dividends	*388*	383	*500*	530	*2,098*	2,125	*750*	792	*1,475*	1,510	*6,098*	6,471	*911*	1,135	*511*	413
Revenue reserves	*59*	585	*459*	637	*2,428*	3,442	*617*	900	*1,557*	662	*3,440*	3,799	*130*	1,605	*921*	1,061
Brought in (parent company)	*1,218*	1,340	*1,142*	971	*4,040*	5,525	*1,228*	1,605	*1,715*	1,915	*9,285*	8,859	*1,265*	1,245	*2,164*	2,511
Carried forward (parent company)	*1,340*	1,459	*971*	1,050	*5,525*	5,207	*1,605*	2,005	*1,915*	2,975	*8,859*	10,398	*1,245*	1,337	*2,311*	2,509

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 530 Companies	
No. of Companies	(4)		(9)		(4)		(1)		(56)		(57)		(47)			
Year	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest
Gross trading profit	*1,003*	979	*5,746*	6,558	*903*	1,095	*101*	104	*2,502*	3,698	*13,794*	6,583	*25,361*	25,031	**279,546**	**290,457**
Income from investments	*2*	4	*26*	136	*31*	30	*5*	7	*113*	165	*83*	181	*3,505*	3,992	**11,037**	**13,952**
Other current income	*1*	2	...	9	...	...	*1*	...	*128*	17	*11*	14	*106*	106	**249**	**239**
Non-recurring credits	*11*	54	*523*	145	*85*	70	...	5	*341*	218	*232*	501	*1,142*	1,466	**10,187**	**11,773**
Total Income	**1,017**	**1,039**	**6,295**	**6,848**	**1,109**	**1,196**	**107**	**116**	**3,084**	**4,098**	**14,120**	**7,279**	**30,114**	**30,595**	**301,019**	**315,592**
Depreciation	*357*	362	*807*	815	*278*	249	*55*	78	*218*	269	*293*	307	*3,370*	3,859	**40,237**	**46,795**
Income tax	*144*	258	*1,999*	2,335	*272*	347	...	9	*964*	1,368	*5,632*	2,452	*9,541*	9,272	**98,737**	**99,107**
Profits tax	*48*	45	*461*	502	*52*	36	...	6	*279*	446	*1,069*	611	*2,036*	2,199	**21,276**	**23,945**
Directors' emoluments	*76*	79	*265*	302	*114*	111	*5*	5	*69*	81	*224*	181	*643*	705	**10,876**	**10,938**
Administrative charges, etc.	*16*	12	*15*	7	*10*	6	*5*	5	*91*	82	*499*	158	*510*	592	**2,758**	**3,266**
Contingencies, provisions, etc.	*13*	11	*228*	134	*45*	...	...	...	*669*	535	*1,255*	1,248	*1,487*	363	**14,105**	**6,743**
Pensions	...	...	...	21	*32*	28	...	...	...	...	*296*	50	*56*	69	**3,571**	**4,457**
Minority share in profits	*7*	1	*65*	119	...	...	...	...	...	...	...	...	*1,992*	1,796	**5,826**	**5,758**
Loan interest	*2*	2	*119*	116	*47*	48	...	...	...	...	*6*	5	*48*	43	**5,045**	**5,453**
Preference dividends	*66*	58	*194*	203	*19*	23	...	...	...	...	*5*	3	*75*	61	**4,973**	**5,133**
Profits retained by subsidiaries	*10*	58	*407*	405	*85*	155	...	...	...	...	*1*	...	*2,254*	2,618	**24,934**	**23,716**
Ordinary dividends	*122*	123	*796*	786	*99*	71	*39*	25	*624*	894	*3,079*	1,216	*3,482*	3,535	**37,359**	**39,134**
Revenue reserves	*129*	70	*882*	911	*53*	93	...	...	*98*	367	*2,228*	993	*1,653*	2,763	**26,361**	**33,357**
Brought in (parent company)	*88*	63	*1,257*	1,414	*177*	214	*48*	51	*636*	759	*849*	1,315	*6,673*	7,387	**50,463**	**55,434**
Carried forward (parent company)	*63*	44	*1,414*	1,491	*214*	241	*51*	39	*759*	793	*1,315*	1,264	*7,387*	7,745	**55,424**	**63,318**

* This group includes canals and docks, entertainment, finance and land, hotels and restaurants and warehousing.

Comparative analysis of 530 balance sheets published July-September, 1956 (£'000)

Industry	Breweries and Distilleries		Clothing and Footwear		Food and Confectionery		Shops and Stores		Tobacco		Building		Engineering		Iron and Steel	
No. of Companies	(16)		(9)		(33)		(9)		(3)		(39)		(58)		(6)	
Year	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest
Fixed assets	*91,731*	99,649	*7,213*	8,224	*76,286*	85,611	*44,682*	50,024	*462*	538	*103,936*	102,864	*50,112*	56,858	*9,670*	11,544
Trade investments	*11,128*	11,951	*526*	547	*2,516*	1,719	*2,309*	2,953	*80*	80	*5,005*	6,178	*4,480*	4,591	*5*	5
Stocks	*78,467*	83,404	*5,915*	6,265	*34,660*	43,782	*32,223*	35,981	*1,256*	902	*37,641*	41,051	*41,746*	50,098	*3,792*	4,827
Debtors	*21,573*	24,320	*1,830*	2,119	*19,271*	19,563	*57,016*	53,817	*1,153*	1,339	*33,972*	38,106	*29,457*	33,531	*3,897*	3,660
Net balances due to parent company	*82*	43	...	...	*29*	41	...	...	...	...	*186*	355	*42*	25	...	...
Goodwill	*407*	678	*10*	10	*772*	978	*366*	98	*7*	7	*8,116*	2,829	*1,296*	1,296	...	...
Cash	*15,764*	10,959	*1,229*	1,118	*10,545*	12,103	*9,073*	8,286	*23*	8	*15,725*	18,058	*14,253*	10,851	*1,835*	2,075
Other marketable investments	*1,626*	1,012	*37*	42	*536*	600	*364*	348	...	...	*786*	421	*1,064*	1,416	*1,679*	809
Intangible assets	*5,559*	4,624	*226*	231	*9,048*	9,574	*2,437*	1,970	*156*	170	*1,564*	1,901	*1,548*	1,628	*927*	1,000
Total Assets	**225,319**	**236,590**	**16,986**	**18,556**	**154,283**	**173,971**	**148,561**	**153,477**	**3,167**	**3,044**	**201,931**	**211,743**	**143,918**	**160,294**	**21,815**	**23,920**
Bank overdrafts and loans	*670*	724	*605*	1,013	*3,170*	2,674	*5,244*	5,689	*528*	734	*8,016*	9,104	*2,982*	4,295	*75*	160
Reserve for future income tax	*11,571*	12,393	*795*	771	*6,626*	7,563	*10,590*	10,995	*54*	46	*9,467*	9,068	*7,806*	8,514	*1,357*	1,312
Depreciation and obsolescence	*19,342*	21,576	*1,644*	1,897	*27,694*	32,061	*6,865*	8,863	*124*	117	*48,714*	24,877	*19,323*	22,259	*5,010*	5,240
Capital reserves	*17,176*	18,933	*2,249*	2,413	*3,732*	3,837	*19,394*	20,129	*1*	62	*15,668*	34,366	*12,676*	11,094	*1,216*	1,448
Other provisions	*4,071*	2,857	*390*	368	*1,570*	1,933	*139*	86	...	...	*1,481*	1,901	*802*	806	...	...
Creditors	*25,123*	12,607	*2,634*	1,437	*32,969*	22,064	*47,465*	27,608	*1,624*	1,146	*30,412*	23,047	*27,212*	22,243	*3,044*	2,040
Other current liabilities	...	12,170	...	1,445	...	19,869	...	14,110	...	89	...	10,796	...	9,184	...	1,513
Revenue res. and carried forward	*46,799*	53,495	*2,632*	3,079	*30,688*	34,852	*18,880*	23,912	*212*	226	*30,341*	34,661	*30,967*	34,509	*3,831*	4,085
Net balances due to subsidiaries	*9*	195	...	...	*43*	38	*23*	...	...	...	*25*	541	*4*	2	...	...
Minority interests	*12,415*	12,889	*206*	265	*827*	833	*9,523*	10,381	...	...	*2,452*	11,558	*780*	813	*480*	643
Debenture capital	*21,984*	22,013	*990*	980	*6,283*	6,366	*7,562*	7,945	...	...	*6,957*	8,082	*4,193*	6,077	*36*	50
Preference capital	*9,575*	9,564	*2,137*	2,134	*12,134*	12,232	*8,633*	8,533	*100*	100	*9,253*	9,353	*8,524*	8,524	*1,160*	1,153
Ordinary capital	*56,904*	57,174	*2,704*	2,754	*28,429*	29,669	*14,213*	15,226	*524*	524	*32,065*	34,389	*28,629*	32,954	*6,106*	6,246
Total Liabilities	**225,319**	**236,590**	**16,986**	**18,556**	**154,283**	**173,971**	**148,561**	**153,477**	**3,167**	**3,044**	**201,931**	**211,743**	**143,918**	**160,294**	**21,815**	**23,920**
Year's Free Scrip Issues	—	...	—	50	—	800	—	903	—	...	—	1,973	—	4,015	—	140

Industry	Shipbuilding		Chemicals and Paint		Electrical Manufacturing		Motors, Cycles and Aircraft		Newspapers, Paper and Printing		Miscellaneous Manufacturing		Shipping		Cotton	
No. of Companies	(2)		(11)		(23)		(18)		(17)		(94)		(6)		(8)	
Year	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest
Fixed assets	*9,788*	11,145	*9,910*	10,635	*51,956*	61,995	*11,855*	14,354	*33,899*	37,787	*110,877*	126,561	*52,968*	57,763	*12,188*	15,009
Trade investments	*2,669*	1,957	*39*	115	*3,340*	4,013	*401*	290	*2,457*	2,657	*10,843*	11,989	*2,770*	2,331	*4,923*	4,944
Stocks	*6,826*	7,054	*5,970*	6,315	*61,861*	79,179	*8,941*	11,958	*13,108*	14,612	*79,226*	85,656	*797*	815	*14,526*	14,336
Debtors	*3,881*	4,848	*5,823*	6,175	*37,403*	44,828	*6,301*	6,778	*15,975*	17,448	*83,639*	96,600	*8,339*	9,620	*3,986*	4,625
Net balances due to parent company	*443*	486	*2*	...	...	186	*4*	...	*16*	108	*896*	1,006	...	...	...	...
Goodwill	*542*	541	*645*	584	...	...	...	...	*1,204*	1,700	*4,810*	4,665	*4,284*	5,087	*813*	15
Cash	*2,531*	3,288	*4,367*	4,322	*10,794*	3,665	*3,931*	3,740	*11,868*	10,234	*31,406*	26,564	*16,125*	13,839	*2,660*	2,590
Other marketable investments	...	...	*119*	156	*167*	132	*4*	20	*3,913*	4,361	*6,819*	5,039	*5,021*	4,993	*23*	22
Intangible assets	*1,956*	2,047	*1,771*	969	*1,612*	1,658	*516*	537	*13,019*	12,883	*20,793*	20,376	*1,799*	1,522	*658*	708
Total Assets	**27,959**	**31,366**	**28,646**	**29,281**	**167,163**	**195,654**	**31,953**	**37,677**	**95,450**	**101,790**	**348,699**	**378,456**	**92,103**	**95,970**	**39,217**	**42,249**
Bank overdrafts and loans	...	...	*195*	33	*5,088*	15,210	*1,184*	1,821	*507*	825	*16,098*	19,429	*432*	...	*1,360*	3,421
Reserve for future income tax	*1,047*	1,539	*1,674*	1,061	*4,842*	4,684	*2,153*	2,403	*5,677*	5,471	*16,149*	16,216	*1,664*	2,216	*2,568*	842
Depreciation and obsolescence	*3,415*	4,101	*3,625*	3,894	*21,641*	25,147	*4,906*	5,118	*11,812*	13,460	*41,667*	46,929	*10,458*	11,094	*3,907*	4,831
Capital reserves	*2,352*	3,316	*2,167*	2,083	*10,718*	11,750	*2,791*	2,631	*2,557*	2,587	*22,385*	26,730	*4,747*	4,804	*1,487*	1,991
Other provisions	*20*	20	*223*	225	*2,449*	190	*261*	344	*1,051*	960	*1,910*	1,534	*2,364*	2,343	*16*	4
Creditors	...	4,339	...	5,240	...	30,160	...	5,063	...	12,603	...	61,087	...	11,295	...	3,317
Other current liabilities	*4,739*	1,499	*6,611*	1,783	*30,717*	10,958	*6,346*	2,265	*16,118*	4,396	*75,322*	17,451	*18,130*	8,213	*5,500*	2,224
Revenue res. and carried forward	*5,620*	5,764	*6,841*	6,672	*34,911*	38,407	*7,138*	8,279	*22,471*	25,352	*63,991*	68,357	*30,956*	31,922	*9,902*	11,115
Net balances due to subsidiaries	...	...	...	6	*1,826*	2,537	...	...	...	3	*101*	216	...	...	*29*	10
Minority interests	*1,556*	1,569	*275*	261	*1,161*	1,284	*170*	117	*5,615*	5,544	*12,528*	10,901	*3,828*	3,835	*5*	690
Debenture capital	...	...	*848*	846	*11,467*	15,788	*533*	609	*4,202*	3,978	*9,136*	11,575	*389*	1,019	*1,967*	1,128
Preference capital	*2,567*	2,567	*2,500*	2,500	*12,428*	12,625	*1,787*	1,824	*12,306*	12,348	*25,170*	28,378	*4,675*	4,675	*3,200*	3,200
Ordinary capital	*6,652*	6,652	*4,257*	4,677	*23,891*	27,114	*5,988*	7,203	*13,134*	14,293	*64,242*	69,653	*14,410*	14,554	*9,476*	9,476
Total Liabilities	**27,959**	**31,366**	**28,646**	**29,281**	**167,163**	**195,654**	**31,953**	**37,677**	**95,450**	**101,790**	**348,699**	**378,456**	**92,103**	**95,970**	**39,217**	**42,249**
Year's Free Scrip Issues	—	...	—	420	—	2,161	—	886	—	826	—	2,005	—	...	—	...

Industry	Silk and Rayon		Wool		Other Textiles		Oil		Rubber		Tea		Other Companies*		TOTALS ALL GROUPS 530 Companies	
No. of Companies	(4)		(9)		(4)		(1)		(56)		(57)		(47)			
Year	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest	Prev.	Latest
Fixed assets	*6,983*	7,327	*18,006*	19,017	*4,547*	4,874	*544*	605	*13,852*	14,882	*18,409*	22,606	*169,083*	182,280	**908,409**	**1,002,150**
Trade investments	*100*	128	*159*	624	*142*	149	*70*	102	*523*	738	*813*	599	*28,581*	32,276	**82,809**	**90,916**
Stocks	*3,281*	3,537	*20,511*	19,859	*2,950*	2,706	*38*	58	*1,264*	1,756	*13,815*	12,860	*14,927*	18,781	**483,761**	**545,770**
Debtors	*1,122*	1,253	*6,020*	6,103	*1,197*	1,317	*33*	34	*577*	672	*6,524*	6,690	*66,584*	78,882	**415,663**	**462,306**
Net balances due to parent company	...	...	*3*	...	...	...	...	...	...	...	...	...	*102*	72	**1,755**	**2,322**
Goodwill	*53*	4	*278*	538	...	...	...	...	*817*	1,442	*573*	876	*1,388*	1,851	**20,939**	**23,199**
Cash	*533*	196	*3,618*	4,841	*465*	471	*210*	189	*3,821*	3,700	*9,406*	9,296	*24,812*	20,771	**194,794**	**171,114**
Other marketable investments	...	...	*139*	394	*553*	699	*4*	4	*293*	318	*270*	288	*9,602*	10,928	**32,209**	**31,996**
Intangible assets	*444*	434	...	...	*47*	47	...	...	*57*	26	*17*	...	*5,830*	6,369	**70,131**	**68,694**
Total Assets	**12,296**	**12,859**	**48,734**	**51,376**	**9,931**	**10,263**	**899**	**972**	**21,204**	**23,534**	**49,327**	**53,215**	**320,909**	**352,210**	**2,210,470**	**2,398,467**
Bank overdrafts and loans	*519*	650	*1,176*	715	*570*	418	...	...	*65*	11	*1,067*	1,883	*10,541*	10,530	**59,892**	**79,349**
Reserve for future income tax	*206*	321	*1,849*	2,124	*308*	346	*4*	13	*942*	1,304	*4,391*	2,032	*9,441*	9,379	**100,384**	**100,613**
Depreciation and obsolescence	*2,049*	2,930	*6,253*	7,085	*1,481*	1,767	*284*	355	*2,055*	2,426	*1,595*	1,846	*30,590*	34,469	**274,255**	**282,272**
Capital reserves	*1,404*	1,422	*423*	516	*1,028*	1,118	*14*	18	*2,059*	2,442	*6,700*	7,851	*20,861*	21,230	**152,345**	**182,771**
Other provisions	*15*	3	*30*	57	...	6	...	...	*690*	760	*627*	410	*7,460*	8,502	**25,543**	**23,329**
Creditors	*1,588*	1,069	*5,411*	3,045	*1,360*	753	*89*	40	*2,555*	1,417	*13,057*	7,217	*77,135*	26,686	**440,952**	**285,521**
Other current liabilities	...	294	...	3,067	...	557	...	51	...	1,815	...	7,868	...	69,084	**200,701**	
Revenue res. and carried forward	*796*	865	*12,871*	15,158	*1,748*	1,926	*169*	156	*3,507*	3,771	*9,614*	8,719	*37,420*	36,026	**411,293**	**449,268**
Net balances due to subsidiaries	...	...	...	17	...	...	...	...	...	...	...	...	*965*	806	**3,055**	**4,171**
Minority interests	*56*	16	*1,151*	1,188	...	...	...	...	...	...	...	...	*29,634*	31,994	**89,652**	**94,781**
Debenture capital	*50*	50	*2,925*	2,854	*1,040*	1,019	...	...	*135*	136	*852*	805	*42,729*	44,984	**124,418**	**135,304**
Preference capital	*2,103*	2,103	*6,853*	6,853	*455*	575	...	...	*110*	110	*1,911*	1,911	*22,632*	22,456	**150,314**	**153,723**
Ordinary capital	*8,151*	8,151	*10,152*	10,699	*1,911*	1,836	*339*	339	*9,176*	9,342	*10,503*	12,673	*31,421*	36,064	**378,367**	**406,664**
Total Liabilities	**12,296**	**12,859**	**48,734**	**51,376**	**9,931**	**10,263**	**899**	**972**	**21,204**	**23,534**	**49,327**	**53,215**	**320,909**	**352,210**	**2,210,470**	**2,398,467**
Year's Free Scrip Issues	—	...	—	530	—	...	—	...	—	92	—	2,170	—	2,808	—	19,779

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The Liability of Members is limited to the extent and in manner prescribed in Chapter 70 of the Laws of Hong Kong.

CAPITAL ISSUED AND FULLY PAID UP ...	$25,000,000
RESERVE FUNDS STERLING	£8,000,000
RESERVE LIABILITY OF MEMBERS	$25,000,000

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Chief Manager : MICHAEL W. TURNER
London Office : 9, Gracechurch Street, E.C.3.
London Managers: S.W. P. Perry-Aldworth; M. D. Scott

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MALAYA—contd.: Johore Bahru, Kuala Lumpur, Malacca, Muar, Penang, Singapore, Singapore (Orchard Rd.), Sungei Patani, Teluk Anson
NTH. BORNEO: Brunei Town, Jesselton, Kuala Belait, Sandakan, Tawau
PHILIPPINES: Iloilo, Manila
SIAM: Bangkok, Bangkok (Suapah Rd.)
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(Incorporated in the Union of South Africa.)

AUTHORISED AND ISSUED CAPITAL..... £4,500,000
(in 18,000,000 Shares of 5s. each)

Extracted from the Annual Report for the Year ended 30th June, 1956

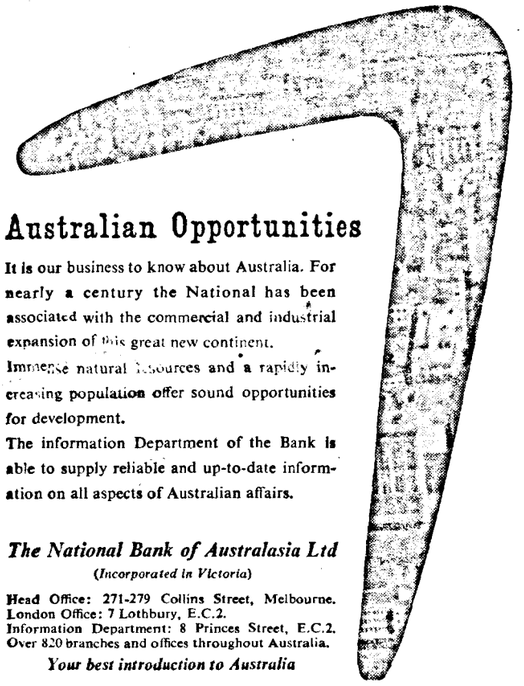
Tons Milled.....897,000. Gold produced 345,579 Ozs. fine.

		Per ton milled.
Working Revenue	£4,335,521	£4 16 8
Working Expenditure	2,544,237	2 16 9
Working Profit—from Gold, etc.	1,791,284	1 19 11
Working Profit—from Uranium (subject to adjustment)	1,059,471	1 3 8
Total	2,850,755	£3 3 7
Expenses *less* Sundry Revenue	128,714	
	2,722,041	
Taxation	172	
Profit after Taxation		£2,721,869
Transfer for Expenditure on mining assets and trade investments	1,276,420	
Repayment on account of capital portion of Uranium Loan	260,114	1,536,534
Balance of Income and Expenditure Account at 30th June, 1956		£1,185,335

The Ore Reserve was re-estimated as at 30th June, 1956. This estimate together with that of the previous year, is as follows :—

Reef	Available			Shaft and Safety Pillars			Total		
	Tons	Value Dwt.	Width Inches	Tons	Value Dwt.	Width Inches	Tons	Value Dwt.	Width Inches
Basal	1,790,000	8.5	84.3	149,000	8.2	86.9	1,648,000	8.6	84.5
Previous year ...	931,000	8.0	87.9	126,000	6.7	66.2	1,057,000	7.8	85.8

The full Report and Accounts may be obtained from the London Secretaries, A. Moir & Co., 4, London Wall Buildings, London, E.C.2.



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*
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RESERVES EXCEED £1,970,000
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223-227, REGENT STREET, LONDON, W.1
PHONE: REGent 7282
Branches throughout the Country

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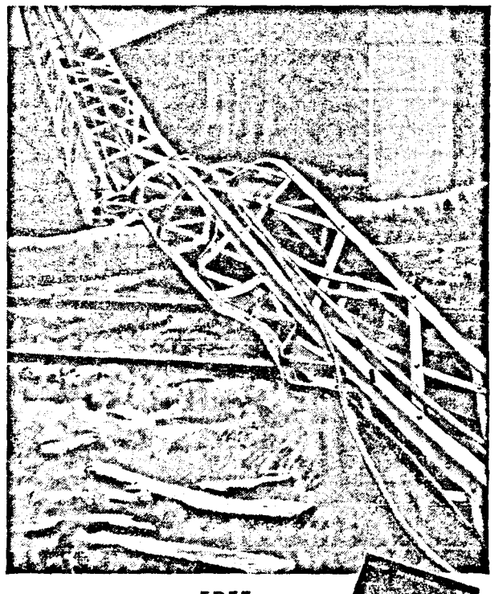

WHEN the derricking clutch of this electric derrick crane broke, the jib, no longer under control, crashed with considerable damage to the owner's property.

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

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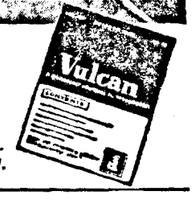

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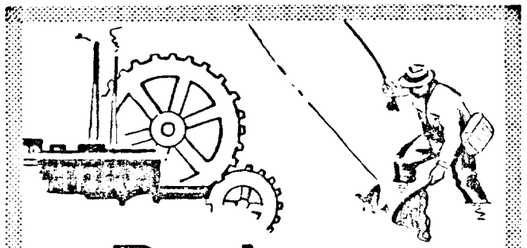

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OSLO, Norway — Telegrams: KREDITKASSEN

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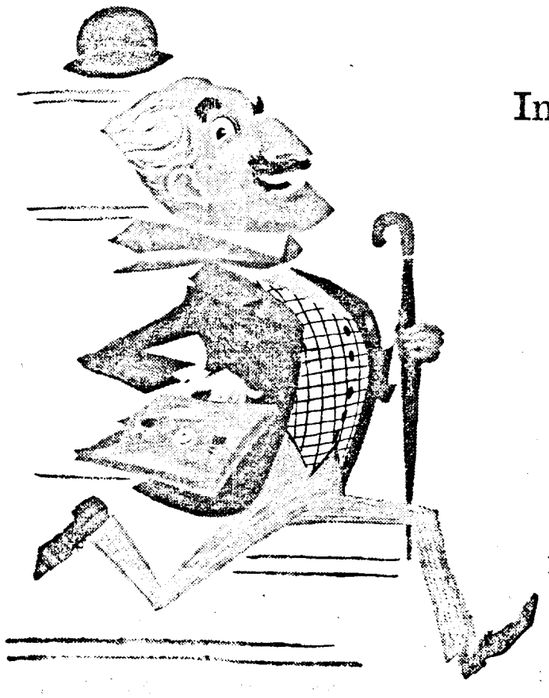

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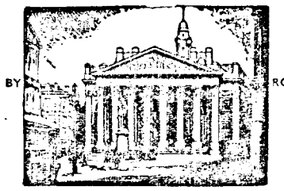
INCORPORATED BY  ROYAL CHARTER 1720

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Governor
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CVS-415

ZIM ISRAEL NAVIGATION COMPANY LIMITED

Haifa, Israel

The Annual General Meeting of Zim Israel Navigation Company, Limited, was held recently, and the following are details of the report presented by the Board of Directors:

The Zim Israel Navigation Company, Limited, is Israel's principal sea transport organisation, and the Group includes the following companies:

Subsidiary Companies.—Shoham Maritime Services Limited; M. Dizengoff and Company Limited; American Israeli Shipping Company Inc., etc.

Associated Companies.—The Israel Shipyards and Engineering Works "Hayama" Limited; El-Al Israel Airlines Limited; "Delek" Israel Fuel Corporation Limited, etc.

On the Mediterranean Line the Company maintains sailings between Haifa-Genoa-Marseilles-Naples-Haifa, and on the American Line there is one sailing every three weeks between *Haifa* - Naples - Malta - Gibraltar-Halifax (Canada)-New York.

Cargo ships serve Cyprus, Turkey, Greece, Trieste, *Genoa*, Marseilles, *Sicily*, Spain, Portugal, France, Britain, Belgium, Holland, Germany, Poland, the Scandinavian countries, the United States (Northern and Southern ports), Canada, West Africa, East Africa, South Africa, South East Asia, the Far East, USSR, Rumania and Bulgaria.

The policy initiated in 1954 of disposing of the older ships was continued in 1955, when four cargo vessels were sold and delivery was taken of eleven new ones, built to the Company's order within the framework of the Restitution Payments Agreement, including s.s. *Israel* and s.s. *Zion*, two liners for the US run, and a 18,700-ton tanker.

The delivery of two new 10,000-ton passenger liners now under construction, the s.s. *Theodore Herzl* and her sister ship in the spring and summer of 1957, should enable the Company to dispose of one or two of its existing passenger vessels.

EXPANSION

The first real expansion of the Company's fleet will now take place, following the renewal carried out during the last few years.

The new ships so far approved consist of:

Two cargo ships of 14,500 tons deadweight each;

Three cargo ships of 1,500 tons deadweight each;

One tanker of 18,500 tons deadweight;

Two small refrigerated ships of 500 tons deadweight each;

One gas tanker of 350 tons deadweight.

Furthermore, to cope with increasing bulk exports, and with the import of bulk cargoes which hitherto have been carried to a very large extent by foreign flags, the Company will certainly need to add to the number of large ships at its disposal.

PASSENGER TRAFFIC

During 1955, the number of passengers carried on the Company's vessels (approximately 30,000) remained almost the same as in the previous year.

Zim's share in the country's seaborne passenger traffic was 60 per cent as in 1954, but if the Turkish traffic, in which the Company does not compete, be eliminated, the percentage rises to 66.

CARGO BUSINESS

The total cargo tonnage carried by Zim ships during 1955 (681,500 tons) fell by 12 per cent in relation to 1954 (775,000 tons). The cargo carried on chartered ships also recorded a slight decrease (1955—142,000 tons; 1954—157,000 tons).

Net profit for the year, after charging depreciation of IL.2.5m. and interest of IL.1.1m., amounted to IL.671,001, which, with the balance of IL.685,257 brought forward from the previous year, made a grand total of IL.1,356,258 available for distribution. After making various provisions, it is proposed to distribute dividends of 7 per cent on preference shares, 6 per cent on ordinary shares and 1 per cent on deferred shares, leaving a balance of IL.712,575 to be carried forward.

The report, the accounts and the proposals put forward by the Board were adopted.

MANAGING DIRECTORS

Mr Joseph Barpal, Mr Shlomo Eisenberg, Dr Naftali Wydra, Mr Zwi Yechieli.

A. C. COSSOR

SEVERE EFFECT OF RESTRICTIONS

The eighteenth annual general meeting of A. C. Cossor, Limited, was held on October 5th, in London.

In his circulated address, The Most Honourable The Marquess of Exeter recalled his warning last year that the return of Government restrictions on the sale of television and radio sets might prevent the Company from reaping the full benefit of increased factory capacity which had been allocated to that side of their business in view of the falling off in the requirements of the Services for equipment. That was, in fact, what happened, but the imposition of still further restrictions rendered the effect on the Company's business much more severe than the Board then feared might be the case.

The accounts showed that the Company had sustained, not merely a reduction in profits, but actually a loss. The Chairman said that the reversal in their fortunes had arisen almost entirely from the operations of the Parent Company itself. The trading subsidiaries, with one minor exception, did well during the year.

The cancellation of Government contracts exceeding £6 million left a large gap in the Company's production programme, and their attempt to keep their factories full by a greatly increased television and radio programme was not successful. The Trade Unions had again extracted from the engineering and other industries another large wage increase. This not only put up the Company's operating costs, but brought an all-round rise in the cost of many materials and components. The lower profit margin and decline in turnover had entailed the painful business of discharging about one-third of the Parent Company's total personnel.

The Chairman outlined the efforts which the Board were making to improve the Company's position both in traditional and new fields.

The report was adopted.

CALCUTTA TRAMWAYS COMPANY, LIMITED

RECORD TRAFFIC RECEIPTS

The annual general meeting of the Calcutta Tramways Company, Limited, was held on October 9th in London.

Mr D. E. Webb, FCA, the chairman, in the course of his speech, said: The accounts for the year ended December 31, 1955, show a continuation of the improved conditions of the previous year. The period was once more free from major incidents and, as a result, it has been possible to strengthen the company's position still further.

The popularity of the trams was once more evinced by the increase in the number of passengers carried to a total of 584 million. In order to achieve this figure, each tramcar in service had to run about one hundred miles a day through crowded streets, continually stopping and starting, and it is a matter for congratulation to our engineers and workshop and depot staffs that they not only keep the trams in first-class mechanical condition, but present them to the public in a condition of cleanliness comparable with the best of those in any world capital.

Traffic receipts, which amounted to £1,891,939, were a record in the company's history and were a direct result of the increase in confidence of the travelling public as a result of the absence of major disturbances. At the same time expenses rose by some £40,000, of which increased payments to the staff in India amounted to £23,000. After charging London Office expenses, setting aside £80,000 to Renewals and Replacements Account and including £10,331 expenditure on Development Account, the balance carried to Revenue Appropriation Account was £206,018 compared with £189,639 in the previous year.

An interim dividend on the Ordinary shares of 3½ per cent free of tax was paid in March, and your Board now recommend the payment of a final dividend of 5 per cent, free of tax, making a total for the year of 8½ per cent, free of tax, compared with 7½ per cent, free of tax, for the preceding year.

The expenditure on Renewals and Replacements Account amounted to £102,495 and has exceeded the allocation of £80,000 as foreshadowed last year. The liquid cash position has further improved to a more satisfactory level.

NEED FOR FARE INCREASE

Once more I would reiterate how badly we need an increase in fares. There is still a feeling in Calcutta that increased fares will mean increased profits for the shareholders. One cannot repeat too often that the amount available for shareholders is fixed under the agreement with Government. Even if the surplus on running the undertaking were to increase tenfold the amount available for the shareholders would not increase by one rupee. Any increase in the surplus can only accrue for the benefit of the Government and the people of Calcutta. One of the great objects behind the agreement with Government was to ensure that never again would an increase in fares be questioned on the grounds that it would benefit the shareholders. Such an increase, when necessary, can only result in a surplus to be used in improving and modernising the undertaking and alleviating the travelling worries of the public.

The results of the current year to date are comparable with those under review.

The report and accounts were adopted.

APPOINTMENTS

UNIVERSITY OF GLASGOW

ASSISTANTSHIP IN POLITICAL SCIENCE

Applications are invited for an Assistantship in Political Science. Salary scale: £550-£650. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (3 copies) should be lodged, not later than October 31, 1956, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

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METALS DIVISION
requires an
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for the Swansea factory of the company. The successful applicant will be responsible for the establishment of the Section of the Division's Education and Training Department, and will assist in developing a complete scheme of education and training schemes. In the first instance, emphasis will be placed on operative and general shop-floor training.

Applicants, preferably between 28 and 40 years of age, should possess a degree and some industrial experience is desirable.

A generous commencing salary is offered and the company operates both a contributory pension fund and a profit-sharing scheme. On joining the staff, a married man would receive a reasonable refund of removal expenses.

Apply, in writing, for application form, to the Staff Manager, Imperial Chemical Industries Limited, Metals Division, Kynoch Works, Witton, Birmingham 6, quoting D.D./E.

THE UNITED KINGDOM ATOMIC ENERGY AUTHORITY

ANNOUNCE TWO SENIOR ENGINEERING POSTS

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Post Ref. 1294/231. Responsible for the design of a wide range of complex equipment for Service and Trials use. Experience in handling a large team of professional engineers and draughtsmen is essential, combined with a comprehensive knowledge of electrical and electronic and mechanical development over a wide field.

Applicants must have a degree in Engineering or equivalent qualifications.

Post Ref. 1295/231. Responsible for control of manufacturing services including large high precision mechanical and electronic workshops, and the utilisation of the resources of industry. Applicants must be capable of leading a large team of mechanical and electrical engineers and must have had considerable experience in controlling a large industrial force.

A degree in Engineering or equivalent qualification is required.

Salaries in the range £2,500 to £3,000.

Contributory Superannuation Scheme. Modern houses with garages available, or assistance towards legal expenses in house purchase.

Please write to J. R. V. Dolphin, Esq., Chief Engineer, through Chief Personnel Officer, A.W.R.E., Aldermaston, Berks, stating the reference number of the post in which interested.

THE G.K.N. GROUP OF COMPANIES

An experienced mechanical engineer is required at the steel and engineering works of Guest, Keen, Williams, Private Ltd., in Calcutta.

Candidates should be aged between 30 and 40 and must be graduate engineers or have served a full engineering apprenticeship. This is a permanent post carrying great responsibility. The selected candidate will in the first instance be required to assist in carrying out a large development scheme. The post carries excellent prospects and salary and conditions offered are in keeping with the exceptionally high standard required.

Applications, which will be treated in strict confidence, should give full details of age, qualifications and career to date, and should be addressed to The Group Personnel Officer, 66 Cannon Street, E.C.4.

AGRICULTURAL RESEARCH COUNCIL require an Assistant Statistician in their Unit of Statistics, University of Aberdeen. Degree in Science or mathematics and some knowledge of statistical techniques desirable. Younger candidates with G.C.E. (advanced level in mathematics) or equivalent can be considered. Appointment as Assistant Experimental Officer (£350-£755) or Experimental Officer (£875-£1,075) grade according to age and experience. Contributory superannuation scheme. —Applications, with names of three referees, to the Secretary, Agricultural Research Council, 15 Regent Street, London, S.W.1, within two weeks.

ORGANISATION AND METHODS TEAM LEADER, based on Sheffield, required by N.E. Division of N.C.B. The work entails efficiency studies in a large scale organisation and offers considerable scope for men with progressive ideas and initiative. Salary £1,085-£1,475; good conditions of service. Previous O. and M. or similar experience essential; an accountancy qualification an advantage. Apply to Staff Director, N.C.B., Holmwood House, Ecclesall Road South, Sheffield 11, within 14 days. Mark envelope "Staff Vacancy."

RESEARCH OFFICER required to assist study group on project on "Budgetary Practices in Public Authorities." Duration 2 years. Research experience important; some knowledge of financial administration desirable but not essential. Salary in range £750-£900 according to qualifications. Royal Institute of Public Administration, 76A New Cavendish Street, London, W.1.

ADMINISTRATIVE ASSISTANTS (male) for Granada TV Network Ltd. Company Directors. Previous administrative and/or commercial experience essential. Required sometimes to work long and irregular hours in London and/or Manchester. Good prospects, superannuation scheme, five-day week, salary according to qualifications.—Write, giving age, present salary and fullest particulars of previous experience, to Managing Director, 36 Golden Square, London, W.1.

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London advertising agency has vacancy with attractive prospects for a young executive with some years' experience of the broader aspects of marketing, including product presentation, sales promotion and advertising. Good education (university graduate preferred), imagination and a capacity for hard work are desirable attributes. —Please write fully to Box 531.

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invites applications from consultants with experience in making surveys and advising on costing, work study, clerical methods, planning and programming, and capable of taking charge of, and developing, the existing Advisory Service for the Building Industry. Experience in supervising and directing the work of specialist consultants is essential. Work involves an appreciable amount of travel in the U.K. Salary according to age and experience. Contributory Pension Scheme.—Write, giving details of age, education, experience and present salary, to the Director of the Federation, at 82 New Cavendish Street, London, W.1.

Applications are invited for a

SENIOR APPOINTMENT

in the Secretary's Department of
RICHARD COSTAIN, LTD.,
111 Westminster Bridge Road, London, S.E.1.

Candidates should be aged 30-45 and possess one of the following qualifications:—
A.C.A., A.C.I.S., A.C.W.A. or A.A.C.C.A.
Experience in qualifying must include at least five years in the Secretary's department of a group organisation. A sound knowledge of U.K. Taxation is necessary.

A commencing salary of up to £1,300 per annum will be offered.—Applications should be addressed to the Chief Personnel Officer.

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Candidates must be graduates, hold a professional qualification, and have experience in one or more of these fields: marketing, production, accountancy, finance or personnel administration.

Candidates must be able to deal effectively at top executive level; after training must be able to plan and carry out assignments without detailed supervision. Knowledge of French, Spanish or German an advantage. Age 28-35. Starting salary $6,000 to $12,000 according to qualifications. Policy of promotion from within. Travel in U.S. and overseas not excessive.

No information will be passed to our client without candidate's permission at interview. Please send brief details, in confidence, to P. J. H. Frye (ref. 1577), Management Selection Limited, 8 Clarges Street, W.1.

LARGE-SCALE INDUSTRIAL ORGANISATION on Tyneside requires an able man to head and develop their Organisation and Office Methods Department. Applicants should have a good University Degree and/or professional qualifications and should preferably have experience of consultancy work. The post is pensionable and the salary will be in the range of about £1,700-£2,250, depending on qualifications and experience.—Replies by October 27th to Box 529.

SMALL South Coast Company offers a unique opportunity to a young man of good education and personality with Engineering background (preferably with some D.O. experience) as Works Management Trainee. A man is required prepared to work hard in order to achieve Management Status and rewards in due course. Clock watchers and any who think the world owes them a living need not apply. Write, in confidence, giving full particulars of age, education, previous training, experience, and starting salary required, to Managing Director.- Box 539.

CHARTERED ACCOUNTANT/COMPANY SECRETARY required by international firm of Wool Merchants with head offices in Bradford. The position entails full responsibility for the financial side of the firm's business which requires close co-operation with Merchant Bankers and experience of Foreign Exchange Transactions. Applicants should preferably have an economics degree and possibly a certain amount of legal background and should be under 40. Salary is dependent on ability and experience.—Apply, Box 536.

RICHARD THOMAS & BALDWINS LIMITED invite applications from men 24/30 years of age for a position in the Economics and Market Research Department, London, dealing with market analysis, forecasts and economic problems related to the iron and steel industry. Qualifications required are a degree in Economics/Statistics, or practical experience in this type of work.—Apply Central Staffing Department, 47 Park Street, W.1.

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GENERAL Manager with prospects of early promotion to Board level required for Chemical and Plastics business in north-west area. Need not be a graduate scientist but must have had experience in administration in chemical business. Age 35-45. Salary range £2,500-£3,500.—Write, Box 535.

LIFE Office has a vacancy in its Investment Department for a young man (25 to 30) with practical experience of analysing and handling Ordinary Shares. Success in some actuarial examinations an advantage. Write, stating age, experience and present salary.—Box 538.

MARKETING: Leading International Advertising Agency requires experienced Marketing Executive. Knowledge/experience grocery and/or pharmaceutical markets. Work entails preparation of market analyses, merchandising plans for consideration by top management. Selling experience an advantage. Apply, stating age, present salary, etc., to Box 542.

FINANCIAL house of high standing requires an executive at director level; age 35-40, thoroughly experienced in banking and money market matters; no capital required; opportunity quite exceptional.—Box 537.

APPLICANT, early forties, with top-level managerial experience in export and home market spheres in internationally known organisation, seeks change after twenty-five years' service, on personal grounds. Widely travelled and interested in executive position where initiative and drive appreciated with prospects board appointment. Salary range £2,750-£3,000.—Replies in confidence to Box 533.

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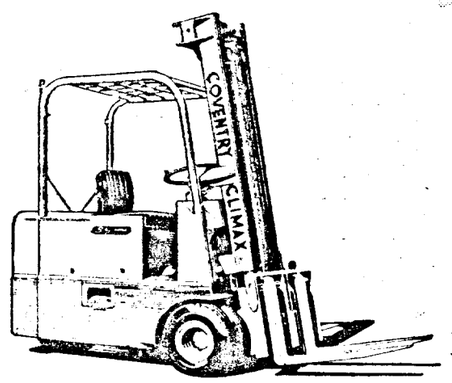

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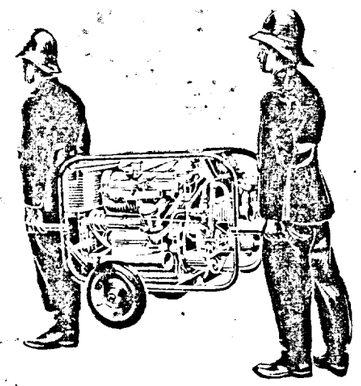

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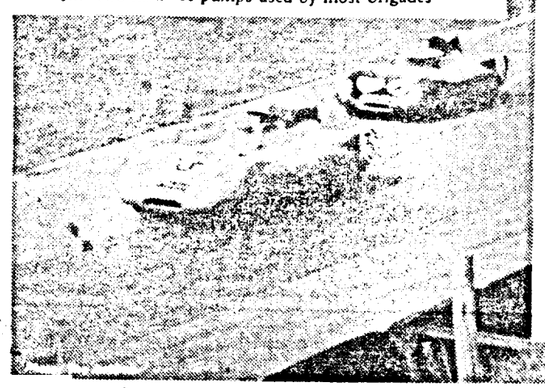

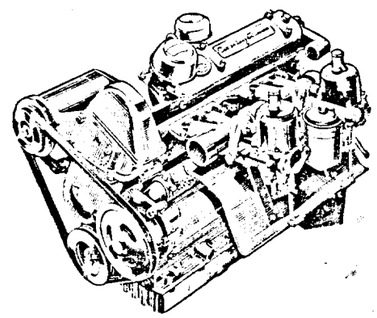

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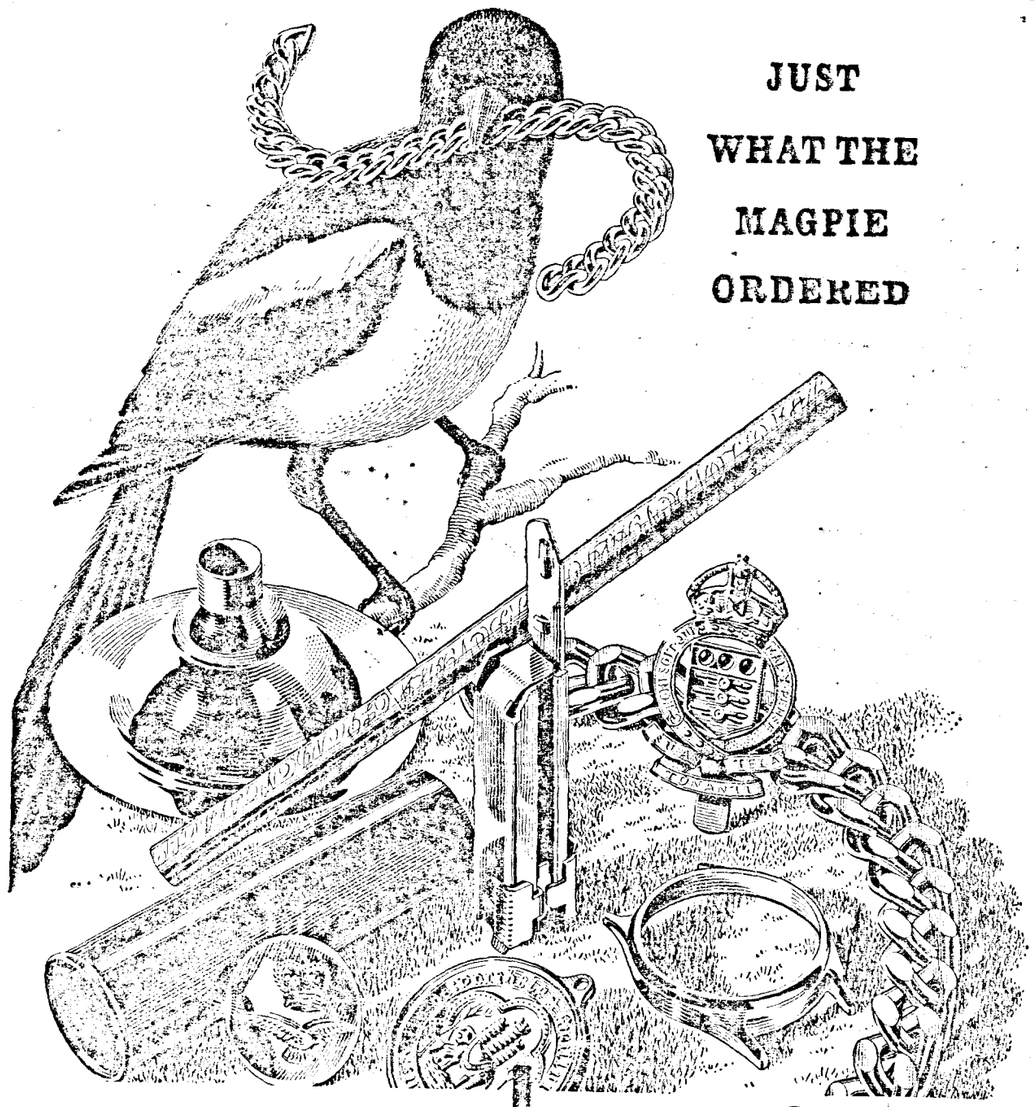

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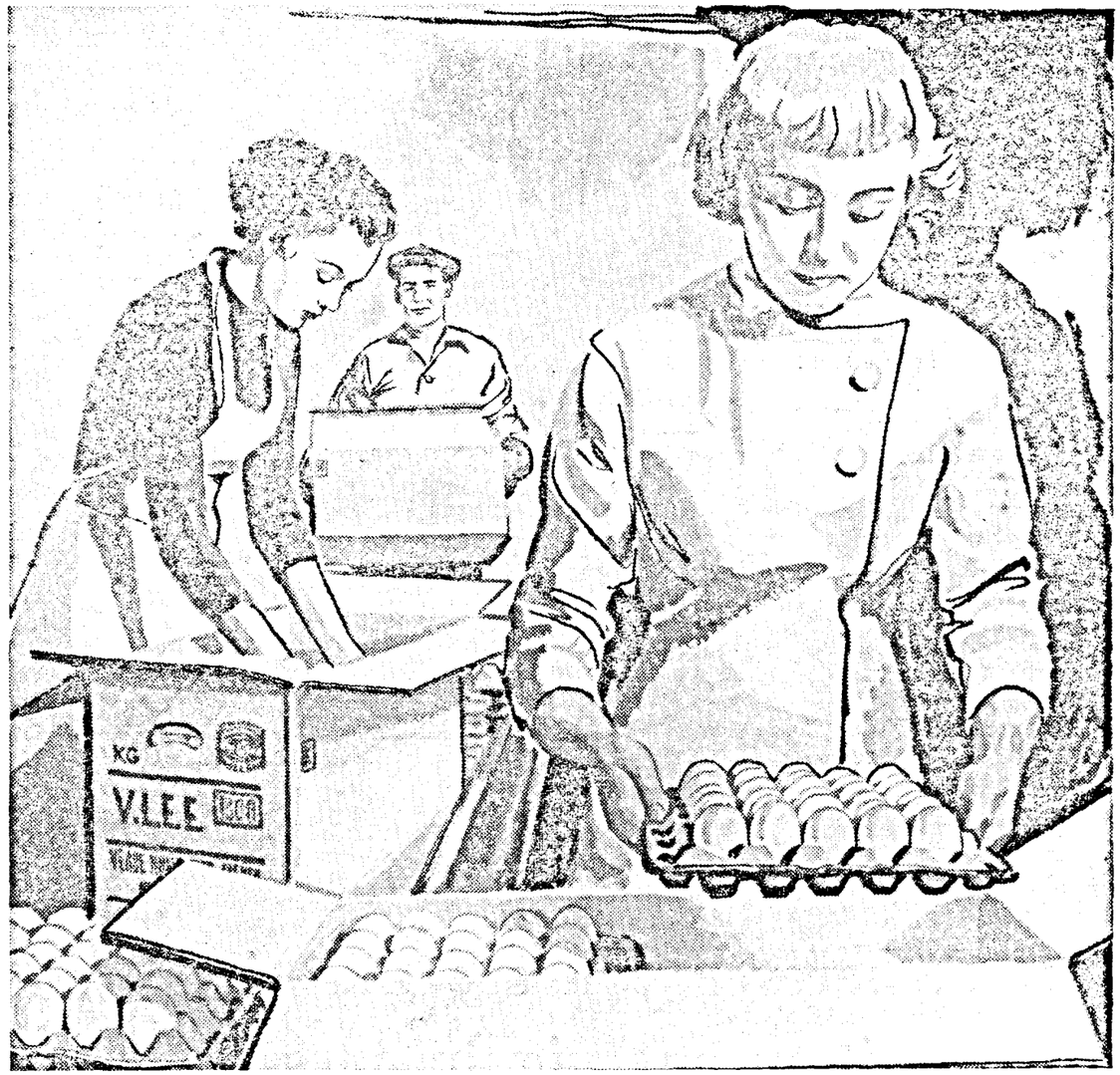

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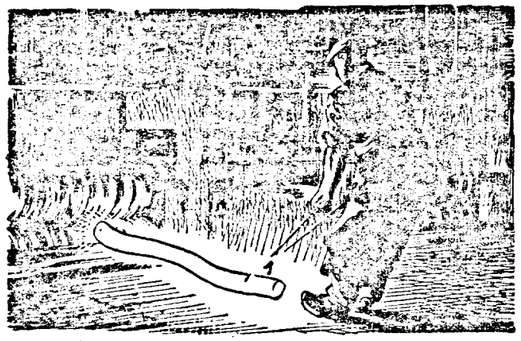

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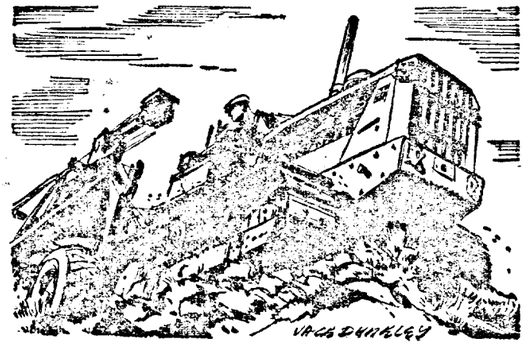

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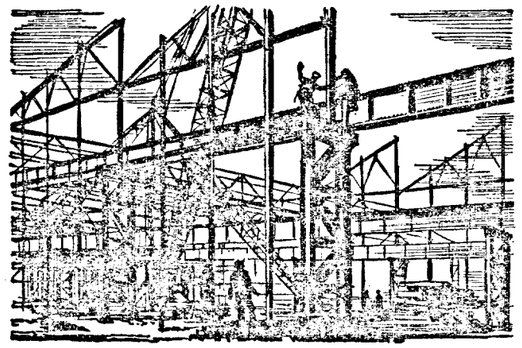

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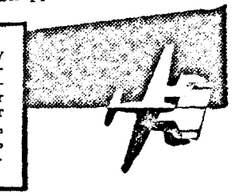

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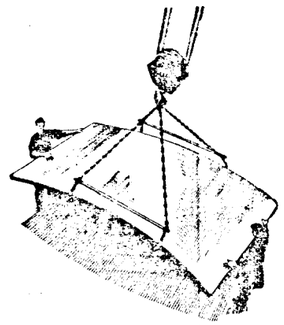

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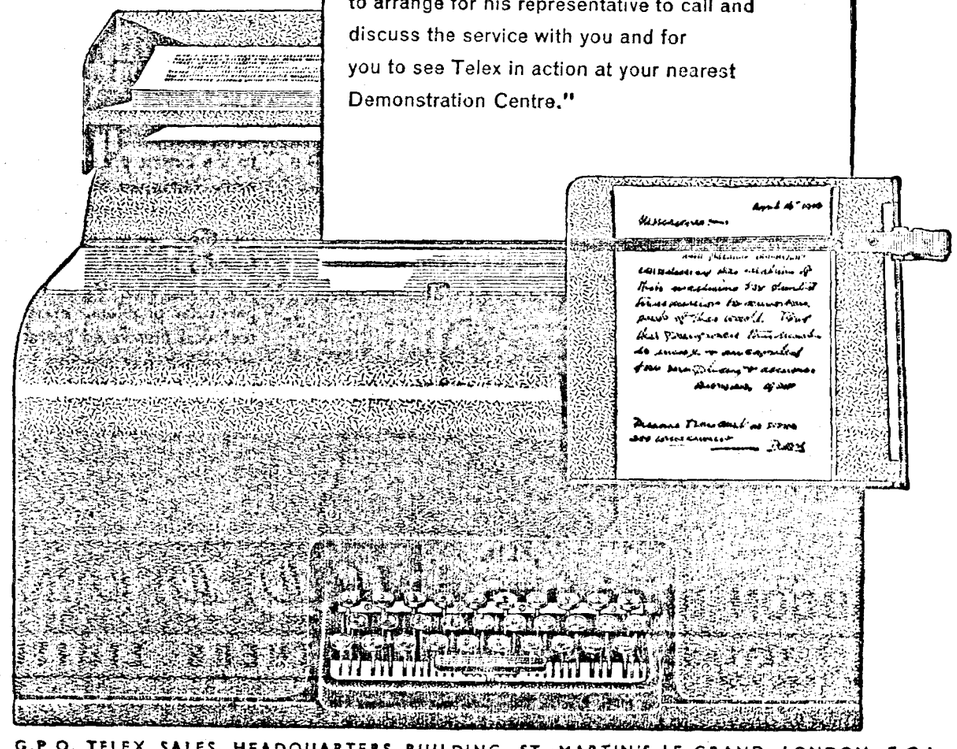

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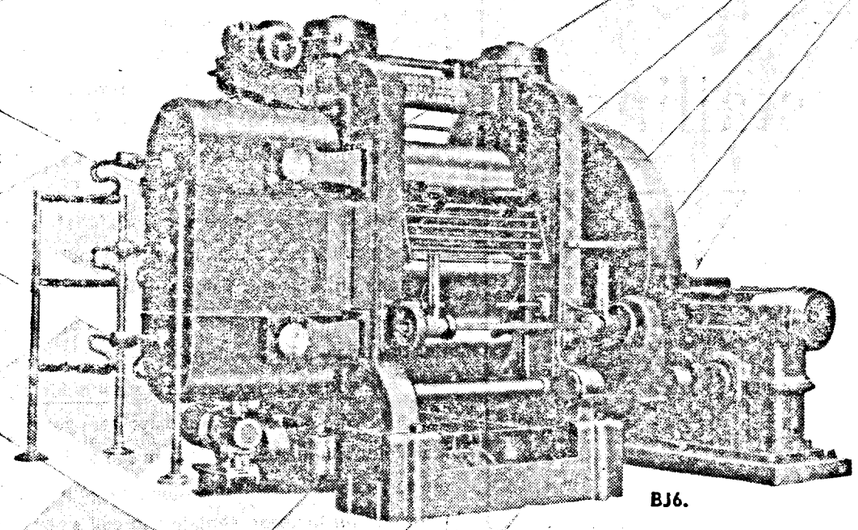

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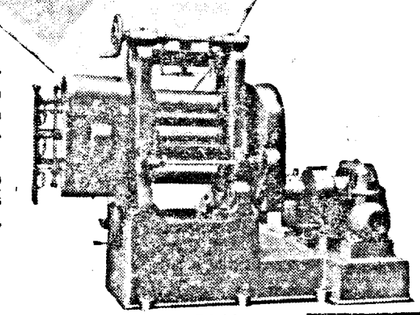

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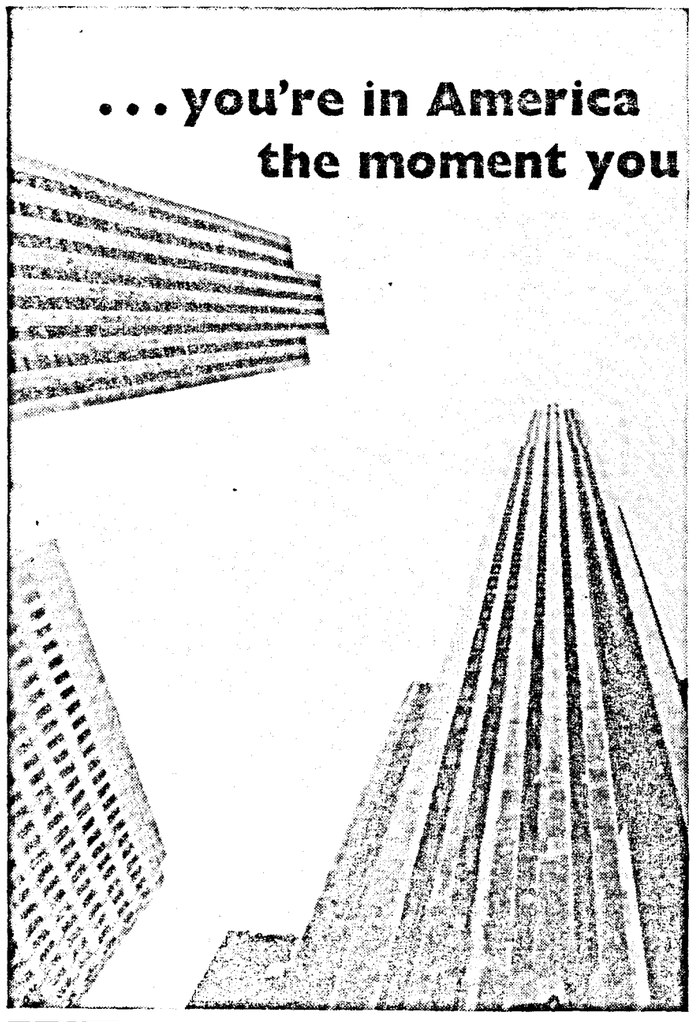

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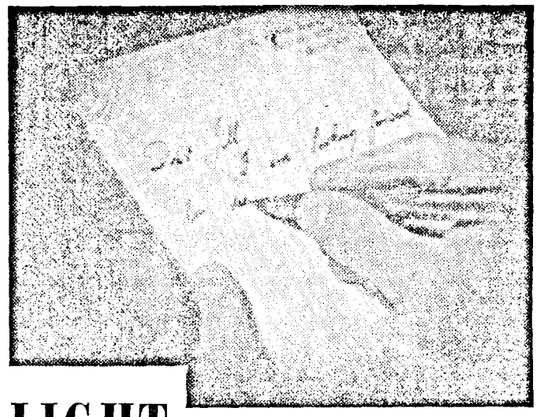

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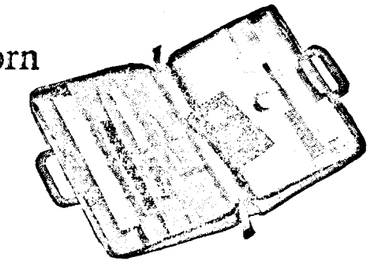

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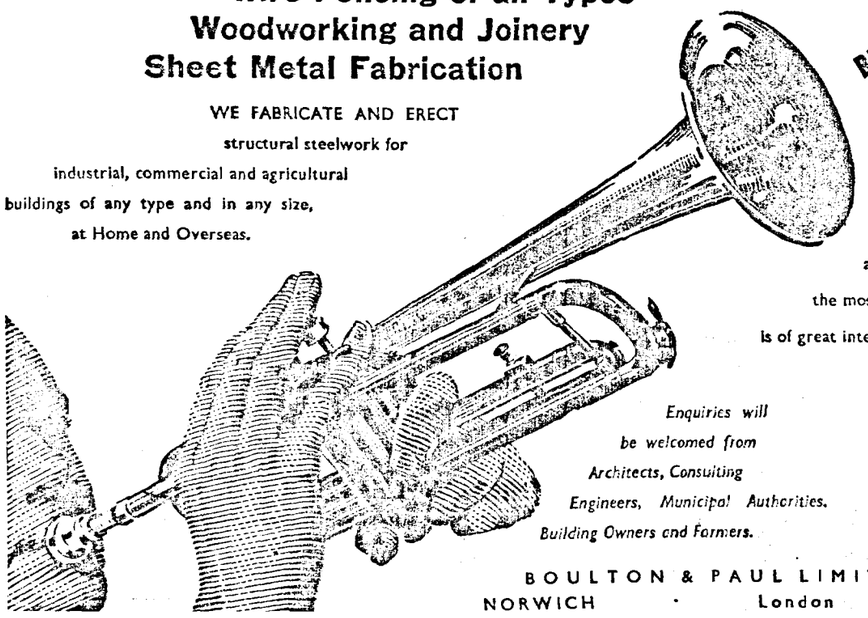

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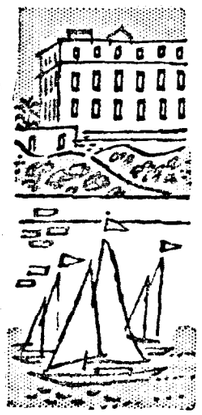

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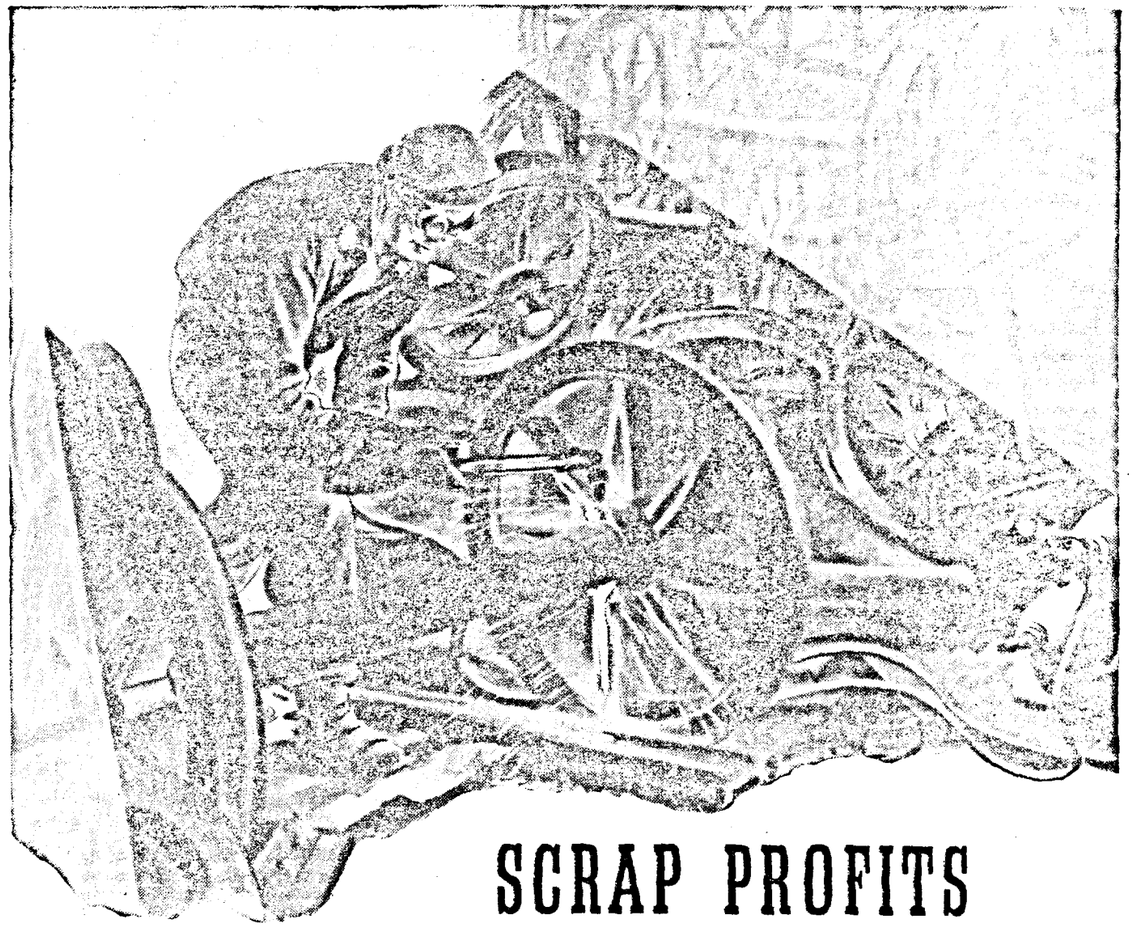

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eleven Security Council members. True, the first and unanimously accepted half of the resolution, the "six requirements" worked out in private meetings with Mr Fawzi through Mr Hammarskjöld's good offices, is vague. What they will mean in practice will depend on how they are interpreted. Still, the second (vetoed) half of the resolution contained an interpretation. It said plainly enough that the eighteen-power proposals meet the six requirements, and asked Egypt for proposals offering guarantees "not less effective."

President Nasser can choose whether or not he will comply with this vetoed request for equivalent guarantees; he is under no legal compulsion; in the face of the Soviet veto the machinery of the United Nations cannot be used against him. In practice, however, the task of bringing about further talks is left in Mr Hammarskjöld's hands, and a plain obligation is placed on both sides to co-operate in arranging the talks and, when they start, to engage in them in good faith. Serious negotiation has become virtually unavoidable.

All the same, a settlement is still much too distant for its probable outlines to be descried. The hardest-fought point in the negotiations, when they come, promises to be the third of the six agreed requirements:

> The operation of the Canal should be insulated from the politics of any country.

This, though it has been called the "teeth" of the six points, is capable of widely divergent interpretations. Does this mean that the operation of the canal should be taken out of Egyptian hands and put into the hands of an international body? Plainly the Egyptians will not freely give way to that extent. They can argue that plenty of institutions in many countries are "insulated" from politics, more or less, without international boards of control—as is apparent if the New York formula is read again with, say, the term "BBC" substituted for "Canal."

The users will be thrown on their own resources of argument and pressure to make their view prevail. They may have to be content with something less than international operation of the canal. Mr Walter Lippmann, contemplating the practical snags of an international operating agency, wondered this week "whether we are not well rid of it." Well rid or not, the proposal dates from the phase of the dispute when maximum, not minimum, demands were being stated. If efforts are to be concentrated on a negotiated, not an imposed, settlement that will satisfy the users' indispensable requirements, then the practical target must be much as Mr Lippmann states it: "a treaty that sets up a regime under which the Egyptian authority will operate," defining a code of rights and duties, with an agency on the spot representing Egypt and the users, able to adjudicate on disputes and grievances.

Such a treaty would not take the canal out of Egypt's hands—what can?—but it would serve the essential purpose of ensuring that any future Egyptian transgression there will take place not in the undefined borderland between sovereignty and international law, but on ground plainly demarcated by treaty. But if the users' sights are lowered to this extent, the Canal Company's right—full compensation and a just and orderly settlement—needs more vigorous assertion than the British and French Governments, preoccupied with the wider political menace of President Nasser, have yet given to it. If investment in the under-developed countries is to go on, such rights need to be upheld.

Time, it is often said, is on the Egyptian side in the Suez dispute; but it should be remembered that President Nasser, the young man in a hurry, suffers two heavy disabilities so long as he remains in a state of dispute with the users. He is losing a large part of the canal dues which he had calculated on diverting to his own ends, whether domestic development or military aggrandisement. The users' association should pluck up its courage and see to it, as it can, that no profit reaches Egypt so long as the dispute is unresolved. Further, such military power as he commands is neutralised by the Anglo-French forces in the eastern Mediterranean. What is happening to his aspiration to build the super-state of pan-Arab dreams? His resources are tied up and, now that Jordan is threatened by Israeli pressure and internal disintegration, he is powerless to intervene there by military or economic means. Only one weapon, his political grip on popular feeling in the Arab world, remains as strong as ever.

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Yet the vacuum in Jordan, the sick man of the moment in the Arab world, offers no cause for British complacency, but merely serves to underline the appalling fragility of the British position in the Middle East. A strong presumption exists that the scheme to move Iraqi troops into Jordan had as its real purpose less the defence of the frontier against Israel than the protection of the Hashemite kingdom against its internal opponents. No doubt the two aims are related, since a state incapable of governing its people is hardly in a position to police its frontiers, either. The Jordan government, however, proved to be too weak or too mistrustful, or both, to agree to the entry of Iraqi troops when the time came a few days ago. If it is so weak now, it is hard to see how it can survive tomorrow's elections unshaken.

Britain's treaty commitments to the Arabs, its failure to stem the adverse flow of Arab feeling, and its dispute with Egypt, have together produced a position in which British action threatens to defeat itself. Iraq, Britain's ally in the Baghdad pact, is not being permitted to fill the vacuum in Jordan. Egypt for the moment is debarred from filling it by the Anglo-Egyptian confrontation over Suez. The British government has felt obliged to reassert its readiness to defend Jordan against Israel, if the Israeli pressure mounts to the point of full aggression. But for how long can Jordan be counted upon as a British ally? Here is a pledge which it would be disastrous to have to fulfil.

Conservative Counter-Attack?

THE most important feature of the Conservative conference was not the middle-class revolt which did not come off—the reasons why it did not are discussed in an article on page 216—but the wide range of policy decisions that were either announced or presaged during it. Too many of us had forgotten before Llandudno that Mr Butler has now been the Conservatives' re-thinker without portfolio for ten months, and that is a long time for Mr Butler to be broody. To an extent that does not seem to have been sufficiently noted, some parts of this brood have now been revealed, both in the ministerial statements from the Pier Pavilion and in Mr. Butler's own remarkable speech at the Conservative Political Centre meeting at Llandudno Town Hall. They suggest that the Conservatives have a new programme of varied parts, and quite specific points. It is a programme that is going to need a lot of discussion—and perhaps in places quite a lot of criticism—in the next few months. But, as a preliminary, let us at least try to unravel what the programme is.

First, Mr Butler told the Conservative Political Centre that the party was "looking again at some of the proposals . . . in our Workers' Charter of 1947"; and next day Mr Macleod uncovered one of these in his proposal for establishing for every wage earner in industry, "if necessary by legislation," a contract of service—which means a right to adequate notice before dismissal ("adequate" being defined according to the length of the particular worker's service to his firm). There need be no argument about the principle of this; it is the normal principle of a good employer. But the immediate aims behind the proposal seem patent: partly to persuade the unions that this year they should concentrate on increased "fringe benefits" rather than on increased wages, and partly to advertise a new Tory political initiative in the trade union field. One has had some hopes that union resistance to the first aim might be decreasing, but (Mr Cousins's party political attitudes being what they are) it is not entirely certain that Tory attachment to the second aim will help.

Secondly, the proposals for freer trade with Europe—although these, it should be noted, are not a Butlerite initiative—are going to play a very large part on the political stage in the next twelve months. Ministers were noticeably cautious at the conference about the form the freer trade arrangements will take: "I hope we shall always reserve power to deal with balance of payments difficulties," said Mr Butler in a pregnant reference to this problem—a reference that served as a reminder of reports that Mr Butler may be afraid that a D-mark problem, in some ways analogous to the familiar dollar problem, may loom ahead for this country. But although Mr Butler—together, possibly, with the Colonial and Commonwealth Relations Offices—does not seem to be in the vanguard of this reform, there is little doubt that the Government intends to go forward with it, and that this will flutter more industrial dovecotes than industry yet realises. Incidentally, the Restrictive Trade Practices Act, which comes into force next month, may be going to cause some fluttering, too.

Thirdly, there were more hints at Llandudno that the Government regards the long-term review of agricultural policy as an exceedingly important affair. Mr Heathcoat-Amory did no more than indicate again his preference for direct grants rather than price guarantees, and his dislike of his "annual wrangles" over prices with the National Farmers' Union—neither of which points is very surprising. But Mr Butler, in his CPC speech, after laying particular emphasis on the value of farmers' co-operatives, said that the Government would like to see farmers manage more of their own affairs. It is to be hoped that this does not mean that the Government is going to encourage the formation of more producers' marketing boards; there were disturbing hints that it might. Another suggestion which has had some airing behind the scenes, however, is that, while Parliament should continue to decide how much it is ready to grant for agricultural subsidies—over, say, a five-year period—some body representative of farmers might be allowed most of the say in allocating it. There is no real indication that the Government is prepared to take this suggestion seriously, and it would of course spell the end of official planning of agriculture's productive effort; but it would be better to let farmers spend their subsidies as they like, rather than allow marketing boards to rig prices as they choose.

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Fourthly, those old bugbears of the Conservative conscience—excessive expenditure on the nationalised industries and extravagant expenditure on local government—were the subject of several references at the conference. Mr Butler not only laid considerable emphasis on the role of the new select committee on the nationalised industries, but also announced that the Conservative Party was setting up an additional watchdog committee of its own. This sounds rather frightening; if there could be a body worse fitted than the House of Commons to discuss the day-to-day problems of any industry's management, it would be a body wrested from the rumbling bowels of the Conservative party. But the hope must be that the Conservative committee is going to turn its main attention to problems of finance, rather than of expenditure; Mr Macmillan promised last April that the present system of finance, by direct loans from the Exchequer below the line in the budget accounts, will be used for an interim two years only. As for local government, both Mr Butler and Mr Sandys promised that the white paper on its finances will be published before the end of this year; and Mr Sandys's parliamentary secretary said that the true conservative principle was that local

authorities should not only have more direct control over spending in their own field, but also that they should raise more of their own revenue. This could clearly be the presage of a very important change indeed in Britain's financial, and local democratic, system. The Government should be urged to be radical about this.

Fifthly, education attracted more attention at the conference than the bare report of the speeches made there might suggest. Sir David Eccles was allowed only one contribution, replying to a motion about fee-paying schools. But Mr Butler—again, the passage is from his CPC speech—went out of his way to say that, when he had brought in his 1944 Education Act, he had never envisaged that he was "laying down inflexible laws about the date at which children should move irrevocably into one or other of the secondary choices"; he had "always thought that there should be much elasticity of choice and provision for later transfer, at least between the ages of 11 and 13," and had "never minded the idea of experiments in different types of schools." There might be a hint here of a coming Tory attempt to steal at least part of Labour's clothes.

All this is quite a programme. To it must be added such other major measures as Mr Sandys's scheme of rent reform (which was discussed in these columns last week), and the Bill to allow the establishment of betting shops (which was not discussed at Llandudno); together with such slightly lesser measures as the Gower proposals for regulating working conditions in shops and offices ("we shall have to our credit," said Mr Butler, "legislation such as Shaftesbury would be proud of"), and Mr Boyd-Carpenter's promised bill to allow pensioners, at present caught by the earnings rule, to "de-retire" and earn pension increments for subsequent retirement at the age of 70. For later action, too, Ministers laid great emphasis on their determination to tackle the whole problem of compulsory purchase once the Franks Committee has reported; and "at the proper time," said Mr Butler, "we may well have to examine the composition of the House of Lords."

There seems to be enough material here not merely to fill the Queen's Speech that will open the new session in two and a half weeks' time, but also to engage the two other remaining sessions that can be expected in this Parliament. It is evidence that the Conservatives' system of delegating their re-thinking to Mr Butler in private has brought a quicker harvest than Labour's system of delegating its re-thinking to committees producing reports in public. If one reads the signs aright, the real message of Llandudno was not "more Conservatism more quickly," but "more Butlerism more briskly." That could be a good thing for British politics, and a very bracing one for Parliament—and for the Opposition—when MPs reassemble next week.

Burma's Troubles

U BA SWE, the Prime Minister of Burma, has announced that negotiations with China over frontier questions are taking a satisfactory course, and that China has already agreed to withdraw its troops to the frontier defined in 1941. This is good news. Since July, when the Chinese army's incursions drew official representations from Rangoon to Peking, the Burmese have gone through an anxious time. Sao Hkun Hkio, their Foreign Minister, has been to Delhi, and at one time they were reported to be contemplating an appeal to the United Nations. Now, it seems, they may be able to breathe more freely—although China has probably already secured one of its objectives, the diversion of the Burmese army from its pursuit of Than Tun's bands of communist rebels, and there is also concern in Rangoon at the continuing infiltration of Chinese civilians across the border.

But even if the military episode can be considered closed, it remains highly instructive. Throughout, Peking's attitude has been one of indignation about alleged attempts "to create ill-will between the Chinese People's Republic and Burma, in order to inveigle Burma into Seato and to counter the growing neutralist trend in free Asia." It might be supposed by an innocent observer that it was China which was creating the ill-will by its military inroads. The Peking government, however, has firmly taken the line that if the Burmese opposed its claims, and still more if they sought support from other nations, they would be guilty of departing from their "neutral" policy and of showing hostility towards China. This attitude strengthens the suspicion that Peking has been aiming at something more than the mere acquisition of some obscure border areas, and that its real purpose may have been to rock the boat of the present government in Rangoon.

A weak state like Burma, unprotected by alliances, is faced with a difficult dilemma. If the government accepts an armed *fait accompli*, it must lose prestige internally and weaken its position for resisting further encroachments. If, on the other hand, it adopts an attitude of defiance and seeks international support for its stand, it may not be able to rally the full support of the nation for so hazardous a course—particularly if there is already an organised fifth column within the country to advocate "friendship" with the aggressor. If Siam were confronted with such a situation, it would have the support of the Seato alliance; but Burma has chosen the path of neutrality.

Burma would be better able to stand up to external pressure if its own house were in good order. The continuing failure to establish law and order is the first of its difficulties. The government has certainly had considerable success in mastering the various revolts—particularly the insurrection of the Karens—which at one time seemed about to overwhelm it. But it has not succeeded in rounding up the rebels, or even in providing an effective police for the main roads and railways. Much of the guerrilla activity is mere banditry. But there is a hard core of convinced communists in the jungle to give leadership to all the disaffected elements, and they maintain links with their co-partisans in the towns, where the Communist party is illegal but operates through front organisations which the democratic constitution allows to function. This sporadic civil war and simmering revolutionary violence inevitably cause economic distress, which in turn provides more recruits for the guerrilla bands.

The government might have managed to break through the vicious circle of disorder, hardship and more disorder if it had been more successful in economic policy. But it has failed to make efficient use of its resources. In starting on its career as an independent nation in the modern world, Burma had the advantage of being able to export several commodities in demand on the world market—in the first place rice, and additionally oil, teak, tin and tungsten. But these assets have not brought in the plentiful foreign exchange that they should have done, and next to the effects of armed disorder the mismanagement of the export trade in rice has been the most important factor in wrecking the Burmese economy. As a result of a government control of the trade which assumed an indefinite continuation of a sellers' market and paid fixed prices to the growers without regard to the grades and qualities of rice—of which over fifty are distinguished in the Far East—Burma suddenly found itself faced not only with a sharp fall in prices, but also with a quantity of rice on its hands not good enough for sale in the open market.

The remedy found for this catastrophe only raised new problems; it consisted in sale on a barter basis to Russia, which involved not only a Communist political exploitation of this "aid" to Burma, but also the economic disadvantages formerly well known to the customers of Herr Schacht—the necessity of taking in return goods that often either are unsuitable or could be purchased more cheaply elsewhere. The Burmese government is today trying to correct its former mistakes and provide inducements for growers and millers to produce better quality rice—at the beginning of this year even the best mills were producing 25 per cent "brokens"—but it will take time.

The third adverse factor has been a plan of industrialisation which, though it has produced some spectacular new installations, has been hardly at all related to ordinary consumers' needs, and has left the people suffering from chronic shortages of foodstuffs, textiles and other necessities and a continual rise in the cost of living. To neglect consumers' demands in favour of capital projects of no immediate benefit can be highly dangerous for a constitutional government such as that of Burma. Attempts to control prices and ensure fair distribution of scarce commodities have been frustrated by the deficiencies of administration; hoarding, speculation and an extensive black market have defeated the government's intentions; and the opposition parties and fellow-travellers have made the most of the ensuing hardships.

The government party, the Anti-Fascist People's Freedom League—the Burmese equivalent of the Indian Congress party—survived a general election in April, winning 169 out of 250 seats, but the opposition greatly increased its poll. The League's obvious loss of popularity led the former Prime Minister, U Nu, to hand over his office as head of the government to U Ba Swe and devote himself to reform of the party, particularly to cleansing it of corruption. He has now, it seems, decided to give up active politics altogether and concentrate on Buddhist missionary work—he has always been a deeply religious man—to bring about a moral revival of the nation. Meanwhile, the government has to cope with urgent economic problems, which are no easier to solve because they are so largely of its own making, as well as with internal disorder and the manœuvres of its

Knowing Ourselves

The eclipse of the moon on Monday was an object of great interest to many thousands, and, perhaps, millions of persons. The windows and the streets were crowded with eager gazers. It was so in London, so in Brighton, and so probably in every part of the empire and in every part of Europe, Asia, and America wherever the phenomenon was visible. No alarm was felt, but the interest was entirely that of pleased curiosity. . . . In olden times much terror was caused by such phenomena, and terror inspired many strange explanations of them. Now, an accurate knowledge of the cause of the eclipse being widely spread, the event being foretold, and the very minute it was to commence and the very minute it was to cease specified, it was beheld almost universally only with delight . . . The race has now become practically familiar, so as not to be lost in astonishment, with the wonders of their own being—with all the things and laws with which and by which they must act, and their habits will not now . . . be disturbed or interfered with by inquiring into the mysteries of their own existence and of all things around them. The knowledge of the laws followed by the planetary bodies gives, as we are taught by the eclipse, only pleasure; by analogy it may be inferred that the knowledge of all the laws, be they what they may, which regulate man's own existence—and they are obviously part of the laws which give him seed-time and harvest—will also be to him an enduring pleasure. Some deductions in political economy and in metaphysics have been spurned or scoffed at as lowering the assumed dignity of man; but if they be true, like deductions in astronomy, a knowledge of them will only add to the happiness of all. We ought not, therefore, to be deterred by any preconceived notions from following out a principle wherever it justly leads, relying confidently that every prejudice dissipated, whether it concern the heavenly bodies or the existence of man in society, will only increase our welfare and our power.

The Economist
October 18, 1856

mighty neighbour. Its predicament should arouse sympathy abroad among all those who wish well to the Burmese nation. Three years ago, Burma rejected American aid because of the political strings attached, which seemed incompatible with its chosen policy of strict neutrality. But the West would be wise not to seek to drive too hard a bargain in sustaining a weak, but proud, nation which is trying to maintain an independent position on the frontiers of the communist world. Nor is Burma alone involved; its transformation into a People's Democracy would deprive India and Pakistan of the buffer state which now covers their eastern marches. Rangoon is on the way to Dacca, Calcutta and Delhi.

The Bishops' Bench

THE general public does not take a deep interest in its bishops, except when, too seldom perhaps, some member of the bench expresses an unusual view about the Royal Family or teddy boys or divorce. On the whole deans, whether red or gloomy, get much better publicity. Nevertheless, bishops today are a type, and an important type. Although the collection of statistics about them has become quite a hobby, it seems worthwhile to set down some that *The Economist* has collected of its own; they are a sort of extended by-product of a study of the structure of the English nobility, the results of which were set down in these columns on July 21st and 28th.

There are now in this country some 110 men of the rank of bishop in the Church of England. The most senior of these, led by the two Archbishops of Canterbury and York, are forty-one diocesan bishops. They, in turn, may have suffragan bishoprics within their dioceses, and may be supported by assistant bishops: the pattern of rule is feudal, under the sovereign. The suffragans (average age 56, against the diocesan bishops' 61) are often in a line for further preferment; the assistants (average age 69, or higher than the diocesan bishops) have mostly retired from active work, usually work overseas. There are also some retired bishops who are by courtesy still addressed by their titles. Only the arch and diocesan bishops, however, and they only as long as they hold office, are full peers of the realm; the non-diocesan bishops are called "My Lord" merely by courtesy. The two archbishops and the bishops of Winchester, London and Durham sit automatically in the House of Lords, together with the twenty-one diocesan bishops with longest seniority.

The appointment of diocesan bishops is carried out in a way which might seem to a foreigner, according to his bias, a supreme example either of the British genius for muddling through or of the innate hypocrisy of the race. When a bishop dies, the dean and chapter of his cathedral inform the sovereign, and, to quote the "Encyclopædia Britannica":

> A licence under the Great Seal to proceed to the election of a bishop, known as the *congée d'élire*, together with a letter missive containing the name of the Queen's nominee, is thereupon sent to the dean and chapter, who are bound under the penalties of *praemunire* to proceed within twelve days to the election of the person named on it. In the event of their refusing obedience or neglecting to elect, the bishop may be appointed by letters patent under the Great Seal without the form of election.

Since the sovereign rarely decides upon her own nominee, and since deans and chapters never "refuse obedience," this is constitutional English for saying that bishops should be appointed by the Prime Minister; in practice, however, during the last twenty years, Prime Ministers are believed to have allowed the job to be devolved. Sir Winston Churchill is known to have been rather uninterested in such other-worldly matters as the appointment of bishops while he was busy with winning the war. When Lord Attlee took over, several Labour intellectuals urged him to drive to democratise the bench; but, remembering the results of the MacDonald Government's essay in democracy when it appointed the present Dean of Canterbury, he was apparently rather loth to do this. It can be presumed that Sir Anthony Eden, thanks to the complication of his divorce, has been more loth still.

In consequence, the task of selecting bishops devolves upon an established civil servant, the Prime Minister's Patronage Secretary; the present holder of this office (Mr D. Stephens) is a former Treasury official, while his predecessor (Sir Anthony Bevir) came up through the Colonial Office. The job is obscure, anachronistic and, one suspects, rather fun. It is known that the former Patronage Secretary, at any rate, spent many Sundays listening incognito to sermons from the back of country churches; and that his entry into the Athenæum during a convocation at Lambeth would cause much rustling of newspapers. Above the sound of that rustling, however, it may be whispered that the Archbishop of Canterbury's personal advice to the Patronage Secretary clearly carries very great weight.

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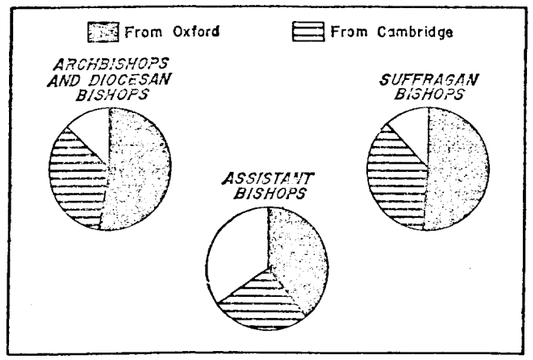
What sort of bishops are appointed as a result of this system? The usual answer is "Upper class intellectuals only," and conformers at that. Certainly a study of the reference books confirms that nearly all bishops are the children of those who would not have been too greatly fluttered by the coming of a bishop to tea. To begin with, a very high proportion (45 per cent of the diocesan bishops, 35 per cent of the suffragans and 26 per cent of the assistants) were themselves the sons of clergy. To carry on, the great majority went to a public school; rather interestingly, however, on the present bench Marlborough, Merchant Taylors and Rugby lead the field—with Eton and Harrow contributing only two bishops each. After public school nearly all senior bishops went to one of the older universities; Oxford,

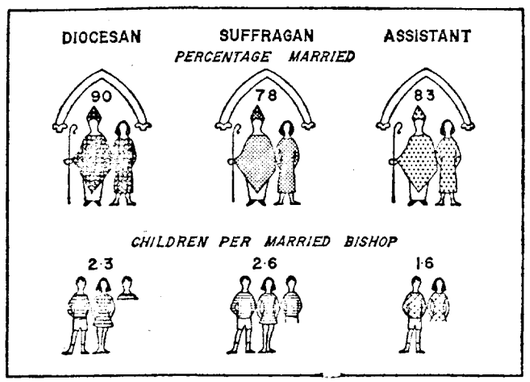
Chart I—Bishops from Oxford and Cambridge



the great seat of conformity, educated 52 per cent of diocesan bishops and Cambridge 35 per cent. (As Chart I shows, however, by no means all assistant bishops were educated there.) In their private lives after university, as Chart II shows, the old influence of the Roman church is still felt in reaction, causing most Protestant clergymen to marry. Among bishops who admit to recreations in "Who's Who," gardening and golf are the eminently respectable leaders, while a few say "former rowing man" or list their achievements in football (rugger, of course).

What of their workaday lives after university? A conspicuous number of bishops (no less than 40 per cent among diocesan bishops, but only 34 per cent of suffragans and 27 per cent of assistants) have been

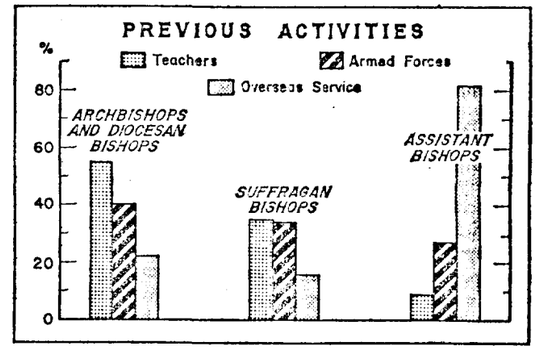
Chart II—Bishops' Mate



officers in the armed forces, either as fighting men or as chaplains: the first world war caught their generation, either before or after ordination, and the extraordinarily high proportion of one-fifth of all present bishops were decorated, either for gallantry or for good service. Probably the most interesting, and perhaps the most disturbing, figure of all, however, emerges from Chart III. This shows that no less than 55 per cent of diocesan bishops (and 34 per cent of suffragans) have spent a large part of their active life as schoolmasters or dons; many of the rest have been chaplains of theological colleges, chaplains to bishops or secretaries of various diocesan boards. Among the assistant bishops, the chart shows, those with university and schoolteaching experience (only 9 per cent) is very much smaller, while only 2 per cent (compared with 20 per cent among diocesan bishops) have been chaplains to bishops and another 2 per cent (compared with 25 per cent) have been chaplains to the Sovereign. The high road to an assistant bishopric lies through the foreign missionary field: 82 per cent of assistant bishops have seen service overseas, compared with 22 per cent of diocesans and 16 per cent of suffragans.

The most common criticisms of the bench, and they may be reinforced by publication of these figures, concern the bishops' method of appointment, their tendency

Chart III—Bishops' Background



to come from a single social stratum, their frequent lack of any widespread day-to-day ministerial experience and their lack for the most part nowadays of distinct or cross-bench opinions. But those who criticise the method of appointment have never really been able to suggest a better one; any change that is required is almost certainly in mood rather than in mechanisms. At first glance, the criticism on grounds of class bias looks better-founded; but those who are acquainted with the sad lack of first-class material that enters the service of the church, apart from material enswathed in the old school tie, say that, on closer examination, the criticism disappears.

There remains the criticism that so many bishops have spent most of their lives in theological work other than parish work. It is only fair to say that those who become dons or administrators are often the cream of the clergy. But the death of Cardinal Griffin showed that the Roman Catholics had a leader who started as a parish priest and whose passing inspired a sense of loss far outside his own church. There is here, one would suggest, a challenge to be faced.

New Blood and Old Guts

The report below is written by our special correspondent who spent last week with the Conservative party at Llandudno.

THE Conservative conference was not after all, in Mr Butler's lovely phrase, "feeding time at the zoo." Perhaps one should have foreseen that there would be no middle-class revolt as soon as one had taken stock of the delegates who assembled at it: nearly half of them women (the welcoming local dignitary got a laugh when he called them the fair sex), shepherded into groups by collie-like constituency agents, most of them stolidly comfortable people and fairly well off. These were not themselves the depressed middle classes, or else they could not have afforded to come to Llandudno; only some of the Young Conservatives and of the (still too few) Conservative trade unionists were getting reimbursement of their expenses—and they only if they asked. The delegations could be divided, reading from right to left, into three groups.

The outside rights at a Tory conference are still mostly the county gentry and the solider suburbanites. It was they who had put down the motions about the middle class—intriguingly, practically all the critical resolutions on the agenda came from south and west England—and they politely clapped those who spoke to their own motions, but not from the bitter heart; it was not themselves they were perfunctorily demonstrating for, but for poor Miss Smith, the children's ex-nannie, who was having a very bad time in retirement—as also was Major Jones, who had only his army pension to live off and was, moreover, a gentleman, which made things worse (Major Jones himself was not at Llandudno; whenever one thought one had found this sympathetic old soldier, he turned out to be a paid constituency agent, and therefore fanatically loyal). Thus, on the receding wave of secondhand enthusiasm, on a reedy salute to absent friends, died the middle-class revolt.

Instead, only three things really moved—one is tempted to use Mr Bill Haley's term "dug"—the outside rights: capital punishment (they wanted more of it), trade unions (they are frightened of them) and nationalisation (they feel by now successfully contemptuous of it). They also booed Mr Yates for being too pro-Nasser in the Suez debate, but booing at that stage seemed almost conventional. If asked if there was anything positive they wanted, the outside rights would say merely that they wanted "to see more guts." This was not a literal demand that they should be present at public executions by disembowelment (although at times in the capital punishment debate, one might have assumed that it was), but something very much vaguer. "Guts," as defined at Llandudno, are any quality which Arabophils and socialists have not got, but which must always be applauded when shown in speeches by "fine young fellows" (i.e., right-wing young or pseudo-young Conservatives, such as Mr Anthony Nutting). This is not the specific stuff of which successful revolts are made. So much for the outside rights.

The inside rights—the more carefully deliberate pressure groups—could conceivably be more dangerously effective, although one came away from Llandudno increasingly doubting it. For it is a dwindling band of people who come to Conservative conferences in specific defence of their interests, as distinct from the large number who still come in instinctive defence of their class. The active pressure groups are now represented almost solely by the farmers, the cotton people and a handful of other industrialists. The farmers put on their usual show; they held out their begging bowls, and some completely invented statistics, with a bland constancy which anybody who is not irritated by truly imperious log-rolling must eventually come to admire. But the cotton and other protection-minded industrialists had a bad time at this conference. Their first spokesman called again for the resignation of Mr Thorneycroft, and was loudly applauded by only one man—and that was a grinning Mr Thorneycroft himself. They launched a few isolated attacks on the idea of more competition through freer trade from Europe, and whenever they said that this meant they were speaking in defence of the Empire some outside rights gave them polite applause; but as these same outside rights also applauded Mr Macmillan when he said precisely the opposite, not very much can be deduced from this exchange. One's only fear is that the inside rights might have more power in the running and financing of constituency organisations than they do at the conference; indeed they must have, for at Llandudno they seemed to exert no influence at all.

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There remains, in sharp and welcome distinction, the third group of delegates, whom one had called Butlerites up to 1954 and who after Llandudno must be called Butlerites again. These were not necessarily Young Conservatives; indeed as a very rough generalisation, although the university or ex-university Young Conservatives are Butlerite, their non-university contemporaries tend to be non-Butlerite—but usually look as if they could be trained. Much more interesting, however, is the increasing flock of efficient and knowledgeable middle-aged women who—Labour can laugh at this point only at its peril—have quite clearly joined the Conservative party as a form of social service. There was a revealing incident on the last day, when a savage and silly little motion was moved calling for much stricter penalties in cases of cruelty to children; the outside rights thumped their conventional applause—apparently in happy envisagement of seeing some of the cruel parents' guts. Then a brisk and admirable middle-aged woman strode to the rostrum, totally unequipped with notes, a Reigate constituency badge flapping from her lapel. Did the conference know its facts about the law, she asked? Did it really think it would be in the interests of a child to say that it should be mandatory on a court to send his cruel father or mother to a long term in prison—and leave him in a home bereft of its breadwinner or else with the sort of father who had permitted a mother to be cruel? Did it not know that in the cases of leniency cited there would be follow-up supervision in the child's home? "Hear-hear," said the Reigate lady's images in the audience, leaning eagerly forward with their badges flapping in unison on their bosoms; and one suddenly realised that there really were quite a lot of these sensible people about. "Interesting woman," said the astonished outside rights to one another, "she's got some points there, I suppose." In the end the cruelty motion was carried, but only by a very small majority.

It was the Reigate lady's images who made up the major part of the audience at Mr Butler's Conservative Political Centre meeting on the Thursday. This was a memorable affair, several hundred people crushed into a hall several times too small for them, and drinking deep from the re-ordained fount of the new intellectual Conservatism. Mr Butler, among his own folk, did not let them down; indeed he gave them their motto:

> We must not encourage a Conservative Users' Association. People must not be led to suppose that they can simply use the Conservative party for their own ends. . . . The politician should not spend his time cajoling in the light of candelabra.

And his devotees shrilled their applause. One wondered what the outside rights, and still more the inside rights, at the main conference would have made of all this; for them, joining a party for what one can get out of it is what they have always thought politics to be mainly about.

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Such, then, is the fairest impressionistic account one can give of these varied Tory stalwarts, whom one had come down to see in what was supposed to be the revolt of Llandudno. Three main impressions emerge. First, although the outside rights remain in a majority at the conference, they are mostly of the easily unfanatical type of which revolts are simply not made. Indeed, except when they undressed their embarrassing subconsciouses in the debate on capital punishment, the outside rights were not even repellent. At bottom, these large country ladies and their squires are the sort of people who find it easier to be polite, rather than rude, to either a politician or a waiter.

Secondly, the social service type of Tory is now a much commoner animal than would have been believed possible ten years ago, or than Labour believes now. The major development of this year's conference is that this group has re-assembled, as it was assembled before 1952, under the undisputed intellectual leadership of an extraordinarily revitalised Mr Butler. Mr Butler re-emerges without question as the Queen's second Minister. But he is not challenging Sir Anthony Eden in his present office. The ordinary Tory's devotion to the *Führerprinzip* ensures that; and although Mr Butler himself is an extraordinary Tory rather than an ordinary one, he is a politician versed in the art of the possible. His devotees may build a new engine for the boat, but they will not rock it.

Thirdly, although rumoured discontents in the constituencies have failed to shake party policy, they might still weaken party organisation; it must be remembered that the Miss Smiths and Major Joneses, who stayed away from the polls at Tonbridge, also kept away from the conference. But, here again, even if the party should lose some of the eager services of these former vote-canvassers, its organisation remains much more impressive than Labour's; look, first, at the efficiency of its constituency agents, and, secondly, at its army of Young Conservatives—for whom there is now to be a new recruiting drive. All told, therefore, the Tories can leave Llandudno fairly happy with the state of things in their party. This is not to say, of course, that they can yet be happy with the state of their party in the country; those on show at Llandudno were representatives merely of the thousands who actively work for the party, and there may have been much more serious changes of view and allegiance on the vital fringes of the millions who in 1955 less actively voted for it. But on the activists, this report can be clear. The Conservative party is a party of new blood as well as of old guts. At Llandudno, against forecast, we saw the new blood coursing.

Notes of the Week

Firing Blank

THE fall of Herr Blank and his replacement by Herr Strauss, lately Minister for Atomic Affairs, is the most spectacular of the changes which Dr Adenauer has made in his cabinet. Herr Blank, who was originally appointed to give the new German army as unmilitary a flavour as possible, has used up his political credit in fighting for Dr Adenauer's policies. As Minister he has come to be associated with a policy—the speedy raising of a large conscript army armed with existing conventional weapons—which seems to have been rendered obsolete by the changing methods of war which the great powers are adopting. Critics in Germany, first from the opposition and then from men like Herr Strauss within the coalition itself, have been putting growing pressure on Dr Adenauer to change course and develop a new style German army, smaller than at first planned, mobile, and armed with atomic weapons. And their immediate charges, that Herr Blank is ordering obsolete equipment and cannot in practice fulfil the recruiting schedule he had planned, have rung more and more true in recent months. Dr Adenauer's decision to fix the term of conscription at a year instead of eighteen months was a first major concession to the critics; the sacrifice of Herr Blank is a second. It has been accompanied by an admission by the Chancellor that the Federal Republic will not be able to keep up with its original rearmament timetable.

The cabinet shuffle has also involved the departure of two of the four ministers from the Free People's Party. The presence of four national liberals in the cabinet has had little political justification ever since the bulk of their former party, the Free Democrats, withdrew its support from the

coalition. It has irritated other coalition parties, above all the Bavarian CSU, which was less strongly represented despite its greater parliamentary strength. The departure of the liberals has removed this sore ; the CSU should now be well satisfied, for it holds two key ministries, Defence and Finance, as well as the less important posts of Atomic Affairs and Family Affairs.

Dr Adenauer, however, did not carry out one vital change which was expected, the replacement of Herr Blücher, the liberal Vice-Chancellor, by a Christian Democrat. (Herr Von Brentano had been thought a likely choice.) Once more the Chancellor has avoided any gesture which might seem to designate a successor.

The changes, too, while they strengthen the cabinet for business purposes, may weaken the CDU politically in one sense. The dropping of the trade unionist Herr Blank is resented by the Christian trade unionist groups, even though Herr Storch and Herr Kaiser remain in office as representatives of the Christian left. Nor has any political compensation, like the rumoured offer of the vice-chancellorship to Herr Arnold, been given. The cabinet in fact has moved further to the right and has shrunk back upon its conservative catholic core. This is not a development which seems likely to attract the marginal voter next year and it may encourage still further the tendency of the Christian left to form round Herr Arnold an " opposition " to the Chancellor.

A Douche for the Wages Ferment

WHAT are the hopes that this year's round of wage claims can be diverted into an acceptable round of claims for increased " fringe benefits " instead ? The mineworkers are to meet the Coal Board next week to discuss such benefits—bonus schemes, incentive plans, pensions, and security schemes ; the Boilermakers' Society is working on similar plans. But the most interesting news on the wages front this week, of course, has been the progress—or rather lack of it—of the railwaymen's claim. It was always inevitable that the National Union of Railwaymen would issue their usual annual demand, and for a rise of at least 10 per cent ; the separate footplatemen's union had already put in a claim for 15 per cent, and the NUR's obvious tactics were to portray themselves as slightly more " realistic," but certainly no less militant, than their colleagues and rivals. The question on Wednesday was whether the Transport Salaried Staffs' Association—that is, the railway clerks' union—would join with the NUR. Last year the railway clerks began by saying that stable prices were more important than rising wages, but they joined with the other unions in the end. This time they have made a courageous declaration of independence. Their general secretary walked out of his meeting with the NUR on Wednesday, saying that he did not think that the present moment was opportune for making a claim.

It remains to be seen how far this douche of economic common sense will help to damp the wages ferment, which has already suffered some damping in the past few weeks. Probably, it would be unwise to be too optimistic. For the unions are at present waiting for a bell-wether. The railway claim will not be that bell-wether ; both on it and on some of the other claims that have been in the news—such as the long-standing engineering claim and the new demand of the building workers for an extra fourpence an hour—it now seems likely that it will be January before the employers and workers finally fail to agree. Long before that, the result will have been announced of arbitration on the busworkers' claims, and perhaps the whole wages pattern for this year will have been set by what the busworkers get.

—But By Bus Off the Fringes?

THE bus claims, which are now about to move into the centre of the wages spotlight, fall into three groups: municipal bus workers, provincial bus company workers, and London Transport employees. Although it is the provincial claim that has been in the news this week (because it has just been formally submitted), the most advanced—and therefore the most immediately important—of the three claims is that of the municipal workers. Having gone through the regular chain of disagreement and been rejected by the industry's Joint Industrial Council, it is due to be heard before the Industrial Disputes Tribunal on October 26th. The municipal bus workers are claiming increases of between 9s. and 18s. for drivers and conductors, and between 19s. and 25s. 3d. for maintenance men. They will not, of course, get them. But since their last increase, dated November, 1955, the index of retail prices has risen by 4.7 per cent, representing a cash value in their wages of 7s. 5d. They seem to be confident that the tribunal will award them an increase of at least this amount, and that the men on London Transport and in the provincial companies will then get about the same. They may well be right. Some of the bus employers are not resisting very strongly—on the good economic grounds that they need to attract more drivers.

A last minute effort is being made by some bus employers to find an incentive or bonus scheme that the tribunal might be persuaded to recommend in place of a straight wage increase ; there is an incentive scheme in operation in Manchester, which London Transport is known to have its eye on. But the employers are up against the perennial problem of the unpredictability and frequent immobility of city traffic, which is no fault of the bus workers. They would be delighted to improve productivity by rewards for efficiency (probably on a basis of the collective efficiency of the garages), but they have not been able to suggest any scheme that would not seem unfair in some way. The municipal employers have now only a week in which to find one.

Parliament's First Business

PARLIAMENT reassembles on Tuesday of next week, will be prorogued some time in the week after, and the new session is to be opened with the Queen's Speech on Tuesday, November 6th. Just before the House rose in the summer, Mr Gaitskell asked that these last two weeks of the session should include not only the usual tag-end debate on the nationalised industries, but also (rather hopefully) a full scale debate on defence. Next week's business, however, will be wholly concerned with clearing away the dying session's few remaining legislative leftovers. The most important and time-consuming of these will be the report and third reading stage of the Copyright Bill.

This bill has been fairly exhaustively discussed in *The Economist*. It started out as a depressingly restrictive measure, but during its long, slow crawl through both Houses has had many—though not all—of its worst blemishes removed. The realistic thing for liberals to decide upon at this stage, and after all the argument, is that there is not much hope of doing anything now to make the bill any better. The job for this week is to help resist last-minute attempts to make it worse. The most important battlefield is likely to be the one that *The Economist* has found itself fighting over all along: it arises from the failure of some people to appreciate that copyright restrictions on widespread enjoyment of a mechanical reproduction are a much less desirable thing than copyright protection of an original work.

The most powerful of the last-minute attempts to confuse this issue has come, with a long letter to *The Times* and a flurry of other communications to the press, from a distinguished group of composers and lyric writers. They ask in their letter to *The Times* for three changes. First, they oppose one of the anti-monopoly clauses in the bill, which says that once an author has allowed one record manufacturer to record his work, he must allow others to do so ; since these manufacturers still have to pay the proper royalty stamp for every record sold, why not ? Secondly, they oppose the right given to the BBC and other broadcasting organisations to make an " ephemeral " record of a work, without incurring a separate recording fee, subject to destroying this record within 28 days ; this provision is merely a sensible recognition of the fact that broadcasting artistes are often not available at a time when broadcasts can best be made. Thirdly, the composers feel they are entitled to a separate fee from broadcast relay services, which merely transmit to their customers broadcasts made (and paid for) by other people ; it is very difficult to understand their case here. The protesting composers, led by the Master of the Queen's Music, are an august and authoritative body. But Parliament and the Government, which have done quite a lot between them to make an originally bad bill very much better, would be wise to round off this story by standing firm.

China's Turbulent Doorstep

MR CHOU EN-LAI'S strictures on the Hongkong riots contained an ominous undertone. The Chinese premier told correspondents that his government could "not allow such disorders on the doorstep of China." Does this remark, together with his criticisms of the manner in which the situation was handled by the Hongkong authorities, amount to a lapse from the third of the famous " five principles "—non-interference in the internal affairs of other countries ? Mr Chou also protested to the British *chargé d'affaires* in Peking, Mr O'Neill. The British reply implicitly conceded that the Chinese premier was within his rights in protesting, on the ground that the lives of Chinese nationals were endangered by the rioting, which was apparently engineered by Chinese Nationalists. On the other hand, the reply rejected the Chinese criticism of the way the situation was handled by the local authorities.

It is difficult to see what else the government could say, but an article from our Hongkong correspondent on page 250 suggests that the authorities were in fact caught napping, in the absence of the governor, Sir Alexander Grantham. The drastic measures he has now taken—including the arrest of six thousand Chinese—will no doubt restore law and order in the overcrowded colony, for a time at least. Of those arrested, only one in four was a suspected rioter ; the others are charged with curfew-breaking. All are being cleared through the courts at commendable speed and fined or gaoled according to the offence. So far, fewer than three per cent have been found not guilty. But it is clear that Sir Alexander cannot entirely meet Mr Chou's basic grievance (as expressed in his remarks to correspondents) by banning all political activities by the Nationalists.

The future now seems to depend on Sir Alexander's success in preventing rival groups of Chinese from flying at each other's throats or running amok. If he is successful—and the job is far from easy—no more may be heard of Peking's latest protests than of those made in the Chinese press nearly two years ago after strikes and disturbances attributed to the Nationalists. But in the long run, China's continued acquiescence in the British presence in Hongkong will depend on whether the indirect commercial and other benefits it brings are considered to outweigh its disadvantages as a centre of Nationalist—and American—influence.

Cold Comfort for Singapore

THE contrast between Mr Chou En-lai's protest to Mr O'Neill and his soothing remarks to Mr David Marshall, former chief minister of Singapore, is striking. The Chinese premier told Mr Marshall, who has been visiting Peking, that in his government's view the Chinese living in Singapore should be able, if they wished, to surrender Chinese nationality and assume Singapore citizenship after the colony had achieved independence. The formula suggested is much the same as that which formed the basis of the Sino-Indonesian treaty on dual nationality signed in Bandoeng in April, 1955. It suggests that China's policy is now to conclude similar treaties with all the Far Eastern countries that have substantial Chinese minorities.

Different assumptions underlie Mr Chou's statements to Mr O'Neill and to Mr Marshall. In protesting to the British *chargé d'affaires* in Peking, Mr Chou, in effect, reiterated China's general claim that the activities of Chinese Nationalists everywhere are a matter of concern to Peking. In reassuring Mr Marshall, Mr Chou seemed to be saying that any Chinese who took on Singapore (or, by implication, Malayan) citizenship would automatically pass outside China's sphere of interest.

This is a proposition beguiling to territories on the verge of independence, but it would be as well to consider its probable purpose. Only three communist rebellions of consequence persist in Asia—those in Burma, Malaya and the Philippines—and in all three cases, the rebels are fighting a losing battle. Peking is no longer disposed to help them, even with words, but in line with world communist policy, is doing everything it can to ensure that the rebels are taken back into the normal political life of their respective countries, where they can now do most damage. In this context, it is desirable that as many Chinese as possible should be given citizenship in the Federation of Malaya and in Singapore, for to be without citizenship is to be deprived of the vote. That is why the letter sent to the recent Chinese Communist Party congress by the nominal head of the Malayan Communist Party, Musa bin Ahmad, will probably bring no comfort to the remnants of its terrorist movement in the jungle. The Malayan Communists may not, as the chief minister, Tengku Abdul Rahman, claimed a fortnight ago, be on the point of surrendering, but it is clear that no alternative is in sight for them.

Hungarians To and Fro

The East European communists who are now making pilgrimage to Belgrade must be finding it something of an ordeal. The Jugoslavs apparently scarcely troubled to conceal their disapproval of the Bulgarians. But the Hungarians who arrived in Belgrade last Monday have been doing their best to mollify their hosts. After the reburial of Rajk and the arrest of the former defence minister, Mihaly Farkas, on a charge of gravely "violating socialist legality," comes the decision to re-admit the former premier, Mr Imre Nagy, to the party. The Jugoslavs have been openly pressing for this. Mr Nagy rejected suggestions that he should buy back his membership card at the price of an abject apology for his "mistakes." Now the Hungarian Politburo has evolved a formula which somewhat saves its own face but in effect allows Mr Nagy to rejoin the party with his flag flying.

In the Hungarian press and on the radio these steps have been accompanied by sudden fulsome praise of all things Jugoslav (so much, it seems, for the famous Soviet warning against the Jugoslav example), by nice remarks about Mr Nagy, and by a brisk barrage against Mr Rakosi, whose name is being rapidly torn down from street corners and factory entrances. It is bluntly stated that he did not resign as party first secretary, but was told to go; and he is being blamed often openly, sometimes by implication, for the treatment of Mr Nagy, for the excesses of the political police, and for much else. But whether Mr Rakosi will actually be brought to trial is doubtful. One Hungarian newspaper has divulged that he has left the country, and it added that "our party and our people would not have it otherwise"—which may indicate that the present leaders fear they might burn their own fingers if they brought Rakosi to trial.

Of more practical importance is the future of Mr Nagy. Will Mr Gerö, the present party boss, who is well tarred with the Stalinist brush, feel compelled to make him premier again? And if so, will he give him a free hand, or will he try to keep him merely as a figurehead and a sop to the reformers? Mr Nagy's return to office would certainly be popular in Belgrade and, much more important, in his own country. Since he fell from office in February 1955 his reputation as a "liberal"—whether deserved or not—has given him a kind of retrospective glory. He was clapped when he went to the opera, and on his sixtieth birthday last June he was visited by over seventy people, including several cabinet ministers, and even by a leading Soviet politician, Mr Suslov. The Russians are believed to have protected Mr Nagy from Rakosi's wrath, and might not be unwilling to see him in office again. A bleak economic outlook—in particular, a serious fuel crisis—on the threshold of winter could be a further argument in favour of reinstating a man who has gained a reputation as the advocate of a better deal for the common people.

Scot in Scott's Chair

The British newspaper of best repute in the world is the *Manchester Guardian*, and for a dozen years or more the *Manchester Guardian* has been Mr A. P. Wadsworth, its editor. Now, because of illness, he passes as editor emeritus to what may be called (though he would say perish the thought) the paper's House of Lords. For the first time C. P. Scott's famous editorial chair goes to a young man, Mr Alastair Hetherington, who was not one of Scott's own colleagues. Here is one more example of the cross-breeding that keeps the best journalism still lively, and successful, in these days of mass newspapers. Mr Hetherington came to Manchester six years ago from the proving ground of the *Glasgow Herald*, which has sent so many good journalists south of the border; and he takes charge of the newspaper which more than any other has fertilised the upper reaches of journalism—from London (not excluding Printing House Square) to Sydney and Winnipeg—with its products.

Wadsworth's *Guardian*, in fact, has lived by losing its best men, and has more than doubled its sales in the process. It could do that because the best of them all, as practitioner and teacher, with a generation of characteristic writing and reporting for the paper behind him, was the editor himself. His sad abdication now may close a long chapter, but there need be no lapse in the new one. A great working journalist, "A. P." has done much more than just carry on the legend of C. P. Scott; in his own empirical and pragmatic fashion, he has put the paper into modern dress, not only typographically, and given it a forward look; and, although he would disclaim it puncturingly, the tradition he hands on is his own. The *Guardian* stands independent of everything an independent newspaper should be independent of—and independent, too, of the more constricting kinds of collective efficiency. Journalism at Cross Street is a day-to-day craft, with none of the pretence and pomposity that lurk round the corner in newspaper offices. Stubbornly liberal always (the big "L" has gone), the *Guardian* has ideas without an ideology, principles without being doctrinaire, strong views without intolerance. In all matters it backs its fancy (except on the racecourse), and believes that what is written should be written well. It is the mirror, in its virtues and its limitations alike, of the civilised—and impatient—common sense of the rare individualist who is now retiring. May it stay itself, with whatever reinforcement Mr Hetherington and his team of colleagues can now bring, for the good of all journalism. And may it, as the circle of *Guardian* readers grows, never lose its Manchester accent.

Broadcasting's Purse Strings

Two warnings were contained in the tart rejoinder which the Director-General of the BBC made this week to the Public Accounts Committee: the one on which he was explicit, and one that was implicit in the rest of his speech. Sir Ian Jacob's explicit point was that the committee's recent report, "in which they said that they did not think it right that the corporation should build up any kind of reserve," was indicative of a desire "to put the BBC into the position of a Government department, not operating as an independent corporation, but subject to the usual Treasury control." Sir Ian was right to insist that any such arrangement would "go far to destroy the BBC's independence." That should be agreed both by those who hold Sir Ian's orthodox views about broadcasting finance, and those who would prefer the system that has often been proposed in *The Economist*: namely that several corporations should be able to draw on the pool provided by licence fees, that each should also derive some revenue from advertising, and that there should be as much competition as possible between them. However many corporations there are, and under whatever system of finance, it is important that they should be allowed to retain themselves any money that they do not spend.

From this high point of principle, however, Sir Ian descended to the low realities of finance. He said that the BBC's accumulated cash reserve, £3¾ million on March 31st last, is, in any event, likely to disappear by March, 1957. He based this forecast not on any rising trend of capital expenditure (this is being pegged at £5 million a year), but on an expected rise in current costs—"salaries and wages, artists, sport, power and fuel, and all the many materials that go to the running of a national organisation." Not everybody would agree to the inevitability of Sir Ian's estimates; but clearly, if the BBC thinks its reserves may be taken away from it, it will have every incentive to spend sufficiently voraciously to make them come true. Idle reserves held by the BBC are just as useful from the taxpayer's point of view as idle reserves swept into the Treasury's maw. Since the Government plainly does not intend any early reform of the whole structure of broadcasting finance, its best course now is clear: it should take the first opportunity after the re-assembly of Parliament to say that the views of the Public Accounts Committee get no support from it whatever.

Shopkeepers in Rust and Blue

Delegates both at Blackpool and at Llandudno were notified by a distribution of leaflets, strikingly entitled SOS (for Save Our Shops), that the National Union of Small Shopkeepers is not happy. At Blackpool, the leaflet was printed in rust-colour—not quite red, but near enough to inspire a conditional hope of support—and handed out by pickets dressed as lifeboatmen. At Llandudno the letters—handed out by "mourners" in traditional funeral dress—were true blue, suggesting an appeal to traditional loyalty. Further differences appeared in the actual letterpress; no prizes are offered for a correct attribution, to rust-colour or blue, of the following excerpts:

(1) ". . . It is only the small business which is being 'squeezed.' The 'Big Boys' of the business world are well protected."

(2) "Twenty-five thousand small shopkeepers are leaving the retail distributive trade yearly because of irksome restrictions."

(3) "The National Union of Small Shopkeepers strongly repudiates the 'parrot cry' that the small shop is an uneconomic unit in distribution. Take heed of the fact that claims of this nature receive subtle 'behind the scenes' support from powerful business interests who dearly want a straight fight between the Multiple Chain Store Organisations and the Co-operative Movement."

(4) "The Town and Country Planning policy . . . is responsible for the 'closing down' of hundreds of little shops."

Other complaints are fairly interchangeable. On new estates, shop tenancies pass almost automatically into the hands of the highest bidder—apparently a shocking thing; "real" protection is needed against rent increases by grasping landlords; there should be no interference with the tenant shopkeeper's right to dispose of his business as he pleases on leaving; and, of course, the new rating assessments are an abomination in any colour, rust or blue. Behind the choice of bogies—compulsory purchase orders or sinister and venal economists, Big Business, grasping landlords, or the credit squeeze—there subsists a single idea: once anyone anywhere has acquired a shop it is the duty of society to keep him in it.

Solidarity is no doubt a great thing. So, however, is ability to see beyond the end of one's nose. For the well-sited, well-run, and appropriately stocked small shop, even the most absurdly cupboard-sized, there will always be a place; its handiness and friendliness are proof against any competition by remote impersonal emporia. But the vast weakly swarm of ill-sited, ill-run, ill-stocked small shops, existing, on a regime of price maintenance and privileged tenancies, in what doctors call a state of medicated survival, can and does infect the potentially thriving and sturdy small enterprise with its own debility. The compilers of the SOS leaflets should take a trip to France, where these matters are ordered even worse; but their style hardly indicates that they would profit by the lesson.

Frenchmen and Radicals

This week's review of the government's policy in the French National Assembly has amounted to nothing beyond the ventilation of grievances over the disillusions of the last few weeks. The conservatives reproached M. Mollet with having failed to follow up its sabre-rattling against Egypt with action. The Communists blamed him for using Suez as yet another pretext for inaction in Algeria. But most of the critics were disinclined to apply the ultimate

sanction of voting against the government, and tacitly expressed themselves as resigned to M. Mollet's continuance in office. The ministers, like tired conjurers, keep on repeating: wait, the trick will come off. The spectators no longer believe, but keep up the pretence of being under the spell.

More significant was the Radical Party congress which ended its stormy debates earlier in the week at Lyons. This was the occasion for M. Mendès-France to reassert his hold of the party machine. The operation was not painless ; it involved the confirmation of M. Edgar Faure's expulsion and the breakaway of an important faction. The schism had been inevitable from the moment last year when M. Mendès-France set out to transform the old Radical club into a disciplined political party. The general elections had only postponed it.

M. Mendès-France finds himself at the head of a more dynamic, if somewhat reduced, political force. But even he does not seem to know exactly where he wants to lead his troops. He has resigned from the government over the handling of the Algerian situation, yet is unwilling to help in bringing the government down. He has now openly proclaimed that the policy of force in Algeria is simply "nonsensical," but is not very explicit about what should actually be done. A curious paralysing muddle seems to surround French thinking on Algeria at this stage. It is generally agreed that to impose a statute, however good, will no longer serve much purpose. Few people outside the Communist camp, however, are willing to proclaim the only logical alternative: that it is necessary to negotiate one.

The Relief of Birmingham

THE idea that a new town should be speedily built somewhere in the West Midlands is gaining ground. This week a conference at Birmingham, attended by more than 70 local authorities and a number of industrialists, gave general support for the project ; they also agreed

The Fall and Rise of Comrade Gomulka

THREE years after Stalin's death the time has come in Eastern Europe for the rehabilitation of his victims. It reached a gruesome climax recently with the solemn re-interment in Budapest of the bodies of Rajk and those who were hanged with him. Yet almost everywhere the laurels are for dead men. The only one to have survived and to be able now to reclaim a position of power is Wladyslaw Gomulka, once general secretary of the Polish communist party. For four years he had sat in jail awaiting a fate similar to Rajk's or Kostov's ; for three more, after Stalin's death, he bided his time. Now his hour has struck. The meeting of the party's central committee this weekend in Warsaw seems merely a prelude to his triumphant return to the summit of power. Who is this man who had the courage to resist and the miraculous luck to survive?

Mr Gomulka's second coming is certainly more sensational than was his original climb to power, which was indirectly assisted by Stalin. But for the massacre of the Polish communist élite in Russia, he might have remained one of those obscure but devoted members—at most a regional secretary—who wore themselves out in an illegal and persecuted party. Born in 1905 in a small town of Eastern Galicia, he had his first taste of prison in his early twenties, and until the war his life followed the routine of the "activist," alternating between jail and party or trade union work in the provinces. His chance came during the German occupation. The Polish Communist Party, disbanded by Stalin, was resurrected in 1942 under the name of the Polish Workers' Party. Hunted by the Germans and persecuted by the London-controlled resistance movement, it had a tough assignment. Its first two secretaries had been killed when Mr Gomulka —or "Comrade Wieslaw" as he was then known—took over. He gained the reputation of a ruthless organiser and he won fame when his men threw bombs at Germans sitting in a café in the centre of Warsaw.

The Lublin government was brought to Poland in the baggage of the Red Army. At the time of its arrival, it was Stalin himself who was talking of "avoiding Russia's mistakes" and of each country's own road to socialism. Those among the Polish communists who had been in Russia may have been sceptical, but the "innocent" Gomulka, who had spent the war years in Poland, took the words at their face value, and felt in his element during the first nationalist phase in Eastern Europe. Indeed, he then earned the nickname of "little Stalin." Firmly believing in the idea of revolution from above, he presided over the phoney postwar elections, crushed Mikolajczyk's Peasant Party and treated other parties as satellites. He was no orator or theoretician, but a determined organiser capable of choosing his men well. He presided over the resettling of Poles in the formerly German territories ; he entrusted General Spychalski with the reorganisation of the army, and brooded with the now disgraced Mr Minc over economic plans.

Then came the cold war, Marshall Aid and the break with Marshal Tito. Only the naïve Gomulka apparently did not realise that the nationalist phase was over. He may have thought at first that the Tsar of Moscow was misinformed. When wiser, or more cynical, men bowed to the inevitable, he refused to go to Bucharest for the Cominform meeting that impeached Tito. Words of repentance apparently had to be "dragged from his throat" and generally he behaved as if unaware what fate the party reserved for heretics. He rapidly found himself almost alone ; at a dramatic meeting of the central committee in 1948 he found that even Mr Minc and the present Prime Minister, Mr Cyrankiewicz, had deserted him.

The sequel was most curious. The very men who had publicly denounced Gomulka and "Gomulkovism" shielded the man from Moscow's demands for a trial. They did not want to start a chain-reaction which might consume them all. It was this passive resistance by his apparent enemies rather than his own personal courage that saved his head. But Moscow remained insistent, and at the time of Stalin's death the stage was already set for another ghastly trial. Stalin's departure meant freedom for Gomulka. Physically broken, bitter, he stubbornly refused to be readmitted into the party through the back door. It took the Moscow congress last February and the Poznan riots in June to convince the Polish communists that they needed the cloak of his popularity to cover their tarnished record.

What plans, beyond those of personal revenge, did this man of action rather than thought evolve in the well of loneliness? His proud nationalism must have been strengthened, but how will his views about strong communist discipline fit into his new surroundings? In assessing the outlook for the man often dubbed the Polish Tito, it must be remembered that the Polish regime, unlike the Jugoslav, is still ultimately dependent on the Red Army's bayonets.

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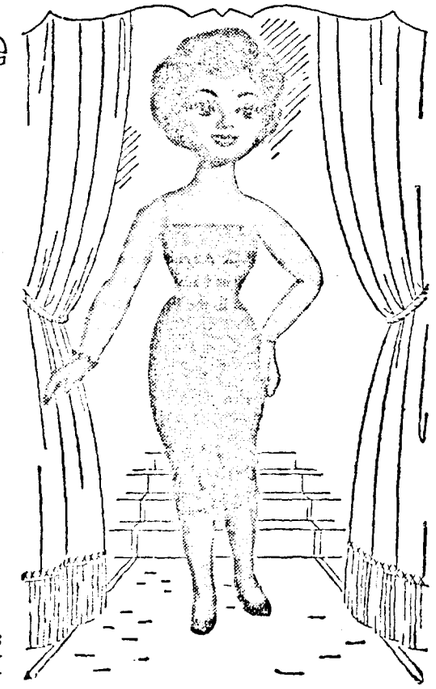

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7. In the transactions of agricultural non-credit societies there was a very appreciable increase. The purchase and sale societies bought goods to the value of Rs. 3,69,444 and sold goods, for Rs. 17,03,884 as against Rs. 2,95,227 and Rs. 4,69,486 respectively in the previous year. The Government have been providing staff wherever necessary for the supervision of this class of societies in their initial stages, and look forward to a considerable improvement in the condition of agriculturists through the efforts of these societies in the marketing of their produce.

8. There was further progress in the transactions of the Central Land Mortgage Bank. It issued, during the year, debentures to the extent of Rs. 28,72,800 against Rs. 24,79,500 in 1933-34. In accordance with its policy of converting high interest bearing debentures into ones carrying a lower rate of interest, the bank converted debentures of a total value of Rs. 10,83,200 and the benefit of the reduction in the rate of interest on debentures was passed on to the ultimate borrowers in the primary banks. Funds are now made available to them at 6 per cent interest. The working of the primary land mortgage banks also showed an improvement, and the utility of these institutions in the redemption of prior debts is being increasingly realized by agriculturists. Twelve new banks were registered during the year and there are now banks in all the districts of the Presidency, except Chittoor, South Kanara, Malabar and the Nilgiris. During the year, the banks granted loans to the extent of Rs. 20·57 lakhs as against Rs. 14·78 lakhs in the preceding year. Thirty-eight banks made a profit of Rs. 32,942 and the rest incurred a loss of Rs. 17,067 during the year against a profit of Rs. 12,833 made by some banks and a loss of Rs. 24,089 incurred by others in the year previous. There was an improvement in the collections made by the banks from members, the percentage of arrears under principal and interest at the end of the year being 36·89 and 6·51 respectively against 47·68 and 12·84. The Government note with interest that these banks have already been taking steps to compound informally the debts of their members with their creditors, and that in 143 cases a total original debt standing at Rs. 3,68,889 was scaled down by Rs. 38,191 before the banks discharged it completely.

9. The working of weavers' societies, however, cannot be said to be satisfactory. The profits earned by some of these societies fell from Rs. 5,057 to Rs. 924 and the losses incurred by others increased from Rs. 2,409 to Rs. 4,075. It is reported that these societies are finding it difficult to compete with mill products. The Government trust that the starting of the Provincial Handloom Co-operative Society financed from the grant given by the Government of India for the improvement of the handloom weaving industry will result in an amelioration of the condition of the weavers' societies.

30317

PERICLES c. 490–429 B.C. Athenian statesman and one of the greatest leaders, in times both of prosperity and adversity, that the world has known. The drawing is after a bust in the British Museum.

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that other towns in the region need to be developed, as part of the grand strategy for relieving the present appalling pressure of industry and population in Birmingham. They emphatically rejected the alternative course of jettisoning the well-protected green belt around the city—although some Birmingham councillors were ready to nibble at it.

Unfortunately, resolutions do not pay for houses. Money does. And Birmingham has made it clear that all it is willing to pay is an annual grant (for ten years) of £8 for each of its families housed elsewhere. It will not build a new town ; and it will not borrow dear and lend cheap (as London is now doing) in order to help small local authorities to undertake expansion. The surrounding county councils, with the notable exception of Staffordshire, are equally unwilling to help the small authorities ; but without more aid from somewhere the little towns, such as Redditch and Banbury, declare, with understandable rustic caution, that they cannot possibly embark on expansion schemes at 6 per cent interest. Thus the local authorities can agree on only one thing: that they must call upon Mr Sandys to resolve all their worries. But this is an invitation which the Minister has already repeatedly rejected.

Some way must be found to break this deadlock. Mr Sandys's wisest course would be to try to break it by offering a deal to the local authorities. If a new town is needed in the West Midlands, then the Government should assume responsibility for building it. The task is quite unsuitable for a local authority operating miles outside its area, and it is unfair to treat Birmingham more shabbily than London. But, in return, the Minister should insist that the local authorities in the region resolve the substantial remainder of the city's "overspill" problem by mutual co-operation and without further aid. They cannot expect to keep their independence if they will do nothing for themselves.

A Message to India

MR KRISHNAMACHARI'S remark that "the differences are not quite as great as they seem to appear in public debate" is perhaps the key to the recent exchange of letters between India's new Finance Minister and the head of the International Bank. If the bank really had tried to dictate economic policy to India, it would deserve sharp criticism. It would also be acting out of character. An institution founded by governments and launched with taxpayers' money could not very easily propagate doctrinaire opposition to all socialist measures ; and the bank, which has lent money to communist Jugoslavia, would look silly if it strained at the gnat of India's mild "socialist pattern" after swallowing Marshal Tito's camel.

Mr Black might, however, have realised that some part of his letter would create a false impression if quoted out of context, as they were almost bound to be. This was particularly true of the passage in which the president of the bank urged India, in its own interest, to give every encouragement to private enterprise. Mr Black was not preaching the superior virtue of private enterprise as such ; he was endorsing the judgment of the bank mission which visited India earlier this year, and which concluded that the financial and technical resources of the state simply could not carry the loads reserved to public enterprise in India's second five-year plan. Nor was his warning that the bank could not specify the amount it would be able to lend India during the period of the plan a veiled threat to withhold aid. The bank would be departing from its usual practice if it committed itself to specific figures for a period of several years, particularly in the case of an outsize request for loans such as India is making.

The studied moderation of Mr Krishnamachari's reply suggests that he quickly, and rightly, interpreted Mr Black's anxiety to save India from getting too far into the red in purely financial, not political, terms. The Indian government may also be alive by now to the fact that Mr Black's ability to raise new capital depends largely on his success in convincing hardheaded businessmen in New York and elsewhere that he is no sucker for "give-away" programmes and that anything his bank touches is as sound as a bell. Paradoxically, it is not impossible that the unintended publication of a letter which reveals Mr Black as a sturdy watchdog of sound finance will actually assist the bank to play (in its president's words) "an important part in providing external financing for your [India's] development efforts."

Italian Doubts About Europe

THE $75 million loan agreed last week marks out Italy as the International Bank's best European client. Hungry for capital with which to attack the traditional poverty of the south, but pursuing policies which have successfully combined general expansion and southern development with price stability, Italy has shown itself increasingly worthy of credit. Last year the bank recognised this, granting Italy a $70 million loan and letting it be known that more would be available. This second grant is a tribute to the speed of Italy's further economic growth as well as to its success in attracting private foreign capital.

As in the case of earlier loans, much of this one will be used on irrigation and power ; $25 million will go to the vast irrigation scheme which is transforming southern Sardinia, and a like sum to power works in Sicily and on the mainland. Among the industrial projects to which the remainder will be devoted is a $4.8 million motor works to be built in Naples. The emphasis on industry is new. Public investment in the south is moving on from its initial preoccupation with roads, irrigation and power, the preconditions of development, to industrial schemes—which, it is hoped, will in turn help to attract badly needed private industrial and commercial capital.

Many Italians have long felt that their southland could best be developed in a European context, and by European effort and capital ; this possibility has made the project for a European common market of special interest to Italy, provided it extends to free movement of capital and labour. Surprisingly, however, the British initiative for a wider European free trade area has had a cool reception in Italy. In part this reflects doubts about Britain's sincerity. But many Italian "Europeans" are suffering from a more general mood of disillusion. Feeling against the coal-steel community has been aroused by dissatisfaction about the high cost of American coal. Many Italians complain that both

Suez and Cyprus have been mishandled and that Britain's Cyprus policy has disrupted Nato in the Mediterranean. More than anything else, perhaps, the Marcinelle mine disaster in Belgium and the subsequent homeward flow of Italian miners have set in motion something like a wave of popular economic nationalism and distrust of the foreigner. If the common market and free trade area come to life, Italy may gain a great deal ; but at present Italian enthusiasm is damped.

Mr Hatoyama in Moscow

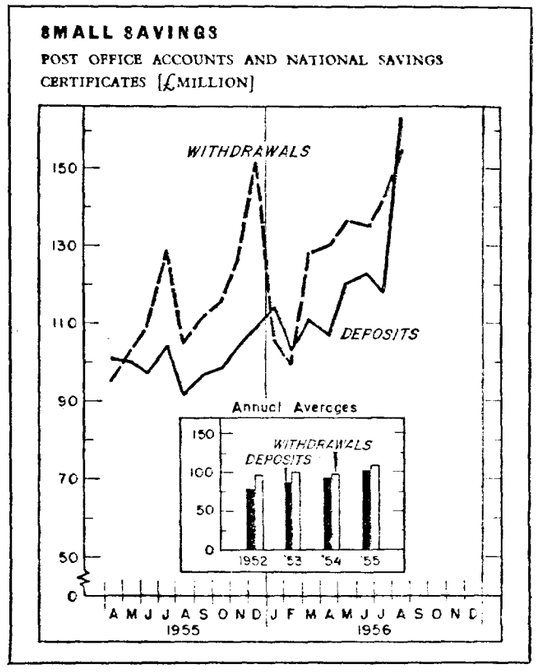
AFTER two months of political intrigue and diplomatic trottings to and fro, Mr Hatoyama, the Japanese Prime Minister, has at last got to Moscow. He has gone to try to negotiate a peace treaty between Japan and Russia based on what the Japanese call "the Adenauer formula." This means that the question of the Kurile islands, which have bedevilled all previous attempts to end the state of war, would be shelved for future discussion. In the meantime diplomatic relations will be restored, prisoners of war returned, the current fisheries agreement made permanent, and Russian opposition to Japanese membership of the United Nations withdrawn. Since this satisfies the main Soviet aim, which has always been to establish diplomatic relations with Japan without conceding any territory in return, Mr Hatoyama will probably succeed in negotiating a treaty. It is doubtful whether he will be equally successful in persuading the Diet to ratify it.

At least half the Liberal Democrats are expected to object if the treaty is silent on the question of Habomai and Shikotan, the small islands just off the coast of Japan which the Russians have refused to return until the whole territorial issue has been settled. Mr Hatoyama was only allowed to go to Moscow on condition that he insisted on the return of these islands, which have acquired a symbolic significance ; and if he fails to get them he will have to face a howl of protest when he goes home. Politicians have used the islands to make the Prime Minister's task impossible, as one of his opponents virtually admitted when he said he would do "everything in his power to prevent the Diet from ratifying *any* agreement concluded in Moscow." The Liberal Democrats are bitterly divided by personal jealousies and private feuds as well as by differences over policy. It will be necessary for the party, as one of its leaders has engagingly put it, "to shed its own skin and emerge with a new platform" if it is to remain in existence at all.

The Socialists are rather more sympathetic to Mr Hatoyama's peace proposals. They do not mind the territorial issue being postponed, because they believe that the Russians will never abandon the Southern Kuriles until the Americans abandon their bases in Okinawa and Japan. In consequence the peace talks have increased anti-American feeling ; its latest manifestation has been large-scale passive resistance at the air base at Tachikawa, which is to be enlarged to take jet aircraft. The Japanese fear that the more the Americans dig in, the harder they will be to move and the more dangerous it will be for Japan if another war breaks out. Many Socialists would be glad to give up the American alliance in return for the disputed islands and the doubtful safety of neutralism, and they are likely to support Mr Hatoyama's treaty as a step in this direction. But support from the opposition will not make it any easier for the Prime Minister to reconcile his own party to the terms.

Gad, Tovarish!

COLONEL BLIMP, Mr David Low's creation, knows no frontiers. He has found his way even into the Red Army. His voice could not be heard in Stalin's Russia because he did not need to raise it. The army was beyond reproach and no mere scribbler dared to touch it. But many taboos have gone under in the last few years, and playwrights, satirists and reporters no longer believe in the sacrosanctity of the army. The *Red Star*, the official organ of the armed forces, has now come to the rescue of the army, or rather of its officers' corps, defending the prestige of their uniform in bombastic tones. To judge by the number of indignant letters it quotes, many an officer finds it hard to get used to the new literary criticism. A Major Kulikovsky accuses one playwright of portraying a "negative" military figure without contrasting him with a hero. A Colonel Komlev says bitterly that "a future soldier, even before he enters the military family, is brought up with a critical attitude towards officers." Many more samples of this protesting chorus could be cited. Even a slur on ex-officers is apparently considered harmful. Defence against ridicule is clearly not yet included in the Soviet military curriculum. The striking novelty, however, is that the Russian writers refuse to be silenced by the colonel's indignation. Will Soviet Blimps have to acquire a sense of humour?



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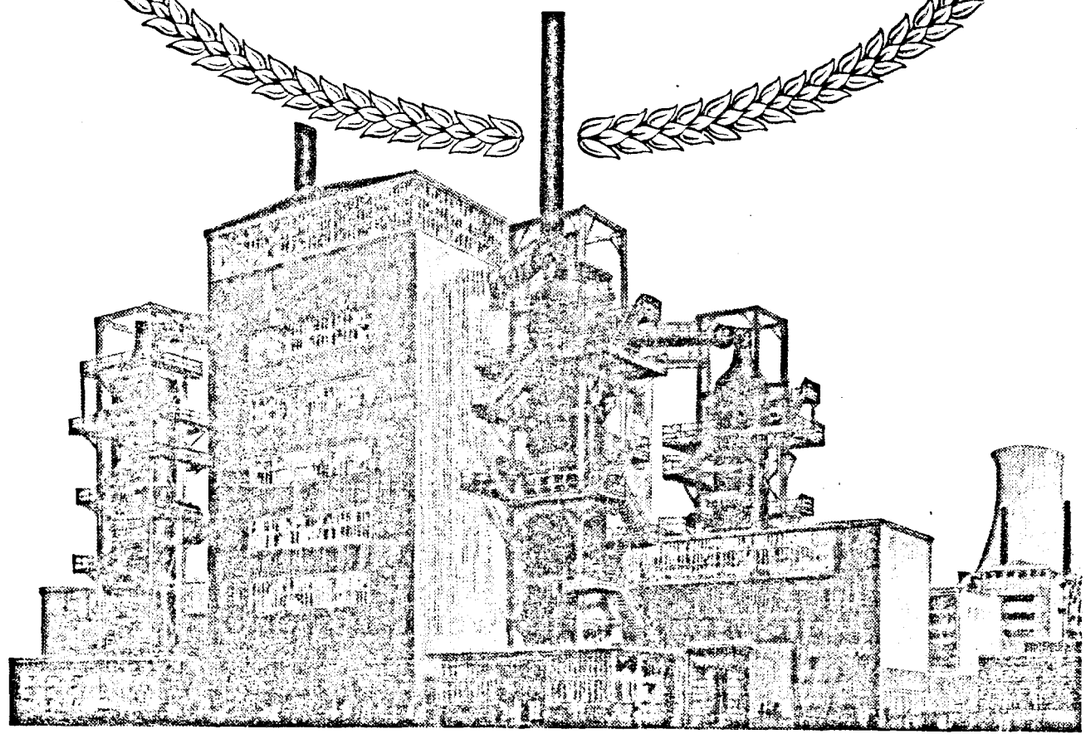

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Letters to the Editor

President Tubman's Tour

SIR—I have read with interest your Note of September 22, and I beg to disagree with you that President Tubman was "pointedly avoiding Britain" in his tour of Europe. From what I know, Mr Tubman would like very much to visit England and make contacts, but, as Head of a State, he could not do so unless he is officially invited. I know for a fact that the former British Ambassador to Liberia, Major Charles Capper, did all in his power to get President Tubman invited to England, but the Foreign Office would not budge. Every year the Foreign Office would say the Prime Minister's schedule for the year was too heavy, hence they could not invite President Tubman. This is an open secret in Liberia.

The Liberians have done much to extend the hand of friendship to Britain. The newspaper of which I am editor, for instance, began running BBC schedules every week so that listeners here would pay more attention to what the BBC is saying. A local radio station is now relaying BBC news broadcasts direct. This has never been done with news broadcasts from even our best friends the Americans. But what do we get for such overtures? A cold shoulder.

In the field of commerce, two to three years ago the importation of vehicles from Britain was practically nil. During the International Rubber Study Group Conference in October last year the Liberian government imported a large number of British cars. For the first half of 1955, we imported from Britain 24 motor vehicles, 215 bicycles, 32 buses and trucks and 92 other vehicles. By the end of the year we had ordered vehicles from Britain to a value of $150,000. But did the British follow up? Conspicuous ineptitude was displayed in grasping trade opportunities, and we are now reverting to vehicles from America.

Mr Tubman has done more for Liberia by way of development in ten years than all his predecessors ever achieved. But Britain is still thinking in terms of a Liberia of fifty years ago. From 1949 to now the Americans have invested over three hundred million dollars in Liberia and the rate of investment is increasing. When Mr Tubman took over the reins of government in 1944 the national budget was about one million dollars. This year the revenues are nearing twenty million dollars. It has been estimated that while at present most of the concessions are not paying tax—they have a minimum of five years tax-free period to develop—when some do begin to pay taxes in a year or two, the revenues will double.

As one who was a student in England and enjoyed British hospitality, I would like to see British connections with Liberia strengthened, but certainly this cannot be achieved under present Foreign Office attitudes. I think you will agree with me that for a people to feel that one nation does not like them is dangerous, but I have heard it said quite often by some Liberians "the British just don't like us."—Yours faithfully,

HENRY B. COLE
Editor, *The Liberian Age*
Monrovia

Two Evenings in Kensington

SIR—Your roving correspondent does his best to belittle the People's League for the Defence of Freedom in his report of its Empress Hall meeting; but when the disparaging epithets are cleared away from his account he can be seen to have paid the league an unintended compliment. The British Communist party, small as it is, has been admired by all its opponents for the energy and enthusiasm of its members: the political apathy of the right is acknowledged by both Conservatives and Socialists. If, then, little more than six months after its foundation, the league can run as large and successful a public meeting as the communists, it must have won much public support and have started its career in a way most pressure groups might envy.

Your correspondent was offered a fascist leaflet on the way out. Well, the league, like other organisations, cannot control those who peddle propaganda outside its meetings.

The league earns a black mark from your correspondent for being "extremist" and not "a genuinely liberal pressure group." Your own position was once described as extreme centre. Similarly, if the league is extremist, it is so only in the vehemence with which it attacks certain abuses of power and in its refusal to compromise on important questions of principle. Its appeal to the centre may be gauged by the number of Liberals who have joined it.

Your correspondent is particularly unjust in suggesting that the league ignores criticism. Its weekly paper, the *People's Guardian*, has followed the policy of printing full and word-for-word reports of attacks by opponents, including communists. Few other papers can make this claim.

The real target of his scorn is not the league's programme, but its alleged powerlessness. Policies no better than the league's have often become intellectually respectable when reinforced by the threat of strike action.—Yours faithfully,

J. B. BRACEWELL-MILNES
King's College, Cambridge

Optimism in Canberra

SIR—Your Note on the Australian Budget in the issue of September 8th greatly overstates the extent of the improvement in the Australian balance of payments between 1954-5 and 1955-6 by comparing the figure for the current account deficit for the former year with that for the decline in Australia's reserves—which reflects also the inflow of capital—for 1955-6. The figures given in the budget statement show an improvement from a deficit on current account of £A257 million in 1954-5 to one of £A221 million in the financial year just ended. The fall in international reserves in 1954-5 was £A142 million, compared with £A73 million in 1955-6. There is, as you say, "some way to go" even before the reduction in international reserves can be stopped; it is doubtful whether a country in Australia's present state of development should wish to go much further and actually achieve a balance on current account. It would be unwise, however, for Australia to rely on an annual capital inflow as large as that of 1955-6. Nevertheless, if the recent higher wool

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prices are maintained it is reasonable to hope that the fall in the reserves will be halted in the current financial year, and that before the end of it a start may be made in removing import controls.—
Yours faithfully, J. O. N. PERKINS
Australian National University, Canberra

Money in Mortgages

SIR—I have read with interest the article in your issue of September 1st.

In 1951 I accepted the honorary appointment of liaison officer to the North Western Loans Bureau established by the north western branch of the Institute of Municipal Treasurers and Accountants. Since that date I have negotiated temporary loans between members of £18 million.

Your comment "to canalise the flow of citizens' loans between themselves" is not quite correct, as my operations are entirely relating to loans between local authorities.

The success of the scheme is clearly indicated by the following transactions:

Year ended March 31st	Amount £ 000's
1953	2,325
1954	2,665
1955	3,755
1956	7,328

The number of members at March 31, 1956, was 109, and a number of new members have joined since that date. The long term loans negotiated through the bureau are negligible, and therefore the figures quoted relate almost entirely to loans of one month certain and seven days' notice. I have no information as to the actual period of the loans negotiated, but from knowledge of a number of transactions it would appear that a number of loans are retained for periods in excess of one month.

I think it should be made perfectly clear that the liaison officer is only acting as a central focal point for short-term loans between local authorities, and does not deal with other sources. It should also be noted that throughout the country there are other loans bureaux operated by other treasurers, and that there is liaison between each of them.

Briefly, you will see that the function of the bureau is to introduce those local authorities with temporary surplus funds available to those who require short-term funds, thus enabling the lending authority to obtain better terms than bank deposit rates of interest, and the borrowing authority to take up funds without incurring expenses, e.g., commission. There is, therefore, a mutual gain on the part of each local authority.

I would point out that the annual subscription of each authority is 7s. 6d. to cover the cost of postages, telephone calls, etc., incurred by my own local authority.—Yours faithfully,
Nelson, Lancs. W. KNIGHT,
Liaison Officer,
North Western Loans Bureau

Books & Publications

Tao and Chinese Science

SCIENCE AND CIVILISATION IN CHINA: *Volume II, History of Scientific Thought.*
By Joseph Needham. With the research assistance of Wang Ling.
Cambridge University Press. 718 pages. 80s.

THE second volume of Dr Needham's *magnum opus*—five more volumes are to follow—might well stand on its own as a complete outline history of Chinese philosophy. Dr Needham has not, of course, set out primarily to deal with Chinese philosophy. He is concerned with it only in its relation to science and technology; but in considering the attitude of various Chinese schools of thought towards the scientific investigation of nature, he has had to go deeply into the history of general ideas and even of religious beliefs. Nor are such studies uncongenial to him; if his greater enthusiasms are reserved for Chinese alchemy and early watermills, he is very much at home in philosophical controversy of all kinds and has a fine appreciation of the aesthetic side of Chinese religion, as shown in his incidental accounts of visits to temples during his own travels in China.

Dr Needham begins with the Confucians, "giving them pride of place on account of their dominance over all later Chinese thought, although their contribution to science was almost wholly negative." He finds in Confucianism an ambivalent attitude towards science. On the one hand, it was "basically rationalistic and opposed to any superstitious or even supernatural forms of religion"—which should have been favourable to a rational investigation of natural phenomena—but, on the other hand, "its intense concentration of interest upon human social life to the exclusion of non-human phenomena negatived all investigation of Things as opposed to Affairs." It was in Taoism, with its dislike of authority and social conventions, its interest in non-human nature, and its emphasis on relativity and change in the cosmic order, that scientific inquiry found a more suitable intellectual *milieu*. In contrast to the Confucians, the Taoists were always trying to get away from learning and abstract principles to direct experience; Dr Needham quotes one of them as arguing that "the people who manage the dykes of the nine rivers did not learn their business from Yu the Great, but from the waters."

But the quest for mystical illumination would not have combined as much as it did in Taoism with practical material techniques but for the persistent Taoist belief in the possibility of attainment of a physical immortality; the idea that the adept could overcome mortality led the more materially minded followers of the school to strive to prolong earthly life by all kinds of techniques involving medicine, metallurgy and alchemy. The author declares that he knows of "no close parallel to this in any other part of the world." The contributions of this activity, however, were to technology rather than to systematic scientific theory, which for the Taoists smacked too much of the learned abstraction which they despised.

Dr Needham is much less sympathetic to Buddhism than to Taoism as a factor in Chinese thought, and this is not surprising, for if Buddhism is analogous to Taoism in its concern with personal, as distinct from social, regeneration, it is nearer to Confucianism in its indifference to non-human nature and preoccupation with human conduct. The high development of logic and epistemology in Buddhism might, in the author's opinion, have aided scientific thought in China, but seems never to have been brought into relation to it. The trend in Buddhism most favourable to the natural sciences was, he thinks, the Tantric school, which is generally regarded as the most degenerate form of Buddhism as a religion, but "represents one of the fields of research in which interesting discoveries concerning the early history of science in Asia are most likely to be made." Dr Needham emphasises resemblances between Chinese Taoism and Indian Tantrism and suggests at least a partial derivation of the latter from the former; it would perhaps be more satisfactory to seek an explanation of their common elements in a primitive substratum of practice and belief in the whole region from the Ganges to the Yellow River, and in this connection the pre-Buddhist Bon religion of Tibet is well worthy of consideration.

Dr Needham carries his study beyond the limits of philosophical thought into the field of political history, and lays stress on the frequent association of Taoism with the subversive political movements of past times in China. He rightly points out that Taoist thought was hostile to the social and political structure of the Chinese state (which he describes—from the Han dynasty onwards—as "feudal bureaucratism") as endorsed and consolidated by Confucianism, and speculates on the underlying connections between science and

"democracy." But the Taoists were politically anarchists rather than democrats, and the tradition of anti-governmental, popular religious-political organisation in China is quite as much Buddhist as Taoist; the most important of the "chiliastic" sects, the White Lotus, is Buddhist in origin.

Dr Needham justifies the space taken up with doctrines and beliefs inimical to science on the ground that for the history of science adverse conditions are as important as favourable ones, and adds that one of his main objects is to find out "why modern science and technology did not spontaneously develop in East Asia." He is deeply impressed by the technological achievements of the Chinese in ancient and medieval times and considers that these have been much greater than has generally been recognised in the West. He also holds that even in theoretical scientific speculation they were the equals of the Greeks. He admits, however, that these promising beginnings did not mature as they did in Western science, and this leads on to the question why not. He formulates the problem on page 203 of this volume, but then disappoints the reader's whetted appetite by saying that "time has not yet come to speak of this." Indeed, he has made a work of massive learning as exciting as a magazine serial, and should have no difficulty in holding the interest of his readers for the unfolding of his theme through the next five volumes.

The Phase Before Yesterday

STERLING-DOLLAR DIPLOMACY.
By Richard N. Gardner.
Oxford University Press. 445 pages. 42s.

THERE have been three phases of economic diplomacy in the past fifteen years, in the struggle for a freer trading world. The first phase, of wartime and postwar dreams, collapsed with the British economic crisis of 1947. The second was characterised by the failure of the Commonwealth's convertibility plan of 1952. The third phase, which is now upon us and which will move this winter towards its diplomatic crisis, has had its initial motive force in the continental dream of a European common market.

Mr Richard Gardner, an American Rhodes scholar who studied under Mr Roy Harrod at Oxford, has written a diplomatic history of the first stage, down to 1947; his inspiration was the fascinating "inside story" of the wartime and immediately postwar economic negotiations contained in Mr Harrod's "Life of Maynard Keynes." When Mr Gardner is about a quarter of the way through this book, one suddenly realises that he is doing his job very well. Perhaps, from a British point of view, he has laid too little emphasis on the obstacles caused by the illiquidity of the world currency system in his period; currency reserves were far too small for the manœuvres that the idealists demanded, largely because all prices had doubled since before the war save only the price of gold. Certainly, from a realist's point of view, Mr Gardner's closing chapters are a little too gloomy; as he recounts how all the insubstantial wartime visions faded, he seems to forget that they have left much more than a rack behind. This is a freer trading world than most of us expected could be allowed nine years ago. But his judgments are formulated with a sense of mature fairness unusual in a young writer; and the book itself is written in a fluent English style unusual in either a lawyer or an economist. Mr Gardner, *mirabile dictu*, is both.

In the end, therefore, the main complaint to be made about Mr Gardner's book is really a compliment to it. It is a crying pity that he ends his account at 1947; the story of events up to then has been told before, if never so completely. The still more intriguing story of sterling-dollar diplomacy in 1952-55 awaits even preliminary reconnaissance in a book of this sort. The trouble is that such a book, as Mr Gardner's careful scholarship makes clear, would demand two or three years of hard work. Most of the actors in the story are too busy to write it; the task awaits one who was not an actor, but who has Mr Gardner's rare gifts of second-hand narrative and research. Unfortunately by this time Mr Gardner, precisely because of these gifts, will no doubt be too busy too.

Gestating Unions

TRADE UNIONS.
By Eric L. Wigham.
Home University Library. *Oxford University Press.* 284 pages. 7s. 6d.

MUCH of this book is a purely factual study of trade union history. The author, labour correspondent of *The Times*, does his subject full justice, and gives much valuable information. It would perhaps have been helpful if Mr Wigham had described actual cases of union activity; but it is notoriously hard to find "classical" instances of union disputes, because, as he shows, the unions themselves differ so much in their organisation and practice.

At present the great question is the future direction of the unions. The author recognises this to be essential to any discussion of the subject, but it means that he has to abandon his scrupulous avoidance of value-judgments in the historical parts of his book, and rely on his subjective views. There are no rash prophecies: he confines himself mainly to pointing out the faults in the system that seem most in need of quick attention—apathy in the union branches, lack of an adequate central policy, and the dependence of the unions' *status quo* on the continuation of a system which they are politically committed to abolish.

Mr Wigham suggests that it might be to the movement's benefit if the General Council of the TUC could intervene more effectively in inter-union disputes: he tentatively suggests the inclusion on the council of officers with no particular union connection, to relieve the general secretary of some of his immense responsibilities. But elsewhere in the book he makes some very cogent remarks about the separation of the officials from the ordinary members; salaried officers would become just another kind of bureaucrat to the workers, and the danger of strikes directed against the unions themselves, as another kind of boss, would be increased. Their very disinterestedness, which would make it so much easier for them to deal with employers and government departments, would make it only too easy for disruptive elements to represent them as employers' stooges or snoopers.

In emphasising the relative conservatism traditionally shown by the TUC General Council, Mr Wigham says: "It looks as if they will change the Labour Party into a conservative party . . . or they will break with it." This year's conference at Brighton showed that the old leaders are leaders no more: they continually emphasised their purely advisory function, and were downright timid on many issues. They are too conservative to break with the Labour party, and it looks as if they have no power to change anything. The power of the council has changed radically even since Mr Wigham so recently finished his book: but this only confirms his conclusion that the unions are "in one of those periods of gestation. . . ."

Europe's Homeless

THE INTERNATIONAL REFUGEE ORGANISATION.
Prepared by Louise W. Holborn.
Oxford University Press. 819 pages. 45s.

THE problem of "mass communication" is a constant preoccupation of United Nations officials. Faced with a book like "The International Refugee Organisation," one realises why. Miss Holborn has prepared a painstaking history of the IRO; but she has etched in every tree so laboriously that the common reader will be reduced to a babe in her wood, smothered by the little leaves of detail and quite unable to make his way through.

This may not be the author's fault: she was presumably following the instructions of the organisation's Liquidation Board in thus preparing its last testament. But it is an opportunity lost, for this is a remarkable story which should have reached a wider circle than the administrators and statisticians who are likely to be the only beneficiaries.

Between 1947 and 1952 the International Refugee Organisation resettled over a million people, most of whom had been taken as slave labour by the Germans during the war and who refused to return home for fear of persecution by totalitarian regimes. They were found new homes in forty-eight countries—notably the United States, Israel, Canada, Australia, Britain and parts of Latin America—at a cost to

the organisation's eighteen member governments of more than four hundred million dollars.

The operation was probably the most complex ever carried out by international effort. Legal protection and relief, which had normally sufficed in the days of the League of Nations, were no longer enough. These modern refugees had to be groomed by the IRO for emigration; visiting missions picked them over like careful housewives, taking only the best. During months of security screening, the refugees were taught the languages and ways of the countries where they hoped to start new lives; they learned the trades which those countries wanted; and their health was built up to the required one hundred per cent standard —for even the underweight were not acceptable, and pregnant mothers had to wait for clearance until their newly-born babies were seen to be in first-class condition too. People with a shadow on their lungs or defective sight, people with a shrunken arm or a missing finger, anyone over forty-five (thirty-five for professional workers)—none of these stood a chance of emigration in the early years, though latterly receiving countries became a little more humane.

Small wonder that, despite all the IRO's efforts, 350,000 refugees—mainly the old and sick and their families—were still left stranded in Europe when the organisation closed down. One would have gladly exchanged some of the minutiæ of staffing and financial arrangements for more information about the composition of this hard core, most of whom still exist as unwilling charges on grudging countries with problems of their own.

One point of fact is worth correcting. The IRO was not the first agency created by Uno, as Miss Holborn asserts in her opening sentence. Both the Food and Agriculture Organisation and Unesco were earlier offspring.

Arcadian Islands

THE AZORES.
By Claude Dervenne.
Harrap. 165 pages. 30s.

THIS is the first general account of the Azores since the nineteenth century when, in the days of the whaling voyages and the trade in wine and oranges, the readers of some half-a-dozen books knew the islands, not as "where our weather comes from," but as a scatter of the Portuguese Arcadia preserved in mid-Atlantic. Miss Dervenne has now visited all the nine islands and has delighted in her travels. She provides a good deal of information which is largely accurate, although at times one is a little uneasy whether she has seen all she has described. For instance, she says: "there is an acrid smell of sulphur coming from some of the fissures" in the crater of the tall peak of Pico, one of Europe's noblest, sheerest, volcanic cones. This reviewer could smell nothing in 1949; nor in 1839 could the brothers Bullar, whose fond and urbane book, published in 1841, is still the finest account of an archipelago which, although nearly half-way to the western world, endears itself chiefly because it lags behind.

But there is endearment also in a glory of flowers, roses and profuse hydrangeas, lovingly planted along every road and track. Miss Dervenne is at her best when describing these, and manages also to convey the extraordinary effect on land and sea and man and beast of the ever-changing quality of light and atmosphere. Of the island of Flores she says: "To do justice to it, one would have to coin words blue enough, green enough, words drenched in light and mist and fragrant with sweetness, bitterness and solitude." She is not always so well served by her translator and sometimes there is a dogged earnestness about her prose that makes some places, like the modest port of Velas, San Jorge, sound much grander than they really are. She came to love the islanders, and one wishes she had dwelt on them more, for their kindness and grave courtesy are models even for Portugal.

The book has many excellent photographs, but unfortunately includes one or two pretty-pretty studies like that on the jacket, which should not put off the reader from this account of the last in Europe of the Encantadas.

The Development of Economics

THE MEANING AND VALIDITY OF ECONOMIC THEORY.
By Leo Rogin.
USA: *Harper.* London: *Hamish Hamilton.* 697 pages. 52s.
ON THE HISTORY AND METHOD OF ECONOMICS.
By Frank H. Knight.
University of Chicago Press. London: *Cambridge University Press.* 316 pages. 45s.
STUDIES IN THE LABOUR THEORY OF VALUE.
By Ronald L. Meek.
Lawrence and Wishart.
310 pages. 30s.

THE comparative study of economic theory appears to be regaining some of the popularity which it lost in the 1930s. It has obvious disadvantages; notably its lack of immediate relevance to current problems and, especially in teaching, the discouragement which it inflicts on students required to master large bodies of complicated theory known in advance to be obsolete, imperfect, or just plain wrong. But it has merits, too, even apart from those relating to a more general historical understanding. It gives a better understanding of current economic concepts and ways of thought—which inevitably bear the marks of their intellectual lineage; it offers at least the possibility of discovering and reopening some abandoned vein of wisdom; and it imparts a healthy caution in attributing universal validity to descriptions of passing phases of economic development.

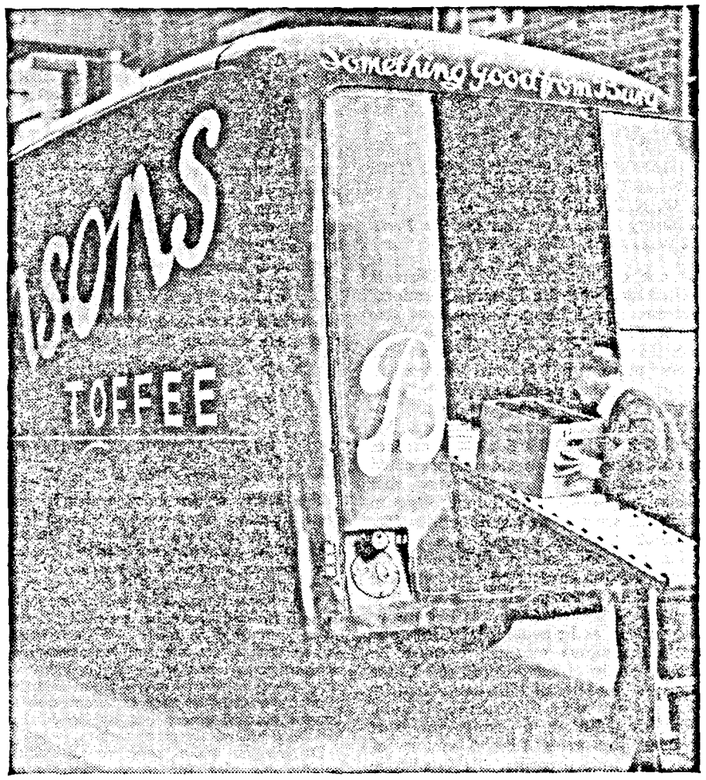
Professor Rogin's massive survey of economic thought from the Physiocrats to Keynes is described as "an exploration of the hypothesis that new systems first emerge in the guise of arguments in the context of social reform." The hypothesis is hardly new; indeed, it is rather surprising that a modern writer should think it in need of statement and justification. Justification here runs mostly on the familiar lines which depict any thinker whose arguments can be invoked, correctly or otherwise, in support of a group interest as a deliberate apologist for that group. Professor Rogin, whom internal evidence suggests to have been a left-wing New Dealer, mercifully avoids the equally familiar imputations of malevolent dishonesty; but his book is better as a straightforward, rather pedestrian narrative or work of reference than as the elucidation of a principle. The only real trouble is that no one but a fairly serious student would, or should, try to read it, and any serious student knows his way to Schumpeter.

Professor Knight's "History and Method" stands on a very different intellectual level. This is a collection of articles, essays and reviews, dating from the 1930s on, whose centre of gravity lies in comparative economics but whose driving force is a concern with the place of economics among the social sciences and of the social sciences in human knowledge and wisdom. Apart from the first paper (the article on "Economics" written for the "Encyclopædia Britannica") it is all extremely stiff going; toughly hammered thought, without a restful platitude in a hundred pages, and made tougher for the reader by an awkward style. The long paper on "The Ricardian Theory of Production and Distribution" is in part a distinctive analysis of the classical system in general, in part a representation of those fundamental concepts of economics for want of which the classics went astray. Similarly the essay on Wicksteed is at once a review and an illuminating exposition of the writer's own conclusions, as modified by a study of "The Commonsense of Political Economy," on the opportunity-cost and labour-cost theories of value and the relation of "pecuniary and non-pecuniary" utilities. This paper, indeed, exemplifies the advantage gained by an economic theorist who does not stick too closely to his last—a habit which leads to forgetfulness of those "non-pecuniary utilities" which can wield so powerful an indirect pecuniary influence, and, still more destructively, to "an irrational passion for dispassionately rational behaviour" and a consequent totally unreal view of social life. There are indeed dangers in the refusal of a specialist's tunnel-vision; notably woolliness and superficiality. Professor Knight is immune to these. He has blind spots (Keynes is one), but he brings to the wider problems of ethics and philosophy the same penetration and power as to the cruxes of economic theory.

Mr Meek hopes, in his "Studies in the Labour Theory of value," to usher

One man helped this confectionery firm to overcome invoicing delays

Bensons' deliveries sometimes had to wait for invoices—but the Burroughs man, Mr. R. Sudall, was able to suggest a quicker system using Burroughs Sensimatic accounting machines.



Bensons Confectionery Ltd., of Bury, have a large home and export trade in toffees and boiled sweets. Last year deliveries were hindered because loaded vans were kept back while invoices were being prepared. More staff were put on the work, but there were still delays during peak periods.

Bensons contacted Burroughs, who sent one of their team of accounting experts—Mr. R. Sudall. Together with Bensons' accountants he made a thorough analysis and suggested a system using two Burroughs Sensimatic accounting machines.

Now, these machines prepare invoices in *one operation* direct from travellers' orders—and accumulate the grand total of all invoices. Each machine prepares 30 to 40 invoices an hour, and loads now go out as fast as they can be packed. Bensons are already coping with a 50% increase in activity, and anticipate further orders through their prompt deliveries.

WHATEVER YOUR BUSINESS

If you have an accounting problem, the Burroughs man can help you. He is an expert on modern accounting systems, and well able to work with your accountants or auditors. Backed by Burroughs' world-wide experience, he will make a full analysis and suggest the most economical, *workable* solution. If he thinks no change advisable, he will say so; if he does recommend a change, he will make a detailed plan and help you get it working smoothly. Call in the Burroughs man — you're committed to nothing. His advice is free.

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FOR SPECIALIST ADVICE ON MODERN ACCOUNTING METHODS

CALL IN THE Burroughs MAN

in "a period of co-existence" between Marxian and non-Marxian economists; he follows an historical analysis, from the classics through Marx, of the rise of that theory, with a study of its critics, and ends with a valiant attempt to apply it to the current economic scene and to indicate lines of further advance. His book rouses much the same sort of admiration as a shot at a speed record on a penny-farthing bicycle; an admiration tempered by the wish that the same skill and energy could be used on a modern drop-handled model.

Bismarck's Bogy

BISMARCK, GLADSTONE AND THE CONCERT OF EUROPE.
By W. N. Medlicott.
University of London, the Athlone Press. 367 pages. 35s.

IN one of his later works, "Disraeli, Gladstone and the Eastern Question," Professor R. W. Seton-Watson was able to conclude that, for all his so-called cant, Mr Gladstone, in terms of the things that came to pass, proved a greater realist than Disraeli in his judgment of the Balkan problem. Professor Medlicott now confronts Mr Gladstone with Bismarck; his researches into many sources previously neglected or unavailable confirm the view that Gladstone, in spite of the verbiage in which he seemed to hostile critics like Bismarck to lose himself, had vision which was not without realism in his conception of concerted international action. Mr Medlicott implies that Bismarck persuaded himself, and as many others as he could, that Gladstone was a dangerous madman because he was genuinely afraid of him; the Three Emperors' League of 1881 was aimed by Bismarck against a Gladstonian Britain.

In his Midlothian campaigns that heralded the great Liberal victory of 1880, and indeed earlier, Mr Gladstone had demanded a reanimated Concert of Europe; he called for the bringing about of "the 'common accord' of Europe, embodying in one organ the voice of civilised mankind in the acting and fostering care of England." Once in office he and Granville induced the powers into a half-hearted co-operation which induced the Sultan to make the territorial cessions to Montenegro and Greece that had been foreshadowed by the Treaty of Berlin. After 1881 Gladstone was blocked by the Three Emperors' League, and weakened by catastrophe in Ireland and Egypt. Yet, as Mr Medlicott writes, "the line of development through British and American idealism to the League of Nations Charter and beyond, the influence of Gladstone on Woodrow Wilson and many American Liberals, and the pacifist movement from the late nineteenth century onwards, all found some inspiration in the Concert of 1880."

Mr Gladstone, moreover, had not been afraid to use force when it became necessary to achieve his aim. Internationally Bismarck was less successful in Professor Medlicott's view, for he merely perpetuated deadlock.

It is interesting to observe the ideological clash between Britain and Germany already in 1880. It would often be slurred over, and often regretted by many of the British and some of the Germans, but it was to help to bring about two fearful wars which would sweep over the world in the twentieth century. Professor Medlicott's researches show more clearly than ever the affinity between the methods and mentality of Bismarck and Hitler. Great though the contrast may be between the Junker and the son of the Austrian customs official, they both loved to create bogies and to sow distrust; hence they disliked all conceptions of concerted action and preferred bilateral action, at most a triple alliance or "tripartite pact."

The book suffers a little from the technical difficulty of making detailed diplomatic history readable. The effect of summarising dispatches is only too often like rather tight knitting. Although his critics occasionally suspect a little artistic licence, it takes Mr A. J. P. Taylor to weave tapestry.

Shorter Notices

A DOCTOR RETURNS.
By Donald McI. Johnson, MP.
Johnson. 256 pages. 16s.

The author of this book, which has no pretensions to literary merit, won the marginal seat of Carlisle for the Conservatives at the last election. Since then, he has been an assiduous questioner in the House of Commons on all matters relating to the reception and care of the mentally ill, and this book can be regarded as part of his campaign to focus public attention on the subject. It is mainly an account of his own experience with the lunacy laws six years ago and of his conviction that the mental symptoms he then experienced were caused not by illness but by drugs that had been unlawfully given to him.

Dr Johnson makes some sound points, notably his plea for more "observation wards" in general hospitals, which would act as a clearing house for all people with mental symptoms who refuse treatment as "voluntary patients." This system acts well in London and elsewhere as a means of avoiding certification in many cases, but it would be unwise to regard it as a complete answer to the problem. It is a pity that in his well-meaning campaign to arouse public interest in mental hospitals and the mentally ill, Dr Johnson argues too much from the particular to the general and in so doing overstates his case. The whole question of certification, and the alternatives to it, is far more complicated than he would appear to think.

★

PLANNING FOR AN EXPANDING ECONOMY.
By C. N. Vakil and P. R. Brahmanand.
Bombay. *Vora and Co.* 434 pages. Rs. 12/8.

In this prolix and repetitive book the authors argue that the Indian planners have based their structure on a misunderstanding of the economic process of development, mainly because they fail to distinguish between the functioning of "advanced" as contrasted with "underdeveloped" economies. The authors believe that the second five year plan's emphasis on investment in fixed capital will necessarily fail to promote employment and generate a cumulative process of development because it provides for no adequate supply of "wages goods" (that is, those goods, including food, upon which Indian workers spend their incomes). This means that the prices of such goods will rise and lead to serious inflation. That failure in the second plan is already foreshadowed is in their opinion shown by the unduly low employment target of the plan itself, and by the already visible tendency for prices to rise after several years of relative price stability. The policy that should be pursued is to invest mainly in consumer goods industries (including food production) at a rate (in relation to national income) greater than the rate of population growth. These industries should be mechanised and not—as projected in the plan—based on cottage and small-scale organisation. The authors repeat this thesis in varied forms throughout many chapters, but the underlying arguments are formulated most completely in Part II, Chapter IX.

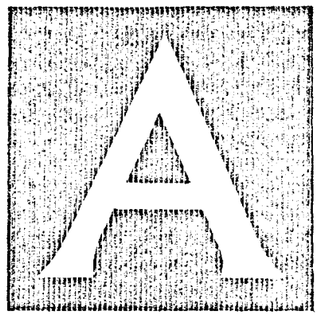
It is commendable that attention should be drawn to the first plan's failure to reduce unemployment and under-employment and to the second plan's disappointing employment target, but the authors seem to underrate the planners' understanding of the problem and to misrepresent their arguments and methods. It is to be hoped that the analysis—although not wholly convincing—may help to suggest ways by which employment as well as output can be accelerated at no distant date.

★

BRITISH FOREIGN POLICY SINCE 1898.
By M. R. D. Foot.
Hutchinsons University Library. 190 pages. 10s. 6d.

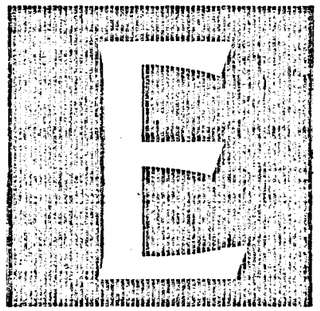
A good short account of British foreign policy, which would explain the full effect of the changes of the last half century, would be a useful thing to have, though difficult to write. Mr Foot has not, in fact, attempted to do this. His purpose has rather been to give a rapid narrative of British diplomatic action with sufficient foreign background to make it intelligible. Since he has also rightly included some account of the two world wars, in the course of which so much policy was made, he has inevitably been very cramped for space and has been forced to sacrifice any attempt at generalisation. Nevertheless, the book will be valuable, if only as clearing away a certain number of popular myths about such turning points as the British entry into the first world war or the "appeasement" era, though Mr Foot gives too little space to non-European questions, above all to changing relations with the United States.

The book is not altogether free from error. It was on the Board of Commissioners for the Egyptian Debt that Germany exercised pressure on Britain after 1885; it had nothing to do with the Suez Canal. Unless one counts the Turks as Europeans, the Japanese victory over Russia was hardly the first Asian triumph over Europeans since the days of Ghengis Khan. The summary of the Zinoviev Letter is misleading; and Mr Foot's judgment on the Balfour Declaration unacceptable as it stands. M. Herriot is not, and was not in 1924, a Socialist. General de Gaulle's provisional government was set up in Algiers and not in London; and the telescoped account of the London and Paris Agreements of 1954 fails to make it clear that Western European Union was an actual expansion of the Brussels Treaty.



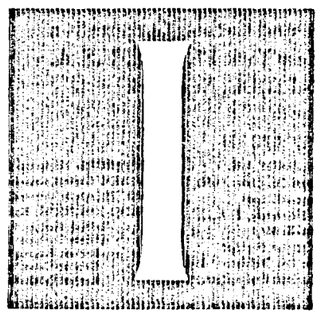
Increased prices of petrol and diesel fuel announced on October 8th and 10th will not affect users of electric vehicles. Every vehicle of this type at the recent Commercial Motor Show used equipment supplied by the British Thomson-Houston Co.—a member of the A.E.I. Group.

ELECTRIC

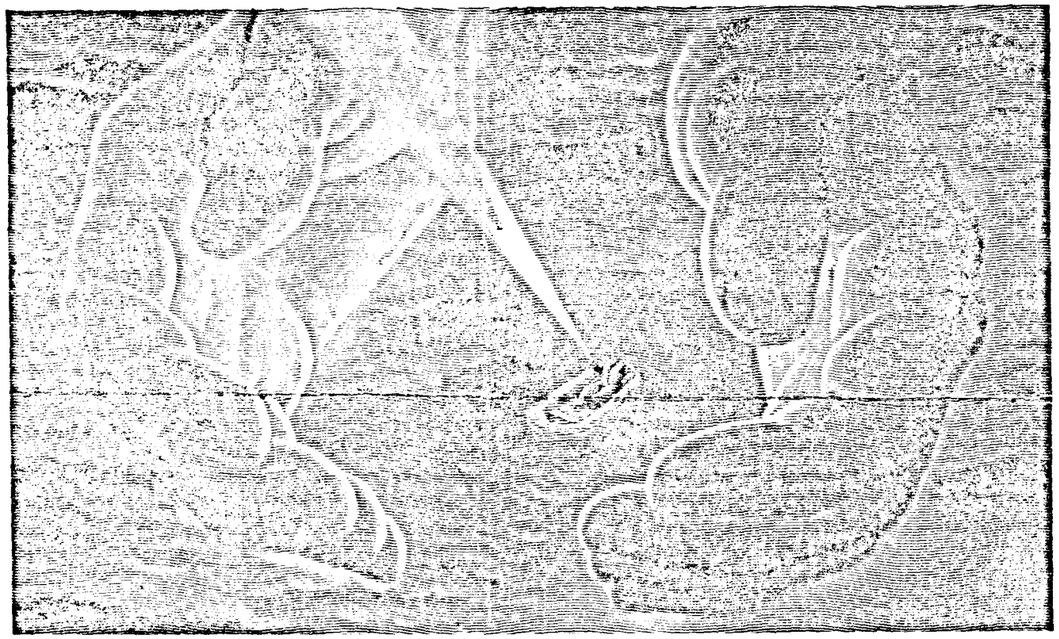


Metropolitan-Vickers—another A.E.I. Company—has supplied trolleybuses to many cities from Copenhagen to Dunedin. A further 62 trolleybuses with M-V electrical equipment recently supplied to Manchester Corporation brings to 269 the total of such vehicles supplied since trolleybuses were first used in Manchester in 1937.

VEHICLES



Batteries for trolleybuses in Finland were supplied by Ediswan—a third member of A.E.I.—whose batteries also provide power for electric delivery vehicles and fork lift trucks.



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American Survey

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

Capital Cassandras

Washington, D.C.

THE United States seems to be rapidly acquiring one of the main characteristics of an underdeveloped country—a shortage of capital. Keynes would probably have been startled to be told that the chief economic problem of America in the year 1956—eleven years after the end of the war—was to supply the enormous demands of consumption and of investment without inflation or, conversely, to suppress those demands without causing a severe slump. Yet, as the year draws to a close, these are precisely the problems which the authorities are facing, and their task may be about to become considerably more difficult because of a technical change that has been slowly developing in the structure of the assets of the banking system.

More and more observers in the United States claim to discern two fundamental causes of the present problem, both of which have affected the demand side of the economic equation. The first is an American version of the "revolution of rising expectations," which is said to characterise underdeveloped peoples. A washing-machine, two-car, home-owning civilisation—the kind of civilisation which most Americans now feel is their due—is possible only through consumption on the hire-purchase system, and such consumption must be financed somewhere. The second is a phenomenon described in classic terms as an increase in the marginal propensity to invest.

As a result of the pace of technological research and discovery, business corporations by the hundred are discovering that they have no alternative but to expand and invest. Meanwhile, the growth of population is making more and more urgent the investment of public capital in schools, roads, drains, water supplies, hospitals, and so on. Even if consumption—or more properly the wish to consume—could somehow be kept within bounds, there would apparently be a genuine shortage in the United States of the savings needed to satiate the enormous hunger of the capital market. With the demands of consumers for mortgages and hire-purchase finance added, the shortage becomes acute.

*

The situation has been kept under control up to now in the classic manner, with the fortuitous aid earlier this year of a mild and temporary recession in consumer demand for durable goods, chiefly automobiles. The central banking authorities have simply refused to "print" the new money that would be needed to supply everybody's demands. The practical results of this effort at monetary restraint have been:

1. *A steady rise in interest rates.*—Short-term rates are the highest they have been since the banking crisis of 1933; Treasury bills are yielding over 3 per cent, compared with about 0.6 per cent in the middle of the mild 1954 recession. Long-term yields have risen much less rapidly, but most of them are at postwar highs.

2. *A drastic shift in the assets of the banking system.*—The commercial banks have continued to make a record volume of loans—both ordinary short-term commercial loans to keep business rolling, and some loans in the mortgage and corporate areas that are close to the fringe of capital investment—while selling off huge quantities of the investments, mostly government securities, which they had acquired in the war years. The leading banks in the last year alone have expanded loans by $6.1 billion and reduced their holdings of government securities by $4.3 billion. The boom has been financed up to now, in effect, by assets acquired during the war—for which, fortunately, there have been non-bank purchasers charmed by the rising yields of these assets.

3. *A definite and increasing curb on the availability of credit despite this expansion in loans.*—The central banking authorities insist that more borrowers are being turned away now than ever before in history, even though a record number of borrowers are being accommodated as well. Perhaps the greatest pinch, reflecting the basic shortage of savings, is in mortgage money for housing.

4. *A total money supply kept well under control,* and actually expanding less rapidly than the gross national product. But the speed with which money is turned over has increased sharply.

5. *Some rise in prices in spite of the restraint.*—Retail prices are now about 2 per cent higher than a year ago and wholesale prices about 3 per cent.

6. *A curb on the stock market at long last.*—The present sluggishness of the market in the face of obvious boom conditions may result in part from the election, but it is clearly also due to the monetary situation. Not only are yields on bonds and other fixed-interest securities drawing money away from equities, but the threat to the boom contained in the present monetary restraint is damping the more enthusiastic expectations of future profits.

Why, then, cannot this clearly tolerable situation continue indefinitely? The answer, in many minds, is to be found in the second point—in the change in the character of the bank assets. The banks are less liquid now than they have been for years. Some day they will feel they have to stop selling their investment reserves—or, perhaps just as likely, there will be no buyers for those investments at acceptable

prices. When that day comes—assuming it does come—one of two things has to happen: either business loans must be severely curbed, with an inevitably depressing effect on the economy as a whole; or the central bank, to prevent the slump, is going to have to allow the money supply to expand, through an increase in loans without the offsetting decline in bank investments, much faster than would be consistent with stable prices. In short, as the Cassandras see it, the American economy faces either fairly serious inflation or a fairly serious slump induced by the effort to prevent inflation.

The Cassandras can be wrong, of course. The main hope at the moment appears to be that the rise in interest rates will suck more savings out of the economy, to add to the constant increase in "institutional" savings through such things as pension plans. It is possible that the resultant fall in consumption would not curb the boom too much from the demand side. There is the further point that the non-bank money that has been used to buy government securities from the banks will, if the banks cease to be sellers, have to be invested somewhere.

All of these hopes are just another way of saying that restraints can, at least theoretically, be applied firmly but delicately enough to prevent the two revolutions in demand from outpacing the country's resources. But, in an economy already fully geared to both revolutions, this must remain an open question. If demand—spurred by both social and economic reasons of a fairly fundamental character—is suppressed enough to prevent inflation, can an economy based on that demand continue to prosper?

The central banking authorities have been aware of this problem as a potential cause for worry for several years. In the more immediate sense, they are constantly conscious of the possibility that their policy of restraint might become "too restrictive" in the sense that businessmen and others could not be accommodated in their legitimate need for credit. But, in the future more than in the past, a policy which avoids being indicted as too restrictive for business may well be not restrictive enough when it comes to curbing the money supply. If the revolution in American demand for goods and services proves permanent, the monetary authorities during the next Administration may have to sit on one of the horns of the dilemma.

'Twixt Congress and Belgrade

THE official reaction in Jugoslavia—as publicly announced, at least—to President Eisenhower's decision on the continuation of foreign aid to that country shows little appreciation of the uncomfortable position in which he has been put by this question. This ungraciousness will make it even more difficult for him to go on trying to do his best for the Jugoslavs—should they want him to do so. The President has no wish at this point to discourage Marshal Tito from demonstrating to other satellite countries that it is possible to be friendly with the Russians without being dominated by them; nor does the President want to force the Marshal to become more dependent on the Russians by withdrawing American aid from Jugoslavia. But the Marshal's sudden visit to Russia, and the reticence in Belgrade about its outcome, made it embarrassing for the President to decide definitely at this time that Jugoslavia was still "independent of control by the Soviet Union" and that continued aid to Jugoslavia was necessary to the national security of the United States. Yet by congressional decree such a ruling had to be made at the beginning of this week if American assistance to Jugoslavia was not to be suspended altogether. A bipartisan group in Congress nearly achieved this last summer—as it was, no new money was allowed for weapons for Jugoslavia—and it took all the President's influence to defeat the move even partially.

In the circumstances he could hardly now have ruled that Jugoslavia was unconditionally eligible for aid; apart from anything else this could easily have driven Congress to cut off funds for that country entirely next year. It may hurt the Jugoslavs' pride, and it certainly makes it difficult for them to plan ahead, to be told that the President will supervise them closely and may cut off deliveries at any time; nor are they at present to be trusted with any more tanks or jet aircraft. But they are still to receive what, from a practical point of view, they need most: replacement parts for maintaining the weapons they already have, and the economic assistance which is now available to no other European country except Spain. Perhaps most important, the President's ruling enables Jugoslavia to obtain agricultural supplies, especially wheat, out of the American surplus stocks, to make up for this year's bad harvest.

Presidential Personality

THE Republican personality cult of President Eisenhower reached a new height last week when a "cross section of American citizens" was assembled on television to interview him on the eve of his sixty-sixth birthday. Much work must have gone into collecting these "little people": a Democrat from Virginia, who had wanted Mr Eisenhower to be the Democratic candidate in 1948, still wanted him now; a recently naturalised immigrant, who had won $32,000 on a quiz programme, was curious to know what sort of man Vice President Nixon really was; an automobile worker begged the President "to enlighten my buddies back home" about his "accomplishments for labour"; Mr Lewis Douglas, an Ambassador to London under the Democrats, gave a pæan of praise to Mr Eisenhower's goodness and wisdom; a Negro pastor enlarged on the beauty of the President's home life; and a girl stenographer wanted to know what the President thought about spiritual values in the schools.

Mr Eisenhower seemed less at ease than in his usual press conference, as if vaguely troubled by the Stalinesque ritual thrust upon him. And perhaps he was also conscious that he may have stretched his high sense of responsibility too far by opening the proceedings with a premature announcement of success in the United Nations' negotiations over Suez. Nevertheless, the programme called attention to the President's greatest strength and his rival's greatest weakness. Mr Stevenson has not come through to the ordinary voters either as a figure of heroic stature who can bear on his own shoulders world problems like

(*Continued on page 241*)

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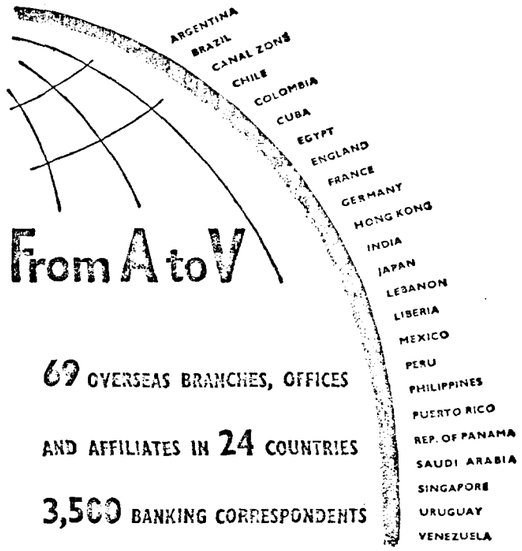

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TODAY the future unfolds at Calder Hall. When the seeds were sown four years ago, C. A. Parsons & Co. Ltd., who had been given the task of building special gas circulating plant necessary to harness atomic power, consulted Shell about lubrication. As a result of experimental work carried out at their Thornton Research Centre, Shell were able to provide a lubricant to satisfy the special conditions involved.
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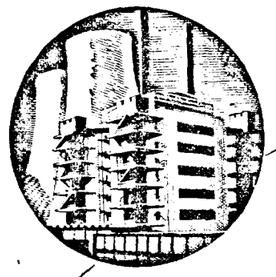


Atomic Power
FROM CALDER HALL
Shell PROVIDE THE LUBRICATION
SHELL LEADERSHIP IN LUBRICATION

(*Continued from page 238*)

that of Suez or as a symbol of national morality. Except among the intellectual and professional classes, there are now few people who, in the mocking words of the campaign song, are "madly for Adlai."

A little earlier, however, the President himself had cast some doubt on his own prospective political standing, in connection with the Twenty-second Amendment to the Constitution, which since 1951 has limited any subsequent tenure of the presidential office to two terms. This was put through by a Republican Congress (an attempt, it was said, to stop Franklin Roosevelt from running again). The President described the amendment as "not wholly wise" when asked at a press conference whether he thought it might inhibit his attempt to "revitalise the Republican party"—his main professed reason for seeking a second term. Obviously, if Mr Eisenhower is re-elected and cannot run a third time (as he surely could not, in any case), his authority over recalcitrant and unreconstructed members of his party will be weakened; some of it will inevitably pass to the heir presumptive, Mr Nixon, as the Democrats are pointing out. The President was prepared to concede that his influence might be greatly lessened in some directions, but claimed that the power of the Presidency is such that his influence with his own party would still be very great. His qualification is probably true, although not quite in his terms; it is the power of his immense personal prestige (including the myth that has been created as well as the esteem that is real), rather than of his office, which will make the heir presumptive and his followers uniquely dependent on his blessing.

Negro Protest

REPRESENTATIVE ADAM CLAYTON POWELL, a Democrat from Harlem, was recently reported as saying that a sizable proportion of his fellow Negroes were ready to register a protest vote in favour of the Republicans. And Mr Powell himself is willing and eager as well as ready. Mr Powell has now announced that he is supporting the President because of his respect for Mr Eisenhower's prestige abroad, the President's stand on civil rights, and the series of snubs he himself received from Mr Stevenson's camp during the Democratic candidate's recent tour of Harlem.

Mr Powell's desertion sends shivers down Democratic spines. For while in 1952 only 33 per cent of the adult Negro population voted, they went Democratic by just over four to one; the Negro vote is a key factor in several important northern areas, and in Louisiana and South Carolina in 1952 it exceeded the margin by which those states stayed Democratic. A large part of the prestige of the Democrats in the North depends on their appearing as "the party of the minorities," however much they have to compromise with the South in Congress. The Republicans have recently stepped up their bids for Negro support. But they also cannot go too far in their quest for the northern Negro vote: the Eisenhower Democrats in those southern states that went to the Republicans in 1952 are from the most conservative wing of the Democratic party.

Mr Powell had long been disliked by Democrats and even some Negro leaders for confusing the advance towards Negro equality with his own flamboyant and dedicated self-promotion. In the last Congress he was the author of an amendment to the long-awaited school construction Bill. This rider would have withheld federal money from racially segregated schools; it made the defeat of the Bill a foregone conclusion, uniting the conservatives and splitting the liberals. But, after all, the Democratic platform is weaker than the Republican on civil liberties—by a hair's breadth. And it is a nice question which of the two candidates has hedged the most. "He that would achieve the mastery," Mr Stevenson ventured to quote St Paul to Californians earlier this year, "must be temperate in all things." But what to Mr Stevenson is temperance is to Mr Powell procrastination.

Mr Powell has some personal following in Harlem, but otherwise New York Negroes still seem rootedly Democratic. In Chicago, however, the Republicans are working hard and not without hope for the Negro vote; and in Baltimore the indications are that it may break even for the two parties. As in Florida, many Negro leaders are convinced that no Republican could be a worse enemy of their people than is the Democrat, Senator Eastland of Mississippi, a racial bigot who as chairman of the Senate Judiciary Committee has not merely been able to bottle up all civil rights legislation in the Senate, but also all investigations of why the existing laws are not enforced.

Dividing the Offshore Spoils

DRILLING for oil and gas can now be resumed, after an interval of four months, in the areas off the shores of the Gulf of Mexico which are claimed by the governments of both the United States and the State of Louisiana; but the dispute still remains to be settled by the United States Supreme Court. Congress, in 1953, gave control over these submerged lands to Louisiana on the landward side, and to the federal government on the seaward side, of the state's "historic boundary." But it did not define the precise location of this boundary: the state maintains that it dates back to the Louisiana Purchase and extends for three marine leagues (10½ miles) from the coastline; the federal government contends that it extends for only 3 miles. This controversy in turn hinges on the definition of the starting point: where is the coastline? The state contends that it is marked by a chain of buoys which divide, for navigational purposes, the shallow waters from the deep sea—a line extending, in some places, over 25 miles from the shore. The federal government, not surprisingly, adopts a much more restrictive definition.

For the two governments these are not mere technicalities, but decisions on which depends the division of rich spoils from oil. The federal government has already received $275 million in bonus payments on the small fraction of the area it has leased so far, quite apart from rentals and royalties on production. So successful has been recent exploration in the Gulf of Mexico that estimates of the potentially recoverable offshore reserves of oil are continually being raised, and a figure as high as $10 billion is now being quoted for the revenue that the federal government and the states may eventually share. Moreover many of the most promising discoveries have been made in the areas under dispute.

In May Louisiana obtained an injunction from the State Court to prevent the federal government from selling any more leases in the disputed area. After a prolonged legal wrangle, the US Supreme Court decided that all leasing and drilling in this area must stop until the Supreme Court itself ruled on the boundary, unless the two governments could agree on a formula to permit drilling, and possibly leasing, to continue meanwhile. It is this formula which, after much hard bargaining, has been finally agreed. According to press reports, drilling may be resumed on all existing leases. This is good news for the oil companies who have been forced to shut down about half of the costly offshore drilling rigs they had in operation in the Gulf of Mexico.

Inside a line 3 miles from the shore Louisiana may continue to lease freely; outside a line 30 miles from the shore, which allows for all Louisiana's claims, the federal government may do the same. But in the intervening area there is to be no further leasing for the present although, if the Supreme Court has not drawn a boundary in a year's time, leasing may be resumed in the zone between 10½ and 30 miles from the shore. All money received in future from such leases, and from rentals and royalties from existing leases in the disputed area, is to be put in escrow pending the Court's decision. And the federal government, but not the state, will also impound the revenue it has already received since it began leasing in the disputed area.

Ballistic Calculations

FROM A SPECIAL CORRESPONDENT

THE Secretary of Defence has now admitted publicly that military spending will go up next year by nearly $2 billion and will be about 5 per cent higher than this year. If the Democrats take over the Administration the rise may be more rather than less, as it would certainly be—to a politically impractical extent—if the various services had their way. For the staggering cost of the new weapons is forcing the civilian officials in the Defence Department to insist on the closest weighing of all requests for funds by the officers concerned, to decide whether the desired items are essential today or only desirable sometime in the future.

The extravagant wishes of some of the planners are inspired by the bounds forward now being made in weapons-research. Large advances in both science and technology promise that very efficient new weapons will soon be available, and their advocates yearn to have them in quantity, almost heedless of their costs in dollars. Neither the intercontinental ballistic missile (the Air Force has two projects, "Atlas" and "Titan") nor the intermediate range ballistic missile (notably the Army-Navy "Jupiter") is just around the corner, but they seem nearer than was expected a year ago. Several of the new shorter-range missiles, conspicuously better than the existing pioneers, will certainly be available in the fairly near future.

This prospect of technological advance, combined with a calmer judgment on the state of international affairs for some time to come, has had its effect on planning. Thus, not long ago each design for a new bomber was being rushed in order to get the best equipment into the hands of the forces which would use it as soon as possible. Now there is a tendency to get the design proved and ready for production, but not to plunge into grand-scale output until an acute need for it is manifest. Thus the new B-58, a medium bomber capable of supersonic speeds (the first in that category) is just about ready for production, with perhaps a score already turned out for testing. But so far the Air Force has not shown any anxiety to get it in quantity right away. It has been suggested that, in the present advanced state of missile development, any new manned bomber of long or medium range must be recognised as an interim instrument, soon to be discarded, on which heavy investment is not to be encouraged.

Nor are the ICBM and the IRBM the only deterrents in this case. The new air-to-surface missiles are also a factor. "Rascal," now approaching readiness, for example, is thought to be capable of accurate performance at a range of several hundred miles. It would be launched, obviously, from a bomber while still far from the target and correspondingly far from the enemy's maximum defence of that target. The principal air speed of the launched missile would be that of the missile itself, rather than that of the momentum of the launching-plane. Hence, so far as this aspect of the attack is concerned, the launching-plane's own speed is not nearly so important as it was in the day of the ordinary aerial-bomb. The advantages of a new bomber capable of greater speed, accordingly, are not quite so great as they used to be. And a penny saved by not buying a bomber is a penny added to the fund for developing a missile more valuable than a bomber.

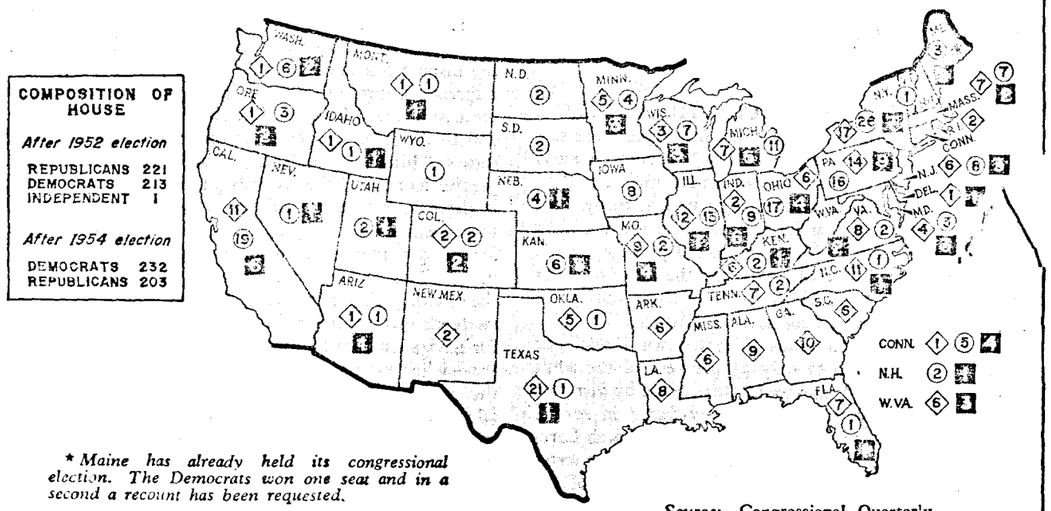
If the cost of the new aircraft were not so forbidding, thrift of this nature would not be so necessary. But the armed services and also the producers of weapons have been compelled to realise that there must be a closer watch on total costs. That the newest weapons must be acquired regardless of expense is not questioned; but concentration will be on these and not on minor improvements in the older weapons. It is clear that the trend is toward "absolute" deterrents to enemy aggression and that, in spite of the vigorous fight which the Army is putting up for the maintenance of a respectable force for conventional warfare, the emphasis is going to be on the unconventional, which happens to be the super-expensive too.

1956 ELECTIONS—HOUSE OF REPRESENTATIVES

◇ Figures indicate number of Democratic Representatives from the state

○ Figures indicate number of Republican Representatives from the state

■ Figures indicate number of marginal seats in each state won by a majority of 55% or less of the vote in 1954



* *Maine has already held its congressional election. The Democrats won one seat and in a second a recount has been requested.*

Source:—Congressional Quarterly.

ALL 435 members of the House must stand for election every two years, most of them in individual districts into which states are divided on the basis of population, but a few of them by statewide vote.

Some of the "marginal" seats are less marginal than the 1954 vote suggests; there were sometimes special circumstances to explain the result, or a good candidate this year may alter the balance. Nevertheless the Democrats hold only 31 of these seats, while there are 63 Republicans who won by only a narrow margin in 1954.

This explains why the Democrats think they have a good chance of keeping control of the House this year, a view which has been strengthened by the outcome of the Maine election last month. On the other hand, the name of a popular presidential candidate on the ballot helps his party's congressional candidates. It would be extraordinary if Mr Eisenhower won the Presidency without also bringing back to Washington a Republican majority in the House of Representatives as he did in 1952—but it may happen this November.

Atoms at Sea

PRESIDENT EISENHOWER'S pet project for a merchant ship powered by atomic energy has at last reached the design stage, and in urging full speed ahead last week the President gave some indication of the characteristics of the proposed vessel. The ship is to carry about 100 passengers and also have a cargo capacity of 12,000 deadweight tons. It will be propelled, at a speed of 21 knots, by a 20,000 hp advanced version of the pressurised water reactor used in the Navy's submarine, the *Nautilus*, and should be at sea in about three years. Of the estimated cost of $40 million, $18 million will be put up by the Maritime Administration, which is to be responsible for the design and construction of the vessel, and $22 million by the Atomic Energy Commission, which will be concerned with the nuclear engine.

The design of the reactor will not be kept secret; indeed, the President's conception of the vessel, as a "floating laboratory, providing indispensable information," and demonstrating "to people everywhere this peacetime use of atomic energy, harnessed for the improvement of human living," is not very far removed from his original vision of a vessel designed as a travelling exhibition of the American initiative in developing atoms for peace. This idealistic project was turned down by Congress in favour of the more realistic development of an atomic merchant ship which would be competitive with vessels powered by conventional engines. The new ship will carry both passengers and cargo, and should have the advantages of high sustained speeds, of a saving in fuel space which will give it greater carrying capacity, and of less need to waste time in port refuelling.

Tepid New England

Boston, Mass.

SUCH political animation as is to be found in the six states of New England relates more to state than to national contests. Despite last month's Democratic successes in Maine hardly anyone expects Mr Stevenson to make much impression on the conservative "upper tier"—Maine, Vermont and New Hampshire—whose combined worth in the electoral college is, in any case, only twelve votes. The remaining interest lies in the outside possibility that Mr Frank Branon, a Democratic farmer who ran the Republican Governor of Vermont very close two years ago, might this time repeat the "Maine miracle" of breaking the Republican monopoly of the state government. The Democratic share in the vote for Governor of Vermont has been rising steadily since the war, from 20 per cent in 1946 to 48 per cent in 1954; in the long run it is such figures that must worry the Republicans, since the Democrats, even when they falter nationally, continue to gather strength in the traditionally one-party Republican states, while, except for isolated forays, the Republicans have failed to do likewise in the one-party Democratic South.

In the lower tier of New England, Rhode Island, the smallest and most densely populated of the forty-eight states, which went Republican last time by less than one per cent of the poll, is expected to transfer its four electoral votes to Mr Stevenson, while Connecticut, with twice the prize, seems safe for Mr Eisenhower. There remains Massachusetts, with sixteen electoral votes, and a population of over four million, divided equally between the metropolitan area of Boston and the rest of the "Commonwealth," and divided equally also between "native" Americans and the "foreign-born" and their children.

Although in state politics the two parties are rather evenly

divided, with the Republicans having a slight advantage in the registration of party members, Massachusetts has gone Democratic in every presidential election from 1928 onwards, except in 1952. In that year the large scale desertion of the Democrats by the Catholic, McCarthy-loving Irish, and the overwrought resentment against Democratic foreign policy among the immigrant groups in general, presented Mr Eisenhower with a 4 per cent lead. The question for this year is whether that lead can be taken away by the damping down of foreign policy as an emotional issue and the phenomenal popularity of Senator John Kennedy, the young Massachusetts Democrat who was elected in the Eisenhower year of 1952 and who nearly won the nomination for Vice President this year.

There is little doubt that if Mr Kennedy were on the Democratic ticket it would win in Massachusetts. A young, handsome, wounded war hero, scion of a wealthy and popular Boston Irish family, Mr Kennedy achieved national stature this year with a best selling book on political courage and a succession of modest, eloquent, engaging appearances before the television screens at the Democratic convention. Since then Mr Kennedy has been putting the party still further in his debt by campaigning up and down the country, wherever there is a Catholic vote, for every bit as if he were on the Democratic ticket himself.

The Senator plans to " saturate " his own state in the last ten days of the campaign ; the local Democrats look forward to his coming like that of a Messiah. Indeed they give the impression of leaving the presidential campaign very largely to him. But enthusiastic as all Massachusetts is about the brilliance of its own son's future prospects, it is questionable whether he can bestow enough of his magic on Mr Stevenson. For the hard truth is that the candidate himself has so far found no way to ignite New Englanders by his personality or his ideas. The chances are that the pull of party regularity and the absence of the crusading spirit that helped Mr Eisenhower in 1952 will restore enough Democrats to Mr Stevenson's column to lower the Republican margin but not to abolish it.

★

Meanwhile, most political talk in Boston concerns not the Presidency but the successor of the popular and highly successful Republican Governor, Mr Christian Herter, who declined to seek a third two-year term. Until six years ago all Massachusetts contests were between Republican Yankees and Democratic Irish, but since then the tickets have become more diversified. In a state where Italian Americans have long been agitating for political recognition, following the lead given by neighbouring Rhode Island, Mr Foster Furcolo is the first candidate with an Italian name to run for Governor. Although he had the wit to be born of an Irish mother there were many Irishmen who were offended when he was nominated with a thumping majority over a rival with a politically potent Irish name. But on his side are the recent Democratic trend of local elections, his own good record as a Congressman, and his assiduous cultivation of all ethnic groups. Against him are Mr Eisenhower's coat tails, Mr Herter's legacy, and the unusual personality of his opponent, Mr Whittier, the Republican Lieutenant-Governor, who is Protestant and Anglo-Saxon without being in any social or temperamental sense " a proper Bostonian."

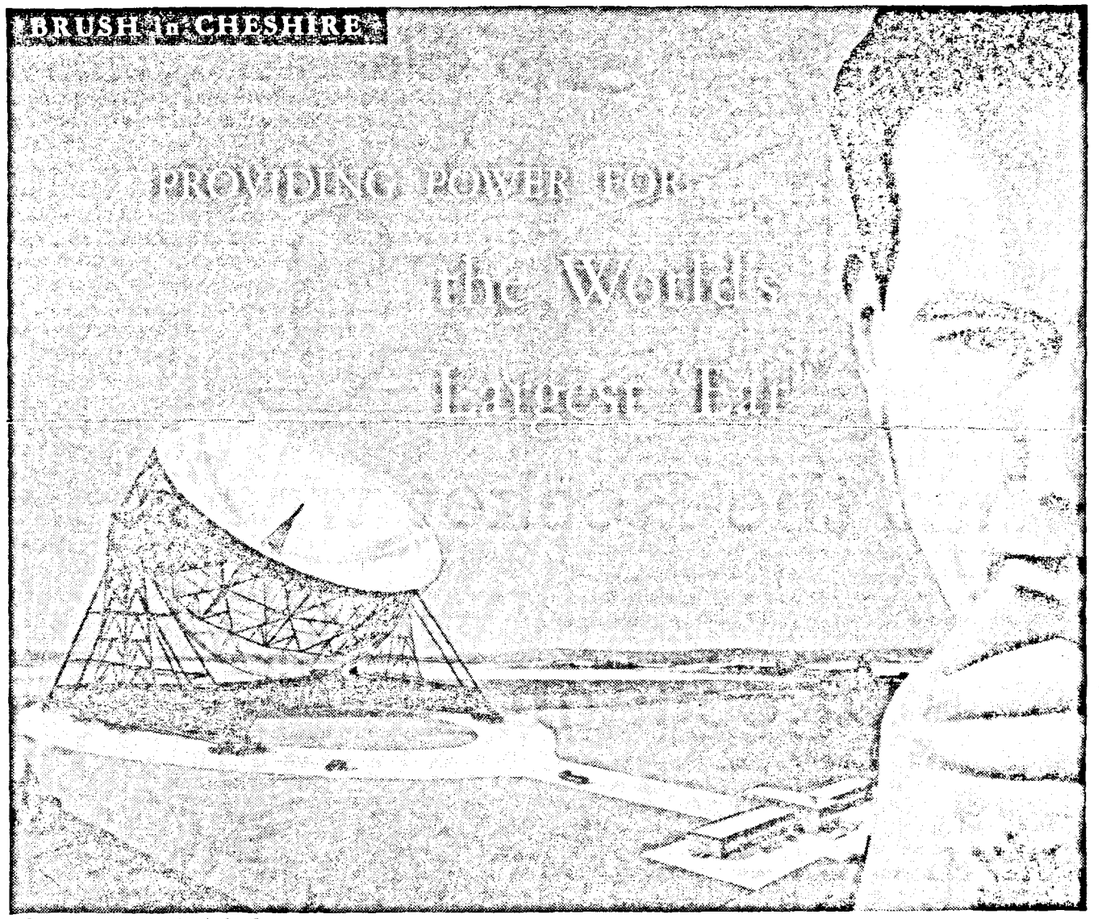
In Connecticut the Democrats captured the Governorship two years ago. But in spite of the popularity of Mr Ribicoff, New England's first Jewish Governor and the likelihood that he will be re-elected in 1958, most observers agree that Mr Eisenhower will carry the state, but with a substantially smaller margin than the majority of 130,000 which he ran up in 1952. Since Senator Prescott Bush, the Republican who seeks re-election now, was also elected in 1952 to fill four years of an unexpired term but by a majority of only 30,000, it seems clear that, if the President's total falls greatly, the Senator will be in trouble. What is not clear from the rather languid campaign in Connecticut is the political difference between Mr Bush, a New York investment banker, and Mr Dodd, his Democratic opponent for the Senate seat. The contest here is being fought on the middle of the political road where the two parties overlap, at the opposite end of the political (as well as the geographical) map from Oregon, where the issue is squarely joined between incompatible political convictions.

Signing up the Voters

TO the party tacticians, getting people to register so as to be eligible to vote, and then making sure that they do vote, can be more important than trying to persuade them which way to vote. The American Constitution makes clear that the precise terms of the " privilege of voting " are to be defined by state and not federal law, so the qualifications differ greatly. There is a residence requirement in all states, varying from six months in eleven states to two years in three. A majority of the states now keep permanent lists, but in many the individual voter must still re-register every year or sometimes every two years. The deadline for renewal or for registration of new voters has already passed in twenty-four states, but in twelve it does not fall until the last two weeks before the election. Some states make it easy to vote ; others make it hard.

Voters in many states register as nominal supporters of one party or another, and the Democrats appear to be leading the Republicans in the number of voters registering. In Maryland, Arizona and Oregan, all key states, they lead comfortably. The Republicans, however, claim unexpected success in Florida. In California there is a record registration, with the Democrats 928,584 ahead—72,000 more than their lead in 1952. But in that year Mr Eisenhower carried California by 700,000 votes. To register under a party label is not necessarily to vote for that party or, indeed, to vote at all, as the loosely-knit Democrats have often learnt to their cost.

This November it is estimated that 104,850,000 Americans will be of voting age, including two million servicemen, and the " junior voters " in Georgia and Kentucky, where the joy of the franchise begins at eighteen. This is about 4,650,000 more than in 1952, when 63 per cent of eligible voters cast ballots. This percentage may seem low when compared to Britain's 77 per cent in 1955, but the figures would be much closer if southern states, where the result is seldom in doubt and where the Negro, by one means or another, is discouraged from voting, were excluded from the American calculation.



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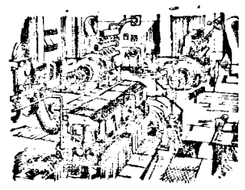

In 1931 the American scientist Jansky reported that radio waves were reaching the earth from outer space ! Yet the science of radio astronomy didn't really get started until after World War II. New radar and radio techniques have discovered *dark stars*—nearly invisible yet radio active, previously hidden from the giant American telescopes on Mount Wilson. In this exciting new science Britain also, despite unfavourable weather, can more than compete with the American astronomers. With their existing radio telescope at Jodrell Bank, Cheshire, Manchester University scientists have made a number of amazing discoveries—adding to our knowledge of the universe.

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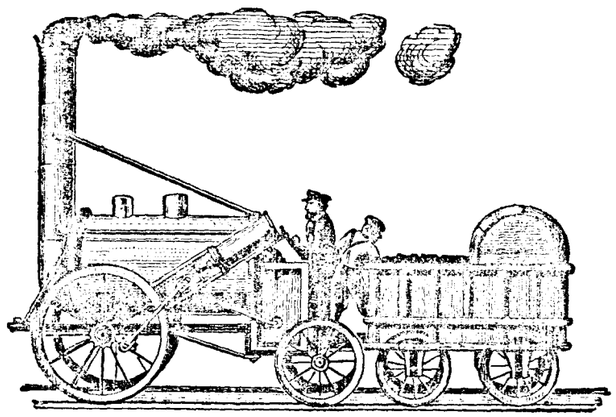
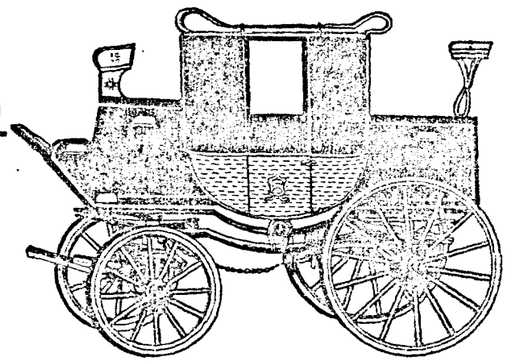


What the Rocket was to the stagecoach



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The World Overseas

Anglo-Japanese Motes and Beams

FROM OUR CORRESPONDENT IN TOKYO

AFTER a 16-day visit, Lord Selkirk, Chancellor of the Duchy of Lancaster, has left Japan obviously impressed—as who is not ?—by sharply rising productivity in factories and on farms. His goodwill task however was difficult. While the more megaphonic sections of the British press blared at him across 6,000 miles for "hobnobbing with the Japs who are ruining his Duchy," the Japanese were reminding him that in the past year Japan's sterling reserves have fallen by over 50 per cent, a decline which they attribute to unfair restrictions imposed on Japanese goods by "Britain and her colonies."

The truth is that serious misconceptions about each other persist in both Britain and Japan. The British stereotype of Japan is a low-standard country run by unscrupulous monopoly capitalists who ruthlessly exploit their working class and ally themselves with militarists: a Uriah Heep who cunningly but imperfectly conceals his aggressive Napoleonic complex behind a grinning parade of bows and hisses: "So sorry, this my garden now": an unfair competitor who floods the market with his cheap goods, and a bad customer who buys goods only to copy them and then undercut their original manufacturers.

The worst thing about this stereotype is not so much that it is hopelessly out of date as that it is right up *Pravda's* street. For this is just the picture that *Pravda* loves to paint —with the significant difference that, while *Pravda* certainly depicts the Japanese working class as ground down under the heel of monopoly capitalists, allied with militarists, in the Moscow version the militarists are the Americans, and so are the monopoly capitalists. Meanwhile, the facts are that hardly any people in the world are more genuinely pacifist than the Japanese today. Under two per cent of the budget goes on the Japanese defence forces, and the Socialists' popular main plank is to cut even this, while real wages, although admittedly low by European standards, continue to rise (they rose by over eight per cent this year). Also, many of the new Japanese factories offer working conditions that Lancashire might envy.

The Japanese, for their part, have considerable respect for the British way of life and especially for British political institutions ; this persists despite postwar British neglect of Japan, and is likely to survive the present American cultural flood, even the present Japanese craze for baseball. On the other hand, Japan shares the widespread delusion that both the Commonwealth and the sterling area are British equivalents of bowing and hissing, designed to conceal effective British economic control of large parts of the earth. Colonies and Dominions remain indistinguishable still in Japanese eyes, and it is popularly believed that if, say, Australia restricts the entry of Japanese goods, it does so on orders from Whitehall. Lord Selkirk no doubt encountered these misconceptions, and no doubt did his best to dispel them ; but he probably found it rather an uphill job.

Japan and Britain are both islands off mainlands ; and Japan is now under considerable pressure from Communist China to "stand up and declare herself with Asia"—by which Peking means not only recognising Red China, but recognising it as Asia's leading power. The consequences which would flow from such a recognition would almost certainly be more disadvantageous to the western world than the present "flood" of Japanese exports. But Peking is using the bait of trade ; and the Japanese can point out that from the economic angle it is no more unnatural for them to turn again to China than it is for the six Messina countries (who between them absorb 70 per cent of Japan's exports to Western Europe) to contemplate a common market which, the Japanese fear, might well mean sealing off that market to the entry of Japanese goods.

In short, if Japan, the most industrious, the most highly developed, and potentially the friendliest country in Asia as far as the West is concerned, is to be regarded as in any sense a counterweight to Red China's growing influence, something ought to be done to remove misconceptions on both sides. It is not yet too late, but it is getting late: for example, Lord Selkirk could hardly fail to have been struck, as all observers are, by the ready acceptance of Communist propaganda by Japanese students, who are more and more inclined to swallow straight down-the-party-line talk as gospel truth. The British Government is obviously conscious of this need, else it would not have sent Lord Selkirk. British industry can play its part, by carefully reassessing Japan as a market for goods—as the alert West Germans are already doing—instead of constantly grumbling about Japan as an unfair competitor. (The Japanese continue to show great interest in British atomic reactors.)

The British Labour party could certainly help, too, for it is quite on the cards that the Japanese Socialists may quite soon be able to form a government ; they feel (rightly or wrongly) that they are, and are likely to remain, the targets of implacable American suspicion and hostility, and they therefore tend to dismiss out of hand all American warnings against "communism." All the same they are by no means sold on either Russian or Chinese communism ; they like to claim that their model is British democratic socialism.

The claim may not be entirely justified, but it is probably one well worth encouraging, if only because people do tend to behave the way they say they wish to behave, when given half a chance.

The problem of Japanese-British relations has two aspects, one economic and the other political, and it would be idle to pretend that the two are easily reconcilable. But they could probably be brought closer into line than they are now, and it is in everyone's interests that this should be attempted. Lord Selkirk's goodwill visit was a good step in this direction. What Japan is now waiting to see is if there will, in fact, be a real follow through. The ball has been teed, but is the British "driver" still in the bag? And, if it is, will the combined protests of Lancashire and Lord Beaverbrook be allowed to keep it there?

Nationalising Tangier

FROM OUR SPECIAL CORRESPONDENT

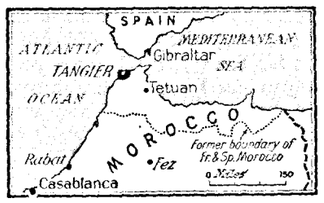
TANGIER is at present the scene of an international conference to tidy up its past and to discuss its future. The conference is being held, it is emphasised in Morocco, on the invitation of the Sultan, and those taking part are the Moroccan Foreign Minister, Mr Ahmed Balafrej, and delegates from the other countries which are represented on the international administration: namely Belgium, Britain, France, Holland, Italy, Sweden, Spain, Portugal and the United States. Russia has never exercised its right, granted in 1945, of taking part in the administration of Tangier, and therefore was not invited to the conference.

The conference began, of course, with expressions of cordiality; an official opening by the Sultan and a splendid *diffa* given by Mr Balafrej and attended by the Sultan's son, Prince Moulay Hassan. The European diplomats, seated on low cushions, ate with their fingers out of courtesy to their hosts, while the Moroccans, out of courtesy to the guests, refrained from using fingers to serve them. The mutual good will was slightly tarnished by the opening speeches of the Sultan and his minister. Mr Balafrej spoke of the conference as a mere exchange of views which would aid the Sultan to come to a decision. But the delegates had been invited to "negotiate," and had expected that any decisions would be taken by agreement.

The surprise was the greater because there was from the start quite a wide measure of potential agreement. The other nations concede that Tangier must be absorbed into Morocco. The French protectorate was ended in March and the Spanish protectorate, in the northern zone, a month later; but in Tangier the transfer of power could only be partial at first, since the issues involved are so complicated. Under a protocol of July the international administrator was replaced by a Governor appointed by the Sultan; and the legislative asembly was dismissed, its powers and those of the committee of control being reduced to those of a municipal council. But most of the omelette still has to be unscrambled. Even now the international courts are not even being discussed, because they cannot be absorbed into the Moroccan system until there is a single system—until, that is, the integration of the former French and Spanish zones has been completed.

For the purpose of unscrambling the rest of the omelette, the present conference has divided itself into three committees. One is considering such questions as the compensation to be paid to officials of the former international administration whose services are no longer required. A second committee is studying the concessions; for example, the telegraph company is Spanish, one cable company British, and there are two American radio stations, a Spanish post office and a British post office. The conferring powers are reported to have agreed on a Moroccan monopoly of posts and telecommunications, and a special agreement is likely to be reached in regard to the Voice of America and the commercial broadcasting station. The third committee has already dealt with the hospitals and schools financed by foreign powers—which presented no difficulty, because Morocco is glad to have them.

The conference is held in private, but rumours about the way things are going have caused alarm and despondency among European residents. It is being said that the delegates do not understand the Arab way of bargaining—that they give things away without first getting something in return: as when the Americans chose, just before the conference, to relinquish the capitulary rights in Morocco which they had kept for three hundred years. As for closing the British post office, some local people will regard that as worse than losing control of the Suez Canal. It is, of course, anomalous that a service started when there was no Sherifian post office should persist, and that it should be possible in a sovereign foreign country to use a stamp with the Queen's head on it. But the speed and reliability of the British post office, and the certainty that letters will not be opened, are appreciated by many people besides the British.



It is amusing to hear people who have come to Tangier to escape paying taxes to the British government getting ready to be angry with that government for not defending their interests. Tangier, they seem to think, should be a little bit British in order to be a home from home for retired people and misfits. But Britain's interest is essentially what it has been ever since Britain was foolish enough, in 1684, to abandon the place that Catherine of Braganza had brought as her dowry to Charles II. That policy was, and is, to prevent Tangier, at the gateway to the Mediterranean, from falling into the hands of a potentially hostile power. That was the policy of the other nations too, and brought it under an international administration: an idea foreshadowed in 1906 in the Act of Algeciras, when various spheres of government passed into European hands; provided for in the Treaty of Fez of 1912, which established the French protectorate; but not finally realised (because of the war) until the Statute of Tangier in 1923. But now that Morocco has recovered full sovereignty, it is in everyone's interest that the country should be prosperous and stable.

This is what now governs the attitude of the conference towards the other half of its work—namely, to discuss the economic future of Tangier, as distinct from liquidating the past. Not all of the powers like the leak in their exchange control which Tangier allows; Spain and France certainly do not. But on balance they are in favour of preserving the peculiarities which have made it a boom town. Tangier has neither income tax nor company tax. Its revenues are drawn from a flat-rate *ad valorem* duty on imports, now 17½ per cent except on some necessities, and from a small tax on land and buildings. There are no exchange restrictions or import controls. These halcyon conditions have led since the war to a great influx of capital. Business houses set up their head offices here to avoid paying tax; capitalists abroad domicile their securities here. The place is a warren of banks, many of them, it is true, just bucket shops that ought to be suppressed (there is no banking law in Tangier). And the visible sign of all this economic activity is the vast amount of building that has gone on since the war.

The boom, however, has tailed off since 1953, and confidence in Tangier as a haven for capital was badly shaken by Morocco's recovery of full sovereignty. How badly is shown by the fact that in December, 1953, there were 53 metric tons of gold in Tangier's banks; by the beginning of 1955 only 40; and by now, none. His Sherifian Majesty has tried to stop the rot by repeated statements that Tangier should have a liberal economic regime, although without specifying how liberal. He is under some pressure from businessmen in the other zones who understandably think it unfair that Tangerines should be free from taxes and restrictions to which they themselves are subject; and also from Si Allal El Fassi, leader of the Istiqlal party, whose rather puzzling view is that Tangier should enjoy freedom from exchange control, but not from import control. There are admittedly some disadvantages for Morocco in a liberal regime for Tangier. It means perpetuating a border around it, which nevertheless will not prevent smuggling into the rest of Morocco, or the leakage of foreign exchange from them. But unless Tangier can either vastly develop its tourist trade (in which case something must be done about the dreadful muddle over visas) or restore business confidence, this busy town may become an empty shell, with its new white buildings peeling, and more than ever of its population scratching a living on the streets as pickpockets, lottery ticket sellers, unwanted guides, shoe-shine boys, or worse.

The business community believes that confidence will not be restored by anything less than an international guarantee of the special regime for Tangier, for a specified number of years. So we come back to the international guarantee which Mr Balafrej once promised, but has now gone back on. Pressed to say just what he meant, Mr Balafrej said that the conference should end in a "declaration" signed by all the participants. But he seems to envisage this as a mere death certificate of the international statute rather than as a comprehensive agreement. It will be a mistake if, to satisfy the extreme nationalists, he tries unilateral action that could only further shake confidence and alienate the friends that Morocco needs.

Frustration at Strasbourg

FROM OUR SPECIAL CORRESPONDENT

"STRASBOURG is a wailing wall without an echo," as an impatient Dutch parliamentarian told his colleagues of Western European Union's Assembly when it held its second, three-day session last week. This frustration ran through all the rather mediocre debates; they were less hopeful than might have been expected since Messrs Adenauer and Mollet last month revived the idea of a "real WEU armaments community" and since the British government has shown signs of willingness to look again at the Union if asked to do so. It was the frustration of parliamentarians who cannot persuade their governments in the Council of the Union to answer questions or even criticisms of their activities. The Council has not, for instance, communicated the full terms of reference to its standing armaments committee to the Assembly's defence committee, whose main job is to follow it. It seems possible that the Assembly's committees may, at least informally, obtain more information in future. Yet the dilemma really goes deeper than that. As Sir James Hutchison, the Conservative rapporteur for the defence committee, noted, the Assembly is hampered because "the Council is interpreting its responsibilities in a narrow way." The governments have confined WEU's role to the standardisation of armaments and to arms control—and seem to have added little to Nato's standardising work. It is not surprising that the parliamentarians tend to emancipate themselves by debating matters well beyond its competence. Some of them even wanted to discuss Suez.

Gaps in Arms Controls

Thus reduced, the Union's most important operation is at present the Agency for the Control of Armaments. This already has a staff of 44 under the Italian Admiral Ferreri. Its inspectors make test checks in depots, camps and arms plants. But with regard to the essential question of controls, they may only check weapons at the assembly stage and cannot inspect earlier processes. It is still not clear whether the agency can persuade the governments to give a wide enough interpretation to "assembly" to make the controls effective.

The full extent of these limitations becomes apparent with the prospect of atomic weapons. The ease with which fissile materials can be turned from pacific to military use at any stage of production necessitates very tight controls at all stages. This only Euratom can provide, though its prospective duties stop short of the control of arms. A WEU-Euratom agreement is therefore the logical conclusion, especially if the system is to function, as its authors hope, as an example for the worldwide control of arms. Politically the most substantial report debated last week was that of Signor Benvenuti which proposed this co-operation. Signor Benvenuti went further. If Britain continues to stand aside from the control system (and by submitting to it only troops stationed in Europe, it is partially standing aside) it becomes a six-power affair with Britain merely associated. To prevent that, Signor Benvenuti appealed to Britain to close the control circuit by joining a "seven-power Euratom."

The only replies to Signor Benvenuti came from the British. As usual the government side was more cautious than the opposition. Lord Stonehaven (Conservative) was negative. Mr John Edwards, speaking for Labour, thought Britain should identify itself with Euratom, but hoped for a halfway house, like the free trade area in relation to the common market. Thorough controls imply that Euratom should have a monopoly of supply of fissile materials, which is at present a major British objection to joining it. Yet the debate has underlined at least two points where the Union falls short: an effective control agency must to some extent have "so-called supranational" powers as Signor Benvenuti called

them; and the practical discrimination between Britain, which is only marginally subject to controls, and the rest of the members of the club weakens their sense of solidarity within it. Some Europeans, like the President of the Belgian Social Christian party, M. Théo Lefèvre, openly denied the Union's proclaimed capacity to replace the defunct European Defence Community.

In fact, the prospects are better than the session made them seem. If the armaments community is really revived by Dr Adenauer and M. Mollet, it can lead far beyond the present fragmentary standardisation of arms to a close co-ordination of Western Union forces. Nato's disarray in Europe under the pressure of the introduction of tactical atomic weapons and of the gaps in French and German contributions to the central front leaves the field more open than usual for the reform, or rather the creation, of the "European nucleus." British interest in the control agency and the change of thinking on European unity in Britain improve the prospects (if Euratom is formed) of an agreement between Euratom and WEU, and between Britain and both, to make control effective. But such changes imply a change in the "political will" of the governments in the Council. Otherwise the Assembly seems doomed to join the other pallid ghosts which line the road to European unity.

Hongkong's Black 46 Hours

FROM OUR CORRESPONDENT

THE Hongkong government authorities fumbled the Kowloon rioting at the outset. The situation got out of hand in the evening and the military were not brought in until the afternoon of the second day. Had the early afternoon warning of the brawl over the removal of Nationalist sticker flags by an over-zealous Chinese official, allegedly unpopular personally in the locality, been properly heeded, the police should have been able to stamp out the semi-organised rioting which flared up in earnest a few hours later. Police reinforcements, who battled against the mobs with restraint and resolution, were being desperately summoned after the rioters had taken control. Then, as violence—and rumours—spread, and tong (secret society) gangsters enthusiastically moved in, military intervention should have been swiftly invoked. The army was ready and willing to take over, but the evidence suggests that there was faulty liaison with the civilian authorities. There might have been a different story had the energetic and experienced Governor, Sir Alexander Grantham, been in the colony instead of returning from his world tour.

As a matter of course, the Communists have been blamed for the development of the second wave of rioting. It is difficult to believe, however, that party strategy could be as devious and subtle as to take the curious form of forcing Chinese to buy and display Nationalist flags and wrecking and setting fire to shops owned by Communist sympathisers. The worst rioting occurred in areas where anti-Communist refugees and strong-arm tongs predominate. The reasonable assumption is that Kuomintang supporters began the rioting over the flags and that the tong hoodlums and other thugs revelled in the opportunity for looting and destruction. Hongkong's most powerful Triad or secret society, the "14 K," has strong criminal sub-branch tongs, notably the "Filial" and "Strong" societies (12,000 and 5,000 members respectively), in the areas affected.

Foreign correspondents were seriously but not unexpectedly hampered in their attempts to cover the rioting. A heavy and frustrating fog of suspicion, timidity and obscurantism overhangs the colonial bureaucracy and officialdom in normal contact with the press; this emergency reduced visibility still further and virtually eliminated all pretence at sensible co-operation, especially when the curfew was applied. The point was well made that Peking, which followed the ugly and dangerous upheaval closely and intelligently, was better informed than the Hongkong press corps. Hence some alarmist canards, like the mythical British army bayonet charge, which gained the worst kind of headlines overseas.

International complications have been raised by the use of Pakistan-born police and Gurkha troops in stemming the riots. It is expected that Pakistan will now ban the recruiting of any more nationals for the Hongkong police force, while Nepal, building up a beautiful new friendship with Peking, has a righteous argument for opposing the use of native sons as mercenaries by a colonial power.

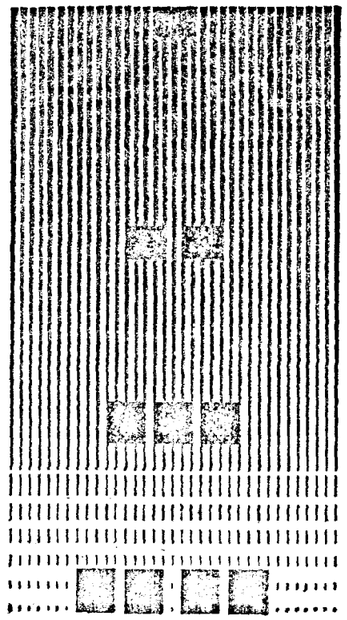
Two grim warnings are implicit in the disorder and bloodshed of Hongkong's black 46 hours. First, there are brutal and reckless forces in seemingly peaceful Hongkong which can be exploded at short notice by any organised influences when disorder is deemed useful or desirable. And, disregarding ideological bitternesses between Communists and the Kuomintang, latent anti-foreigner sentiment is as strong, bristling and instinctive in the colony as elsewhere in Asia: it was impossible not to sense the sympathy of passive Chinese spectators with the rioters as they fought the police and manhandled white men and women.

Finns Face Inflation

BY OUR SPECIAL CORRESPONDENT

EVEN to the casual traveller Finland is a country of contradictions; the former bomb-sites of Helsinki glitter with glass and concrete; a few kilometres away, Tapiola, a new suburb designed to foster social and psychological balance, is rising among the pine woods; in Rovaniemi, the rebuilt capital of Lapland, a superb children's hospital and old people's home are proudly exhibited. But in the forests and along the lakes half the population spend the summer hacking a living out of a few acres of forest soil, too stony and too poor for mechanised farming, and in winter eke out their incomes with timber felling or unemployment relief work.

This contrast between personal poverty and social achievement is equally apparent in the national economy. Finland is in the middle of a serious crisis; inflation, which has been restrained for years, has escaped control; a drop of nearly 25 per cent in the sales of sawn timber, combined with a 10 per cent fall in prices, has lost the country about £1,500,000 worth of foreign exchange; the cost of living index has risen eleven points in the last twelve months and the money market has become so stringent that it is almost impossible to obtain capital. Yet since the war the Finns have managed to make good the loss of Karelia, pay an indemnity of $570 million, rebuild the northern towns



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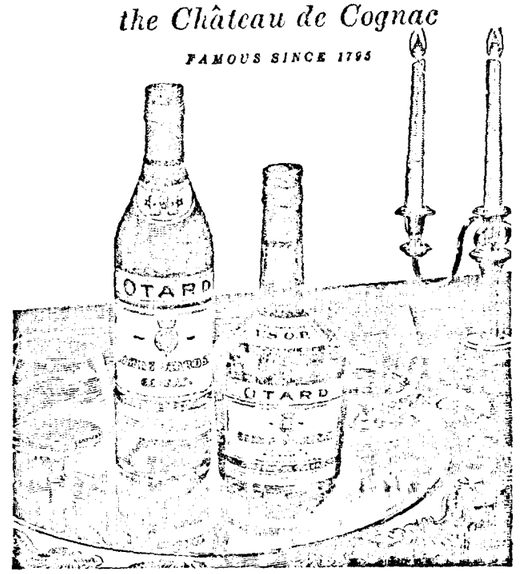

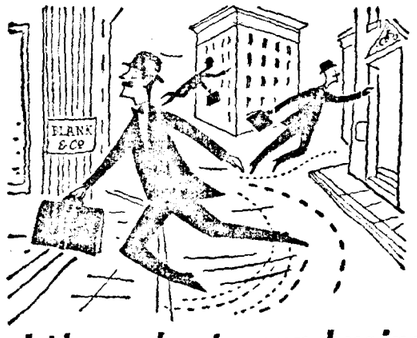

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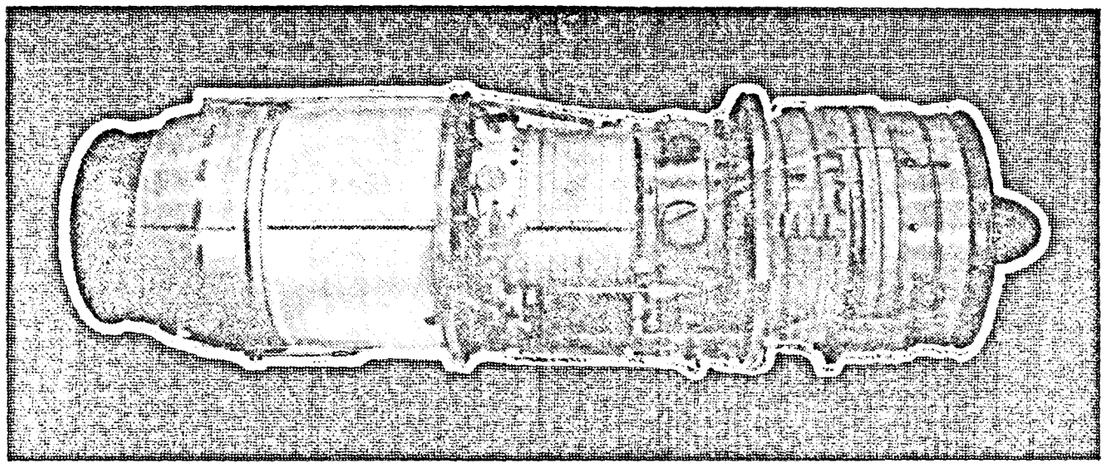

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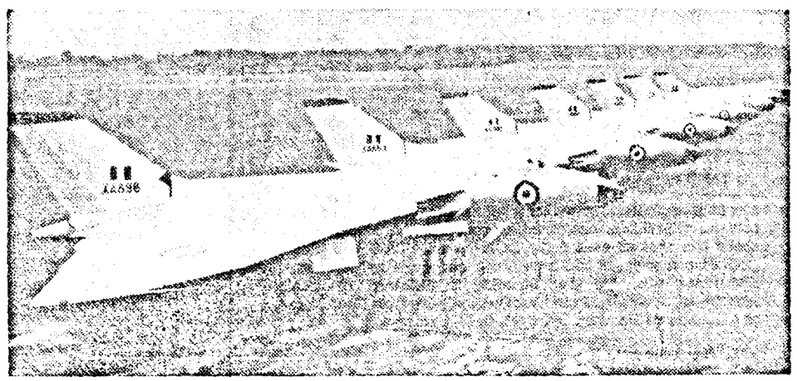

Avro Vulcan B1 bombers, for R.A.F. Bomber Command, are powered by Bristol Olympus engines.

burnt by the Germans, and acquire a satisfactory position in world trade. It is not surprising that they find it difficult to know whether they are quite well off or on the point of bankruptcy.

Certainly the Finns never seem to have sat down and tried to be logical about their economy. Inflation seems to them to jump out like a jack-in-the-box whenever they take a hand off the lid. It last escaped when price controls were abolished in the autumn of 1955, and became really serious after the general strike when the government compensated the employers for a 10 per cent wage increase by granting them tax concessions which it could not afford. The Bank of Finland tried to mop up the surplus spending power by a rigorous credit squeeze, but since government spending was not limited this could not be fully effective. The workers, whose wages are tied to the cost of living index, are now entitled to demand a new increase. If they get it, there seems to be no reason why prices and wages should ever stop chasing each other.

Unhappy Coalition

The Finns are aware of the danger and everybody is prepared to try to be reasonable in his demands. But at the moment no one seems to know what a reasonable policy should be. The government has failed to provide any clear indication of what it thinks ought to be done. It is a coalition of Agrarians and Social Democrats, forced into reluctant co-operation by the strength of the Communists, who control nearly a quarter of the Diet and whom the other parties are determined to keep out of office at all costs. The Agrarians represent the smallholders, whose political interests are confined to keeping up food prices and safeguarding the subsidies which now account for nearly a seventh of the country's annual current expenditure. The Social Democrats, on the other hand, having been voted into power by the industrial wage-earners, have to do their utmost to keep prices, and especially food prices, down in relation to wages.

If the problem were merely a straight conflict of economic interests no doubt a compromise could be worked out, but both parties are also divided internally: the Agrarians between the different sorts of farmers, the Social Democrats because many of them double the role of Diet member and trade unionist and are apt to forget which side they are on. Even politicians who have no axe of their own to grind cannot remain indifferent to the economic pressure groups outside the Diet, or to the electorate's demand, not excessive by British standards, for social security. No effective leader has emerged from this untidy welter of personal and group ambitions. Few Finns believe that Mr Fagerholm, the genial Social Democrat prime minister, is capable of imposing an economic policy on the country. He became a popular hero when he saved Finland from its own Communist party in 1948, but since then he has lost much prestige, and he has taken no effective steps to curb inflation since he took office in March.

Lack of capital is the crux of the problem. The present seasonal unemployment, balance-of-payments difficulties, and lag of production behind wages are mainly the result of the rise in production costs at a time when world prices for sawn timber are falling. It has therefore become uneconomic to fell the more remote forests and particularly the slow-growing timber of the far north. With more capital, factories like those at Kuopio could be built for processing the raw wood on the spot into hardboard and cellulose which is easily sold at a profit; more hydro-electric power stations could be built in Lapland to provide industry with cheap fuel and, incidentally, to save the foreign exchange now used for coal; and the mineral wealth of the north, as yet hardly touched, could be exploited. But capital for development the Finns have not got. Even one cellulose factory in Lapland would cost 15 per cent of the country's annual revenue, and at the moment, far from turning taxation into capital investment, the government is using savings to supplement its revenue.

A Confession of Impotence

In order to balance the budget without increasing taxes government bonds have been issued, not only free of tax and bearing a higher interest rate than ordinary deposits, but also tied to the cost of living index. In issuing these the government seems to have confessed that it cannot hope to control inflation. Their immediate effect has been not to increase savings, but to divert them into the government's pocket and to destroy public confidence in any stabilisation programme. Clients' deposits in the ordinary banks have dropped by 7-8,000 million marks while the volume of state bonds has grown by 4,000 million. The government is counting on a further 10,700 million marks from sales of bonds next year. This extra money is needed to pay the bigger pensions which are promised for next January, for unemployment relief work, and for the recent increases in civil servants' salaries.

It is clear that the Finns will have to submit to extremely drastic cuts in their other social services and a freeze in wages and prices if they do not want to price their goods out of world markets. Some experts think that devaluation might help, but it is so unpopular that no Finnish politician dares to advocate it, and it is, in any case, no substitute for reductions in government spending. The trades union council (SAK) has said that although sacrifices must be made they must not fall exclusively on the worker; the Agrarian Union, which has just secured a rise in food prices and is therefore temporarily happy, has called upon the government to "foster the development of normal production" so that the cost of unemployment relief can be reduced, and a national paper has maintained that "the standard of living should not be made lower by decreasing social welfare expenses." Meanwhile, the government has passed the task of working out a stabilisation programme to SAK and the Economic Council, and everybody appears to be hopefully waiting for them to produce a solution which will hurt no one. With the Finnish talent for reconciling contradictions, perhaps they will manage to oblige.

Palestine's Quieter Front

FROM OUR UNITED NATIONS CORRESPONDENT

WHILE the big problems of the Middle East have been occupying the headlines in the world's press, a small United Nations agency has been quietly at work trying to lay the foundations of a real settlement of the Arab-Israel conflict. The UN Conciliation Commission for Palestine was established in 1948 in order to help the parties

to reach an agreement on outstanding questions. Forced by circumstances to leave the larger issues on one side, the commission has directed its efforts to "certain concrete problems on which progress could be made independently of the readiness of the parties to reach overall agreement." It has now issued its report for the period ending September 30, 1956.

Freeing Blocked Funds

The commission has negotiated an agreement with the government of Israel for the complete release of Arab accounts blocked in banks in Israel, subject to one technical reservation which has not proved troublesome. Up to the end of August a total of £2,633,175 was released to Palestine refugees, and this represented about four-fifths of the funds formerly blocked. Considerable progress has also been made with the transfer of securities and other valuables belonging to Palestine refugees which have been held in the safe deposit lockers of banks in Israel. The commission notes that this release scheme,

> which has benefited so many people in so direct and tangible a manner, has clearly demonstrated the way in which international action, coupled with the co-operation and goodwill of the parties directly concerned, can assist in solving some of the many problems which beset the region, thereby gradually reducing the area of disagreement.

Work on the identification of Arab refugee property holdings in Israel has been accelerated. Microfilm copies of the Palestine land registers have been made available to the UN by the British government, and a small staff has been trying to locate all Arab property holdings. Originally it was thought that this operation would not be completed until 1970, but at the present rate of progress it is hoped that the job can be finished by the middle of next year.

The commission has been considering the question of compensation for abandoned Arab lands in Israel, especially in the light of Mr Dulles's suggestion that an international loan might be made to Israel to discharge this undertaking. The Israeli government let it be known about three years ago that it was prepared to accept the principle of compensation under certain conditions. But the commission's efforts to secure unilateral action by Israel have so far been unsuccessful. The present position of the Israeli government is that this question of compensation "cannot be considered in disregard of the general context of Arab-Israel relations" and that no progress is possible until the Arab countries "agree to reverse the present trend of tightening their economic blockade against Israel." The UN commission characterises this position as "unfortunately negative and inconsistent with Israel's previous statements."

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Hard Decisions for the Dutch

FROM OUR CORRESPONDENT IN HOLLAND

THE long Dutch cabinet crisis has dealt a serious blow to the prestige of parliamentary democracy in Holland, especially as the new government is so like the old one; nine of the thirteen ministers served in Dr Drees's previous cabinet. Originally the delay was due to the protracted argument between the two main parties, the Socialist party, led by Dr Drees, and the Roman Catholic People's party, led by Professor Romme, over whether or not the state should encourage a widespread ownership of property. An agreement to give some tax-exemptions to those who want to save money for immovables such as houses was one outcome of this argument; but the Dutch public remains mystified why agreement on such an apparently simple measure should take so long. The last two months of the crisis, in fact, were largely taken up with a tug-of-war by the parties for as many cabinet seats, and preferably important seats, as possible.

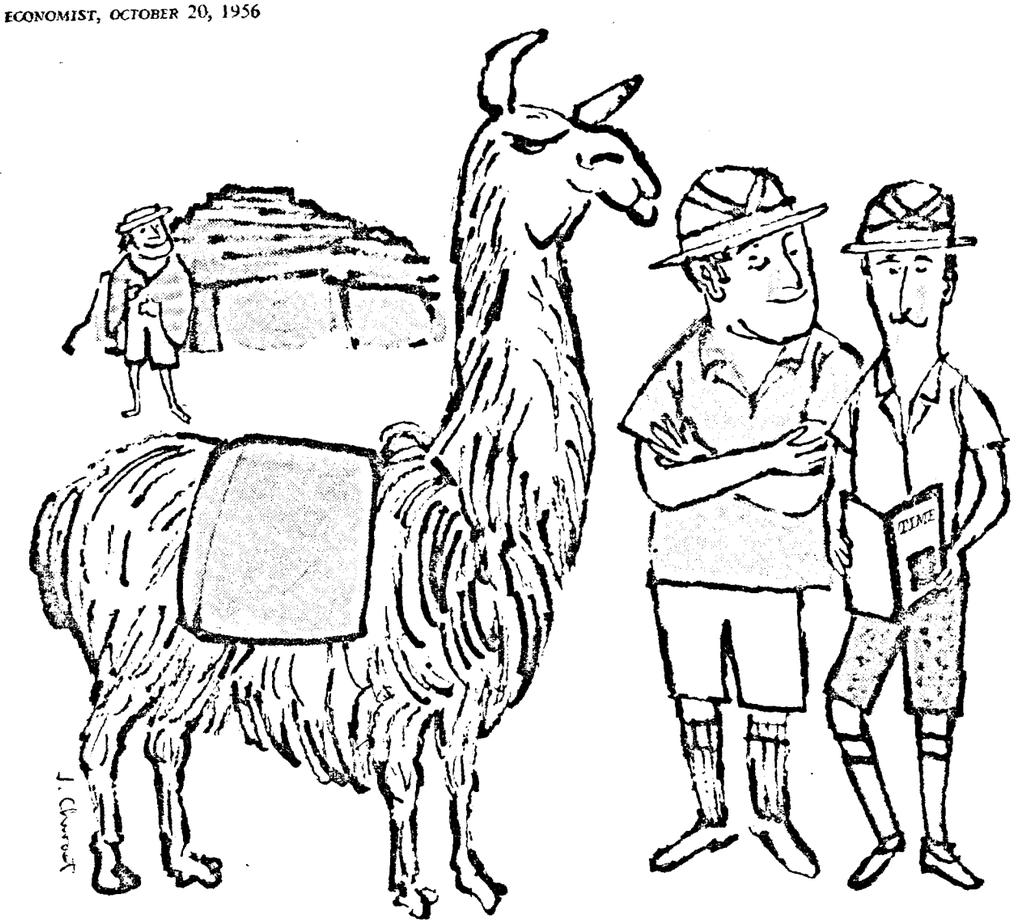
In the end the Socialists emerged much stronger than the Catholics. Their most outstanding politicians are in the cabinet, while the Catholics are represented only by less experienced and important members. Professor Romme himself is not in the government, although he was invited to join. He wants to be as free as possible to withdraw his parliamentary backing from the new coalition whenever seems most useful to him. He wants to choose this moment himself with the object of creating a situation in which only one alternative to a dissolution of parliament and new elections remains—a cabinet without Dr Drees.

Dykes Against Inflation Needed

The new government has some very difficult decisions before it. For the past six months the balance of payments in the European Payments Union has shown a deficit. The dollar deficit is increasing, too. Imports from the dollar area are too high compared with dollar earnings; there used to be a compensating factor in the sale of Dutch shares on the American market, but this has now almost entirely stopped. The public's spending capacity was considerably increased last year by a wage increase of 6 per cent. A further upward jump, in compensation for next year's increase in rents, seems unavoidable. Wage and price levels are, in fact, expected to go up by another six or seven per cent over the next year.

All this means that the exceptionally favourable position enjoyed by Dutch exports over the last six years is now coming to an end. Unless the government takes urgent steps to control wages, prices and investments, inflationary pressures will grow. A political fight over the exact nature of these measures is now going on within the new cabinet and within parliament. The government has, however, already managed to reach agreement on the defence budget for the next two or three years.

Dr Drees seems to be starting his new term of office under much less favourable conditions than his last. But his government has one negative reason for a long lease of life—the political impossibility of forming another one. This means that politicians and parties will think twice before causing a new crisis and that the present cabinet will have to resort constantly to compromise.



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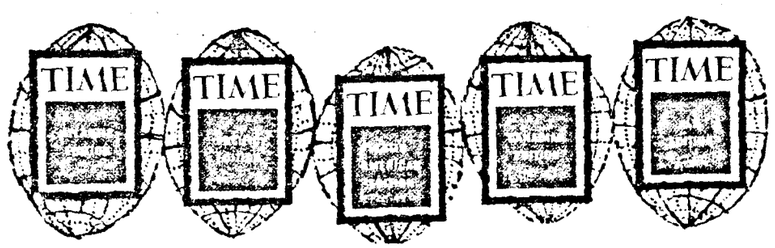

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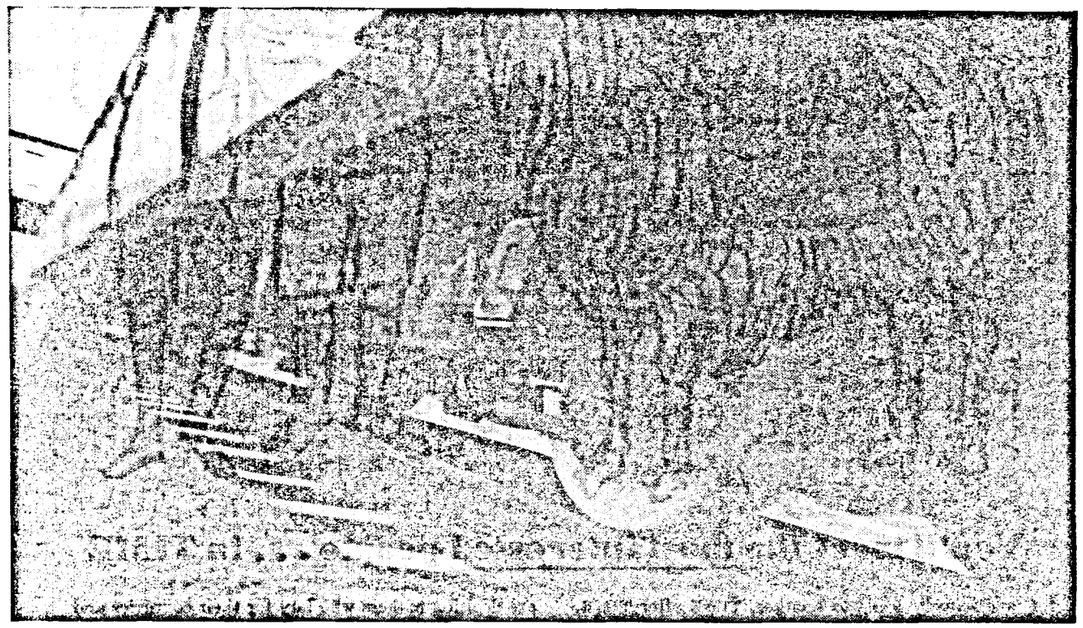

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THE BUSINESS WORLD

Atomic Power Arrives

Nothing, after the Queen opened Calder Hall on Wednesday, will ever be quite the same again—not in atomic energy, not in Britain's economy, not in the world. Eleven years after atom bombs were dropped on Japan, fourteen years after Enrico Fermi proved his theory of controllable chain reaction, and almost a century after the world began to exploit oil as its newest primary fuel, the first full-sized atomic power station has come into operation. The list of currently usable sources of energy is not a long one : timber, coal, petroleum, water, perhaps wind—and now uranium. For the scientists, Wednesday's panoply of flags, flowers and presentations had the nature of a graduation ceremony. The plant itself is the final, crowning experiment of a decade of research, and the technicians are already preoccupied with newer, untried atomic systems evolving in the laboratories where Calder Hall first took shape. For engineers and for industry, Calder Hall is a beginning, the formal inauguration of what will become an atomic power network stretching across Britain and ultimately across the world.

THE relevant fact about Calder Hall today is not its design, nor its military importance, nor its cost, but its size. Atomic power has already been produced in the United States, in Russia and, just recently, in France—but on a small, uneconomic scale. Calder Hall stands as the world's first demonstration that atomic power can be generated, not in miniature, but on the scale on which electricity is normally generated. The four turbo-alternators that fill the long, low turbine house between the two reactors have a total capacity of nearly 100,000 kW, the equivalent of a medium-sized commercial power station.

Calder Hall presents atomic energy as a practical reality—the culmination of bold risks successfully taken. It might have been bigger, more complicated, more advanced in design, using a more effective type of fuel ; it could, in other words, have been based on the reactors now being developed in America and Russia. But it would not then have been generating electricity in October, 1956, at a price not far from parity with existing coal-fired power stations. Britain is the only country that has tried from the start to aim at this parity in costs, and it was a challenging target.

Atomic plant design is a compromise between what is scientifically desirable and what is physically possible using materials and methods immediately to hand. At Calder Hall, speed of construction has been pitted against sophistication of design. This choice has put Britain's atomic development ahead of that of other countries, not by months but by years. In cold economic fact, the loss of a few years may not seem a vital matter in the 20- to 30-year life of a power station. But an atomic plant takes three years to build, and for reasons that will be explained later, at least three years more must elapse before its costs can really be worked out.

★

The scientists have done what was asked of them. It rests with others to decide now how much atomic power the country is to have and how much will be paid for it. An atomic power programme exists, but only in its first stage. More decisive questions about the part that atomic energy will play, in an economy hungry for fuel but fearful about its ability to produce the coal that it needs, still rest in the future.

The Atomic Programme

IT has been plain for some months that the Government's original programme for atomic power, a remarkable and revolutionary document when it was drafted nearly two years ago, under-estimated by half the scale and the pace at which it would be possible to introduce atomic energy into Britain. The power stations outlined in the plan—twelve to be built in the ten years to 1965—were not expected to be more than double the size of Calder Hall. Rough capacities of 150,000 kW to 200,000 kW were mentioned, to give a total of 1,500,000 kW to 2 million kW of atomic generating capacity, or about 5 per cent of the total installed generating plant that the country is expected to require by that date. But with only two of the four Calder Hall turbines turning, industry has submitted tenders for reactors of 300,000 kW, and could today design them for 400,000 kW capacity, nearly double the plan's upper figure and three times its more conservative estimate.

If, then, the number of stations set out in the programme were to be built to plan, but the Central Electricity Authority took advantage of industry's ability to design bigger nuclear installations, the atomic generating capacity functioning in this country by the end of 1956 could easily approach 4 million kW. If, as seems more likely, the number of atomic stations contemplated is actually increased to a total of 15 or more, then roughly 5 million kW, or 12 per cent of the country's generating capacity, might be atom powered and uranium fuelled by 1965.

This is not a big proportion of the total electricity supply of the country, and in terms of coal saved it may not mean much more than 10 to 12 million tons a year, twice the figure mentioned in the original scheme and the equivalent of about three weeks' output from the mines. The real significance of the figures is the implication they carry that within a few years, probably considerably sooner than expected, all the extra generating capacity that has to be provided each year to keep up with the rising electricity demand will come from atomic power stations, and not, as at present, from building new coal-fired stations.

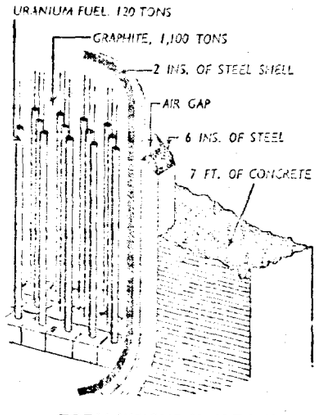
The electricity supply industry of this country will remain firmly based on coal for decades to come. The problem of power from coal is still only a marginal one, centring around the difficulty of increasing the amount of coal raised every year by the tonnage needed to keep pace with the steadily rising demand for energy. Last year, the Central Electricity Authority used nearly 41 million tons of coal and coke, and there would be no difficulty in finding the same tonnage next year and the year after, and so on. But there might be acute difficulty in finding the extra 25 million tons over and above today's 41 million that the expanding power stations are expected to need by 1965, unless other coal consumers were rationed. If some of the extra kilowatts can be provided by burning uranium instead of burning coal, the difficulties involved in expanding coal supplies become so much the less pressing.

How radically the original White Paper plan will be changed depends on the conclusions that the CEA will reach after studying the tenders submitted by the four engineering groups for its first two atom stations. These tenders provide the first detailed estimates that the electricity industry has yet seen of the likely cost of building and running an atomic power station. The evidence should make it easier to decide at what point the present policy of providing a substantial proportion of each year's additional generating capacity from new coal-fired plant could safely be changed in direction towards an investment programme based primarily on atomic power. But no rational decision is possible until more is known about the life of an atomic station and, in particular, the life of its fuel.

Atomic Costs

ATOMIC reactors of the Calder Hall type make joint products: electricity and plutonium. Who is to say what each costs? Plutonium is the principal atomic explosive, and it is also relatively scarce in this country; so it is generally assumed that the CEA will be able to command a substantial rebate for the plutonium produced in its power stations that it will sell back to the Atomic Energy Authority. The first detailed estimates that were made last summer about atomic power costs in Britain by the Atomic Energy Authority's economist, Mr J. A. Jukes, suggested that the gross cost of producing electricity in an atomic power station of the Calder Hall type would be about ¾d. per unit, and that receipts from the sale of plutonium would bring this down to about ½d. net, roughly what it costs to produce electricity from a new coal-fired station.

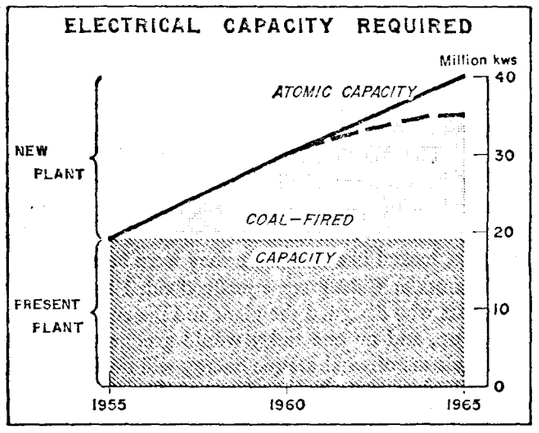
STRUCTURE OF A REACTOR



TOTAL WEIGHT 33,000 TONS

Calder Hall cost between £15 million and £16 million to build, or rather more than £150 per kW of its rated capacity. Since it was begun, marked reductions in the capital cost per unit of output have come in sight—for two virtuously interlocked reasons. The exceptional demands that the building of nuclear reactors has placed upon civil engineering technique—and behind it, on the techniques of the boiler makers, the instrument industry, the steel masters and their many sub-contractors—have brought forth significant advances, particularly in the method of welding on site. At least one of the contractors tendering for the new CEA nuclear stations is prepared to weld 4-inch steel plate on site as against the 2-inch plate used for the pressure shell at Calder Hall. Welding methods have hitherto limited the size and strength of the pressure shell that could be erected, and these are the critical measurements that decide the power output of the reactor.

Improvements in construction technique, design of shell and fuel element, and operating conditions thus interact to hold out to nuclear electricity considerable economies of scale—nuclear power stations of greater capacity for a much less than proportionate increase in construction costs, and hence lower capital costs per kilowatt. The first commercial stations to be built for CEA should not work out at much more than £120 of capital cost per kW of capacity. This is still a good deal higher than the cost of building a coal-fired station, which averages about £75 per kilowatt, and in recent cases on favourable sites has been brought as low as £50 per kW. In the longer run, however, a nuclear station



approaching 400,000 kW in capacity may not cost much more than £20 million, against Calder Hall's £15 million—perhaps £50-£60 per kW.

A cautious minded observer might feel happier that there is good hope of cost reductions in building—in case calculations on the fuel side of the account go awry. The initial fuel charge costs about £30 per kW of capacity, and the present guess is that over the life of the station nuclear fuel will constitute just over half the cost of atomic power. The assumption, in AEA's estimates of cost, that the fuel charge will last three years, is based on a number of hypotheses that may or may not prove valid. The fuel elements are subject to tremendous stresses and pressures set up by the fission process. No direct evidence yet exists whether they can withstand these forces and remain intact until their uranium has been fully consumed. In the big plutonium factories, like Windscale across the Calder river, and also at Calder Hall itself, the fuel is removed fairly rapidly to extract the plutonium content before it has become too contaminated with a second, useless form of non-fissile plutonium (plutonium 240). A commercial power station containing £5 million worth of fuel in its reactor swings the argument the other way towards burning up as much of the uranium as possible. All that can now be said, before practical experience has been gained, is that premature failure of the fuel elements could have unfortunate effects on the ultimate cost of electricity.

Atoms or Coal?

THE immediate impact of atomic electricity is therefor to relieve both the CEA and the Coal Board of their more pressing anxieties about extra coal supplies, without holding out any early prospects of a fall in electricity prices. Even if atomic electricity were to prove dramatically cheap—which is not impossible—the quantities in which it is likely to be produced during the next decade are too small to have any great impact on general selling prices. But the prospect that atomic power does hold out, even on today's conservative cost estimates, is the chance that the price of electricity may continue to fall relatively to the prices of most other fuels and industrial materials, as it has throughout the history of electricity supply. If extra electrical power could be provided only by installing more coal and oil-fired boilers every year, with increasing pressure on coal and oil supplies to provide the extra fuel tonnages needed, then some rise in electricity prices might hardly be avoided: though the efficiency of generation from coal is still rising, the nation would pay dearly for the few million tons of marginal imported fuels that CEA would need each year. Calder Hall may mark the end of this enervating and discouraging process.

By about 1963 CEA will have to decide whether it can cease building any more coal-fired stations—before the atomic stations have been fully proved. The first commercial stations, for which industry submitted tenders at the beginning of this month, will not be commissioned much before 1960. By 1963, the CEA will know whether the guesses about nuclear costs have been correct. The first detailed programme of atomic construction is due to end in 1965, with four stations of more advanced design. Will the knowledge accumulated in the next seven years be enough to warrant a crucial decision whether to cease coal-fired building for ever and base the country's future expansion on the atom? Coal and oil are badly needed for purposes other than the generation of electricity. Pressures on supplies of these conventional fuels by 1965 may be great enough to justify the taking of risks that caution and conservatism might otherwise postpone.

The early start that Calder Hall gives Britain in the atomic field does at least offer the choice of backing an alternative fuel policy so many years the sooner. The economic gain to Britain of these few, possibly critical, years is worth every effort put into Calder Hall, even if British industry were never to export a single atomic power station, even if the primitive satisfaction in beating other countries to a new technical revolution no longer sent a glow through the heart of a nation. For it would be unfair and misleading to underrate the immense effort that has gone to the building of Calder Hall.

The Engineering of Calder Hall

TO build an atomic power station of this so-called simple type taxes the ingenuity of the contractors to the maximum. The natural uranium metal with which Calder Hall is fuelled is the simplest and cheapest form of atomic fuel. It is 99.3 per cent non-fissile ; that is why 120 tons of fuel are needed in each reactor. The structure of a Calder reactor, an 80-foot-high hexagon, is roughly shown in the diagram on page 258. The system of generating electricity from a reactor of this kind depends on blowing carbon dioxide gas over fuel elements hot from fission, and using this heated gas to raise steam in the four boilers that stand at each corner of the building housing the reactor. The process then follows the conventional pattern of electricity generation from steam-driven turbines, except that the temperature is far lower, the steam is wetter and the pressures lower than in conventional power stations.

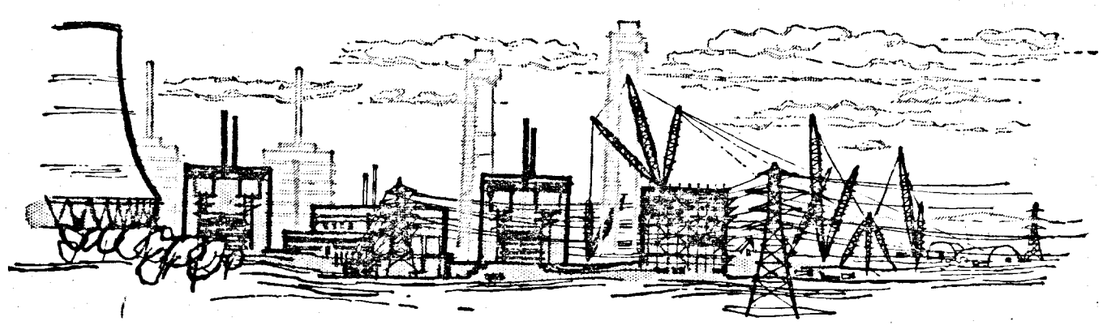
The engineering on the site is more complicated than this description might suggest. The striking feature about a plant like Calder Hall is the huge size of each unit and the extreme precision with which each is assembled. Neither size of structure nor precision of engineering is a formidable problem to modern industry if the two occur separately. But when they are combined, and in a plant that has to be assembled on site and in the open air, engineers are confronted with tasks they have not attempted before. The advances being made now in nuclear power station design are largely developments in on-site engineering methods that make bigger power stations possible, and developments in metallurgy that ease some of the limitations imposed by imperfections in the materials available.

The Calder Hall site presents a remarkable picture of the separate stages of atomic construction. Only the first out of what will ultimately be four reactors is in operation, encased for ever out of sight behind 7-foot walls of concrete. Every vista ends in high, blank walls, and the sense of unreality, heightened by the total absence of any sight, sound or smell or smoke to suggest the violent reactions inside, grows with each frustrated attempt to find some point of contact with, or catch some sign from, the monster inside.

The second Calder reactor is three-quarters finished and due to come into operation at the end of the year. Until recently it was still possible to get near the reactor shell. Welders were joining bundles of half-inch steel pipes, working awkwardly in oddly-shaped apertures in and around the concrete shield ; there are 1,600 of these pipes to each reactor, continuously drawing off gas samples to test them for traces of burst fuel rods. The loading face on the top of the reactor was not quite finished ; the livid pastel paints that give the finished parts of Calder the occasional air of a mental therapy ward had yet to be applied.

Beyond these lie the half-finished structures of the Calder "B" site. The guy ropes that hold the 180-foot cranes stretch a web of steel over Calder "A" and almost as far as Windscale. The concrete shield has been poured for the third reactor and some of the 30-ton sections of the pressure vessel lowered into it stage by stage. The walls and roof of the building itself will go up only when the reactor is finished. Looking downwards 80 feet from the top of the shield towards the steel shell that will ultimately be the reactor core, the ponderous monolithic scale of atomic engineering is conveyed in a way that is missing from the finished plant. It is then possible to realise that 33,000 tons of graphite, steel and concrete are needed to contain safely the force of a splitting atom of obscure, yellow metal. The fourth and final reactor is in process of having its concrete shell constructed, a half-finished catacomb with elegant concrete arches doomed to be shut away for ever from human eyes. The pyramids, perhaps, looked like this while they were being built.

Honours at Calder are equally divided between the scientists who designed the plant and the engineers who put it up, and no one today would grudge them their proud claims of what atomic energy will do for Britain. There is time enough tomorrow to ask questions about design policy for future power stations, about relations with industry (now that industry, too, is turning to atomic design), about exports for atomic plants and, more broadly, about the investment questions that lie ahead to be answered. It will take a long time to assess the debt that the country owes to the energetic, articulate and confident men responsible for Calder Hall. The clear and unromantic vision behind the plan to turn it into the world's first commercial atomic power station is the biggest, and the most successful, venture that postwar Britain has taken.



Business Notes

Wider Interest in Gilt-Edged

CYNICS in the Stock Exchange date the revival of the gilt-edged market from the publication of the Dunlop Rubber Company's half yearly figures a fortnight ago. There is a modicum of truth in that view ; Dunlop did not produce the only disappointing half yearly profit, though it produced the worst of them ; disappointing news from industry was not the only reason why investors turned their attention towards fixed interest securities, but it was one of the reasons and, in retrospect, it is clear that gilt-edged securities quietly took the lead about a fortnight ago. By the middle of this week the revival of buying was marked and it was spreading from the shorter dated stocks to the longer as normally happens when confidence is rising. There has been nothing in industrial shares to match that movement, despite the start of the new account this week, nor in the foreign exchange market where sterling this week has failed to develop any decisive tendency. Over the fortnight that ended on Wednesday the *Financial Times* index of fixed interest stocks has edged up from 92.78 to 93.09, while the industrial index has edged down to stand at 177.9 compared with 179.4.

The gilt-edged revival, small though it is, has opened opportunities for those sponsors of fixed interest securities that have been able to come forward. The London County Council's £15 million 5½ per cent issue which had been regarded as a severe test for a small market was a better success than had been foreseen. Applicants for up to £5,000 received full allotment and the larger ones 78 per cent of their applications. Dealings started on Monday in a favourable market at ⅛ premium and by Wednesday the price had improved by ⅜ premium over the issue price of 99½. Not less fortunate was the General Electric Company with its issue of £6 million unsecured loan stock 1976-81 which was offered to existing shareholders and loan stockholders. Applicants for up to £6,000 received full allotment and larger applicants 50 per cent of their applications. The stock opened at a premium of $\frac{5}{16}$ and by the middle of the week had risen to 1⅜ premium. Institutions now have a little money to invest in suitable fixed interest stocks. But their appetite is not unlimited and present successes are the result of careful thinning down of the queue of would-be borrowers.

Mr Macmillan and the Motor Makers

DINING this week with the industry that his financial policies have hurt more than any other, on the eve of the Motor Show, Mr Macmillan had to expect some criticism of that policy. He got it: Mr F. A. Perkins, president of the Society of Motor Manufacturers and Traders, after describing with some pride the industry's response to earlier Government requests, first to switch to war materials and then to increase exports, commented

> What do we find today? We find the Government are taking every possible step to down-grade the industry. In fact it would almost seem as if they do not welcome its survival.

The Chancellor's answer was as firm as might have been expected. The squeeze was not intended to strangle the economy, he said, but to get it into better shape: there was now a little more flexibility in employment and business generally, and that was all to the good. He was not trying to reduce investment, but to flatten out the curve ; it was inevitable that pressure should fall on the motor industry, but he was confident that it would be able to readjust without "half as much of the trouble and difficulties which gloomy prophets had indicated."

Upon one topic, however, Mr Macmillan received perhaps unexpected support at the SMMT dinner—the question of joining a free trade area with Europe. The motor industry is often considered one of the British industries that might feel the draught if its current 33⅓ per cent tariff, the highest in any major European country, were to be removed. Mr Perkins, however—a maker of diesel engines who can successfully compete today in the German market—found it "refreshing to find that the Government is planning a policy for economic success in Europe coupled with the continued development of the Commonwealth." How far his enthusiasm is shared by car manufacturers remains to be seen.

Esso Comes to Market

UNDERWRITING for the Esso Petroleum Company's issue of £10 million 5½ per cent first debenture stock 1974-78 at £97 is complete, and the lists will open and close on Thursday next week. The prospectus invites careful study from two angles. First, the issue is itself a considerable financial operation and part of a much bigger one ; investors will wish to make their dispositions. Secondly the prospectus reveals rather more of the plans and achievements of the company than has hitherto been known, even though Esso, which is a subsidiary of the Standard Oil Company of New Jersey, has been in the habit of gratuitously making its annual report public.

As an investment the new stock must be considered on its own merits: it is not guaranteed by the American parent, though it is naturally relevant that after the capital changes now proposed the American parent will have £60 million of ordinary capital ranking behind the debenture stock. The new stock must also be considered along with £10 million

of 5 per cent first debenture stock 1963-72 already issued privately, which ranks *pari passu* with the new stock but which is not at present quoted. There is also a further £7 million of debenture stock for which Capital Issues Committee consent has been granted and which will no doubt be issued when the market is propitious. But though the present debenture issue is, so to say, open ended and though it relies wholly on Esso's own assets and earnings, the cover is first rate. On assets the £20 million of debenture stock that will be in existence after the present issue is covered by £75 million of assets. On average profits of the last five years, a gross interest charge of £1,050,000 a year is covered by earnings of £8,232,062.

The auspices also are first rate; with Messrs Morgan Grenfell and Company and three leading firms of stockbrokers as sponsors, and the instalments, with only £25 payable on application, are well spread. The remaining question for investors is whether the price is right. It is certainly high enough for present markets. To redemption at par on the latest date, the gross yield is £5 14s. 10d. per cent and the flat yield £5 13s. 5d. per cent. To redemption at £102 on the earliest date the yield is only slightly higher. Comparison with recent issues in the trustee market—the LCC 5½ per cent loan, for example—is less favourable than appears because the Esso stock will be subject to stamp duty. Investors are moderately on the feed again for longish dated stocks with high coupons and this is probably just long enough and the yield just high enough to tickle their fancy.

Plans Ahead

Esso's achievement has been massive. The profit record calculated before debenture interest and before British tax, and shown on a slightly different basis from the figures in annual reports, reveals only one break in the upward trend of earnings over the postwar decade—a fall in 1954 due mainly to lower selling prices. Over the whole period group profits have risen from £1.5 million in 1946 to £10.2 million in 1955. Net tangible assets at the end of last year (before deducting the first £10 million of debenture stock) were £65.4 million. Group turnover for 1955 is now returned at £215 million, a figure that differs significantly from the £197.3 million previously shown for Esso without its subsidiaries.

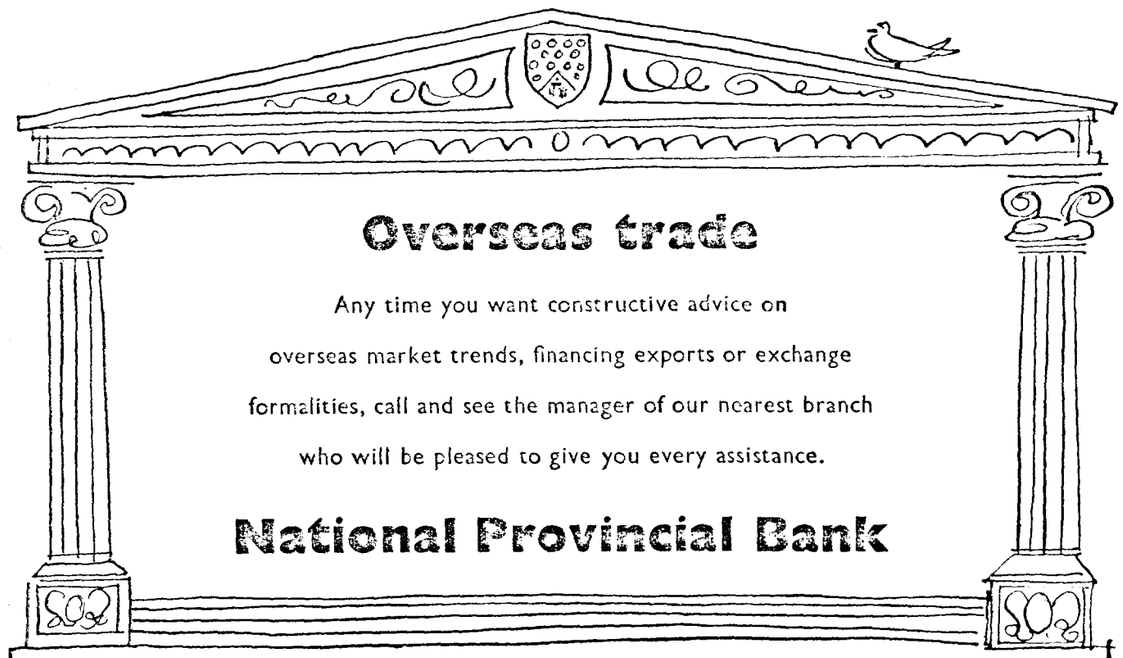
The future is not less impressive. In addition to its developments at Fawley, the company has bought 960 acres near Milford Haven, though it has yet to take a final decision about their ultimate use. Esso plans to spend no less than £50 million on fixed assets including tankers in 1956 and 1957, and its requirements for working capital will rise at the same time. Against that programme, the £10 million debenture issue has evidently been tailored to suit the presumed limits that the market can at present take. The company's bank overdrafts and acceptances on December 31, 1955, actually amounted to £13.2 million. In total British investors will be supplying £27 million on the three debenture issues. A further large sum is being provided from retained profits and these retentions are recognised in the £10 million free scrip issue that Standard Oil of New Jersey is to receive. A further £20 million will be put up by the American parent in subscribing for an additional 20 million £1 ordinary shares in cash at par. There may be regrets that the American company is not prepared to let the British investor hold even a slim slice of the equity, instead of doing all its local borrowing on debentures. But the British tax on distributed profits is partly to blame.

Manpower and Steel

SINCE the end of last year, when its opinionated but authoritative *Statistical Bulletin* was emasculated into a mere monthly selection of figures published jointly with the Iron and Steel Board, the British Iron and Steel Federation has expressed its opinions to the public through a quarterly *Steel Review*. This is a much prettier piece of printing; but it has been saved from developing into the glossy exercise in self-congratulation common to its kind by the federation's reiterated emphasis, in each succeeding issue, upon one dominating theme: an examination of the factors that now and in the future must be taken into account in planning the expansion of the British steel industry. These factors, for the most part, are equally relevant to the expansion of the British economy in general. The one upon which the industry concentrates in its latest *Review* certainly is: future supplies of manpower, and the productivity with which steel and other sectors of the economy are likely to be able to equip that manpower.

It begins from the familiar fact that while the population of working age in Britain can be expected to increase between now and 1965 by about 2½ per cent—as against an actual decline in the last ten years—during the next 15 years after that it is likely to fall, and even between now and 1965 the labour force is liable to be docked of one year's young people by the raising of the school-leaving age. About 4 per cent of men between 15 and 64 and about 52 per cent of women between 15 and 59 are not "gainfully employed." As in recent years, more of these may decide to go out to work; but there are limits to such supplementing of the labour force, particularly as further education is likely to hold more young men and women out of "gainful" activity. Continued economic expansion over any long run, therefore, depends upon continuing to increase productivity.

In particular industries, Mr E. F. Schumacher of the National Coal Board argues in the *Review*, the main impetus to higher productivity will continue to be that the cost of labour rises faster than the cost of doing the same man's job by machine (a persuasive argument discussed in these columns a few weeks ago). In the economy as a whole, the federation itself adds, productivity has risen and may continue to rise because the labour force in industries with high output per head, such as the metal-using industries, grows faster than elsewhere. In the upshot, the federation is not pessimistic: "The slower increase in the population of working age need not impair British industrial growth." But it adds two provisos—that Britain will require an educational system adequate to meet the technological challenge, and that "appropriate fiscal and monetary policies needed to foster industrial investment are followed."



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The Canal Company Takes Stock

THOUGH the Suez Canal Company's claims for compensation held the foreground of the shareholders' meeting in Paris on Monday the company seems not over keen to stress them now. For that would be to admit that it no longer hopes to bargain its consent to Egypt's breach of contract and the partial withdrawal of its financial claims against a rôle, however modest, in a new international management of the canal. Yet it is clear that the company may have to be satisfied with compensation ; and its claims on behalf of its 100,000 shareholders (half of whom own less than three shares) are well defined.

It rejects, as the chairman, M. François Charles-Roux explained, the Egyptian offer to indemnify shareholders at the bourse value of their shares on the eve of nationalisation ; for the rates were already depressed by fears of nationalisation. Instead it wants, first, compensation for the twelve lost years of its concession—one third of receipts till 1968, that being the ratio of receipts to profits (and profits were nearly eleven million pounds) in 1955. Second, it wants compensation for those of its assets in Egypt to which it was entitled when the concession ended, the value of which is put at about thirty-five million pounds. Last, it wants compensation for payments still due for instance on pensions and debentures. (Only 53,000 debentures remain, worth under three million pounds, to be repaid in instalments by 1962 ; but the freezing of the company's deposits in Egypt where the payments must be made is holding up their redemption.) These claims, together with the £60 million investment portfolio held outside Egypt, greatly exceed the most generous interpretation of the Egyptian offer.

The company's first care is to strengthen its bargaining status, by obtaining an advance on compensation in the form of a portion of the Users' Association's receipts. Its prospects of receiving a sizeable sum are slightly improved by the fact that the association could not legally levy tolls without the company's consent. The Security Council's resolution which sets up an arbitration tribunal to settle the company's dispute with Egypt also strengthens the company's case by implicitly confirming its continued existence and independent status, with its sixty million pounds holdings outside Egypt. (Egypt, disregarding international law, has claimed these as its own.) All this does not mean the company has support in its effort to retain an interest in the canal. It does seem to mean that a just settlement would not be disadvantageous to the shareholders and the movement of Canal shares seems to recognise the fact. The original shares now stand in London at £60 10s. compared with £52 10s. a week ago, the actions de jouissance at £40 10s. compared with £36, and the founders' shares at £39 compared with £32 10s.

What Price Oil?

THIS week's increase of ½d. a gallon in the major oil companies' prices of heavy fuel oil makes more economic sense than last week's ½d. a gallon increase in the price of their petrol. Fuel oil demand is now increasing at the rate of 20 per cent a year, while petrol consumption is rising only by about 3 per cent and sales of the standard grades are actually falling. To meet the new fuel oil demand all of the major oil companies in Britain are making large additions to their refinery capacity. Since there is a limit to the flexibility of any refinery, this means that they are going to produce more petrol as well. Unless they can dispose of all of their additional output of petrol, either at home or abroad, at present prices—an achievement which, to judge by the present trend in demand, will not be easy—then, if refinery profit margins are to be maintained, the prices of fuel oil must go up. Fuel oil prices have indeed risen by over 15 per cent since July, 1955, while the retail price (including tax) of the standard grade of petrol has risen by only about 1 per cent. But fuel oil still fetches only about half the price of petrol. Moreover, coal prices have risen faster than fuel oil prices during the last fifteen months.

Camp Bird Thinks Again

MOVES and counter moves go on in the campaign of Camp Bird, the mining company, to take over the share capital of 18 tin mining companies and redeploy their liquid assets. Boards of some of the companies have announced a vigorous rejection of the plan and a number of companies have proposed to return some of those surplus liquid assets to the shareholders. The reaction of the tin company shareholders is best described in the Camp Bird company's own words. The company does not disclose the number of replies received ; it says that "over 75 per cent of the replies received were in favour of the share exchange proposal, but a large number of shareholders consider the published basis of exchange inadequate." Less audacious bidders might have retired hurt. The Camp Bird directors, among whom Mr John Dalgleish is chairman, have simply improved the offer. How long can this auction through the columns of the press continue ? Has Mr Dalgleish yet reached his limit ?

	Net Assets per Share	Price Now	§ Original Offer	New Exchange Basis	Value of New Offer†
	s. d.	s. d.	s. d.		s. d.
Kinta Tin.....	13 6	21 3	15 2½	4 Camp Bird for 3	18 10
Gopeng Cons'd...	6 7½	12 10½	9 9½	5 for 6	11 9½
Kent (F.M.S.) ...	3 10½	4 9	3 8½	3 for 10	4 2½
Pengkalen :—					
Ord.	15 0	17 10½	13 10½	6 for 5	16 11½
Part. Pref. Ord.	5 0	18 9	15 7	4 for 3	18 10
Rambutan.....	22 0*	28 9	19 5½	2 for 1	28 3
Takka Ltd.	17 10½*	7 7½	5 5½	1 for 2	7 0½
Chenderiang.....	28 7½	19 0xd	11 9	4 for 3	18 10

* Allowing for return of capital. † Camp Bird taken at 14s. 1½d.
§ Camp Bird taken at 13s. 10½d.

The table shows the liquid assets of those companies in respect of which Mr Dalgleish has made new and definitive offers. It shows the value of the old offer taking Camp Bird at 13s. 10½d., the previously indicated price ; the value of the new offer taking Camp Bird at last Friday's price of 14s. 4½d. ; the net assets of the companies ; and the present market prices. It certainly shows an improvement in the offer and it equally shows that if Camp Bird succeeded in buying at its new prices it would still be buying

cheaply. One factor that shareholders in the tin companies should not overlook is that the directors of Camp Bird are still offering to pay, not in the coin of the realm, but in their own shares. If the bids, or some of them, were successful, and if a large number of tin shareholders found themselves potential sellers of Camp Bird shares, could those shares hold the current price ?

Landlords and Mr Sandys

PROPERTY shares enjoyed a flicker of activity at the end of last week, after Mr Duncan Sandys had declared his policy of abolishing rent control by stages, but it was only a flicker ; investors soon realised the wisdom—on a subject as complicated as rent control—of waiting for the wording of the bill. Some of them also must have recalled their hopes from the Housing Repairs and Rents Act of 1954, and how slowly they have been fulfilled. On the other hand, the property companies seem well enough pleased with the prospect that Mr Sandys holds out. They are promised a progressive process of abolition of rent control, and they have not asked for more.

What do they hope for from Mr Sandys's plan ? His proposals are three. First he will set free from control owner occupier houses. There are about five million of these and though it is obvious that that number has been swelled by sales to sitting tenants during the period of control, it is not —at least in the property owners' view—likely that a large reverse process of releasing owner occupier houses for letting would begin. Secondly, the Minister foreshadowed a possible decontrol of a slice of the high valued houses. The present guess is that he may do so by reference to rateable value ; if so, decontrol will have to extend rather far down the scale of rateable value to be of much use. As the total of rent-restricted houses (excluding those in owner-occupation) is only 5 million and as most of the lower rated houses are let, release of those with a rateable value of over £25 would not make a significant contribution. It might, in the landlord's view, be necessary to extend decontrol down to an annual value of £18 or even £13. Flats let with services form a small proportion of the total, but the cost of those services is deducted from the rental value before arriving at the rateable value ; many flats have thus been brought under rent control without real justification and it is argued that flats where the cost of service forms a substantial proportion of the rent should be pulled out from control.

What Sort of Ceiling?

THERE remains the third and most important class, those houses that will for the time being remain in control but with new rent ceilings related to current values and maintenance costs. Property owners and the public will have to wait for the bill to see whether Mr Sandys will move far enough to break down the distortions of a rent control system that allows the landlord too little to enable him to maintain such properties in repair. Maintenance costs have multiplied three times between 1939 and 1954 and are now probably three and a half times the 1939 level. The guess is that Mr Sandys, like Mr Macmillan in 1954, will link his increased rent ceiling to rateable value. Under the Macmillan Act, rents were allowed to rise to twice the old gross rateable value to meet increased repair costs. But under the new revaluation for rating, domestic properties have increased in rateable value by only 40 per cent on the national average. Hence the new ceilings would have to be more than 1½ times the new gross value if landlords were to be allowed any higher rents. Such an increase would be quite insufficient to encourage them to go in for new building. The complications and disappointments that have arisen from the Macmillan Act do not encourage any faith in rent ceilings based on rigid mathematical formulae.

One other proposal by Mr Sandys will excite much sharper controversy. It is to free all rent-controlled houses as they become vacant. From the tenant's point of view it can be fairly argued that this will increase the immobility of population, since it will never be possible to move from one rent-controlled house to another. The Minister has clearly felt—and the landlords naturally agree with him—that to have a free market in housing is an overriding advantage.

"Emmies" Further Recovery

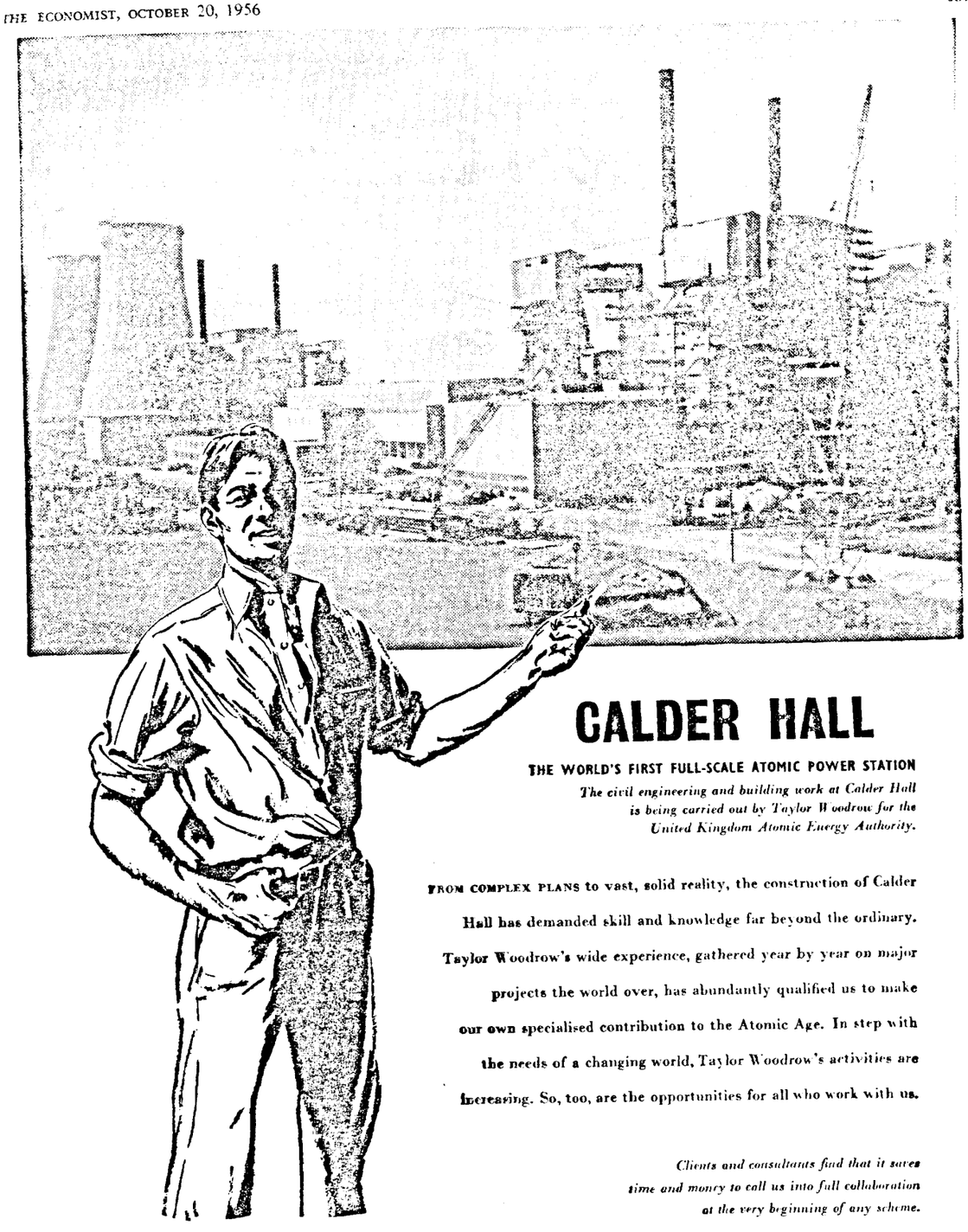
ELECTRIC and Musical Industries has done remarkably well to achieve a rise of £465,000 in profits before tax in the year ended June 30th. It was a year that at the consumer end of the group's wide range of electrical and mechanical products must have been growing increasingly more difficult. And though taxation has absorbed most

£000 (years to June 30th)	1953–4	1954–5	1955–6
Consolidated Results			
Profit before tax	1,076	1,980	2,445
Tax	507	1,105	1,500
Net profit after tax...	546	832	872
Dividend.....	208	326	325
Dividend per cent.....	*10*	*15*	*15*

of the group's increase in profit the process of raising the company from the unhappy situation in which it stood three years ago has continued. Shareholders receive only the same total distribution (a dividend of 12½ per cent and bonus of 2½ per cent) and at the market price of 26s. 9d. at which the 10s. stock units closed on Thursday before the announcement the yield is £5 12s. 2d. per cent.

The Composite Rate

A PROBLEM that has been worrying the building societies all this year has now been settled. The "composite rate" of income tax has been fixed at 5s. 4d. for the current financial year compared with 4s. 10d. in the £ last year. That is the rate that the societies bear on the interest that they pay "income tax borne by the society." It is calculated as an average personal liability of an average building society investor. The rate is re-negotiated each year in the



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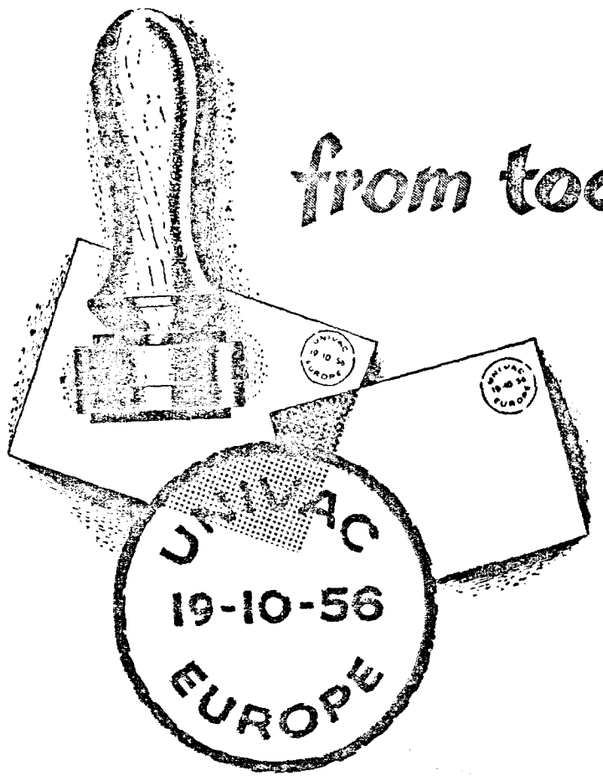

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light of the standard rate of income tax and the allowances given in the budget. But the sample on which it is based is only drawn at intervals.

This happens to be a year for sampling and societies were expecting an increase because the pay packets of their members must have been better filled and their average tax liability higher. The actual increase of 6d. in the £ was greater than some of them had foreseen. But provision for part at least of the increased cost must have been made when the rates charged and paid were raised this summer. For the time being at least, societies are likely to absorb the increase. But those of them that have not yet announced their decision on mortgage rates to be charged to old borrowers may find it the final straw. As a result of the higher charge for income tax the margin between rates charged to borrowers and rates paid to shareholders must in the long run be held a trifle wider than it otherwise would have been. If, for example, the next move in interest rates were downwards, it would normally have been expected that rates charged to borrowers which are gross could move down rather faster than rates paid to subscribers which are net of tax since there would be less tax to pay. That narrowing of the margin now seems less likely.

For one society, however, there is an interesting new factor in the calculation. The Co-operative Permanent Society in August offered old borrowers whose rates would otherwise have gone to 5¾ per cent or 6 per cent, the option to pay a fixed rate of interest for 7 years of ¼ per cent less. It is now announced that out of about 100,000 borrowers, 20,000 accepted the fixed interest option. If the next move in interest rates is upwards that will be unfortunate for the Co-operative, but if it is downwards there will be a useful cushion of fixed interest mortgages on which no reduction is due.

More Business in Cotton Textiles

TRADE in cotton textiles is picking up. The improvement is modest but more than welcome to Lancashire after heartbreaking slackness. Since the beginning of August order books in spinning and weaving have lengthened by two or three weeks' production. They are still less than comfortable, but merchants and producers seem to think it prudent to build up stocks. Thousands of workers have been lost and it is possible that output may not expand quickly enough and that orders may be lost through extended deliveries. The revival began after yarn prices were brought into line with prices of cheap United States cotton coming from the American government's stock, and the new confidence in raw cotton prices at the lower level has encouraged further business. Producers are now getting back some of the business they lost to imported Indian grey cloth. The subsidy on United States cotton has narrowed the disparity between Indian and British cloth prices, and Lancashire can offer quicker delivery. But it is as well to remember that the improvement in business in the home trade is largely seasonal, and that buying by export houses owes much to replacement orders against sales of cotton textiles under the triangular deals, financed by American raw cotton, with Pakistan and Burma (orders under a similar deal with Indonesia have not yet got under way).

HP Debt Still Falling

THE Treasury, the Board of Trade and the retailers must all, strangely enough, be pleased with the August returns of hire purchase trading. The paradox arises from the fact that contracts now being unwound by regular payment of instalments were made when the initial deposits were lower than they now are on new hire purchase contracts. So the volume of retail sales on hire purchase (the total retail value of the goods) rose while total hire purchase debt continued to fall. Hire purchase debt has fallen every month this year; the index at the end of August stood at 85 compared with 100 last December, so that the actual debt is 15 per cent below the figure of "at least £450 million" with which the index started.

The value of weekly retail sales on hire purchase has risen slightly every month since April when the index stood at 62; at the end of August the index was 67—still much below the starting point of 100 last December. Both the furniture and furnishing shops and the radio and electrical shops not only did an increased hire purchase business in August, but did a slightly higher proportion of their total trade on hire purchase terms—the furniture shops 40 per cent against 37 per cent and the radio shops 25 per cent against 24 per cent. An outstanding feature of the latest returns is the sharp drop in the direct business of the finance houses whose figures are heavily weighted by motor vehicles and caravans. The impact of stiffer controls in the earlier months was less sharp on them than on the retailers, partly because the spring and early summer is the active time in the motor industry. The index of credit extended by finance houses (also based on December, 1955=100) still stood at 100 in July having touched 117 in February. In August it plunged to 81, as the seasonal movement turned against motors and caravans. From the figures of HP Information, which give number of contracts and not values, it is a safe guess that it fell further in September.

Banks and HP Collections

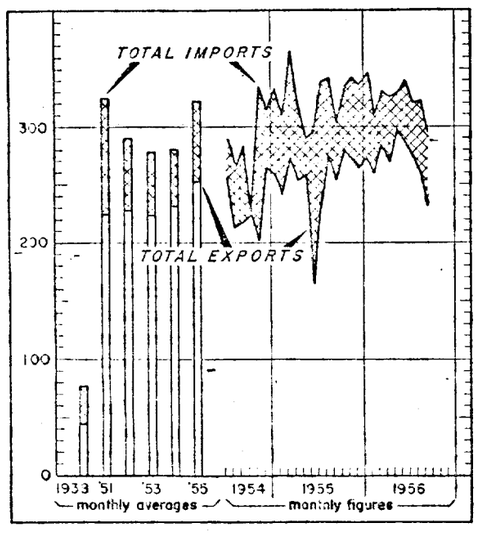
A REGRETTABLE dispute that has lately arisen between hire-purchase finance houses and the clearing banks threatens to involve changes in the channels through which many of the smaller instalments payable for consumer goods are collected. There is usually direct collection of weekly payments, but monthly payments are generally made through the banking system—usually by cheque or standing order if the hire-purchaser has a banking account, and otherwise by cash paid to a bank for credit to the account of the finance company. Inevitably the bulk of these over-the-counter cash payments, made by strangers to the banks, occur at branches (and often at banks) other than those at which the accounts of the finance companies are kept. Some clearing banks in the past have deliberately encouraged these arrangements, in the hope that the non-customers using their facilities might eventually open accounts. Even so, the banks regard themselves as acting for their customers, the finance houses, so that any charge for the work involved is made to the finance house, either

as a specific fee for each collection or as part of the general assessment of charges for working the account as a whole.

In recent years, however, the huge growth of hire-purchase and of this means of payment has created problems for the banks, involving not only a great increase in work at many branches and in transmission of cash, but often severe crowding of offices by non-customers, sometimes at peak periods of normal business for customers. The clearing banks, after joint discussion of the problem, recently decided not to limit these facilities directly, but to apply the same kind of concerted charging procedure that operates for similar collections made on behalf of certain public bodies—such, for example, as the regional electricity boards. They have notified the finance houses that, as from February 1st next, they will charge the finance houses 1s. for each over-the-counter cash collection. This will be a higher charge—in some instances perhaps twice as high—than has been made by individual banks in those cases in which specific charges have been made in the past; but no comparison is possible where, as is possibly the more common arrangement, the finance house pays a general charge (or keeps an agreed minimum balance) to remunerate his bank for the working of the account as a whole. The finance houses most concerned are those with a large consumer business; they do not dispute the principle of making a specific charge, but they regard it as prohibitive if it falls upon them, and have asked the clearing banks to adopt the Scottish system of charging the person who lodges the payment. The banks, however, have insisted upon adhering to the principle of looking to their customers for payment, and will not run the risk of the trouble and embarrassment that might arise if they tried to collect fees from non-customers. Faced with this deadlock, the Financial Houses Association is considering advising its members to instruct their debtors to pay by other means. This presumably implies that the queues at the banks may soon be transferred to the postal-order desks at the Post Offices. Will there be a head-on collision with the queues for Premium bonds?

THE UK TRADE GAP

£ MILLION



The *John Sergeant* and *Auris*

Outside military aviation the gas turbine has as yet had no sudden, spectacular triumphs of application, though its remarkable appetite for the most disparate low calorific fuels from natural gas to peat makes it, in theory, the most versatile prime mover yet. As a static generator—for example, to drive pipeline pumping stations—it has been used for some time; for the propulsion of cars, locomotives and ships, a growing volume of development work and experimentation has been going on for more than a decade, but on the whole the theoretical merits of the gas turbine have yet to be exploited by land and sea transport on a commercial scale. The arrival at Southampton last weekend of the 7,280 ton (gross) cargo liner *John Sergeant* on her maiden voyage from the United States marks a significant stage in this development. For the *John Sergeant* can lay claim to being the first pure gas turbine merchant ship, although it is not entering into business as such (and carries a small "get-you-home" steam turbine should the main plant fail). This is a Liberty ship converted specially by the Federal Maritime Administration at a cost of $3 million, is run by the United States Lines for the Military Transportation Service, and is to be used primarily as a floating test bed.

The United States is a comparatively late comer in the marine gas turbine field (as distinct from its lead in applying nuclear power to marine propulsion). The first vessel to be propelled at sea by a gas turbine was in fact a British naval gunboat as far back as 1947; it was powered by a Metropolitan-Vickers engine and naval research has been progressing steadily since both here and in France. On the commercial side Shell Tankers have been using a turbine to provide part of the power to propel the 12,250 deadweight ton *Auris* since 1951, also as a floating test bed. After more than 20,000 hours at sea, the *Auris* has now gone to Birkenhead to have its 1,200 hp gas turbine and three diesel engines replaced by a 5,500 hp gas turbine unit. When the refit is over in about a year's time this will also qualify as a pure gas turbine vessel (it has already crossed the Atlantic on the gas turbine alone). But the *Auris* will differ from the *John Sergeant* in at least two respects arising from the way each tackles two of the more recent development snags—transmission of the drive astern and the fouling of the turbine blades from the use of low grade residual fuels at high temperatures. The *Auris* will use an ingenious double reduction gearing system recently developed by Pametrada to provide reverse drive, whereas the *John Sergeant* employs a reversible-pitch propeller, which Shell considers too complicated and difficult to maintain to assure reliability. Shell also claims to have overcome the other problem by using Nimonic blades, immune from corrosion, and by injecting powdered additives into the fuel by a microscopic mixing device that it has under development. The *John Sergeant*, on the other hand, appears to have avoided this problem, at least on its first eastbound passage, by using diesel oil.

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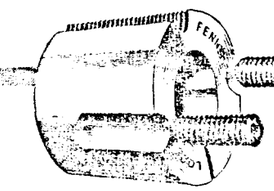

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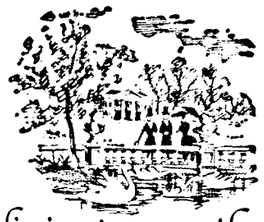

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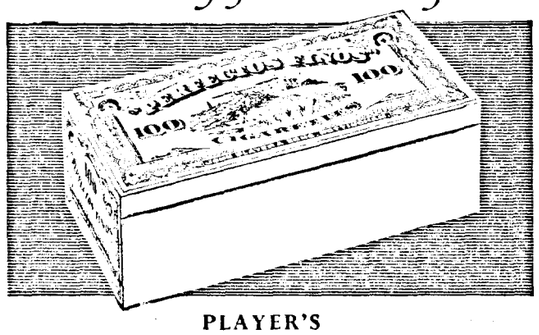

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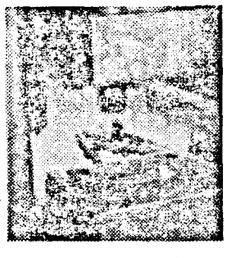

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The Steel Industry's Fleet

IT was in August, 1951, that the British steel industry committed itself to a policy of building specialised ships to import its increasing requirements of iron ore: today it has 11 of them in operation and nearly 60 more are on order. The industry's wholly owned importing agency, British Iron and Steel Corporation (Ore) Ltd., is part-owner of nine now in operation and will have an interest in 17 of those still to be built; the other ore carriers have been built by private shipowners who have time charters guaranteed for their ships even before the keels are laid. The industry's shift into specialised shipping continues: orders for five, to cost about £5 million, have been placed with British shipyards during the last fortnight.

The eleven ships that are now operating on BISC (Ore)'s behalf will be able to bring about 1½ million tons of ore a year into Britain; when the whole specialised ore fleet comes into operation by about 1960, its annual importing capacity will be about 9 million tons a year. This will probably cover about 45 per cent of the industry's requirements; its current imports of about 14½ million tons of foreign ore a year may well be of the order of 20 million tons a year by then. The rate of steel expansion in this country, based on pig iron, is likely to be greater than the increase that can be achieved in utilising Britain's own large resources of low-grade ore, so that the dependence upon rich ores from abroad will tend to increase.

Two main considerations have weighed with the industry in this investment in its own specialised shipping. The first is the sharp and unexpected competition it has had to meet on several occasions during the war from the demands for shipping tonnage of the transatlantic coal trade—which now seem likely to continue rather more steadily. The second is the technical advantage to be gained from operating specialised ships designed for the ports between which ore will be carried; this involves a concomitant investment in port handling facilities, in which the industry is also engaged. The iron ore carriers in which the British industry is now investing are mostly of the order of about 12,000-15,000 dw tons. This is considerably larger than the size of ship in which ore tends to be carried now, and will offer operating economies—though none is of the size, some 20,000-25,000 tons, that from a technical point of view might offer the maximum advantages in ore movement.

Free Market in Sugar

THE Sugar Board to be set up under the Sugar Act 1956 was formally established this week with the appointment of the fourth member of the board. Only the chairman, Sir George Dunnett, and the vice-chairman are full-time members; the other two are part-time. The main functions of the board are to buy the Commonwealth raw sugar that the British government contracts to take in at a fixed price; to sell that sugar to private traders at the market price; and to make the payments necessary to the British Sugar Corporation, which buys and refines the domestic beet crop, to enable it to fulfil the guaranteed price for beet. It is frankly and officially a loss-making body. The market price will usually be lower than the fixed price and the loss is to be recouped by a surcharge on all imported sugar. The board will begin to operate, and the surcharge to be levied, on January 1st next year.

Imports of sugar will then be restored to private hands, and the sugar trade will be able to reopen a futures market based on Britain's import and international trade in raw sugar. Talks between the board and representatives of the trade here and in the Commonwealth started some time ago. The contracts by which the board buys in the country of origin and sells fob must be completed soon, for the board will shortly have to begin selling sugar for delivery in the New Year if buyers are to be able to book freight. The arrangements for reopening the London market have yet to be completed, but the trade is still hoping that it will be possible to begin futures trading before the end of the year.

Rhodesian Steel Revives

AFTER fairly lengthy discussions, agreement in principle has now been reached upon the partial de-nationalisation of the small iron and steel works at Que Que and Buluwayo in Southern Rhodesia and their further development by a consortium of British and African steel and mining companies in which the Southern Rhodesian government and the Colonial Development Corporation will be represented. The companies likely to be involved are Lancashire Steel, Stewarts and Lloyds, the Anglo American Corporation, Messina (Transvaal) Development Company, Rhodesian Selection Trust and the British South Africa Company; they will probably take over most of the equity, the Government retaining most of its current investment as debentures in the new company.

It is planned to spend £8 million to build coke ovens, sinter plant, a blast furnace, two extra open-hearth furnaces and to re-model the rolling mills at the works, as well as to develop the ore reserves in the country owned by the Southern Rhodesian Government and the Messina Company. The initial capacity planned is about 150,000 ingot tons of crude steel plus about 250,000-300,000 tons of pig iron for sale; this compares with a present capacity of about 35,000 ingot tons plus a little pig iron for sale. As the steel melting and rolling capacity is brought in, crude steel output would rise to something over 300,000 ingot tons a year and finished steel output to some 250,000 tons. Lancashire Steel will itself erect a wire-drawing mill in the area, importing wire rods from Britain until such time as the finishing capacity of the new Rhodesian Iron and Steel Corporation Limited is eventually enlarged to include a rod mill.

Exchange Control Forms Slashed

AN important simplification of exchange control formalities for small transactions that comes into effect on Monday will reduce the number of forms to be completed and examined by some 1,300,000 a year. The limit of

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Oct. 17, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 10, 1956	Price, Oct. 17, 1956	Net Yield, Oct. 17, 1956 § £ s. d.	Gross Yield, Oct. 17, 1956 £ s. d.
98⅜	97	Funding 2½% '52 57.....	98⅞	98⅛	3 6 7	5 2 10 *l*
95½	93¼	War Loan 3½% '55-59.....	95⅝	95¼	3 9 0	4 15 5 *l*
91⅞	88½	Funding 2½% '56-61.....	90⅛	91 ⅛	3 12 4	4 14 10 *l*
100 7/16	99¼	Exchequer 5% 1957.....	99⅝	99⅜	1 17 8	5 2 6
99⅛	97	Conversion 4% '57-58.....	97⅛	97⅞	3 5 2	5 6 11 *l*
97⅛	95¼	Serial Funding 2½% 1957.	97⅛	97⅜	3 11 0	4 9 2 *l*
94⅛	91	Conversion 2½% '58-59....	94⅛	94⅛	3 13 3	4 13 0
92¼	88⅛	Exchequer 2½% 1960.....	91⅛	91⅛	3 13 11	4 12 9
95⅛	92¼	Exchequer 3% 1960.....	94⅛	94⅜	3 7 8	4 15 1
88⅛	85	Savings Bonds 3% '55-65.	85⅛	85⅛	3 14 8	5 3 4 *l*
82⅜	77⅛	Funding 3% '59-69.....	78⅛*	78⅜	3 18 2	5 7 6 *l*
92⅛	84½	Funding 4% '60-90.....	85⅛*	85¼*	7 0 6 2 19 10	8 17 6 *e* 4 17 8 *l*
81⅞	75½	Savings Bonds 3% '60-70.	76⅛	76⅛	3 18 4	5 8 7 *l*
98⅛	97⅜	Conversion 4½% 1962....	98⅛	98⅛	3 1 6	5 1 9
91⅛	88¼	Exchequer 3% '62-63....	90⅛	91⅛	3 6 6	4 15 1 *l*
87⅛	85½	Exchequer 2½% '63-64....	85⅞*	85⅞*	3 11 10	4 14 9 *l*
81⅛	76¼	Savings Bonds 2½% '64-67	78⅛*	79¼*	3 16 0	5 0 1 *l*
79¼	72½	Savings Bonds 3% '65-75.	73⅝	73½	3 13 11	5 5 2 *l*
96¼	90	Victory 4% '20-76.....	90⅜	90½	3 7 3	5 4 5*
83⅛	78	Funding 3% '66-68.....	79⅛	80⅜	3 16 5	5 6 1 *l*
88⅛	81⅞	Conversion 3½% 1969....	82⅛	83⅜	3 14 7	5 8 3
85¾	76⅜	Treas. 3½% '77-80.....	77⅛	77⅛	3 8 6	5 4 6 *l*
84⅛	75⅜	Treas. 3½% '79-81.....	76⅜	76⅛	3 8 10	5 4 7 *l*
72⅜	65½	Redemption 3% '86-96...	66⅛	67⅛	3 3 10	5 4 9 *l*
81⅛	74½	Funding 3½% 1999-2004..	75⅜	76	2 19 7	4 16 10 *l*
84⅜	76¼	Consols 4% aft. Feb. '57..	78	78½	2 19 2	5 3 5 *l*
77	69¼	War Ln 3½% aft. Dec. '52	71⅜	72⅛	2 16 5	4 19 0 *l*
76⅞	68⅝	Conv. 3½% aft. April '61..	70⅜	70⅛	2 17 3	4 19 7 *l*
66⅞	59⅛	Treas. 3% aft. April '66..	60⅛	61⅛	2 16 6	4 18 4 *l*
56⅜	50⅛	Consols 2½%.....	52⅛	52⅜	2 14 8	4 15 2 *l*
56¼	50⅜	Treas. 2½% aft. April '75.	52⅛	52½	2 15 1	4 15 11 *l*
98⅛	90	Br. Elec. 4½% '67-69.....	90⅛	90⅛	3 10 4	5 11 10 *l*
80⅜	73	Br. Elec. 3% '68-73.....	74⅛	74⅛	3 16 5	5 6 11 *l*
79⅛	71⅜	Br. Elec. 3% '74-77.....	72⅛	73	3 12 5	5 3 8 *l*
95	86⅛	Br. Elec. 4½% '74-79.....	86⅜	86⅛	3 5 6	5 5 4 *l*
83⅛	76⅛	Br. Elec. 3½% '76-79.....	76⅛*	76½*	3 9 3	5 4 3 *l*
90¾	84⅛	Br. Gas 4% '69-72.....	85⅛	85⅛	3 11 0	5 9 2 *l*
87⅞	80⅛	Br. Gas 3½% '69-71.....	80⅜	81⅛	3 13 1	5 7 2 *l*
73⅛	66⅛	Br. Gas 3% '90-95.....	67⅛*	67⅜*	3 3 7	4 17 1 *l*
80⅞	73	Br. Trans. 3% '68-73.....	74⅛	74⅛	3 16 5	5 6 11 *l*
90⅝	83⅞	Br. Trans. 4% '72-77.....	84⅛	84⅛	3 7 0	5 5 11 *l*
73½	67	Br. Trans. 3% '78-88.....	68⅛	68⅛	3 7 0	5 5 6 *l*

Prices, 1955 High	Low	Prices, Jan. 1 to Oct. 17, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Oct. 10, 1956	Price, Oct. 17, 1956	Yield, Oct. 17, 1956 £ s. d.
94⅜	79	80⅛	74⅞	Aust. 3½% '65-69	75¼	75½	6 0 10 *l*
101¼	87	87⅛	72	Ceylon 4% '73-75	75	75	6 6 3 *l*
105⅜	87⅞	88⅛	82½	N. Zealand 4% '76-78.	84⅛	84½	5 3 10 *l*
88	87⅛	64⅛	57⅛	L.C.C. 3% irt. 1920..	59	60	5 0 0
99	85	85⅛	83½	Liverpool 3% '54-64..	84*	84	5 10 1 *l*
84	65	65⅛	61	M.Wtr.'B'3% '54-2003	62½	62½	5 4 0 *l*
102½	94⅞	97⅜	92	Agric. Mort. 5% '59-89	93½	93½	5 8 6 *l*
122⅜	91	117⅛	102½	German 7% 1924....	115½	115½	...
213	149	210	187	German 5½% 1930...	209½	209½	...
212	160	226	208	Japan 5% 1907.....	226	226	...
254	190	275½	247½	Japan 5½% Conv. 1930	269½	269½	...

Prices, Jan. 1 to Oct. 17, 1956 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Oct. 10, 1956	Price, Oct. 17, 1956	Yield, Oct. 17, 1956 £ s. d.
				BANKS & DISCOUNT			
50/-	41/1½	7	5	*b a* Barclays £1	45/-	44 6	5 7 10
53 9	50/3	6	6	*a* Lloyds 'A' £5, £1¼ pd..	53/-	52 6	5 2 7
72 4½	61/-	9	9	*a* Midland £1, fully pd..	68/-	68 6	5 5 1
70/-	59 9	9	9	*a* N. Prov. 'B' £5, £1 pd.	64 6	64 6	5 11 8
77 9	66 6	8	8	*a* Westmstr'B'£4,£1¼pd.	70 6	71/-	5 12 8
43 6	28/-	3½	2½	*a* Alexanders £1	31 6	32 6	3 16 11
46/-	29/3	5	5	*a* Nat. Disc. 'B' £1.....	36 -	36 6	5 9 7
50/-	40 6	6½	6½	*a* Union Disc. £1.....	46 6	47 6	5 5 3
35 9	30 6	4	4	*a* Barc. (D.C.O.) £1	32 6	32 -	5 0 0
41 9	33/-	7½	7½	*a* Chart. Bk. of India £1	36 -	36 -	8 6 8
				INSURANCE			
29	16½	12½	37½	*b a* Leg. & Gen. £1.....	26¾	26½	1 18 1
23½	19⅜	†47½	†20	*b a* Pearl £1, fully pd....	20½	20⅛	5 14 6
48⅜	40½	†117½	†125	*c c* Prudential 'A' £1	43	42*	5 3 6
				BREWERIES, ETC.			
119 6	106/-	33	10	*b a* Bass £1.....	118 9	118 9	7 4 11
24 10½	19 9	6	11½	*a b* Distillers 6 8.....	21/-	20 9	5 12 5
45 10½	38 6	25	10	*c a* Guinness 10/-.....	39 4½	39 4½	6 7 0
76/-	67/-	7	14	*a b* Whitbread 'A' Ord. £1	68 6	69/-	6 1 9

Prices, Jan. 1 to Oct. 17, 1956 High	Low	Last Two Dividends (a) (b) (c) %	%	ORDINARY STOCKS	Price, Oct. 10, 1956	Price, Oct. 17, 1956	Yield, Oct. 17, 1956 £ s. d.
				STEEL & ENGINEERING			
		8	7	*b a* Babcock & Wilcox £1.	75/3	73/1½*	4 2 0
		14	4	*c a* Cammell Laird 5/-...	10/3*	10/-	7 0 0
		8	3	*c a* Dorman Long £1.....	25/4½	25/9	6 4 3
		3¼	8½	*a b* Guest Keen N'fold £1.	43/3	43/9	5 9 8
		6	6	*b a* Metal Box £1.....	51/10½	51/10½	3 17 1
		12½	5	*b a* Stewarts & Lloyds £1.	57/6	58/6	5 19 8
		8	4	*b a* Summers (John) £1...	35/-	35/-	6 17 2
		11	3	*b a* Swan Hunter £1	57/6	57/6	4 17 5
		8½	4	*b a* United Steel £1.....	37/10½	37/6	6 13 4
		7½	2½	*b a* Vickers £1	38/7½*	39/7½	5 0 11
				TEXTILES			
24/6	19/4½	6	4	*b a* Bradford Dyers £1...	22/-	21/6	9 8 1
23/7½	13/9	3	5	*a b* Brit. Celanese £1.....	14/-	14 3	11 4 6
25/10½	21/9	2½	6½	*a a* Coats (J. & P.) £1....	22/9	22/6	7 15 7
44/-	32/6	4	6	*a b* Courtaulds £1	34/-	35/-	5 14 3
21/3	12/3	5	5	*a b* Fine Spinners £1.....	13/-	13/-	15 7 8
30/-	22/3	7½	5	*b a* Lancs. Cotton £1.....	26/9	27/-	9 5 2
33/3	26/-	2½	10	*a b* Patons & Baldwins £1	33/3	32/3	7 15 0
				MOTORS & AIRCRAFT			
22/4½	16/3	6½	3½	*b a* Bristol Aeroplane 10/-	20/3	19/-*	5 5 3
9/-	5/10½	8½	4	*b a* British Motor 5/-....	6/6	6/6	9 12 4
44/3	29/3	2½	5	*a b* Ford Motor £1.....	30/6	31/-*	4 16 9
49/3	29/9	12½	3	*b a* Hawker Siddeley £1..	43/-	42/6	4 2 4½
49/4½	38/3	10	12½	*c c* Leyland Motors £1....	48/9	48/9	5 2 6
115/10½	85/6	5	12½	*a b* Rolls-Royce £1	107/6	108/9	3 4 4
				SHOPS & STORES			
18/10½	13/9	14	3	*c a* Boots Pure Drug 5/-.	14/-	13/9	5 1 10
41/4½	29/-	20	7½	*b a* Debenhams 10/-.....	40/3	39/9	6 18 5
44/9	32/9	15	4½	*a b* Gt. Universal 'A' 5/-.	35/6	35/-	8 18 7
71/1½	57/10½	17½	32½	*a b* Marks & Spen. 'A' 5/-	60/-	59/6	4 4 1
25/10½	19/1½	20	12½	*b a* United Drapery 5/-..	21/9*	21/9	7 9 5
64/10½	53/10½	36½	20	*b a* Woolworth 5/-	55/9	55/3	5 2 7
				OIL			
183/9	99/-	†5	†10	*a b* British Petroleum £1.	146/3	143/9	3 13 4
117/9	63/-	12½	5	*b a* Burmah £1.....	93/1½	90/-*	3 17 9
£87½	£58½	6	14	*a b* Royal Dutch 100 fl. ..	£82½	£82½	2 5 7
171/-	103/3	†5	†13½	*a b* Shell Reg. £1.....	155/7½	162/6	3 4 3 *u*
				SHIPPING			
38/-	28/6	...	...	Brit. & Com'wealth 10/-	36/6	36/-	4 8 11 *g*
27/-	20/4½	7½	3	*b a* Cunard £1	24/-	23/6	8 10 3 *m*
35/9	27/-	5	3	*b a* P. & O. Def. £1.....	31/-*	30/6	5 4 11
				MISCELLANEOUS			
75/3	45/-	15	5	*c a* Assoc. Elect. £1.....	62/6	63/9	4 14 1
45/6	34/10½	5	17½	*a b* Assoc. Port. Cem. £1..	37/6	38/1½	4 14 5 *y*
60/9	42/3	7½	4½	*b a* Bowater Paper £1....	45/3	44/4½	5 7 10
54/9	45/3	4	8½	*a b* B.I.C.C. £1.....	48/9	49/9	5 0 6
81/10½	40/4½	8	4	*b a* Brit. Aluminium £1 ..	*66/10½	65/7½	3 13 2
60/-	45/9	†7½	†10⅝	*b a* Brit. Amer. Tob. 10/-	54/-	54/-	5 12 9 *i*
$69	$56½	3	3	*b a* Canadian Pacific $25.	$65	$65½	4 4 5
37/10½	24/9	4¾	14	*c b* Decca Record 4/-....	26 10½	28 9	6 1 1
25/9	15/6	10	2½	*b a* Dunlop Rubber 10/-.	16 6	16 9*	7 9 3
66/1½	43/6	8½	4	*b a* English Elect. £1.....	45/-	46 3	5 8 1
65/6	41/3	4½	9½	*a b* General Elect. £1.....	42 6	43 9	6 8 0
49/10½	39/4½	6	4	*b a* Imp. Chemical £1	40 3*	40 3	4 19 5
62/9	45/-	12½	8¼	*b a* Imp. Tobacco £1.....	48/-	47 6	8 16 10
$211	$141½	$2·90	$3·75	*c c* Inter. Nickel n.p.v....	$197½	$200	3 7 0
64/6	50/-	12½	7¼	*b a* London Brick £1.....	50 7½*	50 7½	7 18 0
30/3	22 6	15½	6¾	*b a* Monsanto Chemicals 5/-	23/-	22 6	5 0 0
69/1½	55/3	12	4¾	*b a* Tate & Lyle £1.....	62 6	62 -	5 6 6
64/3	54/3	12½	6¼	*b a* Tube Investments £1.	55 7½	55 -	5 1 10 *w*
96/9	95/9	20	5	*b a* Turner & Newall £1..	100/-	100 7½	4 19 5
82/9	61/7½	6	9½	*b* Unilever £1	75/-	74 6	4 4 7
11⅜	9/-	†5	†11⅜	*a b* United Molasses 10/-.	36 3	34 3	5 12 10 *s*
25/6	23/6	†2½	†7½	*a b* Cons. Tea & Lands £1.	25/6	25 6	13 13 4
2·1½	1/9½	5	15	*a b* London Asiatic Rbr. 2/-	2·1½	2 1½	18 16 4
50/-	37/6	15	30	*a b* United Sua Betong £1	50/-	50/-	13 0 0
				MINES			
8½	6⅜	20	50	*a b* Anglo-Amer. 10/-....	7 1/16*	7⅛	4 17 5
135/7½	94/4½	120	80	*b a* De Beers 5/- Def. Reg.	100/-	101 3	9 17 6
96/10½	67/6	...	...	Free State Geduld 5/-	88 9	88 9	Nil
50/6	35/-	12½	12½	*b a* Randfontein £1.....	35 9	35 3	14 3 8
10/11½	8/6	28	30	*c c* London Tin 4/-	10 3½	10 5½	11 8 4
46	35	262½	75	*c a* Rhokana £1.....	43½	43½	6 0 9

New York Closing Prices

	Oct. 10 $	Oct. 17 $		Oct. 10 $	Oct. 17 $		Oct. 10 $	Oct. 17 $
Balt. & Ohio..	50⅜	50⅜	Am. Smelting..	52⅜	52	Inter. Paper..	117½	115⅝
Can. Pac.	34⅞	35⅜	Am. Viscose ..	35⅜	34⅞	Nat. Distil. ..	23⅛	23⅛
N.Y. Cent.	39	38⅜	Cel. of Am....	15	15	Sears Roebuck	32	31⅞
Pennsyl.	23⅛	23⅛	Chrysler	75⅞	76	Shell	82⅛	77⅛
Amer. Tel.	166⅛	169⅛	Gen. Elec.....	59⅛	59⅜	Std. Oil of N.J.	55⅛	54
Stand. Gas ...	11⅛	11⅛	Gen. Motors ..	48⅛	47⅛	U.S. Steel	68⅛	67⅝
United Corp. .	6⅛	6⅛	Goodyear	75⅛	74⅝	Westinghouse.	52⅛	52⅛
W. Union Tel.	18⅛	17⅛	Inter. Nickel .	104⅛	103½	Woolworth....	44⅛	45

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16⅔. (*h*) On 8⅓%. (*i*) On 17½% Tax free. (*l*) To latest date. (*m*) On 10½%. (*u*) On 15% Tax free. (*w*) On 14%. (*y*) On 9%. (*z*) On 19·52 gross.

Statistics

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

British		Overseas	
Prices and Wages.....	Sept. 29th	Western Europe :	
Production and Consumption	Oct 6th	Production and Trade.....	Sept. 29th
Manpower.....	This week	British Commonwealth	Oct. 6th
External Trade.....	Sept. 22nd	Western Europe :	
Financial Statistics	This week	Prices and Money Supply	This week
Industrial Profits	Oct. 13th	United States	Sept. 22nd
		World Trade.....Oct. 13th	

Manpower in Great Britain

	Unit	Monthly averages 1953	1954	1955	1955 July	Aug.	Sept.	1956 June	July	Aug.	Sept.
TOTAL MANPOWER (1)											
Working population :											
Total	'000s	23,373	23,667	23,912	23,954	24,039	24,051	23,989	24,012	24,097	...
Men	"	15,883	15,974	16,084	16,098	16,144	16,141	16,136	16,143	16,193	...
Women	"	7,490	7,693	7,828	7,856	7,895	7,910	7,853	7,869	7,904	...
Armed Forces	"	865	839	803	798	793	790	761	757	777	...
Civil employment :											
Total	"	22,238	22,604	22,933	22,976	23,058	23,063	23,031	23,055	23,095	...
Agriculture, forestry and fishing	"	1,087	1,074	1,066	1,076	1,082	1,072	1,042	1,052	1,057	...
Mining and quarrying	"	877	867	862	860	860	858	861	860	861	...
Building and contracting	"	1,457	1,453	1,486	1,489	1,496	1,494	1,515	1,518	1,511	...
Distributive trades	"	2,664	2,743	2,811	2,821	2,837	2,834	2,842	2,856	2,867	...
Public administration	"	1,320	1,326	1,289	1,289	1,289	1,288	1,291	1,291	1,290	...
Manufacturing industries	"	8,746	8,976	9,206	9,212	9,257	9,306	9,234	9,212	9,251	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1954 :											
Employees in engineering(2)	"	− 125	...	+ 190	+ 185	+ 213	+ 244	+ 228	+ 205	...	...
" " consumer goods industries(3)	"	− 67	...	− 13	− 1	+ 7	+ 14	− 30	− 27	...	...
UNEMPLOYMENT											
By duration :											
All durations—total	"	342·0	284·8	232·2	184·9	199·7	202·2	222·6	238·1	266·5	247·6
" " —men	"	218·2	184·4	146·7	116·7	124·8	124·3	146·2	161·0	181·7	168·8
" " —women	"	123·8	100·4	85·5	68·2	74·9	77·9	76·4	77·1	84·8	78·8
Temporary or under 2 weeks—men	"	68·7	58·0	51·5	39·5	45·9	49·2	57·7	70·7	75·7	68·1
" " " —women	"	43·9	36·4	36·7	30·0	37·8	41·1	34·2	32·7	35·8	37·9
Over 8 weeks—men	"	96·7	81·7	67·7	54·0	51·7	48·9	58·3	58·8	62·9	62·3
" " —women	"	46·3	37·1	26·5	23·9	20·5	18·1	24·6	23·8	23·5	23·2
By industry (4) :											
Textiles	%	1·4	0·9	1·6	2·0	2·0	2·2	1·8	1·4	1·6	1·5
Clothing	"	1·3	1·3	0·9	1·0	0·9	0·9	1·0	1·0	1·1	1·1
Vehicles	"	0·8	0·5	0·4	0·3	0·3	0·3	1·3	2·8	2·7	0·9
Engineering, etc.	"	1·4	1·1	0·8	0·6	0·6	0·7	0·8	0·8	1·1	1·1
Coal-mining	"	0·2	0·2	0·1	0·1	0·1	0·1	0·2	0·1	0·2	0·1
Distributive trades	"	1·5	1·3	1·0	0·7	0·8	0·8	0·8	0·8	0·9	0·9
By regions (4) :											
Great Britain	"	1·6	1·3	1·1	0·9	0·9	0·9	1·0	1·1	1·2	1·1
London and South Eastern	"	1·2	1·0	0·7	0·5	0·5	0·5	0·6	0·7	0·7	0·7
Eastern	"	1·3	1·2	0·9	0·6	0·7	0·7	0·7	0·6	0·8	0·8
Southern	"	1·4	1·1	0·9	0·6	0·7	0·7	0·7	1·1	1·1	0·9
South Western	"	1·6	1·5	1·2	0·8	0·8	0·9	0·9	0·9	1·0	1·1
Midland	"	1·1	0·6	0·5	0·4	0·5	0·5	1·2	1·9	2·1	1·1
North Midland	"	0·7	0·6	0·5	0·4	0·5	0·4	0·5	0·6	0·6	0·6
East and West Ridings	"	1·2	0·9	0·7	0·6	0·7	0·6	0·6	0·6	0·8	0·8
North Western	"	2·1	1·5	1·4	1·3	1·3	1·4	1·2	1·2	1·4	1·4
Northern	"	2·4	2·2	1·8	1·3	1·5	1·4	1·3	1·2	1·5	1·4
Scotland	"	3·1	2·8	2·4	2·1	2·0	2·0	2·1	2·1	2·2	2·4
Wales	"	3·0	2·5	1·8	1·4	1·6	1·6	1·9	2·0	2·1	2·0
VACANCIES											
Unfilled vacancies notified to Employment Exchanges (5) :											
Total	'000s	270	338	382	473	448	424	407*	397*	361*	...
Men	"	147	191	214	262	251	238	220*	214*	195*	...
Women	"	123	147	168	211	197	186	187*	183*	165*	...
DISPUTES (6)											
Workers involved	"	114	37	55	17	30	62	35	53	34	...
Working days lost :											
Total	"	182	265	316	90	74	224	179	285	164	...
Mining and quarrying	"	33	39	93	29	31	60	44	19	47	...
Engineering, etc.	"	127	62	57	5	29	87	79	227	99	...
Other industries and services	"	22	164	166	56	14	77	16	9	18	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) From June, 1956, onwards comparison with earlier figures is affected by the revocation of the Notification of Vacancies Order, 1952. (6) United Kingdom.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1953 = 100)												
1948	42	94	74	65	90[2]	...	...	104	75	66	72	94
1954	105	99	100	98	98	112	106	101	101	102	100	110
1955	108	101	103	98	101	120	110	101	102	104	104	119
1956, April	103	103	108	102	102	123	...	103	106	108	110	144
„ May	109	103	107	103	102	129	...	103	104	110	109	143
„ June	110	103	108	102	102	131	...	102	104	110	110	144
„ July	111	103	108	101	102	130	...	102	103	110	109	...
„ August	112	...	108	103	...	...	...	...	...	110	109	...
COST OF LIVING (2) (1953 = 100)												
1948	50[4]	95	81	60	93	63	79	86	77[4]	74	77	89
1954	103	101	101	100	100	115	100	103	104	104	101[5]	110
1955	105	101	107	101	102	122	103	106	106	105	104	119
1956, April	107	103	111	103	105	127	...	111	107	109	103	133
„ May	107	103	...	103	105	125	107	112	107	111	109	133
„ June	108	104	...	102	105	126	...	111	109	111	109	138
„ July	107	104	112	102	105	127	...	111	108	111	109	...
„ August	...	104	...	102	...	...	...	...	...	...	...	...
IMPORT PRICES (3) (1953 = 100)												
1948	37	84	84	59	...	...	82	93	85	80	72	113
1954	96	96	97	93	96	113	101	93	95	93	99	174
1955	94	95	98	97	100	118	104	101	97	100	99	105
1956, March	97	100	101[11]	99[11]	104	122	107	104	97	102	103[11]	...
„ April	96	100	...	...	102	125	109	105	100	99	} 102	...
„ May	96	...	...	...	103	120	109	104	100	105		...
„ June	98	...	...	...	104	...	109	...	101	105		...
„ July	95	...	...	...	104	...	...	...	...	98	...	...
EXPORT PRICES (4) (1953 = 100)												
1948	42	95	91	63	...	...	78	103	97	84	76	91
1954	99	94	99	95	96	121	98	99	100	99	98	97
1955	102	97	101	96	98	133	101	102	101	107	102	111
1956, March	104	104	104[11]	98[11]	101	127	100	105	103	115	104[11]	...
„ April	107	105	...	...	101	141	100	106	105	111	}	...
„ May	107	104	...	...	101	134	101	107	106	113	103	...
„ June	108	...	...	...	102	...	99	...	105	111		...
„ July	107	...	...	...	102	...	...	...	...	114	...	...
TOTAL MONEY SUPPLY (7)												
End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	'000 mn. kroner	mn. liras
1948	...	154·0	7,110	2,165	11·8	1,984	110·3	1,989	7,285	6,937	7·67	1,715
1954	28·26	187·3	7,369	5,265	26·4	9·30[9]	152·2	4,056	9,099	9,162	11·09	3,859
1955	28·62	...	7,438	5,916	29·1	11·97	154·7	4,477	9,859	9,363	11·29	4,382
1956, March	27·70	...	7,380	6,010	28·1	12·03	150·0	4,320	9,538	9,225	10·53	...
„ April	27·90	...	7,469	6,060	28·4	12·26	149·2	...	9,548	9,277	11·15	...
„ May	27·91	...	7,669	6,076	28·7	12·32	146·1	...	9,720	9,254	10·82	...
„ June	28·55	...	7,456	6,185	28·8	12·65	144·1	...	9,683	9,329	10·38	...
„ July	...	...	7,249	...	29·1	...	148·2	...	9,786	9,448	...	...
GOLD AND FOREIGN EXCHANGE HOLDINGS (8) (mn US Dollars)												
1948	62	938	84·0	...	295	6·2	209[10]	539	343	140·6	233[10]	172
1954	412	1,046	143·4	1,369	2,682	10·8	260[10]	1,041	1,276	137·3	479[10]	206
1955	357	1,146	133·1	2,120	3,121	10·9	242[10]	1,237	1,284	165·3	470[10]	211
1956, April	347	1,216	146·1	1,919	3,331	10·9	234[10]	1,239	1,297	161·5	448[10]	218
„ May	348	1,197	138·3	1,838	3,450	10·9	226[10]	1,271	1,270	160·6	431[10]	218
„ June	357	1,210	134·6	1,786	3,618	10·9	225[10]	...	1,219	161·8	435[10]	211
„ July	375	1,216	131·5	1,707	...	...	223[10]	...	1,213	154·5	438[10]	208
„ August	394	1,224	130·7	1,640	...	...	...	...	...	...	434[13]	224

(1) Relates to wholesale prices in Athens and Piraeus only for Greece. Figures for Ireland are based on January, 1952=100. (2) July-December. (3) Relates to prices in capital cities only for Austria, France, Greece and Turkey. Belgium excludes rent. Denmark includes direct taxes. Figures for Ireland are based on August, 1953=100. (4) Excluding rent. (5) Including direct taxes. (6) Index numbers of unit value which compare the current average value of trade with its value in 1953; they are influenced by changes in the composition of trade as well as price movements. (7) Deposit money and notes and coins held by business, individuals and foreigners. Except for Greece holdings of the issuing authority and other banks are excluded. (8) Holdings of the government and central bank at end of period. Figures for Greece are gold reserves only; foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments. (9) Beginning May, 1954, a new drachma equal to 1,000 old drachmas introduced. (10) Including some long-term securities. (11) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended October 13th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £23,814,000 compared with a deficit of £11,096,000 in the previous week and a deficit of £38,248,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £15,057,000, bringing the total deficit to £580,454,000 (£601,716,000 in 1955-56).

£'000	Esti-mate, 1956-57	April 1, 1955 to Oct. 15, 1955	April 1, 1956 to Oct. 13, 1956	Week ended Oct. 15, 1955	Week ended Oct. 13, 1956
Ord. Revenue					
Income Tax	2085,500	505,649	584,930	13,537	12,344
Surtax	144,000	51,100	57,200	1,000	1,000
Death Duties	176,000	98,000	87,800	3,000	2,800
Stamps	58,900	40,100	35,800	1,500	1,000
Profits Tax, EPT	216,750	107,000	104,100	3,800	2,900
Excess Profits Levy	4,000	13,600	3,400	300	...
Special Contribution and other Inland Revenue	1,000	300	210	...	...
Total Inland Rev.	2680,150	795,749	851,440	22,937	20,044
Customs	1204,000	620,025	631,981	22,703	26,010
Excise	953,350	421,580	451,200	5,555	5,750
Total Customs and Excise	2157,350	1041,605	1083,181	28,258	31,760
Motor Duties	92,000	18,863	20,132	968	1,022
Sugar (Net Receipts)	...	...	...	...	...
Broadcast Licences	28,000	8,100	9,800	...	...
Sundry Loans	30,000	22,718	24,888	60	132
Miscellaneous	200,000	71,350	87,256	4,863	10,150
Total	**5187,500**	**1959,385**	**2076,697**	**57,086**	**63,108**
Ord. Expenditure					
Debt Interest	670,000	351,925	380,733	22,627	5,842
Payments to N. Ireland Exchequer	61,000	28,250	31,896	...	...
Other Cons. Fund	10,000	5,659	4,706	14	...
Supply Services	3941,918	1819,341	2011,999	71,850	80,650
Total	**4682,918**	**2205,175**	**2429,334**	**94,491**	**86,492**
Sinking Funds	37,000	18,840	18,537	842	430
"Above-line" Surplus or Deficit		**264,631**	**371,174**	**38,248**	**23,814**
"Below-line" Net Expenditure		337,085	209,280	4,491	15,057
Total Surplus or Deficit		**601,716**	**580,454**	**42,739**	**38,871**
Net Receipts from:					
Tax Reserve Certificates		92,070	145,602	1,609	724
Savings Certificates		11,900	26,600	− 200	7,600
Defence Bonds		−13,964	22,255	−3406	199

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Oct. 15	3,470·0	1,810·2	272·3	2·3	5,554·8
1956					
July 14	3,270·0	1,280·1	262·5	...	4,812·6
„ 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,111·2	231·9	...	4,733·0
„ 18	3,420·0	1,355·6	242·4	0·8	5,038·7
„ 25	3,450·0	1,346·2	257·3	...	5,053·5
Sept. 1	3,480·0	1,330·3	228·5	...	5,038·9
„ 8	3,510·0	1,322·4	235·9	1·8	5,070·1
„ 15	3,540·0	1,324·9	256·8	...	5,121·7
„ 22	3,590·0	1,325·1	254·5	...	5,169·6
„ 30	3,610·0	1,338·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,338·8	253·7	2·3	5,204·8
„ 13	3,610·0	1,322·7	248·3	1·0	5,182·0

THE MONEY MARKET

THE see-saw in the Treasury bill rate continues. At last week's tender the discount market cut its bid by 4d. to £98 14s. 5d. per cent; this followed the increases of 2d. and 5d. per cent at the two preceding tenders. The increase in the discount rate by 1s. 4d. per cent marked by the market's move last week was prompted by the sharp stringency of credit, and by the rise in the Treasury bill rate in New York above 3 per cent; but the outside tenderers reduced their bids by perceptibly less. The upshot was that the average rate of discount on all bills rose by only 1s. per cent, to £5 2s. 2.21d. per cent, and the market's allotment rate fell by one point, to 55 per cent.

Credit conditions turned more comfortable in the middle of this week, thanks mainly to considerable Government disbursements. On Tuesday overnight loans from outside banks were offered at down to 3½ per cent, whilst on Wednesday, the make-up day of the clearing banks, some October maturities were bought at down to 4⅛ per cent.

The price of silver rose sharply in London on Tuesday and again on Wednesday, from 78⅛d. an ounce spot to 80d. The rise was attributed to a lag in supplies from the Far East.

Sterling rose from 2.78⅛ on Thursday last to 2.78⅛ early this week; on Wednesday, however, there was a relapse.

LONDON MONEY RATES

	%		%
Bank rate (from 4/10/56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅛
Banks	3½	3 months	5⅛–5⅛
Discount houses	3½*	4 months	5⅛–5⅛
		6 months	5⅛–5⅛
Money Day-to-day	3½–4½		
Short periods	4½–4½	**Fine trade bills:**	
Treas. bills 2 months	5⅛	3 months	6–6½
3 months	5⅛	4 months	6–6½
		6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Oct. 19, 1955	Oct. 10, 1956	Oct. 17, 1956
Issue Department:			
Notes in circulation	1,764·3	1,883·2	1,878·6
Notes in banking dept.	36·1	42·1	46·8
Govt. debt and securities*	1,796·3	1,921·2	1,921·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	10·5	18·7	19·5
Treasury special account	2·6	...	...
Bankers	259·2	232·3	237·3
Others	66·3	74·1	71·4
Total	338·6	325·1	328·2
Securities:			
Government	271·1	263·4	263·8
Discounts and advances	30·2	18·4	16·6
Other	16·6	16·8	16·7
Total	317·9	298·6	297·1
Banking department reserve	38·5	44·1	48·7
" Proportion "	11·3	13·5	14·8

* Government debt is £11,015,100, capital £14,553,040. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Applied for	Allotted	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Oct. 14	260·0	363·8	230·0	81 4·99	51
1956					
July 13	280·0	433·9	270·0	99 9·87	61
„ 20	270·0	418·4	270·0	100 3·82	50
„ 27	260·0	381·0	260·0	99 6·39	73
Aug. 3	270·0	399·1	270·0	100 3·79	57
„ 10	280·0	409·9	280·0	100 5·84	62
„ 17	280·0	393·4	280·0	100 0·43	62
„ 24	270·0	405·2	270·0	101 2·95	50
„ 31	290·0	385·0	290·0	100 6·41	80
Sept. 7	290·0	430·0	290·0	101 4·50	55
„ 14	290·0	404·2	290·0	102 0·77	61
„ 21	280·0	380·0	280·0	103 4·86	55
„ 28	280·0	406·0	280·0	101 9·86	67
Oct. 5	280·0	424·9	280·0	101 1·51	56
„ 12	280·0	403·6	280·0	102 2·21	55

* On October 12th tenders for 91 day bills at 98 14s. 5d. secured 55 per cent, higher tenders being allotted in full. The offering yesterday was for £280 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: October 17	Market Rates: Spot: October 11	October 12	October 13	October 15	October 16	October 17
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅜–2·78⅜	2·78⅜–2·78⅜	2·78⅜–2·78½	2·78⅜–2·78½	2·78½–2·78⅝
Canadian $	...	2·77 15/16–2·78 1/16	2·77 15/16–2·78 1/16	2·77 15/16–2·78 1/16	2·77½–2·77¾	2·77½–2·77¾	2·77½–2·77¾
French Fr.	972-65–987·35	982½–982¾	982½–982¾	982½–982¾	982⅝–982¾	982⅝–983⅛	983⅛–983⅜
Swiss Fr.	12·15⅞–12·33⅞	12·23½–12·23¾	12·23½–12·23¾	12·23½–12·23¾	12·23½–12·23¾	12·23⅝–12·23⅞	12·23⅝–12·23⅞
Belgian Fr.	138·95–141·05	139·62½–139·67½	139·60–139·65	139·60–139·65	139·62½–139·65	139·72½–139·77½	139·75–139·80
Dutch Gld.	10·56–10·72	10·63½–10·63¾	10·63–10·63½	10·63–10·63½	10·63¼–10·63½	10·63½–10·63¾	10·63½–10·63¾
W. Ger. D-Mk.	11·67½–11·84½	11·70½–11·70¾	11·70–11·70¼	11·70–11·70¼	11·70½–11·70¾	11·71–11·71¼	11·71–11·71¼
Portuguese Esc.	79·90–81·10	80·00–80·15	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10
Italian Lire	1756⅝–1782½	1752½–1753	1752–1753	1752–1753	1753–1754	1754–1755	1754–1755
Swedish Kr.	14·37½–14·59½	14·46½–14·46¾	14·46–14·46½	14·46–14·46½	14·46½–14·46¾	14·47½–14·47¾	14·47½–14·47¾
Danish Kr.	19·19½–19·48½	19·33½–19·33¾	19·33½–19·33½	19·33½–19·33½	19·34½–19·34¾	19·34½–19·34¾	19·34½–19·35
Norwegian Kr.	19·85–20·15	19·99–19·99¼	19·99–19·99¼	19·99–19·99¼	19·99–19·99¼	19·99½–19·99¾	20·00–20·00½
One Month Forward Rates							
United States $		⅛–3/16c. pm	⅛–3/16c. pm	⅛–3/16c. pm	⅛–3/16c. pm	⅛–3/16c. pm	⅛–3/16c. pm
Canadian $		1/16–⅛c. pm	1/16–⅛c. pm	1/16–⅛c. pm	1/16–⅛c. pm	1/16–⅛c. pm	1/16–⅛c. pm
French Fr.		Par–2 dis	Par–2 dis	Par–2 dis	Par–2 dis	Par–2 dis	Par–2 dis
Swiss Fr.		2¼–2⅜c. pm	2¼–2c. pm	2¼–2c. pm	2¼–2c. pm	2¼–12/3c. pm	2¼–1⅔c. pm
Belgian Fr.		⅛–⅜ pm	⅛–⅜ pm	⅛–⅜ pm	⅛–⅜ pm	⅛–⅜ pm	⅛–⅜ pm
Dutch Gld.		1¼–1⅜c. pm	1¼–1⅜c. pm	1¼–1⅜c. pm	1¼–1⅜c. pm	1¼–1⅜c. pm	1¼–1⅜c. pm
W. Ger. D-Mk.		1¼–1 1/16pf. pm	1¼–1 1/16pf. pm	1¼–1 1/16pf. pm	1¼–1pf. pm	1⅛–1pf. pm	1¼–1pf. pm
Italian Lire		3 1 pm	3 1 pm	3 1 pm	3 1 pm	3 1 pm	3 1 pm
Swedish Kr.		1o pm par	1o pm par	1o pm par	1o pm par	1o pm par	1o pm par
Danish Kr.		5 2o pm	5 2o pm	5 2o pm	5 2o pm	5 2o pm	5 2o pm
Norwegian Kr.		2o pm par	2o pm par	2o pm par	2o pm par	2o pm par	2o pm par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/5½	251/5½	...	251/5½	251/4½	251/5½

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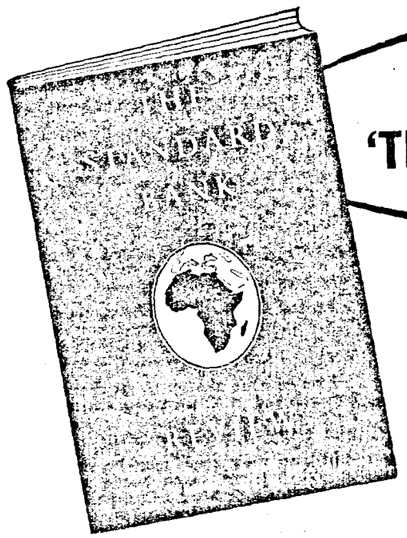

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Extracted from the Annual Report for the Year ended 30th June, 1956.

Tons Milled 1,267,000. Gold Produced 713,203 Ozs. Fine.

		Per ton milled
Working Revenue	£8,958,372	£7 1 5
Working Expenditure	3,751,030	2 19 3
Working Profit—from Gold, etc.	5,207,292	4 2 2
—from Uranium (subject to adjustment)	1,192,764	18 10
Total	6,400,056	£5 1 0
Expenses *less* Sundry Revenue	72,471	
	6,327,585	
Taxation (£2,564,000) and **Mineral Lease Consideration** (£578,112)	3,143,981	
Profit after Taxation and Lease Consideration	3,183,604	
Balance of Income and Expenditure Account at 30th June, 1955	1,478,975	
		£4,662,579
Funds transferred for expenditure on mining assets and trade investments	264,830	
Repayment on account of Capital portion of Uranium Loan	362,659	
Dividends declared—Nos. 20 and 21 each of 1s. 0d. per share	2,400,000	3,027,573
Balance of Income and Expenditure Account at 30th June, 1956		£1,635,006

The **Ore Reserve** was re-estimated at 30th June, 1956. This estimate together with that of the previous year is as follows:—

Carbon Leader Reef	Available			Shaft and Safety Pillars			Total		
	Tons	Value, Dwt.	Width, Inches	Tons	Value, Dwt.	Width, Inches	Tons	Value, Dwt.	Width, Inches
30th June, 1955	5,341,000	12.1	46.4	1,524,000	11.9	43.7	6,865,000	12.1	46.2
30th June, 1955	5,191,000	12.1	46.4	1,651,000	12.2	45.8	6,842,000	12.1	46.2

The full Report and Accounts may be obtained from the London Secretariat, A. MOIR & CO., 4, London Wall Buildings, London, E.C.2.

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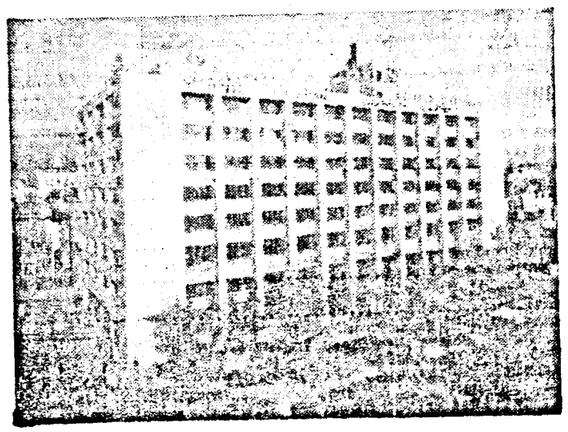

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AN ACTIVE YEAR

SALES WELL MAINTAINED

MR CRAWFORD W. HUME ON FORMATION OF CANADIAN SUBSIDIARY

The fiftieth annual general meeting of James Howden & Company Limited was held on October 12th in Glasgow, Mr Crawford W. Hume, MINA (Chairman), presiding.

The following is his circulated statement:

The accounts for the year ended April 30, 1956, are in the usual form.

While the profit of the Group before taxation shows an increase of £47,895 over the previous year, the net profit after taxation is £5[illegible],235, showing a comparable increase of £14,758. The difference in these increases is due to additional income tax of £20,128 and additional profits tax of £13,058, bringing the total taxation provided for to £536,439. This amount covers the usual reserve for income tax due in 1957-58 as well as profits tax for the year ended April 30, 1956, and for Dominions' taxation.

The transfer by the Group to general reserve is £350,168 as against £368,715 last year, but, if the dividend recommended is approved, the unappropriated balance carried forward will be £128,042 compared with £107,950 in the previous year. The general reserve of the Group now stands at £1,289,699.

INCREASED ORDER BOOK

The year under review has been an active one and I feel sure you will agree that the results obtained are satisfactory. The sales have been well maintained and show no reduction on previous years and the order book shows an increase over the previous year.

The progress of scientific and technical development in recent years has been rapid. Our Research Building, completed four years ago, has proved a most valuable asset and the experiments carried out there and the data obtained have ensured that the company maintains its premier position in the development of new and improved designs.

It is interesting to note that the first commercial installation of the electro-precipitator is now being erected. The introduction and final putting into service of heavy capital equipment of a new conception and design such as this take a long time. It is ten years since the first small pilot plant was put into operation and over four years since the designs for this commercial installation were put on paper, and it will be some time yet before this plant is finally in service.

All our factories are in full production, considering the shortage of manpower, and the machines and plant are [illegible] continually under review to maintain efficiency and increase productivity.

OVERSEAS INTERESTS

The companies both in Australia and South Africa have had a successful and profitable year. While these companies, like the parent company, are mainly concerned with the boiler auxiliaries which have always been our main business both on land and sea, the South African companies also hold an outstanding position in ventilating fans for the gold mines.

In Canada, where up to recently the power supply has been mainly provided by hydro-electric stations in which we have little interest, it is now being found necessary and economical to build new thermal stations and we have within the last year or so obtained important orders for our equipment. Till this happened our business in Canada had been almost entirely confined to supplying auxiliary machinery for ships being built there. During the year under review the parent company has, with Treasury consent, formed a wholly owned Canadian subsidiary. It is expected that this new company will in years to come prove to be as successful as those in Australia and South Africa.

The loyal co-operation of the administrative and executive staff and of the workpeople has been evident throughout the year and on your behalf I should like to thank all the employees for their support and service.

The report and accounts were adopted.

TAP & DIE CORPORATION

FURTHER IMPROVEMENT

The Sixth Annual General Meeting of The Tap & Die Corporation Limited was held on October 11th in London.

Mr D. G. N. Lloyd-Lowles, chairman, in the course of his speech, after referring to the death of Mr W. E. Dilke, one of the founders of the British Tap & Die Company Limited, said: The accounts for the year ended May 31, 1956, once again show an improvement on the previous figures, profits having risen from £377,423 to £409,144. Net liquidity of the Corporation has also improved. This year it has risen to £689,480 of which £429,949 is in cash, deposits, Government Securities or bills receivable.

Last year I drew your attention to the progressive increase on dividends. This year we have proposed only a very slight increase, more by way of rounding off an uncomfortable fraction than because we felt a higher distribution was called for. We have, however, consolidated the bonus into the dividend.

The trading profit, after the usual deductions, has risen from £373,397 to £401,365. Taxation, also, has also risen; profits tax from £41,290 to £48,410 and income tax from £154,534 to £172,147. Out of the balance of the year's profits, £17,672 was absorbed in the recapitulisation scheme which reduced our carry forward for the year to £78,755. The total carried forward on profit and loss account is now £365,590.

We have already traded for four and a half months of our present financial year, and the turnover shows a further increase over last year.

Once again our share of the export market has increased and is now over 58 per cent of the cutting tools exported from the United Kingdom. The report was adopted.

SCRIBBANS-KEMP

BATTLE OF RISING OVERHEADS

The twenty-ninth annual general meeting of Scribbans-Kemp Limited was held on October 11th in London, Mr H. Oliver-King (chairman and managing director) presiding.

The following is an extract from his circulated statement:

The profits of this Group are derived from four sources: cakes and biscuits, sugar confectionery, retail stores (sweet shops, grocery and delicatessen branches), and finally from overseas interests represented by flour confectionery manufactured in Montreal, Cape Town and Johannesburg. Shareholders will realise that the risks nowadays are very much more evenly spread over a number of enterprises than was originally the case.

Whilst the Group profit (£936,080 against £1,304,577) is down, the turnover was up in each of the four branches. Factors which have added tremendously to the cost of operating are labour, packing materials, and the ever-swelling cost of transport.

In March, 1957, it is hoped to open the very large extension to our Lincolnshire factory, where the biscuit manufacture will adopt the most modern technique available.

Prices have been held quite firmly and indeed there has been in the case of cakes a range of goods at an even lower price.

The export side of our business has increased considerably. In sterling areas our exports are up by over 10 per cent and in dollar countries by over 50 per cent.

Up to the present moment turnover is being well maintained in every division of our activities, but there is this constant battle of rising overheads against stiff competition, and it may be that, if costs continue to rise, some adjustment in our selling prices may prove inevitable.

The report was adopted.

E. W. TARRY & COMPANY

IMPROVED OVERALL RESULTS

The annual general meeting of E. W. Tarry & Company Limited was held on October 17th in London, Sir Harold F. Flannery, Bart. (the chairman), presiding.

The following is an extract from his circulated statement:

The intense competition noted in my last report continued both in the Union of South Africa and in the Rhodesias, and in certain branches profit margins show some contraction. Other branches, however, have increased their profits with the result that although the turnover shows a small decline, the trading profit, which is returned at £134,045, is an improvement of £23,593 compared with the previous year.

The tendency in Southern Africa is still one of rising costs.

To streamline the organisation, and effect economies, two of our smaller branches have been closed during the year. It is not thought that this action will cause us any serious loss of trade, because it appears that the areas served can be adequately covered by the nearest existing main branches.

The net profit is £32,923 and your Directors recommend payment of an Ordinary Dividend at the same rate as last year of 12½ per cent, requiring £25,156 net. There will remain a sum of £111,362 which is recommended should be carried forward.

With regard to the current year's trading, the turnover up to the present is slightly lower than for the same period of 1955 which was a record, and there is no relaxation in the competition for the available business.

The report was adopted.

LIMIT ENGINEERING

PROSPECTS ~~FORECAST~~ EXCEEDED

The thirty-second annual general meeting of Limit Engineering Group Limited was held on October 16th in London, Mr A. L. Collins (chairman and managing director) presided and in the course of his circulated review said:

These are the first Accounts to be issued since the introduction of the Company's shares on the Stock Exchange in October, 1955, when the Directors forecast a profit of £80,000. I am pleased to report results at £93,190 or £3,549 up on our previous year, due in the main to a considerable increase in turnover and improved manufacturing techniques developed and introduced during the past year.

[illegible] OUTLOOK FOR 1956 [illegible]

Approximately 40 per cent of your Group's products are exported and [illegible] progress is being made with new designs which will widen our field of activities. This expansion is reflected in the Balance Sheet by the increase in the figure of Stock and Work in Progress, but despite this increase our Cash position is satisfactory and has in fact improved in this current year. Turnover for the current five months to the end of August has shown an upward trend over the comparative figures for the same period of last year, and this increased turnover is backed by a very satisfactory Order Book.

The manufacture of small electric motors and ancillary equipment in large quantities involves [illegible] just the electri[illegible] Production enginee[illegible] ed to report that [illegible]ference I am an excellent team wit[illegible]ge[illegible] in both fields.

The report was adopte[illegible]

R. G. SHAW & CO., LTD.

LARGER PROFIT

SIR HARRY TOWNEND'S REVIEW

The fifteenth annual general meeting of R. G. Shaw and Company, Limited, was held on October 11th in London, Sir Harry Townend, chairman, presiding.

The following is an extract from his review of the year ended June 30, 1956:

The Group's profit before taxation amounted to £196,551, an improvement of £42,425. Your Board recommends a dividend of 20 per cent.

The year under review was a prosperous one with satisfactory prices ruling for Quality Teas and Rubber. During 1955, with India and Ceylon harvesting record Tea crops, there has been no shortage in World markets. The price range is wide, with Quality Teas yielding satisfactory returns and medium and common descriptions selling near to or under cost of production.

The year [illegible] was a prosperous one for natural rubber daily price in London [illegible] with an average [illegible] lb as compared with approximately 1s. 4d. for the previous year. Consumption continues to increase. Production of natural rubber in 1955 was the highest ever.

Supply and demand of natural rubber is still more or less evenly balanced. Today's price is 2s. 3½d. and there are no great expectations that the coming months will see a substantial increase unless the International situation deteriorates seriously. However, an efficient estate in Malaya with a large [illegible] even at a price lower than that now ruling, gouge of high-yielding stock can give a year's account of itself. The current financial year has opened satisfactorily.

The report and accounts were adopted.

MALAYALAM PLANTATIONS

MR H. W. HORNER'S STATEMENT

The annual general meeting of Malayalam Plantations, Limited, will be held in London, on November 8th. The following are extracts from the circulated address by the chairman, Mr H. W. Horner.

The crop harvested for 1955-1956 at 15,933,400 lb represented an improvement on that for the previous year, which was 15,832,250 lb, but was disappointing since, if more usual climatic conditions had obtained throughout the year, the crop could easily have been substantially greater.

The average net price realised for the exportable tea was lower by 6½d. a lb than last year's figure, with a somewhat higher cost of production. The weather was favourable for rubber and the year's crop of 6,956,800 lb was well in excess of that estimated and about 750,000 lb more than the total for the previous year.

The net total of proceeds of tea, less cost of production, was about £380,000 less than year. Corresponding figure for the previous of some £70,000 by the end for to the extent from rubber. The profit [illegible] less than that for 1954-1955. The [illegible] recommend a final dividend of 17 per cent, making 25 per cent for the year.

Prospects for the current year, crops were originally estimated at 16,958,000 lb tea and 6,945,000 lb rubber, but the drought in the early part of the year has made doubtful realisation of the full tea crop. The shortage compared with last year was, at the end of September, more than 825,000 lb.

The market for medium and low-grown teas has been lower in recent months, but has improved in the last few weeks.

APPOINTMENTS

UNIVERSITY OF NATAL
SOUTH AFRICA
Applications are invited for the posts of DIRECTOR OF SOCIAL RESEARCH [illegible] The Institute provides facilities for research in social, economic and psychological problems generally as well as in Natal particularly. The Director will be expected to do research himself as well as to plan and promote research by others. The [illegible] will be for five years in the first instance. The [illegible] £2,000 per annum inclusive of cost of living allowance. Full particulars and application forms are obtainable from the Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, and applications for the post should reach the undersigned not later than 30th April, 1957.
[illegible]

AMERICAN [illegible]

THE WORLD'S [illegible]

A well-known group of companies has vacancies for two Brand Managers in consumer companies in S.E. London and West London. Candidates should be between 25 and 30 years of age and have had some practical experience of planning and advertising a good consumer product. A university degree would be an advantage. The successful candidate will be in charge of the planning and promotion of a product in this group of companies. The [illegible] responsible to a Marketing Manager [illegible] [illegible] prospects are good. Commencing salaries will be according to age and experience. Application will be treated in confidence and should include full details of experience and personal history.—Box [illegible].

CHARTERED [illegible]
[illegible] LARY required for COUNTANT/COMPANY SECRETARY with head office] international firm of Wool Merchants with [illegible] responsibility for its Bradford. The position entails business which [illegible] financial side of the firm's Brokers and [illegible] close co-operation with Merchant Bankers should [illegible] Applicants should be under 40. Salary [illegible] of legal background and possibly a certain [illegible] have an Economics degree [illegible] should be [illegible] dependent on ability and experience.—Apply, [illegible] 536.

THE CHARTERED INSTITUTE OF SECRETARIES
SECRETARYSHIP
Applications are invited for the post of SECRETARY of the Chartered Institute of Secretaries, in succession to the late A. M. Allen, M.A., B.Com., Ph.D., Barrister-at-Law.
The Secretary is responsible for the direction of all aspects of the activities of the Institute, which has branches throughout the British Commonwealth and in the Republic of Eire.
The position requires a man of high calibre, a good educational background, vitality and drive, combined with high level administrative and organising experience.
[illegible] Terms [illegible] not less than £3,000; [illegible] pension scheme.
Starting salary will [illegible] there is an adequate [illegible]
Enquiries and applications (marked "Confidential") should be addressed to the Secretary of the Council, Bridgeford Street, London, W.C.1.

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October 18, 1956.

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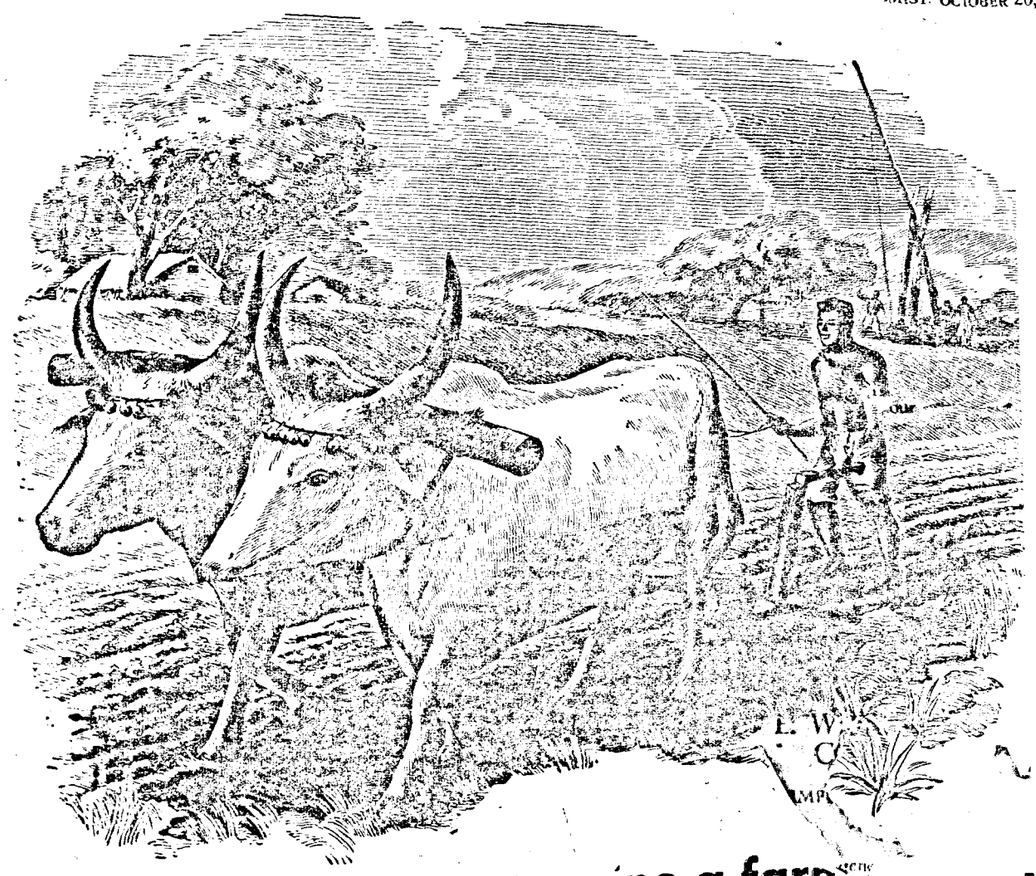

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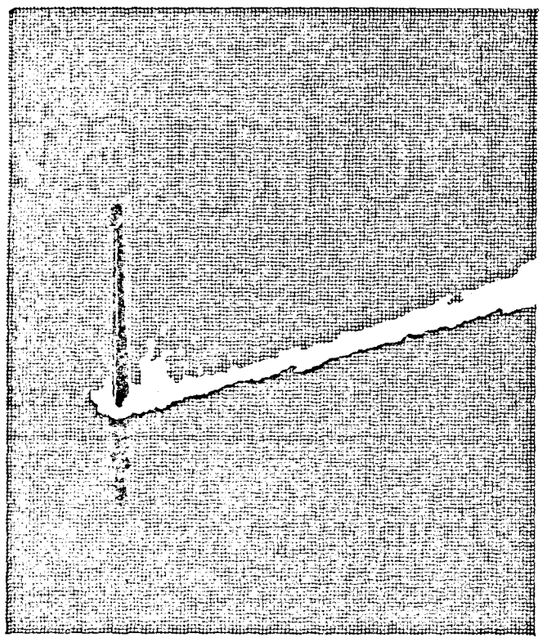

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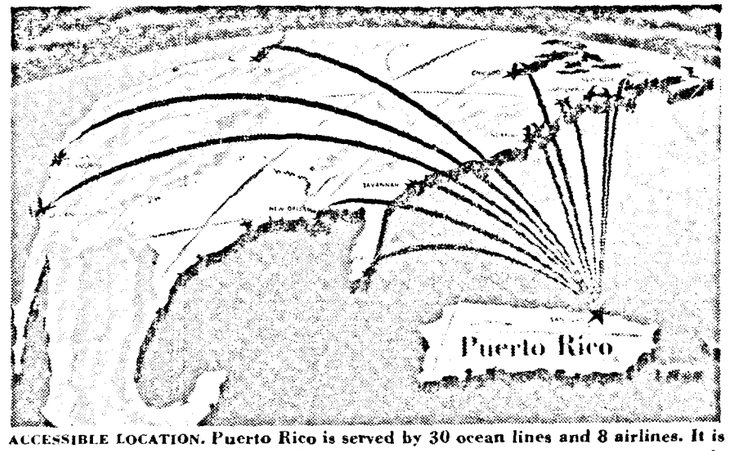

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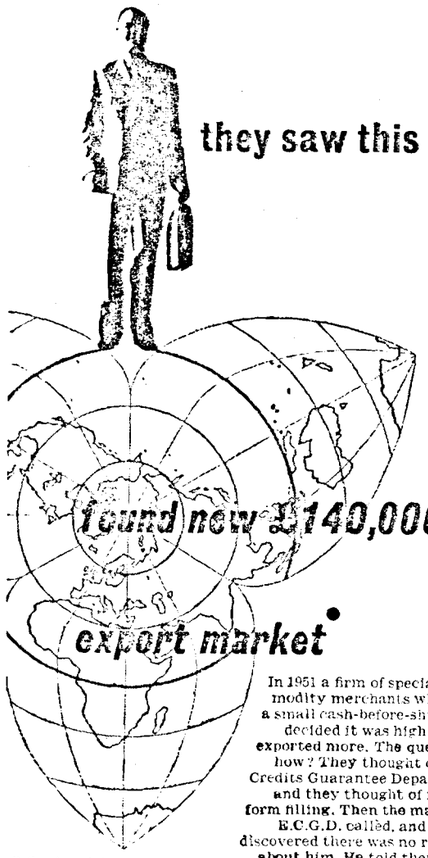

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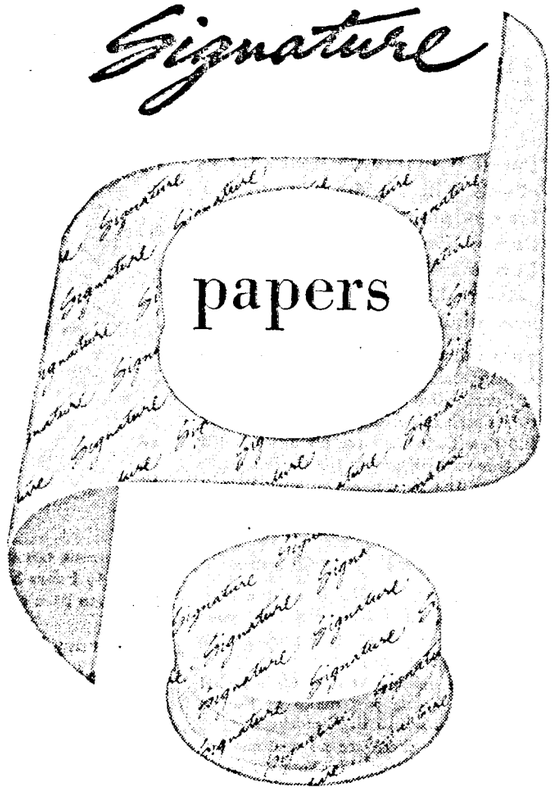
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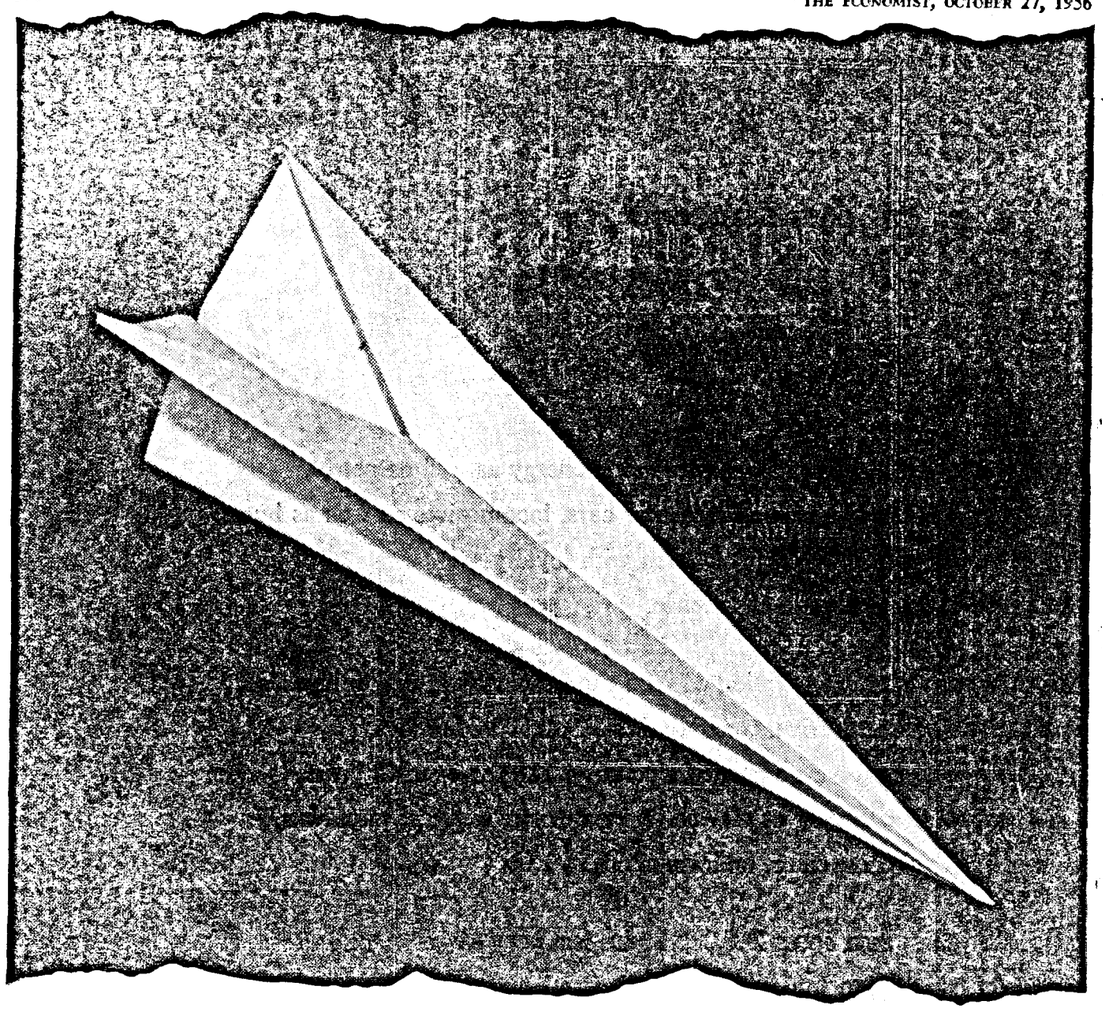

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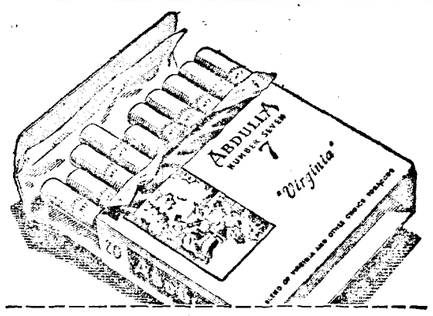

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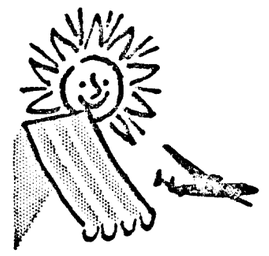

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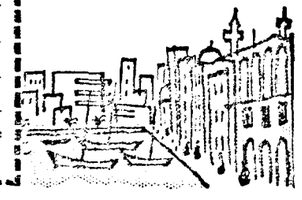

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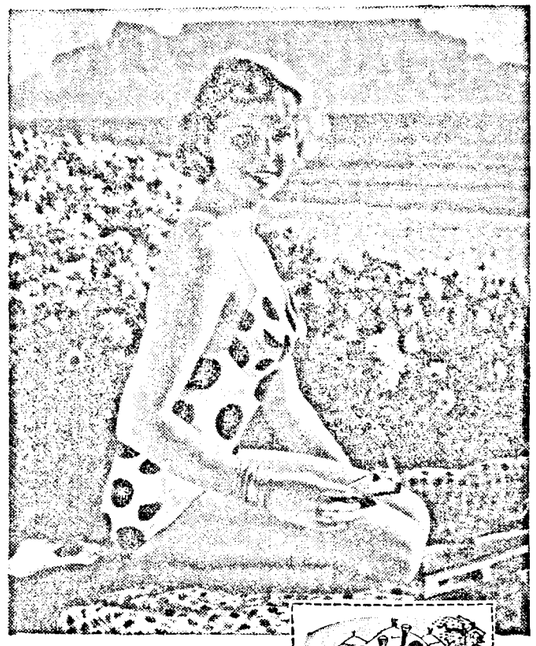

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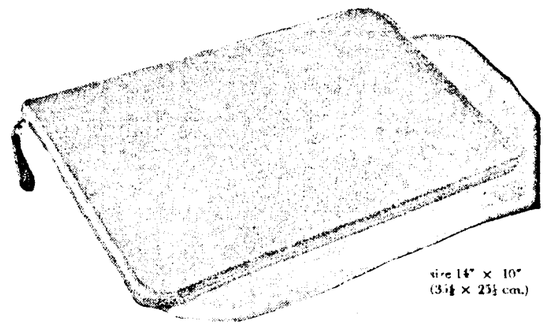

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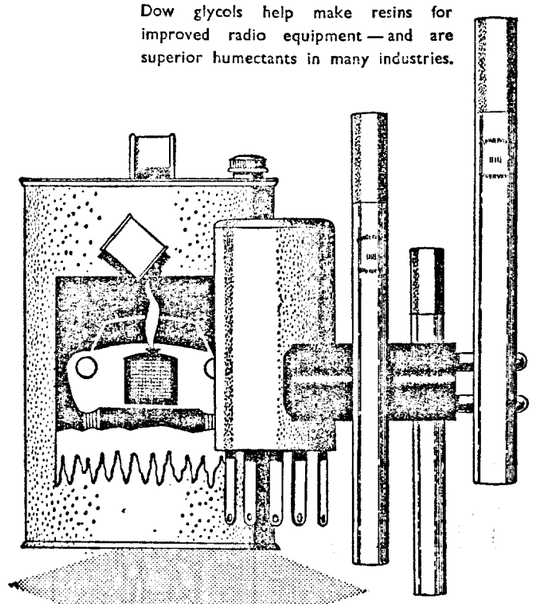

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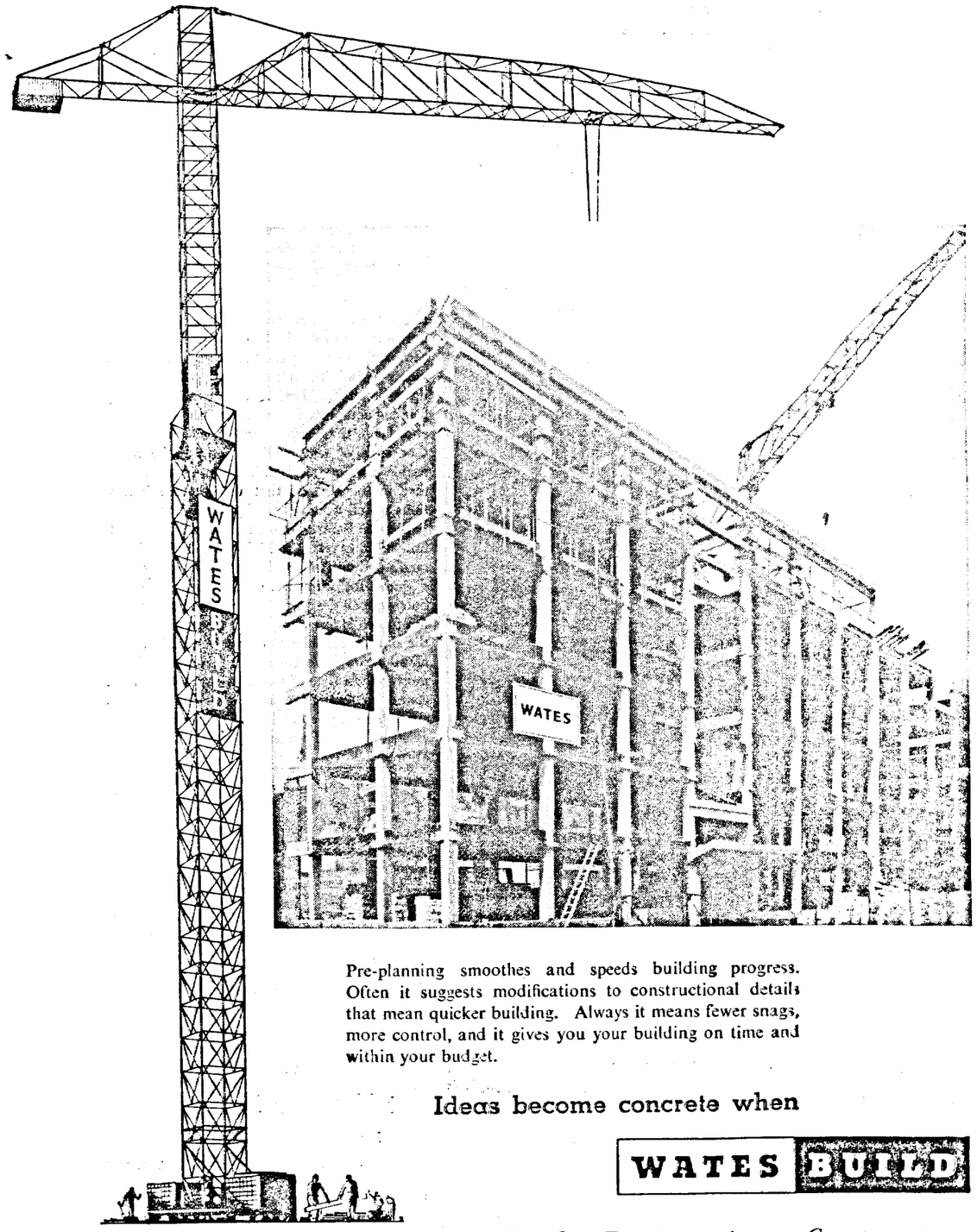

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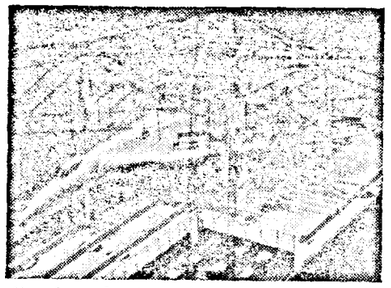

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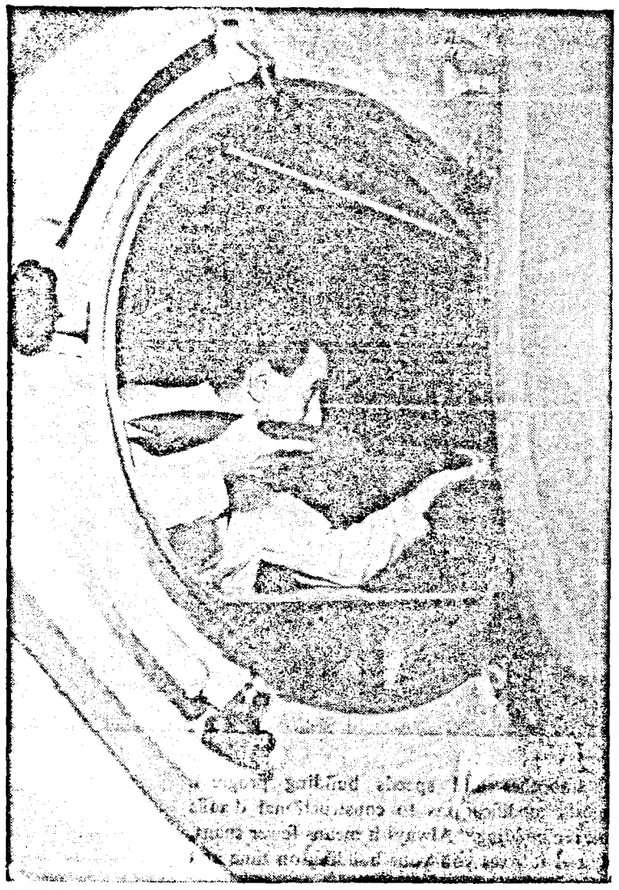

BELOW: Digital Computer working out the lengthy mathematical problems involved in designing modern aircraft.

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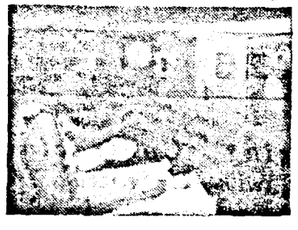
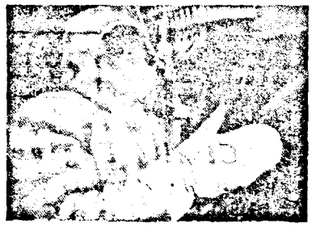
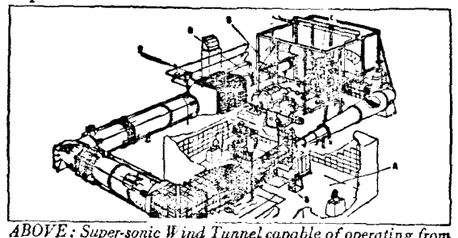




In less than a generation aircraft design has moved from the workshop into the laboratory. Today, the tools for aeronautical development are complex scientific instruments—wind tunnels through which air races at upwards of 4,000 miles an hour, rooms capable of freezing complete aircraft at around −65°C for days on end. From these and many other complex instruments thousands of test readings have to be reduced into usable engineering data. This is the work of electronic machine calculators, that perform in minutes calculations which would normally take years.

But that is not all: more must be known about how the human body reacts to high-speed high-altitude flight if man's endurance is to keep abreast of his aircraft. It is a quest for knowledge that goes on continuously. Solving such design problems and shaping the planes of the future is the work of the aeronautical engineers of the Hawker Siddeley Group. Men who in the short span of 50 years have progressed from speeds not much greater than that of a fast car to beyond the speed of sound. These efforts are vital —vital if we as a nation are to be equipped and ready to meet any threat to our existence, and if we are to remain leaders in a world at peace.



ABOVE: Super-sonic Wind Tunnel capable of operating from 1¼ to 3½ times the speed of sound, facilitates research into problems of high-speed flight. (A) Control Room. (B) Working Section. (C) Compressors. (D) 10,000 H.P. Motor (E) Gearbox. (F) Cooler.

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An Empire Erupts

SINCE Stalin's death it has been clear that the empire which he built up was bound to change; but the pace of change, and its consequences, would vary with the conditions of each subject country. In Russia itself the Soviet society had already had time to consolidate and could bear, so far, the stress of "destalinisation." Elsewhere in eastern Europe currents of "liberalisation," meeting greater or less resistance, took different courses. Hitherto it has not been possible to do much more than watch the gathering momentum of these currents and speculate on how far they might go.

Now a week of cataclysm has revealed something of the unsoundness of Stalin's imperial structure and shown the strength of the pent-up forces which his heirs have released in their gropings after a more stable equilibrium. But it has also given the first indication of the limits beyond which the movement will not be allowed to go—so long, at least, as the Russians have the power to halt it. Last week-end the Poles refused to bow to the will of a Soviet delegation headed by Mr Khrushchev himself. But before Mr Gomulka had completed his demonstration that the communist regimes of eastern Europe need no longer be mere puppets of Moscow, and before he had even embarked on the uphill task of winning national support for a Polish variety of communism, a stern warning came from Budapest. In Hungary, too, there was a nation-wide clamour for a change of leadership and the popular cry was for the return of the disgraced Imre Nagy, as it had been for the disgraced Gomulka in Poland. Mr Nagy was reappointed prime minister but—by a stroke of irony that is bitter for him—his first move had to be to call the Russian troops in to halt the popular wave, lest it might sweep away not only Stalin's faithful servants, but the communist regime itself.

Hungarian bloodshed is the counterpoint to the Warsaw concerto. The events in Poland offer the lesson that, short of a return to Stalinism, the will of Moscow is no longer absolute law within the communist world. But the events in Budapest show that the east European communists, even men like Mr Nagy and Mr Gomulka, who have acquired (if fortuitously) a national stature, will side with the Russians when this is needed to preserve the communist foundations upon which the Stalinist edifice has crumbled.

Escaped like a ghost from the Stalinist limbo, Wladyslaw Gomulka came back last weekend to strike Stalin's already tottering system of satellites a telling blow. Through circumstances he had come to personify a Polish national aspiration. His spectacular return to power was achieved in the teeth of Moscow's vocal opposition. Plainly, had they chosen, the Russians could have imposed their will by force; no Polish bravery could have prevented them. But order would then have reigned in Warsaw only after Soviet tanks had rolled through its streets, destroying on the way such capital of goodwill as has been accumulated over the last three years, and reversing the policy begun after Stalin's death.

The Poles were bold enough to face Mr Khrushchev with this alternative. They thus forced him to put into practice the principles of self-determination (that is, the right of each communist regime to seek its own way) which he himself had proclaimed both at the Moscow congress and on the occasion of Marshal Tito's visit. They took him at his word. Their main argument in the tense hours of bargaining is spelled out in the slogan now plastered on Polish walls: "Long live the friendship with the Soviet Union, based on equality among nations"—with the emphasis on "equality." By the facts, as well as by political logic, Mr Khrushchev was constrained to keep his pledge.

No one knows how long this victory of the weaker partner will last. While it does, it will surely find a louder echo throughout eastern Europe than did the break with Marshal Tito eight years ago. Then it could be argued with some reason that Jugoslavia was the exception confirming the satellite rule. Tito, leader of a popular movement, never owed his position to the help of the Red Army; Jugoslavia was distant enough from the Soviet frontier for Stalin not to risk a world conflict through troop movements; its communist regime was self-made. No other satellite country was in as favourable a position. Poland's example is different and by its nature more contagious. Its stand shows that there are circumstances in which Russia, in dealing with its allies, may be obliged to be content with as much of its aims as can be achieved by persuasion and by pressure short of force. In this new framework its authority must rest on the willing consent of the ruling communist group in each country.

This does not mean that all the east European countries will follow in Poland's footsteps. Czechoslovakia and Rumania, for instance, may take different courses. The Polish recipe is no more of a panacea than was the Jugoslav, but last week's events should encourage other communist countries to think and act at home for themselves, instead of faithfully and mechanically applying formulae imported ready-made from Moscow.

★

The Hungarians, however, have added a tragic rider to the Polish example. Though the anti-Russian tradition there has not such deep roots, in such bitter soil, in Hungary as in Poland, there are similarities in the recent history of the two countries. The people of both these Catholic countries are preponderantly hostile to communism; in both, hard economic pressure has combined with political recalcitrance to produce an explosive mood. There has been no recompense—in food, clothing or domestic comfort—for the denial of freedom and the endless pressure to work harder. But while the Poles—who contrived even in Stalin's lifetime to hold no major state trials—were first on the road towards a relative freedom when the Stalinist fetters began to be removed, the Hungarian rulers, constrained by their own past actions, put up a long and obdurate resistance to the pressures from below. It was only in July that Mr Rakosi, representative of the hated past, relinquished the party leadership to Mr Gero, who in turn was suspected of also trying to apply the brakes; Mr Rajk, executed as a "Titoist" in 1949, was exhumed for his state funeral only this month; Mr Nagy, the former prime minister, disgraced because, like Mr Malenkov, he had paid too much attention to consumer goods, was brought back only when the government was *in extremis*. By then the spark from Warsaw had ignited the explosive mixture; no course of action remained for a communist regime but to call in the Soviet military fire brigade. Not until that had been done was Mr Gerö deprived of the party leadership. Would swifter action have averted the conflagration? The question is one which the Soviet rulers have to answer for themselves; on their answer will depend their future policy in eastern Europe.

★

To change the mechanics of an empire from coercion to co-operation—even if the co-operation is limited to the communist elect in each country—is a revolutionary change. When the Moscow Politbureau precipitately sent four of its leading members to Warsaw on October 19, Mr Molotov may still have been dreaming nostalgically of good old Stalin's days, or repeating, in a new context, Pushkin's words of over a century ago:

> Tell me: how soon will Warsaw
> Proudly lay down the law for us?
> Whither shall we withdraw our fortresses?
> Beyond the Bug, to Vorskla or Odessa? . . .

No doubt the mood of indignation was heightened because these very Poles had been brought to power by the Russians after the war. Mr Gomulka, Mr Khrushchev could swear, owed them his freedom twice: he would have landed in jail if the government in exile had been allowed to return from London; and he would never have left jail alive but for the dramatic reversal of policy after Stalin's death. All this may explain the arrogant way in which, as it appears, the Russians demanded that the Poles should toe the line, arrest the liberalisation movement (likely in the Russian view to get out of hand and bring the regime down), and fall into line with more cautious, more tractable countries. But one fact was plain. On this issue Mr Gomulka and his colleagues had the whole nation, including its working people, behind them.

To break their stand, Mr Khrushchev would not only have had to eat his words; he would have had to put the clock back to where it stood before Stalin's death, or even further. Belatedly, the Soviet leaders grasped the gravity of what was going on. Faced with one of their dead master's victims, they had also inherited the burden of his crimes: the countries which he brought low are the more sensitive to further Soviet interference. They could have taken counsel from Lenin's dictum that

> oppressed people are sensitive to nothing as much as to the feeling of equality and to violations of that equality . . . particularly by their proletarian comrades.

But the blunder had already been committed; and it may well have played its part in precipitating events in Budapest. Back home again, the Soviet leaders had little leisure to digest their Polish lesson; they have yet another crisis to face.

★

Mr Gomulka, his would-be mentors gone, took the rostrum at the party assizes with the confidence of a man taking up the reins of power. Having no reason to spare his predecessors or to make light of his own task, he painted the economic picture of the country in gloomy colours. Even the achievements, such as the rise in coal production, were (he said) the product of a bigger labour force working longer hours, not of higher productivity. In the countryside, money had been thrown away on uneconomic collective farms; henceforth they would have to pay their way, or be disbanded. Poland was threatened with bankruptcy in its foreign accounts. It was by telling them the bitter truth that Mr Gomulka hoped to gain the confidence of the working people. He could not promise wage increases or the prospect in the near future of better food, better houses, or any relief from the prevailing material drabness.

So the miraculous survivor starts his second lease of power with good cards in his hand but with a vastly difficult road ahead. He has behind him the enthusiasm now sweeping Poland. That, while he keeps it on his side, is his chief asset. It is the measure of the extraordinary frustration that the Poles, even Polish communists, have experienced since the war. Last weekend they felt for the first time that they had their destiny in their own hands. At the moment, Mr Gomulka has both the mantle of a national leader and a martyr's halo; and he is the only communist leader not held responsible for the economic muddle and the injustices of the closing stages of the Stalin era. "Not to have done anything," runs a French dictum, "is a tremendous advantage which should not, however, be abused." Mr Gomulka has been condemned to inaction for eight years; he could not do anything. Now, back in power, he faces the practical test.

For all his intention of making concessions to peasant smallholders, his plans for cutting down subsidies, and the rest, Mr Gomulka is still a communist; he proclaims himself one. But most of the Poles now surging enthusiastically and nationalistically behind him are anti-communist. He must know that many may desert him on the morning after the patriotic intoxication. Although he has promised that the *Sejm* (parliament) shall play a bigger part, the new electoral law gives the voter no more than the right to choose among candidates all belonging to a United Front, the communist party and its satellites. Mr Gomulka still holds to the dictatorship of the proletariat. Yet, what if the opponents of the regime, having tasted freedom, demand the right of real opposition? What if the peasants refuse to be coaxed, as they have refused to be coerced? The slogans of demonstrators in Wroclaw—"Down with the Russians" or "We want religious education"—are a warning.

All this inevitably, for all his fine stand, makes Mr Gomulka himself more dependent in the last resort on Soviet support. He depends on Soviet help to overcome his economic ills, Russian guarantees for the ultimate survival of his regime, Soviet protection for the security of Poland's western territories, on which the German Federal Republic has so far maintained the German claim. The fate of Mr Nagy will haunt the communist leaders in Warsaw. It invites an alliance, however reluctant, with Mr Khrushchev after all. The assurances that communist Poland's future is indissolubly linked with Soviet friendship are likely to prove genuine.

Nobody, however, can accuse Mr Gomulka of being a puppet. He has begun in earnest to carry on in Poland the movement started by Stalin's heirs. For a time it looks as if he will have his way and will get a hearing. Will his breathing-space be enough? How far, vested now with a peacetime substitute for Tito's wartime prestige, will he really be able to broaden the popular base of communism and so stand on his own Polish feet? Everything he does will be closely scrutinised. Already the communist world is watching him and the reactions are divided. His victory is hailed, naturally enough, by the Jugoslavs and the Italian *Unità*. The Czechs, and the French *L'Humanité*, acknowledge it reluctantly. The disaffected peoples of eastern Europe will watch to see whether the Polish way pays better than the Hungarian. Above all, the Russians

themselves will draw conclusions from Poland for the policy which will now pay them best.

For the moment, the Soviet rulers can, and no doubt do, draw opposite conclusions from the two sets of events, in Warsaw and in Budapest. The military leaders and their friends, alarmed by threatened communications and crumbling defences, can be presumed to hold that this week marks the policy of relaxation as bankrupt, that all experiments will finally end Hungarian-wise, that it is better to bring out the Stalinist strait-jacket without delay. The opposing group, the politicians who have backed the moves to bring Tito back into the fold and to relax the satellite system, must argue the reverse: that the upheaval shows the unsoundness, not of their system, but of Stalin's; perhaps even that it is necessary to swim even faster with the stream and to give more outlets to the forces of discontent. Their hopes will be pinned on the Gomulka experiment. The view which prevails will determine not only the future shape of eastern Europe, but the face of the Soviet Union as well.

Where extravagant hopes perhaps were raised in the West by the Polish insubordination, the agony of Budapest will have come as a cold shower. It is plain that no communist regime will be allowed to collapse without a struggle: mass desertions from the communist block are not in sight. Not even the Poles, with their appetite for domestic experiment, are likely to demand much freedom in shaping their foreign policy; they are in no position to do so. This is not the end. Events still march, and men may still rise or fall. But the statesmen of the West will have to face the question, when the dust has settled, whether a more genuinely national communist government, even if propped by Soviet power, is not preferable to a mere puppet of Moscow. And if their answer is yes, they may well have to encourage such men as Mr Gomulka —or even Mr Nagy—on their road to a limited independence, by helping them in their economic difficulties. And, looking further ahead, they will have to consider, too, what can be done to give Germany's eastern neighbours some limited freedom of action in foreign policy by reassuring them about the danger of German expansion, a threat which always weighs upon them. (A move towards the settlement of the Polish-German frontier, in particular, would weaken one chain which ties Poland to Russia.) Without these decisions, the West may have to sit supine watching Communism at grips with itself.

Free Trade Without Emotion

The Government's discussions with interested domestic parties about the project for freer trade in Europe are now reaching the final, decisive stage. Mr Macmillan's meeting with Tory backbench MPs on Tuesday is reported to have gone rather well; unless there is a last-minute change of heart (or tactics) there should also be a majority in the Labour party for the initiative. But the expected doubts have now begun to appear in some trade union circles, among rather more industrialists, and on the Bevanite left (following the Beaverbrook right) in politics. This article is an appeal to all these groups to study the issues involved, at some length but without emotion.

ACROSS Whitehall (where Sir Roger Makins is now installed at the Treasury), and wherever politicians and economists gather, the dustsheets are being taken off the principal political and economic debate of the hundred years down to 1932; and some of the dust is being shaken into the public's eyes. After twenty-five years, like a long forgotten Gibson girl returned to the Gaiety to play an *ingénue,* free trade has re-emerged on to the centre of the political stage; and old men's eyes are lighting up with memories of the arguments of long ago. It is all very exciting, and also rather sad. The sadness lies in the fact that the lady now being allowed re-entry, after careful vetting, into the chambers of Whitehall is not at all the girl the old men used to know.

Contrary to the forebodings of Mr Aneurin Bevan on the one hand—and to the fond imaginings of some nostalgic liberals on the other—the present project for freer trade in Europe cannot be discussed in terms of nineteenth century arguments, but only of twentieth century ones. This article will try to set these modern arguments down, with the honest intention of playing fair as between those who instinctively welcome the scheme and those who are instinctively nervous of it—and also with the intention of being as simple as possible.

Forced Suitor

The crucial point to grasp from the beginning is that freer trade in Europe has not been deliberately courted by Whitehall. It has been forced upon it. It is desperately important that all politicians, industrialists and trade union leaders taking part in the present discussions should understand this. If the countries of the continent succeeded in their plans for establishing a common market, and if Britain stayed completely outside these, this would mean that tariffs against German goods in Europe would come down, while tariffs against British goods stayed up. That is something which this country could not afford. The people whom Mr Bevan thinks he sees running after a will-o'-the-wisp are running indeed—but from a spectre, not after it. The spectre is the terrifyingly solid one of an ebullient Germany establishing unchallengeable hegemony over the export markets of the continent.

Can the critics who grasp this essential point find any justification for saying that Britain should still stay outside the scheme? To be fair to the critics, they might find one. The justification—the only tenable justification—that they might put forward for aloofness is that, if Britain does not lend its support, the whole scheme might conceivably fall to the ground: in other words, France might default, as with the European Defence Community, at the eleventh hour. Perhaps France would; possibly, despite our offer of a free trade area, France will still do so. But the powerful argument against basing our policy on this possibility is not only that such a policy would be restrictionist, timorous and un-European—although it would be. The main argument (although here, admittedly, one enters the realm of opinions again) is that the policy probably would not work. Commonsense observation suggests that France could not hold up the European march entirely or for long; the idea of progressive reductions in tariffs has so caught hold on the continent that sooner or later the advance seems bound to go forward, which means that sooner or later we would have to join it. Whitehall now recognises that it had much better be sooner. It is a triumph of good sense there.

The "Disturbance" Argument

It is into this framework that the other main arguments about freer trade in Europe have to be fitted. The first argument—as put forward by enthusiasts—is that freer trade would lead to a wholesale rationalisation of European industry (which would reap for all members the benefits of an American-style mass market); or—as phrased by the critics—that it would cause a lot of disturbance to established industrial concerns. It is not always realised, though it ought to be self-evident, that these two arguments are very largely one and the same thing. The connection between them can be seen from the fact that, if there really were an advance to an American-style single market (which is what the enthusiasts hope), then there would probably be room in it for only one Detroit, or at the most two (which is just what the critics, especially in Coventry, fear).

If that were, in fact, the prospect, *The Economist* would still be heartily—indeed more heartily than ever —on the liberals' side. To be realistic, however, one cannot believe that this is the prospect—yet. The establishment of an American-style single market would depend not only on free movement of goods, but also on unfettered mobility of labour and capital from one area to another; Europe will not get that quickly within the proposed common market, still less within the proposed free trade area. Instead, the pattern that is most likely to emerge for Britain from present plans is that some British industries will get new export opportunities in Europe as European tariffs gradually come down (over a period of twelve to fifteen years), but that others will face (equally gradually) more competition in the domestic market as British tariffs come down, too. On any sensible assessment, the opportunities outweigh the setbacks.

What is quite certain, however, is that, if tariffs in Europe came down against German goods, but not against British goods, then the setbacks—and disturbances—to particular industries in Britain would be very much greater. This is the essential point about "disturbance" for politicians of all parties to grasp now. Wider and more distant visions (or fears) can be left for later debate; neither would be prejudiced by taking the first essential step. They would be prejudiced by not taking it.

The Imperial Argument

The second argument that has to be fitted into this general framework is the imperial one. If, in twelve to fifteen years' time, Britain is playing its full part in the proposed free trade area with Europe, this country will then have three tiers in its schedule of tariff rates: the highest rates, as now, will still be levied on imports from the United States and from other countries outside both Europe and the Commonwealth; the lower or preferential rates, also as now, will be levied on imports from the Commonwealth; while imports of manufactures from Europe will pay no tariff at all, although imports from there of foodstuffs (including wine and tobacco) will apparently still pay the highest (i.e., non-Commonwealth) rate.

Mr Macmillan has used two arguments to try to soften the (frankly not very hard) blow for the Commonwealth of this partial loss of preferential advantages to Europe. One of these arguments is unfortunately bogus, and is only worth examining here because it has been pushed. Mr Macmillan has suggested, and others have echoed, that the creation of a free market in Europe will in some way shake loose more capital for Commonwealth development. Why should this be so? If the free market should lead to a major rationalisation of industry in Europe, then more European capital will need to be used on the continent rather than overseas; if, as is more likely, these visions of European rationalisation and development are a little too grand, then the prospects for expanding Commonwealth investment (out of an expanding national income at home) will remain precisely as they are now. Mr Macmillan may reasonably argue that, thanks to the free trade plan, Britain's national income should expand more quickly, with something more to spare at last on the net balance for overseas development. Certainly he can argue that, if Britain stayed outside a plan on which the Europeans had agreed, our national income (and our at present meagre ability to invest in the Commonwealth) would expand correspondingly more slowly. But to stretch these general truths into a thesis that these European plans are going to be an

important factor in releasing capital specifically for the Commonwealth is special pleading of a sort that is bound to arouse suspicions.

This is a pity, because Mr Macmillan's second argument to the Commonwealth is a much better—indeed a conclusive—one. Nearly 90 per cent of the Commonwealth's exports to Britain are of foodstuffs or of materials ; only the other 10 per cent *could* be affected by a lowering of British tariffs on European manufactures, and only a small proportion of that 10 per cent in practice *would* be affected. The more one subdivides Commonwealth exports of manufactures—including some of those about which fears have been most publicly expressed—into specific categories and sub-heads, the more chimerical becomes the idea that many of them are sold in direct competition with European manufactures.

This is not to deny that there is much truth in the sad argument that imperial preferences are being gradually " whittled away." But the whittling arises not from changes, or prospective changes, in Britain and Europe, but from changes in the Commonwealth countries themselves. Hitherto the countries of the Commonwealth have been willing to grant preferential tariff rates to British machinery and consumer goods. Increasingly, however, countries like Australia and India are reaching a stage of development where they want to buy the best machinery in the cheapest markets (which often means lowering tariffs on American machinery) and to protect their own consumer goods industries (which means raising tariffs on British ones). This trend has nothing to do with any trading arrangements Britain may make with Europe, although—human nature being what it is—it will not be altogether surprising if these arrangements are progressively cited as an excuse. The proper reaction to this, however, is not to say that Britain should therefore do everything possible to deprive these Commonwealth countries of an excuse for doing something which they are probably going to do in any event ; it is to recognise the declining efficiency of imperial preference as a quite separate trend. The belief that there is some clash between the Commonwealth connection and any conceivable arrangements for importing manufactures from Europe is, in fact, largely a myth. It is a myth based on much grander and more respectable emotions than emotional myths usually are ; but there is precious little economic justification behind it.

The D-Mark Problem

There remains the third main argument : that free trade arrangements in Europe might be accompanied by exchange rate problems, which would include cross-strains between sterling and the mark. There is a good deal in this argument. If Germany consistently runs a less inflationary economy than other European countries, or if for some other reason the long-term trend is for Germany's exports to increase more sharply than Britain's, then a D-mark problem, in some ways analogous to the familiar dollar problem, is bound to arise ; and, within a free trade area, it would be impossible to use the tools of restrictionism with which some of the force of the dollar difficulty has sometimes been warded off.

Against this, however, two points need to be firmly borne in mind. First, if Germany outsells Britain, there will be a D-mark problem in any event, within a free trade area or outside it. And, if Britain were outside the area facing a tariff wall, while Germany were inside it, the possibility that Germany might outsell us would become a certainty. Secondly, within the sort of club that will grow up around any European scheme, there should be more hope of consultation about policies whereby excessive creditors might sometimes be persuaded to take steps to avoid making their currencies too scarce—either by lending more money for European development schemes, or by exchange appreciation (Professor James Meade has already suggested that a free trade club could best be organised on a basis of variable exchange rates) or even by occasionally allowing a little more inflation within their domestic systems. Moreover, if weak currencies should be disclosed within Europe as a result of a march towards freer trade, sterling would be neither the weakest nor the first.

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This, then, is the fairest available summary of the factors that need to be weighed in the present debate about European trade. The crucial point, to repeat, is that if a free market scheme went forward in Europe, and if Britain stayed outside it, the results would be far more disturbance for British industries, more threats of unemployment at home, and (probably) more exchange rate problems for the Treasury than participation in the scheme could ever bring. To recommend participation on these grounds alone must undoubtedly seem a merely negative plea. There is every reason for appealing, too, to the broader liberal and expansionist vision with which this country, and this continent, so badly need—and the need is now practical and urgent—to be inspired. This is something to sound a trumpet for—in *The Economist's* own key. But, for the moment, the argument that may weigh most with the sober doubters is the equally practical, and more immediate, one of what would happen if we stayed outside.

Mr Bevan, the doubters in the TUC, the more fearful industrialists of Lancashire and Coventry—and many others—should be begged to realise that this is not the nineteenth century problem but, in some ways, the precise opposite of it. The nineteenth century problem was whether Britain could afford to remain a free trading nation while all its competitors were protectionist ; the twentieth century problem is whether Britain can afford other countries to stay protectionist against British goods, while they become freer trading nations among themselves.

Algeria: Scoop or Blunder

FRENCH North Africa is a scene of triumph this week for one French cabinet minister, but of despair for another. M. Robert Lacoste, Minister Resident in Algeria, is responsible for the life and limb of its million French residents, and can fairly congratulate himself, and France's secret service, on the coup by which an aeroplane containing the chiefs of staff of the Algerian rebellion was diverted in transit between Morocco and Tunisia ; five wanted men were arrested at Algiers and transferred to France. But M. Alain Savary, Minister for Tunisian and Moroccan Affairs, takes a different view. For the five men in question were on their way from a visit to Morocco, where they had been the Sultan's guests, to a meeting in Tunis, to which they had been invited to discuss, with both the Sultan of Morocco and Tunisia's leader, M. Habib Bourguiba, possible ways of putting an end to the Algerian fighting.

The arrested men were Arab guests. By the act of arrest, all the canons of Arab hospitality have been violated. Flying on a Moroccan commercial air line, they had put their faith in a French pilot. This faith was misplaced and, as a result, a conference out of which a compromise on Algeria might conceivably have emerged has dissolved into a hubbub of Arab indignation. At a Paris cabinet meeting, hastily held in the night of Tuesday to Wednesday, M. Savary is said to have resigned ; though his resignation was refused, he " remains in a state of resignation." In this adventure, the balance of advantage and disadvantage for France cannot be assessed out of hand. For instance, there is some evidence that rebel morale was wearing thin in Algeria. The one indisputable result to emerge at once is that Paris from now on will have to treat with North Africa as a whole, instead of with three separate territories. If this is a blow for France, it is self-inflicted.

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The chain of events has been dramatic enough to suit the most lurid tastes. In September, Franco-Moroccan relations had seemed to be going fairly well. France was still hoping to secure some kind of local status for the French army and the French investor, but remained deaf to Moroccan and Tunisian demands to dismiss M. Lacoste from his post in Algeria, or to recognise Algeria's " vocation " for independence. On the other hand, the Moroccan and Tunisian leaders, alive to the local need for French investment, were ready to acknowledge " overriding " French interests in their territories. This situation remained unaffected in spite of growing numbers of references to the unity of Arab North Africa, the most pointed of which was made by the Sultan of Morocco in a speech at Oujda in eastern Morocco on September 25th.

The French were therefore ready to bless an attempt by the Sultan and M. Bourguiba to parley with the Algerian leaders. All they asked, when they learned that these men were to go from Cairo to Morocco, was that they should not be received " spectacularly." From October 18th, French opinion hardened a little on account of the capture of the yacht *Athos*, which was carrying arms for the rebels and had evidently been loaded in Egypt—as it seems, under army auspices. M. Lacoste, who gains ground each time opinion hardens, registered a fresh advance on October 20th, when the Sultan, far from receiving the Algerian rebel leaders discreetly, had them flown from northern Morocco to Rabat by his heir apparent. The French Ministry of Foreign Affairs thereupon suspended its negotiations with Morocco.

From then on the French secret service came into play, though how many of the French cabinet knew of its intentions is open to question. It is possible that decisions taken from hour to hour in North Africa were reached as independently of Paris as were those of General Juin in Morocco in 1951, or those of M. de Hautecloque in Tunisia in 1952. On the morning of October 22nd, the Sultan took off from Rabat for a week's visit to Tunisia. Against some expectations, he did not take the Algerian leaders with him, but left them to come on later in a commercial aircraft. The machine refuelled in Majorca, but thereafter landed, not at Tunis, but at Algiers, where the French air hostess is said to have been sufficiently in the know to announce : " This is Tunis." After arrest, the five men were flown to France, where their case, if and when it is heard, will fall on less fanatical ears than it would do in Algiers.

How many Frenchmen think that this coup has made the path to solution in Algeria any easier ? This is the crucial question. M. Lacoste, who must have known of it and is presumed to approve, has the support of most French residents in Algeria ; they have lost blood at rebel hands, and these are men accused of serious offences. M. Lacoste also has the backing of many settlers in Tunisia, and some in Morocco, who begin to see no future for themselves under an Arab government. But what long-term alternative do they see which will be served by this unceremonious seizure of a group of Arab leaders ? May it not be that, whatever the crimes charged to the arrested men, their capture in this fashion will only foster resistance to France in Arab breasts which do not at present harbour it ? By this sort of cold calculation statesmen are tested.

One of France's strong suits in the present North African situation is that both the Tunisian and the Moroccan leaders still see in Paris a valuable counterweight to the spread of Egyptian imperialism, which neither relishes. The Sultan of Morocco views President Nasser as an upsetter of thrones and dangerously

pro-Russian. M. Bourguiba, who would himself wish to be the leader of the democratic movement in North Africa, enjoys a role nicely balanced between dependence on Cairo and dependence on Paris, and is adept in it. To pounce upon the Algerian rebel leaders may have appeared good business in the narrow context of Algerian affairs, but the value of such a trick played on Moroccan guests bound for Tunis is dubious.

An outbreak of fresh attacks on French property followed in Tunisia, and in Morocco at least 30 Frenchmen have been brutally murdered. But the Sultan of Morocco has kept his head sufficiently to send his Prime Minister straight to Paris to remonstrate. It seems, too, that Frenchmen of views more moderate than those of M. Lacoste know that the captured men really represent Algerian Moslem opinion, and that, unless they are treated as the *interlocuteurs valables*—the valid spokesmen—whom the Mollet government says it wants to meet, there is no future for that government in French North Africa. Some men in at least three of the major parties in the French Chamber, while they hold the coup to be defensible as an act of war, think it will be justified politically only if the French Government makes bold use of the captured men to start negotiations.

Neighbours breathing a natural sigh of relief at the capture of Mau Mau "field marshals," and holding Cypriot spokesmen *incommunicado* in the Seychelles, are in no position to preach. But the choice for France would seem almost certainly to lie between treating these prisoners as potential partners in negotiation, and turning all North Africans—as opposed to Algerians only—into people ready to buy guns and turn them on Frenchmen.

Notes of the Week

Poacher into Gamekeeper

MR HEAD'S elevation to the Ministry of Defence has been criticised for most of the wrong reasons. It should be said straightaway that, from all the military circles whose judgment one has come to trust, he has earned the reputation of having by far the firmest grasp of detailed administrative problems of any of Sir Anthony Eden's (or Sir Winston Churchill's) service ministers. On most of the issues for which the press has periodically gunned for him —such as the most recent charge that he has kept reservists unnecessarily idle—closer examination has convinced fair-minded observers that Mr Head has been mainly right and the press mainly wrong. It was a bit absurd that Sir Walter Monckton, and not Mr Head, was made Defence Minister last Christmas. In any normal circumstances, Mr Head's promotion now could be regarded as due reward for services well rendered.

But these are not normal circumstances. To Mr Head will fall the task of planning defence's new look, to replace the now quite apparent mess of the old one. During the summer, senior cabinet ministers were saying freely that this new look envisaged that Britain could do with rather less defence, at much less cost; after Suez, they say that Britain needs more defence, but at no more cost. It is now clear that Sir Walter Monckton tried to carry through the preliminary stages of the first new look by allowing the separate service departments to bargain with each other, Sir Walter himself acting mainly as chairman. The attempt failed, which may be one reason why Sir Walter has bowed out. There is a strong case for arguing that what was needed now was a powerful senior member of the Government (such as Mr Thorneycroft) to come into the Defence Ministry from outside, to decide upon the right policy after reading the relevant papers and studying defence systems in other countries, and then to force his policies through.

Mr Head is going to be very awkwardly placed to do this. This is not because, as the man previously encouraged to bargain for the army vote, he is likely to be too army-minded. It is because, as a service minister previously encouraged to bargain, he must find it more difficult to persuade other service ministers that from now on inter-service bargaining should be counted out. One does not envy Mr Head his task, for example, in trying to dock Lord Hailsham, whose first speech as First Lord of the Admiralty suggests that he is going to be a very eloquent—but not exactly impartial—spokesman for the navy's role. The old adage that a poacher makes a good gamekeeper has always underestimated the embarrassment for the poacher—particularly if there is a need for him to become a sudden martinet, and if the old gamekeeper has been such a very amiable fellow with such very velvet gloves.

Two Tacticians

PARLIAMENT'S reassembly found MPs in a brisk and fairly cheerful mood. The matters for formal debate—hill farming and the Copyright Bill—made heavy and usually non-party going, but there were opportunities for cut and thrust at question time. This showed the Tories to be more angry with Labour than Labour was with the Government—or, rather, very eager to appear so. The Conservatives have now made a deliberate decision that their best electoral tactics are to sound as bitterly contemptuous as possible about Labour's leadership by Mr Gaitskell. The Prime Minister's Llandudno speech set the tone for a new and reassuring Tory myth: that Colonel Nasser would have slumped to his knees long ago if Mr Gaitskell had not encouraged him. No opportunity is to be lost to sneer at what Sir Anthony on Tuesday called "the contradictory convulsions of Her Majesty's Opposition." On the Suez issue, at any rate, Labour does not have to be very worried about this campaign. If the stalemate apparently accepted by Mr Selwyn Lloyd goes on very long, there will be a queue of people in "contradictory convulsions" outside the Government Chief Whip's door—and it will not be composed of Labour members.

But Labour has its problems. The present assumption is that Mr Bevan will not oppose the re-election of either Mr Gaitskell or Mr Griffiths at the beginning of the new session, but that he still wants to be made Labour's shadow Foreign Secretary. A revealing light on battle tactics may have been thrown by Mr Bevan's sudden outburst last weekend against European free trade—not, one suspects, because he feels strongly against it, but because some of Mr Gaitskell's young men have recently spoken strongly in support of it. Mr Bevan's most advantageous personal tactics now may be to be sufficiently conformist for many Labour members to continue to say that Mr Gaitskell really must make him shadow Foreign Secretary, but not so conformist that anybody can assume that Mr Gaitskell is patronising him for good behaviour. He may not want to goad Mr Gaitskell so far that the leader refuses to admit him into Labour's highest counsels, but his interest is probably to brandish the goad just sufficiently to make it clear that, if he is brought into those counsels, Mr Gaitskell will have suffered a defeat. Connoisseurs of Mr Bevan's subtleties in tactical manœuvre are settling back to watch what might well be a superb performance.

Whose Executioner?

THE Government's behaviour over capital punishment at least remains consistent. It is technically correct, but morally deplorable. Details of the proposed "compromise" bill, foreshadowed this week by the Prime Minister, will not be known until the new session opens, but the obvious intention is to keep the gallows in use for certain types of murder. This is the climax of an operation designed to undermine an abolitionist position which the Government knew it could not breach by any straightforward action. Other things being equal, there is now a House of Commons majority in favour of putting the hangman out of business. The Government's policy for months has been to make other factors so unequal that a decisive number of Tory abolitionists would settle for compromise. In this it has now probably succeeded; most pollsters at Westminster agree that just about the requisite dozen have changed sides, and it would be unfair to judge the renegades too harshly. Their consciences have been much bludgeoned, first by their local Tory associations, and ultimately in the unpleasant debate at the Tory party conference. It is easy to see how tempting is the escape ladder of so-called "compromise."

What of Mr Silverman's bill? A great deal of claptrap has been talked about the Parliament Act. All that it in fact lays down is that if a bill is passed by the Commons in two successive sessions, then it automatically becomes law. The Parliament Act lays no duty on a government to provide facilities for the second passage of a bill which it opposes. The decision that any attempt to carry the bill forward must be made through private members' machinery does not therefore raise any genuine constitutional issue. But what it probably will raise is a constitutional row; unfortunately—and unwisely—Labour members are being goaded by the Government's shabby diversion into new bitterness against the House of Lords, a bitterness which may well find its way into their policy at the next election. This is a heavy price to pay for the retention of hanging for another few years (the next Labour government will certainly pass Mr Silverman's bill). Is it too late to suggest that, if the matter does come to another free vote, all Tories who are not completely resolute for the gallows, including the deserting corps of abolitionists, might do well to remember this? Capital punishment, although an affront to many people's sense of public decency, has always been a relatively minor issue. It would seem to be poor conservatism to stir up passions about bicameral government for the sake of this morbid old rope.

Can Jordan Keep its Feet?

HAS Jordan, by its elections of last Sunday, played itself into the expanding grasp of Egyptian imperialism, or can it stay poised (as some weak buffer states contrive to do) between two sets of allies whose motives for helping it conflict?

The election results that are described on page 336 by our special correspondent in Amman show marked bias in favour of Egypt, and away from Iraq and the Anglo-Jordanian treaty; yet they are not wholly clearcut. President Nasser at once seized his advantage and sent his commander-in-chief to Amman on a mission which has resulted in a Jordanian announcement that "in the event of hostilities with Israel" a unified Egyptian-Syrian-Jordanian command under Egyptian leadership would operate at once. There are stories, still unsubstantial, that the visitors also brought offers of a money subsidy equal to that now paid by Britain. But King Hussein's remark, made at a press conference in Amman on Wednesday, that closer Arab unity was not incompatible with the British alliance, suggests that he and some reflective Jordanians would like to see the colour of the Arab money before renouncing the British subsidy.

But there are two parties to the Anglo-Jordanian treaty. If the Jordanians are eyeing it askance, what is its value to Britain? All Jordanians (except when holding office and actually handling the nation's accounts) believe it to be a bargain out of which only Britain derives benefit. In fact, this was never so; and today Jordan is by far the biggest beneficiary. Britain could dispense with the treaty at a loss that would be infinitesimal compared to Jordan's and, by

doing so, would be exonerated from a commitment to join what is now an Egypto-Syro-Jordanian side in the event of attack by Israel. It would be more convenient to Britain, in the context of the American alliance, to be bound to intervene in any Arab-Israel conflict only by the Tripartite Declaration. For Britain to withdraw from the Anglo-Jordanian treaty forthwith would be a mistake, for it would look like pique where no pique is felt. But £12 million a year is a big sum to pay for two small RAF bases on the territory of an ally whose people have shown so clear a distate for British company.

Seismic Shocks in East Berlin

THE upheaval in eastern Europe shakes the ground under the German Democratic Republic and leaves it more precariously isolated than ever. Its newspapers have done their best, or rather more, to minimise events in Poland, offering their readers interpretations from *Pravda* rather than from Warsaw, but through the western radio the east Germans are well aware of what has been going on. Their rulers, remembering the experience of 1953, can hardly feel at ease.

But the opposition to the regime seems powerless. Any rising would be quickly crushed as the rising of 1953 was crushed. There are ample Soviet forces on hand, and the east German regime, wholly loyal to Moscow, would not hesitate to call on them. Russia, too, could have no hesitation about using force, for events in Poland and Hungary have proved more than ever the vital political and military importance of the east German base, interposed between the west and eastern Europe.

Herr Ulbricht continues to serve Russia with his accustomed devotion, with *Neues Deutschland*, the organ of the SED, speaking of western attempts to use "capitulationist, backward and wavering elements, as well as anti-socialist outbursts in Polish newspapers" to bring counter-revolution to Poland. Herr Ulbricht's loyalty has for some time been getting the reward of flattering attention from Moscow. It would not be surprising if he and his circle, whose caution in retreating from Stalinism has long seemed such an anachronism in eastern Europe, now felt themselves able to claim that they had, after all, been right to go slow.

Their policy of very gradual relaxation has not yet, however, been abandoned. The government has been careful to avoid surrendering any solid power, but there is no doubt that the permitted opportunities for criticism have been enlarged. The reports of labour unrest in the zone, for example, seem to have their origin mainly in the stormy factory meetings which have followed the new policy laid down for the trade unions—to give genuine expression to workers' grievances. Smouldering resentments, against bureaucrats and the trade union officials themselves, against bigger stints and the endless pressure for more work, seem to have really come out into the open. Even where resentment broke out in strikes, as in Magdeburg, it seems to have been met so far with discussion rather than arrests. But since it is beyond the power of the east German regime to meet either the political or the economic grievances effectively, the thaw cannot go far.

The "Quiet" Fronts

SOVIET advocates of going slow in eastern Europe may find comfort in the thought that, while Warsaw is astir and Budapest ablaze, all seems apparently quiet on the other fronts, where the dash for freedom was not allowed to move so fast. Mr Gheorghiu-Dej in Rumania has hitherto been able to ride the storm and remain at the helm. In Bulgaria, Mr Chervenkov had to resign the premiership and it was found necessary to rehabilitate posthumously Mr. Kostov, one of the victims of the purge of Titoists, but the situation seems outwardly under control. Czechoslovakia (as an article on page 338 records) looks like a Stalinist island among the surrounding waves. Mr Rajk has had a state funeral in Budapest and Mr Gomulka is back in power, but Prague still sticks to its version of the Slansky trial.

These indications, however, afford no solid basis for policy. Explosions come often as a surprise and there are signs of movement below the surface. In Rumania, in particular, the pent-up forces of discontent, both political and economic, are probably no less powerful than in Hungary. In Bulgaria the risks of revolt may be less because the urban population is small and peasants were, comparatively, least opposed to collectivisation. Czechoslovakia, finally, stands on its own. It was the only country in Eastern Europe before the war with a large industrial population and a strong Communist party. Nor has there been a heavy burden of rapid industrialisation there, as in the more backward countries. But even these advantages can suffice only to gain time.

What makes change more inevitable is that these countries do not stand in splendid isolation. Bulgarians and Rumanians have just been on pilgrimages to Tito's Belgrade, and in Bulgaria the drive for the rehabilitation of Kostov's men is combined with hankerings after the old dream of a Balkan federation. Even the Czechs, between Poland and Hungary, cannot long remain deaf to their stirring messages. Some of the leaders on these "quiet" fronts may now be reflecting that the Polish way is better than the Hungarian.

Dr Adenauer and the Eastern Frontier

EVENTS in eastern Europe have sent a stir through western Germany, for they were bound to suggest once more the hope of German reunification. In Bonn, as elsewhere in the West, it has been hard to see what could be done politically to help the process of change in Eastern Europe. Free Democrat and Social Democrat spokesmen have for once agreed that the liberal spark that had begun to catch in the east would ignite better if the west did not blow it out with premature fanfares. But there is one diplomatic question in which Germany can make a contribution to the opening up of eastern Europe—by allaying Polish fears of German claims on the eastern lands which Poland acquired from her after the war. Dr Adenauer tried on Sunday to do so, denouncing the deliberate fostering by Moscow of Polish fears of an armed German attempt to recover these

lands. He emphasised once more that no German thought of recovering them by any means but negotiation and understanding. He declared German willingness to negotiate with a free Poland—that is a Poland independent of Moscow—and he expressed sympathy for a country which had been thrice partitioned as (he said) Germany was today.

But it is doubtful whether the Chancellor's remarks will impress the Poles favourably, for he went on to emphasise that the refugees' "right to the homeland is a human right which Germany could never give up." In his own mind, the Chancellor no doubt distinguishes between the right of a refugee to go home and the actual return of the territory to German rule. But many Germans do not, and the Polish fears remain. Opposition critics, too, have attacked the Federal government for its failure to take the first elementary step towards sounding out its eastern neighbours—the establishment of diplomatic relations with them.

Germans who argue that the road to reunification lies not through Moscow, but through Warsaw, Prague and Budapest, have gained a powerful further argument from the Russian reply to Bonn's note on reunification. Its final sentence, it is true, does suggest that a better use of the diplomatic relations between Moscow and Bonn could further reunification. But the rest stubbornly repeats all the old arguments and denunciations—that reunification can only come through an understanding between the two German states, that the time is not ripe for free elections, and that west Germany's alliance with the West has damaged the prospects of unity.

Leaving Them Asunder

LORD MANCROFT paraded on Wednesday a familiar governmental formula for dealing with awkward social problems. The Home Office, knowing that there is a division of opinion in the country on whether to widen the grounds for divorce, selects a "balanced" royal commission (which means one composed of members whose views seem likely to be fairly evenly divided). The commission divides evenly. The Government then announces that this even division provides a presumption of a similarly even division in the country, and that it is unreasonable to expect it to legislate in such circumstances. The Government promises, however, to make certain minor—and mainly administrative—changes suggested in the report, including some for the safeguarding of children; it is congratulated on this in a debate in the House of Lords.

In other words, any hope of major reform of the divorce laws is now to be buried for some years. It is doubtful if this is in accord with the majority wishes of the country. The commission's report and the Lords debate have, however, served a useful purpose in showing how extraordinarily muddled are people's views about what sort of a reform they want. There are three points that ought to be disentangled in any debate. First, there is room for argument whether the restless discomforts (for the women, even more than for the children) of a society in which divorce is unusually easy provide a social—as distinct from the purely sacramental—case for making divorces rather unusually difficult; many rationalists who have lived in America, and in other restless societies, will believe that they do. Secondly, however, it is difficult to see how there can be any argument in favour of the present British system of putatively "making divorces difficult," by rendering it virtually obligatory for the male member of a couple which has arranged a "divorce by consent" to go through the nasty hypocrisy of a hotel adultery. Thirdly, therefore, the real attack upon present British divorce laws should be against their rigid foundation on the doctrine of the matrimonial offence.

What sort of divorce law would best accord with these arguments? The logical argument is that the sole decision for a court to make in a divorce action, brought by either party, should be whether there is any real possibility of the separated couple ever resuming co-habitation. To widen the grounds for divorce in this way would not necessarily be to make divorce easier; indeed, such a reform could—probably should—be used to make "fly-by-night" divorces harder, by saying that no petition could be filed (save under very exceptional circumstances) unless the separated couple had already been apart for, say, three years. But only one of the nineteen members of the royal commission, in a terse dissenting note from its report, followed this line of reasoning; and it was not a line given any widespread airing in the Lords on Wednesday.

Housing Policy Now

WHILE Parliament awaits more details of the Government's new policy for privately owned housing, last year's new policy for council housing is rapidly taking effect. Local authorities are increasingly switching their energies from general purpose housing to slum clearance and replacement. Mr Sandys gave the Commons some figures this week which suggest that the rate of slum clearance may rise quite rapidly to 50,000 dwellings a year in England and Wales. If local plans are fulfilled (which is rather doubtful) the eventual rate will exceed 75,000 dwellings, and about half the unfit houses in the country will be cleared during the next seven or eight years.

Instead of getting political kudos for this, however, the Government may be in for a short-term political row. A year ago Mr Sandys estimated that local authorities might continue to build 160,000 houses a year, half for general purposes and half for slum clearance and "overspill." In fact, however, the annual rate of housing starts has already dropped to about 130,000. From now on, the output of houses built for slum clearance will increase rapidly, but this may be more than offset by a further decline in general purpose housebuilding. Many small authorities which have no slum problem are now bowing out of housebuilding altogether, or are building only a trickle. For a Government which once made such a political point of building 300,000 houses a year this could be increasingly awkward. The moral is that the coming reform of the Rent Restriction Acts will need to be drastic enough to secure a proper use of existing housing resources, so that excess housebuilding can be seen to be the wasteful extravagance that it is.

It is in a few big industrial cities that the most serious problem remains. The Liverpool and Manchester conurbations together contain a quarter of England's slums. In these cities slum clearance and the relief of general overcrowding (which is also particularly acute) are dependent upon

"overspill" schemes, which are almost at a full stop—and this dependence is all the greater since the cost of rehousing inside the cities is extremely high. The rising proportion of expensive flats which local authorities must build (it now exceeds a quarter of total new dwellings) much more than offsets the economies which have been made in recent years in housing design and construction. The largest cities—Glasgow and Birmingham no less than Liverpool and Manchester—are going to be the sore spot in housing policy for a long time to come.

Cyprus in Greek Politics

Is something really stirring in the Cyprus affair? Mr Lennox-Boyd's answers to questions in the House of Commons on Wednesday gave the impression that nothing new was afoot. Nor has there been any moderation of the acid tone of Athens broadcasts. But Mr Averoff, the Greek foreign minister, was quoted on Monday as having told visiting journalists that his government recognised that no quick solution was possible. According to the same reports, he proposed that, if no date for Cypriot self-determination could be fixed at present, at least the timing of the machinery for attaining self-determination should be decided and announced. He appears even to have gone so far as to discuss a stage during which Cyprus would enjoy internal self-government while Britain retained an essential minimum of overriding powers.

On the very same day, Mr Averoff officially denied that there could be any thought of "compromise" over Cyprus. "The only settlement that can be considered," he said, "is that laid down by Ethnarch Makarios." His denial, however, contrasts sharply with the charges lately made by Greek opposition leaders and newspapers. They have accused the government not merely of being too conciliatory but of planning to have a compromise agreement in the bag before the United Nations Assembly opens on November 12th. Cyprus is, of course, at present an excellent stick with which any opposition faction can beat the Karamanlis government. Right and Left meet on this enjoyably unhelpful ground; the Eoka leader, Grivas, has demanded the government's resignation and the formation of a new one based on "patriotic unity" in terms which seem to echo the similar demand made by the Greek Communist party a few weeks earlier. Mr Karamanlis, who has been holding a series of ministerial consultations on Cyprus before he personally leads the Greek delegation to the Assembly, must be anxiously calculating whether even the most promising sort of agreement with Britain would strengthen his government's position or destroy it. One thing seems painfully clear: if there is at the moment any possibility of a drawing together of viewpoints, the Greek opposition seems bent on obstructing it.

Capture of a "Field-Marshal"

The capture of Dedan Kimathi, the commander-in-chief of the Mau Mau forces, is spectacular rather than significant. For the last two years the rebellion has been dwindling away until only a few hundred fugitives make up its active part. More a nuisance than a menace, these can safely be left to the security forces. The government's chief pre-occupation must now be the 40,000 members of Mau Mau who are still in detention camps. Those who have been filtered back into society seem to feel no urge to revert to Mau Mau's religious travesties; if this is so, it suggests that the Mau Mau oath was a formula that fascinated rather than convinced its votaries—or else the government's cleansing centre is laudably effective.

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Although the Mau Mau terrorised and tortured more of their fellow Kikuyu than Europeans, the latter have lived in fear and danger for four years. The responsibility for what has happened is partly theirs by virtue of their governing role, but the aftermath is naturally bitterness, and the settlers are not even united about the best way of securing their own future in the colony.

The victory has been military, but the movement which it has crushed was essentially political. Exploiting genuine economic grievances and evoking atavistic savagery at the same time, politically conscious Africans have been trying to end white rule. This aim persists. While the government tries to remove the grievances (and so far it has concentrated for obvious reasons on the Kikuyu parts of the colony), the extreme African nationalists are likely to cast around for some other area to excite. The pacification of the Kikuyu is not necessarily the end of Kenya's troubles; agitators can shift their ground. While the government as policeman must be on the alert against fresh uprisings, as administrator it must exert itself to win African confidence. This second, and positive, task will be much the more difficult of the two.

Japan Loses the Skin Game

After eleven years Japan and Russia have ended a war which they actively fought for a week. In the intermittent haggling of the last fourteen months the Japanese have swallowed their pride and the Russians have curtailed some of their stiffer demands: that Japan should undertake never to enter an alliance against any of her opponents in the last war; that the warships only of countries bordering on the Sea of Japan should enjoy access to it; that Japan should be allowed to join the United Nations only if China was admitted, too. But the Russians have gained their main point: they have restored diplomatic relations without making any territorial concessions. The problem of the disputed Kurile islands, and with it the formal conclusion of peace, can now be indefinitely shelved, and if the Japanese are unwilling to renounce the islands they will be the only losers. Except for the confirmation of the present fisheries agreement, and the promise not to veto Japan's membership of the United Nations, the agreement is unlikely to give the Japanese much comfort.

Diplomatic relations are to be restored; but the Japanese cabinet's faith in Soviet diplomacy has caused it to strengthen security measures in preparation for expected espionage by the Soviet embassy staff. (The Japanese believe that Mr Tikhvinsky, the head of the Soviet fishery mission in Tokyo, is a senior officer of the secret police.) The clause dealing with Japanese citizens now detained in Russia will not arouse enthusiasm; 1,365 war criminals are to be repatriated, but the Soviet Union promises no more than to "attempt to elucidate" the fate of the 11,177 Japanese who disappeared when Manchuria was overrun. Their relatives will hardly be reassured by this promise. There is also a certain irony in the clause by which the Russians renounce all claim to reparations since they seized $2,000 million worth of equipment after their one-week campaign in Manchuria. Until a commercial treaty can be concluded both countries are to accord each other most-favoured-nation treatment in customs and port facilities, but opinion is sceptical in Japan about the hope of increased trade with the Soviet Union; trade has declined since 1948 because the communists did not offer enough goods. However, the Russians might make an effort to step up trade to the proposed $50 million each way, if by doing so Japan could be involved in close economic relations with the communist block. This prospect will not reassure the Liberal Democrats.

The Japanese diet has to ratify the declaration which ends the state of war before it can come into force. The anti-Hatoyama factions of the Liberal Democrat party will attack it bitterly, but they are unlikely to succeed in blocking its ratification. The Japanese are tired of the peace talks and still more tired of the political intrigues for which the talks have served as a useful peg. Unsatisfactory as the terms are, many Japanese realise that they are the best that can be got.

Financing the Arts

The British Council has said that it needs £55,000 more each year to show the flag of Britain's cultural achievements abroad. It is, of course, on a bad wicket in asking for more at the moment; Sir Philip Hendy's plea that this is "half the price of a misguided missile's tail" is used by everyone who wants money from Mr Macmillan. But the council's plea does raise the whole question of how much educated opinion here considers this kind of propaganda to be worth. One organ of opinion has thundered that the best kinds of British culture to send abroad would be those that are good enough to pay their own way. But the problem is not so simple. The best example of British cultural propaganda at the moment is probably the pavilion at the Venice Biennale. Largely because of it (and it is organised by the council) Henry Moore is a name to conjure with on the continent; and this year the great impression made by Lynn Chadwick's sculptures should not escape notice, although Mr Chadwick's merits did for so long.

The point about the Biennale pavilion is that, although it is a success, no part of the international exhibition in which it is incorporated is intended to pay its way. On its present budget of £59,590 a year the council cannot be expected to extend, or even maintain, this sort of work. Sir Philip suggests that Britain should do more about the biennial exhibition at São Paulo, and send exhibitions around the world. The council also wants to enable orchestras and choirs to tour—profitably if possible—but at the moment it simply has not got enough money to run the necessary risks. The real burden of the council's complaint is that somebody must decide whether it is worth while to give it enough to make a real impression on the foreign public, or whether it should not be killed off now, rather than be allowed to die of malnutrition.

There has been a second cultural candidate in Mr Macmillan's queue this week. The reviewing committee on the export of works of art has criticised the present system of buying works of art of "prime national importance" to prevent them leaving the country. The method is to wait until they are bought by a foreigner, then not to issue an export licence, and have a frantic whip-round to pay the price bid at auction by the foreigner; the state may—and sometimes does—make its contribution through a special supplementary vote in the House of Commons. An inevitable result of this system is that Britain pays the highest possible prices for these works: the committee suggests that a permanent fund should be established to buy them before auction. There seems to be everything to be said for this, particularly as, in theory, it could save, instead of cost, the taxpayers money. The committee's view would presumably be supported by more than one American buyer who has won his prize in open auction, and then had it denied to him while the fund to buy it creeps slowly up.

Irish Eyes Opening?

Our Correspondent in Dublin writes: Mr Costello's government has announced new plans to deal with the economic situation in Ireland. On paper, at least, they look like a potentially valuable re-assessment of priorities. The plans cover a wide range of activities, but they are governed by the proposition that investment in agriculture should be favoured over all other forms of investment. It is also proposed that policies should be framed after discussion with producers' organisations. To this end an Agricultural Production Council, consisting of representatives from the five major voluntary organisations, is to be established to advise on the technical issues involved in expanding production. A roughly similar body is to be set up in industry, where there is also new provision for tax reliefs for exporters. Finally, a further advisory body is to be established to do some exalted brooding on the general direction of investment policy.

It is understandable that Mr de Valera's newspaper should have summed up the plans thus summarised in the headline "Three New Advisory Bodies." Decisions are more urgently needed than analyses, of which there has been no scarcity. Moreover, the results of these plans, even on the most favourable view, must lie in the future. But the direction they indicate is the right one. While other countries have spent so much time and money cosseting high cost agriculture, the Irish Republic, which could have a low cost agriculture, has hitherto done precisely the opposite and has cosseted high cost manufacturing industry instead. Irish farmers and their Department of Agriculture have been at logger-heads for years; the new council may be a useful link (or buffer?) between them. The economic, and political, reactions will be all the greater if there are any signs of faltering policy; and the implications of giving agricul-

ture a clear priority go very deep. But if these promises are carried into effect, and if present policies are adjusted in conformity with them, the Costello government will have done a good day's work for itself as well as for the country.

Old and New Politics in Honduras

DR JULIO LOZANO, for two years Chief of State of Honduras, has out-manœuvred himself. The elections for a Constituent Assembly held earlier this month were too patently doctored: in defiance of democratic practice Dr Lozano's own party, the National Union, won all the seats in the Assembly. The Honduraneans, who have had their fill of dictatorships, rose and the armed services combined to oust Dr Lozano by the only bloodless coup in the country's turbulent history. The leaders of the revolt now govern by military junta. Two of them, Colonel Caraccioli and Major Barnes, are young air force officers who were educated in the United States; the third is the veteran military leader General Rodriguez: all three are supposed to be without political ambition, and are acting merely as armed caretakers. They have announced a programme of respect for human rights and the institutions of the Republic: these high-sounding phrases are believed to be spoken in good faith.

Dr Lozano was constituted Chief of State with absolute powers in 1954 after some looking-glass political juggling. The general elections held that year gave the Liberals under Dr Ramón Villeda a clear lead, but because Dr Villeda himself had polled slightly under half the total votes he could not, under the existing constitutional law, assume the presidency. The Nacionalistas, or conservatives, headed by the patriarchal dictator General Carias, joined with their splinter party the Reformistas to spike the guns of the Liberals by boycotting Congress. In this political deadlock Dr Lozano, the Acting President, was made constitutional dictator, although the Reformistas who supported him were at the bottom of the poll.

The flickers of democratic government died down as Dr Lozano's rule progressed. His pledge to allow political freedom was not fulfilled: the prisons filled up with his opponents, and Dr Villeda was exiled. The Liberals joined with their old enemies the Nacionalistas, but even their united effort was thwarted of a single seat in this month's Constitutent Assembly elections. Only force could end Dr Lozano's old-fashioned Central American political manipulations. The military junta has declared: "On our military honour we promise to return the government to a civilian element that has authentic popular support." If Dr Villeda has not already returned, he will at least be packing his bag.

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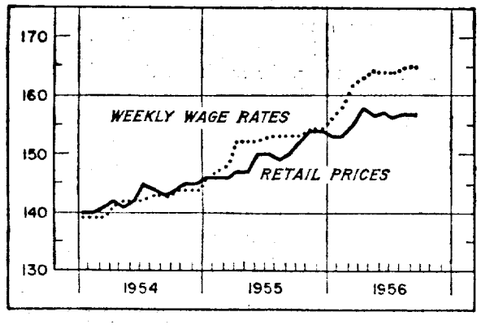

The Very Average Welshman

CAMBRIAN patriotism should glow at a picture of the economic life of Wales in which transactions across the English border are portrayed as foreign trade. A group of graduate research workers at the University College of Wales have worked out a set of national accounts for their country almost as elaborate as those presented annually in the Blue Book for the United Kingdom.* They estimate that in 1952 the gross national product of Wales (expressed per head of the population) was about nine-tenths of that in the United Kingdom as a whole—£245 compared with £273. This would seem to reflect a good deal of prosperity in a country which depends more on primary production—on agriculture and mining—than England, and where the incidence of unemployment is twice as high. Some tentative and very rough figuring for Scotland suggests that the national income per head there is slightly lower than in Wales, while in Ulster it certainly is—no more there than £186 in 1952. By inference, the figure in England in that year should thus have been about £285.

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Anything that adds to the sparse knowledge about regional economics is to be encouraged, and a good deal of effort and ingenuity has gone into this particular exercise. Some of these figures, however, seem very precarious; a 5 per cent error is attributed to most of them, but it is hard to feel that it may not be more. Many figures are derived as a proportion of corresponding ones for the United Kingdom, which may account for the fact that no strong national habits emerge from these statistics. After making the usual adjustments between national and personal income and deducting income tax, the Welsh people are said to have had £204 a head at their disposal in 1952—£20 less than those elsewhere in the United Kingdom. According to the accounts which show how they used this, they consistently spent a little less on everything: food, household goods, entertainment—the lot. They did nothing in excess and had no vices. The virtues they can point to are apparently a slightly greater thriftiness and, possibly because of the licensing laws, slightly less thirst—they spent about a fifth less on drink than other Britons. Proportionately there are fewer Welsh people with high incomes but fewer with very small incomes, although the dependence on national assistance is greater. Altogether, the Welshman emerges from this booklet as a rather suspiciously average chap.

* The Social Accounts of the Welsh Economy, 1948 to 1952. University of Wales Press. 3s. 6d.

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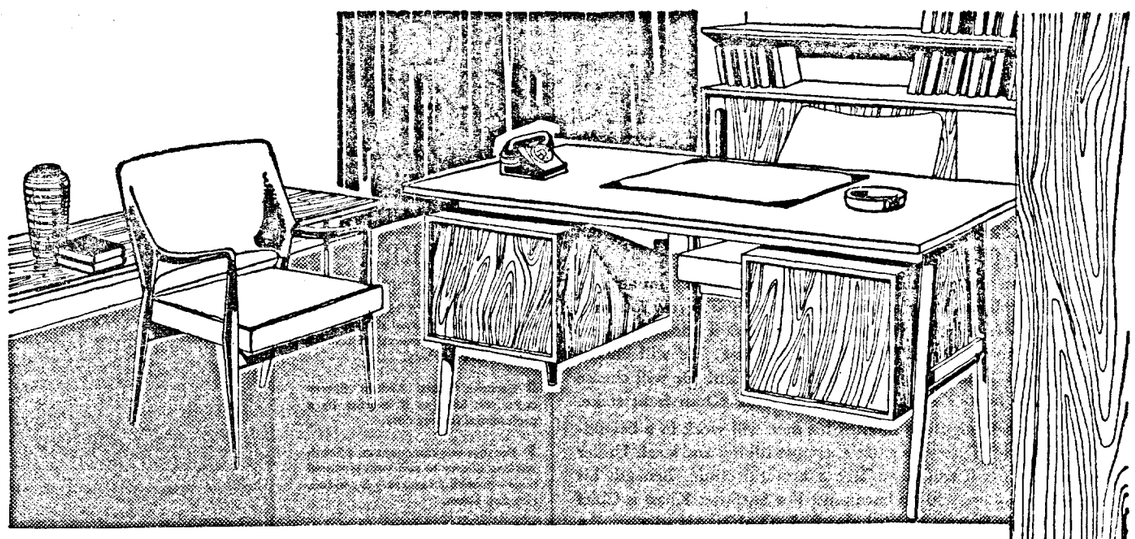

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Books & Publications

New Jerusalem or Old Adam?

THE FUTURE OF SOCIALISM.
By C. A. R. Crosland.
Cape. 540 pages. 42s.

TO anybody who is not in the Labour party today, but who rather feels that he might have been if circumstances or inclination had prompted him into an active political life at any time between 1935 and 1947, Anthony Crosland has always been a very interesting figure: he is the nearest thinker to the centre on the other side of the great divide. He was chairman of the Oxford University Socialist Club just before the war, and President of the Oxford Union just after it; he became a Labour MP in 1950 because he was just old enough to have been deeply stirred by the emotions of the 1930s, while still young enough to realise that some of those emotions are now out of date. For Mr Crosland—almost alone among the young socialist MPs of the last Parliament—has caught the vision of the expanding economy. This book is an attempt to re-think Labour policy, not in order to placate the shade of Keir Hardie, but to accord with a Britain in which—as Mr Crosland rightly believes—national output can double in a generation and be nine times as high as now in a hundred years.

He has three main planks, and in two of them the observer from the other side of the divide will follow him with understanding, and occasional lively enthusiasm. First, very broadly, Mr Crosland believes that a Labour government should give a higher priority than a Tory one to government spending, which means that it would give a lower priority to tax reduction. He insists that an expanding economy could and should redistribute more of its expanding income towards the old, the sick, the larger families and the occasional lame duck; he wants social services for them to be extended, and not at the cost of other people's social services either. He is "savagely" in favour of higher public spending on cultural amenities; to take "one concrete example," he would be prepared to "pay any subsidy necessary to encourage more high building in cities . . . whatever *The Economist* might say about 'distortion' of resources." He also believes that the state should itself step up investment in fields where he considers that private industry has an institutional tendency to invest too little; that is why he considers re-nationalisation of steel to be one of the few remaining essential extensions of public ownership. One certainly does not agree with all these arguments, but one sees Mr Crosland's points. Many people of the centre would like to see a Labour party that concentrated on this sort of policy put into office—not at every election, but perhaps in nearly as many elections as it was successively put out.

Mr Crosland's second requirement for Labour is that it should be the party of reform in the field of non-economic endeavour. Here he has a long, and lively, section on educational policy. But he would also give a high place to reform of "the divorce laws, licensing laws, prehistoric (and flagrantly unfair) abortion laws, obsolete penalties for sexual abnormality, the illiterate censorship of books and plays, and remaining restrictions on the equal rights of women." He admits that the record of his own party on these matters is "by no means immaculate"; but, quite apart from arguments about socialism, "he is also on the left, and a supporter of the Labour party, because as a matter of experience most of those advocating such changes are to be found on the left, and those opposing them on the right." This part of the book is brilliantly written; at some stages of it Mr Crosland has almost made a convert.

But there remains the third plank of his programme; and here, quite suddenly and with a sad and sickening thud, a reader on the other side of the divide must lose all touch and understanding with him. For Mr Crosland's third plank is equality, and an equality that he thinks must go beyond mere equality of opportunity. (His argument here—translate this into sense if you can—is that by pulling down the mighty from their seats a levelling Labour government would in some way mitigate what he agrees to be the abiding British curse of social antagonisms.) Is this policy of equality liable to get in the way of progress towards an expanding standard of life? Well, even if it does, "a Labour government should not . . . when economic efficiency conflicts with social or cultural values, automatically give preference to the former." Will greater equality tend to diminish personal savings? Mr Crosland will "at once concede" that it will, but says that "to maintain large inequalities simply in order to guarantee a certain flow of personal saving seems a rather lop-sided approach." Why? For the sake of greater equality, too, a Labour government must rely on higher taxes rather than on monetary policy to control inflation; it must levy gift taxes and possibly small annual capital taxes; it must have special machinery to hold down dividends; it must . . . . The sausage machine churns on and on. The dynamic of investment in success in the mid-twentieth century has given way to the spluttering engine of bitterness left over from the 1930s. The visionary who was to have lit the way to the new Jerusalem has got lost in the traditional business of giving vent to the older Adam. And by page 529 the reader who would like to vote occasionally Labour will put aside Mr Crosland, even Mr Crosland, still sadly conscious of the great emotional divide. There is no point of contact between the sort of political thinker Mr Crosland would have been if he were passing through university now, and the sort of political prig who can believe that it is worth sacrificing a few pounds of expanding national income for the vicarious enjoyment of redistributing a few pennies of it away from the wicked rich. And that is one of the real political curses of the hideous conditions of the 1930s: they have caused a whole generation of young, naturally generous, forward-looking socialists to grow, on this one issue of levelling, into a set of reactionary old fuddy-duddies before their time.

Himalayan Myth and Fact

WHERE THE GODS ARE MOUNTAINS: *Three Years Among the People of the Himalayas.*
By René von Nebesky-Wojkowitz. Translated from the German by Michael Bullock.
Weidenfeld and Nicolson. 256 pages. 21s.

THE author of this book spent three years on the south side of the Himalayas collecting "Tibetan and Lepcha garments, weapons, implements, ritual objects and books" for the Ethnology Museum of Vienna. Geographically he was hardly an explorer, for he spent most of his time in Darjeeling and Kalimpong, and his excursions into Sikkim do not seem to have taken him further than Gangtok. But his voracious interest in local customs, folklore, myth and magic has provided material for a lively and readable book. Although the high mountains are always in the background of the narrative, the author is concerned with people and their habits rather than with nature, and the famous peaks of the Himalayas figure in his pages as mythical personalities rather than as heights to be climbed by mountaineers. Indeed, he claims that mountaineering literature tends even to reduce knowledge about the human inhabitants of the Himalayas; thus, for example, all native guides are commonly referred to by climbers as Sherpas, whether they are in fact Sherpas or belong to other tribes.

As a record of an Austrian's experience of India since the end of the British Raj, the book gives an interesting picture. Darjeeling, which flourished as a British summer resort, he found full of empty hotels and closed shops, filling up only for the Kali Puja. Otherwise local life seems to have been hardly affected at all by the transfer of power, and the inhabitants still spoke of the British as "sahibs," though one of these, the son of an Englishman and a Lepcha woman, had lost his job in Kalimpong and had had to move out to a poverty-stricken Lepcha village where the author visited him. The most notable change in progress—apart from the Chinese reconquest of Tibet, of which the author heard a great deal, but which he did not directly observe—was the Nepali immigration into Sikkim and its Indian borderland and the gradual disappearance of the primitive Lepchas as a distinct people. The author was specially interested in the Lepchas and anxious to record their legends and traditions before it was too late.

For those who are fascinated by the last mysteries of the high Himalayas, Mr Nebesky-Wojkowitz has some interesting comments on local accounts of the *yeti*, the "abominable snowman" of travellers' tales. He points out that Tibetans, Lepchas and Sherpas all agree in their descriptions of this creature, which, if it exists, is clearly a large ape, somewhat similar to an orang-outang. He also points out that the appellation of "snowman" is something of a misnomer, for the animal is said to inhabit, not the zone of snow, but "the impenetrable thickets of the highest tracts of Himalayan forest," whence it occasionally ventures on to the glaciers in quest of a saline moss found on the moraine rocks. All that remains, it seems, is for a *yeti* to be produced for a zoo or museum; until then everyone is free to indulge in faith or scepticism according to his personal inclination.

Life With Stalin

COMRADE X.
By G. A. Tokaev. Translated by Alec Brown.
Harvill Press. 370 pages. 21s.

EX-COLONEL TOKAEV has written an absorbing second instalment of his memoirs. As a military scientist who headed a rocket research institute in the Soviet Union and was close to Marshal Zhukov, the MVD chief General Serov, and other figures of the early occupation years in Berlin, he is highly enough placed to make his "inside story" of wider interest than a mere personal narrative of a brave non-conformist, who had to seek freedom—and, as he remarks bitterly, find new disappointments—in Britain.

Colonel Tokaev gives a nebulous account of "Comrade X," the military leader of the revolutionary democrats, and of their activities. It is not only his discretion, or Stalin's extermination of conspirators, that does not allow this opposition movement to emerge as a danger to the Soviet state. It is much more the terrible prospect facing patriots in all totalitarian states—if they assassinate the dictator will they open the door to national enemies? This dilemma is most acute when the opposing foreign forces are, in fact, national enemies. But it is less real when they distinguish between the "bosses" and potential allies, and on this point Colonel Tokaev sharply criticises people in the West who lump all "Russians" together as communists (as well as the exiles who claim them all as reactionaries) and he makes a special point of the chances which Hitler lost in the Soviet Union. At the same time, he aims a thrust at Sir Anthony Eden for discouraging the anti-Stalinists by his prewar trip to the Kremlin. It is indeed hard to find the exact line of action which will promote those forces that undoubtedly long for greater liberty in the Soviet Union.

The author bluntly labels Stalin's state "imperialist"—and so it was. Apart from the annexation of the Baltic states, he recalls, with some horrifying details, the mass expulsion and extermination of the Caucasian tribes who fought in part for the Germans. And he seems convinced that Stalin was preparing for aggressive war around 1950, to finish off "capitalist encirclement." In many ways, this book is Khrushchev's denunciation of Stalin written in the first person singular. It lends weight to the theory that two main reasons prompted "the Boss's" former puppets to introduce reforms. One is the obvious fact that they were tired of going in constant fear of their lives; and the other that, given the need of a period of peace in which to catch up with capitalist scientific achievements, it was essential to allow greater freedom to Soviet scientists. But the writer's account of his attempt to run a technical institute with the Party as well as state bureaucrats above him is a valuable reminder that the communist system *per se*, and not merely Byzantine extravagances ("Do you want to have your eyes gouged out, Comrade Tokaev?"), is to blame.

Talking Points

THE ORIGINS AND PREHISTORY OF LANGUAGE.
By G. Révész.
Translated by J. Butler.
Longmans. 248 pages. 30s.

THE origin of language is a subject that lives a somewhat shadowy life on the confines of philology, anthropology, psychology and zoology. Among orthodox philologists it is scarcely respectable, and a minute of the Société de Linguistique de Paris once went so far as to put all discussion of it under a permanent ban. There are good reasons for this attitude; yet it continues to attract writers from the different disciplines and to fascinate the general public.

In a treatise first published in German in 1946 and now translated into English, an academic psychologist, Professor Révész, gives a new analysis of the problem and attempts a theoretical account of how language, considered quite generally as a mode of human behaviour, can have arisen. His idea has been to construct a universal key to the evolution of language by paying attention, in the manner of a biologist, to its functions. From these he excludes as non-linguistic all but those of communication. Communication he sees as arising from the forms of contact among social animals. He lists as the three evolutionary stages of communication—in which he includes, but accords no priority to, non-vocal gestures—the cry, the call, and the word. The first of these he defines as a non-linguistic "message directed to the group"; the second, "directed to definite individuals," is primarily imperative in function; the third, language proper, he again arranges in evolutionary order as the imperative, the indicative, and the interrogative.

The presentation of this theory occupies about half the book. The first half contains an interesting survey of previous literature. One question which has been fatal to many previous theories is that of an original language (*Ursprache*), which has had to be assumed or conjectured by those who have postulated a common origin of all language. This, disposed of by the author in a short chapter, has been more or less by-passed by his own theory. The tidiness of the whole is completed by a full summary at the end and a table setting out in detail the author's hierarchy of forms of contact.

There is no denying, however, that this structure will strike most British readers as excessively rigid and scholastic in character. The field of study is distressingly open. Data over large areas are totally lacking, and it is difficult to imagine any future discovery that could possibly supply them. What can be known is necessarily peripheral and of uncertain relevance. It will therefore be all the more difficult for Professor Révész to convince a scientific reader of the fruitfulness of his own method, which consists in laying down a system of *a priori* generalisations, some of which are in direct conflict with recent findings and experimental results. These conflicts can be noted not only from linguistic research, but also from research into animal behaviour.

Of the main lines of approach to this subject, linguistics, anthropology and archæology, child psychology, and animal behaviour studies, the last is perhaps the most likely to yield positive information. Yet here Professor Révész seems to cut himself off from much useful material by arbitrarily ruling out the concept of "information," which has been found useful by experimental workers in recent interpretations of the vocal behaviour of animals. It is known, for instance, that while some species of birds inherit their song entire, others have to learn it; whole vocabularies of vocal utterances have been established, each with its own appropriate context and a verifiable "meaning" for other birds of the same species. As Dr W. H. Thorpe emphasised this summer in a British Association address, no zoologist will deny the unique pre-eminence of man in the animal kingdom, but equally a great deal of light can be thrown on both human and non-human psychology by exploring those aspects common to both man and other animals.

Shorter Notices

AGRICULTURE AND INDUSTRY—RELATIVE INCOME.
By J. R. Bellerby.
Macmillan. 381 pages. 30s.

In a book Marshallian both in its elegance and its humanitarian sympathy, Mr Bellerby has assembled a striking quantity of statistical material, much of which has not hitherto been analysed, although he does not claim to have found final answers to the problems of why the relative income of agriculture is what it is, or what level of relative income is required to promote the desired transfer of labour, in various circumstances.

Mr Bellerby takes account of currently available information from a number of countries, and makes a thorough study of the information from the United Kingdom, Ireland, United States and Canada. In Canadian experience he found a valuable statistical trial ground for hypotheses, to which agricultural economists might well pay more attention, because of the very varying social conditions in the different provinces. He is not able to settle the interesting controversy whether in the Canadian prairie provinces the supply function is backward-sloping (farmers produce *more* as a consequence of a fall in income); but he has assembled a good deal of useful material on this issue. His review of Irish agricultural history in the nineteenth century is both original and thorough, and he comes to the conclusion that in the long run it was best for all concerned that the income structure of that period should promote emigration.

Probably Mr Bellerby's most important conclusion is that in the long run much of the farmer's trouble can be attributed to excessive mobility into farming in good times. This conclusion deserves further study and, if substantiated, consideration of possible measures, for instance, taxes upon land purchase, or tests (such as the Netherlands imposes) designed to rule out "amateur farmers."

★

MEASURING BUSINESS CHANGES.
By Richard M. Snyder.
New York: *John Wiley.* London: *Chapman and Hall.* 399 pages. 64s.

GOVERNMENT STATISTICS FOR BUSINESS USE: *Second Edition.*
Edited by Philip M. Hansen and William R. Leonard.
New York: *John Wiley.* London: *Chapman and Hall.* 460 pages. 68s.

Both these books are guides to American official statistics—where they are to be found, their nature and their limitations. Mr Snyder describes some 50 economic indicators ranging over national income, population, labour, production, trade, finance and prices. Information is given in detail but in a ready reference form. It is possible, for instance, to look up quickly exactly what goes into the consumer price index or how the index of industrial production is constructed.

The second book had its first edition in 1946; most of it has been revised. Thirteen chapters have been contributed by different authors on the main fields of statistics while an introductory chapter describes the federal statistical system and a closing one the uses of sampling methods. Rather more ground is covered than in the first book, but some of the descriptive material is less detailed with an emphasis on the general applications to business problems.

Letters to the Editor

The Bishops' Bench

SIR—I should be interested to know your authority for the proposition that "the arch, and diocesan bishops are full peers of the realm." I contend that those who sit in the House of Lords are either peers of parliament or lords of parliament. This assertion is based on the House of Lords standing orders. No. 72 states "No Peer or Lord of Parliament hath privilege of Peerage or of Parliament against being compelled by process of the Courts in Westminster Hall to pay obedience to a writ of *habeas corpus* directed to him." Bishops sit as lords of parliament and not as peers. The distinction between a peer and a lord of parliament is fundamental in character, namely, the former have their blood ennobled but lords of parliament remain commoners. According to Pike's constitutional history of the Lords,

> The bishops have no right to be tried in the Court of the Lord High Steward, and therefore surely ought not to be judges there. For the privilege of being thus tried depends upon nobility of blood rather than a seat in the House.

Peers constitute a special blood group; the distinguishing characteristic is its blue colour. It was because of this fact that Archbishop Cranmer in the reign of Mary was indicted before a Court of Oyer and Terminer and a Middlesex jury found him guilty of high treason. If he had been a peer of the realm as you assert that archbishops are, then the indictment could only have been tried by the House of Lords if the House had been sitting; if not by the Court of the Lord High Steward.

Bishops do not change the colour of their blood to blue because they are diocesan ones and revert to red when they cease to hold that office.—Yours faithfully, EDWARD F. IWI
London, N.W.11.

New Blood and Old Guts

SIR—Your special correspondent wrote in his article of October 20th that only some Young Conservatives and Conservative trade unionists were getting reimbursement of their expenses at the annual Conservative conference, and they only if they asked. This is certainly not true of the Hitchin division, which I have the honour to represent. All our representatives automatically receive from the divisional Conservative association their expenses (30s. a day) and a second class return train fare; this has been our practice ever since the war. Many other divisional Conservative associations do the same.—Yours faithfully,
House of Commons MARTIN MADDAN

Jobs for Graduates

SIR—Your recent article speculated on the reason for the fall away in civil service recruitment. As one of the graduates who was covered by the PEP survey may I suggest one very good reason.

When I completed national service in November, 1952, I found the job market in industry very difficult. Hearing from a friend who had been with me in the Royal Air Force that he had joined the administrative class of the civil service and was very pleased with his lot I decided to make inquiries. The leaflets I received, however, indicated that there was no possibility of entry by the interview method until the following June.

While it is true that such a time is convenient to the majority of graduates surely there is a case for recruitment on a more continuous basis?

In addition, the present regulations rigidly restrict the age of entry apart from a concession for national service. Is it not possible that the graduate who has spent some years in industry or commerce, acquiring perhaps in addition a commercial qualification, may have something to offer the civil service?

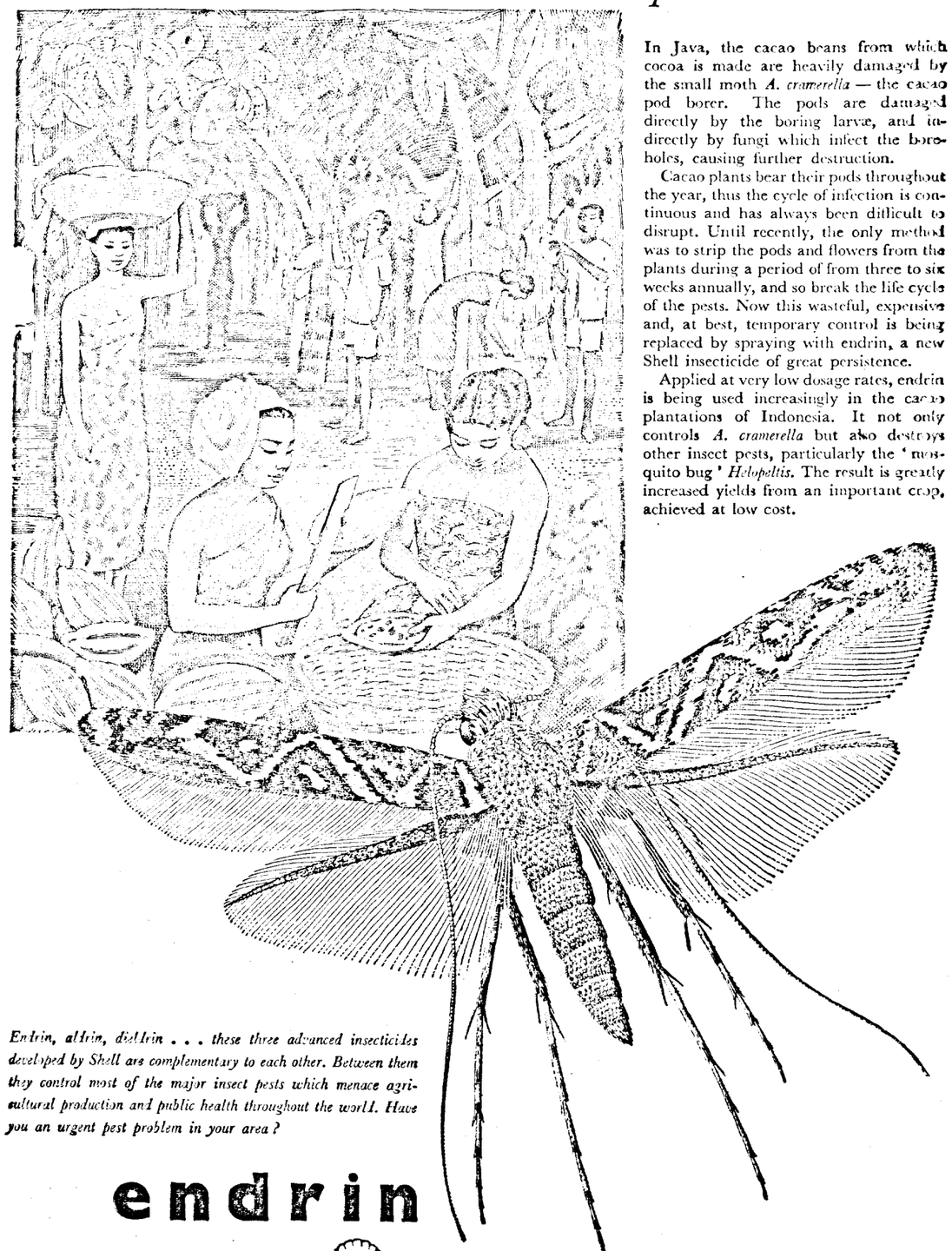
It is, I think, time that the whole system of recruitment was examined and brought more in line with the realities of the times—Yours faithfully,
West Kilbride JOHN L. WHITEHEAD

Suez and Jordan

SIR—Your leader in *The Economist* of October 20th is a masterly exercise in self-deception. The suggestion that Mr Selwyn Lloyd and M. Pineau can in any sense "congratulate themselves on what they achieved in New York" is pure nonsense. The plain facts are that a declared enemy of Britain has, by violent means and in defiance of international obligations, established himself astride (1) the main supply route for our oil, (2) our main sea route to the East. In the absence of military action, he has been left in firm control of the Suez Canal. Yet you congratulate yourself because violence has been avoided.

I—still less the Arab governments—cannot admire the person who, having been robbed by violence, congratulates himself on being deprived of the opportunity to recover his property. Further, if Nasser is not checked now, there will be a larger more dangerous war in the Middle East. This possibility, no doubt, never occurs to you. Try in future to grasp *basic realities*. You will thus avoid the puerility of which I complain.—Yours faithfully, J. L. RUSHBURNE
Ashtead, Surrey

The case of *Acrocercops cramerella*...



In Java, the cacao beans from which cocoa is made are heavily damaged by the small moth *A. cramerella* — the cacao pod borer. The pods are damaged directly by the boring larvæ, and indirectly by fungi which infect the boreholes, causing further destruction.

Cacao plants bear their pods throughout the year, thus the cycle of infection is continuous and has always been difficult to disrupt. Until recently, the only method was to strip the pods and flowers from the plants during a period of from three to six weeks annually, and so break the life cycle of the pests. Now this wasteful, expensive and, at best, temporary control is being replaced by spraying with endrin, a new Shell insecticide of great persistence.

Applied at very low dosage rates, endrin is being used increasingly in the cacao plantations of Indonesia. It not only controls *A. cramerella* but also destroys other insect pests, particularly the 'mosquito bug' *Helopeltis*. The result is greatly increased yields from an important crop, achieved at low cost.

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American Survey

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H-Bomb in the Election

Washington, D.C.

THE White House obviously feels that Marshal Bulganin's intervention in the presidential election will help Mr Eisenhower. It replied with unusual promptitude to the Marshal's endorsement last weekend of the views of "certain prominent public figures in the United States" on the subject of "prohibiting atomic weapon tests." The rejoinder was followed on Tuesday by a detailed review, compiled from the official records of the State and Defence Departments and the Atomic Energy Commission, sitting heavily on Mr Stevenson's proposal, which in fact dealt with tests not of all atomic weapons, but only with those of hydrogen bombs. The indications are that in the short run —and the election campaign has only ten more days to go— the President's advisers are right. More Americans will instinctively cheer the President's sharp rebuke to the Russian leader for violating the unwritten law that democracies in a state of election must be handled with delicacy than will feel uneasy that a possibility of agreement on these atomic tests has been rejected on grounds of protocol.

Mr Stevenson spent an unhappy weekend on his farm painfully composing the best answer he could. It agreed that Marshal Bulganin had shown poor taste, but argued that this was no reason for not pressing ahead, in order either to expose the Russians' hypocrisy or to bring them to terms. Other events are also conspiring to obscure Mr Dulles's politically tactless judgment that the question of H-bomb tests is "peripheral." The unrest in Poland and Hungary suggests that approaches to the Russian government in its present difficulties might be as ill-timed as its own approaches to the United States in the middle of an election. The final agreement at the United Nations on the statute of the International Atomic Energy Agency came just at the right moment to call attention to the leadership which President Eisenhower has shown in this field. Both helped the Republicans to make their comparison between the mature President they had to offer and what Mr Nixon calls "the inexperienced second-stringer," Mr Stevenson.

The essence of Mr Stevenson's case is that the testing of H-bombs can and should be treated separately from the general question of disarmament. It can be, because existing monitoring devices could detect any breach without requiring special rights of inspection. It should be, because such testing differs from all other forms of military preparation in that in itself it constitutes a threat to human health. Finally, and in Mr Stevenson's mind most prominently, by such an initiative America could recapture a moral standing in the world which it should never have forfeited. In fact, Mr Stevenson is stretching a point in calling for an American "lead," since the Russians have been talking for a long while about ending tests of bombs. But it would at least mark a new departure if the United States could hit upon a proposal which it had good reason to suppose in advance would probably be acceptable to the Russians. A ban on H-bomb tests, if it could really be entered into safely by the West, might achieve the declared purpose of President Eisenhower's "open skies" proposal: it might establish a climate of confidence in which talks on general disarmament could proceed.

Mr Eisenhower's various replies to Mr Stevenson, which were consolidated in Tuesday's document, amount to saying that the Administration thought of the idea first—in June, 1954, and again in June, 1955—and rejected it because its premises were unsound. The President denies both that the tests endanger health and that a ban could be self-enforcing. He cites a recent report from the National Academy of Science to the effect that, if the tests were continued "at the present rate," they would expose people to far less radiation than they would receive from natural causes and from X-rays. He also tries to blind his opponent with science by arguing that there is "fall out," including the dreaded strontium 90, from the smaller atomic weapons which Mr Stevenson would go on testing as well as from the hydrogen bombs whose tests he would stop. This would seem a little tendentious, since where there is more "fall out" there is presumably more danger. But a more serious objection to Mr Stevenson's idea is the President's argument that it would be difficult to police the boundary lines between permitted and unpermitted experiments. Doctor Ralph Lapp, an atomic physicist who is otherwise enthusiastic about Mr Stevenson's approach, has pointed out that a violator of the agreement could throw up his hands in mock dismay and exclaim that his bang had been bigger than he expected.

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The principal hazard for the voter in this first nuclear election is that he is really in no position to arbitrate between rival civilians, each buttressed by impressively qualified scientists and each deploying arguments that are obscured partly by their necessary omissions and partly by their inherent difficulty. Of central importance are the related questions whether an inspection can in fact be dispensed with in this instance and how essential further testing is to American military

preparedness. While Mr Stevenson cites the President himself as having said that any large explosion can be detected anywhere, Mr Eisenhower replies that, although the American monitoring system believes itself to be very efficient, it could not guarantee to be foolproof. Further, it might take a matter of months after an explosion to decide whether it had been large enough to break the rules and, in any case, the ability of the United States to interpret other people's tests depended on its keeping up with its own.

To Mr Stevenson's argument that America has had a surfeit of testing and cannot possibly need larger weapons than it already has, the President replies that the purposes of recent experiments are to develop more economical weapons, to learn how to defend American cities better and to discover "clean" bombs that can be directed against military targets without creating lethal "fall out." Finally, Mr Eisenhower contraverts Mr Stevenson's claim that if the Russians cheated, American tests could be resumed within eight weeks. While some Republican orators are making much of the fact that eight weeks is a long time in the schedule of nuclear war, the President confined himself to the observation that tests of a size which require the use of the proving ground in the Pacific take over a year to mount. In the interim, he thinks, the Russians could establish a commanding lead. Inspection, therefore, must come before restriction in bomb-testing as in everything else.

It is not at all clear how far this argument will influence the way people are going to vote. In some parts of the country at least it has had the effect of making Mr Stevenson's personality an issue for the first time in an election that had hitherto seemed to concern "Eisenhower" and "the Democrats." On the west coast and in parts of the middle west the Democratic candidate has been received much more enthusiastically since he tried, in his best television speech to date, to take hold boldly of the issue of "peace" by giving a precisely defined example of how to exercise the "bold leadership" which he believes the President has failed to provide. But many of the voters seem confused about the terms and limitations of an issue raised so late in the campaign. Unless Mr Stevenson can find some new way of formulating his H-bomb proposal before polling day, it will lack the clear-cut, dramatic impact of Mr Eisenhower's telling promise in 1952 that "I will go to Korea." Moreover, whatever Mr Stevenson does now, any chances that his boldness might bring him success may be buried beneath the whispered epithet of "Bulganin's candidate."

Calling-Up The Voters

LAST week Mr Adlai Stevenson devoted a major speech to developing in detail his argument for the abolition of military conscription. He did not dwell this time upon the plausible theme of "let's bring the boys back home"—this he left to the imagination of his audience. He argued rather, more practically, on grounds of military efficiency, citing the doubts of defence planners about the present rapid turnover of skilled men and the wastefulness of the constant repetition of basic training:

> Many military thinkers believe that the armies of the future, a future now upon us, will employ mobile technically trained and highly professional units, equipped with tactical atomic weapons.

The most urgent need, therefore, in Mr Stevenson's view (and also in the opinion of some military—and economic—experts) is to encourage trained men to re-enlist, rather than to go on increasing the supply of partly trained men.

Mr Stevenson argued that a more efficient and sufficiently large army could be gained simply by improvements in pay and service conditions for the existing regular forces. But Mr Charles Wilson, the Secretary of Defence, is probably right to go on being sceptical about this. Rates of pay have been raised considerably, and yet the armed forces still depend on conscription to stimulate regular enlistments. The American forces contain about 2.8 million men and need about 1 million new entrants each year to keep up to strength. In fact, only about 140,000 young men are conscripted annually, usually around the age of 23, not of 18 as in Britain. But to avoid the uncertainty about when, and if, they are to be called up, many men volunteer earlier and in sufficient numbers to fill the gap; they usually sign on for three or four years, instead of two, in order to qualify for better rates of pay, promotion and gratuities. So, while there are comparatively few actual conscripts in the American forces, the necessary rate of recruitment appears to depend upon the competitive existence of conscription.

But there is an ironic and disturbing feature in Mr Stevenson's plea for highly paid, professional armed forces, technicians, presumably, of super-weapons. This might abolish the need for conscription, but it smacks of Admiral Radford's "Fortress America" type of thinking which would concentrate on weapons of retaliation rather than on conventional armies scattered around the world. This is an approach which has been strongly opposed by liberals and some of them must be wondering whether, as the *New York Times* suggests, Mr Stevenson's proposals would not make the distinction between a local incident and a full-scale atomic war even harder to maintain.

Squeeze on Middle Eastern Oil

IN a reappraisal of the effect of imported oil on the security of the United States, the President's advisory committee on energy supplies has modified its original recommendation that the ratio of oil imports to domestic production should remain the same as it was in 1954—16.6 per cent. Now specifically exempted from the formula are all imports of residual fuel oil, which is in chronically short supply in the United States; all imports from Venezuela, which has undertaken to see that its exports of crude oil to the United States (other than to California) do not substantially exceed 405,000 barrels a day; all imports from Canada which, like Venezuela, is regarded as a western hemisphere source which would be secure in wartime; and all imports into the market west of the Rocky Mountains, where the output of Californian crude is insufficient to meet the demand. In effect this new formula puts the whole burden of protecting the domestic industry on the companies which import Middle Eastern crude oil to the east coast; they are responsible for only about 30 per cent of all the crude oil brought into the United States.

The domestic producers feel that the Suez crisis, by emphasising the country's dependence on American crude oil in an emergency, has strengthened their hand. At their request the Office of Defence Mobilisation is holding hearings this week, to determine yet again whether the current level of imports is endangering national security. If the evidence upholds their contention, the domestic producers will demand that the ODM recommend import quotas and that the President impose them. The President's committee has already found that the national security would be impaired if crude oil imports from the Middle East to the east coast of the United States in 1957 were not reduced by about 1 per cent below the rate in the first half of 1956.

But both the President's committee and the ODM are still in favour of "voluntary" restrictions to achieve this reduction—although the ODM has to admit that its repeated requests for lower imports have not been fully observed by the companies concerned. This method, however, completely fails to make allowance for the new importer of Middle Eastern oil, who can be accommodated within the formula only if the established importers "move over and make room" for him by cutting their own imports below the level demanded by a constant ratio of imports to domestic production. And, although the recent rise in tanker freight rates has made Middle Eastern oil dearer, over the long run—even if the oil has to be shipped round the Cape—it is likely to be cheaper for east coast refiners to import from the Middle East than from Texas. This is particularly the case when the oil is bought under long-term contracts with Middle Eastern suppliers. A growing number of companies, for competitive reasons, have been concluding such contracts, while the established importers argue that they cannot be expected to break unilaterally their own long-term contracts with the same suppliers. The task for the ODM, and for the American oil industry, is to find a way of pouring this quart of oil into a pint pot.

Political Flirtation

FROM A FEMALE CORRESPONDENT

THIS election year, as never before, women are indulging in their ancient prerogative of keeping men guessing, and they are doing it *en masse* rather than individually as of old. After 1952, by some statistical wizardry, it was calculated that an unprecedentedly large women's vote (39 per cent stronger than in 1948) had elected "Ike." This assertion was endorsed enthusiastically by the Republican women but has been contested hotly ever since by the Democratic women who, armed with a different statistical interpretation, support the view that men and women swung equally to the Republicans in 1952 and always vote pretty much alike. A final proof of women's affections can be obtained only by such means as giving them differently coloured ballots. The incontestable facts for 1956 are that there are two and a half million more potential female than male voters; more women are voting than ever before and for the first time are in a position to outvote men; and they possess by far the largest number of votes which have so far never been used.

Women are said to vote emotionally and personally, to choose a candidate as they would a husband and to judge him by his wife's recipes or the way he treats his mother. Psychological analysis has characterised Democratic women as "more socially oriented" and benevolent in their attitudes and Republican women as "more personally oriented" with "higher self-esteem." The Democratic women play up "the little guys" as their heroes and wear silver replicas of Mr Stevenson's famous shoe with a hole in the sole. Republican women speak reverently of President Eisenhower as a man "above politics" and wear "Ike" pins studded with rhinestones.

Although women are said to be more "for peace" and "against sin" than men and more concerned with candidates than issues, attempts are being made to discredit the concept that there is a special women's vote or special women's interests. Acting on the (reasonable) theory that "women are not a foreign power" and are interested in the same questions as men, the Democrats have eliminated all special material for them and are incorporating women's political organisations into the regular party hierarchy. Thus they hope to avoid siphoning off feminine energies into less productive social channels. The Republicans agree that women are interested in all the issues but maintain an elaborate programme which relates the knotty aspects of foreign policy or fiscal theory to home and family. Through the National Federation of Republican Women, a partly subsidised but independent organisation with 4,000 clubs, the irresistible forces of feminine chatter are harnessed to pass on scraps of telling political information. Both candidates have made appeals, Mr Stevenson over television to all mothers on the issue of education and the future of American children, and Mr Eisenhower personally to the Republican women, urging them, as guardians of moral and spiritual values, to inform America of the meaning of the Republican programme and to help choose the leaders who will implement it.

★

With rare exceptions, women's prestige as politicians has not kept pace with either their glamour as voters or their reputation as "Moms." Apathy is a perpetual problem. Many women still hesitate to identify themselves completely with one party or the other and have gained the reputation of "shoppers" or "ticket-splitters." Since the vote was won in 1920, the torch has continued to be carried, however, by an ardent and able minority of women in both political parties and in various non-partisan organisations, particularly the League of Women Voters, a direct outgrowth of the Women's Suffrage Association. With 127,000 members in 1,000 local leagues, this unique and indomitable organisation is devoted entirely to problems of government and has an impressive record of accomplishment ranging from local city charters to expert analyses of complex national legislation.

In government, it has been estimated that women hold less than one half of one per cent of elective and administrative positions. In professional party ranks they have had equal representation on the national committees and many state and local committees since the early nineteen-twenties, but their policy-making role has been firmly limited to the fields of health and welfare and their executive role pre-

dominantly to vice-chairmanships. For the first time this year a woman attained a major party position outside women's activities when the Republican National Committee appointed Miss Bertha Adkins to take charge of the highly important special activities for the campaign. The number of women delegates at both national conventions was higher this year, sharply up for the Republicans, but was still a small proportion of the total. Each convention featured a Ladies' Day with speeches by prominent women. Few men strained their ears to hear what may turn out to have been prophetic voices, and one bored columnist suggested that it was too bad women politicians were not more like Mrs Arthur Miller. Probably no one caught the hint from the Democratic Women's Director, Mrs Katie Loucheim, that she thinks "husbands vote as we do."

She could be right. At the vital local level women are taking more and more responsibility for political discussion, raising funds and organising drives to register voters. A candidate's chances for election may depend on the number of distaff "coffee caucuses" he can attend in a day without succumbing to the occupational hazard of "coffee nerves." As volunteers and workers who seldom seek political rewards, women fill some of the gaps created in professional ranks by the diminishing supply of patronage and the drying up of the spoils system.

Women's political maturity varies in different parts of the country depending upon social custom and economic class; their activity is less in the tradition-laden South, greater in traditionless California, less among labour groups, and greater among the economically privileged—a situation which at the moment favours the Republicans. While male politicians cling to their distrust of women in politics as idealistic amateurs who refuse to be bound by party discipline, even the more sophisticated women tend to mistrust politics as an extravagant male "racket" rather than a necessary concomitant of government. Whether women are able to assume other than a minority role in politics, now that they are a majority, may depend on whether the inevitable partisanship of sex remains stronger than that of party. Politically, at least, the United States seems in no immediate danger of becoming a matriarchy.

Unsavoury Attack

Walla Walla, Washington.

PRESIDENT EISENHOWER'S flight to Seattle in the State of Washington may have saved the state's nine electoral votes for him. But it looks as if nothing can now help Governor Arthur Langlie, who was talked by his party into taking his political life in his hands to challenge the sitting Democratic Senator, Mr Warren Magnuson. The high minded Mr Langlie, who had an excellent record in his three four-year terms as Governor, received the maximum support, including the privilege of making the keynote speech at the Republican national convention and a front cover splash in *Time* magazine. But in the primary election, which was a straight popularity contest because neither candidate was opposed in his own party, Mr Langlie fell 150,000 votes behind Senator Magnuson and there is no indication that his subsequent descent to a dirty type of campaigning has narrowed the gap.

Although Senator Magnuson, like his Oregonian neighbour Senator Morse, is a New Deal-type Democrat, with a voting record that is "good" by trade union standards, the resemblance between them then ends abruptly. Whereas Senator Morse antagonises big business concerns by sharpening the issues which divide him from them, Senator Magnuson makes routine speeches against "Wall Street" while working closely with the large private interests in his own state. While Mr Morse is an austere intellectual, Mr Magnuson very evidently enjoys the social advantages of being both a Senator and a personable bachelor. Moreover Mr Magnuson is a superb welfare officer; his real strength lies in the innumerable favours that he has done for his constituents, whatever their party. In particular his chairmanship of the Senate Interstate Commerce Committee places him in a strategic position for helping the shipping and road transport concerns which are powerful in his state. Quietly he points out that, if the Republicans take over the Senate, the new chairman will be Senator Bricker of Ohio, who is intimately involved with the rival railway interests.

Governor Langlie began his campaign by presenting himself as a man with a broader conception of a Senator's opportunities than Mr Magnuson, and with a background of Christian observance and model family living that was meant to cast a shadow by implication on the Senator. But since his shattering setback in the primary election the Governor has been attacking Senator Magnuson's private life directly. Mr Langlie's final campaign folder, headed "The Myth that is Magnuson," opens thus:

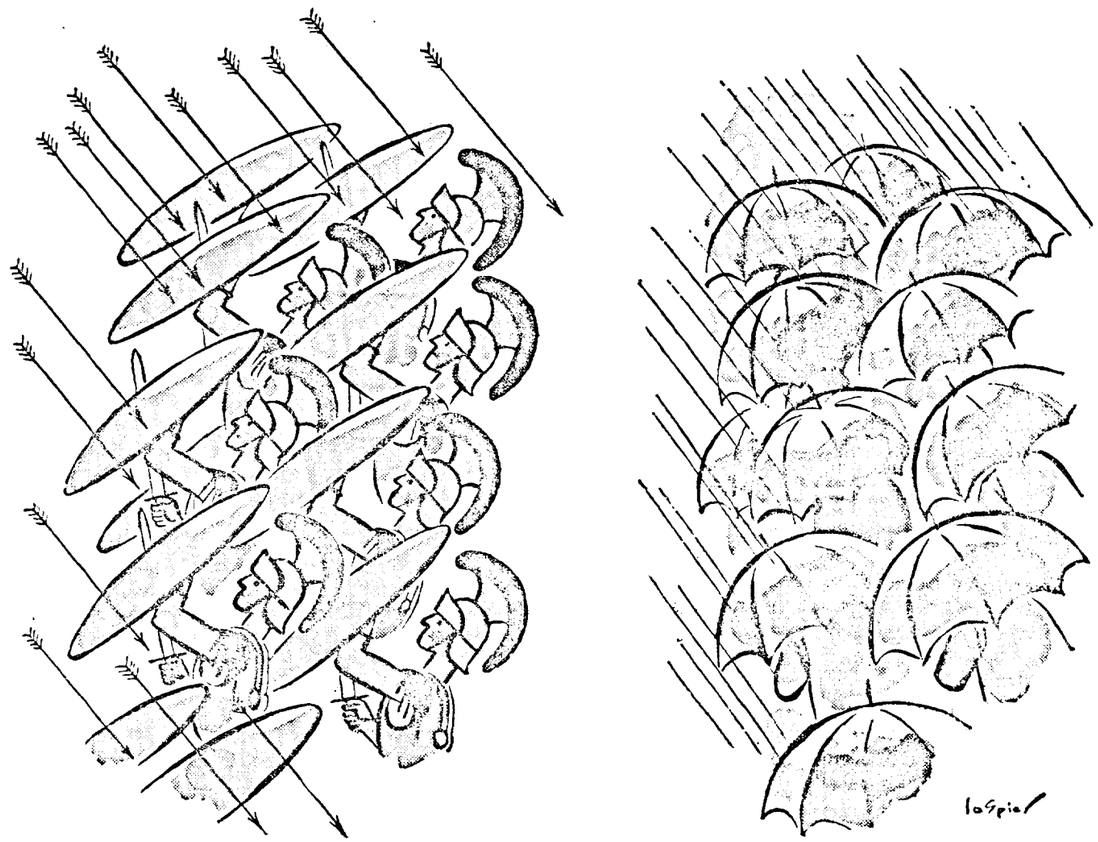
> Once upon a time there was a Senator who loved the purr of a Cadillac, the genial clink of ice cubes late at night, the company of lovely ladies.

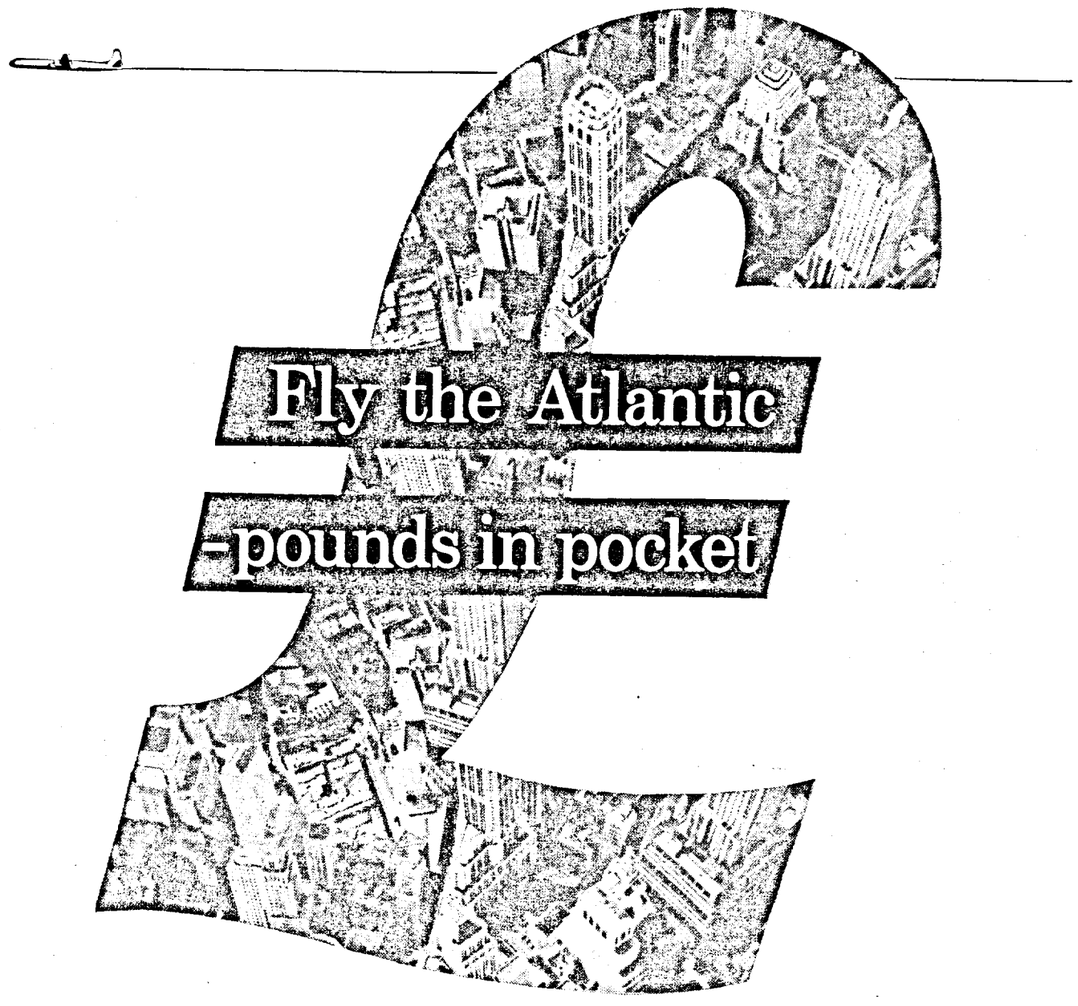
Mr Langlie's desperate—and unsavoury—bid is likely not only to ensure that he is himself defeated but also that the Democrats win the state government.

Small Business in Election Year

A GROUP of "Small Businessmen for Ike" has been encouraged to hear from the President, amid a welter of Democratic accusations that he has neglected them, that he proposes to ask the next Congress to give them about $600 million in tax relief. This sacrifice of revenue to the political holiness of the small businessman will need new legislation (and thus, the President delicately hints, a Republican Congress); but he also drew attention to what he had been able to do already by executive action to carry out the recommendations of his special Cabinet committee on the problems of small business.

In August this committee recommended larger and more flexible funds for the existing Small Business Administration, which was set up in 1953 to reassure the small businessman when the Republicans "took government out of business" by finally abolishing the New Deal's Reconstruction Finance Corporation. It makes loans to established small businesses on adequate security, if they cannot get credit from commercial banks on reasonable terms, and loans for recovery after natural disasters; it also acts as a clearing house for information about defence contracts. Under SBA's generous criteria about 4 million out of a





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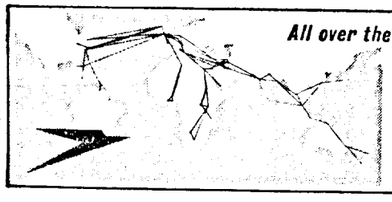

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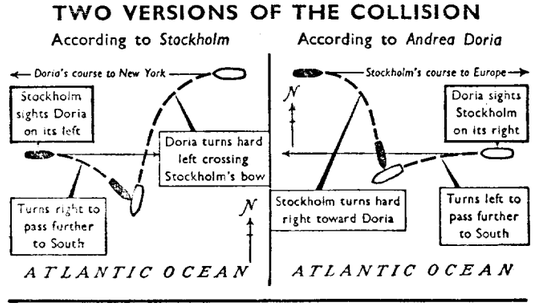
total of 4¼ million businesses are called small. In its entire life until this August it had approved a mere 3,897 loans; but during this year it had already approved more than twice as many loans as for the corresponding period last year—1,717 loans worth $68.9 million against 693 for $32 million. And now the President has authorised the SBA to raise the maximum loan which its fifteen regional directors can make on their own initiative from $50,000 to $100,000. The head of the SBA denies that this flurry has anything to do with the election; he attributed it to a "marked increase in the quality of borrowers."

The Democrats, sensing a genuine feeling among small businessmen that they are not getting a fair share of scarce resources—labour, materials and credit—in this time of prosperity, have long been accusing the Republican Administration of fostering big business at the expense of the little fellow. They have been able to point to a declining share of government defence contracts going to small firms; to the greater relative difficulty which small businessmen have in raising loans for expansion; and to a slight rise in the rate of small business failures. Amid a shower of highly political statistics, it is hard to be clear how genuine the trouble is. But while the average earnings of small businesses have risen steadily in the last few years, their share in the total market has apparently declined. How much hardship the credit squeeze has meant for small businessmen is debatable; but they certainly feel aggrieved at thwarted opportunities.

Port or Starboard?

THE two chief witnesses—the third mate of the *Stockholm* and the captain of the *Andrea Doria*—have now given, and defended under vigorous cross-examination, their conflicting versions of the cause of the collision between their two liners off the coast of New England last July. These officers, and others now following them, are appearing in a public pre-trial investigation in New York to record, for use in future court actions for damages, the evidence

TWO VERSIONS OF THE COLLISION



of witnesses who may not be available later. The Italian Line is suing the Swedish Line for $25 million; the Swedish Line is counter-suing for $2 million; and over 1,000 passengers and shippers of cargo are suing both lines for at least another $10 million.

Of the several contradictory statements, the most crucial concern the relative positions of the two ships before the collision. The third mate of the *Stockholm*, who was in sole charge of the bridge at the time of the collision, maintains that he first sighted the *Andrea Doria* on his port (left) bow. He then altered course slightly to starboard (right) to give the *Doria* more room to pass. Then, without warning, the *Doria* turned hard to port across the *Stockholm's* bow. The captain of the *Andrea Doria*, on the other hand, says that his radar indicated that the *Stockholm* was approaching on his starboard bow. He accordingly veered to port to give the *Stockholm* more room to pass. Then, without warning, the *Stockholm* turned hard to starboard and ran into him.

From the Italian ship the night looked dark and foggy; from the Swedish ship it appeared clear with good visibility. But both ships had radar and picked up the approaching vessel when well over ten miles apart. The *Doria* was travelling at just under 22 knots, the *Stockholm* at 18 or 19 knots; neither reduced speed until the last minute. The Italian Line charges that the east-bound *Stockholm* was some 20 miles north of the customary east-bound shipping lane and was, at the point of collision, actually in the customary sea lane for west-bound ships. The *Stockholm* readily admits that it was steering a course north of the recognised lane, but claims that it was under no legal compulsion to follow any such route exactly. This contention raises a question of wider significance: whether there should be some stricter form of national or international enforcement of the "rule of the road" at sea. The other point of general interest, which has still to be fully examined, is why the *Andrea Doria*, a new ship in the construction of which all the recognised precautions had been observed, sank so quickly.

An Irregular Democrat

Columbus, Ohio

THE senatorial election in Ohio involves one of the few truly original characters on the political stage. Mr Frank Lausche has been elected Governor as a Democrat no fewer than five times, generally in years when the state has favoured Republicans for other offices. He won his first term in 1944 by 100,000 votes when Roosevelt was losing the state by a similar margin, his fourth term in 1952 by 425,000 when Mr Eisenhower was carrying it by half a million, and his fifth in 1954 by 200,000 at the same time as Senator George Bender, the Republican he is now trying to unseat, crawled into the last years of Mr Taft's unexpired term with less than 3,000 votes to spare. With Governor Lausche challenging him for a full six-year term Senator Bender has need to be worried.

Mr Lausche is a great breaker of political rules. Although one of the country's finest orators he makes few set speeches; he pays practically no attention to his own political party, consults no one about his decisions, and wanders about the state campaigning on his own without any of the paraphernalia of modern publicity. He even makes sparing use of television, although he is extremely effective in that medium because he shares to a high degree Mr Eisenhower's capacity of conveying the impression of a father figure, with compassion, understanding and high moral

principle. He is a tall, thick-set man, with fine craggy features and tousled hair, a lilting vibrant voice, a grandiose vocabulary and moist, dreamy eyes. His enemies, who include most of the professional politicians of both parties, think him a humbug; the people of both parties vote for him, so far at least.

For Ohio, which is conservative about its political types as about much else, Mr Lausche was something of an innovation. He was the first Catholic and the first Slav to be elected to office. The son of Slovene immigrants, he retells on all public occasions the classic story of poor boy making good, the route in his case being from gas lamplighter to judge, mayor and governor *via* semi-professional baseball, the inevitable law courses at night school and loyal service as a local Democratic party worker in Cleveland.

As a judge Mr Lausche was a great believer in the padlock, not on jails but on casinos. His unearthing of a forgotten statute which enabled him to instruct the police to lock up gambling houses was the true foundation of his later reputation for fearless independence, while his rulings over labour disputes opened a lifelong feud with the trade unions. He was built up for the mayoralty of Cleveland by a powerful newspaper editor; as soon as he was in he threw over the Democratic boss who had given him his start as a judge and he has been denouncing political machines ever since. After two terms as Mayor Mr Lausche became Governor of Ohio in 1944; he was turned out two years later, but came back in 1948 and has since been electorally untouchable. As each election approached Mr Lausche identified a single public enemy on which to pour his grandiloquent indignation. In turn the scapegoats have been gambling operators, loan sharks, road transport firms who were accused of shirking their fair share of the highway taxes, and owners of open-cast mines who have failed to cover up their ugly traces.

★

To business men in general—and Ohio is an immensely wealthy industrial state—Mr Lausche has been a very satisfactory Governor. He has kept government clean and taxes low. To trade union leaders he seems unspeakable. He refused even to vote for the Democratic senatorial candidate in 1950 because "he would have been the special agent of the special labour bosses" and he denounced as "fantastic" an unemployment insurance programme which the unions put up for referendum.

To both political parties Mr Lausche is a source of great frustration. Republicans in Ohio, who have controlled the State Legislature during four of his five terms as Governor, complain that he is so conservative that he has failed to spend the money for highways and mental hospitals that they have provided. Republicans in the country at large are alarmed at the extent to which Ohio industrialists are backing him for the Senate rather than Senator Bender, a jovial nonentity; and Mr George Humphrey, the Secretary of the Treasury, who is a power industrially and politically in his native Ohio, has been pointing out to his fellow millionaires that an Eisenhower Republican like Mr Bender is worth more to the President than an Eisenhower Democrat like Mr Lausche, since his vote might decide which party would organise the Senate—that is, would provide the committee chairmen.

To this Mr Lausche's almost incredible response was to tell the press covering the Governor's Conference in Atlantic City that he would make up his own mind when he reached Washington on how he would vote about the organisation of the Senate, depending on who was President and how closely the parties were balanced. Lax though American party discipline is, the one occasion on which it almost invariably prevails is when committee chairmen are chosen at the opening of the congressional session. Mr Lausche's advance announcement that he might side with the other party if he held the deciding vote was utterly unprecedented. It was made all the more breathtaking by his reasoning, which was that, as a chief executive who had had to cope with legislatures with hostile majorities, he knew how unsatisfactory such a situation was. In fact, the only legislature with which the Governor had ever had any trouble was one controlled by his own Democratic party.

It was immediately apparent that this time Mr Lausche had overstepped the mark. He had got away in the past with almost any amount of party indiscipline, including his failure to use his office as Governor to give effective support to other Democratic candidates; but now he was repudiated on the floor of the House of Representatives by the senior Democratic Congressman from Ohio, who described his action as "a new low in political opportunism." Senator Bender took immediate advantage, stressing the almost servile adherence to the more progressive aspects of Mr Eisenhower's programme which has now completely replaced his former enthusiasm for Mr Taft. Although a Republican, he has been endorsed by the state branch of the American Federation of Labour and is receiving the open or covert support of many liberals and trade union leaders.

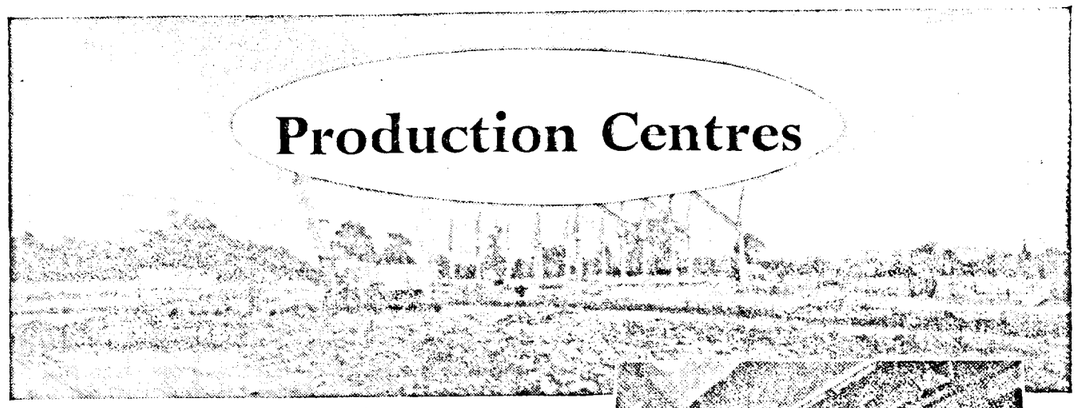
Although Ohio's twenty-five electoral votes are generally considered to be safely in Mr Eisenhower's pocket, Mr Lausche's chances must still be rated better than even. Many strongly partisan Democrats hope he will be beaten, so that, with the removal of his shadow, a real Democratic party can be built up in the state. He has had to explain away rather vaguely his statement at Atlantic City and to come out with a much stronger endorsement than is his wont of Mr Adlai Stevenson, in an attempt to recoup his position with Democratic voters. But Mr Lausche retains a great personal following: election day will show whether he is giant enough to bestride both camps again.

SHORTER NOTES

In appointing Judge William Brennan to fill the coming vacancy on the Supreme Court, the President seems to have been guided only by the desire to pick the best man—and to have succeeded in doing so. A Democrat, a Roman Catholic and a comparatively young man, Mr Brennan came to Washington from the Supreme Court of New Jersey; he has an excellent record on questions of civil liberty.

★

Correction.—In the article on the Stanley Plan, on page 47 of *The Economist* of October 6th, the second sentence of the third paragraph should end with the words, "those who wanted to present a united state-wide front against integration."



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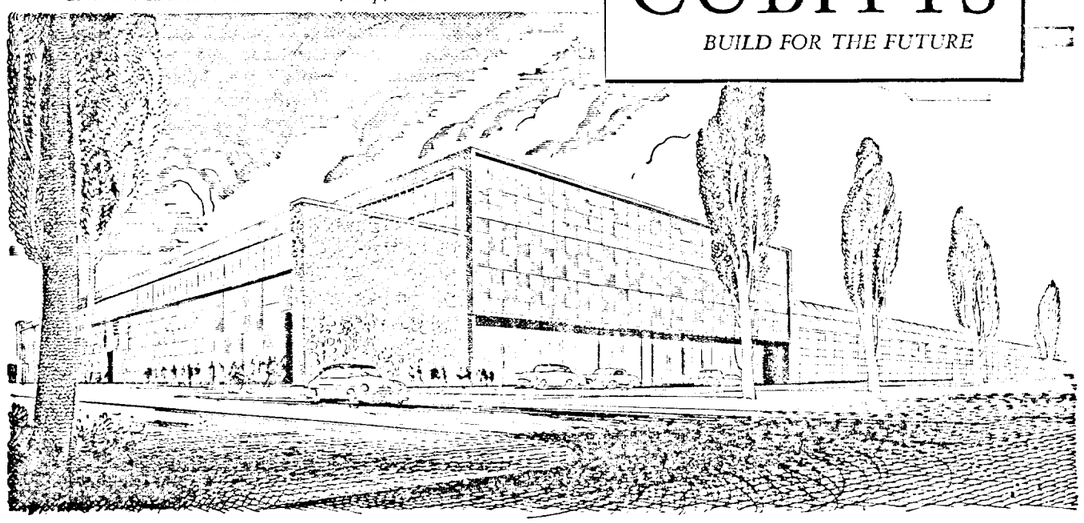

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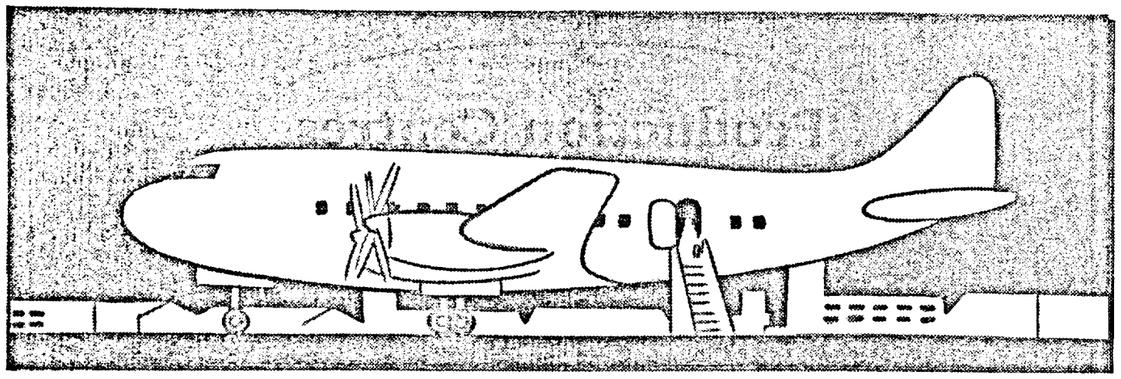

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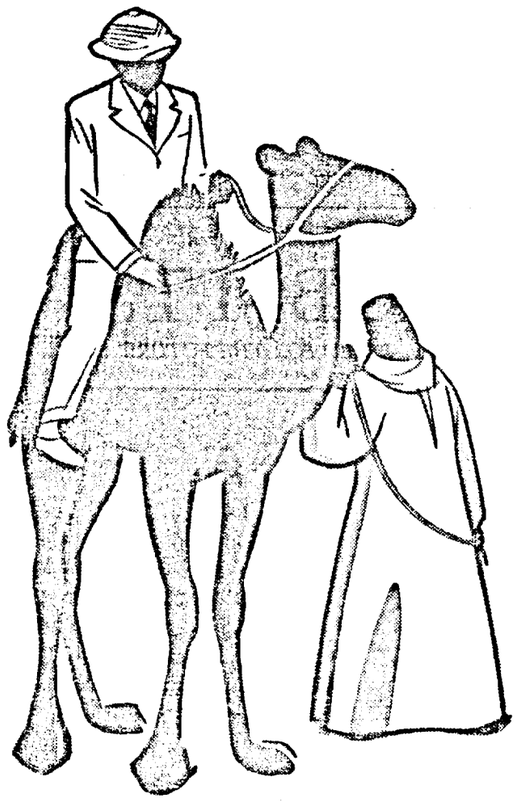

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The World Overseas

Ghosts at Germany's Banquet

FROM OUR SPECIAL CORRESPONDENT

LAST Saturday, the Hamburg shipbuilding yards were strangely quiet; the day shift took the first of the extra twelve paid holidays a year that follow from the reduction of the standard working week from 48 to 45 hours from the beginning of this month. In the Ruhr coal mines, where there is work for 20,000 more face workers if they could only be found, the shorter working week threatens a 4 per cent loss of output (say 3 million tons a year) unless productivity can be further increased. The steel industry now has to add to the heavy list of cost increases that it has had to carry, until this week out of its own margins, a total of six instead of three hours overtime in its 51-hour average week. It pays for these at the modest rates of 25 per cent extra on workdays and 50 per cent extra on Sundays; but what consolation is that if British standards in these matters are just around the corner?

There is no bigger current talking point in German heavy industry than the reduction in working hours and the effect it may have on costs and output. It has been promptly followed by increases in both coal and steel prices, for it was a burden too big to add to the increased costs that these two industries had already been absorbing. Both are governed by "political prices," and Bonn has been no more receptive to the principle of increasing these key prices than Mr Macmillan would have been, though it has given in much more quickly. Coal gets an increase of 2.50 D-marks a ton to meet higher costs, plus a specific increase of 2 marks to finance new housing—4.50 marks in all on an average coal price of about 50 marks a ton. For an industry that has financed well over half its capital expenditure in the last five years out of retained profits, this increase has come as a relief; it is at the limit of its manpower, most of its pits are as fully mechanised as they can be, and it is concentrating with some air of desperation on providing 28,000 new houses a year to attract and keep more labour.

The difficulties of the coal industry are no less palpable in Western Germany than elsewhere. The mines are forced to recognise the realities of full employment by offering the biggest wages and the shortest working time of all German industry; they train five new men for every one they succeed in keeping (and he often goes off road-building in the summer); they expect that union pressure towards a further reduction of hours will be irresistible; and migrants from the east no longer come in a flood. These are the shadows at the feast, and they are promoting doubts about the stability of the boom. Germans have an almost pathological fear of any rise in prices—a built-in freeze in their mental make-up that does not readily distinguish between a rise in prices that follows from monetary depreciation and one caused by rising costs. The lessons of the 1948 currency reform are abidingly vivid in their minds, whereas the demanding posture of the unions is so new that it is not easy for Germans to admit the reasonableness of equating prices as closely as may be to costs.

But reason has prevailed in steel too, after a short tussle between the Ruhr and Bonn. Bessemer steel is being increased by 26.50 D-marks a ton and open hearth steel by 38.50 D-marks—an average increase of something less than 6½ per cent on finished steel. These increases, which have been notified to the European Coal and Steel Community, will still leave German steel with a price advantage over the other five members, for in Bessemer it has been underselling the rest by a margin of 25 to 70 D-marks and in open-hearth by 70 to 110 D-marks. For what the comparison is worth, German steel will now cost appreciably more than British, particularly in the more highly finished products; but British steel also has a "political price," and the question of increasing it is being actively argued by the industry and by the Steel Board.

A Billion Marks Needed

This year, Germany's steel industry expects to produce about 23½ million tons of crude steel, compared with 21.3 million in 1955 and 17.4 million in 1954. It is told that consumers will be wanting 29 million tons by 1960, and its projections towards such an output suggest that an investment of 1 to 1¼ billion marks a year would still be needed. Where can funds of this order of magnitude continue to be found? Over the years 1952 to 1956, the industry's investment has averaged one billion marks, and it has raised a greater proportion of its needs from external sources than any other German industry. Even so, 40 per cent of its investment has been self-financed, and if "investment aid" finishes next year, German steel will have to find at least half its investment funds from its own surpluses—at a time when the tax deferments granted to encourage new investment in recent years will fall due to be paid.

In the past twelve months, the industry has been absorbing cost increases equivalent to more than 500 million marks. It puts the extra cost of American coal, which it has to buy without the benefit of equalised prices as in Britain, at 150 million marks in the year ending next March. It is paying 220 marks a ton for scrap (five times the prewar price) com-

pared with a British controlled price equal to about 130 marks. In some sections profits must recently have been sub-normal, despite increased production and greater efficiency, thus preventing the industry from generating a sufficiently large proportion of the resources that it needs for further expansion. The increase in German steel prices comes none too soon for an industry that only began its real tasks of reconstruction five years ago and has work in hand for several years to come. It never tires of reminding the world that whereas its own production is only 45 per cent higher than before the war, the United States now produces more than twice as much steel and Britain 80 per cent more. It sees its programme not as one of expansion but as a fight to get back to normal.

Two examples might be given to expand this point. At the end of 1949, after dismantling, the August Thyssen-Hütte works at Duisburg were reduced to seven blast furnaces and four open hearth furnaces, without Bessemer or electric smelting furnaces or rolling capacity of any kind. Today, there are six blast furnaces and two building, five Bessemer furnaces, six open hearth furnaces and four more to come in next year, one blooming mill with a second to start next March, ample capacity for rolling heavy products, and a new continuous hot strip mill. Last year, this works produced 1.4 million tons of crude steel; its sights are now set at 2.4 million tons of steel to match its prewar output. And it has built rolling capacity that could handle 3 million tons a year if so much steel is produced. So far all this has been done at a cost equivalent to $100 per ton of annual output, compared with $350 a ton for developing a new greenfield works.

Swift and Cheap Expansion

The same story of rapid recovery and low capital costs per ton of capacity is also true of the Salzgitter works in Lower Saxony, which sits over the biggest iron ore bed in Europe after Lorraine, and was originally conceived as a tremendous iron producer with 32 blast furnaces capable of turning out 5 million tons a year, and steel capacity to match. From its low grade ore, it is now producing 1½ million tons of crude steel, and puts its potential (very modestly, one would think) at 2 million tons. This is a State-owned concern which has 300 million marks of debt on which the average interest charge is between 6 and 7 per cent. It, too, has rolling capacity far in excess of its present steel output, but it is plainly only a matter of time before it is in full use on continuous shifts. Here again one sees a virtually new steelworks rising from the ashes of the old, standing in the books at modest capital cost, and capable of a rapid increase in the output of finished products—with all that these conditions imply for future cost reductions.

It would be wrong, therefore, for anyone in Britain to greet with premature rejoicing the apparent readiness of German trade unions to press their newly found advantages hard. Demands such as those made by engineers and shipbuilders in Schleswig-Holstein this week for fringe benefits to cover sickness and extra holiday money are only one side of the story. Another side is the almost total lack of trouble arising from demarcation in the yards and the admission without question of women welders earning equal pay. True, labour pressures are becoming stronger. Industry's ability to finance for itself a high proportion of its own investment may seem less assured than it was a year or two ago. There is no sign that an active capital market can be developed, and no suggestion of early relief from the high rates, with a general floor of 7 per cent and a ceiling nearer 10 per cent, that industry pays for outside funds. But there is much new capacity, not only in heavy industry, that has been rebuilt out of the ruins much more cheaply than in Britain or the United States, and which still has to show its best paces and its lowest costs. All this promises tough German competition, even if German labour continues to demand a bigger share for itself.

Jordan Leans Towards Egypt

FROM OUR CORRESPONDENT IN AMMAN

SUNDAY'S elections in Jordan provide a good example of Arab nationalism triumphing over self-interest. As far as human eye can detect, the poll was genuinely free: the pro-Egyptian factions gained in strength; the anti-western ones swept the board. Fifteen or sixteen out of forty seats go to so-called independents, about half of whom are anti-western and about half resigned to the British link pending discovery of some equally substantial form of financial aid. The next biggest group, the National Socialists, favour Egypt, though some say that their leader, Suliman Nabulsi, would not be fussy about the source of subsidies were he returned to power (this time he lost his own seat). The main emotion that governed the vote was the new sense of self-importance imparted to the Arab-in-the-street by President Nasser's policy and propaganda. The extreme left did less well than might have been expected in view of the fact that half the constituencies are in embittered Arab Palestine; but the fellow-travelling National Front leader won a seat for Jerusalem, and more of his kind might have been returned but for fear of military weakness in the event of further raids by Israel.

Not a single candidate publicly defended the Anglo-Jordan Treaty; to do so would have been political, perhaps physical, suicide. Candidates made the choice between abrogation of the treaty and its revision. The military consequences of abrogation would be serious for Jordan. Its army is at present no match for the Israelis, and the RAF units at Amman and Mafraq, not to mention the tank squadron at Aqaba, might be invaluable to stem a first Israeli onrush. And, once committed, they would inevitably be reinforced from Cyprus. The significance of the recent training flights of Hunters in the Amman area is unmistakable. British officials in Amman have been at pains to point out that these aircraft are not reinforcement of the RAF units in Jordan, since they are based on Cyprus. That is perfectly true; but it is equally true that if training flights from Cyprus are undertaken on a rotational basis, there will usually be more British aircraft in Jordan than before. It has been argued that, in the military sense, the treaty is superfluous since Jordan is also covered by the Tripartite Declaration. But it is more difficult to get three powers to act than one; and the Americans, and possibly in their present mood the French, would look very carefully at any evidence of Israeli aggression before sending forces to Jordan's aid.

The economic consequences of abrogation would be just as serious for Jordan. The annual British subsidy runs to £12,450,000; the total budget is only £22 million: £9,100,000 of the subsidy goes to the army, £2,250,000 to the Development Board, and £1,100,000 to cover the budget deficit. The subsidy is paid through the liaison officer of the Jordan army in London, and funds are drawn from it when required. At the beginning of each financial year the Jordan army prepares estimates, which are presented to the British government through the British embassy in Amman. At the end of the year the accounts are audited by a Jordan government auditor and presented, again through the embassy. If there is any significant discrepancy between estimates and actual expenditure, Britain is entitled to ask why.

This arrangement is painful to nationalist sentiment. The abrogationists want the subsidy abolished altogether. They rely on the undertaking given by Egypt, Syria and Saudi Arabia to make good the subsidy if the treaty is denounced, and this week's descent on Amman of the Egyptian C-in-C suggests that the sequence of events could be the other way about—that on receipt of firm evidence of substantial Arab aid, the new Jordan government might denounce the treaty. But there are two dangers here. The original Arab offer was given before Colonel Nasser's nationalisation of the Suez Canal; since then Saudi ardour for paying Egypt's bills has cooled, and the money would probably not be supplied so readily now. Secondly, the new paymasters might well weary of subsidising Jordan, and decide to absorb it. Saudi Arabia might revive its claim to Aqaba, and dreams of a Greater Syria have not yet faded in Damascus.

Considerations of this kind decided King Hussein and his advisers to refuse the Arab powers' offer when it was first made. They account for the attitude of the moderates, who want to see the treaty revised, not abrogated. Revision would mean, firstly, removing the slur implied by the word "subsidy." Instead, the British would be asked to pay rent for the military installations in Mafraq, Amman and Aqaba. It would also mean the payment of the rent direct to the Jordan government without any conditions in respect of disbursement, budgets and audits. With a moderate government in control at Amman, there might be something to be said for this arrangement; but if an extremist or corrupt government took over, it would be open to obvious abuse. In the last resort, all that Britain can gain from the subsidy is a strong Jordan army and base facilities. If the strength of the forces is whittled away and the bases endangered by an unfriendly population, the reason for the subsidy disappears.

India's Simpler Map

FROM OUR CORRESPONDENT IN INDIA

INDIA'S new states, their boundaries redrawn mainly according to linguistic divisions, are to be inaugurated on November 1st amidst general satisfaction. After a year of riots and rows bitterness lingers only in Gujerat. This is a triumph both for the Indian love of compromise and for the government's responsiveness to the wishes of its people. The government has not always been clever. It did not realise the impossibility of separating Bombay city from Maharashtra; it put Gujerat into a bilingual Bombay state overnight without any preparation of Gujerati opinion; it did not realise how firm would be Bengali objections to a merger with Bihar. But it has consistently been willing to admit its mistakes and to change its decisions when it was clear that the public did not like them. This willingness is partly the result of Mr Nehru's astonishing elasticity. He has had his unpleasant experiences in Bombay and Ahmedabad, where for the first time in his life the opposition drew larger crowds than he did. But his reaction to these experiences was to come back in line with his public, not to get tough.

Mr Nehru and the Congress party ought to reap a big political reward. There have been moments in the last year when it has seemed certain that there would be trouble

with the Sikhs, that administration of Bombay city from Delhi would cost the Congress the votes of the Mahrattas at the next elections, or that there might be a complete impasse between Bengal and Bihar over their boundaries. None of this has happened. The promise of a Punjabi-speaking region and a Hindi-speaking region within the Punjab has so satisfied the Sikhs that they have decided to confine their communal organisation, the Akali Dal, to cultural activities and are joining the Congress party *en masse*. The Mahratta left-wingers have been completely disorientated by the decision to include Bombay city and Maharashtra in the same bilingual state. The Bihar-Bengal boundary solution has been so quietly accepted that the communists have been unable to make play with it.

The Punjab will have its two regions, one Hindi and one Punjabi. Bombay will include the speakers of both Gujerati and Marathi. The speakers of aboriginal and hill languages will remain in Assam or Bihar or wherever they are at present. There will be some anomalies, like the inclusion of some Marathi-speaking areas in the enlarged Mysore state. But, by and large, all those who speak one language will find themselves in one state, except that the Hindi speakers will be split between five states; and this is less of an exception than it looks, for there is a big difference between the Hindi dialects of, say, Rajasthan and Bihar. Thus, for the first time, the culture, the language and the attitudes of governors and governed will coincide for India

as a whole. There will be a final end to such oddities as the old Hyderabad, with its Urdu education and administration imposed on people who speak other languages.

The new states were made possible only by the integration of the old princely states, which now finally disappear. Before 1947 every linguistic group was split between British India and the India of the maharajas ; and the delicate transition to the new linguistic basis had to be carried out in stages. First, small princely states were amalgamated into bigger units. Now those bigger units themselves are being merged with areas which were once British India. The Rajpramukhs, former princely rulers who in recent years have presided over the groups of amalgamated princely states, now step down. In Mysore alone there has been little change, for the people's loyalty to their state is such that, while absorbing the Kannadigas from neighbouring areas, they have retained the name Mysore and their beloved Maharaja has merely changed his title from Rajpramukh to Governor.

Administratively, the new states represent a considerable tidying up. The little historical special cases disappear. The number of state legislatures goes down almost by half. There will be fewer occasions for dispute over the distribution of river water. There will be no areas, except the few small ones which are to be run by the Centre, with hopelessly inadequate finances and a severe shortage of trained staff.

The last year has imposed a very severe strain. The issues in dispute have been issues about which people feel deeply, and some of the decisions reached have genuinely seemed very unjust to large sections. But, however bitterly people have felt, they have never forgotten that they are Indians first, and Gujeratis, Sikhs or Bengalis only second. The ruffled feelings of Gujerat still need some smoothing. But India has passed through its ordeal and has emerged the stronger for the experience.

Czechoslovakia Revisited—I

Prague Feels its Way

BY A SPECIAL CORRESPONDENT

AN Asiatic fog has descended once again on the Czech scene. While great waves sweep Poland and Hungary, the ripples set up in the Czechoslovak pond by the Soviet Party Congress seem to have completely subsided. Dimly one sees a certain flux—dynamism is the official word. The criminal code is being amended in the direction of "socialist legality." There is a general movement in favour of decentralisation. A new party secretary has been appointed to the central committee (" because of pressure of work," said Mr Bruno Koehler, one of the other two secretaries.) Several new members have been added to the party control commission ("introduction of new blood"—Koehler). Dr Cepicka, the once all-powerful son-in-law of the late President Gottwald, has been thrown out of the government, has made a public confession of the cult of personality and been given a job running the patent office (" very important work "—Koehler). Otherwise all is quiet —at any rate on the surface. In contrast to the political changes which followed the blacklisting of Marshal Tito, when Slansky, the party secretary, Clementis, the foreign minister, and ten others were condemned to death, no widespread changes have accompanied Jugoslavia's rapprochement with Russia.

Many of the Czechs condemned for Titoism who escaped execution have been let out of gaol, but even those who have been quietly rehabilitated are still extremely cautious and difficult to meet, while those who were executed are still referred to publicly and privately as " traitors and criminals." Even demands within the Communist party for a congress at which a new central committee could be elected were refused on the grounds that " such a demand would only be justified if it were necessary to alter the general line of the party." Now as before the apparent stuff of Czech politics is no more than the solution of practical economic problems. And even these discussions take place behind closed doors. One is assured by all leading communists that the discussions are very fierce—but all that the public knows of them is the agreed conclusion. The Assembly passes all laws and resolutions unanimously, the national committees simply announce their decisions, and, behind and above all, the central committee of the party continues to direct.

The Schweik Habit

The official explanation of why the fashionable excitement is so absent is that the Czechoslovak Communist party has been right all the time. Long before the Soviet party congress, it had seen the error of the cult of personality (and it is true that the creator of the appalling Stalin Memorial in Prague, which was completed last year, was ostracised during the last years of its construction and committed suicide before the completion of his work.) According to Czech communists, the Soviet congress, far from reproaching them, went out of its way to commend the Czechoslovak example of one of the roads to socialism—the " peaceful and parliamentary " way.

No doubt it is partly because of this " peaceful " road to socialism that a change in direction (which elsewhere has laid bare the unnecessary slaughter of old comrades) can once again take place quietly. There are so many time-servers within the Czechoslovak party that it does not cost them much to toe a new line ; on the contrary, it is an operation dear to the heart of the " Good Soldier Schweik "—a book which at least one sincere communist has, on his own admission, found invaluable for quotation when dealing with difficult comrades. The present party secretary, Mr Antonin Novotny, is from all accounts a simple working man, one of the old brigade, and without enemies. Both he and President Zapotocky represent what is least hateful in communism—the sincere, self-educated working man who has not lost the common touch.

There is another reason, too, for the apparent differences now between Czechoslovakia and the other satellites. Economically it always was and continues to be far in advance of them. Though it is probably much less prosperous than it would have been had the Czechs been allowed to accept Marshall aid (for which the government voted unanimously), it is far better off than in 1947. The quality of goods is poorer than before the war ; but, although many Czechs may then have been better housed, better clothed and better fed, there was always the fear of unemployment. Now a man may not be able to choose his work, but he is certain to have a job. But hard work is essential. Overwork has in effect taken the place of unemployment. It is the lesser of two evils—and it gives people less time to criticise or think.

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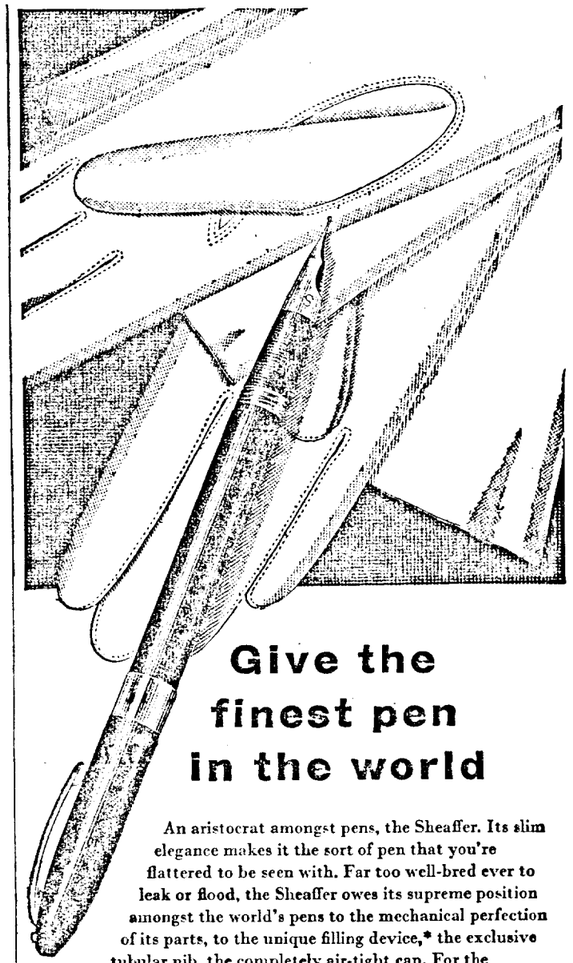

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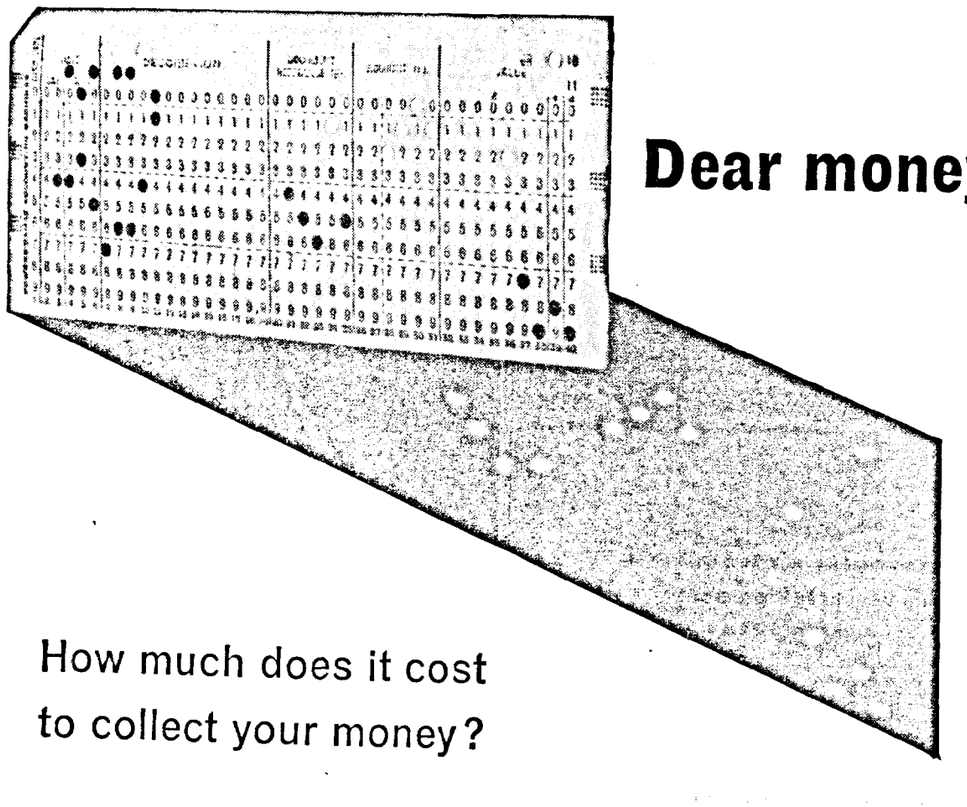

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The workers are passive rather than contented. Even a very time-serving communist writer, Jan Drda, can declare openly that:

> Apart from grumbling and petty bourgeois dissatisfaction, there also exists in our life a very justified dissatisfaction on the part of the working people, based on bitterness about oft-repeated, stereotyped mistakes, on excesses committed by the authorities, on unnecessary losses to our economy, on obvious injustices, on bad operational and managerial methods in our construction, on arbitrary behaviour, haughtiness and other faults.

This, however, is not the stuff of revolution, not what led the Polish workers to Poznan. Moreover, there is the Czechs' attitude towards Russia. They have no tradition of hatred, but a traditional affection which has not been seriously soured by postwar experiences. People are only dimly aware of the extent to which the Soviet Union plundered, and continues to plunder, the economic wealth of the country; the postwar excesses of the Russian soldiery were excused as the naughtiness of children. Political prisoners now returning from the uranium mines at Jachymov tell how the Russians stood up for them against their guards. Writers and artists who have been in trouble with the Czech communists regain favour through Russian support. The Czechs, of course, get sick of hearing how wonderful everything Russian is, but they are fed on little crumbs of complacency; sometimes, they are told, things in Czechoslovakia are even better. The Czechs are the good boys of the socialist camp. It seems improbable that anything exciting will come out of Prague.

Rifles and Roubles for Afghans

"RUSSIAN-AFGHAN friendship has old and glorious traditions," said a leading article in *Pravda* last week. Sceptics may recall the course of Tsarist military expansion in central Asia in the late nineteenth century and raise an eyebrow; but none would deny that the present rulers of Afghanistan have advanced willingly into their mighty neighbour's embrace. The occasion of *Pravda's* remark was the arrival in Moscow of Sardar Mohamed Daud, the Afghan prime minister and cousin of King Zahir Shah, who is now being escorted on a tour of the Soviet Union after receiving a most hospitable welcome from Mr Khrushchev, Marshal Bulganin and all their senior colleagues. A few weeks ago the Afghans began to receive the first consignments of Czech and Soviet arms and war materials under a recently signed agreement; they are apparently to receive on credit no less than $25 million worth of munitions. The copious outpourings of the Moscow press during Prince Daud's visit do not seem to have included any reminder to the Russian taxpayer that his money is being used to modernise the armed forces of a feudal kingdom. All the emphasis has been laid on the benefits which Afghanistan will get from less military forms of Soviet aid.

This economic aid, within the framework of a $100 million credit extending for thirty years, is real enough. Since the famous Khrushchev-Bulganin tour of Asia, the Afghan autocracy has received roubles on a scale out of all proportion to the sums offered to such progressive republics as India and Burma. Soviet experts and whole technical organisations are busy in many parts of the country helping to build factories, dams, and (in *Pravda's* phrase) "lines of communication." This highly selective Soviet generosity calls for some explanation. Moscow need not have paid so high a price if its object had been merely to keep Afghanistan "neutral"; Prince Daud's bitter feud with Pakistan has in itself been quite enough to ensure that his regime would not line up with the Baghdad Pact. Nor can the Russians seriously suppose that their costly investment in Afghanistan will pay off in the conventional sense that the loans will be repaid; any chance of Kabul being able to balance its books for years to come has been lost by its wilful estrangement from Karachi, its natural channel for exports. The obvious conclusion is that Russia is happy to put its money and resources into a border state which it assumes will soon pass completely under its control. So far, Prince Daud has seemed ready to co-operate.

Embattled Schools

FROM OUR CORRESPONDENT IN SINGAPORE

THE Singapore Chinese Middle Schools Students' Union was formed early in 1955, mainly to protest against its members being made liable to national service. Its leaders applied for registration (without which the union would be illegal) and it was registered in December on condition that its activities should be non-political. That proviso was completely ignored from the first. When this became known, certain members were arrested. From documents seized it was manifest that the union was directly controlled by the Malayan Communist Party. The Council of Ministers therefore ordered the dissolution of the union on September 24th, and they have now laid a White Paper before the House in explanation of what they had done.

That this students' union was a communist agency came as a surprise to none. The fact was very generally known. What is disturbing is the scale, as now revealed, of its activities. With a claimed membership of 10,000, it had secured control of half a dozen Chinese middle (i.e. secondary) schools. There was built up in these schools, with the knowledge of trustees, principals and teachers, an elaborate organisation permeating all the pupils' activities. Cells were formed in every class, branches in every school and, when necessary, a "Thoroughly Carrying Out of Resolutions Directory Sub-Committee" to ensure that the union's directives were obeyed. Propaganda methods included study groups, picnics, newspapers, reunion dinners, posters, a printed song-book and continuous use of the school amplifiers.

When further arrests were made and the government instructed the schools to expel some 150 named pupils, the members of the former union occupied two high schools, excluded both teachers and parents, and defied the government to eject them. The Chief Minister, Mr Lim Yew-hock, did not hasten to take up this challenge. What he did was to offer alternative employment to the teachers, 200 of whom promptly accepted it, simultaneously offering places in other schools to all the pupils not actually expelled. Several hundred children soon took this opportunity leaving a strong nucleus still encamped in the school buildings. Next, by withdrawing the licences from the two main offending schools, the Chief Minister reduced the

buildings to the status of privately owned property not to be used for educational purposes. For two weeks he left the matter simply as an issue between the committees of management and trespassers on their property. On Wednesday, however, the union members arrived in lorry-loads at other schools and frightened away many pupils. Mr Lim's response was to announce that the two occupied schools must be cleared by Thursday night.

There are some reassuring aspects to this affair. The work of the Special Branch, the political side of the Singapore CID, has clearly been excellent. Ministers have had full information of all that was happening. Next, the ministers themselves have given way neither to panic nor violence. They have been moderate, unhurried but firm. Finally, their attitude has brought them a wave of public support. Mr Lim commands more confidence each month and is more than ever respected for his quiet resolution. However, it must be recognised that the main problem has not been solved. The expelled "students" are still at large and still taking their instructions from the MCP. Against the internal threat which these youths represent, the only final defence would be a widespread conviction that Singapore is to be effectively defended and will never pass into China's hands. Reassurance on this point is more than overdue.

The Whence and Whither of UN Aid

FROM OUR UNITED NATIONS CORRESPONDENT

SIXTY-FIVE governments pledged a total of $30,295,000 towards the UN technical assistance programme in 1957 at a meeting in New York last week. Slightly over half of this sum was pledged by the United States, while Britain, Canada, France and Russia offered the next largest figures. The total was $2 million greater than last year's. Meanwhile, a report on the programme prepared for the forthcoming Assembly shows that it is not only increasing in extent, but also becoming more multilateral in character. Although nine-tenths of the contributions come from the United States, Europe and the Commonwealth, a number of recipient countries in Asia, Africa and Latin America are making respectable contributions, in manpower as well as in money. In the past year, for example, a Lebanese engineer served in Tanganyika and a Pakistani statistician in Liberia; a Brazilian specialist was assigned to Turkey, and a Turkish one to Afghanistan. The fellowships and training programmes embraced in the programme show a similar trend. Last year about two-thirds of the money spent was used to send technical experts to countries that asked for their services, while rather more than half of the remainder was spent on fellowships.

The largest share of the funds available for this joint programme, in which seven specialised agencies co-operate with the UN itself, went, as usual, to the Food and Agriculture Organisation, which awarded 491 fellowships as against 258 the previous year. It has been particularly concerned to get local agricultural institutions started. Its report, emphasising once again that in many countries lack of trained staff is a greater obstacle to development than lack of capital, brings out the fact that the worst bottleneck is scarcity of trained men at the intermediate level—plant managers, engineering assistants and foremen, and agricultural extension agents. Second among the agencies in the scale of its operations was the World Health Organisation, which has chiefly divided its attention between the administrative job of helping governments to introduce and operate local health services, and the lending of a hand with practical fieldwork, especially in epidemic control. It has helped in mass campaigns to wipe out or bring under control malaria, yaws, trachoma and bilharziasis. Epidemic malaria, the report notes, has now been eliminated in roughly half of the Caribbean islands.

The method of financing this and other special UN activities has recently been discussed by a committee which has now recommended a new procedure. The regular budgets of the United Nations and its agencies are collected roughly on the basis of each member state's ability to pay; Britain's share is now about ten per cent. Some members are seriously in arrears, Uruguay and Nationalist China being conspicuous among the defaulters, but by and large the funds are brought in on a dependable basis. The same cannot be said of certain UN activities that are financed by voluntary contributions from governments, groups or individuals; these include technical assistance, work for refugees, relief work in Korea, and the children's fund. Most members contribute to one or other of these funds: the only states that have not been doing so are Albania, Nepal, Portugal, South Africa and Yemen. Non-member states and territories may and do contribute; in 1955 £167 came from Liechtenstein and £919 from Monaco, while eight British dependencies pledged £14,731 to the children's fund.

The system of voluntary contributions has obvious drawbacks. For example, 95 per cent of the Korean relief funds have come from only four governments. A number of member states would, however, resist any compulsory levy for special activities of this kind, so the voluntary system will necessarily continue. The committee's proposal may at least help to make it a more dependable system. Hitherto, the Assembly has set annual target figures for each special activity, after which the governments are invited to pledge contributions towards the target figures. The pledges have nearly always amounted to less than the target, and actual receipts to less than the pledges. It is now recommended that pledges should be made as soon as is practicable after the Assembly opens, and that the Assembly should then approve more realistic target figures in the light of the amounts pledged. This would certainly seem a practical, as well as an honest, procedure.

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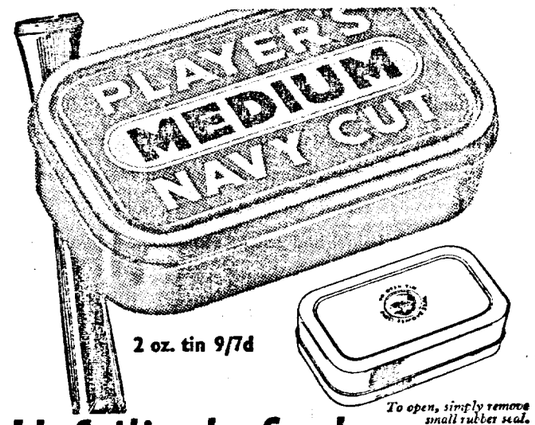

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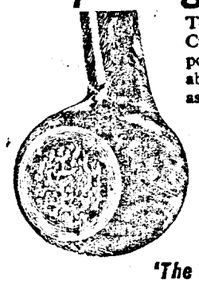

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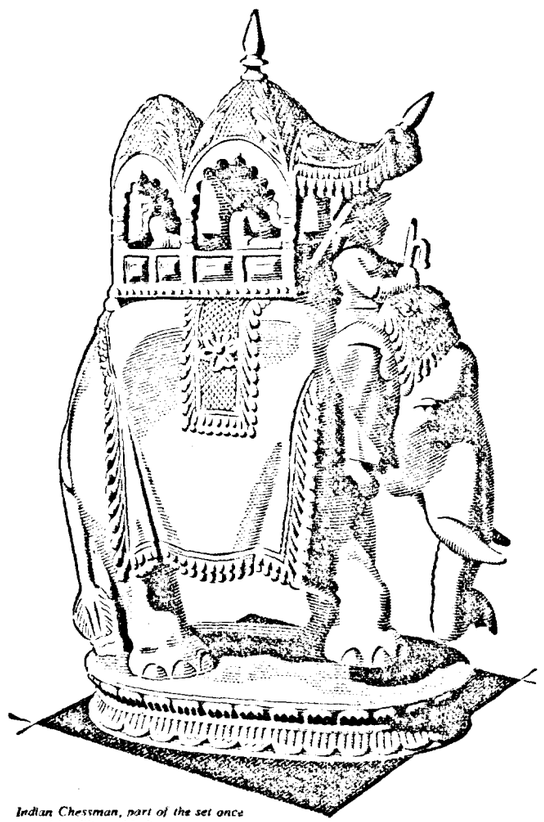

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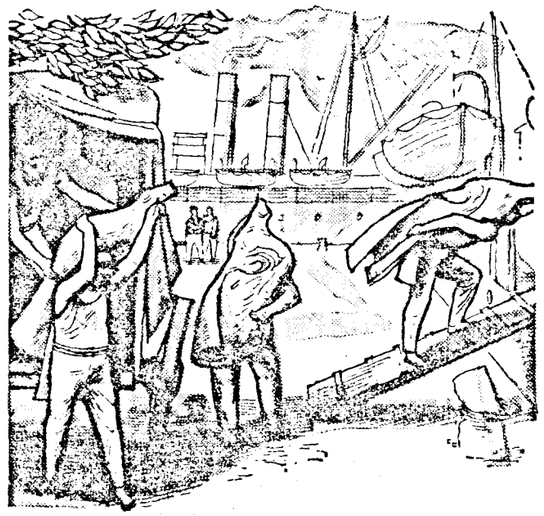
Fifteen years before Frozen Meat



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THE BUSINESS WORLD

Will New Railways Pay?

PERHAPS the six months that the British Transport Commission and the Minister of Transport, Mr Harold Watkinson, have spent on their reappraisal of the future of the railways have been good for both sides. The commission have spelled out, as explicitly as one could expect of major modernisation schemes that will stretch into the seventies, an attractive prospectus of costs and possible returns. The Minister has accepted this with no reservations of substance ; in the words of the White Paper issued on Thursday, " the commission have, in the Government's view, presented a convincing case showing that . . . they should be able to overcome their present financial difficulties, reaching a state of current balance by 1961 or 1962 and eventually a position of considerable strength." With an air of enthusiasm for what is, at this stage, bound to be a problematical and notional exercise, the Government has accepted the plans as " practical and necessary " ; it considers that the commission has now " clearly shown that they can, within a reasonable time, overcome past handicaps and provide the country with a modern and up-to-date transport system which will pay its way."

So the Minister and the commission are at one. Since the scheme was more broadly outlined at the beginning of last year, it has always been possible for the friendly but sceptical outsider to spatter question marks over it. But the biggest question mark of all has always been whether the Government could bring itself to accept its main underlying assumptions (even though several of these implied stinging rebukes for various things that various Ministers had done to the railways in the past) and adopt them as a realistic, commercial and even Conservative policy for the rebirth of the railways. The Government's commitment now could hardly be more complete and that is a great relief ; the country is being asked to put its shirt on a gamble that would have excited George Hudson and which starts at very reasonable odds.

But the assumptions that the Government has, in effect, underwritten, are of the essence of the scheme. They concern matters that, as the commission point out at the outset, are beyond their control. The first assumption is that they will no longer be impeded from covering increases in costs by adjusting their charges. Secondly, they must be able to operate flexible systems of charges and to decide for themselves what services to run. And they insist that there must be " an atmosphere of proper financial discipline throughout their affairs " and that no element of subsidy must intrude. On charges, it is fair to say that the commission have got less than they hoped for from the decision (still only an interim decision) of the Transport Tribunal, which appreciably restricts the commercial freedom to fix freight charges which the 1953 Act appeared to promise. The commission commit themselves to a policy of price restraint (obviously anxious about their current competitive position) but they are sanguine enough to expect that freedom in charges policy might produce £20 million of additional revenue by 1961 or 1962.

★

Modernisation of the railways' equipment and methods must rest on a dependable foundation of commercial freedom. It is expected to cost something, though not a lot, more than the original estimate of £1,200 million, of which £800 million is to be borrowed. The quicker returns are expected from the passenger side: " a total improvement of some £30 million a year may be predicted with confidence as the eventual outcome." On freight the benefits are expected to accrue more slowly, though the commission put the eventual figure " at a minimum " at £55 million a year. Here, stretching out to 1970, is the expectation that modernisation may produce £85 million of additional net revenue, with another £25 million from flexible charges, and £10 million from improved productivity (presumably net, after labour has taken its cut). Allowing for interest on borrowing (say £40 million) and a deficit of annual earnings of £40 million at the start of

the scheme, there should from 1970 onwards be a surplus of £50 million a year over and above the cost of servicing the new capital.

That is the sparkle of the long-run prospectus. The difficulties speak for themselves, and they arise from the considerable threat of a perpetual slide in the value of money. The fact that the commission, for the purpose of their exercise, have subsumed changes in the value of money under the brave assumption that they will be able to match increases in costs by adjusting their charges does not mean that they have suddenly gone in for Pollyanna economics ; this assumption was the only one on which to base rational estimates and it is, moreover, the most formidable of all the challenges that the commission have put to the Government. But compared with these difficulties, the short-term predicament of the commission screams from the housetops. There will be a current deficit of at least £50 million this year, and more next year even if the burden of wages is not increased—which the next two months will reveal. In five years from the end of this year investment expenditures will total £670 million, and in six years £810 million. Not until this money has been spent on freight and passenger yards, stations and vehicles, on diesel and electric traction and on improved track and signals do the commission expect, on their carefully framed assumptions, to get rid of their current deficit after paying interest on the new capital.

Modernisation itself is bound to represent a financial burden in the early years until it fructifies. How is this to be carried in a way that secures the financial discipline on which the commission are rightly so keen and avoids a subsidy ? It is to be done by the well-recognised device for works of a large-scale capital kind by capitalising the interest for the first three years and borrowing it. That is a perfectly respectable procedure. The Government's proposals for dealing with the much bigger problem of the accumulating deficit of the commission until it breaks even in 1961 or 1962 are likely to lead to greater argument. Special advances are to be made out of the Consolidated Fund to cover these deficits up to a maximum "which may be of the order of £250 million" ; they would be repayable by instalments "beginning after a specified period"—presumably after the commission are expected to be earning a surplus ; they will be liable to interest, but "for a certain time" the commission would be "entitled to receive additional special advances to cover payments of that interest." The White Paper hardly makes the Government's intentions on these important points unequivocally clear, and before they are spelled out in the necessary Bill it is to be hoped that the Minister will explain more precisely what is intended.

These financial undertakings by the Government modify, though not in any important way, the hopeful financial guesses that the commission are praying in support for the scheme. But although they are one of its essential components, the success of modernisation could never depend upon them alone. It is sadly true that this country has been guilty of gross under-investment in its railways for two decades ; it is also true that capital investment, though imperative, is only one ingredient in a successful railway policy. New equipment gives a boost to business (the remarkable success of diesel unit trains introduced in the last eighteen months puts to shame the steam-age railwaymen who for a generation regarded them with scorn) and it gives a new interest (coupled with less squalor) for the men who have to work it. It is here that the other ingredients of success must meet together in a combination of fighting commercial enterprise in selling railway service and of the most skilful deployment of labour to get the best return from these expensive new toys. A generation of under-investment has produced deadening effects on management and on men. A campaign for more business and a determined drive for efficiency (from which railway labour will certainly be able to obtain at least its fair share of the gains) must go in step with the progress of modernisation. New capital investment is only the beginning of the process ; its fruition in those luscious surpluses of tens of millions in fifteen years' time depends on a revolution of attitudes on the part of management and men.

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But there is at least one change in attitude that the Government and the public must make about the railways. More than any other nationalised industry, the railways have for years been the victims of political blow-football. The Government's underwriting of their prospectus towards advancement and self-respect should hold out the promise that, with this new community of financial interest, the Government will not be so ready, as governments have been in the past, to prejudice the commercial opportunities of the railways in order to curry political favour. The simple principle that charges must be adjusted to changes in costs recurs through the commission's report ; it is essential that governments in future should honour it.

So with wisdom and a fair slice of luck this country may in fifteen years be able to look at the Dutch, the German, the Swiss, the French and the Italian railway systems without a shudder of shame. What is proposed in this modernisation scheme is not technically remarkable (save in its very modern standard of mainline electric traction). It is all tried and tested stuff of a minor order of technical complexity compared with the new developments that other industries have successfully tackled since the war. The trouble is that a lot of this new equipment is wanted, in a hurry, and that 800,000 people will have to work it. It ought to be a challenge to them, and if it is skilfully presented it will be. It is people, not shining new gadgets, that will make the plan succeed. But the British public, who will be providing the gadgets, will insist that the railway unions shall co-operate in a task that will make their work more rewarding in both senses.

A New Yardstick for Equities

NO index number is free from faults and each has its virtues. For *The Economist* to add another indicator of ordinary share prices and yields to those already published daily by the *Financial Times* and monthly by the *Investors Chronicle* and the *Faculty and Institute of Actuaries* demands an explanation, for this is a field that has long been tilled by others, and with valuable results for investors. A new indicator, to be justified, must not merely be different ; it must be capable also of making its own contribution to the sum of market knowledge. It is in that belief that the "*The Economist* Ordinary Share Indicator" is now introduced, and will be published each week, together with an average yield on the basis of Wednesday's closing prices. The indicator is calculated by methods similar to those used in the index series published by Merrill Lynch, the well-known American brokers ; its theoretical background owes a debt to the paper on "Investment Policy and Index Numbers" by Messrs. H. W. Haycocks and J. Flymen ; and it would not have been born without the pioneering work on methodology done by Miss Margaret Rix at *The Economist's* request.

The result of this work is unorthodox by British standards, though not unfamiliar to Americans. The indicator is designed for the investor rather than the statistician, though it happens that the production of such an indicator requires marked statistical agility. The aim is to keep it both sensitive and up to date ; this involves some sacrifice of long-term comparability. Above all, the purpose is to embrace currently active ordinary stocks and to exclude inactive ones.

Everything turns then on the choice of stocks. The chart on page 348 shows that the gyrations of the new indicator differ from those of other indices not in direction but in amplitude. This result follows much more from the stocks chosen than from the methods used to weave them into one index number. At the outset 50 ordinary stocks, listed on page 349 were chosen. The number is sufficient to be fully representative of the market leaders but not so big as to include inactive securities. The selection was made in consultation with a number of leading stockbrokers. It differs from others in not using arithmetic tests of eligibility, such as market capitalisation. The test was the partly subjective one of market activity.

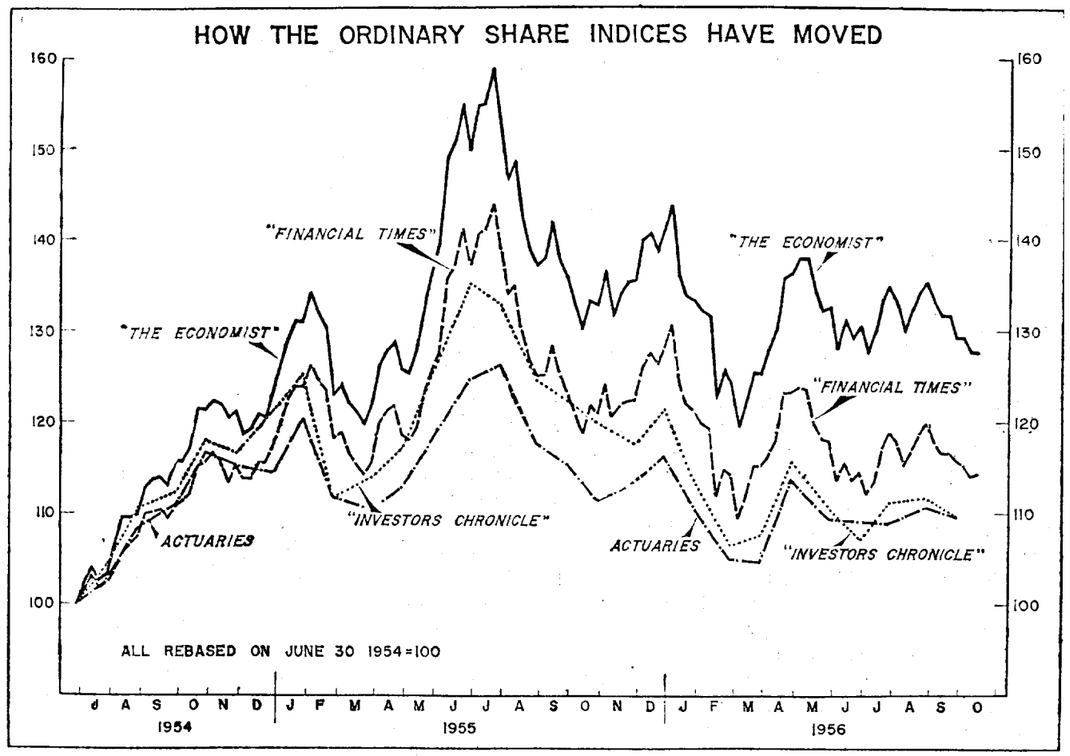
No particular industrial balance was aimed at in drawing up the list but, as it turns out, no single trade is over-represented. There is no weighting and no attempt has been made to compile secondary indicators for individual industrial groups. To make up representative industrial groups would have led to the inclusion of inactive stocks and a total index built up from such industrial sub-groups would have lost much of its sensitivity. Speculative interest is not a bar to inclusion where a stock is judged to have more than a transient importance in the market.

To maintain this criterion of market activity, it is intended to revise periodically (usually once a year) the constituent stocks, discarding those that become of less interest, and replacing them with others that become more active. The indicator will not represent a portfolio which is never altered—though it is not likely that the annual revision will result in far-reaching changes in its composition. A stock which loses its status because of amalgamation or because interest on its prior charges is not met will be dropped immediately. But that is not enough in an indicator designed to show movements in the short and medium term. It is equally necessary periodically to replace stocks declining in importance with the rising stars, though there must be an element of subjectivity in this revision as there was in the original selection. Because at its inception the compilers of the indicator were able to "job backwards" no stocks have yet been dropped from it, but two steel stocks, as a result of denationalisation, have been added.

The results of the past calculations are printed on page 348 and in future the current figures will appear with the London Stock Exchange report at the foot of the page corresponding to page 364 of this issue. A weekly indicator may not hit the precise peaks and bottoms that a daily series covers but it should catch the intermediate peaks and troughs which a monthly index tends to miss. The choice of Wednesday's closing prices has the advantage of coinciding with the first day's activities of each new account.

★

Any choice of active, sensitive stocks would be nugatory unless they were plaited into an index number by methods which displayed their activity and sensitivity. *The Economist* indicator breaks new ground by combining them (the jargon is unavoidable) in an unweighted arithmetic average of "price relatives," rebased each year and then linked back to the original base. The gritty technicalities of this method are discussed on page 349. Here it is sufficient to describe the general method of working and the effect it is likely to produce. The original base for each individual stock was an average of its mid-month prices in 1953, a period of relative market stability. The method of "price relatives" equates the price of each stock in the base period to 100 and subsequently an index number for each individual stock on that base is calculated. Then the arithmetic mean of these 50 separate indices is struck to produce the final indicator. At the end of each calendar year the bases of the separate securities are changed to their latest prices and these are used in the ensuing year. Price relatives are calculated on the new base ; they are then arithmetically averaged and that average is then linked back by a conversion



The Economist ORDINARY SHARE INDICATOR FROM JULY 7, 1954 AND YIELD FROM JULY 6, 1955

1954–1955				1955–1956					
Date	Indicator	Date	Indicator	Date	Indicator	Yield	Date	Indicator	Yield
July 7	149·8	Jan. 5	185·5	July 6	226·4	4·21	Mar. 7	174·6	5·95
„ 14	152·2	„ 12	189·0	„ 13	226·8	4·20	„ 14	178·7	5·81
„ 21	150·0	„ 19	191·9	„ 20	232·1	4·13	„ 21	183·4	5·66
„ 28	151·2	„ 26	191·9	„ 27	224·1	4·29	„ 28	183·5	5·67
Aug. 4	155·8	Feb. 2	196·5	Aug. 3	214·6	4·48	April 4	187·2	5·58
„ 11	160·1	„ 9	192·9	„ 10	217·3	4·44	„ 11	190·4	5·50
„ 18	160·1	„ 16	190·8	„ 17	208·0	4·64	„ 18	198·7	5·32
„ 25	160·8	„ 23	180·0	„ 24	203·3	4·75	„ 25	199·5	5·35
				„ 31	200·5	4·81	May 2	201·7	5·32
Sept. 1	164·7	Mar. 2	181·5	Sept. 7	201·7	4·80	„ 9	201·7	5·37
„ 8	166·1	„ 9	178·5	„ 14	207·6	4·65	„ 16	196·6	5·52
„ 15	166·6	„ 16	177·2	„ 21	201·7	4·78	„ 23	193·3	5·62
„ 22	165·3	„ 23	175·2	„ 28	199·1	4·86	„ 30	193·9	5·61
„ 29	169·3	„ 30	178·3	Oct. 5	193·9	4·98	June 6	187·3	5·83
				„ 12	190·4	5·05	„ 13	191·8	5·67
Oct. 6	169·6	April 6	184·6	„ 19	194·9	4·96	„ 20	189·3	5·76
„ 13	171·4	„ 13	187·0	„ 26	193·8	5·06	„ 27	191·0	5·74
„ 20	177·4	„ 20	188·1	Nov. 2	200·0	4·93	July 4	186·9	5·86
„ 27	177·5	„ 27	184·1	„ 9	192·4	5·15	„ 11	189·7	5·79
				„ 16	196·2	5·08	„ 18	195·3	5·64
Nov. 3	178·8	May 4	183·4	„ 23	197·9	5·05	„ 25	197·2	5·59
„ 10	178·3	„ 11	187·2	„ 30	198·5	5·06	Aug. 1	194·9	5·66
„ 17	176·3	„ 18	194·4	Dec. 7	204·6	4·95	„ 8	190·3	5·81
„ 24	177·2	„ 25	199·5	„ 14	205·6	4·98	„ 15	193·4	5·70
				„ 21	203·3	5·06	„ 22	196·5	5·61
Dec. 1	173·6	June 1	204·3	„ 28	206·3	5·07	„ 29	198·1	5·56
„ 8	174·4	„ 8	217·3	Jan. 4	210·4	4·90	Sept. 5	194·7	5·67
„ 15	176·9	„ 15	220·6	„ 11	199·5	5·16	„ 12	192·6	5·74
„ 22	176·2	„ 22	226·6	„ 18	196·0	5·27	„ 19	192·5	5·75
„ 29	180·6	„ 29	219·3	„ 25	195·1	5·29	„ 26	189·2	5·83
				Feb. 1	193·2	5·35	Oct. 3	189·2	5·83
				„ 8	192·4	5·38	„ 10	187·0	5·91
				„ 15	179·5	5·76	„ 17	186·8	5·89
				„ 22	184·2	5·61	„ 24	189·3	5·80
				„ 29	181·7	5·71			

The Mathematics of the Indicator

Method

The indicator is an unweighted arithmetic mean of the price relatives of 50 ordinary stocks. The original base for each stock was an average of its mid-month prices in 1953; at the end of each calendar year the indicator is re-based and then chained back to the original base:

Stock	Original Base	Date 1
A	15s. = 100	20s. = 133·3
B	30s. = 100	35s. = 116·7
C	60s. = 100	90s. = 150·0
All	100	133·3

Stock	New Base (at Date 1)	Date 2
A	20s. = 100	25s. = 125·0
B	35s. = 100	28s. = 80·0
C	90s. = 100	80s. = 88·9
All	100	98·0

To link the unadjusted indicator at Date 2 (that is 98.0) with the original base a conversion factor ($\frac{133.3}{100}$) has to be applied. The final adjusted indicator is $98.0 \times \frac{133.3}{100} = 130.6$.

Re-basing

Re-basing is used because some stock prices move up or down more quickly than others and widen the "spread" between the prices of the various components of the indicator (as if a fan were being gradually opened). Without re-basing, relatively high prices (which are characteristic of growth stocks) would come to have a growing and eventually a dominating influence on the behaviour of the indicator. Re-basing brings each individual price periodically back to 100 and dampens this influence. It is not eliminated because of the use of the linking conversion factor; but this latter uses the average of all the stock prices and thus reduces the effect of "spread" and the exaggerating influence of relatively high prices of the growth stocks. If prices spread out and then later converge after the re-basing, the opposite effect may be produced—an exaggeration of the influence of relatively high prices; in practice, however, this seems a lesser danger than the risk of increasing "spread."

Arithmetic Mean v Geometric Mean

As compared with the geometric mean (GM) the arithmetic mean (AM) tends to maximise the effect of abnormally high numbers and to minimise the effect of abnormally low numbers on the final result. Thus the use of the AM in the indicator will usually increase the influence of growth stocks on the final result. At the base date where all prices are made equal to 100 there is no "spread," but at subsequent dates a certain amount of "spread" is inevitable and consequently the AM of these prices will be higher than the GM.

There is no unvarying relationship between the GM and AM because the influences on them depend not merely on the "spread" between different prices and on the rate at which that "spread" increases or decreases, but also on the fashion in which the scatter of the individual prices changes (as if the fan opened and closed at different speeds and the pattern on it altered too). But market fluctuations would have to be really big to make the choice between GM or AM significant. The performance of the indicator as compared with other indices (and this has been tested empirically by calculations on the past figures) depends almost entirely on the selection of stocks—and hence in the future on the revision of that list—rather than on the choice of the method of averaging.

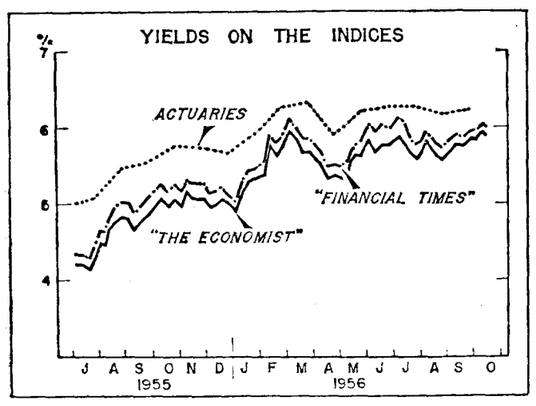
Yields

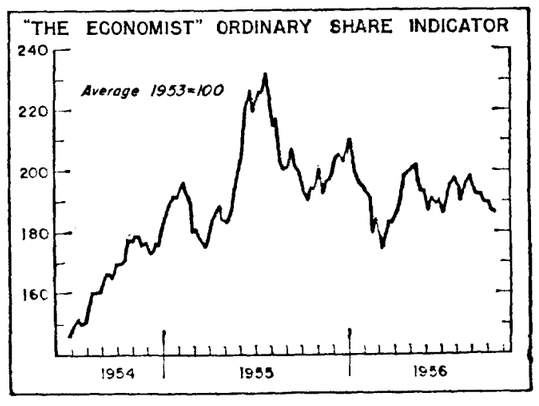
A simple arithmetic average of indicated yields has been chosen. Because the selection of stocks favours growth and currently popular equities, the yield on *The Economist* indicator is likely to remain lower than that on the *Financial Times* index.

Ordinary Shares in the Indicator

Associated Electrical Industries, £1
Associated Portland Cement £1
Babcock and Wilcox £1
Beecham Group 5s.
Boots Pure Drug 5s.
Bowater Paper £1
British Aluminium £1
British American Tobacco 10s. (Reg.)
British Celanese £1
British Electric Traction Def. 5s. "A"
British Insulated Callender's Cables £1
British Motor Corporation 5s.
British Oxygen £1
British Petroleum £1
J. and P. Coats £1
Courtaulds £1
Debenhams 10s.
Distillers 6s. 8d.
Dunlop 10s.
Electric and Musical Industries 10s.
English Electric £1
Ford Motor £1
General Electric £1
Great Universal Stores 5s. "A"
Guest Keen and Nettlefolds £1
Hawker Siddeley £1
Imperial Chemical £1
Imperial Tobacco £1
Lancashire Cotton £1
London Brick £1
Marks and Spencer 5s. "A"
Metal Box £1
Monsanto Chemicals 5s.
Patons and Baldwins £1
P & O Def. £1
Ranks 5s.
Albert E. Reed £1
Rolls-Royce £1
"Shell" Transport £1 (Reg.)
Stewarts and Lloyds £1*
Tate and Lyle £1
Tube Investments £1
Turner and Newall £1
Unilever Ltd. £1
United Drapery Stores 5s.
United Molasses 10s.
United Steel £1**
Vickers £1
Wall Paper Manufacturers Def. £1
F. W. Woolworth 5s.

* Introduced on September 22, 1954
** Introduced on July 7, 1954.





factor to the original base. A shorthand description of this method of calculation is to call it an arithmetic chain index though this is not quite accurate since the linking process takes place only annually. In the normal type of market, where some stock prices move up or down faster than others, this method should increase the influence of growth stocks, and the annual revision of the list aims at the same end. Both are essential ingredients of an active short-term market indicator.

On yields, *The Economist* indicator follows the path of orthodoxy. The yields calculated on each stock are indicated yields, that is the latest interim dividend is added to the latest final (or the other way about); in cases where the total dividend has been forecast that figure is used. The simple arithmetic average of these 50 yields gives the final yield figure. Because of the influence of growth and currently popular stocks on this indicator (and that springs from the selection of stocks) the yields shown by this indicator run below those shown by the *Financial Times* index and the *Actuaries' Investment* index.

The methods chosen to calculate the indicator are useful in establishing a series which is active and sensitive. But the value of the indicator will depend upon the regular and fairly frequent revision of the list of the stocks included in it. Big investors are used to comparing the valuations of their portfolios with index numbers at various dates. The new indicator, because it is arithmetic and because its constituents are reasonably close to the stocks of a forward looking portfolio of equities, should afford realistic comparisons between the two. There is nothing remarkable in the fact that over a recent period the indicator has been riding well above the other indices. But this fact challenges the idea that "beating the averages" is necessarily a matter for congratulation if the portfolio is valued arithmetically and the index is calculated on geometric averages (which always run below arithmetic averages). That is some justification for starting a new series. The differences between the showing of the new indicator and the existing share indices are not spectacular but they seem to warrant the introduction of an indicator, designed to supplement, not to supersede, the others.

Business Notes

The Market Pushes On

ON Wednesday the Government broker raised the price at which he sells Electricity 4½ per cent stock to the market twice in a single day. The two rises of ½ each have brought the price up to 91$\frac{7}{16}$, showing a total rise of half a point in a week. Conversion 4½ per cent stock (1962), which is another of the stocks that the Government broker can supply, has risen $\frac{3}{16}$ to 98¼ in the same period. These movements are not signs that the market is being groomed, but that gilt-edged stocks are in appreciably better demand than they have been in recent months. Some of the smaller banks and many other buyers are now prepared to buy moderately. Where it happens that the Government broker is approaching the end of a line of stock he wished to sell to the market the price movement can be sharp.

Currently, the market seems strong enough to absorb a good volume of new issues. Esso's £10 million of 5½ per cent stock was heavily and quickly over-subscribed on Thursday. The General Electric issue of £6 million 6 per cent loan stock issue was also over-subscribed, and the 4,285,420 £1 ordinary shares offered as rights at £2 per share were highly popular. The market must look for further tests of its appetite in the near future. On the gilt-edged side this week has seen a small issue by West Ham of £1½ million 5¼ per cent stock at £98½, attractive terms for a stock with a single date in 1966 to yield £5 8s. 10d. per cent to redemption. The comparison with the redemption yield of £5 10s. 9d. per cent on the recent London County Council issue is a measure of the market's improvement over the last fortnight. West Ham must be quickly followed by Australia with a funding issue for the maturing 3¼ per cent stock, and the premium savings bonds to come on sale next week will also absorb an unknown proportion of investors' buying power. Big new issues are also planned for the industrial share market. They include, it is believed, about £12 million for British Oxygen.

The Falling Bill Rate

DESPITE the still rising trend of money rates in some overseas centres—the Dutch and Canadian bank rates have both been raised in the past ten days—the London Treasury bill rate last week sustained its sharpest fall for six months. At the Friday tender the discount houses reversed their previous week's tactics and raised their application price by 7d. to £99 15s. per cent, with the result that the average discount rate for the whole allotment dropped by nearly ¼ per cent to a fraction over 5 per cent, the lowest rate since mid-August and fully ¼ per cent below the point reached towards the end of last month. This sharper-than-usual adjustment has been widely regarded as a response to the hopes raised by the recent speech of the Governor of the Bank of England, when he said that "we shall obviously feel more comfortable when circumstances justify a somewhat lower pattern of short-term rates." But the market was swayed also by tactical considerations and, since the authorities have not clearly shown their hand, it is not easy to assess the part played by wider ones. In the week of the Governor's speech, the market was still experiencing difficult credit conditions; the aid afforded by the authorities by open market purchases was not given in such a way as to save the discount houses from an increase in their borrowing costs. Hence they actually cut their tender price for the week's bills—apparently to the surprise of "outside" tenders—and secured only a moderate allotment. Last week the official smoothing technique was better adapted to the market's convenience, and this encouraged the discount houses to make sure of a good allotment.

Both these adjustments—the official one and the market's—could therefore be regarded as mainly tactical. There is no reason yet to suppose that the authorities are deliberately shaping their day-to-day credit policy so as to induce a further decline in rates. Indeed, the lending rate of the Public Works Loan Board was last Friday raised from 5½ to 5¾ per cent for loans of over five years (the short-term rate remaining at 5¼ per cent). It is noteworthy, however, that the better tone of the gilt-edged market since the Suez scare abated has enabled the "departments" to increase their sales. The offtake of stock last week may have been bigger than expected, since the week's bill offering of £280 million was under-allotted by £20 million. Another imminent factor that should slow down the expansion of the bill supply is the premium bonds. Meanwhile, a point of purely technical interest is the resumed offering of 63-day bills, which comprised £60 million of the £260 million of bills offered yesterday. These shorter bills were introduced in early November last year and were offered for seven successive weeks, in order to increase the concentration of bill maturities in the peak tax-gathering season of the new year. They are designed for the same purpose now.

The Mitre and the Top Hat

BUYING through two leading firms of stockbrokers and with direct access to the issuing houses that sponsor major capital issues and with top-ranking financial advice, the Church Estate Commissioners have pursued a resolute and wise investment policy, raising the yield on the portfolio and the stipends of the incumbents of the Church of England. The portfolio is arranged and managed in much the same way as any big investment fund, except that the Church will not invest in the drink or entertainment industries. That touch of the Puritan does not seem inappropriate.

What seems rather stranger is the view that the First Church Estates Commissioner, Sir Malcolm Trustram Eve, takes of a capital profit. Sir Malcolm said the Church was embarrassed by an "unwanted" profit of £160,000 on its holding of Trinidad Oil. The Archbishop of Canterbury, Dr Fisher, added a secular interpretation of the episode:

> The last thing you can call that is a gamble. We were kicked out and given a present, but we did not ask for it.

Should the Church be reluctant (or even feel it sinful) to accept a capital profit? It represents nothing more than the full current worth of a holding previously undervalued, and when it is realised it can be re-invested in other securities so as to preserve (if not to improve) the yield on its portfolio. That is the essence of investment in ordinary shares, which alone offer some chance to a fund of this kind to maintain its real capital, to match an increased income against a reduction in the value of money and consequently to provide better incomes for hard-pressed incumbents who are suffering bitterly from the depreciation of the currency.

If the Church condemns such a policy on moral grounds, it has no business to hold ordinary shares in its investment portfolio. It has a big holding. In the year to March 31st last, its holdings of Stock Exchange securities went down from £145 million to £133 million, but this was largely balanced by the growth of its investment in land and buildings from £14½ million to £22½ million and in mortgages from £15 million to £20 million. The Church's investments in gilt-edged went down from £74.7 million to £46.8 million and its holdings of industrial equities up from £40.6 million to £49.5 million. The yield on its equities went up from £6 8s. 5d. to £6 15s. 6d. per cent and the yield on all its Stock Exchange investments from £4 9s. 6d. to £4 17s. 7d. per cent. These are highly satisfactory yields, though they are based on the original purchase prices of a portfolio acquired over many years. Such perseverance with a policy of investment for better yields has helped to raise stipends from a minimum of £350 in 1948 to an average last year of £679. It is a policy indissolubly linked to chances of capital gains and losses. The profit on Trinidad Oil cannot be divorced from it as something unsavoury; it is of the essence of ordinary share investment, and no churchman need feel ashamed of it.

Boeings for BOAC

THE Minister of Transport has decided boldly and wisely to allow the British Overseas Airways Corporation to order 15 Boeing 707 jet airliners, only two less than BOAC originally requested. Past misfortunes have left BOAC with an inadequate and out-of-date fleet; its future on the North Atlantic depends on flying aircraft at least the equal of those flown by its competitors. The ten Douglas Seven Seas, the first of which will arrive in this country next week, are only stop-gaps that will temporarily redress the balance. Within the next four years, the big American jets are expected to appear on this route, halving the time of the Atlantic crossing and throwing the present competitive pattern into the melting pot. Without jets of this calibre, BOAC would be hopelessly outclassed.

It has not, however, been clear until Mr Watkinson's statement on Wednesday, that BOAC would be allowed to buy enough American jets to put its services on a fully competitive footing. A fleet of 15 is a big one, and the bill will run to £44 million, three-quarters of which will have to be found in dollars. In the case of the Seven Seas, the corporation's bankers arranged a dollar loan, and similar

arrangements have presumably been made for the Boeing 707s. The fifteen aircraft cover not only immediate needs, but also the expected future growth of North Atlantic traffic and the share that BOAC ought to be able to get. The Minister's decision thus enables BOAC to set its sights well above its present disappointing traffic load on the Atlantic route. Because of the earlier curtailment of BOAC's request for 19 Seven Seas to 10, Atlantic operations will continue to be severely curbed until the sixties and the prospect of re-opening the route to South America, now being actively developed by Lufthansa, recedes into the distance.

Advances to State Boards

THE latest of the mid-monthly advances by the Exchequer to the nationalised industries, under the new system of financing their capital requirements, absorbed little more than half the sum involved in the second batch in the series. As the accompanying table shows, the advances made on October 17th totalled only £18 million, thanks to a halving of the demands of the Central Electricity Authority and the absence of any new borrowings by the British Transport Commission. These big changes are not, unfortunately, indicative of any major improving trend, but reflect simply the inevitable and often unpredictable fluctuations of month-to-month payments and receipts. The large borrowings of the CEA in September, for example, enabled the board temporarily to reduce very substantially its overdrafts at the banks, quite apart from the regular reduction that is taking place in its overdraft limit; this unforeseen effect doubtless explains its smaller recourse to the Exchequer in October. On this occasion the Exchequer advances were made on the same day as the banks' monthly make-up; it is not certain, therefore, that the effects will be fully reflected in the clearing banks' statement now due to appear.

EXCHEQUER ADVANCES TO STATE INDUSTRIES*
(£ million)

	August	September	October
Central Electricity	14·0	24·0	12·0
Gas Council	5·0	4·0	3·0
Transport Commission	5·0	5·0	...
Other	3·2	2·5	3·2
Total	27·2	35·5	18·2

* Under Finance Act, 1956, and excluding National Coal Board, which draws funds from the Exchequer under separate Acts.

Japan's Shipbuilding Lead

IN no peacetime year since 1920 had any foreign country launched more merchant ships than the United Kingdom. Now a nation defeated in the second world war, Japan, has outstripped this country, with Germany, another defeated nation, jostling with Britain for second place. *Lloyd's Register of Shipping* shows that in the third quarter of this year, tonnage started, launched and completed in Japan far outstripped that in the United Kingdom.

	United Kingdom		Japan	
	No.	Tons gross	No.	Tons gross
Six months ended Sept. 30, 1956 :—				
Work begun	122	566,929	185	943,017
Launched	130	590,045	158	821,179
Completed	143	761,549	150	772,209
Twelve months ended Sept. 30, 1956 :—				
Work begun	260	1,321,609	316	1,787,017
Launched	270	1,349,808	274	1,431,974
Completed	271	1,416,933	238	1,193,262

The increasing tempo of Japanese shipbuilding has been plain for some time. Work in progress increased from 66 ships of 573,871 tons gross a year ago to 144 ships of 1,192,745 tons in September, and meanwhile Japan has delivered 238 ships of 1,193,262 tons. If this pace is maintained, as seems probable, Japan will soon be producing merchant ships at the rate of at least 1,600,000 tons a year. Although Britain's potential capacity is in the region of 1,750,000 tons a year, and the present order book would last three years at such a rate of output, production is being held down to its present level primarily by the shortage of steel and also by continual labour stoppages. If sufficient steel were forthcoming, demarcation disputes and restrictive practices might still restrict output.

Over-dependence on Mixed Orders?

THE world's shipyards do not lack new orders and delivery before 1959 is difficult to obtain anywhere. British shipyards received orders for 149 ships of 950,000 tons gross in the last six months, about one-third for export, In the same period Japanese yards received orders for 58 ships of 1,108,000 tons gross for export alone, domestic orders being on a much smaller scale. Japan's shipbuilding boom is geared almost entirely to orders for large bulk carriers, ore carriers and tankers, mainly for registry in Liberia and Panama, and for Greek and American owners. The British order book is much more balanced between tankers, ore carriers, cargo vessels, passenger and cargo liners and miscellaneous and specialised ships: the overall value per ton gross is higher than in Japan. The larger and simpler type of bulk carrier is cheaper to build per ton deadweight, and simpler to build and therefore more rapidly completed, ton for ton, than passenger and cargo liners.

British yards have good prospects of stable employment, so long as new orders are well spread over different types of ships. But even if the demand for average and more specialised ships remains at its present level, the real expansion over the next few years may lie with the much larger bulk dry-cargo carriers and tankers, of 45,000 tons dw and over, for which only a limited number of British berths are at present suitable. New and extended berths are being contemplated in many foreign countries, including Japan, France, Germany, Sweden, Norway and the Netherlands and lately, too, in a few British yards. So far the orders for extra large bulk carriers have emanated mainly from Greek and other foreign "independent" owners, who have gone to yards that have been able to promise the earliest delivery. Now the major oil companies, such as British Tankers and the Shell group, have made it clear that their future programmes will also include more vessels of 60,000 tons dw and over. Shipbuilders, dry dock owners and port authorities in this country must get used to the idea that this has become a new standard size.

Courtaulds Profit Warning

IN maintaining the interim dividend at 4 per cent the directors of Courtaulds, who do not publish half-yearly profits but occasionally give some indication of the state of trade, offer stockholders a sharp warning. "Current indications are that the consolidated income of the group this year will be appreciably less than for the year to March 31st last." They report that profits both at home and abroad continue to be affected by highly competitive market conditions and by generally rising costs not matched by any general increases in selling prices. On the home front the group has in the first half of its financial year managed to maintain its sales of textile yarns and fibres, but turnover in tyre yarns following the fortunes of the motor trade has been materially lower. Shareholders also get a warning not to jump to conclusions about the final dividend which was 6 per cent last year. The final dividend "will come before the board in June next when the accounts for the full year will be considered in the light of other relevant circumstances." The market was not unprepared for some unpleasant news and Courtaulds £1 ordinary units fell only 3d. to 33s. 6d. on the announcement.

Hobson's Choice for Lancashire

REPRESENTATIVES of the cotton textile industry who gathered at Harrogate for the Cotton Board's annual conference last week-end heard one item of news, and a number of sound and worthy papers that failed to discuss a subject that was in everyone's mind. The news came from Sir Raymond Streat, chairman of the Cotton Board, who announced that a mission from Lancashire would leave for India at the end of November to discuss duty-free imports of cheap Indian cloth with representatives of the Indian industry. This mission, which was suggested by the Prime Minister in the summer, is the outcome of preliminary talks with leaders of the Indian industry who happened to be in London recently. It would be ill-advised, Sir Raymond said, to make the mission's task more difficult by discussing the question now, and the conference accepted his view. But people in Lancashire will be thinking about the implications. India may feel that if its exports to Britain rose much higher, the British Government might be forced to restrict imports of Indian cloth for home consumption. Hence it is not inconceivable that the Indian industry might be persuaded to agree to an unofficial ceiling now. But that would still leave the door open to a possible increase in imports from Hongkong and in time also from Pakistan, which has a young modern industry intent on expansion and with costs perhaps below India's. By advocating unofficial measures of protection the British Government is setting Lancashire to climb a slippery slope.

The implications for Lancashire of British participation in a free trade area in Europe were not discussed in the papers at the Conference. One of the fears expressed at Harrogate was of a "war on two fronts," with Lancashire fighting for a share of the free market while attacked in the rear by duty-free imports from the Commonwealth. Another was that foreign competition in the free market might be assisted by dual prices and subsidies. Mr A. R. W. Low, Minister of State at the Board of Trade, took up these points at the end of the conference. While duty-free entry to cotton textiles from the Commonwealth, he said, would not be altered by British membership of the free market, he reminded his listeners that the value of these imports was only a fraction of Lancashire's sales to preferential markets in the Commonwealth. He expected that the European free market plan would contain provisions against dual pricing and subsidies, and he pointed out that the government was introducing an anti-dumping bill. Though there were certainly risks in joining the free market, the risks of staying outside it were graver still. For Lancashire, indeed, a decision for or against the European free market is simply Hobson's choice.

Premium Bonds for Sale

PREMIUM SAVINGS BONDS will be on sale next Thursday, November 1st, and in anticipation of that day the distribution of the necessary forms (forms which must not be folded if sent through the post) has begun. Applicants will be able to buy through the post offices or through most banks any number of units from one to the maximum holding of 500 on a single signature—up to 10 units across the counter and larger amounts through the post. It will make no difference to the mathematical chance of drawing a prize whether a holding is bought in a single block or in random numbers, but no buyer will be allowed to choose his numbers. That will not stop more superstitious clients from trying to spread the numbering of the premium bonds held. The banks, as agents, are receiving instructions from some customers to buy a quantity of units at a given number a day (sometimes only one) on separate days; these are moves usless to the buyer and troublesome to the Post Office and the banks.

The chance of drawing a prize of £25 or better in the June draw, when all the bonds bought in the month of November rank, is one in 2,100 for a holding of a single £1 bond. For the maximum holding of £500 it is therefore only fractionally worse than one in four. A one in four chance of £25 tax free on £500 for six months will seem an attractive possibility, especially for those in the higher ranges of tax. Whether the clinical purity of "Ernie" with his other-wordly electronic brain will make quite the same appeal to the popular gambler as girls drawing numbers out of drums remains to be seen.

Anything More for Steel Shares?

ACCOUNTANTS in the steel companies are now busy preparing accounts for the financial year which ended on September 30th. Investors can only guess what these accounts will reveal, but some of them have chosen this moment to be buyers of steel equities. The buying phase has been short, but it has been sufficiently strong, as the accompanying table shows, to carry prices up several shillings. The result is that yields on these shares now conform more closely to those offered by comparable equities in other industries. The closing of this yield gap is reasonable.

But is there any chance that the advance will continue? Given present yield comparisons, a further advance in steel shares could be justified only on the assumption that dividends will be fatter. It seems a safe guess that present

£1 Ordinary Stock	Oct. 12th		Oct. 19th		Oct. 24th	
	Price	Yield	Price	Yield	Price	Yield
		%		%		%
Colvilles	30/10½	7·1	34/3	6·4	33/4½	6·6
Dorman Long	24/9	6·5	26/4½	6·1	25/9	6·2
Lancashire Steel	32/1½	6·9	33/9	6·5	33/9	6·5
Stewarts & Lloyds	56/1½	6·3	62/3	5·6	60/6	5·8
John Summers	34/7½	6·9	36/3	6·6	36/–	6·7
United Steel	36/1½	6·9	39/3	6·4	38/7½	6·5
Whitehead Iron	59/–	6·8	60/6	6·6	59/9	6·7
"Financial Times" Index	*172·3*	*6·18*	*176·1*	*6·06*	*179·5*	*5·95*

rates will not be reduced, but it would be hazardous to say they will be increased. Output slackened in the last financial period; prices were held down; and costs have been rising. Net earnings, past and prospective, cannot be expected to take another big leap forward, and a large slice of these earnings will be earmarked for development projects. Not all the major programmes are complete and there are costly developments on the horizon. Moreover, the idea that the cost of future replacement should be provided against in present profits has taken deep root in the steel industry, making another claim on earnings.

Nine Months' Trade

SEPTEMBER is usually a poor month for British exports and this year it contained the minimum 24 working days. As already shown in the preliminary returns exports fell by £31.2 million below the August figure; imports fell by £27.2 million, and as re-exports rose by £1 million the visible trade deficit ran up by £2.9 million to £63.7 million. Expressed on a working day basis—always a somewhat risky exercise—the picture looks grim. Exports were lower than in the previous month or in the corresponding month of last year and the "trade gap"—the excess of exports fob over imports cif was wider.

Some consolation can be drawn from the fact that the terms of trade have not moved adversely. In the Board of Trade Index both import prices and export prices rose a point, the former because of higher freight rates on crude oil and the latter because of higher prices of engineering products and textiles.

Poor though September was in isolation the trade figures

TRADE PER WORKING DAY
(£ million)

	Sept. 1955	Aug. 1956	Sept. 1956
Total exports (including re-exports)	9·77	9·69	9·64
Imports	11·71	11·94	12·30
"Gap"	1·93	2·25	2·65

for the first three quarters of 1956 are not as a whole discouraging. Exports of British products for the nine months have risen by £209 million to £2,332 million, and re-exports by £22 million to £107 million while imports rose by only £30 million to £2,914 million. The "gap" has been reduced from £676 million to £474 million.

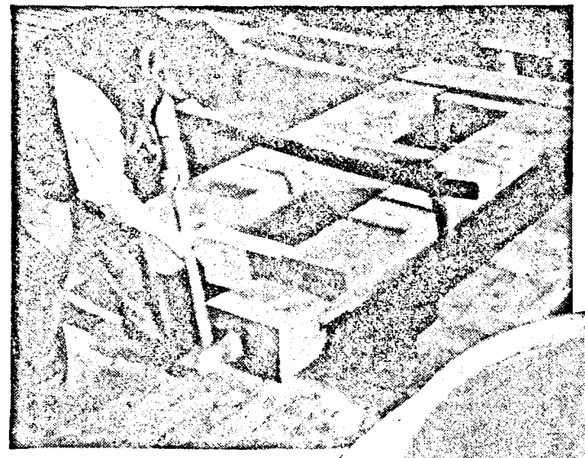
Investing the Rubber Millions

THE Guthrie group of rubber companies has devised a plan for redeploying its great surplus of liquid assets. The group has been forward in its replanting; it has spent large sums on keeping up to date; it has also liberalised the dividend policies of most of the companies in its management. But large liquid funds remain and Sir John Hay, the chairman, thinks that it is not right—at least not yet right—to invest much money on the expansion, as distinct from modernisation, of the plantations in Malaya. He therefore proposes that a big investment trust should be set up to which the rubber companies of the group would entrust their gilt edged securities, which he realises are a poor hedge again inflation, taking ordinary shares of the trust in exchange.

The investment trust is to have an initial issued capital of £1½ million rising later to £2 million, all in £1 ordinary shares. It is to start as a private unquoted company but with the prospect of a quotation later and be managed by

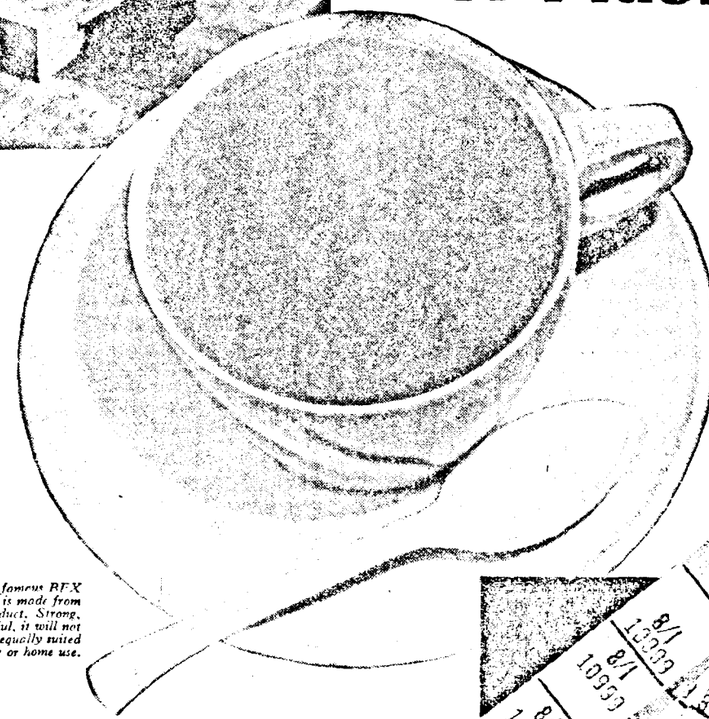
Company	Proposed Shareholding
	£
United Sua Betong	700,000
Labu Cheviot	300,000
Linggi	200,000
Oil Palms of Malaya	100,000
Lambok	90,000
Port Dickson	80,000
Rembau Jelei	70,000

Robert Fleming and Company. Directors of the contributing companies would sit on the board of the trust and would presumably influence its investment policy, though the intention is to broaden the investment portfolio and therefore not to concentrate on rubber. These companies would be the principal shareholders. Some of the smaller companies of the group have not yet decided what shareholding if any they will take.



British Waterways workman assembling a lock gate at Tipton, Staffs. The gate is the first of its kind to rely on resin adhesives instead of eighty cold driven rivets, and Beetle Adhesive—a B.I.P. product—is the chosen bonding material.

the Wonder of Plastics



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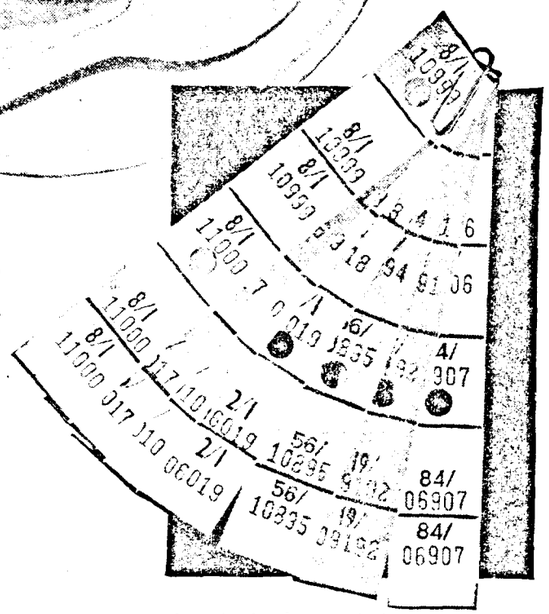

Laundries, these days, are using laundry tags of paper—wet-strengthened with Beetle Resins—a B.I.P. product. Even wet scrubbing has no effect on these tough tags. (Wet-strengthened paper made by Robert Craig & Sons Ltd., a subsidiary of the Associated Paper Mills Ltd.)

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Shareholders of all the companies will be asked to approve the plan. They may do so with mixed feelings. Certainly Sir John Hay is proposing to put the surplus assets of the companies to work. Any management that does not either employ its capital or return it must reckon that sooner or later someone else will do it for them, and it has not escaped attention that someone else has already asked for a list of shareholders in KMS (Malay States) which although a Guthrie company does not yet appear on the list of proposed shareholders of the Trust. The plan is obviously also intended to hoist a large part of those surplus assets out of reach of a share bidder and therefore beyond the reach of the shareholders. In the hands of a private company wielding the right to refuse a share transfer the transferred assets can in effect only be touched by permission of the majority on the board. Even a successful bidder for the largest shareholder—United Sua Betong with £700,000 invested—would find himself powerless. It is ingenious but *is it right?* Is it right for directors to hang on to surplus assets by such tactics? And is it right to deny shareholders a cash payout when one can obviously be afforded? If the trust were a public company and if the shares were distributed *in specie* to the shareholders of the investing rubber companies, the scheme would be wholly acceptable.

Woolwich Equitable Holds Its Own

THIS year is not one the building societies will look back upon with relish. With dragging feet they have had to dance to the tune of dearer money, raising their payments on shares and deposits and their charges on mortgages. They have had to put a squeeze on their mortgage advances as shareholders withdrew their savings. The smaller societies have been pinched and the larger ones have just managed to hold their own. Woolwich Equitable Building Society, the fourth largest in the movement, is one of the latter.

Years ended Sept. 30th	1955	1956	Variations
	£'000	£'000	£'000
Mortgage balances.....	97,478	105,195	+ 7,718
Investments and cash ...	17,802	19,633	+ 1,831
Total Assets	*116,077*	*125,708*	*+ 9,631*
Liquidity ratio	*15·33%*	*15·62%*	*+ 0·29%*
Shares and deposits	110,486	119,622	+ 9,136
Reserves & carry forward	4,871	5,203	+ 332
Receipts from shareholders	21,265	19,938	− 1,327
Withdrawals by shareholders	8,778	9,758	+ 980
Advances on mortgage	*23,182*	*17,694*	*− 5,488*

Its preliminary accounts for the year to September 30th tell a now familiar story. Withdrawals by shareholders increased and new receipts on shares fell in a period when the society's rate on shares remained at 3 per cent, tax free. Over the year the society received in net new savings on shares about £10,180,000 (compared with £12,487,000) while the balance held in deposits actually declined. It had to clamp down on new mortgages and in the year advances fell by £5,488,000 to £17,694,000; significantly the proportion of advances on newly built houses went up. Thus Woolwich was just able to maintain its liquidity ratio, which rose fractionally from 15.33 to 15.62 per cent. Since the end of its financial year, the society has been paying 3½ per cent, tax free, on shares and has put up its mortgage rates. If the higher rates attract new savings or at least slow down withdrawals, it will be possible to loosen the screws on new mortgages—though only by a turn or two. Hence societies which end their financial years on December 31st may have a more favourable make-up date than the Woolwich, which with the Leeds Permanent is one of the two big societies accounting to September 30th.

Paying for Oil's Expansion

LAST week at Calder Hall Mr Butler suggested that by 1975 atomic energy might be providing the equivalent of at least 50 million tons of coal, and possibly 100 million tons. Mr Jukes, the Atomic Energy Authority's economic adviser, has put the figure more precisely at 60 to 70 million tons. But even on the best assumption of 100 million tons, the expected growth in the British economy depends on using much more oil, as Mr Vignoles, the managing director of Shell-Mex and BP Ltd., pointed out this week. If total energy requirements rise at 3 per cent a year, the power consumed in 1975 will reach the equivalent of some 400 million tons of coal. Of this the coal industry itself, helped by its new investment programme, might produce some 240 million tons (its present target for 1965). Even if the equivalent of 70 million tons of coal were available from nuclear power, a gap of 90 million tons of coal would still remain to be filled by 50 million tons of oil—nearly double the present output of Britain's oil refineries, and calling for a large capital programme.

Where is the money to come from? Mr Vignoles estimates that the world oil industry will have to find no less than £40,000 million over the next ten years—an annual requirement of £4,000 million that equals the capital raised on the open market by all other industries last year in the free world. Funds on this scale for the oil industry alone are clearly beyond the capacity of the market, and Mr Vignoles draws the inevitable conclusion that the industry must still find the greater part of its investment funds out of its own earnings.

To do so, the oil companies must maintain their profit margins, and this involves a crucial point about the character of the increased demand for oil in Britain. It will be concentrated particularly on fuel oil, which is bound to form a steadily rising share of total refinery output. But since fuel oil fetches only about half the price of petrol, average receipts per barrel of oil refined are bound to fall. And although the new refineries, being simpler, should be less costly, the profit margin per barrel of oil refined seems likely to fall, too. Mr Vignoles implicitly supports the view that the price of fuel oil will have to rise. For individual oil companies, however, there are other implications to the pricing of fuel oil. In the oil industry, prices are determined, not by a single body, as are coal prices by the National Coal Board, but by independent companies in competition with each other—and competition for new customers is nowhere more aggressive than in the fuel oil business. If Shell-Mex and BP, for example, were to raise the price of fuel oil in Britain above "Aruba parity"—the cost of importing from the Dutch West Indies fuel oil refined from heavy

Venezuelan crudes—it would have no guarantee that the other marketers of fuel oil would follow its lead. It may not be easy to reconcile competition in any energetic form with the need for large internal surpluses for reinvestment.

New Zealand Wool Sales

THE wool selling season has opened in New Zealand with less display of strength than was seen at the opening of the London sales in September or at the Australian sales at that time. The market was still good and the adjustment was expected. In September there was an element of fear in prices. The labour trouble at Brisbane was not settled, and the Suez crisis with its threat of delays on shipments to Europe was at its height. So London in September was quoting New Zealand crossbred wools at about 10 per cent above the closing prices of the New Zealand selling season that ended in May and almost the same advance above the prices of the London July auctions. Now the new series has started at Dunedin and the market though still strong is about 5 per cent down on London's September prices. Since September some of the cream has come off the market in Australian wools too. In London this week better style Australian merinos have been quoted barely 5 per cent down on the September auction and average style 5 per cent to 7½ per cent down.

As sometimes happens near the beginning of a season the London market this week did not follow the markets in Australia and New Zealand to the full extent of their declines. London prices of Australian merinos are now about 2½ per cent above parity with current Australian prices. London prices of medium crossbred wool is near parity with Dunedin prices, but London prices of fine crossbred wools show a premium of about 5 per cent over the Dunedin market. London is the market where Bradford and the near continent obtain relatively small quantities of wool for quick delivery. The premium may disappear when larger supplies from New Zealand reach Europe.

New Building Society Accounts

IMPORTANT changes in the structure and detail of building society accounts must follow the new form of return tabled by the Registrar of Friendly Societies before Parliament this week. The new form comes into operation 40 days after they were tabled and therefore in good time to catch the annual accounts of those societies whose financial years end on December 31st. Outstanding among the changes proposed are two extensions of the schedule which should help members both to get a clearer view of how far their society has been lending to big borrowers, i.e., property companies, and a clearer view of those loans on which it has encountered difficulties. The new part IV of the schedule must include loans to borrowers with more than one mortgage where the total debt exceeds £25,000, and the new part V must include particulars of properties in which a receiver or manager has been appointed for more than 12 months, but which are not included in part III. The purpose of the new part V of the schedule is clearly to supplement part III which shows properties more than 12 months in arrear but not more than 12 months in possession. In practice some societies have found it convenient to appoint a receiver or manager rather than to take possession.

Another major innovation is the compulsory inclusion as a separate item in the balance sheet of the number and amount of share or deposit holdings exceeding £5,000. The inclusion of this new item should largely meet the criticism, particularly of the President of the Halifax Building Society, that large sums of temporary money were being accepted from limited companies. Such company money would now have to be shown under the new balance sheet heading unless the investment were less than £5,000.

Numerous useful innovations of detail have also been introduced. Holdings of British municipal and county securities will have to be split into quoted and unquoted investments. A new item "other amounts paid by borrowers as consideration for advances" will compel societies to show any premiums that they have charged mortgage borrowers. Under the heading income tax and profits tax, societies are to be required to state the date to which they have made the provisions shown, and a new reserve item is to be set up "mortgage losses reserve account." It seems evident that the Registrar of Friendly Societies has consulted with leaders of the movement in making these changes and that the well managed societies forming the large majority have everything to gain from them. They may, however, be highly revealing about the activities of others.

New Life Office Records

IN every respect 1955 was a bumper year for life offices. Figures just published by the Life Offices' Association and the Associated Scottish Life Offices show record new business in both individual assurances and staff scheme life assurance and pension contracts, accompanied by an increase of £219 million (compared with £202 million) in ordinary life and annuity funds. New sums assured topped the £1,000 million mark for the first time. Some £847 million was assured by individual policies (against £758 million in 1954) and £254 million (against £197 million) by group life and group endowment assurances; the aggregate increase in new sums assured over 1954 was 15 per cent.

ASSURED BENEFIT SCHEMES FOR EMPLOYEES

	1951	1952	1953	1954	1955
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Lump sum on death ..	772	949	1,101	1,269	1,537
Annual pensions :—					
Future*	186	229	264	295	344
Current	4·1	4·7	5·6	6·5	7·8
Premiums received ...	71·4	85·9	96·1	109·3	127·9
	thous.	thous.	thous.	thous.	thous.
Estimated number of employees covered for life assurance, pension or both.....	1,790	1,957	2,067	2,205	2,475

* Expected pensions based on current salaries.

These statistics of the life offices' associations, which exclude industrial assurance, cover about 99 per cent of the business of the British offices and of the UK business of the dozen or so Commonwealth offices

Key man, key industry

HERE IS JAMES WOOLLEY, first hand melter in a steelworks in Lincolnshire. His job needs strength, and skill as well. James Woolley has both. He's been making steel for twenty-six years.

Steel from his company goes to all parts of the world. It may leave Britain in any one of a hundred forms: as railway equipment, as ships, as massive structures for engineering projects.

As the world's demand grows, British steelmakers increase their efforts to turn out steel of the quality and quantity needed. Behind these increased efforts are men of the calibre of James Woolley.

British steel leads the world

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AT THE STORES...

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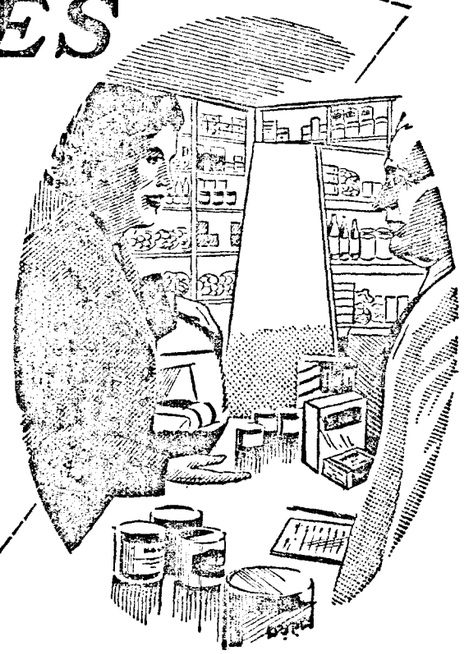

OR IN THE KITCHEN...

The plastic equipment found in every modern kitchen is probably made with Hercules Cellulose derivatives.

BUT THESE ARE ONLY TWO of the countless common tasks in which Hercules chemicals serve the community—invisibly but well.

If you have a problem in industrial chemistry Hercules may have the answer. Address your enquiries to the Technical Service Department.

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that operate in this country. They are the only comprehensive source of information about the rapidly growing staff life assurance and pensions business except that segregated in the annual returns by the offices to the Board of Trade. Expansion in this field was greater in 1955 than in any previous year. The exemption from income tax of the interest build-up of pension funds (as distinct from schemes) assured with a life office that was conceded by this year's Finance Act will, no doubt, give an added fillip to this type of contract.

Public interest is at present centred on the policies that are being offered in considerable variety by the life offices to people eligible for "Millard Tucker" pensions. It remains to be seen how much this new source of business will add to the £327 million of annual premiums that were paid last year for ordinary life assurances and for deferred annuities (£245 for assurances and £82 million for annuities). Some guesses at the size of the increment seem to have ignored the inroads that these policies are bound to make into bread and butter new business in individual endowment assurances.

More Factory Inspectors Needed

FACTORY inspectors have been doubly hit by industrial changes of the past few decades. Their work has grown enormously, more than the total inspectorate itself has increased, with the growing complexity of manufacturing process and with a parallel increase in new legislation, most of it more technical and wider in scope. At the same time, the pay and inducements offered by industries short of trained men has attracted away much of the inspectorate's technically qualified staff.

A detailed survey—the first of this scale since 1928—published by the Ministry of Labour last week-end suggests that the quality of inspectors' work has not as a result fallen off, but the volume is certainly less in some directions than the Ministry would wish. Since 1928 two more Factory Acts have been passed, adding substantially to the safety, health and welfare provisions that inspectors are meant to supervise. Special sets of regulations for particular industries have increased. More complex factories and activities, such as building and ship repairing, have been brought within the scope of the Acts. And industry is showing a greater desire to call in the local inspector for expert advice.

Similarly the decline in the number of technically qualified inspectors may not yet be a cause of serious alarm. The work does not necessarily call for specialist academic training and an engineer, say, is as "handicapped" as an arts graduate in a routine visit to a chemical plant. It is unlikely that the inspectorate could hope to get a great number more of skilled technologists. But the shift in the balance of qualifications has weakened some of its specialist branches. The staff of the chemical and engineering branch is to be trebled, and 26 more inspectors are to be added to help with the serious back-log of building site inspections. This will raise the establishment from 378 to 430. Whether the Ministry can hope to hit even this present target of fifty will depend on what it offers; and inspectors' salaries, low by industrial standards and indeed by civil service standards, are being increased, but only modestly.

Tin Council Meets

THE International Tin Council met in London last week to put the finishing touches to its administrative preparations for bringing the International Tin Agreement into force. While it was doing so the price of tin rose above £800 a ton, at which level the manager of the buffer stock may sell the metal. Tin stands at £809 10s. a ton compared with £797 a ton a fortnight ago, but the passing of the £800 mark is of only theoretical importance. At present the manager holds no tin. The Council fixed September 15th as the due date for contributions under the scheme, and it has already received some contributions; but these have been wholly in cash—as is natural enough, since cash contributions are taken at the rate of £640 a ton. The buffer stock is therefore now able to support the market should it fall below the permissive point of £720 a ton, at which the manager is allowed to buy tin or the compulsory point of £640 at which he must buy tin if he has cash; but it is in no position to curb the market, even if tin were to rise above £880 a ton at which figure the stock must sell if it has tin. According to the Council's own estimates, however, taking the two years 1956 and 1957 together, world supply and demand would be approximately in balance, so that theoretically at least there should be little call for intervention.

Two other events arising from the Council meeting are worth recording. Representation of consuming countries is being broadened; Italy, Turkey and Israel have joined, and the adhesion of Austria as a consuming member was approved. It has also been agreed that the Tin Study Group shall cease publication of the Statistical Bulletin not later than June next year, leaving the Tin Council to start publishing that information in April or May. Thus the Tin Study Group becomes a mere forum for discussion, but available to be called together if, for example, the members wish to consult with the United States, which is not a member of the Council.

Television Advertising Rates

THE Independent Television Authority's programme contractors have been revising their advertising rates and if the changes made by the London weekday contractor, Associated-Rediffusion, reflect the general view, the programme companies have resigned themselves to a seasonal decline in bookings during the summer. The suddenness with which advertising dropped off last summer, six months after the service had opened, alarmed the contractors and they offered lavish inducements in bonus time and generous discounts on big bookings. Most of the bonus offers were timed to end in the autumn, though not those offered by Associated-Rediffusion.

This company now announces that all bonus time will end in February, but discounts for large customers will remain. Next summer, between June and September, all rates will carry a 20 per cent discount. There is an important difference between this discount and the bonus scheme that it replaces, for while the bonus would be fitted in at

GOING TO CANADA?

TWO WAYS TO FLY AND SAVE WITH TCA

15-DAY EXCURSION

SAVE £34

on a normal tourist fare

Now you can fly to Canada on TCA's new 15-Day Tourist Excursion, and save over £34 on a normal tourist fare. Fly the fast, direct TCA Super Constellation route to either Montreal or Toronto.

Ask your Travel Agent for full details of TCA's two wonderful saving offers.

FAMILY FARE PLAN

SAVE £214†

on fares for a family of four

Once again TCA's popular Family Fare Plan will be in operation from November 1, 1956 to March 31, 1957, offering really worthwhile savings for Dad, Mum and the children when they fly together in either Tourist or First Class.

† Based on a family of four flying Tourist return from London to Montreal.

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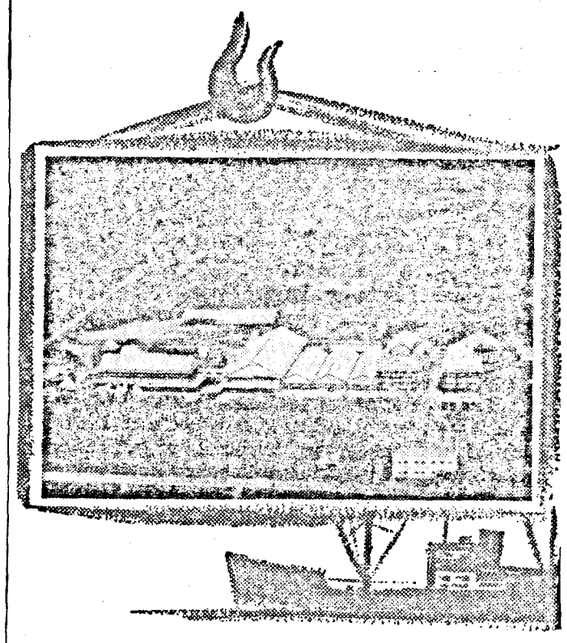

The illustration shows the Soap, Margarine and Edible Oils processing factory completely engineered and erected by Frasers for Lever Bros. of Malaya at Kuala Lumpur. Other large-scale Fraser projects recently completed or in progress include—in **Belgian Congo** a factory similar to that at Kuala Lumpur, at **Durban** a complete lube-oil blending plant and a grease-manufacturing plant, at **Aden** a petroleum desulphurisation unit, and in **New Zealand** two complete superphosphate factories.

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non-peak times the discount applies irrespective of the time booked for the advertisement. The companies have hitherto been at pains to avoid any appearance of such a flat cut in rates although Granada's new rates are generally lower than before.

In other respects, Associated-Rediffusion is coming into line with the other three contractors. It has followed them in offering a wide range of rates running from as high as £950 a minute to as low as £150, having for months remained faithful to its original policy of three basic charges, peak, standard, and off-peak. This sub-division of rates has made the booking of television time bewilderingly complicated, but it helps to match the charges more closely to the size of audiences and indeed, by judicious juggling of rates between different half-hours of the day. It is a neat way of getting the advantages of sponsorship without its draw-backs, but the structure of rates depends to that extent on a rigid pattern of programme series.

SHORTER NOTES

Mappin and Webb, the gold and silver smiths, has purchased for an unspecified price from City Centre Properties its controlling interest in Robinson and Cleaver, the linen drapers. The present board of Robinson and Cleaver, including Mr F. W. Lindgren of City Centre Properties, will be invited to stay in office. At the annual general meeting of Robinson and Cleaver, Mappin and Webb will abstain from voting on the proposal to pay a final dividend of 35 per cent. The directors of Mappin and Webb share Mr Lindgren's doubts on the wisdom of this payment and in particular doubt whether this rate can be sustained in the future.

★

In selling its less remunerative investments, Associated Insulation Products has been considering selling its holding in Minnesota Mining and Manufacturing Company, and not, as stated in *The Economist* of October 6, its holding in British Industrial Plastics.

The Government of Eire has floated a £12 million issue of a 5½ per cent National Loan, 1966, at 98. An intriguing feature of this issue is that the stock will be accepted at its face value, up to a limit of £1,000, as the equivalent of cash in any subscription to any issue of prize bonds made within the next six months.

★

The Rhodesian Selection Trust group of copper mining companies has cut its fixed price for electrolytic copper wire bars by £15 to £265 a ton. This follows a reduction of £20 a ton announced on October 15. Following the latest reduction, the London market price fell £3 10s. on Wednesday, but a sharp rally to £271 a ton followed on Thursday.

★

The directors of British and Commonwealth Shipping have been more generous than their original promise to pay an interim ordinary dividend of 6 per cent, by setting the dividend at 6½ per cent. In making this decision they have had regard to bigger earnings on tramps tonnage, reflecting higher charter and other rates, and "some improvement" in the liner business.

★

A merger is proposed between Lilley and Skinner and Saxone Shoe, which may provide some countervailing power in the boot and shoe trade against the big influence that Sears now has in this market. The scheme is based on an offer to the Lilley and Skinner ordinary shareholders of one 5s. ordinary share in Saxone for every 5s. unit held in Lilley and Skinner plus a cash payment of 1s. 6d. on each ordinary share and 6d. on each "A" ordinary unit.

★

British Petroleum announces an unchanged interim dividend of 1s. per share, tax free.

Company Notes

RHOKANA. High copper prices and the preliminary reports of Rhodesian Selection Trust group of copper companies had prepared investors for much bigger profits and fatter dividends from the rival stable, the Rhodesian Anglo American group, which sells its copper on the basis of market prices and not on a fixed price. Anticipations have not been confounded. The gross profits of Rhokana rose in the year to June 30th last from £13.7 million to nearly £22.1 million and its net profits from £10 million to £15.9 million. From these profits £3 million (against £3½ million) has been earmarked for capital expenditure and another £4,200,000 (against nothing in 1954-55) has been put to general reserve; the latter appropriation includes £1,200,000 representing Rhokana's first contribution to the loan of £20 million to be made by the four copper producers to the Rhodesian government over the next five years.

But the calls of capital development whether for the mines themselves or for Kariba have not stood in the way of higher dividends. Rhokana's full year payment has been raised from 52s. 6d. to 70s. per £1 unit (less Rhodesian taxes). Bigger dividends, too, are being paid by Rhokana's parent company, Rhodesian Anglo American. Its dividend, after Rhodesian taxes, is raised from 7s. 9d. to 9s. per 10s. unit. "Rhoanglo" has a 52.397 per cent interest in Rhokana and a 38.92 per cent interest in Nchanga; the net income attributable to "Rhoanglo" has risen from £7.9 million to £13.9 million.

PRESSED STEEL. For many months Throgmorton Street has been expecting lower, or at the best maintained dividends from the motor industry. The decision by the directors of Pressed Steel to cut the interim ordinary dividend from 7½ to 5 per cent is thus no great surprise; last year the interim payment was followed by a final of 15 per cent, making 22½ per cent in all.

The directors explain why they have come to this decision, though they do not produce figures for the six months' trading to June 30th last. They say that "the fall in the volume of motor car body business, labour disputes in the industry and the continuing tendency for costs to rise have adversely affected profits for the year to date." They describe the group's business in railway wagons as "satisfactory" but sales of refrigerators have been affected by the increase in purchase tax, hire purchase restrictions and the bad summer.

Looking to the future, the directors say that "whilst there are definite signs of improvement in the motor car industry, this is unlikely to result in any appreciable increase in earnings during the balance of the year." What, then, can stockholders expect for the full year's dividend? Twenty per cent? Or will it be less? After the announcement the 5s. stock units were marked down 6d. to 13s. At this price a 20 per cent dividend would give a yield of £7 14s. per cent and 17½ per cent a yield of £6 15s. per cent. These indicated yields suggest that the market is prepared for a cut in the final payment.

★

HAWTHORN, LESLIE. Dynamic is not too strong a word to describe the policy of this Tyneside firm of shipbuilders and marine engineers. An extensive development and modernisation programme has been carried through and ordinary dividends have been progressively increased. This dynamism is recognised in Throgmorton Street where the yield on the company's shares has been much below that offered by other shipbuilders and marine engineers. But even those with faith in the company must have been taken a little by surprise when it announced another increase in the dividend—this time by 3 per cent to 20 per cent for the year to June 30th. Immediately the 10s. shares were marked up by 2s. 6d. to 37s., at which they yield £5 8s. per cent.

The increase in the dividend was justified by the advance in profits. Before tax they have gone up from £901,008 to £1,083,253 and after tax from £422,895 to £508,343. The new dividend is still handsomely covered by earnings, leaving a good balance in hand to finance the development of the business. But in deciding to increase the dividend the directors could not have been governed solely by the past financial year's showing. They must, too, have been well satisfied with the state of the order books. Throughout the shipbuilding industry the third quarter of this year witnessed an increase in new orders, with some delivery dates as much as five years away. Hawthorn, Leslie took, no doubt, its share; its impetus does not seem to be exhausted.

★

J. & F. STONE. The market in the 5s. ordinary shares of J. & F. Stone Lighting and Radio, dealers in radio and television sets and heating and lighting appliances, has been active in recent weeks in expectation either of a free scrip issue or an increase in the dividend. The former has come to pass and not the latter. Subject to the consent of the Capital Issues Committee the directors propose to double the issued capital of £600,000 by a 100 per cent scrip issue. But the ordinary dividend has been left unchanged at 50 per cent (including a 10 per cent bonus) for the year to June 30th last, payable on the old capital.

There is more fat around this dividend as net profits after tax have gone up from £433,118 to £521,783, following an advance in gross income from £980,850 to £1,198,758. This is an excellent result for a year which witnessed the reimposition of hire purchase restrictions and controls on hiring agreements. How has it been achieved? First, in the previous financial year to June 30, 1955, the company's hire purchase debtors rose from £308,615 to £1,404,279 and as these contracts extend for between eighteen months and two years the receipt of payments on them will have helped to swell the latest year's profits. Secondly, in the first few months of the financial year the company was able to use the device of rental agreements. When controls were clamped down on these it turned to hire purchase agreements of nine months or less. It has thus been able to secure some new business, though it has to be assumed that in such a highly competitive market these new orders could not have reached anything like the dimensions of those in 1954-55. Hence as old hire purchase contracts run off there may be the risk of a fall in profits. That possibility is discounted in the yield of 7¾ per cent offered by the 5s. shares at the current price of 31s 9d.

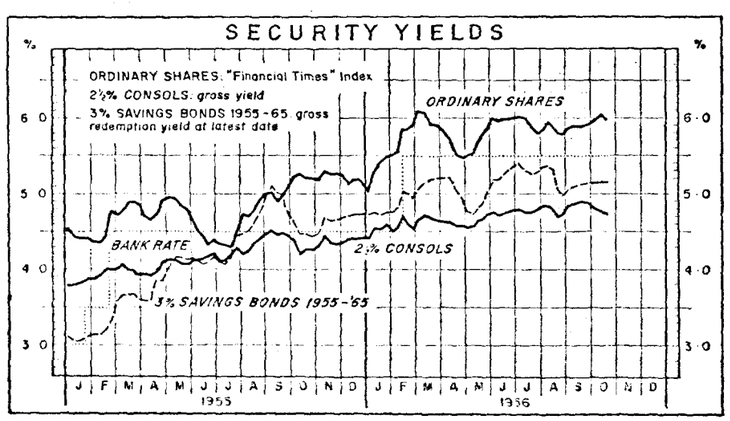
LONDON STOCK EXCHANGE

Next Account begins: October 31st
Next Contango Day: October 31st
Next Settlement Day: November 6th

LONGER dated Government stocks lost ground on balance in the week ended on Wednesday, the *Financial Times* index of Government securities showing a small fall from 84.76 to 84.64. That movement conceals some moderate buying and a good rally on Wednesday. The shorter stocks gained ground on balance; 3 per cent Exchequer 1960 gained ⅛ to 94⅛ and 4 per cent Conversion 1957/58 ⅛ to 98. The new GEC debenture strengthened to 2⅜ premium. Textile shares have been active and have made large gains in the industrial section. *The Economist* indicator rose from 186.8 to 189.3. Foreign bonds revived on the political developments in Eastern Europe.

British Aluminium rose 3s. 6d. to 68s. 6d. on consideration of the recently announced earnings of Aluminium Ltd. GEC recovered 1s. 3d. to 44s. 9d. and other electrical shares improved. Motor shares are firmer, British Motor gaining 6d. to 7s. The rise in textile shares was checked on Wednesday, but on balance large gains predominate; Crosses and Heatons rose 3s. 7½d. to 13s. 9d., Fine Spinners 3s. 4½d. to 16s. 3d., Combined English Mills 2s. 3d. to 10s. and British Celanese 1s. 6d. to 16s. Steel shares continued to rise up to the close of last week, but have since lost part of their gains.

Oil shares improved in places; British Petroleum gained 4s. 3d. to 147s. 6d., but lost a shilling at 146s. 3d. after the interim dividend announcement. Ultramar and Shell Trinidad show large rises, the latter gaining 4s. to 73s. 9d. on balance although declining on Wednesday following the interim dividend announcement. Kaffirs fell on Monday, but subsequently recovered. Coppers have generally receded with the decline in the price of the commodity, although Rhodesia-Katanga rose to a new high point of 54s. Rubber shares advanced on the hope of capital repayments, but suffered a sharp set-back on Wednesday following Guthrie and Company's plan.



FINANCIAL TIMES INDICES

1956	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Cons.	Yields: Ord.
			%	%
Oct. 18	178·2	93·09	4·74	5·00
„ 19	179·7	93·09	4·75	5·04
„ 22	180·1	93·05	4·76	5·02
„ 23	180·3	93·03	4·77	5·02
„ 24	179·5	93·10	4·77	5·05
			Bargains marked	
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	1956 Oct. 18	8,495
„ Low	169·7 (Mar. 8)	92·65 (Oct. 1)	„ 19	8,059
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 22	10,321
„ Low	175·7 (Mar. 15)	93·23 (Sept. 2)	„ 23	9,598
			„ 24	8,824

* July 1, 1935=100. † 1923=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Oct. 24, 1956 High	Prices, Jan. 1 to Oct. 24, 1956 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 17, 1956	Price, Oct. 24, 1956	Net Yield, Oct. 24, 1956 £ s. d.	Gross Yield, Oct. 24, 1956 £ s. d.
98⅛	97	Funding 2½% '52-57.....	98⅛	98⅛	3 3 11	5 1 3
95⅛	93½	War Loan 3½% '55-59.....	95⅛	95⅛	3 7 0	4 13 6
91⅛	88⅛	Funding 2½% '56-61.....	91⅛	91⅛	3 11 6	4 14 1
100⅞	99⅛	Exchequer 5% 1957.....	99⅛	99⅛	1 14 10	5 1 7
99½	97	Conversion 4% '57-58.....	97⅛	98	3 3 4	5 6 7
97⅞	95⅛	Serial Funding 2½% 1957.	97⅛	97⅜	3 9 7	4 8 1
94⅜	91	Conversion 2½% '58-59.....	94⅛	94⅜	3 13 3	4 13 1
92⅛	88⅛	Exchequer 2½% 1960.....	91⅛	91⅛	3 14 1	4 13 1
95⅞	92⅛	Exchequer 3% 1960.....	94⅛	94⅛	3 7 3	4 14 10
88⅛	83	Savings Bonds 3% '55-65.	85⅛	85⅛	3 14 8	5 3 5
82⅛	77⅛	Funding 3% '59-69.....	78⅛	79⅛	3 16 5	5 5 8
92⅛	84½	Funding 4% '60-90.....	85⅜	85 7/16	7 0 11	8 18 1
81⅞	75½	Savings Bonds 3% '60-70.	76⅛	77⅛	3 18 1	5 8 4
98⅞	97⅛	Conversion 4½% 1962....	98⅛	98⅛	3 1 0	5 1 4
91⅛	88⅛	Exchequer 3% '62-63....	91⅛	91⅛	3 6 3	4 14 11
87½	83⅜	Exchequer 2½% '63-64...	85⅛	85½	3 12 0	4 15 0
81⅞	76½	Savings Bonds 2½% '64-67	79⅜	79⅜	3 15 5	4 19 7
79⅛	72½	Savings Bonds 3% '65-75.	73⅛	73⅛	3 13 10	5 5 2
96⅛	90	Victory 4% '20-76.....	90⅛	91⅛	3 6 10	5 4 0
85⅜	78	Funding 3% '66-68.....	80⅛	80⅛	3 15 10	5 5 6
88⅛	81½	Conversion 3½% 1969....	83⅛	84⅜	3 13 2	5 6 9
85⅜	76⅛	Treas. 3½% '77-80.....	77⅛	77⅛	3 9 0	5 5 2
84⅛	75⅛	Treas. 3½% '79-81.....	76⅛	77	3 8 10	5 4 8
72⅛	65½	Redemption 3% '86-96...	67⅛	67⅛	3 3 10	4 17 11
81½	74½	Funding 3½% 1999-2004..	76	75½	3 19 10	4 17 4
84⅛	76⅛	Consols 4% aft. Feb. '57..	78⅛	78	3 19 5	5 5 3
77	69½	War L'n 3½% aft. Dec. '52	72⅛	70 7/16	3 17 0	4 18 11
76⅛	68⅛	Conv. 3½% aft. April '61..	70⅛	69⅛	3 17 8	5 0 5
66⅛	59½	Treas. 3% aft. April '66..	61⅛	61	3 16 8	4 18 8
56⅛	50½	Consols 2½%.....	52⅛	52⅛	3 15 0	4 15 9
56⅜	50½	Treas. 2½% aft. April '75.	52⅛	52⅛	3 15 2	4 16 1
98⅜	90	Br. Elec. 4½% '67-69.....	90⅛	91⅛	3 9 7	5 11 0
80⅛	73	Br. Elec. 3% '68-73.....	74⅛	74⅜	3 16 7	5 7 3
79⅛	71⅛	Br. Elec. 3% '74-77.....	73	73	3 12 6	5 3 10
95	86⅛	Br. Elec. 4½% '74-79.....	86⅛	86⅛	3 5 6	5 5 6
83⅜	76⅛	Br. Elec. 3½% '76-79.....	76⅛	76⅛	3 9 4	5 4 6
90⅛	84⅛	Br. Gas 4% '69-72.....	85⅞	85⅞	3 10 10	5 9 11
87⅞	80⅛	Br. Gas 3½% '69-71.....	81⅛	81⅜	3 17 1	5 7 2
73⅜	66⅞	Br. Gas 3% '90-95.....	67⅛	67⅛	3 4 0	4 17 6
80⅛	73	Br. Trans. 3% '68-73.....	74⅛	74⅛	3 16 7	5 7 3
90⅛	83⅞	Br. Trans. 4% '72-77.....	84⅜	84⅛	3 7 3	5 6 3
73⅛	67	Br. Trans. 3% '78-88.....	68⅛	68⅛	3 7 5	5 2 2

Prices, 1955 High	Prices, 1955 Low	Prices, Jan. 1 to Oct. 24, 1956 High	Prices, Jan. 1 to Oct. 24, 1956 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Oct. 17, 1956	Price, Oct. 24, 1956	Yield, Oct. 24, 1956 £ s. d.
94⅛	79	80⅛	74⅞	Aust. 3½% '65-69	75⅛	75⅛	6 0 10
91⅛	87	87⅛	72	Ceylon 4% '73-75....	75	75	6 6 3
103⅛	87⅛	88⅛	82⅛	N. Zealand 4% '76-78.	84⅛	84⅛	5 3 10
88	87⅛	64⅛	57⅛	L.C.C. 3% aft. 1920...	60	60	5 0 0
99	83	85⅜	83⅛	Liverpool 3% '54-64...	84	84	5 10 1
84	65	68⅛	61	M.Wtr.'B'3% '34-2003	62⅛	62⅛	5 4 0
102⅛	94⅛	97⅛	92	Agric. Mort. 5% '59-89	93⅛	93⅛	5 8 6
122⅛	91	117⅛	102⅛	German 7% 1924....	115⅛	116⅛	...
218	149	210	187	German 5½% 1930...	209⅛	210⅛	...
212	160	226	208	Japan 5% 1907.....	226	226	...
354	190	275½	247⅛	Japan 5½% Conv. 1930	269⅛	270⅛	...

Prices, Jan. 1 to Oct. 24, 1956 High	Prices, Jan. 1 to Oct. 24, 1956 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Oct. 17, 1956	Price, Oct. 24, 1956	Yield, Oct. 24, 1956 £ s. d.
		% %	BANKS & DISCOUNT			
50/-	41/1½	7 b	5 a Barclays £1	44/6	44/6	5 7 10
55 9	50/3	7 b	6 a Lloyds 'A' £5, £1 pd...	58/6	58/-	5 3 6
72 4½	61/-	9 b	9 a Midland £1, fully pd.	68/6	68/6	5 5 1
70/-	59/9	9 b	9 a N. Prov. 'B' £5, £1 pd.	64/6	65/-	5 10 9
78 9	66/6	8 b	8 a Westmstr'B'£4,£1½pd.	71/-	71/-	5 12 8
43/6	28/-	3½ b	2½ a Alexanders £1	32/6	32/6	3 16 11
40/-	29/3	5 b	5 a Nat. Disc. 'B' £1	36/6	36/6	5 9 7
51/-	40/6	6½ b	6½ a Union Disc. £1	47/6	47/-	5 6 6
5/9	30/3	4 b	4 a Barc. (D.C.O.) £1	32/-	31/-	5 3 3
41 9	33/-	7½ b	7½ a Chart. Bk. of India £1	36/-	36/-	8 6 8
			INSURANCE			
19	16⅛	12½ a	37½ b Leg. & Gen. £1	26⅛	25⅛	1 18 11
20⅛	19⅛	†47½ b	†20 a Pearl £1, fully pd.....	20⅛	20⅛	8 15 11
42⅜	40⅛	†117½ c	†125 c Prudential 'A' £1	42⅜	42⅜	5 3 6
			BREWERIES, ETC.			
116	106/-	33 b	10 a Bass £1.....	118/9	118/9	7 4 11
21	19/9	6 a	11½ b Distillers 6/8.....	20/9	20/9	5 12 5
26½	38/6	25 c	10 a Guinness 10/-.....	39/4½	40/-	6 5 0
8/-	67/-	7 a	14 b Whitbread 'A' Ord. £1	69/-	68/6	6 2 8

Prices, Jan. 1 to Oct. 24, 1956 High	Prices, Jan. 1 to Oct. 24, 1956 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Oct. 17, 1956	Price, Oct. 24, 1956	Yield, Oct. 24, 1956 £ s. d.
		% %	STEEL & ENGINEERING			
85/6	64/-	8 b	7 a Babcock & Wilcox £1.	73/1½	74/4½	4 0 8
13/-	9/4½	14 c	4 a Cammell Laird 5/-...	10/-	10/-	7 0 0
35/-	24/7½	8 c	3 a Dorman Long £1.....	25/9	25/9	6 4 3
54/9	40/-	3½ a	8½ b Guest Keen N'field £1.	43/9	43/9	5 9 8
65/6	41/6	4 a	6 b Metal Box £1.....	51/10½	52/6	3 16 2
75/-	55/10½	12½ b	5 a Stewarts & Lloyds £1.	58/6	60 7½	5 15 6
48/-	34/3	8 b	4 a Summers (John) £1...	35/-	35/9	6 14 3
58/-	46/6	11 b	3 a Swan Hunter £1	57/6	57/6	4 17 5
49/9	35/10½	8½ b	4 a United Steel £1.....	37/6	38/6	6 9 10
44/7½	32/4½	7½ b	2½ a Vickers £1	39/7½	40/1½	4 19 8
			TEXTILES			
24/6	19/4½	6 b	4 a Bradford Dyers £1...	21/6	22/6	8 17 9
23/7½	13/9	3 a	5 b Brit. Celanese £1.....	14/3	16/-	10 0 0
25/10½	21/9	2½ a	6½ b Coats (J. & P.) £1.....	22/6	23/6	7 8 11
44/-	32/6	4 a	6 b Courtaulds £1	35/-	34/-	5 17 8
21/3	12/3	5 a	5 b Fine Spinners £1.....	13/-	16/3	12 6 2
30/-	22/3	7½ b	5 a Lancs. Cotton £1.....	27/-	29/3	8 11 0
33/3	26/-	2½ a	10 b Patons & Baldwins £1	32/3	32/9	7 12 9
			MOTORS & AIRCRAFT			
		3½ a	Bristol Aeroplane 10/-	19/-*	18/6*	5 8 1
9/-	5/10½	8½ b	4 a British Motor 5/-....	6/6	7/-	8 18 7
44/3	29/3	2½ a	5 b Ford Motor £1.....	31/-*	31/6*	4 15 3
49/3	29/9	12½ b	3 a Hawker Siddeley £1..	42/6	42/6	4 2 4½
48/4½	38/3	10 c	12½ c Leyland Motors £1....	48/9	48/9	5 2 6
115/10½	85/6	12½ b	5 a Rolls-Royce £1	108/9	110/-	3 3 8
			SHOPS & STORES			
18/10½	13/9	14 c	3 a Boots Pure Drug 5/-.	13/9	13/9	5 1 10
41/4½	29/-	20 b	7½ a Debenhams 10/-.....	39/9	40/6	6 15 10
44/9	32/9	15 a	47½ b Gt. Universal 'A' 5/-.	35/-	35/-	8 18 7
71/1½	57/10½	17½ a	32½ b Marks & Spen. 'A' 5/-	59/6	59/-	4 4 9
25/10½	19/1½	20 b	12½ a United Drapery 5/-..	21/9	21/9	7 9 5
64/10½	53/10½	36⅛ b	20 a Woolworth 5/-	55/3	55/3	5 2 7
			OIL			
183/9	99/-	†5 a	†10 b British Petroleum £1.	143/9	146/3	3 11 4
117/9	63/-	12½ b	5 a Burmah £1.....	90/-*	90 7½*	3 17 3
£87½	£58½	6 a	14 b Royal Dutch 100 fl. ...	£82½	£81½	2 6 3
171/-	103/3	†5 a	†13⅛ b Shell Reg. £1.....	152/6	152/6	3 8 6v
			SHIPPING			
		6½ a	... Brit. & Com'wealth 10/-	36/-	36/-	4 8 11g
		7½ b	3 a Cunard £1	23/6	23/3	8 12 1m
35/9	27/-	5 b	3 a P. & O. Def. £1.....	30/6	30/6	5 4 11
			MISCELLANEOUS			
76/3	45/-	15 c	5 a Assoc. Elect. £1.....	63/9	65/-	4 12 4
45/6	34/10½	5 a	17½ b Assoc. Port. Cem. £1..	38/1½	38/1½	4 14 5y
60/9	42/3	7½ b	4½ a Bowater Paper £1....	44/4½	44/6	5 7 10
64/9	45/3	4 a	8½ b B.I.C.C. £1.....	49/9	50/9	4 18 6
81/10½	40/4½	8 b	4 a Brit. Aluminium £1 ..	65/7½	68/1½	3 10 5
60/-	45/9	†7½ b	†10½ a Brit. Amer. Tob. 10/-	54/-	54/-	5 12 9i
$69	$56⅜	3 b	3 a Canadian Pacific $25.	$65½	$65	4 4 8
37/10½	24/9	43½ c	14 a Decca Record 4/-.....	28/9	29/4½	5 19 2
25/9	15/6	10 b	2½ a Dunlop Rubber 10/-.	16/9*	16/9*	7 9 3
66/1½	43/6	8½ b	4 a English Elect. £1.....	46/3	47/6	5 5 3
65/6	41/3	4½ a	9½ b General Elect. £1.....	43/9	43/9	6 8 0
49/10½	39/4½	6 b	4 a Imp. Chemical £1	40/3	40/9	4 18 2
62/9	45/-	12½ b	8½ a Imp. Tobacco £1.....	47/6	47/6	8 16 10
$211	$141½	$2·50c	$3·75c Inter. Nickel n.p.v....	$200	$196½	3 8 3
64/6	50/-	12½ b	7½ a London Brick £1.....	50/7½	52/6	7 12 5
30/3	22/6	15½ b	6½ a Monsanto Chemicals 5/-	22/6	23/4½	4 16 3
69/1½	55/3	12 b	4½ a Tate & Lyle £1.....	62/-	62/-	5 6 6
69/6	54/3	12½ b	6½ a Tube Investments £1.	55/-	56/3	4 19 6w
115/6	95/9	20 b	5 a Turner & Newall £1..	100/7½	100/-	5 0 0
82/9	61/7½	6 a	9½ b Unilever £1	74/6	73/9	4 5 5
38/7½	22/9	15 a	†11½ b United Molasses 10/-.	34/3	35/3	5 9 8z
40/-	23/6	12½ a	†7½ b Cons. Tea & Lands £1.	25/6	25/6	13 13 4
2/10½	1/9½	5 a	15 b London Asiatic Rbr. 2/-	2/1½	2/3	17 15 6
61/9	37/6	15 a	30 b United Sua Betong £1	50/-	51/3	17 11 3
			MINES			
8⅜	6⅜	20 a	50 b Anglo-Amer. 10/-....	7⅛	7⅛	4 18 3
135/7½	94/4½	120 b	80 a De Beers 5/- Def. Reg.	101/3	101/3	9 17 6
96/10½	67/6	...	... Free State Geduld 5/-	88/9	87/-	Nil
50/6	34/3	12½ b	12½ a Randfontein £1.....	35/3	35/3	14 3 8
10/11½	8/6	30 c	10 a London Tin 4/-	10/5½	10/5½	11 8 4
46	35	75 a	275 b Rhokana £1.....	43½	41½	8 7 8

(a) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend.
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

New York Closing Prices

	Oct. 17 $	Oct. 24 $		Oct. 17 $	Oct. 24 $		Oct. 17 $	Oct. 24 $
Balt. & Ohio..	50⅜	51⅛	Am. Smelting.	52	52½	Inter. Paper..	110⅛	111½
Can. Pac.	33⅜	33⅜	Am. Viscose..	34⅜	33⅜	Nat. Distill...	28⅛	27⅜
N.Y. Cent....	38⅛	40⅜	Cel. of Am....	15	14⅜	Sears Roebuck	31⅞	30⅝
Pennsyl.	23⅜	23⅛	Chrysler	76	74⅜	Shell	77⅛	76
Amer. Tel. ...	169½	167½	Gen. Elec....	59⅜	60⅛	Std. Oil of N.J.	54	54
Stand. Gas ...	11⅜	11⅜	Gen. Motors..	47½	46⅛	U.S. Steel	67⅜	67⅞
United Corp. .	6⅛	6⅛	Goodyear	74⅞	77⅛	Westinghouse.	52⅜	52⅜
W. Union Tel.	17⅜	18⅛	Inter. Nickel .	103⅛	101	Woolworth....	45	45⅜

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (i) On 16⅔%. (h) On 8⅓%. (i) On 17½% Tax free. (l) To latest date. (m) On 10%. (r) On 15% Tax free. (w) On 14%. (y) On 9%. (z) On 19·32 gross.

Statistics

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

British		Overseas	
Prices and Wages	Sept. 29th	Western Europe:	
Production and Consumption	Oct. 6th	Production and Trade	Sept. 29th
Manpower	Oct. 20th	British Commonwealth	Oct. 6th
External Trade	This week	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Oct. 20th
Industrial Profits	Oct. 13th	United States	This week
World Trade	Oct. 13th		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages			1955			1956			
		1953	1954	1955	July	Aug.	Sept.	June	July	Aug.	Sept.
VALUE											
Imports:											
Total	£ million	278·6	231·2	324·1	339·0	342·3	304·4	339·9	320·1	322·3	295·2
Food, drink and tobacco	,,	109·6	110·5	120·1	118·8	113·8	105·8	127·9	112·4	111·1	107·6
Basic materials	,,	87·9	85·4	93·8	100·8	111·2	91·5	94·6	98·0	100·5	90·2
Mineral fuels and lubricants	,,	25·1	27·4	34·1	34·9	33·0	34·5	37·3	35·8	40·9	31·0
Manufactures	,,	53·6	56·6	74·8	83·3	78·9	71·3	78·8	73·0	69·1	65·1
Exports of UK produce:											
Total	,,	215·2	222·9	242·1	233·0	264·2	243·6	276·1	266·2	253·4	222·3
Manufactures	,,	174·8	180·9	198·9	184·3	221·2	199·5	233·2	224·1	211·0	179·5
Re-exports	,,	8·8	8·4	9·9	7·9	10·0	10·5	12·2	9·8	8·2	9·2
Balance of trade (exports less imports)	,,	− 54·6	− 49·9	− 72·1	−103·1	− 63·1	− 50·2	− 51·6	− 44·1	− 60·7	− 63·7
VOLUME											
Imports	1954=100	99	100	112	...	114[2]	...	113	110	110	...
Exports	,,	96	100	107	...	107[2]	...	113	113	107	...
BY AREA											
Imports:											
Dollar area—total	£ million	52·9	51·6	70·2	79·0	74·5	71·1	73·2	69·0	66·9	68·0
,, USA	,,	21·1	23·5	35·1	40·6	33·9	35·4	31·2	28·4	24·3	33·1
,, Canada	,,	25·5	22·7	28·6	28·5	33·4	23·6	34·2	31·7	35·5	28·4
Non-sterling OEEC countries	,,	64·0	63·1	79·6	79·8	84·0	83·4	83·4	80·2	79·6	76·8
Sterling area	,,	125·3	124·8	131·1	134·5	136·1	105·5	136·1	123·3	121·2	107·7
Exports:											
Dollar area—total	,,	33·7	31·3	34·8	36·5	41·5	34·3	46·7	46·3	42·1	39·9
,, USA	,,	14·3	13·3	16·6	16·6	19·1	17·3	21·2	21·9	21·3	21·4
,, Canada	,,	15·4	11·3	12·1	15·1	14·2	12·1	17·5	15·4	14·3	12·9
Non-sterling OEEC countries	,,	62·2	64·7	63·1	67·8	61·7	63·8	84·5	74·9	71·4	64·1
Sterling area	,,	105·8	112·2	120·9	102·2	136·7	123·3	121·6	122·6	117·9	101·3
Balance of trade (exports less imports):											
Dollar area	,,	− 19·2	− 20·3	− 35·4	− 42·5	− 33·0	− 36·8	− 26·5	− 22·7	− 24·8	− 28·1
Non-sterling OEEC countries	,,	− 1·8	− 3·4	− 11·5	− 12·0	− 22·3	− 19·6	+ 1·1	− 5·3	− 8·2	− 12·7
Sterling area	,,	− 19·5	− 12·6	− 10·2	− 32·3	+ 0·6	+ 21·8	− 14·5	− 0·7	− 3·3	− 6·4
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	335·0	288·6	375·4	332·5	467·6	324·6	546·5	502·5	348·4	277·4
Meat	,,	63·1	56·3	67·1	60·5	62·7	68·8	67·3	57·9	71·8	60·5
Sugar, unrefined	,,	247·4	201·2	186·6	223·4	115·6	167·3	186·6	157·1	154·2	128·0
Raw cotton [1]	,,	27·5	30·8	24·2	20·1	26·6	17·8	26·0	30·5	23·0	27·8
Raw wool, sheep's and lambs' [1]	mn. lb.	65·2	51·6	55·3	75·7	60·1	15·2	61·0	53·3	31·1	30·3
Rubber, natural and synthetic [1]	'000 tons	18·4	20·6	24·6	27·0	31·7	23·4	8·2	21·3	25·4	24·1
Softwood	'000 stds.	119·1	122·0	140·6	189·2	197·9	211·2	113·9	150·6	173·8	136·2
Woodpulp	'000 tons	135·7	159·8	187·0	200·3	221·6	205·2	235·1	207·9	201·0	211·8
Crude petroleum	mn. galls.	563	695	692	536	657	580	662	664	802	550
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,400	1,351	1,195	1,029	1,184	1,312	872	803	780	632
Woven piecegoods—cotton	mn. sq. yds.	59	53	46	42	55	45	33	40	33	33
,, ,, wool [2]	'000 sq. yds.	8,710	8,204	8,965	9,216	11,535	8,351	9,133[3]	9,783[3]	10,639[3]	7,748
Passenger cars and chassis	number	25,181	30,487	31,100	30,823	28,035	30,583	30,493	32,145	22,894	21,376
Commercial vehicles and chassis	,,	9,196	10,595	13,121	12,347	13,731	13,499	13,376	12,703	9,557	9,702
Agricultural tractors	,,	7,307	8,998	8,720	8,685	8,362	9,213	8,454	7,528	6,547	5,532
Machinery—electrical	£'000	5,023	4,923	5,166	3,683	6,611	5,349	5,598	5,493	5,317	3,820
,, other	,,	30,145	30,555	34,559	32,044	39,145	35,382	40,392	33,275	37,644	31,249
Chemicals, elements and compounds	,,	3,968	4,214	4,439	3,905	5,197	4,694	5,296	4,295	4,395	4,561

[1] Retained imports. [2] Average for third quarter. [3] Excluding tests from January, 1955.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1955 prices
	1947-49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	45·97
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	101	119	229·8	71·86	71·65
1955	110·7	89·6	114·5	110·9	103·7	120·0	119	102	117	304·6	76·52	76·52
1956, May	114·4	90·9	115·4	111·0	104·8	120·9	123	107	115	347·0	79·00	78·37
,, June	114·2	91·2	116·2	113·2	104·8	121·4	122	107	114	341·4	79·19	78·02
,, July	114·0	90·1	117·0	114·8	105·3	121·8	...	...	...	359·4	78·80	77·10
,, August	114·7	89·1	116·8	113·1	105·5	122·2	...	...	...	359·4	79·60	...
,, September	115·3	90·2	...	...	...	...	...	...	...	...	81·00	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civilian employment [1]		
			Durable goods			Non-durable goods			New construction			
	Seasonally adjusted annual rate		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	Seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947-49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	54	47	66	80	49	8·2	55,230	45,750	17·2
1954	360·7	125	137	108	175	116	100	142	37·8	64,468	61,258	5·0
1955	390·9	139	155	140	203	126	109	159	43·0	65,847	63,193	4·0
1956, May	408·3[2]	141	157	141	186	128	107	169	44·2	67,846	65,258	3·8
,, June		141	157	139	190	128	106	168	44·1	69,480	66,503	4·2
,, July	...	136	147	68	190	127	106	167	44·5	69,489	66,655	4·1
,, August	...	142	159	124	185	128	107	166	44·5	68,947	66,752	3·2
,, September	...	144	163	151	194	129	108	167	44·5	68,069	66,071	2·9

TRADE

	Personal consumption Annual rates	All business [2]		Total retail [2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1948=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	46	53
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	120	119
1955	254·0	51·7	82·2	15·5	23·9	944	257	231	1,279	782	134	120
1956, March	261·7[2]	53·1	83·8	15·7	23·8	1,071	264	240	1,562	956	148	141
,, April	263·7	53·2	84·5	15·5	23·9	977	245	237	1,499	900	135	145
,, May		54·4	85·1	15·9	23·9	1,071	264	257	1,702	1,015	148	152
,, June		54·3	85·6	16·0	23·8	1,027	246	244	1,675	1,007	142	151
,, July	...	52·6	85·7	16·0	23·8	1,045	...	...	1,602	1,048	...	...
,, August	...	...	...	16·2	23·8	1,041	...	...	1,506	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics [3]		Budget expenditure [4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3 month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	− 3·9	0·023	...	3·01
1954	287·3	201·8	12·5	30·13	22·47	85·3	70·6	67·8	− 3·1	0·953	2·52	2·90
1955	306·1	217·4	11·7	36·23	27·90	78·3	82·6	64·6	− 4·2	1·753	2·80	3·06
1956, March	318·6	227·5	11·2	35·54	27·96	75·2	84·7	5·4	+ 5·9	2·310	2·90	3·10
,, April	321·7	230·1	11·3	35·96	28·26	74·7	85·3	5·4	− 1·3	2·613	3·05	3·24
,, May	322·8	230·4	11·5	36·57	28·59	73·6	86·6	5·5	− 0·4	2·650	2·94	3·28
,, June	324·9	232·5	11·1	37·09	28·89	72·8	87·7	6·8	+ 4·8	2·527	2·89	3·27
,, July	324·3	231·3	11·4	37·14	29·10	72·2	87·3	5·5	− 2·1	2·354	2·97	3·28
,, August	328·2	234·4	...	37·50	29·43	...	...	...	...	2·606	3·15	3·43

[1] 1939 figures calculated on the basis of a smaller sample. [2] 1939 figures not strictly comparable with rest of series; stocks are at end of period. [3] All commercial banks. [4] Annual figures are totals for the fiscal year ended June 30th. [5] Average for first quarter. [6] Average for second quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended October 20th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £47,873,000 compared with a deficit of £23,814,000 in the previous week and a deficit of £11,024,000 in the corresponding period of last year. There was a net receipt "below-line" last week of £4,929,000, bringing the total deficit to £623,398,000 (£622,288,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Oct. 22, 1955	April 1, 1956 to Oct. 20, 1956	Week ended Oct. 23, 1955	Week ended Oct. 20, 1956
Ord. Revenue					
Income Tax	2035,500	527,669	603,260	22,020	18,330
Surtax	144,900	32,000	38,400	900	1,200
Death Duties	170,000	101,100	90,500	3,100	2,700
Stamps	58,900	41,100	34,900	1,900	1,100
Profits Tax, EPT	216,750	110,500	106,800	3,500	2,700
Excess Profits Levy	4,000	13,700	3,400	100	...
Special Contribution and other Inland Revenue	1,000	300	210	...	...
Total Inland Rev.	2580,150	826,369	877,470	30,620	26,930
Customs	1204,000	645,089	657,359	25,064	25,378
Excise	953,350	427,235	457,540	5,655	6,340
Total Customs and Excise	2157,350	1072,324	1114,899	30,719	31,718
Motor Duties	92,000	18,863	20,132	...	...
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	23,000	9,100	9,860	...	...
Sundry Loans	30,000	22,718	24,885	...	...
Miscellaneous	200,000	72,122	87,285	772	29
Total	**5187,500**	**2021,496**	**2134,474**	**62,111**	**57,777**
Ord. Expenditure					
Debt Interest	670,000	358,451	405,953	6,526	25,220
Payments to N. Ireland Exchequer	61,000	28,250	31,895	...	...
Other Cons. Fund	10,911	6,003	5,053	350	350
Supply Services	3941,913	1834,871	2090,849	65,530	78,850
Total	**4682,918**	**2277,581**	**2533,754**	**72,406**	**104420**
Sinking Funds	37,000	19,570	19,767	730	1,230
"Above-line" Surplus or Deficit	**275,655**	**419,047**	**11,024**	**47,873**	
"Below-line" Net Expenditure	346,633	204,351	9,548	*Cr.* 4,929	
Total Surplus or Deficit	**622,288**	**623,398**	**20,572**	**42,944**	
Net Receipts from:					
Tax Reserve Certificates	95,332	147,645	1,312	2,043	
Savings Certificates	11,199	31,800	— 800	5,200	
Defence Bonds	— 14,249	— 22,313	— 4285	— 65	

THE MONEY MARKET

THE discount market raised its bid by 7d. per cent to £98 15s. per cent at the Treasury bill tender on Friday last. This unusually large adjustment, which marked a fall in the market's discount rate by nearly ⅛ per cent to just under 5 per cent, had not been anticipated by "outside" applicants; so that while the total offer of £280 million was under-allotted by £20 million, the allotted proportion of the market's tender rose from 55 to 66 per cent. The average rate of discount fell by 2s. per cent, to £5 0s. 2.12d. per cent.

The Treasury's offer at yesterday's tender included £60 million of 63-day bills, besides £200 million of the regular 91-day bills. The two months maturities were reintroduced, after a long interval, at this season last year to increase the concentration of maturities in the heavy tax-gathering season of the early New Year.

Credit in the past week has been more comfortable. Before the week-end supplies were still short, and the Bank gave a fair amount of special help; but in the first three days of this week market sources have generally been adequate, though on Tuesday some official purchases were made. Rates on overnight money have not risen above 4½ per cent; dealings in January bills being at 4⅝ per cent and 4⅛ per cent.

Sterling has shown no marked movement against the dollar this week; the rate has hovered around $2.78½.

LONDON MONEY RATES

	%		%
Bank rate (from 4½%, 16/2/55)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 63 days	5⅛
Banks	3½	3 months	5⅛–5⅜
Discount houses	3½*	4 months	5⅛–5⅜
		6 months	5⅜–5½
Money Day-to-day	3½–4½	Fine trade bills:	
Short periods	4½	3 months	6–6⅛
Treas. bills 2 months	4⅝	4 months	6–6⅛
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)

	Oct. 26, 1955	Oct. 17, 1956	Oct. 24, 1956
Issue Department:*			
Notes in circulation	1,755·5	1,878·6	1,874·1
Notes in banking dept.	34·9	46·8	51·2
Govt. debt and securities*	1,796·3	1,921·2	1,921·2
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	21·9	19·5	11·4
Treasury special account	2·6	...	...
Bankers	250·1	237·3	242·2
Others	65·7	71·4	72·4
Total	340·3	328·2	325·0
Securities:			
Government	284·2	263·8	254·4
Discounts and advances	29·2	16·6	19·6
Other	16·9	16·7	16·6
Total	331·3	297·1	290·6
Banking department reserve	37·3	48·7	53·2
"Proportion"	% 10·9	% 14·8	% 16·5

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Allotted	Three Months' Bills Average Rate of Allotment	Allotted at Max. Rate*
1955				s. d.	%
Oct. 21	240·0	372·6	240·0	81 4·94	51
1956					
July 20	270·0	418·4	270·0	100 3·82	50
„ 27	260·0	381·0	260·0	99 6·39	73
Aug. 3	270·0	399·1	270·0	100 3·79	57
„ 10	280·0	409·9	280·0	100 5·84	62
„ 17	280·0	395·4	280·0	100 0·43	62
„ 24	270·0	405·2	270·0	101 2·95	50
„ 31	290·0	385·0	290·0	100 6·41	80
Sept. 7	290·0	430·0	290·0	101 4·50	55
„ 14	290·0	404·2	290·0	102 0·77	61
„ 21	280·0	380·0	280·0	103 4·88	55
„ 28	280·0	406·0	280·0	101 9·88	67
Oct. 5	280·0	424·9	280·0	101 1·51	56
„ 12	280·0	403·6	280·0	102 2·21	55
„ 19	280·0	392·9	260·0	100 2·12	63

* On October 19th tenders for 91 day bills at £98 15s. 3d. secured 66 per cent, higher tenders being allotted in full. Yesterday's offering of £260 million included £60 million at 63 days.

FLOATING DEBT

(£ million)

Date	Treasury Bills Tender	Treasury Bills Tap	Ways and Means Advances Public Depts.	Ways and Means Advances Bank of England	Total Floating Debt
1955					
Oct. 22	3,440·0	1,858·5	272·3	...	5,580·7
1956					
July 21	3,300·0	1,256·6	277·7	...	4,834·3
„ 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3,360·0	1,218·5	226·4	0·3	4,805·1
„ 11	3,390·0	1,161·2	231·9	...	4,783·0
„ 18	3,420·0	1,355·6	262·4	0·8	5,058·7
„ 25	3,490·0	1,346·3	257·3	...	5,053·5
Sept. 1	3,480·0	1,370·5	228·5	...	5,038·9
„ 8	3,510·0	1,322·4	235·9	1·8	5,070·1
„ 15	3,540·0	1,324·9	256·8	...	5,121·7
„ 22	3,590·0	1,325·1	254·5	...	5,169·6
„ 30	3,610·0	1,338·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,338·8	253·7	2·3	5,204·8
„ 13	3,610·0	1,329·7	214·3	1·0	5,142·0
„ 20	3,630·0	1,342·2	233·3	...	5,218·0

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates October 24	Market Rates: Spot October 18	October 19	October 20	October 22	October 23	October 24
United States $	2·78–2·82	2·78⅞–2·78¾	2·78¾–2·78¾	2·78¾–2·78¾	2·78½–2·78⅝	2·78½–2·78⅝	2·78½–2·78⅝
Canadian $	...	2·71⅞–2·71½	2·71½–2·71½	2·71½–2·71½	2·71⅝–2·71½	2·71⅝–2·71½	2·71⅝–2·71½
French Fr.	972·65–937·35	983½–983½	983½–983½	983½–983½	983½–983½	983½–983½	983½–983½
Swiss Fr.	12·15⅝–12·33⅛	12·23⅜–12·23½	12·23⅜–12·23½	12·23½–12·23½	12·24½–12·24½	12·24½–12·24½	12·24–12·24½
Belgian Fr.	138·95–141·05	139·75–139·80	139·77½–139·82½	139·75–139·80	139·82½–139·87½	139·95–140·00	140·00–140·05
Dutch Gld.	10·56–10·72	10·63⅛–10·63⅜	10·63⅛–10·63⅜	10·62½–10·62½	10·63⅛–10·63⅜	10·63⅛–10·63⅜	10·63⅛–10·63⅜
W. Ger. D Mk.	11·67⅛–11·84⅛	11·71⅛–11·71½	11·71⅛–11·71½	11·70⅞–11·71⅛	11·71⅛–11·71⅜	11·71⅛–11·71⅜	11·71⅛–11·71⅜
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10
Italian Lire	1756⅜–1762½	1755⅜–1754½	1755⅜–1754½	1755⅜–1754½	1754–1755⅝	1754½–1755⅝	1754½–1755⅝
Swedish Kr.	14·37½–14·59½	14·47⅜–14·48	14·47⅜–14·47½	14·47⅜–14·47⅜	14·47⅜–14·48⅛	14·48⅛–14·49⅛	14·48⅛–14·49⅛
Danish Kr.	19·13½–19·43½	19·34½–19·35	19·34½–19·35	19·34½–19·35	19·34½–19·35	19·34½–19·35	19·35½–19·35½
Norwegian Kr.	19·85–20·15	20·00–20·00½	20·00–20·00½	20·00–20·00½	20·00–20·00½	20·00–20·00½	20·00–20·00½
One Month Forward Rates							
United States $		½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm
Canadian $		½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm	½–⅜c. pm
French Fr.		Par–2 dis	Par–2 dis	Par–2 dis	Par–2 dis	½–2½ dis	½–2½ dis
Swiss Fr.		2½–1½c. pm	2½–1½c. pm	2½–2c. pm	2½–2c. pm	2½–1½c. pm	2½–1½c. pm
Belgian Fr.		⅜–⅛ pm	½–⅜ pm	½–⅜ pm	½–⅜ pm	½–⅜ pm	½–⅜ pm
Dutch Gld.		1½–1c. pm	1½–1c. pm	1½–1c. pm	1½–1c. pm	1½–1c. pm	1½–1c. pm
W. Ger. D Mk.		1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1⅝–1pf. pm	1½–1pf. pm	1⅝–1pf. pm
Italian Lire		3–1 pm	3–1 pm	3–1 pm	3–1 pm	3–1 pm	3–1 pm
Swedish Kr.		16 pm–par	16 pm–par	⅝ pm–⅝ dis	⅝ pm–⅝ dis	⅝ pm–⅝ dis	⅝ pm–⅝ dis
Danish Kr.		5–25 pm	5–25 pm	5–25 pm	5–25 pm	5–25 pm	5–25 pm
Norwegian Kr.		25 pm–par	25 pm–par	25 pm–par	25 pm–par	25 pm–par	25 pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/5½	251/5½	...	251/5½	251/5½	251/5

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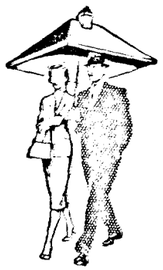

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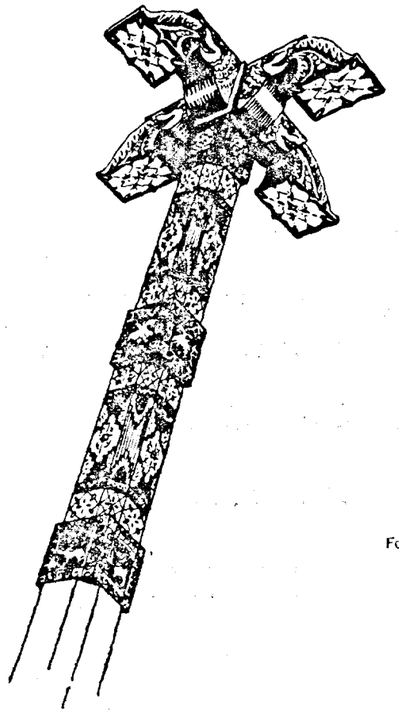

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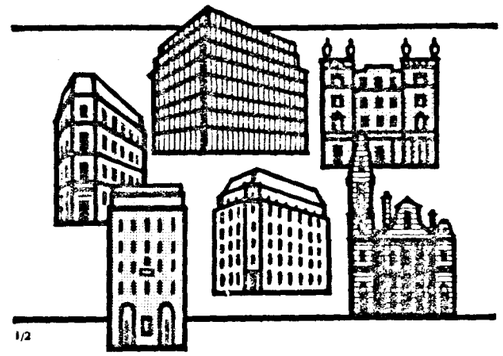

Decentralized control is the system operated by Martins Bank. We have six District Head Offices, each with its own board of directors and district general manager. In this way local decisions can be made quickly and our customers are assured of a close and friendly understanding of their special financial problems.

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Established 1897
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COMPANY MEETINGS

AMALGAMATED TIN MINES OF NIGERIA

CHAIRMAN'S STATEMENT

The seventeenth Annual General Meeting of Amalgamated Tin Mines of Nigeria Limited will be held on November 16th at The Chartered Insurance Institute, 20 Aldermanbury, London, E.C.

The following is the Statement by Mr J. Ivan Spens, OBE, the Chairman, which has been circulated with the Report and Accounts for the year ended March 31, 1956:

ACCOUNTS

The profit for the year before taxation was £1,235,366 (which includes a dividend (gross) from Kefft Tin Company Limited of £154,122) against £1,484,069 last year.

The net profit before taxation shows a fall over the previous year of £248,703. Taxation takes £695,500 against £768,000 but it must be remembered that last year's charge was after deducting £37,000 adjustments for previous years. I would stress that reduced taxation provides a cushion against a fall in profits, a point that appears to have been overlooked in some press reports on the Company's results. The reduction in the gross proceeds was due to reduced shipments of columbite and to the lower price we received following the withdrawal of the bonus price paid by the Government of the United States. To some extent this fall was offset by the increase in the output of tin concentrates and the higher price obtained. The average price of tin metal realised was £766 against an average price of £721 per ton last year.

The Contingency Reserve has been increased by £20.000 bringing this reserve up to £120.000 The taxation relief for investment allowances on capital expenditure during the year was £9,000 and this amount has, as last year, been transferred from Profit and Loss Account to Capital Reserve. Under the Finance Act 1956 such allowances were suspended as from February 17, 1956.

The three dividends totalling 45 per cent absorbed £504,562 and the balance for the year of £6,304 increases the carry forward to £280,763.

COLUMBITE

The overall sales of columbite were down on the previous year but there were improved sales in the United Kingdom. Though sales are difficult at the present time it is hoped to obtain a market on the Continent and other countries. As a facility to consumers we hold a small stock of columbite in the United Kingdom so that a more prompt delivery can be made against possible inquiries and this has already proved an advantage. Since the end of the financial year, a small stock of columbite has been held in the United States for a similar purpose.

ORE RESERVES

Tin ore reserves at the end of the financial year were estimated at 42,449 tons, a net decrease on the year of 1,602 tons against the 4,435 tons of concentrates won.

SUBSIDIARY COMPANIES

Keffi Tin Company Limited.—This Company continued to operate the pilot plant to which a number of improvements have been made resulting in an improved recovery.

The columbite output at 365 tons of concentrates showed a decrease of 68 tons on the previous year. No output of tin concentrates was won during the year.

Considerable progress has been made towards solving the problems encountered in the recovery of primary columbite and its associated minerals, and an ore-dressing laboratory has been established to investigate the many problems of separation and recovery which have been encountered. Close co-operation with the Geological Survey of Nigeria has been maintained throughout the year.

Plans for building a larger capacity commercial plant and a new mill for dressing the ores are well advanced and much of the machinery and equipment required are on order.

London Nigerian Mines Limited.—This Company continued to work satisfactorily, the output for the year being 280 tons tin concentrates, an increase of 30 tons on last year. Columbite output for the year was 1 ton, against 10 tons as previously.

During the year the Company acquired 13 Mining Leases and two certificates of occupancy over 2,116 and 10 acres respectively.

The pre-acquisition loss of £83,261 has been written off this year in the group accounts against the undistributed profits of the subsidiary companies. I would remind shareholders that this figure was the debit balance on Profit and Loss account when this Company was acquired in 1953 and has been reduced to £793 at March 31, 1956.

LABOUR

For the first five months of the period under review relations with the Company's labour were generally good, but in September, 1955, the Trade Unions declared a trade dispute in support of certain demands and a general strike resulted, commencing on October 17, 1955. After several offers from the employers the strike was called off on November 3rd, and negotiations resumed in the Joint Industrial Council. A settlement was reached and implemented on November 25, 1955.

A system of Trade Testing by Government Testers has been introduced to the Minesfield and so far two examinations have been held.

INTERNATIONAL TIN AGREEMENT

The International Tin Agreement came into force on July 1, 1956, and in due course we shall have to meet our proportion of Nigeria's contribution to the Buffer Stock.

DUKE OF EDINBURGH'S VISIT

During HM the Queen's tour of Nigeria in February, 1956, we were honoured by a visit to the Company's properties of HRH the Duke of Edinburgh. Shareholders will probably have learned some of the details from press sources and I am sure there is no need for me to enlarge upon this.

WELFARE

Matters of welfare continue to receive the attention of the Board and the Management. The Technical Managers' Report records progress during the year.

STAFF

Our thanks are again due to the Management and Staff of A. O. Nigeria Limited, our General Managers in Nigeria, for whose efforts during the year I would again like to express our appreciation.

INDUSTRIAL FINANCE AND INVESTMENT CORPORATION

A REASONABLY SATISFACTORY EXPERIENCE

The thirty-first annual general meeting of The Industrial Finance and Investment Corporation, Limited, will be held on November 16th at 82 King William Street, London, E.C.

The following is the Statement by the Chairman, Mr J. N. Buchanan, DSO, MC, which has been circulated with the report and accounts:

In my remarks last year I commented upon the sharp rise that had taken place in the value of the company's quoted investments; not unnaturally, the aftermath of the 1955 boom has brought with it a reversal of that situation. Bearing in mind, however, that at June 1, 1955 the *Financial Times* Index for Industrial Ordinary shares stood at 214.3, whilst at June 29, 1956 it was 174.4. the company's experience in this respect has been reasonably satisfactory. The year's profits are sufficient to meet the depreciation written off our Investments and leave a comfortable margin to put to Reserve.

PROGRESS OF INVESTMENT INCOME

Once again Investment income has progressed well, but, in view of the prevailing economic conditions and consequent smaller scope for increased dividends, I must repeat the warning I gave last year that a similar rate of increase during the current year cannot be considered likely.

The recovery of continental debts has continued on the reduced scale anticipated and further collections during the current year will probably not exceed one-half the sum received during 1955-56.

A final dividend of 7 per cent is recommended on the Ordinary capital, which, together with the interim dividend of 5 per cent paid on June 23, 1956, repeats 12 per cent for the year. The Investment Fluctuation Reserve is being increased by £25,000 to £400,000 and about £16,000 is added to the balance carried forward on Profit and Loss Account.

The dear money position and the stringent conditions that at present apply to the raising of fresh capital do not permit of any useful forecast of activity in financial transactions; despite this, however, it can be said that there are a number of interesting operations due for completion in the next few months.

THE CALICO PRINTERS' ASSOCIATION, LIMITED

INCREASED GROUP TRADING PROFIT

PROGRESS IN FAR EAST

MR R. M. LEE'S STATEMENT

The fifty-seventh annual general meeting of The Calico Printers' Association, Limited, was held at St James's Buildings, Oxford Street, Manchester, on October 24th, Mr R. M. Lee, chairman, presiding.

The following are extracts from his statement circulated with the report and accounts for the year ended June 30, 1956:

Accounts.—Last year I had to report to you a decline of £198,000 in the Association's Profit on Trading compared with the year 1953-54 and a decline of £269,000 in the Group's Profit on Trading. I am pleased to be able to record that these declines have been more than made good in this year's trading, the Association's Profit on Trading before provision for taxation and other charges having increased by £297,000 and the Group's Profit on Trading by £318,000.

The Consolidated Profit and Loss Account shows a fall of £311.000 in the net profit to £691,000. Last year's result, however, received the benefit of the full amount of tax relief on subvention payments for earlier years which, together with other adjustments of previous years' tax, totalled £666,000, against adjustments this year of £144,000. Excluding these exceptional items, the net profit for the year increased by £211,000.

COMMISSION PRINTING

The volume of commission printing business during the year declined by some 5 per cent. We have suffered a continued heavy reduction of trade in shipping markets as a result of the further inroads Japan is making into markets such as Nigeria, Malaya and Burma. As illustrations, during 1955 imports of cotton prints into Singapore from Japan represented 82 per cent of the total cotton print imports into that market, while an increase of 26 million yards into Nigeria gave Japan 55 per cent of the total Nigerian cotton imports. No evidence is available that Colonial Governments intend to modify their present import licensing regulations and the flood of textiles produced by cheaper labour costs in Japan is therefore likely to continue unchecked. Only in markets such as the Gold Coast and the Belgian Congo which still retain their traditional preference for speciality styles have we been able to hold something like a reasonable share of the business available.

While the heavy decline in the shipping markets was countered to a certain extent by increased business from the group of markets favouring the Home Trade styling of designs, colours and finishes, no foreseeable increase in the Home Trade and kindred markets can compensate in volume for the dwindling trade we are experiencing in our recognised shipping markets. The reason why commission printing has given us a satisfactory return this year is that turnover has been maintained by the addition of special finishes on many of the goods we print for the more fashion-conscious markets. Had it not been for the development of this special finishing, which was largely initiated by the Association, there can be little doubt that printing prices would have had to be increased long before now.

MERCHANTING

The outstanding feature in the Merchant Group's year has been a sharp change in the balance between export and home trade. While turnover expanded and was only a little short of the record achieved two years ago, the export percentage fell substantially.

There are some important markets, on the other hand, where we have made progress during the year and prominent amongst these is the Far East where we largely employ our own selling organisations. These have all improved their figures, and we are particularly proud of the position that has been built up in Malaya. We have reaped some benefit in India from the reductions in duties negotiated last year.

Our business with North America has kept steady and at a satisfactorily high level in the Dominion of Canada.

Search goes on constantly to make the fullest use of the Association's manufacturing and finishing techniques, and to develop new products for new markets and new purposes. Two qualities of this nature were recently introduced and were accorded a splendid reception by the press in this country and overseas, namely the new tropical cotton suiting "Helikon" and the light-weight tropical shirting "Cepea 56" both of which are confidently expected to establish themselves in the coming year as major items in our production plans.

ROYALTIES

For many years past the Association has drawn a considerable Royalty income from patents covering processes originated by our technical staff, the principal source of income having been licences connected with the durable finishes of the type well known under the trade mark "Everglaze." In the past twelve months the income from "Terylene" royalties has overtaken those from other sources and in future years the income from "Terylene" royalties may have a considerable effect on the profits of the Association.

The report and accounts were adopted.

W. & R. WALLACE INDUSTRIES LIMITED

(Manufacturers of Roadstone and Bituminous Products, Electrical Engineers and Forage Contractors)

ALL DEPARTMENTS CONTRIBUTE TO IMPROVED RESULTS

The Tenth Annual General Meeting of W. & R. Wallace Industries Limited was held on October 19th in London.

Mr Walter Wallace (Joint Managing Director) presided, and, in the course of his speech, said:

Your Directors are happy to report that the Company has had another satisfactory year's trading in which every department of the business has made useful contribution.

The consolidated profit for the year amounts to £234,613, as compared with £223,250 the previous year, viz., an increase of £11,363.

These profits are, of course, the balance after payment of all the ordinary outgoings of the business, and to accomplish this result you will readily realise that the Company has had an increased turnover, and this has occurred in all its various departments.

The Debtors have increased considerably, and this is some measure of the increased activities of your Company.

All branches of your business continue to operate and develop normally.

After deduction of the amounts set out in the Accounts for depreciation and amounts written off fixed assets, Debenture Interest, emoluments of Directors and the Auditors' remuneration, there remains a consolidated net profit for the year before taxation of £175,213.

TAXATION'S HEAVY TOLL

We are all aware that taxation takes a very heavy toll on the profits of a business undertaking, and in our case this taxation amounts to £97,058, to which we have added a sum of £16,000 set aside by one subsidiary to establish its tax provision on a current basis in line with the rest of the group.

This shows a total taxation provision of £113,058, and by this means tax is now fully provided up to and including that payable in January, 1958.

After making these payments and provisions there remains a consolidated net profit of £62,155.

Shareholders will be pleased to note that the Directors again recommend a final Dividend of 32½ per cent, less tax, making a total of 42½ per cent, less tax, for the year.

Additions to the Plant and Machinery have been made during the year, and it will be seen that outstanding contracts at June 30, 1956, amounting to £25,000 for Capital expenditure are not provided in the current Balance Sheet.

During the year a sum of £40,512 has been provided for depreciation of fixed assets, which now stand at a figure of £285,843, against an original cost of £547,454.

PLANT WELL MAINTAINED

You will gather from the above that the Plant, Machinery and other assets of your Company are well maintained, and that the Directors are doing all in their power to keep your assets in an efficient condition for carrying on your Company's undertakings.

The financial position of your Company is sound. The total reserves now amount to £177,104, as set forth in the Balance Sheet.

The business of the Company for the current year continues at a satisfactory level in all departments, and, as I have already informed you, the Company is not only fully equipped but has ample reserves to meet further requirements.

The report and accounts were adopted.

The proceedings terminated with a hearty vote of thanks to the directors, staff and workpeople for their efforts in producing such excellent results.

LLOYDS BANK LIMITED

CAPITAL REORGANISATION APPROVED BY MEMBERS

An Extraordinary General Meeting and separate General Meetings of the "A" shareholders and "B" Stockholders were held on October 19th at the Head Office, 71, Lombard Street, London, E.C.

The Right Honourable Sir Oliver Franks, GCMG, KCB, CBE, the Chairman, presided.

Resolutions agreeing to the proposed reorganisation of the share capital of the Bank were duly passed.

The scheme will now be submitted to the High Court for confirmation in so far as reduction of the Bank's capital is concerned.

ANNING CHADWICK & KIVER

CONTINUED STEADY GROWTH

The thirteenth annual general meeting of Anning Chadwick & Kiver Limited was held on October 25th in London. Mr Harold W. Chadwick (Chairman and Joint Managing Director) presiding. The following is an extract from his circulated statement:

The Balance Sheet shows the steady growth which your Company continues to make. After making usual provisions including proposed dividends the nett current assets of the Group have increased from £330,235 (1955) to £377,526.

The Group Trading profit for the year has increased from £104,172 to £129,540. Taxation on profits absorbed £67,127, and it is proposed to pay a final dividend of 12½ per cent, making a total of 22½ per cent for the year.

The past year has not by any means been an easy one as overheads have continued to show slow but steady increases. However, we have been able to meet these by an increased turnover and an ever watchful eye on economies. Our turnover last year exceeded 10 million pounds, the greater part of which was for re-export.

Our subsidiary companies have continued to give a good account of themselves and their progress during the forthcoming years should be steady and satisfactory.

I think it unwise in these very uncertain times to forecast future trading results but I am sure that shareholders will be pleased to know that our new year has opened satisfactorily and apart from an increase in turnover there are signs of a recovery in the prices of certain commodities we handle.

The report was adopted.

OLYMPIC PORTLAND CEMENT COMPANY

CAPITAL DOUBLED

The forty-fifth annual general meeting of this company was held on October 24th in London. The Honourable Gerald H. G. Williamson, chairman, in the course of his speech, said: During the year the plant at Bellingham produced 905,199 barrels of clinker and 889,933 barrels of cement. This was the largest annual production of clinker on record, whilst cement produced and shipped was the third largest on record. Consolidated trading profits, before charging depreciation and depletion, amounted to £273,554 as against £233,139. Net profits after taxation and London expenses were £107,362.

Your Board came to the conclusion, in order not only to meet the rising demand anticipated but also to protect existing markets, that the productive capacity should be increased. Immediate utilisation of the doubled capacity is not envisaged but rather a progressive increase in production.

The installation of the additional kiln and ancillary equipment which our Engineering Consultants and Managers consider necessary will entail an estimated expenditure of about $2,800,000. Some $2 million will be required initially and I have to put before you a resolution to double the authorised capital of the company. In due course it is intended to issue to shareholders 500,000 new £1 shares to be created under the authority of this capital increase, at a price of 30s. per share on the basis of one new share for every old share held. The issue will make available to the company a sum of £750,000 equivalent to about $2,100,000.

The report was adopted and the proposed capital increase approved.

THE CARPET MANUFACTURING COMPANY LIMITED

The sixty-sixth Annual General Meeting of the Carpet Manufacturing Company Limited was held on October 25th at Kidderminster. The Chairman (Mr E. H. O. Carpenter) presided, and in his statement said that everyone was aware of the difficulties through which the carpet industry was passing owing to the economic policies of the day, and he did not propose to add to the comments which had already been made on this subject. The Company's trading year in common with others had been affected. He was glad to say that the Associated Companies in Australia, New Zealand, and South Africa had each enjoyed a successful year.

Capital Payments had been heavy and amounted to over £250,000. This sum had been spent partly towards the cost of new plant and buildings for Woollen Spinning, and partly in enlarging the Spool Axminster Department and bringing it completely up to date. Finally, Advances had been made to Kosset Carpets Limited in the foundation of which the Company was associated, as shareholders knew, with four other leading carpet manufacturers. The products were made on the tufted process. Kosset Carpets Limited had now entered into its first season of active production.

Trading Profits were £114,486 (£197,975); Income from Overseas Companies £51,277 (£79,966); Profit on Sale of Property £6,312 (nil); Net Profits £86,575 (£145,441); to extra Depreciation £40,000; Final Ordinary Dividend 10 per cent less Tax (12½ per cent for year; same); Carry Forward £142,193 (£141,425).

The Accounts and recommendations of the Board were adopted.

ARMSTRONG SHOCK ABSORBERS

EFFECTS OF RECESSION IN MOTOR INDUSTRY

The twenty-first annual general meeting of Armstrong Shock Absorbers Limited was held on October 22nd in London, Mr William Armstrong, BSc, AMIMechE (chairman and managing director), presiding.

The following are extracts from the Chairman's circulated Statement:

This financial year started with the Motor Industry in a very active and optimistic state, but around Christmas a fall off in Exports coupled with the Government's stated and implemented policy of reducing sales on the Home market by the credit squeeze and other means, resulted in a considerable recession. This situation, together with the ever increasing costs of materials and labour, has naturally affected our operations during the year. Nevertheless the financial results are such that your Directors feel justified in recommending a Dividend of 32½ per cent.

The Consolidated Accounts for the year ended June 30, 1956, show a Group Profit of £81,843 compared with £180,267.

Our Heli-Coil Division has made great strides during this year and would appear to have bright prospects for the future. The Heli-Coil is applicable to a very wide range of engineering and industry and is not specifically restricted to the Motor Trade.

In Canada we have continued with a good sales volume and prospects look encouraging. Our Australian Company has had a very disappointing year due to a general recession in the Motor Trade in that territory.

The British Motor Industry is going through a very difficult time and it would be unwise to be unduly optimistic about the future. However, we are steadily increasing our direct exports and this, coupled with the development of the Heli-Coil project, should enable us to approach the future at least with reasonable confidence.

The Report was adopted.

APPOINTMENTS

THE ASSAY OFFICE

NEWHALL STREET, BIRMINGHAM 3

Science Graduate required (M.Sc. Hallmg.—Chemistry) for administrative and technical duties. Salary according to age and qualifications.—Application to be sent to the Assay Master.

ADMINISTRATIVE OFFICER required by The Steel Company of Wales Limited for duties in the Personnel Department.

The successful candidate will be responsible for the co-ordinating of the work of separate sections within the department at levels below principal assistants to the Superintendent and for the control of departmental expenditure.

Candidates should preferably hold a good arts degree, but this is not essential if orderliness of mind and capacity for analytical thought are sufficient.

Salary will be paid according to qualifications.

Those wishing to apply should *write for official Application Form* to:

Superintendent, Personnel Services, The Steel Company of Wales Limited (Steel Division), Abbey Works, Port Talbot, Glam., quoting the reference AO.E.

MARKET RESEARCH. Planning Supervisor required. Good working conditions and prospects offered. Salary *not less* than £600 p.a. Candidates should have experience in the field and be capable of training field staff and planning and developing field studies.—Write, giving full particulars of education and experience, to Market Research Manager, The Hotpoint Electric Appliance Co. Ltd., Crown House, Aldwych, W.C.2.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments covering a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small; individual vacancies exist in the Natural History Museum for candidates who have special knowledge of, or who are interested in, malacology, helminthology, acarology, mammalian taxonomy, taxonomic botany (monocotyledons), Neotropical zoography.

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

Interview Boards sit at frequent intervals.

Age limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted; for Scientific Officers, between 21 and 28 during 1956 (up to 31 for permanent members of the Experimental Officer class). Salary (London) Senior Scientific Officers: (men) £1,135—£1,345; (women) £1,026—£1,220. Scientific Officers: (men) £605—£1,055; (women) £605—£962. Women's scales being improved under equal pay scheme. Somewhat lower rates in the provinces.

Further particulars, for which early application is advised, from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S.53/56 for Senior Scientific Officers and S.52/56 for Scientific Officers.

STATISTICIAN required by the British Market Research Bureau Limited. Good honours degree in statistics or mathematics (or professional qualification of similar level) desirable. Age up to 30. Salary according to age, qualifications and experience.—Applications, marked "Personal," should be addressed to the General Manager at 47 Upper Grosvenor Street, London, W.1.

COST ACCOUNTANT/OFFICE MANAGER wanted for Printing and Wholesale Stationery business in Scottish County town. Knowledge of trade desirable. Pension scheme. Salary commensurate with experience but not less than £750.—Apply, in confidence, stating age and previous experience, Box 546.

ACCOUNTANT required by old-established company in East Africa conducting business of General Merchants, Importers, Exporters, Shipping, Insurance, Warehousing and Forwarding.

The appointment requires an energetic man, preferably a qualified accountant aged between 25 and 35 years, whose experience should include budgetary control, costing systems and mercantile organisation. Passages and housing provided with paid leave to U.K. Good salary commensurate with qualifications and prospect of joining Board of Directors. Interview can be arranged in London.—Replies, in confidence, to Box OC/53, c/o 95 Bishopsgate, E.C.2.

MARKET RESEARCH. Young man with experience of coding and machine tabulating required to work with a small team.—Write, stating age, experience, and qualifications, to the Market Research Manager, W. S. Crawford Ltd., 233, High Holborn, W.C.1.

APPOINTMENTS

THE UNIVERSITY OF MANCHESTER

Applications are invited for two full-time posts of RESEARCH ASSISTANT in the Faculty of Economic and Social Studies. One Assistantship will be available for research in GOVERNMENT, and the other for research in SOCIAL ANTHROPOLOGY or SOCIOLOGY. Applicants should be graduates in any of these subjects or in Modern History or Economic History. There are two grades: Grade II—salary £550 to £650 per annum; Grade III—salary £450 to £500 per annum.—Applications should be sent not later than November 12, 1956, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

AUSTRALIA—UNIVERSITY OF ADELAIDE

Applications are invited for appointment as LECTURER IN POLITICS in the Department of History and Political Science.

Duties: The Lecturer will be required to conduct courses in modern political institutions with special emphasis on the working of Federalism in Australia, and in International Relations.

The successful candidate will be required to assume duty as early as possible in 1957 and not later than the middle of March.

Salary Scale: £A1,200 x £A80 (£750) to £A1,750, with superannuation provision on the F.S.S.U. basis.

Terms: General terms of appointment, including particulars of the information to be included in applications, may be obtained from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1, or from the undersigned.*

Applications: Applications should be lodged in duplicate with the undersigned* not later than *NOVEMBER 19, 1956.* Because of the urgency of making an appointment as soon after that date as possible, applicants should request their referees to send their confidential reports direct to the undersigned* so that they will reach him at much the same time as the application.

Further information will gladly be supplied on request to

*V. A. EDGELOE,
Registrar,
University of Adelaide,
Adelaide, South Australia.

UNIVERSITY OF KHARTOUM

Applications are invited for two appointments in ECONOMICS.

Salary Scales:

Assistant Lecturer	— £E1,077 to £E1,152 p.a.
Lecturer	— £E1,152 x £E75 to £E1,677 p.a.
Senior Lecturer	— £E1,752 x £E75 to £E2,277 p.a.

Cost-of-living allowance approximately £E120 p.a. Outfit allowance £E50. Family allowances: wife, £E60 p.a.; first child, £E90 p.a.; second and third child, £E30 p.a. Passages for appointee and family on appointment, termination and annual leave. Appointments on contract for five years with possibility of renewal. Superannuation scheme.

Applications (eight copies) detailing qualifications and experience and naming three referees, as soon as possible to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn Square, London, W.C.1, from whom further particulars may be obtained.

EUROPEAN SALES

Leading American manufacturer of highly promotional, widely advertised packaged goods has excellent career opportunity in rapidly expanding continental division. Applicant must have pr[illegible] sales ability; know advertising and promotion. E[illegible]d to appoint and work with European distributor [illegible]manage administrative, factory and sales staff. [illegible] two foreign languages including German essent[illegible]idence Europe.

Write in confidence in full detail, giving age, education, complete previous work history including [illegible] etc., Box 547.

GOVERNMENT STATISTICIAN, BARBADOS

Candidates should possess a good Honours Degree in Economics or other appropriate main subject combined with Statistics, and should have had experience in economic analysis and the carrying out of sampling surveys. Duties include the supervision of the work of a Statistical office in preparing the Island's social and economic [illegible]or publication and also research into connected problems.

The [illegible] agreement for three years, salary $6,240 (£1,300) per annum, plus temporary cost of living allowance of $156 (£32 10s.). B.W.I. dollars 4.8=£1 sterling. Income tax at local rates. Baggage and passage expenses for the officer and his family on appointment and completion of agreement allowed up to $1,920 (£400) in either direction.

Application forms and further particulars from Director of Recruitment, Colonial Office, Sanctuary Buildings, Great Smith Street, London, S.W.1, quoting Ref. BCD 59/28/01.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE
(UNIVERSITY OF LONDON)

Applications are invited for Junior Research Assistantships in the Economics Research Division. The salary scale is £375 x £25—£450 a year. Starting salary according to qualifications and experience. Application forms should be received by the Secretary, Economics Research Division, London School of Economics and Political Science, Houghton Street, W.C.2, not later than November 5th.

B.B.C. requires Assistant in Projects and Developments Section, Audience Research Department. Duties include: assistance in design and preparation of special surveys, analysis and tabulation of results and routine statistical treatment of Department's day to day output. Good general education necessary with qualifications in statistics and preferably experience in their application to market research and opinion surveys. Salary £675 rising by five annual increments to £885 maximum. Requests for application forms (enclosing addressed envelope and quoting reference G.10 Ect.) should reach Appointments Officer, B.B.C., Broadcasting House, London, W.1, within five days.

MARKET RESEARCH MANAGER

There is a vacancy for a Market Research Manager at Mars Ltd., Slough, Bucks, one of the leading confectionery manufacturing companies, owing to the promotion of the present holder of the post.

The post demands wide experience of Market Research in all its aspects and an ability to keep abreast of modern developments in order to ensure that the Company will lead in Market Research techniques. A man is required between 28 and 40 years of age, with first-class contacts with Market Research organisations and sources and the ability to control and develop the Company's Market Research Department. He will be directly responsible to the Director in charge of Research and Development.

The salary range for the post is from £2,500 to £3,500 per annum, commensurate with a key post in a progressive company, which offers real scope for a man able to originate ideas in addition to running an existing Department.

There are generous non-contributory Pension, Life Assurance and Sickness Schemes.

Application forms may be obtained from Personnel Director, Mars Limited, Dundee Road, Slough, Bucks.

ACCOUNTANT

A leading firm of contractors requires a recently qualified man at their London head office to act as assistant to the chief accountant. This is not a vacancy likely to lead to a career with the firm but it would be an exceptional opportunity to gain a couple of years' valuable experience in commercial accountancy for a man who has hitherto been confined to the professional side and who wishes to change over while he is still fit for Final would be considered. Salary up to £750 p.a.—Write to "L. F. C." c/o Dixons, 1-9 Hills Place, London, W.1.

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Applicants, aged 35-45, must be qualified. Experience of modern accounting techniques in commerce and banking essential, and up-to-date general knowledge of company taxation desirable. Task will be to integrate, and subsequently to control, accounting and statistical systems. Promotion to Group Secretary is envisaged. Initial salary £2,000-£2,500 p.a. Generous pension arrangements and conditions of service. Written applications should be sent to The Chairman, Charterhouse Group, 30 St. Swithin's Lane, London, E.C.4.

MANAGEMENT ACCOUNTING

An international organisation in an interesting stage of development requires a qualified accountant to assist at senior level in the Controller's Department in London. The work will be concerned more with the analytical side of accounting matters and problems rather than with routine accounting. Applicants should be within the ages of about 28-32 and should preferably have had some experience with a Management Consultant, or with a department doing similar work in either a Professional Accountants' Office or in a commercial organisation. A practical knowledge of costing and some experience of Group Accounts would also be an advantage. The commencing salary would be in the region of £1,250-£1,500 p.a. but would be arranged according to the experience and potential of the successful applicant. The position is pensionable.—Applications, with short details of age, personal particulars, positions held, and experience of costing, Group Accounts, organisation and methods and allied matters, should be sent to Box W.881, c/o Streets, 110 Old Broad Street, E.C.2.

AN INFORMATION OFFICER

A prominent British industrial company with subsidiaries in the U.S.A., Canada and Australia, wishes to recruit an Information Officer for its Research and Development Department in London. Qualifications required include age between 25 and 28 years, university degree preferably in engineering or science, personal qualities of a high order, some industrial experience where report writing has been practised or alternatively experience of technical journalism. Initial salary will be up to £1,100 and a continuing career with promotion within the company's expanding organisation is envisaged.—Please write, with brief tabulated details of age, education and experience, to Box 545.

SECRETARY/ACCOUNTANT. Brown Knight & Truscott Ltd., printers, require qualified Secretary/Accountant. Age 35-45. Commercial experience preferred. Work initially at Head Office, 11-12 Bury Street, E.C.3, subsequently at Tonbridge, Kent, where Company's main works situated. Senior executive post with prospects. Good salary according to age and experience. Pension scheme.—Apply Chairman.

ASSISTANT (female aged 23-30) required for interesting statistical/personnel vacancy with Oil Company (West End). Advanced level or Higher School Certificate Mathematics essential and previous personnel experience useful. Good salary and prospects; pleasant working conditions; pension scheme; luncheon and welfare facilities. Please reply, with brief details of qualifications, age and previous experience, quoting No. 682, to Box No. 438, c/o Charles Barker and Sons Ltd., Gateway House, London, E.C.4.

WOMAN as Assistant to Company Production Controller to collect and analyse data on prices, discounts, distribution, factory output and load, etc., for plain bearings. Will be expected to carry out research and investigations under supervision in these areas. Age 25 to 45; at least Grammar School education to G.C.E. level, with flair for mathematics. Experience in commerce or economics desirable but not essential as training will be given. Commencing salary £550-£650 p.a.—Details of training and experience to Personnel Manager (Ref. 325), Glacier Metal Co., Ltd., Ealing Rd., Wembley, Middlesex.

PERFUMERY BUYER required by Griffin & Spalding Ltd. Salary about a thousand.—Apply Managing Director, Long Row, Nottingham.

SECRETARY

Applications are invited from members of the Chartered Institute of Secretaries or from qualified accountants for the appointment of Secretary to the British Leather Manufacturers' Research Association. The duties include responsibility for the general finances of the Association; the payment of salaries and wages; the arrangement of Council meetings; the administration and upkeep of the property of the Research Association. Preferred age between 30 and 40. Salary £1,000 to £1,250 depending on qualifications and experience, with pension arrangements under the F.S.S.U. scheme.

Applications, giving the name of two referees, should be addressed to the Director of Research, British Leather Manufacturers' Research Association, Milton Park, Egham, Surrey.

KODAK LIMITED, KINGSWAY, W.C.2

A new post occurs in the Statistics and Economics Department for an Economic Research Assistant. Applications are invited from graduates in Economics, about 25 years of age, who have Economics as their special subject with statistical method as a subsidiary. Some experience of economic analysis as a tool in business forecasting and a knowledge of problems of international trade would be an advantage. The range of products manufactured and markets served are extensive; there are interesting possibilities for the growth of the range of work carried out in the department. Starting salary by arrangement. Letters may be addressed in confidence to the Personnel Manager.

MANAGEMENT CONSULTANCY, as a profession, offers both a challenge and an intriguing scope of fruitful activity to men qualified academically, and by background and experience, to assess modern management problems. A leading firm of management Consultants invites applications to join its staff from those attracted by the challenge and scope and who come with a background of executive authority in commerce or industry.—Letters of application, detailing age, education and career to date, should be addressed to Box 296, R. Anderson & Co., 14 William IV Street, London, W.C.2.

ACTUARIAL STUDENTS—passed at least some part of Part I of Faculty or Institute Examinations—required by Australian Mutual Provident Society (the largest British Mutual Life Office). After short initial probationary period at London office the Society will pay all moving costs to Australia. Salary at age 21 £625 sterling, age 22 £675 sterling, age 23 £725 sterling. Substantial bonuses and increases on passing examinations. Excellent prospects, liberal long service leave, excellent staff pension and life assurance benefits. Apply to Manager for United Kingdom, 73-76 King William Street, London, E.C.4.

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UNIVERSITY COLLEGE LONDON (Gower Street, W.C.1). Professor W. A. Robson (London School of Economics) will give the Hobhouse Memorial Lecture entitled "The Welfare State" on November 6th, at 5.30 p.m. Admission Free, Without Ticket.—E. A. L. Gueterbock, Secretary.

THE Economists' Bookshop has the world's widest range of books on Economics, Politics, History, Anthropology and the Social Sciences. World-wide mailing service. Second-hand books bought.—11-12 Clements Inn Passage, Aldwych, London, W.C.2.

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Notice is hereby given that a DIVIDEND of 45 cents per share upon the paid-up capital stock of this Bank has been declared for the current quarter and a Bonus of 25 cents per share for the year ending November 30, 1956, and both will be PAYABLE at the Bank and its branches on and after December 1, 1956 to shareholders of record at the close of business on October 31, 1956.

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K. M. SLDGEWICK,
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October 24, 1956.

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YOUNG MAN, realising that he has neither the talent nor the wardrobe to be a musician, will exchange grand piano (or a few crates of Duff Gordon's EL CID Sherry. Candelabra thrown in free!

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ATOMIC POWER FOR PEACEFUL USE

[some more facts of interest]

▶ **IS NUCLEAR FUEL EVERLASTING?** The closed-circuit boiling water type of reactor, which Mitchells believe to be ideally suitable for use in remote areas and for Commonwealth development, consumes very little fuel. A reactor producing 60 megawatts of electric power 'burns up' *230 lb* of fuel per annum out of the charge of 50 tons. The equivalent consumption of coal would be *275,000 tons*. Limited renewal is, therefore, necessary, but this is a routine job presenting no difficulty.

▶ **IS NUCLEAR POWER SAFE?** The boiling water reactor is inherently [illegible]l self-regulating. A nuclear explosion cannot occur in it. Any [illegible] operation which might cause over-rapid heating would also create pockets of steam which would automatically reduce radio-activity and heat production.

▶ **IS NUCLEAR POWER COSTLY?** Nuclear fuel has to be processed and is at present expensive, but such efficiency has already been achieved in converting it into electric power that operating costs are in every way competitive for small-load units and for remote areas. These costs will be lowered progressively as nuclear fuels are themselves developed more cheaply.

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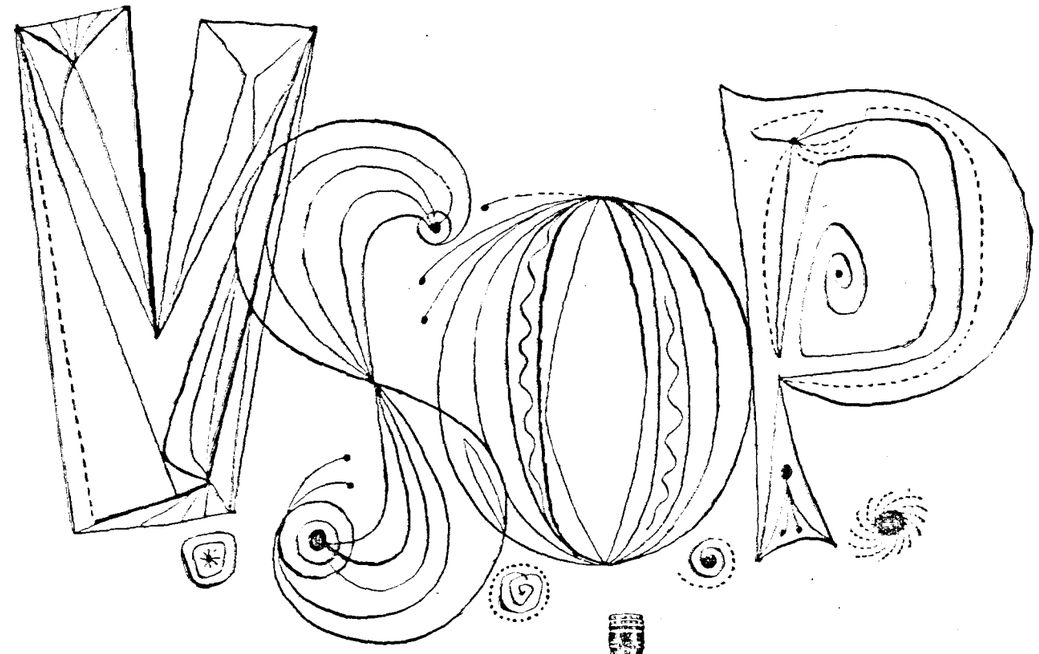
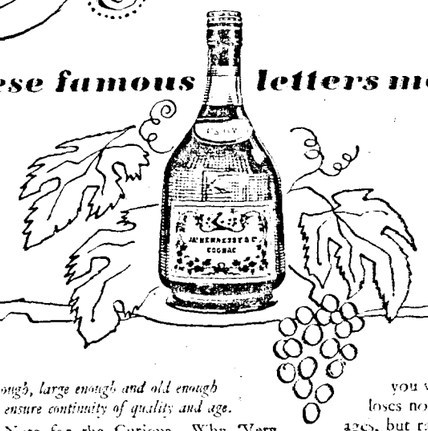


What do these famous letters mean?



No one seems quite to remember. The Hennessy family in Cognac say that when they first used the symbol many decades ago, letters such as V.S.O.P. and X.O., as well as the famous ★ markings, were chalked on the hogsheads of brandy by the blender as his personal guide to the brandy's maturity. V.S.O.P. probably meant 'Very Special Old Pale'.

Nowadays, however, as an indication of age and quality, the letters V.S.O.P. on liqueur brandies have become as equivocal in the brandy trade as the description 'Final Night Extra' on an evening newspaper.

But one thing is certain. *The label 'V.S.O.P.' means nothing unless coupled with the name of a shipper whose stocks are good enough, large enough and old enough to ensure continuity of quality and age.*

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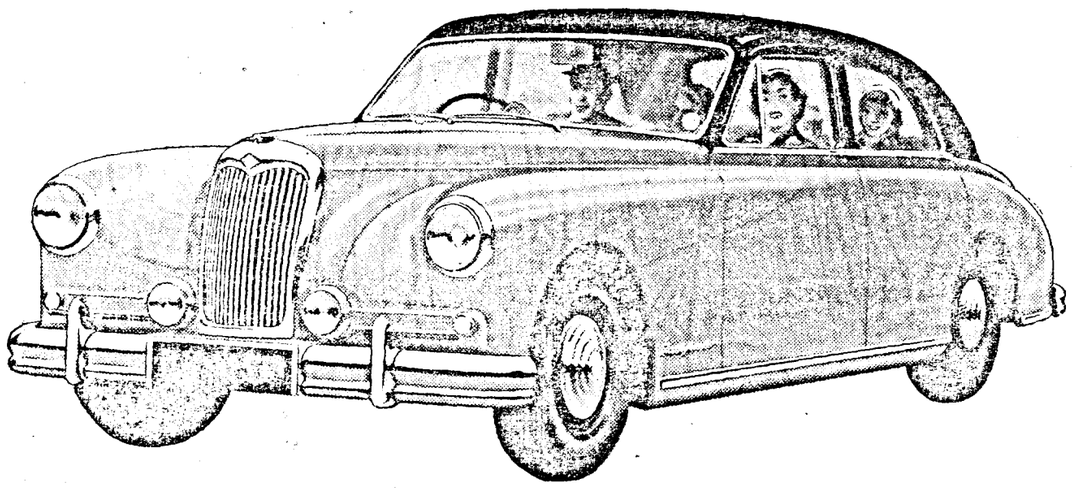

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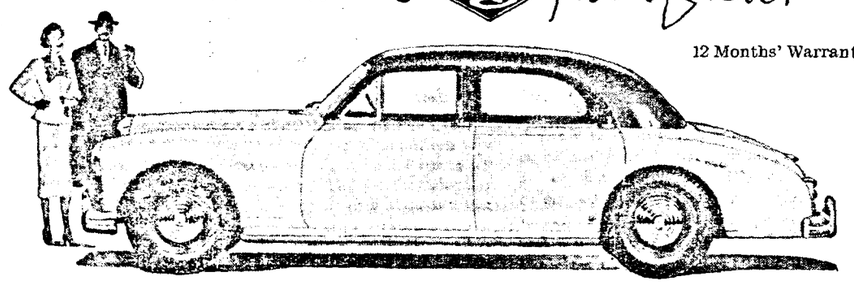

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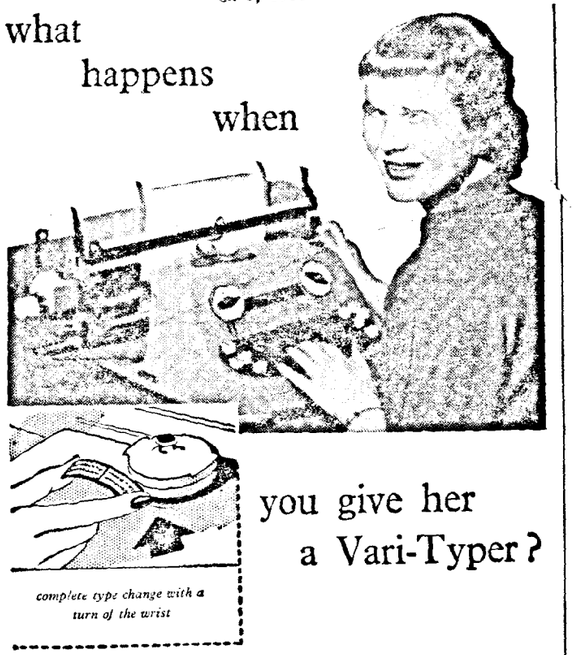

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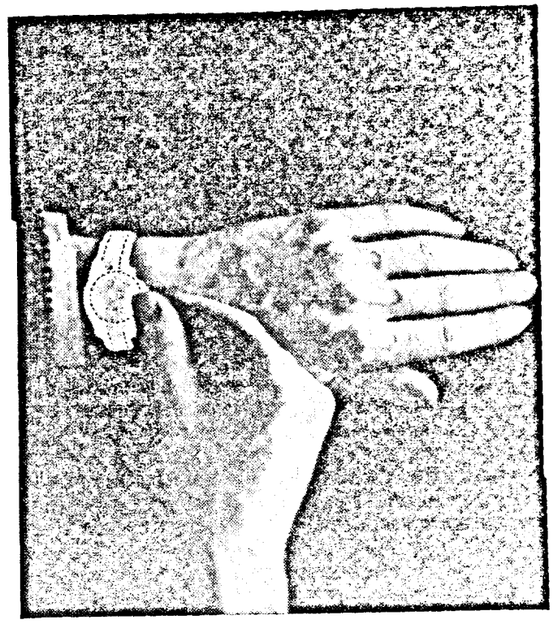

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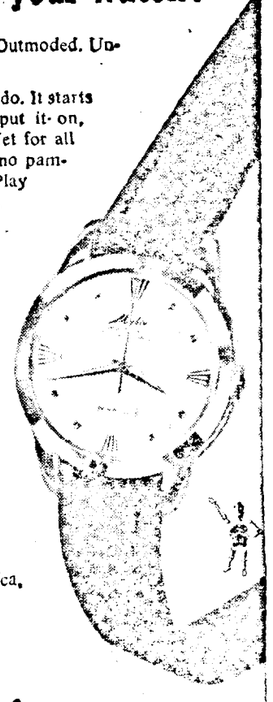

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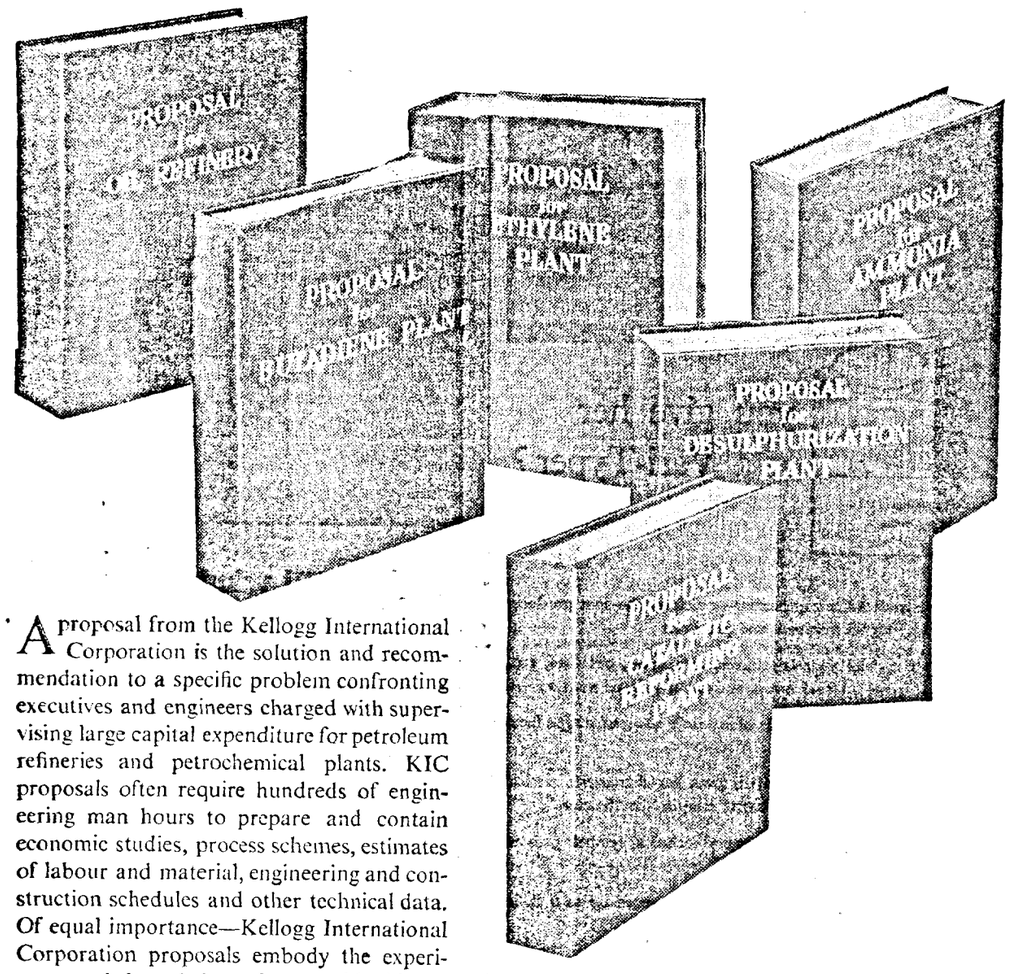

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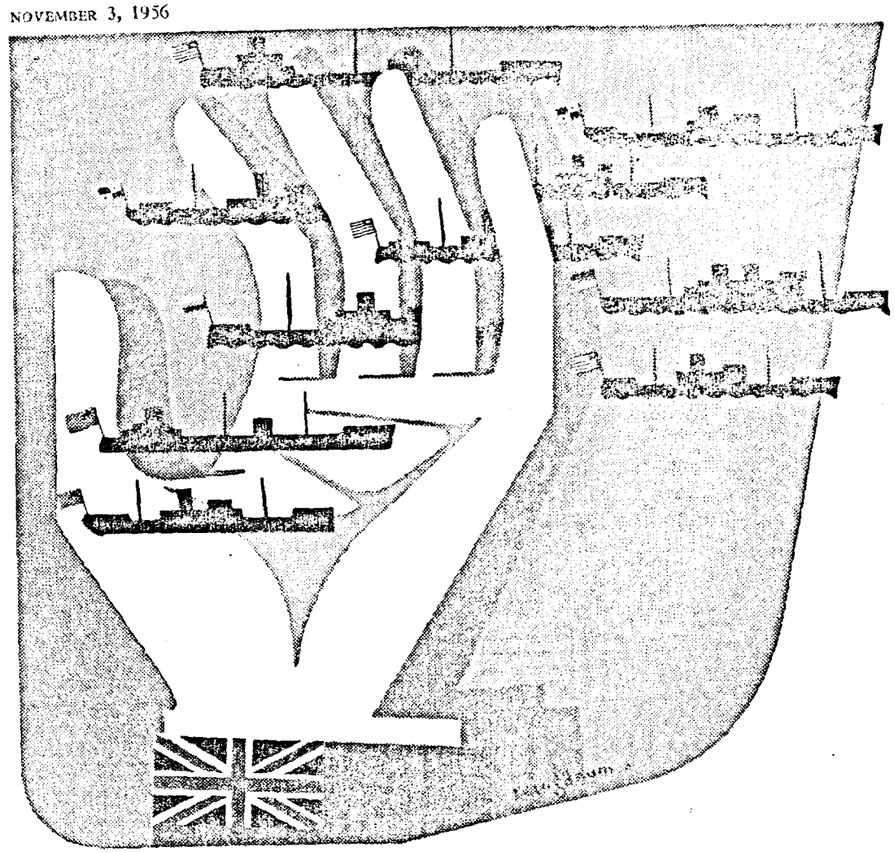

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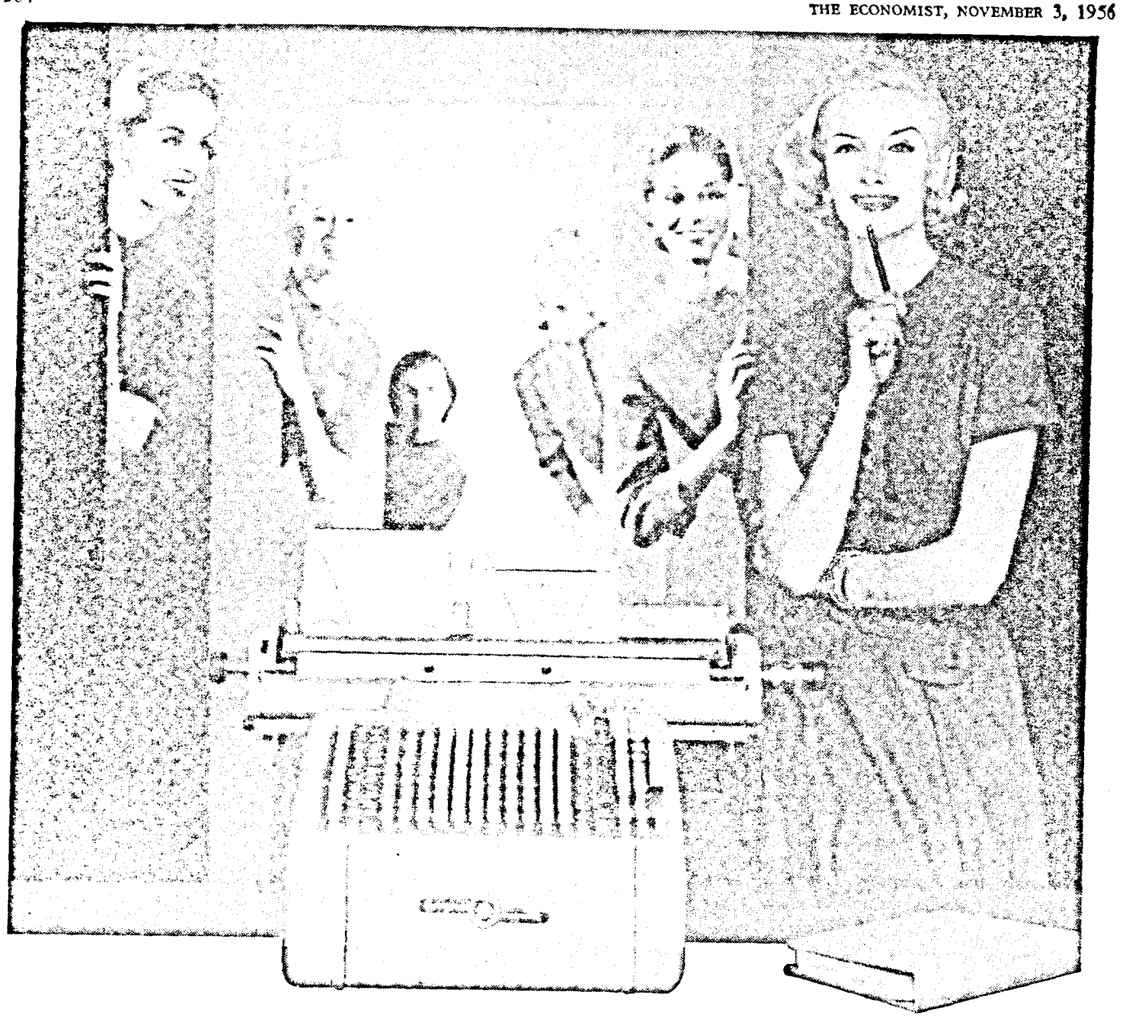

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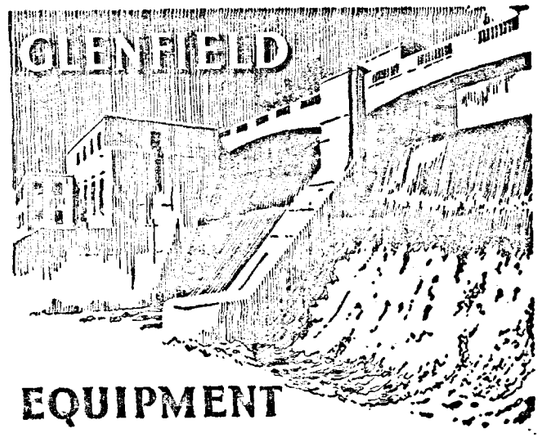

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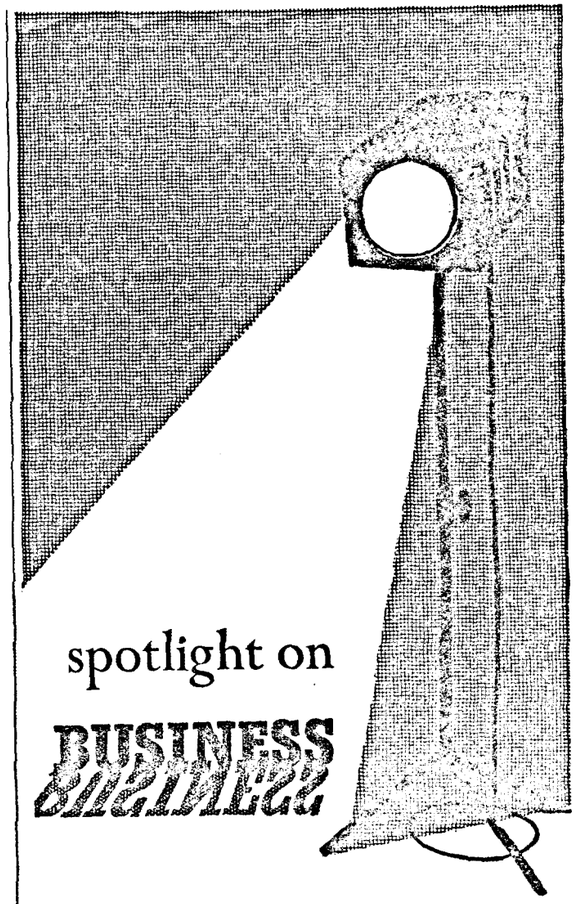

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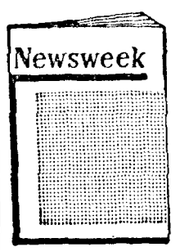

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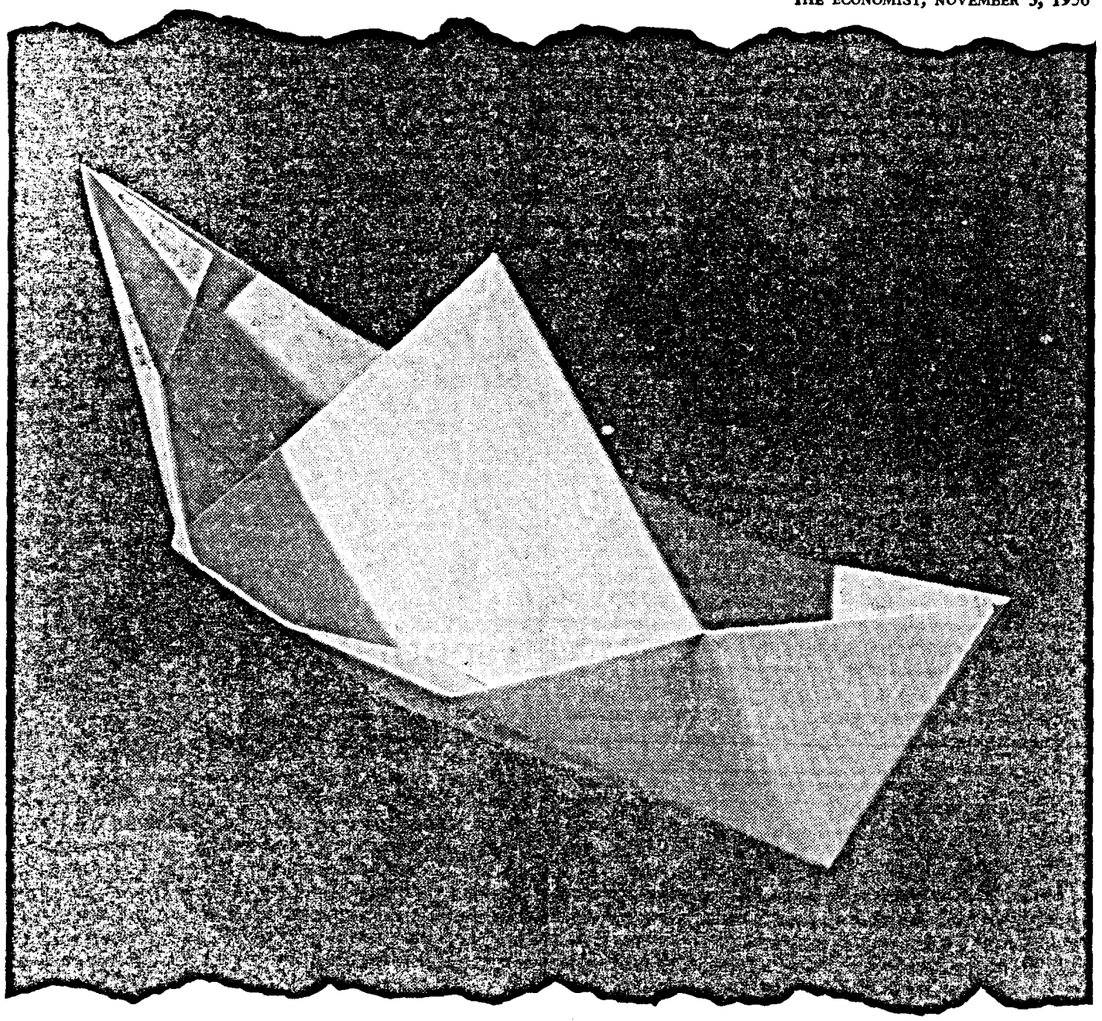

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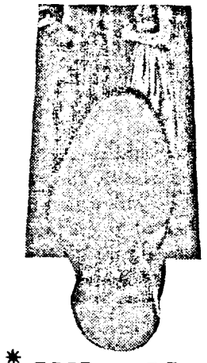

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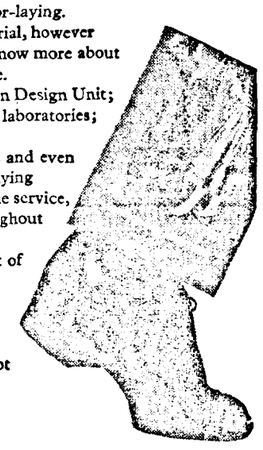

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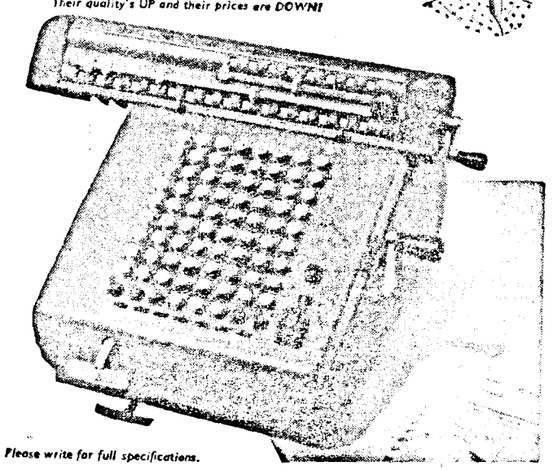

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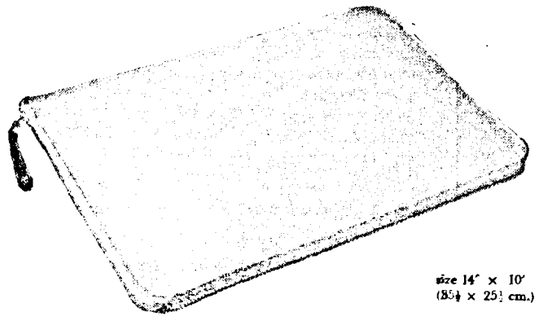

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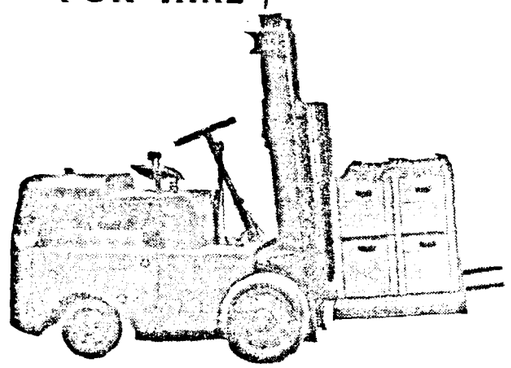

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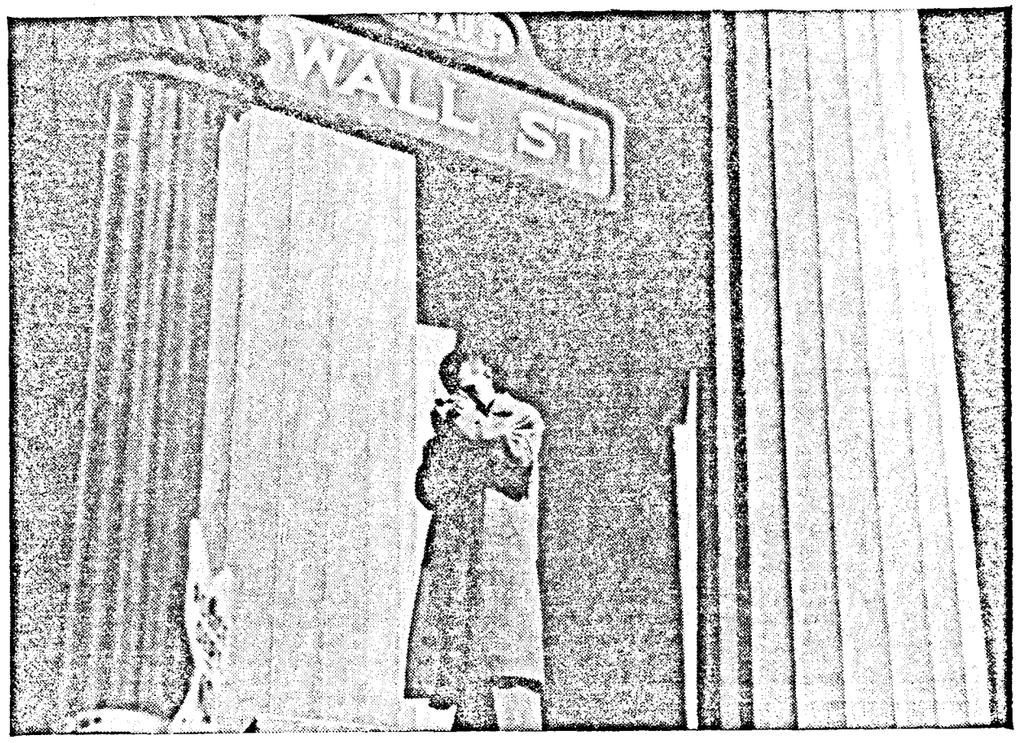

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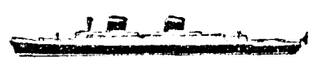

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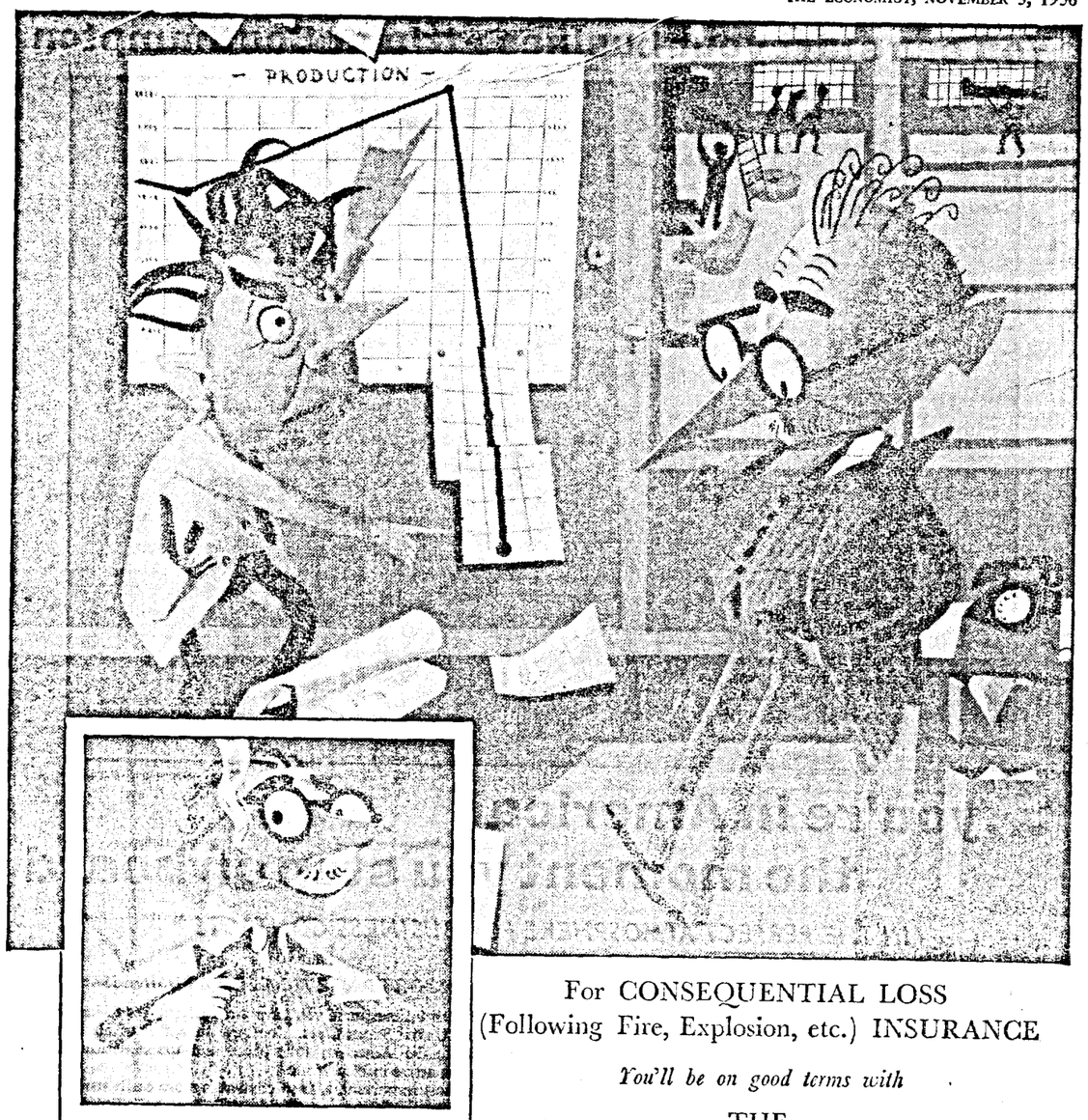

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Splenetic Isolation

SIR ANTHONY EDEN has isolated Britain, except for the company of France. On Tuesday, having addressed an outmoded and questionable ultimatum to Egypt and Israel, he got a majority in a deeply divided House of Commons, observing: "Honourable Gentlemen may, if they like, impugn our judgment. I hope they will not impugn our motives." But that is precisely what must be done. What was the prime motive? Was it to stop the fighting which Israel had started by moving faster than the Security Council could move? Or was it to carry out a project cherished since July: the seizure of the Suez Canal and the forcible overthrow of Colonel Nasser? The Israeli raid into the Sinai peninsula prompted the British government, not to set about inducing the Israeli forces to go back to their own territory, but to offer Egypt two alternatives: an Anglo-French occupation of the Suez Canal with Egyptian assent, or an Anglo-French occupation of the Suez Canal against Egyptian opposition. As a result, statesmen all over the world are bracketing Britain and France with Israel as aggressors.

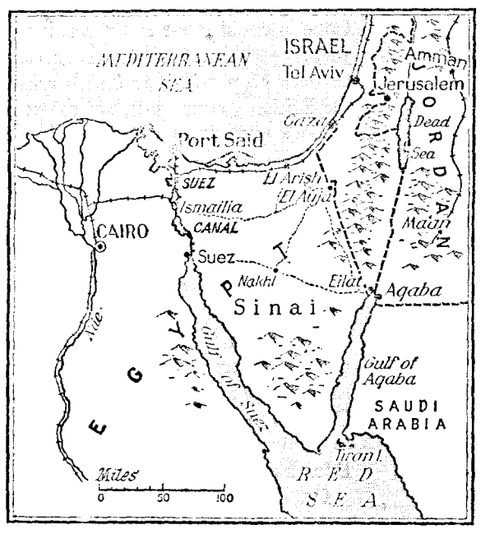
Egypt having chosen the second alternative, Britain and France have attacked a state which, however great its recent misdemeanours, was at the time the victim of an armed assault. This is a gambler's throw; upon it the Prime Minister has hazarded not only his own political future and that of his Government, but, vastly more important, his country's position, interest, and reputation in the world. For an Opposition officially to oppose a war after hostilities have started is, in modern times, unprecedented; but so, too, is what Sir Anthony Eden has done.

On the night before the ultimatum, Israel had invaded Egyptian territory on a scale that the Israelis described as "more than reprisals but less than war." Fighting was in progress as Sir Anthony spoke in the Commons on Tuesday; by accounts then current, it was approaching the Suez Canal. He and the French Prime Minister therefore called on both parties to withdraw ten miles from the Canal banks on either side, and to agree that an Anglo-French force should temporarily—"I repeat temporarily"—step into that coveted area with the double purpose of holding the belligerents apart and of safeguarding free passage for shipping. Failing compliance with this request within twelve hours, "British and French forces will intervene in whatever strength may be necessary to secure compliance." In a passage hard to reconcile with this ultimatum, Sir Anthony added that Britain had sought an immediate meeting of the Security Council.

The intention was that the 12-hour ultimatum should stand whatever the Council decided, for when it met the British representative had instructions that caused a British veto to be used there for the first time. He vetoed first an American resolution calling on both belligerents to withdraw and on other states to refrain from using or threatening force in the area, and then a Russian resolution which left out the second part of the exhortation. On Wednesday

Britain and France voted, again in a minority of two, against calling the special session of the Assembly that is meeting as we go to press.

Whatever the undoubted earlier and continued provocations of Colonel Nasser's policies, to invite Egypt to abandon its only tenable line of defence against attack from the east, and Israel to take up positions more than 100 miles inside the Egyptian border, was the act of a partisan rather than a policeman. If the motive had been simply to stop the fighting and to save British shipping from harm, the first obvious course would have been to order merchantmen to stay away, and the second to aim the intervention at positions not on the canal but nearer the violated armistice line. Inexorably, the evidence suggests that the Anglo-French decision was primarily aimed not at keeping the peace, but at recapturing the ground lost when President Nasser nationalised the Suez Canal in July. This strange cabal, Sir Anthony Eden, M. Mollet, M. Pineau and Mr Lloyd, may have much to answer for. Once their troops have landed on Egyptian soil, they are no longer masters of the word "temporarily." Suppose, as is likely, their action entails a continuing war with Egypt. Where and when will their operation go into reverse let alone stop? And what are its consequences? Many of those already discernible give grounds for the most profound disquiet. First, the attack has rightly incurred the "grave displeasure" of the United States government. Britain and France may have had cause to complain of Mr Dulles's vacillations over the Canal dispute and the Users' Association, but their action now puts his failings in the shade. By it, they are in effect doing their worst to justify the "imperialist" label they so much (and, as it seemed, so rightly) resented when he applied it two months ago. It is they, not he, who have loosened the linchpin of the Atlantic Alliance.



They have so played their hand as to cause Washington soberly to suspect collusion between Britain and France (ready, as it seems there, to stop at nothing to get back on to the canal bank) and Israel (driven desperate by Cairo's repeated boasts that "In two years' time we shall be strong enough to wipe Israel out"). Arab allegations of British collusion with Israel were a foregone conclusion, but it has been maladroit to the point of folly so to frame and execute Anglo-French policy as to give birth to the same belief in the United States.

One major consequence of alienating the American government is described in a note on page 439; if President Nasser had blocked or bungled the Suez Canal traffic, the Americans were ready to carry, and if need be to supply, western Europe's oil; their attitude will not be the same if the flow of traffic is now stopped —as for the present it has already been—by British and French action.

Grievous liabilities in other fields are only too abundant. Britain and France, by acting in direct contradiction to the wishes of the United States, have ensured that the Tripartite Declaration of 1950 (which bound all three to "take action both within and outside the United Nations" if the Palestinian frontiers or armistice lines were violated) is deprived of its one merit—its tripartite character. By vetoing a simple resolution condemning an aggressor, they have subordinated Security Council procedure to self-interest and reduced it to emptiness. Worse, they have invited the use against themselves of the Assembly procedure devised in the black days of Korea to deprive communist aggression of the shield of the Russian veto.

Just as grave is the extent to which Commonwealth opinion has been alienated. The Dominion governments were not consulted; Canada's view agrees with that of the United States; the Australian attitude has been understandably confused; India has been filled with revulsion. In the Middle East itself, the harmful effects of these precipitate actions will be many and widespread; some of them are described by our Cairo correspondent on page 429. The Arab myth, born in 1948, that western intervention has cheated the Arabs of their victory, has received an unnecessary reinforcement. They are doing their best to demolish such inclination to a western alliance as survives amongst their remaining Arab friends, such as Nuri Pasha —who has already declared himself united with Egypt in its struggle. In the larger Asian world, they have supplied Soviet propagandists with enough anti-colonial material for a decade. They may even have transferred to their own account some of the odium which "uncommitted" countries were attaching to the Soviet Union for its action in Hungary.

A week ago Mr Nehru, questioned about eastern Europe, said: "It is not for us to interfere in any way, even by expressing an opinion." In contrast, the Indian government issued on Wednesday a statement which referred bluntly to the Anglo-French intervention as an act of aggression that might lead to large-scale war. Formal protests were also made by Indonesia, and on Thursday violent anti-British demonstrations were reported from Pakistan. The messages sent the same day by Marshal Bulganin and Marshal Voroshilov to Mr Nehru and President Soekarno urging a new conference of the Asian-African "Bandoeng" powers in view of the threat to their interests, show that Moscow did not lose a moment before following through.

★

On the best allowance, there are too few conceivable advantages to measure against this deadweight of clear loss. Even if the Eden-Mollet technique achieves what it is intended to achieve—which is, presumably, a shock sharp enough to bring about the end of fighting, the fall of President Nasser and recovery of some permanent western authority over Suez Canal traffic—the damage still promises to be out of proportion. It may or may not become possible when the fighting is over to devise an international zone between Egypt and Israel which might serve as a secure additional route between the Red Sea and the Mediterranean. But even then, could Britain and France expect to be immune from the disastrous longer-term repercussions of what they are doing—repercussions that include an upsurge of Asian and African mistrust, as well as a loss of American and Commonwealth goodwill?

These thoughts force sober men in Britain to the conclusion that French ministers stung to fury by Egyptian support of the Algerian rebels are not the best counsellors for a British Prime Minister smarting at his betrayal by an Egyptian president whose advocate he once was. To attack Egypt against the reasoned urging of the world, and under cover of a smoke-screen of obfuscatory statements, can arouse no confident support in the country. The manner in which this crisis has been handled suggests a strange union of cynicism and hysteria in its leaders.

Moscow's Hour of Decision

BY swift changes, the consequences of which are still incalculable, the peoples of eastern Europe have ceased to be mere pawns on the political chessboard. After suffering fearful slaughter in its internal struggle, the Hungarian nation has forced its own government to accept its desire to escape from the Soviet government to accept its desire to escape from the Soviet grasp. Mr Nagy, whose position during some phases of the Hungarian revolt had been obscure, on Thursday told the Soviet Ambassador plainly of his country's desire to secede from the Warsaw Pact, adopt a neutral status similar to that of Austria, and say goodbye to the Soviet Army. Protesting against the continuing movement of Soviet forces into Hungary, he said that his government proposed to appeal to the United Nations.

The political climate of eastern Europe has been so much transformed over the last three years, and visibly so much in the past three weeks, indeed in the past three days, that the Soviet leaders are now manifestly forced to ponder whether a victory by arms alone is not, politically, a Pyrrhic victory? It is a dramatic dilemma. What if the threat to the communist system should go so far as to call in question the future of all the dependent communist regimes? Would the Russians make the best even of this, or would they fight? The Hungarians in arms have given the Russian leaders little time for reflection; and Mr Nagy's demands have now posed in its sharpest form the question that they will have to answer.

The conflict between political considerations and military needs was present from the start of the Hungarian revolt. Hungary's communist leaders, bewildered by the magnitude of the upheaval, groped their way clumsily between opposed policies of concession and repression. The mixture of both which they evolved proved self-defeating. Concessions, made grudgingly under pressure—Mr Nagy's appointment, Mr Gero's removal, the inclusion of non-communists in the government—all came too late to satisfy the insurgents, whose resolution grew with success. The backbone of resistance was not broken by bloody repression, which served instead to exasperate national feeling, stiffen the insurgents' will and their demands. And the Hungarian communists could hardly ask the Russians to use their most effective weapons of mass destruction if the purpose of the whole punitive operation was to pave the way for a more popular communist regime; slaughter is not the road to popularity. Now they have themselves bidden the tanks depart.

When they finally realised that the movement was in spate far beyond Budapest, that the insurgents controlled large parts of the country and, above all, that the regime was being deserted by the industrial workers, the Hungarian communist rulers at last saw that their only hope lay in a reconciliation. They set themselves to appear as the leaders, instead of the executioners, of the popular movement. It may be that Mr Nagy, stiffened by those behind him, believes that he can, as Mr Gomulka has done so far, don the mantle of a national leader. Some of his pledges sound like chapters from the Warsaw manifesto. He, too, offers the withdrawal of Soviet troops, and a new relationship with Russia "on a basis of equality." He, too, swears that collectivisation will be halted and more private enterprise allowed, and that the nation will work for tomorrow rather than the distant future.

★

But what would have sounded like a revolutionary conversion before the fighting began is no longer enough. Already Mr Nagy has been compelled to announce the end of single-party rule, to promise free

elections and to begin to steer his country out of the Soviet orbit. The communists may still expect to return to the postwar position when they exercised power under the cloak of a coalition. Then, however, they could rely on the Soviet troops and the security police for ultimate power ; the coalition was Mr Rakosi's salami which he reduced slice by slice. But now, if Mr Nagy keeps his pledge, the transformation will be the other way and may well end in the complete collapse of the communist regime. Certainly it is not likely that Anna Kethly, who has always been uncompromisingly anti-communist, would have agreed to head a newly-constituted Social Democrat party if she had not strong hopes that a real wind of change was blowing.

Once a single country has been allowed to break away from communism, it is hard indeed to see what can prevent a general upheaval of eastern Europe. The Hungarian example need not be contagious if the Hungarians, after all, won no more than the Poles have already got. But if their brave tenacity does win them the right to free elections and the liberty to choose their own regime, other nations of eastern Europe, including Poland, will quickly draw their conclusions. Soldiers and policemen will then decide that it pays to side with the insurgents. It is more than doubtful whether the revolution "from above" imported by the Soviet Army has in ten years struck roots anywhere that can stand the test of a popular verdict. Men like Mr Nagy and Mr Gomulka—and, who knows, even Marshal Tito ?—may be swept away. The events in Poland spelled the end, which Stalin's heirs resigned themselves to accept, of Moscow's spiritual rule as the Rome of the communist world. Now, the Hungarian insurrection could mean the end of its temporal sway over eastern Europe ; that would be another matter—and matter for history.

★

The Soviet leaders are desperately trying to avoid being pegged down to the choice between the naked fist of repression and total withdrawal, lock, stock and barrel. Such is the pace of events that the Russians now pin their hopes on an intermediate solution of the Polish kind—which two weeks ago they accepted from Mr Gomulka only grudgingly and under pressure. This must be the purpose of Tuesday's declaration from Moscow, admitting past mistakes and expressing willingness to discuss with the other signatories of the Warsaw Treaty the withdrawal of Soviet troops from Hungary, Poland and Rumania. A last appeal will probably be made to communist brotherhood and community of interests. East European leaders will be urged to take the Polish way, seeking their own solutions, but remaining within the communist framework and depending ultimately on Soviet support for their survival. But Mr Nagy, pressed ever onwards by the Hungarian patriots, may now have upset the communist apple-cart and left the Russians faced, willy-nilly, with the alternatives of a bloody reconquest and withdrawal from eastern Europe.

Stalin's successors intended that the journey away from Stalinism, undertaken for reasons of their own, should be slow, orderly and controlled from above. They vastly underestimated the explosive nature of the forces of discontent that had been compressed into the Stalinist straitjacket—above all, the force of national feeling. The chain events, leading at a quickening pace from the Moscow congress through the Poznan riots and the act of defiance at Warsaw to the insurrection in Budapest, plainly took them by surprise. After Mr Nagy's challenge can they still believe, that, though the movement of liberalisation has acquired dangerous momentum, there can be no question of changing directions, still less of going into reverse ? The writing is on the wall in Hungary.

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Some Russians may be ready to draw the conclusion that communism is not a system to be planted with bayonets in foreign soil, but a creed which can only flourish where the ground is fertile. On that argument, if the Gomulka experiment were to fail, it might be better to withdraw than to reconquer ; what was lost in size would be gained in the power to attract. The argument may be sensible ; to act on it would be, none the less, the confession of failure.

And many others, above all the military commanders, may be unready yet to brook such a failure. They will refuse to contemplate such distant perspectives and insist rather on contemplating the risks at hand. There is no guarantee, they will say, that the regimes left behind by the Soviet Army will maintain the existing structure of society or avoid hostility towards their Russian neighbour. Russia may find itself neighboured by a belt of recusant countries leaning towards the West ; the balance of international power will be tilted dangerously against it. This is Russia's eternal fear ; and rather than face it, some of Stalin's heirs, backed by the army, may prefer to stand fast—and to bring down the men at home guilty (as they may think) of squandering the Stalinist empire for the sake of some hypothetical future gains. This new October revolution, 39 years after the first, has rammed momentous decisions upon the Soviet leaders.

In accordance with what those leaders now decide, the western countries will have to shape their strategy for the future. They must be ready. If the Russians are obliged by what is happening to withdraw their troops and let eastern Europe seek its own destiny, the communist challenge will change its character ; new possibilities will be opened up for the settlement of the German question and other problems of the world. But the Soviet leaders will not readily entrust their fate to such a plunge. While they twist and turn the West can only wait—and, in its hour of apparent triumph, events in Egypt will inhibit it from crying triumph and from passing judgments now too confidently.

Parkinson Looks at Cabinet Governments

Just under a year ago the startling discovery of Parkinson's Law was exclusively revealed in the columns of "The Economist." Since then the founder of that law has been engaged in a study of the science of comitology, with particular reference to the structure of cabinet government. We have now acquired the British rights to his research, which (Whitehall will be masochistically glad to hear) does for committees and cabinets what Parkinson's Law did for the civil service.

THE life cycle of the committee is so basic to our knowledge of current affairs that it is surprising that more attention has not been paid to the science of comitology*. The first and most elementary principle of this science is that a committee is organic rather than mechanical in its nature: it is not a structure but a plant. It takes root and grows, it flowers, wilts and dies, scattering the seed from which other committees will bloom in their turn. Only those who bear this principle in mind can make real headway in understanding the structure and history of modern government.

Committees, it is nowadays accepted, fall broadly into two categories, those

(A) from which the individual member has something to gain ; and those

(B) to which the individual member has merely something to contribute.

Examples of the B group, however, are relatively unimportant for our purpose ; indeed some people doubt whether they are committees at all. It is from the more robust A group that we can learn most readily the principles which are common (with modifications) to all. Of the A group the most deeply rooted and luxuriant committees are those which confer the most power and prestige upon their members. In most parts of the world these committees are called "cabinets." This article is based on an extensive study of national cabinets, over space and time.

The Four Stages of Cabinets

WHEN first examined under the microscope, the ideal size of a cabinet council usually appears—to comitologists, historians, and even to the people who appoint cabinets—to be five. With that number the plant is viable, allowing for two members to be absent or sick at any one time. Five members are easy to collect and, when collected, can act with competence, secrecy and speed. Of these original members four may well be versed, respectively, in finance, foreign policy, defence and law. The fifth, who has failed to master any of these subjects, usually becomes the chairman or prime minister.

Whatever the apparent convenience might be of restricting the membership to five, however, we discover by observation that the total number soon rises to seven or nine. The usual excuse given for this increase, which is almost invariable (exceptions being found, however, in Luxemburg and Honduras) is the need for special knowledge on more than four topics. In fact, however, there is another and more potent reason for adding to the team. For in a cabinet of nine it will be found that policy is made by three, information supplied by two and financial warning uttered by one. With the neutral chairman, that accounts for seven, the other two appearing, at first glance, to be merely ornamental. This allocation of duties was first noted in Britain in about 1639, but there can be no doubt that the folly of including more than three able and talkative men in one committee had been discovered long before that. We know little as yet about the function of the two silent members but we have good reason to believe that a cabinet, in this second stage of development, might be unworkable without them.

There are cabinets in the world (those of Costa Rica, Ecuador, Northern Ireland, Liberia, the Philippines, Uruguay and Panama will at once be called to mind) which have remained in this second stage—that is, have restricted their membership to nine. These remain, however, in a small minority. Elsewhere and in larger territories cabinets have generally been subject to a law of growth. Other members come to be admitted, some with a claim to special knowledge but more because of their nuisance value when excluded. Their opposition can be silenced only by implicating them in every decision that is made. As they are brought in (and placated) one after another, the total membership rises from ten towards twenty. In this third stage of cabinets, there are already considerable drawbacks.

The most immediately obvious of these disadvantages is the difficulty of assembling people at the same place, date and time. One member is going away on the 18th, whereas another does not return until the 21st. A third is never free on Tuesdays, and a fourth never available before 5 p.m. But that is only the beginning of the trouble for, once most of them are collected, there is a far greater chance of members proving to be elderly, tiresome, inaudible and deaf. Relatively few were chosen from any idea that they are or could be or have ever been useful. A majority perhaps were brought in merely to conciliate some outside group. Their tendency is therefore to report what happens to the group they represent. All secrecy is lost and, worst of all, members begin to prepare their speeches. They address the meeting and tell their friends afterwards about what they imagine they have said. But the more these merely representative members assert themselves, the more

* Why 'comitology,' instead of 'committology' ? Well, why not ?

loudly do other outside groups clamour for representation. Internal parties form and seek to gain strength by further recruitment. The total of twenty is reached and passed. And thereby, quite suddenly, the cabinet enters the fourth and final stage of its history.

For at this point of cabinet development (between 20 and 22 members) the whole committee suffers an abrupt chemical or organic change. The nature of this change is easy to trace and comprehend. In the first place, the five members who matter will have taken to meeting beforehand. With decisions already reached, little remains for the nominal executive to do. And, as a consequence of this, all resistance to the committee's expansion comes to an end. More members will not waste more time ; for the whole meeting is, in any case, a waste of time. So the pressure of outside groups is temporarily satisfied by the admission of their representatives, and decades may elapse before they realise how illusory their gain has been. With the doors wide open, membership rises from twenty to thirty, from thirty to forty. There may soon be an instance of such a membership reaching the thousand mark. But this does not matter. For the cabinet has already ceased to be a real cabinet, and has been succeeded in its old functions by some body else.

The Law at Work in England

FIVE times in English history the plant has moved through its life cycle. It would admittedly be difficult to prove that the first incarnation of the cabinet —the English Council of the Crown, now called the House of Lords—ever had a membership as small as five. When we first hear of it, indeed, its more intimate character had already been lost, with a hereditary membership varying from 29 to 50. Its subsequent expansion, however, kept pace with its loss of power. In round figures, it had 60 members in 1601, 140 in 1661, 220 in 1760, 400 in 1850, 650 in 1911, and 850 in 1952.

At what point in this progression did the inner committee appear in the womb of the peerage ? It apeared in about 1257, its members being called the Lords of the King's Council and numbering less than ten. They numbered no more than eleven in 1378, and as few still in 1410. Then, from the reign of Henry V, they began to multiply. The 20 of 1433 had become the 41 of 1504, the total reaching 172 before the council finally ceased to meet.

Within the King's Council there developed the cabinet's third incarnation—the Privy Council—with an original membership of nine. It rose to 20 in 1540, to 29 in 1547 and to 44 in 1558. The Privy Council, as it ceased to be effective, increased proportionately in size. It had 47 members in 1679, 67 in 1723, 200 in 1902 and 300 in 1951.

Within the Privy Council there developed the Junto or Cabinet Council which effectively superseded the former in about 1615. Numbering eight when we first hear of it, its members had come to number 12 by about 1700, and 20 by 1725. The cabinet council was then superseded in about 1740 by an inner group since called, simply, the Cabinet. Its development is best studied in tabular form. This is shown in Table I.

TABLE I—GROWTH OF THE ENGLISH CABINET

1740	....	5	1885	....	16	1945	....	16
1784	....	7	1900	....	20	1945	....	20
1801	....	12	1915	....	22	1949	....	17
1841	....	14	1935	....	22	1954	....	18
			1939	....	23			

From 1939, it will be apparent, there has been a struggle to save this institution ; a struggle similar to the attempts made to save the privy council during the reign of Queen Elizabeth I. The cabinet appeared to be in its decline in 1940, with an Inner Cabinet (of 5, 7 or 9 members) ready to take its place. The issue, however, remains in doubt. It is just possible that the British cabinet is still an important body.

The Law in Operation Abroad

COMPARED with the cabinet of Britain, the cabinet of the United States has shown an extraordinary resistance to political inflation. It had the appropriate number of five members in 1789, still only 7 by 1840, 9 by 1901, 10 by 1913, 11 by 1945 and then—against tradition—had come down to 10 again by 1953. Whether this attempt, begun in 1947, to restrict the membership will succeed for long is doubtful. All experience would suggest the inevitability of the previous trend. In the meanwhile, the United States enjoys (with Guatemala and El Salvador) a reputation for cabinet-exclusiveness, having actually fewer cabinet ministers than Nicaragua or Paraguay.

TABLE II—SIZE OF CABINETS

No. of Members		*No. of Members*	
6	Honduras, Luxemburg.	16	Iraq, Netherlands, Turkey.
7	Haiti, Iceland, Switzerland.	17	Eire, Israel, Spain.
9	Costa Rica, Ecuador, Nth. Ireland, Liberia, Panama, Philippines, Uruguay.	18	Egypt, Gt. Britain, Mexico.
		19	W. Germany, Greece, Indonesia, Italy.
10	Guatemala, El Salvador, United States.	20	Australia, Formosa, Japan.
11	Brazil, Nicaragua, Pakistan, Paraguay.	21	Argentina, Burma, Canada, France.
12	Bolivia, Chile, Peru.	22	China.
13	Columbia, Dominican R., Norway, Thailand.	24	E. Germany.
		26	Bulgaria.
14	Denmark, India, S. Africa, Sweden.	27	Cuba.
		29	Rumania.
15	Austria, Belgium, Finland, Iran, New Zealand, Portugal, Venezuela.	32	Czechoslovakia.
		35	Yugoslavia.
		38	USSR.

How do other countries compare in this respect ? The majority of non-totalitarian countries have cabinets which number between 12 and 20 members. Taking the average of over 60 countries, we find that it comes to over 16 ; the most popular numbers are 15 (seven instances) and 9 (seven again). Easily the queerest cabinet is that of New Zealand, one member of which has to be announced as " Minister of Lands, Minister of Forests, Minister of Maori Affairs, Minister in charge of Maori Trust Office and of Scenery Preservation." The toastmaster at a New Zealand banquet must be equally ready to crave silence for " The Minister of Health, Minister Assistant to the Prime Minister, Minister in charge of State Advances Corporation, Census and Statistics Department, Public Trust Office and Publicity and Information." In other lands this oriental profusion is fortunately rare.

The Coefficient of Inefficiency

A STUDY of the British example would suggest that the point of ineffectiveness in a cabinet is reached when the total membership exceeds 20 or perhaps 21. The Council of the Crown, the King's Council, the Privy Council has each passed the 20 mark when their decline began. The present British cabinet is just short of that number now, having recoiled from the abyss. We might be tempted to conclude from this that cabinets—or other committees—with a membership in excess of 21 are losing the reality of power and that those with a larger membership have already lost it. No such theory can be tenable, however, without statistical proof. Table II on the preceding page attempts to furnish part of it.

Should we be justified in drawing a line in that table under the name of France (21 cabinet members) with an explanatory note to say that the cabinet is not the real power in countries shown below that line ? Some comitologists would accept that conclusion without further research. Others emphasise the need for careful investigation, more especially round the borderline of 21. But that the coefficient of inefficiency must lie between 19 and 22 is now very generally agreed.

What tentative explanation can we offer for this hypothesis ? Here we must distinguish sharply between fact and theory, between the symptom and the disease. About the most obvious symptom there is little disagreement. It is known that, with over twenty members present, a meeting begins to change character. Conversations develop separately at either end of the table. To make himself heard, the member has therefore to rise. Once on his feet he cannot help making a speech, if only from force of habit. " Mr Chairman," he will begin,

> I think I may assert without fear of contradiction—and I am speaking now from twenty-five (I might almost say twenty-seven) years of experience—that we must view this matter in the gravest light. A heavy responsibility rests upon us, sir, and I for one. . . .

Amid all this drivel the useful men present, if there are any, exchange little notes which read, " Lunch with me tomorrow—we'll fix it then."

What else can they do ? The voice drones on interminably. The orator might just as well be talking in his sleep. The committee of which he is the most useless member has ceased to matter. It is finished. It is hopeless, it is dead.

A Mathematical Investigation

So much is certain. But the root cause of the trouble goes deeper and has still, in part, to be explored. Too many vital factors are unknown. What is the shape and size of the table ? What is the average age of those present ? At what hour does the committee meet ? In an article for the non-specialist it would be absurd to repeat the calculations by which the first and tentative coefficient of inefficiency has been reached. It should be enough to state that prolonged research at the Institute of Comitology has given rise to a formula which is now widely (although not universally) accepted by the experts in this field. It should perhaps be explained that the investigators assumed a temperate climate, leather-padded chairs and a high level of sobriety. On this basis the formula is as follows :

$$x = \frac{m^{o}(a - d)}{y + p\sqrt{b}}$$

Where m = the average number of members actually present ; o = the number of members influenced by outside pressure groups ; a = the average age of the members ; d = the distance in centimetres between the two members who are seated furthest from each other ; y = the number of years since the cabinet or committee was first formed ; p = the patience of the chairman, as measured on the Peabody scale ; b = the average blood pressure of the three oldest members, taken shortly before the time of meeting. Then x = the number of members effectively present at the moment when the effcient working of the cabinet or other committee has become manifestly impossible. This is the co-efficient of inefficiency and it is found to lie between 19.9 and 22.4. (The decimals represent partial attendance ; those absent for a part of the meeting.)

It would be unsound to conclude, from a cursory inspection of this equation that the science of comitology is in an advanced state of development. Comitologists and sub-comitologists would make no such claim, if only from fear of unemployment. They emphasise, rather, that their studies have barely begun and that they are on the brink of astounding progress. Making every allowance for self-interest—which means discounting 90 per cent of what they say—we can safely assume that much work remains to do.

We should eventually be able, for example, to learn the formula by which the optimum number of committee members may be determined. Somewhere between the number of 3 (when a quorum is impossible to collect) and approximately 21 (when the whole organism begins to perish), there lies the golden number. The interesting theory has been propounded that this number must be 8. Why ? Because it is the only number which all existing states (See Table II above) have agreed to avoid. Attractive as this theory may seem at first sight, it is open to one serious objection. Eight was the number preferred by King Charles I for his Committee of State. And look what happened to him !

Notes of the Week

Parliament's Reception

STRANGELY, the announcement that split the Commonwealth, the alliance and the country was not a great parliamentary occasion. Sir Anthony Eden arrived at the House from his meeting with the French leaders a bare quarter of an hour before he rose to his feet in the chamber; the text of his statement was handed to Mr Gaitskell with only that quarter of an hour's notice. It is possible that even some Conservative ministers were informed only at that moment how short a time limit was being set on the ultimatum; certainly the impression at Westminster this week has been that the crucial decisions have been taken by Sir Anthony acting unaccustomedly alone. When Sir Anthony announced that the ultimatum had been dispatched, there was only a nervous cheer from the Conservative benches behind him; at this stage the Labour benches were strangely quiet, as they, too, groped for what their reaction should be. Mr Gaitskell was still groping when he stood up to reply; although he asked a pointed question about the legal grounds for the ultimatum, he emphasised that he was eager to avoid immediate debate and argument. It was only on his second appearance at the dispatch box, some twenty minutes later, that he struck firmly upon the formula that the Government should promise not to resort to force until after both the Security Council debate that night and a prepared debate in the House on the Wednesday.

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The latter part of this formula was not, constitutionally, a very good one. Any call for delay had, of course, the great virtue that delay at this stage would be likely to mean abandonment of the whole operation; Mr Gaitskell can say in retrospect that it usually is more tactful to call for delay, rather than for a complete scrapping of plans, if one is suddenly told that one's daughter is going to run away with the milkman. But it is doubtful if Mr Gaitskell had thought through the real implications of his suggestion at that moment, and the Tories certainly had not; to them—as to the military experts—it appeared that to delay an invasion from (as they assumed) the Wednesday would not be to delay it to the Greek Kalends, but merely to twenty-four hours later, when the Egyptians would be more prepared to meet it. Mr Gaitskell, it seemed to the Tories, was asking that a well-nigh inevitable military operation should be made more bloody and difficult, in order to give himself time to consult about foreign policy with Mr Bevan and to polish his speeches' perorations. This feeling accounted for the Tories' noisy and hostile reception of Mr Gaitskell later that evening. But by this time Tory bitterness and hostility were only a shadow of the bitterness and hostility of the other side. With the swell of public opinion apparently gathering behind it, Labour had taken its entirely proper decision to oppose the Government's action "by all constitutional means"—and also by some less constitutional booing on the floor of the House.

To the Aid of the Party

THE attitude of the Labour party, although not necessarily that of the Tories, therefore seems to be indelibly struck. Labour claims that it is more united than ever before; it has got used to claiming that on every occasion nowadays, but this time the assertion carries some conviction. The only conceivable threat of a split in Labour's ranks would seem to be if the situation developed in some way that divided the party's ardently pro-Israel lobby from their colleagues; but most of the pro-Israel socialists, apart from the two or three who have half-rebelled against the party line already, are adaptable people. One by-product of the crisis is that Mr Gaitskell and Mr Bevan have found themselves genuinely united at a very useful moment for the latter; Mr Bevan was due to speak from Labour's front bench in Thursday's debate, which may or may not be significant for the distribution of party offices to come.

Many Tories, for their part, are desperately unhappy. The party's anti-war group—named, possibly misnamed, the Heald group by some newspapers after a previous Suez debate—is more sizeable than it is at present vocal. Most of the doubters in this group seem likely to stay silent if military operations should go well, and they would certainly rally round Sir Anthony if things should go really bloodily badly; dragging international failure without very much bloodshed would be the development most likely to bring them into the open. For the moment, however, their motto

War in the Middle East

In addition to the leading article on page 391, *and Notes of the Week on this and the following pages, aspects of the Middle Eastern crisis are discussed in dispatches from our Cairo and Paris correspondents on pages* 429 *and* 431, *and in Business Notes from page* 439 *onwards.*

Basic facts about trade, shipping and oil through the Suez Canal were given in "The Economist" on August 4th (pages 419 *to* 423) *and September 22nd (pages* 982 *to* 987.)

seems to be "united and silent we stand, divided and loquacious we fall"; this is even more true of the less belligerent elements among the leadership who, divided, might in fact rise. The future trend within the Tory party is therefore, at present, unpredictable. But perhaps it is not very important to try to predict it. What this crisis may do to the parties is a small affair compared with what it might do to the country.

Is the Bridge Down?

THE extent of the bitterness that the Anglo-French intervention in Egypt has aroused in the United States needs to be explained to the British public with complete frankness. Some British commentators seem to be confidently assuming that all will be well once the State Department's first flush of anger has passed, that "when we've got Nasser on the run" the American attitude will be transformed into one of admiration and gratitude for such a courageous grasping of the Middle Eastern nettle. Certainly, official Washington will not long remain in Wednesday's white hot mood, which was stoked up not only by the belief that Britain and France had conspired with Israel but also by a well founded feeling that the United States ambassadors in London and Paris had been deliberately misled. But even when the coldest of reason has succeeded natural emotion, the bleak fact will remain that Anglo-American relations can hardly be the same again.

Just how wide a crack will gape in the Atlantic bridge will, of course, depend on the British and French governments' future actions as well as on their past ones—but it will be only partially dependent on that. Cruel damage to the fabric is already visible. On the eve of a United Nations Assembly as well as of an election, the Americans feel that they have been bludgeoned into choosing between their main European allies and the forces of spontaneous nationalism which automatically engage their sympathy throughout the world. The shock has been all the greater because American hearts were lifted so high last week by the Hungarians' heroic struggle. When the "spirit of '76" has just been blended with that of 1848, it is a shattering experience to find one's chief allies apparently apeing Metternich and Macchiavelli. It is not surprising that from the most responsible quarters in Washington there is already heard the argument that America need no longer stand so closely by its European allies, now that Soviet power looks like receding and there is promise of the appearance of a buffer zone aligned on Warsaw and Budapest.

True, America will not be converted overnight to the belief that President Nasser is always right, that Israel is always wrong, or that Britain (which is, after all, pressing on with the emancipation of West Africa, Malaya and the West Indies) has simply reverted to the Hessian habits of George III. But in point of fact the figure that Britain and France risk cutting in American eyes is not so much ogre-like as delinquent. The United States is by now sadly familiar with the nuisance-value tactics that can be exploited by such minor potentates as Dr Rhee, Chiang Kai-shek and King Saud. Britain and France seem bent on joining this awkward squad. And not even a super-power can sustain a mighty transoceanic bridge with the aid of such headstrong and teen-aged partners.

Inconsistencies in North Africa

NOW that the hubbub over the trick whereby France captured the Algerian rebel leaders has given place to hubbub over Suez, the men directly concerned with North African affairs—in Paris, Tunis, and Rabat—have a moment in which to pause to think what happens next.

The French are still pursuing two policies that do not dovetail—the one, proceedings against the five captured Algerians; the other, a new offer to Algeria. The five men are to appear before a military court in Paris, charged with sowing demoralisation in the army and amongst the nation to the detriment of national security. This is a capital offence under French law.

Simultaneously, the Algerians were on Monday invited to lay down their arms in return for a new deal which included equal voting rights for Frenchmen and Moslems in a single electoral college, but which is vague about the link between France and the "new Algeria," except for an airy reference to "giving full scope to the Algerian personality." It is doubtful whether such an offer will satisfy people whose leaders have been captured by a subterfuge, and who have been demanding independence; the total unwillingness of all French parties (except the communists) to consider this solution is described by our Paris correspondent on page 431. French optimists keep hope alive by explaining that the evidence captured with the prisoners suggests that the rebellion is doomed, and that its supporters may as well now compromise.

The latest news from Tunisia and Morocco does not provide much support for this view. Undoubtedly, both the Moroccan and the Tunisian leaders want to keep down anti-French outrages; both are co-operating with French army units to this end; neither is dancing to every tune piped by Cairo. They have, for instance, worked to prevent North African participation in the general strike which Cairo radio called last weekend. Both the Sultan and M. Bourguiba seem to want to make the Maghreb a counterweight to Egypt. Heartened by this thought, the French have dispatched a peacemaker to each capital—M. Seydoux (a wise choice) to Tunis and M. Basdevant to Rabat. But Moslem confidence has been breached, and each emissary has a long way to go before he can restore local willingness to preach moderation to Moslem Algeria. The news from Sinai will not ease the task.

The Legislative Queue

SPECULATION about the Government's legislative programme, to be announced in the Queen's speech next Tuesday, has been completely overshadowed by the Suez crisis. But the shape of the programme has been well-advertised in advance; the main question is how many projects Mr Butler will be able to squeeze in. The most controversial of the new measures, the Rents Bill, is likely to be published early in the session; Mr Sandys's announcement on Thursday that general subsidies on council houses are now to cease (except for those on one-bedroomed dwellings) may be a hopeful augury of more courage to come. Among other measures Malta will have to be integrated

in the new session, and the Gold Coast severed. The rest of the Gowers report is to be honoured, giving shop and office workers their new deal. The Government will bring in its modified Death Penalty Bill. The new Local Government Commissions must be set up, and a bill will be needed for the new financial arrangements for the railways. The film levy is to be made compulsory, the Coal Board forced to pay compensation for mining subsidence and pensioners some day are to be allowed to "de-retire." The postponed anti-dumping legislation is expected fairly early in the session. The major reviews of long term guarantees for farmers (on which the Government may already have reached a state of decision) and of defence (on which the Government has not yet reached even a settled state of indecision) could conceivably both call for legislation.

Two other major measures on the *tapis* are reform of the House of Lords and reform of the gambling laws. Both would be time-consuming, and also controversial; there has therefore been some suggestion that they are vying for the last place in the overcrowded queue. The reforms that are needed in the gambling laws are discussed on page 402 of this issue; it is to be hoped that the Government is not going to run away from them. In normal circumstances, and on some issues, the next twelve months should provide the Government with its last chance to take really effective action before the next election; this is worth re-emphasising even in a situation when nobody can know how abnormal—governmentally or even electorally—the next twelve months are going to be.

Repeating the Dose

The most general comments to be passed on Mr Macmillan's second instalment of government economies are again that it is a great pity that he did not take one bold bite at the cherry in June; and that this peculiar system of running round the departments, asking them to cut a neat £100 million slice off estimates that have already been approved, is one that must not be repeated in future years. The Chancellor's definition of the £93 million of economies he has so far announced is still that they all result from deliberate policy decisions to cut government expenditure below the level it would otherwise have attained; all "unplanned" underspendings on the original estimates are supposed to be excluded from the total, as are overspendings (as a result of Suez and other developments) on the other side of the account. The departments that have been asked to make the cuts, however, have been under a great temptation to claim credit for any unplanned underspendings (those arising, for example, from any failures in service recruiting policy) as part of their required contribution. It has become wearying to argue who has won the greater part of this battle of definitions; all that need be said is that the economies so far revealed do not amount to a genuine reduction of a full £93 million in government absorption of resources. And there is a third dreary instalment of £7 million still to be announced.

The two cuts that aroused most controversy last week, however, are genuine enough. They are also cuts that could perfectly well have been decided upon, and should have been announced, last June. The first of them, which will save the Exchequer £750,000 in 1955-56 and £5 million in a full year, is the decision to make the shilling payment for prescriptions under the health service applicable to each item on a prescription form instead of to the whole form. The Labour party's reaction to this decision was depressingly noisy and unconsidering. It was Labour which, quite rightly, first breached the principle of a "free" health service—the prescription charge was first put on the statute book (though not into force) in 1949, while the charge for spectacles and dentures came into force in the spring of 1951—and the party should now be ready to meet changes in the prescription charge with constructive criticism instead of purely emotional explosion.

The justification for the new method of levying the charge (apart from its place in the Chancellor's economies) is that since it was introduced doctors have tended to include more items on a single form so that patients get more for their shilling, though this tendency is not so pronounced as is sometimes made out—1.75 items per form now, compared with 1.6 in 1952. Where these subsidiary items (dressings, for instance) cost less than a shilling, it will now pay the patient to buy them direct from a chemist instead of always bothering the doctor—which is all to the good. It is, however, arguable whether the best method of imposing the charge has yet been found; in particular, whether it should not be proportionate to the cost of the prescription rather than a flat sum. It is also very doubtful whether the Assistance Board is the right channel for reimbursing the charge in cases of hardship. The board's test is necessarily stringent, and, as Conservative backbenchers have urged in the past, there is a case for imposing a more lenient test in the health service. If the Labour party would only give some constructive thought to the administration of the charges, instead of blowing its top at the very mention of them, it would do much more towards making the service as a whole healthier and stronger.

Milk and Money

The second really controversial Government economy announced last week was the reduction in the milk subsidy, which will save the Exchequer £4½ million this financial year. Here again Labour seems to be missing its chance of indulging in constructive, instead of purely emotional, criticism. The economy is an eminently sensible one, but the effect of the manner in which it is being applied is going to be utterly paradoxical. Milk consumers (except welfare consumers) are to be charged an extra ½d. a pint from January 1st.

This increase comes at a time when the country is already swimming in a sea of surplus milk, which is being sold for manufacturing purposes (such as butter and cheese) at a heavy loss. Over the last twelve months milk production has increased by 106 million gallons, but the liquid market (the only profitable part of the milk business) has absorbed less than a tenth of the increase. Clearly, since too much milk is being produced and too little is finding its way to the liquid consumer, the proper course—on purely economic grounds—would be to cut the producers' price while leaving the retail price unchanged. Unfortunately, farm prices cannot be changed immediately; and the effect of the subsidy cut may be felt in the right place only marginally, and as an indirect consequence of the present milk guarantee system. This indirect consequence arises from the fact that the Government's price guarantee to milk producers is limited to a total quantity of 1,651 million gallons, the amount produced in 1952-53; the extra output (which this year has promised to be around 150 million gallons) is automatically depressing the pool prices received by producers. Now that the retail price is going up, less liquid milk is likely to be bought, and the uneconomic milk surplus will presumably become still more unmanageable and unprofitable. The eventual effect may be to force some small producers out of the milk business; but at the moment most producers are responding to the prospect of slightly reduced returns by stepping up their output.

There is need for a careful and considered debate about this. Clearly it would be the utmost folly for the Government to increase the quantities covered by its guarantee, and thus stimulate yet more uneconomic production. On the contrary, effective means must be quickly found for limiting the size of the milk surplus. The Milk Marketing Board is attempting to switch some production back from winter to summer milk—in summer lower production costs help to keep down the losses entailed in disposal for manufacturing. But this policy, though useful, can be only a palliative. Farmers receive the same price for all the milk they offer, irrespective of its destination; and before the war liquid milk prices were kept artificially high in order to subsidise the disposal of the surplus milk to the manufacturers. The danger is that this abuse is about to reappear on a much larger scale as the Government subsidy is withdrawn, and that the consumer—instead of being himself subsidised—will be called on to buttress the overprolific producer.

Signor Togliatti in Hot Water

Communist regimes, with their tight control over press and radio, can make sure that party members get only carefully doctored and distorted versions of such unsettling events as Mr Khrushchev's famous attack on Stalin and Hungary's struggle for freedom. But Communist leaders outside the iron curtain cannot shield their followers from a naked confrontation with the painful truth; and in Italy the largest Communist party in western Europe now finds itself deeply disturbed and divided over the Hungarian revolt.

When Mr Khrushchev's denunciation of Stalin became known last June, Signor Togliatti boldly criticised the Soviet leader's arguments—and was later ticked off by the Soviet central committee for his pains. Now, while regretting the need for Red Army intervention in Hungary, he cautiously approves it—and in consequence has set off an explosion within his own party and got himself into unpleasantly hot water. The Soviet intervention in Hungary and Signor Togliatti's comments on the crisis have been severely criticised by a group of prominent Communist journalists; by 120 distinguished Communist intellectuals (*Unita* refused to publish their manifesto); by Signor Di Vittorio, the head of the Communist-dominated trade union federation, CGIL, which is to commemorate the "heroic stand of the Hungarian workers" in a five minute work stoppage on Saturday; and by thousands of local party officials and individuals whose angry letters have been pouring into the offices of *Unita*.

Some of this outburst is no doubt caused by genuine sympathy for the Hungarians. But the bitterness of the attacks on Signor Togliatti arise out of the openly-expressed fear that by his attitude he has lost the party "hundreds of thousands" of votes in the next elections. This fear must be heightened by the behaviour of the Nenni Socialist party which forms the most congenial bolt-hole for alienated Communist sympathisers. Unlike the Communists, the Nenni Socialists joined in the tributes paid to the Hungarian insurgents by the Italian Chamber last weekend; and their spokesman has uncompromisingly condemned the Soviet intervention in Hungary and expressed his party's "complete and unequivocal solidarity" with the Hungarian workers.

Friendly Warnings from Warsaw

Polish reactions to Hungary's fight for freedom have been in marked contrast to those of other Communist regimes in Eastern Europe. Prague, Bucharest, Sofia and East Berlin have been faithfully following Moscow's line; their attacks on "reactionary and fascist elements" in Hungary and their hysterical warnings against the machinations of western "imperialist circles" strongly recall the outpourings of the communist press in its Stalinist heyday.

The Polish press and radio, on the other hand, are now being surprisingly objective and sympathetic about events in Hungary. They are insisting that the mass of the insurgents are neither "counter-revolutionaries" nor "fascist reactionaries" and that the real cause of the trouble lies in the mistakes and "crimes" of the Stalinist period and the weakness of the "progressive" forces in the Hungarian Communist party since then. Yet the Polish communists are clearly afraid lest the situation in Hungary should get out of hand. They have appealed to the Hungarians to accept the Nagy government and its first comparatively modest reform programme; they have tried to remove from Nagy the slur of calling in Soviet troops by pinning the blame on Gerö; and they continue to utter warnings against the danger of overthrowing the "people's power" in Hungary which would pave the way for a "dictatorship of landowners and capitalists."

Inside Poland itself, Gomulka is evidently trying not to fall into his Hungarian comrades' error of too little and too late. He has given way to the increasingly persistent demands for the release from detention of Cardinal Wyszinski, the Polish Primate. The chairman and the whole presidium of the trades union council have resigned after a stormy meeting at which trade unionists from all over the country put forward what one delegate called "a barrelful of grievances." Local party leaders with Stalinist reputations are being dismissed. Marshal Rokossovsky, who was recently thrown out of the Polish Politburo, has gone away "on leave" and is unlikely to return; the Soviet head of the Polish air force has also been sacked. Gomulka, in short, has been giving the Hungarian communists some practical lessons on how to bow to the storm

before it breaks over one's head. But the government's decision to postpone elections from December to January 20th probably indicates that it does not yet feel very sure of itself.

Industry and Freer Trade

WHEN the President of the Board of Trade asked the Federation of British Industries to report to him on the views of British industry about his proposal to negotiate on the project for freer trade in Europe, he was not presumably giving the industrialists a veto over the economic policy of this country; he was merely trying to find out what the strength of opposition to his intended liberalism is likely to be. The letter the FBI sent to him on Wednesday provides him with his answer; and it is, broadly and perhaps surprisingly, encouraging. To judge from this letter, criticism from industry is going to be muddled, querulous, divided and—in the case of a few special interests—sharp; but it is not going to be united or deep-seated enough to give him any real reason for drawing back. The replies that the FBI has got from its member trade associations, after deducting those who were too divided or dilatory to make up their mind, show a 67 to 27 majority in favour of negotiations, "provided safeguards are worked out"; even among the ranks of the opposition, many members are merely "opposed unless safeguards are assured." Among individual firms that have sent in a reply, 479 (employing 608,440 people) are in favour or "in favour, provided"; only 147 (employing 74,525) are opposed or "opposed unless." Nine of the FBI's ten regional councils are also in favour of going ahead.

The safeguards which the FBI says that its members would like make rambling—and not always easily intelligible—reading. But this is an inevitable consequence of the way in which its letter to the Board of Trade was drawn up. Some of the points it makes—about British taxation, the need to "harmonise" labour costs with the Europeans, strategic industries, the need to avoid currency discrimination abroad, anti-dumping provisions, imperial preference, and other countries' legislation about export agreements—merely represent the general economic theories of particular industrialists who have played a large part in industry's discussions on the scheme. Other remarks about safeguards are logs rolled into the letter by particular protectionist interests. Mr Thorneycroft should examine these on their merits, which are not usually very great. But at all costs—and after reading this letter he should feel reassured that the costs in political upheaval will not really be very great—he should now press on to negotiate with Europe.

A Word Before the Betting Shops

ONE of the most controversial features of the Queen's Speech next week, provided the Government stands firmly by an intention announced last spring, ought to be the announcement of a Bill to legalise "betting shops." Nearly everybody agrees that the present gambling laws of this country are incomprehensible—or, where comprehended, largely unenforceable and unenforced. This is not surprising, since one of the fundamental statutes is still an Act of Henry VIII for Maintaining Artillery—an Act passed because Henry's citizens, instead of practising their archery, were persuaded by "subtill and inventatiue and craftie persons" to waste their time on such games as "slydethrifte otherwise called shovegrote."

The immediate problem before Parliament is not that of shovegrote, but of off-the-course cash betting on horse and dog races. At the moment this is illegal; it is also, however, allowed. The prohibition is made ludicrous by the flourishing of a race of illegal bookmakers' runners, the agents of legitimate and—by the standards of their trade—often quite respectable bookmakers; the runners take cash bets from those who cannot afford to open an account with a credit bookie, or who would find it hard to get credit. Given that the police have failed, despite the most strenuous efforts, to enforce this law (partly because of a lack of public sympathy with it)—and given that this violation is having all sorts of undesirable side-effects—only two possibly sensible courses seem to present themselves:

(1) One would be to implement the daring suggestion made by one of the witnesses before the Royal Commission of 1951, who claimed to have been a runner all his life, and who simply wanted his profession to be legalised. This suggestion, however, has the obvious disadvantages attached to all street trading—although the witness said that the authorities could be sure of getting reputable runners, if they licensed only those who had a certain number of convictions to show that they were well established in the trade.

(2) The second possibility, which was recommended by the Royal Commission in 1951 and now has about an even chance of being implemented by the Government, is to drive cash betting off the streets by allowing it to take place, under orderly conditions, in licensed betting shops. This is the system in operation in the Irish Republic.

The opposition to any such legislation would come mainly from two sources. One of these would be the churches, especially the non-conformist churches, who argue that betting is a deep (perhaps the fundamental) social evil; and that nothing should be done to enable more people to indulge in it more respectably. The other source of opposition would be the bookmakers, who are against reform partly because they know that betting shops would at last bring into the clear—and into the orbit of the tax collectors' scrutiny—the amount of money which passes in cash bets. Up to now only a foolish bookie would declare his profits on his cash business, and thus admit that he was carrying on an illegal trade.

Most people who have studied the subject will feel that the Government should be urged to go forward with legislating for the establishment of betting shops, and to do so during the session that lies immediately ahead. But under what conditions? It is tempting to say that the shops should all be under the control of the Racecourse Betting Control Board, which at present runs the Tote, and the profits from them (although discriminatorily taxed) ploughed back into racing. But fixed odds betting already accounts for so much (too much) of some people's entertainment that it is pretty clear that, under any scheme which is not a deliberate attack upon an established trade, the shops will have to be run by private enterprise turf accountants; indeed, there is evidence that some big bookmakers, while still opposing any Bill through their official Bookmakers' Protection Association, are buying up likely sites already. The usual objections to refusing registration to some firms and licensing others, on the grounds of some bureaucrat's assessment of their apparent respectability, are less strong in this field than in almost any other. But competition of the right sort can be kept going by making those who have got licences very frightened of the possibility of having them taken away again. Here some specific suggestions can be adopted from Irish experience.

The shops should be licensed for short renewable periods, like pubs; this would make the licensees very careful about the hangers-on they collect. Probably the shops should not be allowed to advertise; certainly they should be prevented from displaying reports—or relaying television and broadcast commentaries—from the course, so that people would not be tempted to hang around laying continuous bets. The shops should not be near public houses, and loitering in the neighbourhood should be prevented. It is objected to the Irish shops that they are sordid; while this should console the opponents who visualise respectable non-gamblers being enticed by glittering palaces of vice, it may be remembered that our neighbour with the high emigration rate is not notable for attractive shops of any kind. While the small-town Irish turf accountant may have a shop floored with dirt, his neighbour the butcher may well have the same. This is less likely here.

Relief for Hungary

THE Hungarians are rich in moral support but the International Red Cross has had the singular power of giving body to admiration and sympathy. With almost all practical help for the insurgents passing through the Red Cross, it was important that their channels should be free-flowing. On the whole they were. The Hungarian appeal for emergency medical supplies was received by the League of Red Cross Societies in Geneva last Saturday and immediately transmitted to the national societies, who responded according to their sense of urgency and fitness. Holland and Sweden at once flew blood plasma to the Austrian border; Denmark sent lorries packed with penicillin; Poland succeeded in getting a plane through to Budapest; West Germany began equipping a mobile field hospital; the Americans credited the Geneva League with about £9,000; the British Red Cross sent £1,000. This is not a complete list even of the early relief measures, and after the weekend several other countries, including Britain, joined the air lift carrying massive supplies of drugs and food.

It may be ungracious to cavil when so much assistance was prompt and generous. But a few questions are possibly worth asking. The Hungarian uprising began early on Wednesday: why was almost no assistance sent until the weekend? Reports of the fighting were at first confused, but by Friday it was known that people were dying for lack of medical equipment. The official answer that no supplies could be sent until the Hungarians specified their requirements is hardly valid: wounded men are known to need plasma, antibiotics, morphia and ether. The Austrian Red Cross deserves unstinted praise for its work in getting the supplies into Hungary. But at first the bulk of material went to the border, far from Budapest, where nearly 40,000 casualties have been reported. And what prompted the British Red Cross to send as a first gesture a pitiably small sum of money to Geneva (where there was already an administrative bottleneck) when the urgency was for medical supplies in Hungary? Britain's later contribution of government reserve supplies to the value of £25,000 was more practical but still less than generous. More might have been done in this country to organise private collections: one of the most notable has been the trade unions' gift of £10,000. However, with a few reservations, the Red Cross has shown how incisively a telephone call can cut the red tape of a large organisation. The emergency was well met. But the same kind of situation is likely to happen again and the International Committee of the Red Cross and others might usefully study the experiences of the past week.

Sitting on Singapore

LAST week the riots in Singapore seemed an unfortunate coincidence which gave the Soviet representative at the United Nations meeting on Hungary a chance of a weak but regrettable *tu quoque*; now with the rush of events elsewhere, they may seem to fade into comparative insignificance. Yet they should not be overlooked. They show how very deeply communist organisation has established itself in the colony; and the uprooting was bound to produce violence. But the scream of the mandrake uprooted is less remarkable than the determination of the Singapore government to do a thorough job. It could only be done by Chinese ministers who believe that they know exactly how to deal with their countrymen, and once again Mr Lim Yew Hock has shown his toughness.

He has thus avoided, in the main, racialism as an issue; he has skilfully put himself at the head of a crusade to rid the colony in general and the Chinese community in particular of an ingrowing tyranny. Once again he has made short work of Mr Lee Kuan Yew's protests. He has gone further, and has arrested an extremist member of the Legislative Assembly, Mr Lim Chin Siong, for fomenting strikes and using schoolchildren to work up disorder.

Mr Lim Yew Hock will, of course, have to justify himself; but he is not without evidence, as his white paper on the state of the Chinese middle schools shows. This investigation makes it perfectly clear that communist organisers developed the middle school union as an instrument of power over the schoolchildren, and, indirectly, their parents. It was right to ban the organisation, and virtually inevitable that it should show its power when this happened. The riots are all too clear evidence of the hold which the "middle road" group of Communist trade union leaders, through the union, maintains over the Chinese middle school teenagers. Mr Lim has won the day; but it would be foolish to forecast any peace for the morrow.

The violence of the riots, and the big reinforcements of police and troops which they required from the mainland, again raise acutely the problem of the security of the base. Mr Lim can properly argue that the rioters have made his task in London next December far more difficult. But they are not only likely to stir new doubts in the Colonial Office and the chiefs of staff—they seem to have given the Federation of Malaya a new interest in Singapore. Does the Federation want an independent state with such explosive potentialities on its doorstep, when, demonstrably, only the availability of forces from the mainland may be able to deal with it? This thought may cause Tengku Abdul Rahman to reconsider the possibility of a federal link which would leave him with the power, after independence, to turn the fire-extinguisher on the island.

Sir Roy Welensky's Task

LORD MALVERN'S resignation of the prime ministership of the Federation of Rhodesia and Nyasaland has been awaited for some time; and not without impatience by many wellwishers of the Federal party, which is, for all its faults, the guardian of the liberal idea of partnership between races within the federal union. Lord Malvern's great and unquestioned services to his country were done, and since he was certain to resign soon, it was important that he should do so soon enough to give his successor time to infuse the Federal party with new leadership. Recent by-elections have shown that the party has lost ground badly with the electorate—which is almost wholly white—and it will now be Sir Roy Welensky's task to set to and restore its fortunes.

He is spared one embarrassment at the outset. The Suez crisis has caused Lord Home, the Secretary of State for Commonwealth Affairs, to cancel his visit to Rhodesia. Lord Malvern clearly intended to press Lord Home on the subject of independence, which he supposed was a way of currying favour with the white electorate; Sir Roy will be able to postpone this issue, and think out his own way of getting the federation a "higher status" (his own more guarded and sensible phrase) without inviting a rebuff from Britain. Lord Home would have been bound, at the very least, to ask Sir Roy to state what, in the way of a wider franchise for Africans, he would be prepared to offer as a counterpoise to the transfer of still greater powers over African destinies from Whitehall to Salisbury.

This, as Sir Roy well knows, is not the real issue before the Federation or the Federal party at the moment. The real issue is to make partnership more of a reality to the African population, and out of African co-operation and contentment to recreate the sense of European security. To both races he must talk realism—their need for each other, and their need to make concessions to each other. If he tries to win support by making bargains with particular sections (as he has once or twice done in the past on a lesser scale) he will be lost. He must make a stand on principle, and he must talk the hard facts of Rhodesia's political and economic position; to some extent he has

The Mathematics of Premium Bonds

PREMIUM bonds came on sale on Thursday, and it will be surprising if—for this first month of issue—the sale of them is not very large indeed. For everybody who can understand mathematical intricacies—or who is willing to accept the mathematicians' word about them—should by now have grasped the salient point: if you intend to invest in these bonds and have the money available to do so, then you should certainly buy them in November rather than in December or later. The reason for this lies in the system under which the prize fund is to be distributed. Each bond becomes available for participation in the draw after having been held for six months; in that first month of participation, the "newcomer" bond will carry six months' worth of interest into the prize fund, but will have only the same chance of winning a prize as the "old" bonds already in the pool (which will have contributed, for that month, only one month's worth of interest into the prize fund). Each "newcomer" bond therefore makes a present to "old" bonds in its first month of qualification. But the bonds bought this month will not have any "old" bonds to hand their bonus out to, and will therefore share the bonus among themselves in a bonanza first drawing next June.

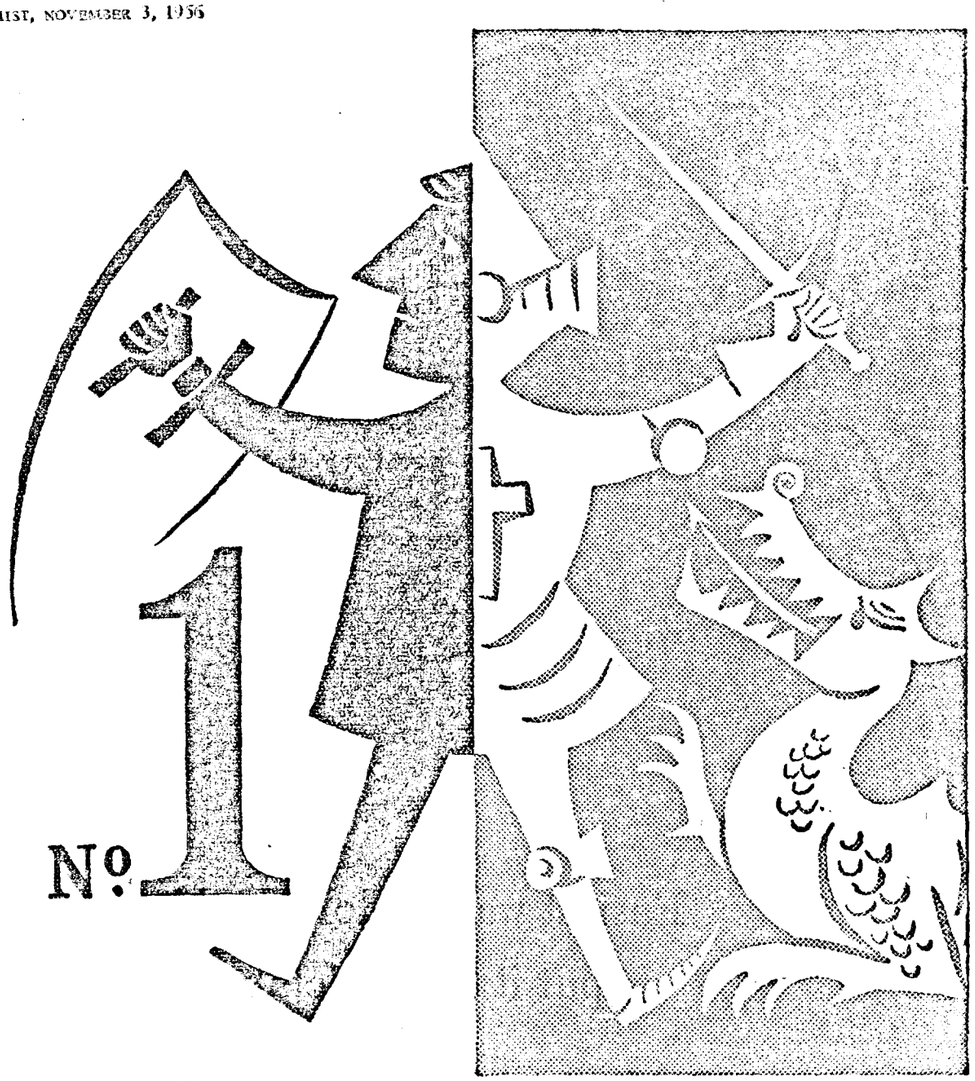
What will be the effects of this statistical oddity upon the odds themselves? It will be easiest to discuss them in terms of the chances of an investor who buys the full permitted complement of £500 worth of bonds this month. The odds against his winning a prize in that first bonanza drawing in June will be only slightly worse than four to one against. There will, however, be five other drawings next year, in July to December. Estimates of our £500 investor's chances of winning a prize in those later drawings can only be worked out after defining which assumption one is making about future purchases of the bonds by other investors:

(1) *The "No Mugs Assumption."* On the least advantageous assumption for him—that after heavy purchases of the bonds in November, nobody or virtually nobody buys them in December or later months—then, at each of the July to December drawings next year, the odds against our £500 investor winning a prize would seem to be about twenty-five to one. With the "slightly worse than four-to-one chance" against a prize for him in June, that would mean that our investor would have a slightly worse than two-to-one chance against winning a prize at any time next year. More than four out of every five prizes won, it should be remembered, will be worth only £25. Still, even a "slightly worse than two-to-one chance" against winning £25 tax free on a £500 investment next year is not a bad speculation for the surtax payer.

(2) *The "Plenty of Mugs Assumption."* If as many people buy bonds in December as do in November, then the odds against our £500 investor winning a prize at next July's drawing would seem to be about seven to one. Even if this rate of new investment was kept up each succeeding month, the odds at subsequent drawings would lengthen because more bonds would now be competing in the pool. But on this pretty unrealistic assumption, our £500 investor this month would be unlucky if he did not win at least one prize some time next year. Clearly, on this assumption, a purchase of the bonds this month would be a very tempting speculation indeed for any surtax payer.

(3) *The "In-Between Assumption."* Most people now seem to be assuming that although purchases in December and subsequent months will be much lower than in November, nevertheless there will be some of them. Suppose, for example, that £50 million was invested by the public this month, but only £10 million in December and in subsequent months. The odds against our £500 investor winning a prize in the July drawing would then seem to be between thirteen and fourteen to one against; the odds would lengthen at subsequent drawings, but our £500 investor would still have only a slightly less than even chance of winning a prize some time next year.

All this is a weird and rather unwonderful form of calculation. It should be emphasised, too, that the word "mug" (to describe anybody who buys a bond after November) has been used here in no pejorative sense. It has been merely a term of exposition, perhaps even (from the intending November purchaser's point of view) of endearment. But the problem remains: if many people do act logically about this, and if there is a large sale of bonds this month but very little sale for the months immediately thereafter, could this raise pressures for some change in the terms of holdings and of drawings? Particularly, perhaps, an increase in the maximum holdings permitted and in maximum prizes? Any such outcome could have political, and not merely complicatedly mathematical, implications.



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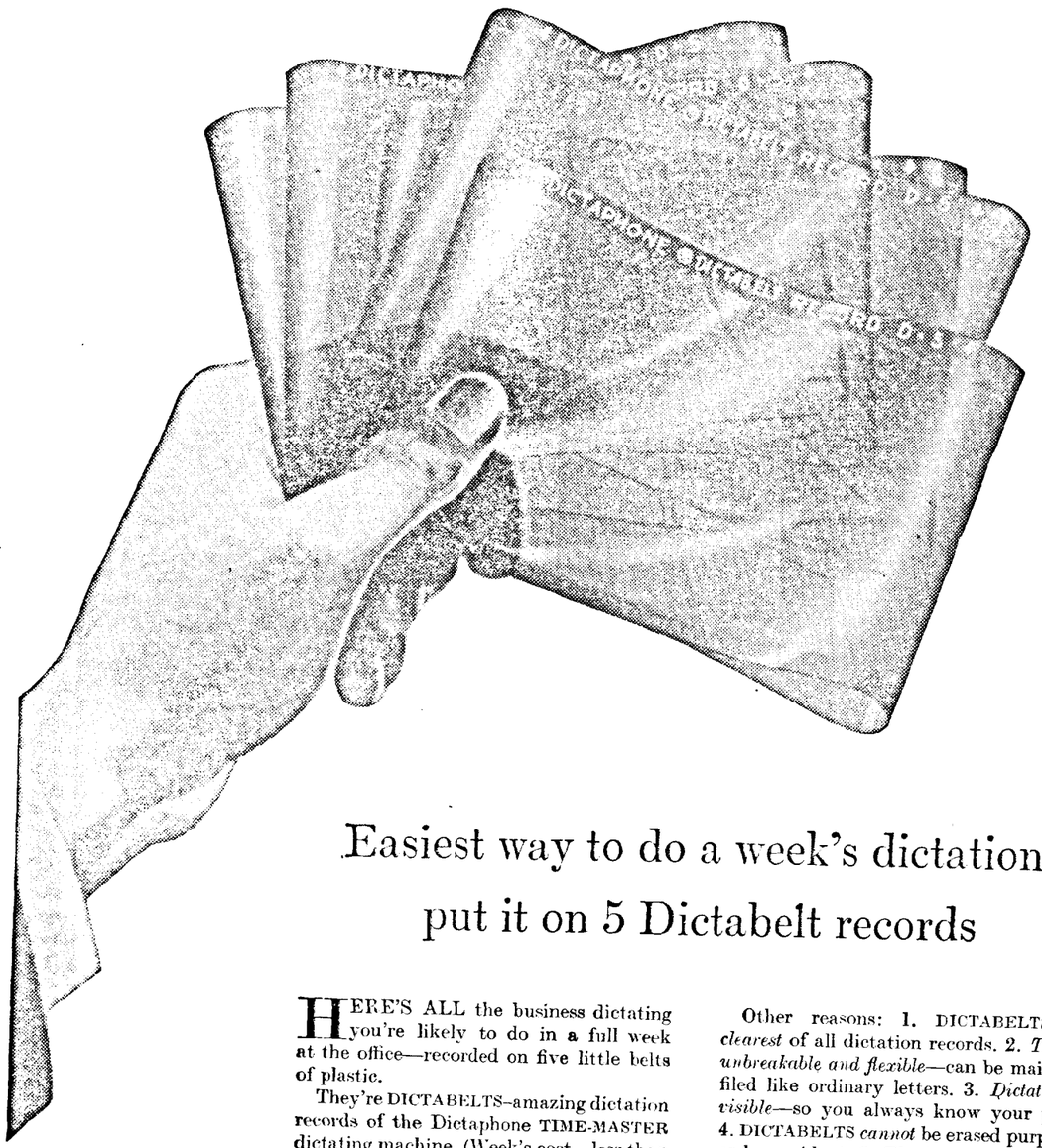

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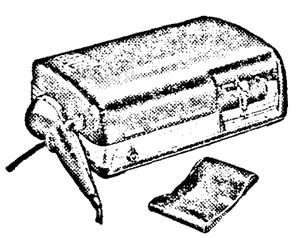

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an object lesson in the receptivity of the Rhodesians to this treatment in the career of Mr Garfield Todd, the Southern Rhodesian territorial premier, with whom Sir Roy will have to get on rather better than Lord Malvern did. Sir Roy is very conscious that Rhodesia has not much time to achieve by its chosen methods—the opposite of those used in South Africa—racial harmony and nationhood. If he is wise he will make his own deepest convictions his political platform, and leave the rest to the commonsense of his countrymen and the ignorance and parochialism of his opponents.

Berlin as Capital

BERLIN has never ceased to be the German capital in German eyes; the sentiment will find further practical expression if, as now seems possible, Berlin becomes the main home of the next west German parliament. The Christian Democrats are proposing that funds should be voted for a parliamentary building there, in the hope that the new Bundestag may meet there next year. It is not clear whether the Reichstag building itself, so uncomfortably close to the sector boundary, would be chosen. The CDU motion leaves it in doubt how soon and by what stages Parliament and administration would abandon Bonn altogether, but the opposition parties are enthusiastic, and the strange prospect opens up that the centre of gravity of west German government may gradually move towards Berlin.

Governing west Germany from this isolated outpost will present ludicrous practical difficulties. Berlin is not legally part of western Germany, but an occupied city under four-power rule; its communications are always liable to be cut off; such vital ministries as foreign affairs and defence would presumably have to be kept away, and the whole administrative work and cost of governing western Germany would be bound to be increased. Endless opportunities would open up for diplomatic and frontier incidents and for undignified bickering with the east German regime.

But such practical considerations may not prevail against popular feeling and the growing realisation in west Germany that the flux in eastern Europe is opening new opportunities for German initiatives towards reunification. The most remarkable reflection of this feeling has been the positive reaction of the west German government to the latest Russian note on reunification; for the first time it is clearly considering making use of its diplomatic relations with Moscow to talk seriously on the subject. A second and parallel reaction has been the growing interest in negotiations with Czechoslovakia and Poland and the signs of a more flexible German attitude on the Oder-Neisse frontier. The shifting of the west German parliament to Berlin might make a third, if only a psychological contribution to reunification. As the sole all-German city in a divided land, Berlin has long been a symbol of the abiding unity of Germany as a whole, as well as an invaluable window in the iron curtain for the people of eastern Germany. The coming of the west German parliament to Berlin would be a demonstration of western will to unity which would strengthen their morale further and enable them to maintain and increase the pressure of their resistance to the east German government, now so isolated.

Austria's Western Ties

AUSTRIA has long been quietly feeling its way towards a closer relationship with western Europe, within the limits of neutrality prescribed by its peace treaty. Already a member of the Council of Europe and OEEC, it announced last week its intention of joining the Coal and Steel Community, a step which seems vital to a country so dependent on imports of German coal and steel. Austria is already taking an active part in the discussions at OEEC on the possibility of linking the common market with a wider free trade area in which it would be included. And once joined with the six in the coal-steel pool, it may well look further towards full participation in the common market itself and eventually in Euratom.

For Austria, however, a friendly relationship with Germany is a condition of any closer westward ties, and the rapprochement between Bonn and Vienna has been a quiet but important aspect of the foreign policy of both since Herr von Brentano became foreign minister in Bonn. Its success was demonstrated last week when Chancellor Raab

What Divides the Parties?

"Party" is not a thing to be *created*: it is a natural growth—from fitting seed, from favouring climate, from prepared and suitable soil. The strife of parties belongs to a particular and inevitable phase in the life and progress of all free countries—but a phase which essentially belongs to a transitory and imperfect condition of the body politic—a phase which, if permanent, would be indicative of failure and ominous of ruin. The strife of parties—Government by "Party"—belongs to the epoch when Constitutions are in process of formation—when the policy and the destinies of the nation yet tremble in the balance—when vital questions are still undetermined—when fundamental principles are still at stake. *You cannot have great parties unless you have great principles to divide them*—and where have you such principles now? You cannot gather all sections of politicians into *two camps alone*, unless you can find . . . questions which *have only two sides*—and where are such now to be discovered? An abstract doctrine naturally severs men of inherently discrepant characters and mental complexions, and places them on the right hand and on the left—the various degrees and modes and times in which that doctrine is to be carried out in life admit of every difference of opinion, and divide honest and thoughtful men into *many* sections. . . The time may come round when great questions . . . shall again arise to agitate and divide men's minds. When this period recurs, then, we may rest satisfied, we shall see statesmen and their followers separate, as of yore, into two camps, distinct enough and attractive enough to absorb all minor subdivisions and to merge all less important differences. At present we see no subject of domestic policy which promises to swell to this engrossing magnitude. But it is just possible that . . . our international relations may generate some such question . . . which shall involve matters of such high morality and which shall so stir the deeper and stronger feelings of humanity within us, as to range all the timid, the selfish, and the short-sighted on one side, and all the generous, the noble, and the profoundly and prophetically wise upon the other.

The Economist
November 1, 1856

was given a warm welcome by the German government and press. Even the irritant of former German property in Austria, which has been the main source of friction between the two countries since the war, seems to have been assuaged. The German press now generally accepts Austria's inability to break the treaty by a general return of these sequestrated assets, and has recognised Austrian efforts to stretch the terms in favour of the small man.

While developing these western ties of a political and economic nature, Austria has scrupulously observed the military neutrality laid down in the treaty; but there is no doubt where its sympathies lie. The revolt in Hungary has aroused deep sympathy in its neighbour Austria and has called forth untiring efforts at relief. The Austrian government, basing its stand on its neutral status, which, it feels, gives it a special moral right to speak, has appealed diplomatically to Russia to stop bloodshed and allow a return to normal life and "freedom in the sense of human rights." More important, it has without hesitation extended asylum to any rebels who lay down their arms. The political challenge of this to Russia has been lessened by Hungarian offers of amnesty, but if things go badly for the Hungarians now, the trickle over the frontier could turn into a flood of refugees which might be a major economic burden.

A Freedom Denied

THE debate on the adjournment last week brought into the healthy light of day the repressions and complexes in Whitehall which prevent a more liberal approach to the production of official documents in court cases. Even after the modifications in the use of crown privilege in withholding documents which the Lord Chancellor announced last June, it is clear that departmental "convenience" is still an important factor in deciding whether any particular document may be used as evidence. Whitehall's principle —and it is supported by both front benches—was neatly summed up by one MP: "We will hold everything back and let you have bits as we think fit." The civil servants profess to be afraid that if their minutes could at any time be produced in court they might be inhibited from giving frank and honest advice; but it is still far from clear why, in the first place, they should fear that minutes on matters of high policy ever would come into court, and secondly, why, in matters involving the rights of individuals—such as citizens involved in industrial accidents or in the acquisition of their property by the crown—the possibility that their minutes might come before a court of law should prevent them from being honest and frank in their recommendations.

There is no need to be ashamed of being more radical about this even than the majority of protesting MPs. Nobody disagrees that documents invested with "a high degree of confidentiality" must be privileged; but it would be perfectly reasonable to confine this privilege to documents having a bearing on secret weapons, movements of armed forces and public security. Where borderline cases occur, speakers in the debate rightly urged that the use of the closed hearing would meet the problem. This is the method used when aircraft accidents involving secret machines occur; justice is done, even if it is not wholly seen to be done. The real difficulty remains: who is to decide what is and is not privileged? There are objections to all the suggestions put forward in the debate. But it is clear that while the basic attitude of the departments remains what it is, public confidence in the fairness of decisions when to exercise crown privilege will remain dangerously low. The Attorney-General's argument that judicial criticisms of departmental obstruction have been relatively rare is not a sound argument for keeping on the clamps: it is merely a sign of how little greater liberality would cost Whitehall.

End of a Boom Town?

THE international regime in Tangier has formally ended. After three weeks of negotiation, the Moroccan foreign minister, Mr Balafrej, and representatives of the eight members of the former international committee of control, France, Spain, Britain, the United States, Italy, Belgium, Holland and Portugal, have signed a declaration abrogating the international statute and a protocol liquidating the past regime. The central issue of the conference was never in dispute. Although Tangier has been under international control for most of this century it never ceased to be part of the Sherifian empire, and the logic of its return to a sovereign Morocco is unquestionable. The bargaining was over the type of declaration to be signed (Morocco battled unsuccessfully for a unilateral declaration in place of the more legal international instrument) and over the terms under which foreign men and money were to be absorbed into the new regime.

Even here, since Morocco has no intention of driving out either wealth or expertise, the negotiators' interests were seldom far apart. Foreign banking and financial houses are permitted to continue their operations under Moroccan law; postal, telegraphic and radio services have been nationalised but foreign concerns can apply for government concessions; the international civil servants will be compensated if they are not re-employed. The harmony of the conference was disturbed only by the difficulty of reconciling western and Moroccan diplomacy: each side was a learner in the other's methods.

Tangier's economic future is now in Moroccan hands. Over the past ten years, Tangier with its free money market and its free port has become both the centre of a currency black market and a tax-free refuge for foreign capital—roles never suspected when it was internationalised for strategic reasons. Now, the town with its 100,000 inhabitants is entirely dependent on its free exchange market: all employment springs directly or indirectly from currency operations. Without the free market, Tangier would be a dead town. And confidence in the market began to ebb once it became clear that the days of the international regime were numbered. The Moroccan government was too proud to ask for some kind of international guarantee that the old economic methods would continue under the new masters, although it was only in its own interest to do so. It is unlikely that a purely Moroccan declaration will inspire a resurgence of confidence. Business and capital are drifting away; Tangier is not likely to be the same again.

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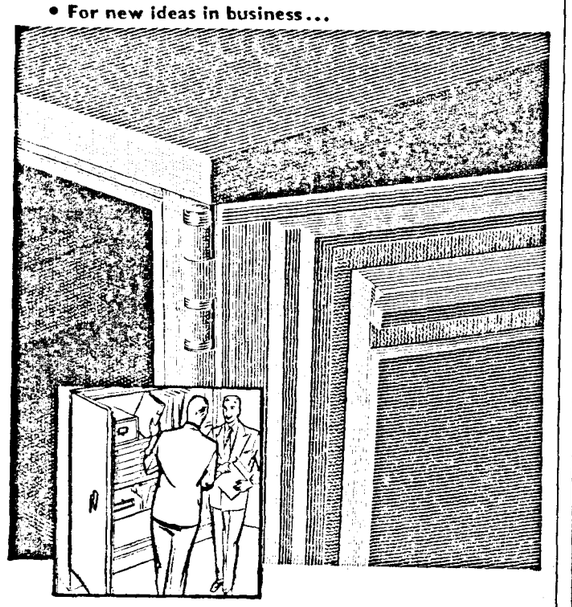

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Letters to the Editor

Free Trade Without Emotion

SIR—In a head note to your article you ask various groups of doubters "to study the issues involved, at some length but without emotion." I confess at once to deep feelings of concern about the future of the economy of the United Kingdom and of the Commonwealth as a whole. However, I extend my warmest appreciation of the careful analysis and distinctions made in your article. I am in agreement with almost all it conveyed.

My only doubts concern, first, its effects upon that section of our trade which is neither European nor Commonwealth, and which amounts to about one-quarter of the total. It is here that your accurate distinction between the nineteenth and twentieth century problems does not fully appertain. Secondly, I cannot agree that the "whittling away" of imperial preferences arises solely from "changes in the Commonwealth countries themselves." They have indeed changed, especially in that they have become more and more industrialised in the last half-century. Simultaneously, however, so has the United States, and with that has come the American dedication to the idea of federation and non-discrimination by others.

Canada has been wooed to the idea to a point bordering on the doctrinal. Australia and New Zealand have been partially lured away in the ANZUS pact, and India seems as pathologically obsessed with anti-colonialism as those whose thinking is based on the tradition that the United States is the result of a successful rebellion against the British Empire.

The difference between the United Kingdom in the last century and the United States in this, is that though both in our respective times have been the greatest creditor nation, we allowed tariff-free entry of goods, while the United States expects it of others but retains tariffs to protect itself. True, it has reduced many of them, but so have we. What matters is where we both started from. Recently, the United States has doubled its tariff on wool.

So long as the greatest creditor uses tariff discrimination to protect itself so long must the debtors to protect themselves, and there can be little hope of ever revising the Ottawa Agreements of 1932 to a more realistic level unless we use this method of protection ourselves. Only by the operation of the rule of discriminating reciprocity can the United Kingdom retain its trading position in the Commonwealth, with Europe, or with the rest of the world. Tariffs, variable exchange rates, quotas and managed gold standards are all means of doing so. It is important that we do not rule out elsewhere the use of one method simply because in one section of our trade another may be more suitable. All methods have their parts to play, but my strongest hope is that we shall avoid having to employ those which lead to internal centralised state control. If discrimination be as essential as I believe, tariffs and preferences in the long run are the best way of avoiding that, in a world in which standards and costs of living vary so greatly in the producing and manufacturing nations.—Yours faithfully,

HENRY LEGGE-BOURKE
House of Commons

★

SIR—In the article in your issue of October 27th you summarise the objective of the plan by characterising the 3-tier tariff as follows:

1. Highest rates on imports from the United States and from other countries outside both Europe and the Commonwealth,
2. Preferential rates on imports from the Commonwealth,
3. No tariff at all on imports of manufactures from Europe.

It would seem that avoidable difficulties might be created, if goods under 2 are penalised more heavily than goods under 3. As the plan is a fairly long-range affair and like all such policies susceptible of amendment in the course of development, might it not help to secure acceptance of a project that seems to offer large advantages, if the order of 2 and 3 were reversed, on the basis that, instead of "no tariff at all" on imports from countries in the common market area, what used to be called a revenue tariff not higher than, say, 5 per cent were admissible in the case of such imports, while Commonwealth imports would come in at the most favourable level of "no tariff at all."

This at least offers scope for a modest benefit to such imports and would justify the phrase "Commonwealth preference," which would appear somewhat double-edged, if, as in your classification, an important volume of imports is admitted with an even greater preference.

Incidentally other metropolitan countries besides the United Kingdom have associations with their overseas territories and at present offer them trade privileges. The suggested transposal of the tariff tiers might perhaps also have some attractions for them.—Yours faithfully,

CECIL KISCH
London, S.W.1

South of Khartoum

SIR—Sayed Omer el Zein's letter in your issue of October 13th is rightly appreciative of your article on the Southern Sudan. But he himself "brings into light a few facts" at least three of which are not facts at all, but wishful thinking. May I as an ex-Governor of those three southern provinces for eight years draw your readers' attention to them?

He attributes the "present air of distrust" (i.e. since August, 1955) to the policy of the co-domini of making the South a closed area. The truth is that fifty years of intensive slave raiding from 1850 onwards had established in the South a fear and hatred of the Arab North of which the government from 1900 onwards had to take cognizance. Their policy was to admit only such non-Southerners as were of known good character and were necessary for the gradual and orderly development of the South: permits to enter had to be obtained by all foreigners (British included) and not only by Northern Sudanese. The justification for this policy is to be found in the evidence given by a Northern merchant of Meridi to Judge Cotran's committee of inquiry into the massacres of August, 1955. He said: "I have lived in the South for 41 years, and have never had a harsh word or an insult from a Southerner till the present government came into power [i.e. 1954]."

Secondly Sayed Omer lays the immediate blame for August, 1955, on the late Prime Minister, Sayed Ismail el Azhari, and his party. I do not think this is true. The blame lies on the decision accepted by all parties in the North to abolish rapidly all the safeguards for the South already agreed, and regarded by the Southern representatives as essential. Those who knew the real feeling in the South warned the government in Khartoum again and again of the dangers to which they closed their eyes. August, 1955, showed that the warnings were correct.

Thirdly Sayed Omer writes: "The bulk of the South is for a united Sudan"—adding that only a few educated Southerners wish for federation. He writes rather bitterly about these few. We, who have known the Southerners intimately, are well aware that the most numerous, powerful and warlike tribes of Bahr el Ghazal and Upper Nile Provinces, the Dinka, Nuer, and Shilluk, wish only to be left alone without interference by the North. The educated few realise that financially this is almost impossible: they hope by "federation" to achieve a real measure of political autonomy plus the provision of social services by Northern money. It is a faint hope: if realised it would be a tribute to a farsighted and generous Sudan government. If it is not realised and if the Dinka, Nuer and Shilluk rebel against Arab domination, as Equatoria rebelled in 1955, then the Sudan government will be faced with a far graver emergency.

Wisdom and humility in Khartoum

could cause the "bulk of the South to be for a united Sudan," but it is most certainly not so now.—Yours faithfully,
London, W.14 M. W. PARR

The Very Average Welshman

SIR—Flattered as I am by the fact that you take our estimates seriously enough to comment at some length, and not unkindly, on them, I am a shade uneasy about your implication that the similarities you perceive between Wales and the rest of the United Kingdom result from our use of the technique of applying ratios to UK figures. So far as both production and incomes are concerned, our use of this technique was mercifully limited to very minor items; for the former, the vast majority of our estimates were derived from census of production data and reports of nationalised industries or local authorities, while the income census of 1949-50 provided a reasonably firm and independent basis for the latter. For expenditure estimates, we certainly leaned fairly heavily on the ratio technique. But would this necessarily lead to an elimination of regional differences? After all, the art of the business lies in choosing a suitable indicator, and there is no obvious reason for supposing that the indicators will conceal any differences which exist rather than reveal them. For example, by using new registration figures for private cars as an indicator for personal expenditure on motor-cars one certainly does not produce an average Welshman. Often, of course, the per head estimates for Wales come out at a very similar value as those for the United Kingdom. But is this necessarily "suspicious"? Have you forgotten England's great gifts to Wales—the Sunday Press and commercial TV?—Yours faithfully,

EDWARD NEVIN
University College, Aberystwyth

Suez and Jordan

SIR—I suggest to Mr J. L. Rushburne that it is geography and not his nationalisation of the canal company which has "established Nasser astride the main supply route for our oil and our main sea route to the East." What does Mr Rushburne propose to do about the "basic realities" of geography?

There may be other reasons for "stopping Nasser" but it is high time the illusion is dispelled that ownership of the Canal affects in any way the ability of the man on the spot (provided he accepts the consequences) to stop ships by using the forces which lie to his hand. Permanent guarantees against temporary interference with our shipping (temporary because if there were physical interference we should use troops, United Nations or no United Nations) can be obtained only by indefinite military occupation—which even Mr Rushburne will not suggest.

If we accept this basic reality, then Colonel Nasser by reminding us of the risks of shopping exclusively at his establishment will in the long run have unwittingly done us a service.—Yours faithfully, S. E. GRAHAM
Huby, Nr Leeds

Hongkong Lowers the Boom

SIR—I feel that your correspondent, in your issue of October 6th, in his second paragraph has painted a most onesided picture of the squatter problem and that it would have been fairer if he had given some indication of the results which had been achieved in resettlement of squatters and in rehousing of slum-dwellers.

By "horrible jammed, old Shanghai-like slums," I presume your correspondent refers to old style tenement houses, without modern sanitation. There are, it is admitted, a large number of these buildings, but every effort is being made to replace them with larger modern buildings. However, it has to be borne in mind that reconstruction, on the scale called for, is a problem almost beyond appreciation: first, because of the physical problem of housing tenants while buildings are being demolished and new ones erected; secondly, because of increased rentals necessary to recompense owners for the greatly increased costs of new building, building costs being from six to eight times as much as they were prior to the Pacific war. Thirdly, and associated with the first problem, is the point that in a mountainous country such as Hongkong, where there is just about enough flat land to accommodate the required number of buildings, there is certainly not enough to allow these buildings much in the way of wide open spaces around them. Hongkong's land hunger is such that building sites in the central business area have recently changed hands at values of more than £1¼ million per acre; moderately central residential areas are worth about £200,000; and suburban industrial and residential sites about £70,000 per acre.

As regards the "wretched army of 110,000 squatters," your correspondent makes no mention of the efforts which have been, and are being made, by the Hongkong Government to give these unfortunate people a decent roof over their heads. Some of your readers may be interested to know that on September 30th this year, there were housed in the various resettlement areas and estates more than 198,000 persons, an increase of more than 50,000 over the figures for September 30th last year.

Multi-storey accommodation to house 36,000 persons is now under construction, and it is the policy of the Hongkong Government to continue the fastest possible construction of seven-storey buildings for the resettlement of squatters until the problem is solved.

Finally, it is worthy of note that the cost of this vast programme is being met entirely from local public funds.—Yours faithfully, J. B. KITE,
Secretary,
General Chamber of Commerce
Hongkong

Unforgettable People

SIR—Apropos the article in your issue of September 29th, some of your readers might like to know about a voluntary committee, which for the last three years has been helping one of the largest group of refugees still left in Europe—the 160,000 Spanish Republican emigrés that are still living in the south of France under conditions of extreme poverty. Spanish Refugee Aid—whose honorary chairman is Pablo Casals, the cellist—sends monthly contributions to the Spanish Red Cross dispensaries in Toulouse and Montauban; ships used clothing to Spanish relief groups; and is helping some seven hundred families with money, blankets, work tools, medical supplies, etc. Its help—which, in cash and goods, has come to over £30,000 in the last three years—often means life instead of death for many of the first victims of fascism.

The undersigned, a founder and a director of this committee, will be glad to forward contributions to headquarters in New York City. Cheques should be made out to Spanish Refugee Aid.—Yours faithfully,

DWIGHT MACDONALD
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America: Warning and Example

AMERICA AND THE BRITISH LEFT.
By Henry Pelling.
Adam and Charles Black. 184 pages. 18s.

THE United States is the first of the modern ideological nations—nations which are rarely considered in terms of size, resources, natural interests or racial make-up. The physical substratum is quite submerged by a thick overlay of ideas, aspirations and judgments. In a sense, the Founding Fathers invited this development by dedicating their society not to a territory but to a "proposition." And American leaders have often since then felt the compulsion to explain themselves and their policies in terms of mankind's widest aspirations. But most Americans at most times probably do not see themselves in so heroic a light and are puzzled and often irritated by other nations' tendency to see in them a warning or an example or both. Yet the tendency is a fact and occasionally, in international relations, a decisive one.

One aspect of this curious relationship between the United States and other nations has been remarkably well analysed by Mr Henry Pelling in this book. It is short and exceedingly readable, and the author's chosen method—that of picking out five or six crucial Anglo-American occasions in the history of the last century—succeeds admirably in displaying the difficulty of discussing America without pointing the moral and making what are now unattractively termed "value judgments."

Most observers of politics in the post-war decade are familiar with the somewhat bewildering veerings of opinion about the United States among members of the British left. Between 1945 and 1947, America was a country where capitalism was running amok—this was the time when lend-lease ended overnight and the bargaining for a British loan made hard going. Then followed the Marshall Plan period, when Mr Truman's America of Fair Deal, Point Four and unparallelled generosity swept the left into unanimous praise. The mood was dissipated during the phase of rearmament after Korea, and, by 1954, Senator McCarthy's heyday brought warnings of American fascism from the British left.

This speed of change was something of a bewilderment to other groups in Britain. Mr Pelling cites Mr Richard Crossman's confession that it even surprised him. But perhaps the astonishment would have been less if it had been more generally realised that the postwar "rock-'n-roll" in left-wing opinion about America is no more than a projection of a hundred years of similar compass boxing.

Until the 1870s, America was hailed as a land of freedom and opportunity where the worker could make his way unfettered by a class society. Then followed forty years of doubt, during which American industry became dominated by the trusts, and trade union activities were limited and even terrorised by the dominant powers in American society. President Wilson reversed the trend of disapproval and rejection briefly, not so much by his new freedom at home as by his idealism over Allied peace aims. In the twenties, American withdrawal from the international scene was so great that the habit of judgment lapsed a little, although war debts kept alive a picture of Uncle Sam as Uncle Shylock. The collapse of 1929 gave way to Roosevelt and the New Deal, which reversed the condemnation of decadent capitalism and aroused enthusiasm for the possibilities of planning. Such was, broadly, the changing rhythm of blame and praise.

But the picture of left-wing opinion would not be complete without noting, as Mr Pelling clearly demonstrates, the rigidity of purely socialist or Marxist thinking. Here there could be no movement of support or censure, for America as a capitalist power, by definition, did wrong and the better it did, the worse the outcome appeared to dogmatic socialists. If America were to prove that a prosperous, equal society could exist within the framework of private property, then Marxism would be nonsense. From this follows the paradox that the convinced left doctrinaire looks at America with enthusiasm only when things are going badly wrong. The extreme left is thus a point of perpetual criticism towards which the liberally inclined swing back when a Hoover or a McCarthy or a Dulles is particularly disillusioning.

Mr Pelling's precise and lucid pages are not employed in prophecy. But on the basis of his analysis, one may predict that a period of alienation from America lies ahead on the British left. The re-entry of Mr Bevan to the orthodox fold and the emergence of Mr Cousins in trade union politics coincide with a time when in America both liberals and trade unionists are unanimously satisfied with free enterprise. But equally one can surmise that the phase will not last. Mr Pelling has given impressive evidence for the fact that America is always more liberal and the British left less doctrinaire than particular incidents and personalities suggest.

Spreading the Load

TAX PLANNING WITH PRECEDENTS: *second edition.*
By D. C. Potter and H. H. Monroe, assisted by H. G. S. Plunkett.
Sweet and Maxwell. 438 pages. 50s.

SINCE "Tax Planning" was first published two years ago, it has won for itself an important place in the library of professional advisers. Any initial superciliousness has disappeared as its merits have become known and if it is not on the desk when the client is interviewed, it is usually in the top right-hand drawer. In the meantime the Royal Commission on Taxation has added its authority to the existing judicial dicta on the subject of tax avoidance. There is no general principle that a man has a duty not to alter the disposition of his affairs so as to reduce his existing liability to tax. The critics of avoidance ought now to stop their moral vituperation of the individual and concentrate on legislation. They will have to be clear-headed, for avoidance makes some strange bedfellows: getting married on the 5th instead of on the 6th April, surviving a gift by five years, investing in Savings Certificates instead of in War Loan, providing for old age by superannuation schemes instead of by individual savings. There are many very respectable ways of eroding the tax base.

This second edition is much more than a reprint; it is a third longer; the chapters on discretionary trusts, variation of existing settlements, and partnerships have been largely remodelled; there is a new chapter showing the relevance of the old-fashioned marriage settlement in modern planning; and the book now deals with a number of allied topics such as the position of the spouse of the settlor as a beneficiary under a trust, the valuation of gifts and of shares, the family company in relation to estate duty, and pensions for the self-employed. It is a minor criticism that some of these subjects are discussed in chapters of special application (valuation of gifts, for example, comes under infant settlements) instead of being given the general emphasis they deserve.

The authors are not afraid of new ground, and contribute to the current discussion of the form of the trust deed establishing, under this year's Finance Act, a funded pension scheme for persons of a particular occupation. Their deed for the Incorporated Society of Tinkers is admittedly tentative and, giving purely a method of saving against old age without any element of insurance, has the virtue of simplicity; this may be attractive to professional bodies who are faced with the difficulties of a more elaborate scheme.

Tax planning depends on spreading the load, either by dividing legal claims on capital or income over more people, or by spreading the earnings of a working life over the years of retirement. Whatever views are held on particular arrangements, all will agree that the legal possibilities should be widely known. That is the purpose this book achieves.

Infinities

INTRODUCTION TO ASTRONOMY.
By Cecilia Payne-Gaposchkin.
Eyre and Spottiswoode. 518 pages, 50s.

IN time, a troubled people seeks assuagement by going back into its past—on TV, in fiction, in the comic strips or cinema. In space, perhaps, it seeks the same assuagement by "gazing on the infinities" and feeling the inconsequential littleness of everything terrestrial. This may account for the equal spate of books on archæology and astronomy. But of books on the latter, none is better conceived or written than those by the English-born Phillips Astronomer at Harvard. Her earlier "Stars in the Making" has proved a neat foretaste of this big, basic and beautifully produced work.

It is intended for the student beginner, but it should make many a beginner out of those faintly interested. It starts with the history of man's attempts to build the science of astronomy, goes on to his developing knowledge about our own planet, proceeds logically to the development of his tools and methods, and so to the sun, the solar system, and planets, by which time half the book is over. The rest is duly devoted to the stellar universe: the evolution of stars, galaxies, universes perhaps; the physics of the processes and elements involved; conflicting hypotheses about the many remaining unknowns; and a final chapter on the concept of evolution within the setting of the magnitudes of interstellar space and time. There are many useful lists, tables, indices and problems.

Dr Payne-Gaposchkin's style is easy and clear; her British publishers and their London printers have dealt excellently by her, in the production of letterpress, diagrams, tables, and rich and remarkable halftones; and there is little one could wish for that seems to have been left out. The illustrations really adorn the tale—some indeed, like that of the Messier 31 galaxy in Andromeda or of Messier 81 and 83, almost point a moral about universes that never end but just begin all over again. The author by no means grinds axes, and she deftly extricates herself from that overdue preoccupation with our little solar system, which threw so many earlier writers on astronomy out of perspective. Hers is a rich, rewarding introduction to a sane discipline.

Ferment in Asia

OUT OF THE GUN.
By Denis Warner.
Hutchinson. 239 pages. 18s.

MR WARNER is one of the ablest of the many correspondents drawn to Asia by the island-hopping war in the Pacific and kept there by the disturbances of the ensuing decade. Unlike many of his colleagues, he is a gifted writer and has concerned himself with underlying causes as well as with the graphic details of eyewitness reporting. His articles in the London *Daily Telegraph* and in the Melbourne *Herald*, though they have at times landed him in hot water, have been illuminating as well as informative, and the same observations apply to his book. It is on the whole a remarkably successful attempt to combine the incompatibles of "I-was-there" reporting and political analysis. Hair-raising descriptions of battles alternate with disciplined attempts to bring the whole scene into focus, to relate, for instance, the insurrections of Burma, Indonesia and Malaya, and the wars in Korea and Vietnam, to the central designs of Mao Tse-tung in Peking.

If anything, there is perhaps too much of the battle scenes. One discovered the sameness of battle scenes at one's first reading of the *Iliad*, and so it is, on a lesser level, with Mr. Warner's twentieth-century horrors. He is at his best when tracing the course of communist strategy, which he does, not merely accurately (though he modestly disclaims scholarship), but also journalistically—that is, with due regard for the personalities behind the events. His account of the rise of Mao and of the triumph of his revolutionary theories of peasant warfare is of great value; so is his recounting of two fateful but little-publicised conferences—that of the World Federation of Trade Unions in Peking in November 1949, which decided the strategy of the war against the West in "colonial or semi-colonial territories," and that which brought British diplomatic and military chiefs to Malaya a month later.

It was at this latter meeting that Britain's decision to recognise the Communist regime in China and the newly installed Bao Dai regime in Vietnam was taken. The chapter in which Mr Warner discusses the consequences of this double and apparently contradictory decision is the most controversial in the book. It is almost certain that he blames too many of the subsequent western misfortunes on it; just as it can be argued that there are extenuating circumstances in Mr Malcolm Macdonald's Indo-China policy. But Mr Warner might have written a duller book if he had been less controversial. To the layman, "Out of the Gun" will be an eye-opener; even the specialist will gain from reading it.

Shorter Notices

THE STATE OF THE SOCIAL SCIENCES.
Edited by Leonard D. White.
University of Chicago Press. London: *Cambridge University Press.* 518 pages. 45s.

This book contains papers by thirty-two American social scientists which were presented at the twenty-fifth anniversary of the Social Science Building of the University of Chicago. Their subjects cover a wide variety of topics, ranging from "The Ego and Status-Anxiety," to "American Diplomatic Negotiation." An assertion is made in a brief introduction that "optimism" is "the underlying tone of this volume," but as even this tenuous thread cannot be detected as a link connecting the individual papers, they remain an ill-assorted jumble, the perusal of which is conducive to a mood of pessimism and even despair.

Despite the sub-title of the book, "A reappraisal of the problems, methods, and goals of the social science disciplines at mid-century," none of the papers it contains really makes a serious attempt to approach the supremely difficult task of constructive criticism. Glimpses of the truth are, however, seen at times. There appears to have been a naïve expectation in Chicago in the nineteen-thirties that the housing of the exponents of different social science "disciplines" in the same building would stimulate profitable communication between them; such hopes, it is now realised, "were a bit extravagant." It is also recognised that, though the study of small groups and public opinion are said to be "areas of fabulous growth," few new fields of study have been developed. This volume manifests more than ever the familiar tendency for social scientists to devote their lives to speculation about the concepts that might be employed in the understanding of human societies and man's behaviour, to the exclusion of doing anything in particular about understanding them. This, it appears, has been the sad fate of the Chicago School of Urban Sociology, so full of promise in its earlier days.

★

LAND AND PEOPLE IN NIGERIA.
By K. M. Buchanan and J. C. Pugh.
University of London Press. 264 pages. 35s.

A minor, but fortunate, result of the establishment of new universities in the Commonwealth has been an increase in the quality and authority of geographical writing on the territories concerned. From their base at University College, Ibadan, Professor K. M. Buchanan and Dr Pugh have been able to observe Nigeria in all its climates and all its moods. They have been able to add greatly to the specialist literature on West Africa, and here they meet the need for a survey of the resources and human geography of Nigeria.

Although much of the book is naturally taken up with the nature and location of agricultural, mineral and industrial production, this is no mere catalogue of commercial geography. For one thing, the book is written from the inside: the great but unmeasured subsistence production and the flourishing internal trade are given their rightful place alongside cocoa and the other export commodities. These economic activities are also placed fully in their supremely important physical and human setting. After the various abortive agricultural schemes of recent years, nobody can doubt the very real difficulty of evolving methods of land utilisation suited to tropical soils and climates. Disease, too, is an environmental factor in a way quite unknown in temperate latitudes, as is shown by a contribution by Professor A. Brown, of the Ibadan Faculty of Medicine. Finally, the writers show that, even where soil conditions are reasonably favourable, human factors often prevent effective cultivation, whether through the defects of traditional tenurial arrangements, or because ancient wars and slave raids have driven the people away altogether.

This book started life as a projected resource atlas of Nigeria, so that it is not surprising that its maps and diagrams are exceptionally clear and numerous. The oblique aerial photographs give the non-Nigerian reader a series of exciting glimpses of an unknown country. The book undoubtedly sets a new standard in geographical book publication in this country.

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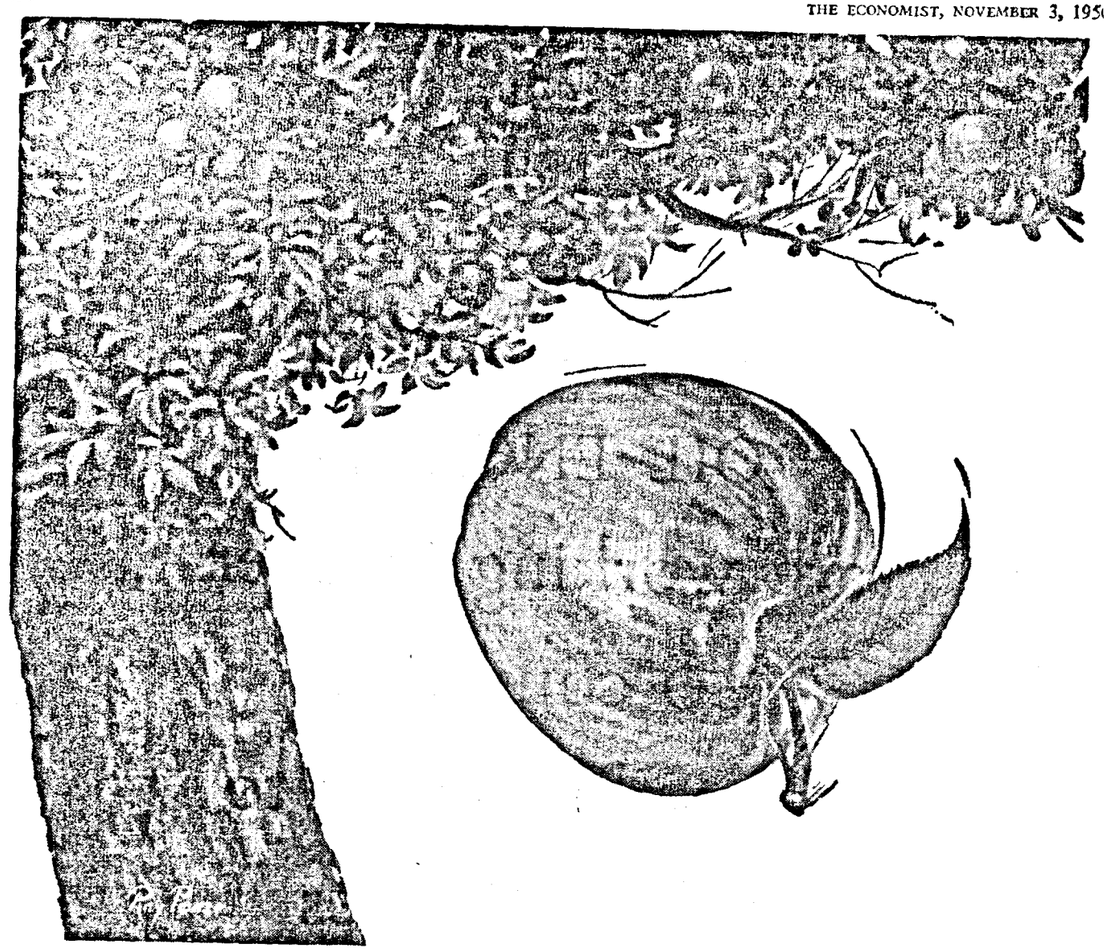

Getting specific about gravity!

Falling apples fascinated Sir Isaac Newton. No doubt he enjoyed a few of them while devising his famous gravitational formulas. Newton's concern was with what came down, whereas aviation engineers today are primarily concerned with what goes up. Even so, the gravitational challenge is the same.

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American Survey

This week the SURVEY is wholly devoted to next Tuesday's elections.

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

Forecast: No Change

Washington, D.C.

ON Tuesday American voters will have a chance to think better of the choice they made four years ago between the likeable General Eisenhower and the eloquent Governor Stevenson. If they take the chance and elect Mr Stevenson as President, the only sensible course for newspaper editors in future will be to send their political reporters on leave for the duration of the campaign. Every sign that is measurable by experienced interpreters and interviewers points to the re-run in 1956 ending in the same way as the original race in 1952. Mr Stevenson, it seems, will pick up more states than he did last time, though he may lose one, Kentucky, which he then carried; it is also expected that he will come much closer to Mr Eisenhower in some of the key states. But, if the final outcome of the presidential contest is not the same as in 1952—as all the auguries say it will be—it will have to be conceded that no one has yet found any reliable way of divining the voters' intentions before they go to the polls.

It looks as though Mr Eisenhower will just have time to ride home on the slogan of "peace," though war is breaking out in the Middle East, and on the theme of a stable dollar, though the United States is entering a period when inflation will not be wholly controllable by a credit squeeze which becomes progressively more inequitable. But the President has always been a lucky man. He promised to bring back American boys from Korea, and Stalin died. He went to Geneva, after previously discounting the notion of a "summit" meeting, and gained fresh renown from establishing a fact which should never have been in any doubt, that the United States had no intention of going to war.

As a consequence, the President is known around the country as "a diplomat" and "a man who knows how to talk to the Russians"; above all, as a man whose experience is so vast that he can do other people's worrying for them about the complicated affairs of the outside world. When to this is added the President's supreme facility in fulfilling the representative function, that part of his multiple task which is most like the role of a constitutional monarch, the dimensions of Mr Stevenson's disadvantage become apparent. The Citizens for Eisenhower knew what they were doing when they turned the President's sixty-sixth birthday into an orgy of adoration that might have caused national nausea in almost any other country this side of the iron curtain.

It cannot be said that Mr Stevenson has risen very confidently to the challenge. His courage and honesty are undoubted, but his timing in raising the massive issue of the H-bomb towards the end of the campaign seems to have been bad. Put on his mettle by Mr Truman's disparaging criticism at the Democratic convention, Mr Stevenson has tried to behave like a political infighter, suppressing his wit and swinging his blows wide. At the same time his literary taste and harrowing sense of responsibility have spasmodically got the better of him; he struggles against the material he is forcing himself to handle and salves his conscience by issuing lengthy essays, of great persuasive power but little practical influence, about the "New America" he hopes to make.

Four years ago, these same two men were astonishing novelties on the political stage. Since then, Mr Eisenhower, after a painfully slow start, has proved himself to be a natural politician who has happened to spend most of his life in the army. But Mr Stevenson is still a natural scholar who has somehow strayed into politics. While Mr Eisenhower is a President like Franklin Roosevelt, who radiates confidence or, as Mr Stevenson would say, "hands out happiness pills," his opponent appears desperately worried, the kind of man who burdens other people with his troubles. Even his eloquence has become more halting as his prose has become more trenchant. Mr Eisenhower has delivered the speeches written for him with more effect than Mr Stevenson has delivered the speeches he has written for himself. Above all, the Democratic candidate, except when at his too infrequent best, has failed to give his audiences the sense that they are touching the hem of greatness. Nor does anyone draw from his troubled spirit the look of bemused serenity that lingers on the faces of those who have exposed themselves to the presence of the "Ike" they love.

Yet, though all this explains why Mr Stevenson will probably not win, it does not alter the fact that he has come closer to the heart of the country's problems than has his opponent—or, perhaps, more halting though he has been, than he succeeded in doing, more eloquently, four years ago. It is, as Mr Stevenson says, a shaming anomaly that in this richest of all countries there should be a single slum, a single inadequate school, or a danger that illness may bring financial shipwreck to respectable families. It is, as he says, the function of the President to do something about a great moral issue such as that of the ending of racial segregation in the schools. Above all, whatever the precise merits of Mr Stevenson's proposal on H-bomb tests, it can be hoped that his questioning of the President's infallibility in this sphere and the clashing events abroad which even for Washingtonians have eclipsed the last round of the campaign will between them have proved that peace is not passive.

1956 Elections

CANDIDATES

	Republican	Democratic
President:	**D. Eisenhower**	**A. Stevenson**
Vice President:	**R. Nixon**	**E. Kefauver**

Polling Day—Tuesday, November 6th.

Required to win—266 electoral votes.

Results will start coming in about 2 a.m. (British Time) on Wednesday, November 7th, and a decision should be known in London by 7 a.m.

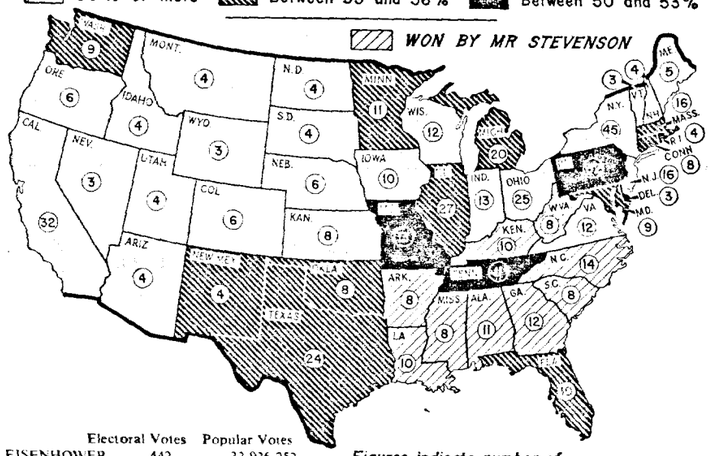
Americans do not vote directly for their President and Vice President but choose electors who are in practice committed to vote for their party's candidates for these offices. There are 531 electors and a candidate must have a clear majority of their votes to win. The number of electoral votes from each state equals the size of its congressional delegation, which consists of two Senators and a number of Representatives which varies according to population. The electors are voted for as a block and therefore the whole electoral vote of each state goes to one party, however small that party's popular majority may be in the state.

If Mr Stevenson this year could win all the states he lost by less than 6 per cent of the popular vote in 1952, and hold all those he won, he would have 343 electoral votes, 77 more than he needs.

HOW DID AMERICANS VOTE FOR PRESIDENT IN 1952?

POPULAR VOTES WON BY MR EISENHOWER, BY STATES:—

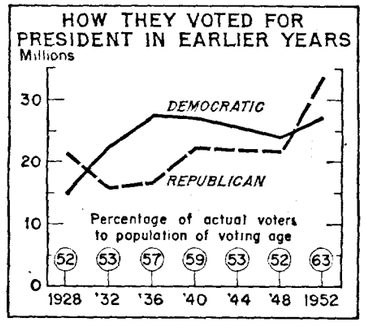
56% or more | Between 53 and 56% | Between 50 and 53%



	Electoral Votes	Popular Votes
EISENHOWER	442	33,936,252
STEVENSON	89	27,314,992

Figures indicate number of electoral votes in each state

HOW THEY VOTED FOR PRESIDENT IN EARLIER YEARS

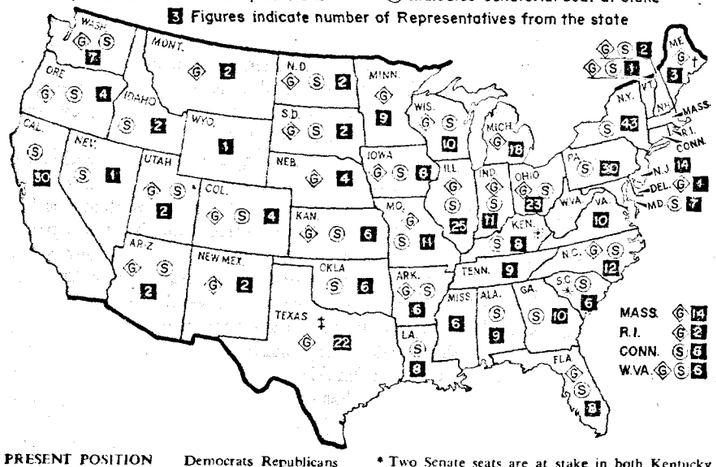


It is estimated that 102,743,000 civilians in the United States will be old enough to vote this year, compared with 98,133,000 in November, 1952. This figure includes everyone over 18 years old in Georgia and Kentucky and over 21 in the rest of the United States. In addition there are about 2,000,000 members of the armed forces of voting age; most states make provision for them to vote by absentee ballot.

WHOM ELSE DO AMERICANS VOTE FOR THIS YEAR?

Ⓖ Indicates Governorship at stake Ⓢ Indicates senatorial seat at stake

3 Figures indicate number of Representatives from the state



MASS. Ⓖ 14
R.I. Ⓖ 2
CONN. Ⓖ Ⓢ 6
W.VA. Ⓖ Ⓢ 6

PRESENT POSITION	Democrats	Republicans
House of Representatives	232	203
Senate	49 (18)	47 (17)
Governorships	27 (14)	21 (16)

Figures in brackets give number of Governorships and Senate seats belonging to each party at stake this year.

* Two Senate seats are at stake in both Kentucky and South Carolina.

† Maine has already elected a Democratic Governor and 1 Democratic and 2 Republican Representatives.

‡ If Senator Price Daniel is, as seems certain, elected Governor of Texas there will be a senatorial vacancy in that state.

All 435 seats in the House of Representatives, 35 of the 96 Senate seats and 30 of the 48 Governorships must be filled this year. Five Democratic candidates for the Senate (all from the South) and 74 Democratic and four Republican candidates for the House have no opposition on November 6th. In the Senate the seats most likely to change hands are in New York, West Virginia and one in Kentucky, all three now held by Democrats, and in Ohio and Pennsylvania, both now held by Republicans. This would give the Republicans a bare majority in the Senate, provided they hold the Vice Presidency. But the Democrats have a good chance of also winning Senate seats in Connecticut, Maryland and Idaho and therefore of keeping control of the Senate.

To win the House of Representatives, the Republicans need a net gain of 16 seats. They are not expected to achieve this unless Mr Eisenhower wins by a landslide, although it is almost unknown for a party to lose the House of Representatives in a year in which it wins the Presidency.

The Democrats Against President Eisenhower

MR STEVENSON this year has been in the unusual position, for a Democratic candidate for the Presidency, of being on the attacking instead of the defending side. But unfortunately for him he has had to attack a national hero, America's "father figure"; the frustrating effects of this have much to do with the indecisive way in which he has fought his campaign—until recently at least. In the last desperate days, however, Mr Stevenson has been hitting out directly and fiercely at Mr Eisenhower. He is using to the full the opportunity offered by the crisis in Egypt and Israel to ridicule the President's claims that he has brought peace to the United States. But an emotional situation of this kind is almost guaranteed to make the average voter cling to the President he knows and trusts, rather than to drive him into the arms of the inexperienced Mr Stevenson. That this will indeed be what happens seems to have been assured by the President's television appearance on Wednesday night, when he gave a brilliant impression of being in authoritative control of the situation.

Thus Mr Stevenson is apparently having even less success with his latest attempt to bring foreign policy into the campaign than he did with his earlier ones—his proposals for abolishing conscription and for ending hydrogen-bomb tests. Both are still essential in Mr Eisenhower's opinion, and these assurances from a general seem to have satisfied the voters. Even if Americans have doubts about the situation abroad, they have none, or almost none, about the boom at home. Few of them show any signs of preferring Mr Stevenson's "New America" to Mr Eisenhower's "Progress and Prosperity." And the Democratic candidate's attempts to scratch at the sore spots on the hide of the national satisfaction have had slight effect, although it is just possible that the cumulation of these irritations could have some unexpected electoral results.

This is particularly likely in the agricultural areas, where the farmers are suffering not only from falling incomes but from drought and are blaming the Republicans for both. But even Mr Stevenson seems to doubt whether their resentment is sharp enough, or their faith in the President shaken enough, to make them turn to the Democrats—and their lavish offers of help—in sufficiently large numbers to give Mr Stevenson a majority in any but a few marginal states—Minnesota and Missouri, for example. Other sources of real discomfort, for which the Democrats blame the President, are the shortage of credit, the rise in the cost of living, the shortage of schools and the expense of medical care.

The most important question in this election—and the most puzzling because it is the least discussed—is that of the President's health. Can a man who has had a serious heart attack and a major operation in the last year carry the burden of the most onerous office in the world? Mr Eisenhower's recent vigorous campaigning, and last weekend's medical report, seem to prove that he can. Hardly any voters will confess to being concerned about this; but many observers believe that this is only because they are ashamed of mentioning such a personal matter, and that it will have a decisive influence on their choice when they go into the polling booths. Even if this is true, no one knows, although many try to guess, in what direction that influence will swing their decision.

Mr Stevenson has wisely refrained from talking about the President's health, but this question underlies his emphasis on Mr Eisenhower's lack of leadership, his allegation that Mr Eisenhower was only a part-time President even before his illness, and his assertion that the conduct of the government at home and the prestige of the United States abroad have suffered as a result. The question of the President's health also underlies the attack on the Republican vice-presidential candidate, Mr Nixon, who would succeed should Mr Eisenhower die in office. The best answer to the Democratic charge that Mr Nixon is unfit to be President has been provided by Mr Nixon himself, for in the past few weeks he has been bearing the main burden of the campaign with an effectiveness, a restraint and a responsibility that have brought him much credit.

According to Dr Gallup

THE almost unanimous view that President Eisenhower cannot fail to defeat Mr Stevenson decisively next week is reminding the public opinion experts ominously of their disaster in 1948. Then they—and everyone else—predicted with equal certainty that Mr Dewey would win, only to see him well beaten by the Democratic candidate, President Truman. Now they are careful to go on conducting surveys until the last possible day and to make perhaps over-adequate allowance for the undecided voter; it was in these two respects that they made their mistakes in 1948. In 1952 they did much better, although they did not predict such a landslide of electoral votes to the Republicans as actually developed. This year the main thing that worries them is the lack of interest in the election. It is all very well for the interviewer to find out how voters intend to mark their ballots; but if they do not bother to vote in large numbers, they can upset the forecast completely and in the present mood of apathy, this might happen.

Dr Gallup's semi-final poll shows a fall of 1 per cent in the popularity of the Eisenhower-Nixon ticket, compared with both two weeks earlier and the two surveys in September; the results were remarkably similar in all these earlier surveys. Now only 51 per cent, instead of 52 per cent, of those interviewed propose to vote for the Republican candidates, and 41 per cent, compared with 40 per cent, are for the Stevenson-Kefauver ticket; even if this indicates the beginning of a trend, Mr Stevenson can hardly make up ten points in a week. The number of undecided voters was 8 per cent; on Dr Gallup's assumption that, if they vote, they will vote in the same way as those who have already made up their minds, President Eisenhower will have a majority of 55 per cent to Mr Stevenson's 45 per cent. When allowance is made for the average error of 3.3 per cent shown by these polls over the past ten elections, this still gives the Republicans a safe margin for victory. In 1952 Mr Eisenhower won 55.4 per cent of the popular votes to Mr Stevenson's 44.6 per cent. It is estimated that to win a Democrat must have at least 52 per cent of the popular votes, because so many Democratic votes are "wasted" in the South under the electoral college system.

the air "fustest with the mostest" accurate information will begin as the polls start closing at 7 p.m. New York time; this is midnight in London.

CBS has announced that Univac's first prediction will be on the air at 8.30 p.m. New York time based on the handful of returns then available. The first prediction will deal only with the presidential race, and will probably say "Univac predicts with . . . votes counted, Eisenhower (Stevenson) will carry . . . states with . . . electoral votes and . . . popular votes." It will also supply the odds on its own accuracy; in 1952 with only 3,398,145 votes available Univac's first prediction was its most accurate. After that, as more returns are reported, predictions will be made about every thirty minutes, and will include forecasts on individual contests, including those for Governorships, as well as the expected composition of the House and Senate.

The returns will arrive over teleprinters from the news services, and will be checked by political editors before being written in computer code language and typed on to magnetic tape. Three operators will produce identical tapes. Univac will examine the three tapes, and accept the version of the majority; it has presumably calculated the risk of two girls simultaneously making exactly the same mistake. Sample results from previous elections, including returns from various key political areas, will have been stored in the machine and, as the current returns are fed in, Univac will check them for reasonableness, compare them with trend and other factors, and type out its forecasts on a high speed printer. The keynote of the CBS-Remington Rand show is prediction, and the excitement will centre on the machine's ability to beat its own odds.

In announcing their programme, IBM and NBC have abjured prediction. They are concentrating on collecting and collating the returns as they are counted and expect to beat their competitors by a handsome margin. Eleven communications centres have been set up across the country, with special links to the standard news gathering devices. Reports coming into any of the centres will be put on to punched cards and fed into IBM "transceivers." Replicas of the cards will emerge within seconds in New York to go directly into the computer. The 705 will have been stocked in advance with the complete election results of 1952 together with blocks of information for comparison and analysis. For example, the farm belt has been somewhat unconventionally (from a political standpoint) broken down into three separate groups of voters—cattle, dairy and grain; 85 marginal districts have been singled out; and arrangements have been made to discover the extent to which the presidential candidates are running ahead of or behind their party by comparing the popular votes for President Eisenhower and Mr Stevenson in any given district with the vote for the local candidate for the House of Representatives. The machine will print a timed record of progress and specific details on demand. As the returns come in, the 705 will accumulate the voting totals for a district, precinct by precinct, compare the 1956 results with the 1952 figures at the same stage and report any variations. A further calculation will give the percentage of the still uncounted votes needed by either side for victory and, within stated "confidence" limits, the likelihood of its being achieved. At this point a man—in this case Mr Joseph Harsch—might prophesy; in any event, he will provide some enlightened comment on the wealth of information available. If all goes according to plan in this battle of the giant brains, the 705 will rely on the speed of confirmed information to beat Univac's rate of calculated forecast.

But the two Goliaths may both be vanquished by a newly emerged David—Underwood Corporation's Elecom 125. This machine, smaller in size and with a more limited capacity than the other two, will make its debut on the election night programme of the American Broadcasting Company—the third national network—which is embarking on electronic prophecy for the first time. Elecom 125 will concern itself only with the presidential contest, and will predict the outcome of each state's electoral votes as well as the final result. Mr Louis Bean, the political analyst who all by himself foretold Mr Truman's victory in 1948, has been assembling more than 100,000 statistics that the machine will need. A "historical norm" has been established from studies of elections for the past four decades, and the forecasts will be based on the percentage shift from this norm in the 1956 figures.

The predictions will start as soon as seven or eight states have reported more than 50 per cent of their returns, and will be produced by the machine in "jumbo" print big enough for the television audience to read them as they emerge untouched by human hand. In tackling the two heavyweights, Elecom 125 is counting on its compact and flexible build, and the fact that it is concentrating all its energies on a single task, to enable it to land the first most telling blow. The news commentators may be bedevilled, but the gamblers should be delighted by the permutations of choice—and of risk—between being first or last, vague or explicit, which the machines will offer next Tuesday night.

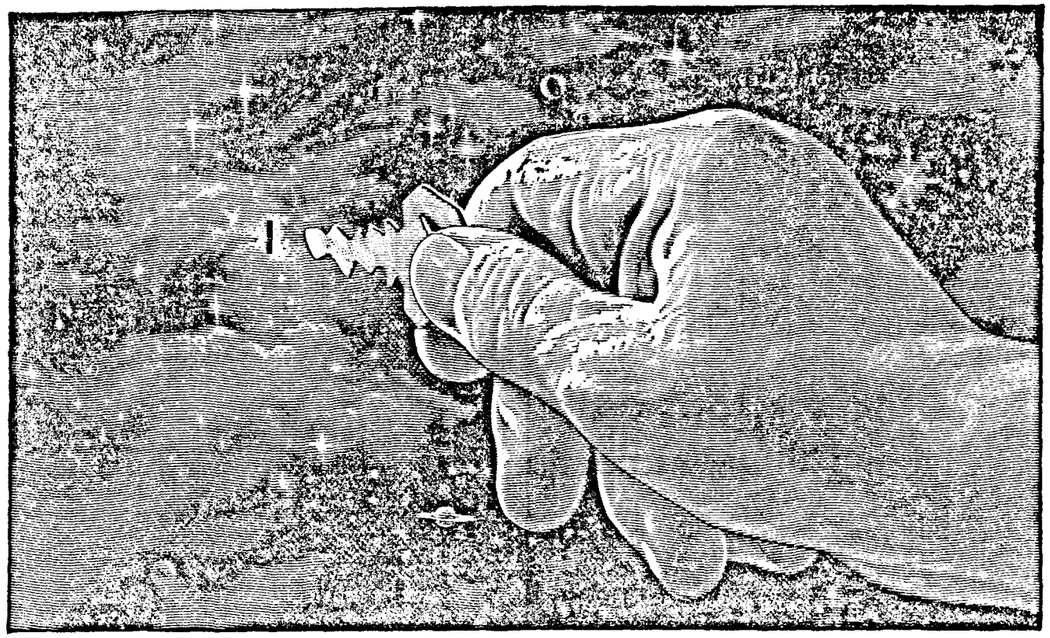
Coat-tail Campaigns

In the presidential fight the Democrats' greatest worry is the large number of voters who say: "Eisenhower is good for peace and the Democrats are good for working conditions. I am going Democratic for everything except President." But in the congressional fights this is a worry for the Republicans. It explains why it is widely believed that the Democrats will perform the extraordinary feat of holding the House of Representatives in a year in which they lose the White House. It also explains why many Republican candidates for Congress are clinging desperately to Mr Eisenhower's coat-tails in the hope of being saved by them.

I—In a Silk Stocking District

New York City

FROM the sumptuous drawing rooms of Upper Manhattan to the bohemian tenements of Greenwich Village stretches a political battleground, much of it spectacularly vertical, which is being fought over with particular tenacity. The outline of New York State's seventeenth congressional district has been lovingly fashioned by a Republican legislature so that the Irish, Italian and Jewish sections, not to mention the intellectuals of the Village, all likely to vote Democratic, must normally expect to be swamped by the favoured denizens of the "silk stocking" blocks of flats bordering on Central Park. The lines of communication in this elongated battleground have such names as Fifth Avenue and Broadway. The contestants are an old fashioned, quirky, international lawyer, Mr Frederic Coudert, and a young, though rather



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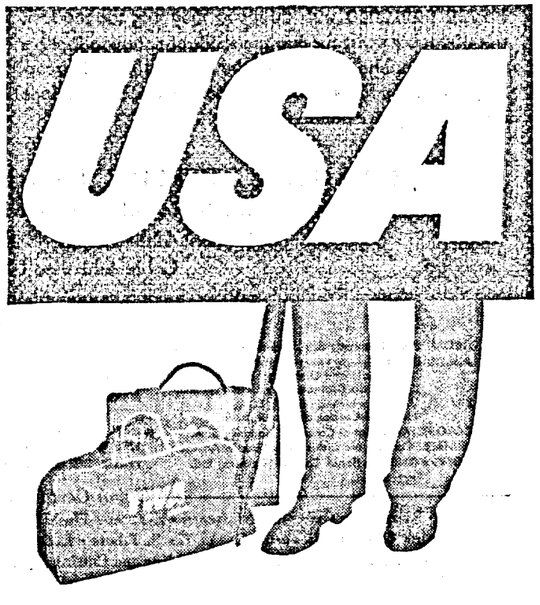


bald, former naval commander, who rescued General MacArthur from Corregidor, Mr Anthony Akers.

Representative Coudert, the incumbent Republican, has had five terms in office. In 1952 his majority was 24,197; in 1954, when he had Mr Akers against him for the first time, it was 314. Not unnaturally Mr Coudert is now trying to attract some of Mr Eisenhower's popularity to himself by vigorously asserting that he is indispensable to the President's team, while Mr Akers, who probably shares the general view that Mr Stevenson has not got a hope in New York, is steering well clear of presidential politics and is concentrating on his opponent's erratic record. Certainly Mr Coudert's new loyalty to Mr Eisenhower comes rather oddly from a man who at various times has proposed to make income tax unconstitutional, to force the President's resignation after a vote of no confidence by Congress, and to prevent the President from ordering any military action, even in self defence, without reference to Congress. Mr Coudert has also supported the McCarran-Walter immigration law, which is anathema to the various ethnic groups in New York.

Mr Akers rakes over these cinders, charges the Congressman with a record of absenteeism which he indignantly denies, and promises to give both more support to President Eisenhower's foreign policy than Mr Coudert and more assiduous service to his constituents. But Mr Akers' support of the President's foreign policy stops short of the banks of the Suez Canal. Before Jewish audiences in particular he trounces Mr Dulles for having built up the prestige of Colonel Nasser, with a vehemence that would warm many British and French hearts.

A dramatic issue of the campaign revolves around a curious specimen of clumsy over-enthusiasm prepared by one of Mr Coudert's supporters and prematurely exposed by his opponent. This piece of campaign literature resembles an ordinary newspaper but attempts to link Mr Akers with the *Daily Worker* by methods and insinuations which everyone agrees are entirely fraudulent. With Mr Akers now enjoying the role of a traduced war hero, the President's coat-tails may have to be very strong to pull Mr Coudert back to Washington.

II—In Ike's Backyard

Gettysburg, Pennsylvania

Mr Eisenhower, like Mr Truman, now lives in a constituency which is ultrasensitive to the political breeze. The Nineteenth District of Pennsylvania, which contains the President's Gettysburg farm, behaved in the last two elections in the same way as the Fourth District of Missouri, which includes Mr Truman's Independence home: it went Republican in 1952 and Democratic in 1954. In both cases the former Republican Congressman is trying to get back; in Pennsylvania he is Mr Stauffer, an elderly retired business man, described by his opponent, the present Representative, Mr James Quigley, as "a fine, Christian gentleman." The two men have both been fairly orthodox supporters of their parties and there are no personal issues between them, except for Mr Quigley's claim, natural in a much younger man, that he has worked more vigorously for his constituents. The contest is therefore very largely over party policies.

The constituency is in many ways a microcosm of the eastern United States outside the large cities—small, diversified farms alternating with an extraordinary variety of small and medium-sized businesses. Mr Stauffer concentrates on the maintenance of peace, the "restoration of integrity in government," and how the federal government has helped prosperity, while Mr Quigley attacks not the Republican Administration's tax cuts as such but the form they took. Both candidates lament the supposed loss of opportunity for young Americans to build themselves up from scratch in new businesses. Mr Stauffer attributes it to inflation and heavy government spending, both of which he claims are being valiantly brought under control. Mr Quigley puts the blame on the all-engulfing onset of big business in industry and agriculture.

The Democratic Congressman avoids the merest whisper of criticism of President Eisenhower's handling of foreign policy and keeps well clear of such deep waters as Mr Stevenson's proposals on conscription and the testing of H-bombs. His only quarrel with the President is over a matter of local concern: the veto of a Bill which would have stopped the Agriculture Department from forecasting the price of apples.

But Representative Quigley's fate is unlikely to be much influenced by his campaign. He was swept in on the strong Democratic tide of 1954, which installed a "local boy" from York, the largest town in the district, as Governor of Pennsylvania. This year Mr Stauffer may be swept in on the presidential tide of an even more famous constituent. But that depends on whether—and by how much—Mr Eisenhower can hold the state he won in 1952.

Politics on the Assembly Line

The merger of the two great federations of trade unions at the end of last year and the endorsement given by the new organisation to the Stevenson-Kefauver ticket do not mean that all labour leaders have been working wholeheartedly for the Democrats. There are still many trade unionists who are Republican and even more who support Mr Eisenhower. But the importance for the Democrats of labour help is being demonstrated in Michigan, the state where trade unionists, led by Mr Walter Reuther, are more politically conscious than anywhere else in the country.

Detroit, Michigan

BOTH for Governor Mennen Williams and his Republican opponents this year's election in Michigan is of central importance. Mr Williams, who wants the presidential nomination in 1960 if Mr Stevenson is eliminated this year, is the political protege of the automobile workers' union. If the time ever becomes ripe in this political generation for the American equivalent of a "Labour Government," it is likely to be a Williams Administration. The Governor is tempting providence by exposing himself to the whims of the voters for a fifth successive election to the same office. But if he wins he gains the prestige of holding the Governorship of Michigan longer than any other man; if in addition his popularity wins Michigan's twenty electoral votes for Mr Stevenson he will have put the party heavily in his debt. As for the Republicans, who used to run Michigan without much challenge, if they cannot beat Mr Williams for the Governorship in a year in which Presi-

dent Eisenhower's name is on the ballot, then they will have to acknowledge that the state is no longer theirs.

In Michigan, the first home of the assembly line, the two parties are more nakedly identified with the two sides of industry—labour and management—than anywhere else, and both have had their internal troubles. In the Democratic party the craft unions and teamsters had long been accustomed to dabble in the old-fashioned machine politics of Detroit, the only place where the party flourished until recent years. They resented the brash intrusion of the more dynamic automobile workers in 1950, when the latter took over the party rather roughly in order to provide an organisation capable of keeping Mr Williams in office after he had unexpectedly broken the Republican hold on the Governorship two years earlier. Mr Williams's successive re-elections have given the Democrats the time and the incentive to spread through the rural parts of the state, where the party had never before existed. This organisation in turn has now enabled the automobile workers and their allies among the trade unions to withdraw somewhat from their directly political and much criticised activity. As a result, relations have improved, on the surface at least, between them and the craft unions.

★

On the Republican side, the only energetic response to the new Democratic strength in the state came from the "volunteers for Eisenhower," a movement which blossomed under the wing of the Ford Company; the conservative and socially exclusive group which normally ran the party remained associated with the General Motors Corporation. So bitter became this political rivalry (which matched the economic competition between these industrial giants) that, after Mr John Feikens, the youthful captain of the "volunteers," took over the state chairmanship, traditional sources of Republican revenue dried up, and the "Old Guard" sat out the 1954 election. It then tried to use the Republican disaster on that occasion as a pretext for resuming authority. But Mr Feikens clung tenaciously to his job, gained wide attention by his efforts to have trade unions excluded from politics, and brought most unusual harmony to this year's state convention by presenting it with the Republicans' first really powerful standard bearer in years.

This is Mr Albert Cobo. Three times elected to the non-political office of Mayor of Detroit, he is a financial "wizard" who rescued the city from bankruptcy during the depression. His problem is to hold enough of his personal following in normally Democratic Detroit to offset—and more than offset—those Republican voters in rural areas who will not vote for him because he is a "big city man." Although Mr Cobo, facing the full blast of partisan battle for the first time, is putting up a brave fight, he is finding it difficult to keep pace with Mr Williams, who after four terms in office is still only forty-five. The Governor, a dashing young millionaire never seen apart from his perennial campaign symbol, a green, polka-dot bow tie, begins a typical campaign day at six-thirty in the morning at a factory gate and ends it at one-thirty the next morning at a Lithuanian club.

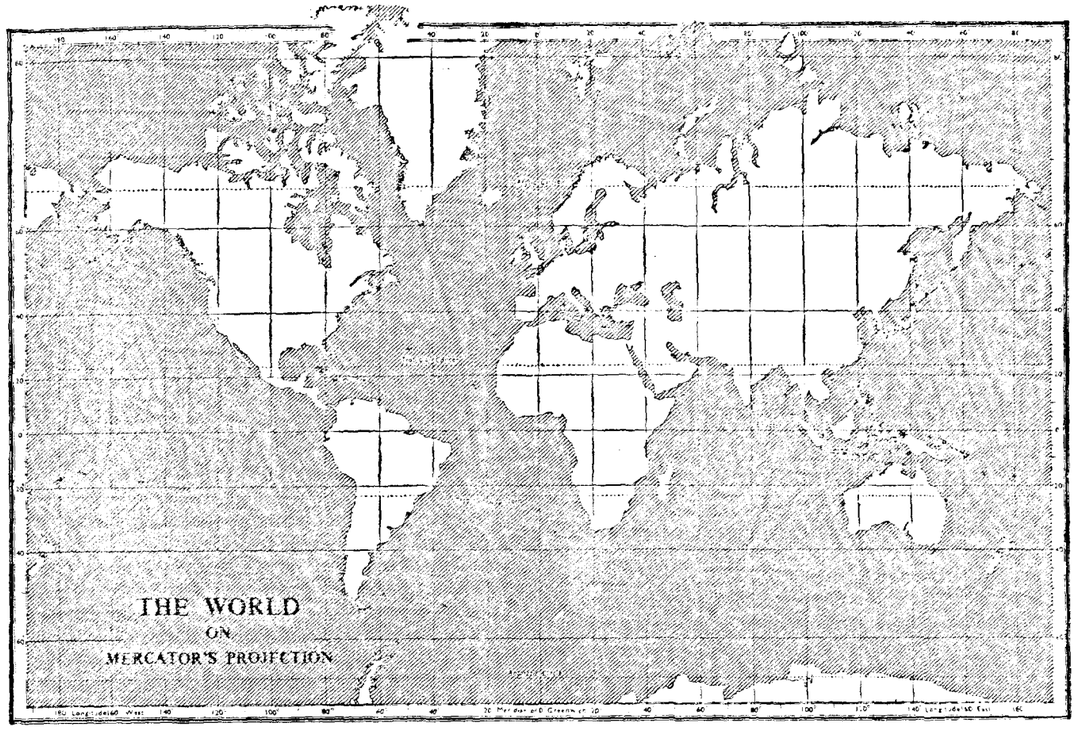
When two men of acknowledged ability and no great divergence over public issues have to campaign against each other there is nothing to do but exchange trivialities. Mr Williams accuses Mr Cobo of investing his money in Arizona instead of in his own state; Mr Cobo replies that Mr Williams has bought expensive shoes in New Jersey. The Governor, who only scraped back by 9,000 votes in 1952 when President Eisenhower was carrying the state with a majority of over 300,000, is considered to be ahead. If he can manage to repeat anything like his 1954 victory, when he was re-elected by 250,000 votes, he might be able to deliver the state to Mr Stevenson.

Forlorn Hope

There are more than two candidates for the Presidency, for "Third Parties" appear on the ballots in many states with candidates for a variety of offices, though few appear in more than one state. Not since 1912, when Theodore Roosevelt's Progressives split the Republican party, has a third party determined the electoral result, although they frequently hope to hold the balance of power in the electoral college.

TWO weeks ago what appears to be the largest American political party, apart from the Democrats and the Republicans, held its presidential nominating convention in Richmond, Virginia. The States' Rights party then nominated Mr T. Coleman Andrews as its candidate; his supporters will be on the ballot in fourteen states. His nomination has made the party into a protest against income tax as well as against federal encroachment on state independence. From 1952 until late last year Mr Andrews was the US Commissioner of Internal Revenue—a strict and efficient one. But now his presidential platform says that income tax is thoroughly "unAmerican. It is right out of the Communist Manifesto." Other planks denounce the Supreme Court's decree against racial segregation in schools as an invasion of the right of states to settle problems in their own way and call for a reversal of "trends towards socialism"; the rejection of "Atlantic Union and World Government"; higher protective tariffs for industry; the curbing of the President's treaty-making power; overwhelming and self-sufficient air supremacy; the suspension of immigration and the ending of foreign aid.

The party has drawn together all manner of malcontents and discontents: old Taftites more Taftite than Taft; mid-western isolationist followers of the late Colonel McCormick's "America First"; many of the southern White Citizens' Councils; friends of Senator McCarthy and many of those embittered optimists who "boomed" General Douglas MacArthur for President in 1948. The number of former high-ranking military men among these right-wing irregulars is remarkable. The common feeling between all Mr Andrew's supporters is one of *nous sommes trahis* or, in the vernacular, "we wuz robbed": a sense that somehow the national interest of the United States has been betrayed, by the influence of "creeping socialism" and internationalism upon the leaders of both the major parties. The movement is strong enough locally in Virginia, where Mr Eisenhower and Mr Stevenson are running neck and neck, and the segregation issue is rife, to cause some real concern that it may take enough votes from the right wing of both parties to affect the presidential result. But Dr George Gallup himself has just announced that it is not clear which of the major parties will be the most hurt by defections to the States' Rights minority.



Map by permission of George Philip & Son Ltd

"GIT THAR FUSTEST WITH THE MOSTEST"

A laconic comment by General Nathan Bedford Forrest during the American Civil War is still the prime rule of logistics

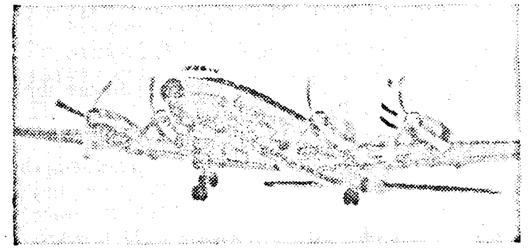
GENERAL FORREST'S SUCCINCT RULE for victory in battle has become a cornerstone of mid-Twentieth Century logistics. There is, perhaps, some irony in the fact that the fiery old General's dictum applies with equal force to military actions specifically designed to prevent or limit warfare.

The capacity of the Bristol Britannia to increase the mobility and striking power of military units has been shown up by its performance on trooping operations during the Suez emergency. Though no details of trooping movements may be given, the Under-Secretary of State for Air recently told the House of Commons that two battalions of troops could be moved from Britain to Cyprus in 40 hours, using only five Britannias.

The Britannia can carry 110 fully armed troops at a speed of 360 mph over a stage distance of 4000 miles without refuelling. It can also take equipment such as jeeps, 25-pounder guns, large jet engines; or alternatively it can carry mixed loads of personnel and military stores. No other military transport can equal this performance.

The Britannia 250 *Maximum payload:* 35,000 lb. *Still air range (with 20,000 lb payload)* 5750 miles. *Maximum cruising speed:* 400 mph. Powered by four Proteus 755 turboprop engines of 4120 ehp. Britannia 250 transports have been ordered by Royal Air Force Transport Command.

BRISTOL AIRCRAFT LIMITED



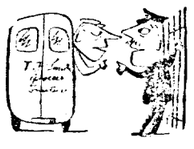
the things they say!

Glad I don't work for a big outfit!

Oh! Why not?

Well, you never see the boss, let alone get the chance of talking to him. Fact is, in a big factory like this you must be just a number without a name.

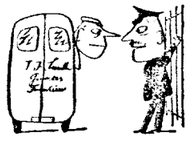
Bit out-of-date aren't you? In these I.C.I. factories there's plenty of chances for a man to make himself heard. He can see his foreman or manager at *any* time, and he can call on his shop steward or his works councillor if he wants help to put his case. Through them he can make his views heard right at the top.



Maybe, but there can't be much of a matey spirit — I.C.I.'s just too big for that.

Don't you believe it! I.C.I. provides playing fields, recreation rooms and clubs where all the chaps can get together. You should get yourself invited to an I.C.I. club some night — you'd see what I mean!

Maybe I will. But don't tell me that when I.C.I. provides all this it isn't guided by self-interest.



Of course it is. The Company wants to see the team spirit in all its works, for it knows that a happy team produces the best results.

Imperial Chemical Industries Limited

The World Overseas

Cairo on the Eve

FROM OUR CAIRO CORRESPONDENT

Early Morning, October 31st

BRITAIN seems tonight to have embarked on a policy which should produce a local victory and ultimate defeat. It has joined the ragged ranks of outmoded militancy, seeking to correct errors of eighteen months of political blindness by using force.

Egypt stands tonight naked before its enemies. Not even ardent Nasserites will claim the power to fight France, Britain and Israel altogether. But in Egypt and—to judge from reports from other parts of the Arab world—in other Arab states as well, Britain, France and Israel are considered leagued together in common aggression with the common aim of bringing Nasser down. Whether or not this aim is justified by Nasser's performance over the past twelve months, it seems in the judgment of any objective observer here that Britain's choice of allies in this punitive operation is calculated to confound its friends and delight its enemies. Not one who professes faith in western policy will dare to raise a voice in defence of France and Israel. Britain alone—perhaps even France—might not have turned the stomach of Iraqi leaders: but Israel is too much. To score a victory on the back of Israeli aggression will reverberate through the Middle East long after victory has sounded its hollow paean in chaotic Arab capitals.

Refusal to Understand

By what miracle of psychiatry will the mind of Arab nationalism be changed overnight? Though the jerrybuilt democracies of Syria and Jordan crumble and give way to seemingly more solid things, there will remain the fundamental force of Arab nationalism, disregard of which has led Britain through successive errors to the final assay of force. This situation derives essentially from refusal to understand or accept the nature of Arab nationalism. In 1954 the chief of the Egyptian criminal investigation department said that whoever helped to destroy communism ensured the stability and progress of a new Egypt. Colonel Nasser said that communists could live only in chaos and were working for the interests of a foreign power. These words were translated, in practice, into the formidable punishments meted out to communists in trials which extended well into 1955. From the defeat of Neguib to the spring of 1954 Nasser worked hard for a western connection; but when he said that the Baghdad pact was incompatible with his policy and with Arab nationalism, he was disregarded or disbelieved. His policy since then has been intolerant and unwise, even from Egypt's point of view. But this does not alter the fact that misjudgment of the forces at work in the Arab world led Britain into complacent assumptions. These remain; they express themselves now in the determination to defeat Nasser on issues on which the Arabs in general—even those Arab leaders who dislike and fear Nasser—cannot but give him their support.

If Nasser Falls

If Nasser should fall as this present extravagant complex of events unfolds there will be many, not least in Egypt, who will herald the event as a merciful release from abuse of power, from a vexatious arbitrariness of action in domestic and external affairs. But, however much this may give the first outcome the colour of success, it has little to do in the long run with the real objects of British policy in the Middle East. Britain's real need is to learn to live again with Arabs. This is not to say that Britain must bow to their impossible demands, for indeed no Arab nationalist in his heart expects that. It is, however, necessary to recognise those forces which, rising from below, have breached for ever the foundations on which the ruling groups rest. Abdulla Rimawy, now Foreign Minister of Jordan, was not long ago treated by General Glubb as a man whose proper place was in a desert gaol, a man living merely in a vacuum of his own conceit. But such men in the Arab world live—in folly or wisdom—by a pattern of common thought. So did Nasser. Fundamentally the issue for Britain is not whether Nasser is good or bad, but whether one can work and live in the Middle East with Nasser's pattern of thought, a pattern which will not be changed by changing Nasser.

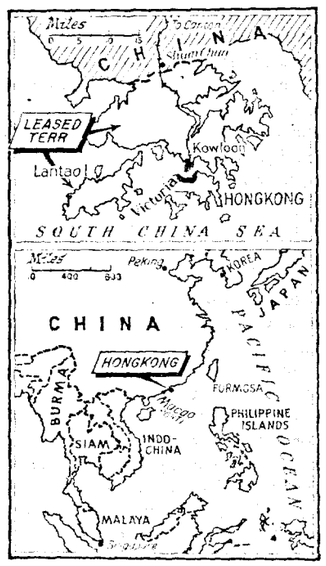
This article is being written in the early hours of Wednesday morning a few hours before British and French troops are expected to land again in Egypt. The British and French communities have been stripped down to their necessities; their embassies are packed with staffs and portmanteaux ready for siege or departure. Nasser has guaranteed civilian life and property. Sirens blow from time to time as reconnaissance planes come over Cairo and the streets have been darkened as for war. During the preceding evening life withered away in the city centre more from weariness of a sustained crisis than fear of its outcome. There is still a sense of unreality, as though war were something disproportionate to any offence within Egypt's range of action.

Hongkong as an Offshore Island

FROM OUR CORRESPONDENT

NOW that Peking has discovered, or has chosen at last to unveil, a design for potential provocation and even aggression against Hongkong, the colony has been abruptly jolted out of a deep and unnatural dream of peace. The awakening was overdue. The shock, on a realistic view, was necessary. The ringing of an alarm clock may be unwelcome, but it should not be unhelpful. The most obtuse resident here, forgetting Shanghai and blathering the old nonsense about "the Chinese needing Hongkong and our help, old boy," can no longer ignore the harsh fact that Peking has at last served warning that affairs and policies in the "unrecovered territory" will now be watched and even supervised with stern vigilance.

Since the riots, Hongkong has in fact become another "offshore island," like Quemoy and Matsu. Mr Chou En-lai sets his own interpretation on China's pious "third principle" of "non-interference in the internal affairs of other countries." Hongkong is packed with anti-communist refugees and riddled with communist sympathisers and agents. The tragic "Double Tenth" riots, obviously unplanned, revealed the explosive tinder beneath the gay lights, bustling industry and surface orderliness. If the communists turn their hand to planned disorders, on Hongkong island as well as in Kowloon and the New Territories, the stage will be set for bloody street-fighting, anarchy and a lightning coup by Big Brother across the border—purely in a protective, policeman-like mood. The cynically distorted reporting of the Kowloon riots by the Peking propaganda machine indicates how swiftly and plausibly the communists could execute and explain a well-planned operation.



Whatever happens next, Hongkong will never be quite the same again. When fires broke out in one squalid refugee encampment a few days after the riots, senior military and police officers and every foreign correspondent in the colony rushed to the scene in anxious expectation of a planned sequel to the Double Tenth disorders. They found the hundreds of homeless assembled in long, uncomplaining queues, patiently awaiting processing, registration, food, medical care and temporary shelter. Special squads of police hovered unnecessarily and awkwardly on the outskirts. Only a few days before, the same area had been a scene of bloodshed, arson and anti-foreigner violence, overhung by clouds of tear-gas and zooming spotter planes.

With the best will in the world, Hongkong's fundamental difficulties must now tend to darken and deepen. It has never been a local weakness to complain or supplicate. The old spirit of self-reliance is still strong here, even if the old horizons of free-booting enterprise are narrowing as Chinese and Japanese exports increase and nationalist tariff barriers rise in shrinking markets. Buoyant foreign entrepot trade may please the *hong* entrepreneurs, but, of course, it threatens the colony's own export manufacturers.

In the face of these facts of life, Hongkong cannot hope to continue unaided to support its sardine-packed population, now 2½ million, and increasing at the rate of 70,000 a year. Rehousing projects may be taking care of 40,000 refugees, but there are an estimated 669,000 refugees in the colony—most of them living in horrible slums and over 100,000 in rooftop shacks. To take care effectively of them and their natural increase, the authorities will need to build a city the size of York each year for an indefinite number of years. (Squatters like the 2,500 who lost their hovels in last week's fire have been officially warned that the rehousing schedule will not and cannot be altered or varied—a necessary step to check the temptation to commit arson among the wretched troglodytes in a desperate bid for priority in winning decent shelter.)

Whether these refugees and their descendants are pro- or anti-communist or merely roofless unemployed is beside the point: they will provide increasingly inflammable material whenever Peking wants to explore the possibilities of properly organised "disorders on China's doorstep." Responsibility for these hordes of refugees cannot be regarded as exclusively a matter for Hongkong. They are as much the wards of the free world as are the refugees in Europe. Of course the problem is an ugly, complex and unpopular one. But if, despite the warning of the Double Tenth rioting, it is ignored and allowed to fester on the limited and explosive confines of Hongkong, the colony's precarious future can be decisively written off.

Atomic Teamwork

FROM A SPECIAL CORRESPONDENT

"HISTORY shows that, with the advent of a new technique, the level of international co-operation rises, and many difficulties that existed before dwindle away as mist under the rays of the sun." These are the words not of Toynbee or Spengler, but of Senhor Muniz of Brazil, in his opening address as president of the United Nations conference in New York on the statute of the International Atomic Energy Agency, which ended last week. Mr Eisenhower, addressing the UN Assembly on December 8, 1953, had called upon the "nuclear powers" to contribute fissionable materials to an international agency in order that "the miraculous inventiveness of man shall not be dedicated to his death but consecrated to his life." The conference just ended, which was a direct result of that moving plea, met at a moment which seemed singularly inauspicious; it was quickly driven off the front pages of even the American press by the Security Council meetings

on Suez, and its concluding acts were eclipsed by the news from Hungary. Nevertheless, it was one of the largest assemblies of nations ever held; 76 UN members and nine other nations were invited and 82 accepted. The vast difference in size and power of the nations represented was not greater than the disparity in their technical achievement; but each of them had only a single vote.

In contrast to the Geneva conference on the peaceful uses of atomic energy in August, 1955, this meeting was dominated by professional diplomats; less than one quarter of the delegates were drawn from the ranks of science. Those scientists who did show up played little part in the deliberations. Among the exceptions was the Cambridge-trained physicist, Dr Homi Bhabha, who headed India's delegation. Dr Bhabha is no newcomer to the field of scientific statesmanship; he had presided over the Geneva conference. It was he who now led the attack on Article 12 of the draft statute, which deals with controls.

The final text of the statute has now been hammered out and is open for ratification; it will become effective when eighteen nations have acceded. There were 63 proposed amendments, nine of them submitted, surprisingly enough, by members of the twelve-nation group which had sponsored the draft. On the whole, however, the sponsors succeeded in holding the line; many of the amendments were withdrawn, and most of the 22 which were finally accepted were clarifications of phrasing.

Governors But No Controls

The statute, as unanimously endorsed on October 23rd, calls for an International Atomic Energy Agency managed by a board of 23 governors. A majority of this board will be self-perpetuating. The five most advanced "nuclear powers"—at present Britain, Canada, France, Russia and the United States—will always be included; and the board will annually co-opt two out of four suppliers of nuclear material—Belgium, Czechoslovakia, Poland and Portugal—and eight other nations to give a fair geographical balance. Ten of the governors, however, will be elected annually (also on a geographical basis) by a general conference of all members of the agency, which will also control the purse strings. No budget has been fixed; there is a provision for fixing a scale of charges for the agency's services, intended to cover some operating costs, but it is not yet clear whether fissionable materials will be leased, loaned or given. In the closing session, the United States promised to make available 5,000 kg of U-235; it will also match other nations' contributions during the next four years. In an earlier exchange of letters the Soviet Union had indicated it would furnish 50 kg. The American contribution is part of 20,000 kg previously set aside for peaceful atomic uses; some of this has already been pledged to other nations under the United States' 37 bilateral agreements, which may now be placed, at least in part, under the jurisdiction of the agency. It is believed in Washington that the security and control provisions in the bilateral agreements would prove extremely embarrassing if enforcement became necessary.

Failure to agree on the question of controls—a question which has also bedevilled the recent negotiations on the "Euratom" plan—at one stage threatened the New York conference with shipwreck. On reaching this sensitive part of the statute, the conference at first drew back; then, returning to the problem, it achieved a compromise which all parties could accept—although some reservations were expressed, India, for example, regarding the degree of supervision proposed as tolerable "for a limited period," while Australia's doubts concerned their adequacy.

In the event, the controls section of the statute was "liberalised" to permit recipient nations to retain atomic fuel not actually in use as long as it was earmarked for an approved programme. This change increases the risk of concentration of sizeable amounts of fissionable material in the hands of "fourth party" nations—that is, countries other than Britain, Russia or the United States, which have not yet an atomic weapon. But the experts regard this as a calculated risk; they point out that there can be no check on the most important danger of diversion—the use of knowledge gained through operation of one of the agency's reactors for the manufacture of weapons. The statute makes no attempt to deal with the problem of existing nuclear armaments, or indeed to prevent a recipient country from employing its own resources to construct a bomb. Whether Pandora's box has been opened for a second time remains to be seen. The agency must report to the UN Assembly annually and to the Security Council when a threat to peace is foreseen. It is expected to begin to function actively next autumn in Vienna, where it will at first be housed in a castle and a stock exchange.

The sanctions to be applied by the agency are mild indeed. A staff of inspectors is to be maintained with access to the territory of users; when violation of the rules is reported the board of governors can curtail or suspend the offender's atomic programme and demand return of materials and equipment. If the violator still refuses to comply, the statute specifies no further corrective action; presumably the assistance of the Security Council would be invoked. The statute makes no provision for action in the event of a beneficiary nation becoming involved in war.

This is not the powerful agency controlling atomic activities in all parts of the world that was envisaged in the Baruch plan. Yet by side-stepping the question of limitation of armaments the participating nations may have made an important first step towards international mastery of a force which can either destroy or save mankind.

Algeria and Suez

FROM OUR PARIS CORRESPONDENT

IN France, there is no official opposition, except from the Communists, and, surprisingly, from M. Poujade (who "will not fight for the Queen of England"), to the use of force against Nasser. But now that the trial of strength is on, there is a greater tendency in Paris to question its consequences (at least on the left) than might be gauged from previous calls for firmness (most from the right), or from M. Mollet's large parliamentary majority. M. Mendès-France, for once, abstained in the vote. The throw at Suez is of the kind that could, whether it succeeds or fails, rapidly shake French parliamentary life, and the North Africa policies that have dominated it, out of their curious lethargy this autumn.

The effects of the Suez intervention on the unstable Maghreb are bound to be considerable. Whatever dislike the Moroccan and Tunisian leaders feel for Nasser, the kidnapping of the Algerian rebel leaders has

made it harder for them to keep contact with France across the popular hostility against the French in their own countries. Nasser in trouble may have more influence on the North African developments than Nasser in his aggressive poses. Many members of the French government, and especially M. Lacoste, have tended to make Nasser's elimination a precondition of ending the Algerian rebellion. But recently the Sultan and M. Bourguiba have been visibly weaning the rebel leaders from Cairo's influence. Now resistance by Nasser for any period of time would almost certainly make him a hero and inspire further fanaticism. The power of the Tunisian and Moroccan leaders to exercise their diplomacy in this situation has already been severely reduced by the capture of the five rebels, for by turning the Sultan and M. Bourguiba from potential, though unacknowledged, mediators, who backed the rebels but publicly acknowledged France's "superior interests," into injured parties themselves, it has made it harder than ever to side-step the main stumbling-block to a settlement: the demand that Algeria's "right to independence" be recognised.

It was precisely this right that no French non-Communist party leader was willing to envisage in last week's Assembly debate. M. Mendès-France specifically rejected negotiations, and asked once again for gestures to reconcile the European and Moslem populations—a programme that seems less adequate than it did five months ago. Basically, this unanimity comes from the general belief that only "indissoluble ties with France" will safeguard the European settlers from repressive laws passed by Moslem majorities. The settlers in Morocco and Tunisia have had their grievances under the new regimes. Rightly or wrongly, their complaints have increased French mistrust, which is reinforced by the latest Meknes massacre and Tunisian disturbances. Such reactions are natural. But these immobile attitudes seem to underline French reliance on Suez to turn the scales. M. Mollet's earlier offer this week of an unconditional cease-fire simply restates, in more solemn form and with an amnesty, the policy of elections, consultations on the Algerian statute and generous economic aid, which he has already proffered several times to no avail.

M. Bourguiba's Vision

This policy is, of course, one of the bases of M. Mollet's support in the Assembly, over which his authority, at least in debate, has been growing steadily greater. Yet the events of the past two weeks have somewhat narrowed this support. For one thing, the debates on Algeria and Suez have widened the breach with the Communists, who have voted for the first time against the government. The right will in future be less cowed by the bogey of Popular Front majorities. For another, the ambiguity which existed this summer about whether M. Mollet stood for negotiation or pacification in Algeria has evaporated. He will find it harder to satisfy the half-avowed opposition in his own party.

If Nasser falls, this weakness on the left will probably matter little and the Algerian policies embodied by M. Lacoste will have enhanced chances of success. Nevertheless, the Algerian rebellion has deep enough local roots for Nasser's fate not necessarily to be decisive to its future. It has seemed at times that M. Bourguiba's officially unpopular vision of a Franco-Maghreb confederation may yet come into its own. For such a confederation, properly understood, provides a hope of resolving the two contradictions at the heart of the Algerian crisis, which now seem unresolvable; first, that between Tunisia and Morocco, which are independent, and an Algeria which would only be a "decentralised" part of France; and secondly, that between a normally functioning nation state and effective safeguards for the European minority, not only in Algeria, but in North Africa as a whole. On the other hand, if Franco-British policy on Suez fails, it is hard to see this moderate policy holding out against the demands for untrammelled Algerian independence.

Mr Suhrawardy's Tasks and Trials

"ALL of us, Muslims and non-Muslims, are Pakistanis first and last. . . . Once Pakistan was created, the two-nation theory lost its force, even for Muslims." With such words Mr Suhrawardy, Pakistan's new Prime Minister, has disowned the doctrine that Hindus and Muslims are separate nations; and an inroad upon it has been made in the Bill passed last month by the National Assembly, which provides for joint (non-communal) electorates in the eastern province. The Bill, however, was also meant to bring about a more stable political situation by reducing tension between the eastern and western provinces—a tension which is unlikely to disappear until the country again has a political party with a nation-wide basis and a nationally acceptable programme.

When Pakistan came into being, the Muslim League was the only national party. Its standing was such that almost every man with political ambition became a member. But the League, unlike India's Congress party, ceased to have a clear programme once its primary aim, the establishment of a separate Muslim state, was achieved. Preoccupied with administration, its hierarchy made little attempt to reorganise the party or keep contact with its rank and file. Today the support it once commanded has been dispersed; in the west it has passed over to the Republican party, the partner in the new coalition of Mr Suhrawardy's own Awami League.

It is not merely fortuitous that the League's collapse has coincided with the repudiation of the two-nation theory. Ever since West Pakistan was reorganised and its provinces and princely states merged into one political unit, Bengali Muslims have complained that they were reduced to a permanent minority in the National Assembly. Since a quarter of East Pakistan's population are Hindus, and the system of separate electorates has strengthened their parliamentary representation, an inordinate value has been placed on the support of Hindu members in the Assembly. The Awami League, now in power in the eastern province, pressed for joint electorates, but was opposed by its Republican partners; their leader, Dr Khan Sahib, failed to convert them; and at the last moment the restraining hand of President Iskander Mirza brought about a compromise which allowed the west to retain separate electorates while abolishing them in the east.

This has not been the only, nor even the first, symptom of strain within the new coalition. Within three weeks of its formation the secretary-general of the Republicans had declared that they would aim at getting a clear majority in the Assembly (they already have 31 out of 80 seats), when they would break with the Awami League and form their own government. Dr Khan Sahib promptly repudiated this startlingly frank expression of opportunism; but Mr Suhrawardy cannot be too optimistic about his chances of survival as Prime Minister.

The economic plight of East Pakistan, which in recent months has undergone flood and near-famine, is an additional burden on him. The development programme in the east has lagged far behind schedule, and also behind that of the west. The planners deemed it wrong to hold up progress in the west to allow the eastern province to catch up. The disparity will continue for some time, and the Bengalis' resentment will not be lessened by the allocation to them of only three billion rupees (about £230 million), while the west gets Rs 500 million more. Mr Suhrawardy has, however, made an effective gesture toward his fellow Bengalis by staging the Assembly's first meeting in Dacca, the capital of the eastern province. He has disarmed Hindu suspicions by his attitude on electorates. And he has the advantage of being one of the very few politicians whose name carries weight in both provinces, and a man of sufficient calibre and political seniority to talk to Mr Nehru on more equal terms than any prime minister of Pakistan since Liaquat Ali Khan.

Unfilled Vacuum

His visit to Peking has been closely followed by the whole country. The new government is understood to favour a move to change Chinese representation in the United Nations—a point which Mr Suhrawardy's hosts in Peking can hardly have failed to raise in view of the imminent UN Assembly meeting. But, although some Awami League members have bitterly attacked Pakistan's present alliances, the Prime Minister has emphasised his respect for existing commitments, and has assured the Chinese that his country is perfectly capable of being their friend while maintaining its defensive associations. But one sector of foreign policy as to which he will have to enlighten Pakistani opinion is the Middle East. Vague talk of Pan-Islamism has often misled the public, which still clamours for a Pan-Islamic policy—while it is to Delhi that Egypt and Saudi Arabia have been making overtures. The new Foreign Minister, Mr Feroz Khan Noon, has named "Pak-Islamism" as a worthier alternative; but the beginnings of a national debate on these issues have now been overtaken and confused by Britain's latest Suez actions, which seem bound to bring about a sharp swing of feeling in Egypt's favour.

Meanwhile, Pakistan's own greatest problem remains political instability—as Mr Suhrawardy emphasised the moment he took office. The vacuum left by the Muslim League has not been filled by any other party with nation-wide appeal. Pakistan has neither a socialist party nor a clear-cut alignment of Right against Left. It is badly in need of parties based on something more than sectional interest and able to expound their distinctive principles in terms that would appeal to both Bengalis and West Pakistanis. The Prime Minister himself has well defined the parties' future task: "to arouse political consciousness in the people, educate them to the problems that concern us, offer to them reasonable, honest and practical solutions, and leave it to them to decide their course of action."

Meet Me at the British Pavilion

BY A CORRESPONDENT LATELY IN SYRIA

HARD words have been said in the past about British official failure to promote Britain's showing at foreign trade fairs, but 1956 is a year in which to take them back. At the recent Damascus international fair, Britain was exhibiting for the first time in a national pavilion. British Overseas Fairs Ltd., a subsidiary of the Federation of British Industries, was responsible for the exhibit, selling space to commercial exhibitors and then leaving them free to arrange their stands. As a result, the British section was larger than any other except Syria's own. The British pavilion housed thirty stands, and nine more were arranged outside it, displaying the products and services of, in all, 104 firms. A wide variety of both capital and consumer goods were on display, and negotiators on the stand did good business on the spot—for instance, a large sale of linotype machines. From the standpoint of popularity the most successful exhibit was, however, a large three-dimensional plastic model of a section of typical Syrian countryside, showing what could be done if British industry were to build roads, railways, oil refineries, power stations, schools, hospitals and factories. The radio stand also attracted large crowds, and for the first time television programmes of interviews, sporting events and films were to be viewed on sets both in Damascus and in the pavilion itself.

Gaggle of Housewives

The fair was held on a fine site on the two banks of the Barada river, within a few minutes stroll of the centre of the city. Its layout was pleasant, the pavilions looked attractive and there was plenty of room to stroll and stare. Most of the pavilions, particularly those of the communist block, were intended for propaganda rather than strictly commercial uses. They were more lavishly built than the British exhibit, which may justly be rated utilitarian. They displayed endless rows of photographs of people enjoying daily chores east of the iron curtain, and they included restaurants serving national specialities. Both the United States and Russia exhibited helicopters, which flew on alternate days, braving the Syrian anti-aircraft fire which at intervals spattered the sky. The American pavilion featured a glass-walled studio where visitors were able to see themselves televised, and a model kitchen, which attracted a gaggle of Arab housewives though much of its equipment was beyond their reach for some years to come. On feast days, visitors from all over the country were well in evidence, producing crowds of impressive size, although few among them were buyers and most of them obviously regarded the display mainly as a fun-fair.

From the business standpoint of many exhibitors as well as of the hosts, however, the fair was marred by the political situation. Talk of the Suez dispute was general; anti-western sentiment was rife and—within the fair-ground itself—loud-speakers were broadcasting news and speeches destined to propagate it. Daily papers, special leaflets and even mullahs were doing the same; it speaks highly for the natural courtesy of the Damascenes that there were not more incidents. The government had forbidden the sale of cotton and grain to France on account of the situation in Algeria, so that, in spite of bumper crops which had been expected

to bring Syrian purchasers to the fair with full pockets, there was no money about. Merchants were disappointed, and were grumbling audibly about local unreadiness to risk money in uncertain times.

Were the British disappointed? Perhaps less so than other exhibitors. In all, they received orders worth about £600,000 during the run of the fair, with promise of more to follow. The radio and television industry, in particular, seemed well satisfied with its first co-operative drive to capture the Middle East market.

Westerners seemed to do better than the communist exhibitors, probably because their goods looked more attractive to Arab eyes, which relish display. The machinery exhibited by the Soviet block lacked the finish and the refinements offered by western manufacturers. Although such machinery, capable of standing rough treatment and comparatively easily repaired locally, can be much more suitable for the Arab countries than the more efficient but also more elaborate western machines, it is unlikely that the Arabs will buy it. For some years they have been accustomed to the newest American models of a wide range of commodities; they therefore look with contempt at a tractor without a self-starter. It is interesting that the communists have shown no understanding of this situation so far.

Czechoslovakia Revisited—II

Overwork and Old Clothes

BY A SPECIAL CORRESPONDENT

ONE'S first sight of Prague after nine years is reassuring. The airport is delightfully free of the milling crowds which throng the bottlenecks of Western Europe. Outside are some smart new cars—just a handful—and a handful of quite nicely dressed people. Their children have pale faces, but look well cared for and well dressed. But one passes very few cars on the way into the city, and even on the Vaclavske Namesti, the Piccadilly of Prague, cars pass at the rate of only two or three a minute, if that.

At three in the afternoon the main streets are crowded with people on their way home. Offices as well as factories start their working day at 6.30 a.m. Most people like this because it makes it possible to have a second job. Very few men earn enough to support a family; almost always the wife must also earn. For a woman not to earn is strongly discouraged, and it is considered that there is no need for a woman to stay with even the youngest children. Creches take babies from the age of six weeks. Few Czech women, incidentally, can feed their babies for much longer than six weeks. The head of a maternity hospital put this down to the strains on their nervous system. It is probably also due to long hours of work and to the housing situation.

In Prague there are only 700,000 habitable rooms for one million people. Rents are very low—3 to 5 per cent of incomes—but flats can be had only with official permission, and are allocated on a points system. There are over 50,000 outstanding applications for flats in Prague. Young couples often live with the parents of both, and when I expressed sympathy with a divorced woman who had to house the parents of her ex-husband, she said she was thankful not have to house him and his new wife as well.

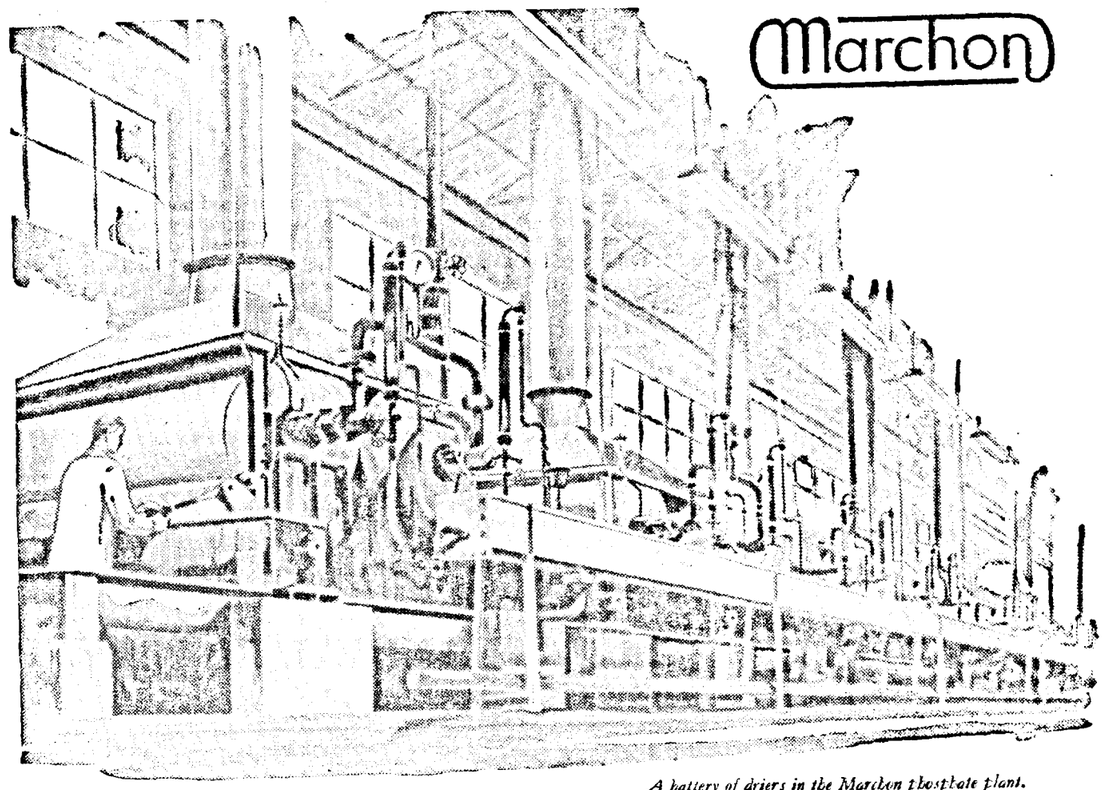
Mechanisation, according to the Minister of Housing, will solve the housing shortage. This is the cry in all fields; and now, for the first time for many years, machines are being bought in the West. Where, a few years ago, British machines could not even be serviced owing to suspicion of all western things, British engineering firms are now being invited to solve some of the Czechs' difficulties. An agreement has just been signed by which 21 British cutting and loading machines will be delivered to the coal mines in Ostrava. A British bridge-building firm has been called in, and British glass-cutting machinery is also being bought.

The Czechs have bought their present relative prosperity (they are popularly considered the America of the communist camp) at a high price in terms of economic dislocation, exploitation by the Soviet Union—every Czech is privately convinced that Russia pays nothing like the market price for Czech machinery and uranium—and sheer physical exertion. The economic and social revolution has been real; while the standards of the pre-war bourgeoisie have fallen catastrophically, the standards of at least some workers may have appreciably risen. One sees no abject poverty in Prague. The poor today are no longer the unemployed—they do not exist—but the unemployables: the old-age pensioners, and the "class enemies," forced to do work for which they have neither aptitude nor strength. The favourites of the regime—the workers in mines, iron foundries, and chemical industries, the soldiers, the policemen, the communist party officials, the "artists"—are comparatively well off. But then many of these privileged people are earning 3-5,000 crowns a month, whereas most people seem to earn something like 1,300 or less.

Cheap Holidays, Dear Food

The official rate of exchange is only just over 20 crowns to the £ (though there is now a tourist rate of 60). At the official rate, the official average wage—and many people earn less—is about £66 a month. But the official rate is false, and prices more than wipe out this apparently royal wage. A roll of bread costs about 5d., a cup of milk 1s., and rather nasty acorn coffee from £7 10s. to £12 a kilogram. Calculated on the lowest possible consumption level—two butterless rolls with water for breakfast and the cheapest possible midday and evening meals—nobody could eat on under 12s. a day, not even a child. It is true that most workers get one daily canteen meal for about 2s. 5d.; but many people find that nearly all their wages go on food alone. One woman I met who earned an average wage herself, and whose husband earned above the national average, was wearing the clothes of her mother, who died seven years ago. They are undoubtedly of better quality than most she would buy now. She had one child. She never went to the theatre or spent money on entertainment, travel, books or anything else. On the other hand, she, like great numbers of workers, could probably have a free holiday in a splendid hotel in the mountains and complete social and medical insurance. On the other hand if her child is ill, for every day she spends at home she must either give up her pay or a day of her holidays.

What is all this for? If, as the communist party proclaims, the standard of living will greatly increase in time, the immense burdens now being shouldered by the Czech masses are perhaps worth it. But will it? And will it do so more quickly and more surely than it would have done under a much freer economy and a different way of life? Whatever the answer, socialism in some form has come to stay in Czechoslovakia.



A battery of driers in the Marchon phosphate plant.

IMPORT to EXPORT at Whitehaven

Whitehaven harbour saw the last armed invasion of the United Kingdom (by Paul Jones in 1778). Today ships arrive peacefully from North Africa bringing phosphate rock for the Marchon plant at Whitehaven. There the rock is treated with sulphuric acid, itself produced from anhydrite mined by Marchon on the spot, to yield phosphoric acid which in turn is transformed into the complex phosphates used in manufacturing detergents. Detergents and detergent intermediates from the Marchon plant are shipped from Whitehaven harbour all over the world. The Marchon plant, in conjunction with the adjacent Solway sulphuric acid plant, forms one of the major industrial units of the United Kingdom.

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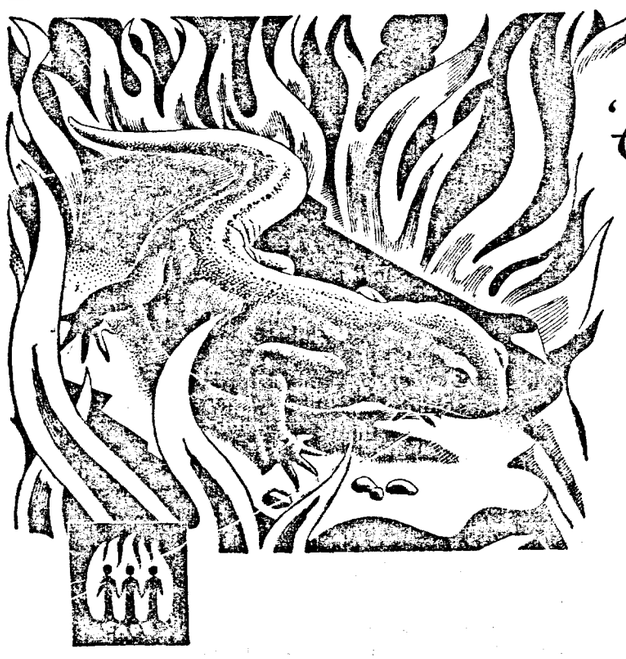

'Ever in the fire and never consumed'...

THIS IS ONE of those legendary associations that bear no real relation to the truth. Salamanders are amphibians, the black and yellow species 'Fire Salamander' being common still throughout North Africa and Central Europe. Far indeed from being fireproof, he is found only in the dampest places.

There is nothing mythical however about the fire-resistant properties of ASBESTOLUX, one of the most up-to-date manufactured products of The Cape Asbestos Company. Non-combustible and therefore widely used in modern building practice, this asbestos insulation board is mainly composed of Amosite asbestos fibre, from the Company's own South African mines. It is this Amosite, with its high specific volume, i.e. millions of long, thin hair-like fibres per pound, that gives to ASBESTOLUX many of its outstanding qualities—high insulating efficiency, good strength/weight ratio, and extreme durability due to its indifference to temperature, moisture, chemicals, insects and fungi.

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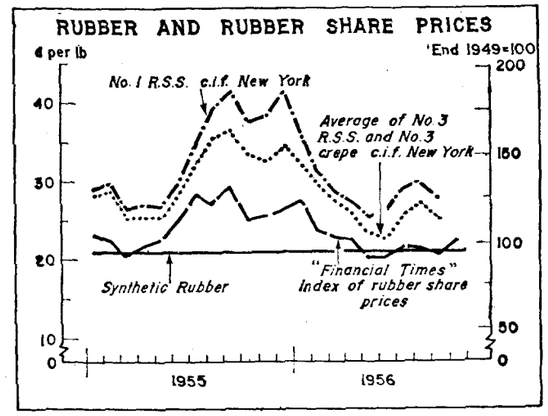
THE BUSINESS WORLD

Rubber's Bulging Money Bags

LAST week Sir John Hay presented a modern version of the casket scene from the Merchant of Venice. He put on display the surplus resources of £1½ million that are held by seven companies in the Guthrie group and then made the point that all that glisters is not gilt-edged. Sir John proposes that the seven companies shall pool these holdings and form a new investment trust. The outline of this scheme, which will have to be laid before the shareholders for their consideration, was given on page 354 of last week's issue of *The Economist;* so were a number of critical reservations about it. To redeploy assets that are no longer needed in their existing uses is wholly reasonable; what deserves much closer examination is any proposal to put them beyond the reach of the shareholders of the companies that own them. Sir John argues his case on two grounds—that these resources should be put to work (which is unexceptionable) and that they must be removed from the grasp of the share bidder (which is much less so). Some shareholders have already said that they intend to oppose the scheme.

Why all this spare money in the rubber industry? Something has been done to pass a little of it on to shareholders in higher dividends. There have been some wider ideas of reinvesting it—for example, a joint rubber growing venture in Nigeria is understood to be under contemplation by three of the agencies. But no rubber company board seems to take very kindly to the idea of returning at least part of this hard won surplus to shareholders. For this, there is some excuse. Profits tax might make a distribution expensive, while a reduction of capital might be politically dangerous. Again, rubber growing is a business notoriously exposed to sharp changes; it has seen its liquid assets shrink as well as grow. And many of the smaller companies would be all the stronger for consolidation into larger units with common management and technical services; how can they decide how much of their liquid assets is really "surplus" until they have taken that hurdle?

Yet the fact is unmistakable. Rubber companies are flush with cash. This is not because rubber is outrageously high; the price had come down a long way from over 43d. a lb last year to 26d. before the troubles in Singapore and the Suez crisis pushed it up to 31d. a lb. But in the year to March 31st, during which rubber averaged 34 $\frac{3}{16}$d. a pound, companies made good profits and the companies reporting to June 30th (with only a slightly lower average of 33 $\frac{5}{16}$d) should do well, too. At anything near the present price, efficient producers can make a comfortable profit. They are not being pushed out by synthetic rubber, which is sharing, though not hogging, a growing market for rubber of both kinds. For reasons that are partly political and partly economic, they have no urge to plant more rubber in the east. So the shares of several companies have become a target for share bidders, whose activities have helped to carry the *Financial Times* index of rubber shares up from 90.8 in the middle of this year to the present level of 102.9.



The average price of No. 3 RSS and No. 3 crepe rubber is taken as the nearest equivalent in the United States to general purpose synthetic rubber.

Companies that have recently issued their reports for the year to last March and a few of the bigger ones whose financial years ended earlier have shown high cash assets in relation to the market prices of their shares. A selection of these is shown in table II. A buyer, after deducting the value of the cash, has been able to acquire an interest in good estates at an absurdly

I—WORLD OUTPUT AND CONSUMPTION
(Thousand tons)

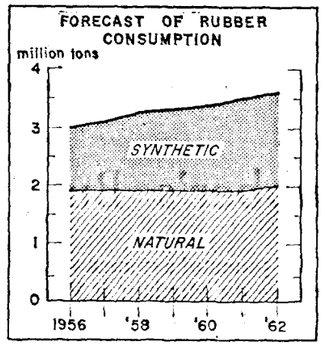
	January-August		January-December	
	1955	1956	1955	1956*
Production :—				
Natural	1,198	1,197	1,913	1,880
Synthetic	689	810	1,085	1,240
Total	1,887	2,007	2,998	3,120
Consumption :—				
Natural	1,218	1,237	1,868	1,860
Of which US	*427*	*578*	*635*	*575*
„ UK	*161*	*130*	*246*	*290*
Synthetic	678	737	1,063	1,120
Of which US	*579*	*530*	*895*	*895*
„ UK	*11*	*25*	*20*	*40*
Total	1,896	1,974	2,931	2,980

* Forecast.

low net price. Small areas of good rubber in Ceylon have been changing hands at £150 an acre ; in Malaya it would cost roughly that amount to nurse an acre of rubber into bearing. But in the share market such land has been changing hands, in effect, at below £60 an acre, and the fact that the companies concerned might be broken up to yield far more than the market price of their shares has naturally attracted the attention of share bidders.

To remove the source of temptation is the obvious counter-move. But the difficulties already mentioned argue themselves. The money is almost a clinging embarrassment. It is impossible for rubber company directors to deny that they are holding handsome surpluses, even though some of them would say that the surpluses may be only temporary. The fact is virtually admitted by the decision of most boards to modernise their estates in Malaya, but not greatly to extend them. Political factors are very much in their minds ; and a number of companies had already done a good deal of replanting when money could not be so easily found as today and before the Malayan Government had begun actively to promote replanting. An increasing proportion of the mature acreage now consists of high-yielding stock. The yield per acre is rising and costs per acre are falling. In the other main producing areas little replanting has been done. In Ceylon, which has a high proportion of old trees, replanting has only recently been stepped up to a respectable rate, and in Indonesia, the largest producer, replanting has virtually marked time. European-owned estates there are still faced with great handicaps over the employment of European staff, remittances homeward are exceedingly difficult, and the estates still do not know the Government's terms for their new leases. No European-owned company would willingly invest in Indonesian rubber under these conditions.

So there can be little increase in world production of natural rubber in the next five years. The accelerated rate of replanting in Malaya will not bear fruit until about 1963, and production in other countries will tend to stagnate. But world consumption of all rubber should continue to grow and the natural rubber industry should be assured of a market. The price to be paid, for delayed replanting, for ineffective government in some Asian countries and for law and order scarcely maintained, is that the growth in world consumption of rubber will have to be met by synthetic. The share of world consumption supplied by natural rubber, which is now about 64 per cent, may shrink further ; conceivably the natural rubber industry may eventually become the residual supplier.



Yet granted the limitations imposed by political instability in the East and by the growth of synthetic rubber production in the West, the outlook for natural rubber seems reasonably favourable. Despite the sharp fall in consumption of natural rubber in the United States and Britain, world consumption has been running slightly above the level of last year. The International Rubber Study Group estimates that consumption in the first eight months of this year amounted to 1,237,000 tons, an increase of about 20,000 tons on the same

II—SOME RUBBER COMPANIES AND THEIR CASH

Share	Net worth	Net liquid assets	Net liquid assets per share	Price Oct. 30	Capitalisation per planted acre at market price
	(£'000)	(£'000)	s. d.	s. d.	£
Aberfoyle 2s.	684	270	2 0	xd2 6	41
Bekoh 2s.	452	80	0 5	0 9½	24
Bukit Mertajam 2s.	980	362	1 5	1 1	20
Chembong 2s.	442	200	1 2	1 3	59
Cicely 1s.	154	80	1 6	xd2 6	55
Craigielea 2s.	412	106	0 7	0 7½	19
Golden Hope £1*	1,503	428	12 2	26 6	49
Inch Kenneth £1†	221	102	14 10	26 3	49
Lower Perak 2s.	117	20	0 5	xd0 6½	18
Labu Cheviot 2s.†	1,199	953	3 3§	4 3	92
Prang Besar 2s.	504	179	2 0	xc 3 4½	46
United Sua Betong £1†	3,663	2,282	33 8‡	50 9	95

Years to March 31st, except * Year ended February 29. † Year ended December 31. ‡ Less 10s. 4½d. per share if Guthrie & Co's. new trust is established. § Less 1s. 0½d. if Guthrie & Co's. new trust is established.

period of 1955. Even though estimates of imports into Russia, China and some other Communist countries are subject to a margin of error, the fall in consumption in the United States and Britain must have been more than offset by a sharp increase in imports into communist countries. With world production of natural rubber no higher than in the same period of last year there was an apparent deficit of about 40,000 tons. The real deficit may be smaller than that if production in Indonesia is higher than the official figures show. But given the expected recovery in consumption in the United States in the last quarter of this year the earlier forecasts of a close balance between production and consumption of natural rubber should not be far out. The balance could still be tilted either way according to the demands of Russia and China. If Russia continues to buy at about the same rate as in the past year prices are unlikely to fall far, and may be squeezed higher from time to time.

Shareholders in rubber companies will not despair at that prospect, nor need they worry because share bidders are prodding their directors into putting the surplus capital to work. It may be true that excessive liquidity is a disease of an ageing industry ; young, fast growing industries are seldom too full of cash and are often over supplied with uses for it. If that be so—if rubber growing is suffering from advancing years—then shareholders should be entitled to find more youthful outlets for their money. But the fairer conclusion is that senile decay has not set in ; investors who are prepared to barter a high political and economic risk against a high yield and the chance of some extra cash some day may find the rubber share outlook not wholly uninviting.

Business Notes

Oil Supplies in the Hazard

THE powers taken by the Government on Thursday to regulate the production, distribution and consumption of petroleum products in Britain are unlikely to remain unused. Rationing to conserve supplies of petrol, fuel oil and other products for essential uses, assisted by a resuscitated Petroleum Board or some similar central authority to control the purchase, transport and distribution of oil, is the presumed outcome of this week's action by the Government. The orders already given to shipping to keep clear of the Suez Canal, coming at the seasonal peak of oil movements, will fairly soon bring a reduction in arrivals of Middle East oil in Europe. But meanwhile tankers are arriving brimful, and immediate steps to reduce oil consumption here would mean that they would be delayed in clearance and therefore not used to the best advantage. An effective rationing scheme, if it comes to that, must take some time to put into effect, and it will involve elaborate and co-operative arrangements between the oil companies to rephase their transport, refining and commercial operations.

When there was much talk of boycotting the Suez Canal six weeks ago, *The Economist* showed that, although the costs would dim the attractions of any self-imposed boycott, enough oil for Europe's needs could still be obtained and transported, even if the canal and also the Middle East pipelines were closed. But even the most pessimistic assessment at that time rested on two fundamental, favourable assumptions. The first was that, even if both the canal and the pipelines were closed, Middle East oil would still be available for loading into all the tankers available in the Persian Gulf to transport it. The second was that Britain and other West European countries would have the unqualified support of the American government, shipping industry and oil industry (including both the American major oil companies, with their own vulnerable interests in the Middle East, and domestic producers). Under these conditions and with the co-operation of Scandinavian tankers integration of supplies could be achieved, and enough extra oil could be provided from the United States and Venezuela to make up for such Middle East supplies as could not be lifted for lack of tankers.

Do the Assumptions Hold?

DO these favourable assumptions still apply ? First, can Britain and France still expect to lift crude oil from the Persian Gulf ? That depends on how the Anglo-French military action proceeds, and the reaction of other Arab states to it. Another major question mark concerns the integrity of Tapline. This could certainly be cut by Jordan or Syria, but Saudi-Arabia's need for revenue is such that some part, at least, of any Arabian oil that could not be sent to the Mediterranean by the pipeline might become available for loading in the Persian Gulf. If the pipelines from Iraq to the Mediterranean were cut, and the relatively small portion of Iraq's oil that is at present shipped from the Persian Gulf could no longer be relied upon, another major source would dry up. Iranian supplies should still be available and might be increased at the

expense of their Arab competitors. It should be possible to safeguard Kuwait supplies. The total prospect would be grim but not hopeless—provided that tankers were available to transport this oil round the Cape.

That was the second favourable assumption made in September. Is it realistic now to expect the assistance of the American government in escaping the consequences of actions taken in direct opposition to the views of President Eisenhower and the Secretary of State? The American Administration, unwilling at any time to impose rationing on American oil consumers, will be doubly unwilling to ration home supplies for the benefit of Britain and France now. Only other European countries, which have taken no part in the Middle East campaign, could reasonably expect American assistance in obtaining oil. Where in that event do we stand? In broad terms, Europe imports about 125 million tons of oil a year, of which about 60 million tons come through Suez, 35 million tons from the Eastern Mediterranean pipeline terminals, and 30 million tons from the Western Hemisphere. Assuming that Persian Gulf supplies remain available, the oil that formerly came through Suez to Europe would have to travel roughly twice as far round the Cape, and the oil formerly delivered from the Eastern Mediterranean terminals more than twice as far (to some countries, such as Italy, many times as far). Only the supplies from the Western Hemisphere would still require the same number of tankers. To meet European requirements without changing the source of supplies would therefore require between 75 per cent and 100 per cent more tanker tonnage. This is clearly impossible, and the problem could only be solved by stepping up the supplies drawn from the United States and Venezuela, and altering the pattern of Europe's imports to perhaps 90 to 100 million tons from the Western Hemisphere, leaving only about 30 million tons to be drawn from the Middle East. But without the unqualified support of the American oil industry this operation, too, would be out of the question. And to avoid a desperate oil shortage Britain would be left with the unpleasant necessity of diverting to exclusively British—and perhaps French—use British controlled tankers, which would still be urgently required to maintain supplies to other European countries and to consumers in Asia, Africa and Australia.

Gilt-Edged under the Shock

WAR is the ugliest word, and the Stock Exchange has to weigh its financial consequences. So far the market has done little more than to take the precaution of marking down and widening quotations. The reaction in prices has been comparatively modest and the minimum of business has been transacted. Investors have not yet faced the longer-run implications for the British economy of this week's events. Rather than contemplate anything so dire, they have waited on events, keeping the possibility of a quick military success in mind, and following a course of temperate moderation rather than hurry and panic.

Yet the reaction in the gilt-edged market has been severe. Until the end of last week gilt-edged prices were riding easily, buoyed up by hopes that sooner or later some easing of interest rates was a reasonable expectation. On this hopeful tide, new debenture issues were carried to what then seemed the comfortable haven of bulging subscription lists. But the storm in Egypt wrecked the hopes and destroyed the safe refuges. In two days' trading, War Loan dropped from 70$\frac{5}{16}$ to 68$\frac{1}{4}$, the lowest point ever touched in its history. Yet at the close on Wednesday it was called at 69$\frac{7}{8}$, unchanged on the day and it was only one-eighth lower at Thursday's close. The similar story of precautionary marking down on Tuesday followed by a pause on Wednesday and Thursday was repeated throughout the list.

Among the first casualties in the stock market were the new issues. Before the week-end Esso's £10 million issue of 5½ per cent debenture stock at 97 attracted £42 million

NET GILT-EDGED PRICES

	Pre-Suez Seizure July 26	Reaction to Suez Aug. 1	Easing the Squeeze Oct. 25	Israel Invades Oct. 30	Britain at Suez Oct. 31	Censure Debate Nov. 1
Conversion 4% 57/8	98 3/32	98 3/32	98	97 13/32	97 21/32	97 23/32
Conversion 2½% 58/9	94 1/32	94 1/32	94 3/32	94 1/32	94	94 1/32
Savings 3% 55-65	83 1/32	83 1/32	84 1/32	85	84 1/32	84 7/32
Conversion 4½% 1962	98 1/4	98 1/4	97 3/4	97 1/4	97 1/4	97 1/4
Savings 3% 65-75	75 7/16	72 1/2	73 1/16	73	72 29/32	72 15/32
Brit. Elec. 4½% 67/9	91	90 1/2	90 1/2	90 1/2	90 1/32	89 31/32
Brit. Tran. 3% 78-88	68 1/4	67 1/4	67 23/32	67 1/4	67 1/4	66 15/16
Treasury 3½% 79-81	77 1/4	76 1/2	76 3/32	75 1/2	75 1/2	75 1/16
Funding 3½% 99-2004	75 1/16	74 3/32	74 11/32	74 1/16	74 1/16	73 7/8
Consols 2½%	51 3/16	51 1/16	52 1/4	51 1/2	51 1/4	51 1/16
Treasury 2½%	51 1/16	50 1/2	52 1/16	51 1/2	51 1/2	51 1/4
War Loan 3½%	70 1/16	69 1/16	70 1/4	70 1/32	70 1/32 xd	69 29/32 xd

and allotments above £100 had to be scaled down drastically. Dealings on Monday took the premium to ¾; on Tuesday, such was the sudden change in fortune, it was at a discount, on Wednesday it closed at ⅝ discount, having at one time slumped to 1¼ discount; and it closed at ⅝ discount on Thursday. The West Ham issue of £1½ million of 5½ per cent stock, 1966, at 98½ attracted £6 million in applications, but it opened at a discount of 2 points and was still 1½ discount on Thursday. The same fate must be expected for the Australian cash-cum-conversion offer of 5½ per cent stock, 1970-72, at 97½d. Much of the £6,950,700 of maturing 3¾ per cent stock was held in the discount market, and the success of the issue (which a week ago seemed likely) turned on the cash offer. Events in Egypt have upset its prospects, as they have upset so much else.

Reaction in Equities

WHILE a week ago gilt-edged prices were moving up, equity prices were edging uneasily down, as each day added its contribution to the story of smaller profit margins and the institutions, with a fair volume of accumulated funds, were beginning to find attractions in the high running yields on fixed interest stocks. The Middle Eastern crisis accentuated the fall in industrial equity prices, but it did not precipitate a sudden collapse. In the week to Wednesday's close *The Economist* ordinary share indicator (in which growth stocks such as those in the oil industry have a strong influence) fell from 189.3 to 183.8, compared with its recent peak at the end of August of 193.1.

Leading industrial shares were marked down moderately but the full weight of the crisis fell inevitably on the Middle

Eastern oil shares. In dealings on Thursday British Petroleum were down to 135s. 1½d. (against 146s. a week earlier), Shell to 144s. 6d. (against 152s.) and Burmah to 85s. 6d. (against 90s. 6d.). Trading was not heavy but the jobbers had no other recourse. Metal and commodity shares did not go soaring off on the rise in commodity prices though

	Pre-Suez Seizure July 26	Reaction to Suez July 30	Easing the Squeeze Oct. 25	Israel Invades Oct. 30	Britain at Suez Oct. 31	Censure Debate Nov. 1
BP	174 4½	156 10½	146/–	138/9	136/3xd	135/1½xd
Burmah	111 10½	96 10½	90 6xd	86/3	86/10½	85/6
Shell	165 1½	151/3	152/–	145/7½	144 4½	144 6
P & O Defd.....	32/3	30/–	30 6	30 1½	30/3	30 6
L & O Freighters...	81/–	81/3	130/–	130/–	130/–	133/9
Kelokana	40	40	41¾	41	39xd	383/4xd
Tronoh	9/–	9/–	12/–xd	12/–	11 10½	11/9
United Sua Betong.	47/6	47/3	49/9	50/9	50/3	50/3
Int'l Nickel.....	$188¾	$187½	$190	$191¾	$193¾	$193¾
Guest Keen.....	44/9	43/6	44/–	45/–	42/6	42/–
Stewarts & Lloyds..	64/9	63/6	60/6	60/6	60 1½	59/6
United Steel	40 7½	40/3	38 7½	38/3	38/–	37 7½
Vickers	42/3	41/9	39/9	39/–	38/9	38/6
AEI	69/9	69/–	64/6	63/6	63/6	63/3
Lancashire Cotton..	26/3	26/9	29 7½	29 4½	29 1½	29/–
Rolls-Royce	108/–	103/9	109 4½	106/3	105/3xd	103/6xd
Turner & Newall...	107/6	104/6	100/–	99 4½	99/6	99 1½
Unilever Ltd.....	79/3	77/9	73/9	72/1½	71/6	70/9

one of the few shares to record a gain was International Nickel. The equity market, like gilt-edged, could take precautions, but once these were taken it could only wait and see.

Sterling Takes the Strain

THE conflagration in the Middle East inevitably brought additional pressure on sterling. By normal standards the world is short of sterling and the technical position is correspondingly strong; but pressed by uncertainties as grave as those thrown up this week operators can usually contrive to push the "leads and lags" a little further against sterling. That has been the case during the past week. The weakness of sterling has been apparent not only against dollars but also in terms of most Continental currencies; against the D-mark sterling has fallen to its support point. The dollar rate fell on Tuesday from $2.78⅞ to $2.78½; and it was subsequently supported at this level by the Exchange Equalisation Account, with a slight improvement to $2.78⅞ on Thursday.

So far, the extent of the support in the exchange market appears to have been moderate. This may in part be due to the fact that the authorities have chosen this week to take part of the strain on sterling by allowing more gold to be sold to non-official quarters in the bullion market. The rise in the price of gold to 252s. an ounce has outstripped the fall of sterling in terms of dollars, and in consequence intervention through the gold market has been slightly cheaper than through the exchange market. The weakness of sterling has also been apparent in the transferable market, where the rate has fallen from $2.76 to $2.75. The losses of gold and dollars by the Exchange Account in the final two days of October will be reflected in the gold figures for the month that were due to be published on Friday.

Shipping Diversions and Freights

THE first reaction in the shipping markets to the latest turn of events in the Middle East was the natural one of virtually suspending business in Far Eastern fixtures. Neither owners nor charterers were prepared to make new contracts without knowing whether the Suez Canal area would become part of the fighting zone—whoever might be doing the actual fighting—and charterers were busily enough engaged rearranging itineraries for vessels already in or bound for the Mediterranean. The official warning to keep clear of Israeli and Egyptian waters was probably unnecessary, for several ships were halted when the news of the Israeli raid broke out and most of the rest as soon as the Anglo-French ultimatum—with its implications—was announced. The P & O and *Orient* lines, for example, had already told three liners heading for the canal to turn back, two to Malta and the third to Aden. Ironically the two P & O liners were making for the canal for the first time since they were first diverted three months ago, and, in fact, much of the shipping tonnage previously re-routed round the Cape had already gone back to using the canal. At the beginning of this week the daily convoys through the canal were rather big, a total of 56 ships passing through on Monday and 46 on Tuesday; but the number dropped to 20 on Wednesday and by Thursday traffic appeared to have come to a standstill. This is the time of the year when the canal traffic normally becomes heavy.

The full cost to shippers of the latest Anglo-French move, in terms of extra freight and insurance costs and from longer transit times round the Cape, will appear only slowly. What the closing of the canal will mean in longer voyages to destinations normally reached through Suez was described in the issues of *The Economist* published on August 4th and September 22nd. As for freight costs, both the dry-cargo tramp and the spot tanker markets were already under some pressure. About an eighth of the total foreign-going tramp tonnage sailing under the British flag is still requisitioned, and the spot tanker market hit a new post-Korean War peak last week when the oil companies began to book extra tankers for their winter programme. The longer passages that now seem inevitable will undoubtedly put a further serious strain on available tonnage and send freight rates higher still.

Jump in Commodities

COMMODITY prices rose more sharply, and on a broader front, than when Egypt seized the Suez Canal last July. But though some consumers here and on the Continent thought it prudent to purchase extra supplies, there has been no general rush to buy, and by Thursday several commodities were slightly below their peaks. The response of some commodities has been tempered by the fact that production is high, while consumption in many British industries is running below the peak levels of last year. In the rubber industry, for one, there has been some involuntary building up of stocks; moreover, manufacturers can if they choose buy more synthetic rubber at prices cheaper than those of natural rubber. It is also conceivable

that some consumers hope that any serious interruption of supplies would be relieved by releases from strategic stocks, though whether the British government would share that view is another question.

The shortage of supplies—or lack of it—is broadly illustrated by the spread between the prompt and forward quotations. Copper was weak before the crisis, and cash metal was at a discount of about £1 a ton. That discount

THE WEEK'S ADVANCES

	Oct. 25	Oct. 31	Nov. 1
Tin, cash £ per ton	810	877½	882½
Copper, cash £ per ton	269	292½	295
Lead, prompt, £ per ton	115	117½	119
Zinc, prompt, £ per ton	96	100	100
Rubber, spot, d. per lb	27	30½	31½
Cocoa, Oct., Dec., £ per ton .	196	215½	210

has since narrowed, but it has not disappeared. The opposite is true of tin. Thanks partly to sales to the United States, stocks in Metal Exchange warehouses dropped last week to as little as 550 tons; hence it was not surprising that the premium for cash metal increased still further this week, to close on Thursday at £46 a ton. The premium for prompt lead, on the other hand, is still only about £1 a ton, but in zinc, which was firm before the crisis, the premium has risen to nearly £3 a ton. In the rubber market the war in Egypt accentuated a rally set off by the riots in Singapore, but rubber prices, too, are slightly below the peak and prompt supplies command only a small premium.

The Cushion of Stocks

In none of the major commodities liable to be affected by the diversion of shipping from the Suez Canal are Britain's stocks near the danger point. Stocks of tin, lead, rubber and tea are all equivalent to at least one and a half month's supply, enough to tide consumers over the delays of two weeks or so that may result from the re-routing of ships round the Cape. Figures of stocks, however, are one of the least satisfactory chapters of Britain's economic Bradshaw, primarily because they are mostly two months or more out of date. In the table total stocks are shown at

	Total Stocks	Months' Supply
Tin (tons)	3,630	1·5
Lead (tons)	35,790	1·6
Rubber (tons)	54,130	1·7
Raw Wool (mn lb)	171	3·7
Tea (mn lb)	109	2·5

the end of August (except that tea stocks refer to October 19th). These stocks are then expressed as equivalent to so many months' supply, reckoned at the average rate of total consumption (including exports) this year. In fact, the level of stock carried by manufacturers is based mainly on their estimate of future requirements and the availability of forward supplies. The total figures of stocks, especially of metals and rubber, also exaggerate the supply available to British industry. They include stocks held by dealers and merchants for sale to foreign as well as to domestic consumers. If these stocks are excluded from the total, stocks of tin and lead are equal to just under one month's home consumption.

Coal in Hand

The coal industry—and perhaps soon the Government also—may be grateful for the large cushion of supplies built up from last year's huge import programme. This year, with a tiny gain in output (barely half a million tons on a total output so far of 177¼ million tons and most of it from open cast workings) the industry has been able to feed its British customers with an extra 2¾ million tons, increase its net export surplus (including bunkers) by 1¼ million tons, put 4 million tons less into stock, and still manages to enter the coal winter this week with a bumper 20 million tons of distributed stocks and a further 2¾-3 million tons still at the collieries. This is 1½ million tons

COAL SUPPLIES
(Million tons)

	1956 (42 weeks)	1955 (42 weeks)	Change
Output :—			
Deep-mined	167·68	167·57	+0·11
Opencast	9·60	9·25	+0·35
	177·28	176·82	+0·46
Imports	4·65	9·55	−4·90
Total supplies	181·93	186·37	−4·44
Exports and bunkers	8·05	11·19	−3·14
	173·88	175·18	−1·30
Inland consumption	172·82	170·07	+2·75
Taken into stock	1·06	5·11	−4·05

more than on November 1st last year and the best winter stock position since the war. Merchants' stocks, at 2 million tons on October 20th, against less than 1¾ million tons last year, are indeed almost embarrassingly large—for the merchants. Householders again have not noticeably built up their own stocks while summer prices lasted. Most of the increase in home consumption this year has come from power stations and coke ovens; direct industrial use and the collieries' own consumption have fallen, and domestic purchases have risen only fractionally.

Both import and export programmes have been progressively revised during the course of the year: the latest estimates are 6½ million tons for both exports (excluding bunkers) and imports, and most of the ships are already booked for the remaining 1¾ million tons of imports still to come in the next two months. If the Government were to decide to import more, as an insurance against any interruption in oil supplies, the operation would now be both difficult and costly.

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2 This system has the effect of limiting the motorist's choice of petrol at a particular service station, but in certain cases it also seeks to limit his choice of motor oil to that of the petrol company's own make.

Which do you prefer?

(a) Garages which offer a choice of makes of lubricating oil? ☐

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Capital for Tankers

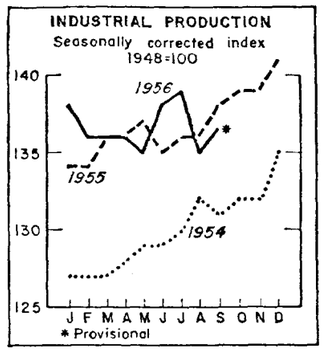
THE total tonnage of oil tankers on order from the world's shipyards at the end of June this year has been estimated at not far short of the enormous figure of 20 million tons deadweight. Most of this tonnage is due to be delivered by 1960-61: it is equivalent to just under 45 per cent of the tanker tonnage at present afloat and, allowing for the higher speeds and larger capacities of these new ships, rather more—perhaps 56 per cent—of existing transportation capacity. The London brokers that compiled these estimates, John I. Jacobs and Company, reckon that over 7 million tons dw of this total has been booked by oil companies and the remainder by tramp companies.

This building programme will make a heavy call on the capital resources of both, and Mr F. J. Stephens, managing director of the Shell Petroleum Company, calculated this week that the tanker tonnage ordered outside North America for delivery during the next four or five years will call for about £300 million a year. Presumably, as he says, "it can be assumed that, as these ships have already been ordered, the money has been found or earmarked for them." But Mr Stephens is more concerned, as most other tanker operators are, with the financing of future tanker building programmes, in particular the tankers that will have to be ordered for delivery after 1960-61 when the large hump of middle-aged tankers built during the war will begin to need replacement. Oil companies already have their hands full with the colossal capital needs of their other activities. According to Mr Stephens the oil industry outside the United States will be spending £3,500 million in the next five years on production, refining and distribution. Most of this will have to come from the industry's own earnings, and the rate of spending will inevitably increase; so the oil companies are unlikely to wish to increase their share of the world fleet much beyond the present 40 per cent for financial as well as operational reasons. Thus the tramp operators must be given some assistance to provide their own share of the growing oil tanker tonnage, and Mr Stephens asks, quite justifiably, why institutional investors here do not do anything like as much towards investing in tankers—and the oil industry's future—as their counterparts in the United States and on the Continent. Long-term investment in oil tankers nowadays is surely as safe as houses.

Output Still Level

THE official production indices for September will be put under close scrutiny for any signs whether output is at last starting to rise again. For most of this year the "all industries" index number has clung stubbornly to last year's level and the first estimate of 139-140 (1948 = 100) for September seems to be following the same course; it is just perceptibly lower than the final figure for September last year. After making adjustments for seasonal factors the average figure for the first nine months of 1956 is now precisely half of one per cent above that for the same period of 1955. Although this first forecast for September will probably be revised (and all previous first estimates since February have in the end been revised upwards, the June and July figures by as much as two to three points) it is clear that industry is not yet showing any signs of that marked spurt in output it will need if it is to keep abreast of its performance towards the end of 1955 and so stay ahead of last year as a whole.

The simple reason why output has levelled off this year is that production for export and investment has not risen sufficiently to compensate for the falling off in defence spending and the flattening of consumer demand (in cars and other hardware; consumption of food, drink, tobacco, and clothing has risen). The economy is moving in the direction the Chancellor intended, but slowly and at the immediate cost of total national product. Labour too is still gradually filtering towards the right industries. But an intriguing question remains. What has happened to the first instalment of industry's two-year investment boom? Factory completions are now noticeably higher and the rise in the deliveries of machinery and plant indicates that these empty shells are being equipped. But these evident additions to manufacturing capacity are not yet being reflected in higher production. Those industries where the gap between rising capacity and stable or falling output is yawning widest must by now be contending with some significant additions to fixed costs.



Credit Expansion Again

THE tendency towards a revival of credit expansion that first showed itself in the late spring has become much more pronounced in the past two months. The latest return from the clearing banks, which relates to the four weeks to October 17th, shows that net deposits rose by £73 million, to £6,115 million. This contrasts with an increase of only £17 million in the corresponding month last year, when the banking system was still feeling the force of the contractionary influences set in motion early in 1955. Since mid-July net deposits have risen by £127 million, whereas in the corresponding period last year they dropped by £34 million. Hence the seasonally-corrected index compiled by Lloyds Bank, which declined from 112.0 (1948 = 100) in February, 1955, to 104.6 by last spring, has since risen to 105.6, the latest month's rise being 0.3.

Over the three months, the dominant influence has been the growth of the banks' liquid assets, which mainly reflect governmental borrowings from the banking system. Principally in consequence of the redemption of the unconverted portion of the 1954-56 War Bonds at mid-August and the launching of the new system of direct financing of the nationalised industries by the Exchequer, liquid assets have risen since July by £219 million. Over the same period, as the detailed table given here last week showed, the Exchequer advances totalled £81 million, but at the date

of the latest banking figures the October batch of advances (£18 million) had not exerted its full effect. In particular, the portion employed by the state boards in reducing their bank overdrafts did not appear to have then reached the banks; the mid-October total of these overdrafts at the clearing banks was £82.2 million compared with £82.0 million at mid-September (overdrafts with the Scottish banks were likewise virtually unchanged, at £8.2 million).

LONDON CLEARING BANKS

	October 17, 1956		Change on Month	Change on Year
	£ mn.		£ mn.	£ mn.
Deposits	6,376·2		+105·9	+ 0·4
Net deposits*	6,115·1		+ 73·4	− 10·3
	£ mn.	% †		
Liquid Assets	*2,265·1*	*37·1*	*+ 50·7*	*+208·3*
Cash	510·3	*8·0*	+ 5·1	− 9·8
Call money	409·0	*6·4*	− 4·8	+ 0·6
Treasury Bills	1,346·1	*21·1*	+ 54·0	+233·2
Commercial Bills	99·7	*1·6*	− 3·6	− 15·7
Investments and Advances	*3,829·7*	*60·1*	*+ 23·2*	*−221·2*
Investments	1,967·3	*30·9*	+ 20·4	−118·6
Advances	1,862·4	*29·2*	+ 2·8	−102·6
To State Boards	*82·2*	...	*+ 0·2*	...
All other	*1,780·2*	...	*+ 2·6*	...

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

Despite this lag in the impact on the banking figures, liquid assets rose during the period by £51 million, and the rise would have been larger still if several banks had not added moderately to their investment portfolios. Hence the average liquidity ratio rose by a further 0.2 to 37.1 per cent; this contrasts with 33.8 per cent at the corresponding date last year and 34.3 per cent in 1954. To correct this excess of liquidity, the authorities are evidently counting upon a good flow of funds into premium bonds. Bank advances during the month showed no decided trend; those to the private sector rose slightly—but, after the previous month's exceptional decline (by £41 million), a further fall was hardly to be expected.

Monopolies Under Restriction

NOVEMBER 1, 1956, will probably feature in the calendars of several groups of people—jay walkers and "reckless" cyclists for one, and premium bondholders for another. No doubt it will not be missing from future Middle Eastern history books. But that date was also of some significance for British industry. For the first instalment of this year's Restrictive Trade Practices Act came into force on that day. Collective enforcement of resale prices was banned outright by the Act, but trade associations were given three months' grace to November 1st before the ban started to operate. The Tobacco Trade Association was the first to bow before the official storm, and a third tobacco company—J. Wix and Sons, which makes Kensitas cigarettes and is a subsidiary of the American Tobacco Company—has now brought out gift coupons. The overwhelming success of the Imperial Tobacco Company and Gallaher in the cigarette trade in the last year or two, to the painful cost of most of the other manufacturers, does not make these new competitive moves at all surprising. The fight for larger shares of the market will undoubtedly be fierce in this industry, but the new freedom for competition between manufacturers and between distributors applies to a long list of other trades, too, though elsewhere it may not have such immediately noticeable effects.

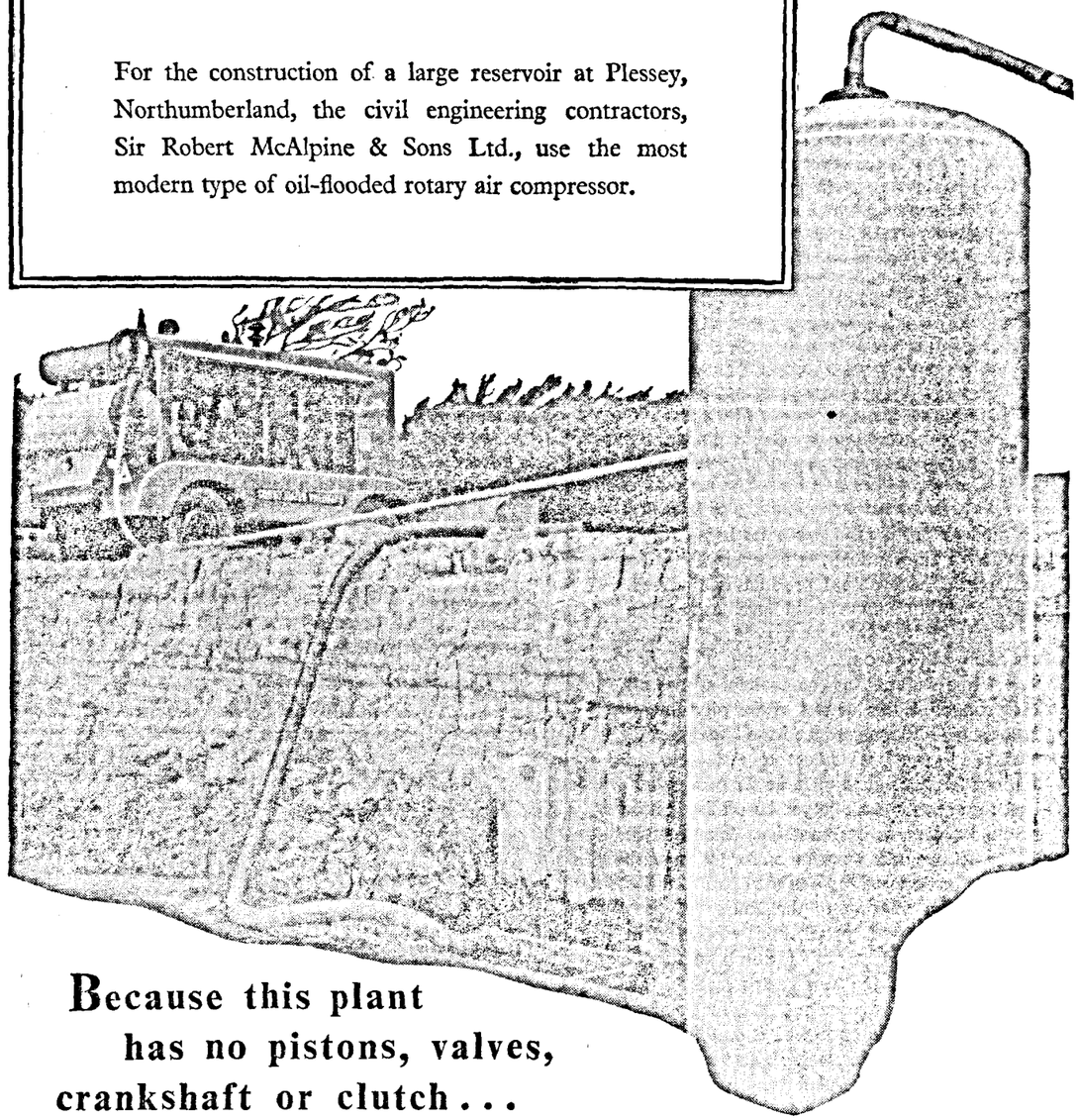
Meanwhile the Board of Trade and the Registrar of Restrictive Trading Agreements have been making progress towards implementing Part I of the Act which deals with the practices that have to be registered and which may eventually lead to proceedings in the new Court. The first order under the Act listing the agreements to be "called up" between November 30th and February 28th next year was made in August. These were, broadly, arrangements that include restrictions as to prices or other terms or conditions or which involve collective discrimination, and they form the most important and numerous group. To assist industries that will have to furnish particulars of these agreements in the next four months, the Registrar has published this week a booklet specifying the details and documents he will need.

Second Thoughts on Steel

THE steel industry can be well pleased with the compliments it has been given by the British Productivity Council. Between 1946 and 1955 British steel output increased by 60 per cent, with the addition of only 13½ per cent to the labour force—an increase over the decade of 41 per cent in output per man. Credit for this performance is given in the council's report mainly to the £470 million of new capital spent since 1946 to modernise and expand its capacity. As output has gone up the fuel used per ton of pig iron and per ton of steel has been reduced. Equally encouraging—although the maintenance men's ban on overtime shows that there are exceptions—is the council's contention that the trade unions in the British steel industry have "for many years fully grasped the close connection between high productivity and high earnings which underlie the policies of the American trade unions."

Good output and lower real costs cannot be decried. But when the council discusses British steel prices it comes perilously close to that complacency against which it sensibly warns the industry. British steel is sold to the home market at lower prices than those quoted by German, French, Belgian and American producers, giving British steel consumers a cost advantage over their competitors abroad. But can this price advantage be maintained indefinitely? To some extent it is artificial. When German steelmakers import coal, they pay the full marginal price—and it is heavy, for there is no averaging of home and import coals as in the British coal industry. The export of steel scrap from Britain is controlled, thus depressing the price of scrap in Britain by several pounds a ton below the free market price. Exports of semi-finished steel are broadly marshalled in order to preserve supplies for the home market. The price of finished steel, which is controlled by the Iron and Steel Board, makes a generous allowance for depreciation at replacement cost, but the higher costs of coal, iron ore

For the construction of a large reservoir at Plessey, Northumberland, the civil engineering contractors, Sir Robert McAlpine & Sons Ltd., use the most modern type of oil-flooded rotary air compressor.



Because this plant has no pistons, valves, crankshaft or clutch...

it gives the kind of really long-term trouble-free service that puts it far ahead of the conventional type of compressor. Those moving parts which normally require frequent servicing are replaced by a simple two-stage vane type rotary compressor. The entire unit runs in oil and is oil-cooled. And new design features such as fully automatic control, centralised instrument panel, and non-detachable radiator doors are incorporated to make the CP Power-Vane the most important advance in design since the portable compressor came into general use. Certainly, this is something every Plant Engineer should know about...

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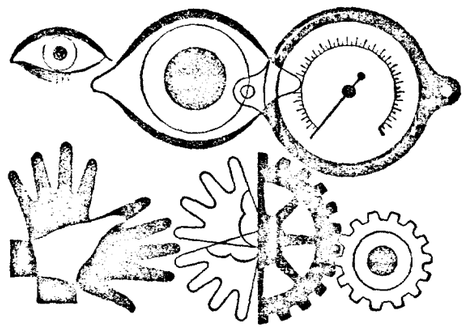

How Automatic Can You Get?

In modern production processes it is normal to control automatically a number of related variables. The eventual product is analysed. If it is found that there could have been a more effective setting of the process controllers, they are changed for the next day's run.

But imagine that, as the product comes off the production line or out of the pipe line, it is immediately analysed and the process controllers *automatically* re-set to the optimum settings to produce an even better product.

Although this cannot yet be realised, it is no pipe dream. It is something which Sunvic Controls have been working on for many years —and is just one example of the extra facilities they will be offering in the course of time towards increased production efficiency in industry. This kind of research naturally attracts some of the best brains in industry, and there is always room at Sunvic for younger men with scientific or technical qualifications who are interested in joining a fast-expanding Company engaged in absorbing and important work.

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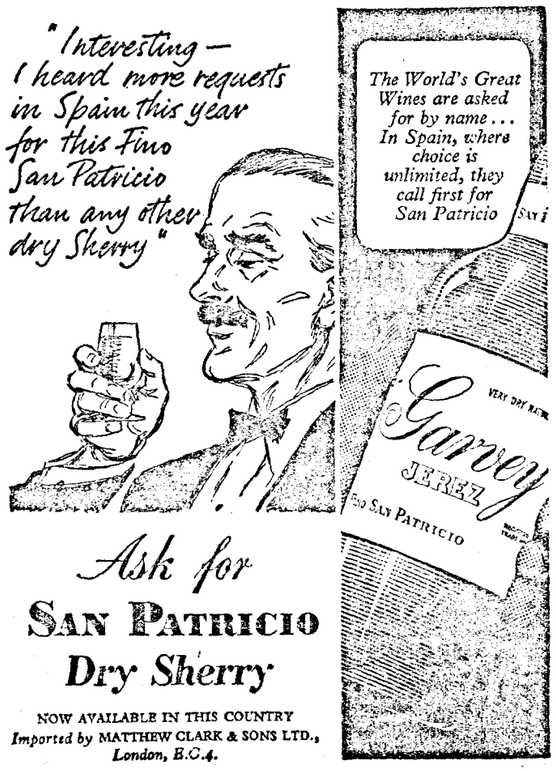

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and scrap, wages and transport were not fully covered by the price increases allowed earlier this year, and were partly offset from the accumulated surplus on the central purchasing and distribution of imported iron ore and other raw materials. This surplus has now been exhausted.

The ability of British steel to finance out of its own earnings an adequate share of the necessary future expansion in its capacity is currently imperilled. If supplies of British steel are to keep up with demand, finance must be found; and unless the rate of technical improvement can be speeded up still more, British steel prices will have to rise more closely to those in Europe and America. The council might have asked whether price controls impede the adoption of new techniques or the financing of future growth.

BOAC's North Atlantic Fleet

With the arrival of the first of the ten Douglas Seven Seas it has ordered, the British Overseas Airways Corporation's new North Atlantic fleet can begin to take shape. The unique asset of the Seven Seas is its ability to fly the Atlantic non-stop in both directions. When it goes into operation with BOAC in January, the corporation will for the first time in years be abreast of the competition and have a chance to reverse the depressing fall in its share of North Atlantic traffic.

Between now and 1960, these services will be expanded first by non-stop turbo-prop flights with the more advanced Britannias and ultimately by pure jet services with the Boeing 707. These may be supplemented by the use of Comets. The new de Havilland jet airliner that was announced in the House of Commons last week will be the fifth of the Comet series. It is in an early stage of development and not intended for delivery before 1962. It is not conceived as the British answer to the big American jets. De Havilland have always been reluctant to increase the size of the Comet beyond that suggested by the estimated traffic and the available airport facilities on BOAC's less glamorous Commonwealth routes. The new airliner is obliged to have a North Atlantic range, but its payload on that route is unlikely to exceed two-thirds of that of the bigger American airliners.

The Minister of Supply, who gives some sign of feeling that the aircraft industry's critics are beginning to lay about them too wildly, though he himself is no apologist for the industry, told questioners that exports during the year should reach 727 aircraft valued at £105 million, two-thirds more than in 1955. These are admittedly the product of only a handful of companies, but even in the United States there are never more than a handful of saleable aircraft and engines in production at any one time.

Two Shifts in Cotton Spinning

Representatives of employers and unions in the main section of the cotton spinning industry have now approved in principle an agreement which opens the way to the wider adoption of shift-working, a more rational wage structure and improved working conditions. Though a detailed agreement has still to be drafted and signed its broad outlines are already clear. The unions have accepted the principle of two shifts based on a 38½-hour working week (as in cotton weaving), for the same wage as for the present 45-hour week. Two shifts have been worked for some time under local agreements in about twenty mills, but the shift has been one of 37 hours—and in these cases will remain so—for a 45-hour wage. Most employers have argued that this premium was too high to make shift working economic, and the longer shift of 38½ hours should prove more attractive. The unions have also agreed to an alternative wage structure based on the principles of work study applied in redeployed or re-equipped mills; this, again, is an advance on previous policy. Finally, the employers' federation has accepted a minimum standard of working conditions covering mechanical handling, dust extraction, lighting, spacing of machinery and the like. In the main this standard is already in operation in roughly one-third of the mills. Though the federation cannot compel its members to conform to the new conditions, the unions will be able to ensure acceptance by any mill wishing to introduce two shifts. The immediate importance of the new agreement should not be exaggerated. The leaders of the two sides of the industry have cleared the way; it is now up to management and labour in the individual mills to go forward.

Voteless Equities

Articles appearing in *The Stock Exchange Journal* do not necessarily represent the views of the Stock Exchange Council and a discussion appearing in the latest issue which comes to the defence of the non-voting equity share is not therefore to be taken as a statement *ex cathedra*. Its argument is put on grounds of expediency rather than principle. Indeed it suggests that "much of the outcry against non-voting shares is based on academic objections" and it points out, with good reason, that shareholders without a voice have not been treated any more shabbily, for that reason, than those that have one.

This can be true. So can the writer's argument (which has been conceded in these columns) that there may be a particular justification for limiting the votes of outside shareholders in certain family businesses. But non-voting equities are being increasingly exploited. Since 1938 such shares in the commercial and industrial list have increased tenfold in nominal terms from £7.9 million to £75.4 million. It has been argued here and elsewhere that this growth was undesirable and should be checked. It is not a matter on which the Stock Exchange Council seems disposed—or, indeed, may even be able—to take effective action; and proposals to alter the law to ban the non-voting share are undoubtedly drastic. At this stage, there is still a good deal of argument in favour of leaving the exploitation of the non-voting share to the good sense of companies and their financial advisers; there is, moreover, the impressive influence of the issuing houses and the institutional investors towards the principle that voteless shares should be the exceptional and not the normal, to be adopted only in special circumstances. Investors remain disappointed that the council has not insisted that a non-voting share should

be clearly labelled as such in the Official List. The mere inclusion of "non-voting" in the title of the security when it is issued is not enough.

Smaller Profits from Rootes Motors

If it is said that Rootes Motors has just scraped through a difficult year, that is no mean achievement. In the preliminary statement for the year to July 31st the directors say that the group's turnover was maintained. But gross profits, which have tumbled from £3,557,325 to £2,031,129, have been affected "by rising costs throughout the year which have not been passed on to the public at home or overseas and by certain supply difficulties which resulted in considerable loss of turnover." This implies that competition between the motor manufacturers in a shrunken market has been intense and that the difficulty of securing shipping space has led to a loss of potential (as opposed to actual) sales in export markets.

Profits have not been affected by the loss of £613,601 incurred by Singer Motors as this was taken into account when Rootes acquired the equity of that company. Rootes has paid Singer's preference dividend under the guarantee arrangements made at the time of the merger. The directors of Rootes have left the ordinary dividend unchanged at 8 per cent but the cover on this dividend has fallen sharply following the drop in net earnings after tax from £1,689,449 to £870,610. On the maintained dividend the company's 4s. stock units now standing at 5s. 4½d. yield 5.9 per cent—a smaller yield than is offered by either British Motor or Standard. But on these two dividends the market sets a bigger question mark than it did upon the Rootes dividend.

High Fashion in Hawick

Fashion is fickle: to some industries it brings decline, to others a fresh lease of life. To the Hawick knitwear industry it has brought both. Twenty years ago the sweater and twin-set made in this small Border town was a practical, work-a-day affair, hardly to be worn on special occasions. Then, inspired by the Continent, manufacturers began to put fashion to work. Since the war they have succeeded so well that they have created a year-round demand. Knitwear is now made for the spring, autumn and winter, for daytime and evening wear. Styling has become more elaborate, progressing from the deceptively simple classic—still a best-seller—to the "neo-classic" and finally to the "dress-maker" style. But one thing has not changed: cashmere remains the principal, supreme, raw material. The beauty and fine workmanship of these garments have made Hawick and firms such as Pringle and Lyle & Scott renowned.

Output has risen steadily, though it still falls short of demand. There is a lack of skilled labour, even though the knitwear firms find it easier to attract workers than the tweed manufacturers, and some firms have had to set up small workshops in outlying villages. The annual output of knitwear is now valued at about £7½ million, of which exports take nearly £5 million. North America is by far the largest, and rightly the most favoured, market; the home and other overseas markets have to be content with what is left. Labour is not the only problem; costs are rising and selling prices have recently had to be increased—which might be thought a disturbing trend for garments that are already expensive. And while knitted outerwear has prospered, the trade in underwear has not, because it has been hit by changes in fashion and habits. This trade, once a staple of Hawick, was declining before the war; it has now dwindled almost to vanishing point.

Battle of the Bantams

If there is a place for the very small 4-seater car—the 5-7 cwt vehicle—in the markets of this country and others, it seems that it will not be filled by the motor-car manufacturers. For if their faith is to be judged by their works, they have hitherto declined to believe in the market for the smallest size of car to which the continental automobile manufacturers have demeaned themselves—such vehicles as the Fiat 600, the 4 c.v. Renault and the 2 c.v Citroen. But it is more surprising that the motor cycle manufacturers—who are finding it hard this year to sell much more than half their potential output of conventional motor cycles—have not made any attempt to explore the possibilities of the market next above their own, showing the same sort of disbelief as they showed for years in the possibilities of the scooter market. In Germany, where more than 60,000 of these smaller vehicles are produced each year, it has been left to an agricultural machinery maker to demonstrate that a real market exists by producing the Goggomobil. This little vehicle has an air-cooled two-stroke engine of 300 c.c. and a kerb weight of less than 8 cwt, and it gives very tolerable transport on four wheels to two adults and two near-adults with a top speed close to 60 mph and a fuel economy of around 60 mpg.

Two of the latest British competitors also have no previous experience in the manufacture of self-propelled vehicles. The Berkeley Caravan Company has produced an open car, of semi-sports type (a closed version, it appears, is to follow) with a two-cylinder air-cooled two-stroke motor cycle type engine made by British Anzani, and motor cycle type gear box mounted in front driving the front axle. Using the same engine and gear box unit, but mounted at the rear, S. E. Opperman, a gear-manufacturing company, has produced a car which is more closely comparable with the Goggomobil. The body is built of fibre glass which, compared with the Goggomobil, may well save a hundred lb in weight, and a heavy investment in body dies but is almost certain to give a higher total cost per car if production runs into the tens of thousands—as the Goggomobil has.

The Opperman Unicar gives ample room and a comfortable ride to the two front passengers but rather less room for the rear passengers since the engine is mounted ahead of the rear axle, and not behind as in the Goggomobil. There is also more engine noise than will be relished; and the power-plant-gear-box unit, with two chain drives, seems to be costly and will call for occasional adjustment. The German unit shows evidence of more concentrated design.

This leader page article by David Walker appeared in the

NEWS CHRONICLE

on Monday, October 29th.

KNOW WHY THEY DIED

THE AGONY OF BUDAPEST will change the world

THIS has been heroism on the grand scale, the boiling heroism of insurrection against tyranny, something to stir the blood.

I knew Hungary and used to work there. I knew the Hungarians as tough and gay, and immensely proud.

This gives me no particular right to preach. It just gives a sense of emotion that is hard to express in words and which I wish everyone could share; not necessarily humility but something fairly near it.

This has been a week in Hungary when danger has known no frontiers because it has stalked in every street; streets I well remember.

time we woke up

The men and women have spat in danger's face, and certainly in hundreds, almost certainly in thousands, have died for freedom.

We in Britain *must* understand how much this means. For better or for worse this is one of the sharp corners of history.

THOSE DEAD CHILDREN IN A BUDAPEST MORTUARY AFFECT US.

We who live in ignorance of revolution, and of rule by terror, have no conception of our own good fortune. The Hungarian people have lived through both before. In that lovely, torn-up country bloody defiance has greeted a series of oppressors.

Kossuth, who led the struggle for independence in 1849, is the archetype of recurring resistance to tyranny.

What has been happening in the past week is the fifth reign of terror there in this century alone: the fifth in 40 years.

In 1919 there was the Red Terror, when the defeated and humiliated nation became briefly Bolshevik under Bela Kun. This was followed immediately by the White Terror under Admiral Horthy, when untold thousands died.

Under the peace treaties, the country had been torn apart. It lost four million nationals and great areas of land to Czechoslovakia, Yugo-Slavia and Rumania.

IT ALWAYS LOOKED TO BRITAIN TO PUT THINGS RIGHT.

In the Second World War came a Nazi tyranny, followed again by a second Red Terror. Ten years of Communism imposed from above, bringing hunger and slavery, have now brought about another bloody and desperate upheaval.

Central Europe is always full of feuds and hatred. The Yugo-Slavs hate the Bulgars, the Bulgarians hate the Greeks, the Hungarians hate the Rumanians, and always *vice versa*.

In this bubbling hotpot there has been only one enduring friendship.

THE HUNGARIANS HAVE NEVER QUARRELLED WITH THE POLES.

They have much in common. However old-fashioned it may sound, they share pride and courage.

Both are steeped in folk-lore, understand horses, produce beautiful women, worship music and the dance, have a sense of humour—and both have experienced the best and the worst in feudalism.

But there is one fundamental difference which gives this last Hungarian revolt its special meaning.

The Pole, traditionally, fights at the drop of a hat: and does his thinking afterwards. The Hungarian has always been more level-headed. He has always been just as courageous, but thinks before he strikes.

The inference is obvious. When Hungarians behave like Poles, only more so, they expose the misery of Soviet servitude beyond all argument.

When they die fighting with their fingernails against Red tanks, they expose for all time the Big Lie of the Twentieth Century.

THIS HAS BEEN SOMETHING MORE THAN THE COURAGE OF DESPAIR.

It may have been madness, but it was a great madness. This need not mean that the Hungarians are saints, nor that we need forget that they fought against us in both the big wars. This still leaves room to respect the unbelievable guts of a tortured people.

signed with blood

The Hungarians have always loved the British, probably for the wrong reasons, and our reactions have been fatuous. In the 1920s a British lady of title amiably declared that Hungarians make "model servants."

I would rather quote the Hungarian Count Apponyi, who at the age of 83, welcoming British visitors, reminded them: "Ten eventful centuries of Hungarian history have taught us never to despair."

Despair has too often been Hungary's bed-fellow. It is time we began to understand this tough, rebellious nation.

WHATEVER LIES IN STORE FOR IT, ITS PEOPLE HAVE SIGNED, WITH THEIR BLOOD, THE PRINCIPLES OF LIBERTY AND FREEDOM.

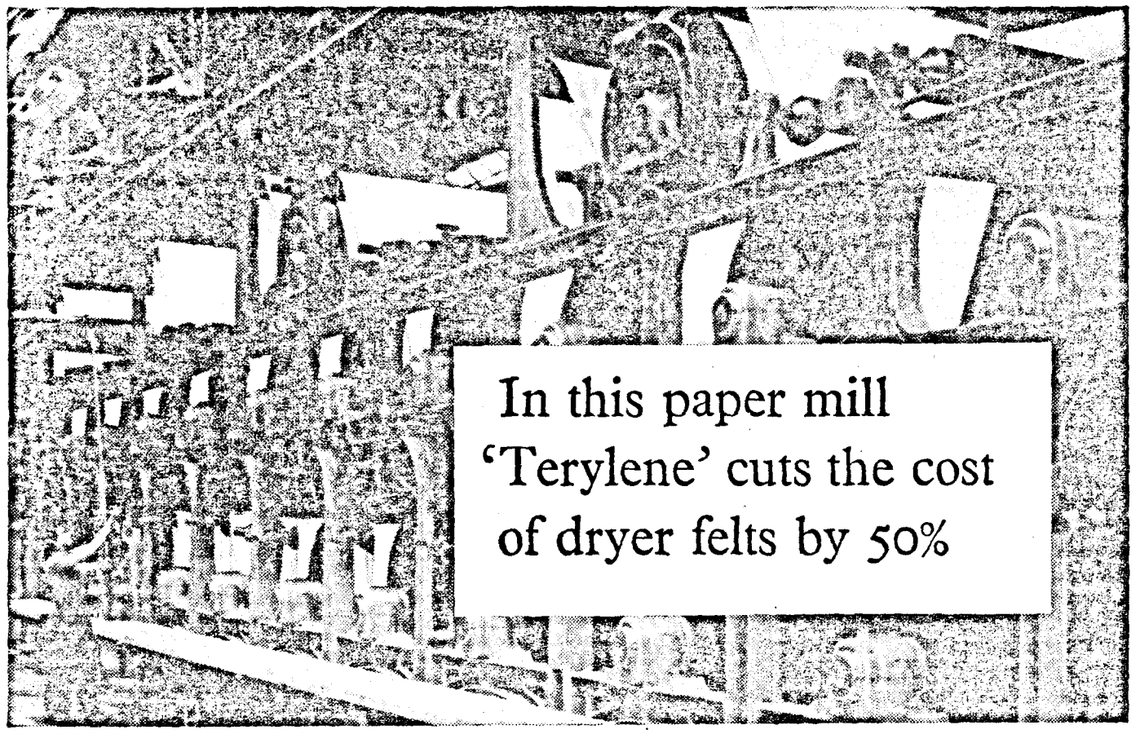
To pretend what they have done will affect themselves alone is nonsense. It will affect the course of Communism, the future path of Russia and, inevitably, ourselves.

This is a turning point in time to which no thinking person in this country can remain indifferent.

YOU CAN HELP

Donations to help the Hungarian people in their fight for freedom should be sent to any of these addresses.

- *The Treasurer, Oxford University Hungarian Relief Fund, Balliol College, Oxford.*
- *The British Red Cross, 14 Grosvenor Crescent, London, S.W.1 (which has already allocated £1,000 to the League of Red Cross Societies in Geneva to send help through Austria).*
- *Father Anton Molnar, Central Committee of Hungarian Exiles, Cardinal Mindszenty House, 5 Arundel Gardens, London, W.11.*



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Flour Prices Up Again

THE public may well be suspicious when flour prices first fall by 7s. for a 280 lb sack within two weeks, and then rise as quickly by 6s. What are the millers up to, now that the bread subsidy is off? Their motives are hardly sinister. Ranks' second reduction of 4s. to 95s. a sack at the beginning of last month was designed to win back business after the small bakers staged a buyers' strike, and it succeeded. But at that price Ranks and other big millers were making little profit, and the small millers may have lost money. Plainly the price could only be held if wheat prices fell, and they did not; hence the increase of 4s. to 99s. a sack on October 8th.

Since then prices of millable grades of home wheat have risen by over 10s. a ton; cif prices of imported hard wheats have risen slightly, and will rise further when the St Lawrence river is closed to navigation next month; and prices of offals—the by-products of milling which go into feeding stuffs—have eased. That is the basis of the latest increase of 2s. to 101s. for a sack of flour. The price now is 2s. higher than when the plant bakers fixed the price of the 1½ lb loaf in port areas at 10d. That should not mean that bread will become dearer yet, for bakers normally buy up to three months' requirements at a time, and the higher prices of flour will hardly be felt until the New Year.

Competition for Chemical Exports

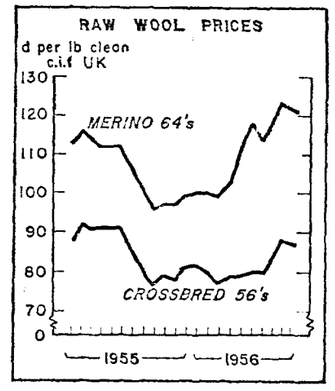
THE long shadow of German competition has fallen across the export markets of the British chemical industry. It is patchy competition, severe in some markets and almost non-existent in others, but it has lifted German export sales to a point where they are running neck and neck with those of Britain. The values of British and German exports of chemicals last year were more or less equal at rather more than £230 million. The Board of Trade estimates that Germany's share of the export trade in chemicals has risen from 13.5 per cent to 17.4 per cent between 1952 and 1955, while Britain's share had slightly contracted from 17.3 per cent to 16.7 per cent.

Most of the postwar expansion in the British chemical industry has been in petroleum chemicals, the investment in which will be doubled in little more than two years. It is second only in size to the petrochemical industry of the United States, and nothing in Germany compares with it. But the organic chemicals that form the basis of all the new chemical products can be made from a variety of different raw materials of which crude oil is only one. British expansion has been built around oil, as a convenient raw material, whereas the German factories turn out the same or similar materials from natural gas, coke oven gas and acetylene—the latter being a rich source of chemicals but dependent on cheap hydro-electric power.

Exports of these chemicals are largely confined to countries without a developed chemical industry of their own. But there is a growing trade in chemical plant and technique rather than finished products. Where research costs are heavy, and time an important factor in marketing, the big chemical manufacturers find it easier to buy the know-how of a new process, and sometimes the complete plant, from each other rather than to try and copy in their own laboratories work that has already been done successfully elsewhere. For example, three separate processes are about to be used in Britain for making the plastic, polyethylene: one German (used by Shell Chemicals), the second American (used by the Distillers-British Petroleum subsidiary, British Hydrocarbon Chemicals), and the third the original process evolved by Imperial Chemical Industries which is now used throughout the world. The rapid postwar growth of the chemical industry in Britain is an outcome of this tendency. The industry is attempting to chart its growth by making its own survey every four years; the third survey is due to be made early in 1957 and may be published by next summer.

Futures Trading in Crossbred Tops

THOUGH opinion in Bradford remains sharply divided on the merits of the London futures market in merino wool tops, now three and a half years old, there is no doubt that it provides a service that many traders find useful; the turnover is proof of that. But it has been of little help to traders in crossbred wool. As the chart shows, prices of merino and crossbred wool do not necessarily move together; hence the trader in crossbreds cannot be sure of hedging the risk of price changes by dealing in merino top futures. To meet this need the London market has introduced, from November 1st, a contract in crossbred tops to coincide with the start of the main selling season for crossbred wool.

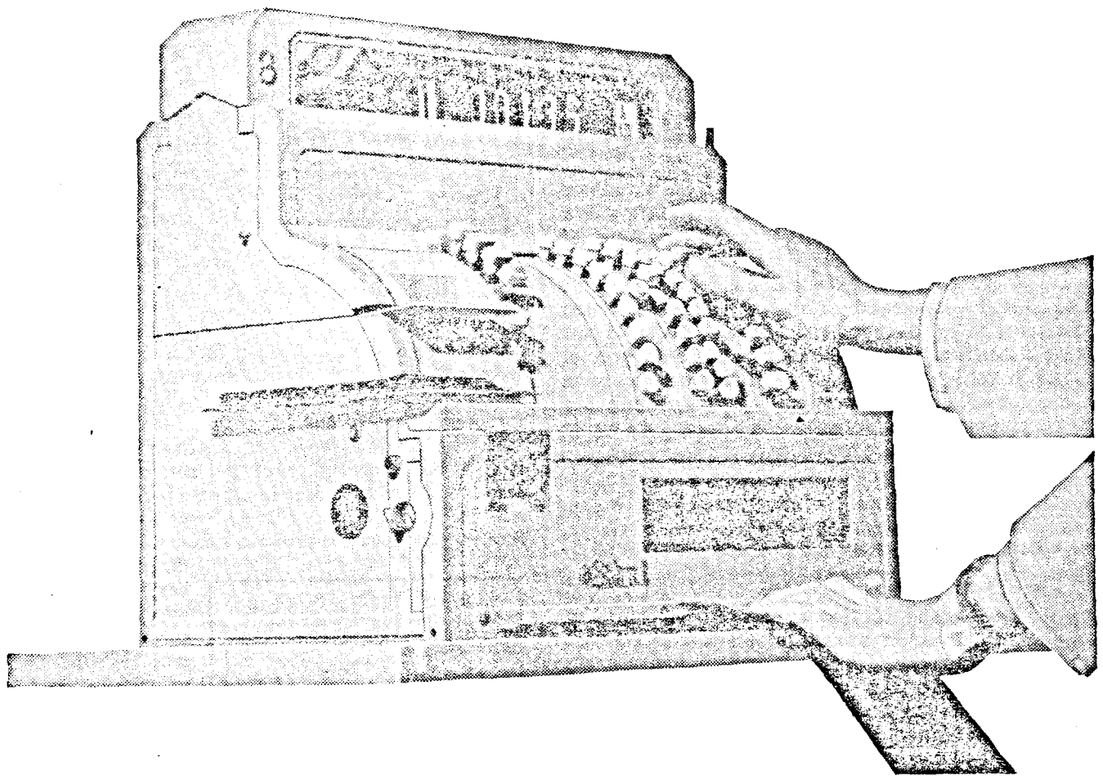


The basis is a Bradford 50's quality top, and qualities ranging from 46's to 56's are tenderable, as long as they are made of Australian or New Zealand wool. At the close of the first day's trading on Thursday January futures, the first delivery month, were quoted at 86½d. a lb, which is slightly higher than actual prices in Bradford, and the discount on July futures was about 3d. a lb. Uncertainty about wool prices in face of the Suez troubles may help to get the new contract off to a good start.

Silver's Record Price

THE price of silver has this week risen to 81d. a fine ounce. This is the highest quotation since 1920. It should be noted, however, that silver is now quoted per ounce .999 fine, whereas at the peak levels reached after

Did she buy your brand?



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JOHN BULL *Woman* ***ILLUSTRATED***

BRITAIN'S GREATEST COLOURGRAVURE WEEKLIES.

World War I the quotation was for standard silver 11/12ths fine; on the current basis the 1920 peak would be equal to 96.6d. The recent rise in the price of silver reflects the continuing industrial demand and the virtual drying-up of the supplies of demonetised coin, which in recent years have helped to keep the price down. The latest of these special sales were of demonetised Saudi-Arabian coin, supplies of which began to reach the market about a year ago but have recently dropped to a trickle. The only demonetised coin in sight that is likely to reach the market is a Japanese holding of some 60 million ounces of looted Chinese silver that the US authorities have recently returned not to China but to Japan. But there has been no evidence of sales from this quarter yet. All other demonetised coin is fully earmarked for repayment of lend-lease silver to the United States.

SHORTER NOTES

British Petroleum has made the formal offer to buy the ordinary capital of Trinidad Petroleum Development which the directors have recommended shareholders in TPD to accept. The offer is of one £1 ordinary stock in British Petroleum plus 1s. in cash for every three 5s. ordinary units in TPD. The liquidator of British Controlled Oilfields has accepted British Petroleum's cash offer of 47s. 6d. per share for BCO's 50 per cent interest in TPD.

★

The agreement between Britain and India that regulates the rate of withdrawal of the sterling balances accumulated by India during the war expires on June 30, 1957; it has now been agreed that it will not be renewed. In practice, this is not expected to have any effect on India's actual drawings—which in the past few years have been significantly below the maximum of £35 million permitted. The Indian government has stated, moreover, that the ending of the agreement will not affect its policy of permitting the free transfer to the United Kingdom of savings and repatriation of capital.

★

The tourist allowance for the year beginning on November 1st is to remain unchanged at £100; but the whole of this may now be drawn in foreign currency notes. Hitherto, a maximum of £25 has been obtainable in notes, the remainder in travellers' cheques. The amount of sterling notes that may be taken abroad remains unchanged at £10.

Company Notes

DEBENHAMS. Since Debenhams, the biggest group of department stores in this country, had to postpone its intended debenture issue the question dominating the market in its 10s. ordinary units is how the group will finance the rebuilding and modernisation of its stores. This question is not answered in the preliminary statement for the year to July 31st. Indeed, it is posed again in another form, for while the directors say they propose to increase the authorised capital by 5 million 10s. ordinary shares, they have "no immediate plans to issue any of this additional capital for cash or otherwise."

Until the question of new finance is answered, and perhaps until modernised stores are making their full contribution, shareholders must expect the main emphasis to be put on the retention of profits, not on their disbursement. This is what the directors have done. About £750,000 is ploughed back into the business and the ordinary dividend is left unchanged at 27½ per cent. This decision has been made after a further increase in consolidated trading profits from £5,025,131 to £5,244,379 (possibly reflecting a first contribution from modernisation) and in net profits after tax from £1,668,474 to £1,757,306. The latter figure provides good cover for the net dividend of £790,625. The 10s. ordinary units at the current price of 38s. 6d. yield 7⅛ per cent.

★

FISONS. A year ago the directors of Fisons, the biggest manufacturers of chemical fertilisers in this country, reported a setback in profits. Now they have reported a strong recovery. Before depreciation and loan interest gross trading profits have risen from £3,683,949 to £4,190,405. The increase is large enough to suggest that in the year to June 30th last, in contrast to the experience of most other industrial concerns, Fisons' profit margins were not being squeezed excessively hard. Yet they could not have been completely happy on the score of profit margins, for a few days after the end of the financial year they announced another increase in fertiliser prices, designed merely to cover the increased cost of raw materials and sea freights.

Net earnings have not gone up in line with gross profits. This is due in part to a heavier provision for taxation (which has risen from £1,384,029 to £1,557,223) and in part to the £250,000 (against £75,000) written off an investment in an associated company. As a result net profits have only crept up from £1,197,426 to £1,238,762, and though the write off has played a big part in this result, the directors do not explain where and why it has occurred. With net earnings practically unchanged and a development programme under way, the board has left the dividend unchanged at 15 per cent. This dividend, absorbing £500,672 net, is paid on a capital of £5,804,863, as increased by the rights issue in April, 1955. On this dividend the yield on the £1 units at the current price of 50s. 6d. is 5.9 per cent.

★

FAIREY AVIATION. After the 100 per cent scrip issue by Fairey Aviation hopes were entertained that the ordinary dividend payment for the year to March 31st last would be effectively raised. These have been dashed, for the dividend of 1s. 6d. per 10s. unit represents the exact equivalent of the 1954-55 payment. Perhaps the reason for this decision lies more in the costly developments Fairey has on hand (as, for instance, in the Rotodyne and in guided missiles) than in the actual movements in profits.

Before tax profits have fallen slightly from £2,159,568 to £2,065,097. Little weight can be attached to this movement, for aircraft companies' results are affected by the uneven incidence of contract settlements from one year to another. Taxes charged against these earnings have fallen from £1,347,194 to £1,154,195, and net profits have gone up from £802,394 to £898,322, from which the net dividend takes the comparatively small sum of £177,287. At the current price of 22s. 6d. the 10s. units offer a yield of 6⅔ per cent.

★

BROOKE BOND. One paradox of the preliminary report of Brooke Bond for the year to June 30th is that this company with a highly geared voting structure should present its shareholders (who have only a small voice in the direction of the concern) with such a wealth of information. Profits are compared over a span of three years; a gross trading account, showing sales, is published; and the directors provide a running commentary of the results.

The statement is as satisfying in its content as in its form. The ordinary dividend is 6d., tax free, on each 5s. share, which is equivalent to 17.391 per cent gross and compares with 12½ per cent gross in 1954-55. The net profit for the year is £2,722,376, after charging £1,907,540 in tax. In 1954-55 the net profit was a mere £467,862 (after charging tax of £1,302,242) and for 1953-54 £1,261,651 (after tax of £1,489,990). The directors explain that profits in 1954-55 were

"abnormally" low owing to the loss of £1,200,000 made by the parent company on tea but that profits in the latest year are "abnormally" high because of the low tax charge in 1955-56 when the previous year's loss was offset against taxable profits. They suggest that 1953-54 was a more normal year, when profits were of the order of £1,250,000. What is "normal" or "abnormal" for a company engaged in a trade of violent ups and downs can be arguable, but the directors suggest as one measure of the group's achievement the fact that over the last two years net profits have averaged £250,000 above the 1953-54 figure.

In the last financial year, proceeds from the sale of "tea, coffee and materials" came to £75,781,000, including inter-company sales of £16,700,000. This compares with £84,648,000 in 1954-55 and £57,287,000 in 1953-54, including £16,400,000 and £13,800,000 respectively of inter-group sales. In money values sales were down on the year because the cost of tea was lower, but in volume sales were up, and the group earned a higher margin of profit on them.

This recovery provides the background for further issues of ordinary shares. First, "A" and "B" ordinary shareholders are to be offered 3,000,000 "B" ordinary shares by a rights issue in the ratio of one new share for every four held. This will be followed by the capitalisation of £3,750,000 from reserves in order to make a 100 per cent scrip issue of 600,000 "A" shares and 14,400,000 "B" shares. The principal point for investors is whether these issues will lead to more liberal dividends. Much bigger dividends are already technically possible because of the size of earnings, and the hope of things to come is reflected in the current price of the 5s. "B" units at 19s. 7½d. xd to yield no more than 4.4 per cent.

★

JOHN I. THORNYCROFT. The cut in John I. Thornycroft's ordinary dividend from 15 to 12½ per cent took the market by surprise. The £1 ordinary shares were immediately marked down by 5s. 1½d. to 39s. 4½d. and later fell further to 37s. 6d., at which they yield 6¼ per cent. To justify the reduction the directors could point to the sudden decline in gross trading profits from £1,145,053 to £805,348; the latest profit figure includes £99,000 of profits on contracts completed in earlier years, compared with £98,000 in 1954-55. Net profits after tax have fallen by £189,546 to £290,546.

But to argue simply from these profits that a cut in the dividend was necessary would seem unduly cautious. The net dividend of 12½ per cent absorbs only £107,812 and a 15 per cent dividend £129,375 net. Unfortunately the directors do not explain why the dividend has been reduced or, indeed, why profits have fallen. Whether the ill winds blew in the group's commercial vehicle division or in its ship-building and ship-repairing division or whether its business was affected by a shortage of materials or its profits by a rise in costs are, presumably, among the questions that the chairman will answer in his forthcoming statement.

★

CROMPTON PARKINSON. Shareholders of this electrical manufacturing company are again offered a wholesome but dull dish. Gross profits have risen only slightly from £2,236,420 to £2,325,431 in the year to June 30th. At the beginning of that financial year the group had plenty of orders on hand and there cannot be much doubt that the latest results reflect bigger sales but smaller margins of profit.

Net profits have gone up from £899,532 to £988,800 and the directors have done nothing more than satisfy shareholders' appetites by leaving the full year's ordinary dividend unchanged at 16 per cent (including a 6 per cent cash bonus). The company's dividend policy has not been open-handed and last year the chairman drew attention to it by arguing that conservative dividends were in line with the policy of the Government. Hence investors will not be far wrong in putting the company's 5s. ordinary units among the income stocks. At the current price of 13s. 3d. these shares yield 6 per cent—a yield well above those offered by the growth stocks of the electrical industry.

LONDON STOCK EXCHANGE

Next Account begins: November 14th

Next Contango Day: November 14th

Next Settlement Day: November 6th

Government stocks were firm up to the crisis on Tuesday. On Monday following the conversion offer 3¼ per cent Australia 1952/56 rose ½, and the new 5 per cent Esso Petroleum debenture reached a premium of ¾ in early dealings. On Tuesday, however, the West Ham loan, four times over-subscribed on Monday, came on to an unfavourable market and slid rapidly from ⅛ discount to 2 discount on Wednesday, but subsequently recovered. After the severe falls on Wednesday, when 3½ per cent War Loan touched its lowest point this year at 68⅞; a sharp recovery took it back to 69¾ xd at the close. Falls in industrial stocks have not been accompanied by heavy selling, but the weakness has been general. *The Economist* indicator fell from 189.3 to 183.8 during the week.

Several of the leading stocks fell to their lowest points this year; Bowater declined at 42s., ICI touched 39s. 3d. before recovering to 39s. 10½d. and Imperial Tobacco fell back to 46s. 3d. Stores were weak, with Debenhams declining to 38s. 6d. following the results. GUS "A" dropped to 33s. 3d. and Marks & Spencer and Woolworth sank to their lowest level this year. Textile shares were lowered, Courtaulds falling to 31s. 6d. xd. and Horrockses dropping 4s. 9d. to 28s. Thornycroft suffered a sharp set-back to 37s. 6d. and Cannon Holdings fell 1s. 6d. to 17s. 9d. following the results.

The crisis caused heavy falls in oil shares on Tuesday, but although some ground was regained later, further losses followed on Wednesday. British Petroleum fell to 136s. 3d. xd. and Shell to 144s. 4½d., but Burmah recovered to 86s. 10½d. after 84s. 4½d. Kaffirs have been weak; Merriespruit fell 1s. 4½d. to 4s. 1½d. following the flooding, and Anglo-American receded 3s. 9d. to 138s. 9d. Free State Geduld lost 6s. 3d. to 80s. and Randfontein declined further to 32s. 9d. Camp Bird rose 10½d. to 14s. 10½d., but tin shares became dull. Copper shares are easier.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Oct. 31, 1956 High	Prices, Jan. 1 to Oct. 31, 1956 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 24, 1956	Price, Oct. 31, 1956	Net Yield, Oct. 31, 1956 § £ s. d.	Gross Yield, Oct. 31, 1956 £ s. d.
98⅜	97	Funding 2¾% '52-57	98⅜	98¼	3 6 3	5 4 9
95⅛	93½	War Loan 3½% '55-59	95⅛	95⅛	3 7 0	4 13 9
91⅜	88⅛	Funding 2½% '56-61	91⅜	91⅜	3 11 7	4 14 3
100⅜	99⅛	Exchequer 5% 1957	99⅛	99⅛	1 18 11	5 7 11
99⅛	97	Conversion 4% '57-58	98	97⅞	3 5 2	5 8 0
97⅞	95⅞	Serial Funding 2½% 1957-59	97⅛	97⅛	3 10 0	4 8 10
94⅛	91	Conversion 2½% '58-59	94⅜	94⅜	3 14 1	4 14 2
92⅛	88⅝	Exchequer 2½% 1960	91⅝	91⅝	3 14 6	4 13 7
95⅛	92½	Exchequer 3½% 1960	94⅛	94⅛	3 7 8	4 15 6
85½	83	Savings Bonds 3% '55-65	85⅛	85⅛	3 15 7	5 4 5
82⅛	77⅛	Funding 3% '59-69	79⅛	79⅛	3 17 3	5 6 8
92⅛	84½	Funding 4% '60-90	85⅜*	85¼	7 3 1 / 3 0 1	9 0 6 / 4 18 1
83⅞	75½	Savings Bonds 3% '60-70	77⅛	76⅞	3 18 9	5 9 2
98⅜	97⅛	Conversion 4½% 1962	98¼	98¼	3 1 3	5 1 9
91⅛	88½	Exchequer 3% '62-63	91⅛	91	3 7 4	4 16 2
87⅛	83⅜	Exchequer 2½% '63-64	85⅞*	85⅝*	3 13 5	4 16 7
83⅛	76½	Savings Bonds 2½% '64-67	79⅝*	79⅝	3 17 7	5 1 11
79⅜	72½	Savings Bonds 3% '65-75	73⅜	73⅜	3 14 9	5 6 2
96½	90	Victory 4% '20-76	91½	90⅝	3 7 6	5 4 11
83⅜	78	Funding 3% '66-68	80⅛	80⅛	3 17 3	5 7 2
88⅛	81⅞	Conversion 3½% 1969	84⅛	83⅜	3 14 4	5 8 1
83⅜	76⅜	Treas. 3½% '77-80	77⅜	77⅛	3 9 10	5 6 3
84½	75⅛	Treas. 3½% '79-81	77	76½	3 9 7	5 5 8
72⅞	65½	Redemption 3% '86-96	67⅛	66½	3 4 8	4 15 11
81½	74⅜	Funding 3½% 1999-2004	75⅜	75⅜	3 0 3	4 17 11
84⅜	76⅜	Consols 4% aft. Feb. '57	78	77⅞	2 19 11	5 4 9
77	68⅜	War Ln 3½% aft. Dec. '52	70⅞*	69⅝*	2 17 6	4 19 9
76⅞	68⅜	Conv. 3½% aft. April '61	69⅛	69½	2 18 3	5 1 6
66⅛	59½	Treas. 3% aft. April '66	61	60½	2 17 2	4 19 7
56⅜	50⅞	Consols 2½%	52⅜	51⅞	2 15 8	4 17 0
56⅜	50⅛	Treas. 2½% aft. April '75	52⅛	51½	2 15 8	4 17 0
98⅜	90	Br. Elec. 4½% '67-69	91⅜	91⅜	3 9 9	5 11 3
80⅛	73	Br. Elec. 3% '68-73	74⅜	74⅜	3 17 2	5 7 11
79⅜	71⅜	Br. Elec. 3% '74-77	73	72⅝	3 13 2	5 4 8
95	85⅜	Br. Elec. 4½% '74-79	86⅞	86⅜	3 6 3	5 5 5
83⅛	75⅞	Br. Elec. 3½% '76-79	76½*	76½*	3 10 3	5 5 6
90⅜	84⅛	Br. Gas 4% '69-72	85⅝	85⅜	3 11 4	5 5 9
87⅛	80⅜	Br. Gas 3½% '69-71	81⅜	81⅛	3 14 1	5 5 8
73⅛	66	Br. Gas 3½% '90-95	67⅛*	67⅛	3 4 5	4 18 3
80⅜	73	Br. Trans. 3% '68-73	74⅜	74⅜	3 17 2	5 7 11
90⅛	83⅛	Br. Trans. 4% '72-77	84⅛	84⅛	3 8 0	5 7 3
73⅜	67	Br. Trans. 3½% '78-88	68⅜	68⅜	3 8 2	5 2 11

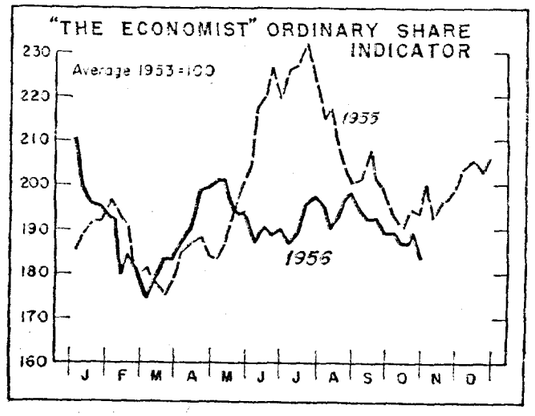
(*e*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Prices, 1955 Low	Prices, Jan. 1 to Oct. 31, 1956 High	Prices, Jan. 1 to Oct. 31, 1956 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Oct. 24, 1956	Price, Oct. 31, 1956	Yield, Oct. 31, 1956 £ s. d.
94⅜	79	80⅜	74⅞	Anst. 3½% '65-69	75½	77⅛	5 15 0
101⅜	87	87½	72	Ceylon 4% '73-75	75	75	6 6 3
103⅜	87⅛	88½	82½	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87½	64½	57½	L.C.C. 3% aft. 1920	60	60	5 0 0
99	83	85⅜	85¼	Liverpool 3% '54-64	84	84	5 10 1
84	65	68⅜	61	M.Wtr.'B' 3%'34-2003	62½	62½	5 4 0
102½	94½	97½	91½	Agric. Mort. 5% '59-89	93½	93½	6 8 6
122⅜	91	117½	102½	German 7% 1924	116½	115½	...
215	149	210	187	German 5½% 1930	210½	210½	...
232	160	226	208	Japan 5% 1907	226	226	...
214	190	275½	247½	Japan 5½% Conv. 1930	270½	270½	...

Prices, Jan. 1 to Oct. 31, 1956 High	Prices, Jan. 1 to Oct. 31, 1956 Low	Last Two Dividends (*a*) (*b*) (*c*) %	%	ORDINARY STOCKS	Price, Oct. 24, 1956	Price, Oct. 31, 1956	Yield, Oct. 31, 1956 £ s. d.
				BANKS & DISCOUNT			
50/-	41 1½	7 *b*	5 *a*	Barclays £1	44/6	42 6	5 12 11
58/9	50/3	6 *b*	6 *a*	Lloyds 'A' £5, £1½ pd.	58/-	57 6	5 4 4
72/4½	61/-	9 *b*	9 *a*	Midland £1, fully pd.	68/6	68/-	5 5 11
70/-	59/9	9 *b*	9 *a*	N. Prov. 'B' £5, £1 pd.	65/-	63 6	5 13 6
77/9	66 6	8 *b*	8 *a*	Westminstr'B'£4,£1½pd.	71/-	70 -	5 14 3
43/6	28 -	3½ *b*	2½ *a*	Alexanders £1	32/6	32 6	3 16 11
46/-	29 3	5 *b*	5 *a*	Nat. Disc. 'B' £1	36/6	36 6	5 9 7
50/-	40 6	6½ *b*	6½ *a*	Union Disc. £1	47/-	47/-	5 6 5
35/9	30 1½	4 *b*	4 *a*	Barc. (D.C.O.) £1	31/-	31/-	5 3 3
41/9	35/-	7½ *b*	7½ *a*	Chart. Bk. of India £1	36/-	34/6	8 13 11
				INSURANCE			
29	16½	12½ *a*	37½ *b*	Leg. & Gen. £1	25⅝	25½	1 19 8
25⅜	19½	†47½ *b*	†20 *a*	Pearl £1, fully pd.	20½	19⅝	6 0 4
48⅜	40	†117½ *c*	†125 *c*	Prudential 'A' £1	42*	40½	5 7 3
				BREWERIES, ETC.			
139/6	106/-	33 *b*	10 *a*	Bass £1	118/9	116/3	7 7 11
24/10½	19 9	6 *a*	11½ *b*	Distillers 6 8	20 9	20/-	5 16 8
45/10½	38 6	25 *c*	10 *a*	Guinness 10/-	40/-	39/4½	6 6 4
76/-	67/-	14 *b*	7 *a*	Whitbread 'A' Ord. £1	68/6	68/-	6 3 6

Price, Oct. 24, 1956	Price, Oct. 31, 1956	Yield, Oct. 31, 1956 £ s. d.
	STEEL & ENGINEERING	
74/4½*	73/9	4 1 4
10/-	10/3	6 16 7
25/9	25/9	6 4 3
52/6	50/-	4 0 0
60/7½	59/9	5 17 2
35/9	35/9	6 14 3
57/6	57/6	4 17 8
38/6	37/9	6 12 6
40/1½	39/4½	5 1 7
	TEXTILES	
22/6	24/3	8 4 11
16/-	15/3	10 9 10
23/6	23/3	7 10 6
34/-	31/-*	6 9 0
16/3	16/3	12 6 2
29/3	29/3	8 11 0
32/9	32/6	7 13 10
	MOTORS & AIRCRAFT	
18/6*	17/6	5 14 3
7/-	6/6	9 12 4
31/6*	31/-	4 16 9
42/6	‖40/3	4 6 11‖
48/9	47/6	5 5 3
10/-	10/3	8 11 0
105/-*	105/-*	3 6 8
	SHOPS & STORES	
13/9	13/9	5 1 10
40/6	38/6	7 2 11
35/-	33/-	9 9 4
59/-	58/-	4 6 2
22/9	21/6	7 11 2
65/3	64/3	5 4 5
	OIL	
135/7½	134/3	3 16 11
36/-	35/-*	4 11 5*g*
30/6	30/-	5 6 8
	MISCELLANEOUS	
65/-	63/9	4 14 1
38/1½	35/9	5 0 8*y*
44/4½	41/10½	5 14 7
50/9	50/9	4 18 6
68/1½	66/3	3 12 5
54/-	52/6	5 16 0*i*
$65	$64	4 6 10
29/4½	28/9	6 1 9
16/9*	16/6	7 11 6
47/6	46/3	5 8 1
43/9	43/9	6 8 0
40/9	39/9	6 0 8
47/6	47/-	8 18 9
$196½	$194	3 7 3
52/6	51/3	7 16 1
23/4½	23/4½	4 16 3
62/-	61/6	5 7 3
56/3	55/-	5 1 10*w*
100/-	99/4½	5 0 8
73/9	71/-	4 8 9
38/3	34/3	5 12 10*s*
25/6	23 3*	14 14 7
2/3	2 2½	18 5 9
51/3	51/3	17 11 3
	MINES	
7½	6½	5 0 11
101/3	100/-	10 0 0
87/-	80/-	Nil
35/3	32 6	15 7 7
11 6*	10 6*	11 8 7
41½	39*	8 19 6

(*f*) To earliest date. * Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16⅔%. (*h*) On 8⅓%. (*i*) On 17½% Tax free. (*l*) To latest date. (*m*) On 10%. (*v*) On 15% Tax free. (*w*) On 14%. (*y*) On 8%. (*z*) On 19/32 gross.



STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Oct. 3	189·2	5·83				
„ 10	187·0	5·91				
„ 17	186·8	5·89	210·4 (Jan. 4)	174·6 (Mar. 7)	232·1 (July 20)	175·2 (Mar. 23)
„ 24	189·3	5·80				
„ 31	183·8	5·97				

"Financial Times" Indices

	Ord. Index†	Ord. Yield %	Fixed Int.‡	2½ Consols Yield %	Bargains Marked	1956 High	1956 Low	1955 High	1955 Low
Oct. 25	178·7	5·97	93·18	4·77	8,286	203·5 (Jan. 3)		223·9 (July 21)	
„ 26	177·8	6·00	93·21	4·77	8,540				
„ 29	177·7	6·01	93·19	4·78	10,347				
„ 30	175·8	6·07	92·86	4·81	9,299	Low 169·7 (Mar. 8)		Low 175·7 (Mar. 15)	
„ 31	175·1	6·10	92·72	4·83	7,875				

Bases:—* 1955=100. † July 1, 1935=100. ‡ 1928=100.

New York Closing Prices

Oct. 24 $	Oct. 31 $		Oct. 24 $	Oct. 31 $		Oct. 24 $	Oct. 31 $
51½	51	Am. Smelting	52½	50½	Inter. Paper	111½	110½
33¾	32½	Am. Viscose	33⅜	33½	Nat. Distill.	27½	26⅛
40¾	37½	Cel. of Am.	14¼	14½	Sears Roebuck	30⅜	30⅛
23⅛	22⅛*	Chrysler	74⅜	73⅜	Shell	76	75⅜
167½	166½	Gen. Elec.	60½	59⅜	Std. Oil of N.J.	54	54⅜
11⅜	11⅜	Gen. Motors	46½	45⅜	U.S. Steel	67⅛	67½
6⅜	6⅜	Goodyear	77½	77⅛	Westinghouse	52½	52
18⅜	18½	Inter. Nickel	101	99	Woolworth	45½	45⅛

Statistics

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

British		Overseas	
Prices and Wages	This week	Western Europe:	
Production and Consumption	Oct. 6th	Production and Trade	This week
Manpower	Oct. 20th	British Commonwealth	Oct. 6th
External Trade	Oct. 27th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Oct. 20th
Industrial Profits	Oct. 13th	United States	Oct. 27th
		World Trade	Oct. 13th

Prices and Wages

	Unit	1953	1954	1955	1955			1956 (†)			
		mid-June			Oct. 18	Oct. 25	Nov. 1	Oct. 9	Oct. 16	Oct. 23	Oct. 30
WORLD PRICES											
Commodity Price Indicator: (1)											
All items	1952=100	89	99	93	94	94	93	92	92	92	94
Food	,,	93·2	119·6	92·0	92·9	93·5	92·9	93·5	92·7	92·8	93·4
Fibres (†)	,,	87·0	88·7	83·2	77·0	77·4	77·3	84·5	86·0	85·2	85·5
Metals	,,	80·0	81·5	95·7	98·6	98·9	99·3	94·2	94·4	93·5	97·4
Other items	,,	95·9	93·5	106·9	110·1	109·1	108·1	98·4	96·8	96·5	101·2
		Monthly averages			1955			1956			
BRITISH WHOLESALE PRICES		1953	1954	1955	July	Aug.	Sept.	June	July	Aug.	Sept.
Materials used in:	June 30,										
Non-food manufacturing (excl. fuel)	1949=100	145·8	143·5	152·4	153·8	156·5	155·9	155·2	154·1	155·8	157·1
Mechanical engineering	,,	145·7	150·4	168·1	166·1	173·4	175·4	176·3	176·1	178·0	178·7
Electrical machinery	,,	155·2	160·5	185·7	183·3	190·3	193·9	184·2	183·2	187·1	188·1
Building and civil engineering	,,	130·4	131·4	137·3	136·7	138·6	139·5	141·8	142·6	143·2	143·2
House building	,,	128·7	130·7	137·1	137·2	138·7	139·4	141·4	142·8	143·0	143·1
Products of:											
Non-food manufacturing (excl. fuel)	,,	125·2	125·5	129·6	129·6	130·0	130·9	135·4	135·7	135·8	136·1
Food manufacturing	,,	138·6	139·1	143·9	143·6	143·6	144·0	146·8	148·5	148·1	147·7
Commodities:											
Cotton, raw (‡)	,,	140·6	155·0	149·7	150·8	152·4	150·5	164·9	160·5	155·5	153·2
Wool, raw	,,	171·1	160·8	142·0	141·9	142·0	129·5	146·5	144·3	144·8	156·3
Rubber, No. 1 RSS, one month future	,,	199·1	197·9	329·9	370·7	410·6	422·2	234·5	265·4	291·0	280·4
Softwood, imported	,,	144·1	145·0	154·9	154·8	155·3	156·0	156·0	155·3	155·6	155·6
Copper, ex-warehouse (§)	,,	217·6	213·4	295·7	281·5	306·7	323·3	258·6	242·2	260·2	259·2
UK RETAIL PRICES											
Interim index:	June 17,										
All items	1947=100	140	143	149	150	149	150	157	156	157	157
	Jan. 15,										
All items	1952=100	105·8	107·7	112·6	113·3	112·5	113·2	102·4	102·0	102·3	102·1
Food	,,	111·3	114·2	122·8	125·6	122·4	123·6	102·9	101·1	101·7	100·8
All items	1938=100	228	232	242	244	242	243	255	254	255	254
Food	,,	253	239	257	263	256	259	271	266	267	265
Rent and rates	,,	129	134	138	138	138	138	145	145	146	146
Clothing	,,	253	255	256	255	255	255	262	262	263	263
Fuel and light	,,	207	216	223	219	231	235	250	250	251	253
Household durable goods	,,	286	284	288	285	286	287	309	309	309	309
Drink	,,	256	257	260	260	260	261	264	266	266	266
Tobacco	,,	387	387	389	388	388	388	418	418	418	418
Purchasing power of £ (based on all consumer spending)	1938=100	42	41	39	39	39	39	37	37	37	37
UK TERMS OF TRADE											
Import prices:											
All items	1954=100	101	100	103	102	102	103	105	103	103	104
Food, drink and tobacco	,,	97	100	101	98	97	96	102	99	99	99
Basic materials	,,	103	100	104	104	105	105	105	106	106	107
Export prices:											
All items	,,	101	100	102	103	102	103	106	106	106	107
All manufactures	,,	101	100	102	103	102	103	105	106	106	107
Metals	,,	105	100	104	105	103	105	111	113	112	111
Engineering products	,,	100	100	103	103	103	104	107	106	108	109
Textiles (excluding clothing)	,,	99	100	100	101	99	100	98	99	99	101
Terms of trade:											
Ratio of import to export prices	,,	100	100	101	99	100	100	99	97	97	97
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	77·5	86·1	127·7	130·0	129·9	138·1	155·5	155·2	157·9	156·1
UK WAGES											
Weekly wage rates:	June 30,										
All workers	1947=100	136	142	151	153	153	153	164	164	165	165
Men	,,	134	140	150	151	151	152	163	163	163	163
Women	,,	140	146	155	155	155	156	166	167	167	168
Weekly earnings: (‖)											
All workers	s. d.	160 1	171 9	187 2	...	...	...	...	...	...	...
Men	,,	189 2	204 5	222 11	...	...	...	...	...	...	...
Women	,,	102 5	108 2	115 5	...	...	...	...	...	...	...
	Oct.,										
All workers	1938=100	301	323	351	...	...	...	...	...	...	...
Men	,,	274	296	323	...	...	...	...	...	...	...
Women	,,	315	333	355	...	...	...	...	...	...	...

(1) The Alexandria spot quotations for Karnak and Ashmouni cotton have been replaced by the current month futures quotation at Alexandria. (2) Figures up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper; from May, 1955, onwards the proportion of copper sold at fixed prices has been taken into account. (3) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (4) New series based on January 17, 1956=100. (5) Surveys made twice a year; annual figures relate to October survey. (6) Revised series based on Liverpool spot market prices, as from July 1, 1954. (7) Revised figures for September 25th: food 93·6; fibres 84·5.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) **(1953 = 100)**												
1948	54	87	82	79	...	52	70	62	70	70	90	69
1954	114	106	109	109	112	122	102	109	110	109	104	109
1955	133	116	111	121	129	130	105	118	118	113	111	...
1956, March	137	123	107	133	132	132	102*	130	127	115	119	...
,, April	138	125	100	137	140	131	...	122	119	116	119	...
,, May	132	126	112	142	144	133	...	132	129	109	120	...
,, June	146	...	113	138	138	134	...	128	130	124	118	...
,, July	...	...	74	...	134	...	...	...	120	78	...	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D marks	mn. drachmas*	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira
IMPORTS (c. i. f.)												
1948	243	7,249	285	56·08	264*	152*	11·36	70·36	414	310	413	64·2
1954	1,416	10,561	674	123·11	1,601	825	14·99	127·04	905	606	766	111·6
1955	1,922	11,790	678	136·74	2,029	955	17·03	140·93	1,016	649	860	116·1
1956, March	2,171	13,937	669	172·26	2,164	1,001	16·18	169·02	1,084	601	802	107·1
,, April	2,003	13,241	606	163·97	2,274	1,156	14·64	152·37	1,193	762	1,018	108·1
,, May	2,089	13,699	939	174·34	2,228	1,121	15·86	168·81	1,136	880	980	107·1
,, June	2,118	13,639	767	175·40	2,419	1,181	15·66	175·50	1,222	792	964	91·9
,, July	2,392	...	686	...	2,391	...	15·21	151·45	1,227	661	880	112·4
EXPORTS (f. o. b.)												
1948	165	6,171	228	36·18	151*	39*	4·11	47·99	226	172	332	45·9
1954	1,321	9,581	554	121·94	1,832	380	9·61	85·33	764	347	683	78·2
1955	1,514	11,566	608	139·94	2,142	457	9·19	96·72	851	377	745	73·1
1956, March	1,937	13,330	646	141·75	2,345	332	8·72	116·97	861	446	558	88·6
,, April	1,750	13,593	530	140·16	2,690	319	7·86	103·14	982	434	744	88·5
,, May	1,758	14,175	676	129·33	2,435	241	8·04	106·28	933	472	897	79·8
,, June	1,923	13,887	711	139·00	2,760	266	9·28	106·57	899	449	974	44·6
,, July	1,869	...	594	...	2,580	...	...	116·46	789	429	923	37·6
BALANCE												
1948	− 78	− 1,078	− 57	−19·90	− 113	− 113	− 7·25	−22·37	− 188	− 138	− 81	− 18·3
1954	− 95	− 980	− 120	− 1·17	+ 231	− 445	− 5·38	−41·71	− 141	− 259	− 83	− 33·4
1955	− 408	− 224	− 70	+ 3·20	+ 113	− 498	− 7·84	−44·21	− 165	− 272	− 115	− 43·0
1956, March	− 234	− 607	− 23	−30·51	+ 181	− 669	− 7·46	−52·05	− 223	− 155	− 244	− 18·5
,, April	− 253	+ 352	− 76	−23·81	+ 416	− 837	− 6·78	−49·23	− 211	− 328	− 274	− 19·6
,, May	− 331	+ 476	− 263	−45·01	+ 267	− 880	− 7·82	−62·53	− 203	− 408	− 83	− 27·3
,, June	− 195	+ 248	− 56	−36·40	+ 341	− 915	− 6·38	−68·93	− 323	− 343	+ 10	− 47·3
,, July	− 523	...	− 92	...	+ 189	...	...	−34·99	− 438	− 232	+ 43	− 74·8
VOLUME OF EXTERNAL TRADE (3) **(1953 = 100)**												
IMPORTS												
1948	48	86	59	84	...	...	90	87	64	71	85	46
1954	139	110	121	108	125	117	98	104	126	114	115	99
1955	198	122	120	123	152	135	108	113	146	119	128	91
1956, March	216	135	116*	128	157	138	99	128	150	109	121*	...
,, April	201	130	...	151	168	155	89	119	160	142	}	{ ...
,, May	209	...	...	143	163	157	96	133	153	154	142	...
,, June	209	...	...	150	175	...	95	...	162	137	}	{ ...
,, July	245	...	...	154	173	...	...	...	...	124	...	...
EXPORTS												
1948	37	69	48	48	...	...	55	66	34	70	69	55
1954	122	109	108	116	124	111	102	107	113	115	110	95
1955	136	127	118	132	142	121	94	124	124	117	115	71
1956, March	171	131	116*	131	151	92	93	152	124	129	96*	...
,, April	150	132	...	128	172	80	84	128	137	129	}	{ ...
,, May	151	136	...	117	160	64	85	138	129	138	132	...
,, June	164	...	...	124	175	...	100	...	126	133	}	{ ...
,, July	159	...	...	...	164	...	...	...	...	125	...	...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. Italy includes Trieste. (3) New drachmas introduced May 1, 1954 (1 new drachma=1,000 old drachmas). (4) Thousand million drachmas. (5) Bizonal area. (6) Average for first quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended October 27th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £11,478,000 compared with a deficit of £47,073,000 in the previous week and a surplus of £18,214,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £7,997,000, bringing the total deficit to £642,873,000 (£615,927,000 in 1955-56).

£'000	Estimate, 1956–57	April 1, 1955 to Oct. 29, 1955	April 1, 1956 to Oct. 27, 1956	Week ended Oct. 29, 1955	Week ended Oct. 27, 1956
Ord. Revenue					
Income Tax	2085,500	561,084	624,444	33,415	21,184
Surtax	144,000	33,000	39,400	1,000	1,000
Death Duties	170,000	103,900	93,800	2,800	3,300
Stamps	58,900	42,500	36,200	1,400	1,300
Profits Tax, EPT	216,750	115,100	109,150	4,600	2,350
Excess Profits Levy	4,000	14,000	3,400	300	...
Special Contribution and other Inland Revenue	1,000	300	210	...	...
Total Inland Rev.	2680,150	869,884	908,604	43,515	29,134
Customs	1204,000	671,419	681,775	26,330	24,416
Excise	953,350	443,645	471,765	16,410	14,225
Total Customs and Excise	2157,350	1115,064	1153,540	42,740	38,641
Motor Duties	92,000	20,030	21,612	1,167	1,480
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	28,000	11,800	9,800	2,700	...
Sundry Loans	30,000	22,798	24,883	80	...
Miscellaneous	200,000	72,977	88,515	855	1,250
Total	5137,500	2112,552	2204,959	91,058	70,485
Ord. Expenditure					
Debt Interest	670,000	362,000	413 323	3,549	7,375
Payments to N. Ireland Exchequer	61,000	30,567	34,532	2,317	2,636
Other Cons. Fund	10,000	6,038	5,055	29	9
Supply Services	3941,918	1931,718	2162,513	66,847	71,664
Total	4682,918	2350,324	2616,438	72,743	81,684
Sinking Funds	37,000	19,750	20,015	139	279
"Above-line" Surplus or Deficit	—	267,531	430,525	+ 18,214	— 11,478
"Below-line" Net Expenditure		358,396	212,343	11,763	7,997
Total Surplus or Deficit	—	615,927	642,873	+ 6,451	— 19,475
Net Receipts from:					
Tax Reserve Certificates		93,862	150,131	5 480	2,486
Savings Certificates		10,200	34,700	— 900	2,900
Defence Bonds		—22,778	—24,555	— 4529	— 3237

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Oct. 29	3,440·0	1,871·4	253·2	5·0	5,574·5
1956					
July 28	3,340·0	1,244·2	247·5	4·0	4,835·7
Aug. 4	3.360·0	1.218·5	226·4	0·3	4,805·1
,, 11	3,340·0	1,161·2	231·9	...	4,733 0
,, 18	3,420·0	1,356·6	262·4	0·8	5,058·7
,, 25	3,450·0	1,346·2	257·3	...	5,053·5
Sept. 1	3,480·0	1,330·3	228·5	...	5,038·9
,, 8	3,510·0	1,322·4	235·9	1·8	5,070·1
,, 15	3,540·0	1,324·9	256·8	...	5,121·7
,, 22	3,500·0	1,325·1	254·5	...	5,169 6
,, 30	3,610·0	1,338·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,338·8	253·1	2·3	5,204·8
,, 13	3,610·0	1,322·7	348·3	1·0	5,182·0
,, 20	3,620·0	1,342·2	255·9	...	5,218·0
,, 27	3,610·0	1,378·9	245·2	0·3	5,234·9

THE MONEY MARKET

THE discount houses made no change in their bid of £98 15s. for the 91-day bills on offer at the Treasury tender on Friday last. Higher bids were, however, offered by outside applicants, who in the previous week had been taken by surprise by the market's jump of 7d. per cent. The upshot was that the average rate of discount fell by a further 4d. per cent to £4 19s. 9.85d. per cent, while the allotted proportion of the market's tender fell from 66 to 30 per cent.

Last week's tender was the first this year to include offers of 63-day bills, maturing early in January. The market bid at £99 2s. 9d. per cent for the £60 million on offer, and secured 91 per cent of its tender. Its average allotment on both maturities came out at about 44 per cent. At yesterday's tender, the Treasury again offered £200 million of three months' bills and raised its offer of two months' bills to £70 million.

Credit conditions in Lombard Street have again been generally comfortable in the past week; but on Monday funds were very short, and despite large special purchases by the Bank four or five houses took seven-day loans at the penal rate. Otherwise, market supplies of credit were adequate for demands, and on Wednesday there was a small surplus of funds.

The Bank return for the week to Wednesday shows a rise in discounts and advances by £8.6 million to £28.2 million.

LONDON MONEY RATES

	%		%
Bank rate (from 4½%, 16/2/56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅝
Banks	3½	3 months	5⅝–5⅝
Discount houses	3¾*	4 months	5⅝–5⅝
		6 months	5⅝–5⅝
Money Day-to-day	3–4½	Fine trade bills:	
Short neaiods	4½	3 months	6–6½
Treas. bills 2 months	4½	4 months	6–6½
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Nov. 2, 1955	Oct. 24, 1956	Oct. 3, 1956
Issue Department:*			
Notes in circulation	1,770·3	1,874·1	1,877·4
Notes in banking dept.	30·1	51·2	47·4
Govt. debt and securities*	1,796·2	1,921·2	1,921·3
Other securities	0·8	0·8	0·3
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	14·6	11·4	15·1
Bankers	251·8	242·2	256·6
Others	66·3	72·4	73·3
Total	335·3	326·0	345·0
Securities:			
Government	268·5	254·4	268·3
Discounts and advances	35·3	19·6	28·2
Other	16·7	16·6	16·7
Total	320·5	290·6	313·2
Banking department reserve	32·5	53·2	49·8
"Proportion"	% 9·6	% 16·3	% 14·3

* Government debt is £11,015,100, capital £14,553,0[illegible]. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

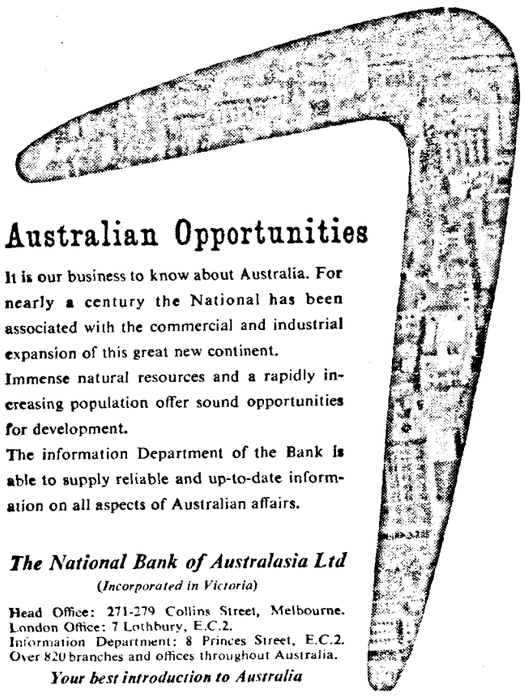
TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotte at Max Rate*
1955	*91 Day*		s. d.	%
Oct. 28	260·0	381·7	81 4·98	51
1956				
July 27	260·0	381·0	99 6·39	73
Aug. 3	270·0	399·1	100 3·79	57
,, 10	280·0	409·9	100 5·84	62
,, 17	280·0	393·4	100 0·43	62
,, 24	270·0	405·2	101 2·95	50
,, 31	290·0	385·0	100 6·41	80
Sept. 7	290·0	430·0	101 4·50	55
,, 14	290·0	404·2	102 0·77	61
,, 21	280·0	380·0	103 4·86	55
,, 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	56
,, 12	280·0	403·6	102 2·21	55
,, 19	280·0†	392·9	100 2·12	66
	91 Day / *63 Day*			
,, 26	230·0 / 60·0	412·4	99 9·85	30

* On October 26th tenders for 91 day bills at £98 15s. 0[illegible] secured 30 per cent and 63 day bills at £99 2s. 9d. secured 91 per cent, higher tenders being allotted in full. Yesterday's offering of £270 million included £70 million at 63 days.
† Allotment cut to £260·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: October 31	Market Rates: Spot: October 25	October 26	October 27	October 29	October 30	October 31
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅜–2·78½	2·78⅛–2·78⅜	2·78⅛–2·78⅜
Canadian $	...	2·70⅞–2·70⅞	2·70⅞–2·70⅞	2·70⅞–2·70⅞	2·69½–2·69⅝	2·68⅞–2·69⅛	2·69⅛–2·69⅜
French Fr.	972·65–987·35	983½–985½	983½–985½	983½–985½	982½–983½	981½–982½	980½–981½
Swiss Fr.	12·15⅛–12·33⅛	12·24⅛–12·24½	12·25⅛–12·24½	12·25⅛–12·24	12·25⅜–12·24	12·22–12·22½	12·21–12·21
Belgian Fr.	138·95–141·05	139·97½– 140·02½	139·85– 139·90	139·80– 139·85	139·72½– 139·77½	139·55– 139·60	139·40– 139·4
Dutch Gld.	10·56–10·72	10·63⅜–10·63⅝	10·63⅜–10·63⅝	10·63⅜–10·63⅝	10·63⅜–10·63⅝	10·60½–10·62½	10·61½–10·61
W. Ger. D-Mk.	11·67⅛–11·84⅛	11·70⅞–11·71⅛	11·70⅞–11·71⅛	11·70⅞–11·71⅛	11·70⅞–11·71	11·67⅛–11·69⅛	11·68⅛–11·68
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10
Italian Lire	1735–1765	1753½–1754½	1753½–1754½	1753½–1754	1753½–1754	1752½–1753½	1751–1752
Swedish Kr.	14·37½–14·59½	14·48½–14·49½	14·49⅝–14·48⅞	14·48⅝–14·48⅝	14·48⅝–14·48½	14·46–14·46½	14·42½–14·42
Danish Kr.	19·14½–19·48½	19·35½–19·35½	19·35½–19·35½	19·35½–19·35½	19·35½–19·35½	19·34½–19·34½	19·33–19·3
Norwegian Kr.	19·85–20·15	20·00–20·00½	20·00–20·00½	19·99½–20·00½	19·99½–20·00½	19·99½–20·00½	19·98½–19·98
One Month Forward Rates							
United States $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm
Canadian $		⅛–⅛c. pm	⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	⅛c.pm–⅛c.dis	⅛c. pm–par
French Fr.		½–2½ dis	½–2½ dis	½–2½ dis	½–2½ dis	½–2½ dis	½–2½ dis
Swiss Fr.		2½–1½c. pm	2½–1½c. pm	2½–1½c. pm	2½–1½c. pm	2–1½c. pm	2½–1½c. pm
Belgian Fr.		⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm
Dutch Gld.		1½–⅝c. pm	1½–par	1½–⅝c. pm	1½–⅝c. pm	1½–⅝c. pm	1½–1c. pm
W. Ger. D-Mk.		1½–1¼pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	1½–1pf. pm	2–1½pf. pm
Italian Lire		3–1 pm	3–1 pm	3–1 pm	3–1 pm	3–1 pm	3–1 pm
Swedish Kr.		½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis	½ pm–½ dis
Danish Kr.		5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm
Norwegian Kr.		20 pm–par	20 pm–par	20 pm–par	20 pm–par	20 pm–par	20 pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/4½	252/4½	...	251/4½	251/8½	252/–



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Chief Manager: MICHAEL W. TURNER
London Office: 9, Gracechurch Street, E.C.3.
London Managers: S. W. P. Perry-Aldworth; M. D. Scott

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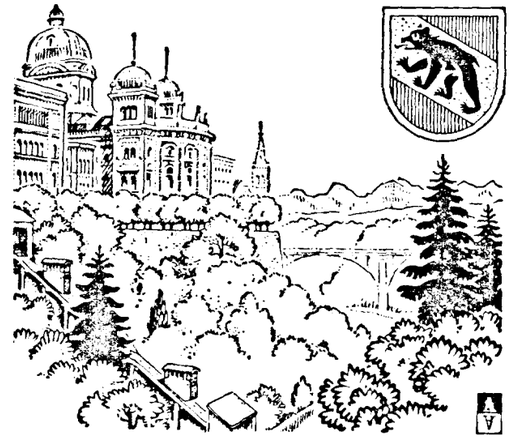

founded 1191 and today the Capital of the Swiss Confederation, is built on a ridge of rock, surrounded on three sides by the River Aar. A cogwheel railway, with the shortest length of track in the world, connects the City with a suburb down on the riverside.

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•

G. D. BIRLA, Esq., Chairman.

AUTHORISED CAPITAL - Rs.80,000,000
SUBSCRIBED CAPITAL - Rs.40,000,000
PAID-UP CAPITAL - - - Rs.20,000,000
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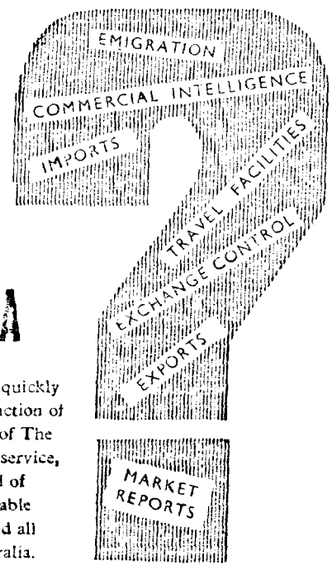
S. T. SADASIVAN, General Manager

Any Questions about AUSTRALIA



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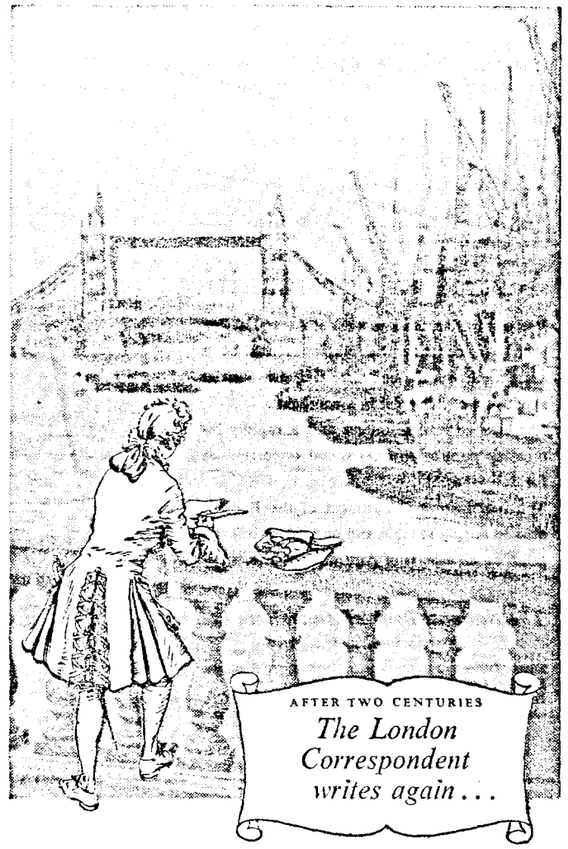

THIS is where it all began—with a policy on part of a cargo in the Pool of London. By *it* we mean the London Assurance, and it began in a small way indeed—two hundred and thirty-five years ago, with a staff of six and a doorkeeper. And to-day? To-day, the London Assurance discharges its business all the world over, dealing with insurance of every sort. For example:—

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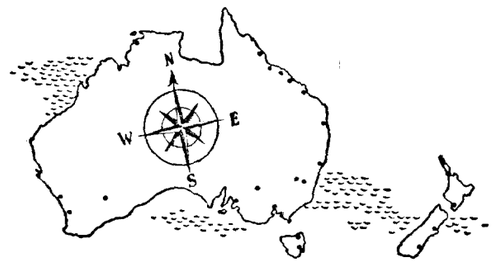

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Abridged Prospectus.

Consent of Her Majesty's Treasury has been obtained to this issue in compliance with the Order made under Section 1 of the Borrowing (Control and Guarantees) Act, 1946.

GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA CONVERSION LOAN

Offer of Conversion to Holders of

£6,950,700 Commonwealth of Australia 3¾ per cent. Registered Stock, 1952-1956,

into

GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA 5½ PER CENT, REGISTERED STOCK, 1970-1972,

at the rate of £97. 10s. per cent.

Interest payable 15th December and 15th June.
Six months' interest will be paid on 15th June, 1957.

The Government of the Commonwealth of Australia will comply with the requirements of the Colonial Stock Act, 1900, in order that Trustees may invest in the Stock, subject to the provisions set forth in the Trustee Act, 1925.

Commonwealth Bank of Australia is authorised by the Government of the Commonwealth of Australia to offer to holders of £6,950,700 Commonwealth of Australia 3¾ per cent. Registered Stock, 1952-1956, maturing 15th December, 1956, Conversion of their holdings, in whole or in part, into an equal nominal amount of Government of the Commonwealth of Australia 5½ per cent. Registered Stock, 1970-1972, on the terms set forth in the full prospectus.

Principal of the new Loan will be repaid in London at par on 15th December, 1972, the Government of the Commonwealth of Australia having the option to redeem the Stock at par, in whole or in part, on or after 15th December, 1970, on giving three months' notice by public advertisement.

Holders who convert will receive on 15th December, 1956, a cash payment of £2. 10s. per cent. representing the difference between the issue price of the new Stock and the redemption price of the old Loan. They will also receive the usual six months' interest payable on that date.

Six months' interest on the new Stock will be paid on 15th June, 1957.

Holders accepting the offer of conversion must lodge their acceptances on the appropriate forms accompanied by the relative Stock Certificates, at the COMMONWEALTH BANK OF AUSTRALIA, Stock Department, 8, Old Jewry, London, E.C.2. These forms have been posted to the Stockholders or, in the case of joint accounts, to the Stockholder first named in such accounts.

Any Commonwealth of Australia 3¾ per cent. Registered Stock, 1952-1956, not converted will be paid off at par on 15th December, 1956, together with the six months' interest then due.

The Stock now offered will be registered and transferable in any amount by deed, at the COMMONWEALTH BANK OF AUSTRALIA, Stock Department, 8, Old Jewry, London, E.C.2. Stamp duty on all transfers will be paid by the Government of the Commonwealth of Australia.

Commonwealth of Australia Stocks issued and payable in London and the interest thereon, the property of persons not domiciled in Australia, are not, and will not be, subject to any taxes, duties or levies in Australia.

All Commonwealth Loans, all Loans issued by the several States and now taken over by the Commonwealth and all Loans guaranteed by the Commonwealth, carry a Sinking Fund in accordance with the provisions of the National Debt Sinking Fund Act, 1923-1934, and the Financial Agreement Acts.

The revenues of the Commonwealth of Australia alone are liable in respect of this Stock and the Dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of Her Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the Dividends thereon, or for any matter relating thereto.—40 and 41 Vict., cap. 59, sec. 19.

A commission of 5s. per £100 Stock will be paid to Bankers and Stockbrokers on allotments made in respect of conversion acceptances bearing their stamp.

Full Prospectuses, with Statistical Statement relating to the Commonwealth of Australia, may be obtained from the Commonwealth Bank of Australia, Stock Department, 8, Old Jewry, London, E.C.2; from Messrs. R. Nivison & Co., 25, Austin Friars, London, E.C.2; and at the Offices of the Government of the Commonwealth of Australia, Australia House, Strand, London, W.C.2.

Commonwealth Bank of Australia,
8, OLD JEWRY, LONDON, E.C.2.

26th October, 1956.

The List for Conversions will be closed at 3 p.m. on Tuesday, 6th November, 1956.

COMPANY MEETINGS

CAWOOD WHARTON & COMPANY

RECORD TRADING RESULTS

INCREASED TURNOVER IN MOST SECTIONS

MR ERIC W. TOWLER'S STATEMENT

The thirty-fourth ordinary general meeting of Cawood Wharton & Company Limited was held on October 19th in Leeds, Mr Eric W. Towler (the chairman), presiding.

The following is his circulated statement:

Increased turnover in most sections during the year under review to March 31, 1956, resulted in the record Group Trading Profit of £519,098.

After providing Depreciation and Amortisation at £108,795, which once again is on a conservative basis, and £11,875 for Unsecured Loan Stock Interest, the profit before taxation is £398,428, an increase of £109,745. Taxation provisions absorb £215,711, leaving a net profit of £182,717, an increase of £58,502, which, together with £118,843 brought forward from the previous year's accounts, and £13,545 Taxation previously overprovided, leaves £315,105 available for appropriation.

Preference Dividends costing £5,175 have already been paid, and in view of the satisfactory results attained the Directors recommend the payment of a dividend of 1s. 9d. per Stock Unit, less Income Tax, on the Ordinary Stock, which will absorb £50,313, and the transfer of £140,000 to General Reserve, leaving £119,617 to be carried forward.

CONSOLIDATED BALANCE SHEET

Capital and Reserves have increased from £707,510 to £902,480, principally accounted for by the transfer of £140,000 to General Reserve, and the addition to Capital Reserves of £54,196, being profits on the sale of plant and equipment, our Leeds office building, and certain land, on which the mineral workings, in which we are primarily concerned, have been assured on satisfactory terms.

Fixed assets have increased to £704,572; the additions, less sales, amount to £101,829, and include, *inter alia*, freehold and leasehold property, motor vehicles, quarrying, briquetting and concrete works plant and equipment.

The net Current Assets are £640,378, an improvement of £179,740 during the year.

REVIEW AND PROSPECTS

Last year the group participated satisfactorily in the good demand for fuels of all kinds; certain sections, notably the Irish and Export trades, are currently meeting with reduced demands. The introduction of drying and crushing plant at our three Northern Briquette Works has resulted in the production of a useful low ash content product, the demand for which should persist for some time in view of the continuing decrease in the production of large coal in this country. Research on the production of an anthracitic fuel for the London market, with alternative binders to pitch, has so far not fructified on a commercial basis, but in the light of certain developments we are pursuing we hope to operate new and additional plant during the winter 1957-58. The development of sales of fuel oil is slow with an increasing number of competing distributive influences in this sphere, although we shall soon have a small number of road tankers in traffic as hauliers of oil for the Shell Group.

Our transport fleets continue to be well employed, and we have again renewed the contract for the haulage of NCB opencast coal from site to screens in the Notts/Derby/Leicester area.

Our quarrying, building materials, wharfage and ancillary activities showed progress which is currently maintained.

The production from our various Sand and Gravel quarries again increased, and current outputs reflect our expansion in this section.

Our Anglesey seaborne quarries produced satisfactorily last year, and production is now profitably concentrated at Dinmor; in view of the deferment of certain projects due to the credit squeeze we have temporarily reduced operations at two small stone quarries in North Wales. The new plant at Llanarmon Limestone Quarry is now turning over and reasonable results are expected from this unit.

The Department engaged on prefabricated schools, and the export of houses and buildings, last year carried out a satisfying volume of work for Local Authorities and Government, and its capacity is fully engaged for at least the remainder of the current financial year; the civil engineering and building sections continue to find work increasingly competitive.

Within the limits of existing plant capacity, the concrete block works at Blackwall Lane has maintained target outputs of the well-known BA block for the last few months, and the installation of additional equipment, which is expected to be working by the end of this year will then enable us to concentrate the production of the full range of sizes at this point. This will in turn permit the expansion of the West Drayton Works on our precast flooring and other units which, along with the development of prestressed concrete, will eventually result in two sizeable and economic units in their respective fields.

Group capital expenditure for the current year has been approved at £182,000 including, *inter alia*, diesel tipping vehicles, road tankers, additional warehouse accommodation and handling equipment at our Mulberry Wharf, further mechanisation at works and quarries, additional forward reserves of sand and gravel land, and the completion of our new administrative headquarters in Harrogate.

Your thanks are due to all concerned in their continuing and enterprising efforts which have made these record results possible; the profits so far this year encourage us, subject to circumstances over which we may have no control, to look forward again to another good year of trading.

The report and accounts were adopted.

ANGLO-CEYLON & GENERAL ESTATES

SATISFACTORY RESULTS

The seventieth annual ordinary general meeting of The Anglo-Ceylon & General Estates Company Limited was held on October 23rd in London.

Mr Francis W. Douse (chairman and managing director), in the course of his speech, said: When I addressed you last year I expressed the hope that despite curtailment of crop and fine plucking in Ceylon brought about by the market upheaval in April and May, 1955, the ultimate result of our operations would be satisfactory, and this has proved to be so.

For the year the total trading profit of the Group was only £44,286 below that of the record year ending March 1955 and on profits of around £1,300,000 is quite a small amount.

The actual trading profit of the Group and other gross income was £1,288,943 and the net profit was £556,895 as against £546,537 last year, and after providing for all taxation and deducting the profits applicable to the outside shareholders of subsidiary companies the net profit of the company itself was £367,695 compared with £386,231 for last year. The earnings of the company itself, after deduction of all taxes, were the equivalent of 2s. 1.57d. per 5s. unit, and the total proposed distribution by way of dividends, is equivalent to 1s. 8d. per unit.

TEA AND SUGAR PROFITS COMPARED

I have recently been asked by various shareholders why it is that our company's results have not disclosed a set-back in profits for the past year in contrast to some other Tea companies. The reason for this is that it may not be generally realised the company's interest in Sugar is considerable. Taking the average of six years' profits from sugar during that period have accounted for 64 per cent and from tea 36 per cent of the total.

In Ceylon very large sums have been reinvested in upkeep and improvement of factories and equipment, new housing for staff and labour and extensions in the form of new planting and replanting. Further, our crop has increased from 4 million lb of tea in 1939 from 15 estates to 6 million lb in 1956 from 10—five estates being disposed of in the interim period. This has been achieved largely as the result of heavy expenditure on manuring and cultivation in general. In addition the company has expended a large sum in developing its dairy farm at Mahaberiatenne.

RECORD MAURITIUS SUGAR CROP

Regarding Mauritius, the crop of the Island for the past season was a record at 533,261 tons and of this we produced as a group 63,325 tons or 11.9 per cent of the total crop. The large yield was due to an excellent sugar content in the canes, mainly as a result of good weather conditions.

As to the prospects of the company for the current year I will be very brief. To date our Tea Crop is up on last year and another excellent outturn of Sugar is expected. The price of sugar comes mainly under the Commonwealth Sugar Agreement and tea prices so far are better than last year. Provided the weather is favourable and prices for tea do not vary much I see no reason why our results should not be as good as those we have now presented, if not better.

The report and accounts were adopted.

BERALT TIN AND WOLFRAM LIMITED

PLANS FOR EXTENDING SCOPE OF MINING OPERATIONS

MR F. GATES REVIEWS THE POSITION

The twenty-eighth annual general meeting of Beralt Tin and Wolfram, Limited, was held on October 25th at Winchester House, London, E.C.

Mr F. Gates (Chairman) presided.

The Chairman, in the course of his speech, said: I think you will agree that the accounts for the year ended March 31st last call for little detailed comment.

The Balance Sheet continues to show a strong financial position with net current assets higher by some £100,000 than at the end of the previous year, but the plans for extending the scope of the Company's mining operations to which I shall refer later will, if they develop satisfactorily, entail heavy expenditure and the cash resources built up during recent years will stand the Company in good stead.

The Board have thought it prudent, having regard to the anticipated cost of equipping and developing the recently acquired tin-bearing property mentioned in their Report, to make an allocation of £100,000, in the accounts under review to a Reserve account but, if the new mine develops as we hope, expenditure well in excess of that amount will ultimately be required.

TAXATION

Net profit before UK taxation for the year under review shows an increase of £154,000 over the figure for the previous year. The greater part of this was accounted for by a reduction in Portuguese export duty arising out of revision of the formula on the basis of which the duty is calculated. The revision took place in November, 1954, and was, therefore, applicable to the whole of the year under review.

You will have noted that during the debate on the 1956 Finance Bill the Chancellor promised to look carefully into the possibility of introducing legislation in next year's Finance Bill to give effect to the Royal Commission's recommendation that profits earned by companies overseas which are not distributed should be exempt from UK taxation. Legislation on these lines would afford the Company welcome relief of its present onerous tax burden, but we regard it as no less important that the taxation borne by the Company in Portugal should be admitted by the Inland Revenue for double tax relief.

WOLFRAM PRICES AND PRODUCTION

The highest market price for wolfram during the Company's financial year was 277s. 6d. per unit; in April, 1955, it was as low as 207s. Nevertheless, thanks to the one outstanding contract at a substantially higher price for a monthly quota of about 40 tons, which continues until end-September, 1957, and to sales at premium prices reflecting the exceptional quality of the Company's concentrates, an average price of 291s. per unit was realised for the year's sales.

The greater part of the Company's production still comes from the block of ground east of the main fault between main adit level and Level 1 some 200 feet lower, and you will remember that at our last meeting I said that this block contained sufficient ore to meet requirements for some years to come. I mentioned also at that meeting that work on Level 2, 325 feet below Level 1, had confirmed the continuity of well-mineralised veins to that depth.

We then expected that it would soon be necessary to commence working downwards from Level 1, but, in the meantime, diamond drilling and underground workings west of the fault have disclosed veins of good grade wolfram over an extensive area outside the bounds of what we formerly regarded as our main mine, not only between main adit level and Level 1, but also above the former level. We are now planning to stope this area and, since it is desirable to exhaust the higher level first, it seems unlikely that we shall be extracting ore from the block of ground between Levels 1 and 2 for a number of years to come.

EXTENSION OF MINING INTERESTS

As you were informed in the Directors' Report, we recently bought a tin property which lies between our mining concession and Fundao, and have already commenced driving and diamond drilling on it. If the deposit persists in depth, as we hope, really substantial expenditure will be required for erection of a mill and other buildings with the plant and equipment needed for an operation of this nature.

GENERAL OUTLOOK FOR THE WOLFRAM MARKET

Notwithstanding our efforts to extend the scope of the Company's activities to other minerals, the fact remains that for the present we must continue to be largely dependent for our prosperity on the price of wolfram, and that obviously is subject to many influences outside our control.

I reminded you last year of the "mercurial possibilities" of wolfram (of the ups and downs of which I have had such long experience), whilst at the same time expressing confidence in the immediate outlook. That confidence has been justified by the strength and relative stability of the market until recent weeks, when there has been some weakening. There is no doubt that supply and demand are at present in somewhat delicate equipoise, due to the substantial rise in world production which has been artificially stimulated by Governmental action since 1950. But, whether or no there is some further temporary price recession, Beralt is in a strong competitive position as a large efficient and low-cost producer of concentrates which have a world-wide reputation for high tungsten content and comparative freedom from impurities. Moreover, our finances are now in healthier shape than ever before—a most important factor. We are thus well equipped to face the future. It is my personal belief that over the years the demand for tungsten will increase, due to the development of new techniques and the expanding requirements of the steel industry all over the world; and in my opinion all these considerations give ground for confidence in the long-term outlook.

The report and accounts were adopted.

WILLIAM DOXFORD AND SONS

BENEFITS FROM REORGANISATION

The sixty-fourth annual general meeting of William Doxford and Sons, Limited, was held on October 30th in London.

Dr E. P. Andreae, the Chairman, presided, and in the course of his speech said:

Before charging Taxation, the Trading Profit amounted to £860,883 as compared with £619,230 for the previous year, an increase of some £241,000.

We have increasingly felt the benefits of our schemes of reorganisation. They have proved to be an important contributory factor in speeding up production on the most economic lines and will continue to be of vital importance.

The Profit and Loss Account shows that the Balance from Trading Account exceeded the million mark.

The impact of Taxation continues to be formidable. The net charge this year totals £468,000, which represents some 54 per cent of the Profit. After charging this figure there remains a Net Profit of £392,883, as against £357,230 for the previous year.

Goodwill, which has appeared in the Balance Sheet in previous years at the nominal figure of £50,000, has been written off and £146,000 transferred to General Reserve.

Your Directors now recommend a final dividend of 15 per cent—an increase of 2½ per cent over that for last year. This will amount to £129,375 after deduction of Income Tax, and leaves a balance of £223,836 to be carried forward.

The Balance Sheet again reveals great financial strength. Current Assets exceed Current Liabilities by more than £1,500,000. We have in the Balance sheet transferred all specific Revenue Reserves to General Reserve, which now stands at £1,250,000. The consolidation of the various Revenue Reserves was decided upon as a "tidying up" step in connection with the remodelling of this company as a Holding Company, which will in future submit Consolidated Accounts.

In common with all British shipbuilding companies, we have been working at high pressure in recent years, and in these circumstances our achievement in speeding up production and its concomitant economic advantage is undoubtedly attributable to the admirable new lay-out of our shipyard and to the extensive additions and re-equipment of our engineering works.

With regard to research and development your Board maintains its conviction that no expense which appears at all likely to produce material results should be spared.

THE OUTLOOK

The outlook is very promising. The demand for new ships of all types is as strong as ever, though their cost has now become a factor of such importance that any further increase, whether it be in wages or materials, may have a retarding effect on future enterprise.

We ourselves have done, and are doing, all in our power by increased efficiency of production and by restricting our own profit margins to prevent, or at least to counteract, the tendency towards higher prices.

Our order books are as full as we like to see them. Our shipbuilding company will be fully engaged for at least five years from now.

Our engineering company is also well committed for several years ahead.

HARTEBEESTFONTEIN
(Inc. in the Union of S. Africa)

INCREASED TONNAGE MILLED

The seventh annual general meeting of Hartebeestfontein Gold Mining Company, Limited, will be held on November 30th in Johannesburg.

The following is the circulated review of the chairman, Mr B. L. Bernstein: I have pleasure in submitting my review of the results achieved at your Company's mine during the first year of production. The milling rate was increased from 44,000 tons in July, 1955, the first month of production, to 66,000 tons in June, 1956. This was achieved despite a marked increase in the amount of waste rock discarded in sorting operations in stopes and on surface, from 6,000 tons in July, 1955, to 32,000 tons in June, 1956. The grade of ore milled was correspondingly improved and the recovery grade increased from 6.704 dwt per ton to 9.580 dwt per ton. Although the high rate of sorting achieved has resulted in a high working cost per ton milled, the trend of working costs is more appropriately reflected in the drop in costs per ounce fine of gold recovered from 178s. 2d. in July, 1955, to 137s. 9d. in June, 1956.

Further improvement has been effected since the close of the year and during the first quarter of the current year a working profit, including sundry revenue, of £378,075 was derived from the milling of 201,000 tons at a recovery grade of 9.75 dwt per ton. Working costs averaged 65s. 9d. per ton milled, equivalent to 134s. 10d. per ounce fine recovered.

Faulting has continued to influence the amount of development footage required to open up the eastern area for stoping. If this is taken into consideration, the ore reserve of 1,636,000 tons, available for stoping, is satisfactory. In addition, the values exposed in development have continued to be encouraging. In this connection I would like to draw attention to the resue raising now being carried out. This practice will result in a temporary reduction in the footage sampled, but will ensure a higher grade and smaller tonnage of development ore sent to the mill.

Extensions to the Reduction Plant to bring the capacity to 66,000 tons per month have been completed and a third milling unit is now being installed to bring the rated capacity of the plant up to approximately 90,000 tons per month. It is proposed to provide additional capacity at a later date.

URANIUM

The erection of the uranium plant, which was started in September, 1955, was sufficiently advanced to permit of the commencement of plant testing in September, 1956. It is anticipated that the production of uranium will be commenced in November, 1956, and that the plant will be operating to its capacity of 100,000 tons per month in January, 1957. Until such time as the rate of production of current slimes reaches the full capacity of the uranium plant, supplementary tonnages will be provided from slime accumulated from past operations.

In order to ensure that adequate stope faces will be available to maintain the tonnage requirements of the mine, taking into account a high rate of sorting, it has now become necessary to proceed with plans for the opening up of the deeper north-western portion of the mine. It has therefore been decided to sink two shafts to the Vaal Reef in this area. No. 2A sub-vertical Shaft has been sited 400 feet south-east of No. 2 Shaft (which, as shareholders are aware, is situated in the deeper portion of the mine), and will be sunk from the transfer level at a depth of 3,095 feet to a depth of approximately 6,300 feet below surface. No. 3 vertical Shaft which has been sited near the mine's northern boundary, east of No. 2 Shaft and north of No. 1 Shaft, will be sunk to a depth of approximately 5,700 feet. This shaft will serve to expedite the exploitation of the deeper area and will become the main upcast ventilation shaft. No. 3 Shaft has been sunk to a depth of 90 feet below the surface and the shaft collar is under construction. Work on the haulage connections, engine chambers and rope races for No. 2A Shaft is in progress. Full scale sinking operations are expected to be commenced in May, 1957, as soon as permanent winders are commissioned.

FINANCE FROM OWN RESOURCES

The capital funds raised for gold mining purposes were spent by May, 1956, and of the capital expenditure of £1,752,302 for the year, £366,246 was appropriated from profits. It is anticipated that future capital expenditure on gold mining will be financed out of profits without affecting the capacity of the Company to distribute dividends.

The total profit for the year amounted to £1,426,592 and after appropriating £365,246 for capital expenditure, £250,977 for repayment of loans and £450,000 for the payment of Dividend No. 1 of 10 per cent, there remained a balance of £359,369 which was carried forward to the current financial year.

This concludes my review of the year's operations and I desire to place on record your Board's appreciation of the services rendered by the Manager of the Mine, Mr G. S. de Villiers, and his staff, as well as the staff at both the Head and London Offices of the Company.

Binding Cases

Binding cases for THE ECONOMIST *are available from* EASIBIND LTD. *The cases are in stiff, dark blue cloth covers, and are gilt-lettered on the spine; they provide an extremely effective and firm binding and will hold* 13 *issues of the normal edition together with the quarterly Index, or* 26 *issues of the air edition with two quarterly Indexes. The year can be stamped on the spine. The cost per case, post free throughout the world, is* 11/-. *Orders, stating requirements clearly and enclosing a remittance, should be sent,* **not** *to* THE ECONOMIST, *but to—*

EASIBIND Ltd.
(Dept. E),
84 Newman St., London, W.1

APPOINTMENTS

THE UNIVERSITY OF HULL

Applications are invited for a Lectureship or Assistant Lectureship in Economics (mainly in the field of Applied Economics) to date from January 1, 1957. Salary scale: Lecturer £650 × £25-£1,150; Assistant Lecturer £550 × £25-£650 per annum, with F.S.S.U. and children's allowances. Further particulars may be obtained from the undersigned to whom applications (five copies) should be sent not later than November 16, 1956.

W. D. CRAIG,
Registrar.

COMPUTOR PROGRAMMING

We at E.M.I. Electronic Limited are presently engaged on the development of a large-scale electronic computing system of very advanced design for integrated data-processing in business, government and similar applications. The programming of this machine presents novel problems calling for intellectual ability of a high order. We now invite application for the following positions on our programming staff:—

1. A man or woman with at least one year's programming experience and enthusiasm to apply this to non-scientific computing. The selected candidate will be responsible for general-purpose routines. Experience in statistics or punched-card and other forms of data-handling would be an advantage. Preferred age, 25-35.
2. Mathematician with good honours degree, knowledge of numerical mathematics, and a keen intelligence to study theoretical programming problems; previous experience not essential.
3. Programmer to undertake the coding of business procedures. Experience in business, banking, insurance, government or similar organisation essential, preferably with some interest in the O. & M. approach. This post requires keen organising ability. Programming experience not essential. Preferred age 25-35.

We should also be pleased to hear from persons who wish to be considered for junior programming positions. These persons must have proved ability and discipline calling for sustained, detailed logical thinking, such as mathematics, accountancy or actuarial science; but degree standard is not essential.

Please send full details to Personnel Dept. (EL/E.19), E.M.I. Electronics Ltd., Hayes, Middx.

SECRETARY AND PERSONAL ASSISTANT

to Personnel Manager of Glacier Metal Co., Ltd. Challenging post for young woman who can handle heavy administrative load as well as being good secretary. Work includes maintaining confidential files, some statistical work, appointments, etc. Slightly overstretched but his help of a good assistant. Age 25 to 35; training in Social Science useful; experience in industry, esp. in personnel work. Monthly paid; Salary () start £475 to £525 p.a. Personal Manager (Ref. 6D), GLACIER METAL CO., LTD., Ealing Road, Wembley, Middx.

ACCOUNTANT FOR NIGERIA

The Western Region Production Development Board of Nigeria has a vacancy for a Cost Accountant.

It is essential that the candidates should have a sound knowledge of plantation accounting, especially cost accounting, as the selected candidate will in the first instance be required to design and install cost accounts at the Board's several plantations. These range in size from about 500 acres to 12,000 acres. Two of 4,000 and 8,000 acres are rubber plantations, while the largest plantation of 12,000 has mixed crops, mainly oil palms, cocoa and citrus. Each plantation will have its own processing factory, so that the applicant should also have a knowledge of processing accounts. The applicant will also be required to supervise the accounting at two existing Processing Factories independent of plantations.

The commencing salary will be in the range £1,100—£1,470, excluding Inducement Allowance, which will be £250 or £300 per annum, according to point of entry, which depends upon qualifications and experience.

Other terms of service include partly furnished accommodation at one-twelfth of the basic salary; free medical service; outfit allowance; free first-class passages for wife and for children not over the age of thirteen once each tour and up to three in number; car purchase facilities on favourable terms and generous car allowances. Home leave at full pay at the rate of five days per month of overseas service. Employees are required to contribute up to 10 per cent of their salary to a Provident Fund, their contributions being matched with an equivalent contribution by the Board and carrying interest at the rate of three per cent.

The normal length of tour is eighteen to twenty-four months.

Applications, in duplicate, together with details of age, experience and qualifications, and the names of three personal referees, should be sent to:—

The London Representative,
W.R.P.D. Board,
18 Grosvenor Gardens,
London, S.W.1.

Closing date: November 30, 1956.

EXPORT MANAGER
ENGINEERING

One of the leading British Companies in the field of precision engineering, with several manufacturing establishments at home and abroad and with a world wide selling organisation, requires a first-class engineering executive to train for appointment as Export Manager.

The minimum requirements for the post are:—

1. A professional qualification in engineering.
2. Wide and successful experience in overseas selling, both in its direct and organisational aspects.
3. A detailed knowledge of world markets, with *particular reference to the selling of engineering products.*
4. The vitality and personality to regard problems of export selling as a challenge.

As this is a senior appointment of considerable responsibility and with exceptional opportunities, it is unlikely that the successful candidate will now be less than 35 and earning less than £2,000 per annum.

Applications, which will be treated with the strictest confidence, should be sent in an envelope marked "Overseas" to Box 552.

APPOINTMENTS

UNIVERSITY OF CAMBRIDGE
DEPARTMENT OF ESTATE MANAGEMENT

The Appointments Committee of the Department of Estate Management hope soon to be in a position to appoint a University Assistant Lecturer in the Department of Estate Management. Applicants should hold a degree in Economics or Estate Management. The person appointed will be required to undertake duty on January 1, 1957, and to give instruction in Imperial and Local Taxation and Fiscal Policy. The appointment will be subject to the Statutes and Ordinances of the University.

A pensionable stipend £500, to £800 a year subject to certain variations. Non-pensionable children's allowance. Further particulars of duties and stipend from the Secretary of the Appointments Committee, Department of Estate Management, 74 Trumpington Street, Cambridge. Closing date for applications, November 21, 1956.

THE UNIVERSITY OF MANCHESTER

Applications are invited for two full-time posts of RESEARCH ASSISTANT in the Faculty of Economic and Social Studies. One Assistantship will be available for research in GOVERNMENT, and the other for research in SOCIAL ANTHROPOLOGY or SOCIOLOGY. Applicants should be graduates in any of these subjects or in Modern History or Economic History. There are two grades: Grade II—salary £550 to £650 per annum; Grade III—salary £450 to £500 per annum.—Applications should be sent not later than November 12, 1956, to the Registrar, the University, Manchester 13, from whom further particulars and forms of application may be obtained.

FIRCROFT COLLEGE
(Residential adult education college for men)
BIRMINGHAM

The Trustees invite application for the post of WARDEN (Principal), for appointment on or before April 1, 1957.

Present salary £1,250 × £50 to £1,400, together with Warden's House and superannuation scheme.

The college is to occupy larger buildings in January, 1957, and important new developments are envisaged. The post offers an opportunity for enterprising pioneer work in the field of adult education.

Further particulars and application forms may be obtained from the Warden, Fircroft College, Bournville, Birmingham, 30.

KODAK LIMITED, KINGSWAY, W.C.2

A new post occurs in the Statistics and Economics Department for an Economic Research Assistant. Applications are invited from graduates in Economics, about 25 years of age, who have Economics as their special subject with statistical method as a subsidiary. Some experience of economic analysis as a tool in business reasoning and a knowledge of problems of international trade would be an advantage. The range of products manufactured and markets served are extensive; there are interesting possibilities for the growth of the range of work carried out in the department by advancement. Letters may be addressed in confidence to the Personnel Manager.

MILK MARKETING BOARD
AWARDS IN AGRICULTURAL ECONOMICS

The Milk Marketing Board invite applications for their awards for vocational study and for research in agricultural economics. The awards are open to men and women who are graduates of universities in the United Kingdom in any subject, but preference is given to those whose degrees have been obtained in economics, in social or business studies or in agriculture. Candidates are expected to have gained a first-class or good second-class Honours degree but any qualifications of similar status may be accepted.

There are three categories of awards:

(a) *Scholarships* (£500 per annum) are primarily for students of subjects other than economics or agricultural economics during their undergraduate career but who may wish to study these subjects before proceeding to post-graduate work;

(b) *Studentships* (£600-£700 per annum) are for post-graduate students qualified to study for a post-graduate degree or diploma or to take up research work in agricultural economics;

(c) *Fellowships* (£800-£1,200 per annum) are for persons who have already had experience in post-graduate study in some subject cognate with agricultural economics.

Applications should be sent not later than December 31, 1956, to the Secretary, Awards in Agricultural Economics, Milk Marketing Board, Thames Ditton, Surrey, from whom further particulars and forms of applications may be obtained.

THE ASSAY OFFICE
NEWHALL STREET, BIRMINGHAM 3

Science Graduate required (Metallurgy—Chemistry) for administrative and technical duties. Salary according to age and qualifications.—Application to be sent to the Assay Master.

RECKITT & COLMAN LTD. have a vacancy for a Research Officer in their Market Research Dept. The position is an executive one carrying responsibility for the planning and execution of research on a wide variety of food products. The Department employs all the major forms of research, and the Research Officers have no shortage of either problems to interest them or resources with which to tackle their problems. The appointment is a permanent one in Norwich and carries a starting salary commensurate with responsibility. Preference will be given to applicants with experience in Market Research. Applications, in confidence, stating age, qualifications, experience and salary required, to Secretary, Reckitt & Colman Ltd., Carrow Works, Norwich.

MARKET RESEARCH. Planning Supervisor required. Good working conditions and prospects offered. Salary *not less* than £800 p.a. Candidates should have experience in the field and be capable of training field staff and planning and developing field studies.—Write, giving full particulars of education and experience, to Market Research Manager, The Hotpoint Electric Appliance Co., Ltd., Crown House, Aldwych, W.C.2.

UNIVERSITY COLLEGE OF SOUTH WALES AND MONMOUTHSHIRE

Applications are invited for the post of Assistant Lecturer or Lecturer in Social Science. Candidates should have an Honours Degree and experience of social work. The starting salary will be at a point between £550 and £950 per annum, according to qualifications and experience. Further particulars may be obtained from the undersigned, to whom six copies of applications, together with the names and addresses of three referees, should be sent as early as possible, and not later than November 23, 1956.

E. R. EVANS,
Registrar.

Cathays Park, Cardiff.
October, 1956.

THE SCOTTISH GAS BOARD
GLASGOW DIVISION

Applications are invited for the post of Manager of the Organisation, Research and Planning Section at the Headquarters of the Glasgow Division of the Board.

Applicants must hold an appropriate University degree. They should have experience of operational research within industry and sound knowledge of the application of statistical methods to commercial problems. Experience of organisation and methods procedures would be an advantage.

The salary scale applicable to this post will be £1,375-£1,575 per annum, with initial placing in accordance with qualifications and experience.

The post is pensionable and the successful applicant will be required to pass a medical examination.

Applications, stating age and giving particulars of education, training, experience and qualifications, together with the names of two referees, should be addressed to the undersigned for receipt not later than November 12, 1956.

A. T. HERD,
Secretary

26, Drumsheugh Gardens,
EDINBURGH, 3.
19th October, 1956.

MANAGEMENT SELECTION LIMITED

have been retained to advise on the selection of a

SALES MANAGER

for an expanding and progressive pharmaceutical company with an international reputation. The company is already a leader in its present fields, and is about to enter the proprietary pharmaceutical field. The company, which is situated in the South, now seeks a senior executive to plan and direct the total marketing effort of this new division.

Candidates must have experience at Senior level of sales management and a progressive and successful record of marketing new consumer products—preferably through chemist outlets. Also required is a sound knowledge of modern market research and marketing techniques. A degree or similar qualification in chemistry or pharmacy would be an advantage. Age not over 40. Salary £2,500-£2,750.

Please send brief details in strict confidence to P. J. H. Fryer (S.185), Management Selection Limited, 8 Clarges Street, London. Applications will not be disclosed to our clients without candidate's permission at interview.

ASSISTANT STATISTICIAN required by N.C.B.'s Statistics Branch at London Headquarters. Duties include the examination and presentation of statistical information. Candidates should be graduates in economics, with statistics, and have experience in drafting reports and concise appreciations of statistical data. Knowledge of the sources and nature of general economic statistics is also required. Appointment (superannuable) within inclusive scale £811-£1,081, male; £754-£940, female, according to qualifications and experience.

Write, with full particulars of age, education, qualifications and experience to Staff Dept., National Coal Board, Hobart House, London, S.W.1, marking envelope X.455, before November 12, 1956.

GENERAL MANAGER
REQUIRED FOR PROGRESSIVE FIRM IN EAST LONDON AREA

Applicant should be between 40/50 years of age and must have had first class executive experience.

Successful applicant will be required to introduce new products, market and produce them.

A first class opportunity for the right man, who, in addition to agreed remuneration, will be granted rights to special shares in company's equity capital.

C.H.B., 22 Upper Grosvenor Street, London, W.1.

GRADUATE IN ECONOMICS (female) required in *Marketing Department for interesting* market-research work relating to marketing of spray chemicals in agricultural industry. Previous agricultural experience a distinct advantage. Selected candidate must be prepared to move from Cambridge to Felixstowe in December. Five-day week. Good future prospects. Write (quoting No. 12963), stating age, full particulars of experience and qualifications and salary required, to Personnel Manager, Fisons Pest Control Limited, Bourn, Cambridge.

APPLICATIONS are invited from young men (up to age 26 years of age) for the position of Tabulation Controller in a Market Research firm, specialising in television research. Previous experience in research and figure aptitude are essential; training in statistics an advantage. Write, in confidence, stating age, education, previous experience and stating salary required.—Box 551.

CITY OF BIRMINGHAM
PUBLIC HEALTH DEPARTMENT
APPOINTMENT OF MEDICAL STATISTICIAN

Statistician required holding an Honours Degree in Mathematics, Statistics, Biology or other appropriate subject.

The successful candidate will be required to control a large public health statistical department under the technical guidance of the Corporation's Statistical Officer. Experience of punched card systems advantageous.

Salary A.P.T. Grade VI (£880-£1,080 p.a.); pension scheme; medical examination.

Applications, stating qualifications, experience, etc., and the names of two persons to whom reference may be made, addressed to the Medical Officer of Health, Public Health Department, Council House, Birmingham, 3, should arrive not later than November 10, 1956.

BUCKINGHAMSHIRE EDUCATION COMMITTEE
SLOUGH COLLEGE OF FURTHER EDUCATION

(Principal: R. Edgar, M.Sc., M.A.)

Applications are invited for the post of Assistant Grade B (main) to teach Bookkeeping and Accounting to full-time and part-time students. Ability to teach subjects of the Management range will be an added recommendation.

Salary will be paid in accordance with the Report of the Burnham Committee on Scales of Salaries for Teachers in Establishments for Further Education, 1956.

Further particulars and forms of application may be obtained from the Principal, College of Further Education, William Street, Slough, to whom completed forms should be returned within two weeks of the date of this advertisement.

SALES MANAGER required by well-known firm in London area manufacturing fans and ancillary equipment. Applicants aged 35-45 must have a general education (preferably Public School), personality and social background which will enable them to deal with clients at highest level and qualify for possible appointment to Board of Directors. They must also possess a Degree, H.N.C. or Institutional equivalent and have an intimate knowledge of and some years' experience in the heating and ventilating and fan industries. Generous salary commensurate with qualifications and pension scheme.—Write in confidence to Box 549.

INDUSTRIAL FINANCE HOUSE requires experienced man with some knowledge Stock Exchange and Accountancy. Interesting possibilities for right man.—Write Box 606, c/o Walter Judd Limited, 47 Gresham Street, E.C.2.

SALES PROMOTION MAN required by an American company in the UK to develop a Sales Promotion service. Applicants should be under 35 and have experience of modern Sales Promotion methods and displays, preferably in the textile trade. Ability to be persuasive to plan and direct the total marketing required, to Box No. 550.

THE National Mutual Life Assurance Society has vacancies in its Actuarial and Investment Departments for clerks with mathematical ability who would study for, or are taking, the Institute of Actuaries' examinations. Applicants should be under 25. Generous salary scale plus annual bonus. Apply to Actuary and Manager, 39 King Street, Cheapside, E.C.2.

PRODUCTION—Economics graduate, 32, executive experience in light engineering covering production planning, production control, materials control, shop floor, seeks change with added responsibilities. Four figure salary required. Please reply Box 553.

UNIVERSITY OF LONDON

The Stamp Memorial Lecture, entitled "The Control Centre for an International Business: A Study of the *Economic Factors Affecting the Location of Headquarters*," will be given by The Rt. Hon. Lord Heyworth (Chairman of Unilever Ltd.) at University of London, Senate House, W.C.1, on Tuesday, November 13th, at 5.30 p.m. ADMISSION FREE, WITHOUT TICKET. James Henderson, Academic Registrar.

"THE REPORTER." America's famous fortnightly, is now available here. This week's issue includes a challenging description of the compact existing between Britain and America with Russia's connivance to keep China out of the United Nations; this year's deep focus analysis of the American Election campaign; and many other distinguished features. Supplies are limited so order your subscription today from your newsagent or Transworld Publications, Park Royal Road, London, N.W.10. 2s. each fortnight.

TRANSLATIONS

Economics, Commerce and Trade. For translations, consult the Misses Allan, Translation Service, 31 Little Horton Lane, Bradford. 'Phone: 22209.

ROUND THE CAPE takes much longer, but with an extra crate of Duff Gordon's EL CID Sherry aboard, who cares?

DOMINION OF CANADA
THREE-AND-A-QUARTER PER CENT REGISTERED STOCK, 1958-63

For the purpose of preparing the Interest Warrants due January 1, 1957, the BALANCES will be STRUCK at the close of business on December 1, 1956, after which date the Stock will be transferred ex-dividend.

For the Bank of Montreal, Financial Agents of the Government of Canada in London,

A. D. HARPER, Manager.

47 Threadneedle Street, E.C.2. November 1, 1956

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METROPOLITAN COLLEGE ST. ALBANS
or call at 30 Queen Victoria Street, London, E.C.4.

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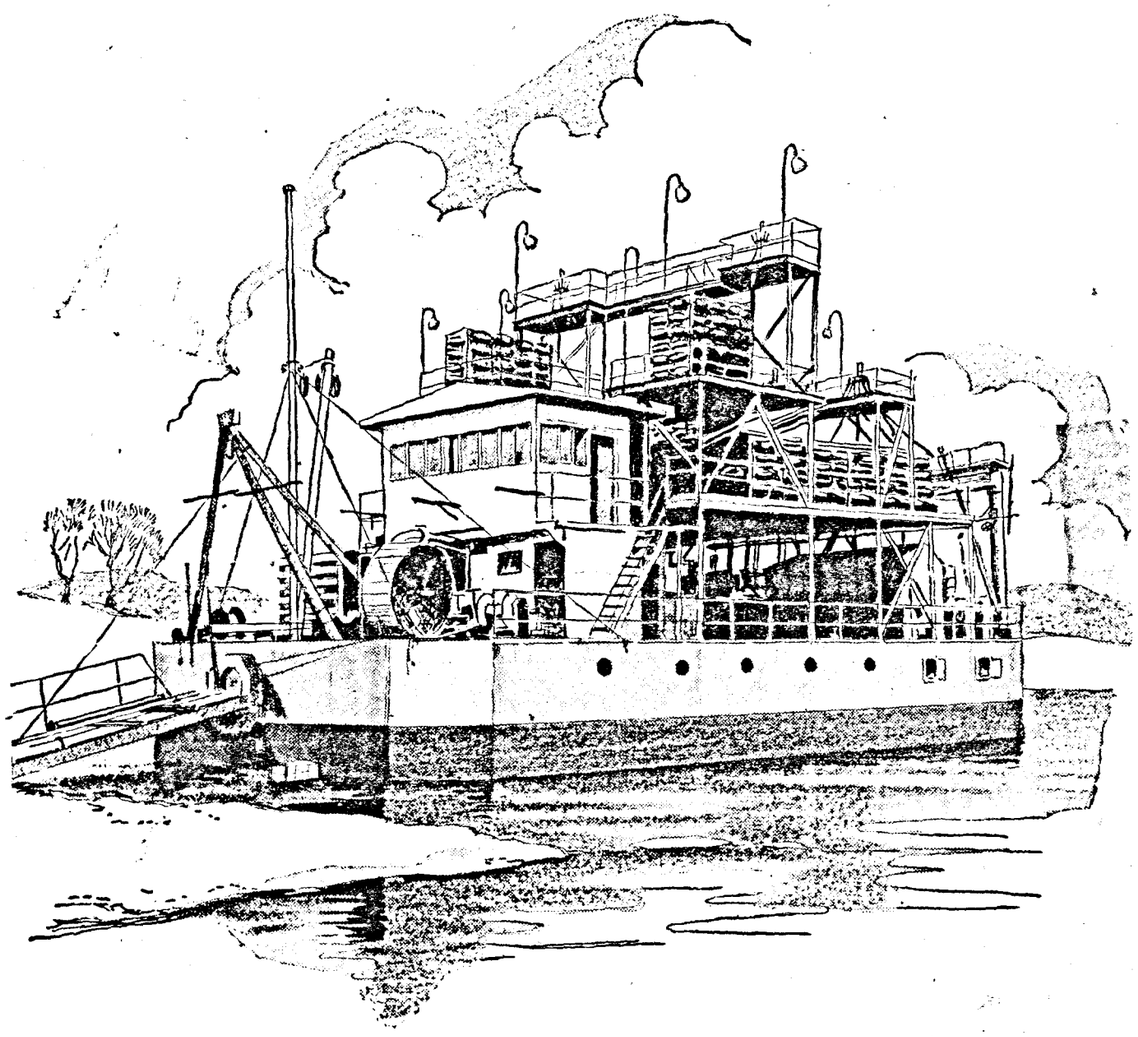
INVESTING FOR THE FUTURE IN . . . RUTILE-ZIRCON



Along the Pacific shores and among the lonely dunes of Stradbroke Island off the coast of Queensland our geologists discovered sands rich in Rutile and Zircon.
After recovery and preliminary separation on the dredge, the minerals travel by miles of aerial ropeway to the separation plant and thence to the main metal markets: Rutile for titanium production and for welding rod coatings; and Zircon for refractories and abrasives.
C.Z.C. continues to explore and develop the mineral resources of Australia for use throughout the free world.

THE CONSOLIDATED ZINC CORPORATION LIMITED
LONDON · MELBOURNE · MONTREAL

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The Economist

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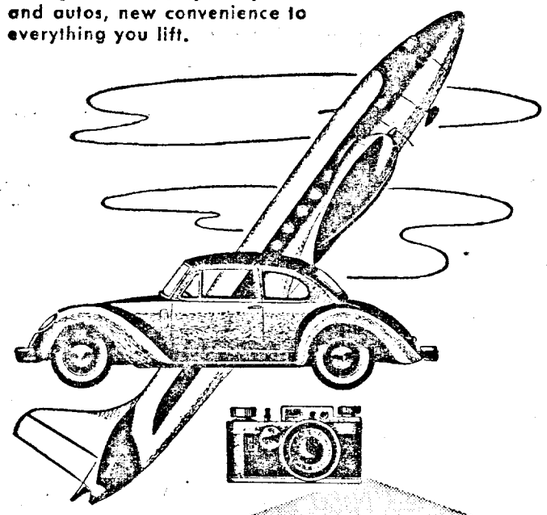

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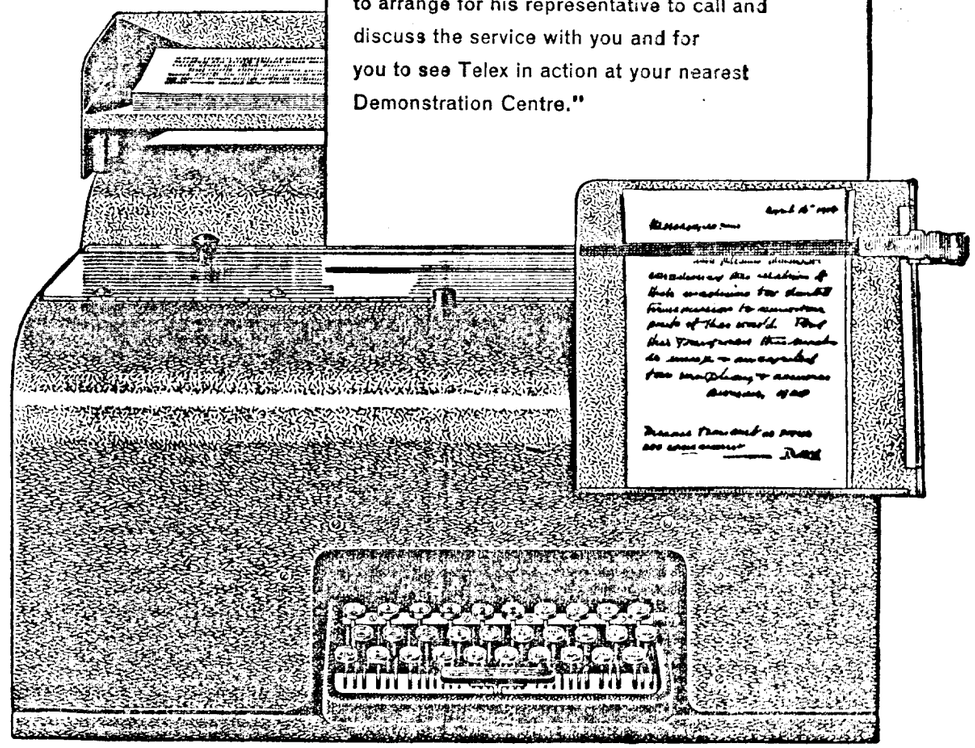

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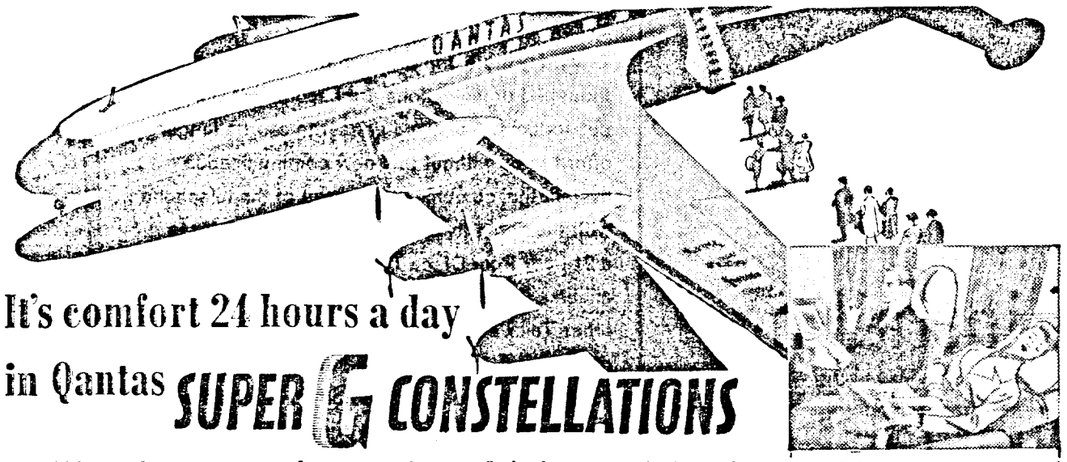

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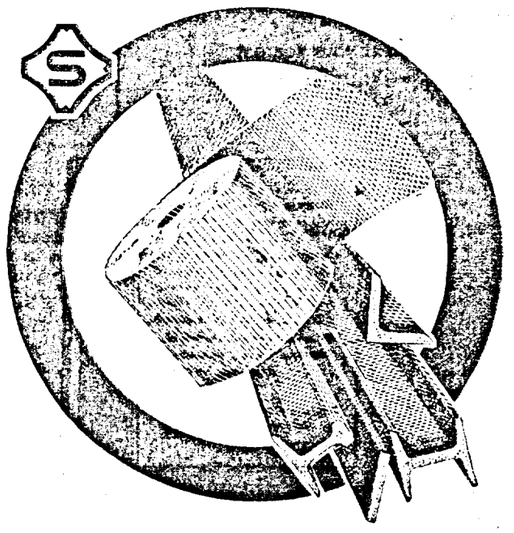

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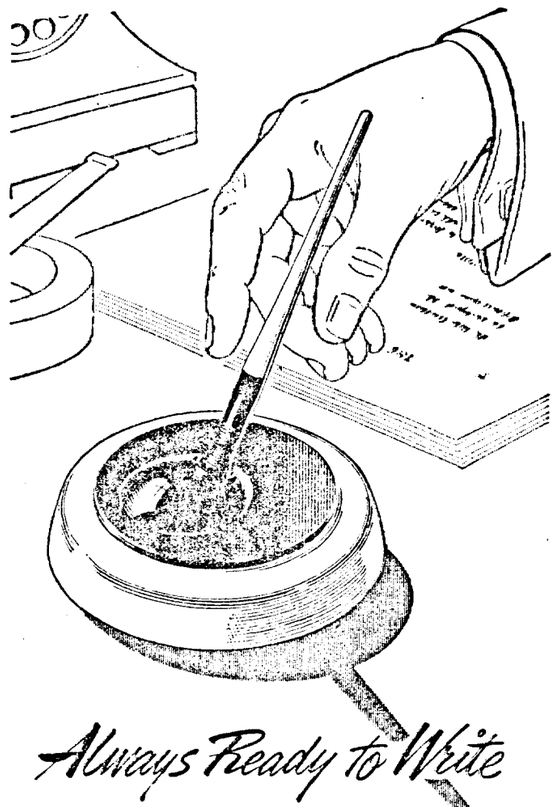

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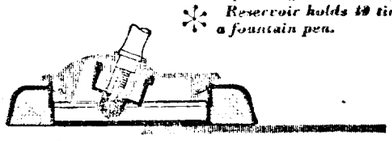

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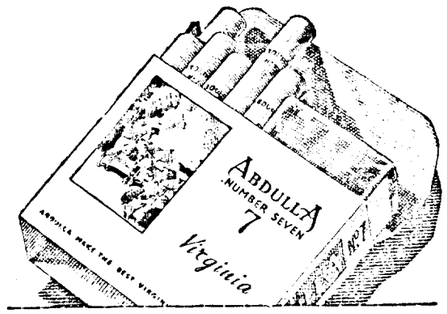

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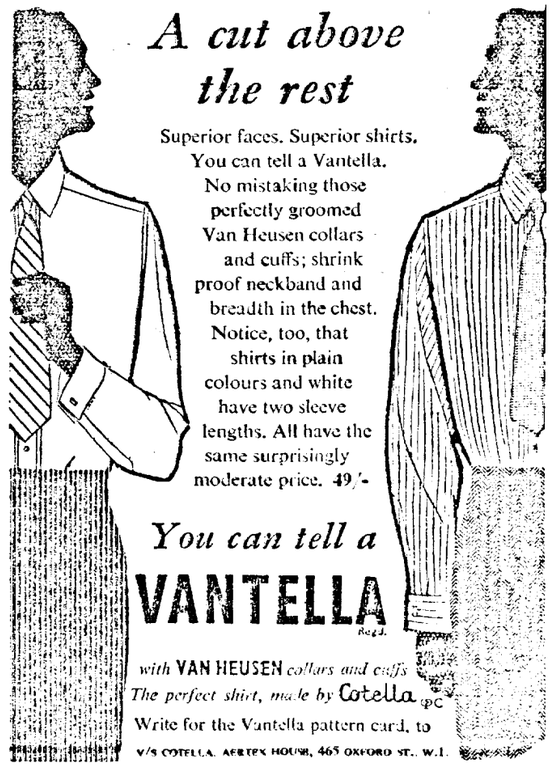

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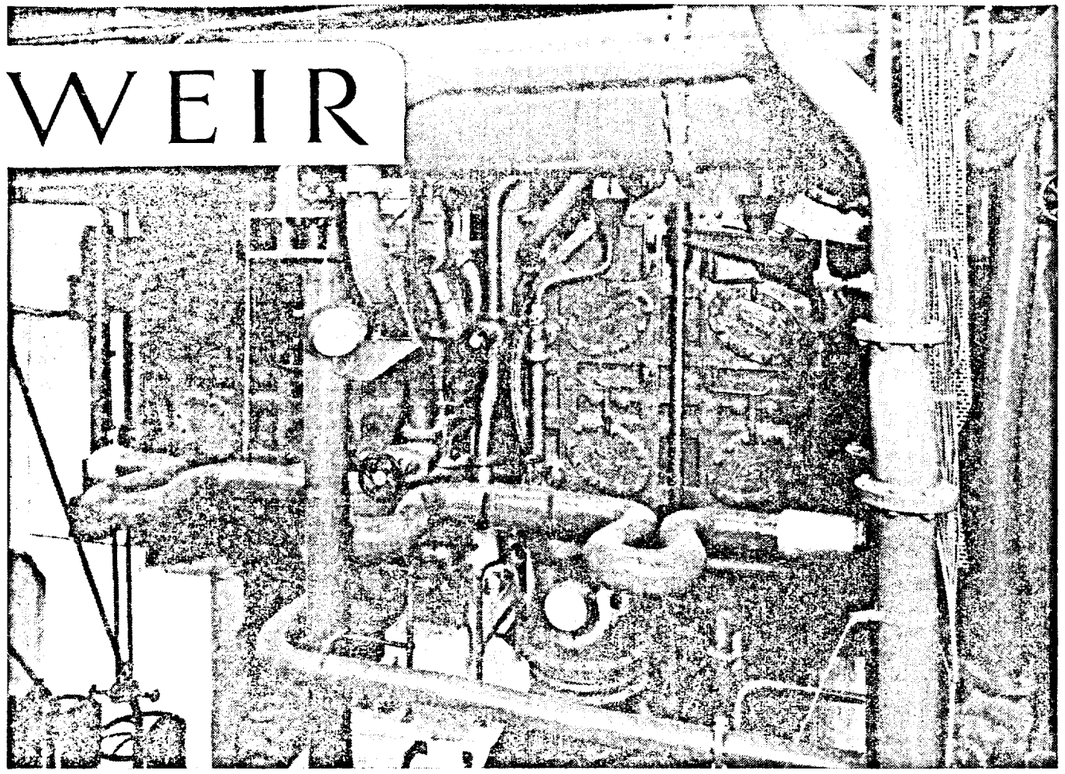

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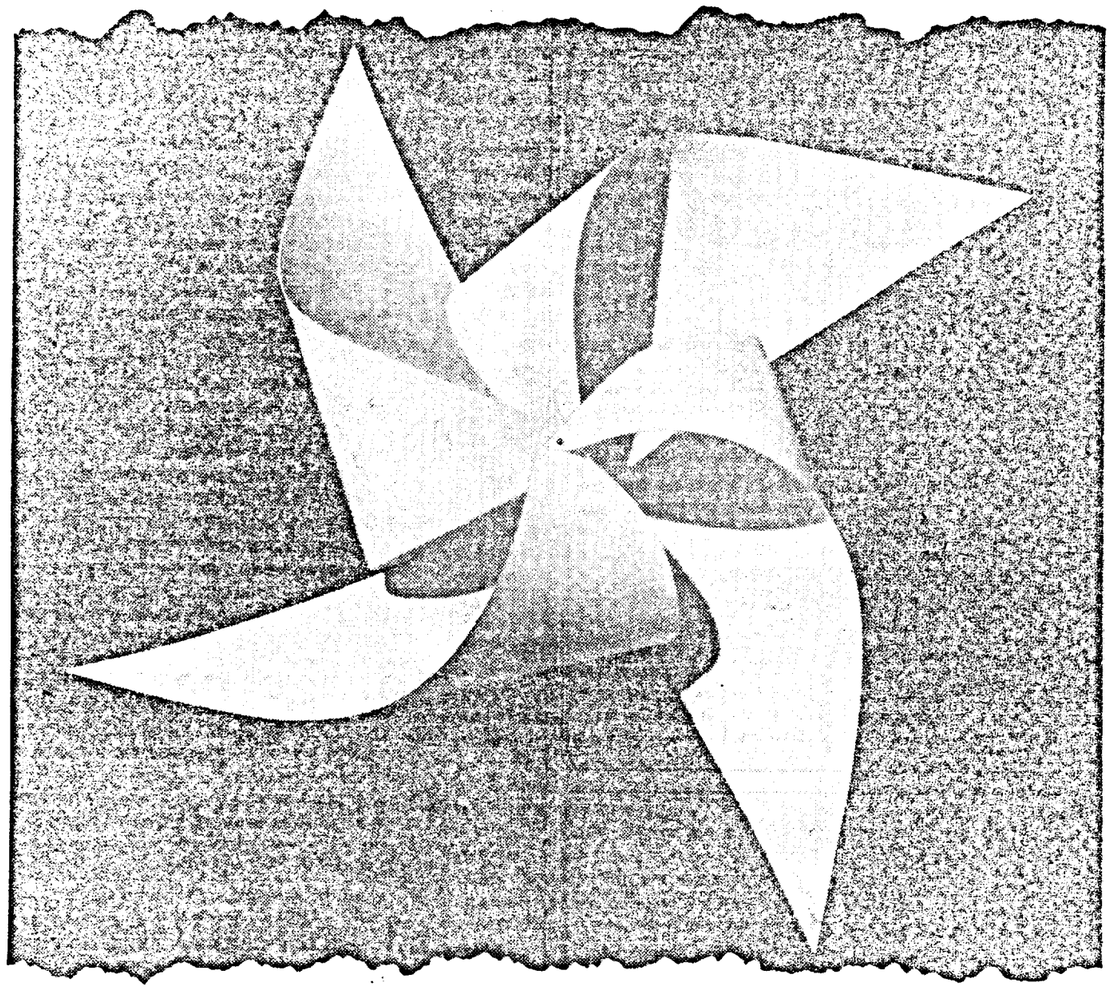

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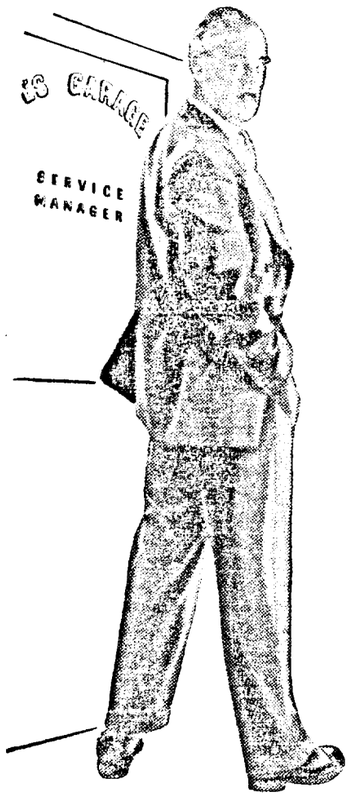

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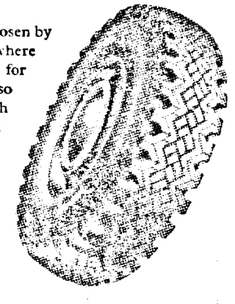

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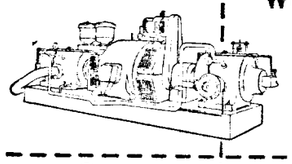

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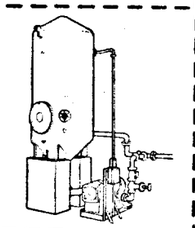

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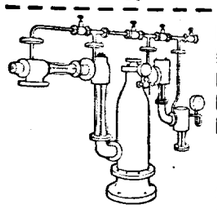

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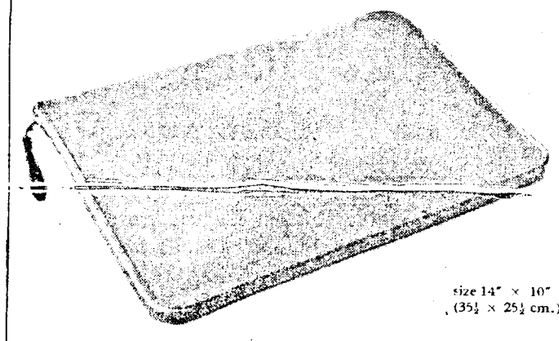

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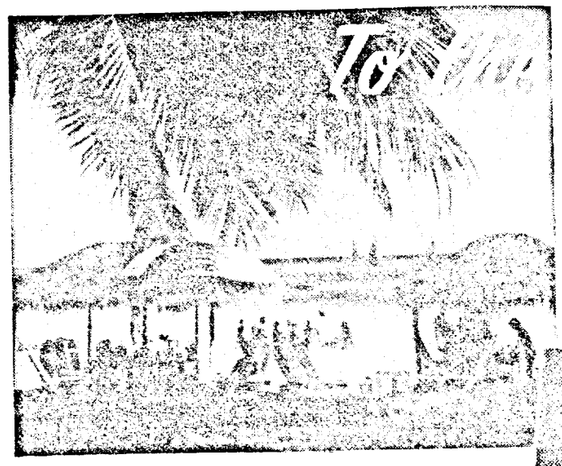

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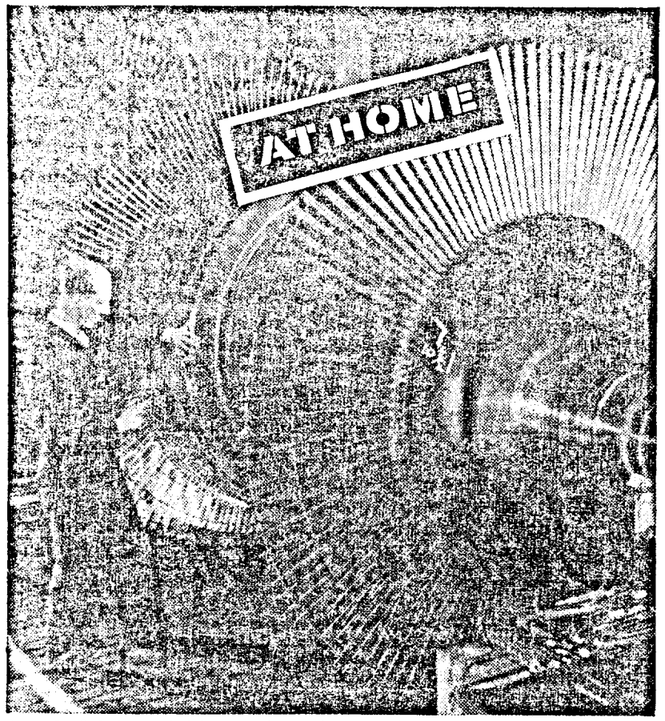

Power for Industry. Britain's industries need more and more electric power; to meet this demand many new power stations are being built, and ENGLISH ELECTRIC is helping to provide their equipment. This picture shows shrouding being fitted to the impulse blading stage of the low-pressure shaft of one of many large ENGLISH ELECTRIC steam turbines on order for the Central Electricity Authority.

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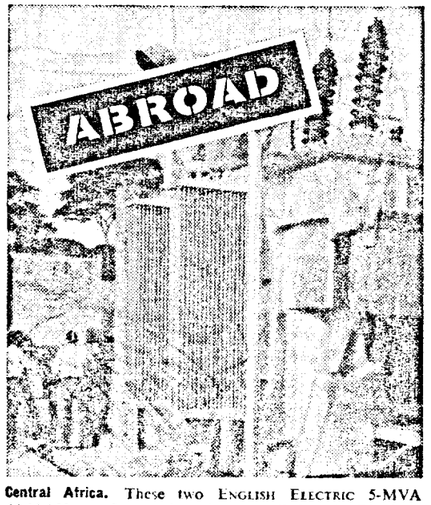

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The Prime Minister

LET us be frank. As the dust swirls over the Middle East—and, funereally, over eastern Europe—there is only one subject in domestic politics. It is the Prime Minister: should he go or stay? His friends (and there are many of them) cry "Glory be"; his critics (and there are many of these, too) cry "disaster." But it is not by these cries and countercries that the question should be answered; it is by the stark test, made here by the British people and Parliament, of the national interest.

Now that some sort of cease fire has sounded across the Middle East, there is a natural tendency to seek to sound some sort of political cease fire at home. Unfortunately, if one agrees with the views on the Suez adventure that are set down in subsequent articles in this issue, this is impossible. It would be a blessed relief to be able to say that by its belated wisdom on Tuesday the British Government had pulled its chestnuts out of the fire. But—the Anglo-American alliance is badly hurt; the Commonwealth is at odds (the message from our Ottawa correspondent on page 516 is painful to read); the uncommitted nations are alienated; the canal is blocked; there is the searing question mark over Suez's effect upon Hungary. Too many chestnuts have been burned already.

Inevitably, there must be a reappraisal of political leadership; and it is a reappraisal that must centre on the personal position of the Prime Minister. It should be made clear why this question is asked, in this personal form. The need now is not for vindictive retribution for the past fortnight's errors, monumental though many believe them to have been; the need is for sober recognition of the nation's problems ahead. The campaign which was to try to strike Colonel Nasser down by force—and which has in fact pulled so much else down by force instead—was formally launched by a united Cabinet; but statesmen and nations across the world, as well as troubled heart-searchers here, believe that it would not in fact have been launched, or pursued as it has been, under any other leadership but Sir Anthony's. In many foreign countries, and especially in the uncommitted nations—for whose support much of the cold war will be fought in these next few years—Sir Anthony's name is now suspect; the danger is that, so long as he remains Prime Minister, Britain's name will remain suspect, too.

Would this matter? Obviously it would. This is not to say that "foreigners" have any sort of voice or veto in the choice of a British Prime Minister. But it is in the light of Britain's vital interests in the world that the British people and Parliament have to decide for themselves. The reason why a British Prime Minister must not be personally alienated from the leaders of the uncommitted countries (and, very much more, must not be at loggerheads with the leaders of America) does not rest on any assessment of the political or moral worth of Mr Nehru or Mr Dulles; it rests on the opportunity that is then given to our real potential enemies, who are the Russians. If the

experience of the past few years has taught statesmen of the free world anything, it should surely be that the heat of the cold war (or of worse) depends upon one factor: the Russians are aggressive when they think that the non-communist world can be divided, and they are more peacefully co-existent when they know that it is united. This is why the ending of the gunfire over Suez may spell only the beginning of the real Suez tragedy. There is a real danger that the dark tide of Russian imperialism, which only ten days ago looked momentarily as if it might even be drawing back, will rear, and strike again (as it struck so tragically last Sunday) in gleeful enjoyment of its new and lush breeding ground of western disunion.

What conclusion should be drawn, especially by the middle of the road opinion which has for the past four years tended to support the Conservatives? Does it change its party allegiance? Or can it conceivably look to one of Sir Anthony's colleagues to heal the breach? It is still possible to say "wait and see." Overseas bitterness against Sir Anthony could prove to be less durable than this week's signs and portents cause one to fear. The full consequences of Suez, and indeed the position in Suez itself, are still obscure. But unless the bitterness is diverted to where it should belong by some new Russian viciousness (and nobody wants that) this consummation does not look likely; to trust to it would be a triumph of hope over evidence. And the hope will be made more tenuous still if Conservatives go on pretending that these events have been in some way a great national victory.

Those now grievously in doubt—including very many who still firmly believe that present Conservative domestic policy is much better than present Labour domestic policy—still have one last question to face. What alternative leadership in fact is there, in the Tory party itself (the obvious name, despite Mr Macmillan's bid, is Mr Butler), or elsewhere (they must compare him with Mr Gaitskell)? Though for the moment judgment on the Prime Minister is being held suspended by the politicians themselves, in the political corridors the question is already being put. Sir Anthony Eden has always been, in a career of long public service, a man of principle and patriotism. There may rest upon him a painful but inescapable decision.

In the Wilderness

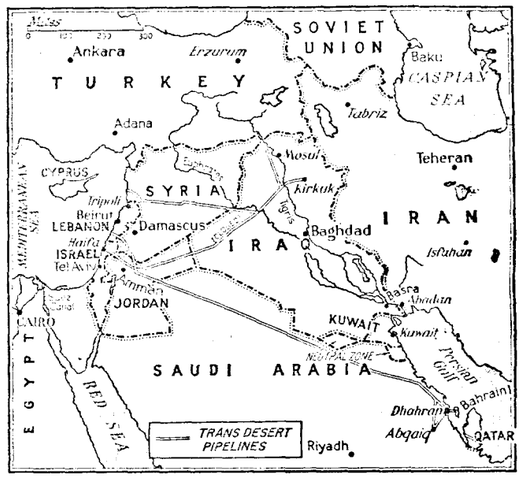
WITHIN ten days Egypt has been the scene of two of the shortest campaigns in military history: one, by Israel, completed; the other, by Britain and France, suspended unfinished. The Israeli attack on the Egyptian army in Sinai and Gaza opened on Monday, October 29th. On Friday, November 2nd, Gaza fell and the Israeli government announced that the operation was "practically completed." By Sunday, November 4th, when the last Egyptian remnants had been mopped up, Israel held the whole Sinai Peninsula from the Gaza strip to the southern entrance of the Suez Canal. According to a telegram from the Israeli government to Mr Hammarskjöld on Monday night, "Since this morning, November 5th, all fighting ceased between Israel and Egyptian forces on land, sea and air and full quiet prevails."

This was the day on which the British and French paratroops landed at Port Said and Port Fuad; seaborne forces followed them 24 hours later, but by then only twelve hours or so remained before Sir Anthony Eden, giving in to world-wide pressure, notified Mr Hammarskjöld of the decision that the Anglo-French operation should stop. By midnight, when (so far as can be learnt) fighting did stop, the Anglo-French forces held the Mediterranean entrance to the Suez Canal but little more. Unlike the Israelis, they had announced their objective in advance: it was to clear all other forces from a strip twenty miles wide from Port Said to Suez, and to occupy the strip themselves. The Israelis had achieved their purposes, and possibly more; the British and French did not achieve theirs.

In striking this military balance it has to be conceded that the British and French air attack on Egypt, together with the threat of the British and French landing, undoubtedly helped the Israelis to finish their campaign as quickly and neatly as they did. This air action started on Wednesday, October 31st, and continued for five days before the landing; it destroyed the Egyptian air force almost totally. Like his other forces, President Nasser's costly air force seems to have been a passive object in these campaigns; no resolute physical resistance has matched Egypt's political intransigence. Concerning each of these actions, the Israeli and the Anglo-French, the argument may go on for many years about whether they were right or wrong. What seems to admit of no argument is that one of them, the Israeli, was at any rate intelligible, and succeeded in its purpose, whereas the other, the Anglo-French, remains unintelligible and did not attain its purpose, whatever that may have been.

Sir Anthony Eden, when he announced the ultimatum to Egypt on October 30th, told the Commons of the grounds for the action he was taking —"Unless hostilities can quickly be stopped, free passage through the canal will be jeopardised"—and of its purpose: "To separate the belligerants and to guarantee freedom of transit through the canal by the ships of all nations." True, the combatants are now separated, but they had separated themselves before the British and French troops landed, and even now it is not the British and French that keep them apart. "Action has to be rapid," the Prime Minister told the Commons on the 31st; there was not time to wait upon the procedures

of the United Nations. This was of the essence of the British case, but in the end action was inexplicably slow. Day after day went by with the world hourly expecting the news of a landing, while the pressure of the world's and its own opinion bore down upon Britain: most of the Commonwealth, the United States, the European partners in Nato, nearly the whole of the United Nations, and finally, on Monday, Mr Bulganin, unperturbed by his government's atrocious misdeeds in Hungary, threatening without disguise to "crush the aggression . . . by the use of force." While these pressures accumulated, the revulsion in the Arab states was dealing heavy blows at the Middle Eastern interests which the British action had been designed to protect. The Iraq pipelines across Syria were put out of action; disorders flamed up in Kuwait, Bahrain, and Qatar; the canal itself was blocked. It remains uncertain what pieces of the British position in the Middle East can now be salvaged, and for how long. Some people have always held that a reassertion of British strength in the area would stop the rot; others hold that displays of force are no substitute for policy. No one can expect an ineffective and irresolute stroke of force to achieve any purpose at all, unless it is the bitter demonstration—which defenders of the government have actually claimed in these disastrous days as a virtue of British policy—that the props of world security have given way, and that the United Nations must reform itself if this kind of anarchy is not to become perpeutal.



The British and French tug-of-war with the United Nations opened when Britain and France used their vetoes in the Security Council and called into action the "uniting for peace" procedure which permits the Assembly to act on its own. The Assembly then met in special session, and on November 2nd called on Israel to withdraw behind the 1949 armistice lines and on all parties to cease fire. UNO stopped short of applying the label "aggressor" to anybody at this stage. British and French dealings with the United Nations from then onwards were clearly dictated by the desire to establish a position in Egypt before the breach with the Assembly became total. At first the two governments talked back and refused to comply. The Assembly in the early hours of Sunday, November 4th, resolved: (1) that the Secretary General should within 48 hours submit plans for an emergency United Nations police force; and (2) that the cease-fire resolution should be complied with within 12 hours.

Despairing of so quick an answer, Mr Hammarskjöld on his own initiative extended the time limit for a cease-fire to 5 a.m. on Monday. But when that time limit in turn expired, of the four countries involved, only Egypt had accepted the resolution. Israel had asked for further clarification. Britain and France were silent; their paratroops were landing early on Monday. For the moment the Assembly contented itself with approving the establishment of an emergency international force. The telegram informing Britain of this crossed with the replies to the two resolutions of the previous day. Israel declared itself ready to agree to a cease-fire (but said nothing about withdrawing to the armistice line or about the international police force). The British and French said that as soon as Israel and Egypt accepted, and the United Nations endorsed, a plan for an international force, Britain and France would stop all military action. The United Kingdom representative next declared that all bombing of Egyptian territory had ceased. But by then New York knew of the landings.

When the Assembly met on November 6th, it was baffled by another British smoke screen: the vague and conflicting information about a cease-fire (which proved to be merely local and, in any case, abortive) at Port Said. Then, since British and French compliance seemed to depend on the quick formation of an emergency police force, the Assembly turned to Mr Hammarskjöld's proposals for the force. Into the middle of this discussion Mr Eden dropped his surprise packet of a promise of cease-fire at midnight.

Britain's declaration of a cease-fire differed by one vital omission from the conditional acceptance of the previous day. It was still contingent on the setting up of a competent international force: there was, however, no longer the condition that Egypt and Israel should accept this police force, but only that they should accept an unconditional cease-fire (which they had in fact done on November 4th and 5th respectively).

Naturally the Assembly welcomed the British and French decision, but was it the Assembly that caused the decision? Britain and France had been fencing with the United Nations for some days. Ingenuity could have kept it in play a little longer; but something changed the plan. Expressions of disquiet and dissent must have been coming in greater or less degree from many other sources at home and abroad, but only from one was there any decisive new development on

Monday that might explain Tuesday's decision to halt the adventure.

The new development on Monday was Mr Bulganin's threat to intervene with force, a threat which it was possible neither to accept with a good grace nor to ignore with safety. By his letter of Monday, Mr Bulganin gave formal notice that the Soviet Union will stop short of no means to prevent the reassertion by Britain and France of their former control of the Middle East. Most people will assume, and probably rightly, that Moscow—in spite of Mr Bulganin's unaffected reference to the rockets—would not be prepared, or not at this stage, to start a world war on account of the Middle East. There are, however, ways short of a world war in which Moscow can intervene in the region—ways that are all the more easy and practicable when Britain and France, largely because of their own actions, are at odds with their natural ally, the United States, and on almost intolerably bad terms with nearly every state in the region.

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So sombre is this picture that it may seem hopeless to search it for the possibility of constructive arrangements by which the Middle East, instead of dissolving in anarchy and violence, may serve the world and develop into a stable and prosperous region. This, however, has to be done. It can hardly be done by the first and most obvious formula, which recommends itself almost inevitably to the Assembly of the United Nations: the simple request to everybody to go home. Understandably, the Israelis have no intention of going home until they have a peace settlement in their hands. Britain and France have agreed to hand over to an international United Nations force, but if, having landed, they were to leave before it arrived, they might possibly do more harm than good. But if the UN force is to keep the two sides effectively separated, it will need Egyptian and Israeli agreement to the positions it is to take up; for Mr Hammarskjöld has said that it will not be organised to operate without the consent of the local government. No automatic solutions, therefore, are available ; the unlamented *status quo ante* cannot be restored. The UN force can do no more, at best, than hold the ring ; it can solve nothing.

All the elements necessary to peace in the Middle East have become alive and must be put in order—the future of the canal ; the problem (not, as is supposed, identical) of the Egyptian monopoly of the means of transport from the Red Sea to the Mediterranean ; Israel's right to security and to freedom from blockade ; the intolerable irritant of the unsigned peace, the unrecognised frontiers, and the unobserved armistice left behind by the Palestine war.

Here the United Nations may have the chance to perform its first act of pacification on the creative level of world politics. From the endless unrest on the borders of Israel, from the Suez Canal dispute, from the persistent concealed crisis along the oil pipelines, and from the conflict between Colonel Nasser and Britain, the need can equally be deduced for an international strip of territory from the Gulf of Aqaba to Gaza. This would at once separate Israel from Egypt and link the oil-producing Arab countries to the Mediterranean by a channel legally immune from Egyptian or Israeli interference. Clearly it could not be attained without a general settlement between Israel and the Arabs, and between the canal users and Egypt. Those settlements have to be wrested from the present turmoil.

President in the Saddle

HISTORY did not wait while the last lap of the four-yearly political marathon in the United States was being run. Now, with huzzas echoing in his ears, the winner finds himself face to face with questions as urgent and as formidable as any posed to a President since Abraham Lincoln made his sombre way to Washington for his inauguration. What is the consequence for his country, for the world, and for the transatlantic alliance, now without doubt in its deepest trough, of President Eisenhower's great victory ?

It was always expected that the President would win again. In fact he has won by what the race-goers call a distance. Yet he has not succeeded in carrying his party in Congress to the winning-post with him. It is a personal triumph without precedent ; but, by the same token, it stands as brusque proof to the Republicans that, after four years' occupation of the White House and four years of prosperity in the country, they are still a minority party.

In his congratulation to the President Mr Stevenson said that, with the verdict given " we are all Americans." That is President Eisenhower's strength today. Refreshed by this massive vote of confidence, he is a national leader in a sense not seen before in peacetime in any democracy. On the issues at home of civil rights and Negro schooling, calling as they do for something like Lincoln's own sagacity and resolve, he is in a position to propound a national policy ; on the still greater issues of peace or war in the world, at least as challenging as any that faced Wilson or Franklin Roosevelt, he can speak for America. He can be, personally, the hope of his country and the world.

All this is true ; but it is mere rhetoric if we do not weigh also the President's liabilities. The people have chosen him, but not his party ; and, both by law and by the fact of his age, his party must choose another champion next time. From now forward, in the party reckoning, President Eisenhower's influence wanes—

and, though the war of the succession is bitter, Mr Nixon's waxes. But cannot the President, with his mandate, now make his own coalition ? In his wrestle with Congress to make good his policies, both at home and abroad, he has to look beyond party alignments. Already in the midst of the fevered campaigning he has shown his willingness to do this. His government cannot be accused, at any rate during these last days, of suspending its policies for the sake of politics ; the charge, for instance, that during an election the Jewish vote must be a muzzle has been refuted. The charge that does stand, more accusing than ever, is that the Eisenhower Administration, while having a policy towards the world, has consistently lacked policies for particular parts of it. It has had an attitude but no solutions, a diagnosis but no remedies. It must bear its share—ungrateful though it may seem to say so—for the international anarchy. If the determination now reported from Washington to wrest out of the present smouldering embers a permanent settlement of Middle Eastern frontiers and refugees had been pressed before with wisdom and a consistent resolve, how different might our predicament have been today.

That is above all the challenge to the President and to his Secretary of State, whoever he may be. While the President has, after all, grown in fitness and health, Mr Dulles has been sadly stricken by serious illness. All will wish him well ; but all, too, will hope that in the coming months the combination of generalities and improvised manœuvres, which has become too much the mode of American foreign policy, will be replaced by the particularities which alone can meet the bill of accounts now rendered by the war in the Middle East, by the Hungarian tragedy and by the renewal, at both points of crisis, of the Russian threat. It means making a foreign policy that looks ahead instead of looking, politically, over its shoulder.

To British eyes, and indeed in the whole world balance, the first question is how swiftly the alliance, bruised and almost broken by what has happened, can be repaired. It is without any question the President's own desire to repair it. No man was more shocked or more affronted both by what the British and French governments did in Egypt and by the way in which, without consultation or warning to their allies, they did it. Yet no man, after the first anger, was more intent upon rescuing the partnership ; and in this, as so often, he has reflected, as many American commentators have done, the surprising amount of sympathy, even though critical, shown by ordinary citizens. The President is a man of simple faith. The re-entry of Russia bearing menaces confirms again his conviction that, at all costs, the western powers must stand together ; and here indeed is still the overriding test. The transatlantic alliance cannot be restored simply by the President, for all the confidence his people have given him. It will need the backing of Congress itself, now resentful and suspicious of European intentions and open to the pressures of a more isolationist mood. And it will need, too, a metamorphosis in the leaders on this side of the Atlantic who have placed the alliance thus in the hazard.

Hungary and the European Future

THE horror and tragedy of the Soviet reconquest of Hungary have been obscured for too many of us both by the cutting of communications between Hungary and the outside world and by the smoke of war in Egypt. To praise the Hungarians for their heroic and protracted resistance to the Soviet Army would be presumptuous, but two significant lessons can be drawn from their conduct. The first is that communism is profoundly unpopular with the very people whom it is supposed to benefit most ; many Hungarian workers have now paid with their lives for their refusal to rest content with any modified, more " liberal," communist regime. The second flows from the evidence—confirmed, less dramatically, in other communist countries —that the ability of communist regimes to fasten mental and spiritual blinkers on the younger generation has been prodigiously overrated. The students whose demonstrations sparked off the Hungarian revolt were also demonstrating the ineffectiveness of communist double-think on what should have been its most promising and malleable material, the young men and women who know no other world.

It is not possible to discover how it came about that the Hungarian patriots suffered such a violent change of fortune, from apparent victory to crushing defeat, or whether in fact they were not really doomed from the start. For the Russians, the sticking point probably came when Mr Nagy announced his country's neutrality and its desire to get rid of the Red Army. His formation two days later of what seems to have been intended to be a genuine multi-party government took place after Soviet reinforcements had begun to roll into Hungary. But whether the earlier Soviet offer to discuss withdrawing troops was genuine or only a feint to gain time, whether the change of policy, if such there was, was advocated by the whole Soviet leadership or whether it was imposed by the Army—the answers to these questions remain obscure.

So does the future of Hungary. The new prime minister, Mr Janos Kadar, was imprisoned by Rakosi as a potential Titoist in 1951, although since his release about two years ago he seems to have kept his " national communism " within discreet bounds. His appointment, his programme of very moderate reforms and the official denunciations of both " the Rakosi clique " and of Mr Nagy all suggest that Moscow will try to

damp down popular discontent while maintaining its iron grip on the country, by introducing a very carefully controlled Gomulka-type regime. This experiment is unlikely to succeed. Savage repression—and the meagre reports coming out of Hungary suggest that this is no exaggeration—and the bitter resentment of the oppressed will not produce a propitious climate for a "liberalised" communist regime; and even if the government makes a genuine attempt to overcome the country's economic plight and raise living standards, its efforts will be seriously hampered by the non-co-operation, and even the passive resistance, of the workers. Large-scale Russian help, if it is forthcoming, may help the regime, but it will not make it popular.

Elsewhere in eastern Europe, the ruthless crushing of the Hungarian revolt has flashed a warning signal. In all of them except Poland, the communists have all along shown great reluctance and timidity about "liberalisation" and they have not so far found themselves pushed irresistibly from behind by popular feeling. The Hungarian revolt will only confirm them in their suspicion of dangerous experiments; their press and radio are already joined in a nauseating chorus in praise of the Red Army's suppression of the "counter-revolutionary terror" in Hungary. Even the Jugoslav communists, evidently alarmed by the heady influence that the Hungarian patriots might exert elsewhere, have subscribed to this wicked travesty of the facts.

It is, however, in Poland that the Hungarian crisis will have the most significant repercussions. Mr Gomulka has so far shown great skill in riding the storm of popular discontent (his performance is discussed further in a Note on page 500). He has treated the reconquest of Hungary with a marked lack of official enthusiasm. But he will probably be more helped than hindered by Russia's ruthless action. On the one hand it should bring sharply back to a grim reality those Poles who have been made dizzy by their success in retreating from Stalinism. And on the other hand the obvious resentment in Poland at Russian ruthlessness will strengthen Mr Gomulka's hand when dealing with the Russians.

Thus on a coldly cynical calculation, and leaving the deep and simmering popular resentment out of account, the Russians can hope to reap from their action in Hungary immediate short-term benefits throughout eastern Europe. But to off-set this, they have seriously increased their military liabilities. They have made a blatant demonstration that the communist regimes of eastern Europe rest nakedly on the presence or proximity of the Red Army, and this demonstration must increase the peoples' hatred of the communists. What is more, the Hungarian revolt revealed that satellite armies cannot be trusted to fight for their Russian masters against their own people and perhaps not against anyone else either. In spite of continued talk about the eventual withdrawal of the Red Army from Hungary, the Russians are more likely to find themselves obliged now not only to maintain, but even to increase their pre-revolt garrison in Hungary and possibly elsewhere as well; and they will probably consider it wise to cross the greater part of the satellite armies off their list of military assets.

More problematic, but in the long run more significant, is the damage which Russian ruthlessness will have done to the power of communism to attract new converts outside the communist world. True, the lessons that should be drawn from the Hungarian tragedy, especially by the under-developed countries of Asia and Africa, are bound to be at least partially obscured and distorted by the Anglo-French intervention in Egypt, and this is lamentable. But to the extent that they do strike home, the sacrifices of the Hungarian patriots will not have been entirely wasted.

Think Again, Whittington?

ONLY one commoner signed Magna Carta, and he was the Mayor of London—subsequently made Lord Mayor by John, the same sovereign. The City is now the smallest local government area in the country, but its head still has something of the same pre-eminence. Within the square mile he takes precedence of everyone but the monarch, and even she must ask his leave to enter. He may be called upon by the Foreign Office to help in entertaining distinguished visitors; he may travel widely abroad on visits of civic good-will (Sir Cuthbert Ackroyd, who retires from the office this week, has been to Austria, Germany, Italy, the United States and Northern Ireland, as well as Edinburgh and Cardiff during his year of office); he gives state banquets to which the Queen and her ministers are invited; he has a seat in the Privy Council. He is, in fact, the constitutional (and temporary) sovereign of the City, and he is pretty sure of a baronetcy.

Two doubts arise in the mind on contemplating all this magnificence: one is whether, now that more and more big firms are on the move out of the centre, the City still means enough to justify the continuance of the pomp. Another is whether there will for long be people who can afford the time and money demanded by the office. The first can quickly be disposed of, for the spiritual centre of business remains firmly in the Stock Exchange and the Bank of England, however far firms may stray geographically, and there is no lack of businessmen who belong to the livery companies which are the backbone of City ceremonial and tradition. The second doubt is much greater, and, in this week when Sir Cuthbert Ackroyd hands over to his successor, Alderman Colonel Sir Cullum Welch, it may be worth looking at the duties and responsibilities of the Lord Mayor in order to consider it.

How does a present-day Whittington set about achieving his ambition? The usual path is as follows. First, the hopeful young man must be a liveryman of a City company: this can be inherited, bought or earned by "apprenticeship" to an existing liveryman. Then he may be elected from one of the wards of the City into the Common Council, the City's House of Commons (as Sir Cullum was from 1931 to 1947). The ward electors are all those who pay rates in the city of £10 and over, and councilmen must be of the same status, or householders within their wards. The elections, held every year, are in a few cases contested, although not with any great bitterness. While it is not strictly necessary for a Lord Mayor to have been in the Common Council, he must be an alderman—these, confusingly, are also elected from the wards, but their elections are for life. (Sir Cullum became an alderman in 1947, on ceasing to be a member of the Common Council.) The Court of Aldermen stands roughly in the position of the House of Lords in the constitution of the City—it regulates admissions to the freemanship of the City, and to the livery companies, lays down provisions for the ward elections, and is a court of justice, the alderman becoming justice of the peace on election.

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The step which determines Whittington's fate is this election to the Court of Aldermen, for the existing court veto any election if it thinks the man elected is not suitable, either personally or financially, to be one of its number. The scrutiny here is pretty close, with regard not only to the qualities usually expected of an elected man—popularity, good reputation, and so on—but also to the possession of a big bank roll and the kind of job which permits the holder to spend a great deal of time attending (unpaid) to work outside the normal range of business. For an elected alderman is more or less predestined to become, if he wants, a Lord Mayor. Before he reaches this eminence, he will pass one year as Sheriff, for the City has the privilege of electing its sheriffs although they are officers of the Queen; of each year's two sheriffs, one will be an alderman and the other not, and as the Lord Mayor must have held both offices, the one who is both is in the direct line for the highest office. When a man becomes Sheriff, the burden of public duty has already begun to be severe, for a Sheriff pays a share of the City's entertaining, must constantly (more constantly than the ordinary members) be attending the Court of Aldermen or that of Common Council, and he has the additional responsibility of being Execution Officer of the Old Bailey.

While the Sheriff's year is a busy one, the Lord Mayor's year of office might put a strain, both physically and financially, on anybody in the kingdom. The Lord Mayor must leave home to live for a year in the Mansion House, and from there—to judge from a recent Lord Mayor's diary—he will have an average of some four engagements of one kind or another each day, five days a week, for a year. During his year he will make about 1,200 speeches (royally non-political and non-partisan) of various lengths. He will visit officially all the 82 livery companies and the 26 wards of the city, speak at state banquets, at the City's schools, and so on. Although he may well be a Jew or a Roman Catholic, he is a trustee of St. Paul's Cathedral: he is honorary head of the City's Army and RAF units. He is chief magistrate of the City, with a court in the Mansion House, where he sits about twice a week, to deal with the usual motoring offences and applications—the City, surprising as it may seem to those who know Fleet Street, has virtually no drunks in its courts. The Lord Mayor's Appeal Funds, in aid of those who suffer from disaster, are worked out in an agreed mechanism with the Bank of England—but that does not alter the fact that he has a lot of work in connection with them when they occur. Add to all this regular work his appearances in connection with junketings such as the Bolshoi visit, and it can be seen that, whatever the attractions of being for a year a quasi-royal figure, his job is certainly no sinecure.

The Lord Mayor not only has to be able to spare this whole year away from his work; he has also to spend a great deal of money. The official salary attaching to the post is £12,500—but it is conservatively estimated that he must spend some £15,000 to £20,000 more, mainly on entertaining. It is, of course, an advantage to firms to number a Lord Mayor among their officers, but they cannot very well pay him more because of it, and the expense must come for the most part out of his own pocket. It is a tradition that he should not spend more than is needed to keep up the customary dignity of the position, and he must consult with an advisory body of aldermen before accepting invitations abroad—invitations which may commit their successors to have the hosts back and to give them a banquet. The scale of hospitality must also be kept within the traditional limits, to avoid invidious comparisons between the amounts spent by the various incumbents, while even details such as the provision of an extra cigar at a dinner for three hundred people may make a very large difference in the budget. The union of Lord Mayors and future Lord Mayors operates a tactful restrictive practice about these matters. The office is certainly a great maker of good will for British business abroad, and a symbol of the great days of the City as the banking house of the world, and at present there seems no shortage of men able and willing to fill the post—those in the know hint that the next five Lord Mayors are likely to do the City good service. But for how long more will people be able to afford either so much time or so much money?

As it happens, this week's ceremony raises this question in a rather embarrassing form. The Lord Mayor's Show, the pageant which accompanies the incoming Lord Mayor, with his predecessor, to the Law Courts to

take the oath before the Lord Chief Justice as the sovereign's representative, was due to take place as this issue of *The Economist* appeared. Traditionally, the show is arranged to illustrate the interests of the new Mayor, and has of recent years usually been put together, somewhat haphazardly, by the companies with which he is connected. This year the incoming Lord Mayor is a solicitor; as this is not a profession whose activities can picturesquely be shown on floats, the show is being organised and paid for by the British Aluminium Company, who have employed one designer to create a combined history of and boost for aluminium. It will no doubt be very good publicity for them. One cannot take exception to this—one previous show, for example, was in honour of the Wool Secretariat, and Lord Mayors have not paid for their shows for some thirty years—but it opens out a rather uncomfortable picture of future Lord Mayors, under the pressure of taxation, presenting their dinners by courtesy of Wizzo the Wonder Washer, or entertaining the head of a foreign state at the expense of Kozy Katering Ltd.

Perhaps this would be a logical way out of the difficulties of financing a post which makes such enormous demands on the holder. But one may ask whether, rather than come to this, new thought should not be given to the whole problem of financing and filling this office. It does not particularly matter that the whole thing is thoroughly undemocratic, for the City is one of the few places which can, for the moment, afford to remain an unashamed plutocracy. What does matter is that the post may become either untenable or undignified.

Bills in Prospect

THE Queen's Speech on Tuesday was overshadowed by events in the Middle East; it also seems to have been a little dog-eared by them. It is true that the only major—and regrettable—omission among measures that Government spokesmen had foreshadowed is that there is to be no action on gambling reform, according to Lord Selkirk, because "consultations have revealed differences of opinion." But several minor projected measures seem to have been held up in the sieve, presumably because for the first few weeks of the session at least the House will want to spend much of its time talking about more pressing things than pensioners' de-retirement. From the score or so of measures mentioned in the speech, four call for detailed comment.

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The Rents Bill looks like being by far the most important piece of legislation in the session. It is also to be one of the first to be handled, and has already been published. In it Mr Sandys strikes a sensible and fairly bold blow at the fatuities and waste of the present system of rent restriction. As the Minister hinted at Llandudno the bill proposes to free immediately not only all those owner-occupied houses which would at present be subject to control if they were let, but also a slice of the more highly rated properties which have tenants in them. At present the upper limits of rent control are £100 rateable value in London, £90 in Scotland and £75 elsewhere; the new limits will be £40 in London and Scotland and £30 elsewhere. The effect will be to free from control about 800,000 of the better-class rented houses, in addition to the 4¾ million that are owner-occupied. The bill also provides for the graded decontrol of further categories of houses by ministerial order (which could be important if Mr Sandys means business in his stated intention of "getting rid by stages of rent control altogether") and for the automatic termination of control as houses fall vacant.

Meanwhile, however, the bill will leave more than 4½ million houses still (temporarily?) subject to control; for these houses controlled rents are to be placed on a more reasonable and uniform basis. The new maximum rents will be equal to twice the gross value of a house where the landlord is responsible for repairs, and 1½ times this figure where he is not responsible. No rent increase whatever will be allowed if a tenant holds, or can secure, a certificate of disrepair; if at some subsequent date the landlord defaults in his obligations, the maximum rent chargeable will revert to the lower of the permitted figures. Landlords must also give three months' notice of their intentions, and confine increases for a further six months to not more than 7s. 6d. a week.

Two questions should be asked. First, is the route taken towards decontrol the best and the speediest? The expedient of releasing dwellings as they fall vacant was tried before the war, when it did not work well. Experience then suggested that the arrangement tends to embitter relationships between landlords and tenants, and that its effects are very slow. It would be much better to proceed faster with wholesale measures of decontrol. In particular, it is vital that enough dwellings should be released initially to have an appreciable impact upon the housing situation and to avert the resentment engendered by large rent increases concentrated on a narrow front. Judged by this criterion the first instalment of decontrol (which covers about 15 per cent of rented properties) is not large enough.

Secondly, will the proposed system of maximum rents form a more serviceable interim measure than Mr Macmillan's ill-fated "mouldy turnip" in the last Parliament? Mr Sandys's bill starts off with a great economic advantage over Mr Macmillan's; it is, however, an economic advantage that could also be a source of political difficulty. Under the new rating system the gross values to which rents will be related have been uniformly calculated for England and Wales and are themselves based on 1939 rental values; they provide without doubt the most equitable and up-to-date basis for rent revision which is available (Scotland, which has an unreformed rating system, has had to settle for the unsatisfactory device of allowing a simple percentage increase in controlled rents). The political difficulty about the English solution, however, is that permitted rent

increases will vary very considerably, because of present rent anomalies; tenants who have been unduly favoured under the long-ossified control will face quite sizeable increases, while other tenants may not suffer an increase at all. But there are two political mitigations. First, Mr Sandys's bill seems to provide a more potent incentive than did Mr Macmillan's for landlords to put their properties in decent condition—without which no increase can be claimed. Secondly, even Labour spokesmen will find it difficult to contend that maximum rents which will be something like twice their 1939 equivalents are oppressive or unreasonable. All in all, this first bill of the session, though it has minor blemishes, seems to be a reasonably well-conceived measure—and just a little bolder than appeared probable when Mr Sandys first adumbrated it at Llandudno a month ago.

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The Homicide Bill, which has also been published, has two main groups of proposals. First, it changes the law of murder in four ways: it abolishes the doctrine of "constructive malice"; it allows the responsibility of murderers suffering from abnormality of mind (including those at present outside the scope of the McNaghten rules) to be "diminished," and they will instead be convicted of manslaughter; provocation by words is expressly put on the same footing as other provocation, and the jury is to determine whether the provocation was such as to constitute a defence; the survivors of genuine suicide pacts will be convicted of manslaughter, instead of murder.

Secondly, the Bill limits the death penalty to five classes of murder, in all of which the Government has obviously had in mind public and police anxiety lest abolition would increase murders committed by professional criminals. Thus a murder done in the commission of theft will attract the death penalty (though whether a person who unintentionally kills someone while robbing him will in fact be convicted of murder depends on how the judges interpret the law when the doctrine of constructive malice is abolished). The other murders that will attract the death penalty will be those committed to avoid or prevent an arrest; murders of policemen and of prison officers; and murders by shooting or by causing an explosion (presumably to deter gangsters and political criminals). The death penalty is also retained for multiple murders.

All other murders will be punishable by imprisonment for life, and the Government has wisely not attempted to retain hanging for poisoners and sexual murderers, as the Labour Government tried to do in the compromise clause put into the Criminal Justice Bill in 1948. The Bill, in fact, goes farther than one had expected. Bentley would not have been hanged under it, for the death penalty, even where still applicable, will only be passed on the person who actually commits the crime. Nevertheless there will still be cases which will attract the full glare of undesirable publicity because a person's life will be at stake; for instance, Mrs Ellis could have been hanged even under this Bill, and so could Heath as a multiple murderer, if they were unable to establish a defence of provocation or diminished responsibility.

The abolitionists' course should thus be clear. Let them vote as they like on the Government's bill (for which the whips will be on), but let them then unite to make nonsense of it by doing all they can to press through Mr Silverman's private members' bill for total abolition as well. In view of the debates ahead, it is worth drawing attention to the figures released last week of the number of murders in January to September this year compared with the same period of 1955. Abolitionists will, rightly, not cite the small fall this year (122 against 125) as evidence that the suspension of hanging since Mr Silverman's bill received its second reading in February has actually reduced the murder rate: comparisons have to be made over a long period of years before any conclusions can be drawn. But what use, one wonders, would abolitionists have made of the figures if they had "shown a trend" even slightly the other way?

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The most significant things about the third major project revealed on Tuesday, that for **Lords Reform**, are that the Queen's Speech refers only to reform of the "composition" of the House—there is no question of changing its powers; and that the speech says only that the Government will "put forward proposals"—Ministers are not committed to legislation. This is to be an attempt to tackle Lord Salisbury's abiding worry that the House of Lords is steadily declining in value because a few, ageing Labour peers simply cannot sustain the role of Opposition.

What the Government has in mind is not at all clear. It may again try to get a negotiated settlement, but Labour is now most unlikely to co-operate; the Lords vote on hanging settled that, by (wrongly) reviving all Labour's prejudices against the Upper House. The Government can still talk with the Liberals, and possibly produce a white paper. It seems likely that Ministers are thinking of a fairly limited operation, designed to create a batch of 50 or more Labour and Liberal peers—probably life peers, some of them women—and at the same time to change the standing orders so as formally to exclude the backwoodsmen, who at present turn up only when the House is discussing hanging or television or how to shoot rabbits. But the Government will never get the extra Labour peers if it cannot offer them at least a daily expense allowance. This, in turn, will revive the never very dormant agitation for a rise in MPs' pay. It may be that Lord Salisbury's powers of persuasion are being underrated, but the reaction to this new gambit on Lords Reform must be one of believing it when we see it.

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A fourth measure that deserves some comment is the proposed **Shop Hours Bill**. The relevant passage from the Queen's Speech says that Parliament "will be invited to approve a bill to amend the law about the closing hours of shops and related matters." The interest of this is that it presumably means that the Government is going to brave the disgruntlement of the TUC by delaying full implementation of the "shop and office workers' charter" recommended in the Gowers Reports of 1947 and 1949. No tears need be shed about this delay. One had always suspected that Parliament would be in danger of making an ass of itself if it tried to set about legislating on a report which, if implemented in full, would attempt to regulate the temperatures of offices and shops, and to prescribe the numbers of lavatories and wash basins to be installed.

But there may also be some dangers even in a limited

Shop Hours Bill. Two points need to be made. First, it has never been clear why one-man shopkeepers should be subject to a compulsory closing hour at all; if the new bill follows the pattern adumbrated a year ago, however, it may oblige some of them to close down an hour earlier, so as not to be "unfair" to shops that employ wage earners. If so, the bill will be a compulsory restrictive practice.

Secondly, it is to be hoped that the new bill will be less rigid than existing legislation, and allow shops even within one local authority area to stagger their half-days and experiment without impediment with such devices as late night opening and Monday closing; the shopworkers' union is now powerful enough to prevent exploitation of staff and to get extra remuneration for any assistants asked to take their days and half-days off at unpopular times. Unfortunately, neither the union nor the Government seems to realise this.

The other measures outlined in the Queen's speech can be dealt with in more summary form. The speech referred to the coming independence of the Gold Coast on March 6th next and to constitutional developments in the Caribbean and British Guiana; the proposed integration of Malta, incidentally, was not mentioned. At home the anti-dumping bill held over from the last session is being revived and has added significance when freer trade is being canvassed; the voluntary film levy is to be made compulsory; the politically uncontroversial proposals for financial assistance for the railways will require legislation, and there will be a (possibly more controversial) measure for greater regional devolution in electricity supply. The bill for compensation for subsidence caused by coal mining is to be brought in, as is another for continuing aid to fishing; the provisions for back pay for the police, the revision of Scottish housing subsidies, and consideration of coming review of local government finance are as expected.

There is only one comparative surprise. Legislation is to be introduced not only to make permanent the "existing emergency powers in respect of hire purchase and hiring agreements," but also "to regulate borrowing by hire purchase companies." Parliament should not let this bill pass without debate; the cumulative evidence that the Government is inclined to regard the whole system of hire purchase as merely an administratively untidy nuisance is getting rather disturbing. Hire purchase is a logical development of expanding consumption in an expanding society; there is a case for curbing it at times of financial crisis, but not for feeling that the duty of government is to stand continuingly in its way.

Notes of the Week

Tory Revolt?

TORY reactions to the crisis seem to be in a state of silently seething chaos. Is there a possibility of revolt by the Suez group against the cease fire? As it becomes clear that the consequences of any settlement are not going to be exactly those which the Prime Minister claimed on Tuesday, there quite conceivably is. A speech by any one of the group's leaders could set it alight. But the fuel for this sort of revolt is not necessarily tinder dry. Some Suez members may feel that their task now is to defend Sir Anthony against what could be a mortal attack for having tried to follow their policy, instead of attacking him themselves for having eventually desisted from it. For the moderates, they fear, are moving towards control of the party.

The future tactics of the moderates, however, are equally in doubt. There were a large number of Tory MPs who were instinctively opposed to the use of force at Suez from the start; they now seem to have reached the stage of explaining to themselves, but not to the public, why they did not promptly say so. It is easy for an outsider, but not so easy at Westminster itself, to criticise them for this caution. They were dumbfounded by the initial news of the assault; they felt that they deserved time for reflection before committing what they assumed would be personal as well as party political suicide; and the noisiness of the Opposition backbenchers did not make things any easier for them, suggesting as it did that any surrender then would be surrender to disorder. Then, on Sunday, came news of Mr Nutting's resignation. The moderates' reaction to this was intriguing. They did not think that Mr Nutting had been braver than they, but suddenly realised that he had probably been brighter. In their view, Mr Nutting, having followed the elder Anthony in so much, has now also followed him in this: that he has resigned office at an early stage of his career on what, at a later and more crucial stage of it, will certainly be regarded as a popular point of principle. Mr Nutting has gained from his "Munich." Sir Edward Boyle appears to have made his decision to resign about this time, but backbench Tories did not know it and still hesitated to threaten to vote against Government policy. It was therefore left for high level pressure in the seclusion of the Cabinet, rather than for defection by lesser Tories in the House, to turn the tide of policy. Every journalist and MP seems to have his own story of what actually happened in Cabinet; the stories range, as Government policy has done, from dramatic action by ultimatum to more reliable stories of peace by fairly forcible negotiation. But, whichever story is true, Sir Anthony Eden this weekend seems to have bogles at the bottom of his garden.

The World Crisis

In addition to leading articles on events at home, in the Middle East, in the United States and in eastern Europe (on pages 481, 482, 484 and 485), the crisis is discussed in Notes of the Week on this and the following pages; in dispatches from our special correspondent in Port Said, and from our correspondents in Beirut, Ottawa and India and at the United Nations (on pages 513 to 520); and in a Business leader on the oil emergency on page 523.

A Truncheon for the UN

CANADA'S proposal that an emergency international force should be created to hold the ring in Egypt promptly drew from Mr Eban, the Israel delegate at the United Nations, the derisive comment, swiftly proved wrong, that the UN was unlikely to agree in 48 hours on a matter it had vainly debated for 48 months. Mr Eban did less than justice either to the United Nations' ability to move like a hare when really alarmed or to the tortoise-like torpor it affects in between these bouts of panic. It is not four years but eight since the then Secretary-General, Mr Trygve Lie, begged the fifty-odd governments he served to authorise the formation of a force of between 5,000 and 10,000 men to help stem the flow of blood in Palestine. Not even the murder of their own mediator in Palestine, Count Bernadotte, moved the member governments to agree. They preferred to watch the carnage proceed, striking an attitude which might have passed for praiseworthy stoicism if it had not been so obviously the product of fecklessness, financial meanness, and funk.

After fifteen months of persistence Mr Lie was fobbed off with permission to recruit an unarmed Field Service of up to 300 men, which has proved its value in Palestine and elsewhere within the modest limits set by the peace-loving but nevertheless prudent governments. Some of them have also allowed the organisation to which, in 1945, they pledged their wholehearted support, to borrow a few officers from time to time to watch truce lines and disputed boundaries in Kashmir, Greece, Palestine and Korea. And in Korea in 1950, thanks to the unhesitating courage of Mr Truman's Administration, backed up by Britain, four Dominions, and ten other member nations, a full-scale army fought under the United Nations flag against a full-scale invasion intended to obliterate a state which was the UN's own godchild.

There is nothing full-scale about the emergency force now being assembled at the behest of 57 of the present 75 member nations. Only a dozen of them—including five Commonwealth and four Scandinavian countries—are, at the time of writing, expected to contribute units, and the units already offered are for the most part very small. But Mr Hammarskjöld hopes to receive more offers when the governments have had time to digest his proposals,

Divided Commonwealth

ONE of the gravest indictments of the Government's action in Egypt is that it has torn the fabric of the Commonwealth. The damage is probably not permanent so far as the older Dominions are concerned: Australia and New Zealand have shown much the same division of opinion as Britain itself, South Africa has been discreetly silent, and fundamental goodwill between Britain and Canada can probably stand the strain. In the Asian member countries the position is very different. The Government must have been prepared for angry reactions there, but it would appear to have underestimated their extent and intensity. India's protests have been matched by Ceylon's, and Pakistani opinion has been still more demonstratively outraged. And the loss of Asian confidence in Britain has been accompanied by a closing of ranks among the Asian-African "Bandoeng" states.

Canada has never before been forced so far away from the British and towards the American viewpoint. But the Canadians at once began to engineer a bridge, and their official attitude, which, despite sharp words from Mr St Laurent, was sorrowful as much as angry, was somewhat mollified when Britain eventually swung towards the Canadian project for a UN force. Public opinion had much sympathy with Britain's difficulties, and the baffled shock felt at the news of the attack on Egypt did not compare with the unanimous revulsion at Russia's onslaught on Hungary; yet the effect of the shock cannot be belittled, as our Ottawa correspondent points out impressively on page 516.

In *Australia*, the government of Mr Menzies, who had been involved with Suez from the start, sided with Britain after some early confusion at the Security Council. But Parliament and the press are deeply divided, although tempers have not run as high as in Britain. Dr Evatt, head of the Labour opposition, has attacked "gunboat diplomacy" but has not demanded a vote.

New Zealand's support for Britain throughout the UN debates has not come from the heart of the country, where there is deep concern. Mr Holland has refused to recall Parliament and the Labour opposition has thus had no occasion to take a formal stand.

South Africa has abstained in the UN voting, and the Minister for External Affairs has said that the Union, not having been consulted, will bear no responsibility for British actions "in regard to this or to any other matter in the future." While the English-language press is by and large benevolent, nationalist newspapers, although unsympathetic to Egypt, voice fears of a reversion to Britain's 19th-century imperialism.

India's moral leadership in Asia will be strengthened not only by its firm stand against Britain but also by its choice of constitutional and constructive remedies. The revulsion with which Indians first greeted the Anglo-French action has not been diminished; but Mr Nehru has also reacted strongly against the suggestion of Russian force being used in Egypt. Marshal Bulganin's messages were seen as a step in the direction of world war. On page 519 our correspondent in India discusses the contrast between the country's attitudes on Egypt and on Hungary, which have been modified in the last few days.

Ceylon has shown similar unanimity and bitterness in condemning the attack on Egypt, and, as in India, there has been angry talk of leaving the Commonwealth. Mr Bandaranaike has dropped his plan to spend a few days in London *en route* to the UN Assembly.

Pakistan's anti-imperialist feeling, reinforced by the bond of Muslim brotherhood with Egypt, has been expressed in violent anti-British demonstrations, in "quit the Commonwealth" demands and in the initiating of the meeting of Baghdad Pact allies without Britain. After this meeting Pakistan may join India, Burma, Ceylon and Indonesia, with which it sponsored last year's Bandoeng conference, at a meeting in Delhi on Monday.

If the Delhi meeting is held it is likely to lead to a second "Bandoeng" conference. The links between the thirty-odd Asian and African states will be strengthened by a common fear that the old colonial powers are unrepentant and watching for a new chance to spring.

which define the responsibilities of the force with care and caution. And, in any case, what the United Nations now needs in Egypt is a policeman's truncheon rather than a howitzer. The case for excluding contributions from the great powers was overwhelmingly strong even before Russia brandished its threat of large-scale intervention; and the other member nations can easily put together a force perfectly capable of doing the job assigned it, if—in this as in other respects—they face the fact that the mantle of responsibility for averting a general disaster has now fallen squarely upon their shoulders.

The West Through Arab Eyes

EAST of Israel, three thoughts dominate Arab minds. The first is "The Russians have saved us." The degree to which pressure inside Britain, in the Commonwealth and in the United Nations brought about the cease-fire passes unheeded by comparison with the Soviet Union's threat to "crush aggression"; the news from Hungary carries no weight with Arabs. Their next thought is that America ranks as a second saviour; educated Arabs are surprised and impressed that Mr Eisenhower and Mr Dulles should have pursued their policy on the eve of an election without the usual pause to weigh the effect on the Jewish vote. Their third thought is that, thanks to the partisan action of Britain and France, the menace of Israel is greater than ever.

The oil-exporting states view the picture from a special angle. Each depends for its bread and butter upon revenue earned from oil sales to Europe; as the map on page 526 shows at a glance, and as our Beirut correspondent explains on page 514, the country chiefly affected is Iraq. Iraq has had its main export channel, from its large northern oilfield, cut by Syrians determined to strike a blow at Britain and France; it seems clear that they were groups beyond the control of their government, which, being itself a beneficiary from the transit of oil, is keen to mend the pipeline quickly. The Saudi Arabians, as a precaution against a similar assault on revenue, insured against sabotage by cutting off relations with Britain and France; but the Iraqis were ill placed to make a corresponding move on account of their membership of the Baghdad Pact. It is questionable whether the communiqué issued by the four Asian members of the Baghdad Pact on Thursday will represent a sufficiently strong gesture of solidarity against Britain and France.

At an early stage in the Suez dispute, the Iraqis had suggested to London that, if the quarrel with Egypt over the canal were at some moment to run high, it might be prudent to stop pumping for a spell in order to safeguard the installations; but they were pooh-poohed. Now their government is the victim of British over-confidence, and it may have to forestall public indignation by demonstrating that it no longer relishes British company.

Riots in the Oil Sheikhdoms

BRITISH action in Egypt has raised the political temperature of the three Persian Gulf oil sheikhdoms —Bahrain, Kuwait, and Qatar—to a dangerous level. For the moment the lid is clamped down and there is little fear of an immediate explosion. But the authority of the sheikhs, bolstered as it is by British support, will be further weakened by the anti-British, pro-Egyptian emotion now being generated.

In Kuwait some shopkeepers are refusing to serve European customers, and dockers will not handle goods from British ships—a boycott encouraged by the Committee of Clubs, to which most of the reforming societies of the young intelligentsia belong. Within the public service, two promising Kuwaiti administrators at director level in the police and the public works department have resigned in protest against the measures used to quell disorder. In Bahrain several members of the Committee of National Unity were arrested and the committee dissolved (the Sheikh has parried criticism with promises to continue with his reform programme). Nevertheless, there was rioting, and British troops lately stationed there at the Ruler's request had to help the police to restore order. Several

Embittered Europe

THE Suez crisis has divided opinion in Europe as in the Commonwealth, but in every continental country except France there has been shocked dismay. Belgium and Holland abstained from voting on the cease-fire motion in the United Nations, and their cautious attitude reflects a public opinion more favourable to Britain and France than that of other countries. But throughout the press elsewhere there has been sad and sometimes bitter criticism of this moral betrayal of the West, of the blow struck at the United Nations, and of the manner in which Britain and France took without consultation action which may have devastating effects on the whole European economy. And at Nato headquarters there is a sense of deep division which may take years to heal.

European criticism has taken on a special sting because of the tragedy in Hungary, which, for most Europeans, has completely overshadowed Suez. Only the more extreme hold the view that the allied action in Egypt was a decisive influence in the Kremlin, but many other Europeans feel that the Russian assault on Hungary was made easier.

German opinion has been the most bitterly critical. The process of relaxation in Eastern Europe had been arousing fresh hopes of German reunification within the context of a wider European settlement; the repression of Hungary has dealt these hopes a cruel blow. The German press has bitterly attacked Britain and France for undermining the moral authority of the United Nations and the West at so vital a moment.

Quite apart from the Hungarian issue the feeling that Britain and France have committed a moral outrage is very widely held. The danger of this disillusion with Germany's western allies is obvious. The assumption behind the new German army is that it is to be part of a western organisation in which no partner acts alone. Now Britain and France have used their Nato troops in their Egyptian adventure without even consulting with their allies. Their action will hardly make it easier to restrain German forces if there is, for example, an East German "Hungary." Some German politicians doubt whether Nato can ever be the same again and are much concerned not only at the weakening of western defence but also at the loss of a vital counter in bargaining with Russia.

Italian opinion has been less united and bitter. The Christian Democrats have long been divided over the use of force in Suez and a section of the party supports the allied action; but the government has backed the UN appeal for a cease-fire and has had most of the press and public behind it. Though many moderate papers have tried to explain Anglo-French motives, there has been widespread dismay at the failure to consult with an ally like Italy, whose economy will suffer so severely from the severance of fuel supplies and to whom peace in the Mediterranean is of such importance.

The *Scandinavians'* reactions have reflected their traditional idealism and belief in international organisation. The Swedish and Norwegian governments have expressed deep concern. Many newspapers emphasised Egypt's provocation of Israel, but few could find any justification for the British and French action. "An atom-bomb against Nato" ran the headline in one Norwegian liberal paper; and in Nato itself Norway has protested against the allied action. Danish feeling has been less unanimous, partly perhaps because of the Conservatives' wish not to embarrass the British Conservative government.

It is only in *Belgium and the Netherlands* that there has been any widespread sympathy for Britain and France. The Dutch experience over Indonesia has inspired a certain mistrust of the United Nations, and the Dutch press on the whole attributed more blame for the Middle East crisis to the United States than to Britain. The wisdom of the attack on Egypt is doubted, but press and government seem anxious not to make things more difficult by violent criticism.

In Belgium the press has been more favourable to the "entente" than anywhere else in western Europe. But while the government, above all concerned for the future of the western alliance, has been careful to adopt a neutral stand between the United States and Britain and France, for the same reason M. Spaak made a personal appeal to M. Mollet to stop the fighting.

Law, Not War

A staff correspondent of "The Economist" covered last Sunday's Labour demonstration in Trafalgar Square and Whitehall. He has turned in the following report which, in its comments upon the behaviour of the mounted police, is frankly disturbing:

THE most significant thing about the demonstration in Trafalgar Square last Sunday, against what was called "Eden's War," was its un-doctrinaire sincerity. The crowd, which filled the square to overflowing, was not of the militantly leftward bias one had expected; there was a considerable leaven of the more earnest type of student, demonstrating determined but unpartisan opposition to what they regarded as an unjust war. Two of the main speakers. Dr Edith Summerskill and Mr Harry Nicholas, made the error of thinking that they were addressing their habitual audiences of convinced Labour supporters, and their speeches fell rather flat. It was for Mr Aneurin Bevan—the new Mr Bevan who is at the moment trying so hard to sound moderate—to feel the mood, and he made an undeniably brilliant speech. The general agreement with him seemed to be broken only by an exuberant who let off a smoke grenade, and by two diligent hecklers whom he quickly silenced. When the meeting broke up, the platform were left to go it alone in their singing of the Red Flag. "Dig that crazy choir" said a nearby Teddy boy. And one would have liked to leave this report at that.

Unfortunately, one can't. A far more serious misjudgment of the temper of the crowd was made subsequently at the admittedly noisier demonstration in Whitehall, and it was made by (of all people) the mounted police. The men on foot controlled the crowd with all their usual firm skill, acquired at many a film premiere. Perhaps the mounted police had read too much about what happened to their more sinister counterparts in Hungary: they were, in any case, thoroughly undisciplined, and far too rough. Your correspondent saw one deliberately lean down from his horse to strike some students who were doing their best to retreat in the direction that was wanted. When I told him that I had taken his number, I was met by the startling cry of "Get that man"; it is a pity that the police didn't. They did start to arrest a correspondent from one of the few papers which enthusiastically supports the Government—but dropped him like a hot brick when he produced his press card. Finally, when the crowd was in orderly retreat up Whitehall towards Trafalgar Square, they made an entirely needless charge at speed on their horses, knocking down and injuring at least one middle-aged man, who appeared to be an innocent spectator.

The police on foot made no such mistakes of judgment with a crowd, which, although vociferous, was certainly not inclined to be violent until the horses came on the scene. Perhaps the isolation of the mounted man, much vaunted as enabling him to keep his head, also prevents him from sensing what kind of crowd he has to deal with. These mounties gave the disturbing impression that they were rather pleased to try out in practice the techniques they have learned, and which they have so mercifully few occasions to use. Whether through excess of zeal or through indiscipline they succeeded in deeply antagonising the crowd, and very nearly in turning a demonstration into a riot. When they first came on the scene they were greeted by cries of "Cowboy, go home." Half an hour later the cry was "Fascists."

Their behaviour, however un-English, was put in perspective by a recently arrived Cypriot, whose amazement (expressed in the brokenest of English) turned out to be at the fact that the police had not yet used tear-gas. This comparison from across the water seemed, at first hearing, to be reassuring. But, on reflection, as Cyprus is a British colony, was it? It would be absurd to make too much fuss about the mishandling of one afternoon's demonstration. But your singularly undemonstrative correspondent, who has never before been at the receiving end of a mounted police charge, certainly came away with a disturbed feeling that the present techniques of the police—whom he still wants to regard as wonderful—now need watching.

buildings, including a newly established newspaper office and the public works office, were burnt down and a curfew was imposed—all the more necessary now that Saudi Arabia has stopped pumping oil to the Bahrain oil refinery. The stoppage may not last long, since the Bahrain oil company is American owned, but while it lasts the four thousand workers standing idle have little to do but blame Britain. Whereas in both Kuwait and Bahrain security in the oil areas was unimpaired, in Qatar the local pipeline was actually cut, but inexpertly, since it was repaired within twenty-four hours. A son of the Sheikh with his retainers broke up the political demonstrations.

Pressure for more democracy on the western pattern has been increasing in the oil sheikhdoms for some time, and has always been accompanied by anti-British feeling; but the handling of the Suez conflict, and the bracketing of Britain with Israel as assailants of Egypt, seem to have ensured that hatred of Britain and enthusiasm for political advance will henceforth be synonymous in the area.

Collusion with Israel?

EVIDENCE is piling up to indicate that the close timing of Israeli and Franco-British action was not as accidental as the leaders of this strange *Triple Entente* would like their peoples to believe. Most of the indications come from France. There, it had been known for a long time that M. Lacoste, the minister resident in Algeria, was making headway with his appeals to the government to revise its Middle Eastern policy and to put its money on Israel in order to bring President Nasser down. It was also known that M. Mollet and his colleagues, when accused of having climbed down in regard to Suez, were replying with hints about "secret weapons" which would enable them to reach their goal before the end of the year. But more detailed analysis has now appeared, particularly in the Mendès-France weekly, *L'Express*. It is alleged that the British, having at first wanted to play only the Iraqi card, later accepted the French idea of using an Israeli trump in the game against Colonel Nasser; and that not only were troop shipments speeded up shortly before the event, but Israeli staff officers sat at the French ministry of defence almost to the last. According to this version of events, the only surprise for the French and British governments was the timing. Originally, it is said, the Israelis were not to strike until last Tuesday; but, fearing that American intervention would foil this gunpowder plot if they waited until after the fifth of November, they attacked eight days ahead of schedule.

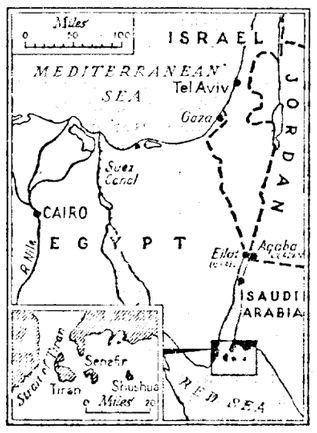
The French accounts leave it uncertain how far the British are supposed to have been in on the plan. It is true that the British and French prime ministers and their foreign ministers were in frequent consultation. But it is unfortunately true, too, that many ministers in both governments did not know what they should have known, or only a part of it.

When the French Assembly was faced with an accomplished fact, only the Communists and some poujadists openly opposed the government, while the closest Radical supporters of M. Mendès-France and a few individual deputies expressed their uneasiness through abstention. M. Mollet's action was endorsed by an impressive majority. But the higher the hopes raised, the more bitter must the disappointment be. The Right will doubtless blame M. Mollet for having got stuck in the illusory Suez short-cut to a solution in Algeria, the Left for having embarked on his military venture at all. French Socialists, in particular, will now have time to ponder over Mr Gaitskell's indictment of their own leader's Tory allies. In this difficult position the French government will be helped by the tragic events in Hungary, which have once again changed the powerful Communist group into parliamentary untouchables. But M. Mollet is only beginning to grasp the full political and economic consequences of this abortive war.

Whose Gulf of Aqaba?

AT moments when diplomacy counts, Gentile can usually outstrip Jew, but when it comes to business the boot is on the other foot. Israel is very naturally bent on securing during the present hiatus the basis of a permanent arrangement with its neighbours that will free Israeli homes from the nightly fear of a raider's grenade through the window.

Mr Ben Gurion told the Knesset on Wednesday that Israel held most of Sinai, that the armistice line with Egypt no longer had any validity, that Israel would stay where it now was so long as there was no permanent settlement with its neighbours, and that it would not agree to the stationing of a foreign force, however styled and composed, in Israel or any of the areas now occupied. Who, if anyone, will be in a position to cause Israel to withdraw from the positions it has advanced to, if it wants to hold them? A test case will be the island of Tiran; Mr Ben Gurion has announced that it will be retained.



Tiran has been a thorn in Israel's flesh since 1949. With the island of Senafir, it makes the Red Sea entrances to the Gulf of Aqaba so narrow as to fall within national territorial waters. Egypt, with Saudi Arabia's agreement, occupied both islands in 1949; they lie only about three miles from the coast of Egyptian Sinai and four miles from the Saudi Arabian shore. But on January 28, 1950, Egypt assured third parties interested in maintaining an international channel through the strait that everyone's right to "innocent passage" would be respected "in conformity with international practice."

This undertaking has not been observed; the island was used as a weapon in Egypt's blockade of Israel's Red Sea trade. Masters of ships of many nationalities have been

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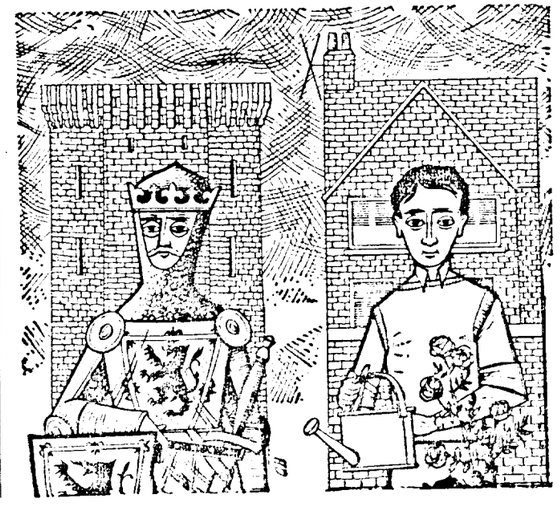

To be fairer than the evening air Madame needs time.
Carriage and escort must wait while the final touches are applied. Here comes
cleansing tissue—what *would* one do without it—and with it a question:
what is this to Bowaters or Bowaters to this? The answer is that Bowaters
are not only makers of paper for newspapers and magazines, even though
their name is synonymous with newsprint. And the making of tissues for Madame
(and for Monsieur when he has a cold) is not the only variation
on the paper theme. They are not glamorous, these square containers that bring
detergents to the grocer, these adaptable industrial drums, these hygienic
paper sacks. Those sweet wrappers, biscuit packs and jolly paper bags, now,
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stopped, and some of them fired on—even when bound for Aqaba in Jordan and not for the Israeli port of Eilat. (Two British ships fired on by Egypt were the *Empire Roach* in July, 1951, and the *Anshun* in July, 1955, both bound for Aqaba.) Just as UN members bowed to the denial by Egypt to Israel of the Suez Canal, so they acquiesced in this second piece of arbitrary behaviour. Since August, 1955, Egypt has required 72 hours' notice of entry into the gulf and Britain, among others, has observed this *de facto* arrangement.

Great as the Egyptian provocation has been, the island has now changed hands in a way that the United Nations exists to stop. After its misuse by Egypt, to hand it back would be absurd. Other states, besides Israel, have rights in the Gulf of Aqaba. Tiran would be a good point on which to station a perpetual international authority.

Samuel Smiles

MR BUTLER'S political ambitions can only be judged from his public statements. During the last month these have become a connoisseur's delight. At Llandudno his laudatory references to "my able successor Harold Macmillan"—conveying just the tinge of a suggestion that the office boy had succeeded to the post from which he himself had moved up—were a lesson in self-non-abnegation by most delicate condescension. His references there to Sir Anthony Eden ("I have served under at least five Prime Ministers, sometimes in difficult times . . . and I have never known, under any Prime Minister I have served, the qualities of courage, integrity and flair more clearly represented than in our present Prime Minister") were—remembering, as one was meant to remember, that Mr Butler's last Prime Minister was Sir Winston—an example of how to damn a leader by praise that nobody will believe. But it was on Thursday of last week when given—by Sir Anthony?—the unenviable task of summing up one of the Suez debates, that Mr Butler really took the biscuit. The whole of his speech is worth reading, as a study in the art of maintaining a reputation both for loyalty and yet also as a "Suez moderate"; but it was the following brilliant impromptu, when a Labour member was kind enough to bring up one of Mr Butler's own famous earlier statements, which must on no account be missed:

> Mr Butler: It seems to me that the Prime Minister has himself today made an intervention in the debate which was of the highest possible quality, and which has rather belied the description of the right hon gentleman the member for Ebbw Vale of my right hon friend as being a bully and endeavouring to cheat other nations.
>
> Mr Ian Mikado (Reading): "The best Prime Minister we have got."
>
> Mr Butler: That observation remains eternally true, and it will be even more so at the end of my intervention.

If any members needed a reminder—which of course they did not—that Mr Butler and Sir Anthony are nowadays being constantly compared with one another, the reminder was here gently pressed home. This is all very delightful. Is it also becoming just a little bit naughty?

The Busmen's Pay

IN a week less packed with news, an early move in the wage contest would not have escaped notice so widely as it has. As was pointed out in *The Economist* of October 20th ("A Douche for the Wages Ferment") this autumn's claims for wage increases throughout industry have been led by the busworkers, who have in turn been led by the employees of the municipal bus services outside London. It was announced over the weekend that these latter have been awarded a general increase of 5s. a week by an Industrial Disputes Tribunal: their demand had been for 9s. to 18s. for drivers and conductors, and 19s. to 25s. 6d. for maintenance men. The foundation of their claim had been that, since their last increase, the rise in the cost-of-living index of 4.7 per cent represented a value in their wages of 7s. 5d.: the rise they have in fact been granted is only an increase of 3 per cent in their wages. The unions went ahead with this claim first, presumably, in order to get their offensive going on a weak front: the municipal employers have not got enough men, and might well have wanted to attract some more into their service. The smallness of this increase is thus doubly significant.

It should be noted that, since the last round of wage claims last winter, the cost-of-living index has gone up, but also that, since April it has been steady, with at times an inclination to drop. Although bread, milk, the health service charges—and Suez—may start it moving upwards again for a time, this is an encouraging sign that the Government's policy is working. The engineering employers will undoubtedly be unwilling to give anything, but they may take courage at the size of this award, and do their best to avoid strikes due to any unwillingness to arbitrate. Yet another sign of encouragement comes from Mr Jim Campbell of the National Union of Railwaymen, which has demanded a rise of 10 per cent. He gave an assurance that his union "would not take any precipitate action to disrupt the country's transport system"—although he makes it plain that he believes that any fair solution of his claims will be a settlement in his favour. But, with the example of this test claim before them, perhaps the unions will come to see that there is a strong argument for moderation. In any case, it will serve to make some of them pause and think again before holding out extravagant hopes to their members.

Information and the Crisis

TWO points are worth making in the context of public information and the crisis. One is to take note of and regret the resignation of Mr William Clark as press relations adviser to the Prime Minister. Since the Suez crisis began in July Mr Clark has carried an impossible can, but has continued the not inconsiderable feat of expounding the Government's policy to the press with both loyalty and lucidity. His reward at one stage was to be attacked by a Labour member in the House; the burden of that attack seemed to be that Mr Clark should stop telling the press what Government policy was, but should be more impartial

by telling us what it was not. It would be a misfortune if this sort of attack, combined with any tendency by Sir Anthony to attribute his recent bad press to anything other than bad policy, were to lead to any change in the nature of the post of press adviser; after some experiment both by himself and his predecessors, Mr Clark had moulded the functions of this office into just about the right pattern.

The other point concerns the BBC and the crisis. What should be the rules for guiding BBC overseas service broadcasts during a war with which half the population disagrees? There are no rules, because there should not be such wars. Probably the best emergency recipe, however, is that overseas broadcasts to the areas affected can in such circumstances legitimately give more weight than usual to Government policy, but that they should not be obliged to serve the purposes of more propaganda. The recipe seems, with modifications, to have been followed. At home during the crisis, broadcasting's problem has not been a lack of rules, but a surfeit of them. The so-called "row" between the parties about whether Mr Gaitskell should be allowed to broadcast last Sunday seems to have been technical rather than genuine. The Opposition has the right to reply to a ministerial broadcast only if it can persuade the BBC that the ministerial broadcast concerned has been a "controversial" one; the Tories' rather niggling point was that they objected to the unofficial intimation on the Friday that Mr Gaitskell would broadcast on the Sunday, because the Opposition could not prove that the Prime Minister's Saturday broadcast was controversial until they had heard it. This Gilbertian quarrel was a direct result of Britain's Gilbertian broadcasting rules: namely that decisions on whether a politician should broadcast are determined by whether another politician has been adjudged to be controversial, instead of by the normal journalistic principle that a broadcast should go on—as, of course, Mr Gaitskell's had to—if a large number of people will certainly want to hear it.

The other problem thrown up for broadcasting in the last two weeks has been the familiar one of the fourteen day rule. Since Parliament was almost continuously debating the Suez crisis, broadcast discussion programmes should theoretically have refused to take note that Suez existed; early on in the crisis, therefore, the BBC attracted some sensible publicity by cutting off a programme in which one participant referred to "a British attack upon Ruritania." Inevitably, however, commonsense has gradually triumphed over legalistic interpretation; all broadcast and television services have discussed the crisis, nominally merely relaying the facts but progressively allowing the distinction between facts and comment to be blurred. Let them go on blurring it. This has been a good psychological moment to get this indefensible fourteen day rule further on the run.

Advance on the European Front

ALTHOUGH German opinion, as a summary on page 492 shows, has been fiercely critical of the latest actions of France and Britain, Dr Adenauer and M. Mollet have managed to make another notable contribution to the building of "Little Europe." Dr Adenauer's role was not an easy one; under pressure from some members of his cabinet, he himself seemed doubtful whether the time was right for his visit to Paris. But he chose to go, putting the need to press on with the European plans before everything else, and perhaps also feeling that his time is running short.

The original purpose of the meeting was to discuss the Common Market and Euratom; but with the sense of European solidarity so stricken by the Suez conflict, Dr Adenauer was naturally deeply concerned for its wider future. He pressed for closer consultation and collaboration in high policy as well as in more detailed matters, and obtained M. Mollet's agreement to regular consultations on general matters between the governments of the Six.

At the same time, despite the hectic atmosphere and the bombardment of messages from the Middle East and London, remarkable progress was made on Euratom and the Common Market. The last meeting of foreign ministers of the Six, described in *The Economist* of October 27th, ended in disagreement on two vital matters. Euratom was obstructed by German opposition to its monopoly of nuclear materials; the Common Market by failure to reach agreement on the French demand for the standardising of working hours. Since that meeting, Dr Adenauer has evidently brought his ministers to heel, and he arrived in Paris ready to make valuable concessions. Euratom, it was agreed, will have its monopoly, though if the prices it sets are an "abuse" (too high), Germany or any other country may buy directly elsewhere. As to the Common Market, it was agreed that by the end of its first four years working hours should be substantially uniform in the six countries, and that France could maintain its compensatory taxes on imports as long as it had balance of payments difficulties. Lack of time prevented discussion of the one large remaining issue, the inclusion of French dependencies in the Common Market, but this is a relatively small omission. New economic difficulties are darkening the prospects of the Common Market in France, where it has yet to pass the Asembly; but if Dr Adenauer and M. Mollet can survive in power long enough, the European projects still have a good chance of going through.

The Cost for France

FRANCE, like Britain, will pay a stiff economic price for its action in Egypt. Last year it imported 24.6 million tons of oil, a little more than Britain did; the closing of the canal and the severing of pipelines will hit these supplies hard. The government has so far optimistically postulated a mere ten per cent cut in supplies, and it seems to intend only to restrict private motoring and press the nationalised railways and electricity boards to use more low-grade coal instead of oil. But a much bigger cut in supplies seems quite possible, and in any case oil brought round the Cape or from the United States may cost between $5 and $10 more per ton than the oil that formerly came through the canal.

The interruption of oil supplies may therefore strike a severe blow at the French balance of payments. Experts' estimates of the loss vary between a rate of $300 million and one of under $100 million a year. If the canal is only blocked for a few months this does not seem disastrous in itself, for France's gold and dollar reserves, which totalled $1,640 million at the end of August, provide a fair-sized cushion. But though reserves are still adequate, more than double the miserable $600 million to which they fell in 1953, they have fallen so alarmingly this year that the OEEC has sternly warned the French government of the need to curb inflation. Reserves have fallen by over $500 million since December, in contrast to the increase of over $1,100 million in 1954 and 1955. Part of the drop this year is attributed to "temporary" factors—the Algerian war and the frosts of last winter. But if the Algerian war and the ill-effects of Suez prove lasting, the French government may within a few months face a balance of payments crisis which will force it to put a sharp brake on expansion. And as a result, French enthusiasm for the European Common Market, already inhibited by the over-valuation of the franc and the Algerian war, may wane still more.

Awkward Anniversary

ANNIVERSARIES of the Russian revolution have been celebrated since Stalin's death in a cheerful atmosphere, with optimistic reports on both the home and the foreign situation. But on the 39th anniversary, which fell on Tuesday, Mr Suslov, a member of the Politbureau, who delivered the main speech for the day, was hardly in a position to claim a further relaxation of international tension. On Suez he could hardly fire anything louder than Marshal Bulganin's diplomatic rocket, although each of his attacks on Britain and France was greeted with thunderous applause. His speech had been preceded by well-timed demonstrations at the French, British and Israeli embassies, and it was followed by Marshal Zhukov's order of the day in which he offered Soviet troops to the United Nations to "crush the aggression." The Russian people have thus been impressed with the fact that the situation in the Middle East is dramatic—which may have helped to divert their attention from Hungary.

On that painful subject Mr Suslov repeated Moscow's official version. He admitted that some mistakes had been committed in the past, but put most of the blame on "the counter-revolutionary underground, which led the youth astray" and on Mr Nagy, who by giving up one position after another created a danger "not only for Hungary . . . but for the neighbouring socialist countries." But he also reaffirmed the recent Soviet declaration about the need to revise relations between communist countries, and took the line that only on a basis of equality between them can the block become really monolithic.

If this meant the acceptance of the "Polish solution" as a lesser evil for Eastern Europe, the Russians may need all the economic achievements Mr Suslov claimed. The Soviet harvest was apparently excellent, while this year's steel output is estimated at 49 million tons and oil production has jumped from 70 to 84 million tons; but there are great strains ahead. A new system in Eastern Europe would present the Soviet planners with many problems. The switch to consumer goods is already playing havoc with the co-ordinated plan for the whole block drawn up earlier this

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year. The satellite governments are now urging that not only fairer selling prices, but Soviet credits and immediate aid, are indispensable if they are to survive the critical period. Finally, if the East Europeans are allowed to pay more attention to consumer demand, no iron curtain will prevent the Russians from hearing about it and from demanding that their rulers keep the popular pledges made by Mr Malenkov in 1953. A retreat to cold war tactics may prove the only means of resisting this pressure.

Polish Alternative

POLAND saw in the flames of Budapest the limits of its own revolution. From the very first the Polish people, including the communists, greeted the Hungarian rising as a sequel to their own stand. Instead of echoing *Pravda's* vituperations against the insurgents, Warsaw newspapers branded the die-hard Stalinist leaders in Budapest as the guilty men responsible for bloodshed which could have been avoided. But when it became obvious that the regime born of Hungary's national revolution would not be "Titoist" but profoundly hostile to communism and to Russia, Mr Gomulka and his colleagues, after an anguished change of mind, gave their reluctant support to the Soviet tanks. In a tortured way, however, the Polish communists may find backing for their case in the Hungarian tragedy, arguing that their experiment should be encouraged, because the alternative would be to turn all Eastern Europe into a Hungarian battlefield.

Events in Hungary have compelled Mr Gomulka to rally his ranks. He had to put even more emphasis on the need for Soviet friendship and has attacked "hooligans" who wanted the present orderly movement to get out of hand. At the same time he has given warning against wholesale judgments on the security forces and on former Stalinists. People, he declared, should be judged by their present and future actions rather than by their past. So far, he has managed very well to harness the Polish storm to fill his own sails; at the moment, even Cardinal Wyszynski is endorsing his appeals.

But if he is to keep control Mr Gomulka will have to keep moving forward. If the Russians want to help him, they may be compelled to give communist Poland more than the trappings of independence and the Soviet army may have to be made less conspicuous. Above all, he will need economic aid, since his position largely depends on the new regime's ability to provide a better life. The Poles are now switching the emphasis in their industry to consumer goods and will ask Russia for substantial help instead of exploitation.

London Closes the Lists

THE London County Council has thrown up the sponge, closed its housing list, and in effect told the 165,000 families waiting for a home that most of them will not get one. The LCC's exasperation is understandable. In the last ten years it has housed (inside and outside the county) 103,000 families—the equivalent of creating a new town the size of Plymouth; but during the same period its waiting list, instead of shrinking, has somehow accumulated an extra 100,000 names. The list has been swollen by the exceptional degree of overcrowding in London (partly the legacy of wartime bombing), by the almost complete lack of sites for private housing, and by the recent renewed expansion of employment in the centre of the city. In addition there is now need to give priority to slum clearance—a need which has prompted the discovery that few LCC housing applicants are dwelling in official slums. Many, in point of fact, because of overcrowding, are living in far worse conditions than slum dwellers are.

Apart from slum rehousing, the LCC estimates that it can house no more than 2,000 families within the county of London during the next three years. It therefore proposes to pick out the favoured few immediately, and put the claims of the other 163,000 applicants into cold storage. New applicants will not be officially refused, but their registration (save in exceptional circumstances) will be purely formal. As most of the waiting families are never going to get a council home inside London, it is common sense—as well as obvious economy—to tell them the bleak news. There is no point in spending £130,000 a year upon maintaining the records of an unshiftable housing list.

There remains, of course, the possibilities of rehousing Londoners outside London. The LCC's own programme of out-county estates is finished—perhaps only temporarily. In the new towns and in certain other towns such as Swindon and Bletchley, the waiting London applicant may find a home if he possesses the right skills required for job vacancies. These applications are funnelled through a special industrial selection scheme. But the rate at which these schemes are relieving congestion in London is extremely slow, and the LCC has now decided that the best way to speed up the process is to build a new town itself. The project deserves central government support; it offers the only likely way—together with the natural reallocation of housing space which should follow rent de-restriction—of easing the vast human problem which London's suspended housing list still presents.

Spiral in Spain

THE Spanish government had to do something to satisfy the long pent-up discontent about wages, but the drastic nature of the increases announced last Monday has left employers aghast. The whole wage structure is to be completely reorganised throughout industry, and the addition to the total wages bill, including social charges, is unofficially estimated at between 40 and 50 per cent.

The background to the changes is this. In January, 1954, when prices had far outstripped wages, a cost of living bonus of 25 per cent was compulsorily added to basic rates. Prices then rose the faster, but the government at first refused to increase the bonus for fear of making inflation worse. But under pressure from the *sindicatos* it eventually gave way and decided to raise wages in two stages. The first increase, of 20 per cent on basic rates (which probably amounted to only about 8 per cent on average earnings including the cost of living bonus) was given in April, and the government had the bright idea of minimising its burden on employers by reducing the social insurance charges and making good the resulting deficit out of general taxation. Prices still rose inexorably, and among the more highly paid workers of the north, who had gained proportionately least from the wage increase, discontent reached such a pitch that they defied the law and resorted to strikes—although later they took the more prudent course of refusing to work overtime. The second instalment of the wage increase was to have been up to 6 per cent, and this should have been paid on October 1st, but it never materialised, and the unrest grew.

The wholesale reorganisation now introduced (it is to be back-dated to November 1st) is based on the wages of the unskilled worker. Whatever his industry he is in future to be paid between 31 and 36 pesetas a day, according to the zone he lives in. Hitherto there has been no general rate for the unskilled worker, so the increase he will get will vary from industry to industry. But in each industry the rise the unskilled worker gets will be applied to all other grades as well. At the same time the government has thrown back on the employers the whole of the social charges that it shouldered in April.

Again it is the highly paid worker who will gain proportionately least, although a recent law allowing employers to pay more than established rates will make it possible at last to reward output. The effect on prices has to some extent been anticipated, but is bound to be severe. With imports running well ahead of exports, which have been actually falling, and the peseta daily losing value, Spain's economy will be anxiously watched.

Cracks in Asian Communism

NOT only in Europe have the People's Republics been obliged to admit that the people have been oppressed. It has now been announced that in North Vietnam, "cadres, badly guiding the peasants or relying on bad elements, dealt indiscriminate blows in the struggle against the enemy and made an excessive estimate of crop area and land yield. As a result a number of poor or landless peasants have themselves been hit, many middle peasants were also affected, rich peasants were regarded almost as landlords." Even the communist verbiage of self-criticism makes it clear that the peasants have become exceedingly discontented with the application of "mass mobilisation for land rent reduction and land reform." The general secretary of the party, Truong Chinh, who, though Chinese-trained, was regarded as an archetypal Stalinist, has been replaced by President Ho Chi Minh himself. "Uncle Ho," who had lately held himself somewhat aloof from politics, is, by comparison, a moderate, though he is probably stepping in merely to lend his prestige to the party in a difficult moment. The party's central bureau has promised to develop democratic practice, improve living conditions, and increase the party's contact with "reality and the masses." Civil rights and property are to be restored to those who have been wrongly condemned and the unjustly executed are to be formally cleared of the charges against them.

The pattern is becoming familiar. Although it is not known at the moment what popular pressure was applied to achieve the promises of reform, the party may have taken heed of European examples to appease the dissidents before it became too late.

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Nibbling at the German Surplus

REPORTS that the German authorities have decided to repay some £30 to £35 million of foreign debts ahead of time should warm the hearts of "European" politicians as well as of Germany's creditors. For Germany's growing hoard of exchange reserves seems now to jeopardise not only the short term reserves of other EPU countries, but economic projects vital to Europe's future, the Common Market and the scheme for a related free trade area. Britain's continuing payments difficulties and the French deficit, which has grown so alarmingly this year and is so evidently inhibiting French negotiators, are the counterparts of Germany's giant surplus. Early repayment of foreign debt has long seemed an obvious way of reducing it. Further short-term relief may be given by the extension of additional German credit to EPU.

The Making of Paper Money

To the creation of bills, no State places any limitation. This is solely determined by the wants of commerce. To many species of business, too, no limitation is placed. Some are encouraged. But to the creation of the smaller paper instruments of exchange, which in the course of society and civilisation everywhere come into use to supplement the metallic instruments—to the creation of bank notes, the very instruments with which the larger bills are ordinarily discounted—every State, whatever its form of government, however nominally given to free trade, has placed arbitrary, narrow, and ignorant restrictions. The State knowing little or nothing of the great principle of credit—producing nothing itself, and having nothing coming forward to redeem its obligations, except the produce of taxes paid out of production—has either taken the issue of bank notes into its own hands, or has arbitrarily and ignorantly placed restrictions on the issue of them by private individuals. But bank notes, promises to pay on demand, are really loans taken up by bankers, or whoever issues them, from the public. Small notes would seem, therefore, if we may so speak, natural means and instruments for borrowing from all—spreading amongst all to the greatest possible extent and in the most useful manner, the credit so essential to future production, and especially to the completion of enterprises of long duration. They are admirably adapted to emergencies, which they can equalise at the smallest cost. They can be increased or contracted to correspond to all the fluctuations of trade. A mere metallic currency from its inflexibility is now no longer a possibility. Small notes, then, such as individuals find it advantageous to issue, appear in the natural system of society to be as necessary to bills as weaving is to spinning.

The Economist

November 8, 1856

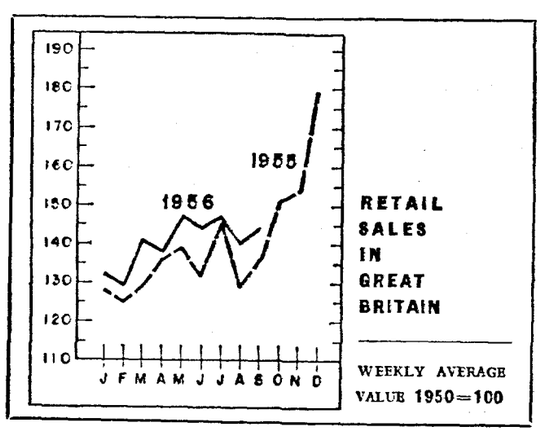
Germany is thus making real efforts to carry out the insistent recommendations of the OEEC and behave as a virtuous creditor. Tariff cuts and import liberalisation have already done a good deal to help imports this year, and the reduction of ½ per cent in the discount rate in September, which brought it down to 5 per cent, helped to stem the influx of short-term funds to Germany.

Yet all the signs suggest that the surplus is growing with undiminished vigour. Debt repayment will bring a momentary alleviation, but its effect may be more than discounted by a slowing down of defence orders and payments abroad. And though some of the recommendations recently put forward by the OEEC to Germany are being followed, others are not. Sweeping liberalisation of farm products seems as remote as ever. Private capital exports are still crippled by the frailty of the capital market. Large scale capital export by the state seems politically remote. Above all, there has been no general lowering of interest rates such as the OEEC recommends, for inflationary price increases are still tying the central bank to a restrictive policy. The growing surplus of foreign exchange is making it clearer than ever that if a restrictive internal policy is to go on much longer it must take forms which are less harmful externally. But this can probably only be achieved through a basic change in tax policy towards industrial investment, savings and the capital market.

£3 million for the Guy

VISITORS from Central Europe perhaps need to be assured that the bangs they could hear in British streets last Monday had nothing to do with the public's reaction to Sir Anthony Eden's policies. The annual firework boom seems to have been bigger than ever this November 5th. Manufacturers were unable to keep up with the demand, although they work all the year round to build a stockpile for these few smashing weeks. One big firm estimates the total number of explosive devices sold this year at about one hundred million—which would have put ten in the hands of all those between the ages of four and seventeen, at a cost to them of some £3 million retail. Big rockets and set-pieces are now only a small part of the trade and the Fireworks Act of 1951 regulated the production of dangerous thunderflashes; so most business was done in small bangers and firecrackers which can easily be got behind the unsuspecting adult. Since prewar days prices of fireworks have doubled, but four times the prewar number of them are sold. The scaring of old ladies out of their wits is no longer a rich boy's privilege, and there are other sources of funds than indulgent parents.

Some of these other sources are becoming more and more questionable. To raise the considerable capital now needed to make adequate bangs, guys appeared earlier than ever this year, while a new type of juvenile racketeer has emerged who demands pennies (often with menaces) without even having a guy to justify his claim. One suspects that these excursions are as much an end in themselves as a way of raising money, and questions of gang prestige no doubt become involved with the simpler pleasure of getting something for nothing. Should the police take firmer action against this increasingly irritating form of begging? There has been a curb, this year, for such curmudgeonship. It was hard to grudge all but the most aggressive of the small boys their part of the well-distributed £3 million when it is compared with the cost of the other sort of fireworks that were being set off simultaneously by their seniors.



SHORTER NOTES

In the vote for a new general secretary of the Amalgamated Engineering Union, just under 3¾ per cent of the union voted for Mr J. M. Boyd, just over 2½ per cent for Mr C. W. Hallett, just under 2 per cent for the communist Mr Joe Scott, and another 2 per cent for four other candidates. There will now be a run-off between Mr Boyd and Mr Hallett. The total poll of under 10 per cent may seem a poor proportion, but it is at least an improvement on last year's poll of 6.8 per cent. The widespread publicity given to this election, on television and elsewhere, has had some effect, and the small proportion of votes cast for the favoured communist even in this tiny poll is all the more encouraging in view of the fact that almost all the genuine communists in the union are likely to have turned out to vote for Mr Scott.

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As was briefly reported in *The Economist* last week, Mr Sandys has now finally abolished the general Government subsidy for housing which had already been drastically cut. A special subsidy is being retained to encourage local authorities to provide houses for old people. Otherwise Exchequer assistance for new houses will in future be confined to slum clearance schemes and to "overspill" schemes catering for congested cities. Councils are free, if they wish, to raise the rents of their existing dwellings, and divert the subsidies thus saved to new building. But, one way or another, the whole cost of the new houses will fall on local resources (either on the ratepayer or the council rentpayer), and very few councils will be prepared to build many houses on this basis—particularly at present interest rates. This probably means that the majority of councils will now confine themselves more or less to slum clearance.

Letters to the Editor

From a heavy postbag this week we have selected a few from the large majority which take an opposite point of view from that expressed in our leading article entitled "Splenetic Isolation" on November 3rd.

SIR—Your leading article of today has dealt a shattering blow to the respect with which I have hitherto regarded your opinions. It is based on a number of assumptions, every single one of which is absolutely wrong, and the statement in your opening sentence has already, within a few hours of publication, been disproved by events.

You imply that Israel is the aggressor. So far as this particular action is concerned, of course it is, but one cannot disregard the events which have led up to it. To take one factor only, the murderous Egyptian raids across the border show clearly that, morally speaking, the aggressor is Egypt, not Israel.

You further imply that we must at all times be guided by America in our foreign policy. I do not think that the majority of our people would find that proposition acceptable, important though the American alliance is. Further, I suggest that the initial American reaction has been caused not so much by what we have done, as by the fact that we have taken over the leadership from them for the time being, and have taken a crucial decision on our own initiative. The usual roles have been reversed, and after the first shock, many Americans are beginning to feel glad that this has happened.

Thirdly, you imply that, because we have taken immediate action in a situation of great urgency without consulting the Commonwealth, we have thereby imperilled the Commonwealth link. I would ask one question: Would the Commonwealth prefer its leading member to be a country which must always go around saying "we really are not sure what to do—what do you think would be best?" or would it prefer it to be a country which in a critical situation can make up its own mind and take firm, decisive action? I think I know the answer.

In your last paragraph you put forward another extraordinary thesis: that all sober men in Britain must be in general agreement with you. I can assure you that many men who are not only sober, but who are highly intelligent and well-informed about world affairs, take a view which is diametrically opposite to your own.

One final point: if the British and French had not intervened in this manner, precisely what do you suppose the course of events would have been? Please let us have a sober answer.—Yours faithfully, K. CLARENCE-SMITH
Oxted, Surrey

SIR—"The intervention of her Majesty's Government on behalf or rather against Egypt has no doubt prematurely brought the operations in the Sinai desert to a close." These are Mr Gaitskell's words and, if he is correct, they give away everything that is material in his case against the Government.

The more prematurely the operations were stopped the better. If it was in our power to stop them more prematurely than the United Nations could have stopped them, that in itself justifies our intervention. Indeed, to throw away the certainty of an immediate stoppage for the doubtful prospect of the United Nations stopping it at some undetermined future date, would have been the height of pedantry. President Eisenhower took much the same view in the matter of Quemoy and he was undoubtedly right.—Yours faithfully,
Gerrards Cross D. E. W. GIBB

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SIR—As an old and regular reader of your paper, I write today for the first time to any paper to say how deplorable I think your leading article of this week.

It is a great pity that Aneurin Bevan is the only person on the Labour side to behave in a statesmanlike manner. To a former Fabian and early Labour party member this past week has been a sad confirmation of their bankruptcy.—Yours faithfully, AGNES A. CROSTHWAITE
London, S.W.1

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SIR—I am disappointed in your article, for it seems to lack perspective. If a comparison is made between the years from 1914 to 1939 on the one hand and those from 1939 to date on the other hand, it is clear that the major mistakes of the earlier years have been and are being avoided in the later period. Surely in the years to come it will be recognised that the mistakes that killed the League of Nations were avoided by the United Nations, firstly in Korea and secondly as a result of the present action by Great Britain and France in Egypt?

The League of Nations died because it had no teeth and was flouted by dictators. The United Nations may well live because teeth were forced into it by men who had learned the dangers of merely passing resolutions and who had the courage to give the lead required—President Truman and Dean Acheson, Sir Anthony Eden and M. Mollet.

It will surely seem clear in a few years' time to everybody that it was absolutely right (I believe that it will be absurd to question it) to stop by the present action a war between Israel and Egypt with all the possibilities of such a conflict spreading throughout the Middle East and to internationalise the Suez Canal under terms such as those outlined by the 18 Users—the necessary policing being taken over by the United Nations? Is not the conflict in Egypt likely to make the member countries of the United Nations realise that wars can be stopped before they become out of hand by firm and courageous action?

I believe that in the not very distant future all the ridiculous talk of British and French imperialism and aggression will be completely forgotten and that the events that we are now witnessing in Egypt will stand out as one of the great examples of how statesmen after the second world war learned from the mistakes of the statesmen of the 1930s and made the United Nations Organisation a real power to stop aggression.—Yours faithfully, P. R. R. COAD
London, S.W.1

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SIR—This is a sad day for one old and fond subscriber. After watching politics for fifty years I am sure the main thing is to distinguish between appearance and reality. In March 1936 Hitler marched from one part of Germany to another. That was the obvious and trivial appearance. In doing so, he marched through two treaties. That was the highly important reality that hardly anyone noticed. I thought you knew this as well as I do—until today. Unhappily "Splenetic Isolation" is concerned only with appearance.

"In the Middle East," you say, "the harmful effects . . . will be many and widespread." That is the appearance. The reality is that we have checked a drift that would certainly have ended in the murder of 2½ million people and more other evils than it is possible to estimate.

You say our action puts Dulles's failings in the shade. The reality is that it may well put Dulles himself in the shade. The whole Washington government has been given notice that if it wants followers, it must produce something remotely resembling a lead.

You say we have reduced the Security Council procedure to uselessness. But it was always useless. It only worked once (as you well know), through a Russian blunder that will not be repeated. Why should we seek to deceive ourselves? Much better face the truth that the existing United Nations gives great aid and comfort to the lawbreakers. The appearance is that the UN keeps order (though even as an appearance that is getting thin). The reality is that it assists the disorderly by making their correction more difficult.

And more and more people are coming to perceive these facts. The situation is grim, but it is no longer as hopeless as it was.—Yours faithfully,
Oxford H. B. BARWISE

American Survey

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

They Like Ike

Washington, D.C.

TUESDAY'S election left President Eisenhower soaring still further into the empyrean and his plodding Republican party still more earthbound. Four years ago he only smothered Mr Adlai Stevenson's presidential aspirations by 442 electoral votes to 89; this time Mr Eisenhower did it by 457 to 74. His share of the popular vote was about 58 per cent, instead of just over 55 per cent; he carried 41 states this year, compared with 39 in 1952. On the other hand, then the Republican party did at least just manage to take control of Congress; this year, with Mr Eisenhower's name on the ballot, his party did no better in either House of Congress, or in the fights for State Governorships, than it did two years ago, when his name was not on it. It is over a hundred years since a President was sent to Washington with a Congress controlled by a different party.

Final returns of the last doubtful contests have not yet come in, but it looks very much as if, with the Democrats and Republicans each capturing four new seats, the Senate will remain Democratic by 49 to 47. The House of Representatives will also probably remain Democratic by about the same majority as before—232 seats to 203. Moreover, the Democrats have made a net gain of at least one Governorship; they have captured five and lost three, while the result in Rhode Island, which used to be a Democratic preserve, is so close it will not be known until absentee ballots have been counted in a month's time. For the Republican party such a stalemate is a dismal return for a presidential triumph only exceeded in scale by Franklin Roosevelt.

Within the President's massive total of popular approbation there was an eastward and southward tilt compared with four years ago. In New England and the Atlantic states his vote was of startling proportions, while in the no longer solid South, so far from receding from his previous surprising incursion, he did even better than before. Mr Eisenhower's majorities in Massachusetts, New Jersey and New York were doubled: he won New York by over 1½ million votes, and in New Jersey he achieved the feat, unprecedented for a candidate of either party, of carrying every single county. In the South he not only held with the greatest of ease the four states he took last time—Florida, Tennessee, Texas and Virginia—but he added to them Louisiana which had not gone Republican since immediately after the Civil War. Even in Alabama, which as a state did stay with Mr Stevenson, Mr Eisenhower collected majorities in the cities of Birmingham, Montgomery and Mobile, while in the borderlands he deprived Mr Stevenson of his former hold over Kentucky and West Virginia. In short, his progressive and intellectual rival was left only as the sectional choice of the most irreconcilable—Alabama, Georgia, Mississippi, the two Carolinas and Arkansas.

In other parts of the country the people's enthusiasm for "Ike" was pronounced, although not quite so emphatic. In California his share of the vote was down by about 2 per cent from 1952, while his margins in parts of the agricultural belt reflected the feebly flickering remains of the "farm revolt" on which the Democratic strategists had counted so much. In Iowa his majority was cut almost in half, while in Missouri Mr Stevenson had one lonely success.

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But if Mr Eisenhower's triumph was of this majesty, what of his famous coat-tails? It cannot be said that they were wholly without effect. They probably helped Mr Jacob Javits to become Republican Senator from New York in place of the retiring Democrat Mr Lehman, in spite of the impact of the Middle Eastern crisis. Perhaps they should be given some of the credit for the probable double victory in Kentucky: Mr John Sherman Cooper has certainly captured one of the Senate seats there and the likelihood is that when all the votes are finally in Mr Thruston Morton will just have won the second. But a more important cause of the Democratic setback in Kentucky is the bitter factional strife within the state party, while it is certainly this and the chronic difficulties of the Democratic state administration in West Virginia which are responsible for the Republicans' Senate gain there.

Indeed it would be better in discussing this election if the metaphor of coat-tails were abandoned in favour of two others: that of a safety net, since the magnitude of the President's majority has held up such Republicans as Governor Stratton of Illinois and Senator Bush of Connecticut whose political lives seemed in imminent danger; and that of a strong tide breaking against a Democratic barricade. Where there were specific weaknesses in the barricade, because of mismanagement and corruption in West Virginia or personal feuds in Kentucky, the tide penetrated; elsewhere, mighty though it was in force, it was repelled. Only in West Virginia, where the Democrats have lost, besides one of their two Senate seats, the Governorship and two seats in the House of Representatives, and in New Jersey, where three House seats have gone, has there been any general Democratic collapse. On the other hand, in Massachusetts

the shock of seeing the hitherto Republican Governorship lost to the Democrats by 155,000 votes, while Mr Eisenhower was winning the state by 446,000, has torn from the Republican chairman in the state the confession that "this was a colossal defeat, one of the worst whippings we have ever taken."

The Eisenhower Administration's confidence in its farm policy will not be much shaken by the dimensions which the farm revolt has in fact assumed. It seems to have cost the Republicans single congressional seats in Iowa, Nebraska, South Dakota, Oregon and Montana and caused both the Republican Governor and Senator in South Dakota to be run uncomfortably close. But Senator Hickenlooper of Iowa had no difficulty in securing re-election even though he had stood by the Administration's farm policy against vehement attack. While the Republicans can now pursue their aims on the farms with less fear of retribution, they can take little comfort from the verdict of the voters in the Pacific Northwest where fierce ideological battles have revolved around the right methods of developing natural resources. Outside the Presidency, the Democrats have made nearly a clean sweep in this region, holding Senate seats in Washington and Oregon, capturing the Governorships of both and taking a Senate seat in Idaho.

When he comes to reflect on the full lesson of an election which has been such an uplifting personal tribute to himself, Mr Eisenhower must feel anxious about the prospects of his self-set task—that of re-making the Republican party. He has gained two and probably three "New Republicans" in the Senate—Mr Javits, Mr Cooper and Mr Morton—and has lost one he previously had—Mr Duff, of Pennsylvania, who went down as expected before the onslaught of Mr Joseph Clark, the former Mayor of Philadelphia. As against this, three of his hand-picked candidates —Mr Langlie, of Washington, Mr McKay, of Oregon, and his close personal friend, Mr Thornton, of Colorado—have failed. His party is better for the loss of one of its worst reactionaries, Senator Welker, of Idaho, but in exchange it has regained one that it lost once before, Mr Revercomb, of West Virginia.

If President Eisenhower is to do his duty by his own concept of the Republican party and by the innumerable Democrats and independents who have put their faith in him, he will have to force the Republican traditionalists to face bluntly the fact that the vote of confidence has been in him and not in them. The new political (and personal) vigour the President showed during the campaign will need constant exercise during the next sessions of Congress.

Gunboat Diplomacy

THE international bad weather—and the meteorological good weather—drove an unprecedented number of Americans to the polls on Tuesday to affirm their confidence in President Eisenhower as the man best qualified to steer them through the present stormy world. This does not, however, mean that all these voters are as ready as he now seems to be to make the best of the bad Franco-British job in the Middle East for the sake of saving the Atlantic alliance. The Administration decided that this alliance must be preserved at almost any cost once the Russians had attacked Hungary, but most Americans, sick at heart, believe that this attack was encouraged by, if not the direct result of, the immoral and outmoded "gunboat diplomacy" which the British and French were pursuing on the Suez Canal.

This, of course, is just what the right-wing press and nationalist extremists expected. They had always predicted that, when it came to an emergency, America's allies would put self-interest before international co-operation. Britain, having proved them right, is now popular—or at least less unpopular—in some unusual quarters. But this approval will hardly take the practical form of offering Britain the dollars which will presumably soon be badly needed. And habitual friends, in the Administration and in Congress, disgusted at what they consider to be Britain's perfidy, will be less ready than they have been in the past to inconvenience themselves in order to protect Britain from embarrassment, whether it arises from shortage of cash, restrictions on foreign trade or from some of the many other causes that are particularly likely to develop now that the whole question of foreign aid is under review.

Nor is comfort to be found in the fact that in the last stages of their election campaign Democrats attacked the indecision and dilatoriness in Washington and blamed the Administration for the desperate action in the Middle East. For this has made a partisan issue of the question, something which in the long run can hardly be helpful to America's allies. Moreover, sympathy for Britain and France will in practice be counteracted by disillusionment; this is particularly likely among the more conservative Democrats, who head the party which controls Congress and who were already sensitive to the widespread, if not yet very deeply rooted, recrudescence of isolationism in the United States.

Farm Revolt that Failed

THE Democrats' captures of the Governorships of Iowa and Kansas are the result of complicating local factors more than a backwash from the farm revolt which had been forecast earlier. In both cases the voters have turned against the Republican Governor as a person rather than against his party. In Kansas the Republicans themselves did it earlier in the year, when they rejected the incumbent Governor and chose another man as their candidate. It is the resultant dissension in the party which has let the Democrats in there. Iowa has elected its first Democratic Governor for twenty years in Mr Herschel Loveless who defeated the incumbent Governor, Mr Leo Hoegh, an able and energetic, but hardly tactful, Eisenhower-Republican. But in this and some of the other votes in the state there is an element of protest which shows that many Iowans blame the Republican party for failing to see that farmers share fully in the national prosperity. This seems a little unfair on an Administration which has been doing its best for the farmers—a best which, according to the Democratic argument, was conveniently timed to make them feel thankful as they went into the polling booths.

Farm prices just before the election were, indeed, about 2 per cent above those of a year ago, but they were still 27 per cent below the all-time record of early 1951. And

special factors affect individual states. In Iowa, for instance, the great "corn on the hoof" area, where maize is grown and fed to pigs, hog prices have fallen from an average of $21.65 a hundred pounds in 1953 to $15.25 two weeks ago. Then last week the Department of Agriculture announced that it would spend $100 million on pork products to support these falling prices, which naturally rose at once. During the autumn, for the first time in President Eisenhower's Administration, the government moved in to buy "surplus" eggs and turkeys; it has also been supporting the prices of fruits and vegetables recently.

This year's bad harvests in Europe are helping the department in its energetic attempts to get rid of its surplus stocks abroad. But its long-run hope for solving the problem of surpluses is in the soil bank programme. Under it, if farmers take land out of production, the government makes up the income they might have earned on it. This year's cheques began to fall like a sweet rain from heaven at the thirsty time of electioneering—but they fell on loyal and disloyal alike. Here again Iowa farmers did well; by the end of October they had received more than in any other state—$32 million, with only $14 million going to Texas, which came next.

But the greatest worry for farmers has been the drought; there is real fear that conditions are ripe for dust storms as terrible as those of the nineteen-thirties. A cycle of exceptionally dry years has had a cumulative effect and about 600 counties in fourteen mid-western and south-western states have been declared "disaster areas" qualifying for emergency loans, subsidies for feed, and other special help from the government. But even Mr Kefauver does not seem to have blamed the Republicans for the drought by linking it with the hydrogen bomb experiments.

Paying for the Campaign

FROM A SPECIAL CORRESPONDENT

ON Capitol Hill in recent weeks the Senate Subcommittee on Privileges and Elections, under the chairmanship of Senator Gore, a Democrat from Tennessee, has been investigating whether the laws regulating campaign contributions work in practice as they are intended to do in theory. Meanwhile, at the other end of Washington, the money-raisers of both parties have been busily engaged in circumventing those laws.

The Federal Corrupt Practices Act, the basic statute that governs campaign contributions and expenditures on elections for federal office, is a patchwork of laws, each one originally passed to still a public clamour over a particular scandal, and probably inadequate to deal with the problem it was designed to remedy. The central difficulty is that the limits placed on spending in a political campaign are totally out of proportion to present-day costs, so that there has been irresistible pressure to leave some loopholes in the law. It is highly unrealistic, for instance, to limit direct expenditures by candidates for Congress to $25,000 for prospective Senators and to $5,000 for aspirants to the lower House. (The law does not apply to the primary contests in which the parties choose their candidates, although these not infrequently determine the outcome of the general election, at least in the South. Nor does it apply to candidates for state office, whose expenses are limited only by state law.) In congressional contests, where expenditures are customarily several times in excess of the statutory limits, the difference is made up by so-called independent committees, operating in close co-operation with, but theoretically not under the direct control of, the candidate or his campaign manager.

So long as these committees stay within the boundaries of a single state, federal law imposes no limitations on their expenditures. They must, however, also remain independent of the national committees of their respective parties in order to escape the limitation of $3,000,000 imposed on annual contributions to and expenditures by any national political body. Since even this larger limitation is quite out of touch with the cost of the television age, national committees tend to proliferate in an election year: The "Citizens for Eisenhower-Nixon" and the "Stevenson and Kefauver National Committee" can each spend its separate $3,000,000, and when President Eisenhower's birthday falls providentially in the middle of the campaign, a special, and independent, committee is set up to handle the celebration; when the Democrats gather for $100-a-plate dinners across the country, their host is another special committee.

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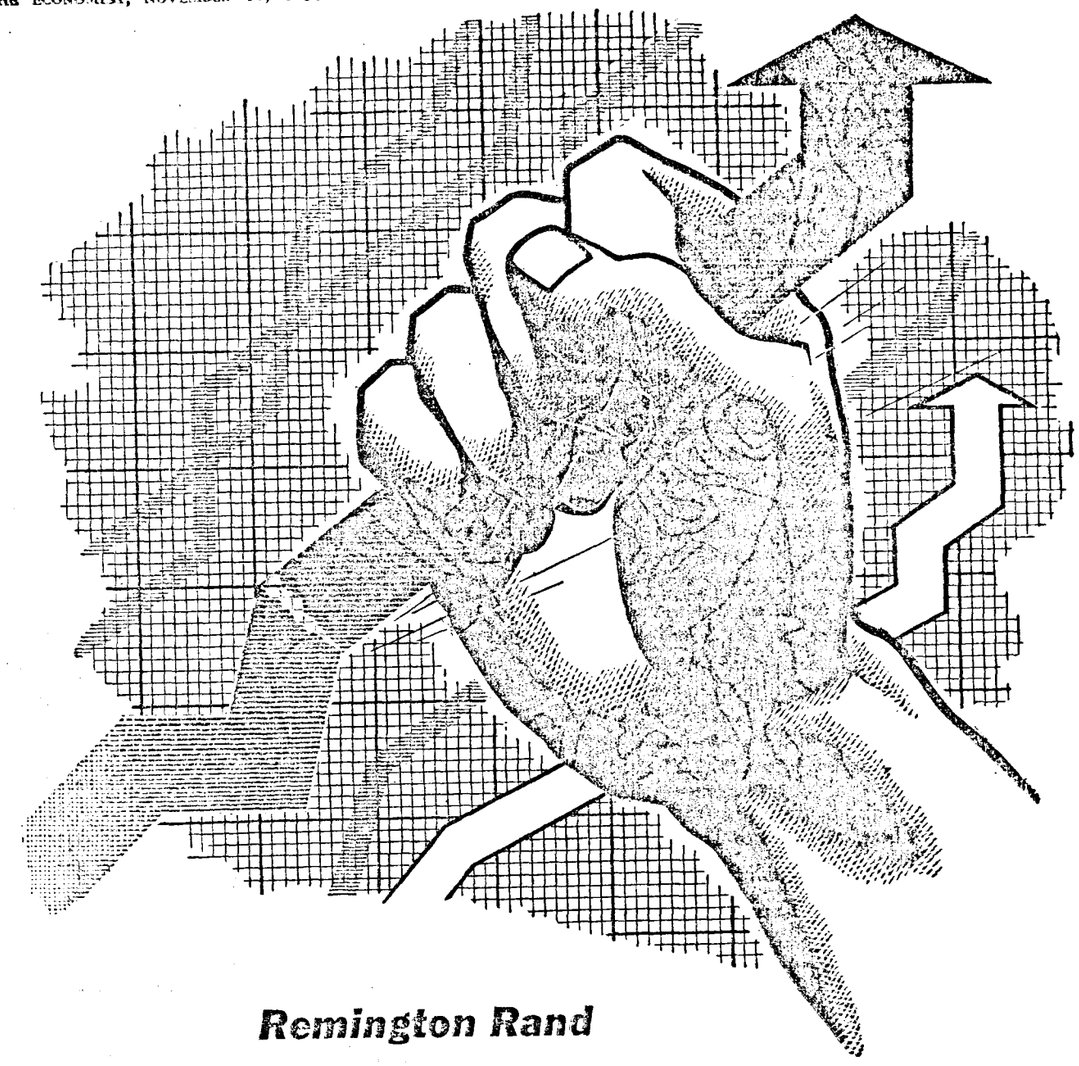
Political money-raisers traditionally rely on large contributions, something that the law has tried to prevent by limiting individual contributions to $5,000. But again the loopholes are such that he who runs may read them in the statute. The limitation applies separately to contributions "to or on behalf of" individual candidates, and independent national committees. It does not apply at all to contributions to or by state or local committees. And, most important, it permits individual contributions of $5,000 by members of the same family, including minors. Thus a man and wife with three minor children could easily dispense $25,000 without turning to any of their sisters or their cousins or their aunts.

In fact, it appears that the practical limitation on contributions from wealthy individuals is contained not in the Corrupt Practices Acts, but in the Internal Revenue Code. Political contributions are treated as gifts subject to tax under federal legislation, and the taxpayer has an annual exemption of $3,000 for each individual or collective recipient.

The limitation in terms of the source of the gift is the most discussed: contributions or expenditures by corporations and by trade unions are forbidden. Unions have, in fact, given a great deal of support to certain candidates, but only through their own organisations; these activities have been challenged, but so far not found illegal. Corporations have tended to skirt the problem by encouraging individual contributions from highly paid officers, by quietly lending the services of experts in public relations and similar fields and by occasional "institutional" advertising with a strong but not an explicit partisan bias. While the Gore committee has exposed a number of these abuses, largely in support of Republican candidates, the net effect of the hearings is thought to have been more detrimental to the Democrats.

The publicity turned away some large contributors from both parties. But the Republicans had more money in hand before the hearings opened and thus had less to lose. The Democrats had to launch a widely-publicised



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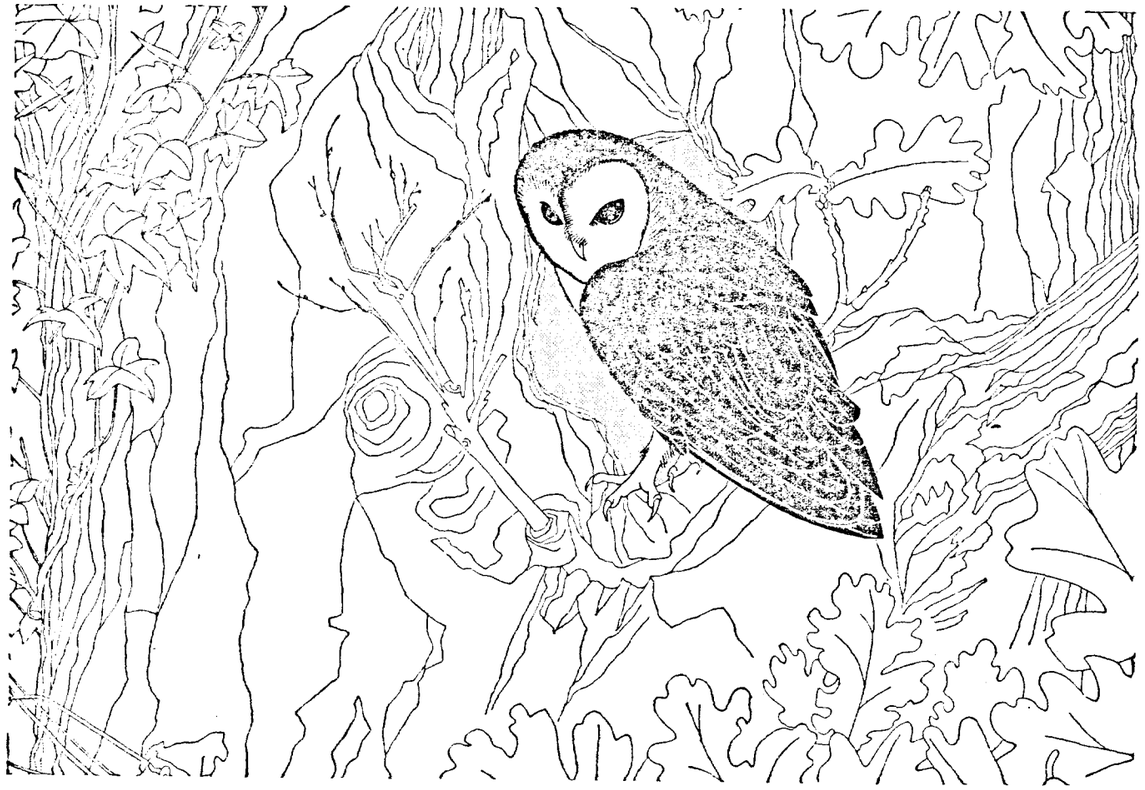

'I hear,' said Owl to Town Mouse, 'that you are being obstinate about the British farmer. Perhaps you would like to come out into the open so that I may present my case. I have it at my talon tips.'

BUT TOWN MOUSE SAID

I'll stand fast

'Because,' said he, 'I fear your case will be quite annihilating!'

OWL (*domineering*) 'Hold your ground then, but listen! The British farmer, as you have been told repeatedly, does a very good job for a modest reward. He is hard working, highly skilled and most productive—more than half our food is now home-grown. Is this clear?' The answer was a gentle snore. Town Mouse, overcome by logic had found the only answer. This provoked a hoot of wrath.

OWL (*in a feathered frenzy*) 'WAKE UP AND LISTEN.' Town Mouse did so. 'I will go on. The British farmer has doubled production since 1939, although the average size of a British farm is only 80 acres. And from this small acreage he usually earns only £10-£12 a week—if he works at least a twelve-hour day seven days a week. Now—have you got that?'

* * *

But Town Mouse had slipped away. In the face of both fact and threat he found his resistance going. If he had not left Owl to hoot on alone it is almost certain he would have been forced to admit that the British farmer, in return for only a fair living, does us really proud.

IT'S FISONS FOR THE FARMER

"Dollars for Democrats" drive, seeking large numbers of contributions in amounts as small as one dollar, something unusual in a party system in which "membership" usually means no more than fairly consistent support in the polling booth. Whatever the revelations of the Gore committee, it seems clear that the machinery to control the size and source of election expenditures is almost worn out, yet no one has shown any serious disposition to repair or replace it.

Ships from the Reserve

EVEN before the blocking of the Suez Canal intensified the world shortage of shipping, the American government had taken several steps to ease the situation. The ample reserves of dry cargo vessels in the "mothball" fleet include some 2,000 old freighters of the Liberty and Victory types; these are at present laid up in harbours and estuaries round the coast and are used chiefly as temporary storage space for the government's stocks of grain. At the beginning of October the recently formed American Coal Shipping Company was authorised by the Federal Maritime Board to charter 30 of these vessels to carry coal to Europe. As more American coal is now needed in Europe to offset the imminent reduction in oil supplies, additional freighters may perhaps be released from the reserve fleet for this specific purpose. Last week permission was given for another 30 freighters to be "broken out" of their mothballs to carry agricultural commodities, mainly to Asian countries, under the scheme for disposing of the government's surpluses abroad. The board found, in each case, that insufficient privately-owned American freighters were available for chartering at reasonable rates, and that therefore the release of some of the government's tonnage would not weaken the market unduly.

But the American government has much scantier reserves of oil tankers. There are 23 in the reserve fleet, but only 18 are worth reconditioning and work has started on only a dozen of these. Six T-2 tankers which the government took over from the Niarchos interests will be put up for sale on November 16th. The remainder will be either chartered to private operators or transferred to the Military Sea Transportation Service which should then be able to release some of the privately-owned tankers it has been using. The MSTS has already pulled out of reserve for its own use eight tankers which it laid up some time ago, and the US Navy has started reconditioning eight of the score or so it has in its own reserves. The total number of extra tankers made available for commercial use, however, is unlikely to be more than twenty, and many of these are in poor condition and will take a long time to put into service.

To meet future demands there are about 25 tankers under construction and 11 now being converted in American shipyards. The Administration has also been discussing with the oil industry its plans for stimulating the building of another 50 new "supertankers" of between 30,000 and 60,000 dwt capacity to assure the "efficient and adequate distribution of petroleum supplies in the free world." The closing of the Suez Canal gives this project added urgency, but there are many problems to be overcome before the first keel is laid.

Oil on the Ballot

FROM A CORRESPONDENT IN CALIFORNIA

IN California, the most costly political campaign this year has been concerned not with the next President or even with the next Congress but with a proposed amendment to the state's constitution. Known as "Proposition 4" from its place among nineteen proposals on the ballot, this amendment dealt with the regulation of oil production in California. The process by which such proposals are put directly to the public is the "initiative petition," bearing a certain number of signatures required by statute. Although intended as a check on the legislative influence of special interests, the initiative is frequently employed by those interests; although it often fails, the device has succeeded often enough to swell the Californian constitution to ten times the length of the United States Constitution, by the inclusion of more than 300 amendments, some dealing with such parochial matters as the breeding of crustacea or the duration of wrestling matches.

The formal purpose of Proposition 4 was to "prevent waste" in the production of oil by facilitating "unitisation"—the operation of each oil field as a unit to permit the wider use of secondary recovery methods. Under its terms, a new public commission would be created to regulate oil production in any Californian oil field in which the owners of 75 per cent of the field consent to its administration as a unit. Secondary recovery methods involve the re-establishment of underground pressure in an oil field by injecting water or gas and by controlling the operation of all wells on the field in order to maintain this pressure.. In this way substantially more oil can be recovered than by unco-ordinated pumping.

The major oil companies have spent considerable sums on the promotion of secondary recovery methods in other parts of the United States, but these have seldom been employed in California, where the ownership of a field is usually split up among many leasing and operating interests which cannot all be persuaded to co-operate in its operation as a unit. Several laws to facilitate unitisation have been rejected by the state legislature and in sponsoring Proposition 4 the major oil companies have sought to bypass the influence which the opponents of unitisation have on the legislature. But in drafting a law exactly to their own specifications they have provoked the opposition not only of their old enemies, but also of many responsible members of the oil industry and of the public.

*

Suspicions have been aroused by the huge sums which have been spent to gain the public's favour, and the attempt to popularise and oversimplify the measure has created almost total confusion. In a state where nearly every voter buys petrol almost every day, signboards saying "Keep Gas Prices Down—Vote YES on 4" are answered by almost identical neighbours saying "Don't Pay More for Gas—Vote NO on 4." The proponents of Proposition 4 have put several million dollars at the disposal of Whitaker and Baxter, the celebrated husband-and-wife public relations firm in San Francisco, who have created a "Citizens Conservation Committee" to argue that the proposition, by increasing California oil production, would lessen dependence on imports of foreign oil. The opposition, in answer,

has conjured up a "California Committee Opposed to Oil Monopoly," which maintains that Proposition 4 would restrict California's oil production and lead to a flood of imported oil, with disastrous effects on the state's tax revenues and employment.

The major oil companies, who want to unitise, already own at least a 75 per cent interest in most Californian fields. But they cannot unitise completely unless the owners of the remaining 25 per cent, or often less, of the field agree; Proposition 4 would compel these minority interests to conform to the wishes of the majority. The successful operation of secondary recovery methods, so that ultimately the maximum amount of oil may be drawn from the field, may mean that current production has to be restricted. The major oil companies, who have large capital resources, could offset any decline in Californian output by importing supplies from their own oil fields overseas. They can therefore afford to draw from Californian fields at a much slower rate than the smaller domestic producers whose profits depend entirely on the current rate of output from their Californian wells. This conflict between the long range objectives of the major producers and the short range objectives of their smaller competitors may be most acute in the development of the rich underwater reserves of oil off the coast; this has not yet begun on a large scale.

The most serious criticism of Proposition 4, and the one most wildly exaggerated by the opposition, was its failure to define with precision the "waste" which it was intended to prohibit. The opposition argued that it would be interpreted in the same way as it is in Texas, where "waste" is defined as any excess of production over market demand after allowing for imports. California cannot produce enough oil to meet the needs of the west coast, and already has to import some 200,000 barrels of oil a day. The opponents of the proposition contended that it would enable the major companies to accelerate these imports and that the output of Californian oil would be restricted below the point fixed by the purely technical objective of achieving the greatest ultimate recovery.

Rational discussion of oil imports and even of so elementary a fact as the relative cost of domestic and imported oil, has been almost totally smothered, however, by the fevered visions of millions of barrels of Californian oil irrecoverably lost through the defeat of Proposition 4, and nightmares of output being ruthlessly suppressed by monopolistic importers if it succeeded. Political leaders, dependent on the oil industry's campaign contributions, have for the most part been neutral, and the newspapers of the state have been split. Nowhere in the barrages of propaganda has there been any clear indication where the public interest lies.

Upset in Idaho

Boise, Idaho.

THE main reason why Mr Frank Church has won a Senate seat for the Democrats in Idaho this year is Senator Herman Welker, his Republican opponent. By almost any standard Mr Welker has been one of the Senate's most dispensable adornments. His record in Congress is reactionary and McCarthyite to the last degree, his temper is violent, and his harangues on communism morbidly unbalanced. On top of this he has skimped his duties to his constituents and ignored those to his local party organisation in order to concentrate on the hunting of domestic communists, a task which has no special interest for the people of Idaho. He is detested by the other Republican Senator from the state, despised by the Republican Governor, and was only renominated as Republican candidate because he had so many opponents, each of whom felt he was easy to beat.

Yet Democrats in Idaho also had their embarrassments. Ever since 1940 a normally unemployed carpenter, Mr Glen Taylor, had made a career of running for the Senate. A captivating personality with a fondness for the guitar, Mr Taylor built up over this period a hard core of about 20,000 supporters—a sizeable group in a state of only 600,000 people—who followed him through thick and thin. He has only won once, in 1944, and his subsequent adventure as vice-presidential candidate for the fellow-travelling Progressive party made it certain that he would never win again. But being a poor loser, he has disrupted his party, alienating its more conservative elements, in repeated efforts to stage a comeback. These culminated this year, after he lost the Democratic nomination to Mr Church, in an attempt to get voters to write in his (Mr Taylor's) name on the ballot paper and thus wreck Mr Church's chances.

Mr Church's delicate task was to rally behind him a coalition of Republicans disgusted with Mr Welker and of Democrats disgusted with Mr Taylor. In Mr Church's favour were his detachment from previous factional fights, the pleasure of many Democrats at having for the first time in years a candidate of whom they need not be ashamed, and Mr Welker's inactivity while his young opponent was making himself known by a hand-shaking expedition all over this huge, sparsely populated state.

SHORTER NOTES

The President's special committee on foreign aid, known as the President's Citizen Advisory Committee on the Mutual Security Programme, has at last got down to work. It is to make a preliminary report next month and a final report by March 1st. Headed by Mr Benjamin Fairless, of the United States Steel Corporation, its seven members also include Mr John L. Lewis of the mineworkers' union, General Walter Bedell Smith, and Mr Whitelaw Reid.

★

A special survey conducted for the government's Fish and Wildlife Service shows that last year some 25,000,000 Americans travelled about 10 billion miles and spent nearly $3 billion in order order to fish and hunt (shoot or stalk in English).

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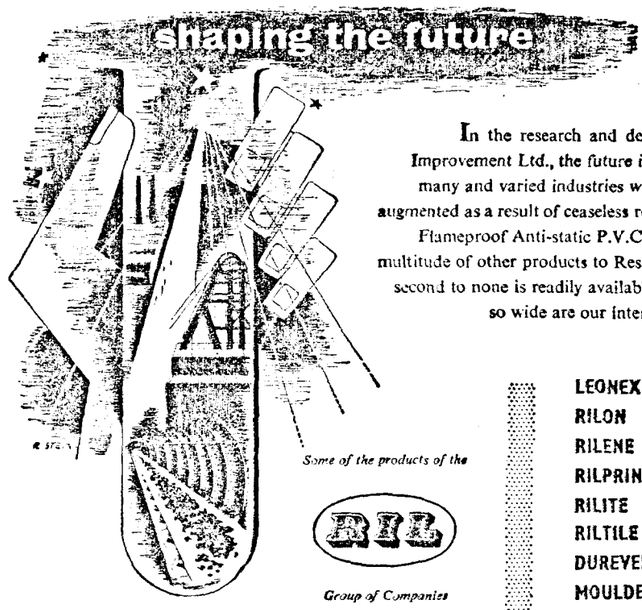
At the beginning of the century there were 94 domestic servants to each 1,000 Americans. Now the figure is 34.



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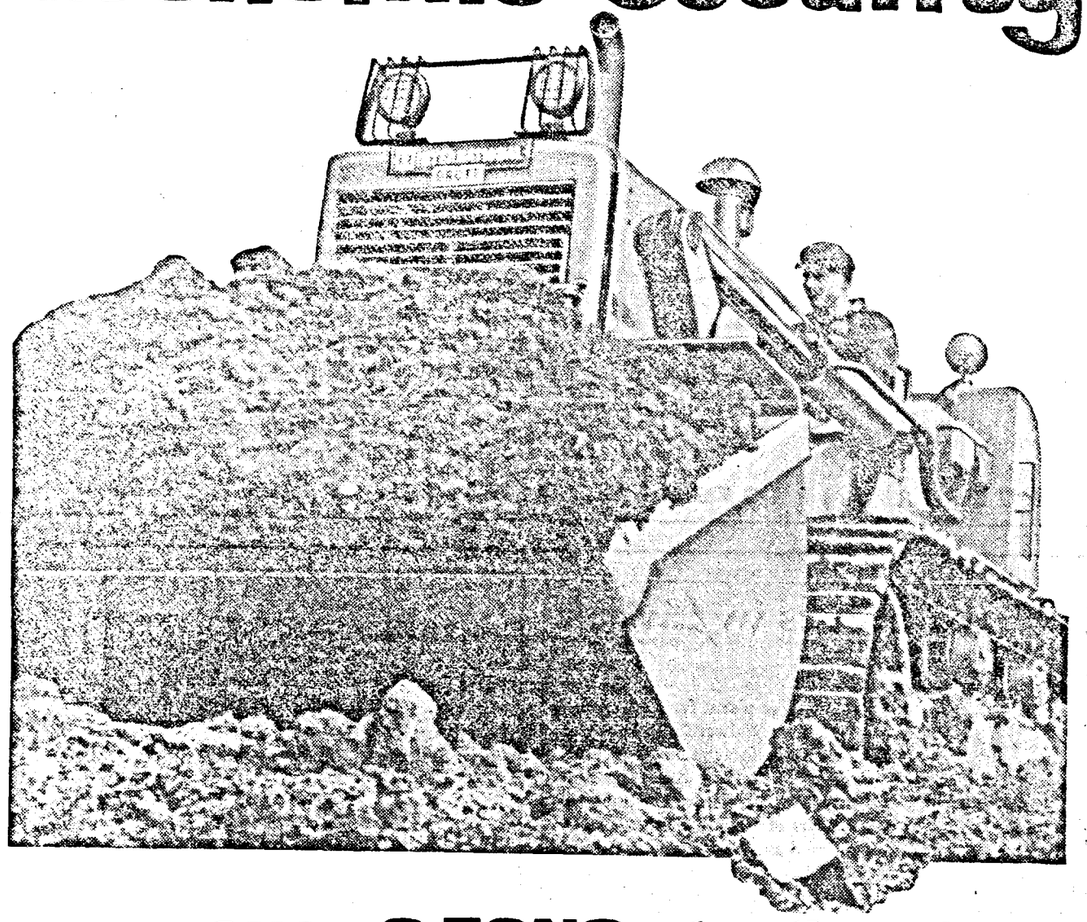

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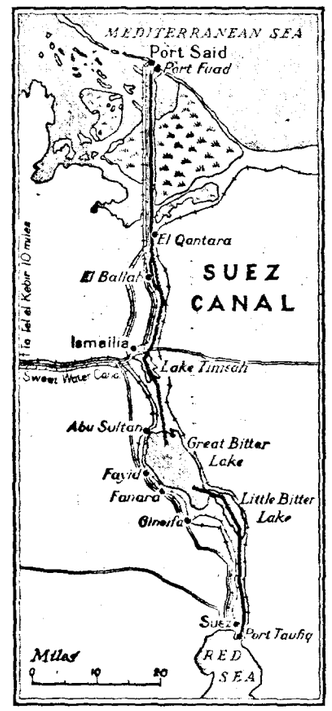
The World Overseas

Armed Conflict in Egypt

FROM OUR SPECIAL CORRESPONDENT

Port Said, Wednesday Evening

THIS has certainly turned out to be the most limited of limited wars, but it is uncertain that it is quite over. It seems to be a case of the fire brigade putting out the fire and receiving a sousing in return. It was certainly an error to assume that Egypt's military strength was entirely destroyed after one week of bombing and a two-day invasion. There can be no doubt that the allied forces are fully capable of driving on to Suez; their spearhead of tanks is poised at El Qantara. But military men have frequently told your correspondent, writing this in a slightly battered hotel at Port Said, that the position could not be stabilised unless Egypt was entirely occupied. From this dilemma, the same one which originally prompted the withdrawal from Suez in 1954, the cease-fire and the prospect of a UN police force may now deliver the allies. There are many indications that the allied command, under Sir Charles Keightley, has all along been kept on a strong political rein which is irksome at times; but it could at most have done no more than capture the canal, leaving the next, more difficult, stage to the governments. This point is emphasised by the background here of shots indicating that snipers are not observing the cease-fire but are falling back on Egypt's traditional strategy of making limited operations impracticable.



However that may be, anyone touring the battlefields and talking to those engaged must confirm that the whole operation has been most thoroughly planned and brilliantly executed by the RAF and by French and British paratroopers and commandos. It was not easy, for example, to drop on Gamil airport in what should have been annihilating crossfire, and rapidly eliminate the opposition. It would have been impossible but for the Egyptians' incompetence in handling modern weapons although they often showed personal bravery. Their shooting was incredibly bad; they found it impossible to bring their tanks effectively into action, and one of the latest Russian self-propelled guns was captured entire by our forces and retrained on the enemy. It has been said that Egyptian resistance rapidly disintegrated when foreign officers withdrew, presumably to avoid capture; some bodies of non-Egyptian officers have been found. But after the first surprise our men were almost grateful to the Egyptians for giving them a hard fight beyond Gamil airport, especially in a cemetery where the third paratroops had clear machine-gun positions among a maze of crumbling Mahommedan mortuary stonework that stretched for a mile or so. Even so our casualties are extraordinarily light; the enemy's are heavy. To some extent the Egyptians recovered after the first knock, and expectations of some tougher fighting were current as the allies drove south. None the less the main lesson was the inability of the Egyptians to face efficient modern forces, however numerically inferior. The cease-fire, of course, gives the Egyptians an opportunity to regroup. There is even talk of reinforcements from Russia, but allied superiority is unquestioned in spite of the enforced loss of impetus.

A strange atmosphere of unreality broods over the area. Considering it is only D-day plus two, one would expect reinforcements to be pouring ashore and an immediate build-up to be in progress, but in fact this is modest. The allies have not yet enough men to do more than hold the area; they certainly could not effectively police it. Most of the allied strength, however, faces the Egyptians and is ready to advance if the United Nations scheme should fail, as some hope it will—notably the tough French paratroopers on Cyprus airfield, who complained to your correspondent of the unfairness of the whole thing because they had not yet dropped or fought.

Port Said is considerably battered from air attacks. Sniping is occasionally unpleasant, enforcing constant patrols of the streets by tanks and the placing of machine gun strongpoints at intersections. All moving vehicles have a tommy-gunner with his eyes on the rooftops, whence it

is believed that Egyptian soldiers, who have abandoned their uniforms but kept their arms, are still trying to even the scores. The pall of smoke from the burning oil storage tanks still pennons across Port Said ; there is much superficial damage to buildings, but it is in fact readily repairable. Oddly, the statue of De Lesseps was untouched. But in some areas whole blocks have been burned out. Fortunately, a large part of the civil population acted on the allied warnings and evacuated itself in dhows during the RAF attacks. Casualties, including children, are certainly high enough to work up atrocity tales, but several Egyptian residents told your correspondent that deaths have been surprisingly few considering the terrifying force and impact of the air-raids, which are said to be "bigger even than in American films." Nevertheless, they hastened to supply neutral correspondents with stories of allied frightfulness.

There is sporadic looting, mainly of flour stores, and some inhabitants are appealing to the troops to intervene. Water is short, but the public services generally are intact. It is even expected that a cinema or two will open this evening. It will not, however, be long before allied or United Nations forces will have to engage on relief operations, especially if there is another flood of evacuees. The port facilities are not badly damaged and are already partly used by the allied armada of warships and supply ships standing impressively offshore. The greater part of the port was spared the naval bombardment which smashed much of the waterfront. But the Canal entrance is blocked by six ships, four close together, including a dredger, a ten thousand ton freighter with its funnels barely protruding, and what appears to be a blockship. It looks a formidable salvage operation requiring time and extensive equipment, but it is expected that the techniques used in the war to clear Cherbourg would apply to Port Said, and probably elsewhere, notwithstanding the fragility of the banks. But if the channel should be blocked as extensively elsewhere, it would be unwise to assume that clearance will be rapid, however great the effort.

The immediate problem is how soon the United Nations can take control, because the cease-fire could quickly deteriorate and certainly could not be maintained indefinitely. It is not yet clear whether sniping will develop into organised guerilla warfare, but it is potentially dangerous. The army will certainly argue that it must soon decide whether to resume the advance or hand over to a new policeman. It is in everybody's interest, therefore, to get the policeman on the beat as quickly as possible. He will not have an easy task ; the Middle East will cost the United Nations a sizeable little army.

Broken Pipelines

FROM OUR CORRESPONDENT IN BEIRUT

THE damage to the pumping stations on the Kirkuk-Homs pipeline is the first solid blow struck by Arabs in support of Egypt. The news was brought to Beirut by Lebanese pilots returning from a training mission. They reported major fires at T2, T3 and T4—news which has since been confirmed.

Owing to the disruption of communications with the pumping stations it has been impossible to determine the extent of the damage with any accuracy. Broadly speaking, the installations at a pumping station consist of the pipe, the pumps and the power station, and only the first can be quickly repaired. The tenor of eyewitness reports suggests that the destruction is thorough. This leads to two conclusions: first that the attacks on the pumping stations were not the work of a few hotheads, but of people who knew what they were doing ; second, that the work of repair on the pumping and power equipment will take many months, even if the Syrians agree to an early start. Presumably the British Government already had a plan to deal with this situation, since it was a clearly foreseeable result of Anglo-French action in Egypt.

The Syrian reply to the British request for immediate repair to the damage is satisfactory on the surface ; it says it will facilitate all necessary repair work. But the temper of the great oasis-city of Damascus is notoriously explosive and unpredictable, and the Sabry Assaly government has never been conspicuous for firm control of the situation. Nationalist feeling was whipped up to a rare pitch by Cairo radio until this was silenced by British bombs ; the good work is now being carried on by our old enemy, the ex-Grand Mufti, Haj Amin al-Husseini, preaching a holy war from the vast courtyard of the Ummayad Mosque. Unconfirmed reports speak of the growing power of Colonel Sarraj, head of the army security service and an associate of Khalid Biktash, the ablest of the Arab Communists. If this is true, it is unlikely that the British request will meet with prompt action.

Far the greatest single sufferer from this act of destruction is Britain's ally, Iraq. The Baghdad government has been drawing revenue from oil this year at a monthly rate of nearly £7 million sterling, of which about £6 million is derived from Kirkuk oil that flows along the pipeline to the Mediterranean. Unless compensated from another source, Iraq stands to lose at least £50 million—possibly much more —before the pipelines are in working order again.

The Scales Tilt Against Nuri

Three-quarters of Iraq's oil revenues are devoted to its development programme—the pride of Iraq's economy. Therein lies the danger. There is little popular enthusiasm for the government of Nuri es Said and the political aim of the development programme was to win solid support for the regime by improving living standards. But the programme is still in an early stage and the great capital investments (in flood control, irrigation, communications and new industries) have not yet yielded recognisable benefits for the masses. The essence of Nuri's problems is time. Can he hold down this dangerous situation until the results of capital development have percolated down to the people? The omens were uncertain a week ago. The new setback may tilt the scales against him.

It is no secret that Nuri is furious at the Syrian action and at any other time would have countered strongly. Now, however, his hands seem tied. Unlike the British Government, he can in no circumstance appear to be supporting Israel. From his point of view the timing and method of the Anglo-French attack on Egypt could hardly have been more embarrassing. The next greatest sufferer is Syria itself. This year's revenue from the transit dues and loading charges would probably have totalled about £6.5 million sterling. The loss of revenue from this source will knock a sizeable hole in the Syrian budget—not that the Syrians in their present mood seem to care. It is more than probable that President Shukru Kuwatly discussed this with the Russians during his visit to Moscow at the height of the crisis.

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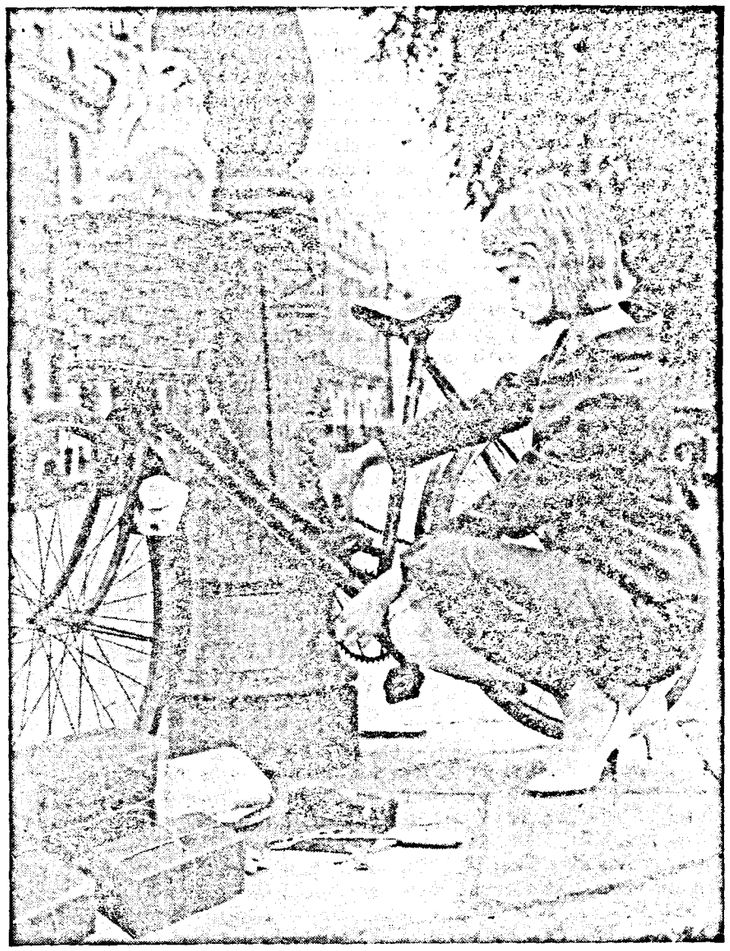

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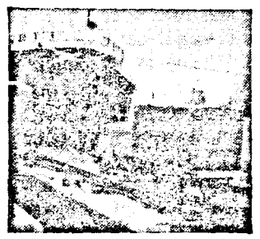

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Syria's own oil requirements are normally met from Lebanon by the output of the Tripoli and Sidon refineries; the rest is imported. The Sidon refinery is fed by Tapline and is therefore unaffected by the interruption of the flow from Kirkuk (it is significant that the Syrians are patrolling the American-owned Tapline in force to prevent sabotage). Syria's normal quotas from Sidon should cover more than one-third, but less than a half, of its current needs. For the rest, it must now look abroad.

Meanwhile, one of the few certainties in the obscure military situation is that Jordan is the sensitive point. Reports from Amman and Jerusalem speak of a gradual relaxation after the high tension of last weekend. Yet Syrian and Iraqi troops are certainly on Jordanian soil; their numbers, quality and movements are naturally veiled by censorship. The nervousness of a few days ago was due partly to the fear that Israel would react against their entry, partly to suspicious movements in the Jerusalem sector. Recurring rumours that the combined forces of Jordan, Syria and Iraq are preparing to attack Israel in support of Egypt can only evoke the comment that in doing so they would run head on against a stronger army, flushed with victory and with its rear cleared of any threat from Egypt.

Shock and Distress in Ottawa

FROM OUR OTTAWA CORRESPONDENT

COMMONWEALTH ties have been weakened by British action at Suez, said Mr St Laurent in a broadcast last weekend. But their tradition remains strong enough for the Canadian Prime Minister to tell Sir Anthony Eden just what he thinks of his policy in terms which have been called "blistering." Fortunately Commonwealth tradition also holds that such exchanges should take place in private.

In public the Canadian government has taken a position of much greater moderation than it feels. Officially it has not used any word blunter than "regret" about the British action, and that word does not begin to convey the shock and horror and deep distress caused here by the ultimatum to Egypt. All these emotions were doubled by the use of the veto in the Security Council, allayed not at all by the feeble defence (as it seemed here) put up by Sir Pierson Dixon, and redoubled again when British and French forces continued their landings in spite of the overwhelming United Nations vote against their intervention.

There was much heartburning among Canadian ministers before they decided to abstain from the United Nations Assembly votes on the British and French action, though Mr Pearson found most skilful—and, as it fortunately happened, genuine—grounds for doing so. This was the lack of reference in the original American draft to any steps for promoting a settlement in the Middle East and it allowed the Canadian government to take the initiative in launching a proposal for a UN police force.

A distinction must be drawn between the official government attitudes and the general public reaction. Among the ministers and diplomats the indignation probably contained more anger than sorrow at first and now it is chiefly compounded of anger and fear for the consequences. Among the public, the original indignation seemed to contain more sorrow than anger. The preponderant feeling was stunned disbelief that Britain could be doing this. There were even some people who had faith enough to say that if Britain was doing it it could not be as bad as it seemed. One of the best Canadian commentators on international affairs (I. Norman Smith of *Ottawa Journal*) hit the nail on the head when he wrote that this was "disintegration, not of the British Empire, but of the British 'thing,' that mysterious prestige which has arisen vaguely from Britain's being so long associated with so much that the world has been proud to call its best." In such terms Canadian reaction was almost tearful, like finding a beloved uncle arrested for rape. Many Canadians, including probably most of those in official circles, would rather bitterly say that this analogy is almost exact.

Over the years, with some notable exceptions, most Canadians have come to regard London as exercising a more mature and balanced judgment in world affairs than the United States. Many have almost relied on London to exercise prudence and restraint when Washington was behaving in a particularly immature manner. Now that prop has gone. Long and painful efforts to build up better habits of consultation among the western powers are shattered. And always in the back of the public mind lingers the painful thought that this was done by the people whom by and large we had trusted most.

By the middle of the week the public had had time to absorb the arguments put forward in defence of the British case and to understand the view of Middle Eastern affairs lying behind the precipitate British action. With the fighting petering out, many people, who cannot maintain a sense of crisis for long, were feeling calmer about Britain's position. Some were even ready to say "perhaps it may all come right in the end." But there was no parallel relaxation in government quarters. Future vistas offered little or no ray of light. Canada, as always nowadays, is strangely sensitive to Asian opinion and it appeared here that the harm done by British action to the whole western position in Asia was practically immeasurable. For all the criticism of the United States administration's bumbling and shillyshallying over the Middle East, which Canada shares, Ottawa was finding it very difficult to see how any decent confidence could be re-established between Washington and the present British Government. For all the care Canada has taken not to make things even worse by public reproaches, Mr St Laurent's mild statement that "Commonwealth ties have been weakened" remains a serious understatement of the Canadian official view. If the first shock of sharp anger against Eden has been blunted in the last week, it has been replaced by an even deeper gloom.

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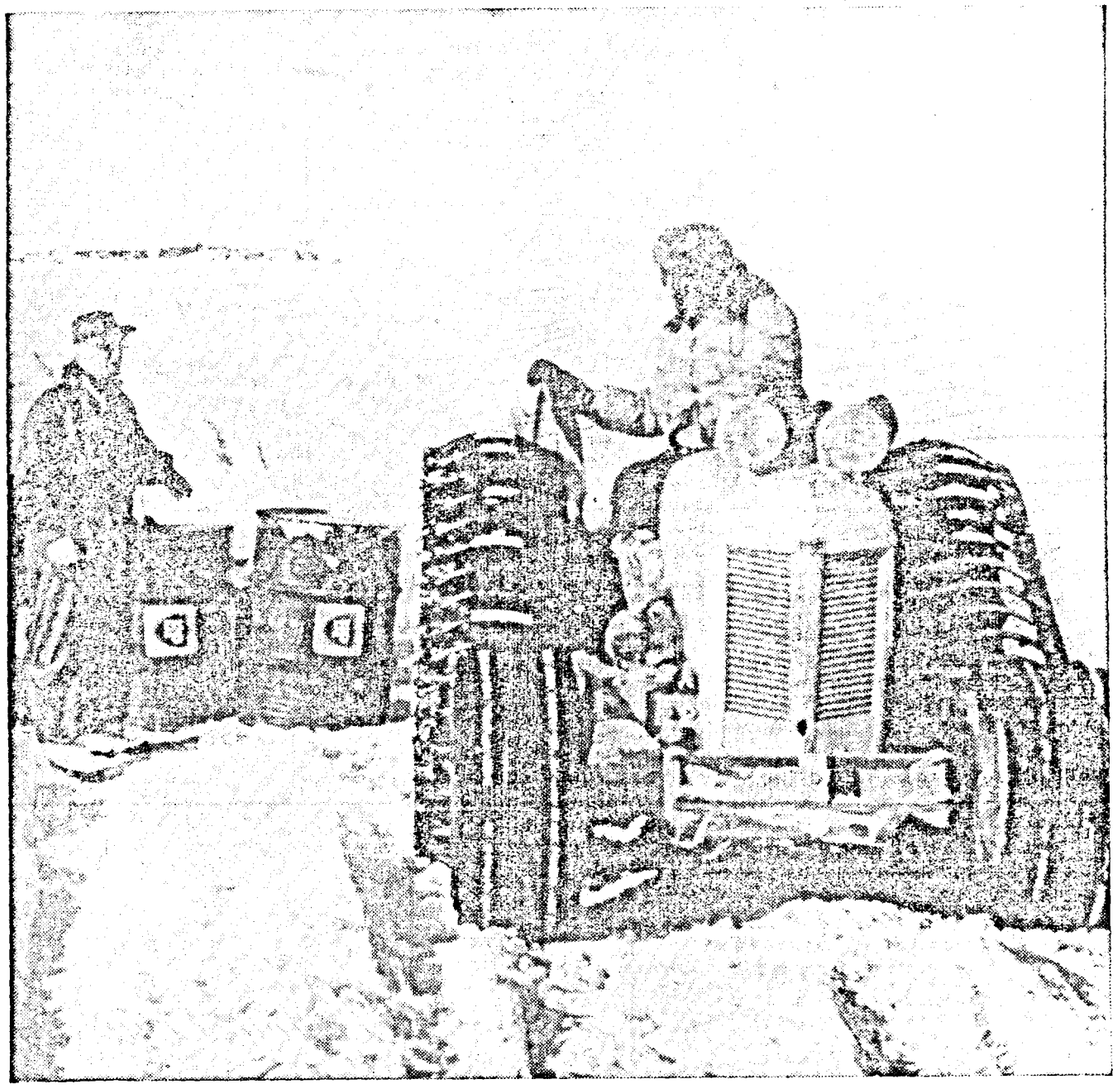

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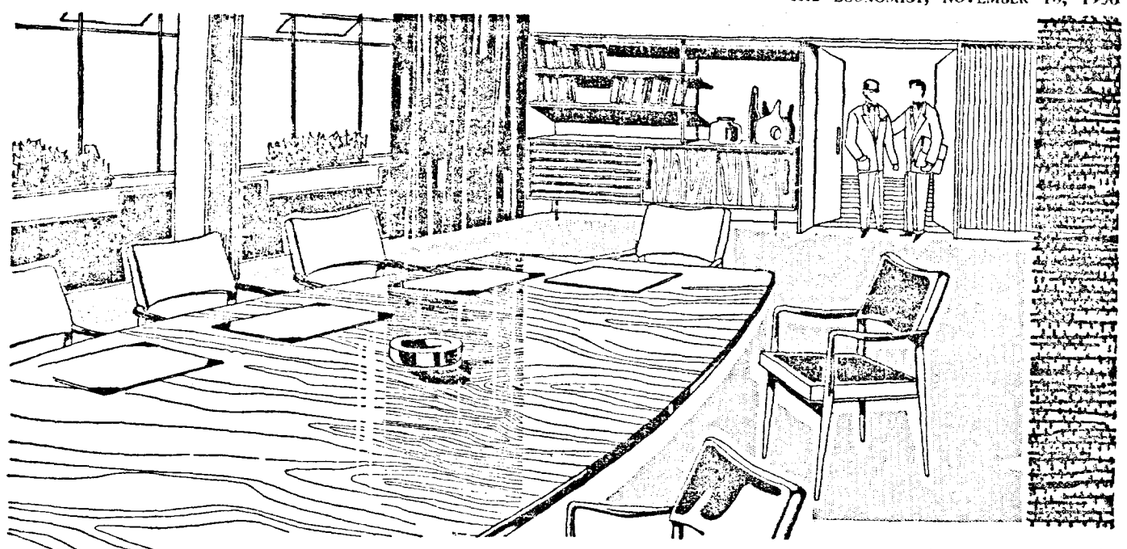

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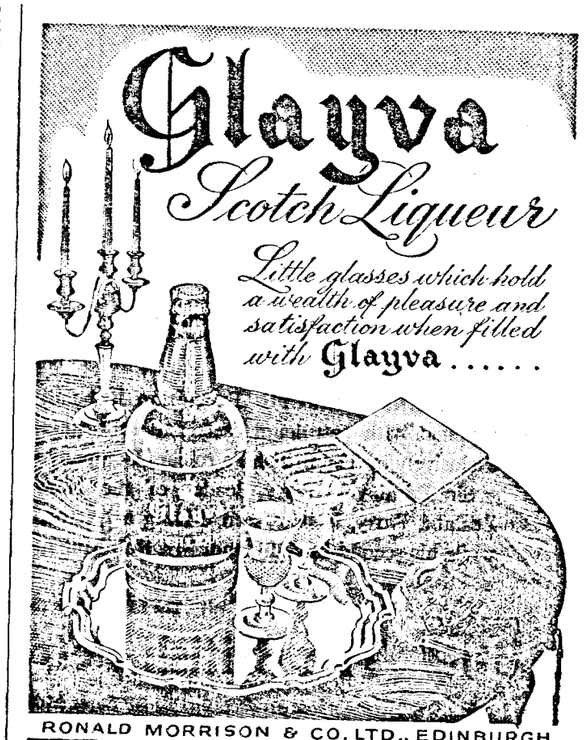

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France in Two Grooves

FROM OUR PARIS CORRESPONDENT

HOWEVER closely their fortunes have been linked in the Middle East in the past week the French and British have been worlds apart in their reactions to events. The moral indignation of the French has been reserved for Hungary. Over Suez, opinion seems to have been anxious rather than shocked and, apart from the extremes, deputies nursing reservations, such as some thirty "Mendèsistes" and socialists, have abstained, not opposed. It seems typical of the difference in the French and British attitudes that it was generally accepted in Paris on Wednesday that the British Government (as well as the American) had pressed the French into agreeing to a cease-fire twenty-four hours before the Suez Canal area could be fully occupied. Inevitably the cease-fire has been connected with the receipt of Mr Bulganin's brutal note and there is already a tendency in the conservative parliamentary groups to criticise the government for either having failed to carry its action through vigorously enough or not having properly weighed the risks beforehand.

Algeria is an important reason, but by no means the only one, why many liberal Frenchmen have not been so shocked as the opposition in Britain at what *Le Monde* calls the liberties taken by the two governments with international law and puritan morality. Basically the French are reacting to an accumulation of strain—that of the cold war which divided them more deeply than it did the British and that of colonial loss. Since the eviction from Syria in 1943 these strains have led to a mood of national frustration that was already evident in the EDC crisis two years ago. Harried by setbacks the French have become increasingly resentful at being arraigned by countries which they feel have no right to moralise.

Moral Critics Condemned

Nearly all comment in the last week even from much of the non-communist left has condemned France's moral critics, real or presumed; who is the United States to criticise, with Guatemala in its cupboard, or India with Kashmir, or Russia with Hungary, or the Yemen and Saudi Arabia with their slave trade? Nasser seems to the French to be the culmination of this kind of hypocrisy, appealing for liberty for Egypt but trying to spread his own power by interfering in Algeria and breaking his contracts at Suez. In 1956, having finally accepted Tunisian and Moroccan independence with a fairly good grace and comparing themselves with Nasser, the French have stopped believing that they alone are in the wrong over imperialism. Hence, the attacks on the United Nations which is criticised for the ineffectiveness of its resolutions. Hence, also the lack of opposition to the government's action at Suez, despite the doubts of a number of parliamentary leaders about its wisdom.

French public opinion has been far more sensitive to events in Hungary. There is an element of evasion in the fact that since the Israeli attack on Sinai, the National Assembly has debated Hungary more thoroughly than it has the Middle East situation. But the evasion arises from a real outburst of anger and sense of outrage. The split between the Communists and the rest of the country is greater now than at almost any time during the cold war. Even the "neutralist" intellectuals are violently against the Communist party on this issue. The rioting in the Communist party headquarters in Paris, the demonstration strikes called by the non-Communist trade unions, the rousingly undignified sessions in the Assembly—all testify to the passions that once again divide the Communists from the rest of the country. The government has offered asylum to all Hungarian refugees who ask for it.

The Hungarian repression strengthens M. Mollet's hand. For the moment, the atmosphere is almost that of a national coalition government. On the other hand, in all the parties that support him the dominant attitude on Suez has in the last few days been "we shall judge by results." After the cease-fire those results look to many to be meagre. Maybe Britain and France have improved their chance of obtaining the kind of settlement they want for the canal. But the Russians are more solidly in the Middle East than ever. Will Anglo-French unity with America prove more cohesive in pursuit of a settlement than it has been in the past? Already the French are bewildered by Sir Anthony Eden's attitude to Israel. They are asking whether Nasser's power to inflame the Arabs, and in particular Algeria, has really diminished. The landing at Suez was designed to improve the chances of an Algerian solution. New proposals will be expected of the government. The demand for a policy remains.

Delhi, Suez and Budapest

FROM OUR CORRESPONDENT IN INDIA

WHEN Mr Nehru opened the Unesco conference in Delhi on Monday with a left at the Russians and a right at the British, many people in India were relieved. Their Prime Minister had not taken sides. He had expressed equal detestation of what was happening in Egypt and Hungary. To many in the west, however, this will not seem enough. Mr Nehru said nothing about the Russians quite equal to his initial remarks about the "naked aggression" of Britain and France. But there are many reasons why Indians' reactions were bound to be much stronger in regard to Egypt than to Hungary.

First and foremost, it is much easier for Indians to identify themselves with Egyptians than with Hungarians, just as it is easier for a European to identify himself with the Hungarians than with the Egyptians. The Egyptians are fellow Afro-Asians, fellow opponents of the Baghdad Pact, and fellow neutralists; and Egypt, like India, was until recently under British rule. By no means everybody in India approves of President Nasser, but everybody understands his emotions and can sympathise with his aims, even when, in the case of the nationalisation of the Suez Canal, they could cut across Indian interests. By comparison, Hungary is a remote and unknown place with people of unknown desires, where something not altogether understandable is happening.

Here it is important that the quality of the news about Egypt and about Hungary is quite different. Everybody knows exactly what Britain (France and Israel hardly matter) is doing in Egypt. Sir Anthony Eden himself has made his position perfectly clear. At first nobody quite knew what was happening in Hungary, and for a long time it seemed as if the Russians might give way peacefully. As long as

that was so, nobody in India wanted to rock the boat by criticism. It is a firm Indian belief that the Russians may relax if one shows them the advantages of reasonableness by being nice to them, but that being tough with them will only frighten them back into Stalinism; and India is very eager indeed that they should not go back to Stalinism.

It also makes a difference that both the Americans and the British Opposition have been so forthright in their criticisms of the British Government's action. Few Indians believe that criticising the Russians is any use, that it will deflect them in any way from their chosen course. Most believe that the British are in the end reasonable and decent people, who can be nagged and goaded back to the right path if occasionally they err. It has indeed been argued in India that to leave the Commonwealth on account of Suez would be a mistake because the present British action, it is said, is only an aberration, and one should not permit temporary causes to produce permanent effects.

But perhaps the main reason why Indians condemn British and Russian misbehaviour in quite different tones is that they apply different standards to the two peoples. They do not expect much from the Russians; as people will say to one, the Russians are behaving no worse in Budapest than at home. They expect a great deal more from the British. In short, they apply to Russia Russian standards. It can be trying; it is also of course a very great compliment.

42nd Street Fantasia

FROM OUR UNITED NATIONS CORRESPONDENT

THE United Nations has been facing the greatest crisis in its history, unquestionably greater than the Korean war. The communist invasion of South Korea, though shocking, was not out of keeping with Stalinist policy; but the British and French military operations in Egypt represented an unexpected departure from current standards of international conduct. The virtually unanimous condemnation of the Anglo-French adventure was more than a temporary diplomatic setback for Britain and France; it also threatened the foundations of the Commonwealth. American opinion was particularly shocked by Britain's first veto in the Security Council, which was imposed to block action on the American cease-fire resolution. The sheer physical weariness of UN delegates and officials (your correspondent himself has not been to bed for ten days) has not made things easier. The problem of keeping up with outside events and of communicating with governments at all hours of the day and night has also contributed to the atmosphere of fantasy in 42nd Street.

The flouting of UN resolutions and the breach in the Atlantic Alliance seemed to give the Russians a green light to repress the Hungarian struggle for freedom. It is questionable whether the western powers were wise to raise the matter of Hungary without a request from the Hungarians, but once Mr Nagy had appealed to the UN, the Security Council had every reason to respond. Mr Brilej of Jugoslavia repeatedly pressed the Council to stop complicating the Hungarian situation, where negotiations were taking place, and to turn to Egypt where there was fighting. Mr Sobolev denied reports that "the Soviet Union is introducing new armed formations into Hungarian territory." He insisted that negotiations on the withdrawal of Soviet forces from Hungary were taking place, and the Council was reluctantly persuaded to adjourn. At the very moment Mr Sobolev was speaking, Russian planes and tanks were attacking Budapest. Nevertheless Mr Brilej's attitude was shared by several members of the Bandoeng block, and it was significant but sad that India, Ceylon, Burma, Indonesia, and the Arabs joined Jugoslavia in abstaining on the Assembly resolution on Hungary.

When the Israeli thrust was first brought to its attention, the Council assumed that the parties to the Tripartite Agreement of 1950 would work together for a rapid withdrawal. The United States took the initiative in calling for an emergency session of the Council; it did not then know of the Anglo-French ultimatum. The deplorable discourtesy to an ally caused as much anger in American official circles as the Anglo-French intervention in Egypt. Mr Lodge was white with anger as he pressed the cease-fire resolution to a vote. After Sir Pierson Dixon had said that Britain would veto it, the only laughter in a fortnight of mounting tension was heard when Mr Sobolev blandly said that "the Security Council cannot simply accept the position in which it has been placed by two permanent members through their exercise of the veto."

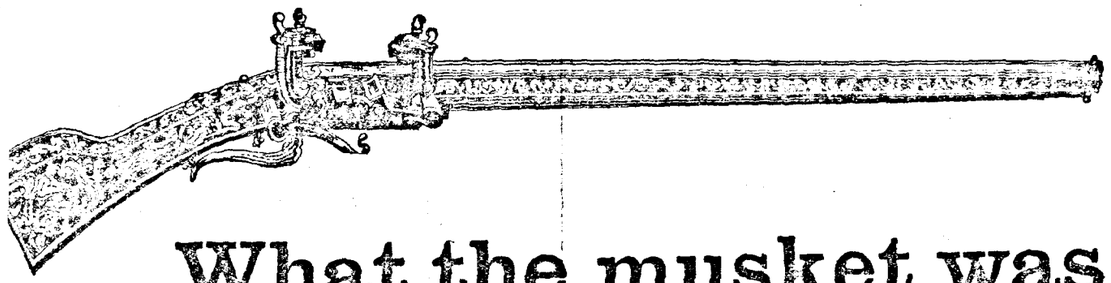
The motives of Britain's and France's enterprise were so obscure and confused that it was difficult for their friends to devise a means to end the fighting without too much loss of face for London and Paris. The first emergency session of the Assembly in the history of the United Nations was quickly called under the 1950 "uniting for peace" resolution, and the Assembly immediately endorsed the American cease-fire resolution by the largest vote ever recorded. In the small hours of Sunday morning Mr Lester Pearson introduced Canada's proposal for an international force to take over policing functions. The Russians took full advantage of the West's disunity by proposing joint Soviet-American intervention to save Egypt.

Plight of Gaza Refugees

In the diplomatic posturing of the past fortnight, a human tragedy has been in danger of being forgotten. United Nations officials, on instructions from New York, withdrew from Gaza. An American ship later returned at the invitation of the Israelis with supplies of food and medicines which should be enough for a few weeks. But the damage to morale was tragic; an uprooted people demands more than material relief. To the Palestine refugees are now added both military and civilian casualties and refugees from the Suez fighting. Britain and France have a particular obligation to see that these unhappy victims receive prompt help.

It is too soon to say whether the UN can recover from the blows of the past fortnight; but Mr Hammarskjöld and his colleagues are bending their efforts to turn defeat into victory. Mr Hammarskjöld has summed up his conclusions as follows:

> I do not believe that it is by invoking the letter while forgetting the spirit of the law that you build a future of peace. I do not believe that acts of violence, whatever the reason, lead to co-operation. I do not believe that victories bought at the price of violations of treaty obligations create confidence among neighbours. But I do believe that respect for decisions of the United Nations earns those concerned the support from the world community which every nation needs.



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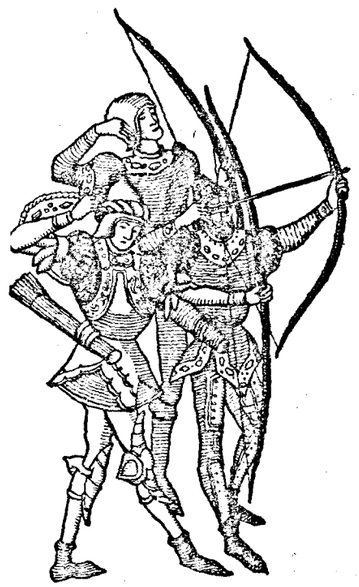

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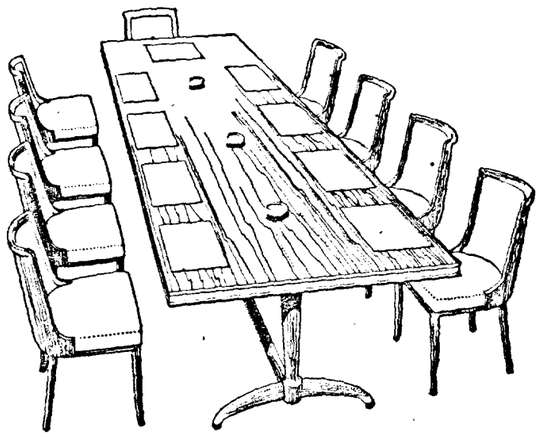

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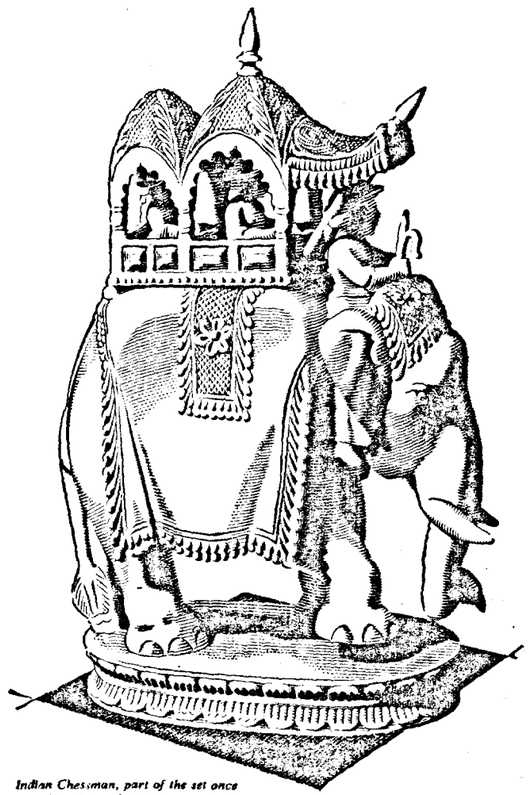

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THE BUSINESS WORLD

Oil Is Critical

THE cut of 10 per cent that the Minister of Fuel and Power has called upon the oil companies to make in the supplies of their petroleum products to almost all customers is probably the most that could be achieved on a voluntary basis without dislocation of transport and industrial activity, plus a grey market. That consideration, rather than any confident arithmetic about the oil that Britain is likely to be able to secure in the next few months, settled the size of this first cut. It does not by any means imply that the Government expects to be able to get 90 per cent of the country's ordinary rate of imports of oil after the last tankers to clear the Suez Canal and the Mediterranean terminals of the Iraq pipeline, most of which will be here within the next few days, have delivered their cargoes. But Whitehall believes that full-scale petrol rationing—which may still become necessary and for which recruitment of staff has begun—could not be mounted, with all the apparatus for deciding applications for supplementary fuel, for six weeks or so.

Oil stocks in Britain are somewhat higher than normal, but probably not much more than six to eight weeks of normal consumption. How long the country can afford to consume petroleum products at 90 per cent of the normal rate without running down those stocks to a level where more drastic cuts have to be attempted depends on the oil it can get from the rest of the world and from Middle East oilfields deprived temporarily of their normal routes via the canal and the pipelines from Iraq to the Mediterranean.

Only thorough examination by experts can determine how long it will take to clear the dozen or so block ships and the bridge now sunk across the canal. The Government has warned shipping companies that they should be prepared for an interruption in canal transit of three months at least; unofficial estimates have ranged from six weeks to six months for the largest technical operation of clearing a sea channel that has ever had to be attempted. Of the three pumping stations that have been sabotaged on the Iraq Petroleum Company's line from Kirkuk to Banias and Tripoli, one at least appears to have been very heavily damaged, and supplies through this pipeline may have to be written off for several months. No physical damage seems to have been done to Aramco's Tapline from Saudi Arabia to the Mediterranean, but whether fuel supplies through this line will be allowed to be loaded to tankers for Western Europe at Sidon must remain in doubt; Saudi Arabia has banned exports into British or French tankers and has stopped supplying Bahrain refinery with crude oil, though it may not worry about where an American or other foreign tanker takes the oil it may load from its terminals. The West, for some uncertain but it is to be hoped short period, must be prepared to manage for oil without the canal and with at the best only 40 per cent of normal supplies from the pipelines.

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As the map and tables on page 525 show, this means that nearly 90 per cent of Western Europe's oil will have to be shipped round the Cape, replaced from elsewhere, or done without, for several weeks at least. So far as Britain is concerned, the proportion cut off would represent nearly 70 per cent of our oil imports (some 40 million tons a year, of which about seven million tons is normally re-exported as refined products); for France, the proportion cut off would be over 90 per cent of its gross imports.

How much Middle East oil can be moved to the West during the next few weeks, from the Eastern Mediterranean and round the Cape? The last tankers from Suez and the Iraq pipeline terminals in Syria and the Lebanon will have docked by the end of next week. Tankers cleared from Sidon, presuming that the Syrians allow Aramco operations to continue normally, should

continue to move oil to the West: ordinarily these work to Mediterranean terminals for continental countries, including France, and to the United States. For Britain, there may ensue a hiatus in arrivals from the Middle East of two to three weeks, until, say, the first week in December, before tankers diverted round the Cape after the middle of last week can be expected to arrive in Western Europe. Over the next four to five weeks, therefore, Western Europe might be fortunate to get two weeks' normal supplies of oil.

There are few spare tankers on the market or readily available to be diverted from other trades. Using the whole fleet normally employed from the Middle East, the amount that it has generally been estimated could be brought round Africa might be of the order of four million tons a month—as compared with normal imports from the Middle East to Western Europe of about 8½ million tons a month, imports from elsewhere of about two million tons a month, and a current consumption, including bunkers, of about ten million tons a month. With the 1¼ million tons a month that could be moved from Sidon if the Aramco pipeline is functioning normally, this reduced rate of flow would offer something over 60 per cent of Western Europe's normal imports from the Middle East—provided all of it can be diverted to Europe.

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On the crudest figuring, which is all that can be done at this time, the continuance of nearly normal consumption in Britain and Europe might halve the oil stocks they hold in the next six weeks, if they were forced to depend entirely upon the oil they are now likely to be able to get from the Middle East during that period. Nor would the steadier, but curtailed flow of oil they can hope for after early December, when tankers begin arriving round the Cape do more than slow the drain on European stocks. Even if consumption is cut more sharply than is at present proposed, it will be necessary to supplement these sharply reduced supplies with a huge tonnage of oil from elsewhere before European stocks run down to danger levels. Heavy buying of oil in the United States and Venezuela has already begun and tankers are being sent there even in anticipation of firmer purchases. It seems fairly clear that the refineries in Western Europe will have to reduce their throughput significantly within the next couple of weeks; this in itself is a very costly operation. Other European countries, as well as Britain, have introduced measures to restrict consumption.

There are no physical or commercial reasons why a very large proportion of the oil that Western Europe temporarily cannot bring from Middle East sources should not be produced at fairly short notice in the Western Hemisphere. But there will be genuine difficulties in transporting it to Europe; and the operation seems certain to cost Britain and France, at any rate, far more dollars than was hoped when this was discussed as a combined exercise with the United States Government in July and August, following Nasser's nationalisation of the Suez Canal. Commercially, the American companies are probably only too ready to help (though Europe may have to expect strictly commercial bargaining, such as the independent Texas producers' reluctance to open up their shut-in capacity until prices rise or they are guaranteed a market for long enough to make reopening profitable). There seems little doubt that the United States and Venezuela could increase their production, over the next few months, by, say, four million tons a month, or roughly as much oil as Europe may temporarily be missing from Middle East supplies. But this would not save Europe some weeks at least during which far less oil than usual will be arriving. Moreover, if the American companies that normally import from the Middle East switch their supplies to Europe they would need about a million tons a month of this extra output to replace them. And most of the tankers to carry the rest across the Atlantic would have to be found from the Middle East tanker fleet—thus reducing the oil that can notionally be carried round the Cape.

The extra oil, that is to say, could fairly readily be made up so far as production is concerned. The cease-fire in Egypt makes it more likely than it seemed a week ago that the international oil companies will be able to co-operate in a closely integrated tanker exercise to move extra oil to Europe in the most economical way. Although the work of the American Middle East Emergency Committee on Oil Supplies was suspended last week and the lack of the usual waiver on anti-trust regulations appears to have made it impossible for the American-controlled oil companies even in Britain to join in the British and French tanker emergency committee, it seems likely that the original degree of co-ordination between the international oil companies to help Europe will again be possible. The Anglo-French committee—Royal Dutch/Shell, British Petroleum, and the *Compagnie Francaise des Petroles*—owns and has on charter about a quarter of the world's tanker fleet.

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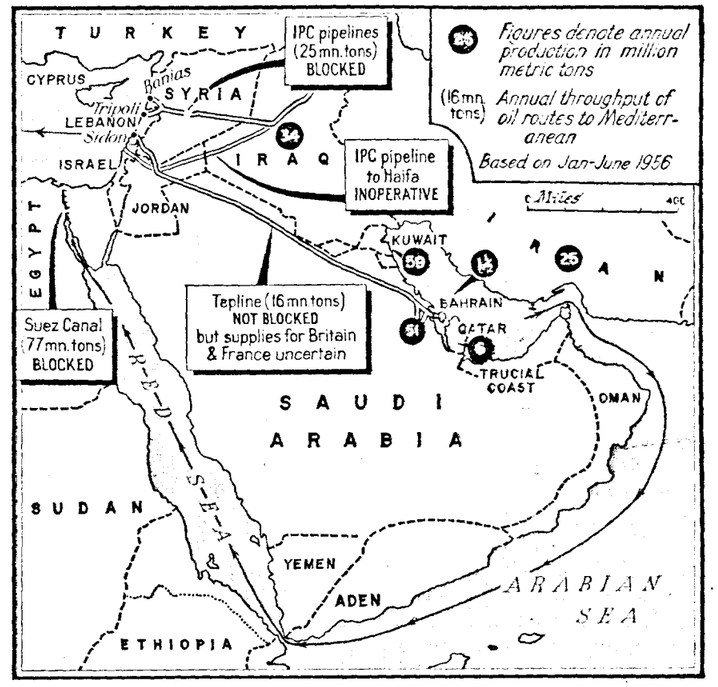
On the other hand, neither Britain nor France can at present expect to receive the assistance in finding hard currency to pay for American and Venezuelan oil that was much talked over—though never formally promised by the United States—when this operation was considered as a result of a possible closing of the canal by Colonel Nasser. Other Western European countries might hope to receive some financial co-operation, though in any event this will probably have to await the new Congress.

It is worth noting that these financial circumstances will greatly affect the emphasis of any integrated tanker operation. If dollars were no object, the greatest economies in the integrated use of tankers would be

The Disruption of Middle East Oil Supplies

DURING the first six months of 1956, Middle East oil was moving through the Suez Canal at an annual rate of 77 million tons; 25 million tons a year was flowing through the IPC pipelines to the Mediterranean, and 16 million tons a year through Tapline—a total of 118 million tons a year. Of this some 8 million tons a year through the canal and 5 million tons a year through Tapline went to the United States, leaving 105 million tons a year for Europe. The Suez Canal and the IPC lines are now blocked, denying passage to 102 million tons a year of oil, of which 94 million tons would have come to Europe. This last figure, which assumes that Tapline remains open, represents over 90 per cent of Europe's retained imports.

Some countries are worse hit than others. Britain brought 58 per cent of its gross oil imports via Suez and 9 per cent via the IPC pipelines (assuming that the destination of the oil shipped through the pipeline was the same this year as last). Over 90 per cent of France's gross imports came via Suez or the IPC pipelines, and Italy is also particularly heavily affected. Certain countries, however, rely on oil to a much greater extent than Britain and France. Oil supplied in 1955 only 14 per cent of the total energy consumed in Britain, and 20 per cent of the total in France. But Sweden relies on oil for 44 per cent, and Denmark for 37 per cent, and this oil is supplied mainly from refineries in Britain, France and the Netherlands.



The whole tanker fleet that formerly took 69 million tons of Middle East oil to Europe via Suez and 25 million tons from IPC's Mediterranean terminals could bring not much more than 50 million tons a year from the Persian Gulf round the Cape of Good Hope. This amount could easily be made available—if necessary from Kuwait alone. But any diversion of tankers to draw supplies from the Caribbean would reduce the quantity that could be shipped from the Persian Gulf.

EUROPE'S OIL SUPPLIES
(Annual rate in million metric tons, based on January–June, 1956)

	Gross Imports of Crude and Products	Exports (mainly to elsewhere in Europe)	Net Imports	Middle East Supplies via Canal	Middle East Supplies via IPC* pipeline
United Kingdom	39·8	7·2	32·6	23·3	3·5
France	26·0	4·8	21·2	13·8	10
Italy	18·2	5·8	12·4	8·6	7
Netherlands	15·2	8·3	6·9	9·0	†
Germany	10·4	1·0	9·4	1·5	2
Sweden	9·6	...	9·6	2·2	...
Belgium-Luxembourg	8·0	2·2	5·8	3·3	2†
Denmark	3·6	...	3·6	7·2	
Norway	3·2	...	3·2		
Switzerland	2·4	...	2·4		
Others	2·8	0·6	2·2		1
TOTAL	139·3	30·0	109·3	68·8	25

MIDDLE EAST OUTPUT AND SHIPMENTS WEST OF SUEZ

	Crude Oil Output	Shipments to West: Via Canal	Shipments to West: By Pipeline
Kuwait	59	44	...
Saudi Arabia	51	8	16
Iraq	34	4	25
Iran	25	10	...
Qatar	5	5	...
Bahrain	1·5	3	...

TANKER EMPLOYMENT (% OF WORLD FLEET) ‡

FROM / TO	Persian Gulf	Eastern Mediterranean	US Gulf	Caribbean
Europe	23	7	1	7
N. America	5	2	14	9
Cen. & S. America	2	...	1	5
Africa	4		...	1
Far East	11		1	2
TOTAL	(40)	(13)	17	24

* Based on destination. † Including the Netherlands. ‡ 6 per cent employed on minor routes.

achieved by carrying as much oil as possible across the Atlantic from the Western Hemisphere and making up the balance of Europe's needs from the Eastern Mediterranean and, round the Cape, from the Persian Gulf. When it is as important to save dollars as tanker tonnage and time, the emphasis must be upon bringing all the oil one can carry from the Middle East and making up the needs from the Western Hemisphere; political reasons, too, may make it wise to keep the offtake from Arab oil producers as high as possible.

The technical question arises in any major movement of extra oil across the Atlantic whether this should be crude or products. Probably the advantage lies in bringing crude. This is cheaper in dollars, and likely to rise less in price than products; Western European refineries will get the refining margin; it will save time in cleaning out tankers between different products; the crude from Venezuela gives a high proportion of fuel oil, which may well be the petroleum product most crucially in demand; and refiners here are naturally anxious to continue re-exporting products refined from this crude to Europe, since in the present state of the European Payments Union the currencies in which Britain is paid for oil are comparatively "hard." The success of the exercise depends upon the degree of integration in purchasing and tanker operation that can be achieved—in the first hurried buying so far this has not been very much—and upon learning as soon as possible whether this is a matter of a few weeks or a few months. The kind of tanker operation required in each case would differ a good deal.

The timetable, indeed, is crucial to all measures of restraint upon oil consumption in Western Europe. In Britain, the cut of 10 per cent in supplies by the oil companies made this week affects all consumers except public transport, agriculture, essential coastal shipping, police, fire and medical services. Garages are being cut by 10 per cent, and an order has been made prohibiting the supply of motor spirit except into the tank of a vehicle; motorists who drive only for pleasure are being asked to cut their weekly mileage by 20 per cent.

The 10 per cent cut in fuel oil falls impartially upon all industry; the gas and electricity services, indeed, are being asked to cut their use of fuel oil by more than 10 per cent, since nearly all of the power stations and gas works concerned can readily switch to coal. The Federation of British Industries has told the Minister that this 10 per cent cut need not have any "untoward effect on production, granted the level of stocks in this country." Right across industry, oil after all accounts for no more than 10 per cent of fuel used, so that this cut would restrict total fuel supplies by only 1 per cent at most. But the effect will be extremely uneven, as the table shows. Oil accounted for about a quarter of the fuel that was used in steel making and finishing last year; at present about 7½ to 8 million ingot tons of steel a year are being made in oil-fired furnaces and some of the steel made in gas fired furnaces goes into oil-fired soaking pits and reheating furnaces. The worst conceivable effect of a 10 per cent cut, therefore, might be the loss of, say, 15 thousand tons of steel a week. In practice, the industry's stocks should assist it to hold production close to its present rate for some time; other liquid fuels, such as creosote pitch and tar, can be used, possibly with some difficulty in steel furnaces and rather more readily in soaking pits and reheating furnaces. There seems no reason why pig iron output need be affected; no oil is used in blast furnaces and comparatively little in ancillary processes of iron making. The glass industry, which uses oil for more than half its output, must be comparatively sharply hit. Other industries—which are customers for steel and glass—will be much less directly affected.

WHO USES OIL IN BRITAIN?
('000 tons, 1955)

	Motor Spirit	Kerosene	Gas/Diesel and Fuel Oils, including Derv Fuel	All Oil Products	Oil as % of Total Fuel Used
Private motoring...	3,048	...	...	3,048	100
Other transport....	2,345	567	2,194	6,764	44*
Other domestic.....	...	567	62	629	2
Agriculture	254	693	299	1,246	59
Industry, *of which*..	193	73	6,546	6,832	10
Iron and steel....	...	...	(1,569)†	c.1,600	16‡
Gas and electricity	...	...	(c.750)†	c.825	1
Refineries.....	...	...	(2,060)†	2,093	95
All fuel consumers..	6,340	1,970	11,385	20,853	13·5

* 89 per cent if railways are excluded. † Gas, diesel and fuel oils only ‡ Total excludes blast furnace coke.

Agriculture, which depends very heavily upon liquid fuels, will not be restricted. Road haulage, which depends almost entirely upon motor spirit and diesel oil, will be cut, but services within it such as food, milk, newspaper and medical supplies distribution are likely to get some priority, not only in bulk supplies, but where their vehicles pick up fuel at garages. British and foreign ships normally take nearly 5 million tons of oil a year for bunkering; the Ministry of Transport is asking shipowners to restrict their offtake from British ports as much as possible and pick up oil wherever possible from sources that are not affected by the cut in supplies from the canal and pipeline. The oil companies are continuing normal deliveries of aviation fuels, vaporising oil, lubricants and paraffin for the moment, though asking users to exercise restraint.

As yet, there would be no purpose in announcing any decision to ration petrol or to introduce any licensing system for fuel oil supplies; the Ministry of Fuel and Power knows no better than anyone else how long restoration of the canal and the pipeline can reasonably be expected to take. But unless the most optimistic guesses so far advanced about clearing the canal do appear practicable, it seems fairly obvious that consumption in Western Europe will have to be cut back much more than 10 per cent in a few weeks, and for a while. And it is very doubtful whether bigger cuts than this could successfully be made under voluntary arrangements.

Business Notes

What Are the Costs?

GIVEN the utter uncertainty of the political and international prospect, it is impossible to make even broad guesses at the size of the additional economic burden that Britain will have to bear. By far the most important factor in the equation is that of duration: for how long will the special military and associated expenditures continue, and for how long will the Suez Canal be blocked and the flow of piped oil remain below normal? These uncertainties about the length of the dislocation are more important than those about the degree of dislocation. The economy must suffer added strains upon the budget, upon the balance of payments and—probably though not immediately—upon the volume of production. But the total strain, substantial though it would be on adverse assumptions, could readily be shouldered for a short period, in the sense that it would not radically alter the broad shape of Britain's economic problem. Major changes in economic policy, as distinct from specific expedients to lessen the immediate dislocations, are not likely to be needed unless the interruption of supplies is prolonged.

At present, the direct pressure upon the budget is probably relatively small. On the eve of the Anglo-French intervention, the cost of Britain's shift and maintenance of additional forces into the Eastern Mediterranean was apparently running at about £1½ million a week, of which nearly one-third was the cost of requisitioning of ships; the total additional expenditure incurred for these purposes in the three months to end-October appears to have been rather under £20 million. The cost since the action began in Egypt has obviously been larger, but the addition has to be related rather to the usage of consumable stores requiring immediate replacement than to the loss of weapons and equipment. The total budgetary burden to date may still, therefore, be comparatively moderate.

★

The wider strains upon the economy have scarcely begun to be felt, except for the psychological pressure upon sterling. But this strain on the gold reserves will be quickly (though not largely in the short run) augmented by the expenditure of dollars in purchasing and moving oil from the western hemisphere, and the balance of payments as a whole will be saddled with an increase in freight costs and, probably, with a worsening of the terms of trade. It is not certain, however, that there will be a worsening of the balance of visible trade. In the short run at least, it is possible that the volume of imports will be more affected by the shipping difficulties and delays than will the volume of exports. But if the shortage of oil and of other imported supplies impinges seriously upon domestic production, which is by far the most disturbing of the economic possibilities, export business would unquestionably suffer. These, however, are the risks of the slightly longer run. If the canal were to be working again within, say, a couple of months, and if total oil supplies were not then reduced by more than could be accommodated by rationing of non-essential users, the impact upon production and upon exports might be very slight. This, however, is a very optimistic assumption: the danger of considerable and continuing dislocation remains.

Shipping Without Suez

NOW that shipping companies have been officially advised to reckon the Suez Canal as closed probably for as long as three months, possibly for a longer period, they are at least able to arrange schedules upon a basis of certainty. When the canal was nationalised a number of vessels were hastily re-routed round the Cape, only to drift back again as the need for precaution seemed to diminish. Last week, too, when the Israelis made their raid and the British and French dispatched their ultimatum, shipping operations were still run on a day-to-day basis; no company could tell for certain how long, or whether, the canal route would be impracticable. But it is now quite obvious that the route that formerly carried just under a quarter of this country's import and export trade must now be counted as out, at least until some time in the early new year.

Most of the major passenger and cargo lines had already sketched plans for that eventuality. The present and rather disorganised pattern of movements, which has already made itself felt in employment at several British ports, must now be fitted in to these new schedules, but it is not yet possible to estimate how long this transitional stage will take. It is thought that bunkering and store facilities at ports on the Cape coast will be able to cope with the much increased volume of traffic they can now expect, but there will probably be some delays at these ports until shipping arrivals acquire a regular rhythm, and there may be some pressure on repair facilities even then. It will also take some time before the need for larger feeder services in the Mediterranean and in the Indian Ocean to link up with the Cape route can be measured in full. There is probably some idle tonnage in these areas at present. But when the new traffic and route pattern has had time to emerge, extra tonnage will almost certainly be required.

Tonnage and Costs

THE major need for additional dry-cargo tonnage will however be to offset the longer voyage times on the Cape route. From London to Hongkong one round trip will now take 65 days instead of 48, to Singapore 58 days instead of 41, to Bombay 54 days instead of 31, and to Colombo 52 days against 34. To Australia and New Zealand the Cape trip takes only a day or two longer than through the canal; Australasian freight conference rates, accordingly, have not so far been altered. But all the main shipping lines operating regularly between this country and East Africa, India, and the Far East have imposed a 15 per cent surcharge on freight rates (with a 25 per cent increase for cargoes destined for Port Sudan), which will operate whether cargoes are carried round the Cape or through the Panama Canal, and most passenger fares to the same destinations have been raised by 20 per cent.

These increases allow for the extra costs incurred in longer transits and they should be sufficient to cover most extras, since the shipping conferences made some fairly detailed calculations when they imposed the same surcharges in September only to cancel them when the need disappeared. But no forward guesses could be made then of how much extra tonnage shipping companies would need if the Suez Canal was closed or of the price they would have to pay on the dry-cargo market to get it. Now, when the canal has been closed, the supply of free tonnage is already very tight and transatlantic grain and coal freights are not far short of the highest level reached during the Korean War. The ending of military operations in the canal area should mean that no more ships will be taken over by the Government, apart from one or two to meet specific requirements. But the fifty or so that are still requisitioned, representing about an eighth of the total British foreign-going tramp tonnage, are likely to remain off the market for several weeks to come. Clearly the operation of switching a substantial part of world trade from the canal to the Cape will have to contend with a marked shortage of shipping space.

Market Cross Currents

HOPE and fear have struggled for mastery in Throgmorton Street as they have across the world. Security prices have been tossed up and down on the international swell, but throughout the week the volume of business has been so slight that the depths of the investment ocean have never been sounded. It was the jobber taking precautions and not the investor taking decisions who ruled the market. The pattern of movements—up before the week-end, then down and up again immediately after the "cease-fire"—mirrored international uncertainties; all the investment uncertainties have been left aside for the moment. The nervousness of the market was revealed again on Thursday when, despite the cease-fire and despite the re-election of President Eisenhower, security prices fell sharply again after Wall Street a few hours before had closed weak.

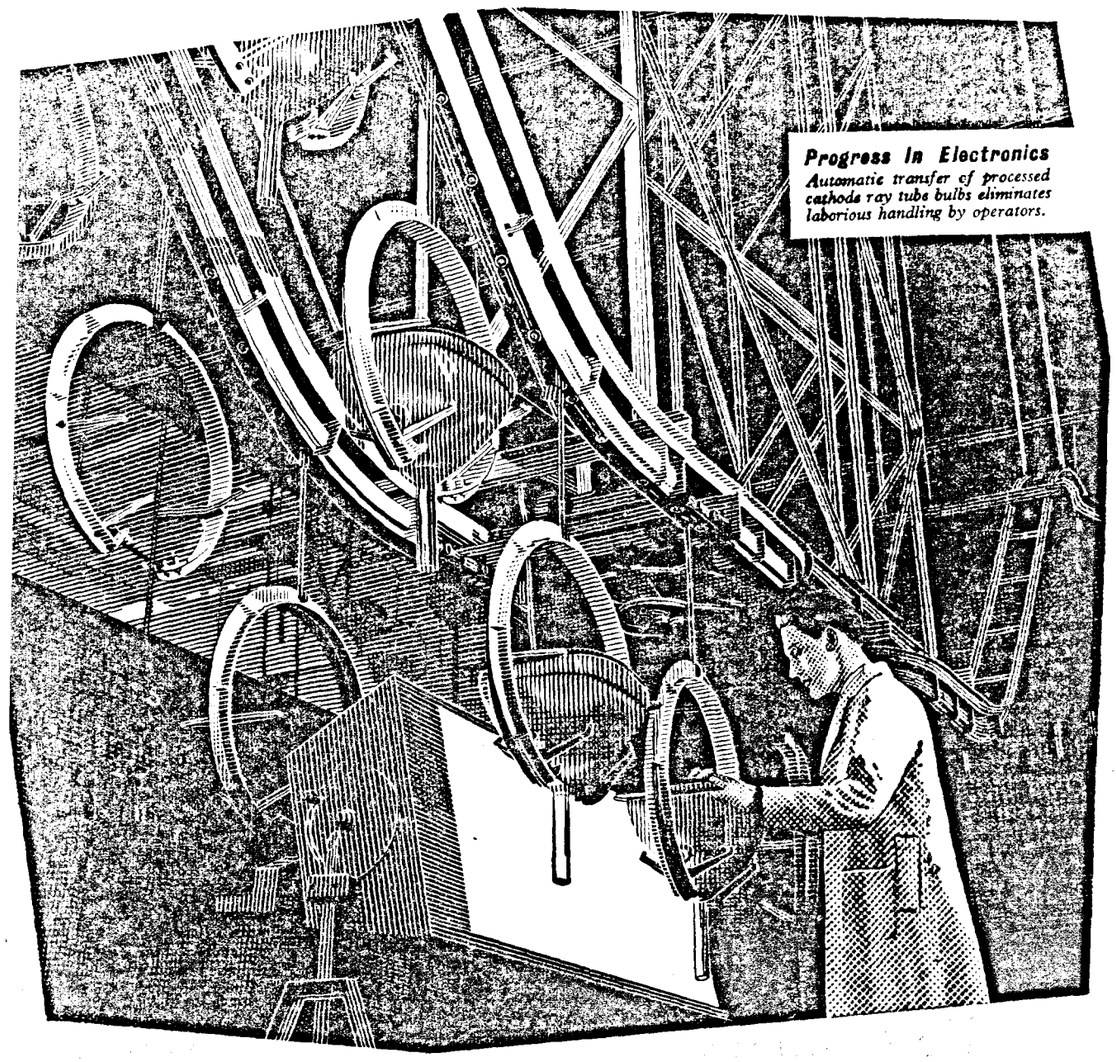
The biggest swings in prices, as the table shows, were recorded inevitably in oil shares. Yet over the week to Wednesday's close (the day when the market moved up in response to the cease-fire) *The Economist* ordinary share indicator rose from 183.8 to 186.4, within three points of the figure of 189.3 recorded a fortnight ago. One casualty in the market was the Australian 5½ per cent stock (1970-72), of which 66 per cent was left with the underwriters and which closed on the first day of dealing at 1/16 discount on the issue price of 97½. If the sea becomes calmer there will be many new issues waiting to be launched. The ICI issue has been postponed for a few weeks, but on the slipways are a large issue by British Oxygen, a £5 million loan stock issue by Fisons and a local authority issue by Derby. But by then the market will have counted the economic consequences of the British intervention, of the closing of the Suez Canal and of the interruption to oil supplies. New issues will have to be shaped to a new equilibrium, and it would be optimistic at this moment to suppose that it will be a favourable one for new borrowers or present investors.

	Pre-Suez Seizure July 26	Britain at Suez Oct. 31	Eve of Cease Fire Nov. 6	Cease Fire Relief Nov. 7	Doubts Return Nov. 8
BP	174 4½	136 3xd	139 4½	145 /-	136 6
Burmah	111 10½	86 10½	85 /-	90 /-	85 10½
Shell	165 1½	144 4½	142 6	148 9	144 10½
P & O Def'd	32 3	30 3	31 9	31 9	31 3
Rhokana	40	39xd	39xd	39¼xd	38¾xd
Int'l. Nickel	$188¾	$195¾	$200	$201¾	$200½
Guest Keen	44 9	42 6	43 3	44 /-	43 /-
Stw'ts. & Lloyds.	64 9	60 1½	58 6	60 /3	58 6
Vickers	42 3	38 9	39 /-	39 /3	38 6
AEI	69 9	63 6	63 9	65 /3	63 6
Rolls-Royce	103 /-	105 3xd	105 /-xd	107 6xd	104 /9xd
Turner & Newall	107 6	98 6	100 /-	100 4½	99 /9
Unilever Ltd.	79 3	71 6	70 6	72 6	70 6
Convs. 4% 57 8	98 3/32	97 31/32	97 15/16	98	98 1/32
Convs. 2½% 58 9	94 6/32	94 1/32	94 3/32	94 1/32	94 1/32
Savings 3% 55 65	83 15/32	84 1/32	84 1/32	84 1/32	84 1/32
Convs. 4½% 1962	99 1/32	97 1/32	97 3/32	97 1/32	97 2/32
Savings 3% 65 75	73 1/32	72 30/32	72 31/32	72 30/32	72 1/32
Br. Elec. 4½% 67 9	91	90 30/32	90 31/32	90 1/32	90 1/32
Br. Tr. 3% 78 88	68½	67 1/32	67 2/32	67 1/32	66 31/32
Treas. 3½% 79 81	77 1/32	75 1/32	76 1/32	75 1/32	75 1/32
Fd'g. 3½% 2004	75 1/32	74 1/32	74 1/32	74 1/32	74 1/32
Consols 2½%	51 15/32	51 15/32	51 1/32	51 1/32	51
Treasury 2½%	51 1/32	51 1/32	51 1/32	51 1/32	50 31/32
War Loan 3½%	70 1/32	70 2/32xd	70 2/32xd	70 1/32xd	69 1/32xd

Gilt-edged prices are shown net.

Full Circle in Sterling

STERLING continued under considerable pressure on the first two days of this week and some support from the Exchange Account was needed to maintain the rate in the official market above $2.78¼, which is now the effective floor. In the transferabe market, despite some support, the rate fell sharply to $2.73¼. This marked the lowest rate touched since March, 1954, when the Exchange Account was first given authority to intervene in the transferable



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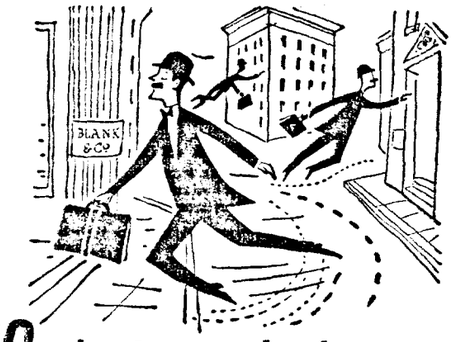

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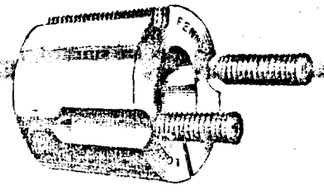

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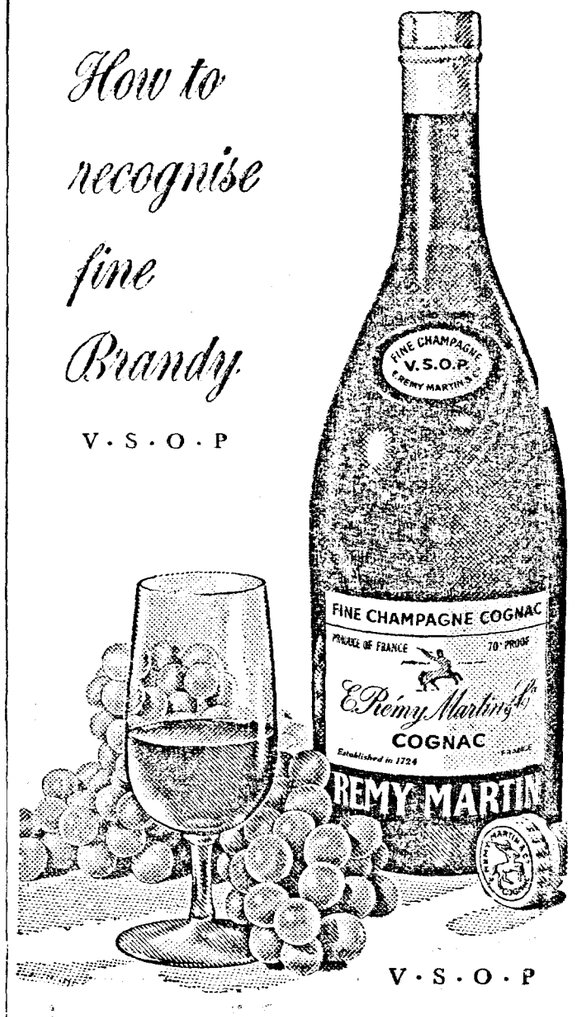

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market. On Wednesday, the overnight news of the cease-fire brought a dramatic *volte face*. It became clearly apparent that the earlier weakness was the result of some outright speculative bear selling, and that the speculators in question were coming in to cover. The authorities appear to have allowed the covering to have its full effect on the transferable rate, which jumped in Zurich in a matter of minutes from $2.73\frac{1}{4}$ to over $2.75. In the market for official sterling, covering by bear speculators had little effect on the rate; the Exchange Account appears to have taken the opportunity of recouping some of its earlier losses. The conjuncture in the official and transferable markets was also in line with the policy of preventing any substantial discount on transferable sterling; on Wednesday this was up to nearly 2 per cent.

On Thursday, renewed Middle East uncertainties, partly on rumours of Soviet movements, turned the wheel full circle in the exchange market. The weakness was marked in Continental currencies and against the US dollar, though the rate was held at $2.78\frac{5}{16}$.

Gold Hoarders Active

HOSTILITIES in the Middle East and the threat of their extension have had the traditional effect of stimulating gold hoarding; but in present conditions this led to only a small rise in the market premium above the price paid for gold by central banks. The gold price has risen considerably in the Far Eastern and Middle Eastern markets, which have been temporarily cut off from their normal sources of supply. But in the western markets for gold the alarums of the past week have been accompanied by a remarkably moderate rise—to the equivalent of $35.08. This, moreover, was the peak figure reached early this week. The dollar equivalent of the free market price of gold has since fallen back to a mere 1 per cent premium over the parity of $35.

This resilience of the free market is a mark of the ease with which supplies of free gold are now attracted to the market by the appearance of even a modest premium over the dollar parity. This is partly due to the fact that all gold producers now have the right to sell in the open market and naturally do so whenever it pays them to canalise their gold there rather than to central banks. It would need a tremendous expansion in hoarding demand to offset this element of elasticity in the supply of free market gold—and that elasticity becomes almost limitless because the central banks, particularly in Europe, are now regular operators in the free gold market. Whenever they see a premium they sell gold against dollars and, if necessary, they can reconvert their dollars back into gold at the official US Treasury price. Given these arbitrage operations by central banks it becomes wholly abnormal for the free market price to deviate by more than a modest margin from the official parity.

The hoarding demand for gold has had its greatest impact in the price of gold coins on the Continent, where the premium on sovereigns over their gold parity has this week widened to 27 per cent. Even these premiums have been narrowing again during the latter part of the week, and in the Paris market the price of gold in the form of small kilo bars has now dropped back to Frs. 450,000, the level prevailing before the outbreak of fighting between Israel and Egypt.

Reserves on the Eve

THE new strain on sterling comes at a time when the commercial dollar balance is still unfavourable. The movement in the reserves in October was disappointing; they fell by $84 million. The last two days of October, Tuesday and Wednesday of last week, marked the onset of the latest pressures on the pound; on the Tuesday, in particular, the amount of official support given to sterling was considerable. It is not clear how far these operations were reflected in the statement of the reserves on October 31st. There is a delay of at least a day, and sometimes more, before sales of gold or dollars are debited in the books of the Federal Reserve Bank of New York; it may be, therefore, that only part and not the whole of Tuesday's loss figured in the gold statement.

Until the very last days, conditions in October were moving modestly in favour of sterling. The bulk of the month's gold loss must therefore be attributed to the heavy seasonal demands, partly on account of purchases of tobacco and grain from North America. Grain imports seem to have been notably heavier than in 1955, partly because of the much less favourable harvest.

AUTUMN DRAIN COMPARED
$ Mn.

	Commercial Dollar Balance*	US Aid	Special Paymts. or Receipts	Change in Reserves	Reserves at End of Period
1955:					
Jan.-July	−316	+98	...	−218	2,544
August.....	− 91	+ 4	...	− 87	2,457
September....	−114	+ 2	...	−112	2,345
October	− 51	+ 3	...	− 48	2,297
1956:					
Jan.-July	+250	+42	− 7†	+285	2,405
August.....	−119	+ 4	− 14‡	−129	2,276
September....	−128	+ 3	+177§	+ 52	2,328
October	− 91	+ 7	...	− 84	2,244

* Including settlement with European Payments Union, relating to balance in previous month. † Special funding payment to EPU creditors. ‡ Subscription to International Finance Corporation. § From sale of Trinidad Oil Company.

The combination of heavy commercial pressures and the Suez uncertainties has made the trend of the reserves in the past three months compare unfavourably even with that at this season last year. In the first seven months of 1955, as the table shows, the reserves fell by $218 million, whereas in the first seven months of this year they rose by $285 million. But in August, September and October of this year the dollar deficit, before taking account of defence aid and known special payments and receipts, was larger this year than last. Without the $177 million received in September from the sale of the Trinidad Oil Company, the fall in the reserves in these three months would have more than offset the rise from January to July. Now, the pressures

seem to be continuing (though the scope for going shorter still on sterling must be nearing its limit); substantial dollar outlays on Western Hemisphere oil seem unavoidable; and at the end of next month, the annual instalments on the North American loans of over $180 million become due. Not until after the turn of the year can seasonal factors be expected to become favourable.

Decline in Commodities

COMMODITY prices, too, have turned with each change in the news. A rally on Tuesday, which carried tin to a new peak of £892 a ton for cash metal, was followed by a sharp decline, and on Thursday prices of rubber and all the metals except zinc closed lower than a week ago. Supplies of tin, which were short before the troubles began, are affected most of all by the blockage of the Suez Canal, and the premium for cash metal has only dropped by £6 to about £40 a ton. The pressure on natural rubber may be eased if the United States government accepts consumers' pleas to change its procedure for rotating the strategic stock. The rate of rotation, now 7,500 tons a month, may be increased and buyers may be allowed more than the present 60 days in which to deliver replacements to the stock. In the tea market this week events in Egypt set off a marked increase in demand for the lower qualities, and the quotation for common tea in London rose by 8d. to 4s. 5½d. a lb. But in most other commodities it is still true that consumers have not bought heavily. The cut in supplies of fuel oil may reinforce their caution. If some European consumers dependent on fuel oil should eventually have to restrict production, their needs of raw materials will also be restricted.

HOW COMMODITIES MOVED

	Oct. 25	Nov. 1	Nov. 8
Tin, cash, £ per ton	810	882½	856
Copper, cash, £ per ton	289	295	236½
Lead, prompt, £ per ton	115	119	118½
Zinc, prompt, £ per ton	96	100	100½
Rubber, spot, d. per lb	27	31½	30
Common tea, d. per lb	41	45½	53½

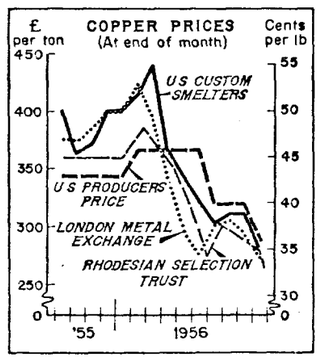
Premium Bonds Sales

THE results of the first week's sales of premium bonds seem to be broadly in line with the expectations of the authorities. Sales totalled £15½ million, compared with official expectations of total sales of £50 million in November as a whole. The experience of the past week suggests, however, that the sales will taper off somwhat during the rest of this month (which is itself especially favourable for purchasers). The daily sales dropped steadily from the initial £5 million or so on Thursday of last week to £1½ million on Wednesday. So far, sales through the banks appear to have been about half as large again as sales through post offices.

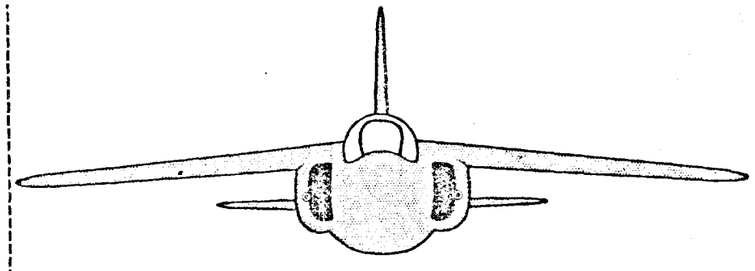
No figures are yet available to indicate how far the purchases of premium bonds have been financed from withdrawals from other forms of national savings. In the week preceding the introduction of the bonds, encashments of defence bonds and savings certificates rose by appreciably more than new sales, and the week's net saving through these channels and the post office and trustee savings banks dropped from £6.1 million to £1.4 million—which still, however, compared well with the corresponding week of 1955, when there was a net excess of encashments and withdrawals of £2.9 million. Savings through all of the four traditional channels of the national savings movement have been stimulated by the more favourable terms introduced since the Budget. The improvement over last year's experience is now impressive. In the thirty weeks since April 1st, total net saving (before crediting accrued interest) reached £33.6 million, whilst in the corresponding weeks of 1955 there was a net dissaving of £25.9 million. The question now is whether this improvement will be maintained together with the flow of funds into premium bonds.

Copper Comes Down

THOUGH it is pre-eminently the "war" commodity, copper has not reacted strongly to the troubles in the Middle East. After a sharp rise to £302 a ton in the middle of last week prices sagged, and on Thursday cash metal closed at £286 10s. a ton, with three months' £1 dearer. One reason for the lack of strength is that the closure of the Suez Canal will have only a marginal effect on shipments of copper. The bulk of Rhodesian production is normally sent round the Cape, and most of the remaining world production originates in the western hemisphere. The main reason, however, is that world production has outstripped consumption. Late last month American producers were finally obliged to cut their prices by 4 cents to 36 cents a lb (£288 a ton), and at least two producers have backed that cut by restricting output. American and Canadian companies have been offering substantial quantities of copper to Europe, and it was these offers that checked the advance in the London market. Dealers here have done a brisk trade, buying at prices ranging from 35 to 36½ cents a lb fob (£280 to £292 a ton), and selling chiefly to Continental, but also to British, consumers.

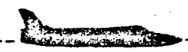


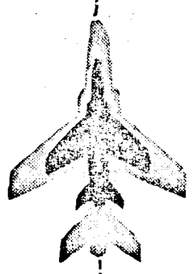
Consumers in this country are believed to be fairly well covered by their forward contracts with Rhodesian and other producers. In addition, supplies amounting to about 7,000 tons a month are being released between November and March from the British government's strategic stock,



Now FINLAND ORDERS THE GNAT

THE GOVERNMENT OF FINLAND, LIKE THAT OF INDIA, HAVE CHOSEN THE GNAT FOR THE RE-EQUIPMENT OF THEIR COUNTRY'S AIR FORCE.





This light jet fighter — half the size, a third of the weight and needing less than half the thrust of the conventional fighter — makes big savings in initial and operating costs yet matches the conventional fighter in the nature and duty of its essential equipment and in flying and fighting performance. In some respects — e.g., in rate of climb, manœuvrability and maintenance — it has conspicuous advantages.

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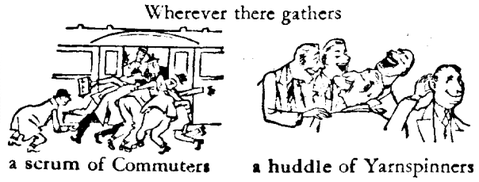
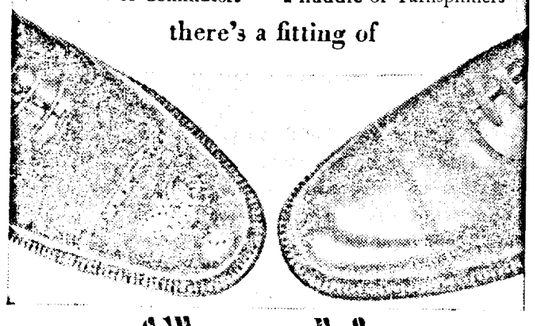


a scrum of Commuters a huddle of Yarnspinners

there's a fitting of



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and there is a possibility of a further release after that. At the beginning of next year, too, the new Bancroft mine in Rhodesia is due to come into production, initially at a rate of about 3,600 tons a month. Unless the Americans overdo the restriction of output, or the troubles in the Middle East get much worse, it is difficult to feel very bullish about copper.

A Lowered Standard

NOTHING in the preliminary report of Standard Motor can have surprised investors. But facts, whether anticipated with delight or fear, make their own impact and after the report was issued the company's 5s. ordinary shares fell from 7s. 1½d. to 6s. 9d. The ordinary dividend has been cut—as every rational investor expected—from 12 to 8 per cent. This dividend, absorbing £318,665 net, has been short earned. Some may regard the deficit of earnings to meet it as an unexpected blow; others may see a gleam of hope in the decision, on the grounds that the directors would not have declared this rate of dividend save in the expectation of a recovery in profits.

That argument rests on the assumption that nothing in the future could be possibly worse than what happened to Standard in the year to August 31st, when gross trading profits fell with a thud from £5,924,807 to £3,005,115 and net profits from £1,954,664 to £393,121. It is an argument to which the directors lend indirect support by their emphasis on the temporary nature of some past difficulties. They recall that the accounts covered a period in which the company had to carry through a complete changeover of tractor production to a new model; that is reflected in the drop in sales from 70,909 to 52,869 tractors. The "temporary loss" in output, they add, was "aggravated by a series of labour disputes." Other difficulties mentioned by the directors were the credit squeeze, increased purchase tax, and import restrictions in Australia and New Zealand, the company's largest export markets. The result was a decline in production (with car sales falling from 98,647 to 79,360 units) and an inevitable increase in manufacturing costs, which was accentuated by a rise in the cost of bought-in materials.

More Technologists Needed

PERENNIAL argument whether the supply of qualified scientists and engineers in Britain is keeping abreast of the growing needs—and how this country fares in comparison with other industrial nations—has always been handicapped for want of reliable statistics. The Government's recent proposals for more technical education and, one hopes, the plans now being prepared by the universities for their next quinquennium, 1957-62, are based upon the simple, and obviously safe, assumption that there are too few technologists and that the shortage will soon grow much worse.

But precisely what that assumption implies becomes clear for the first time from a survey of technological manpower recently published by the Ministry of Labour. How many qualified scientists and engineers are at present employed? And how many more would be needed by 1959? The answer to the first was 119,700 and to the second 150,000, which meant a "hoped-for" rather than a "prospective" increase of more than a quarter in three years.

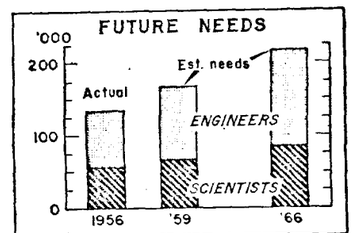
In an accompanying report the Advisory Committee on Scientific Policy made its own estimates of the country's needs in 1966 and 1970—on the major assumption that industrial output as a whole will grow by four per cent a year—slightly less than the rate between 1948 and 1955. The estimate eventually reached by the committee—a combined total of 222,000 qualified scientists and engineers by 1966, which means attaining an annual output of 17,000 by then and 20,000 by 1970, or double the present figure—is, it stated, "a minimum goal which needs to be achieved if the economy is to grow at an acceptable rate."

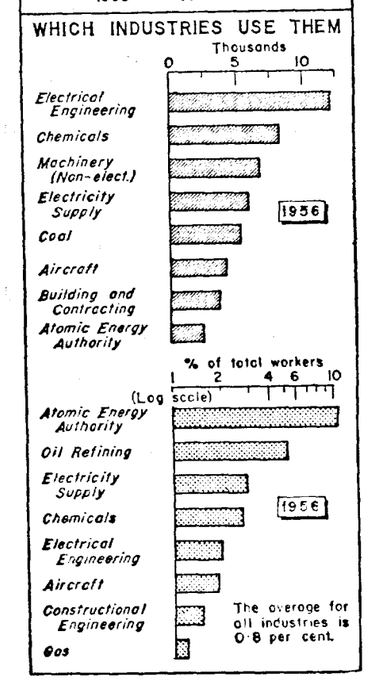
WHERE THEY ARE EMPLOYED

		1956 ('000)	1959? ('000)
In Industry:			
Research and development	25·7		
Production	31·1		
Other work	4·6		
Not specified	9·7		
		71·1	94·6
In Government Service:			
Research	2·3		
Defence work	7·6		
Other Central Govt. work	3·9		
Local Authorities	6·7		
		20·5	24·3
Teaching:			
Universities	3·3		
Schools and Technical Colleges	24·8		
		28·1	31·1
		119·7	150·0
Not included in the Survey:		22·0	...
Total		141·7	...

HOW THEY ARE EMPLOYED

	No. employed in 1956 ('000)	Est. demand in 1959 ('000)	Percentage Increase (%)
Scientists:			
Chemists	20·7	25·2	22
Mathematicians	11·5	13·0	13
Physicists	10·5	12·9	23
Other	8·5	9·6	13
	51·2	60·7	19
Engineers:			
Civil	12·8	16·2	27
Electrical	17·8	22·9	29
Mechanical	27·0	35·8	33
Mining	3·8	4·8	26
Metallurgical	3·2	4·4	38
Chemical	3·5	2·2	47
Other	2·4	3·0	25
	68·5	89·3	30
Total	119·7	150·0	26





The production of the new tractor and the settlement of the labour disputes give colour to the argument that Standard need not expect another year like 1955-56. But the road to recovery may still be slow and painful. Vehicle production is sharply down and manufacturing costs are sharply up; sales of new cars in recent months can hardly have earned a net profit for the industry as a whole and where sales have fallen by more than the average there may be sizeable net losses. And the manufacturers, who until this year were able to absorb a steep increase in costs without equivalent increases in selling prices, cannot hope (though they may desire to do so) to raise prices to re-establish their former margins of profit.

Rejections for Camp Bird

"YOUR directors emphatically deny that Camp Bird is a suitable undertaking to be trusted with the affairs of your company for this or any other purpose. They cannot see anything in its past history or in the record of its directorate or management to justify its extravagant claims." Thus speak the directors of Hongkong Tin in answer to Camp Bird's bid. Statements, couched in words equally strong, have come from the boards of some of the other eighteen tin companies who are opposing Camp Bird and its chairman, Mr Dalgleish.

Ex parte statements are the battle cries of all take-over struggles, but never has such a volume of passionate rejection been aroused as in the Camp Bird case, coupled with candid warnings about detrimental effects which might come from the acceptance of the offers. In the meantime Camp Bird has sent formal offers directly to shareholders, taking one batch of companies after another. It has said that its offers for shares in four of the companies (whose shareholders received another circular this week from Mr Dalgleish urging them to accept the bid) are unconditional and that acceptance is no longer dependent upon the receipt of 75 per cent of the shareholdings. Such a statement does not necessarily mean Camp Bird has gained control; it may be no more than a further ploy in the bidding.

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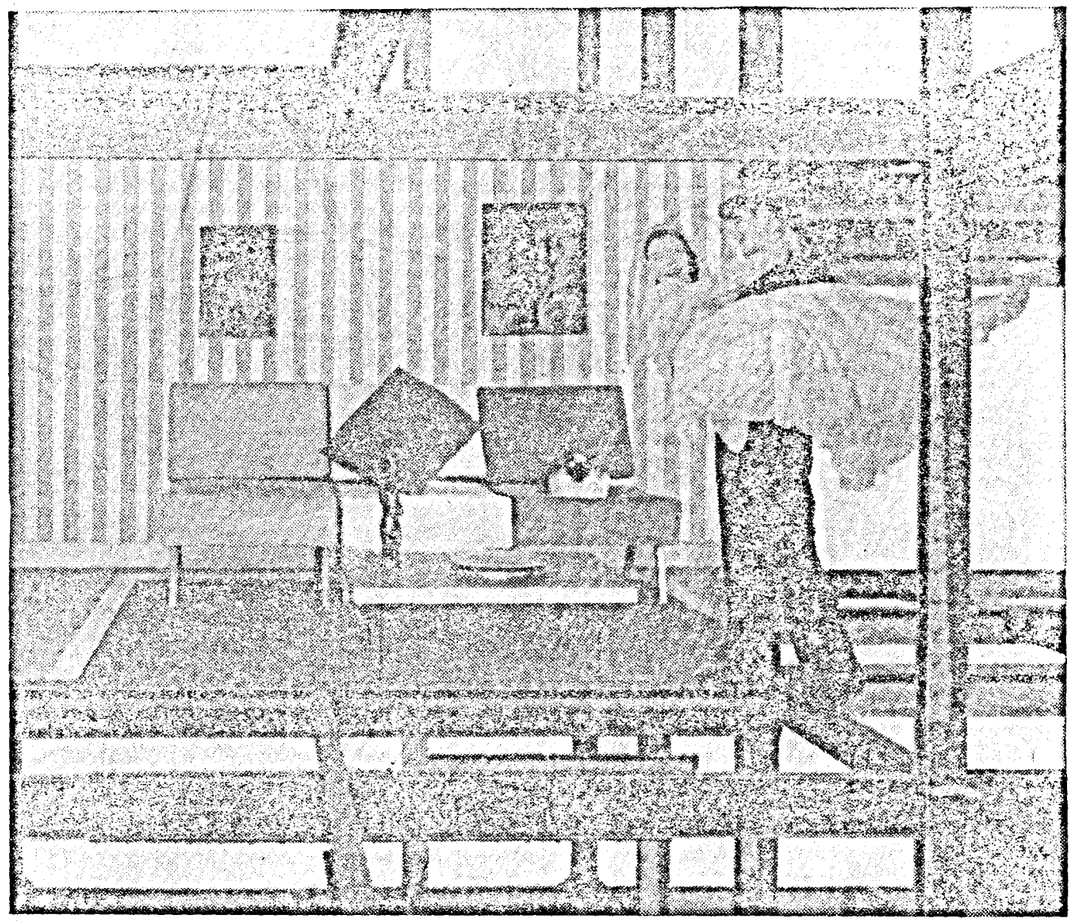
Some of the companies concerned have announced capital payments to shareholders. Camp Bird has described these as "panic" measures, but in the Redruth group at least these payments were in mind before Mr Dalgleish announced his bid. Camp Bird did not oppose the capital payment of Kinta Tin Mines, where 366,878 proxies were in favour and only 150 proxies against it, as it "did not hold in excess of 50 per cent of the Kinta Tin shareholding at the closing date for proxies." The Camp Bird offer is not in cash but in shares which are still to be issued. Shareholders in the tin companies cannot be certain of the price that these shares would command if the offers went through; they cannot calculate how many potential sellers there would be. Since Mr Dalgleish's first press announcement Camp Bird shares have gone up from 13s. 10½d. to 14s. 6d., having touched 15s. on October 26th, the date on which in the latest circular Mr Dalgleish makes his calculations of the worth of the various offers. From the evidence so far available it looks as if most shareholders in the tin companies will turn their faces against these bids.

Haulage Rate Cutting

THE seasonal growth in road haulage traffic that normally comes with the autumn and winter months is doubly welcome to the industry this year, for it has brought a noticeable reduction in the amount of rate cutting on the long distance routes and it has provided the national organisations in the industry with an opportunity to seek some stabilisation of charges. A few months ago, especially in July and August when traffic was seasonally at its lowest, rate cutting was rampant on the busiest routes between major industrial areas and the ports that serve them, such as those between Birmingham and London and between the Midlands and Liverpool. The railways too were finding long distance freight revenue falling more than the volume of tonnage carried.

The broad reason for this outbreak of competitive rate cutting, the sharpest the industry has experienced since the thirties, is that carrying capacity has been growing at a faster rate than the amount of traffic available. Haulage rates are always highly sensitive to the volume of traffic on offer since capacity can be adjusted only gradually. The flattening of industrial output this year has meant that traffic has not been increasing at the rate of a year or two ago, though the shifts that have been occurring in production have brought sharp reductions in some traffics and increases in others. On the other hand lifting capacity has continued to grow apace. The increase in the "C" licence fleet of lorries owned by industry has remained unchecked, making nonsense of the argument that industry acquired its own transport solely because of the poor service provided by the state transport monopoly. And the fleets of private road hauliers are also still growing. Many of the newcomers to long-distance work since the end of 1954 when all restrictions on private haulage activities were removed have been aiming at the best routes that offer relatively easy traffic and full loads; and they have been prepared to quote exceedingly attractive charges in order to get it, but without fully realising, it seems, the full costs, including overheads, of supplying their services—though some hauliers have been able to compete by blatently disregarding the statutory rules about drivers' hours and maximum vehicle speeds.

This year, however, unlike the rate cutting episodes of the thirties, there has been one very large organisation in long distance haulage, which has helped to keep charges in line. Apart from making some minor adjustments to its schedules where formerly rates were averaged, British Road Services has been following a general policy of holding rates rather than traffic. The private enterprise organisations are trying to follow its lead. The National Conference of Road Transport Clearing Houses issued a recommended schedule of rates to its members this week; and the Road Haulage Association passed a resolution at its annual conference a few weeks ago in favour of a stabilisation of present charges dressed up as a "contribution" to the Chancellor's price plateau.



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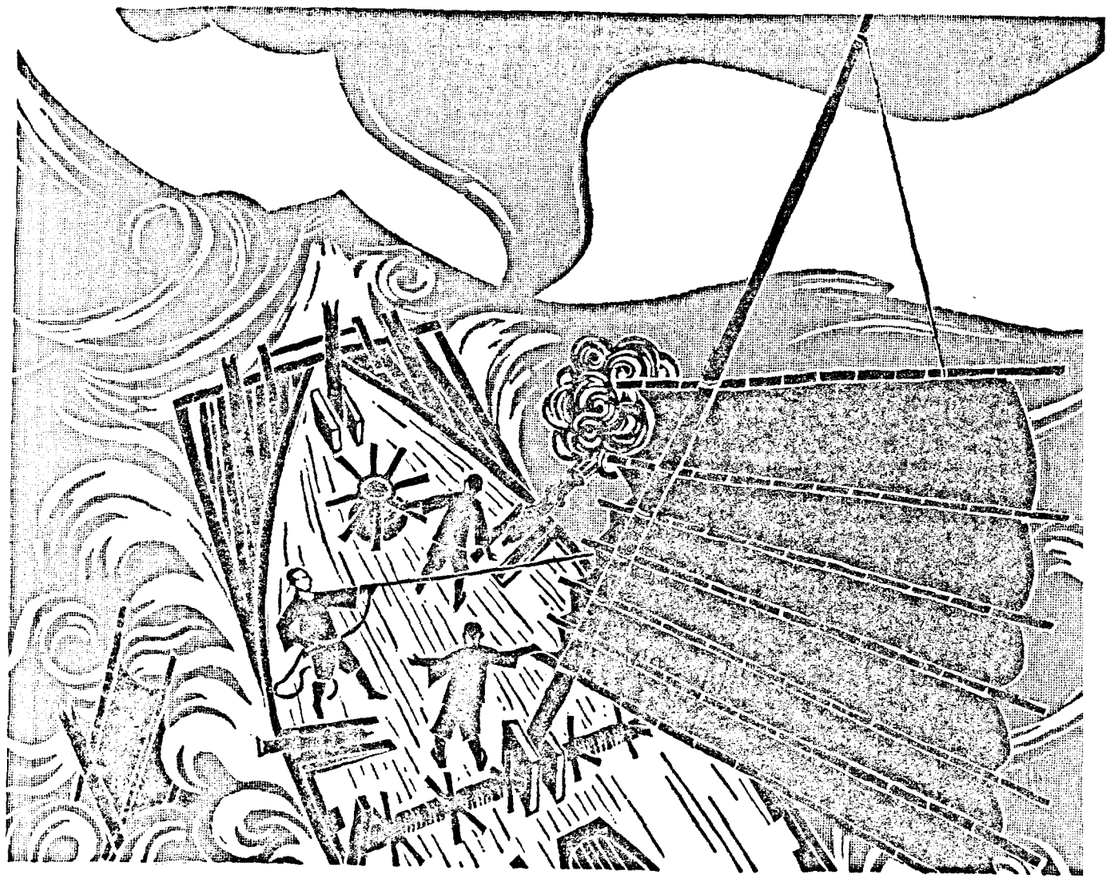

Of Dragons, Guns and Waterspouts . . .

IN MEDIEVAL TIMES sailors regarded waterspouts with great terror. The Chinese, and others, believed these were caused by the violent ascent and descent of dragons. The danger was real enough, for the wind in wild blasts near the waterspout could capsize small vessels carrying much sail. The standard practice for averting this danger was to discharge artillery into the clouds to frighten away the dragon.

Today, goods in transit on land, sea and in the air are not held to be in great danger from dragons. But they are in danger of damage from rough handling and they do need sound protection — reliable packaging. Many leading manufacturers find "Fiberite" cases, and cartons made from "Thames Board", more than adequate to safeguard their products and display them to advantage. These modern packaging materials are the products of many skills and experience unique in the industry.

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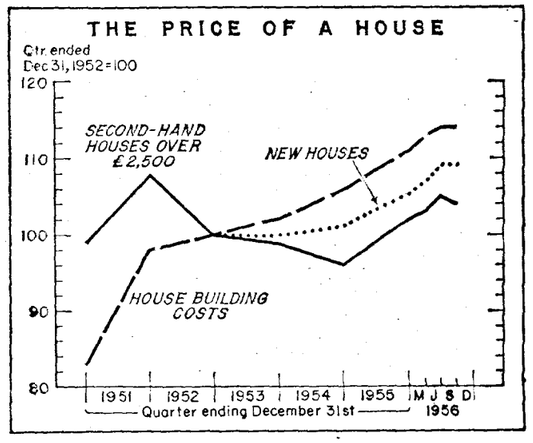
House Prices Before the Rent Bill

THE higher rents that will follow from the Government's new Rent Bill must eventually affect prices of houses for purchase. The Co-operative Permanent Building Society's indices of house prices, published last week, give a useful indication of the course of prices this year before the appearance of the new bill: they suggest, incidentally, that the announcement that the bill would appear this session had no anticipatory effects on house prices. Nor do they bear out the suggestion that there has been a general fall in prices under the squeeze on credit and on house mortgages. Any decline that has occurred is probably seasonal. The volume of sales must have fallen because of the difficulty of securing mortgages; but only in a few areas has this been accompanied by any reductions in the level of prices.



The chart shows how the indices for new houses, second-hand houses selling at over £2,500 and house building costs have moved. The trend revealed for houses worth more than £2,500 is parallelled in the indices for cheaper houses. The indices are based on the reports of the Co-operative Building Society's own surveyors on those properties on which it has made mortgage advances. The index of house building costs makes no allowance for changes in productivity, and therefore exaggerates the increase in real costs which has occurred. But a substantial increase has taken place: this is one reason why, in spite of the large number of new houses which have been built, house prices on the eve of a new Rent Act are not far below the postwar peak touched at the end of 1951.

The Price of Changing Jobs

IN a year such as 1956, a report on the cost of labour turnover may appear rather oddly timed: many words have recently been expended upon the cost of labour that does not turn over, the employees who are retained on short time when their employer cannot sell all that they normally produce. But even in a year such as this, labour turnover does cost industry money: few industries, even in the latest months under the squeeze, have needed (in their own judgment at least) to lose all the people who have in fact left firms within them. In a paper to the British Institute of Management conference last week, Mr R. L. Webster, chief personnel officer of Hoover, reported that a study group of experts has estimated that this turnover costs manufacturing industry perhaps £230 million a year, and the whole economy perhaps £700 million a year.

This estimate, rated up from a calculation that labour turnover adds between 5d. and £3 a week to the wage cost of each employee, transient or not—perhaps 10s. a week per worker, on the average. This range of costs was culled from a study of 16 companies, which are wildly unrepresentative of British industry as a whole, but might tend to have lower costs than the average on this count, since all are already attempting to replace labour turnover. Whatever the justification of rating up such fragmentary findings, the figures and the range are interesting in themselves. Most of the items of cost debited to labour turnover are reasonable enough: advertising for replacements, the extra scrap wasted during training work, and proportions of the cost of the personnel department, any medical department and any training sections. Nevertheless, it is noticeable that the companies reporting very high costs per employee for labour turnover—one put this as £43 in three months—included in this cost liberal allowances for the overtime worked and the loss of profit arising from lost sales. Just how accurately these items can be attributed to labour turnover seems rather uncertain: if they were excluded the highest cost shown for turnover would be very much lower. There is no doubt that labour turnover is a real cost and that there is much more turnover than would really be needed for labour mobility. But at the same time the changing of jobs is one instance where the total social cost to the community cannot really be assessed by adding up the costs to every individual company of every man they hire, lose, or fire. Is industrial mobility worth nothing?

Wool Workers One Lap Behind

THE offer of higher wages to 150,000 workers in the Yorkshire wool textile industry does not give these workers a flying start in the new wages race; they were already a lap behind. As the employers are at pains to point out, the last increase, of six per cent, was in June last year. The unions based their new claim (of 10 per cent) on the rise in the cost of living since then. On grounds of equity and of the need to retain workers the employers could not reject it out of hand. They offered an increase of six per cent which the National Association of Unions in the Textile Trade has accepted and it is likely to be accepted by the woolcombing union. The new agreement takes effect from December 1st and runs until December 31st next year. A new clause provides for reconsideration of the agreement if the index of retail prices should in the meantime rise to 109 (January 17, 1956=100); the September figure was 102.1.

Fight for Sterling Markets

THE export race in overseas sterling markets has become as fierce as elsewhere. Even with the advantage of preferential tariffs and long-standing trading ties, British exporters have not been able to prevent their competitors from gaining some ground. Their gains this year, to Britain's detriment, were shown in the Board of Trade Journal last week. Between the first half of 1955 and that of 1956 imports of the overseas sterling area rose by £138 million (seven per cent) to £2,246 million. Imports from Britain, which amounted to one-third of the total, rose by only £16 million (two per cent) to £757 million. That rise was smaller, relatively and absolutely, than the gains secured by Germany, the other OEEC countries taken together, and Japan in the overseas sterling markets.

British shipments to Australia, New Zealand, South Africa and Pakistan fell in the first half of this year; yet

IMPORTS INTO OVERSEAS STERLING AREA
£ million

Imports from	First Half 1956	Increase on First Half 1955	
		Actual	Per cent
Britain	756·3	16	2
Germany	110·2	20·6	23
Other OEEC	240·9	23·9	11
United States	229·9	11·6	5
Japan	119·4	22·1	23
Total of above	1,457·2	94·3	7
Total imports	2,246·1	137·9	7

Germany managed to increase its shipments to all these countries except New Zealand. Britain's shipments to India rose sharply by £19.5 million (33 per cent) to £79 million, but Germany's shipments rose at the greater pace of 52 per cent, by £9.2 million to £27 million. Other OEEC countries also did well in India, their shipments rising by £15.6 million (53 per cent) to £45 million. Japan's biggest markets in the overseas sterling area are Hongkong, Malaya, India and West Africa; in each of them Japanese shipments rose at a faster rate than Britain's, though its total shipments remained much smaller (except to Hongkong). Britain is still the giant in sterling markets, but its stride is not matching the speed of its competitors.

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New Start for the Sugar Scheme

THE United Nations sugar conference which ended in Geneva last week had one main object: to broaden the membership of the International Sugar Agreement. A secondary object was to revise the price range and the methods of adjusting export quotas. The first indications are that the conference has been more successful in the second object than the first. Peru, the largest exporter outside the agreement, is unlikely to join; Brazil, another non-member exporter, took no part in the negotiations; Indonesia probably will join. In fact, the conference was more successful than that tally implies. Since the initial negotiations in New York last May the free world market has at last been freed from the threat of burdensome stocks. Demand has increased substantially, Russia and other East European exporters have been unable to fulfil their quotas, and as a result Cuba, the largest exporter, will end the year with no more than a reasonable carryover. With the prospect of a buoyant demand next year the major exporters might well have been tempted to throw off the restrictive apparatus of the agreement and strike out for themselves. For various reasons they have decided against that course. Instead the agreement has been amended for its two remaining years, and if a sufficient number of countries approve it will start in its new form on January 1st.

The price of agreement is a substantial increase in the basic export tonnages, which now add up to the somewhat formidable figure of 5,897,000 metric tons, plus a special reserve for four exporters of 140,000 tons in 1957 and of 190,000 tons in 1958. The total of six million tons in 1957 compares with free market requirements estimated at 5,325,000 tons. The supply actually available will be less than six million tons, and the council still retains the power to reduce the effective quotas by up to 20 per cent of the basic tonnages. The adjustment of quotas will be more responsive to changes in the market than hitherto. The minimum price of 3.25 cents a lb fas Cuba and the maximum of 4.35 cents are replaced by four adjustment points: 3.15, 3.25, 3.45 and 4.0 cents a lb. When the market price is below 3.15 cents the quotas can be cut by the full 20 per cent; above 4.0 cents all restrictions are to be removed; between those points—and the aim will probably be to keep the price somewhere near 3.25 cents—the adjustment of quotas is partly automatic and partly at the council's discretion.

SHORTER NOTES

Two further controls over credit were announced by the Government this week. On Tuesday the Queen's Speech disclosed that the present emergency powers for regulating hire purchase are to be replaced during the present session by a permanent statute. And on Wednesday the Board of Trade issued a new Control of Hiring Order which will make car rental schemes less attractive to business. From now on a rental firm is forbidden to give the hirer a rebate related to the value of the vehicle at the end of the hiring period.

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The Iron and Steel Realisation Agency has completed the sale of the entire share capital of Kettering Iron and Coal, together with a 25 per cent interest in Loddington Ironstone, to Stewarts and Lloyds for £260,000; Kettering Iron and Coal has also made a special distribution of £240,000 to the Agency. Similar arrangements have governed the sale of the entire share capital of Burnell and Company to John Summers for £350,000, with Burnell also making a special distribution of £250,000 to the Agency.

The Hudson's Bay Company proposes to increase the membership of its board from nine to fourteen so that members of the Canadian Committee can be invited to join the board.

★

Evidence has become available casting doubt on some of the borehole results, published in May, June and July, of Zandpan Gold Mining. Some of the remaining half cores have been assayed and give results far below those published earlier. The police are investigating the matter.

★

The total of new companies registered in 1955, according to the Board of Trade's official report, was 17,507, which is the highest figure since 1947. At the end of last year there were 291,153 companies on the register, with a nominal share capital of £6,811 million; of these 11,204 were public companies with a share capital of £4,340 million.

Company Notes

TUBE INVESTMENTS. Just over a year ago Tube Investments gave a new twist to the usual form of rights issue by making a one-for-one issue at a low price, offering the shares on attractive bonus terms. At the time of this offer the directors indicated that the full year's dividend for the year to July 31st would be equivalent to 14 per cent per annum. Now in the preliminary statement they have been a little more liberal. On the new capital, allowing for the period in which this capital was partly paid up, the dividend is equivalent to a rate of 15 per cent per annum. The actual dividend declarations are a 7½ per cent final following a 6¼ per cent interim and compare with a payment of 22½ per cent in 1954-55 on the original capital. The yield has to be calculated on the basis of 15 per cent, so that at the current price of 58s. 6d. it is 5⅛ per cent.

The dividend is backed by impressive trading results. Trading profits before depreciation have risen from £10,800,864 to £14,615,922 and although the provision for tax has gone up from £4,393,401 to £6,286,704, net earnings have advanced from £4,428,523 to £5,271,209. These earnings provide a fourfold cover on the net dividend, which absorbs £1,152,957. Currently earned profits do not seem to be running at such high levels, for the directors say that "during the latter part of the year there was some falling-off of orders in certain sections of the group's activities. This trend has continued during the first quarter of the present financial year and has imposed a curtailment of activities."

★

BROOKE BOND. The issue by Brooke Bond of 3 million "B" ordinary shares at 12s. 6d. in the ratio of one for four to "A" and "B" shareholders makes the rights to "B" shareholders at the current price of 20s. 3d. worth 1s. 6d. a share. Neither the rights issue nor the 100 per cent scrip issue ushers in more liberal dividends—at least for the moment. After the two issues the dividend for the year to June 30th next will not be less than 2½d. per share, free of tax. On the present capital the tax free dividend for 1955-56 was 6d. per share. The forecast dividend represents, the directors say, a gross yield of about 5¾ per cent on the issue price and, excluding distributed profits tax, involves a cash distribution of £312,500. There is a wide margin between this figure and the indicated £1,500,000 for net profits which, the directors suggest, is a reasonable way at looking at profits over the last two years. And they comment that "trading prospects for the current year are good."

To set the issue in perspective shareholders must look beyond the immediate horizon. From the observation post of the latest accounts, which reveal that bank overdrafts have gone up from £2,087,437 to £2,262,274 and stocks from £19,261,156 to £20,508,094, they will recognise that new permanent capital is needed if the company is to expand. Expansion is clearly what the directors desire. They intend, for example, to expand the group's interests in tea plantations, especially in East Africa; they say that "the benefits of this policy should soon begin to be reflected in profits as the young plantations come to bearing." A substantial part of the tea crop from the company's plantations is sold outside the group and tea of its own growing represents only 11 per cent of its total world sales of packet teas. In looking beyond the narrow horizon of the current financial year, investors have already decided that Brooke Bond is a growth stock. If they are right and if the violent fluctuations in profits in the last three years can be regarded as abnormal, the rights issue may seem to them a reasonably cheap way of increasing their stake in the business. Sooner or later, they will presume, the company will be much more generous in dividends. The new issue invites them to back this presumption with hard cash.

★

UNITED MOLASSES. Dividends depend upon what boards of directors think about sales and profits and not upon their attitude towards scrip issues. But if a board has been reasonably liberal with dividends in the past and earnings are good then a scrip issue can heighten the expectations of future dividends. A case in point is provided by United Molasses. In July the company made a one for two scrip issue, but the directors said nothing about future dividend policy. Now they have declared on the increased capital a tax free interim dividend of 5d. per 10s. unit, against 6d. per unit, tax free, on the old capital.

Investors can hope that this effective increase will be followed by a bigger final payment. A larger dividend seems likely; the directors say that "trading conditions for the current year have been satisfactory and profits for the first nine months show a substantial increase over those for the corresponding period last year." Some investors who do not regard themselves as excessively sanguine are guessing at a final payment of not less than 1s. tax free.

★

WIGGINS TEAPE and A. E. REED. Smaller profit margins have a depressingly familiar ring to investors this year. The stock market has anticipated the effect that this squeeze on profits is likely to have upon dividends and assumes that

dividends will mark time at best. Further confirmation of this view comes this week in the interim reports of the two paper makers, Wiggins Teape and Albert E. Reed. Wiggins Teape's gross profits in the six months to June 30th were £2,373,477, compared with £2,675,535 in the first six months of 1955; sales were "approximately the same" but "profit margins are smaller due to sale prices not keeping in step with the increased costs of production." The directors of Albert E. Reed do not give profit figures but they say that while production has increased profit margins have narrowed and that gross profits for the six months to September 30th show a decline of about 12 per cent compared with the corresponding months of last year.

On dividends also the two companies speak with the same voice. The interim ordinary dividend of Wiggins Teape is left unchanged at 5 per cent and "unless conditions deteriorate" the final payment of 12½ per cent too will be left unchanged; on a maintained payment of 17½ per cent for the year the £1 stock units offer a yield of 6¼ per cent at 51s. The directors of Albert E. Reed have not gone beyond the forecast, made last May at the time of the rights issue, of an interim dividend of 6 per cent; "provided no unforeseen circumstances arise" they expect to pay a final dividend of 10 per cent—a payment also promised then. On a full year's dividend of 16 per cent, the £1 ordinary shares yield just over 6½ per cent at 49s.

★

BIRMID INDUSTRIES. This year the motor industry has been an unreliable customer to its suppliers but one of them, Birmid Industries, achieved a slight increase in net profits—from £1,467,052 to £1,488,659—in the year to July 31st last. The group makes castings for the aircraft industry as well as for the vehicle manufacturers and some of its output of light alloys goes to export markets. It is perhaps to this spread of interests that the group owes its success in a year when, over and above the troubles in the motor industry in the latter months of the period, costs were rising.

As the tax provision has gone up from £1,272,787 to £1,329,948, gross profits after depreciation appear to have risen from £2,739,839 to £2,818,607. The directors have left the ordinary dividend rate unchanged at 17½ per cent but the latest dividend is paid on a capital of £3,196,667 as increased by a one for three rights issue in April. The market was pleased with these results and the £1 ordinary shares gained 1s. 9d. to 64s. 3d.; the yield of nearly 5½ per cent is below that offered by many motor equities.

★

JOHN I. THORNYCROFT. The fall in trading profits from £1,159,304 to £793,155 and the cut in the ordinary dividend from 15 to 12½ per cent were discussed here last week. The chairman, Sir John Thornycroft, has now reminded shareholders that the company's performance "cannot be judged on one year's results, because contracts and the results from development expenditure run over a much longer period." In the year to July 31st the company found it impossible to increase turnover and thus to absorb rising costs of labour, materials and overhead charges. It was handicapped by a shortage of labour which in the Southampton shipbuilding yards "disorganised production." Some of its energies were devoted to new design and development work at the expense of current profits.

The margin for the company between a profit and a loss, Sir John says, is small. Prices must be kept down in a competitive market but costs continue to rise and more cash resources are being absorbed in working capital. Prospects in the shipbuilding yards depend on the policies adopted by the unions this autumn. Sir John seems despondent about increasing the labour force in the group's commercial vehicle production. "These problems," he says, "have been continuously in the minds of the board, but no simple solution seems possible at the present time, and, as world competition increases in severity, are assuming even greater importance."

LONDON STOCK EXCHANGE

Next Account Begins: November 14th
Next Contango Day: November 14th
Next Settlement Day: November 20th

PRICE movements in the stock markets this week have been dominated by the development of the Middle East crisis, but business has been relatively small. Two firm rallies, the first on Friday, which embraced both gilt-edged and industrial stocks, and the second on Wednesday, which after an unsustained advance in gilt-edged was mainly confined to industrial stocks, brought a rise in *The Economist* indicator of 2.6 to 183.8. In the week to Wednesday's close government stocks remained little changed on balance. The fluctuations in Middle East oils each day were severe, but although there was an overall recovery up to Wednesday prices were again lowered on Thursday. There were sharp movements in the new corporation scrips. Dealings in 5½ per cent Australia 1970/72 began on Wednesday at ⅜ discount and the stock weakened further to ⅛ discount at the close.

Marks and Spencer "A" rose 2s. 3d. to 60s. 3d. following the increased interim dividend, but after the cut in dividend Loyds Retailers "A" lost 1s. to 4s. 10½d. Electrical stocks were firmer and Sun Electrical jumped 3s. 9d. to 41s. 3d. on the results. Motor shares were mixed following the cut in the Standard dividend, but after dropping to 6s. 5½d. Standard recovered on Wednesday to 6s. 10½d. British Aluminium were active and rose 5s. to 71s. 3d. over the week. United Molasses gained 1s. 6d. to 36s. 3d. after the effective increase in the interim dividend. Steel shares recovered well after declining earlier in the week.

British Petroleum closed on Wednesday at 145s., a gain of 8s. 9d. on balance, but a sharp fall to 136s. 6d. occurred on Thursday. South African gold mines were affected by the Zandpan statement. Middle Witwatersrand fell 1s. to 8s. 7½d. and Free State Geduld suffered a sharp setback on Tuesday, but recovered later to 79s. 4½d. Coppers tended to ease and tins were lowered. Following the reduced interim United Sua Betong lost 1s. 3d. to 48s. 9d.

THE ACTUARIES INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950=100) Oct. 25, 1955	Sept. 25, 1956	Oct. 30, 1956	Average Yields (per cent) Oct. 25, 1955	Sept. 25, 1956	Oct. 30, 1956
Ordinary Shares :—						
Electrical engineering	145·1	137·1	135·1	4·97	5·44	5·51
Engineering	175·4	171·3	165·6	4·73	5·05	5·28
Motors and aircraft	178·6	171·5	166·6	4·52	5·65	5·79
Chain stores	250·0	240·2	232·4	3·96	4·63	4·78
Cotton textiles	102·6	89·3	100·4	8·82	9·87	8·65
Chemicals	200·6	182·2	175·8	4·50	5·24	5·42
Oil	225·2	323·1	311·5	5·30	4·31	4·46
Shipping	169·9	195·0	187·7	5·14	5·58	5·85
Investment trusts	212·5	240·2	233·1	4·75	4·87	5·04
Industrials :—						
Ordinary (all classes)	143·1	145·9	143·4	5·75	6·22	6·31
Preference	84·3	74·7	75·4	5·41	6·12	6·06
Debenture	78·7	71·8	71·7	5·23	5·71	5·72
Total (capital goods)	167·7	160·4	155·7	4·97	5·50	5·66
Total (consumption goods)	123·9	113·6	113·3	6·49	7·23	7·28
Consols 2½%	82·3	72·6	72·4	4·30	4·83	4·89

STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Oct. 10	187·0	5·91	210·4 (Jan. 4)	174·6 (Mar. 7	232·1 (July 20)	175·2 (Mar. 23)
,, 17	186·8	5·89				
,, 24	189·3	5·80				
,, 31	183·8	5·97				
Nov. 7	186·4	5·94				

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield %	Fixed Int.‡	2½ Consols Yield %	Bargains Marked	1956 High	1956 Low	1955 High	1955 Low
Nov. 1	173·4	6·16	92·68	4·84	6,250	205·5 (Jan. 3)	169·7 (Mar. 8)	235·9 (July 21)	175·7 (Mar. 15)
,, 2	175·8	6·07	92·81	4·82	6,453				
,, 5	175·1	6·10	92·80	4·83	7,941				
,, 6	174·2	6·13	92·73	4·84	6,377				
,, 7	175·9	6·07	92·71	4·85	8,600				

Bases :—* 1953=100. † July 1, 1935=100. ‡ 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Nov. 7, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Oct. 31, 1956	Price, Nov. 7, 1956	Net Yield, Nov. 7, 1956 §	Gross Yield, Nov. 7, 1956
					£ s. d.	£ s. d.
97		Funding 2½% '52-57	98½	98⅝	4 3 0	5 2 10
93⅛		War Loan 3% '55-59	95⅛	95⅞	3 6 10	4 13 8
88⅜		Funding 2½% '56-61	91⅜	91⅝	3 11 9	4 14 7
99½		Exchequer 5% 1957	99⅛	100⅛	3 0 8	4 16 5
97		Conversion 4% '57-58	97⅞	98	3 14 4	5 6 9
95⅛		Serial Funding 2½% 1957	97⅜	97⅛	3 10 6	4 9 8
91		Conversion 2½% '58-59	94⅜	94½	3 14 9	4 15 0
88⅜		Exchequer 2½% 1960	91⅜	91⅝	3 14 11	4 14 1
92⅛		Exchequer 3½% 1960	94⅜	94⅜	3 7 8	4 15 8
83		Savings Bonds 3% '55-65	85⅛	85⅛	3 15 5	5 4 4
77⅛		Funding 3% '59-69	79⅜	79	3 17 8	5 7 2
84½		Funding 4% '60-90	85⅛	85⅜	7 3 0 / 3 0 0	9 0 8 / 4 18 0
75⅛		Savings Bonds 3% '60-70	76⅞	76⅛	3 19 0	5 9 6
97⅜		Conversion 4½% 1962	98⅛	98⅛	3 1 5	5 2 2
88⅛		Exchequer 3% '62-63	91	90⅝*	3 7 7	4 14 3
85⅜		Exchequer 2½% '63-64	85⅜*	85⅜*	3 13 8	4 16 10
76⅛		Savings Bonds 2½% '64-67	79⅛	78⅛	3 18 3	5 2 8
72⅛		Savings Bonds 3% '65-75	73⅜	73⅛	3 14 7	5 6 1
90		Victory 4% '20-76	90⅜	90⅜	3 8 0	5 5 6
78		Funding 3% '66-68	80⅜	80⅛	3 17 9	5 7 9
81⅛		Conversion 3½% 1969	83⅜	83⅝	3 14 5	5 8 4
75⅜		Treas. 3½% '77-80	77⅛	75⅜*	3 10 3	5 5 6
75⅛		Treas. 3½% '79-81	76⅛	76⅛	3 9 8	5 5 9
65⅛		Redemption 3% '86-96	66⅛	66⅛	3 4 8	4 19 1
74⅜		Funding 3½% 1999-2004	75⅜	75⅛	3 0 2	4 7 10
76⅛		Consols 4% aft. Feb. '57	77⅜	77⅜	2 19 11	5 4 11
68⅜		War L'n 3½% aft. Dec. '52	69⅛*	69⅜*	2 17 6	4 19 11
68⅜		Conv. 3½% aft. April '61	69⅛	69⅛	2 18 2	5 1 5
59⅜		Treas. 3% aft. April '66	60⅛	60⅛	2 17 6	5 0 3
50⅜		Consols 2½%	51⅛	51⅛	2 16 0	4 17 7
50⅜		Treas. 2½% aft. April '75	51⅛	51⅛	2 16 2	4 17 10
90		Br. Elec. 4½% '67-69	91⅜	91⅜	3 9 10	5 11 5
73		Br. Elec. 3% '68-73	74⅜	74⅜	3 17 4	5 8 1
71⅜		Br. Elec. 3% '74-77	72⅜	72⅜	3 13 1	5 4 7
85⅞		Br. Elec. 4½% '74-79	86⅜	86⅜	3 6 1	5 6 3
75⅜		Br. Elec. 3½% '76-79	76⅜*	76⅜*	3 10 4	5 5 8
84⅛		Br. Gas 4% '69-72	85⅜	85⅜	3 11 5	5 9 11
80⅜		Br. Gas 3½% '69-71	81⅛	81⅛	3 13 11	5 8 3
66		Br. Gas 3% '90-95	67⅛	67⅛	3 4 4	4 18 1
73		Br. Trans. 3% '68-73	74⅜	74⅜	3 17 4	5 8 1
83⅞		Br. Trans. 4% '72-77	84⅜	84⅜	3 7 10	5 7 2
67		Br. Trans. 3% '78-88	68⅜	68⅛	3 8 1	5 2 0

Prices, Jan. 1 to Nov. 7, 1956 High	Low	ORDINARY STOCKS	Price, Oct. 31, 1956	Price, Nov. 7, 1956	Yield, Nov. 7, 1956
			%	%	£ s. d.
		STEEL & ENGINEERING			
85/6	64/-	Babcock & Wilcox £1	8 *b*	7 *a*	73/9	73 9	4 1 4
13/-	9/4½	Cammell Laird 5/-	14 *c*	4 *a*	10/3	10 6	6 13 4
35/-	24/7½	Dorman Long £1	8 *c*	3 *a*	25/9	26/-	6 3 1
54/9	40/-	Guest Keen N'fold £1	8½ *b*	3½ *a*	42/6	43 9	5 9 9
55/6	41/6	Metal Box £1	4 *a*	6 *b*	50/-	50/-	4 0 0
75/-	55/10½	Stewarts & Lloyds £1	12½ *b*	5 *a*	59/9	59 9	5 17 2
48/-	34/3	Summers (John) £1	8 *b*	4 *a*	35/9	35 6	6 15 2
58/-	46/6	Swan Hunter £1	11 *b*	3 *a*	57/6	57 6	4 17 5
49/9	35/10½	United Steel £1	8½ *b*	4 *a*	37/9	37 6	6 13 4
44/7½	32/4½	Vickers £1	7½ *b*	2½ *a*	39/4½	39/7½	5 0 11
		TEXTILES					
24/9	19/4½	Bradford Dyers £1	6 *b*	4 *a*	24/3	24/-	8 6 8
23/7½	13/9	Brit. Celanese £1	3 *a*	5 *b*	15/3	15/3	10 9 10
25/10½	21/9	Coats (J. & P.) £1	2½ *a*	6½ *b*	23/3	22/6	7 15 7
44/-	30/-	Courtaulds £1	6 *b*	4 *a*	31/-*	31 6*	6 7 0
21/3	12/3	Fine Spinners £1	5 *a*	5 *b*	16/3	16/-	12 10 0
30/-	22/3	Lancs. Cotton £1	7½ *b*	5 *a*	29/3	29 3	8 11 10
33/3	26/-	Patons & Baldwins £1	2½ *a*	10 *b*	32/6	32/-	7 16 3
		MOTORS & AIRCRAFT					
22/4½	16/3	Bristol Aeroplane 10/-	6½ *b*	3½ *a*	17/6	17 9	5 12 8
9/-	5/10½	British Motor 5/-	8½ *b*	4 *a*	6/6	5 10½	10 12 9
44/3	29/3	Ford Motor £1	2½ *a*	5 *b*	31/-	30 3	4 19 2
49/3	29/9	Hawker Siddeley £1	12½ *b*	3 *a*	40/3	41 3	4 4 10½
115/10½	85/6	Leyland Motors £1	12½ *c*	10 *c*	47/6	47 6	5 5 3
33/3	26/-	Rolls-Royce £1	12½ *b*	5 *a*	105/-*	106/3*	3 5 10
		SHOPS & STORES					
18/10½	13/6	Boots Pure Drug 5/-	14 *c*	3 *a*	13/9	13/9	5 1 10
41/4½	29/-	Debenhams 10/-	7½ *a*	20 *b*	38/6	38/-	7 4 9
44/9	32/6	Gt. Universal 'A' 5/-	15 *a*	47½ *b*	33/-	34/-	9 3 10
71/11½	57/6	Marks & Spen. 'A' 5/-	32½ *b*	20 *a*	58/-	60/-	4 7 6
25/10½	19/1½	United Drapery 5/-	20 *b*	12½ *a*	21/6	21/-	7 14 9
64/10½	53/6	Woolworth 5/-	36½ *b*	20 *a*	54/3	55/3	5 2 7
		OIL					
183/9	99/-	British Petroleum £1	†10 *b*	†5 *a*	135/7½	137 6*	3 10 9
117/9	63/-	Burmah £1	12½ *b*	5 *a*	85/7½	91 3	3 16 9
£87½	£58½	Royal Dutch 100 fl.	6 *a*	14 *b*	£79	£83½	2 5 0
171/-	103/3	Shell Reg. £1	†5 *a*	†13½ *b*	143/9	150/7½	3 9 3*v*
		SHIPPING					
38/-	28/6	Brit. & Com'wealth 10/-	6½ *a*	...	35/-*	36/-*	4 8 11*g*
27/-	20/4½	Cunard £1	7½ *b*	3 *a*	22/6*	22/6*	8 17 9*m*
35/9	27/-	P. & O. Def. £1	5 *b*	3 *a*	30/-	31/6	5 1 7
		MISCELLANEOUS					
75/3	45/-	Assoc. Elect. £1	15 *c*	5 *a*	63/9	65/-	4 12 4
45/6	34/10½	Assoc. Port. Cem. £1	7 *b*	3 *a*	35/9	37 9	4 15 4*y*
60/9	41/6	Bowater Paper £1	7½ *b*	4½ *a*	41/10½	43/9	5 9 9
54/9	45/3	B.I.C.C. £1	4 *a*	8½ *b*	50/9	51/-	4 18 0
81/10½	40/4½	Brit. Aluminium £1	8 *b*	4 *a*	66/3	70 7½	3 6 9
60/-	45/9	Brit. Amer. Tob. 10/-	†7½ *b*	†10¾ *a*	52/6	52/6	5 16 0*i*
$69	$56⅜	Canadian Pacific $25	3 *b*	3 *a*	$64	$65	4 5 5
37/10½	24/9	Decca Record 4/-	43½ *c*	14 ⅛	28/9	28 1½	6 4 5
25/9	15/6	Dunlop Rubber 10/-	10 *b*	2½ *a*	16/6	16/3	7 13 10
66/1½	43/6	English Elect. £1	8½ *b*	4 *a*	46/3	47/6	5 5 3
65/6	41/3	General Elect. £1	4½ *a*	9½ *b*	43/9	43 9	6 8 0
49/10½	38/3	Imp. Chemical £1	6 *b*	4 *a*	39/9	40/3	4 19 5
62/9	45/-	Imp. Tobacco £1	12½ *b*	8½ *a*	47/-	46/-	9 2 7
$211	$141½	$2·90 *c*	$3·75 *c*	Inter. Nickel u.p.v.	$194	$202	3 6 8
64/6	50/-	12½ *b*	7½ *a*	London Brick £1	51/3	50 7½	7 18 0
30/3	22/6	15½ *b*	6¾ *a*	Monsanto Chemicals 5/-	23 4½	23 4½	4 16 3
69/1½	55/3	12½ *b*	4½ *a*	Tate & Lyle £1	61/6	61 6	5 7 3
69/6	54/3	6½ *a*	7½ *b*	Tube Investments £1	55/-	57/6	5 4 4*w*
115/6	95/9	20 *b*	5 *a*	Turner & Newall £1	99/4½	100/7½	4 19 5
82/9	61/7½	6 *a*	9½ *b*	Unilever £1	71/-	72/-	4 7 6
38/7½	22/9	†7½ *b*	†4½ *a*	United Molasses 10/-	34/3	35 9	5 16 0
40/-	23/6	†12½ *a*	†7½ *b*	Cons. Tea & Lands £1	23/3*	24/3*	14 6 10
2/10½	1/9¾	5 *a*	15 *b*	London Asiatic Rbr. 2/-	2 2½	2 1½	18 16 4
61/9	37/6	30 *b*	12½ *a*	United Sua Betong £1	51/3	48 9	17 8 10
		MINES					
8¼	6⅝	20 *a*	50 *b*	Anglo-Amer. 10/-	6⅛	7	5 0 0
35/7½	94/4½	120 *b*	80 *a*	De Beers 5/- Def. Reg.	100/-	100 0	10 0 0
96/10½	67/6	...	...	Free State Geduld 5/-	80/-	79 4½	Nil
50/6	31/10½	12½ *b*	12½ *a*	Randfontein £1	32/6	33 1½	15 2 0
10/11½	8/6	30 *c*	10 *a*	London Tin 4/-	10/6*	10 8½*	11 4 8
46	35	75 *a*	275 *b*	Rhokana £1	39*	39*	8 19 6

(*a*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend.
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Nov. 7, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Oct. 31, 1956	Price, Nov. 7, 1956	Yield, Nov. 7, 1956
							£ s. d.
94⅜	79	80⅜	74⅞	Aust. 3½% '65-69	77⅛	77½	5 15 0
101⅜	87	87½	72	Ceylon 4% '73-75	75	75	6 6 3
103⅛	87⅛	88⅝	82¼	N. Zealand 4% '76-78	84½	84½	5 3 10
88	87½	64½	57½	L.C.C. 3% aft. 1920	60	59*	5 1 8
99	83	85⅜	82⅜	Liverpool 3% '54-64	84	84	5 10 1
84	65	68⅜	61	M.Wtr.'B'3% '34-2003	62⅛	62½	5 4 0
102½	94⅜	97⅜	91½	Agric. Mort. 5% '59-89	93⅛	93½	6 8 6
122¾	91	117½	102½	German 7% 1924	115½	114	...
213	149	210	187	German 5½% 1930	210½	208½	...
212	160	226	208	Japan 5% 1907	226	225	...
354	190	275⅜	247½	Japan 5½% Conv. 1930	270½	268½	...

Prices, Jan. 1 to Nov. 7, 1956 High	Low	Last Two Dividends (*a*) (*b*) (*c*)	ORDINARY STOCKS	Price, Oct. 31, 1956	Price, Nov. 7, 1956	Yield, Nov. 7, 1956
		% %	BANKS & DISCOUNT			£ s. d.
60/-	41/1½	7 *b* 5 *a*	Barclays £1	42/6	42/-	5 14 3
58/9	50/3	6 *b* 6 *a*	Lloyds 'A' £5, £1¼ pd.	57/6	57/6	5 5 4
72/4½	61/-	9 *b* 9 *a*	Midland £1, fully pd.	68/-	68/-	5 5 11
70/-	59/9	9 *b* 9 *a*	N. Prov. 'B' £5, £1 pd.	63/6	62/-	5 16 2
77/9	66/6	8 *b* 8 *a*	Westmstr 'B' £4, £1½ pd.	70/-	69/-	5 15 11
43/6	28/-	3½ *b* 2½ *a*	Alexanders £1	32/6	32/6	3 16 11
46/-	29/3	5 *b* 5 *a*	Nat. Disc. 'B' £1	36/6	36/6	5 9 7
50/-	40/6	6½ *b* 6½ *a*	Union Disc. £1	47/-	46/6	5 7 6
35/9	29/9	4 *b* 4 *a*	Barc. (D.C.O.) £1	31/-	31/-	5 3 3
41/9	33/-	7½ *b* 7½ *a*	Chart. Bk. of India £1	34/6	34/6	8 13 11
			INSURANCE			
29	16½	37½ *b* 12½ *a*	Leg. & Gen. £1	25½	25½	1 19 8
25½	19	†47½ *b* †20 *a*	Pearl £1, fully pd.	19½	19½	6 0 4
48½	39½	†117½ *c* †125 *c*	Prudential 'A' £1	40½	39½	5 9 4
			BREWERIES, ETC.			
119·6	106/-	33 *b* 10 *a*	Bass £1	116/3	115/-	7 9 7
24·10½	19·9	6 *a* 11½ *b*	Distillers 6/8	20/-	20/3	6 15 2
45·10½	38·6	25 *c* 10 *a*	Guinness 10/-	39·4½	39·4½	6 7 0
76/-	67/-	14 *b* 7 *a*	Whitbread 'A' Ord. £1	68/-	67/6	6 4 5

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*i*) On 17½% Tax free. (*l*) To latest date. (*m*) On 10%. (*v*) On 15% Tax free. (*w*) On 15%. (*y*) On 9%.

New York Closing Prices

	Oct. 31	Nov. 7		Oct. 31	Nov. 7		Oct. 31	Nov. 7
	$	$		$	$		$	$
Balt. & Ohio.	51	52	Am. Smelting	50⅞	52⅛	Inter. Paper	110⅛	110⅛
Can. Pac.	32⅜	32⅞	Am. Viscose	33⅛	34⅛	Nat. Distill.	26⅛	27⅛
N.Y. Cent.	37⅛	38⅛	Cel. of Am.	14⅛	14⅛	Sears Roebuck	30⅛	31⅜
Pennsyl.	22⅛*	22⅝	Chrysler	73⅜	74⅛*	Shell	75½	81
Amer. Tel.	166⅛	169⅛	Gen. Elec.	59⅜	61⅛	Std. Oil of N.J.	54⅞	57⅜*
Stand. Gas	11⅝	11⅞	Gen. Motors	45⅜	47⅛	U.S. Steel	67⅛	71½
United Corp.	6⅛	6⅜	Goodyear	77⅛	78⅛	Westinghouse	52	54½
W. Union Tel.	18⅛	18⅜	Inter. Nickel	99	102⅜	Woolworth	45½	46½

Statistics

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

British		Overseas	
Prices and Wages	Nov. 3rd	Western Europe:	
Production and Consumption	This week	Production and Trade	Nov. 3rd
Manpower	Oct. 20th	British Commonwealth	This week
External Trade	Oct. 27th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Oct. 20th
Industrial Profits	Oct. 13th	United States	Oct. 27th
		World Trade	Oct. 13th

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1953	1954	1955	1955 July	Aug.	Sept.	1956 June	July	Aug.	Sept.
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948=100	121	130	137	122	118	140	142	123	115	139-140[a]
Mining and quarrying		"	109	110	108	85	89	119	115	95	80	...
Building and contracting		"	111	115	116	...	119[a]	...	125[b]	...	...	...
Gas, electricity and water		"	134	145	153	121	123	139	141	132	131	...
Manufacturing, total		"	123	133	142	127	121	146	147	131	115	...
Engineering, shipbuilding, electrical goods		"	129	140	155	136	125	158	159	...	...	...
Vehicles		"	158	165	172	157	139	176	174	153	...	...
Chemical trades		"	153	168	179	161	156	178	191	...	...	...
Textiles and clothing		"	114	116	116	102	96	122	120	104	...	...
Food, drink and tobacco		"	114	116	117	113	112	114	128	115	...	...
BASIC MATERIALS												
Production of:												
Coal[b][c]	W	'000 tons	4,200	4,238	4,250	3,409	3,552	4,375	4,576	3,730	3,157	4,254
Pig-iron	W	"	245	229	240	231	236	245	240	240	226	253
Steel, ingots and castings	W	"	359	356	381	303	345	393	380	326	341	417
Sulphuric acid	M	"	155·3	170·2	174·6	155·0	153·4	172·3	170·6	174·1	168·1	...
Newsprint	W	"	11·60	11·77	11·91	7·18	10·79	12·21	12·58	7·67	10·50	...
Electricity[d]	M	mn. kwh	5,459	6,075	6,679	5,115	5,307	5,983	6,142	5,840	5,868	6,384
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	17·97	19·17	16·91	14·01	14·22	16·37	16·60	13·33	13·56	16·28
Worsted yarn	M	"	18·40	18·89	18·48	16·63	14·42	19·85	19·89	19·17	14·40	...
Rayon and synthetic fibres, total	M	"	34·94[e]	37·30[e]	39·32	36·71	35·41	41·13	41·47	38·72	33·45	35·53
" " " " staple fibre	M	"	16·35[e]	19·00[e]	19·94	18·77	16·68	21·53	22·51	20·99	16·93	18·51
Cotton cloth, woven	W	mn. yds.	35·2	38·3	34·3	29·4	31·7	31·3	33·3	22·3	23·1	...
Wool fabrics, woven	M	mn. sq. yds.	34·5	34·5	34·2	31·7	25·7	37·4	33·3	33·4	25·3	...
Engineering production:												
Passenger cars and chassis	W	'000s	11·44	14·51	17·26	13·51	13·97	13·06	16·61	12·87	6·43	11·95
Commercial vehicles and chassis	W	"	4·31	5·07	6·35	5·58	5·71	7·14	6·61	4·91	3·01	4·91
Metal-working machine tools	M	'000 tons	12·55	11·39	12·52	11·81	10·74	12·85	12·31	13·77	...	...
Internal combustion engines	M	'000 B.H.P.	311	356	403	403	328	459	454	449	...	...
BUILDING ACTIVITY												
Permanent houses completed: [f]												
Total	M	'000s	26·56	23·97	26·42	25·59	23·92	27·93	27·67	25·09	23·71	25·57
By private builders	M	"	5·24	7·55	9·46	9·43	9·84	11·01	11·03	10·66	10·50	10·92
By local housing authorities	M	"	19·91	19·58	15·98	15·09	13·35	15·89	15·58	13·44	12·55	13·72
Other	M	"	1·41	1·83	0·98	1·07	0·73	1·03	1·07	0·90	0·66	0·93
WHOLESALE SALES [g]												
Textile houses:		Av. value 1950=100										
Total home sales			95	95	98	71	82	134	84	71	83	...
Women's and children's wear		"	95	96	98	70	87	134	80	70	96	...
Men's and boys' wear		"	91	90	94	76	70	127	91	75	75	...
Piece-goods		"	66	63	62	49	59	75	57	53	54	...
RETAIL SALES [g]		Weekly av. value										
All kinds of business:		1950=100										
All retailers		"	...	...	140	145	139	136	144	147	140	144
Independent retailers		"	...	...	136	142	139	131	135	141	136	136
Multiple retailers		"	...	...	148	153	132	142	155	155	151	151
Co-operative societies		"	...	...	142	136	138	142	151	148	143	155
General department stores		"	...	...	117	125	89	116	112	124	100	116
By kind of shop:												
Food		"	...	...	148	150	145	145	153	154	155	152
Clothing and footwear		"	...	...	121	135	95	110	128	134	113	120
Household goods		"	...	...	130	149	134	153	140	145	142	153
STOCKS												
Basic materials:												
Coal, distributed [b]		'000 tons	17,636	15,382	13,338	14,278	15,093	17,772	17,160	13,451	18,031	13,140
Steel		"	1,051	839	1,280	1,086	1,237	1,323	1,421	1,434	1,615	...
Copper [h]		"	55·3	61·5	76·2	99·7	107·2	95·7	75·2	63·2	72·1	...
Sulphur [h]		"	66·8	67·2	85·2	75·5	92·0	103·2	101·5	100·9	104·9	...
Newsprint		"	110·6	97·5	105·0	113·8	193·5	191·7	126·2	124·8	128·3	...
Textiles:		Av. value 1950=100										
Wholesale houses, total [g]			89	95	90	110	115	110	103	117	135	...
Large retailers, clothing and footwear [i]		"	102	107	110	109	116	120	133	119	123	...

[a] Great Britain. [b] Provisional estimate. [c] 1954 figures onwards exclude all screening losses normally amounting to around 5,000 tons a week. [d] Excluding government stocks. [e] Average for second quarter. [f] Average for third quarter. [g] Rayon and nylon production only. [h] Including filter cake from May, 1956.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal: Australia	Canada	India	S. Africa	Crude petroleum: Canada	Pakistan	Electricity: Australia	Canada	India	N. Zealand	S. Africa
	'000 tons						million kwh				
1948	1,232	1,255	2,511	1,969	139	5·3	728	3,714	381	204	772
1954	1,647	962	3,074	2,404	1,062	21·4	1,206	5,761	627	312	1,220
1955	1,607	951	3,185	2,646	1,429	22·6	1,345	6,358	707	336	1,363
1956, March	1,491	984	3,360	2,752	1,895	24·2	1,398	6,487	800	372	1,447
" April	1,537	857	3,223	2,775	1,574	22·7	1,356	6,568	781	298	1,412
" May	1,754	889	3,314	2,910	1,591	22·8	1,545	6,896	826	341	1,543
" June	...	747	3,197	2,729	1,752	...	1,568	6,713	797	345	1,541
" July	...	704	3,167	2,807	...	...	...	6,675	...	396	1,551

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper: Canada	N. Rhodesia	Rubber: Ceylon	Malaya	Tin: Malaya	Steel: Australia	Canada	India	S. Africa	Gold: Australia	Canada	S. Africa
	'000 tons									'000 fine ounces		
1948	16·3	17·4	7·9	58·2	4·14	106	238	104	49	73·8	294	965·4
1954	19·5	31·5	7·8	48·7	5·93	185	257	140	117	93·2	364	1,102·3
1955	21·6	28·9	7·8	53·3	5·89	183	337	142	130	87·4	379	1,213·7
1956, May	23·0	32·8	7·2	43·2	6·26	218	412	138	131	86·3	376	1,349·6
" June	22·6	32·4	6·5	52·7	6·72	217	398	133	131	92·0	377	1,351·5
" July	24·7	34·8	10·5	54·7	5·27	230	394	...	136	...	...	1,369·7
" August	23·2	33·7	9·1	53·3	5·94	...	392	...	...	...	...	1,386·4
" September	...	...	7·6	...	...	...	...	...	...	...	...	1,350·1

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia: Imports	Exports	Canada: Imports	Exports	India: Imports	Exports	New Zealand: Imports	Exports	Pakistan: Imports	Exports	S. Africa [a]: Imports	Exports
	mn. £A		mn. $C		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1948	28·2	33·8	220	259	537	382	10·71	12·27	85·9	136·1	29·5	11·4
1954	56·6	67·9	341	329	547	495	20·43	20·33	96·0	99·0	36·5	27·6
1955	70·1	63·4	393	363	566	504	23·93	21·55	90·5	125·4	40·2	30·7
1956, April	67·9	78·6	532	388	596	399	20·1	24·1	96·4	121·8	42·1	30·7
" May	71·6	90·8	550	435	678	453	...	24·8	103·9	81·0	42·7	36·2
" June	63·4	73·1	491	429	663	465	...	21·9	122·1	140·5	42·8	32·4
" July	57·3	64·3	485	430	594	421	...	...	...	...	...	...
" August	...	...	475	427	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES [4]

	Gold and Foreign Exchange Holdings: Australia [b]	Canada	India [b]	New Zealand [b]	S. Africa	Cost of Living: Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1953 = 100						
1948	1,265	1,011	3,355[c]	237	652	56	84	...	74	89[d]	77	73
1954	1,133	1,955	1,782	239	436	101	101	95	105	98	102	100
1955	835	1,910	1,791	179	368	104	101	90	107	94	106	101
1956, May	...	1,856	1,743	247	316	109[e]	101	97	111[e]	96	107	105
" June	795	1,912	1,699	257	324		102	99		96	107	106
" July	...	1,904	1,632	257	304	...	103	100	...	...	108	106
" August	...	1,895	1,573	258	315	...	103	...	...	...	...	105
" September	...	1,915	...	...	320	...	...	...	...	...	...	...

[1] Electricity production for New Zealand represents about 87 per cent of total generation. [2] Copper and tin refer to metal production. [3] General trade (including re-exports) except for Canada, which is special trade only. Imports are cif except for Australia, Canada and S. Africa which are fob; exports are fob. Trade for India includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia 12 months ended June 30th. [4] Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. [a] Including bullion and foreign investments. [b] Including semi-processed gold. Beginning January, 1955, including South-West Africa. [c] In July, 1948, part of holdings was transferred to the State Bank of Pakistan. [d] April, 1948—March, 1949. [e] Including some long-term securities. [e] Average for second quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended November 3rd, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £1,486,000 compared with a deficit of £11,478,000 in the previous week and a surplus of £29,699,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £12,659,000, bringing the total deficit to £657,018,000 (£589,655,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Nov. 5, 1955	April 1, 1956 to Nov. 3, 1956	Week ended Nov. 5, 1955	Week ended Nov. 3, 1956
Ord. Revenue					
Income Tax	2085,500	574,167	643,795	13,083	19,351
Surtax	144,000	34,000	40,600	1,000	1,200
Death Duties	160,000	106,900	96,300	3,000	2,500
Stamps	58,000	44,000	37,400	1,500	1,200
Profits Tax, E.P.T.	216,750	125,900	117,650	10,800	8,400
Excess Profits Levy	4,000	14,500	3,400	300	...
Special Contribution and other Inland Revenue	1,000	300	210	...	...
Total Inland Rev.	2680,150	899,567	939,355	29,683	32,751
Customs	1204,000	692,914	698,862	21,495	17,047
Excise	953,350	788,250	816,170	44,605	44,445
Total Customs and Excise	2157,350	1181,164	1215,032	66,100	61,492
Motor Duties	92,000	22,257	22,971	2,227	1,359
PO (Net Receipts)	...	...	...	...	...
Broadcast Licences	28,000	11,300	12,900	...	3,100
Sundry Loans	30,000	23,266	24,888	468	...
Miscellaneous	200,000	75,386	89,404	2,409	889
Total	**5187,500**	**2213,440**	**2304,551**	**100888**	**99,592**
Ord. Expenditure					
Debt Interest	670,000	581,263	434,260	19,263	20,932
Payments to N. Ireland Exchequer	61,000	32,575	34,532	2,008	...
Other Cons. Fund	10,000	6,236	5,411	198	346
Supply Services	3941,918	2000,368	2242,052	48,650	79,559
Total	**4682,918**	**2420,442**	**2716,256**	**70,118**	**100818**
Sinking Funds	37,000	29,830	20,306	1,071	260
"Above-line" Surplus or Deficit	**—** **227,831**	**—** **432,011**	**+** **29,699**	**—** **1,486**	
"Below-line" Net Expenditure	361,824	225,007	3,428	12,659	
Total Surplus or Deficit	**—** **589,655**	**—** **657,018**	**+** **26,271**	**—** **14,145**	
Net Receipts from:					
Tax Reserve Certificates	114,100	162,656	15,238	12,537	
Savings Certificates	8,700	40,700	−1360	6,000	
Defence Bonds	24,955	−36,052	−2175	−1497	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Nov. 5	3,450·0	1,854·1	253·8	0·3	5,558·1
1956					
Aug. 4	3,360·0	1,218·5	228·4	0·3	4,805·1
" 11	3,390·0	1,151·2	231·9	...	4,783·9
" 18	3,420·0	1,355·6	262·4	0·8	5,038·7
" 25	3,450·0	1,346·2	257·3	...	5,053·5
Sept. 1	3,480·0	1,330·3	228·5	...	5,038·9
" 8	3,510·0	1,322·4	255·9	1·8	5,070·1
" 15	3,540·0	1,324·9	256·8	...	5,121·7
" 22	3,590·0	1,325·1	254·5	...	5,169·6
" 30	3,610·0	1,338·2	258·0	...	5,186·2
Oct. 6	3,610·0	1,338·8	253·7	2·3	5,204·8
" 13	3,610·0	1,322·7	248·3	1·0	5,182·0
" 20	3,620·0	1,342·2	255·9	...	5,218·0
" 27	3,610·0	1,378·9	245·2	0·8	5,234·9
Nov. 3	3,610·0	1,360·2	263·6	...	5,233·7

THE MONEY MARKET

NOTWITHSTANDING the flare up in the Middle East, the discount market made no increase in its rate at the Treasury bill tender on Friday last. In the absence of the political factor, however, the market might have reduced its rate, as the increase in the bids offered by outside applicants at the preceding tender had cut sharply into the market's allotment. At last week's tender, outside applicants appear to have shaved their bids somewhat, and they also reduced their total applications. The upshot was that the market's allotment rate rose from 30 to 36 per cent of its tender for the £200 million of 91-day bills on offer, though for the £70 million of 63-day bills the allotment rate declined by one point to 90 per cent. The average rate of discount on all 91-day bills allotted rose to £4 19s. 9.85d. per cent.

Credit conditions in Lombard Street have generally been stringent in the past week—though on Wednesday funds became freely available and some remained unlent. Before the week-end, the Bank helped the market through small special purchases. On Monday, however, when there were no bill maturities owing to the incidence of the August holiday, two or three houses were forced to renew their seven-day loans from the Bank. On Tuesday the market was kept out of the Bank only by large special purchases.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% on 16/2/56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: 60 days	5⅛
Banks	3½	3 months	5⅛–5¼
Discount houses	3½*	4 months	5⅛–5¼
		6 months	5⅛–5¼
Money Day-to-day	3½–4½	Fine trade bills:	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4⅛	4 months	6–6½
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Nov. 9, 1955	Oct. 31, 1956	Nov. 1955
Issue Department:*			
Notes in circulation	1,772·2	1,877·8	1,848·
Notes in banking dept.	8·1	47·5	38
Govt. debt and securities*	1,796·3	1,921·3	1,921·
Other securities	0·7	0·7	0
Gold coin and bullion	0·4	0·4	0
Coin other than gold coin	3·0	3·0	3·
Banking Department:			
Deposits:			
Public accounts	15·7	15·1	11·
Bankers	245·6	256·6	238
Others	65·6	73·3	71
Total	327·9	345·0	321·
Securities:			
Government	261·8	268·3	254·
Discounts and advances	39·7	28·2	27
Other	16·8	16·7	16
Total	318·3	313·2	298·
Banking department reserve	30·6	49·5	40·
"Proportion"	9·2	14·3	12

* Government debt is £11,015,100, capital £14,553,0 Fiduciary issue reduced to £1,925 million from £1,950 mill on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bi Average Rate of Allotment	Allot at M Rat
1956	*91 day* *63 day*		s. d.	%
Nov. 4	200·0 60·0	369·7	81 11·65	88
1956	*91 day*			
Aug. 3	270·0	399·1	100 3·79	57
" 10	280·0	409·9	100 5·84	63
" 17	280·0	393·4	100 0·43	62
" 24	270·0	405·2	101 2·95	80
" 31	290·0	385·0	100 6·41	80
Sept. 7	290·0	430·0	101 4·50	55
" 14	290·0	404·2	102 0·77	61
" 21	280·0	380·0	103 4·86	55
" 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	56
" 12	260·0	403·6	102 2·21	55
" 19	280·0†	392·9	100 2·14	66
	91 Day *63 Day*			
" 26	200·0 60·0	412·4	99 9·85	30
Nov. 2	200·0 70·0	405·8	99 11·55	36

* On November 2nd *tenders* for 91 day bills at £99 15s secured 36 per cent and 63 day bills at £99 2s. 9d. were 90 per cent, higher tenders being allotted in full. Yesterd offering of £280 million included £80 million at 65 d † Allotment cut to £250·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: November 1	Market Rates: Spot: November 1	November 2	November 3	November 5	November 6	Novembe
United States $	2·78–2·82	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾	2·73½–2·7
Canadian $	...	2·69½–2·70¼	2·69⅝–2·69¾	2·69⅝–2·69⅞	2·69⅝–2·69½	2·69⅝–2·69⅛	2·69⅝–2·6
French Fr.	972·65–987·35	981½–981¾	981–981½	980½–981	980⅝ 981	980⅝ 980⅞	982·98
Swiss Fr.	12·15⅛–12·33⅛	12·19½–12·19⅝	12·20½–12·20¾	12·20–12·20⅛	12·20⅛–12·20⅜	12·19⅝–12·20⅛	12·22–12
Belgian Fr.	138·95–141·05	139·25–139·30	139·30–139·35	139·25–139·30	139·27½–139·32½	139·22½–139·27½	139·57½–153
Dutch Gld.	10·56–10·72	10·60–10·60¼	10·60¼–10·61	10·60⅜–10·60⅝	10·60⅛–10·60⅜	10·60–10·60⅛	10·62–19·6
W. Ger. D Mk.	11·67⅛–11·84⅜	11·68⅜–11·69	11·68⅜–11·68⅝	11·68–11·68⅜	11·68⅛–11·68⅜	11·68–11·68⅛	11·69⅜–11·6
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·1
Italian Lire	1736⅛–1762½	1749⅛–1750⅛	1750–1751	1750½–1751⅛	1750½–1751¼	1750½–1751¼	1752½–1753
Swedish Kr.	14·37½–14·53⅛	14·40¼–14·40⅝	14·40¼–14·40⅝	14·39⅜–14·39½	14·39⅜–14·39½	14·38½–14·38⅝	14·42½–14·4
Danish Kr.	19·19½–19·48¼	19·32–19·32½	19·32½–19·32⅝	19·32¼–19·32½	19·31½–19·32⅛	19·31½–19·32	19·32½–19·3
Norwegian Kr.	19·85–20·16	19·96–19·96½	19·94–19·94½	19·94–19·94½	19·94–19·94½	19·94–19·94½	19·97–19·9
One Month Forward Rates							
United States $		⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm	⅜–½c. pm
Canadian $		⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	⅛c. pm–par	⅛c. pm–par
French Fr.		1–3 dis	1–3 dis	1–3 dis	1–3 dis	1–3 dis	1–3 dis
Swiss Fr.		2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	3–2½c. pm
Belgian Fr.		⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm	⅝–⅜ pm
Dutch Gld.		1½–1c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm	2–1½c. pm	1¾–1¼c. pm
W. Ger. D Mk.		2½–1½pf. pm	2½–1½pf. pm	2½–1½pf. pm	2½–1½pf. pm	3–2½pf. pm	2½–2pf. pm
Italian Lire		3–1 pm	3 pm–par	3 pm–par	2 pm–par	2 pm–par	2 pm–par
Swedish Kr.		½0 pm–½0 dis	½0 pm–½0 dis	½0 pm–½0 dis	½0 pm–½0 dis	½0 pm–½0 dis	½0 pm–½ d
Danish Kr.		5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm	6 35 pm
Norwegian Kr.		25 pm–par	25 pm–par	25 pm–par	25 pm–par	25 pm–par	25 pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		252/–	252/–	...	252/–	251/9½	251/7

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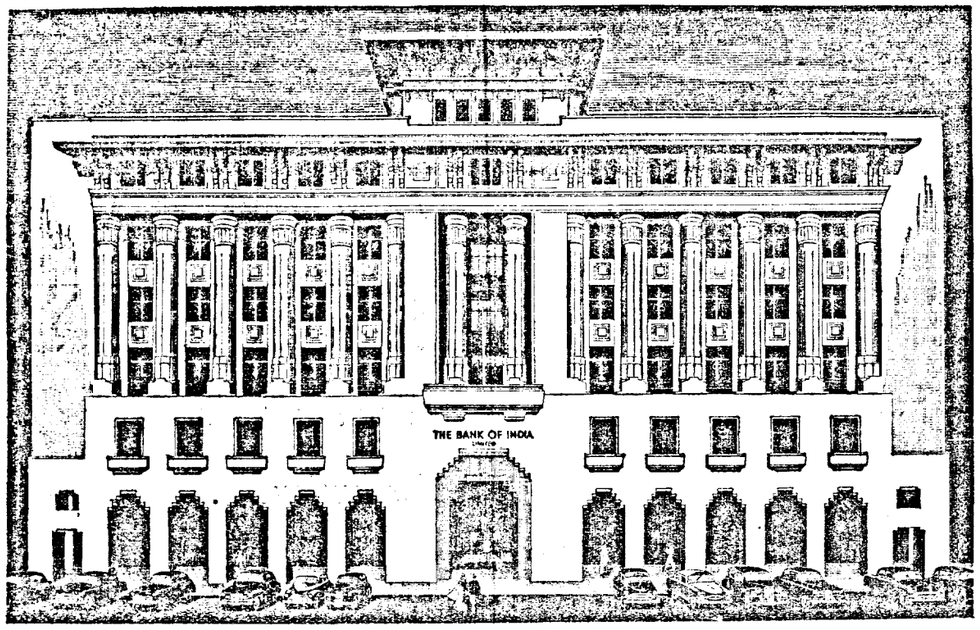

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General Manager: Mr. D. R. Thom

Golden Jubilee

1906—1956

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OVERSEAS BRANCHES: London, Aden, Karachi (Pakistan); 5 Branches in East Africa at Nairobi, Mombasa, Kampala, Jinja and Dar-es-Salaam; 2 Branches in Japan at Tokyo and Osaka; and Singapore.

AGENTS: In all the principal countries of the world.

THE BANK'S POSITION
AS ON 30-6-1956

Capital Authorised	..	Rs 50,000,000	(£ 3,750,000)
Capital Subscribed	..	Rs 50,000,000	(£ 3,750,000)
Capital Paid-up	..	Rs 25,000,000	(£ 1,875,000)
Reserve Fund	..	Rs 35,200,000	(£ 2,640,000)
Deposits	..	Rs 755,000,000	(£56,625,000)
Working Funds	..	Rs 973,000,000	(£72,975,000)

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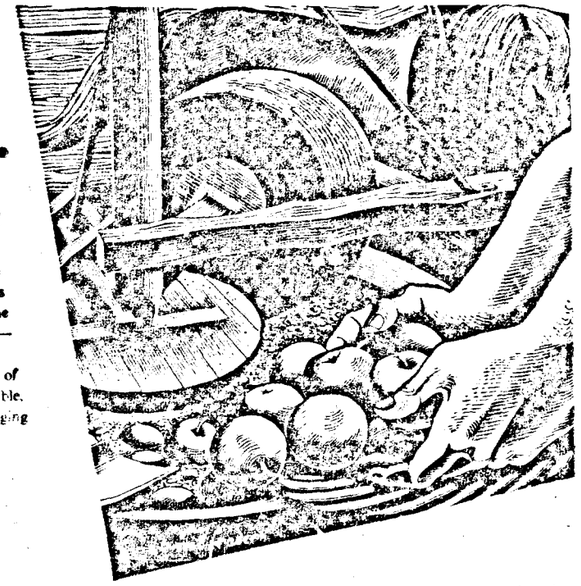

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COMPANY MEETINGS

FISONS LIMITED

STEADY INCREASE IN CONSUMPTION OF FERTILIZERS

FURTHER EXPANSION IN RESEARCH FACILITIES

MR F. G. C. FISON'S REVIEW

The sixty-third Annual General Meeting of Fisons, Limited, will be held on November 30th, at Harvest House, Felixstowe, Suffolk.

The following is the review of the Chairman, Mr F. G. C. Fison, which has been circulated with the Report and Accounts for the year to June 30, 1956:

BOARD OF DIRECTORS

Mr C. E. Horton, CBE, who joined the company in 1951 as Director of Research, has been elected to a seat on the Board.

THE ACCOUNTS

Sales for the year, including those of our Subsidiary Companies, but excluding sales by our Associated Companies at home and abroad, were £37,500,000 compared with £32 million in the previous year.

The Group Trading Profit, including dividends from our Associated Companies, and after deducting Debenture and Loan interest, was £3,051,269 compared with £2,656,276.

We have written a further amount of £250,000 off our investment in the Société Industrielle d'Acide Phosphorique et d'Engrais which reduces the value of this investment in our books to £178,000 and we have transferred £600,000 (the same) to General Reserve.

In the notes attached to last year's accounts it was stated that under the terms of a contract for the sale of chemicals by a Subsidiary Company, unused goods were returnable in certain circumstances and the opinion was expressed that no loss was likely to arise from this source. In fact a settlement has been arrived at under this contract which has resulted in a loss, but which should be of considerable value to the Company in future years.

FINANCE

Our plans for the erection of a new factory on the Thames for the manufacture of nitrogen compounds, and the extension and modernisation of our manufacturing capacity for compound fertilizers, as well as our investment in new industrial chemicals, will involve heavy capital expenditure during the next few years. It is proposed to raise immediately approximately £5 million by an issue of Unsecured Loan Stock for which the permission of the Capital Issues Committee has been obtained. The magnitude and pace of our extensions will require the Company to raise further capital in due course and it is at present proposed to do this by the issue of Ordinary Shares.

RAW MATERIALS

Raw material constitutes over 60 per cent of the cost of compound fertilizers. In consequence substantial rises in raw material costs must inevitably affect to a large extent fertilizer prices, although they may be offset in some degree by improvements in efficiency and in the volume of output.

We compile a price index of our raw materials from year to year and the following are the figures for the fertilizer year 1955/56 compared with a figure of 100 for the year 1953/54.

1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year
112·1	118·1	120·9	121·9	119·0

In the year under review we had marked increases in the costs of phosphate rock and sulphate of ammonia. In the case of phosphate rock these increases were chiefly due to the continued rapid increase in freight rates. Sulphate of ammonia, of course, is produced entirely in this country, but the level of prices had been uneconomic to the producers, of whom a Government department was one of the most important, and in consequence increases have had to be made considerably above those necessitated by current increases in cost. We very much hope that prices have now reached a level which is economic to the producers.

Other major materials, namely potash, sulphuric acid and packaging materials, of which we are one of the largest users in the country, showed only small increases substantially below in most cases those ruling for other materials and this to some extent reduced the impact of the major movement of phosphate rock and sulphate of ammonia prices.

All our important raw materials were in free supply during the year, although, owing to the unprecedented demand in the spring, some sulphate of ammonia was purchased from the Continent to fill a temporary gap in our supplies, but the situation in North Africa continued to occasion us serious concern. We took the precaution of making very substantial increases in our stock holding of phosphate rock, although the cost of these precautions is extremely high, both in storage facilities and working capital. We also considered it necessary, in view of the importance of fertilizers in our economy, to contract for certain purchases of rock in the United States, and the effect of this will be felt in the current year's operations.

Recent events have tended to increase the uncertainty of the situation in North Africa. We have always felt serious doubt about the ability of the Sultan to steer a middle course between the extremists in Morocco on the one hand and the French administration on the other, but when the irregular armed forces were absorbed into his army, although there were serious incidents involving the French administration and colonists, law and order was maintained to a much greater degree than the French considered was possible. We have never had any doubt about the competence of the French administration of the Moroccan phosphate mines and our confidence in the Director General and his staff has been justified by the manner in which production has been maintained and even increased. Our doubts centred on the extent to which the French management would be able or allowed to operate under the new political regime. A permanent settlement of the Moroccan question can, of course, hardly be envisaged without a settlement of the Algerian issue and events in Egypt have probably made the opposition to the French administration more intransigent than previously.

For many years we have relied on a steady flow of rock from Morocco and, in consequence, have maintained only relatively small stocks. Whatever policy we follow in the future is likely to result in substantially higher costs than in the past.

FERTILIZERS

In terms of plant nutrients deliveries of fertilizers in the United Kingdom compare with the previous years as follows:—

	1954/55 tons	1955/56 tons
Nitrogen in terms of N	248,100	291,300
Phosphates in terms of P_2O_5	334,500	385,900
Potash in terms of K_2O	252,400	305,500
Total plant nutrient	835,100	982,700

It will be seen that there has been a considerable increase in the consumption of the three plant nutrients, of which we have enjoyed our share. It is worthy of note that though farm incomes have declined during the past three or four years, nevertheless the usage of fertilizers has steadily increased. The increase in fertilizer consumption this year reflects the higher tillage acreage planted in the 1955/56 season, but at the same time it shows that the knowledge of the value of fertilizers is now widely accepted. This is due largely to the constant efforts of the Ministry of Agriculture and of commercial firms to convince farmers of the value of the greater use of fertilizers. We have made our contribution through our Technical Sales Service which now covers the entire country. Every farmer in the United Kingdom who wishes to do so can now freely call in one of our Technical Sales Representatives in connection with any fertilizer or crop protection problem. Our service has been widely used by Agricultural Merchants who play an important part because they are in everyday contact with farmers, and with whom we maintain most friendly relations.

All our factories worked at full pressure throughout the year and it is greatly to the credit of the managements and operating staffs that we were able to meet the unprecedented demand in the spring. At the same time I must utter a word of warning: for the difficult and protracted harvest of 1956 has delayed autumn cultivations and sowings and this may well lead to an even greater seasonal demand in the spring of 1957, which would be bound to cause serious delays in delivery at a time when farmers cannot afford to wait.

Good progress is being made with our plans for the production of nitrogenous fertilizers on our site on the Thames and it is hoped that the first stage of manufacture will be achieved in the autumn of 1958.

The rapid and most satisfactory expansion of our Horticultural Trade has led us to plan a modern manufacturing and packing plant at Bramford, near Ipswich, work on which has already commenced.

FERTILIZER PRICE POLICY

It is well known that the demand for fertilizers in the postwar years has been very strong indeed and that, unlike a number of other countries, there has as yet been no over-supply of the market. This country does produce a substantial surplus of nitrogen, but export prices have been higher than internal prices and, in consequence, there cannot be said to be any state of oversupply. It is also well known that we have a very strong position in the industry. This fact, of course, as I have mentioned previously, has been of great benefit to us in that it has enabled us to operate our plants to capacity with consequential economies in operation. We have, however, raised substantial sums of money from shareholders and the public in the last few years, and our capital expenditure programmes will certainly require further finance not available from the Company's own resources.

I think it will be evident from the statements I have made in previous years that we have thought it right to follow a very moderate profit policy and to ignore largely the factors which would have made it possible for us to make large profits. We have been very conscious of the difficulties of the farmer and of the fact that there has been some decline in farm incomes in recent years, and also that agriculture is subsidised by the Government. Our policy, therefore, broadly speaking, has been to fix prices at a level which provided a reasonable return to shareholders and which allowed us to retain part only of the capital required for expansion. When there have been exceptional circumstances to the farmer's disadvantage, as there were two years ago in the form of a very unsatisfactory harvest, or, as in the present year, due to exceptional increases in costs, we have felt it appropriate to carry part of the burden ourselves until matters should improve. This is so, for example, in the present year. There have been very large increases in costs, due to freights and raw materials, as well as increases in our own costs, resulting from a very large expansion in agricultural research which we have undertaken.

In such a basic industry as ours supplying a subsidised agriculture, an industry moreover peculiarly subject to fluctuations beyond anyone's control, we have felt obliged to pay great regard to the public interest. We think that this is in the longer term interest also of shareholders, and certainly I think our Company enjoys exceptional goodwill amongst the farming community. Perhaps I should mention in this connection that for the reasons to which I refer we have not thought it necessary or desirable to make any public statement regarding prices, which has been done by a number of other prominent companies. The cost of fertilizers is to a great extent beyond our control and depends on world trading conditions affecting freight rates, while profit margins are so moderate that we could not undertake to absorb any exceptional increases in costs which may at any time occur.

FISONS PEST CONTROL LIMITED

The year under review was characterised by an extremely dry spring and, in consequence, weeds were slow in germinating and the volume of spraying which it was possible to carry out was considerably below that of recent years.

Although we made substantial increases in turnover, the improvement was not as marked as last year, and our costs advanced considerably. We made, however, further important progress with the improvement of our manufacturing processes, and in the efficiency of our contracting service, which has now become a satisfactory profit earning business.

We continue to devote great attention to expansion on the overseas side and in particular we reached agreement in principle with Tatas, the well-known Indian industrial group, for the formation of a joint company to manufacture and sell pest control chemicals. The market, of course, in India is potentially very large indeed and we are very happy to become allied with such an important concern. We have also established manufacturing on a small scale in Ceylon in conjunction with Harrisons & Crosfield, with whom we have other connections. Another small interest was established in New Zealand and we strengthened our overseas force of technical representatives. We achieved in consequence a very large increase in export business in chemicals, although much of it on very slender profit margins.

The pest control business, both in this country and abroad, is highly competitive, but we now have one of the most up-to-date research laboratories in the world and a very able team of scientists from whom we are confident that new products commanding a wide use and contributing substantial profits will become available in due course.

THE AGRICULTURAL SITUATION

Just as the fine harvest and fine weather of 1955 stimulated the demand for fertilizers last year, so we must expect that the indifferent harvest and more than indifferent weather of 1956 will tend to slow down the normal rate of increase in demand this year. Nevertheless, I believe that over the years there will be a steady increase in fertilizer consumption, first because the use of fertilizers becomes more essential when farm profits tend to fall (and we have by no means approached the optimum usage in this country), and secondly because it will certainly be necessary to encourage agricultural production to protect the National balance of payments.

I therefore welcome the Government's reaffirmation of their policy set out in the White Paper issued after the Annual Review of the industry's position this year, in which emphasis was put on the need to maintain a large arable acreage to produce crops that can replace imported feeding stuffs, and secondly to improve the standards of our temporary and permanent grass for the production of beef, mutton and milk. I hope, too, that the discussions which are now proceeding with a view to formulating a longer term policy may be successful, for the uncertainty created by the present Annual Reviews has been a disturbing feature in recent years.

WHIFFEN & SONS LIMITED

Sales of industrial chemicals of Whiffen & Sons Limited again showed a marked increase, both in the home and export markets. The demand for derivatives of Hydrazine, of which Whiffens are the only manufacturers in the United Kingdom, was stimulated by their acceptance as a deoxygenator in high pressure boiler installations and for use as expanding agents in the rubber and plastics industries. Another important application is in the veterinary field for the prevention of fowl typhoid, whilst yet another provides the basic material for a new flux for soldering aluminium. Whiffen's work on the expansion of plastics has resulted in the production, in pilot plant quantities, of a new type of expanded PVC. This material, called "FI-VI," can be produced in sheet or other forms and is of particular interest to the aircraft and other industries because its insulating properties are combined with strength and remarkable lightness. Our exhibition of FI-VI at the British Industries Fair was enthusiastically received.

As I have previously reported, intense competition, particularly from East Germany and other Russian territories has reduced or eliminated profit margins in pharmaceutical chemicals such as Bromides, Iodides, Theobromine and Caffeine, and this has affected Whiffen's profit very considerably. Whiffens have completed a new plant for the synthesis of Theophylline, a chemical important to the medical profession as a diuretic and coronary artery dilator. Theophylline is thus being produced commercially for the first time in Britain. Imports have previously come from Germany. Whiffens have also completed plans for the manufacture in India of Emetine, used in the treatment of amoebic dysentery.

BENGER'S LIMITED

Benger's Limited have achieved increased sales and profits. I referred last year to licensing arrangements overseas for Benger's new product "Imferon" for the treatment of iron deficiency anaemias. By far the largest single market for ethical pharmaceuticals is the United States, but it is, unfortunately, rare for British pharmaceutical products to find a place in this highly competitive market. If is, therefore, particularly encouraging to be able to report that "Imferon" will shortly be available in the United States and contributing to our dollar earnings. The American medical profession has displayed great interest in our new drug and satisfactory licensing and supply agreements have been concluded with an American company.

GENATOSAN LIMITED

Genatosan Limited have had a most successful year, and in particular, sales of Sanatogen have reached the £1 million a year mark. Their new ethical liquid shampoo has now been launched as a popular product under the brand name "Sebbix" and sales have exceeded the most optimistic forecast.

FISONS CHEMICALS (EXPORT) LIMITED

Fisons Chemicals (Export) Limited has continued to make exceptionally good progress, export sales being substantially above those for the previous year.

ASSOCIATED COMPANIES

The new plant of Murgatroyd's Salt & Chemical Company Limited to produce chlorine and caustic soda was successfully commissioned during the year and we look forward to the benefits of the increased output. This is a Company which we own jointly with the Distillers Company Limited.

In Canada our Associated Company, International Fertilizers Limited, which operates in Quebec and the Maritime Provinces and in the State of Maine, USA, has had a difficult and unprofitable year, due to

bad weather, uncertainty about crop prices and fierce competition from the USA.

In South Africa, fertilizer consumption continues to grow, and our factories have worked at high pressure. To meet the continued increase in demand, we have approved in principle a project to erect an additional factory for the manufacture of superphosphate and granular compound fertilizers.

In Rhodesia, lower prices for the tobacco crop have created some uncertainty amongst the growers, but I am confident that the country's requirements of fertilizers will continue to increase. The reorganisation of our marketing arrangements, to which I referred last year is proceeding satisfactorily.

The Société Industrielle d'Acide Phosphorique et d'Engrais has increased its production of triple superphosphate this year, but owing to technical difficulties in the sulphuric acid plant it has not yet reached a production figure at which a profit can be earned.

RESEARCH AND DEVELOPMENT

On May 1, 1956, HRH The Duke of Edinburgh paid a visit to the Company's new Research Station at Levington, in Suffolk, and laid a commemoration stone to mark this important milestone in the evolution of the Company's research activities. He was shown a number of field trials designed to further our understanding of fertilizer usage and economy. He was also able to see, nearing completion, the comprehensive range of laboratories associated with the Station. In addition to chemical and physical laboratories, adequate engineering facilities have been provided for exploring new developments in all aspects of fertilizer technology.

In the chemical industry, and in the fertilizer industry in particular, expansion in research must be matched by a strong development organisation, and we have therefore decided on a major programme of expansion of our development facilities at Bramford, near Ipswich, the first stage of which is already operational.

In the countries of the world which enjoy an advanced agriculture, there is an increasing demand that fertilizers should give the farmer what he needs in the most reliable, convenient and economic form. New processes are now being developed, both in Europe and America, and there is a need for critical assessment of the relative advantages and disadvantages of these new formulations, both solid and liquid, which are being put forward as possibilities for the future. For this work, so vital for the future soundness of the Company's products, we now have the necessary resources. It can be assumed that the Company's fertilizers are backed by fully informed experiment and trial, directed by impartial scientific minds of mature experience.

We have now completed the construction of important new facilities at the Research Station of Fisons Pest Control Limited at Chesterford Park, near Cambridge, which were officially opened on October 2nd by Sir William Slater, Secretary of the Agricultural Research Council. Chesterford Park and Levington, which are of approximately equal size in personnel, will provide us with a research organisation for fertilizers and pest control chemicals equal certainly in quality to any in the country, and ranking indeed with the most important in the western world.

An important part of the Company's business is now in specialised industrial chemicals such as hydrazine and its derivatives. These demand for their development very considerable technical resources and skill.

In the field of medical products covered by our subsidiary, Benger's Limited, the early discovery and rigorous assessment of new therapeutic agents is a specialised type of activity calling for the highest standards of scientific manufacturing and clinical experience.

The range of research activity required by the Group as a whole, therefore is necessarily very wide. In each part of it, however, it is essential, if the research is to have practical effect, that it should be in close relation with the associated production and sales effort. At the same time care is taken that good contact is facilitated between the several research units of the Group; undesirable duplication of effort is avoided and the total research resources of the Group can be brought to bear on any problem should it become advantageous to do so.

Recruitment of scientific and technical staff of the right number and quality is not easy. The problem is a national one of outstanding importance, and your Company has thought it right to support generously a number of organisations whose aim is to increase the flow of properly educated technologists available to the country. It has also given support to selected Universities and Learned Societies as part of a policy of keeping industry in touch with fundamental knowledge and maintaining proper standards of scientific research in its own laboratories.

STAFF

During the past year a number of improvements have been made to the welfare arrangements provided by the Company for its employees. The finances of our Group Pension Fund are in a satisfactory condition and the last quinquennial valuation disclosed an estimated surplus of £121,000. Our Actuary in his report recommended that the surplus should be applied in granting an immediate increase of 5 per cent to all existing pensioners and that a special bonus of 5 per cent should be credited to the pensions currently being purchased for the salaried staff. These recommendations have been accepted and in addition last April it was decided to make a major improvement to the non-contributory section of the Pension Fund dealing with wage-earners. Pensions will in future be based not only on length of service, but also for the first time will be related to the employees' basic wages at the time of retirement in the same way as the staff pensions. The Widows' Pension Scheme introduced for the staff three years ago has already proved its value, and we have now extended similar arrangements for the widows of married male wage-earners who die while in the service of the Company.

We have also introduced recently a staff grade scheme designed to give improved status and greater security to certain selected factory operatives, who, in the opinion of the management, have proved themselves reliable and willing. The essential features of this scheme are that those promoted to staff grade status are entitled to four weeks' notice of termination of employment and during absence through sickness or injury the Company will make up to a guaranteed staff grade wage for a period of 26 weeks any sickness benefits to which the employees may be entitled. The scheme has been well received by both the Trades Unions, with whom our relations remain cordial, and the operatives. First promotions to staff grade status in respect of about 500 of our wage-earners were announced on November 1st.

Once more I would like to express on behalf of my colleagues and myself our great appreciation of the services rendered to the Company by all those working for it, both at home and abroad.

THE BRITISH LINEN BANK

STATEMENT TO THE STOCKHOLDERS BY THE GOVERNOR, LORD AIRLIE

In place of his customary address to the Proprietors at the Annual General Meeting to be held on 20th instant, The Right Honourable The Earl of Airlie, KT, Governor of the Bank, has circulated with the Accounts a Statement, of which the following is an extract:

The figures of the Balance Sheet show that the Note Circulation has risen by some £940,000 to over £12,957,000.

Deposits at over £80¼ million are up by £2,852,000 on the figure a year ago. Although in some degree this increase is attributable to oscillations from day to day, there are grounds for satisfaction that the volume of Deposits has been more than maintained in the face of consistently tight monetary conditions, but for which the continued progress of our business, measured in terms of activity and of extension of connections, would have been more manifest in the Balance Sheet.

Passing to the Assets side, cash on hand, cheques in transit, money at call and Treasury Bills aggregate £32,079,793 (an increase of £2,020,022). The ratio to the combined total of Deposits and Notes in Circulation is 34.27 per cent as compared with 33.47 per cent a year ago.

Investments appear at over £41,384,000—a rise of £1,895,000. Partly out of increased resources in the form of Deposits, but also because our application of the credit squeeze caused a marked contraction in the average figure of our Advances during the past year as compared with the mean of the previous year, we were enabled to make substantial additions to our investment portfolio, principally in Government issues.

Our total resources have expanded by fully £2.8 million on the year to just over £192 million. Although this total is £5.5 million short of the record created two years ago, I regard the partial recovery as a very creditable performance under prevailing conditions.

PROFITS

Net profit for the year at £290,562 shows a downward trend from the previous year's figure. It is commonly supposed that dear money suits the banks. In Scotland, at least, that is not true today. Half of our Deposits bear interest, and this interest-bearing portion is in excess of the total of our Advances plus Money at Call on the London Discount Market. Our investment portfolio was in the main built up in the days of cheap money. It necessarily follows that when, in February last following the change in Bank Rate, we simultaneously raised our deposit rates and our lending rates by 1 per cent per annum, our net earnings suffered.

It will be observed that with the sum of £209,796 brought forward from last year, the amount available for distribution is £500,358. Of this, a payment of £64,687 10s has already been made in respect of dividend for the half-year to March 31st last at the rate of 18 per cent per annum, less Income Tax, and it is now proposed to devote a like sum towards a distribution at the same rate for the second half of this year, after deducting Income Tax. Transfers as before of £85,750 to Staff Pension Fund and £75,000 to Contingencies Account leave the balance of Profit and Loss Account to be carried forward at £210,233—a small increase on the amount brought in.

RONEO LIMITED

RECORD NET PROFIT

INCREASED SALES

SIR GREVILLE MAGINNESS'S SPEECH

The forty-ninth annual general meeting of Roneo Limited was held on November 1st at the Connaught Rooms, Great Queen Street, London, W.C., Sir Greville S. Maginness, KBE (chairman of the company), presiding.

The secretary (Mr A. C. Hall) read the notice convening the meeting and the representative of the auditors, Messrs Barton, Mayhew and Company, read the report of his firm.

The chairman said: Ladies and Gentlemen, the Directors' Report and Accounts for the year ended June 30, 1956, have been in your hands for the requisite period and I assume that you agree to take them as read.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The trading profit of the Group last year was £811,246, compared with £731,910 for the previous year. The latter figure included the sum of £59,916 written off—the cost of purchase of shares in our Canadian Subsidiary.

After providing for taxation, depreciation and amounts written off the net profit for the year is £260,661 and to this figure has to be added the sum of £285,302 profit brought forward from last year, making a total of £545,963. It is proposed to transfer to general reserve the sum of £160,000, bringing this item in the balance sheet to £700,000 and having paid dividends on the 6 per cent and 10 per cent Preference Stocks, together with an interim of 5 per cent, less tax, on the Ordinary Stock, to pay a final dividend on the latter of 10 per cent, making 15 per cent, less tax, for the year. There would then remain to be carried forward to next year the sum of £302,744, compared with £285,302 for the previous year.

TRADING

I am pleased to report that our trading profit last year reflected a considerable improvement over the previous year and that the net profit of £260,661 is a record to date. Sales increased in every division; in fact, overall they exceeded those of last year by some 20 per cent. This satisfactory result was due to our having been able to take advantage of the active trading conditions existing and to the benefit of increased production at the factory as the result of the expansion programme which your Board sanctioned two years ago. Without this greater production and turnover we could not have absorbed the higher cost of labour, materials and services which we—in common with other companies engaged in manufacturing and retailing businesses—have had to meet and the full impact of these additional costs has not been reflected in the accounts under review.

Your Directors will continue to pursue their progressive sales policy to improve their methods of manufacture and to take advantage of every possibility of expanding your business both at home and abroad, but, having regard to the more difficult trading conditions now prevailing, unless there is a halt to the continuous spiral of additional costs the future level of profits will be adversely affected.

DUPLICATING MACHINES AND SUPPLIES

We have continued to make good progress in this division and we introduced early this year a new model Duplicator—the Roneo "750." This machine incorporates many improved features both of design and operating efficiency. It is the result of intensive research work spread over many years and in developing this new model we have kept constantly in mind the requirements of the user. The machine possesses the latest refinements and it embodies the simplest of controls, fully automatic inking system, means for pre-selecting the desired number of copies, has a speed range up to 150 copies per minute and devices for copy levelling and stacking. It has been very well received by users and we are confident that it will establish itself firmly on the market both at home and abroad.

The demand for the exclusive Roneo electronic stencil continues to grow and this unique feature coupled with the Roneo "750" Duplicator offers to the user the widest possible scope of work to be produced and—what is so important in these days—more opportunities for economies in costs.

STEEL EQUIPMENT AND FILING SYSTEMS

The demand for our standard lines of Steel Office Equipment and Filing Systems has been at a satisfactory level although competition is very keen. At the same time, there is a constantly growing appreciation of the benefits of modern steel office equipment installations for business premises whether large or small and the special department of our business established to give advice—without cost or obligation of any kind—to make surveys and to submit detailed proposals has had to be extended to provide the services demanded by the nature of this business. I am sure that it would be well worth while for any business house who may be contemplating new office accommodation, alterations or extensions to existing premises to "Call in Roneo and do the job properly."

Sales of lateral filing equipment have continued to advance, but there is still plenty of scope for its further application especially where the problem of bulk filing exists. Roneo lateral filing is a method of classifying large quantities of files using the minimum of floor space and it is based on our long-established principle of suspended interlocking pockets and fully visible titles. It can also be used to advantage in awkward wall recesses or corridors too narrow to accommodate drawer filing cabinets. In short it is a space saver.

EXPORTS

Last year I was pleased to be able to report that our sales abroad exceeded by 40 per cent those for the previous year. I am glad to be able to say that our progress in the export field has continued—albeit at a slower pace—and our turnover last year in foreign markets established a new record. I hope Stockholders will regard this result as gratifying especially in the light of the many import restrictions, currency difficulties and growth of local manufacture with all of which we have to contend in so many markets.

Stockholders will be pleased to learn that our new venture in Canada, upon which we embarked early in 1955, has now operated for a full year and is already earning profits, thus confirming the wisdom of our decision to establish our own organisation in that market. Your Board look forward to even better results when the business is fully developed to meet the requirements of that market.

NATIONAL SITUATION

Last year, in attempting to describe the general economic setting within which we could assess the prospects of our own Company, I said that the halting of inflation presented us with the most pressing of our immediate domestic problems.

Since that time recognition of this has become widespread. The Prime Minister himself has carried out a long series of meetings with representatives of the central employers' organisations and the Trades Union Congress as part of a campaign to make more widely realised the dangers of a continuing upward movement in prices and wages, and last March he presented to Parliament a White Paper on the Economic Implications of Full Employment. This was followed in June by announcements by the boards of nationalised industries indicating their intention of avoiding further price increases during the coming year.

In July, the Association of British Chambers of Commerce, The British Employers' Confederation, the Federation of British Industries and the National Union of Manufacturers recommended that private industry should also follow a policy designed to steady prices and the British Employers' Confederation, in a statement issued concurrently, pointed out that steadiness in prices depended on steadiness in costs and that wages were a major element in costs. Meanwhile, the General Council of the Trades Union Congress had, in February, issued a statement which broadly accepted this and which recognised that the world did not owe the British worker a living.

CAUSE FOR SURPRISE AND CONCERN

In the light of this general agreement as to the needs of the situation, the fact that claims for substantial increases in wages have again been launched in many of our leading industries has understandably given cause for both surprise and serious concern. The surprise, but not the concern, was to some extent dissipated by the discussion at the Trades Union Congress in September, which showed that several of the leading members of the General Council of the TUC were unwilling

to accept the responsibility which clearly rests upon the trade unions.

With many industries now feeling the effects of contracting markets both at home and abroad, however, the days are past when industrial peace can be lightly bought by a concession by employers, and the months that lie ahead will clearly be troubled ones. If the outcome should be that the present attempt to put the pound sterling again on a really firm basis fails, the public at large will know where the responsibility lies.

AWARENESS OF DANGER

The degree of awareness among the general public of the continuing dangers of the present economic position of this country is, I believe, far greater today than it was a few years ago. The very fact, however, of living for so many years in a precarious situation without being overtaken by actual disaster has to some extent dulled the apprehension of a lot of people. Inflation has, in fact, produced an illusory sense of well-being through the stimulation of business activity produced by the general desire in times of rising prices to buy today what it would otherwise be prudent to put off buying until tomorrow. What is, however, putting an end to such illusions is the hard fact of our need to sell our goods in the markets of the world under increasing competitive conditions. I have reiterated this theme many times in the past and I make no apology for returning to it again.

That need arises not only from the fact that it is only by exporting that we can purchase abroad the bulk of our requirements of raw materials and food which we cannot produce at home. We must also export to provide the means for meeting our debts to other countries and for playing our part in the development of overseas areas to which we may look in the future as markets for our goods. We must also build up our gold and dollar reserves to such a level that we no longer find that every small adverse change in our circumstances generates rumours of a further devaluation of the pound sterling, and a consequent speculative movement against it.

These reserves constitute the ultimate means of settlement of accounts with the outside world not only of this country but of most of the countries of the Commonwealth and of some others besides. On September 30th last they stood at £830 million and are sufficient to pay for our own imports for only about 2½ months.

TOTAL WORLD TRADE

Total world trade has shown a tendency to expand in recent months as have, in fact, our own exports. Our proportionate share of that trade, however, has for some time been falling as many of our competitors, and notably Germany, have increased theirs. The difficulties recently experienced in many industries which have hitherto been large exporters are a warning to all. If we are to hold our own, let alone improve our position, we shall have both to keep down our prices and improve our delivery dates. This means that we must avoid anything likely to increase the costs or reduce the output of our exporting industries. As yet we cannot gauge the effect of the recent developments over the Suez Canal.

The avoidance of any increase in costs brings us back to the necessity for stopping inflation. It is idle to expect that this can be done without making things more difficult for those of us who have benefited from the easy conditions which inflation has induced. It would be wrong to ask the Government to relax the measures it has taken for this purpose before they have done their job. We are entitled, though, to ask it to make far greater efforts than hitherto to reduce the volume of Government expenditure and consequently the demand put by it on our national resources both directly and through the maintenance of the present high rate of taxation.

UPSURGE OF INDUSTRIAL INVESTMENT

While the sudden upsurge of industrial investment 18 months or more ago undoubtedly contributed to the inflationary pressure, no one can gainsay the need for such investment if we are to increase our output, to reduce our costs, and to keep abreast —and, if possible, ahead—of our competitors. We must not regard investment in industry as a residual legatee after all forms of public expenditure and private expenditure on current consumption have been met. The savings to pay for such investments may come to some extent from undistributed profits but, if prices are to become increasingly competitive, there are limitations to what, beyond replacement of existing capital, can be done in this way.

Institutional investors, including pension funds, will no doubt become an increasingly important source of such savings. There must, however, be a much greater possibility and encouragement for the private individual to resume his role as saver and investor. With the redistribution of incomes which has occurred in recent years, attention will in future have to be directed to a much greater extent than hitherto to the small investor, and particularly the working man, and ways of guiding small savings into industry are well worth exploring.

A CHALLENGE

In short our present situation constitutes a challenge to the enterprise, inventiveness and energy of all of us. I do not believe that the task before us is beyond our powers. What it does call for is a whole-hearted co-operative effort by the entire community and no section of our people can contract out of their obligations without endangering the future of all.

In conclusion, I desire to express once more on behalf of the Board sincere thanks to all those employees both at home and abroad who by their loyal and devoted services to the Company have made their contribution to the successful results of the past year.

The report and accounts were unanimously adopted and the dividend as recommended was approved.

The retiring director, Sir Greville S. Maginness, KBE, was re-elected and the proceedings terminated with a vote of thanks to the chairman.

RANSOME & MARLES BEARING COMPANY, LIMITED

LARGER TURNOVER

The fortieth annual general meeting of this company was held on November 1st at Newark, Mr Edward W. Senior, CMG, chairman, presiding.

The following is an extract from his speech circulated with the report and accounts for the year to June 30, 1956:

During the year under review the economic climate has been variable, particularly during the second half, when the credit squeeze had a marked effect on the demand for durable consumer goods which perforce had its effect on the demand for ball and roller bearings. There is also active competition both in the home and overseas markets, so I am particularly pleased to report that, in spite of the difficulties referred to, sales in the second half of the year were well maintained and there has been a satisfactory increase in turnover for the whole year.

Our subsidiary Companies all showed improved results, as did our overall export trade, although difficulties associated with import licences and intense competition remain. A visit was made to Australia last autumn and a favourable impression was received of the operations of our subsidiary Company and the potentialities of that vast country. It is unfortunate that it is presently encountering economic difficulties similar to those in this country but the prospects are good. The closest possible personal contact is maintained with our overseas subsidiaries, representatives and customers.

PROFIT AND DIVIDEND

Once again, through increased productivity and a shading of profit margins, we have absorbed a part of the increase in wages and material costs; this is the policy we have continued to pursue in the fight against inflation. Consequently our trading profit before taxation shows only a modest increase of £62,457 to £889,724, a percentage less than our percentage increase in turnover; the net profit of the group is some £6,000 up at £400,132, of which £339,996 is transferred to the Holding Company's Appropriation Account. The Directors recommend that the amount available for appropriation should be dealt with by making a final distribution of 7¼ per cent less tax, and a bonus of 2½ per cent less tax.

INCREASED PRODUCTIVITY

Our productivity has again been increased and I trust will continue to increase, but the benefits which should flow from the increases in the shape of reductions of costs will be nullified if, as has been happening, wage increases more than cancel these reductions; this is not sharing the benefits of increased productivity, it is the appropriation of all the savings and something more.

In prevailing conditions it is difficult to assess the future trend of events. The present position is that the Annfield Plain extension is practically completed and the order book stands at a higher level than a year ago. However, since the end of the financial year under review the situation in the Motor Industry has deteriorated further with a consequent effect on bearing requirements; as a result it has been necessary for the time being to make some reduction in working hours in the affected sections. Regrettable as this has been, it is gratifying to note that we have had the understanding co-operation of the Unions.

At the same time I feel confident that your Board has followed the right policy in developing our resources; there is a wide spread of demand for our products in fields of engineering not concerned with durable consumer goods, and, provided costs can be kept down, we also hope to expand further our export trade.

The report and accounts were adopted.

NEEPSEND STEEL & TOOL CORPORATION, LIMITED

SIR STUART C. GOODWIN'S STATEMENT

The thirty-sixth annual general meeting of this company was held on November 6th at Neepsend, Sheffield, Sir Stuart C. Goodwin, JP, chairman, presiding.

The following is an extract from his circulated statement for the year to March 31, 1956:

Since the last annual general meeting your company has acquired the total capital of three further companies, namely, William Turner & Son, Limited, Wincobank Rolling Mills Company, Limited, and Albion Twist Drill & Tool Company, Limited.

The three firms acquired should contribute substantially to our income in future years. Their acquisition also explains our reduction in liquid assets, as your Board consider it is far preferable to utilise our surplus capital in acquiring companies that can add to our annual earned revenue than by leaving such capital on deposit and thus drawing but a small yield. I would emphasise that the firms acquired manufacture products on which we have specialised knowledge.

The trading profits for the year, before taxation, have amounted to £1,030,916, as against a figure of £889,355 in the previous year. The total of our issued capital and reserves now amounts to over £4 million. Current assets of the whole group amount to £3,669,349, as against current liabilities and provisions and amounts set aside for future taxation £1,207,623, giving an excess of £2,461,726. It will be seen that the Neepsend group of companies is in a very sound financial position.

While it is difficult to forecast the future, yet after six months of the present year our output has been fully maintained, despite the recession in the motor industry, and I am hopeful of satisfactory results a year hence, unless something exceptional intervenes.

The report and accounts were adopted.

JOHN J. THORNYCROFT & COMPANY

FACTORS AFFECTING TURNOVER

The fifty-fifth annual general meeting of John I. Thornycroft & Company, Limited, will be held on November 28th in London.

The following are extracts from the statement by the chairman, Sir John E. Thornycroft, KBE, circulated with the report and accounts:

Last year the balance of trading of the Group showed an increase of £319,878 compared with the average of the preceding three years. This year there has been a decrease of £200,310, over the previous three years. I can assure shareholders that this has not been through any lessening of the efforts on the part of the Board and Management, and would remind you that your company's performance cannot be judged on one year's results, because contracts and the results from development expenditure run over a much longer period.

If the Government cannot stop depreciation in the value of the £, and wear and tear and initial allowances continue to be based on historical cost, something must be done to enable primary industrial companies to accumulate cash resources. Balancing allowances do not produce the necessary amount of cash to replace worn-out plant. Investment allowances should be re-introduced for companies undertaking work basically essential to the country. It is suggested that those companies complying with this basically essential definition who can show that over 33 and one-third per cent of their annual income is directly paid out in salaries, wages and national insurance, and whose profits distributed to shareholders do not exceed 2.5 per cent of their annual income, should qualify for such investment allowances. Profits tax, distributed or not, should not be levied on such firms. This would benefit the nation by keeping down primary costs for all industry.

In order to maintain the standard of living of the Country's workmen, it is essential that semi-skilled and other men be allowed to join craft unions, even if only temporarily.

ABERFOYLE PLANTATIONS LIMITED

The twenty-second annual general meeting of Aberfoyle Plantations Limited was held on November 1st in London, Mr P. J. Burgess (the Chairman) presiding.

The following is an extract from his circulated statement:

The twelve months under review have been profitable with an average crop of 480 lb of rubber per acre. After paying export duty of £56,663, we realised an Estate profit of £128,569, of which taxation takes eventually more than one-half, and we are finally left with a net profit of £57,437, which is equivalent to £7 1s. 8d. per planted acre.

Shareholders were informed during the year by circular letter of alterations in the method of developing the Company's interests in Southern Rhodesia. It was realised that the development was a large scale operation, and to bring the scheme to early maturity in a big way would make demands on the Company's financial position, which would be impossible. Arrangements were accordingly entered into with the James Finlay group, whereby a Company was to be formed in Southern Rhodesia with an initial Authorised Capital of £3 million. This Company has taken over all Aberfoyle's assets in Inyanga, and the consideration for the acquisition is to be allotment to Aberfoyle of fully paid shares to the value of £200,000. Aberfoyle has also the right, until 1960, to take up further shares at par in the Rhodesian Company and to representation on the board.

Progress on Tea development continues energetically and so far can be said to be very satisfactory. The labour force continues to increase, and while labour difficulties must be expected, nevertheless the outlook is rather cheerful. The building programme is also proceeding very satisfactorily and specifications are being prepared for an initial factory to manufacture up to 3 million lb tea per annum.

The report was adopted and the total distribution of 25 per cent was approved.

APPOINTMENTS

UNIVERSITY OF CAMBRIDGE

DEPARTMENT OF ESTATE MANAGEMENT

The Appointments Committee of the Department of Estate Management hope soon to be in a position to appoint a University Assistant Lecturer in the Department of Estate Management. Applicants should hold a degree in Economics or Estate Management. The person appointed will be required to commence duty on January 1, 1957, and to give instruction in Imperial and Local Taxation and Fiscal Policy. The appointment will be subject to the Statutes and Ordinances of the University. Pensionable stipend £700 to £850 a year subject to certain variations. Non-pensionable children's allowance. Further particulars of duties and stipend from the Secretary of the Appointments Committee, Department of Estate Management, 73 Trumpington Street, Cambridge. Closing date for applications, November 21, 1956.

THE UNIVERSITY OF SHEFFIELD

Applications are invited from graduates of any University for a DOUGLAS KNOOP RESEARCH FELLOWSHIP. The Fellow will be required to undertake research in ECONOMIC HISTORY in the University of Sheffield. The duties of the Fellowship will be £525 a year, and it will normally be tenable for three years. Applications (3 copies) including the *line of research proposed* by the applicant, should reach the Registrar from whom further particulars may be obtained by November 30, 1956.

ACCOUNTANT OFFICE MANAGER required by old-established Company in East Africa. The appointment is attractive, permanent and pensionable, requiring *experienced man, preferably qualified, age approximately 30/35.* Good conditions, leave, salary, housing allowance, etc. Married man considered. Interview Parent Company in London.—Write full details to Box "M.O.," c/o J. W. Vickers & Co. Ltd., 7-8 Great Winchester Street, London, E.C.2.

KODAK LIMITED, KINGSWAY, W.C.2

A new post occurs in the Statistics and Economics Department for an Economic Research Assistant. Applications are invited from graduates in Economics, about 25 years of age, who have Economics as their special subject with statistical method as a subsidiary. Some experience of economic analysis as a tool in business forecasting and a knowledge of problems of international trade would be an advantage. The range of products manufactured and markets served are extensive; there are interesting possibilities for the growth of the range of work carried out in the department. Starting salary by arrangement. Letters may be addressed in confidence to the Personnel Manager.

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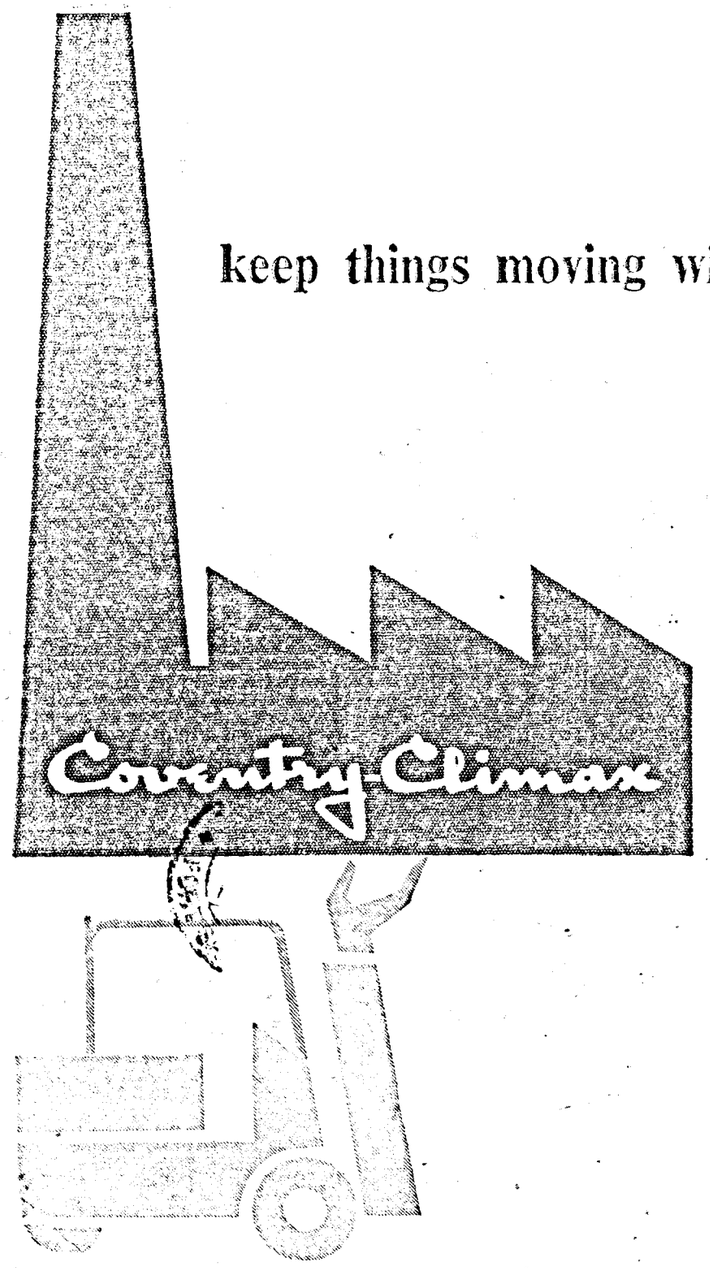

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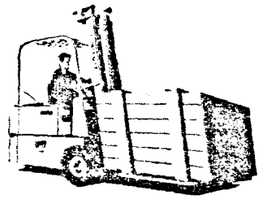

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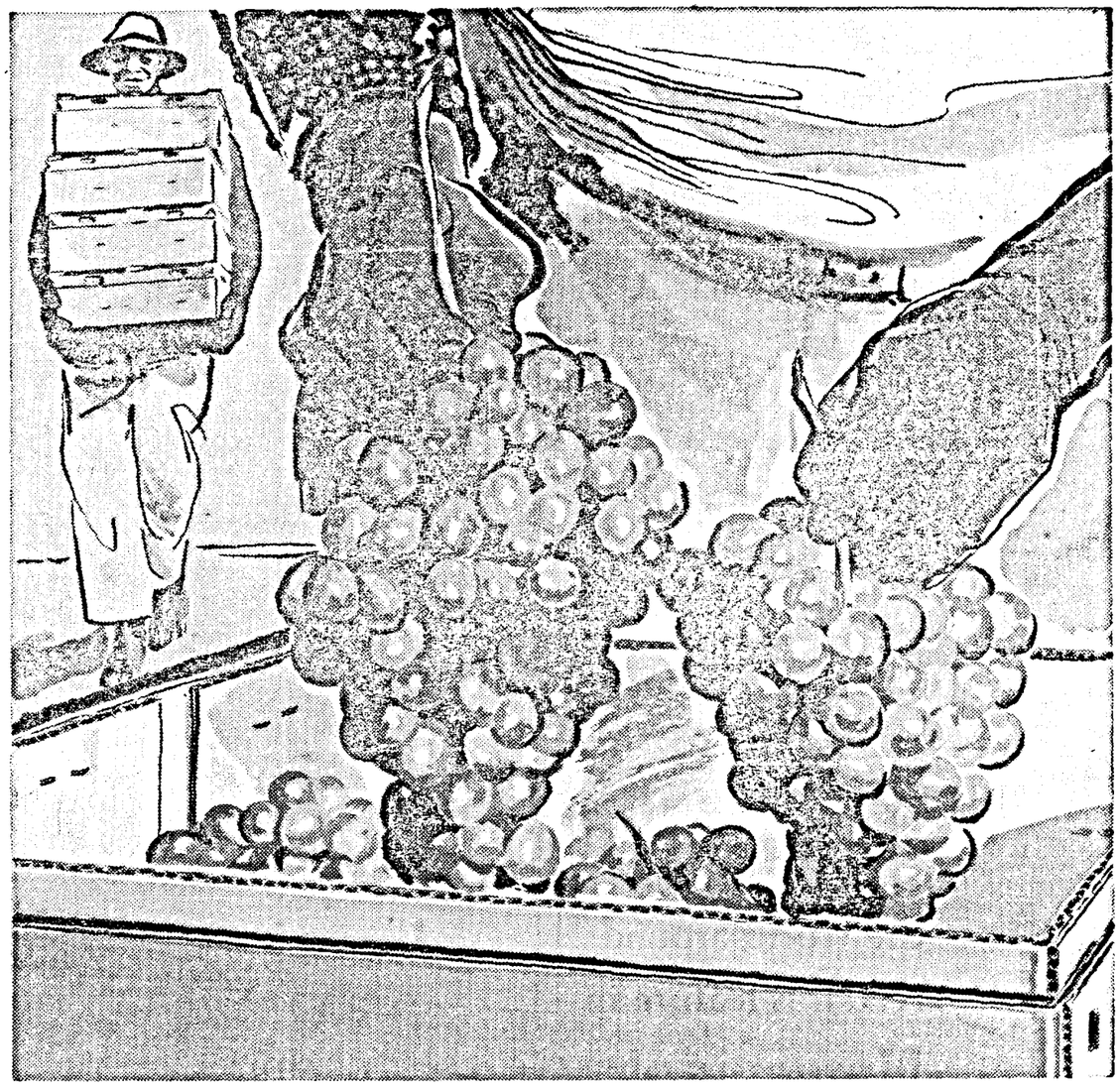

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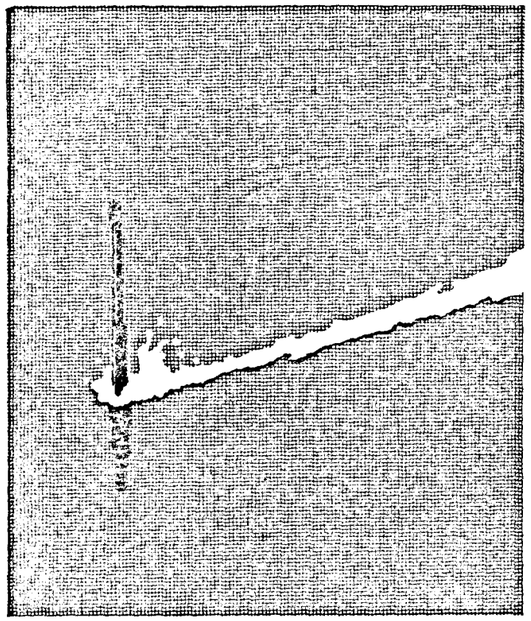

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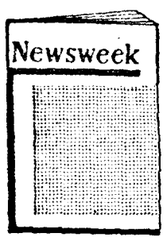

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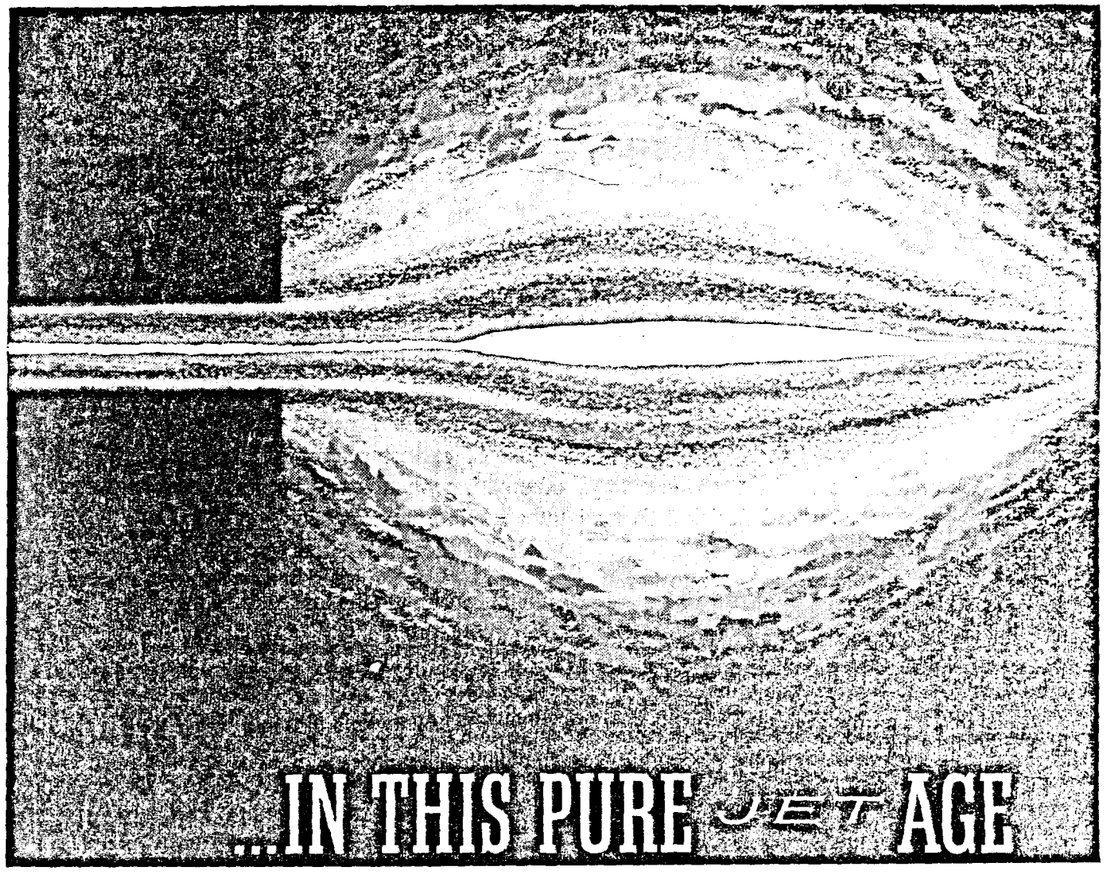

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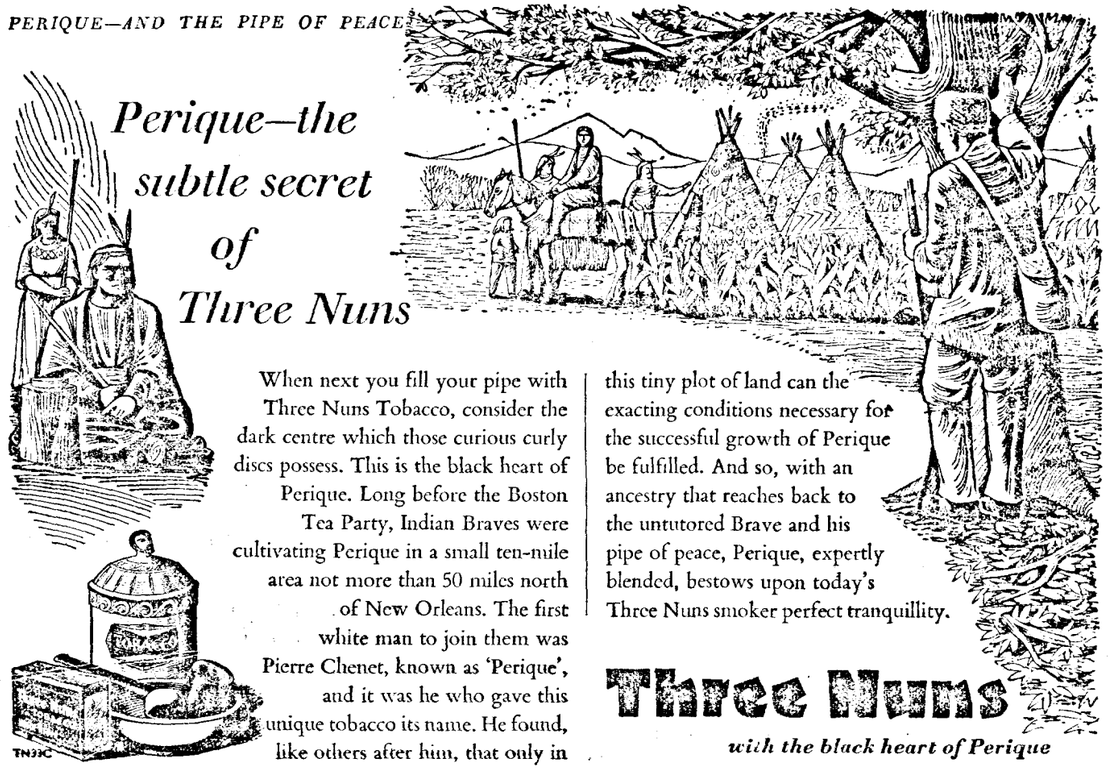

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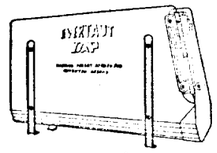

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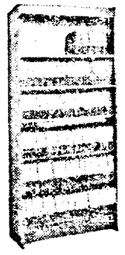

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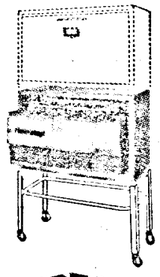

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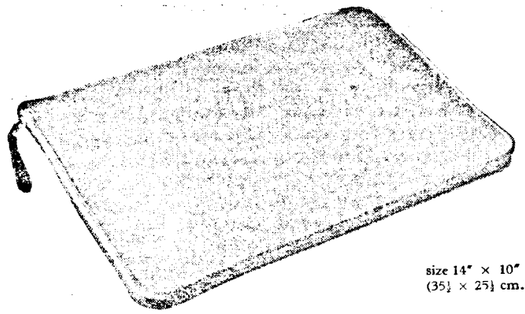

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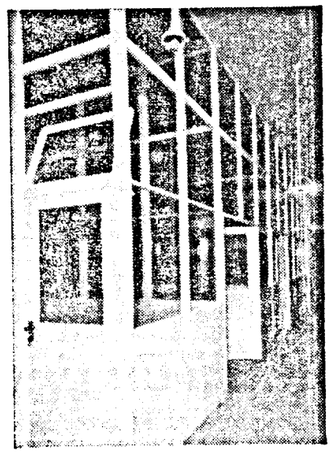

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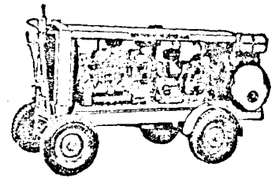

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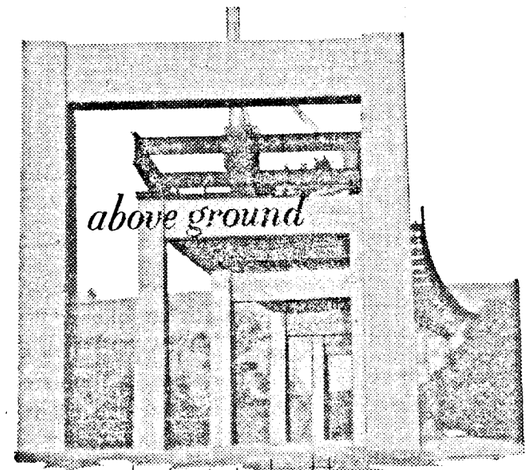

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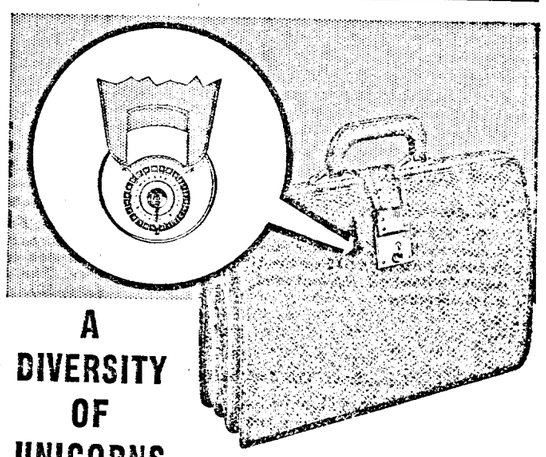

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The Alliance

"THERE is no better answer than the alliance": General Gruenther's words are a timely warning and reminder. "The tragic element in foreign policy is the impossibility of escaping conjecture; after the 'objective' analysis of fact there remains a residue of uncertainty about the meaning of events or the opportunities they offer." This quotation from a striking essay on American diplomacy in the October issue of *Foreign Affairs* is only too true. But certain facts need no conjecture: these are the facts of power.

Articles on later pages of this issue of *The Economist* seek to unravel the meaning of what is now going on in the Middle East and to assess the opportunities—and perils. One fact stands out above all; it is that none of the perils can be averted, and none of the opportunities be grasped, without the American alliance—or without the positive exercise by the Americans of their power and influence.

The great task of statesmanship now is to rebuild the alliance. There is no substitute. We cannot, as we should now know, go it alone. It is no answer to say that, if the Americans will not act, we will act without them; we cannot. The facts of power remain: Russia cannot be resisted, whether the challenge is by direct attack or by indirect subversion, nor can the United Nations be activated, without the Americans. That is why, despite the resentful regrets of those who naturally gird against the decline in Britain's world power, much the largest casualty of the Middle Eastern misadventure (and of the manner in which it was embarked upon) must be seen to be the transatlantic link.

The alliance, like the peace we seek to secure, is indivisible. The call, it should be emphasised, is to the White House just as much as to Westminster and Whitehall. Between us and the Americans it is, in a sense, a tale of two inferiority complexes: ours because we harp upon prestige, without recognising that prestige can only be earned by our success in managing our affairs and in gaining the respect of others and cannot be bolstered by words and gestures; theirs because by ill-timed criticisms and an indifference to their allies' interests they still work off the last traces of their long-gone colonial (and isolationist) status.

The recipe is simple, if harsh. We must learn that we are not the Americans' equals now, and cannot be. We have a right to state our minimum national interests and expect the Americans to respect them. But, that done, we must look for their lead. And they, on their side, must accept, as they have not done, the obligation to protect our interests and provide, as they have not provided, clear leadership. It is a relationship that requires far more, even brutal, frankness on both sides (our doubts about Mr Dulles have been vastly too muted), but on ours a sure loyalty and willingness to follow the lead when given. It is for President Eisenhower now to give it, and not to wait upon others. And, for us, the question remains: who in London now is able to repair the bridge we broke?

East of Israel

SURPRISE: upheaval: reversal of policy: over the past fortnight a succession of such events has left participants in the Middle East breathless and onlookers bewildered. But both can already say with certainty that there has been a sharp shift in the balance of power in western Asia—a little less for Egypt, a little more for Israel: much less for Britain, far more for Russia. Maybe the pattern is still changing; but an attempt must be made, in the pause for breath after the conflict in Egypt, to take a snapshot of the scene as it appears east of Sinai.

There, Arab and Iranian opinion is riven into two unequal parts. The larger one, numerically speaking, consists of middle classes and workers who see the world in poster colours and the events in Egypt as part of a familiar pattern. By their standards, old-fashioned Anglo-French imperialism sought to win back its hold and was thwarted thanks, principally, to a threat of Soviet intervention; to people without much to lose, this is not unwelcome. The other sector, numerically tiny by comparison, is more powerful and more responsible, but more uncertain where it stands. Its members are kings and ministers, high officials and well-to-do merchants—a thin upper crust with a classic aversion to violent change, and dubious about the pass to which President Nasser has brought the Arab world by his over-dependence on Russia.

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The Arab members of this group have been meeting in Beirut for some days this week. The choice of meeting-place suggests their perplexity. Never before has a full Arab League meeting of such high-level personalities been held outside Cairo; they could have chosen the fervid pro-Nasser climate of Damascus; they have preferred calmer surroundings. Nevertheless, their meeting is bedevilled by a confusion of mind even greater than that which riddles non-Arab capitals for, by their standards, the arch-enemy is still Israel. The conflicting themes they have to reconcile are their need for strength against Israel and their aversion to leaping, as Egypt has leapt, into the orbit of the Soviet Union. Even governments that shrink at the thought of such a calamity feel constrained, in order to please their publics, to utter cries that mask realities.

For instance, the Iraqi cabinet this week put up just the kind of smoke-screen that precludes rational policy-making and clear thinking. After its meeting of Tuesday last, it called on the United Nations to "end the State of Israel," an objective that could not—after last week's display by the Israel army—be attained by any conceivable means short of aid from Soviet troops; yet on the same day a "responsible spokesman" on Baghdad radio gave the following warning:—

> The arrival of Russians in Arab countries, and particularly in Syria, under whatever pretext or guise, may be considered by Nato as a provocative act, which in the present critical circumstances might serve as a direct cause for the outbreak of a third world war. . . . We urge senior officials and those engaged in national affairs to be vigilant and to realise the seriousness of the phase through which the world is now passing.

No one envies the rulers in Beirut, caught between the devil of hatred for Israel and the deep sea of distaste for Russian support. What are they to do? Veil it in platitudes or seek a way round the dilemma?

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What counterweights are available? Britain is, for the moment, a discard; its policies have tended to increase the local confusion of mind. Had the British cabinet directed its "police action" against Israel as well as Egypt it might have preserved Arab minds from confusion; it might even have retained some influence on their thinking. Because it attacked Egypt only, it is written off for siding with Israel, and can look for no hearing in the Arab world. But there remains the United States. President Eisenhower electrified Asia, and has won a respect he has never previously enjoyed, first by speaking without thought of the Jewish vote in the United States on the eve of a presidential election, and then by the firmness with which he warned both his Anglo-French friends and Israel that they must conform to the will of the United Nations. To Arab rulers who see only two choices ahead—that of getting rid of all invaders as quickly as possible, and that of becoming the Spain of the third world war—his words were unbelievably encouraging. The Syrian Prime Minister and Military Governor, Sabry el Assaly, sent him broadcast "greetings, gratitude and appreciation" just as warm as those he sent to the Soviet Union.

Even President Nasser, using slightly different emphasis, did the same. As he told a huge crowd in the Al Azhar mosque on November 9th:—

> I was notified that Russia had informed Britain and France of her determination to subdue Anglo-French aggression by force unless the aggressors, Britain and France, did not desist. Upon this I contacted Mr Eisenhower and informed him of Egypt's attitude and asked him to let me know the attitude of the USA before the Russian warning and after the Russian warning. I found that he opposed this aggression and that the USA would endeavour by every means to subdue the spirit of aggression in France and Britain and to stop these barbarous acts. Thus today there are two big powers on our side.

It is clear from Russian broadcasts (one is quoted in the review of Russian utterances on page 578) that this classification of the United States among the saviours is not pleasing to Moscow.

How will the Soviet Union handle this tendency of Arab leaders to take out a reinsurance policy? Are its offers of volunteers intended for them, or only for western ears. Are they merely designed to intimidate, or are they a practical proposition? Until the moment of the Anglo-French ultimatum, Russia's handling of the Middle Eastern governments had been a courtship sweetened with armaments and training missions. Only Egypt and Syria had accepted these, and both had done so for use against Israel.

The Soviet purpose was other; it was not to destroy Israel, but to keep tempers simmering along the oil routes from the Middle East to the west. Israeli evidence from Sinai, which still needs to be checked by neutral eyes, suggests that the Russians had supplied more than was known at the time when, on account of Egypt's undue dealings with Russia, Washington and London called off the Aswan Dam loan. Along with the armaments, the Russians had sent 1,000 technicians and instructors. But there is no evidence yet that they had done more than prime other people's arsenals. A Turkish report from Aleppo on the Syrian premier's visit to Moscow (which ended in the week of the Anglo-French ultimatum) says that he was told he could have any help he liked "short of war." The qualification is underlined by the departure of Russian and Czech technicians from Cairo, along with other foreigners, when hostilities began; about 300 are said to have made for the Sudan. The Soviet government did not talk of sending Russian personnel to fight in the Middle East until after the deployment of the Anglo-French forces. By what it said then it gave notice that the area is no longer a western preserve, but one in which Moscow too has a vital interest. Yet Soviet policy would be best suited by a return to the old device of priming others to harass the west. It is a fair guess, judging by past experience of local nationalisms, that into the vacuum left by the British decline, Soviet influence will flow more quickly by that method than by pressing "volunteers" on gun-shy governments.

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Arab leaders deny that there is a vacuum; by their reckoning, their national movement is expansive enough to fill the Middle East to capacity. Yet, tacitly, they admit its existence when they turn to President Eisenhower as a counter-pressure to Russia. But only by the most strenuous of policies can the President hope to make that counterweight felt. He starts with a tremendous handicap. His prime objective must be peace between Egypt and Israel, or, if not peace, at least a *modus vivendi* secured by some form of insulation. Yet this calming of tempers is what the Soviet Union has not wanted, and can still avoid if he chooses to go on winning Arab friends by selling them arms. The President will be dealing with governments who desire neutrality and safety as between east and west, but who hanker after a state of war between themselves and Israel. Can he demonstrate to them that the first is from now on incompatible with amassing armaments or enlisting foreign volunteers to turn against Israel? Can he show them that to plan for the one war brings on another?

He can win their attention by meeting Mr Nehru, but merely to join India in detached and inactive exhortation will not win any Arab hearts. In the realm of things that Arabs can touch or see, he will have his work cut out to offer attractions as great as Soviet arms, though perhaps goods on the scale of the Aswan Dam could work the miracle. If there were peace

in Palestine, it might become possible, and profitable, to utter the message that the Asian peoples want to hear—to offer proof that it is possible to be neutral. If the President is able to reinforce the local desire for a quiet life, and for removing the greatest local industry—the oil industry—out of the realm of east-west politics, he will have stolen a popular theme that was open to the Soviet Union in the days when Britain was seeking alliances, but would no longer serve if the new seeker after bases and landing rights were to be Soviet Russia. Who then would champion "independence" against "imperialism"? Not Russia against Britain, but America against Russia.

What Suez Means Now

In addition to leading articles (on pages 571, 572 and 575) on the international aspects of the Middle Eastern crisis, the economic implications for this country are examined in a leading article on Government policy (on page 574); in a Business Leader (on page 615), which analyses the possible industrial and financial consequences; and in Business Notes from page 619.

No Ordinary Crisis

THE economic debate in the House of Commons on Monday was disappointing. The impression was that politicians of both parties have not yet adjusted their thinking to meet an economic crisis which is bound to be of an unusual sort, and is likely to have to be tackled by unusual policies. The task of adjustment is admittedly daunting. A detailed assessment of the most likely economic consequences of the blockage of the Suez Canal is made in an article on page 615. The object of this article is to consider, as uncontroversially and specifically as possible, the policy decisions that might be recommended for meeting them.

First, then, would it now be wise to increase Bank rate? The arguments are fairly evenly divided, but the balance seems to be just on the side of saying "probably not." The great argument for an increase, of course, is that Britain is now launched upon a period of considerable dollar strain, both because of the direct effect of diverted oil purchases upon the dollar account and because of the speculative movement which will almost certainly be associated with it; it may therefore seem important to show the flag of a determined policy to the world, in addition to making use of the direct attractions of a high Bank rate to foreign short money. But in economic, as in political, affairs there must be some limits (though not rigid ones) to arranging policy solely with an eye to what foreigners will think. And the domestic arguments for raising Bank rate, at a time when the main new impediment to British exports is going to be the Suez shipping bottleneck, are plainly not as good as during previous balance of payments crises. The main function of a high Bank rate (and of an emergency budget, against which the domestic case is still stronger) is to cut demand at home, and thus release goods for the export market; but it will not be much use releasing more goods for the export market if there are not the ships available to take them. The best recipe is probably to wait, watch the tide of speculation, and see.

Secondly, is there anything to be said for another expedient that has been whispered in the City—a new devaluation of sterling, presumably through resort to a floating rate? Devaluation can be a sensible (not merely an inevitable) instrument of policy when speculation against the currency has become intense and when it is clear that more British exports could be sold (or more British imports choked off) by a cheapening of the exchange rate. Both these conditions obtained in 1949. In 1956 and 1957, however, British exports—which are now going to be held up by shipping bottlenecks rather than by price resistance—would not gain from devaluation at all; and if we devalued and still did not stop a drain upon the reserves there would be no logical end to the devaluation. This is therefore one of the cases when it will be worthwhile to cast out every dollar upon the speculative tide, a tide which will have to come back sooner or later, rather than let the exchange rate go.

Thirdly, what about physical controls? Once again, there should be no shuddering at the mere mention of the idea. Mr Macmillan has often been attacked in these columns for saying how undoctrinaire he would be about re-imposing controls if circumstances demanded them; but one could not foresee at that time in what very peculiar circumstances the Government to which Mr Macmillan belongs was about to become involved. Most people now accept that oil and petrol rationing, and probably quite severe rationing, is almost inevitable. About direct import controls, however, the balance of argument is more complex.

The important thing about direct controls on imports or investment—and it is depressing that Labour politicians and Mr Macmillan still do not understand this—is that they are likely to have no effect whatever on a general balance of payments deficit caused by overdemand; so long as direct controls are imposed but purchasing power is left unchecked, demand within the economy is not cut but is merely diverted. The essence of temporary post-Suez economics, however, is that while there may not be much case for cutting total demand, there is in the circumstances a case for diverting it—away from any of the "less essential" imports which take up trans-Suez shipping space, if this could be done. If the internal purchasing power thus set free went chasing after British goods that normally would be exported—but now cannot be because of the shortage of shipping—there might be no great harm in that. There are, however, certain conditions to be fulfilled before any such heterodox course as banning these imports could be seriously considered. Obvious ones are that Britain should co-operate with its European partners about any physical allocation of shipping space; and that we should make it clear that controls would be kept in force only so long as the canal was blocked (thus minimising the risk of more durable retaliation against ourselves). But the most important, and the one that raises most doubt in contemplating the idea, is that there should be some assurance that an effective scheme for controlling such imports could in fact come into operation before the canal is opened again. Import controls take much longer to be effective than is generally realised. The case for imposing them will probably only have relevance if the salvage survey at Suez (a Business Note on page 619 surveys its prospect) suggests that the canal is likely to be blocked for, say, a year.

There remains, as a more immediate policy, the final expedient: that of taking the impact of the post-Suez crisis in a fairly drastic fall in the reserves, with all that would imply for economic policy after the crisis is over.

This seemed to be the Government decision announced by Mr Maudling in the least unsatisfactory speech in Monday's debate; the decision was guyed by Mr George Brown as "a remarkable new doctrine . . . that the reserves do not matter." It is nevertheless the right doctrine at this time, and—in a debate that was too much taken up with Mr Macmillan's personal testament—almost certainly represented the authentic voice of the Treasury.

But two questions have to be asked. First, to what level can the reserves in fact be allowed to fall? The answer is that the Treasury probably should not be too frightened of allowing them to fall even below their previous postwar nadir, provided they do not fall to a level where speculation against sterling makes the fall itself intolerably faster. It is this balance between the evil of speculation against sterling and the evil of unnecessary under-employment—which may mean, in effect, the balance between leaving Bank rate where it is and increasing it to a penal level—that Government policy will need to weigh constantly through the anxious winter ahead. Secondly, what are the implications for policy when the canal is open again? The answer is that Britain will then have to follow a sufficiently disinflationary policy to make the rebuilding of the reserves the first charge upon our production. After a period of austerity through petrol rationing—and, possibly, of some unemployment—Britain will be faced by a period of no great domestic relaxation. It is a bleak prospect. It could be made bleaker still by wrong decisions now.

Uno in Egypt

ALL that has been achieved in Egypt so far is an uneasy cease-fire. True, the three invaders have agreed that they will withdraw; true, all four parties to the ten-day conflict have agreed that the polyglot United Nations force shall be admitted. Mr Hammarskjöld, at the same time as he presses the United Nations foot into the Hungarian door, has on his hands the task in Egypt of seeing that these undertakings are carried out, so that the hostile armies can be taken out of contact and the cease-fire made reasonably secure. Intricate as it is, this limited task does not make a beginning on the real work that has to be done, the settlement of the two disputes out of which the conflict in Egypt arose—the Arab-Israeli conflict, and the Anglo-French dispute with Egypt over the Suez Canal.

The two disputes are inter-related. The Israeli attack on Egypt on October 29th was in effect rebellion against the state of affairs (which the United Nations, or rather the powers that compose it, had tolerated too complacently) in which Egypt demanded all the freedom of action flowing from a state of war with Israel—the right to harass with raids, blockade, and threaten—while expecting to enjoy the safeguards of the armistice. Perhaps this Egyptian attitude arose from a desire to distract attention at home from the wobbly political and economic condition of the country; perhaps President Nasser genuinely miscalculated the relative Israeli and Egyptian military strengths; perhaps he was merely concerned that his country should cut a figure as leader of the Arab League. Whatever the reasons, his government's attitude up to the moment of its military defeat was not an attitude which the United Nations need, or could, condone, and it is no function of the United Nations to put Egypt back in a position in which it can take up the same attitude again. This needs to be said just now because Mr Hammarskjöld in his dealings with Egypt is acting on the instructions of the General Assembly, and the natural bent of the Assembly in such a case is to restore the *status quo*.

One of the Egyptian government's instruments in the unlawful blockade of Israel which it has maintained since 1949 is its physical control of the Suez Canal. This by itself is enough to entangle the Egyptian-Israeli conflict with the dispute between Egypt and the users of the Suez Canal. As is known, *The Economist* has never held that the grievances of the Suez Canal users against Egypt were of a kind that military action would remedy. Physical action can open a canal that has been closed; but until the fighting started, President Nasser had not closed the Canal against the users. He had, however, kept it closed against Israel, and the breaking of this blockade, together with the blockade of the Gulf of Aqaba which Egypt maintained from the island of Tiran, is, quite intelligibly, one of Israel's war aims.

On November 2nd, the day on which their defeat of the Egyptian army east of Suez was practically complete, the Israeli government announced that it would not withdraw from Egypt without a definite peace, negotiated bilaterally with Egypt, which would settle all these matters. A week later Mr Ben-Gurion was constrained by Soviet and American pressure to change his tune, and the Knesset accepted his reasons for the change with a mature self-discipline. The Israelis are now committed to withdraw from the Sinai peninsula, as the General Assembly required them to do. In fact, the General Assembly's demands go further and embrace an Israeli withdrawal from all the territory they have overrun, including the Gaza strip (a part of Palestine, though until lately Egyptian-held) and the islands of uncertain national status at the mouth of the Gulf of Aqaba. On those two fragments of territory the Israelis may still argue the point.

When the Israeli foreign minister, Mrs Meir, wrote to Mr Hammarskjöld that the government "will willingly withdraw its forces from Egypt immediately upon

the conclusion of satisfactory arrangements for the international force," she added the "urgent request" that Egypt should be called upon to stop the policy of organised raiding and drop the boycott. This reasonable request was not, however, a condition of the withdrawal, as Mr Hammarskjöld was quick to point out; it merely expressed what he called "certain hopes and demands." As the servant of the General Assembly he could probably make no other comment. The Israeli forces, like the British and French forces at Port Said, had no right to be where they were. The Assembly had required them to withdraw and had established a force to take over from them. Whoever had the power, only one government had the right to stipulate conditions for letting the international force in. As the secretary-general pointed out on November 6th, the General Assembly "could not request the force to be stationed or operate on the territory of a given country without the consent of the government of the country." This may account for the marks of British and French irritation at the way negotiations were going this week, when the force was assembling and, as it seemed, awaiting President Nasser's permission to go in.

Since this is the position, there may very well be more strains on British, French and Israeli patience as the position in Egypt is disentangled. The Israelis have not even been able to require of the United Nations that, if they give up territory to the international force, there must be guarantees against a repeat performance by Egypt. But the force may then hand over the territory to Egypt, and indeed will do so, without procuring any guarantees, unless a power as yet uncommitted takes steps to see that the hand-over is synchronised with a political settlement. The best practical arrangement would be a demilitarisation of the Sinai peninsula.

The British public, which has been prepared to expect that the Anglo-French operation would produce some results in the way of holding or opening the Suez Canal, may blink its eyes when it sees President Nasser regain practically all he has lost without being required to give any pledges, and when General Burns's force finishes up holding only a strip along the eastern edge of the Sinai peninsula. Even that the force would hold in a symbolic and not a military sense; it is only a para-military force, not organised to fight other armies.

The British and French governments, when they withdraw from Port Said, will not be surrendering anything comparable with what the Israelis are giving up. Their position at Port Said could only be of use to them in case they wanted to fight another Egyptian campaign, which they surely cannot be proposing to attempt now. It does not strengthen their hand perceptibly in the Suez Canal dispute, since the possession of one end of a canal does not enable the holder to open it, merely to close it; and they can have no possible interest in keeping it closed. If, therefore, in spite of what they have said they were to hold on to their end of the canal in the hope of getting assurances about a final settlement, this would not serve them very much.

It has been argued in London that the international force when it takes over Port Said will be acting under a responsibility to promote a canal settlement. Certainly the Security Council was seized of the two canal disputes—that of Israel and that of the users—before the fighting broke out. It is true, too, that the Assembly set up the present force with, among other purposes, the purpose of securing compliance with the Assembly resolution of November 2nd; and that resolution spoke of steps to "reopen the Suez Canal and to restore secure freedom of navigation." General Burns, however, said at Jerusalem on Sunday that his force would neither occupy the canal nor operate it: "My orders say nothing about occupying the canal. Clearing the canal is not one of my duties or responsibilities."

If the force is not to do it, Uno can still concern itself with reopening the canal through normal civilian agencies. There have been reports that it is hiring dredgers, Mr Hammarskjöld having declined a British offer to help on the ground that the work had better be done by people who have not been parties to the conflict in Egypt.

President Nasser's negotiating position begins to appear very much stronger than a ruler can usually expect when he has just been, militarily, almost completely deflated. In effect, the consequences of his military defeat have been offset, or at least masked for the present, by the diplomatic defeat which Britain, France and Israel have courted and suffered. In its shadow his pretensions are able to revive; and the old sources of conflict stand exposed again.

The next few weeks may see an example, good or bad, of the possibilities of the United Nations as an instrument for peacefully clearing up a field of conflict and resolving a complicated dispute. As is plain, there is inherent in the process, because of the necessary legalism of the international body, the danger of merely restoring an undesirable *status quo*. But to see merely this danger, or to blame it on the United Nations or on the principle of international action, overlooks that the United Nations is no more than the sum of its members and that its slender instruments of authority are only one among many powers at work.

Of those powers, the British and French governments have severely damaged their ability to influence what is done, because they have produced a situation in which the United Nations mechanism is inevitably directed in part against them. The taking of initiatives and the marshalling of effective international support are therefore for the present hardly in their grasp; they may repair their position, but in the meantime the outlines of the final settlement will be influenced and the conditions of future action will be prejudiced by the moves of the next few weeks. If real settlements of the canal, and of the Israeli-Arab relationship, are to be extracted from the present state of confusion and deadlock, an impetus will have to come from another quarter. It is now that the United States will have to decide to bring its influence actively to bear.

Notes of the Week

In Cabinet

WHERE stands Sir Anthony Eden this weekend—in the cabinet, in his party and in the country? The most important, but inevitably also the least readily fathomable, question concerns his relations with the rest of the cabinet. There now seems to be almost unanimous agreement among political commentators—one is almost inclined to say gossip writers—that moderate elements in the cabinet had to over-persuade Sir Anthony into accepting the cease-fire on Tuesday of last week; there is a fairly general consensus among them that two cabinet members may now feel privately that they would make a better party leader themselves—and that a small group of other cabinet members agrees with one of them; it is perhaps a fair summary that personal relations in the highest reaches of the Conservative party now seem rather akin to personal relations in the Labour party at one of the many moments when Labour claims it is "more united than ever before," and when the Tories themselves greet such a claim with a smirk. Where the gossips differ is in their assessment of whether this is a stable position for the Prime Minister, especially if economic and political troubles mount. It must remain a personal opinion that while in the Labour party the rows inherent in this sort of situation erupt only in occasional attempts from above to spank the ambitious challenger below, in the Conservative party an equally likely development might be for a challenger from below eventually—although now certainly not immediately—to attempt to edge out the man at the top.

—in the Party

IN the lower reaches of his party, however, Sir Anthony's position is now undoubtedly very much stronger than it was a week ago. The rebel MPs have called off their rebellion in the belief that they have achieved their objectives; as one MP has put it, Sir Anthony has now become the Mr Nagy of the Conservative revolution. The Tory rebels have good reason to be proud of the concessions they were able to wring out of the Government. Even allowing for the propaganda value of two middle tier ministers resigning and one pro-Nasser backbencher leaving the party, a group of never more than 20 active moderates would not normally have been able to achieve so much with a Government which commands a majority of 60. They were helped by several factors: the powerful moderate group in the cabinet, a general uneasiness among a wider section of Tory backbenchers, and perhaps by the haunting memory in the Prime Minister's mind of how Chamberlain had fallen—on a vote which he had won, but with a halved majority.

It is now known that about a dozen Tory backbenchers formed the nucleus of the moderate group. They opposed Sir Anthony's policy from the start, but decided to work from within for a return to compliance with the rule of United Nations law. They wrote three joint letters and on each day a major concession was later announced. For this the moderates are entitled to claim at least some of the credit, and one of the few good things which has come out of this crisis is the emergence of an active and organised Tory "Keep Progressive" group. The Prime Minister's main immediate worry in the party, however, is not about them; it is about the reactions of the Suez group to the realisation that the United Nations force is not going to be at all the sort of body they originally envisaged, and is not going to control the canal. Having left the war half-finished to satisfy his pacific critics, Sir Anthony may have to reckon with the growing frustration of his belligerent supporters.

—and in the Country

THE biggest factor behind the rallying of party support behind the Prime Minister, however, has been the discovery that public opinion is on Sir Anthony's side. The Gallup poll published in the *News Chronicle* on Wednesday has been the talk of Westminster. At the beginning of November only 40 per cent of those questioned told the pollsters that they agreed with the Government's Suez policy; now 53 per cent say they do. More striking still, while 48 per cent of those polled on November 2nd said that they would vote Labour in any general election and only 42½ per cent said that they would vote Conservative, the Conservatives lead in the latest poll by 46 per cent to 45 per cent. This is the first time for a year that the Conservatives have been in the lead in this reckoning. While a section of thinking opinion was profoundly shocked by the Suez Invasion, and reacted sharply at once, the poll suggests that less articulate opinion has swung in the Government's favour. For the first time since Llandudno the Conservative chief whip, whose support of Sir Anthony throughout the crisis has been stalwart and heroic, has a contented smile on his face.

How significant is this switch of public opinion? Labour MPs profess to believe that while the middle-class people who have reacted against Sir Anthony will remember that reaction and will not now vote Conservative, the working-class people who apparently rather approve of being tough with the Egyptians will not really, in the last

resort, desert Labour; they also say that petrol rationing and other economic sorrows to come will be particularly resented by that considerable part of the pro-force floating vote which is composed of what one Labour MP calls the "lumpen-bourgeoisie." As this issue of *The Economist* goes to press, a three-cornered by-election is in progress in the normally safe Conservative seat of Chester; all three parties are preparing to try to prove almost anything by whatever swing it reveals.

Germany's Smaller Army

HERR STRAUSS, the new west German defence minister, has now announced more details of his new plans for the German army. Its build-up will be slower than was originally planned. By the end of this year only some 70,000 to 75,000 men will be under arms instead of the 96,000 proposed by Herr Blank, his predecessor; by the end of 1957, 120,000 instead of 250,000. But these smaller forces will be quickly ready to go into the field as fighting units instead of merely forming the nucleus of an army of twelve divisions to be built up over a period of four years. Herr Strauss's continual emphasis on quality and speed has seemed timely, for with British and French forces weakened by withdrawals and its own infant forces capable of providing very few fighting units, West Germany has been feeling peculiarly naked in face of Russia's threats and display of force.

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A correspondent in Germany writes: Lack of barrack space—owing to Allied failure to vacate it as fast as was promised—was given as one of the first reasons for the change in Bonn's defence planning. This had long been sacrosanct. All talk of a basic change in the principles and methods of defence policy was frowned on.

But the replacement of Herr Blank by Herr Strauss at the Ministry of Defence coincided with events abroad so momentous that the change in planning seemed not only necessary and expedient, but also proper. When the new minister took over the Bundeswehr, he stressed the need for an instrument of self-defence in turbulent days. Cadres are not such an instrument, but an element of long-term planning. Bonn's plans so far had envisaged cadres for twelve divisions which were to be built up gradually and simultaneously by the intake of volunteers and conscripts. The new minister wants three fully-fledged divisions to be formed at once and two or or three more to follow later.

The first three divisions are to be based on units of the Federal Frontier Force. The official plan still is that these should be joined by conscripts as well as volunteers. But it may now change. There is no love of conscription either among the age groups affected or among the strategists. Dr Jaeger, who favoured the short, twelve-month period of conscription, now wants the call-up of recruits to be postponed if accommodation and supplies are still inadequate by April 1, 1957, the date fixed for the call-up.

In fact more volunteers have already been accepted than can be housed. Unless there are political reasons for rejecting volunteers and preferring conscripts, it would seem sensible not to conscribe. Indeed, with the approach of federal elections there is a strong political incentive to make do with willing men (though it would have been better to do without former members of the Waffen-SS, however keen). It is electorally unwise to allow national servicemen's grumbles to be added to the Opposition's complaints about Germany's place in Nato. These have become louder with the growing Anglo-American inclination to reduce ground forces. Herr Strauss may ask for tactical atomic weapons. Their production was renounced in the Paris Agreements, but their possession is an open question.

Russians on the Middle East

NEVER since the war have the Russians sounded such an alarm or spoken with such a threatening voice as they now have over the Suez crisis. Broadcasts were interrupted on Moscow radio and additional news bulletins introduced. After the beginning of hostilities the headlines of Soviet newspapers proclaimed: Aggression Against the Egyptian People Must Be Stopped Immediately. The campaign reached its peak with the threatening Notes to Britain and France broadcast on November 5th. It has not subsided with the cease-fire, and both its volume and violence indicate that this is something more than a mere smoke-screen for the Hungarian tragedy.

The threats: Marshal Bulganin's message to Sir Anthony Eden contained the ominous question: "What would be the position of the United Kingdom should she be attacked by stronger states that possess all kinds of modern destructive weapons? And such countries could at the present time, instead of sending naval or air forces to the shores of Britain, use other means such as rocket weapons." Further on, Marshal Bulganin expressed Soviet determination "to crush the aggressors by the use of force and to restore peace."

The paragraph referring to rockets was omitted in the Note sent to M. Mollet. But France was soon reminded that the Russians are well aware of its vulnerable spot. By a tacit agreement the Soviet press had been cautious in its handling of Algeria since the visit of the French premier to Moscow. Tass (the Soviet news agency) was no longer bothered by such inhibitions in its recent statement: "The Soviet people condemn the colonial war which is waged against the unarmed people of Algeria, where blood has been flowing for several years already."

The Israeli government was "advised" on the same day "to ponder the matter before it is too late and cease its aggression against Egypt." This was coupled with a warning that the hatred now sown by it "will leave its imprint and bring into question the very existence of Israel as a state."

United States described as an accomplice: From the very first the United States was described as a sleeping partner in the Franco-British plot. "Israel would never have dared to attack," wrote *Pravda*, "if she were not backed by the USA, Britain and France." A Moscow radio commentator explained the apparent contradiction by "electoral considerations" which induced the American Administration to remain temporarily "in the shade." This line was not dropped even after Marshal Bulganin's message to President Eisenhower in which he invited the United States to common action as two "great powers possessing all types of weapons, including atomic and hydrogen bombs." The Russians argue that the aim of the western powers is to occupy the canal and impose a solution, and that the Americans merely want to achieve that end under a better disguise.

Call for vigilance during the cease-fire: This is consistent with the Soviet interpretation of western aims. The cease-fire is really "a manœuvre to gain time," while plans are being worked out "for operations to occupy Egypt, this time under cover of the United Nations." A broadcast in English argued that "the sole purpose of setting up an international force is occupation of the Suez Canal" and that according to the UN charter such a force can only be used "to defend victims of aggression, not to occupy countries which have been attacked by interventionists."

It was after the cease-fire that Moscow uttered its threat about sending volunteers. "If Britain, France and Israel, contrary to the decisions of the UN, do not withdraw all their troops from the territory of Egypt and, under various pretexts, delay the implementation of these decisions . . . then the appropriate organs of the Soviet Union will not hinder the departure of Soviet citizens—volunteers who wish to take part in the struggle of the Egyptian people for their independence."

Appeal to Afro-Asians: One of the first Soviet moves was to call on Mr Nehru to summon a conference of the Bandoeng states. In the Arab world and in Asia the Russians now parade as the true defenders of colonial states against imperialism. Hence their insistence that the United States are only blaming Franco-British intervention for the sake of appearances. The Soviet Union also claims the chief credit for obtaining and preserving the cease-fire.

Home front: This propaganda is destined not only for foreign consumption. Mass meetings are being held in factories and offices throughout the Soviet Union. Motions are voted and messages pile up. Muscovites have been allowed (or encouraged) to demonstrate outside foreign embassies, an unprecedented event. Mr Khrushchev, addressing a meeting of Soviet youth, claimed that "the voice of the Soviet people in defence of Egypt was listened to above all because of the might of the Soviet Union."

Suez and Asian Trade

JAPANESE industrialists have mixed feelings about the blocking of the Suez Canal. It will seriously increase the price of some essential imports—particularly potash fertiliser, steel and cotton—while the cost of oil, although the Japanese do not get it through the canal, will be affected by the world shortage of tankers. But these are minor drawbacks compared to the help it may give Japan to extend its foothold in European, particularly British, markets in South East Asia. The Japanese have always felt that these markets were naturally theirs, but, since the war, progress has been slow in building them up (last year Western Europe sold $2,300 million worth of goods to South East Asia while Japan sold $700 million worth). Now the Japanese hope that the extra cost of sending goods by the Cape will enable them to undercut European prices, particularly of heavy industrial goods.

The timing has been fortunate. A Tokyo newspaper speaks of a recent "flood" of requests from the Middle East, as well as from South East Asian countries, for Japan to co-operate in local economic development and to participate in international bidding. This development has been attributed to "intensified moves by under-developed countries, following the (original) Suez crisis, to attain economic as well as racial independence by pushing their industrialisation and the development of their resources." It is difficult to see the logic of this statement but, whatever the reason, Japanese trade missions have been displaying great ubiquity and energy lately and the Suez conflict has certainly been welcome news to the Japanese arms producers, who are said to be preparing to export arms through third countries to nations involved in the Middle East conflict.

His Master's Voice

HISTORIANS of the Suez crisis may find it odd that the first report of a "Russian plot" in Egypt was made to the House of Commons by a President of the Board of Trade. Contemporary observers at Westminster are less surprised. Twelve days of almost non-stop Commons debating about the crisis have severely tested the Government's ability to produce effective speakers on foreign affairs. The Prime Minister has made five statements and three speeches, not to mention a television broadcast and a major speech at the Guildhall, while the Foreign Secretary was also in action daily until he left for New York. It is therefore understandable that the job of defending the Government has been deputed twice each to Mr Butler and Mr Lennox-Boyd, and once to Mr Thorneycroft. If this spreading of the load reflected a genuine spreading of cabinet responsibility it would indeed be welcome. Unhappily, however, it may have been due mainly to the fact that the sudden resignation of Mr Nutting had created a gap which the two Under-Secretaries at the Foreign Office lacked the weight to fill, and to certain special circumstances connected with each speaker. Mr Butler's first speech was designed to show his loyalty—and his second speech to give him a chance of making a better job of it. Mr Thorneycroft and Mr Lennox-Boyd were useful first reporters of the Russian plot; the Prime Minister was shrewd not to handle it himself until he had seen how the House reacted.

A much more important question than this matter of who is to speak for the Foreign Office is the old one of who is to make decisions at it. This is not the place to reopen the familiar controversy about the Prime Minister's continued personal involvement at the Foreign Office, although it is now clear that the history of the world might have been different if this tired man had not insisted on still trying to do two jobs at once. Unfortunately, however, Sir Anthony has himself just stirred up the controversy again. To succeed Mr Nutting as Minister of State, and therefore presumably as the most frequent Government spokesman at the United Nations, Sir Anthony has appointed his own former Parliamentary Private Secretary, Commander Alan Noble. Inevitably, and perhaps unfairly to Mr Noble, hostile critics are preparing to dub him in his new post as merely Sir Anthony's second smaller boy; for this reason alone, the appointment seems to be a tactical mistake.

Shadow of the Shadow

THE one thing that may prevent Mr Bevan from being at the top of next week's poll for Labour's shadow cabinet is the sudden realisation by many Labour MPs that he might be going to be. A majority of Labour members

would regard it as a misfortune if by failing to give their own votes to Mr Bevan they ensured that he did not get on to the shadow cabinet at all ; but many of them feel that it would be an equal misfortune if by voting for him they ensured him the pride of first place. The hurried calculations they are now making could be of some importance. For if Mr Bevan is at or near the top of this popularity poll among Labour MPs, Mr Gaitskell may feel that the movement to make Mr Bevan Labour's shadow foreign secretary has become irresistible.

In logic, of course, the shadow foreign secretaryship should not be determined by accidents of this sort. Nor should it be influenced solely by Mr Bevan's brilliant, but partly tactical, self-containment during the Suez crisis ; it has not been difficult for Mr Bevan to remember for this period to be more moderate even than Mr Gaitskell, on an issue where lesser Labour members have confused righteous fervour by unparliamentary noisiness. There are two important things to say about Mr Bevan at this juncture. First, he is so clearly one of the biggest men in the Labour movement that he ought to be given one of the biggest jobs in any Labour government. Secondly, however, any Labour MP who thinks that Mr Bevan will not some day re-open his personal feud with Mr Gaitskell is almost certainly living in a fool's paradise. It is a matter for legitimate party consideration (the broader national interest is not at present directly involved) that if Mr Bevan were to launch a fresh feud from the shadow foreign secretaryship, this would be of greater electoral advantage to the Tories than a mere renewed rumbling from his present colonial wilderness. Mr Gaitskell therefore has a difficult decision to make. Whichever course he chooses, some peace-loving Labour MPs, who are now urging him to do one thing, are likely to pretend in a few years' time that they always had urged him to do the other.

A Pipeline *Canard*

THE explosion which wrecked the Iraq Petroleum Company's disused pipeline in north-west Jordan on Monday night was either a deed of derring-do in a quiet sector, or else a piece of propaganda designed to give currency to a tale that the company had been pumping oil to Israel. For the news that " oil flowed out " and was set alight has been widely spread by Syrian and Jordanian sources.

Help for Hungary

UNABLE to assist the Hungarians directly in their struggle, millions of people in this country and the rest of the world are contributing money in the hope that they can help a little to alleviate their sufferings. To many Hungarians it is a poor substitute, perhaps, for the military help they crave ; to the free outside world a meagre expiation for the shameful feeling that it can do nothing to help a people who are fighting a lone and hopeless battle so vital to the free world itself. But both inside Hungary, where bloodshed, starvation and disease are causing appalling suffering, and outside, where refugees now number over 20,000, help in the form of medicine, food and clothes is still badly needed. Perhaps, too, it can do a little to heal the Hungarians' bitter feeling that the free world has passed them by on the other side.

In the early days of the rising, before the massive Soviet intervention, help in the form of medicine and food poured across the frontier all over Europe in every form. Thousands of individual Austrians drove across to help and evacuate the wounded. Caravans of trucks loaded with supplies were driven from Switzerland to Budapest by students who had helped collect them. Relief aircraft came in to Budapest from Poland each day loaded with medical supplies. £50,000 of food and medicine from BAOR was flown in by RAF transports. But on November 4th Soviet troops sealed off the Hungarian frontier with Austria and it was only a week later that they allowed convoys to enter, and then only from the International Red Cross. So far three convoys containing doctors, medicines and food have crossed the frontier this week, and entry is now becoming easier and quicker. It is hoped to restart the airlift soon. By last Monday $584,000 had been collected by the League of Red Cross Societies in Geneva from all over the world ; the British Red Cross total has since reached £97,000, about half of which is now going into Hungary, about half to refugees.

The refugees' immediate needs seem already to have been met, though many arrived only with what they stood in. The initial burden, of course, fell on Austria. There the Government has appealed for everything from clothes to toothpaste. The provincial authorities are trying to find homes for women and children and are making use of all available space. Hotels, youth hostels, trade union centres and church premises—every empty space is being used. The aim is to get the refugees out of camps as quickly as possible. To help the Austrian authorities in the first critical days, the United Nations Commission for Refugees immediately gave £8,500, which it had available, and it has since been able to send on some other early contributions from European countries —from Britain £2,000 from the Balliol college relief fund, for example, and £5,000 from the United Nations Association appeal. The great importance of this money is that it could be sent at once to meet the first urgent need. Since then the United States has contributed $1 million and the Canadians and Australians have promised $100,000 and £30,000 respectively, so the immediate problem of finance is not acute.

The long term problem of finding homes for the refugees also seems likely to be handled by the United Nations High Commissioner. He has already received national offers to house about 30,000 refugees. Britain has offered to take some 2,500, West Germany some 3,000, despite its own refugee problem, France an indefinite number, Australia some 3,000. But it may be some time before offers from countries outside Europe can be accepted, for many refugees are reluctant to leave until there is no more hope of returning home. Most are women and children whose menfolk stayed to fight, and who left to escape immediate starvation or death in the fighting ; some may wish to go back even if there is no hope of a democratic regime. But at present the host of refugees continues to grow.

In Britain most of the various funds, including the Lord Mayor's fund, collected will be shared out in about a week's time between the various distributing organisations. By then it should be clearer how much will be needed for the refugees and how much can be sent to Hungary itself through the Red Cross. Some of the money will certainly go to the British Council for Aid to Refugees which is arranging the reception of them in this country, helping to find them homes. The Council has already received £10,000 from the Government for preliminary organisation and £5,000 from the United Nations Association, which has so far collected £30,000. The Council will certainly need a good deal more.

In fact, the point at which the deed was done—in the hills from which the pipeline drops to the upper Jordan valley and the Israel frontier—is one at which its only content was still oil left there as a preservative. Jordanians will remember that this practice was permanent if they recall an incident just three years ago, when an underground leak a little farther down the hill seeped out at some distance from the pipe and started the exciting rumour that oil had been discovered in Jordan at last.

The dead leg of the pipe that has been closed since the Palestine war because it terminates in Israel has not been idle along the whole of its length ; supplies for the Jordanian market have been boosted along it from Iraq to the first economic point of off-take. This is near Mafraq in north-east Jordan, and many miles upstream from Monday night's activities.

Hungarians Unbowed

THE amazingly protracted armed resistance of the Hungarians to the Soviet Army has at last been largely overcome. But it is a pyrrhic triumph for the Russians. The Hungarians have won a great moral victory and in spite of enormous casualties, great material devastation, and the threat of starvation and disease, their spirit is obviously quite unbroken. They may have abandoned the armed struggle, at least for the time being, but they seem determined to go on wielding the formidable weapon of the general strike, at whatever cost to themselves—and the cost is clearly already very heavy. Repeated anguished appeals by spokesmen of the Kadar government have moved only a tiny minority of the workers to go back to work, although some public services seem to be kept ticking over. Although their most crying need now is for the very barest necessities of life, they are still grimly sticking to the basic demand for which they originally took up arms—the right to live as free men in a free country.

The position of the Kadar government is not an enviable one. And it will not be made any easier by reports, which seem to be well founded, that the Russians have reverted to one of the most wicked Stalinist excesses—the mass deportation of young men of fighting age. The government's spokesmen have been protesting vehemently that it has not the slightest intention of trying to restore a " Stalinist-Rakosiite " regime. And throughout the week Mr Kadar, in an increasingly desperate effort to curry favour, has been making more and more radical concessions to popular feeling. From such comparatively unimportant concessions as the restoration of the Kossuth coat-of-arms, he moved on to promises of a 10 per cent wage increase, the abolition of compulsory deliveries from the farmers and renewed promises to abolish the secret police. He had refused to admit UN observers under the General Assembly's resolution. But on Tuesday he gave in to Mr Hammarskjöld's pressure to the extent of agreeing that UN representatives should enter Hungary to organise relief work on the spot. On Wednesday he announced that a number of leading (and most-hated) Communists, including Mr Gerö (not, apparently, dead after all) and Mr Hegedüs, who was premier when the uprising started, have been debarred from political life.

Finally, on Thursday, it was reported from Budapest that Mr Kadar had capitulated to the Hungarians' demands for free and secret elections and the re-establishment of all left-wing parties. He also agreed to negotiate with Mr Nagy with a view to handing over the premiership to him. The whereabouts and attitude of Mr Nagy are uncertain. Having taken refuge in the Jugoslav embassy, he is believed to be determined not to re-enter politics until the Russians have completely withdrawn. So far, Mr Kadar has stuck at demanding this. But unless he does, and the Russians agree, the rest of his promises are not worth much.

South Africa's Lawful Revolution

THE Nationalist government has won legal blessing for its removal of the bauble of Senate opposition. The Appeal Court's dismissal of the Senate Act appeal brings the curtain down on a five-year struggle in which the legal issues have been as confused as the moral issues were clear. The Nationalists' overt purpose in the long fight was to strike the Coloured voters of Cape Province from the common electoral roll: since this could not be achieved constitutionally, the constitution had to be changed. In order to obtain the two-thirds majority in both Houses of Parliament sitting together which was needed to revoke the entrenched clause protecting the Coloured franchise, the government unscrupulously packed the Senate with its own nominees. The Senate Act, passed earlier this year, nearly doubled the number of Senators but, at the same time, by altering the electoral procedure, actually reduced the opposition seats. The United Party challenged the validity of this action in the courts, but the government, having already been defeated over the Coloured vote in the Supreme Court, took the precaution of appointing six new judges from among its supporters. In the event, this safeguard proved redundant: the appeal against the Senate Act was dismissed by ten of the eleven judges.

The presence of the 50,000 Coloured voters on the common electoral roll was an irritant to the Nationalists. Ideology apart, the small Coloured vote had a certain influence on marginal seats in Cape Province. But since the Cape Coloured will now elect their own representatives to Parliament, the practical advantages of the new system are limited. It is questionable whether the immediate prize was worth the odium which the government received for fiddling with the constitution. But the government—and the opposition—were playing for higher stakes. The Coloured vote was little more than a pawn in the Nationalists' inexorable battle for complete dominance in parliament and in law. The government was after a flexible constitution and a rule of law unable to challenge white supremacy. On the substance of the question of Coloured rights the political opposition is at best equivocal, but it is able to recognise the threat of single-party rule. Thus the opponents of the Senate Act were of two kinds—the United Party, who saw Nationalist ascendancy even more firmly established than before, and law-respecting citizens of all parties who fought the sapping of their constitution. But now the law has taken the brakes off the Nationalist steamroller.

Ghana's Rough Road

In its revised proposals for the constitution of Ghana (the Gold Coast), Dr Nkrumah's Convention People's Party has conceded next to nothing to Opposition demands: the new version differs more in wording than in substance from the proposals issued last April. This is a disappointment for the National Liberation Movement (the backbone of the opposition) which had at last abandoned its inept tactics of campaigning for a federal form of government while boycotting all constitutional negotiations with the CPP. On two at least of the three principal points of difference now being debated in the Assembly, the government is likely to be obdurate. The opposition has so far had no success in its attempts to check the government's legislative and executive powers by the establishment of a Second Chamber (composed mainly of chiefs) and an extra-parliamentary Council of State to advise the Governor-General on the running of the civil service and judiciary. But the third issue between government and opposition—regional devolution—is a question of extent rather than existence and is therefore a more fruitful bargaining point. The NLM objects to the government's proposal that the regional assemblies should gradually attain to powers similar to those of the London County Council, for they claim that such powers are neither adequate nor sufficiently protected.

Although on paper the revised proposals go some way towards calming the opposition's fears—they give, for instance, an earnest of decentralisation of the police (while retaining ultimate central control) and they make it rather more difficult to change the constitution—on the most contentious points the provisions are still too vague to amount to much more than a moral commitment to protect regional interests. The Ghana government is believed to be in general agreement with Sir Frederick Bourne's suggestions for regional devolution, but does not intend to write its agreement into the constitution. The clauses dealing with devolution have purposely been left imprecise where definition and entrenchment would serve the interests of the minorities.

While some members of the opposition are arguing constitutional points in the assembly, others outside are still flogging the lame notion of federation and, in default of this, threatening secession of Ashanti, the Northern Territories and possibly Southern Togoland. Since the last election showed that sizeable minorities in these territories

Crisis in King Street

Not since the Molotov-Ribbentrop pact has the British Communist Party experienced anything like the internal dissension sparked off by Russian behaviour in Hungary. The resignations include the *Daily Worker's* cartoonist (Gabriel), a growing batch of trade union officials—including Mr John Horner (Fire Brigades Union), Mr Alex (not Abe) Moffat (National Union of Mineworkers), Mr R. B. Seabrook (Shop, Distributive and Allied Workers), and Mr Leslie Cannon, (Electrical Trades Union)—and leading members of communist clubs and branches at several universities. In addition, protests against the Russian action have flooded into the *Daily Worker*.

The official party line has, as in 1939, fluctuated wildly before settling down to a clear echo of the Kremlin's directive. On November 3rd, the *Daily Worker* welcomed the new People's Freedom government, and reported the hopes of one of the new cabinet ministers that "the declaration of Hungary's neutrality would result in the withdrawal of Soviet forces." It also reported with regret that its one-time reporter in Hungary, Dr Edith Bone, who had disappeared in 1949, had been liberated by the rebels from a Budapest prison after seven years of "inhuman treatment" during which British communists had been unable to elicit from their Hungarian comrades any information about her whereabouts. The same issue contained a dispatch from Mr Peter Fryer, the *Daily Worker's* present special correspondent in Budapest, in which he described the communist terror and brutality in Hungary and the popular hatred of the Russian occupiers. The next news that readers had about Mr Fryer was that he had taken refuge in the British Embassy.

By then the Russians had launched their counter-attack. That week-end the party executive was called to a special meeting and, on Monday, November 5th, issued a policy statement declaring that the Soviet troops were in Hungary "in response to the appeal made to them by the Hungarian people to help defend Socialism" against Fascism. Many party members found this unconvincing, and on Wednesday, November 7th, Mr John Gollan, the party's secretary, issued a new statement in which he simplified the issues considerably: "the success of counter-revolution [in Hungary] could have sparked off similar forces elsewhere in Eastern Europe," and to prevent this the use of Soviet forces was essential. This flat-footed admission was the last straw for many comrades, and since then the party has mobilised all its dullest hacks to repeat Mr Gollan's sermon. Their main achievement so far has been to stimulate more resignations and more protests.

★

It would be a mistake to regard the events in Hungary as the sole cause of the present crisis. The first signs of dissension appeared when at the Easter conference the party delegates held a closed session to discuss the horrible but true (i.e. Moscow) news that for at least two decades innocent people had been framed, tortured, imprisoned and murdered in the Soviet Fatherland. The party's old guard, led by Mr Palme Dutt, at first attempted to brush off these facts as personality errors on the part of a fundamentally progressive and kindly genius. The blast of protests that met this version led to an abject surrender on Mr Dutt's part and the opening of the columns of the party's weekly (*World News*) to critics of the party leaders. As a gesture to the malcontents the party announced the formation of two commissions of inquiry; one to reconsider the official policy declaration "The British Road to Socialism," and the other to examine the working of inner party democracy.

The fatuity of the latter commission was heavily underlined by the party's treatment of "The Reasoner." This was an occasional bulletin started by two communist university teachers seeking to discover a Marxist explanation for Stalin's errors. After the appearance of the first issue they were ordered by the executive to cease publication—since "the executive committee has the duty to protect the party"; the paper now has closed, but its two editors have resigned from the party. It is by this sort of behaviour that the executive has alienated many of the younger middle-class intellectuals in the party, and many of its self-educated trade unionists. It is left now with a rump of aged intellectuals and party bureaucrats whose unwavering support of Russia is beyond reason. When the party met at Easter members were called upon to raise the then membership of 34,000 to 50,000. It will be surprising if at the end of this year there are 20,000 paid-up members.

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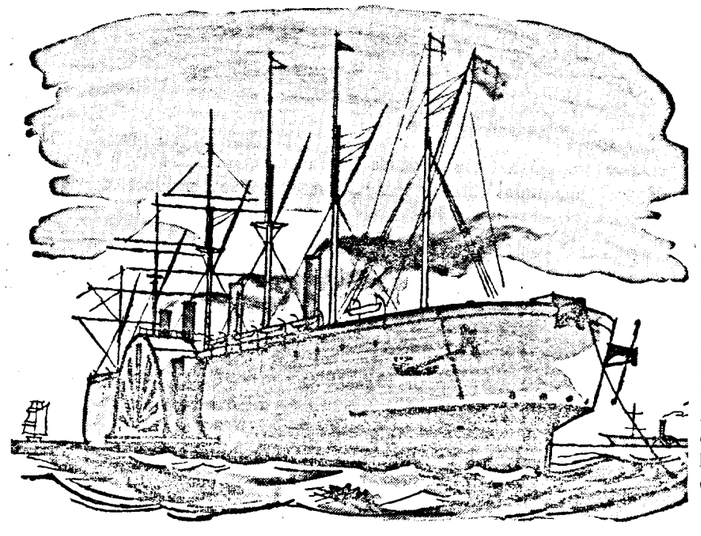

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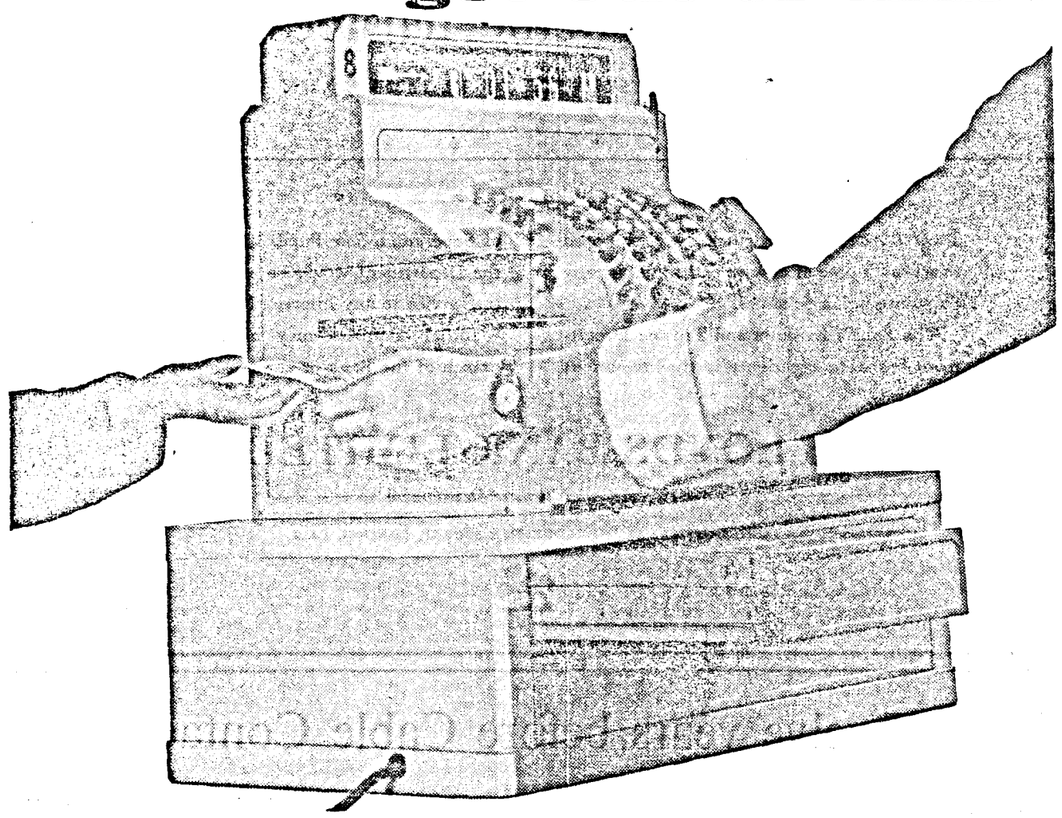

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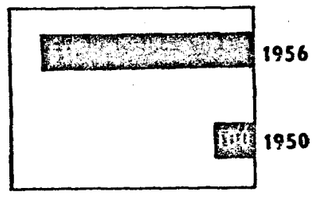

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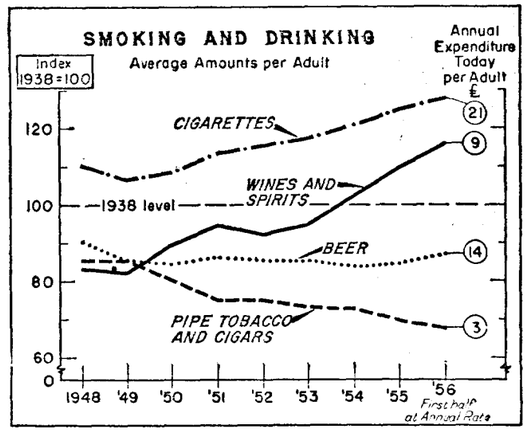
supported the CPP, these theories will not wash. Unfortunately the leader of the opposition, Professor Busia, has chosen this time to pursue his academic career in Europe. Without him, the Ashanti are more than ever influenced by the Asantehene, whose personal animosity towards Dr Nkrumah and the CPP is probably incurable. Time is now running short—the constitution has to be thrashed out in the next three months—and the Ashanti might be wise to use bargaining instead of threats.

Drinks and Smokes

LAST year there were 54,000 convictions for drunkenness in England and Wales, equivalent to about one out of every 635 adults. In 1938, when there was less money to spare, the number was very slightly higher, but the disquieting trend today is the increase in young offenders; for their numbers, nearly as many people get drunk between the ages of 18 and 21 as they do in their most susceptible years—the twenties. Figures of convictions may, of course, be influenced by the zeal of the police. As the accompanying chart shows, consumption of beer a head has fallen since 1938, and although that of wines and spirits has risen, Britons drink slightly less alcohol than before the war. More of the extra spending today has gone into cigarettes than into drink.

This has an ominous significance in the light of the new findings of Dr Doll and Professor Bradford Hill, reported



in last week's *British Medical Journal*. In their earlier investigation of the relation between smoking and lung cancer they compared the smoking habits of lung cancer patients and other patients in hospital wards. In this one they obtained five years ago the smoking habits of some 40,000 doctors and then studied the deaths among them in the ensuing period. They thus claim to have eliminated any bias that might have been caused by an unwillingness on the part of actually ill people to say how much they smoked.

Since October, 1951, when the replies from the doctors were received, there have been 1,854 deaths among them, of which the investigators accept 84 male cases as having a confirmed diagnosis of lung cancer—there were only two established cases among the women doctors. Looking at their declared smoking habits, and using various statistical techniques, Messrs Doll and Hill drew several conclusions, of which the most striking are as follows:—

1. The death rate from lung cancer among heavy smokers (past or present and including pipe and mixed smokers) is twenty times that of non-smokers, and there is a steady rise in the rate as the amount smoked increases.
2. The mortality from lung cancer is significantly greater among cigarette smokers than pipe smokers, with mixed smokers falling in between.
3. There is a progressive reduction in mortality with the increase in the length of time over which smoking has been given up.
4. Doctors reporting themselves as heavy smokers of cigarettes at the beginning of the investigation had a mortality forty times the rate of the non-smokers.

Yet the chart shows cigarette smoking going up and pipe smoking going down. Shall we soon hear of people not drinking themselves, but smoking themselves to death?

Mr Gomulka's Journey

UNDETERRED by rumours of Soviet troop movements and of an impending return to Stalinist methods, Mr Gomulka has gone to Moscow (where he has been received with the red carpet treatment) at the head of an important Polish delegation, including the prime minister, Mr Cyrankiewicz. Nor has he preceded his journey with any recantation of the Polish way to socialism which he had announced before the Hungarian rising. On the contrary, a government reshuffle on the eve of this trip was yet another sign that he is determined to keep on the path he had chosen. As a symbol of this change Marshal Rokossovsky was officially removed from the ministry of defence and replaced by General Spychalski, who once sat in jail together with Mr Gomulka. These governmental changes have followed wholesale dismissals of Soviet officers from the Polish forces and a purge of the most faithful Stalinist stooges in the party and the trade unions. Mr Gomulka has secured his rear.

Undoubtedly he will plead in Moscow the case for further liberalisation, despite Budapest, not only for Poland, but for the rest of Eastern Europe as well, as the only means of salvaging something for communism out of the Stalinist bankruptcy. Indeed, at this hour of acute conflict within the Soviet leadership, some Russian rulers may want to parade him as evidence that the Hungarian disaster was avoidable, and to use his pleas to strengthen their own arguments. To the champions of Stalinism he will certainly reply that in Poland naked force can only lead to terrible bloodshed.

Mr Gomulka will also have to plead *pro domo sua* in prosaic terms. For the success of his experiment he needs not only Moscow's blessing, but its aid. Poland requires at least a million tons of grain together with other foodstuffs and industrial consumer goods. The demand is urgent and, if Russia cannot provide the goods, it will have at least to acquiesce in Poland turning to the West for credits; the new Polish regime has obviously no desire

to make such a move look like an intentional gesture of defiance. The question of aid to Poland will involve discussions about the economic co-operation within the Soviet economic block as a whole. The mind of Moscow has lately been too split to allow a prediction of the way in which it will react. When Mr Gomulka returns from this vital journey it will be easier to see what lesson the Soviet leaders have drawn from Poland's quiet revolution and from the Hungarian upheaval.

Squaring the Circle in Belgrade

It is not surprising that a Jugoslav commentator should have feelingly remarked that the Hungarian crisis is "in the very neuralgic centre of contemporary international problems." It has made the Jugoslavs' balancing act between East and West even more hazardous. It has already put them in the bad books of both sides. And it may possibly end up with the Jugoslavs, who have been enjoying more or less friendly relations with most countries in both camps, finding themselves with precious few friends in either.

Marshal Tito's difficulty is obvious. His chief claim to fame is his staunch refusal to allow Moscow's interference in his country's internal affairs. But he is also a staunch and shrewd communist whose spokesman makes no bones at all about the imperative necessity of preserving "the basis of socialism" in eastern Europe. But what if this basis cannot be preserved without the Red Army's intervention? To square his circle, Marshal Tito has been forced to fall back on the Soviet fabrication that reactionary counter-revolutionary terror had begun to take over in Hungary. This line will not increase the respect felt for him in the non-communist world. But then the disapproval in the Jugoslav press of "the employment of foreign troops to clarify an internal situation," and the somewhat equivocal attitude of the Jugoslav delegate at the UN, will not add to the popularity of the Jugoslavs in Moscow.

*

Indeed, the Jugoslavs are clearly bothered about their whole position in the communist world. Those communist leaders who were never very sympathetic to Titoist ideas will be confirmed in their doubts; while the Hungarians and the Poles, who accepted them, have in effect wrested the leadership of the "liberalisers" from Marshal Tito. Moreover, *Pravda* has published an attack on Jugoslavia by the Albanian leader, Mr Hodza, which contains far the most bitter criticism of the Jugoslavs that has appeared in the Russian press since the death of Stalin. True, it mentions neither Jugoslavia nor Marshal Tito by name, but there is not the faintest doubt against whom the diatribe is directed; it denounces, for instance, those "who seek 'new forms' and 'organisation' of socialist power" and who belittle the achievements of the Soviet Army. The Jugoslav press has not taken this lying down. It has complained strongly of an organised "campaign" in eastern Europe, of which Mr Hodza's article is an example, to pin on Jugoslavia the blame for what has happened in Hungary. The sharpness of its reaction is no doubt inspired by a very natural alarm about where the campaign may end.

Rescuing Thorez

Soviet tanks in Budapest aroused more vocal protests in France than in this country, possibly because there was less heart-searching in Paris than in London about the Suez crisis. French intellectuals shared in this mood of indignation. Many prominent fellow-travellers, including M. Jean-Paul Sartre, ostentatiously left the communist bandwagon and were followed by a few party intellectuals. Unrest was spreading to the ranks and even communist workers could hardly swallow *L'Humanité's* version of the Hungarian tragedy as merely the result of a fascist plot. At this stage violent anti-communist demonstrations have probably come to the rescue of M. Thorez. Some of the men in the front rank of a procession mourning the Hungarian victims—MM. Laniel, Pleven and Bidault, for instance—are too often associated with the Dien Bien Phu disaster to have been ideal men to lead such a march. Afterwards, part of the crowd, apparently with a large sprinkling of Poujadists and ex-collaborators, went on to the headquarters of the Communist party and attempted to set fire to these places with very little police opposition.

The French communists may feel that these events help them in propagating the story of a fascist plot in Hungary. The mechanism of self-defence has been set in motion. A counter-demonstration held the day after was handled not very gently by the police. The communists are counting their dead and a touch of martyrdom was needed more than anything else at this time of moral crisis. Any prospect of a popular front has vanished, but M. Thorez may console himself with the idea that communism in France has roots in the native soil and that these may be strengthened by the economic consequences of Suez and Algeria. This Stalinist diehard sees no reason for relinquishing the leadership of his disciplined party.

M. Thorez may have gained yet another respite, but the internal crisis of his party is not over. It was well in train before the Hungarian rising. Ever since the Khrushchev report, dissenting voices could be heard among the rank and file. Many preferred the Polish and Jugoslav examples to the intellectual sclerosis and barrack-room discipline of the most Stalinist party in Western Europe. If French communism is to regain some of the drawing power with which it emerged from the resistance, it will not only have to learn to act independently; it will have to change its methods and to get rid of M. Thorez and his men.

Dockers Old and Unemployed

The dockworkers' unions had two requests to put before the port employers last week. One was for an increase in the "fall-back" pay of men who are temporarily out of work, and the other for a pensions scheme. The background to the first request, which has been accepted, is that recent events, especially the pile-up of shipping off Suez, have reduced work at the docks. Last week, for example, as many as 9,000 men, or nearly 13 per cent of the labour force, were "proving attendance," which means not finding

work. The existing rate of fall-back pay has been £5 4s. 6d., which may seem a lot of money for doing nothing except turn up twice a day for the "calls" to work; but it means a very sharp drop from normal earnings, which in the middle of this year were averaging over £13 a week, and are often a good deal more. (It is true that the same dockers are not unemployed every day, although under the call system there does tend to be a hard core that is always left unwanted.) The whole purpose of the dock labour scheme was to protect the men from fluctuations in international trade; there is no question of getting rid of dockers who will be wanted again in a few months' time, and it is right that the fall back pay should be enough to tide them over the bad patches. It is therefore to be raised to £6 1s. from next Monday. At the same time the Dock Labour Board is trying painlessly to reduce the number of men who are drawing it, by suspending recruitment.

The background to the request for a pensions scheme is that in the docks they work until they drop. Of just under 77,000 dockers, 5,000 are over 65, and of these 2,000 are over 70. It is a most unsuitable age structure for an industry in which what matters is physical strength, and if the labour force is too big this is where it should be reduced. The employers' remedy for this situation has been to ask for a retiring age, the unions' to demand a pensions scheme which would encourage people to retire. At last week's meeting, however, the unions did not make any specific proposals about the kind of pensions scheme that they had in mind, and both sides are considering the matter further. This is certainly an industry where a pensions scheme is desirable and it is a good cause for the unions to advance.

Dr Rhee's Latest Move

Now is the best time, according to President Rhee, for peoples to exercise the right of self-determination and resist the Soviet Union. "All free peoples must exploit this opportunity." If the North Koreans will not do so themselves he proposes to help them. "Unless the communist forces withdraw from North Korea there is a strong possibility of war. . . . We may not remain quiet after the American presidential election." This was said on November 6th; two days later a South Korean plane was shot down over North Korean territory (the first time a plane has been attacked since the armistice), and there were rumours of some kind of clash on the frontier. The communists seem to be moving troops along the 38th parallel; they have accused President Rhee of planning to invade them and have called a meeting of the armistice commission.

Ominous as all this sounds, it can hardly come to serious fighting if the North Koreans keep their heads. They certainly do not want to provoke a war with the South at the moment, and President Eisenhower will not give President Rhee any backing unless there is a clear case of aggression from the North. Nor is there any reason to suppose that the North Koreans will revolt and fling themselves into President Rhee's rescuing arms, although President Kim Il Sung is a communist of the Stalin vintage whose position may be precarious, and a North Korean paper recently said in a leader that

> the transformation of socialism demands heightened creativeness among the masses . . . this demand by the party means that in literary, scientific and cultural activities each individual has his own freedom of creative views, criticism and conclusion. It also means that right and wrong cannot be determined by administrative means but by discussion. . . . The slightest bureaucracy cannot be allowed to paralyse the creativeness of the masses.

This may be the beginning of a cautious liberalisation, but there is no evidence that it is a sign of unrest; and if it were, the communist world would not stand by and watch President Rhee make use of it. His threats are probably only a move in his constant struggle to prevent the world from forgetting about Korea; but it is a dangerous gambit.

Footsteps of Perón?

The French government in handling the case of *Le Monde* has struck a blow at the free press. A high intellectual standard and great independence of outlook have gained for *Le Monde* the respect of many people whether they like its views or not. But a newspaper, to be independent, has to be able to remain solvent. Lately the directors of the paper decided to raise its price from 18 to 20 francs—that is, by about ½d., to 5d. They have now been compelled to cancel the increase by official threats of legal proceedings, fines and other sanctions, including the withdrawal of government advertising.

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ILLUSTRATED PAMPHLET *FROM DIARY DEPARTMENT*
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Ostensibly the government has acted to defend the cost of living under its special powers to freeze prices. Such powers are of doubtful use when applied to a commodity like a newspaper. In this particular case such a heavy weapon has been brought to bear upon so small a danger as to arouse suspicion of the French government's motives. *Le Monde* with its relatively small circulation is already dearer than the other evening papers; its example was unlikely to influence its mass-circulation competitors. The impact of the increase on the French cost of living would be even less than that of a halfpenny rise in the price of the *Times* or the *Manchester Guardian* in this country. Some critics have suggested that the real purpose is to do to *Le Monde* what Colonel Perón did to *La Prensa*.

The refusal of *Le Monde* to take money with strings attached has made its struggle for survival hard. Financial groups, remembering the day when its predecessor, *Le Temps*, was more amenable to industrial or official pressure, made several attempts to buy the paper, or to win over its staff through promises of higher salaries. Those efforts having failed, the attempt was made to conquer it by frontal attack earlier this year, when *Le Temps de Paris* was launched with powerful financial backing. It proved a costly and fruitless venture and had to be wound up. Can a Socialist government by a stroke of the pen do what money has failed to achieve? The director of *Le Monde* has said that unless the government can be brought to reconsider its decision, his newspaper may have to choose between bankruptcy and the loss of independence. It is to be hoped that M. Mollet may change his mind.

The Ten Per Cent

A CORRESPONDENT who has been making inquiries at petrol filling stations writes: Perhaps, in order to be a motorist, one must be a fatalist. Private car owners have been asked to cut the amount of petrol they use by ten per cent; the only result, at most of the garages whose owners I have interviewed, has been a mildly increased demand as motorists, no doubt convinced that rationing is inevitable, build up their private stocks. Garages and bulk users of fuel oil have had their deliveries of oil cut down by the wholesalers, who have set up a committee to decide how much everyone should have. Transport companies, relying for the time being on their bunkers, are hastily revising their schedules: London Transport, for example, is keeping its regular services working at full pressure, in anticipation of extra demands to be made on it if rationing begins, but is cutting down on such things as excursions and football specials. British Road Services and some of its competing concerns hope to be able to reduce their fleets by one lorry in ten, and to compensate for this by making sure that their lorries are quite fully loaded. It is thus to the individual motorist that the request for voluntary rationing is addressed: there is unfortunately not much evidence that he will voluntarily do any such thing.

For those garages who have many regular customers the task of voluntary allocation is not so hard: they can try to keep regulars on the road, while limiting the amount they give to casuals. But the number of casuals has increased in the last few days, and garages on the outskirts of cities and on highways, which depend mainly on casuals, have had an exceptionally high demand, although they have been limiting the amount they allow to each customer. Over the weekend many such garages had to close down early for fear of using the week's supply of petrol in advance, and much petrol must have been wasted in the hunt for petrol. The memory of real rationing is too vivid to allow people to ration themselves—and motorists, since the war, are not the innocent beings they used to be. Although purchases of petrol in the can for private hoarding are being refused by most big garages, it is now widely known how to siphon petrol from the tank. In any case, shortage or no shortage, the daily flow of cars in and out of the towns seems no smaller, despite the request for economy. One annoying thing about the present shortage is that it encourages once more in garage men that autocratic attitude towards the customers which one hoped had at last disappeared. Another thing which is bound to cause fury among motorists, if rationing comes, is the smug look on the faces of scooter-owners, happy on a teaspoonful of petrol a day. There will be many prayers for rain to spoil their journeys.

A Comparison of Ministers

Lord Palmerston is . . . very generally regarded on the Continent, and very generally represented here, as one of the most uncomfortable Foreign Ministers this country ever possessed—litigious, pertinacious, aggressive and imperious—always inclined to assert the pretensions of Great Britain too haughtily and to push them too far . . . and perpetually on the verge of a quarrel with surrounding States. Whence he derived this unenviable reputation we need not here inquire. Thus much is certain: that he took the direction of Foreign Affairs at an epoch of singular difficulty and peril . . . [and] has held that post with occasional intervals till he exchanged it for the Premiership—during which period he has had to deal with many delicate and dangerous questions of diplomacy and statesmanship. . . . Questions of American boundaries and American ambitions, questions of Russian designs on Turkey and of French designs on Egypt . . . have arisen and threatened disturbance to the harmony of the world. . . . Yet during the whole of that trying time England enjoyed unbroken peace at home, and the often imminent peril of a European war was as often successfully averted . . . but no sooner had Lord Palmerston resigned the Foreign Office to a Minister whose prudence, conciliatory demeanour, and genial disposition had always been the theme of universal praise, than a war of most formidable character broke out, and threatened to last for years and to involve all Europe in its range. The "Peace Minister" par excellence found himself under the hard necessity of declaring war. . . . Now we are far from meaning to infer from this that Lord Aberdeen is pre-eminently bellicose or Lord Palmerston pre-eminently pacific. . . . The treatment which would succeed with one antagonist would be out of place in dealing with one of a different mood. Tact and knowledge of men and nations, to determine when to be obstinate and when to be yielding, are needed in an especial degree by every Foreign Minister, and these are points about which the most honest differences may and will arise; and statesmen must be judged, not according to our own opinion as to the wisdom of their proceeding in this or that individual instance, but according to the general success which has followed their system when in their own hands.

The Economist

November 15, 1856

Letters to the Editor

We again use this page to publish a few of many critical letters about our attitude to the Government's policy in Egypt:

SIR—With all the sources of information available to you, it is inconceivable to me that you are not aware of the deep Russian intervention in the Middle East, and yet in your articles on the Middle East you give little or no indication of this fact. Surely this is the crux of the whole matter. Russia for a long time has instructed Nasser, who has faithfully carried out the instructions of his master. The intense anti-British propaganda in the Middle East has been Moscow-inspired. A combination of events in Poland and Hungary and the speedy armed intervention of Britain and France has prevented Russian control of the Middle East by a margin—who yet knows—of perhaps a few hours. Bulganin's hostile threat is the measure of Russian resentment at the upset of her plans. What Sir Anthony Eden has done is to prevent the control of the Suez Canal and the Middle East oil supplies by Russia. Events in Hungary have shown what would have happened to the Arab states (Israel having previously been liquidated) once the Kremlin had obtained control on the well-known pattern.

The one hope for the future is the establishment of a powerful United Nations force with sufficient power to keep the peace and refuse the admission of all armaments to that part of the world. If that force can be effectively composed of contingents from countries other than the USA, USSR, France and Britain so much the better.

What is needed now is an intense publicity campaign throughout our own country and the world to make known how nearly Russia succeeded, and unless resolute action is continued may still succeed in impoverishing Europe with all that that will mean for the rest of the world.

With your authority and the respect with which your paper is held, are you going to sit back and deride from the touchline or are you going to get your head down and really give a shove to public opinion?—Yours faithfully,
House of Commons W. W. WAKEFIELD

★

SIR—When I came back from a business journey to the East this spring I felt sure that the struggle between Russia and the United States and the ineffectiveness of Uno would allow Nasser to take over the canal and might bring the Russians into the Middle East. In encouraging Nasser, the Russians were following the common practice of politicians and those in power in that their behaviour does not, and indeed usually cannot, coincide exactly with the principles they are supposed to follow.

One watched the events of the summer and autumn. The seizure of the Suez Canal by Egypt, the repudiation of debts to the Dutch by Indonesia, the retrospective taxation of oil companies by Lebanon: then followed a series of blood-curdling threats from Arab capitals about blowing up pipe lines, destroying oil wells and seizing all Western investments. And as in the case of Hitler's entry into the Rhineland in 1936 nothing happened. At last one man had the courage to act and it seems to me that he has been given less than the honour, respect and support due to one whose advice, if followed by those who have made the most noise over the last few weeks, would have kept us out of the bloodshed and misery of the 1939 war. Ten days ago, after being a life-long Liberal in thought, I applied for membership of the Conservative party.

The Socialist party and those papers such as the *Manchester Guardian* and yourselves who have supported them recently bear a very heavy burden. Do you believe that Uno would have taken action in the Middle East? You have chosen to fight on a narrow moral issue and in doing so, if one assumes that you have for the time being been successful, you, and our inactive and sometimes jealous allies of the US, have much to be responsible for. It is significant to me that the hysterical conduct of a section of the population of London has not been matched in the provinces where some commonsense still remains.—Yours faithfully, S. B. HAINSWORTH
Brough, East Yorkshire

★

SIR—For many years your famous journal has been guide, philosopher and friend, in the sphere of public affairs to a host of readers who hold it in such esteem that they habitually quoted it as a shining example of impartial judgment and practical common sense in a world where these commodities were often at a premium. And so it came as a tremendous shock to us when—forsaking your traditional sense of values—you severely castigated the Prime Minister and virtually demanded his dismissal on the score of a political decision which—though admittedly unorthodox and distasteful to a man of his moral convictions—he adjudged to be the only effective means of averting the immediate danger of a world war—a judgment since endorsed by millions of his countrymen.

Who can doubt that, but for the recent joint action of Britain and France, Egypt's pocket dictator, backed by the might of Russian armaments and the ruthlessness of Russian "technicians," would speedily have carried out Nasser's threat to destroy Israel? Who can deny the probability that, in the event, this initial action would have kindled a blaze throughout the whole of the Middle East and the Moslem world, which nothing short of global war would have finally extinguished?

It should not be forgotten that the Governments of Britain and France—the countries with most at stake, had, unlike the majority of their critics, the advantage of long experience of the problems facing them, and a mass of inside knowledge of grave happenings behind the scenes. They clearly saw that Uno—ham-strung by the veto and choked by endless legalistic debates—would be powerless to take deterrent action in time. And so the two Prime Ministers adopted the only available means of quickly averting a general conflagration without wasting time in further consultations—they grabbed the fire-extinguishers nearest to hand and doused the rising fire with the minimum of damage to life and property.

People who disagree with the policy of the two Prime Ministers have, of course, every right to voice their disagreement. But to do so in terms calculated to split the nation on this issue, at a time when the world outlook is still so grave, is doing their country great disservice and playing into the hands of its enemies.—Yours faithfully,
London WILLIAM SHARPE

★

SIR—The views of the Labour Party on Middle East affairs are plainly based on political opportunism. Your motives for your unhelpful articles of the last two weeks are far more difficult to discern. It might be wiser if you suspended judgment, particularly on a really courageous Prime Minister, until the full effects of his action can be seen. At the very least it can be said for him that fighting has ceased—however temporarily—at a time when, but for the actions of Britain and France it would most certainly be spreading.—Yours faithfully,
Caterham, Surrey G. J. MORTIMER

★

SIR—It has been said that the crisis has caused strange bedfellows, but none stranger than yourself, jew-baiters and police horse baiters in whose company you have placed yourself by your attacks on the organisers of police whether operating in Egypt or Whitehall. How you must regret that you cannot put back the clock and get the Austrian Corporal to make a four at your cosy little party.—Yours faithfully,
Burford, Oxford F. M. COOK

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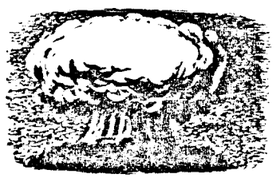

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The Bishops' Bench

SIR—On personal grounds I was fascinated by your article in your issue of October 20th.

The article seems to agree that bishops are still "upper-class intellectuals." Although my knowledge of these things is now rather out of date, this seems to me a rather surprising description, even of the situation a few years ago, and one would have thought that it would be even less true now. Surely the test whether someone is "upper-class" (if such a thing still exists) is not where he was educated himself but where his father was educated. I am not in a position to make a detailed statistical check, but I should have thought that the number of bishops whose fathers were educated at public schools or the older universities was much smaller than the number who were there themselves. I should also have expected that this position had become much more marked in the past thirty years. There can be very few bishops nowadays with the social background of Alwyne Compton or William Cecil, or even of the present Bishop of Norwich, who became a bishop in, I think, 1923.

As for intellectuals, surely the test is not where someone was educated, or how he has spent his life, but the degree which he took at a university. Here, too, surely, the situation has changed greatly over the past fifty years. At the beginning of the century it was normal to appoint men with first-class academic brains, who would advance theological and other learning. Today the commonest criticism would seem to be that bishops are appointed mainly for their administrative ability. This is surely the real reason why so many headmasters and heads of colleges go on to be bishops. It is also why so many bishops nowadays are former archdeacons, which would not, I think, so often have been the case in the past. The same need is presumably why so many bishops have a background of military experience, although I think that the decorations to which you refer were largely the result of Mr Churchill's policy during the war. Although you may be right that he did not take a very direct interest in individual appointments, there was a distinct impression at the time that a DSO or an MC was an almost essential qualification for high preferment.

It is very possible that this general trend is occasioned by the changing standard of people going into the church as a whole, as you say, and it is perhaps inevitable that, out of the general run of clergy, bishops should be chosen from among those whose background ought to fit them for leadership. But it is surely because of the intellectual trend, and not because of the political method of appointment, that bishops tend to lack distinct or cross-bench opinions. In this context, I was sorry to see your comment on the MacDonald Government; the Dean of Canterbury was not its only appointment.

No doubt you have given as much space as you can spare to this subject already, but, if your statisticians were able to compare the present bench of bishops with their predecessors, say, twenty-five and fifty years ago, I think that the result might be very interesting.
—Yours faithfully, E. J. W. BARNES
*The Athenæum, S.W.*1

Law, Not War

SIR—Your correspondent in his article in *The Economist* of November 10th seems to have his facts a little out of perspective. The mounted police who controlled the demonstrations outside Whitehall on Sunday last were not undisciplined. The skill with which they controlled the "demonstrators" was particularly praiseworthy. They, in most cases, kept their tempers and tried to disburse the crowd in an efficient manner. The crowd would not comply with the mounted police or the police on foot. They kept on shouting and pushing and making the situation much worse than it need have been.

Your correspondent does not seem to realise that the greater majority of the demonstrators were "communist influenced demonstrators." In fact, it had been arranged for the various communist young people's groups to meet and provoke demonstrations outside Whitehall. This communist influence led the demonstrators to use violence, and numerous fights broke out between youths, and youths and police. As for the mounted police being rough, this is ridiculous; in fact, they were not rough enough. Your correspondent does not mention that a mounted policeman was dragged off his horse, beaten up, trampled on, and his horse kicked. He was later taken off to hospital with cuts and bruises all over him. Should not the police be allowed to treat people rough if treated rough themselves?

Furthermore, your correspondent says the mounted police were called "fascists." Does not this prove that a large majority of the demonstrators were communist influenced? The great cry of the communist newspapers over the last few weeks has been the word "fascists." The communists seem to have adopted this as their pet slogan.
—Yours faithfully, A. J. CASEY
Edgware

Europe's Homeless

SIR—In your review of my book, *The History of the IRO*, you suggest that I am incorrect in stating that the IRO was the first agency to be set up by the United Nations organisation, since FAO and Unesco came into being earlier. The constitutions of both FAO and Unesco were drafted by inter-governmental conferences before the United Nations organisation existed. IRO was created on the basis of deliberations in the UN and its constitution was drafted by the UN, the first agency for which this was the case.—Yours faithfully,
L. W. HOLBORN
Connecticut College, USA

Books & Publications

Canada's Military Epic

OFFICIAL HISTORY OF THE CANADIAN ARMY IN THE SECOND WORLD WAR: *Volume I, Six Years of War.*
By C. P. Stacey. 642 pages.
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By G. W. L. Nicholson. 822 pages.
Queen's Printer, Ottawa. $3.50 each volume.

A GREAT epic lies encompassed within these two enormous volumes. Canada is one of the least military nations in the Commonwealth, or indeed in the western world. A society devoted to developing the wealth of half a continent, with no natural enemies and no overseas commitments, is apt to equate soldiering with play acting. Canada, lacking the traditions of the Civil War, was before this last war an even more civilian society than the United States. It has never been possible to get French Canada to agree to any form of national service, and until the advent of Nato its forces were organised only for home defence in time of peace. In 1939 its regular army consisted of 4,200 officers and men, no modern equipment, and a sufficiency only of harness. Five years later it had been built up into a force of a half million men (in addition to a large air force and a sizeable navy), consisting of five divisions and two armoured brigades fighting in the two main theatres of the European war.

The vigour and scale of Canada's war effort are the more striking because the course which the war took was deeply frustrating to Canada's national aspirations. In the late thirties Canada, under the leadership of Mackenzie King, was expressing a deep urge to assert its own sovereignty and to make London learn once and for all that it was no longer a colony. It was the dearest wish of Mackenzie King and the Canadian generals that the Canadian troops should fight as a homogeneous force, representing an ally as powerful as Free France, in the final battle against Germany. But as the build up of the Canadian divisions in Britain gathered momentum in 1941 and 1942, the boredom of troops kept inactive for long periods thousands of miles from home, coupled with the mounting criticism in Canada that the government was afraid to risk Canadian lives, forced it to accept whatever opportunities of action Allied grand strategy could offer. So when it became clear in early 1943 that a cross-channel invasion could not take place for another year, it was decided to split the Canadian army and send two divisions to participate in the invasion of Sicily and Italy.

Colonel Stacey in the first volume traces the years of bored inactivity in Sussex and the diversion of Canadian units to minor enterprises to satisfy the Canadian public demand for a role that would match, say, the gallantry of the New Zealanders at Tobruk. (The story of the Canadian part in the battle for France and Germany is for a later volume). By far the most important of these was the Dieppe raid of August 19, 1942. But Colonel Stacey's careful, austere narrative disposes of myths that this disastrous episode, in which more than half of a Canadian force of 5,000 men were either killed or captured, was executed merely to give the Canadians a little bloodletting.

To many an overworked British senior officer in London and Algiers, the insistence of the Canadian generals on maintaining the "cohesiveness" of Canadian units and formations often seemed a tiresome and neurotic form of nationalism. In fact, what emerges from these volumes is how loyally the Canadian high command fell in with the requirements of a grand strategy which they had had no real hand in determining. Perhaps the least defensible assertion of Canadian nationhood was the insistence on imposing the full apparatus of a separate corps headquarters and its attendant troops on the already choked communications of the Liri valley in the battle for Rome. This led to a full scale row between General Oliver Leese, the 8th Army Commander, and General E. L. M. Burns, the ineffective commander of the 1st Canadian Corps (later to distinguish himself as the reliable Administrator of the Palestine Truce Commission). It drew from the Canadian Army Commander the *cri de cœur* that the demands of Alexander and Leese for the disbandment of the Corps meant in practice "that no Canadian or American or other 'national' commander, unless possessing quite phenomenal qualities, is ever rated quite as high as an equivalent Britisher."

But in fact this incident only serves to emphasise what both official authors are too discreet to make explicit—the weakness of Canadian generalship. This is not surprising since at the outbreak of war Canada possessed only 400 regular army officers, many of them chairborne or elderly, and those who ended by commanding divisions and brigades had been captains or majors a few years before. The brilliance of Canadian staff work and administration (a commercial people applying the energy that had built Alcan or the Canadian Pacific Railway to the ends of war) was not matched by skill and dash in handling large formations. The commander of a German SS Division in Normandy correctly noted in his diary that "Every Canadian operation bore the work of intensive planning. Every opening phase was a complete success. . . . But the Canadian Army never followed up their opening successes. . . . Everyone of the Canadian attacks lost its push and determination after a few miles." Apart from General Andy McNaughton, who by the accident of age and fortune was forced to be content with the role of military statesman rather than leader, only one officer, Lt. General Guy Simonds, possessed the "quite phenomenal qualities" which made him perhaps the greatest corps and divisional commander on either side in the last war, and one of the most original military thinkers in the uneasy peace that succeeded it.

But the importance of these two scholarly, admirably produced volumes rests on their implicit commentary on the Canadian character. Canada is a nation which has elicited the best from the American capacity for improvisation, yet has retained the discipline of the British military tradition without its blimpishness. As Napoleon and the Duke realised, the military achievements of a modern state reflect the quality of its internal inspirations. Canada's great reputation as a warrior nation rests not on its generals, but on the embattled farmers of the South Saskatchewan Regiment on the beach at Pourville, the bankers and insurance clerks of the Black Watch of Montreal in the fire-swept uplands below Caen, the market gardeners of the Hastings and Prince Edward Regiment scaling the rock face at Assoro, or the filling station mechanics of the British Columbia Dragoons flogging their burning tanks through the nightmare of the Gothik Line.

Bloomsbury

OLD FRIENDS.
By Clive Bell.
Chatto and Windus. 200 pages. 21s.
VIRGINIA WOOLF AND LYTTON STRACHEY: LETTERS.
Edited by Leonard Woolf and James Strachey.
The Hogarth Press and *Chatto and Windus.* 118 pages. 18s.

MR BELL, in his fascinating reminiscences, quotes without enthusiasm Keynes's description of him in "Two Memoirs" as "a gay and amiable dog," and contrives to throw some doubt on it. No one doubts the gaiety of his life, but this analysis of his friends' characters is serious, and the tone of his recollections is, on occasion, unamiable and catty. On occasion only—he has more good than bad to say of most of his subjects; but when dealing with faults he shows a detached but undeniable gusto: Sickert's poses; Strachey's charm and brilliance, but also his selfishness; Keynes's cleverness, but also his cocksureness; Fry nearly all

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praise, but with a few side-kicks. Indeed, only Virginia Woolf and T. S. Eliot come out wholly unscathed, though Sir Gerald Kelly comes near it.

But a book is none the worse for being cattish rather than doglike, and Mr Bell throws a great deal of light, for the uninitiated, on that strange phenomenon Bloomsbury. Before he goes off to Paris for a couple of light-weight and anecdotal chapters, he attacks the central theme—what was Bloomsbury? His attack is rather defensive; it is designed as a reply to some of the strange assaults delivered on Bloomsbury, so called, in recent years. He lays down a smoke-screen and implies that, as there are contradictions between all attempted definitions of Bloomsbury, it is doubtful if it ever existed. His book, of course, is a proof of the contrary, and is doubtless so intended. One lands in contradictions if one tries to be too exact: Bloomsbury was not a body like the Royal Academy, with formal rules of membership and a stable constitution. But is anything less to be doubted than the existence, over a number of years, of a certain group of friends, a certain sphere of influence, a certain turn of thought and phrase, to which the name Bloomsbury can reasonably be applied, provided that one does not look for firm boundaries where none existed? And is defence now needed? The attacks never had much force and have now ceased, as the ideas spread by Bloomsbury have become familiar; Bloomsbury is in the past, not the present; and we can look back to it as one of the most brilliant and stimulating phenomena of the first quarter of the century.

If further proof is needed of the existence and character of Bloomsbury, it can be found in the letters exchanged over twenty-five years between Virginia Woolf and Lytton Strachey, now edited by the husband of the one and the brother of the other. They warn the reader that these letters are a little more self-conscious than was the habit of either. Hardly one of them is serious; they are light-weight, designed to amuse. But they are charming reading, and show how much brilliance was engendered by the constant contact of this group of friends, always meeting and writing to each other and about each other, sometimes catty, always fond.

In Praise of Dev

DE VALERA AND THE MARCH OF A NATION.
By Mary C. Bromage.
Hutchinson. 328 pages. 25s.

THIS book must be classified as an essay in hagiography rather than an historical study or a political analysis. Mrs Bromage cites a variegated list of authorities; this does not, however, include some works in which Mr de Valera is regarded with something less than sympathy. She has not profited by these sources; there are very many errors of fact and date.

Possibly that does not matter, granted the kind of book this is. The preface remarks that the legend about Mr de Valera, "proliferated by both hate and love, is less compelling than what really transpired as a result of his boyhood dream." But it is the legend that we get here. Throughout forty years, Mr de Valera occupies the centre of the stage in which indeed he is usually the only actor. Cosgrave and O'Higgins enter at times only for virtue's heightening. Hogan does not receive a single mention. That, however, is possibly better than the role reserved for Mr Lemass, who never appears in any higher status than that of an acolyte. During this lengthy and perplexed period, Mr de Valera is always right. *Il Duce ha sempre ragione.* And *mutatis mutandis* (which of course covers a great deal, all of it in Mr de Valera's favour) this is the kind of book that enthusiastic ladies did write about the Duce in the good old days.

This is a great pity because there is a story to tell, if only Mrs Bromage had looked for it beneath the surface. To her, as to his older followers, Mr de Valera is still "the Chief," the successor of Parnell. That won't wash; at the best he has never secured more than a bare majority ever since he set up in business on his own. But he is the first example in Irish history of a leader who came back after a shattering defeat. He possesses today the respect, though not the support, of many who accept that he was wrong, and the signatories of the Treaty right, in the period before the Civil War. That respect comes partly from his defence of Irish neutrality against Sir Winston Churchill in May, 1945: the one occasion in a quarter-century when he spoke for all. But it is right to say that it comes also from the realisation that Mr de Valera can compare more than favourably with those who have held office in Europe in the last three decades.

On another level Mrs Bromage might have studied the paradox of a man who has held power and office for twenty years and has done so little with them. Apart from the constitutional issues, which were settled in essentials before he came into office, his main interest has been the revival of Irish—the one issue on which he has not been able to shake public indifference. The economic changes which have been effected under his governments do not seem to have aroused his interest, or indeed attracted his attention. However, Mrs Bromage has every right to decide what kind of book she wants to write; and no devotee of Mr de Valera will quarrel with her decision.

Books Received

PARAGUAY: *A riverside nation. Second edition.*
By George Pendle. *Royal Institute of International Affairs.* 127 pages. 12s. 6d.

TAX PROBLEMS OF THE FAMILY COMPANY.
By Milton Grundy. *Sweet and Maxwell.* 183 pages. 17s. 6d.

COSTING SYSTEM: *Twelfth edition.*
Issued by the Costing Committee of *The British Federation of Master Printers.* 145 pages. 25s.

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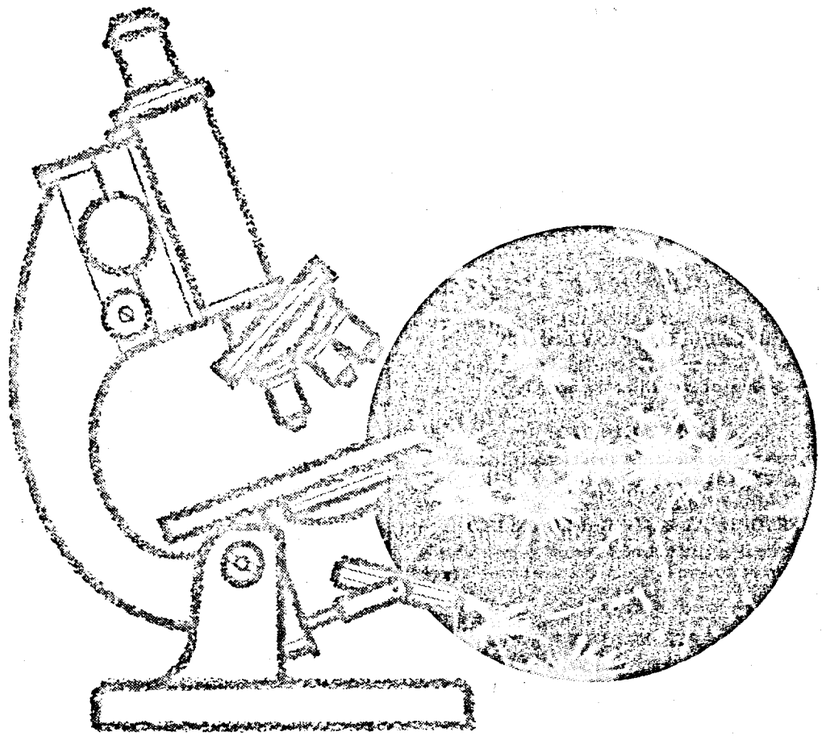

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American Survey

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

Coalition Government

Washington, D.C.

IN spite of his heartening victory, even though his Secretary of State is ill in the middle of a foreign crisis, the President must now make urgent decisions on political strategy at home which will set the character of his next Administration. Never again does a President get as good a chance of placing his imprint on the legislative programme as he does in the congressional session immediately following his endorsement by the people. Mr Eisenhower wasted this opportunity in 1953 through political unpreparedness and an antiquated conception of the presidential function. Now that he knows better, will he do better?

The President will be tempted to list everything he thinks ought to be done in a long State of the Union message next January, warning his political leaders that they must conduct themselves in such a way that other Republicans will be able to inherit his extraordinary majorities, and then to leave them to get on with it. But this method is not likely to bring much credit for practical achievement to the "modern Republicanism" which the President is trying to establish. It is in the nature of congressional committees to start unlimited public hearings all over again at each session, regardless of how many times the same question has been gone over before. It is in the personal nature of Congressmen and Senators not to spoil the "club" atmosphere by offending elderly and respected members who are experts on some particular subject and hold reactionary views on it. And finally, when left to their own devices, the "economic conservatives" who form a majority of the Republican party instinctively avoid doing anything which will offend their natural allies, the Southern Democrats.

With the Greatest of Ease

Herblock in the *Washington Post*

Only an outside agency, with the unique prestige of the Presidency, can hope to galvanise the legislative process into action over these cumulative sources of inertia. In a sense Mr Eisenhower, if he is serious about remodelling his party, must represent in Congress the "missing" Republican members, those who would have been elected if the urban voters who expressed confidence in Mr Eisenhower personally had also liked his party. To be specific, extraordinary energy is needed from the White House early in the session if anything is to be achieved on building schools, protecting the civil rights of Negroes, extending health insurance or removing some of the barriers to immigration.

The acid tests are civil rights and schools, and here the President's difficulties are immediately apparent. At the last session the Administration wisely chose to concentrate on one aspect of civil rights, trying to get Congress to guarantee the rights of Negroes to vote in the southern States; at present they are frequently stopped from casting their ballots by tricks or intimidation. A forceful repetition early in the session of the Justice Department's programme for preventing this is the least the Negroes expect as a reward for the substantial switch of their votes to Mr Eisenhower, which was one of the marked features of the election. But political advisers will point out to the President that southern voters also swung to him in unexampled numbers, thus opening the brilliant prospect of a two-party system in the South, if the atmosphere is not poisoned by racial argument. Moreover, he is almost certainly politician enough by now to know for himself that, if civil rights legislation is presented at the beginning of the session, everything else will be held up almost indefinitely by southern resistance; personal relation-

ships will also be so embittered that it will be difficult to get co-operation on any other business from the Southerners who will control most of the committee chairmanships in the Democratic Eighty-fifth Congress. On the other hand, if civil rights are left to the end of the session, they will almost certainly be quietly buried in committee until Congress is safely adjourned.

Even if the spectre of civil rights did not hang over the halls of Congress, the President would require the utmost skill to fulfil his most specific electoral pledge. This was that he would see that as much federal money was spent on building schools in the next four years as would have been spent in five if his plan had gone through last year. Since the very idea of involving the federal government in the field of education is repulsive to natural conservatives, whether Republican or Southern Democrats, particularly in the House, success depends on an early start and constant presidential vigilance; this must be accompanied by a readiness to use Mr Eisenhower's unique access to public opinion to bring the wind of impatience whistling round the legs of flagging legislators.

If the President is to get either of these measures, and still more if he is to achieve the political miracle of getting both, he will have to apply himself to the minute, time-consuming and frustrating task of building up special coalitions to achieve each objective. No one else can do it for him because he alone has the mandate of the people, though the White House liaison officers can act as his eyes and ears. To manage Congress he must personally be manipulator as well as tribune and high priest. And it is not merely one coalition that he must build, but a new coalition with a different membership for every major controversial measure that he wishes to get through.

★

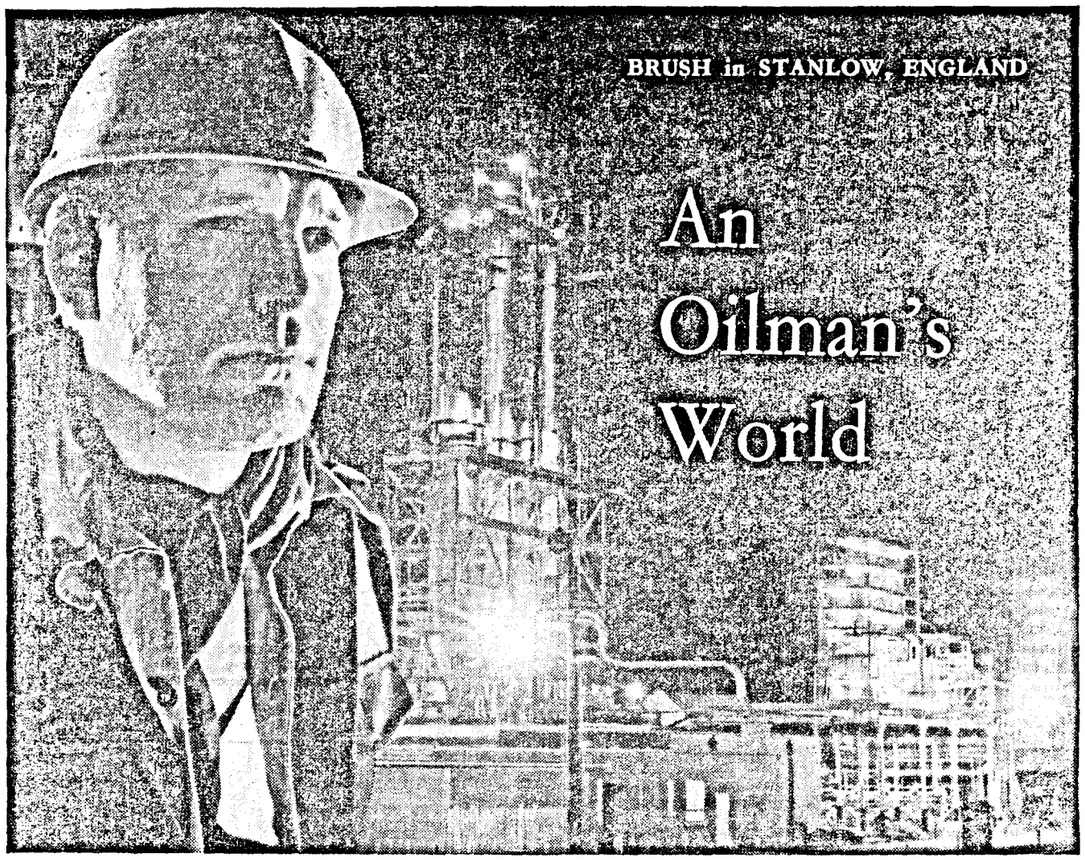
While it is quite possible that the President's apparent personal vigour and new zest for politics may lead him to be more assiduous than he has been in this part of his function, it needs to be clearly understood that it is absolutely out of the question for him to by-pass, as a regular matter, the congressional leaders of his party. If, for example, he is planning the extraordinarily delicate manœuvre of forcing a civil rights measure out of the Senate Judiciary Committee, which is dominated by Southern Democrats, he cannot rely on neophytes like Senators Case of New Jersey and Javits of New York, even though the presence of these progressive Republicans will be a great help. The job could only be done by established members such as Senators Knowland and Dirksen, who have the weight and skill to do it and who, in addition, in spite of the general impression to the contrary, have regularly supported domestic legislation that the President has really wanted. But if Senator Knowland is asked to disrupt his pleasant working relations with Southern Democrats in order to respond loyally to presidential urgency, how can the President on his side completely ignore Mr Knowland's feelings when it comes to foreign relations?

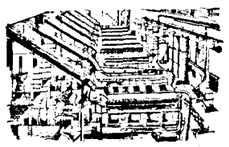
Furthermore, the President's freedom of manœuvre is somewhat limited by the tradition that a party's legislative experts on a subject must be treated with respect. Unfortunately Senator Knowland is the only Republican of standing on the Senate Foreign Relations Committee. His influence cannot be dispensed with, although it will be restricted by the special confidence which the people have obviously shown in the President in the international field and by the alertness of the remarkably talented and articulate group of Democrats on the committee. Now that the President has so far outdistanced his party in popular esteem, he can probably write off the small, utterly irreconcilable group, whose most powerful figure is Senator Bridges and whose most notorious members are Senators Jenner and McCarthy. Also, if he really applies himself to the task, Mr Eisenhower should be able to work out bargains with Northern Democrats so that their votes can help some of his more progressive measures through. But they will only be prepared to co-operate with his programme if he in return controls enough Republican votes to overcome obstruction from Southern Democrats. To do this he must, as has already been pointed out, cultivate men whose sympathies are with the Grand Old Party rather than with modern Republicanism.

Test for the United Nations

ON Wednesday President Eisenhower met the press for the first time for over a month, for the first time since crisis burst on the Middle East and on Hungary, for the first time since he took over direct responsibility for foreign affairs from Mr Dulles and for the first time since the people of America reinvigorated his authority by giving him another overwhelming vote of confidence. But, even with all this behind him, there was disappointingly little indication that he was ready to offer the positive and imaginative lead to the free world which many in Washington and elsewhere believe to be vital at this time and which only he can provide. Naturally, Mr Eisenhower could not agree with the reporters who suggested that the past American policies of "drift" in the Middle East and of "liberation" for satellite countries were responsible for the present situation. And he is justified in thinking that the election results were a specific endorsement by the American people of his efforts to preserve peace through the United Nations. But this does not mean—indeed, there are indications to the contrary—that the American people are still satisfied that the United Nations is strong enough to deal adequately with the immediate difficulties in the Middle East and in Hungary.

But this, Mr Eisenhower insisted, is what the United Nations should be left to do, although he conceded that the international machinery would be very thoroughly tested in the process. Admittedly he was hampered by the danger, to which he drew special attention, that the present UN negotiations might be impeded by too much public discussion. Moreover, he stressed the support which the United States gives to the United Nations and pointed out, when asked about Soviet "volunteers" in the Middle East, that the United Nations is able to do more than pass resolutions —an oblique reference to Korea. Finally, Mr Eisenhower suggested that, once the immediate causes of friction had been disposed of, then the United States would be ready with constructive proposals for the future. But to many observers what matters now is the present: they may be forgiven for feeling once again that the President is failing to exercise the responsibilities of his office.





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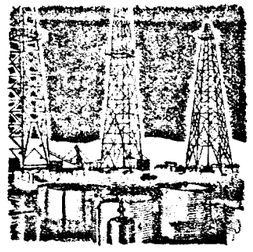

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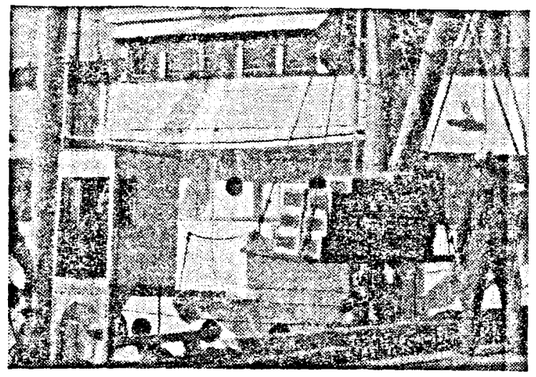

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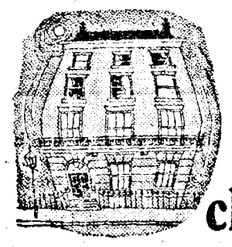

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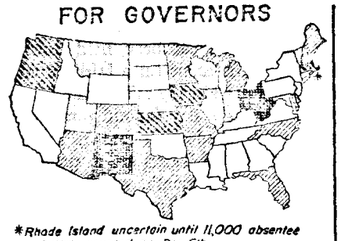
1956 Election Changes

HOW AMERICANS VOTED ON NOVEMBER SIXTH

Held by Republicans | Won by Republicans | Held by Democrats | Won by Democrats

FOR GOVERNORS

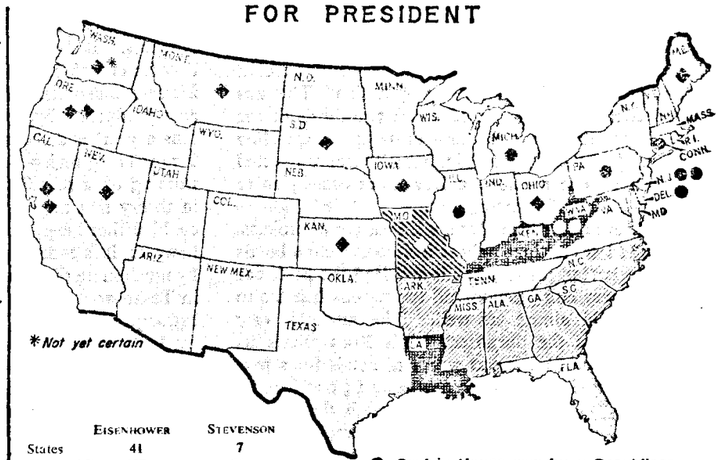


*Rhode Island uncertain until 11,000 absentee ballots counted on Dec 5th

FOR SENATORS

States left blank had no contests this year

FOR PRESIDENT



*Not yet certain

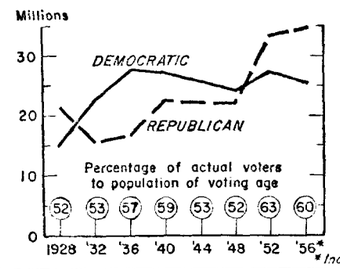
	Eisenhower	Stevenson
States	41	7
Electoral Votes	457	74
Popular Votes	35 million	25 million

● Seat in House won by a Republican
◆ Seat in House won by a Democrat

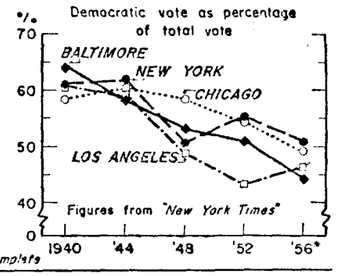
	Before	After
SENATE		
Democrats	49	49
Republicans	47	47
HOUSE OF REPRESENTATIVES		
Democrats	232	234
Republicans	203	197
		four undecided
STATE GOVERNORS		
Democrats	27	28
Republicans	21	19
		one undecided

COMPARED WITH OTHER YEARS

TOTAL VOTES



IN THE CITIES



THE most extraordinary result of last week's election is that for the first time since 1848 a President has been chosen without his party also gaining control of Congress. A record number of voters wanted to keep Mr Eisenhower in the White House, but they made it quite clear that they did not want the Republicans to be in charge on Capitol Hill. Such discrimination in balloting is not easy to practise and the many people who took the trouble to split their votes must have felt strongly on the matter. By acting as they did, they once again confounded the experts, who had predicted that the Republicans would lose the House of Representatives unless there was a landslide vote for Mr Eisenhower. There was such a landslide but the Republicans still lost Congress.

Analysis of the returns shows a clear trend to the Republicans in the east and to the Democrats in the west. In the House of Representatives the nine seats won by the Republicans were all east of the Mississippi and all but two of the eleven lost to the Democrats were west of the river. In the eastern states Mr Eisenhower won by higher percentages of the total votes cast than he did in 1952, while in the western states his majorities tended to be lower. This pattern was also reflected to some extent in the contests for Senate seats and Governorships, although here it was distorted by the personalities of the candidates and by other local conditions. For example, dissension in the state Democratic machine and the popularity of Mr Mechem, the Republican candidate for Governor, explain the Republican victory in New Mexico, while the invincibility of Mr Lausche accounts for the Democratic win in the senatorial election in Ohio, where the Republicans in their turn won the Governorship relinquished by Mr Lausche.

One reason suggested for this trend is that voters in the east may have been more concerned about the international situation than were those in the west. Westerners were certainly more influenced than were easterners by the difficulties of farmers and the Administration's lack of interest in the conservation and development of natural resources. Mr Eisenhower's greater success comparatively in the urban east is also due to his popularity among town dwellers. This has accelerated the movement away from the Democrats in the cities which used to be their strongholds.

Bonds and Ballots

ON November 6th Americans voted not merely for President, Congress and a wide variety of local offices, but also, somewhere near the bottom of the long ballot papers, for—or against—issues of state, county and municipal tax-exempt bonds. The voters went to the polls in a mood of great confidence about continued prosperity; for they approved, it is estimated, 95 per cent of a record number of proposals which totalled $2.7 billion. This was in marked contrast to the fate of about two-thirds of the proposals in the mid-term elections of 1954 for spending $1.5 billion. And $100 million of the small amount rejected this year was on one measure, a New York State plan to build houses for middle-income groups.

Voters approved borrowing for a wide variety of projects, whereas in the last elections only school construction bonds were well supported. School bonds still lead the field, but bonds for highway construction and for various benefits to ex-servicemen did almost as well. The amounts vary almost as much as the purposes: Little Rock allows its city fathers to issue $1,295,000 worth of bonds for a new library; Sandusky $2 million for new sewers; and Fresno, California, $11,775,000 for schools, although the citizens of Trumbull County, Ohio, for the third time of asking refused to let a cent be raised to build a new county jail. Outside of Trumbull County these bond issues will certainly provide another fillip for the construction industry.

Ever-expensive California led the field, voting in all at least $800 million. But the Californian voters in their enthusiasm for bond issues did not approve of all the other propositions on their extensive ballot. They defeated overwhelmingly the much-vexed Proposition 4, an attempt by the big oil companies to gain by popular initiative a common conservation policy for all Californian oilfields; this was a rare reverse for the famous firm of Whitaker and Baxter, which specialises in political public relations and managed the campaign for the proposition.

Oil for Europe

IN spite of the urgent need for closer integration, the Middle East Oil Emergency Committee, which was to have co-ordinated the supply of American oil to Europe, is still dormant. This unfortunate "hands off" attitude, when the committee had already worked out detailed plans for mitigating the effects of the closing of the Suez Canal, is to be explained partly by the Administration's distaste for the British and French action, but American interests are also more directly involved. American companies controlled nearly 60 per cent of the oil produced in the Middle East in the first half of this year. The charmed life of Tapline, the continuation of Saudi-Arabian production (except for the supplies to the Bahrain refinery), and the Arab tolerance of American oil companies in the other Middle Eastern countries owes much to the refusal of the United States to endorse the British and French intervention. Official American offers, even now, to ease the burden for Britain and France might end this tenuous immunity.

However, the individual American oil companies are showing no reluctance to provide the extra supplies needed in Europe, and the limits within which this help will be given are now becoming clearer. The Secretary of the Interior has made it quite plain that the government does not intend to ration American consumers to release more supplies for export. It is also safe to predict that the state agencies which control the production of crude oil in the United States will not permit output to be increased to an extent which would conflict with sound conservation practices. But in so far as output has been held down because of lack of demand, there is scope for a fairly rapid increase in supplies. Louisiana has already raised its allowable production by 75,000 barrels a day (about 3 million tons a year) and the permissible production rate in Texas is now being reviewed. Producers in Texas are at present working on a schedule of 15 days a month, which means in theory that they produce only half as much oil as they could without engaging in wasteful methods. In practice, however, it is estimated that they could not increase output by much more than a quarter, and that the pipeline network in Texas would in any case find it difficult to transport this extra quantity to the ports in the Gulf of Mexico. The most commonly quoted target for the total increase in American output is 800,000 barrels a day (about 40 million tons a year), of which some 300,000 barrels a day would be needed for domestic use to replace supplies formerly imported into the United States from the Middle East. It will take time to open up this reserve capacity, but fortunately some exports can be made directly from American stocks of both crude oil and petrol, which are at present well above normal. Extra fuel oil shipments will be much more difficult to obtain, and the price of fuel oil for export has already risen.

Filling Up the Basin

FROM A CORRESPONDENT IN COLORADO

THE mountain states have the only large-scale hydro-electric development which has been undertaken by this Administration—the Upper Colorado Basin project which has been under discussion for years. Work on the first two dams was actually begun with great publicity just three weeks before the election, when President Eisenhower pressed a switch in Washington and set off the first blast at the dam sites. Residents of the states which will benefit—Colorado, Wyoming, Utah and New Mexico—should therefore have gone to the polls with the gratitude of those who are nearing a promised land.

The project authorises the United States Bureau of Reclamation to spend $760 million to store the water of the Colorado river and its tributaries to provide hydro-electricity and irrigation in these states. It is the largest federal reclamation project ever authorised at one bite, perhaps the last of the giants. It will take many years to build the whole of it and much of it may not actually be built; further, it will be nearly a decade before the Upper Basin begins to feel the economic stimulus of the project, apart from that which will come from the outlays on construction itself. But dirt is flying and the people of these states feel triumphant because they won the project against powerful opposition. The Colorado is a "thin" river, which flows for its entire length through an arid region;

The seats are emptying fast. Nothing runs across the field now but the wind. Another great game is over and yet not quite over. For, warm in our chairs at home, we shall live it through again while the White Horse whisky glows softly in our glasses.

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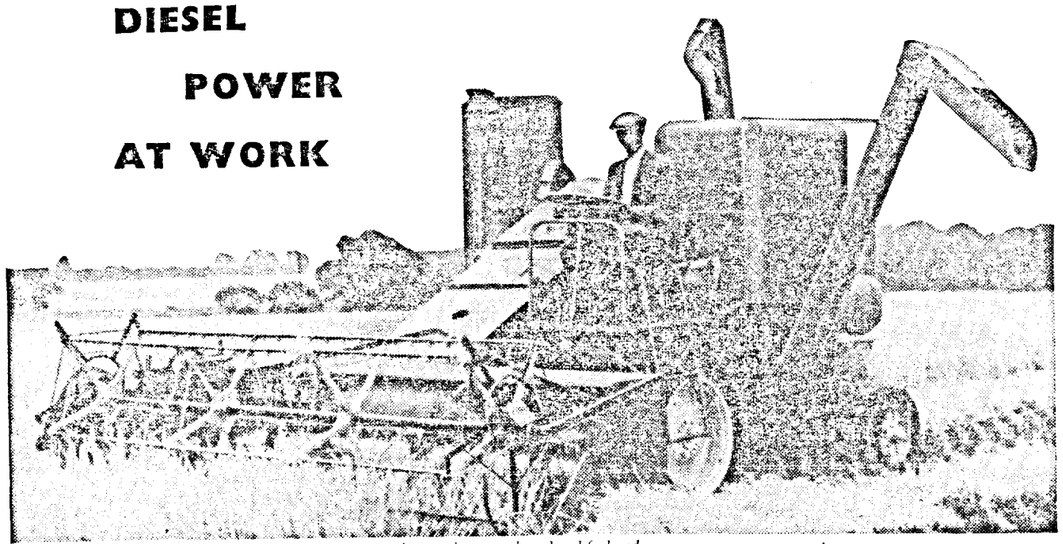
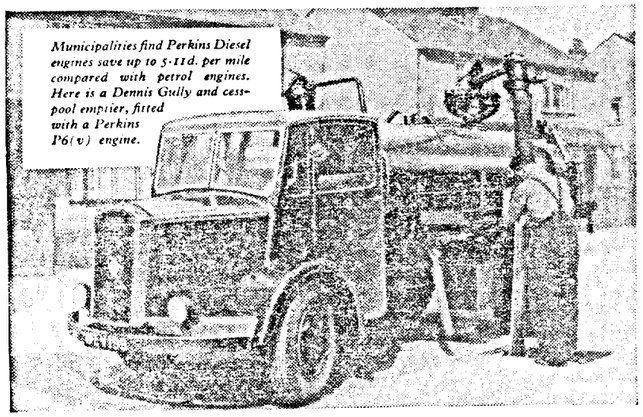
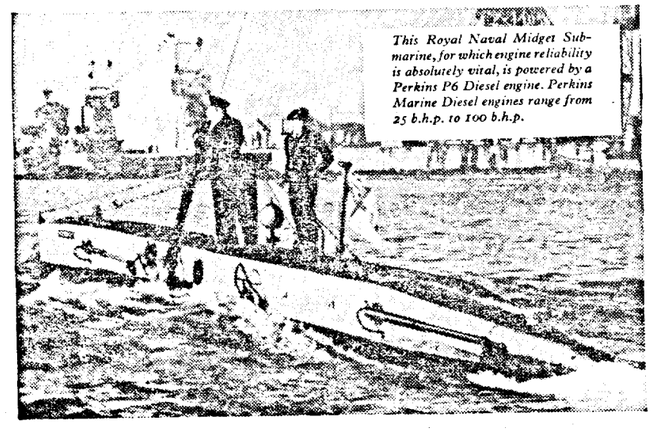
DIESEL POWER AT WORK



On the farm Perkins Diesel engines offer greater power, easier starting, greatly reduced fuel and maintenance cost. This is a Massey-Harris 780 Combine Harvester fitted with a Perkins L4 TA type diesel engine.



Municipalities find Perkins Diesel engines save up to 5·11d. per mile compared with petrol engines. Here is a Dennis Gully and cesspool emptier, fitted with a Perkins P6(v) engine.



This Royal Naval Midget Submarine, for which engine reliability is absolutely vital, is powered by a Perkins P6 Diesel engine. Perkins Marine Diesel engines range from 25 b.h.p. to 100 b.h.p.

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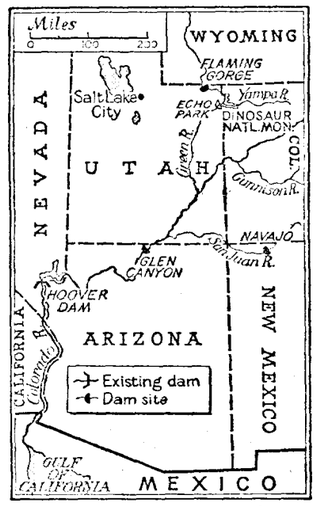
its average annual discharge is only about one-thirtieth that of the Mississippi and less than one-fifth that of the Tennessee river. Yet it drains a basin of more than 300,000 square miles, occupied by seven states, all of which feel that its waters are a vital component of their future growth. There simply is not, and never will be, enough water to supply the desires of them all. This was realised many years ago and led to acrimonious and long-drawn-out efforts by the various states concerned to divide up the water—in the end one half was reserved for the Upper Basin region—and agree on the dams proposed by the Bureau of Reclamation. Then California, the rapidly growing state which obtained the right to, and is already using, most of the remaining water, fought the necessary legislation in Congress at every turn. Only Mr Eisenhower's support finally got the Bill approved.

The programme contemplates four large key structures to dam the main stream or its major subsidiaries for the purpose of storing water and generating electricity, and about a dozen smaller "participating projects" to provide benefits at various strategic points in the four states. There will be more of the latter if plans mature, and if there is enough water. From the engineering standpoint the project was marred when the stout and fiery opposition of wild-life conservationists succeeded in eliminating the so-called Echo Park dam because it was to be built in the Dinosaur National Monument. This dam would have stored 6 million acre-feet of water (an acre-foot is about 325,850 gallons) and developed more than 200,000 kilowatts of power; its substitute, the Flaming Gorge dam in north-eastern Utah, will only store up to 4 million acre-feet, and provide 72,000 kilowatts of electricity.



The giant structure, however, is the Glen Canyon dam just on the Arizona-Utah border which at capacity will hold 26 million acre-feet (enough to cover the state of Rhode Island 30 feet deep) and provide 800,000 kilowatts of power; it will cost nearly $400 million. It is nearly the size of Hoover dam and its purpose is to store water so that the agreement under which half the river's flow is to go to the lower states can be fulfilled. The electricity from this dam will be used largely in California and will earn money to help pay for the projects higher up. Thus the Glen Canyon dam is only of indirect benefit to the Upper Basin, but that benefit is great.

The third major unit is the $33 million Navajo dam in New Mexico which will store about 1.5 million acre-feet of water, partly to irrigate the big Navajo Indian reservation, but which will provide no power. The fourth will be on the Gunnison River in western Colorado and will probably consist of three "stairstep" dams. The first three projects are under way: Congress appropriated about $13 million to start the work this year.

All revenues from the sale of electricity are to be divided among the states of the Upper Basin in roughly the same proportion as water supplies are to be divided, half to Colorado, about 22 per cent to Utah, and the rest in approximately equal shares between New Mexico and Wyoming; all the money is to finance "participating projects." Altogether the grand plan is for the provision of somewhat more than 1,000,000 kilowatts of power and the ultimate irrigation of 360,000 acres of land which is now desert. However, other considerations may interfere with the latter goal. The people of these states want industry as well as agriculture, and some of this water may, before the programme is finished, be diverted to refining uranium, or to developing the reserves of shale-oil in Colorado and Utah or to promoting the beautiful mountains as holiday and residential centres. One thing is sure—the exploitation of the river will never stop until, as one ardent advocate of development once expressed it, "every drop of water is burned up in human use before it reaches the Gulf of California."

Houses on the Move

FROM A SPECIAL CORRESPONDENT

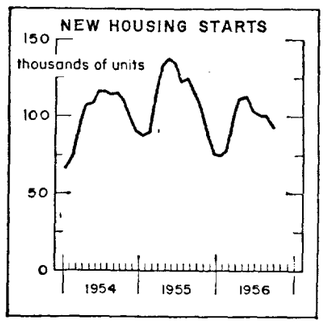
THERE has been no autumn upturn in house building in spite of the predictions of the government experts and the hopes of the builders themselves. It is now clear that the number of new homes started in 1956 will only be about 1.1 million, compared with 1955's record 1.3 million; some private forecasters think that 1957 may be even a bit lower than this year. Builders place the blame for this situation entirely on credit restrictions. Fewer new houses are being started because lending institutions will not commit themselves to take as many new mortgages as would be required if building went ahead full steam.

Fundamentally, however, it is not merely the scarcity of credit, but the changing nature of the housing market which prevents a return to the mass building practices and record housing rates of the last ten years. The recent high levels of building activity have wiped out the backlog of need for shelter that was so large in the early postwar period. Even California and the southwest, where there has been a large influx of new residents, are now pretty well "built-up" and in most areas there are some houses available for sale to new arrivals. The number of vacancies is not large, and most of them do not last long, but some mobility has been restored to the market and the supply of good, modern dwellings is no longer limited to new buildings.

As families who can afford it move to larger quarters, or more suburban districts, their original postwar homes become free for young couples who want a small house or flat. The real demand for new houses is now found among growing families who want bigger, better homes; they belong to the middle and upper income groups and the market for builders now depends more on the level of disposable income than on the number of new families formed. Prospective buyers in this market want far more than the rapid, cheap construction that enabled builders to

fill the huge housing developments in 1948 and 1950—and even in 1954 in some areas. It takes attractive styling, careful pricing and real salesmanship to convince a couple that they should "trade in" their present home for a new one. They always have the alternative of modernising or enlarging their older house; the same credit facilities are now available for these improvements as for new building, and the cash outlay is considerably less.

Surveys indicate that a high proportion of families want better houses than they have now; but while some people can easily afford to move up on the housing scale, many wait for bargains. Few builders, however, have paid the close attention to costs which is necessary if bargains are to be offered in the larger, more attractive types of housing —and everywhere costs are now mounting rapidly. The price of land has risen; suburban towns are making new housing developments bear more of the cost of the new utilities which have to be installed and are restricting the number of units that may be built on a given land area; materials and labour are more expensive too. The new buyers will not accept shoddy materials, efficient but unattractive designs, or inconvenient situations. The only answer to these rising costs is, therefore, more efficient techniques in construction. But, so far, gains in this direction have been small.



As a result, builders are selling more high-priced houses this year, aiming at those who can pay for what they want in spite of stiffer credit terms. Middle-income homeowners are concentrating on alterations and "fixing-up." In these ways, more money is being spent on housing than in 1955, even though fewer new units are being started. If credit eventually gets easier, more people will be able to afford completely new houses and, in time, increased efficiency will enable the builders to widen their market considerably by offering as good bargains in quality houses as they did in the earlier mass developments. But now the industry faces a challenge that is fresh to most of its members—how to design houses and sell them to people who do not really need them.

Where Television Failed

LAST spring the managers of both parties believed that 1956 would end the political era in which presidential candidates cultivated the voters individually by touring the country's grass-roots and would begin one in which they wooed the electorate *en masse* at the television screen with nationwide broadcasts discussing national issues. For this year there were over 40 million television sets covering 70 per cent of American homes, compared with 18 million and only 40 per cent of homes in 1952, and, from experience in that year and during the McCarthy hearings, it was widely believed that politics had great television appeal. So in August the Republicans planned their presidential nominating convention almost entirely as a television show and the Democrats, who had more real business to conduct, altered their usual procedures drastically to make them more suitable for the screen. But the viewers quickly had too much of what even after these efforts was not always a very good thing; the big television companies make no secret of their determination never again to broadcast the complete proceedings.

When the campaign proper got under way, the Democratic candidates, through poverty as much as through policy, found themselves using the old methods more than the new: Mr Stevenson flew from state to state and Mr Kefauver seemed to be everywhere at once. Soon, to the alarm of the Republicans, it became obvious that people were turning out in large numbers to see the Democratic contenders in person rather than on the screen. An early survey showed a disturbing lack of interest in national televised appearances and Mr Stevenson's vivid failures when he did go before the cameras warned Republicans as well as Democrats that television was not a trustworthy medium. The President had intended to confine his campaigning to "five or six television addresses" but, as his party began to "run scared," he appeared glad to undertake an active peripatetic candidacy.

It is not therefore surprising that the congressional committee on election expenses has reported that "the widely-held belief prior to the campaign that television costs would soar to unprecedented height does not appear to be confirmed." But this does not necessarily mean that the new era has been abandoned before it has begun; instead, 1960 may find it developing rather differently. The Republican leaders may well be wondering whether Mr Eisenhower could have made better use of television and carried his party with him into Congress, by concentrating, as the Democrats began to do towards the end of this campaign, on regional and statewide television programmes, in which national and local candidates appear together and discuss mainly local issues. What seems now to be agreed is that nationwide appearances by the presidential aspirants alone are neither good television nor effective politics.

Retail Business

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The World Overseas

Israel After the Fight

FROM OUR SPECIAL CORRESPONDENT

Tel Aviv, Tuesday

THE mood in Israel is a mixture of triumph and apprehension. On the one hand the swift victory in Sinai and the destruction of half President Nasser's army removes the threat to Israel's southern frontier—perhaps indefinitely, if the United Nations force can create a demilitarised zone. It is felt that an overdue decision has been successfully taken. Your correspondent came across plenty of evidence of the completeness of the victory. On every road there were long columns of captured motor transport and artillery, while at the roadside weary young men and women in uniform, often with stirring battle stories to tell, were thumbing lifts homeward. But on the other hand, the fact remains that Mr Ben Gurion was plainly forced to back down and surrender his territorial gains under the same Russian threat which halted Britain and France at the canal. His retreat has been accepted with astonishing unanimity as a piece of realistic statesmanship.

People here fear that new threats to Israel's security are developing on the Syrian and Jordanian frontiers, where Russia, discomfited by the revelations in Sinai of its long-term plans in the Middle East, may be planning new initiatives; all Israelis soberly face the fact that increased Russian influence in the Arab states rides high on Arab anti-Israeli fanaticism. It is the same entrenched fanaticism that inspired Colonel Nasser's famous order of the day to his Sinai troops anticipating a war of extermination against the Israelis—photostats of which are likely to be thrust under the noses of the world's statesmen for months, perhaps years, to come. At the same time, the reduction of British and French influence in the Middle East, the extent of which, in the Israeli view, is as yet uncertain but may be very heavy, compels reappraisal of the whole of Israeli foreign policy. The present indications are that the Israelis propose to lay as much blame as possible for the danger to world peace at Britain's, and to a lesser extent, France's door; they themselves take the position that their action was self-defence—a position that many statesmen, including the Vatican, have conceded. Indeed, they argue that the Anglo-French "failure" on the canal has robbed them of a large part of the fruits of their victory, including the intended heavy blow at Colonel Nasser's prestige, which would have been damaged more severely by defeat at the hands of Israel alone than by defeat at the hands of the powerful western nations.

It is, therefore, firmly denied that there was any collaboration with Britain and France. Their intervention, it is said, was unexpected, if only because the Israelis did not think that Sir Anthony Eden was up to it. In any case, they now assert, it was unasked, unwanted, and unnecessary; the timing and tactics of the Anglo-French intervention made it worse. It is even denied that the Anglo-French bombing of the Egyptian air force significantly reduced the danger of air attack on Tel Aviv; the possibility of this had been taken into account and Israel says it was ready to meet it.

On the other hand, the Anglo-French intervention caused Israel to be bracketed with these powers as aggressors by the United Nations. If Britain and France had not acted, the Israelis feel they would not have been so flatly condemned. The unkindest cut was the Anglo-French abstention on the Afro-Asian resolution of November 7, which called on all the intruders to withdraw. Britain and France then left Israel in a minority of one; cowardly is the word applied here to their action.

It is readily accepted that the probable decline of British influence in the Middle East is damaging to Israel's interests, although it is insisted here that Britain has for a long time ludicrously overestimated what influence it had left in Jordan and Iraq and even in the Trucial States. It is hoped that some of that influence survives, but Israel's future is now reckoned to depend on two things; first on the United States, and secondly on the demonstration to an affrighted world that a third world war could start in the Middle East as a result of the Arab refusal to make peace with Israel.

Although Mr Head's last minute visit to Cyprus certainly suggests that Britain's mind was not entirely made up even when the invasion fleet was three days out of Malta, there is evidence of the extent of Israeli collaboration with the French. There is evidence that French fighters manned by French pilots arrived before Israeli mobilisation began, with all arrangements made for maintaining and refuelling them. It looks possible, seen from here, that when the Israeli advance proceeded so much faster than anyone expected, the French reckoned the moment ideal for stampeding Britain to take action. If there had to be Anglo-French intervention, then the Israelis, indifferent to the problems of amphibious landings, criticise the slow arrival of Anglo-French troops and even more the failure to carry through at all costs what had been started, so as to present Russia, the United States and Colonel Nasser with a *fait accompli*. That, the Israelis think, could have produced a satisfactory situation—one in which a United Nations force would have taken control of the canal, probably permanently, instead of, as seems certain

now, leaving it in Egyptian hands—although the Israelis insist that they have not been concerned with the canal in this operation.

Israel's immediate steps await clarification of the UN force's instructions. It certainly will not withdraw from Sinai until the force is in being ; moreover, the Israelis are sceptical of the efficacy of the force in the long run, especially if Colonel Nasser's prestige is maintained and Russian intervention in Egypt resumed. But in return for his promise, given under unprecedented pressure, to abandon Sinai, it is widely hoped that Mr Ben Gurion has extracted some undertaking from the United States to underwrite at least Israel's southern frontier. It is also hoped that the United States will recognise its vital interest in the Middle East, because of Nato's dependence on oil supplies, and will therefore warn Russia that, in spite of reduced British influence, any attempt to exploit the situation and penetrate further would entail the risk of war.

Israel also intends to "reveal" fully to the rest of the world the extent of Russia's preparations. This is already exciting foreign correspondents on conducted tours. They are being shown not only dumps of up to 6,000 tons of ammunition, fuel, the latest weapons, in sufficient quantity to re-equip a second Israeli army, but also airstrips capable of taking the heaviest bombers at Eltor, Sharm el Sheikh and Ras Nirzan, partly built workshops capable of servicing two armoured divisions at Rafa and El Arish, and forty kilometres of fortifications under construction at Abu Agela. It is hoped that this will "force the United Nations to take the Middle East seriously at last," and will focus the world spotlight permanently on Russian build-ups in Syria and Jordan. Meanwhile, the success of the Israeli army has strengthened not only its prestige but also its political influence. It is firmly convinced that the only answer to fedayeen tactics is reprisals. The prospect of new incidents, if not of operations comparable to Sinai, must keep the world on the hop as the Israeli forces return from the desert and move northward.

Arab Anxieties

FROM OUR SPECIAL CORRESPONDENT IN BEIRUT

ARAB conferences are rarely productive of hard news and this week's meeting of heads of state in Beirut is no exception. The Lebanese government took unusually rigorous security measures to protect its distinguished guests ; the local press was not allowed to mention the fact of their arrival until the conference was under way. The concluding communiqué is unlikely to be any more revealing than usual. Yet the anxieties besetting the Arab governments are well enough known to permit a confident guess at the subject matter for debate.

The convening of the conference was due to the determined initiative of President Camille Chamoun of Lebanon. That in itself is a revealing fact. Lebanon, while consistently championing Arab causes, has always used its influence in favour of moderate courses. Its interests lie in maintaining a balance of forces both within the Arab world and in the wider international field. It seeks Arab unity, not through the domination of the Arab world by any one state or doctrine, but through compromise between such diverging interests as exist. Similarly, in the international field, it would certainly resist any tendency to hitch the Arab wagon to the star of any one great power.

The Anglo-French attack on Egypt and the violent Soviet reaction brought home to Arab consciousness—almost for the first time—that the feud with Israel is not a parochial matter. It was a genuine shock when realisation dawned that the world had been brought to the edge of the abyss. President Chamoun is not alone in his conviction that some serious rethinking of the whole Arab position is necessary. The fact that Libya, the Sudan and the Yemen are also represented at Beirut makes the present conference one of the most representative ever held in the Arab world and reflects the alarm that has spread wide throughout the Middle East and North Africa.

It is probable that the only reluctant participant at the conference is President Shukru Kuwatly of Syria. Although the immediate cause of the gathering is the crisis in Egypt, recent developments in Syria are beginning to take pride of place. For the Arab states, the position with regard to Egypt is now relatively simple. They stand firm by the United Nations resolutions calling for the withdrawal of Israeli forces behind the armistice lines, the withdrawal of British and French forces from the Canal Zone and the setting up of the international police force to patrol the Arab-Israeli frontiers and keep the peace. It is more than likely that the international force will incur Arab resentment as disguised imperialism when the war scare dies down. But for the moment it is welcomed as a shield for Jordan and as the only likely means of winkling the British and French out of the Port Said district. For the implementation of these resolutions, the Arabs are looking to the United Nations, particularly to the United States. President Eisenhower's prestige never stood higher among the Arabs.

But if the position as regards Egypt is fairly simple from the Arab angle, that of Syria is desperately complicated. On the one hand, Syria is the vociferous champion of Arab nationalism and the closest ally of President Nasser, whose prestige still stands undimmed. On the other . . . [*Our correspondent's reference to the extent of Russian penetration or influence in Syria was censored.*]

The Soviet condemnation of the Anglo-French action in Egypt won a ready response from the masses. The balance between east and west is therefore delicately poised. The Soviet Union will surely seize the golden chance of getting a firm footing in the Arab States. Yet President Eisenhower can probably outbid them if he will. It is sad that Britain and France will have little to say in the debate.

Further Thoughts in Canada

FROM OUR CORRESPONDENT IN OTTAWA

THE Canadian government will not escape political attack for its official position "regretting" British intervention at Suez. Now, when every effort is being devoted to the speediest possible installation of a United Nations police force, including a Canadian contingent, in the Sinai desert, when Britain's truncated operation at Suez promises to be succeeded by a complete withdrawal, and when everyone hopes all further fighting may be avoided, a whole series of indications points to the continuing strength of pro-British sentiment in Canada. It shows itself predominantly in parts of the country with a traditional "imperialist" background, notably Toronto and south-western Ontario, but also in the Atlantic provinces. "Imperialist" in this context is not a word which need alarm Egyptians, nor will it justify Russian protests. It is used to connote deep-rooted ties with the motherland. So closely is it associated with the great early days of the Conservative party that one might as well say "Tory imperialists." Their spokesmen are already saying that Canada should have "stood by" Britain as Australia and New Zealand did.

Since the whole political standing of "Tory imperialists" has been unimpressive under Liberal rule, its revival at this stage is a most interesting new flowering from the historical stem. Although it does not now seem likely to result in any major political debates, it does contain a hint of historic Canadian divisions. If these were to revive in anything more than the present form it would be the most intriguing of the unforeseen effects of Sir Anthony Eden's Suez intervention. It remains to be seen whether the Conservative party in the House of Commons will echo this "Tory imperialist" criticism. To do so will be a great temptation, but it may involve some risks in that other powerful sections of opinion will be ready to jump to the Government's defence.

Problems of a UN Force

Apologists for the British, who for the moment are heard more loudly than detractors, are saying that any present hope of a successful United Nations action to effect a Middle Eastern settlement results from the British action and could not have been achieved in any other way. They are making the most of the London stories about Russian arms and volunteers in Egypt, though none of these has revealed anything that the Canadian government did not know two or three months ago. Government circles, too, have somewhat softened their attitude towards Britain. This is not simply due to considerations of political expediency but also arises from the more co-operative British attitude to the United Nations after the first intervention.

No Canadians show any signs of opposing the contribution of a Canadian contingent to the UN police force, though probably very few realise the problems and hazards involved. As Mr Pearson makes clear on every possible occasion, the UN troops will not constitute a fighting force. Canada is committing a battalion of young troops with young officers who have received some training in fighting but none at all in the art of being policemen. They are to be put down in a desolate country with nobody to fight and with the constant risk of being sniped at or slugged by marauding and possibly starving bands. The military authorities are trying to ensure that the troops shall have all possible comforts in the way of food and supplies to help them to keep in good heart. They have hit on the brilliant idea of using the aircraft carrier, *Magnificent*, as a forward supply base for the Canadians. She will provide hospital facilities, signals centre, rest centre and supply depot. In case of need she would also furnish a means of withdrawing the force, which, after all, will not be equipped to defend itself if full-scale fighting were to break out again. The force will have helicopters, reconnaissance planes and plenty of ground transport. But its largest weapons will be battalion weapons, machine-guns and mortars. It is hoped that the UN can make these complicated military arrangements work so that the governments can get on with the even more difficult business of arranging political settlements. Mr Pearson has said publicly that he looked to two distinct political settlements, one resolving permanently the dispute about Israel's status and frontiers, and the other establishing a permanent agreed status for the Suez Canal. Both promise to be so difficult that no one is unduly sanguine. But Canada is undoubtedly much cheered by the co-operative attitude which Britain is now showing toward the United Nations efforts and by the continuance of Anglo-Canadian contacts, for instance, at the United Nations, on the old familiar basis of friendly candour.

"Tory imperialists" in a momentary absence of mind sometimes attack the Canadian government for not "standing four-square with the Commonwealth." At that point the government is quick to call them back to what they mean. It is intelligible to say that Canada should have supported the motherland right or wrong. It is nonsense to talk of standing by the Commonwealth when it has been so deeply divided. The alienation of Asian members, coupled with the absence of consultation by London are perhaps the two deepest wounds left in Ottawa.

The Little Siege of Gibraltar

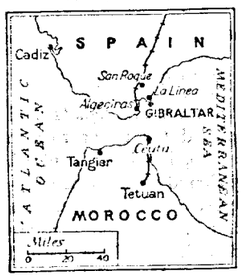
BY OUR SPECIAL CORRESPONDENT

OF Britain's bases in the Mediterranean, Malta and Cyprus have, of course, played the major role in recent operations. But Gibraltar, too, has been involved. Modern warfare has not materially altered its strategic significance: it is an important air base, a naval dockyard, a staging point for water and fuel: it has a storage capacity capable of being greatly increased, with remarkable natural protection against modern weapons. How right, most servicemen would say, that such an important place should be under British sovereignty. The Spanish case, fortified by the American example, is that this arrangement is not modern ; that Gibraltar is valuable to us only if Spain is neutral or an ally, and therefore Britain would lose nothing by ceding it to Spain and leasing it instead—of course, on terms which would allow the base to operate as before. The service point of view, however, as over Cyprus, is that treaties can be denounced, and standing on one's treaty rights does not preclude charges of colonialism: better to be certain that we can do as we please.

If this strategic argument for holding on to Gibraltar is mentioned to a Gibraltarian he becomes angry. Gibraltar must be British, he would say, not because the services need it but because Gibraltarians will have it so. The 23,000 inhabitants of the Rock are more British than the British and nothing pains them more than the assumption that they are Spanish. When Sir George Rooke took the Rock in 1704 the Spanish inhabitants fled from the looting British soldiery and made themselves a home at San Roque on a nearby hill. (The Mayor of San Roque still sends out Christmas cards which begin: "The Mayor and Council of Gibraltar, who since the loss of their town in 1704 have been temporarily residing at San Roque. . . .") So the British invited immigrants from Genoa. They also

admitted Jews from Morocco, whose forefathers had been expelled from Spain in 1492—although the Treaty of Utrecht, which confirmed British possession of Gibraltar, had included an express condition that no Jews or Moors should be allowed to settle there.

Only by day is Gibraltar full of Spaniards. Twelve thousand of them daily cross the frontier to work, some in private employment, and some for the "official employers"—the colonial government, the city council and the three services. Gibraltarian workers by contrast are almost all working for official employers. They have good reason to do so because these employers pay them 24s. a week more than a Spaniard would get for the same job, on the dubious ground that this is the difference in the cost of living in Gibraltar as compared with La Linea. Even so, however, a Spaniard working in Gibraltar can earn two or three times as much as he would earn in Spain, and this is quite apart from what he can earn by smuggling. He rarely goes home without a little something—coffee or sugar or cigarettes—which is dutiable or scarce in Spain. Strange sights are to be seen at the end of the working day. Old women sit by the roadside in quiet corners of Gibraltar sewing small bundles into the innermost of numerous black petticoats. At the frontier hundreds of men with bicycles are waiting to be searched by one of the Spanish customs officials. It is said that if this official finds something in a certain pocket he knows that it is for him, and thereafter makes no fuss about a mysterious bulge elsewhere. Gibraltar certainly presents attractive opportunities to the enterprising Spanish worker.



Thereby hangs a sad tale. The Spanish authorities are now refusing to grant exit permits for work in Gibraltar except to those who have worked there in the last two years: in other words, workers who die or retire cannot be replaced. Ostensibly the purpose of this ban is "to stabilise the labour force." Actually this is all part of the latest Spanish campaign to recover Gibraltar, which began with the Queen's visit in 1954. At that time Spain gave up the struggle by diplomatic activity and began applying economic pressure. As one spokesman said, "Remorselessly but politely we shall, restriction by restriction, turn the screw until Gibraltar like a ripe plum falls into Spanish hands." The metaphor was mixed, but the general idea was plain.

Other restrictions did indeed follow. Spanish workers in Gibraltar must change four-fifths of their earnings into pesetas in La Linea; and Spaniards are not allowed to visit Gibraltar, as many used to do, in order to buy things. One particularly annoying restriction is not a matter of economic pressure—at least not on the Gibraltar side: in order, it is said, to protect the virtue of Spanish women, no servicemen other than officers and married n.c.o.s accompanied by their wives are allowed passes to visit Spain. Not long ago, someone captured the stamp used for the coveted passes, and it was merrily in use in a sergeants' mess for eighteen months before its operation was discovered. But now, alas, some 5,000 servicemen can again leave the Rock only by the troublesome and expensive method of passport and visa.

From the Gibraltarian, as distinct from service, point of view the worst of the restrictions is their effect on smuggling. Living as they do in a free port, with customs duties of only 8½ per cent *ad valorem* on such things as cameras, watches and lighters, the local inhabitants have done very well out of other people's controls. This is not illegal in Gibraltar, nor, indeed, is it illegal to be a smuggler oneself—as some have been with great profit and considerable connivance from Spanish officials. It is for each nation to deal with its incoming smugglers.

The smuggling angle is not, of course, the one that the Gibraltarians stress when they say that Her Majesty's Government should have done more to combat Spanish economic pressure. The answer to this complaint seems to be that trade sanctions would not have been effective because Germany is waiting to fill the gap. That being so, Gibraltar must help itself, and it can do this in two ways: it can make itself independent of Spain and it can try to develop more friendly relations. Independence of Spain involves better use of labour, mechanisation, perhaps even a new immigration, and new sources of income to replace the smuggling (tourism and the port are very properly being developed). Friendlier relations with Spain mean the removal of reasonable grievances. For example, in the new discussions about social insurance contributions, which Spain would like handed over to its own *Mutualidad*, the Gibraltarians should not expect too many *quids* for a not very large *quo*.

At best, however, official relations between Gibraltar and Spain are not likely to improve much so long as the British Government refuses even to discuss hauling down the British flag that flies on top of the Rock. General Franco probably would not wish them to improve: dictators like a grievance. On the other hand he cannot be too pressing while he has his own gibraltars, Ceuta and Melilla, on the coast of the now independent Morocco. If he should ever be succeeded by a pro-English monarch, by a government which Britain would like to strengthen, then the pressing offer of a satisfactory lease would be more difficult to refuse. But it would still be true that if it were not refused the voices of twenty-three thousand Gibraltarians would be raised in passionate accusation of betrayal.

Hungary's Glimpse of Freedom

FROM A CORRESPONDENT

October 31st and November 1st

SOME facts are more difficult to grasp than fiction. For years we Austrians had got used to accepting the barbed wire along our eastern frontiers as the insuperable dividing line between two hostile worlds. Now it was like a dream: that the wooden barrier should go up and that our convoy of hospital vans, trucks and cars should be allowed to proceed without even a visa or a passport. Only a few miles beyond the border we stopped at the first town, Szopron. Large crowds were in front of factory gates, and on the main square were queueing up at food shops. They soon gathered round our vehicles. Their mood was far from rebellion. It was rather one of firm determination to stick it through or perish. "How long will the strike go on?" This question, whether put here, or later on

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in Györ and Budapest, fetched the same answer everywhere: "Until the last Russian has left our country." And we felt that they all meant it.

The nearer we got to Budapest the more frequently we were stopped by armed guards of freedom fighters. They were young boys, students and industrial workers, very polite and very pleased to see us. These youngsters were carrying their guns not from any joy of fighting but from a deep conviction that they must get rid of Russian domination and Moscow's hated henchmen, the secret police.

"What will happen after your final victory?" we kept asking. And again the answer was surprisingly unanimous, especially as concerted leadership was so obviously lacking: "There should be several parties, and elections as soon as possible." We then tried to find out their views on how far the economic changes of the present regime should be reversed. They left us in no doubt that they certainly did *not* want the big landlords to come back to their estates but that they also did not want the enforced collectivisation of the peasants on their newly acquired land to continue. And what should become of the big industrial plants which had been erected in recent years and were the property of the state? Certainly, they should remain state-owned and so should all the key industries. But the rest of the economy should go back to its former owners, especially where the small man was concerned.

In Budapest everyone seemed to be out in the streets. Old men and young kids, housewives and workers, gathered in crowds round our cars, eager to talk, eager also to try and get some share of almost forgotten luxuries. As we were passing the crowds on a bridge I pulled off my modestly red scarf to wave it at them and immediately noticed heads turning away. A young motor-cyclist who was showing us the way immediately whispered to me: "Not with a *red* scarf." It is plain that if free elections were held this violent antagonism to Communist rule would have its effect on the Socialist vote. The Small Farmers' Party too, which once seemed to have a chance of gaining a majority would now have to follow a very determined policy in the interests of the little man if it wanted to retain his support.

Disciplined General Strike

We were deeply impressed by the way in which Hungarian youth took up arms against the Communists. In a hospital there were wounded boys of twelve, thirteen and fourteen years of age who had thrown hand grenades and bottles of petrol at Russian tanks or had stood in ambush armed with guns. We were also strongly impressed by the completeness and discipline of the general strike. As long as the resistance movement was in power all essential services were performed without fault. The food shops were open, potatoes, bread and flour seemed to be in sufficient supply; there were no traces of plundering or demoralisation. At the central bus station where I filled up my car with petrol for the return journey they refused to take money—it being state-owned they could not issue me with a bill!—and would not even accept a tip. No alcohol was allowed to be served, not even with a meal.

When we left Hungary on November 1st we had not seen one single Russian soldier. We were told by people who had watched them that the Russians had taken an hour to get out of Budapest. Near Györ a Russian division was in barracks with the gates locked. The fears of Communist officials then may be deduced from the fact that we had to refuse a Hungarian diplomat's plea to take him, his wife and plenty of luggage with us across the border. We left with the delusion that the fight had been won. But Russian guns have now reconquered most of the country. It remains to be seen whether they will be able to enforce a working puppet government on Hungary. What they will never conquer are Hungarian hearts and minds.

Austria; Neutral Neighbour

FROM A CORRESPONDENT IN AUSTRIA

VIENNA was the world's observation post for the Hungarian rising. It is still the base and clearing house of the world's compassion. The city is the capital of a country that bought its freedom with neutrality and has only been free of occupation troops for a year. Austria juts out into the Soviet satellite orbit (once its empire) and has a smaller population than London. A very small fraction of that population is communist. Early attempts by the Russians to win over their zone of the country with the aid of Austrian communists were defeated by the workers.

When the communist *Volksstimme* alleged that arms and ammunition were being flown from Schwechat airport to Budapest (and the allegations were promptly taken up by Moscow and satellite radio stations) one could not know whether this was just the routine calumny with the hint of intimidation, or whether it might not have been the propaganda prelude to a Russian violation of Austria's neutrality—a move which the West might be impotent to counter. The Chancellor, Herr Raab, at once broadcast a denial of the reports. His speech was re-broadcast several times; such repetitions are usually a sign of crisis. Repeated and long visits by the Russian ambassador to the Austrian Ministry of Foreign Affairs were another sign. The government had the Sunday (November 4th) edition of the communist paper seized and applied for a charge of treason against its editors.

Meanwhile the Austrian government had already taken steps in Moscow—where it appealed for a cessation of the Russian intervention—and in Budapest, where it denied that there was any Austrian intervention. It assured the Nagy and Soviet governments that it was not allowing Hungarian emigrés to enter Hungary, either armed or unarmed. It also invited representatives of Russia, America, Britain and France—the signatories of the State Treaty—to inspect the frontier arrangements on the spot. Here, incidentally, the Russian observance of Austria's neutrality is as meticulous as Austria's own.

After the black Sunday when the Russians started the massacre of reconquest, the Austrian Foreign Minister, Herr Figl, announced the government's intention of asking them to allow Red Cross aid to continue. He spoke of Austria's duty as neutral and neighbour. And whatever mixture of feelings Austrians may once have had about the Magyars, it is now submerged by a wave of admiration and sympathy. The inability to help them achieve their freedom is made

more bitter by geographical proximity. What adds further to the bitterness is the feeling that the free countries might have brought their united moral pressure to bear on the Russians but for the Anglo-French action in Egypt (which has an almost uniformly bad press). But though there is some rhetoric, the passionate participation of the people in the Hungarian events is a fact. The shopkeeper talks knowledgeably of guerillas ; the garage-man tells one the latest news and adds his view that " that system will not survive our generation." Even children are distracted from their Red Indian stories and ask questions of those who cannot long stay away from the wireless.

Cyprus Over Greece

BY OUR SPECIAL CORRESPONDENT

THE Greek Prime Minister, Mr Karamanlis, has gone to New York to argue his country's case on Cyprus before the United Nations. He leaves behind him a country that appears to be obsessed with the problem. Reminders of Greece's preoccupation, which absorbs the Athenian press (and sends up its circulation), crop up everywhere and all the time. In the waiting-room at Athens airport there are lurid leaflets denouncing British " repression " in Cyprus. At the military parade in Salonica on the anniversary of the day, sixteen years ago, when Papagos said " No " to Mussolini, a solitary voice in the crowd near the royal reviewing stand suddenly shouts " Eoka." The word is scrawled everywhere across the sides of buildings ; one may come across it, too, at a bend in the road, painted boldly on a wall in the middle of the remote Rhodian countryside. And when, on Delos—once, as Apollo's birthplace, the most sacred of Greek islands, now uninhabited, shadeless and given over to its ruins—one climbs to the highest point to view the encompassing Cyclades, there is " Eoka " scratched faintly in the rock.

To a considerable extent all this agitation has been artificially whipped up by successive governments as a stick with which to beat the British, by opposition politicians as a stick with which to beat the government, and by both as a distraction from the pressing problems that face the Greeks in their own backyard. To be fair, the present government has not a bad record on the domestic front. It has failed to grapple with the crucial problem of the recurrent budget deficit, but this summer it has worked energetically and successfully to hold down the cost of living ; the investment programme has been considerably slowed down this year, but this is probably due as much to American prompting as to the government's foreign preoccupations.

Mr Karamanlis would undoubtedly prefer to concentrate on domestic problems. The trouble is that the genie whom the politicians of all parties have united in conjuring up has now got out of hand ; he is no longer the servant but the master of those who summoned him. The present government feels compelled by the popular pressure which it and its predecessors have built up to strike truculent attitudes over Cyprus ; but it has gone a long way in its search for a compromise solution. It has been roundly attacked for its pains by opposition politicians who are convinced that the road to power in Athens runs through Nicosia.

But Greece's preoccupation over Cyprus cannot be dismissed simply as the outcome of the self-centred manœuvres of Athenian politicians. There is more to it than that. There is the genuine conviction of many ordinary Greeks that Cyprus is Greek and should belong to the mother country. These people deplore the excesses of Athens radio. They are embarrassed when their English friends ask them to translate the rude remarks about the British that are now scrawled on so many Greek walls ; they try to dismiss these epithets as the work of thoughtless youths, and one feels it would almost be in bad taste to point out that someone must have deliberately taught them to brand the British as assassins.

If one inquires why it is that the Greeks now feel so much more violently about Cyprus than they seemed to do five years ago, the answer comes pat that, until Mr Hopkinson's famous " Never," they assumed that the British Government would hand over Cyprus in its own good time, and were therefore prepared to wait patiently. For most Greeks the roots of their friendship with this country go deep ; in their present falling-out with Britain they tend to revert to the peculiar bitterness that is common in quarrels between old friends. Unfortunately, thoughtful Greeks have little practical guidance to offer on the best way out of the present deadend. They plead eloquently for some " gesture " by Britain that would restore Greek confidence in its good faith, but when they are pressed to describe this gesture more precisely, vagueness creeps into the conversation.

Turkey's Part

In dealing with the third party to the quarrel, Turkey, the Greeks are no more helpful. Most of them think that Turkey's fear for its security, should Cyprus pass into Greek hands, is a put-up job, in view of the many Greek islands that hug the Turkish shore so much more closely already ; Cos, for instance, is only four miles from the mainland, and in parts of the island it is impossible to see the blue strip of water intervening between the Greek island and the Anatolian hills. The Greeks forget that the Dodecanese are, by treaty, demilitarised, and that Cyprus commands Turkey's vitally important port of Iskenderun. Responsible Greeks will admit privately that their government made a grave mistake in not trying to reach an accommodation with the Turks some years ago. Now relations are at such a low ebb that the Greek Foreign Minister, Mr Averof, feels bound to confess that bilateral negotiations between the two countries would be pointless ; and the Greeks are becoming seriously worried at the use to which the Turks intend to put their press campaign alleging Greek discrimination against Turkish minorities in Western Thrace.

Mr Karamanlis, in leading the Greek delegation at Uno, is risking his immediate political future. If he comes back with completely empty pockets he is unlikely to survive in office ; even before he set out, his small parliamentary majority showed signs of crumbling away. The only doubt is whether another coalition or a general election would follow. In either case, the chief question is whether Greece's angry frustration over Cyprus will cause it to turn left. Spokesmen for the present government maintain, no doubt perfectly sincerely, that it will not contemplate leaving Nato. But they add that if public opinion became very moved—and the Greeks, they add, are a highly emotional Mediterranean people—the government, whatever its complexion, might have to bow before the storm. Whether this is a gentle threat as well as a friendly warning, one cannot tell.

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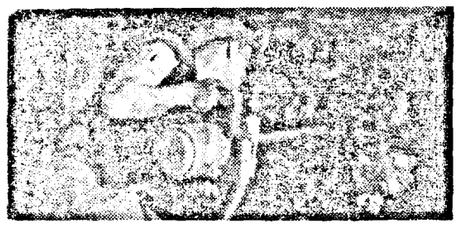

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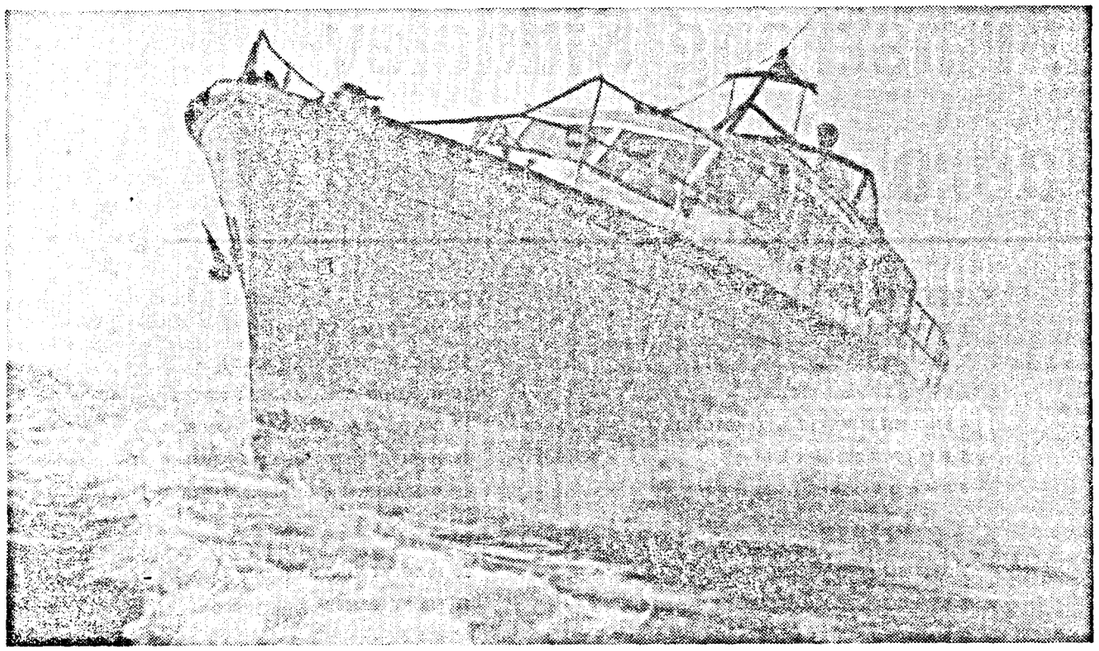

"Perpetua's" hull was built by Halmatic Ltd. Halmatic are moulding 56-foot hulls for service in Venezuela, Singapore and the Persian Gulf. Another moulded hull is being fitted out as a twin-screw Pilot's launch, to the order of the Southampton Harbour Board.

THIS PICTURE of M.V. "Perpetua" both conceals and demonstrates an exciting breakaway from traditional boat-building practice. "Perpetua" *looks* like an orthodox seagoing motor cruiser — but there's a vital difference. The hull is *moulded* in *one piece* — the mould working in much the same way as a housewife's jelly-shape; and it consists mainly of glass-fibre sheet, and polyester resin — for which Monsanto supplies raw materials.

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THE BUSINESS WORLD

First Reckoning for Suez

TIME is the essence of the Suez reckoning. Every day since the cease-fire in Egypt has altered the estimates of ships and equipment sunk in the canal; the guesses, official and unofficial, of the period it will take to restore navigation have varied from as much as 12 months or more down to Mr Macmillan's repetition of an Egyptian boast that it might be done in six to eight weeks.

Any attempt to reckon the orders of magnitude of the additional costs that the last fortnight will have imposed upon the British economy, therefore, depends upon the assumptions one adopts about the time it will take to clear the canal (the resources that could be assembled for this job are examined on page 574). The estimates below are based upon two alternative assumptions, to give a range of possible cost; these might be called optimistic and pessimistic, since the one may not be quite the best and the other is certainly not the worst. The first is that normal traffic through the canal can be restored in three months' time; the second is that this will take nine months. It is assumed in both cases that in three months' time the Iraq Petroleum Company should be able to move about 40 per cent of its normal supplies through the pipelines, by simply repairing pipes—and that full throughput can be restored in about nine months, by repairing the pumping stations.

In the simple arithmetic of oil shortage, the difference between these optimistic and pessimistic assumptions is broadly a matter of duration, not degree. Either points inexorably to a cut of about 20 per cent in oil supplies to Western Europe. Optimistically, this might last, say, three months from the time it has to be imposed—perhaps four or five weeks from now, when stocks approach danger levels in Britain, though some other countries look to be moving faster. On the pessimistic assumption, rationing might not be over much before next September.

A 20 per cent cut in oil supplies means only a 2 per cent cut in total fuel supplies to British industry—which this year seems to have been using rather more fuel in producing hardly any more goods. On the more optimistic time table, at least, it seems doubtful whether this alone need retard industrial activity very much. The same can broadly be said where oil is used as a raw material for chemicals, and about such industrial materials as are imported from east of Suez, over the next three months or so. Even in this short period, the reduction in capacity to export that must come about from the longer voyages ships have to make (even though they may travel rather more fully loaded than usual) might affect output rather more directly. Seasonally, production is usually high in November, down in December because of Christmas, up again in January and February. On the optimistic assumption, the worst one need practically fear now might be rather less than the normal recovery of output in the New Year. The seasonally corrected index, that is to say, might slip a point or two from the level it has been jogging around for the last 15-18 months.

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If the disruption of trade lasted six months beyond that, all these marginal restrictions might begin to pinch trade rather harder. But still the main effect of Suez on the level of industrial activity might be counted in growth forgone, rather than in a large actual reduction; it is possible that production might decline by two per cent or so during the next nine months. This would mean considerable under-employment of capacity, raising fixed costs; the prices of oil and of certain commodities are beginning to rise, while freights are already shooting up. These may be significant additions to Britain's industrial costs.

This prospect of continued stagnation in output, or possibly of slight decline—set against the resumed

growth that the Chancellor has been affecting to discern for months and which less credulous observers thought he might be persuaded to encourage in a few months' time—constitutes one real effect of Suez on the budget prospect. If disinflation will have been carried through at the price of perhaps £450 million of extra goods that industry could have produced this year, Suez, on the pessimistic assumption, might cost about the same in potential production forgone.

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Little light has yet been shed from official sources on these matters. Last Monday the Minister of Supply, Mr Reginald Maudling, estimated that in the current fiscal year the additional budgetary expenditure arising from the intervention in the Middle East after the end of July would "not be likely to exceed something between £35 million and £45 million," which the Chancellor, later in the debate, widened to £50 million. Mr Maudling affirmed that this figure was "not large enough, particularly in the light of the present level of savings, to upset in any way the disinflationary balance of the budget." On this theme the Chancellor went further: aside from the direct Suez outlays, he still saw no reason why his originally estimated surplus of £460 million "above-line" should not be "largely realised." This presumably means that he expects the year to end with a surplus of between £410-425 million—despite the fact that up to November 10th the above-line account had deteriorated by £197 million, whereas over a full year it was originally expected to improve by £63 million.

On the wider questions, all the Ministers kept to the self-evident. The fact that there is still confidence that present economic policy may prove to be sufficiently disinflationary, in spite of the added budgetary costs and probable loss of tax revenue, could mean, however, that the Government is privately taking a pessimistic view of the wider, non-budgetary effects. For the more considerable any general dislocation proves to be, the more likely is it that the disinflationary effects of this crisis may balance or even outweigh the inflationary ones—so long as the dislocation lasts.

Towards Oil Rationing

BY taking as much oil as possible from the Western Hemisphere, all of the deliveries of Arabian oil through Tapline to the eastern Mediterranean, and as much from the Persian Gulf as the remaining tanker tonnage will carry round the Cape, Europe may be able to obtain perhaps 80 per cent of its normal supplies. Extra shipments are already moving to Europe from the Caribbean, but the fully-integrated operation for emergency supplies, which had been planned with the backing of the American government, cannot now be implemented. And, as an American note on page 600 shows, American consumers are not going to be rationed in order to free supplies for Europe. The current prospect is that Europe may be able to import about 7½ million tons a month : about 4 million tons a month from the United States and the Caribbean, 1½ million tons through Tapline to the eastern Mediterranean, and 2-3 million tons a month round the Cape. The Government has already made it clear that all European countries are expected to share equally the burden of the cut in supplies, but we could hardly expect them to bear more. None of the oil delivered through Tapline, in any case, can be sent to Britain or France.

This means that the present, concerted cuts of 10 per cent in sales to consumers throughout Western Europe will not be enough for long. The American crude oil that Europe is buying to make up supplies from the Middle East gives a higher proportion of fuel oil ; moreover, the operating flexibility of refineries will presumably be used to maintain the yield of black oils as high as possible at the expense of high grade gasoline. It seems unlikely, therefore, that supplies of fuel oil need be reduced more than 20 per cent ; but possible that motor spirit supplies might have to be cut rather more than this.

Such a cut in petrol supplies clearly means rationing—and fairly short commons for the motorist who drives purely for pleasure. Transport services, agriculture, and industry buy more than half the motor spirit consumed in Britain, and the first two, at least, cannot be cut very sharply. If transport supplies were cut 10 per cent, agriculture still allowed to escape restriction, and industry cut by 20 per cent of its motor spirit supplies, motoring in private cars would have to face a cut of about a third in its total supplies.

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A cut of 20 per cent in black oil supplies to industry could not be carried through successfully without some scale of priorities, formal or informal. Many industries use practically no fuel oil at all, while others such as steel and glass depend quite heavily upon it ; among those that burn oil, moreover, the possibilities of switching to other fuels vary a good deal, while the sheer tonnages that certain major industries consume would affect the balance of any allocation scheme very sharply. Leaving out the refineries, one may illustrate this last point simply enough : if fuel oil supplies to the iron and steel industry were cut only 10 per cent within a general reduction of 20 per cent in total supplies, the rest of industry would have to make do, in total, with about 25 per cent less oil.

Several of the industrial groups that use significant tonnages of fuel oil—steel, glass, and non-ferrous metals—sell their products mainly to other industries in which activity is unlikely to be significantly affected by oil shortage ; on this count, demand for their products may tighten. In steel, given the industry's ability to shift the product pattern of its output within limits, and its rather more limited chance of switching from oil to other liquid fuels or gas—and given, too,

the exceptionally high level of steel stocks in the hands of consumers—it might be possible to get by without giving steel much priority, on optimistic assumptions about restoring oil supplies. Glass furnaces offer even less technical flexibility—in switching to other fuels or in rate of firing—and glass is not a material of which anybody ordinarily carries large stocks. So this industry might require priority in oil supplies even if the restriction lasted no more than three months.

How far certain consumers will need priority, therefore, depends once again largely upon the time-table. Others should find it more easy, if inconvenient, to make up reductions in their oil supplies with other fuels. Total coal stocks throughout the country are still about two million tons higher than a year ago. Capacity exists to increase gas supplies to industry in some areas—though a few industrial areas are dependent upon coke-oven gas from the steel industry, which could thus transfer its own oil shortage neatly to gas consumers outside. Output of creosote-pitch and tar, again, could probably be increased slightly, and perhaps diverted from uses other than as a fuel.

Oil and the Trade Balance

IF Britain is importing 20 per cent less oil, will this save money ? A first guess suggests that it may cost nearly as much. At present, it costs little more to land crude oil from the Western Hemisphere in Europe than it did to bring crude from the Persian Gulf via Suez. Crude is selling in the Gulf of Mexico for about £7 a ton, and at the spot tanker rates ruling this week costs over £6 a ton to land in Britain ; before the canal was blocked, Middle East crude cost about £5 a ton, but over £8 a ton to carry to Europe. The increases to be reckoned with in replacing oil from the Persian Gulf with oil from America, therefore, will arise from probable rises in prices of refined petroleum products, crude oil, and tanker freights—plus the extent to which Middle East crude has to be replaced by American products. In the first six months of this year Britain spent £188 million on oil imports, of which £56 million was spent on imports of crude and products from the Western Hemisphere. Until the Suez Canal is open again it seems likely that at least half of Britain's imports, or nearly twice as much as before, will have to come from the Western Hemisphere.

This time there is no shortage of refinery capacity, and many European refiners will prefer to buy crude oil, rather than products, from the United States and Venezuela. But although crude oil stocks in the United States are plentiful at the moment, a continued rise in the demand for American crude will bring pressure for higher crude prices. So even if a higher proportion of the additional supplies is taken in the form of crude oil, one ought perhaps to assume that a doubling of total imports from the Western Hemisphere will mean a doubling of the bill—from about £30 million a quarter to £60 million. Rising product prices and rising tanker freights are likely to offset the advantage of taking a higher proportion of crude oil. It seems, therefore, that to import about 20 per cent less oil Britain may have to spend over 90 per cent of the money it had been spending. And Britain's own oil exports must be counted as declining by about 20 per cent.

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The effect of the oil switch on the visible balance of trade, therefore, may not be considerable one way or the other—except in dollars. But the disruption will also affect the invisible earnings of the British oil companies operating in the Middle East. During the first half of this year British companies controlled just over one-third of the oil produced in the Middle East. If supplies for local consumption in the Middle East and for distribution East of Suez are maintained, and if 16 million tons is shipped through Tapline and 25 to 35 million tons round the Cape, Middle East production as a whole will fall by about 40 per cent, from 176 million tons a year to 100 to 110 million tons a year. The 47½ per cent British interest in Iraq production, which is the most directly affected, and the lack of British participation in Tapline, the only short route to the Mediterranean still open, will put at least as big a burden on the British companies as on their American competitors.

On this reasoning the British companies must expect to lose at least 25 million tons, and probably more, of the 62 million tons of annual production they control in the Middle East. At an fob price of about £5 a ton, this means a loss of about £125 million a year in revenue. Half of this will be lost through the cutting of the IPC pipelines to the Mediterranean ; the rest of the cut will fall on Kuwait, and possibly Iran and Qatar. Apart from royalty payments, the costs of oil production are largely fixed, and cannot be expected to decline much with output, so that oil profits are likely to decline more sharply than total revenue. Even the royalty payments—as in Iraq and Iran, where minimum outputs are guaranteed—may pose new problems when output falls.

The royalties paid to Iraq last year, which are equivalent to the profit retained by the oil companies operating there, were over £70 million. The share of the British companies was probably of the order of £35 million, and it is difficult to see how much profit at all can be made during the next few months. In Kuwait, the British share last year was £50 million, and if production is cut by a fifth, the loss of earnings could not be much less than £20 million a year. In sum the British oil companies might lose some £35 million a quarter in revenue and about £15 million a quarter in profits.

It is quite impossible to estimate the effect of the Suez disruption on Britain's net earnings from dry-cargo shipping services. The main factors which will influence these earnings are known ; their relative emphasis is not. Dry cargo shipping earned a net £64 million in the first

half of 1956; of this a net £17 million was earned in dollars. But the net earnings of British shipping have recently been the product of a deficit on tramp cargoes more than offset by profits on liner operations. It is evident that freight rates will continue to rise sharply, and that tramp freight rates will rise more sharply than liner rates. Whether this will raise or lower Britain's net earnings depends on the share of trade carried by tramps as opposed to liners, and the extent to which this balance is changed by rerouting. Earnings would certainly be lowered if much British tonnage formerly employed in carrying foreign cargoes has to be diverted to carrying British imports round the Cape or remains requisitioned for long. The same considerations will affect the net dollar earnings of British shipping.

The cost of improvising oil supplies, therefore, may not make much difference to the visible trade balance—Britain will be paying about as much for 20 per cent less oil. In dry cargo trade, imports will be affected before exports, but subsequently the disruption may affect imports about as much as exports, since much the same proportion of both inward and outward trade (just under 25 per cent) used to pass via Suez. The emergency may also have some adverse effect on the terms of trade. On the invisible account, Britain may suffer a loss of about £15 million a quarter from oil company earnings in the Middle East, less any extra net earnings on rising tanker freights, but plus anything the country might lose on net shipping earnings as a result of the rise in dry cargo freights.

But the really heavy addition to the country's bills comes on the dollar account. Before the emergency all the oil companies operating in Britain, whether British or American, were managing to hold the average dollar content of their imports, including supplies from the Western Hemisphere, down to 30 per cent or less of the total cost. But with the exception of part of the freight charge, almost all the extra £30 million a quarter that the extra oil from the Western Hemisphere is liable to cost will have to be paid in dollars. Moreover, 75 per cent of the price of oil formerly sold by British-controlled companies in the Middle East to Europe and its dependencies, which can no longer be delivered, was in effect paid for in gold, owing to Britain's situation in the European Payments Union; the same applies to Britain's exports of refined products to Europe. So the dollar cost of doing without Suez is liable to be rather formidable—perhaps £25 million a quarter for purchases of extra oil from the Western Hemisphere, plus possibly another £20-£25 million a quarter for the loss of the "hard currency" element in sales of British oil to Europe.

A Preference Trimmed

AFTER months of hard bargaining, the trade negotiations between Britain and Australia have produced an agreement that does credit to two countries that are each other's best customers (and earns a special tribute for those who have negotiated it). Australia has tempered its claims, and Britain has accepted most of Australia's case. Australia contended that the preferential arrangements negotiated at Ottawa in 1932 had become of greater value to Britain than to itself. Last year, for example, nine-tenths of Britain's exports to Australia enjoyed preferential tariffs, and the average margin of preference was 15 per cent. One-quarter of Britain's imports from Australia enjoyed preference, and the average margin was less than 10 per cent.

An arithmetic approach, however, has little meaning, as both countries recognised. It ignores Britain's long-term contracts for the purchase of Australian meat and sugar, which are preferential arrangements of a different kind. It also ignores the fact that Britain grants Australia duty-free entry, plus a modest preference on some items, whereas Australia grants preferences on a high tariff. But the balance of preferential advantage remains with Britain.

This balance could not be counter-weighted by increasing the preference on Australian goods. Preferences on primary commodities are of limited value, and higher preferences were in any case ruled out by Britain's obligations under the General Agreement on Tariffs and Trade. The remedy could lie only in some reduction of preference on British goods. Australia sought that reduction not simply on grounds of equity; it hoped to secure more favourable treatment for Australian products in certain foreign markets if it could offer a reduction in the standard (most favoured nation) rate of duty on foreign goods in return. The further hope—if exports could indeed be expanded in that way—was that its import restrictions could be lifted sooner.

How far Australia would go in demanding narrower preferences turned in part on Britain's attitude to Australia's second grievance. Before the war, Britain imported about 1¼ million tons (wheat equivalent) of Australian wheat and flour a year; in the last three years imports have averaged only about 530,000 tons. Australia's shipments have been squeezed partly by the subsidised expansion of British production and partly by subsidised competition from French and other exporters. A low-cost producer normally able to fend for itself, Australia argued that such restriction of its opportunities in the British wheat market was demonstrably unfair.

On both counts Australia has every reason to be satisfied with the British response. In the new agreement, which is to run initially for five years from now, Australia obtains the right to lower the margin of preference, but undertakes to maintain a minimum margin on goods of interest to Britain. On items carrying a preferential duty of not more than 10 per cent *ad valorem*, the minimum margin of preference will be 7½ per cent; above 10 per cent the minimum margin will be 10 per cent. At present the minimum margins of preference are generally 12½, 15 and 17½ per cent, according to the rate of duty. Items which now have a minimum margin of less than 7½ per cent will not be further reduced.

In addition, the minimum margin of preference on all by-law items of the Australian tariff, and on nearly fifty other items, will in future be 7½ per cent, whatever the preferential duty. As the items affected here are capital goods, Australia will presumably not be slow to cut the cost of goods which are important to its development, but which do not compete directly with domestic industries. Apart from these items and goods that are the subject of a report by the Tariff Board, Australia undertakes to consult Britain before reducing any margins of preference to the minimum.

The Customs by-law procedure enables the administration to suspend the duty on the import of a particular item of equipment not made in Australia, if it is satisfied that the equipment is not available in Britain, or not available within a reasonable time. Before the decision is taken, however, the British government has the right to express its views. It is understood that Australia does not intend to operate this procedure any less strictly than in the past, and it has evidently dropped any idea of eliminating altogether the duties on certain items of capital goods.

The only substantial change in Britain's obligations lies in the "desire and expectation" of the two governments that sales on commercial terms of Australian wheat and flour in Britain shall not fall below 750,000 tons a year (wheat equivalent), or below any smaller quantity that the Australian Wheat Board may offer. Though the British millers will not relish this further encroachment of their freedom, the official view is that they can be expected to observe the arrangement in the same sense that they have observed a similar informal obligation to take up 1¼ million tons a year of the domestic crop. The arrangement has the merit of meeting Australia's wishes at no cost to the consumer; it is rightly intended that countervailing duties on imports of subsidised foreign wheat should be used only as a last resort.

It will be some time before British exporters feel the effect of the concessions that Australia has secured. The Commonwealth government proposes to introduce in the spring legislation empowering it to reduce the preferential margins to the new minima. With these powers up its sleeve, the government can then start negotiations with foreign countries. Progress is bound to be slow, and the preferences will not necessarily come down to the minimum. Even with the existing preferences, many of which are well above the minima, Britain's share of the Australian market is tending to decline. But it should still be possible for Britain's exports to grow in total as the Australian market grows. If that cannot be done behind a minimum rate of preference of 7½ and 10 per cent, what chance have British exports in a European free market?

Business Notes

Clearing the Canal

IT will be some time yet before the full nature and scale of the task involved in clearing the Suez Canal can emerge. The latest of many estimates is that at least 27 ships have been sunk between Port Said and the Red Sea entrance, of which 10 lie in the channel of the canal itself. The bridges at El Firdan and Ismailia have been destroyed. The bulk of the Canal Company's floating equipment and shore based installations, including its own salvage gear, has been sunk or damaged. And it appears, too, that the Egyptians have been putting pressure on the crews of the 12 merchant ships trapped in the canal to abandon them.

But what sort of salvage problem the sunken ships and bridges represent and how many more obstructions there are or may finally be (the present count of 27 ships sunk includes 20 vessels located in the area under Anglo-French control and a minimum of seven, south of Port Said, beyond the cease-fire line) must await the first full detailed survey on the spot. Even when that first stage in the operation can be tackled is at present shrouded in uncertainty. It is clear, however, that previous optimistic estimates of the time the job will take must be raised quite substantially, even on the rather doubtful assumption that all the technical resources that are available and could be applied are in fact put to work. From its purely technical aspect, the task is not beyond the salvage capacity now available in the area or on call, but the bulk of that capacity is British. The Admiralty has been assembling a sizeable force and it has already started work in the Port Said area.

At present the Navy has eleven assorted salvage vessels, with other equipment, in Port Said. It is mustering a further force of 35 ships including civilian craft, most of which are in fact Admiralty ships on peace-time charter to

private contractors. The bulk of this large armada was specially built during the war in preparation for the task of clearing harbours and waterways on the continent and around the Mediterranean as fighting receded. As the work diminished in the years after the war (it has not ceased even yet) these ships were either leased for civilian use or placed in the "mothball" fleet. They were designed to tackle exactly the kind of problem that will now be encountered in the canal; that is the principal reason why Britain is now relatively so well-off in resources and experienced crews for this kind of salvage work.

Politics and Salvage

DECISIONS about who is to clear the canal will probably not be decided on technical factors alone. The present political atmosphere has already led the United Nations Organisation to commission a Dutch firm, L. Smit and Company of Rotterdam, with Danish and possibly other associates, to take control of operations. Smit and its appointed Danish associate, Svitzers, are the leading salvage contractors on the Continent. They have a substantial fleet and they also had much experience of clearing ports blocked during the last war. But inevitably the resources they are able to call upon are much more limited than the British Admiralty now has at its disposal, and it will take some time, too, before their fleets can be assembled in the canal area.

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Without the help of British salvage capacity, therefore, the task of clearing the Suez Canal would be formidable. Fortunately, the weather in the canal zone is almost perfect for salvage operations. But this is the only intrinsically favourable factor. The canal is a thin, straggling strip of water, 100 miles or so in length and in places not much more than 60 to 70 yards wide. So it may be difficult to pass more than the lightest vessels down the canal in order to broach the work at more than one place at a time. By far the bulk of the equipment, moreover, British or otherwise, lies to the north of the canal. Svitzers operates a salvage station at Aden, and there is a limited amount of salvage equipment further east at Karachi, Calcutta and Colombo which might be called in. But there is a tidal fall of almost six feet every six hours at the southern end which could lead to a serious problem of silting. If obstructions have been placed at certain points near the canal entrance it would be possible for mud to shift into the canal channel fairly quickly—as the Germans were aware during the war. Modern dredging equipment would not find that an overwhelming task, but dredgers would have to be brought to the Red Sea first.

Elsewhere in the canal there is barely any tidal movement. Although salvage technique makes considerable use of tidal lift there are many other ways of raising sunken objects. But there are not all that many "camels" and other heavy-duty, direct-lift vessels outside Britain. Clearly shipping companies must now count the Suez route as out for rather longer than the three months suggested in last week's official warning. Unless the political element in the present situation is cleared up satisfactorily, they may have to reckon on a period perhaps three or four times as long.

Reinforcements for the Reserves?

I—Credit Lines at the IMF

IN his speech last Monday the Chancellor of the Exchequer referred to the effect of the new burdens on the gold reserves, and declared that these "have behind them very substantial available reserves which can, I believe, be brought into play." There are three possible reinforcements that spring to mind. The first is the International Monetary Fund. Britain now stands all square with the fund; its loan of $300 million of 1947-48 has been discharged by purchases of sterling by Brazil, Japan, the Netherlands and Turkey and by the repurchase by Britain in 1954 of the outstanding $112 million. The fund's present holding of sterling is therefore now at the equivalent of $1,064 million, which was the amount paid in sterling as Britain's initial capital subscription.

Britain's total quota is $1,300 million; $236 million was paid in gold in addition to the sterling. Access to this gold tranche is now granted by the fund with little formality. In addition, it has been the policy of the Fund in recent years to permit "when necessary" additional drawings up to 25 per cent of the quota. The available reinforcement to Britain's reserves from the fund, then, seems to be at least $236 million and possibly $561 million.

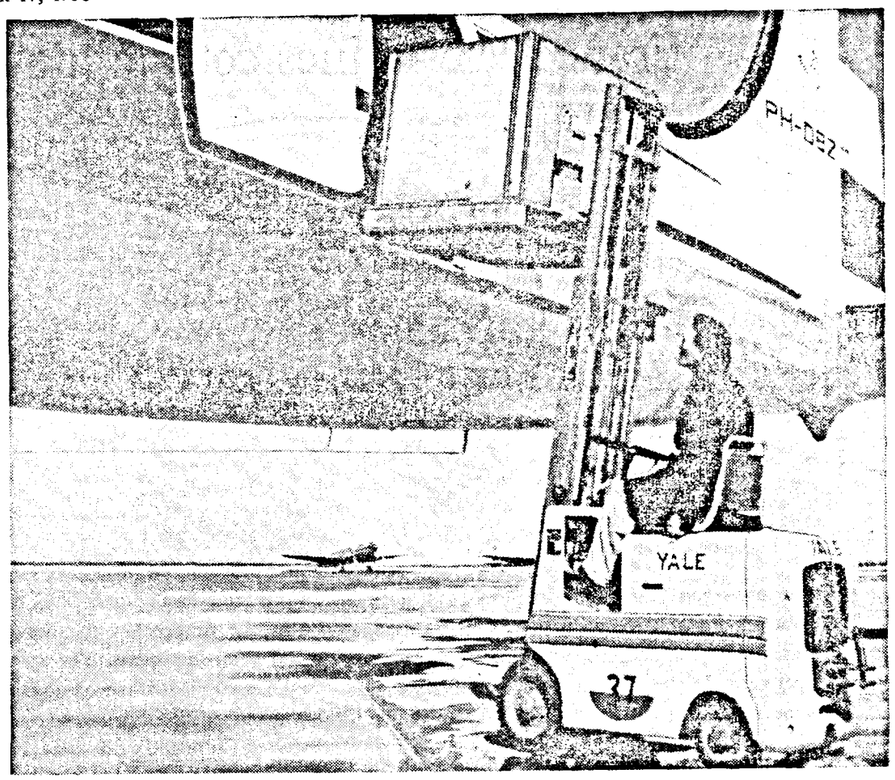
II—Dollar Securities Tally

The second possible reinforcement of the reserve would come from a sale in the United States of the dollar securities that used to be pledged as collateral against the loan from the Reconstruction Finance Corporation, and were freed when that loan was repaid in 1951. When the loan was raised the securities in question were valued at about $400 million. Given the rise that has since occurred in American equity prices, their value must now be in the neighbourhood of $1,000 million. In July of last year a question was put in Parliament suggesting that the value of these securities might be as much as $2,000 million; the questioner was assured that the true total was "less than half that figure." If these securities are to be realised in any substantial amount, it would obviously call for a joint enterprise on the part of the United Kingdom Government on the one hand and the New York financial community on the other.

The third possible reinforcement, but one which would obviously be brought in only in the direst necessity, would be the requisitioning of United Kingdom residents' dollar securities, the total of which is known to have expanded spectacularly since the end of the war, and particularly since 1951. These dollar stocks are readily available, as the titles are deposited with authorised depositaries and their mobilisation would offer very little technical difficulty—though it would strike a formidable blow at London as an international capital market. Of the three choices, priority would obviously be given to the first, namely, the assistance from the IMF.

III—Invoke the Waiver?

Just possibly, a further relief for the reserve might be secured by invoking the waiver on the payment of the interest due on December 31st next on the United States



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France streamlines coal-mining

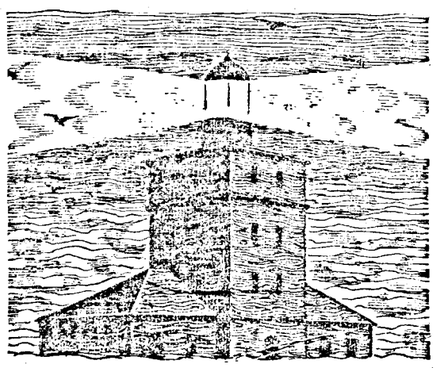
In just seven years, from 1948 to 1955, output per manshift down new and modernised French coal mines jumped by as much as 64 per cent. In these mines, where methods and equipment are the latest, productivity is the highest in Europe; and throughout the industry generally, output has never been greater. Now, with a need for more and more new seams of coal, France is drilling up to 125 miles of galleries a year to search for them.

In this vital development work which is going on all the time below the French coalfields, speed is all-important. The answer has been compressed air drilling equipment. By bringing in Atlas Copco lightweight rock drills and Sandvik Coromant drill steels, French mining engineers have found the most efficient and fastest possible method of opening up the way to further sources of coal—and the way to maintain the present high rate of production.

When fog shrouds Table Bay

Compressed air is versatile. Atlas Copco provide the means for all its many applications. In the lighthouse at Mouille Point near Capetown, a small Atlas Copco air compressor has been installed. During dense fog, which even the powerful beacon cannot hope to penetrate, air from the compressor operates a siren.

The Atlas Copco Group of Companies is responsible for the manufacture of compressed air equipment and its distribution and servicing in ninety countries throughout the world. Group Headquarters: Atlas Copco AB, Stockholm 1, Sweden.



Atlas Copco puts compressed air to work for the world

and Canadian postwar loans. The total annuity due next month is about $176 million, of which $104 million will be interest and subject to the waiver, and the balance of $72 million will be repayment of capital, to which no waiver applies. The waiver can be invoked at the request of the United Kingdom government if two conditions are fulfilled: (i) that the Government of the UK finds a waiver necessary "in view of the present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves," and (ii) the International Monetary Fund certifies that UK exports plus net invisibles over the five preceding years have averaged less than annual imports during 1936-38, namely £866 million—this figure to be adjusted for changes in import prices.

It is almost impossible to interpret these waiver conditions in terms of the current situation. Furthermore, the application of the waiver clause is made wholly impossible by a related clause in the agreement which requires that if the waiver is invoked there must be a proportionate reduction in the releases and repayments of accumulated sterling balances. This was written into the 1945 Financial Agreement on the basis of assumptions regarding the future treatment of sterling balances that—following the convertibility fiasco of 1947—have been utterly disregarded in the arrangements actually made with the sterling creditor countries.

It was stated on high authority a year ago that the United Kingdom government could technically have invoked the waiver clause, but decided to pay. The requisite juggling with figures and definitions might conceivably lead to the same conclusions this year; but in view of the prevailing nervousness of the exchange market, it is doubtful whether the use of waiver would on balance come to the aid of sterling.

had a little time to consider the economic consequences of the "armed conflict." To some of them it seemed that whichever way they look—towards sterling, the terms of trade, the balance of payments or the disruption in oil supplies—the horizons are dark with forebodings.

	Pre-Suez Seizure July 26	Britain at Suez Oct. 31	Eve of Cease Fire Nov. 6	Cease Fire Relief Nov. 7	Counting the Costs Nov. 15	A Slight Rally Nov. 16
Conversion 4% 57/8	98 3/16	97 31/32	97 1/2	98	97 31/32	97 31/32
Conversion 2½% 58/9	94 15/16	94 1/8	94 3/8	94 1/2	94 3/16	94 3/16
Savings 3% 55/65	83 15/16	84 1/16	84 1/8	84 1/4	83 7/8	84 1/8
Conversion 4½% 1962	98 1/4	97 1/2	97 3/32	97 1/8	97 3/32	97 1/8
Savings 3% 65/75	73 3/16	72 3/4	72 15/16	72 31/32	71 1/8	71 31/32
Br Elect 4½% 67/9	91	90 1/32	90 5/32	90 1/4	89 1/16	89 1/4
Br Trans 3% 78/88	68 1/4	67 1/4	67 1/8	67 3/8	65 1/4	66 1/4
Treasury 3½% 79/81	77 1/4	75 1/4	76 1/16	75 15/16	74 1/8	74 1/16
Funding 3½% 2004	75 1/8	74 1/8	74 1/8	74 1/8	73 13/16	73 1/8
Consols 2½%	51 1/16	51 1/8	51 1/4	51 1/4	50 7/8	50 1/8
Treasury 2½%	51 1/8	51 1/8	51 1/8	51 1/4	50 1/8	50 1/8
War Loan 3½%	70 1/16	70 5/32*	70 11/16*	70 1/16*	68 1/8*	69 1/8*
BP	174/4½	136/3*	139/4½	145/-	123/9	127/-
Burmah	111/10½	86/10½	85/-	90/-	77/6	80/4½
Shell	163/1½	144/4½	142/6	148/9	140/7½	141/10½
P & O Defd	32/3	30/3	31/9	31/9	31/9	31/6
Rhokana	40	39*	39*	39½*	40½	40⅜
Guest Keen	44/9	42/6	43/3	44/-	41/9*	42/3*
Stewarts & Lloyds	64/9	60/1½	58/6	60/3	54/-	55/3
Vickers	42/3	38/9	39/-	39/3	37/3	37/3
AEI	69/9	63/6	63/9	65/3	60/9	59/9
ICI	46/7½	39/10½	39/9	40/6	38/9	38/9
Rolls-Royce	108/-	105/3*	105/-*	107/6*	99/4½	103/1½
Turner & Newall	107/6	99/6	100/-	100/4½	98/-	98/-
Unilever Ltd.	79/3	71/6	70/6	72/6	69/3	68/9

* Ex dividend. Gilt-edged prices are shown net.

The Storm Clouds

THE storm clouds have piled up above Throgmorton Street this week. Investors have taken what shelter they could by cutting down their dealings to the bare minimum. But some have been caught in the storm. On the first day of the new account some of them had to sell gilt-edged securities to meet their losses on oil shares and War Loan fell to a new low point of 68⅛. Other Government securities tumbled after it, bringing the *Financial Times* index of Government securities down to 82.74, the lowest point in its history, but prices rallied on Thursday. Some investors, too, had to sell oil shares for cash, and on Wednesday alone British Petroleum fell 5s. to 123s. 9d. Apart from a few shipping shares, which were bought on the rise in freight rates, the industrial market was thin and weak. So weak, indeed, that by the close on Wednesday prices were at or near their lowest points for two years. In the week to Wednesday's close *The Economist* ordinary share indicator fell from 186.4 to 177.2, only a little above the lowest points touched since the beginning of 1955. Kaffir prices have begun to improve—an almost inevitable reaction when sterling and gilt-edged stocks are weak.

Just over a week ago gilt-edged and equity prices moved up and down on the gusts of the international winds. Until Thursday this week prices fell steadily, for investors have

Running Before the Wind

THE need for money must be urgent to make a company brave the thunder clouds of today's stock markets and to come forward with a new issue. The underwriters of such issues have demanded and secured the umbrella of higher commissions. The tactic of making an issue now is to gain the support of the institutions, in whose coffers money has been piling up steadily throughout the summer, by offering them the new stock on sub-underwriting terms.

Three such issues have been announced this week. Fisons has made a £5 million offer, discussed on page 635, of a 6 per cent unsecured loan stock (1976-81) at 97. Leyland Motors, to cover the cost of acquiring and expanding the tank arsenal at Farington previously owned by the Ministry of Supply, is to raise about £5 million by a one for three rights issue of 2,478,161 ordinary shares at 41s. each. Allotment letters will not be posted until the beginning of December and the existing units have already fallen to 42s. 3d. The sponsors, Helbert, Wagg & Company, are thus exposed to a big risk and the sub-underwriting commission is 8½d. a share. It counts in the issue's favour that profits in the year to September 30th last are not, in the directors' opinion, lower than those in 1954-55 and that the directors intend to maintain the ordinary dividend rate of 12½ per cent on the increased capital.

The biggest issue of the three is by British Oxygen, which

will secure £9,525,000 net from a £10 million issue of a 5¾ per cent debenture (1981-86) at 98. The terms seem to have been adjusted to current market levels, but nonetheless they have been shaved so fine that they can hardly commend themselves to a private investor; the running yield on the issue price is £5 17s. 4d. per cent and the redemption yield £5 17s. 9d. The redemption yield offered by the Esso 5½ per cent debenture at a discount of 2 points on its issue price of 97 is £5 18s. 3d. Here again success turns on the attitude of the institutions. The sub-underwriting commission is 1½ per cent and if institutional lenders effectively secure the stock at 96½ the redemption yield on their investment is £5 19s. 10d. per cent and the running yield £5 19s. 2d. On such terms over a life of thirty years the institutions, which are still anxious to take good industrial debentures into their portfolios, may give their support; another factor which may make the issue attractive to them is that the last call of £48 per £100 stock is not until next March. British Oxygen needs new money towards its development programme of some £30 million over the next three years. In the last year or so the group has already run up a bank overdraft of £3½ million on the first stages of this programme, designed to keep the capacity of the group, both at home and overseas, in line with the increase in capacity of the steel and other industries.

More Pressure on the Pound

THE foreign exchange market during the past three weeks has behaved as it usually does at times of international crisis. Foreigners have been divesting themselves of sterling (though their positions were already short) and have also covered, by forward sales of sterling, assets that they cannot withdraw from this country and that in more normal circumstances would not be protected by a hedge operation of this kind. At the same time merchants in this country and the sterling area have been covering themselves forward for commercial requirements of foreign currencies at an earlier stage than is normal. They have also been buying stocks of commodities in anticipation of possible shortages; restocking at higher prices has brought considerable pressure on sterling.

During the past fortnight the exchange market has been extremely active and the ominous stability of the official rate at the merest fraction over $2.78¼ suggests that persistent official support has been necessary to prevent the rate falling below that level. Some of the pressure on sterling within the last ten days has been due to heavy selling from Middle Eastern quarters. The sheiks have been running down their sterling balances and the conversion to dollars has been effected through the transferable market, where the rate for sterling in terms of dollars dipped towards the end of last week to $2.73, then recovered to $2.74½, but has again weakened to $2.73½.

There has been equally persistent pressure on security sterling, which this month has dropped from $2.60 to below $2.50, its lowest since the summer of 1952. Correspondingly, the premium on dollar securities, which is linked with the discount on security sterling through arbitrage in the Middle East and other centres, rose to 12 per cent. The pressure on security sterling is in part explained by offerings from the United States of sterling oil shares, of which American investors were such persistent buyers last year and in the early part of this year.

Most of the recent pressure on sterling has been of a once-for-all character. The great majority of the short positions must in time be covered and, to the extent that raw material stocks have been built up, this will take future weight off sterling. More permanent depressing factors are, however, already being felt—in particular, the open market purchases of dollar oil, the loss incurred by the reduced production of Middle East sterling oil and the higher bill for tanker and other freight charges. These more tangible burdens must be expected to increase progressively in coming weeks.

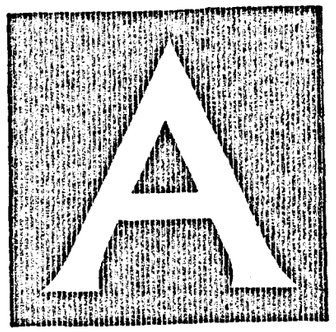
The Trading Bill

THE blockage of the canal has a four-fold impact on British trade: imports and subsequently exports will be delayed; some export business may be lost or cancelled; stocks of raw materials will be run down; and the terms of trade will deteriorate. Just under 25 per cent of Britain's imports and exports normally went via Suez. All of Britain's imports of raw jute and jute goods, most of its rubber, wool and tea, over half of its lead and much of its vegetable oils, sugar, meat and butter are normally shipped through the canal. Shipments of eastern commodities will be delayed by up to three weeks for the round trip via the Cape, but shipments of wool and other Australasian produce will be affected little. A good deal of New Zealand wool is normally sent via the Pacific, and the re-routing of Australian cargoes adds only a few days to the voyage. Stocks in Britain are large enough to tide consumers over foreseeable delays, but stocks of certain commodities, such as lead and tin (which was short before the crisis) may fall uncomfortably low. If a shortage of key materials became critical the government would have to decide whether it was justified in releasing supplies from strategic stocks.

THE ADVANCE IN COMMODITIES

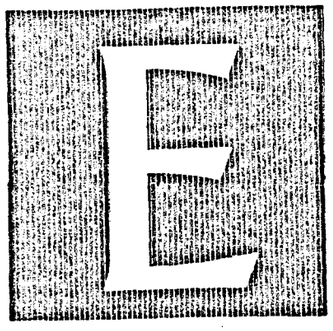
	Oct. 25	Nov. 8	Nov. 15
Tin, cash (£ per ton)	810	856	852½
Copper, cash (£ per ton)	269	286½	282
Lead, prompt (£ per ton)	115	118½	121
Zinc, prompt (£ per ton)	96	100¾	101
Rubber, spot (d per lb)	27	30	31¾
Common tea (d per lb)	41	53½	55
The Economist Indicator, all items (1952=100)	91·8	95·4	95·3

The movement of exports is unlikely to be interrupted before December, when ships that should be in Britain awaiting cargoes will still be in the Atlantic. Delays in getting goods away to eastern markets may lead to some loss of business to Japan; Mediterranean markets will probably suffer too. But it would be foolish to be too gloomy; improvisation by shippers may overcome some problems. There are two influences on Britain's terms of trade. Prices of many commodities have risen, partly because



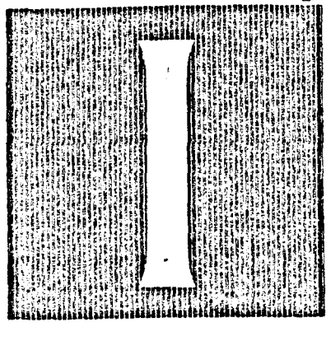
The Furness Shipbuilding Company has recently placed orders for steam turbines and turbine generators worth £1¼ m. with Metropolitan-Vickers, a member of the A.E.I. Group of Companies. This equipment will power seven new tankers now being built.

every day

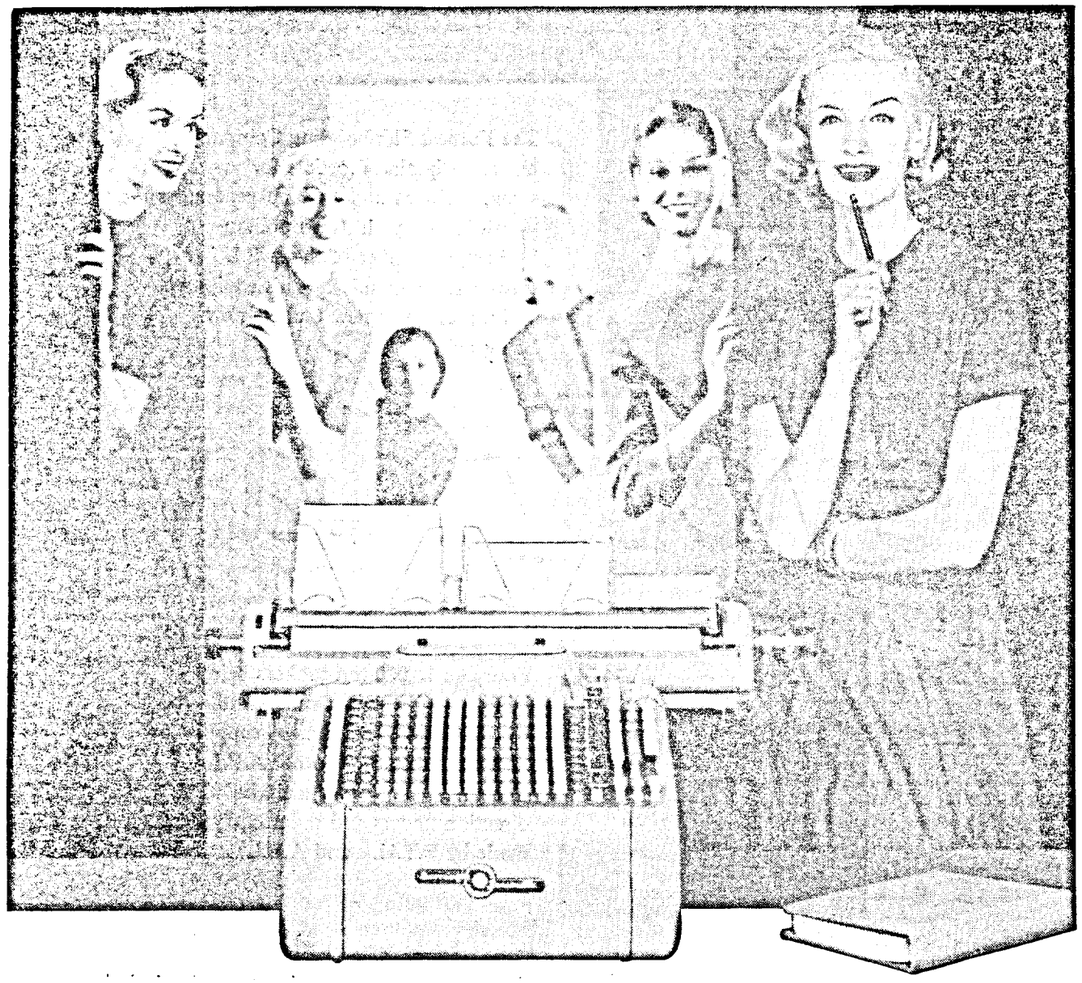


Fourteen 18,000-ton tankers being laid down for Shell Tankers Ltd. will have radio equipment supplied by Siemens Brothers, another A.E.I. Company. The order includes direction finders and radar equipment made by B.T.H.—and A.E.I.

every way



B.T.H. have in hand orders for 59 auxiliary geared turbo-alternator sets totalling more than 30,000 kW for installation in tankers being built in this country alone.



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freight rates have risen, but mainly because of anxiety to secure prompt supplies. It will be many months before the higher cost of materials is reflected, if at all, in the export prices of the finished products. For most commodities the rise in freight rates is small in relation to value, but it is significant for grains and coal.

Other European countries will suffer less disruption of their trade. None is as dependent as Britain is on overseas supplies, particularly of foodstuffs; nor are they so dependent on overseas markets for their goods. The biggest markets of European countries lie in Europe. But Italy, Austria and Jugoslavia, which are now at the extreme end of the Cape route, will suffer much longer delays—and higher costs—on shipments to and from the East.

The Shipping Gap

THE gap in shipping supplies to Western European and Indian and neighbouring ports, caused by the closing of the Suez Canal, is beginning to appear. Most of the last ships to pass through the Canal will have arrived at their destinations; and a week or more must pass before those which had to turn back and deviate by way of the Cape of Good Hope will start to arrive. Their arrival may, in fact, coincide with the arrival of ships which were diverted before approaching so near to the Canal, so that bunching may well occur in some ports, as is inevitable in such circumstances. South African ports, particularly Cape Town, are beginning to handle unprecedented numbers of ships for bunkering and storing purposes, but there is not likely to be untoward delay on this account. The possibility of having to readjust shipping services has been in existence for some months now, and preparations have been made. Feeder services from South and East African ports are expected to come into operation smoothly, so that ships on longer voyages can save time. The 15 per cent surcharge generally prevailing on the services most affected by the Canal closure is only a temporary measure, and will scarcely cover the cost of the extra voyage distances involved.

An increase in oil bunker prices must be expected very soon, even if only because of the higher freight rates being paid for tankers as a result of the Suez closure. By Thursday, the spot rate for a Caribbean/UK voyage had reached four times the datum "scale" rates laid down by the London Tanker Brokers' Panel, while "Scale plus 350 per cent" has

Scrapping Endorsements

Some six hundred million cheques that require endorsement are issued in the United Kingdom each year. A committee appointed to consider ways of dispensing with the need for endorsement now recommends legislation to make it unnecessary on any cheque or similar instrument paid in for credit to the account of a customer who is also the payee of the cheque.

THE endorsement of cheques, it has long been urged by would-be reformers, serves in most cases no useful purpose, yet involves a vast amount of wearisome work for the banks and for the cheque-using public — especially business users. Two years ago the intermittent campaign for getting rid of endorsements was made a live issue by the drafting, and later the presentation, of a private member's Bill, by Mr Graham Page, the member for Crosby. The Government, as well as the banks, showed sympathetic interest, and Mr Page withdrew his bill upon the decision of the Chancellor, in April, 1955, to set up a Committee to explore the possibilities. The report of this Committee was issued last week.*

The committee is unanimous in its findings; its arguments are clearly expressed and its proposals workmanlike; and it appears to have paid due attention to the needs of all the principal interests concerned. Now, therefore, there should be a good chance that an effective reform will be carried through without more delay.

The committee satisfied itself that the "present labours" could be much reduced without involving offsetting disadvantages, but it rejected the various suggestions that this could be done by increasing use of other instruments in place of "order" cheques; none of these methods, it thought, would offer "a really satisfactory solution." It therefore proposes a change in the practice (and the law) affecting order cheques and similar instruments. These will still require endorsement if they have been transferred ("negotiated") by the payee to a third party (e.g. a tradesman who has "cashed" a cheque for a person having no bank account of his own), or if they are presented to a banker for payment in cash across the counter. But if the payee-customer simply "pays" the cheque into his own account, no endorsement will be required.

The three main difficulties that were, or might have been, caused by this change appear to have been satisfactorily met:

(*a*) a supplementary change in the law will ensure that there is no impairment of the legal protections at present afforded to bankers (and the paying banker under the new procedure will be absolved from all responsibility for endorsements);

(*b*) any inconvenience caused to bodies that at present combine the endorsement practice with a specific form of receipt is to be mitigated (i) by an agreement of the clearing banks to continue to scrutinise cheque-receipt forms for customers "by arrangement in suitable cases" and (ii) by a specific provision in the law that payment of a cheque by the banker on whom it is drawn shall be *prima facie* evidence that the named payee has received the money —a provision that, it is hoped, will cause a diminution of the use of cheque-receipt forms through sheer redundancy;

(*c*) the committee is satisfied that the security for cheque-users, so far from being lessened, will actually be improved by the proposals.

The instruments other than cheques to which the proposals extend are dividend and interest warrants, bankers' drafts and other comparable instruments (within the scope of Section 17 of the Revenue Act 1883); extension to certain kinds of Government "payable orders" is also discussed.

In simple language, the idea is that where a customer of a bank is the person to whom a cheque is made payable it can be received for credit of his account without being endorsed or discharged by his signature. Individuals who receive only occasional cheques or dividend warrants may think this is a trifling matter, but the business needs of the country involve the use of well over two million such instruments every day. Almost all of them have to be endorsed, and the endorsements have to be examined and scrutinised for regularity by both the collecting bank and the paying bank. Much additional friction and labour are involved for all parties in the "return" of the considerable proportion of cheques on which the endorsements are technically irregular.

* Report of the Committee on Cheque Endorsement. Cmd. 3.

been paid for a voyage from the Persian Gulf, via the Cape, to French Atlantic ports. The main feature of the tanker market this week, however, has been the strength of forward rates, which appear to discount any future reliance on either Suez Canal or Middle East pipelines. Several tankers not yet built have been fixed for periods that will not expire even until 1970. One tanker of 19,000 tons dw, due for completion next spring, has been taken for two years at 55s. 9d. per ton dw per month, followed by a time charter for seven years at 35s. 6d. Terms like this approach the point at which the cost of building the vessel will be recovered in its first two years of existence. Looking further ahead, a vessel of 40,500 tons dw was this week fixed on time charter for seven years at 30s. 3d. per ton dw, but this vessel is not due for completion until mid-1963 and has probably not yet even been designed, let alone laid down.

The dry-cargo tramp market justifies the use of the cliche "suspended animation." Time chartering activity has dwindled to insignificance, and such spot coal and grain chartering as has taken place in the last few days has forced rates up to near-Korean peaks, although the Chamber of Shipping voyage index for October, at 153.6, showed a fall of 2.5 points. While the United Nations machinery tries to find gear, the shipping market can only guess the answer to inevitable questions: How long will it take to open the Canal to navigation? How many ships will be requisitioned and for how long? From what source are we going to draw our oil supplies? And to what extent will the political situation lead to a resumption of stockpiling on the Korean scale?

Record British Exports

As luck would have it British exports hit a new record on the eve of the blockage of the Suez Canal. Exports in October were valued provisionally at £294.9 million fob, a jump of £72.6 million compared with September and £11 million higher than the previous peak in May. October is normally a month of recovery from the seasonally low figures of the holiday months, and the figures happen to cover 28 working days, a much longer period than the average. Moreover cargoes that had to be held back in September owing to the requisitioning of ships probably got away last month. Imports were also high; at £354.3 million cif they were £59.1 million higher than in September and nine per cent above the monthly average for the first nine months of this year. Here again a recovery from the unusually low figure for September was to be expected. With re-exports £3.5 million higher at £12.7 million, the gross visible trade deficit fell sharply by £17 million to £46.7 million; this was £6 million less than the average monthly deficit in the first nine months.

Exports to North America jumped by £7.9 million to £41 million in October. Shipments to the United States rose by £4.2 million to £24.7 million, including a further instalment, worth £2.8 million, of repayments of silver bullion (making £17.6 million worth so far this year). Excluding this capital item, last month's shipments were over £500,000 higher than the previous peak last May, and 24 per cent higher than the average of the first nine months. Shipments to Canada, at £16.3 million, were 11 per cent higher than the first nine months' average.

UNITED KINGDOM TRADE
(£ million—monthly averages or calendar months)

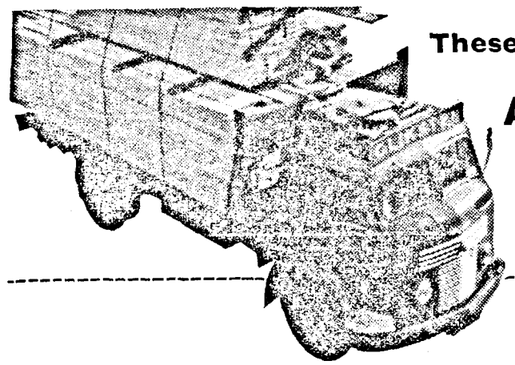
	Imports c.i.f.	Exports f.o.b.	Re-exports f.o.b.	Trade Deficit
Year 1955	324·1	242·2	9·9	72·0
1955 :—				
1st quarter....	335·1	247·3	10·6	77·1
2nd „	299·8	217·0	8·2	74·6
3rd „	327·1	243·4	9·5	74·2
4th „	354·3	261·0	11·2	62·1
1956 :—				
1st quarter....	328·3	258·3	13·6	56·4
2nd „	330·6	272·0	13·1	45·5
3rd „	312·3	247·2	9·0	56·1
October*	354·3	294·9	12·7	46·7

* Provisional.

Two Bills for Transport

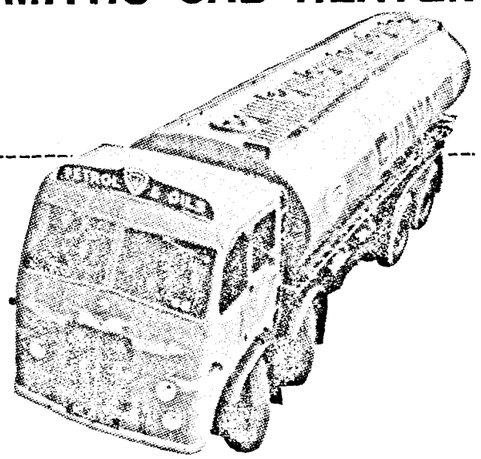
Two new parliamentary bills published in the past week are intended to put the seals of statute upon decisions that have already been taken about the future capital programmes of the railways and the state airlines. The Transport (Railway Finances) Bill is one; it spells out the details of the measures the Government recently announced to lift the burden of past and imminent railway deficits off the shoulders of the Transport Commission, until it expects to regain operating solvency in the sixties. These fall into four parts. The Minister of Transport first of all may make special advances from the Consolidated Fund to cover the net deficit on the Commission's whole undertaking (after capital and central charges have been met) in any of the years between 1956 and 1962. These payments are limited to a total of £250 million. The Minister may also make similar advances to cover the interest the Commission will have to pay on these "deficit" payments, but only for a period of five years. Repayment of both sets of advances must start by 1963; including "interest" payments they may eventually total £330 million. Thirdly, the Commission may capitalise the first three years' interest charges on the long-term capital it borrows, under its present powers, to finance the railway modernisation programme. And finally, the Commission's accumulated deficit at the end of 1955, some £70 million, is to be placed to a special account to be written down, in time, as the Minister directs. None of these measures can be quibbled at. The Commission's reasoned programme for revitalising the railways merits a reasonable chance to justify itself by results, and these cannot be expected to emerge in major array for another five years at least.

By contrast, the one-clause Air Corporations Bill is purely formal. It virtually doubles the borrowing powers of BOAC and BEA, but this would have to be done soon since both corporations have heavy programmes of fleet replacement and expansion ahead of them. BEA has now used just under half of the £35 million it is at present authorised to borrow. But its order book for aircraft and



These two have something in common...

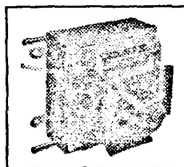
A SMITHS CAB HEATER



Fina Petroleum Products Ltd. and J. Gliksten & Son Ltd. are two of many famous companies who have installed Smiths cab heaters in their fleets. They have done so because they believe in making their drivers warm and comfortable; they believe in giving them the safest possible driving conditions; and they believe in helping them to keep fit.

Smiths are Britain's largest producers of vehicle heating equipment and their extensive research and development programmes include the sending of fleets of vehicles to the coldest parts of Europe and Canada where heaters can be tested under the severest working conditions.

Thanks to Smiths research and Smiths production resources, the Smiths cab heater is the most efficient equipment of its kind—yet its price is very competitive.



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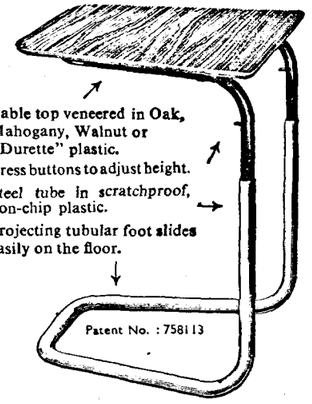

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SOUTH AFRICAN SHERRY

PERICLES c. 490–429 B.C. Athenian statesman and one of the greatest leaders, in times both of prosperity and adversity, that the world has known. *The drawing is after a bust in the British Museum.*

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its other commitments now total £40 million. BOAC is more heavily committed. It has run through £60 million of the £80 million it can presently borrow, but it has a £142 million programme on hand, of which only £32 million has so far been paid on account. The remainder includes about £43 million for the ten Douglas "Seven Seas" and fifteen Boeing 707's it has booked, to be paid for in dollars.

Less Strain on Building Societies

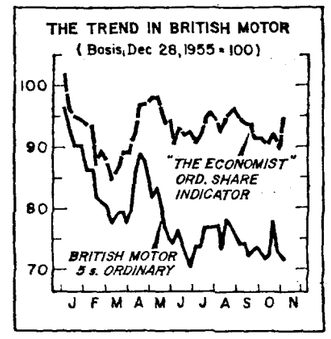
In recent weeks most of the leading building societies have raised the rates they pay on shares and the rates they charge on at least their new mortgages. Why they had to do that—and they did it against the grain—is made clear in three documents published this week. The first is the statistical analysis for the third quarter of the year from the Building Society Association. The figures cover about 90 per cent of the total assets of the whole movement, and support the association's comment that the demand for advances, "is far greater than has ever previously been known." In the first nine months of this year the reporting societies have lent £222 million and over the full calendar year are expected to lend over £300 million, a figure less than the 1955 record but nonetheless substantial.

This figure, however, reflects a deliberate restriction in advances, a restriction forced on the societies by heavy withdrawals by investors. The pressure on shares and deposits now seems to be slackening. Withdrawals in the third quarter of this year came to £73.1 million and new receipts to £96.9 million; the net inflow is thus better than in the second quarter when withdrawals came to £71.8 million and new receipts to £85.7 million. Some societies have recently been able to lend a little more freely. The liquidity ratios of the member societies have also improved; at the end of September liquid assets came to £284.9 million out of total assets of £1,981.7 million, compared with £267.1 million out of £1,942.8 million at the end of June.

The cumulative pressure on the building societies is also revealed in the figures of the biggest of them all, Halifax Building Society, for the nine months to October 31st. In that period withdrawals came to £37.1 million (against £33.5 million in the comparative period of 1955). Equally clear is the relief that came as soon as higher (and fully competitive) rates of interest to investors set the money rolling in. The society has now had three months of higher share interest, and over the nine months to October 31st new advances of £33,560,000 (against £37,890,000) were made while the liquidity ratio rose from 15.3 per cent to 16.2 per cent. Liquid assets on that date amounted to £46.1 million out of a total of £284.3 million. The same story is repeated in the accounts of another big society, Leeds Permanent, for the year to September 30th. Over the year its new mortgage advances came down to £15.7 million (against £17.8 million) and its receipts from investors to £19.6 million (against £20 million) while withdrawals went up to £15.1 million (against 12.8 million). All these are figures from the larger societies; some of the smaller societies have doubtless fared much worse. The figures, too, relate to periods when most societies had not put up their rates; currently, despite the attractions of Government savings and the recent fall in gilt-edged prices, the strain on the bigger societies should have slackened.

British Motor Comes Through

NOTHING in the preliminary report of Standard Motor can have surprised investors, but there was something in the preliminary report of British Motor Corporation to surprise and to cheer them. Like Rootes Motors, British Motor was able to report that turnover was maintained in the year to July 31st—which includes the relatively good last five months of 1955, in which car output was as high as the previous year, and commercial vehicle output 25 per cent up. The decline in BMC's gross profits, though heavy, was not so sharp as that reported by other motor manufacturers. The group's gross trading profits before all charges have fallen from £22,333,776 to £14,360,898 and its net income, after charging £5,853,023 (against £9,102,785) for tax, has gone down from £10,498,999 to £5,403,345. The decline in earnings has not been so heavy as to put the ordinary dividend in danger; it has been left unchanged at 12½ per cent. One measure of the stock market's relief was that since the report was issued the 5s. ordinary shares in an otherwise cheerless market have risen from 6s. 4½d. to 6s. 9½d. At this price the yield is about 9$\frac{7}{16}$ per cent.

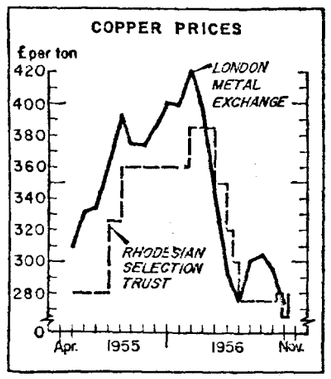


The directors' comment on these results is that "the expected expansion in demand did not materialise and profit margins were reduced by the rise in costs which were common to the industry." This report covers a year which ended over three months ago and which includes about five months when the group was comparatively free from troubles. It would not therefore be advisable to take a view of British Motor's current earnings until Sir Leonard Lord makes his statement to shareholders. At the moment only questions can be posed. What is the present level of sales? Has the introduction of new models improved the immediate prospect? And how much of the cost of putting in new lines of production can be attributed to the past financial year?

End to Fixed Copper Prices?

IT is hardly surprising that the Rhodesian Selection Trust and Anglo American groups are again discussing the pricing of Rhodesian copper to British consumers. Since May 9th last year there have been two price bases. In an attempt at stability RST then introduced a fixed price, while Anglo American continued to sell on the basis of open market quotations established on the London Metal

Exchange. RST can hardly be happy about the outcome of its fixed price policy. In the last seven months the group has been obliged to change its prices eight times, following the open market price down rather more quickly than it has followed it up. RST's pursuit of stability has made it reluctant to raise the price ; but it has to meet its customers (who would otherwise be at a disadvantage with their competitors) by making prompter reductions. So the swings do not balance out the roundabouts, and consumers in both camps feel aggrieved in turn when the disparity between the fixed and free price moves against them.



As Anglo American have given no indication of wishing to change their own method of pricing, is RST now considering a move back to the open market basis? It might be readier to do so if Anglo American would help by delivering more copper to the open market, and delivering less copper direct to consumers. That policy has always seemed to offer the best hope of bringing more stability to copper prices.

Guthrie Scheme Dropped

SIR JOHN HAY, who has every claim to be regarded as an elder statesman of the rubber plantation industry, has this week shown one of statesmanship's highest accomplishments—the art of retreat. The scheme for rolling up £1½ million (eventually £2 million) of the surplus investments of the Guthrie group of rubber companies into an investment trust that would initially be private and unquoted has been dropped. Shareholders of United Sua Betong, which was to have been the largest contributor to that trust with an investment of £700,000, were so informed on Monday. In announcing the decision Sir John gave as his reason the fact that some opposition had been expressed, while the large majority of shareholders has merely given their silent consent (by not voting) whereas he wanted positive support.

The decision not to proceed was certainly appropriate. The scheme had a chilly welcome, and however strongly Sir John may still feel that he has "transgressed no principle" it is certain that many shareholders had serious doubts about a method of redeploying assets that would take them out of the effective control of the shareholders of the companies that owned them. He gave no hint of any further step, but mere withdrawal of an unpopular scheme ought not to be the end of the matter. Since even the directors of the successful rubber companies now admit that part of the liquid assets of the producing companies is surplus to foreseeable requirements, the argument for putting them to other uses or for returning the surplus to stockholders becomes overwhelming.

Car Output Cut

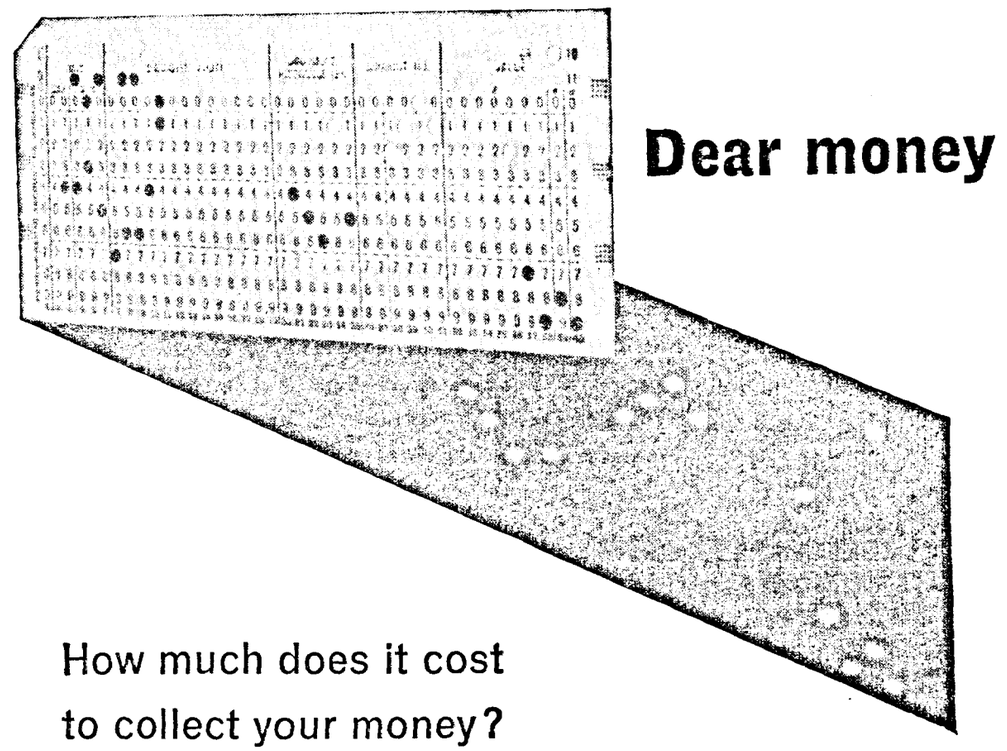
THE latest figures of vehicle production—those for September—make sad reading. Motor car production is down by a third compared with 1955, at 59,732 against 90,320, and of commercial vehicles by almost as much (24,704, against 35,845). Even heavy vehicle production—of over 6 tons carrying capacity—which until the end of July was over 40 per cent above the previous year's figure, is falling behind, with an output of 2,071 units against 2,609 for September, 1955, though the total for the 9 months, 20,031, is still handsomely ahead of last year's 16,683. No doubt, the difficulties in getting shipping space for exports are affecting output—Vauxhall gave these as the reason for working short time—but it seems likely that they have been no more than the last straw. In September, 1955, of the output of cars of 90,320, exports of 30,584 and home registrations of 42,224 totalled 72,808, leaving a balance of 17,512 to add to stocks of one sort or another. If home registrations for September are down by 30 per cent, as the number of hire purchase transactions and other indices suggest, the addition to stock this year would be no more than 8,000. Clearly the industry and the motor trade are anxious not to be caught with the kind of stocks they had at the end of last year: the probability of petrol rationing, moreover, is already affecting second-hand prices.

Taxing the Manager

WHICH is the happiest country for an international business to prosper in? Without answering that question, Lord Heyworth, the chairman of Unilever, looked at some of the difficulties and advantages of several possible countries in his Stamp Memorial lecture before the University of London on Monday. Each of the three countries he chiefly considered—the United Kingdom, the United States and the Netherlands—has disadvantages. The United States makes companies conform to domestic anti-trust ideas when they are doing business in foreign countries, managerial salaries are high and capital gains are taxed. Holland taxes scrip issues.

EARNED INCOME—MARRIED MAN WITH TWO CHILDREN
(Tax as percentage of income—wife's income nil)

Income (£ sterling)	United Kingdom	Canada (Ontario) $3·00 =£1	United States $2·80 =£1	United States $5·00 =£1	Netherlands Fl.11 =£1	Norway Kr.20 =£1
	%	%	%	%	%	%
2,000	20·7	10·5	11·9	15·9	25·6	35·3
3,000	31·6	13·9	14·8	19·3	34·2	45·9
4,000	38·7	17·0	16·8	22·3	39·9	52·6
5,000	44·0	20·3	18·7	25·1	43·9	57·7
6,000	48·3	23·4	20·5	27·8	47·2	61·2
7,000	52·1	26·2	22·1	30·6	49·8	63·6
8,000	55·0	28·3	23·6	33·1	51·9	65·5
9,000	57·8	30·0	25·2	35·5	53·8	67·5
10,000	60·0	31·7	26·7	37·8	55·3	69·6
Maximum marginal rate	92·5	78·0	91·0	91·0	70·5	88·4
Effective at (£)	15,001	134,101	143,715	80,481	11,000	8,501



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What does punched card equipment cost? Powers-Samas have matched their ranges of machines to the needs and budgets of the small, the medium and the large organisation.

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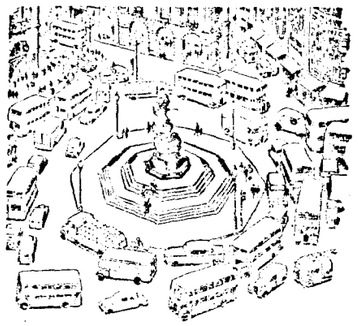

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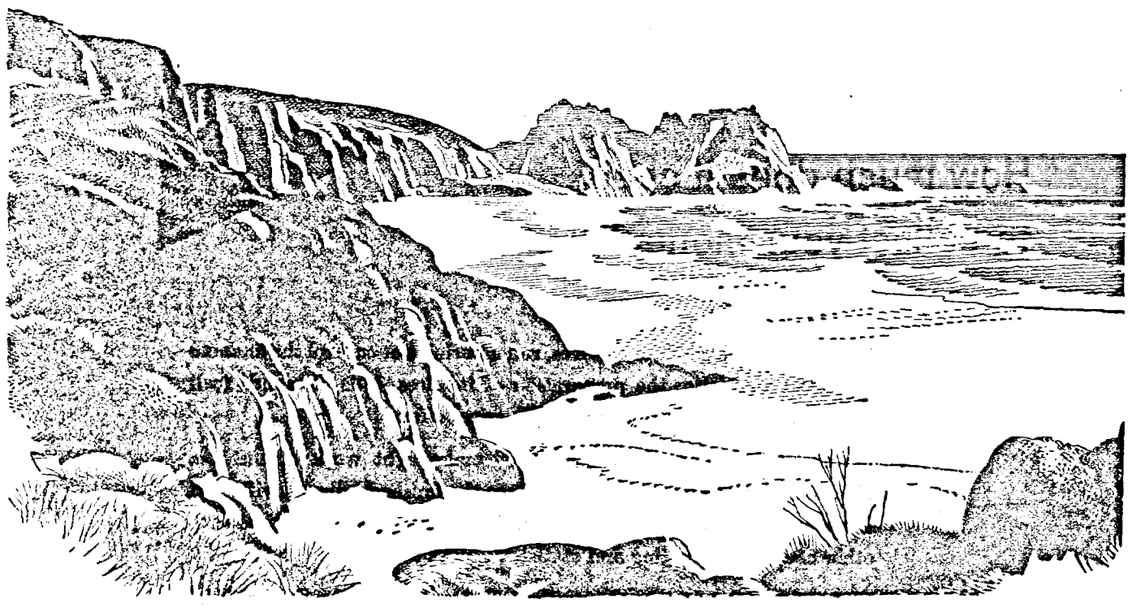

PORTHCURNO COVE, CORNWALL *by Rowland Hilder, R.I.*

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In Britain there is one outstanding handicap—the steep rate of progression of the tax on managers' salaries. The table gives a shortened version of the full comparison that Lord Heyworth made showing that only in the Scandinavian countries does the proportion of a high salary absorbed by tax approach what it is in Britain. Even if the sterling dollar exchange rate were $5 to the £ (which is just another way of assuming that the cost of living in the United States is about twice what it is in this country) the American manager would still be relatively well off. The comparison of necessity cannot be exact. The United States taxes capital gains while Britain does not; several countries allow deductions for medical services; all countries except India allow more liberal business expenses than does Britain, but Britain allows higher retirement contributions.

The general lesson, however, is clear. A truly international business has to make its managers circulate into and out of various tax systems, and it is Lord Heyworth's experience that it is almost impossible for a citizen of the United States or of Canada to accept an appointment in the United Kingdom without feeling that he has come down in the world. It is necessary to bring non-residents to the United Kingdom both to train them and to let them teach their British colleagues. Men who are brought home for promotion feel that they have had an "Irishman's rise." For the returning Britisher there is the compensation of living in the home country. But for non-British managers there is no such consolation.

Home Service Life Assurance

HOME service life assurance made solid progress in 1955. The annual report of the Industrial Assurance Commissioner shows that the 14 companies and 102 collecting friendly societies that transact the business set up new records last year in premium income and total funds, but the numbers of new policies issued and the total policies in force continued to decline. Though overshadowed by the £219 million addition last year to ordinary life and annuity funds,

	1954	1955
	£ mn.	£ mn.
New sums assured	287·1	302·7
Premium income	148·4	156·0
Total funds	1,034·3	1,093·2
Number of new policies issued ('000)	5,885	5,781
Policies in force ('000)	121,200	120,800
Average expense ratio (companies)	29·9	30·4
Average expense ratio (societies)	35·0	38·2
Average lapse ratio (companies)	17·8	17·2
Average lapse ratio (societies)	20·8	19·6

the £59 million increase in industrial assurance funds was a significant contribution to personal savings, with the added virtue of being the fruit of regular collections at weekly or monthly intervals at the homes of policyholders.

Two indicators are closely watched by the critics of the industrial assurance offices. One, the expense ratio (the proportion of premiums absorbed in management expenses including staff bonuses and superannuation contributions) rose last year; higher wages, which inevitably form an important part of industrial assurance costs, were not fully offset by greater productivity. The other, the lapse ratio (the proportion of new assurances forfeited without any return) continued to move in the right direction. The lowest expense ratio amongst the companies and large societies was 27.1 per cent for the Co-operative. The Prudential had the smallest proportion of lapses at 10.6 per cent.

SHORTER NOTES

Steel output in October reached 419,100 ingot tons a week, which is the highest ever for the month, though below the peak of 425,800 ingot tons reached last March. Demand has slackened for certain light steel products, though it remains very strong for plates and other heavy products. At the end of September stocks in consumers' and merchants' hands were still very high, 3,999,000 tons of finished steel, though they had come down about 30,000 tons from their level at the end of June.

★

Birmingham Small Arms Company announces a group trading profit for the year ended July 31st of £1,604,941, compared with £2,865,676. After crediting £239,236 (against £9,571) profit on disposal of fixed assets the net figure after tax was £914,887 (against £1,313,455). Final dividend of 5 per cent makes 8 per cent for the year (against 10 per cent). The board, which was reorganised in the summer, states that the machine tool businesses had another most satisfactory year with improved results; the motor cycle business showed smaller, though substantial, trading profits; severe losses were sustained by the motor car companies of the group.

★

In the year to August 31st last, Horrockses Crewdson made a net loss of £35,149, compared with a net profit of £92,381. The payment on ordinary shares has been cut from 12½ to 10 per cent.

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and on
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Company Notes

TUBE INVESTMENTS. Early this year Tube Investments raised over £8 million from its rights issue of ordinary shares. It has since bought the issued capital of Park Gate Iron and Steel and the complementary pig iron and iron ore capacities of Renishaw Iron and Byfield Ironstone; its £3½ million programme to develop its subsidiary, Round Oak Steel Works, is under way; it still owes the Iron and Steel Realisation Agency £4,600,000 for Park Gate and this must be paid up before February, 1958; and its directors have sanctioned capital expenditure of £6,600,000. Hence the group, as the chairman, Sir Ivan Stedeford, points out in the report, needs still more new capital: "I take this opportunity, therefore, of informing stockholders that we expect to provide for this during 1957."

The programme, which will quickly absorb the liquid resources revealed in the

	Years to July 31, 1955	1956
Consolidated earnings:—	£	£
Trading profit	10,800,864	14,615,922
Depreciation	2,274,287	3,233,001
Taxation	4,393,401	6,286,704
Net income	*4,133,176*	*5,271,209*
Ordinary dividends	937,636	1,152,957
Retained by subsidiaries	549,220	571,525
Retained by parent co.	3,117,005	3,299,807
Cons. balance sheet:—		
Net fixed assets	27,940,382	31,876,326
Net current assets	23,373,485	39,404,071
Stocks	18,906,782	26,253,066
Debtors	15,350,960	20,105,711
Liquid assets	457,914	10,112,219
Bank overdrafts	469,210	87,377
Balance due to ISHRA	...	4,600,000
Revenue reserves	23,440,661	27,311,993
Capital reserves	13,955,103	15,028,232
Ordinary capital	7,247,431	14,582,862

£1 ordinary stock at 52s. 9d. xd. yields £5 14s. per cent.

balance sheet at July 31st, goes beyond the development and modernisation of existing capacities. It envisages a redeployment of the group's resources. "Radical and costly changes" are involved in concentrating the production of bicycles at Handsworth. Moreover, the group has substantially increased its investment in steelmaking. The primary consideration which brought Tube Investments into steelmaking was to secure an adequate supply of carbon steel billets for seamless tubemaking. But recently it has had to pay high prices for alloy steel billets from abroad and this experience will to some extent fashion its plan for developing and expanding its steelmaking capacity.

This emphasis in Tube Investments' policy suggests a shift from secondary processing towards integrated production. The decision to do so must have been taken some time ago but its justification can be seen in the group's experience in sales and profits in the year to July 31st and in what is likely to happen to them in the current year. A gain of over £22 million was recorded in sales, deriving mainly from new products and from new plants, but profit margins were eroded. Profits after depreciation rose by £2,806,334 to £11,332,921 but £900,000 of this sum represented "exceptional profits arising from price increases of raw materials." The one exception to the upward trend in sales and earnings was the cycle division, where trade declined both at home and abroad. The directors add that "during the latter part of the year there was some falling off of orders in certain sections of the group's activities. This trend continued during the first quarter of the present financial year and has imposed a curtailment of activities in certain divisions."

Redeployment and expansion will be costly and will no doubt involve an increased commitment for working capital too. New capital will have to be raised; in addition a high proportion of earnings will have to be ploughed back at a time when earnings themselves may be squeezed. But the claims of shareholders have not been ignored in the past; the rights issue was on bonus terms and by effectively recommending a dividend of 15 per cent on the new capital the directors did a little more than they had originally promised. Shareholders' claims it must be supposed will not be forgotten when the next new issue comes along.

★

JOSEPH LUCAS (INDUSTRIES). When the motor industry's sales and profits fall so too do those of Joseph Lucas. But the company also supplies accessories and equipment to the aircraft industry and the importance of these interests may help to explain why, though the company's earnings have fallen, they do not appear to have taken such a hard knock as the troubles in the motor industry might have suggested.

Joseph Lucas sets out its earnings in an individual way which falls somewhat short of complete clarity. The preliminary statement shows that the gross trading surplus for the year to July 31st last has fallen from £7,078,422 to £5,010,441. But this surplus is struck after charging £1,268,623 (against £1,330,995) for depreciation, £625,000 (against £850,000) for replacement reserves and nil (against £475,000) for stock reserves. If these appropriations and charges are added back, the gross profit appears to have declined from £9,734,417 to £6,904,064. After a tax provision of £3,848,730 (against £5,187,437) and after making the replacement and stock reserve appropriations, the statement shows that the group's net income has fallen from £2,207,087 to £1,519,722. By any reckoning, net earnings have been heavily reduced. But dividend policy in the past was ultra-conservative and the latest earnings still provide an adequate threefold cover on the maintained dividend of 7½ per cent. On this dividend the £1 ordinary shares at the current price of 29s. 6d.xd. yield just over 5 per cent.

FISONS. The high running yield of £6 3s. 9d. per cent offered on the new unsecured loan stock of Fisons may ensure its success. Its terms—£5 million of a 6 per cent. stock (1976-81) at 97—have attractions even in today's uncertain markets, especially for the institutions which can take in the stock at sub-underwriting terms. But they are a reminder of the heavy costs of financing expansion for those companies that are committed to it. The directors of Fisons have authorised capital expenditure of £6,930,000, to build a new factory on the Thames for the manufacture of nitrogen compounds, to extend and modernise the capacity for compound fertilisers and to add to the group's investment in industrial chemicals. The £5 million issue of loan stock will not be enough for these needs and the company intends "to raise further capital in due course and it is at present proposed to do this by the issue of ordinary shares."

The prospect for Fisons shareholders suggests stable dividends with a chance of increasing their stake in the business on preferential terms through a rights issue. So much can be inferred from one comment by the chairman, Mr F. G. C. Fison: "Our policy has been to fix prices at a level which provided a reasonable return to shareholders and which allowed us to retain part only of the capital required for expansion."

	Years to June 30, 1955	1956
Consolidated earnings:—	£	£
Trading profit	3,728,140	4,145,818
Depreciation	869,234	993,445
Taxation	1,220,347	1,557,223
Net profit	*1,149,386*	*1,228,202*
Ordinary dividends	472,857	500,672
Ordinary dividends (per cent)	15	15
Retained profits	609,924	617,331
Cons. balance sheet:—		
Net fixed assets	8,997,822	9,954,213
Net current assets	8,686,445	8,417,983
Stocks	5,999,147	7,952,504
Liquid assets	4,984,300	3,282,741
Reserves	6,526,357	7,143,253
Ordinary capital	5,804,863	5,804,863

£1 ordinary stock at 49s. 3d. yields £6 2s. per cent.

In the past year, Mr Fison claims, the group carried some of the extra burden of increases in costs, and fertiliser prices were increased only after the end of the financial year. Thus margins were reduced though sales went up from £32 million to £37½ million. Looking ahead, Mr Fison believes the increase in the consumption of fertilisers in the current year will be less than "normal" but that there will still be a definite increase. But profit margins, he argues, are so "moderate" that the group cannot undertake to absorb "any exceptional increases in costs." Mr Fison draws particular attention to the element of freight rates in costs—a comment which is now given added point by the closing of the Suez Canal. Much of the group's raw material, too, comes from North Africa, which poses a question mark on the subject of supplies; shareholders will note that the group has been building up its stock of raw materials and that it has written £250,000 off its investment in the *Société Industrielle d'Acide Phosphorique et d'Engrais*. Everything in this statement, then, indicates unchanged dividends—a prospect discounted in the yield of 6.1 per cent offered by the £1 ordinary units at a price of 49s. 3d.

★

IND COOPE & ALLSOPP. The directors of Ind Coope, one of the largest breweries in this country, have pursued a most conservative policy on dividends. For a decade the ordinary dividend was effectively unchanged at 12 per cent. Now, for the year to September 1st, they have increased the dividend to 13 per cent. Small though it is this is a break with tradition.

The increase in the payment does not follow on a sudden and sharp advance in earnings. Indeed, although the group's gross income has risen from £3,223,347 to £3,547,562, its net earnings have merely crept up from £1,122,716 to £1,136,574 as the tax bill has risen from £1,200,244 to £1,390,434. But this belated increase in dividend seems to suggest that the directors are reasonably confident that earnings will continue to run about their present level. There are grounds for confidence. Sales of draught beers are not buoyant—a bear point for Ind Coope with one of the biggest chain of public houses in the country—but sales of bottled beers are. And Ind Coope was one of the first and one of the biggest in selling its bottled beers outside its own tied houses. Moreover, it has interests in the export trade and in wines and spirits and it has the resources to spend on improving the amenities of the properties it owns. More than this it has recently acquired a number of large hotels.

All this suggests that earnings should remain stable, though in such a competitive trade they are unlikely to expand spectacularly. The one per cent increase in the dividend does not therefore mean that investors have to change their view on the 5s. stock units. Rather like "Imps" among tobacco shares these units should be considered as income stocks—they yield £7 13s. at the current price of 8s. 6d.—with a rare touch of the equity in them.

THOMAS W. WARD. This was the first company to receive an award by *The Accountant* for its full report. Its latest accounts, for the year to June 30th, maintain an excellent standard though the story they have to tell has grown familiar in the telling. It is of increased sales but of smaller profit margins. The turnover of the group went up from £36,635,000 to £44,714,000, carrying trading profits up from £2,573,445 to £3,088,406. Of the £44½ million, about £21 million arises from "transactions of a merchanting nature"; on this trade in coal, metals and manufactured products the margin of

	Years to June 30, 1955	1956
Sales and profits:—	£	£
Turnover	36,635,000	44,714,000
Gross income	2,709,312	3,216,391
Depreciation	292,450	402,718
Taxation	1,215,557	1,386,483
Net profit	*975,302*	*1,113,426*
Ordinary dividends	187,687	189,750
Ordinary dividends (per cent)	15	15
Retained by subsidiaries	339,045	401,851
Retained by parent co.	507,606	534,813
Cons. balance sheet:—		
Net fixed assets	3,392,884	4,268,651
Net current assets	5,722,245	6,455,908
Stocks	3,939,401	5,142,634
Liquid assets	1,266,114	1,141,893
Reserves	5,116,976	6,335,789
Ordinary capital	2,200,000	2,200,000

£1 ordinary share at 64s. yields £4 14s. per cent.

profit is slighter than on the goods manufactured by the group itself.

Mr. H. W. Secker, the chairman, comments in detail on the prospects of each division of the group. But whether he speaks of cranes or of machine tools or of iron and steel products, either in the role of a merchant or a manufacturer, he reaches the same conclusion of reduced profit margins. He expects that the volume of trade will be maintained and only in a few isolated incidences is there any indication of a falling off in demand. From his remarks shareholders may draw the conclusion that the ordinary dividend may be in no danger but that an increase is unlikely. That possibility, set against a more cheerful view of the longer term prospects, governs the prospects of the £1 ordinary shares, which at 64s. offer the low yield of 4½ per cent on the maintained dividend of 15 per cent.

LONDON STOCK EXCHANGE

Next Account Begins: November 28th
Next Contango Day: November 28th
Next Settlement Day: November 20th

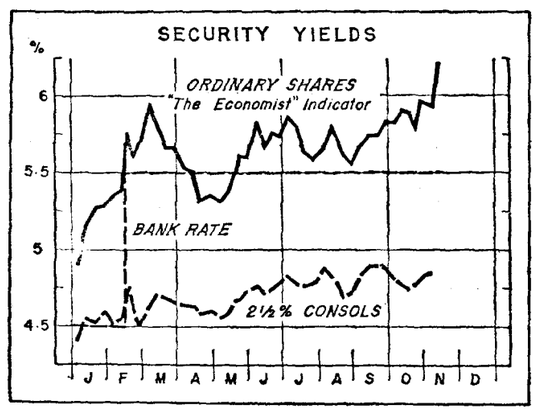
Nervousness has been the keynote in markets this week, causing considerable falls. On Friday of last week the *Financial Times* ordinary index actually rose by 1.1 to 174.0, but on Monday some end of account selling reduced prices all round. The decline then gathered momentum and on Wednesday the *Financial Times* ordinary share index broke through the year's low at 168.3. Not until Thursday when a broad recovery particularly marked in gilt-edged stocks occurred was the fall checked.

Gilt-edged have declined 1 to 1¼ points, 2½ per cent Consols falling one point to 50½, while 4 per cent Consols fell to 76½ and 2½ per cent Treasury to 50⅜. Among new issues West Ham 5¼ per cent scrip (£10 paid) has fallen from 1⅛ discount to 3 discount. Australia 5½ per cent 70/72 in which dealings started at ⅜ discount declined to 1¼ discount.

Oil shares were again affected sharply. British Petroleum over the week have fallen by 21s. 3d. to 123s. 9d., Burmah 12s. 3d. to 77s. 9d., Shell 8s. 1½d. to 140s. 7½d. and Royal Dutch 2½ to 79½. On the brighter side Ultramar have improved from 54s. 6d. to 56s. 3d. and Canadian Eagle from 66s. 3d. to 69s.

The industrial share market also records considerable losses, *The Economist* indicator now standing at 177.2, against 186.4 last week. Among shares affected for specific as well as general reasons are Plessey, which fell from 67s. 3d. to 62s. 3d. on the results, Leyland Motors which dropped 5s. 4½d. to 42s. 3d. on the announcement of the rights issue, and Johnson & Phillips which fell 5s. 9d. to 31s. 6d. on the cut in the interim dividend. Steel shares have recorded heavy declines, Stewarts & Lloyds falling from 60s. 3d. to 54s. and United Steel from 37s. 9d. to 34s. 3d. English Sewing Cotton received support and improved from 24s. 3d. to 26s. 7½d.

There was some support for the older mines, Crown Mines rising 1s. to 33s. 1½d. while OFS issues have recently tended to harden.



STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Oct. 17	186·8	5·89	210·4 (Jan. 4)	174·6 (Mar. 7)	232·1 (July 20)	175·2 (Mar. 23)
„ 24	189·3	5·80				
„ 31	183·8	5·97				
Nov. 7	186·4	5·94				
„ 14	177·2	6·23				

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield	Fixed Int.‡	2½ Consols Yield	Bargains Marked	1956	1955
						High	High
Nov. 8	172·9	6·19	92·56	4·88	7,867	203·5 (Jan. 3)	233·9 (July 21)
„ 9	174·0	6·16	92·59	4·88	7,605		
„ 12	171·9	6·23	92·46	4·90	8,788	Low	Low
„ 13	170·0	6·30	92·39	4·93	8,209	168·3 (Nov. 14)	175·7 (Mar. 15)
„ 14	168·3	6·37	92·05	4·96	8,740		

Bases:—* 1953=100. † July 1, 1[illegible]=100. ‡ 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Nov. 14, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 7, 1956	Price, Nov. 14, 1956	Net Yield, Nov. 14, 1956 § £ s. d.	Gross Yield, Nov. 14, 1956 £ s. d.
98½	97	Funding 2½% '52-57	98⅜	98⅜	3 17 1	4 17 7
95½	93⅛	War Loan 3½% '55-59	95⅞	95⅝	3 7 1	4 14 2
91⅝	88½	Funding 2½% '56-61	91⅝	91	3 12 0	4 14 11
100⅞	99⅛	Exchequer 5% 1957	100¼	100	3 3 9	5 0 8
99⅛	97	Conversion 4% '57-58	98	97⅞	3 14 8	5 7 5
97¼	95⅞	Serial Funding 2½% 1957	97⅛	97	3 11 7	4 11 2
94⅜	91	Conversion 2½% '58-59	94⅛	94	3 16 7	4 17 1
92¼	88⅝	Exchequer 2½% 1960	91⅞	91	3 15 4	4 14 8
95⅛	92¼	Exchequer 3% 1960	94⅛	94	3 8 2	4 16 3
88½	85	Savings Bonds 3% '55-65	85½	84½	3 17 5	5 6 7
82⅝	77½	Funding 3% '59-69	79	78½	3 19 10	5 9 8
92¼	84½	Funding 4% '60-90	85⅞	84⅞	7 7 5 / 3 0 7	9 5 6 / 4 18 10
81⅞	75½	Savings Bonds 3% '60-70	76⅜	75⅞	4 1 3	5 12 0
98½	97⅜	Conversion 4½% 1962	98½	98½	3 1 8	5 2 7
91⅜	88½	Exchequer 3% '62-63	90½*	89⅝*	3 9 8	4 16 5
87½	85⅜	Exchequer 2½% '63-64	85½*	85	3 15 1	4 18 5
81⅛	76½	Savings Bonds 2½% '64-67	78⅛	77⅜	4 1 7	5 6 4
73½	72½	Savings Bonds 3% '65-75	73½	72⅜	3 16 9	5 8 7
96½	90	Victory 4% '26-76	90⅜	90¾	3 9 1	5 6 10
85⅞	78	Funding 3% '66-68	80½	79¼	4 0 4	5 10 7
85⅜	81⅛	Conversion 3½% 1969	83½	82⅜	3 16 7	5 10 9
85⅞	74⅝	Treas. 3½% '77-80	75⅞*	74⅛*	3 11 10	5 7 5
84⅛	75½	Treas. 3½% '79-81	76½	75⅜	3 11 3	5 7 9
74⅝	65½	Redemption 3% '86-96	66½	65⅝	3 5 9	5 0 7
81⅛	74⅜	Funding 3½% 1999-2004	75½	74⅜	3 1 1	4 19 2
84⅜	76⅜	Consols 4% aft. Feb. '57	77⅞	76⅝	3 0 9	5 6 5
77	68⅜	War Ln 3½% aft. Dec. '52	69⅝*	68⅜*	2 18 6	5 1 7
76⅜	68	Conv. 3½% aft. April '61	69½	68¼	2 19 4	5 3 5
69½	58⅞	Treas. 3% aft. April '66	60½	59¼	2 18 7	5 2 1
59⅜	50⅛	Consols 2½%	51½	50¼	2 17 1	4 19 7
59⅜	50½	Treas. 2½% aft. April '75	51⅜	50⅜	2 17 3	4 19 11
98⅛	90	Br. Elec. 4½% '67-69	91⅜	90⅜	3 11 0	5 12 10
80½	75	Br. Elec. 3% '68-73	74⅜	73½	3 19 8	5 10 10
79½	71½	Br. Elec. 3% '74-77	72⅞	72	3 14 5	5 6 3
95	85½	Br. Elec. 4½% '74-79	86⅜	85⅜	3 7 3	5 7 9
85⅞	75½	Br. Elec. 3½% '76-79	76⅝*	75½	3 12 2	5 7 10
90⅝	81½	Br. Gas 4% '69-72	85½	84⅜	3 12 11	5 11 8
87½	80½	Br. Gas 3½% '69-71	81½	80⅜	3 15 9	5 10 5
73⅝	66	Br. Gas 3% '90-95	67½	66	3 5 11	5 0 2
80⅞	73	Br. Trans. 3% '68-73	74½	73½	3 19 8	5 10 10
90½	82½	Br. Trans. 4% '72-77	84½	82¼*	3 9 10	5 8 1
75¾	66⅞	Br. Trans. 3% '78-88	68½	67	3 9 10	5 4 3

(a) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend.
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Nov. 14, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Nov. 7, 1956	Price, Nov. 14, 1956	Yield, Nov. 14, 1956 £ s. d.
94⅜	79	80⅞	74⅞	Aust. 3½% '65-69	77½	77⅜	5 15 0
101¼	87	87½	72	Ceylon 4% '73-75	75	75	6 6 3
105⅞	87⅜	88½	81½	N. Zealand 4% '76-78	84½	82½*	5 8 0
88	87½	64½	57	L.C.C. 3% aft. 1920	59*	58	5 3 5
99	83	85⅜	82½	Liverpool 3% '54-64	84	84	5 10 1
84	65	68½	61	M.Wtr.'B'3%'34-2003	62½	62½	5 4 0
102¼	94⅞	97½	91½	Agric. Mort. 5% '59-89	95½	95½	6 8 6
122⅞	91	117½	102½	German 7% 1924	114	111½	...
213	149	210	187	German 5½% 1930	208½	205½	...
212	160	226	208	Japan 5% 1907	225	225	...
254	190	275½	247½	Japan 5½% Conv. 1930	268½	267½	...

Prices, Jan. 1 to Nov. 14, 1956 High	Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, Nov. 7, 1956	Price, Nov. 14, 1956	Yield, Nov. 14, 1956 £ s. d.
			BANKS & DISCOUNT			
50 –	40 /–	7 b	5 a Barclays £1	42 –	40 6	5 18 6
58 9	50 3	6 b	6 a Lloyds 'A' £5, £1¼ pd.	57 6	56 6	5 6 2
72 4½	61 –	9 b	9 a Midland £1, fully pd.	68 –	66 /–	5 9 1
70 –	59 9	9 b	9 a N. Prov. 'B' £5, £1 pd.	62 /–	60 6	5 19 0
77 9	66 /–	8 b	8 a Westmstr'B'£4,£1¼pd.	69 –	67 /–	5 19 5
43 6	28 –	3½ b	2½ a Alexanders £1	32 6	32 6	3 16 11
46 –	29 3	5 b	5 a Nat. Disc. 'B' £1	36 6	36 –	5 11 1
50 /–	40 6	6½ b	6½ a Union Disc. £1	46 6	46 –	5 8 8
35 9	28 3	4 b	4 a Barc. (D.C.O.) £1	31 /–	29 –	5 10 4
41 9	35 –	7½ b	7½ a Chart. Bk. of India £1	34 6	34 6	8 13 11
			INSURANCE			
29	16¾	37½ b	12½ a Leg. & Gen. £1	25½	24	2 1 8
25½	19	+47½ b	+20 a Pearl £1, fully pd.	19½	19½	6 1 11
48¾	38½	+117½ c	+125 c Prudential 'A' £1	39¾	38¾	5 12 3
			BREWERIES, ETC.			
119 6	106 /–	33 b	10 a Bass £1	115 /–	115 /–	7 9 7
24 10½	19 6	6 a	11½ b Distillers 6 8	20 3	19 9	5 18 2
45 10½	37 10½	25 c	10 a Guinness 10 –	39 4½	38 9	6 9 0
76 –	65 /3	14 b	7 a Whitbread 'A' Ord. £1	67 6	66 3*	6 6 10

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (g) On 15%. (h) On 8¼%. (i) On 17½% Tax free. (l) To latest date. (m) On 10%. (r) On 15% Tax free. (u) On 15%. (y) On 9%.

Prices, Jan. 1 to Nov. 14, 1956 High	Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, Nov. 7, 1956	Price, Nov. 14, 1956	Yield, Nov. 14, 1956 £ s. d.
			STEEL & ENGINEERING			
85 /6	64 /–	8 b	7 a Babcock & Wilcox £1	73 9	73 1½	4 2 9
13 /–	9 4½	14 c	4 a Cammell Laird 5/–	10 6	10 6	6 1 7
35 /–	24 7½	8 c	3 a Dorman Long £1	26 /–	25 /–	6 8 0
54 9	40 /–	8½ b	3½ a Guest Keen N'fold £1	43 9	*41 10½	5 1 5
55 6	41 6	4 a	6 b Metal Box £1	50 /–	46 /–	4 6 1
75 /–	53 9	12½ b	5 a Stewarts & Lloyds £1	59 9	54 /–	6 9 0
48 /–	33 /–	8 b	4 a Summers (John) £1	35 6	33 1½	7 5 0
58 /–	46 6	11 b	3 a Swan Hunter £1	57 6	57 /–	4 18 5
49 9	34 1½	8½ b	4 a United Steel £1	37 6	34 4½	6 15 0
44 7½	32 4½	7½ b	2½ a Vickers £1	39 7½	37 10½	5 5 0
			TEXTILES			
24 9	19 4½	6 b	4 a Bradford Dyers £1	24 /–	23 9	8 8 0
23 7½	13 9	3 a	5 b Brit. Celanese £1	15 3	14 6	11 0 0
25 10½	21 9	2½ a	6½ b Coats (J. & P.) £1	22 6	22 3	7 17 0
44 /–	30 /–	6 b	4 a Courtaulds £1	31 6*	30 6	6 11 0
21 3	12 3	5 a	5 b Fine Spinners £1	16 /–	15 9	12 14 0
30 /–	22 3	7½ b	5 a Lancs. Cotton £1	29 3	27 9	9 0 0
33 3	26 /–	2½ a	10 b Patons & Baldwins £1	32 /–	31 6	7 18 0
			MOTORS & AIRCRAFT			
24 9	16 /–	6½ b	3½ a Bristol Aeroplane 10/–	17 9	16 3	6 3 0
9 /–	5 10½	4 a	8½ b British Motor 5/–	5 10½	6 7½*	9 8 0
44 3	29 3	2½ a	5 b Ford Motor £1	30 3	30 4½	4 18 0
49 3	23 9	12½ b	3 a Hawker Siddeley £1	41 3	38 9	4 10 0
49 4½	38 3	10 c	12½ c Leyland Motors £1	47 6	42 6	5 17 0
115 10½	85 6	12½ b	5 a Rolls-Royce £1	106 3*	100 –	3 10 0
			SHOPS & STORES			
18 10½	13 3	14 c	3 a Boots Pure Drug 5/–	13 9	13 6	5 3 0
41 4½	29 –	7½ a	20 b Debenhams 10/–	38 /–	34 9*	7 18 0
44 9	31 6	15 a	47½ b Gt. Universal 'A' 5/–	34 /–	32 –	9 15 0
71 1½	57 6	32½ b	20 a Marks & Spen. 'A' 5/–	60 –	58 –*	4 10 0
25 10½	19 1½	20 b	12½ a United Drapery 5/–	21 –	21 –	7 14 0
64 10½	53 3	36½ b	20 a Woolworth 5/–	55 3	53 9	5 5 0
			OIL			
183 9	99 /–	†10 b	†5 a British Petroleum £1	147 6*	127 6	4 1 0
117 9	63 /–	12½ b	5 a Burmah £1	91 3	77 6	4 10 0
£87½	£58½	6 a	14 b Royal Dutch 100 fl.	£83½	£80½	2 6 0
171 /–	103 3	†5 a	†13½ b Shell Reg. £1	150 7½	140 –	3 14 0
			SHIPPING			
38 /–	28 6	6¼ a	... Brit. & Com'wealth 10/–	36 /–*	36 /–	4 8 0
27 /–	20 4½	7½ b	3 a Cunard £1	22 6*	22 6	8 17 0
35 9	27 /–	5 b	3 a P. & O. Def. £1	31 6	32 –	5 0 0
			MISCELLANEOUS			
75 3	45 /–	15 c	5 a Assoc. Elect. £1	65 /–	61 3	4 18 0
45 6	34 3	7 b	3 a Assoc. Port. Cem. £1	37 9	35 –	5 2 0
60 9	39 9	7½ b	4½ a Bowater Paper £1	43 9	40 /–	6 0 0
54 9	45 3	4 a	8½ b B.I.C.C. £1	51 –	48 –	5 4 0
81 10½	40 4½	8 b	4 a Brit. Aluminium £1	70 7½	65 –	3 13 0
60 –	45 9	†7½ b	†10½ a Brit. Amer. Tob. 10/–	52 6	49 –	6 4 0
$69	$56¾	3 b	3 a Canadian Pacific $25	$65	$65½	4 5 0
37 10½	24 9	43¾ c	14 ⅛ Decca Record 4/–	28 1½	28 1½	6 4 0
25 9	15 1½	10 b	2½ a Dunlop Rubber 10/–	16 3	15 6	8 1 0
66 1½	43 6	8½ b	4 a English Elect. £1	47 6	47 6	5 5 0
65 6	41 3	4½ a	9½ b General Elect. £1	43 9	43 9	6 8 0
49 10½	38 3	6 b	4 a Imp. Chemical £1	40 3	38 9	5 3 0
62 9	44 3	12½ b	8½ a Imp. Tobacco £1	46 –	44 6	9 8 0
$211	$141½	$2·90 c	$3·75 c Inter. Nickel n.p.v.	$202	$210	3 4 0
64 6	49 3	12½ b	7½ a London Brick £1	50 7½	50 –	8 0 0
30 3	22 6	15½ b	6½ a Monsanto Chemicals 5/–	23 4½	23 1½	4 17 0
69 1½	55 3	12 5	4½ a Tate & Lyle £1	61 6	60 –	5 10 0
69 6	52 3	6½ a	7½ b Tube Investments £1	57 6	52 6*	5 14 0
115 6	95 9	20 b	5 a Turner & Newall £1	100 7½	97 6	5 5 0
82 9	61 7½	6 a	9½ b Unilever £1	72 /–	68 9	4 11 0
38 9	22 9	†7½ b	†4½ a United Molasses 10/–	35 9	38 1½*	5 8 0
40 /–	23 /–	†2½ a	†7½ b Cons. Tea & Lands £1	24 3*	23 /–	15 2 0
2 10½	1 9½	5 a	15 b London Asiatic Rbr. 2/–	2 1½	2 –	20 0 0
61 9	37 6	30 b	12½ a United Sua Betong £1	48 9	*46 10½	18 2 0
			MINES			
8⅞	6 3/8	20 a	50 b Anglo-Amer. 10/–	7	7 1/8	4 19 0
135/7½	94 4½	120 b	80 a De Beers 5/– Def. Reg.	100 /–	100 –	10 0 0
96 10½	67 6	...	... Free State Geduld 5/–	79 4½	75 7½	Nil
50 6	30 1½	12½ b	12½ a Randfontein £1	33 1½	31 10½	15 13 0
10 11½	8 6	30 c	10 a London Tin 4/–	10 8½*	10 3	11 14 0
46	35	75 a	275 b Rhokana £1	39*	40½	8 12 0

New York Closing Prices

	Nov. 7 $	Nov. 14 $		Nov. 7 $	Nov. 14 $		Nov. 7 $	Nov. 14 $
Balt. & Ohio.	52	51⅜	Am. Smelting.	52½	52¼	Inter. Paper	110¼	110
Can. Pac.	32⅞	32½	Am. Viscose	34½	33¼	Nat. Distill.	27⅛	27⅛
N.Y. Cent.	33⅛	36⅜	Gen. of Am.	14¼	13⅞	Sears Roebuck	31⅝	31⅝
Pennsyl.	23⅜	22	Chrysler	74⅛*	71¼	Shell	81	81
Amer. Tel.	169⅞	169½	Gen. Elec.	61½	60	Std. Oil of N.J.	57⅜*	57⅜
Stand. Gas	11⅜	11⅜	Gen. Motors	47⅛	45¼	U.S. Steel	71⅛	71⅛
United Corp.	6⅞	6⅜	Goodyear	78¼	76¼	Westinghouse	54⅞	54⅞
W. Union Tel.	18⅜	18¼	Inter. Nickel	102⅜	104½	Woolworth	46½	46½

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	Nov. 3rd	Western Europe: Production and Trade	Nov. 3rd
Production and Consumption	Nov. 10th	British Commonwealth	Nov. 10th
Manpower	This week	Western Europe: Prices and Money Supply	This week
External Trade	Oct. 27th	United States	Oct. 27th
Financial Statistics	This week	World Trade	Oct. 13th
Industrial Profits	Oct. 13th		

Manpower in Great Britain

	Unit	Monthly averages 1953	1954	1955	1955 Aug.	Sept.	Oct.	1956 July	Aug.	Sept.	Oct.
TOTAL MANPOWER (1)											
Working population:											
Total	'000s	23,373	23,667	23,912	24,039	24,051	24,103	24,012	24,101	24,101	...
Men	"	15,883	15,974	16,084	16,144	16,141	16,157	16,143	16,194	16,191	...
Women	"	7,490	7,693	7,828	7,895	7,910	7,946	7,869	7,907	7,910	...
Armed Forces	"	865	859	803	793	790	786	757	777	780	...
Civil employment:											
Total	"	22,238	22,604	22,933	23,058	23,063	23,101	23,055	23,039	23,085	...
Agriculture, forestry and fishing	"	1,087	1,074	1,066	1,052	1,052	1,042	1,052	1,057	1,052	...
Mining and quarrying	"	877	867	862	860	858	857	860	861	861	...
Building and contracting	"	1,437	1,453	1,486	1,496	1,494	1,498	1,518	1,511	1,517	...
Distributive trades	"	2,664	2,743	2,811	2,837	2,834	2,857	2,856	2,867	2,860	...
Public administration	"	1,320	1,325	1,289	1,289	1,288	1,287	1,291	1,290	1,291	...
Manufacturing industries	"	8,746	8,976	9,206	9,257	9,306	9,358	9,212	9,231	9,254	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1954:											
Employees in engineering(2)	"	– 125	...	+ 190	+ 213	+ 244	+ 266	+ 205	+ 212	...	...
" " consumer goods industries(3)	"	– 67	...	– 13	+ 7	+ 14	+ 34	– 27	– 17	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	342·0	284·8	232·2	199·7	202·2	215·2	238·1	266·5	247·6	254·1
" " —men	"	218·2	184·4	146·7	124·8	124·3	133·1	161·0	181·7	158·8	160·1
" " —women	"	123·8	100·4	85·5	74·9	77·9	82·1	77·1	84·8	88·8	94·0
Temporary or under 2 weeks—men	"	68·7	58·0	51·5	45·9	49·2	50·3	70·7	75·7	58·1	53·5
" " " —women	"	43·9	36·4	36·7	37·8	41·1	39·0	32·7	35·8	37·9	34·6
Over 8 weeks—men	"	96·7	81·7	67·7	51·7	48·9	50·7	58·8	62·9	62·3	64·8
" " —women	"	46·3	37·1	26·5	20·5	18·1	20·6	23·8	23·5	23·2	26·5
By industry (4):											
Textiles	%	1·4	0·9	1·6	2·0	2·2	1·6	1·4	1·6	1·5	1·2
Clothing	"	1·3	1·3	0·9	0·9	0·9	0·8	1·0	1·1	1·1	1·0
Vehicles	"	0·8	0·5	0·4	0·3	0·3	0·4	2·8	2·7	0·9	0·8
Engineering, etc.	"	1·4	1·1	0·8	0·6	0·7	0·7	0·8	1·1	1·1	0·9
Coal-mining	"	0·2	0·2	0·1	0·1	0·1	0·1	0·2	0·1	0·2	0·2
Distributive trades	"	1·5	1·3	1·0	0·8	0·8	0·9	0·8	0·9	0·9	1·1
By regions (4):											
Great Britain	"	1·6	1·3	1·1	0·9	0·9	1·0	1·1	1·2	1·1	1·2
London and South Eastern	"	1·2	1·0	0·7	0·5	0·5	0·6	0·6	0·7	0·7	0·8
Eastern	"	1·3	1·2	0·9	0·7	0·7	0·8	0·6	0·8	0·8	0·8
Southern	"	1·4	1·1	0·9	0·7	0·7	0·8	1·1	1·1	0·9	1·0
South Western	"	1·6	1·5	1·2	0·8	0·9	1·1	0·9	1·0	1·1	1·3
Midland	"	1·1	0·6	0·5	0·5	0·5	0·5	1·9	2·1	1·2	1·0
North Midland	"	0·7	0·6	0·5	0·5	0·4	0·4	0·6	0·6	0·6	0·6
East and West Ridings	"	1·2	0·9	0·7	0·7	0·6	0·7	0·6	0·8	0·8	0·8
North Western	"	2·1	1·5	1·4	1·3	1·4	1·3	1·2	1·4	1·4	1·3
Northern	"	2·4	2·2	1·8	1·5	1·4	1·5	1·2	1·5	1·4	1·5
Scotland	"	3·1	2·8	2·4	2·0	2·0	2·1	2·1	2·2	2·4	2·2
Wales	"	3·0	2·5	1·8	1·6	1·6	1·7	2·0	2·1	2·0	2·2
VACANCIES											
Unfilled vacancies notified to employment exchanges (4):											
Total	'000s	270	338	382	448	424	401	397[5]	361[5]	334[5]	...
Men	"	147	191	214	251	238	225	214[5]	198[5]	184[5]	...
Women	"	123	147	168	197	186	176	183[5]	163[5]	150[5]	...
DISPUTES (6)											
Workers involved	"	114	37	55	30	62	60	53	32	40	...
Working days lost:											
Total	"	182	205	315	74	224	187	285	160	217	...
Mining and quarrying	"	33	39	93	31	60	58	19	45	42	...
Engineering, etc.	"	127	62	57	29	87	104	257	97	166	...
Other industries and services	"	22	104	166	14	77	25	9	18	9	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) From June, 1956, onwards comparison with earlier figures is affected by the revocation of the Notification of Vacancies Order, 1952. (6) United Kingdom.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Nether-lands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1953 = 100)												
1948	42	94	74	65	90 [2]	...	78	104	75	66	72	94
1954	105	99	100	98	98	112	106	101	101	102	100	110
1955	108	101	103	98	101	120	110	101	102	104	104	119
1956, May	109	103	107	103	102	129	...	103	104	110	109	143
„ June	110	103	108	102	102	131	...	102	104	110	110	144
„ July	111	103	108	101	102	130	...	102	103	110	109	136
„ August	112	103	108	103	102	129	...	101	...	110	109	...
„ September	111	...	107	102	...	...	...	...	...	110	...	...
COST OF LIVING (2) (1953 = 100)												
1948	50 [2]	95	81	60	93	63	79	86	77 [4]	74	77	89
1954	103	101	101	100	100	115	100	103	104	104	101 [2]	110
1955	105	101	107	101	102	122	103	106	106	105	104	119
1956, May	107	103	...	103	105	125	107	112	107	111	109	138
„ June	108	104	...	102	105	126	...	111	109	111	109	138
„ July	107	104	113	102	105	127	...	111	108	111	109	...
„ August	108	104	...	102	105	126	108	...	108	111	110	...
„ September	108	104	...	103	...	...	...	...	...	...	...	...
IMPORT PRICES (3) (1953 = 100)												
1948	37	84	84 [5]	59	...	...	82	98	85	80	72	113
1954	96	96	97	98	96	118	101	98	95	98	99	104
1955	94	96	98	97	100	118	104	101	97	100	99	103
1956, April	96	100	...	}	{ 102	125	103	105	100	99	}	{ ...
„ May	96	98	...	} 102	{ 103	120	103	104	100	105	} 102	{ ...
„ June	98	97	...		{ 104	124	103	104	101	105		{ ...
„ July	95	...	...	...	104	128	110	...	110	98	...	...
„ August	96	...	...	...	104	...	106	...	...	98	...	...
EXPORT PRICES (3) (1953 = 100)												
1948	42	95	91 [5]	68	...	...	78	103	97	84	76	91
1954	99	94	99	95	96	121	98	99	100	99	98	97
1955	102	97	101	96	98	133	101	102	101	107	102	111
1956, April	107	105	...	}	{ 101	141	100	106	106	111	}	{ ...
„ May	107	104	...	} 101	{ 101	134	101	107	106	113	} 103	{ ...
„ June	110	103	...		{ 102	148	99	110	105	111		{ ...
„ July	107	...	...	...	102	150	99	...	99	114	...	...
„ August	109	...	...	...	102	...	98	...	...	117	...	...

TOTAL MONEY SUPPLY (7)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	'000 mn. kroner	mn. liras
1948	...	154·0	7,110	2,165	11·8	1,984	110·3	1,989	7,285	6,937	7·67	1,715
1954	28·26	187·3	7,369	5,266	26·4	9·30 [8]	152·2	4,036	9,099	9,162	11·09	3,869
1955	28·62	...	7,438	5,916	29·1	11·97	154·7	4,477	9,839	9,357	11·29	4,882
1956, April	27·90	...	7,469	6,060	28·4	12·26	149·2	...	9,548	9,281	11·15	...
„ May	27·91	...	7,669	6,076	28·7	12·32	146·1	...	9,720	9,259	10·82	...
„ June	28·56	...	7,456	6,185	28·8	12·65	144·1	...	9,683	9,333	10·88	...
„ July	28·80	...	7,249	6,327	29·1	12·71	148·2	...	9,786	9,452	10·62	...
„ August	29·12	...	7,423	6,313	29·3	...	148·1	...	...	9,472	10·56	...

GOLD AND FOREIGN EXCHANGE HOLDINGS (8) (mn. US Dollars)

1948	62	938	84·0	...	295	6·2	209	539	343	140·6	233	192
1954	412	1,046	143·4	1,369	2,636	10·8	260	1,041	1,276	137·3	479	206
1955	357	1,146	133·1	2,120	3,076	10·9	242	1,237	1,284	165·3	470	211
1956, May	348	1,197	138·3	1,888	3,413	10·9	231	1,271	1,270	160·6	431	218
„ June	357	1,210	134·6	1,786	3,590	10·9	226	...	1,219	161·8	435	211
„ July	375	1,216	131·5	1,702	3,761	...	225	...	1,213	154·5	438	208
„ August	394	1,224	130·7	1,648	3,848	...	223	...	...	159·3	434	224
„ September	403	1,244	127·8	1,658	3,998	...	225	...	...	164·6	448	...

(1) Relates to wholesale prices in Athens and Piraeus only for Greece. Figures for Ireland are based on January, 1952 = 100. (2) July-December. (3) Relates to prices in capital cities only for Austria, France, Greece and Turkey. Belgium and Austria exclude rent. Denmark includes direct taxes. Figures for Ireland are based on August, 1953 = 100. (4) Including direct taxes. (5) Including trade with Faeroe Islands. (6) Index numbers of unit value which compare the current average value of trade with its value in 1953; they are influenced by changes in the composition of trade as well as price movements. (7) Deposit money and notes and coins held by business, individuals and foreigners. Except for Greece holdings of the issuing authority and other banks are excluded. (8) Holdings of the government and central bank at end of period. Figures for Greece are gold reserves only; foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments; Ireland include some long term securities. (9) Beginning May, 1954, a new drachma equal to 1,000 old drachmas introduced.

Financial Statistics

EXCHEQUER RETURNS

For the week ended November 10th, 1956, there was an "above-line" surplus (after allowing for Sinking Funds) of £19,529,000 compared with a deficit of £1,486,000 in the previous week and a surplus of £13,313,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £14,181,000, bringing the total deficit to £651,670,000 (£583,104,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Nov. 12, 1955	April 1, 1956 to Nov. 10, 1956	Week ended Nov. 12, 1955	Week ended Nov. 10, 1956
Ord. Revenue					
Income Tax	2085,500	581,707	653,661	7,540	9,866
Surtax	144,000	35,500	41,800	1,500	1,200
Death Duties	170,000	110,600	99,100	5,700	2,800
Stamps	58,900	45,100	38,400	1,200	1,000
Profits Tax, EPT	216,750	131,000	121,950	5,100	4,300
Excess Profits Levy	4,000	14,400	5,600	100	200
Special Contribution and other Inland Revenue	1,000	300	210	..	...
Total Inland Rev.	2680,150	918,607	958,721	19,040	19,366
Customs	1204,000	720,934	735,978	28,020	37,116
Excise	953,350	535,130	555,935	46,880	39,765
Total Customs and Excise	2157,350	1256,064	1291,913	74,900	76,881
Motor Duties	92,000	22,623	24,208	366	1,237
PO (Net Receipts)	...	3,100	5,050	3,100	5,050
Broadcast Licences	28,000	11,800	12,900	..	...
Sundry Loans	30,000	23,516	25,463	50	575
Miscellaneous	200,000	76,762	91,572	1,576	2,168
Total	**5187,500**	**2312,272**	**2409,827**	**98,832**	**105276**
Ord. Expenditure					
Debt Interest	670,000	385,362	440,021	1,099	5,761
Payments to N. Ireland Exchequer	61,000	32,574	36,819	...	2,287
Other Cons. Fund	10,000	6,256	5,411	...	...
Supply Services	3941,918	2081,118	2319,102	80,750	77,050
Total	**4682,918**	**2505,290**	**2801,353**	**84,848**	**85,097**
Sinking Funds	32,000	21,500	20,955	670	650
"Above-line" Surplus or Deficit	**214,518**	**412,482**	**13,313**	**19,529**
"Below-line" Net Expenditure	368,586	239,188	6,762	14,181
Total Surplus or Deficit	**583,104**	**651,670**	**6,551**	**5,348**
Net Receipts from				
Tax Reserve Certificates	114,364	162,836	264	168
Savings Certificates	9,500	43,400	800	2,700
Defence Bonds	−21,503	−28,265	3,450	−2211
Premium Savings Bonds	...	15,600	...	15,600

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955 Nov. 12	3,470·0	1,806·2	249·9	...	5,526·1
1956 Aug. 11	3,390·0	1,161·2	231·9	...	4,783·0
„ 18	3,420·0	1,355·6	262·4	0·8	5,038·7
„ 25	3,450·0	1,346·2	257·3	...	5,053·5
Sept. 1	3,480·0	1,330·3	228·5	...	5,038·9
„ 8	3,510·0	1,322·4	235·9	1·8	5,070·1
„ 15	3,540·0	1,324·9	256·8	...	5,121·7
„ 22	3,590·0	1,325·1	254·5	...	5,169·6
„ 30	3,610·0	1,338·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,338·8	253·7	2·3	5,204·8
„ 13	3,610·0	1,322·7	248·3	1·0	5,182·0
„ 20	3,620·0	1,342·2	255·9	...	5,218·0
„ 27	3,610·0	1,378·9	245·2	0·8	5,234·9
Nov. 3	3,610·0	1,360·2	263·6	...	5,233·7
„ 10	3,610·0	1,361·2	256·7	1·8	5,211·6

THE MONEY MARKET

At the Treasury bill tender on Friday of last week the discount market maintained its bid at just 5 per cent for the third week in succession. At last week's tender, the market's proportion of the £200 million of 91-day bills fell, from 36 to 27 per cent, though its allotment of the £80 million of 63-day bills rose slightly from 90 to 92 per cent. The average rate of allotment of both maturities fell fractionally, to £4 19s. 10.86d. per cent for the 91-day bills and a fraction over that for the 63-day bills. At yesterday's tender, the offer of the 91-day bills was reduced to £190 million, but that of the shorter maturities was raised by a further £10 million, to £90 million.

The exceptional stringency in the money market where short loan rates have been 4⅞ per cent and occasionally 5 per cent has been due in part to the shortage of maturities, caused by the postponement in the corresponding week in August of take-up of bills until the maturity on the 15th of the National War Bonds. Moreover, a number of houses needed funds on Monday for repayments of seven-day loans to the Bank. Further Bank borrowing at the penal rate was necessary on Tuesday for two houses, though the amount involved was very small. The week's net repayment by the market is reflected in the fall of £10.3 million to £16.9 million in discounts and advances shown in Wednesday's Bank return.

LONDON MONEY RATES

	%		%
Bank rate (from 4½%, 16/2/56)	5½	**Discount rates** Bank bills: 60 days	5⅛
Deposit rates (max) Banks	3½	3 months	5⅛-5⅜
Discount houses	3½*	4 months	5⅛-5⅜
		6 months	5⅛-5⅜
Money Day-to-day	3½-5	Fine trade bills:	
Short periods	4½	3 months	6-6½
Treas. bills 2 months	4⅜	4 months	6-6½
3 months	5	6 months	6-7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Nov. 16, 1955	Nov. 7, 1956	Nov. 14, 1956
Issue Department:*			
Notes in circulation	1,777·7	1,886·9	1,892·6
Notes in banking dept.	22·6	38·5	32·8
Govt. debt and securities*	1,796·2	1,921·2	1,921·2
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	13·2	11·2	17·4
Bankers	252·0	238·8	238·1
Others	65·3	71·0	72·1
Total	330·5	321·0	328·6
Securities:			
Government	295·2	254·4	281·0
Discounts and advances	14·5	27·2	12·9
Other	16·8	16·9	16·9
Total	326·5	298·5	310·8
Banking department reserve	25·1	40·4	34·8
"Proportion"	% 7·5	% 12·5	% 10·6

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotted at Max. Rate*
1955	*91 Day* 220·0	*63 Day* 50·0	406·2	s. d. 82 0·43	% 47
1956	*91 Day*				
Aug. 10	280·0		409·9	100 5·84	62
„ 17	280·0		393·4	100 0·43	62
„ 24	270·0		405·2	101 2·95	50
„ 31	290·0		385·0	100 6·41	80
Sept. 7	290·0		430·0	101 4·50	55
„ 14	290·0		404·2	102 0·77	61
„ 21	280·0		380·0	103 4·86	55
„ 28	280·0		406·0	101 9·86	67
Oct. 5	280·0		424·9	101 1·51	56
„ 12	280·0		463·6	102 2·21	55
„ 19	280·0†		392·9	100 2·12	66
	91 Day	*63 Day*			
„ 26	200·0	60·0	412·4	99 9·85	30
Nov. 2	200·0	70·0	405·8	99 11·55	36
„ 9	200·0	80·0	419·1	99 10·26	27

* On November 9th tenders for 91 day bills at £98 15s. 0d. secured 27 per cent and 63 day bills at £99 2s. 9d. secured 92 per cent, higher tenders being allotted in full. Yesterday's offering of £280 million included £90 million at 63 days. † Allotment cut to £260·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: November 14	Market Rates: Spot: November 8	November 9	November 10	November 12	November 13	November 14
United States $	2·78-2·82	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾	2·78½-2·78¾
Canadian $	...	2·69⅜-2·69½	2·68⅞-2·69⅛	2·68⅞-2·69⅛	2·69⅛-2·69⅜	2·68⅝-2·69	2·68½-2·68¾
French Fr.	982½-987·35	98⅛-98⅛	98⅛-98⅛	98⅛-98⅛	98⅛-98⅛	98⅜-98⅜	98⅛-98⅜
Swiss Fr.	12·15⅜-12·33⅜	12·20⅝-12·20⅞	12·20⅝-12·21⅛	12·21⅛-12·21⅜	12·21⅛-12·21⅜	12·21⅝-12·22	12·22⅛-12·22⅜
Belgian Fr.	138·95 141·05	139·45- 139·50	139·50- 139·55	139·47½- 139·52½	139·55- 139·60	139·60- 139·65	139·52½- 139·57½
Dutch Gld.	10·56-10·72	10·60⅜ 10·60⅝	10·61⅛-10·61½	10·61⅛-10·61⅜	10·61⅛-10·61⅜	10·61⅛ 10·61⅜	10·60⅜-10·60⅝
W. Ger. D-Mk.	11·67⅜ 11·84⅜	11·69½-11·69¾	11·69½-11·69¾	11·69½-11·69¾	11·70⅛-11·70⅜	11·70½-11·71	11·70½-11·71
Portuguese Esc.	79·90 81·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10
Italian Lire	1756½ 1762½	1751 1752	1752 1753	1752-1752½	1753 1754	1754 1755	1754-1755
Swedish Kr.	14·37½ 14·59⅜	14·40⅜-14·40⅝	14·41-14·41⅛	14·40⅜ 14·40⅝	14·41⅜-14·41⅝	14·42-14·42⅛	14·42-14·42⅛
Danish Kr.	19·19½ 19·48½	19·31½-19·32	19·32 19·32½	19·32 19·32⅜	19·32-19·32⅜	19·32½-19·33	19·32½-19·33
Norwegian Kr.	19·85-20·15	19·97 19·97½	19·96 19·96½	19·95½-19·96½	19·95½-19·96½	19·95½ 19·96½	19·96½ 19·96½
One Month Forward Rates							
United States $		⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm
Canadian $		⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm	⅛-¼c. pm
French Fr.		1-3 dis	1-3 dis	1-3 dis	1-3 dis	1-3 dis	1-3 dis
Swiss Fr.		3-2½c. pm	3-2½c. pm	3-2½c. pm	3-2¾c. pm	3-2½c. pm	3½-2½c. pm
Belgian Fr.		¼-½ pm	¼-½ pm	¼-½ pm	¼-½ pm	¼-½ pm	¼-½ pm
Dutch Gld.		2-1½c. pm	2-1½c. pm	2-1½c. pm	2-1½c. pm	2-1½c. pm	2-1½c. pm
W. Ger. D-Mk.		3-2½pf. pm	3-2½pf. pm	3-2½pf. pm	3-2½pf. pm	3-2½pf. pm	3½-2½pf. pm
Italian Lire		2 pm-par	2 pm-par	2 pm-par	2 pm-par	2 pm-par	2 pm-par
Swedish Kr.		½0 pm-½0 dis	½0 pm-½0 dis	½0 pm-½0 dis	½0 pm-½0 dis	½0 pm-½0 dis	½0 pm-½0 dis
Danish Kr.		5-2½ pm	5-2½ pm	5-2½ pm	5-2½ pm	5-2½ pm	5-2½ pm
Norwegian Kr.		2½ pm-par	2½ pm-par	2½ pm-par	2½ pm-par	2½ pm-par	2½ pm-par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/7	251/5½	...	251/5½	251/5½	251/5½

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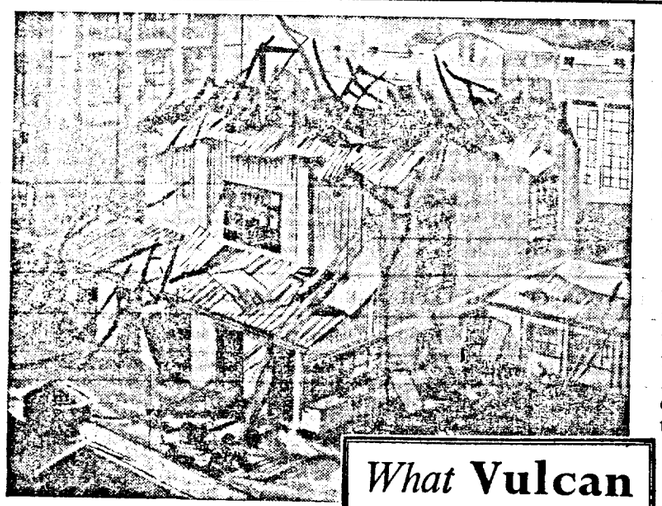

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COMPANY MEETINGS

TUBE INVESTMENTS LIMITED

RECORD TURNOVER AND EARNINGS

GROWING STEEL INTERESTS

Record gains in turnover and earnings—mainly derived from new products, new businesses, new plant coming into fuller production and generally higher productivity—were reported by Sir Ivan A. R. Stedeford, KBE, Chairman of Tube Investments Limited, in his annual statement circulated to stockholders on November 15th.

Sir Ivan said that trading profits before tax but after depreciation were £11,332,921, an increase of £2,806,334 over the previous year. Included was some £900,000 of exceptional profits from raw material price increases. Allowing for this, profits became £10,432,921 and the increase over last year about £2 million. There had been a rise in turnover of over £22 million, with all Divisions but the Cycle Division exceeding their previous year's performance. There was, however, a progressive erosion of margins which, with present restraints on activity, made it unlikely that these records in turnover and profits would be challenged for a while.

The Board recommended a final dividend of 7½ per cent which, allowing for the share capital not fully paid for the whole of the period, made a rate for the year equivalent to 15 per cent, an increase of 1 per cent on the rate forecast. Stockholders, he felt, would not see in this a step away from the policy of retaining within the business the main sinews of development. The acquisition of further companies, and costs of modernising them, presented TI with a need for more new capital, for which the company expected to provide in 1957.

PROGRESS OF DIVISIONS

The return on large-scale capital expenditure in the Aluminium Division had for the first time touched reasonable proportions, a sharp contrast to the losses of two and three years ago. The results of the extrusion plant at Redditch were particularly satisfactory. Here a new foundry recently completed would provide further economies. The shortage of virgin metal continued throughout the year, and once again, whilst demand was good, prevented the South Wales sheet mill from approaching its rated capacity. Nevertheless, sales reached a record level. Later in the year, with orders falling off, metal became easier, and with the freer supply competition became and remained much keener.

The reduced earnings of the Cycle Division clearly reflected intensifying competition. Perhaps the most disquieting feature was the effect of the competition in America, the largest individual export market for bicycles, where in the first eight months sales of British machines dropped by 43 per cent. Conditions were no less severe at home. Government measures to restrict credit purchase took heavy toll, and here total sales by the industry fell to about one half. A major scheme of reorganisation had been undertaken to effect still lower production costs. The British Cycle Corporation, a new subsidiary, had assumed full authority over a great part of TI's bicycle manufacturing operations, and production in the Birmingham area would, apart from components, be concentrated in what he believed would be the most modern integrated bicycle factory in the world. These were radical and costly changes, but there could be no half-measures if Britain were to hold her own in this industry.

The redeployment of forces had inevitably given rise to some redundancy. Every effort had been made to lighten hardship by a generous scheme of notice and compensation agreed in consultation with the men's representatives. TI's cycle companies had a long history of successful trading, a record which, with goodwill all round, would, he was sure, remain unbroken.

NEW ELECTRICAL PRODUCTS

An increase of nearly 15 per cent in the sales of the Electrical Division—each company contributed—in what proved to be a contracting market for domestic appliances was a significant feature. The main reasons for this were to be found in the Creda "Carefree" and "Stargazer" cookers and Creda Water heaters. New space heaters and the "Debonair" spin dryer had been recently introduced, which sounded the knell of the garden washing line. TI had acquired the Power Centre Company Limited, of Walsall, which specialised in electrical distribution gear; plans were in hand for expanding its capacity.

A record volume of output was achieved by the Steel Tube Division, certain of the big new plant operating at full production for short periods with gratifying results. Orders, however, fell off later with the effect of credit restrictions. Given reasonable conditions, the Division was well equipped with plant and skilled labour to broaden its trading front at home and abroad. He was glad to record a contribution by the Division to the world's first atomic power station at Calder Hall, in the form of 100 miles of tube in alloy steel for the reactor. Events alone would tell what TI's future contribution would be to these great nuclear developments, but he was confident that they would earn as integral a place in the power and propulsion systems of the future as they had in the past.

GROWING STEEL INTERESTS

TI had acquired during the year the total share capital of the Park Gate Iron & Steel Company, of Rotherham; the Renishaw Iron Company, in North Derbyshire, and half of the share capital of the Byfield Ironstone Company, in Northamptonshire, at a total cost, including loans, of £6,115,000. Of this, £1,515,000 had been paid, leaving a balance outstanding of £4,600,000, to be paid by 1958. An expansion scheme was already in hand at Park Gate, and modernisation plans were in preparation for Renishaw. With the original investment in Round Oak Steel Works three years ago, TI had invested just on £12 million, excluding development schemes, in these steel-making interests, which were currently producing ¾ of a million ingot tons a year.

If justification were needed for TI becoming steel-makers: Round Oak had supplied during the year almost 100,000 tons of tube and structural steel for the Group, which could not have been obtained from British makers, nor probably from overseas, even at high premiums. The £3½ million expansion scheme at Round Oak was well under way.

TI's primary consideration in becoming steel-makers was to secure adequate supplies of carbon steel billets for seamless tubes, but the very serious shortage of alloy steel billets, already involving high premium imports, would to some extent fashion the development of TI's steel activities. The Group would still look to its friends in the steel industry for a considerable proportion of total requirements.

The mounting demand for TI's expanding range of capital equipment—from rolling mills and heavy forgings to machine tools and conveyors—bid still fairer prospects. The purchase had been arranged of Bennett Tools Limited, of Redditch, a small company of precision engineers with a bright future in the highly specialised and automatic machinery field. Its productive capacity would be expanded.

WORLD MARKETS EXPAND

TI's despatches overseas were more than 5 per cent up in value, in spite of the contraction in sales of bicycles in some markets. All-time records were returned by many companies. Dollar business again took pride of place, with America still heading the list and sales to Canada increasing by over 30 per cent. Satisfactory results had been reported from all overseas associate and subsidiary companies. Fifty per cent of the share capital of Cycle Saddles (South Africa) Pty., Limited, had been sold, a substantial proportion being taken up by J. B. Brookes & Company, Limited, of Birmingham, the world-famous saddle makers. He hoped that the works, near Madras, of the new tube company, Tube Products of India, Limited, formed in association with Murugappa & Sons, would be in production next spring. He was looking forward to attending the opening ceremony of the first stage of this promising new enterprise.

The progress made in research and development had strengthened the conviction that long-range research designed to advance technological development would be of great value to operating companies. Technological activities were being grouped in one centre at Walsall, the control engineering, nuclear engineering, plastics development and data handling and computing sections being installed there already. There might be nothing new in principle in what was called "automation," but there was something new in the scope of electronic applications to manufacturing processes and machinery, and in the bold attacks now being made in various countries on conventional methods with these powerful weapons. TI had a team of investigators reviewing the needs of the Group to secure the benefits of these modern methods, far reaching and costly though the consequent reorganisation might be.

NEW TRAINING CENTRE

Commenting that a new appraisal of the status and remuneration of science and mathematics teachers might be necessary to gain

and keep highly qualified teaching staff, Sir Ivan said that another problem for industry concerned management. TI was giving particular attention to plans for the training and recruitment of managers of the right calibre, for the present shortage was hardly less acute than that of skilled scientists and engineers. The Group was fortunate in its present managers, and had many promising ones in the making, but the continued expansion of activity made some recruitment from outside necessary. Some years ago TI started a four-year management training course for university graduates and others of promise, and it was yielding satisfactory results. TI was also strengthening arrangements for the training of supervisors. Nine years ago the company established a residential training centre, one of the first of its kind, to provide courses in nearly all functions of management. Since then over 1,600 TI people—including men from the shop floor—had passed through these courses. A new and larger residential training centre was being opened in Edgbaston. It was TI's purpose that every employee promoted to supervise others would be trained for this important work.

THE FUTURE

Sir Ivan said that the problems before us gave sharp point to the proposals for a free trade area in Europe. This country's bitter experience of over a quarter of a century ago, when the UK was the only big unprotected market, had, however, left some of our industries with not a few inhibitions. The submission now of a scheme for combining open European trade with Imperial Preference could not, in itself, dissolve all doubts and difficulties, which until recently prompted general opposition to earlier proposals. Obviously, the greatest caution was necessary, but for this country, dependent as it was on exports, the possibility of steady and freer trade undoubtedly had attraction. If all went well in practice, the establishment of this free trade area, which was one of the world's fastest growing markets, would be a great step forward for the good, and reason prompted that Britain then could not afford to remain aloof. Whatever decision was reached, the United Kingdom must, as always, keep the closest relations with our Commonwealth associates. But we dared not scout the idea of Britain turning more, but not exclusively, towards Europe, for while the tide of Commonwealth affairs seemed to be running towards economic independence strong currents were obviously carrying Europe towards economic integration. A realistic reappraisal, therefore, now faced the Commonwealth no less than Europe.

Commenting on the testing times ahead, Sir Ivan said these called for an industrial capital development policy to which we should now devote mind and effort. He did not question the policy adopted to check inflation, but of one thing he believed there was no doubt: British industry's need of heavy capital investment if it were to surmount the competitive struggle now begun. He appealed to the Government to end present discouragements at the earliest moment possible. It took a long time to plan and construct plants with competitive power to match those which would be challenging us in all our markets.

"It seems," he continued, "the time has come for the nation to give industrial capital investment the sort of moral priority which housing has had for the past decade. Let industry be given a run for a few years to spend capital on a massive scale. By these means, and by these means only, are we likely to succeed in expanding exports and in bringing about a rising standard of living."

HARMONY GOLD MINING COMPANY LIMITED

EXPANDING SCALE OF OPERATIONS

The Sixth Annual Meeting of shareholders will be held in Johannesburg on November 19, 1956. The following is an extract from the circulated statement by the Chairman, Mr P. H. Anderson, dated November 12, 1956.

CAPITAL

During the year the 1,857,445 reserve shares were issued and allotted, bringing the issued capital up to that authorised, namely, £4,500,000 in 18 million ordinary shares of 5s. each.

WORKING RESULTS

The rate of milling was steadily built up from 67,000 tons in June, 1955, to 80,000 tons in June, 1956, the total ore milled during the year under review being 897,000 tons. The average yield per ton milled at 7.705 dwt was 0.689 dwt higher than that attained during the previous financial year, and unit working costs, mainly as a result of the increased tonnage, were 6s. per ton milled lower. The working profit from gold was £1,791,284, and the working profit from uranium was £1,059,471 (subject to adjustment), making a total working profit for the year of £2,850,755, equivalent to 63s. 7d. per ton milled.

ACCOUNTS

An amount of £128,714, being the difference between sundry items of income and expenditure, was deducted from the total working profit, leaving a profit of £2,722,041 before taxation. There was a transfer to Capital Reserve in respect of expenditure on mining assets and trade investments of £1,276,420, a repayment on account of the capital portion of the uranium loan amounting to £260,114, and a provision for taxation of £172, leaving a balance in the Income and Expenditure Account of £1,185,335 to be carried forward to the current year. This unappropriated balance, together with the Abnormal Costs Reserve of £65,093, and the balance of uranium and pyrite loan funds on hand amounting to £334,645, totalled £1,585,073, which sum was represented by net current assets as detailed in the Balance Sheet.

The short term loan from The Central Mining & Investment Corporation Limited, and Rand Mines, Limited, which at the beginning of the financial year stood at £765,000, was repaid in full during the year. The loan facilities of £3,687,000 arranged through the Atomic Energy Board for the construction of the uranium and pyrite plants were fully drawn by the end of the year in terms of the loan agreements. This amount, plus £130,998 in respect of capitalised interest to June 30, 1956, gave a total capital indebtedness of £3,817,998, of which £260,114 had been repaid, leaving a balance of £3,557,884 still owing at July 1, 1956; this balance is redeemable in 36 equal quarterly instalments from the beginning of the current financial year.

DEVELOPMENT

The footage developed during the year was 51,348 feet, an increase of 19,723 feet over the development accomplished during the previous year. Of the 51,348 feet developed, 20,217 feet were on reef of which 19,065 feet were sampled; 13,560 feet or 71.1 per cent proved payable at an average value of 14.2 dwt over a channel width of 33 inches. The occurrence of areas of elevated footwall in the Ventilation Shaft—3 Shaft zone was one of the two main factors responsible for the substantial decrease in average channel width from 54 to 33 inches, with a consequent decline in both payability and inch-dwt value; the other main factor contributing to the decrease in the average channel width was that, while development northwards from the Ventilation Shaft has not shown the presence of any areas of elevated footwall, the reef body itself has become narrower.

At September 30, 1956, the 17th level twin haulage which is being driven northwards from No. 3 Shaft had progressed to within 1,500 feet of No. 2 Shaft, and a total of 55 boreholes had been drilled to test the reef body above the haulage. Core losses, varying from slight to heavy, were recorded in 30 of the holes. The 55 boreholes gave an average undiscounted value of 471 inch-dwt over a channel width of 36 inches. In the first 1,000-feet stretch north of No. 3 Shaft, four boreholes were drilled averaging 599 inch-dwt over a channel width of 68 inches. In the next 1,500 feet, where the narrow channel width exposed possibly indicates the existence of areas of elevated footwall, 24 holes were drilled averaging 340 inch-dwt over a width of only 18½ inches. In the following 2,000 feet, where two gaps of 600 feet and 500 feet straddling the water-fissure zones were left undrilled, 13 boreholes averaged 360 inch-dwt over a channel width of 43 inches. In the last 1,200 feet the 14 boreholes so far drilled have averaged 14.8 dwt per ton over a channel width of 53 inches, equivalent to 784 inch-dwt.

Preparations for the sinking and equipping of No. 2 Shaft were completed subsequent to the close of the financial year, and full-scale sinking with the permanent equipment commenced during September, 1956. At September 30, 1956, the Shaft had been sunk to a depth of 481 feet below the collar, had been concrete lined to a depth of 436 feet, and had been equipped to a depth of 270 feet.

ORE RESERVE

The payable ore developed during the year amounted to 1,420,000 tons at an average value of 8.6 dwt per ton over an estimated stoping width of 53.4 inches. This represents an increase of 363,000 tons compared with the previous year, the value being 0.8 dwt per ton higher and the width 5.4 inches lower. The available ore reserve recalculated at the year end totalled 1,700,000 tons, or 769,000 tons more than at June 30, 1955. At 8.5 dwt the average value of the available reserve was 0.5 dwt higher than that of the previous estimate, while the stoping width was 3.6 inches lower at 54.3 inches. The calculation of the ore reserve tonnage has been made on a conservative basis.

EXPANSION IN SCALE OF OPERATIONS

Since the close of the financial year, the Board of Directors has decided, now that the sinking of No. 2 Shaft has commenced, to proceed with the next stage in the Company's plans for expanding the scale of mining operations. Plans have been put in hand to increase the milling capacity of the gold reduction plant to 135,000 tons a month from the middle of 1958. An application was submitted during September, 1956, to the Uranium Production Committee of the Atomic Energy Board to extend the capacity of the uranium production plant.

CAPITAL EXPENDITURE

During the year a net amount of £1,479,544 was spent on capital account in respect of gold mining activities, mainly in connection with No. 2 Shaft, including the permanent headgear and permanent hoisting equipment; on European and non-European housing; and on underground equipment, including pumps and fans. As mentioned under the heading of "Accounts," a sum of £1,276,420 was appropriated from profits to Capital Reserve towards meeting this expenditure. During the current financial year capital expenditure is expected to be approximately £2 million, which it is intended should be appropriated from profits. The main items of expenditure now contemplated include the sinking and equipping of No. 2 Shaft; the disposal, by means of large evaporation areas, of underground water, which at present is being pumped at the rate of approximately 1,750,000 gallons a day; and the building of a further 100 houses for employees.

Capital expenditure during the year on the uranium plant amounted to £148,586. The construction of the uranium plant, which now has a capacity of 80,000 tons a month, has been completed except for a few refinements.

A sum of £109,847 was expended during the year on the pyrite flotation plant. The completion of this plant will cost approximately a further £300,000, which sum has already been borrowed in terms of the loan agreements. It is expected that the plant will be commissioned early in 1957.

TAXATION

As this Company still has a large balance of unredeemed capital expenditure for tax purposes, it is not at present liable for the formula tax.

DIVIDEND

Dividend No. 1, at the rate of 6d. per share, was declared on September 14, 1956.

CONSOLIDATED MAIN REEF MINES AND ESTATE, LIMITED

NARROWING MARGIN OF PROFITABILITY

The Fifty-eighth Annual Meeting of shareholders will be held in Johannesburg on November 20, 1956. The following is an extract from the circulated statement by the Chairman, Mr T. Reekie, dated November 13, 1956.

WORKING RESULTS

The ore milled during the financial year, at 2,035,000 tons, was lower by 51,000 tons than the tonnage for the previous financial year, and the yield declined from 2.882 dwt to 2.816 dwt per ton. Consequently, although there was a slight rise in the average income received by the Company per ounce of gold, the working revenue was £172,807 less than the previous year's figure.

Due to the reduction in the tonnage milled, total working expenditure was lower by £52,242, but mainly on account of increased costs in respect of European labour, power and silicosis contributions, unit working costs were higher by 4d. per ton milled.

In effect the working profit for the year fell by £120,565 to £190,739, which indicates the narrowing margin of profitability in the mine.

ACCOUNTS

A credit adjustment of £35,157 in respect of the difference between sundry items of income and expenditure was added to the working profit of £190,739, making a total profit for the financial year of £225,896 before taxation. To this figure the unappropriated balance at the end of the previous year of £434,574, and £19,633 in respect of a retransfer from Capital Reserve on the realisation of mining assets and trade investments were added giving a total of £680,103. Appropriations were made for taxation—£7,509, and Dividends Nos. 92 and 93 of 2s. 6d. and 2s. per share, respectively—£280,710, leaving an unappropriated balance to be carried forward to the current financial year's accounts of £391,884. This unappropriated balance was represented by net current assets totalling £573,206 as detailed in the Balance Sheet, less Retiring Gratuities and Abnormal Costs Reserves.

DEVELOPMENT AND ORE RESERVE

Primary development has reached the stage at which, due to the low percentage payability encountered, its continuance is considered uneconomic.

Consequently, less development was done during the year and it was more selective in that it was advanced from positions where payable values had been exposed. The tonnage of payable ore developed was also lower. The available ore reserve declined further by 556,000 tons to 1,780,000 tons and it appears inevitable in the circumstances that this decline must be expected to continue.

PNEUMOCONIOSIS (SILICOSIS)

The Pneumoconiosis Act 1956 came into force as from August 1, 1956. As a result it is estimated that the costs to the Company in respect of pneumoconiosis will rise from last year's figure of 1s. 2d. per ton milled to about 1s. 8d. per ton milled for the current financial year.

POSITION AT THE MINE

The Reports of the Directors and the Statements from the Chair in recent years have made it clear that mining operations are being conducted in the face of increasing difficulties. This position has developed mainly because of the steady depletion of the actual and potential reserves of ore which is resulting in a decrease in the number of working places and is causing the control of grade to become more difficult. A gradual reduction in the tonnage of ore milled is therefore now inevitable, but as the remaining ore is scattered and occurs over five different reefs mainly with common shaft systems, it is proving difficult to effect the reduction in mill tonnage and at the same time to decrease working costs commensurably. This problem is aggravated by the adverse effect on costs generally of items such as increased pneumoconiosis charges over which the mine has no control. Under these circumstances, some further reduction in the margin of profit on a declining tonnage of ore milled may be unavoidable during the current year.

DALGETY & CO.

GRATIFYING RESULT

The annual general meeting of Dalgety & Company Limited will be held on December 6th in London.

The following is an extract from the circulated review of the chairman, Mr D. Abel Smith, MC:

Having sounded a note of warning twelve months ago, it is gratifying for me to be able to report that the net profit for the year which ended on June 30th last is less than the record of the previous year by only just over 3 per cent.

The company handled 628,120 bales of wool in Australia and 168,605 bales in New Zealand. Pressure on our Wool Store accommodation has increased during the year. Our produce business has continued to expand. The results of our merchandise business have left something to be desired, but only by comparison with recent years, and they still represent a useful contribution to the overall net profit. The East African merchandise result profited from a reorganisation carried out over the past two years. The stock season has not been unsatisfactory and the Department has again produced a favourable result. Our Land Agency business continues to be hampered by the "credit squeeze," but is nevertheless a useful adjunct to our other activities.

FINANCE AND ACCOUNTS

Inflation is still unchecked and our advances, which at June 30, 1950, were £3,329,418, had risen at June 30th last to no less than £11,248,324. It was largely to cope with the strain placed upon us by advances of this magnitude that during the year we took steps to place privately an issue of Terminable Debentures in this country and Secured Notes in Australia. The proceeds and those of the issues of Debenture Stock and the Preference Shares, to which I referred last year, have considerably improved our liquid position and the Net Current Assets have increased by over £3,300,000.

Even now, the Company's loan capital of £3,691,000 is less than in 1939 when it was £4,235,000 although the Company's assets have, in the meantime, risen from £11,404,000 to £28,457,000. It is therefore unlikely that we shall be able to play our full part in the development of the countries where we operate without again having recourse to the capital market before long.

Our ability to sustain a postwar business on what, until now, has been virtually a pre-war capital, is largely due to our policy of ploughing back a useful proportion of the profits; the beneficial effect of this policy would have been more apparent were it not for the attitude of HM Government as regards taxation of earnings overseas, which are subject to British Income Tax irrespective of whether they are remitted to this country or retained in the business abroad.

The profit for the year, after providing for all expenses and taxation (other than profits tax on distributions), amounts to £756,025 as compared with £781,633 for the previous year. We are recommending a final dividend on the "A" and "B" Ordinary shares of 8½ per cent, which makes a total of 12 per cent for the year.

The unsettled world outlook makes it harder than usual to predict the level of future profits. If inflation persists, the company's costs will continue to rise, but so should many of its earnings. The immediate outlook, coupled with the recent rise in the level of wool prices, is quite promising.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

MR W. M. FRAMES'S STATEMENT

The Nineteenth Annual Meeting of shareholders will be held in Johannesburg on November 20, 1956. The following is an extract from the circulated statement by the Chairman, Mr W. M. Frames, dated November 13, 1956.

WORKING RESULTS

Compared with the figures for the previous financial year, there was little change in the tonnage of ore milled but the yield declined by 0.242 dwt. to 11.258 dwt. per ton. The gold recovered decreased by 9,550 ounces and in consequence the working revenue at £8,958,372 was lower by £109,991. Working costs increased by 3s. 6d. a ton milled due mainly to higher costs of European labour, power and stores and materials, and working profit fell by £357,138 to £5,207,292. There was, however, an improvement in the working profit from uranium extraction of £87,938 to £1,192,764 (subject to adjustment) and total working profit at £6,400,056 was lower by £269,200.

ACCOUNTS

Provision for taxation and mineral lease consideration amounted to £3,143,081, dividends declared during the year totalled £2,400,000, a repayment of the capital portion of the uranium loan absorbed £362,680 and £264,890 was transferred to Capital Reserve in respect of expenditure on mining assets and trade investments. The unappropriated balance was thereby increased to £1,635,009.

DEVELOPMENT

The total footage developed at 53,228 was 414 feet more than in the previous year. Of the 22,607 feet driven on reef, 17,205 were sampled and 16,280 or 94.6 per cent were payable at 764 inch-dwt. These results represented improvements of 4.6 per cent in payability and 52 inch-dwt. in value, due mainly to a slightly greater proportion of the reef development being carried out in the richer eastern section of the mine.

The payable ore developed at 1,162,000 tons was 100,700 tons less and the average value of 11.5 dwt. was 0.4 dwt. lower than the figures for the previous year.

ORE RESERVE

The available ore reserve, re-estimated at June 30, 1956, to be 5,341,000 tons, was 150,000 tons more than the estimate at the end of the previous June, the value at 12.1 dwt. and the width of 46.4 inches remaining unchanged.

CAPITAL EXPENDITURE

During the year a net amount of £261,650 was spent on the Company's gold mining operations. Of this amount £115,953 was expended on shaft equipment, £69,987 on increasing the pumping capacity of the mine from 14,880,000 gallons a day to 16,800,000 and £50,565 on the erection of a water treatment plant which has now been completed, thus enabling the Company to cease purchasing water from the Rand Water Board. The twin haulages on 6 level from No. 1 Shaft were advanced to the proposed site of the No. 1 Sub-Vertical Shaft, but no further work has been undertaken in connection with the sinking of the Sub-Vertical Shaft. The continuation or otherwise of this work will depend upon the outcome of certain detailed investigations into future mining policy. It is estimated that £520,000 will be spent on capital account during the current financial year, chiefly on the disposal of water, pumping equipment, equipment for the sub-incline shafts, ventilation, housing and the supply of power underground.

Expenditure on the uranium plant totalled £97,702 during the year and £279,467 was spent on the erection of the sulphuric acid plant.

URANIUM AND SULPHURIC ACID

The uranium plant operated to capacity throughout the year.

Of the total loan of £4,068,281, including capitalised interest, obtained through the Atomic Energy Board for the erection of the uranium plant, an amount of £936,316 has been repaid, leaving a balance of £3,131,965 to be repaid in the remaining 29 equal quarterly instalments.

The construction of the sulphuric acid plant is well advanced and is expected to be completed before the end of the calendar year. The loan of £750,000 arranged through the Atomic Energy Board to finance the construction of this plant, together with accrued interest, is repayable by quarterly instalments over a period of ten years commencing January 1, 1957. At the financial year end an amount of £240,052, including accrued interest, had been drawn against this loan.

PNEUMOCONIOSIS (SILICOSIS)

The Pneumoconiosis Act, 1956, came into force as from August 1, 1956. As a result it is estimated that the costs to the Company in respect of pneumoconiosis will rise from last year's figure of 2s. 1.4d. per ton milled to about 2s. 10.2d. per ton milled for the current financial year.

CURRENT YEAR'S RESULTS

As disclosed in the recently published quarterly report the yield, although below the average for the year under review, was slightly higher than that of the previous quarter. The tonnage milled was at the same level as in the previous quarter but, due to the increased yield and certain additional revenue received in respect of sales of gold between February and July, 1956, the total revenue from gold was higher by some £60,000. It is encouraging to note that working costs decreased by 5d. a ton milled and that working profit from gold was higher by about £68,000 than the figure for the previous quarter.

Satisfactory progress continues to be maintained in the sinking of the four sub-incline shafts, and 6 level haulage is being extended steadily towards the western boundary.

The alteration to the formula for gold mining taxation with effect from January 1, 1956, represents a reduction of slightly more than 4½ per cent in the formula tax and is therefore welcome. The amortisation allowance for taxation purposes will, however, decrease in the future when capital expenditure falls below the high level of previous years and this will tend to increase the taxable income.

MODDERFONTEIN EAST, LIMITED

MR N. W. S. LEWIN'S STATEMENT

The Fortieth Annual Meeting of shareholders will be held in Johannesburg on November 19, 1956.

The following is an extract from the circulated statement by the Chairman, Mr N. W. S. Lewin, dated November 12, 1956.

The tonnage mined was much the same as for the previous year, but a larger tonnage of ore was drawn from old development rock dumps on the surface, and the ore milled increased by 87,000 tons to 1,577,000 tons.

There was a decline of 0.118 dwt in the yield to 2.100 dwt per ton. While the working revenue for the year at £2,082,402 was only £4,847 higher than that for the previous financial year, working costs rose by £95,530 with the result that the working profit fell by £90,683 to £87,114, or from 2s. 5d. to 1s. 1d. per ton milled.

The payable ore developed at 260,000 tons was lower by 145,700 tons with the value unchanged at 3.1 dwt per ton. The generally disappointing results obtained in development in the last few years provide little hope of any appreciable tonnages being added to the ore reserves in the future. In consequence, the development programme during the current year is likely to be on a lower scale.

Regarding the future prospects in the light of the present price of gold and the level of costs, it will be clear that only a limited period of profitable mining operations lies ahead of the mine.

EAST ASIATIC RUBBER

FURTHER IMPROVED RESULTS

The Thirty-Third Annual General Meeting of East Asiatic Rubber Estates, Limited, was held on November 9th, in London.

Mr H. T Karsten, the chairman, in the course of his speech, said : The year's trading showed an increased profit, namely, £98,654, against £78,592.

The crop produced, namely 3,356,700 lb., was some 228,000 lb. more than last year. The estimated crop for the current year is 3,220,000 lb., and the production so far has been at a higher rate.

The board consider it prudent to continue to put aside to our replanting reserve £50,000 each year, in view of our formulated programme of replanting approximately 500 to 600 acres per annum from 1956-57 to 1961-62. Our project of extending the Company's activities to the Gold Coast is progressing satisfactorily. In Nigeria we have so far been unable to obtain satisfactory leases, but one of our associated companies is at the moment investigating the possibility of investing in timber-growing propositions in South Africa, and may invite us to join such a venture.

Since the end of our financial year the price of natural rubber has moved at a considerably lower level than during the previous year. During the last week or so the market has naturally been influenced by the intervention in the war between Israel and Egypt, and values at one time advanced very sharply, but until the position is finally settled, prices are likely to fluctuate erratically.

The report was adopted and the dividend of 12½ per cent, less tax, approved.

THE PERAK RIVER HYDRO-ELECTRIC POWER COMPANY

CONTINUED DEMAND FOR POWER

The thirtieth annual general meeting of The Perak River Hydro-Electric Power Company, Limited, was held on November 14th in London, Mr Hugh G. Balfour (the Chairman) presiding. The following is an extract from his circulated statement:

The Company's undertaking in Malaya once again produced a satisfactory result in spite of costs which have risen steadily during the year. The demand for power continued throughout the year during which 436.1 million units were generated as compared with 432.1 million units in the year before, whilst the maximum system peak load rose to 68.9 mW as compared with 67.4 mW previously. Due to a higher river flow, the hydro-electric power station at Chenderoh generated 195.1 million units or an increase of 5.7 per cent on last year.

In consequence of the greater output at Chenderoh, the steam stations at Malim Nawar and Batu Gajah generated 241 million units as compared with 247.5 million units last year. The heavy loading of the Company's system puts a high premium on efficient maintenance, particularly of boilers, and the increased costs shown in the Accounts are in part due to the necessary heavy maintenance programme.

I mentioned last year that an order had been placed for a new 12 mW turbo alternator and ancillary 140,000 lb per hour boiler for Malim Nawar. This set is due to come into operation in 1958. The situation with regard to development by the Central Electricity Board of hydro-electric power in the Cameron Highlands is not yet clear, and in view of the increasing load on the Company's system, your Directors decided to order a further 12 mW generating set which is scheduled for operation in 1959. These two new sets are to a certain extent replacement of existing generating capacity which is nearing obsolescence, and consideration will have to be given in the near future to further additions unless substantial bulk supplies become available from the Central Electricity Board.

Our Subsidiary, The Kinta Electrical Distribution Company, Limited, had another satisfactory year. A full programme of extension and development was carried out.

The gross revenue from sale of current and miscellaneous income at £1,618,470 shows a slight increase. The balance transferred to Net Revenue Account was £877,910, a decrease of £32,290. The sum provided for Depreciation Account has this year been increased to £275,000 and taxation takes £315,000, leaving a balance of profit for the year of £287,910, which after addition of the balance of £130,555 for the last account, brings the total sum available up to £418,465. We have transferred £125,631 to General Reserve which now totals £633,000.

The Directors recommend payment of a final dividend of 6 per cent on the Ordinary Shares, making 10 per cent for the year.

In the current year we should be able to look for a continuation of demand equivalent to that of the year under review. Returns for the first three months are satisfactory, and in the absence of any unforeseen circumstances and providing costs remain at their present level, our next Accounts should be no less favourable than those presented for the year ended July 31, 1956.

The report and accounts were adopted.

PETER BROTHERHOOD LIMITED

PROFIT NOT UNSATISFACTORY

The forty-ninth ordinary general meeting of Peter Brotherhood Limited was held on November 13th in London, Mr A. Marcus Neal, JP, ACGI, AMICE (the chairman), presiding.

The chairman, in the course of his speech, said: As a result of a continuance of our policy of modernisation, the value of the fixed assets has increased during the year by £114,157. This figure is, of course, arrived at after deductions for depreciation and is largely due to the new pattern shop, machine tools and further additions to general plant.

Our expenditure upon capital equipment during the last three years has been in the region of half a million pounds and we now feel we have the Works in a state of efficiency and preparedness which will enable us to deal satisfactorily with any work which may reasonably be entrusted to us.

CAPITAL COMMITMENTS

The Capital Commitments at March 31, 1956, stood at the reduced figure of £22,000, an indication that, in the opinion of your Board, expenditure upon Fixed Assets in the near future will not need to be upon the same scale as during the past few years. There is no project involving large expenditure envisaged in the near future, but we shall, of course, continue to add to our fixed assets as may be necessary from time to time.

The value of our sales for the year varies but little from last year's figure—actually it is 2½ per cent less—resulting in a trading profit, before taxation, of £299,908, against £367,864 last year.

This reduction in trading profit results to a great extent from the circumstances mentioned in my statement two years ago when I referred to the large proportion of Government work on the books on which profit is somewhat narrow, and to the keener competition which could be expected generally; it was again pointed out last year that a continuance of the somewhat less favourable conditions might be expected. Under all the circumstances, therefore, it is considered that a trading profit of £299,908, before taxation, is not unsatisfactory.

Of this trading profit of £299,908 provision for taxation absorbs no less than £157,000, leaving us with a net profit for the year of £142,908 available for distribution and allocation. The question of a dividend has been considered by your Board, who have decided, in view of the sum available, to recommend the payment of a final dividend of 15 per cent, less tax, a total for the year of 20 per cent, less tax, on the Ordinary Capital.

THE OUTLOOK

As to the immediate future, in the absence of troubles, industrial or international, from the latest figures available I do not expect the profits for the current year, that is to March 31, 1957, to be any less satisfactory than those with which we are dealing today. Taking a longer view, although there has recently been some diminution in the rate at which orders have been received, our order book remains at a high level, and in view of this and of the special nature of many of our products I feel sure we may, in the absence of circumstances unforeseen, look forward to a continuing period of prosperity.

The report and accounts were adopted.

EASTWOODS LIMITED

A DECADE OF CONTINUOUS PROGRESS

The thirty-sixth annual general meeting of Eastwoods Limited was held on November 15th, in London.

Mr G. W. A. Miller, FCIS (chairman and managing director), in the course of his speech, said:

During the twelve months ended March 31, 1956, Eastwoods manufactured and delivered a greater tonnage and value of building materials than ever before and for the first time in its long history the Trading Profits of the Group exceeded one million pounds.

We have again transferred £100,000 to General Reserve, making a total of £650,000 at March, 1956, and after maintaining the dividend on the increased Ordinary Stock at 17½ per cent the carry forward at £281,000 shows an increase of £20,000.

In only a decade, the Trading Revenue has been enlarged almost tenfold, a record of vigorous growth of which our old Company can be justifiably proud.

CURRENT TRADING AND FUTURE PROSPECTS

During the seven months since March, 1956, all works of the Eastwoods Group have been fully employed and up to the end of October we have again manufactured and sold a greater quantity and value of building materials than in any comparable period ever before. It is, however, now clear that the Government's disinflationary measures are beginning to exercise an increasingly restrictive effect on the tempo of building and we may expect some reduction in demand from December, 1956, onwards, with more intensive competition among manufacturers and suppliers of building materials.

But, taking a longer view, there is a great backlog of building work still to be undertaken, so that we have every reason to look forward to a busy and constructive future.

The root cause of our present difficulties and the main reason for anxiety about the future is the continuing rise in wages, since wage advances without increased production inevitably mean further price increases. Unpalatable measures have been imposed by the Government in an endeavour to stop the rot and most people will have been shocked at recent irresponsible utterances by Trade Union leaders when rejecting the Chancellor's appeal for restraint. It is now all too easy to be priced out of any market and this leads straight on to reduced production and unemployment with all its baneful consequences. It is sincerely to be hoped that more realistic considerations will weigh with the Trades Union leaders when off the public platform, and that the true interests of the workpeople will be given paramount consideration.

Last year I reported that the problem of future brickearth reserves for the Stock Brick Industry was still under discussion with the Ministry of Housing. Astonishing though it may seem, the Industry had actually been informed by the Planning Ministry that a term of 40 years' life had been put on the manufacture of Stock Bricks, and after that period no further brickearth excavations would be permitted. This was quite an arbitrary decision which we were totally unable to accept, and after a lot of hard work we have earned some sort of reprieve.

The report and accounts were unanimously adopted.

BRITISH ASSETS TRUST LIMITED

TOTAL INCOME EXCEEDS £1M

MR ALASTAIR C. BLAIR ON INVESTMENT TRUSTS AND THE SMALL INVESTOR

The Fifty-ninth Annual General Meeting of British Assets Trust Limited will be held on Thursday, December 6, 1956, at the Registered Office of the Company, 9 Charlotte Square, Edinburgh.

The following is the Review by the Chairman, Mr Alastair C. Blair, CVO, WS, which has been circulated with the Report and Accounts for the year ended September 30, 1956.

The year under review has seen a milestone passed in the growth of your Company, as for the first time the total income has exceeded £1 million and also the valuation of the investments at a Balance Sheet date has passed £20 million. As your Company has now entered its sixtieth year it is interesting to look back at the growth which has been achieved during that period. For this reason, we have this year produced an Annual Report in a new form which we hope stockholders will find both interesting and informative. Tables have been produced showing how the Company's funds are invested and how the equity has grown over the years.

BOARD'S INVESTMENT POLICY

The past twelve months have seen an intensification of the credit squeeze in the UK and a reaction from the easy optimism of 1955. In spite of this, however, both our income and the value of our investments have continued to rise. You will notice from the Accounts that the average return which we earn on our investments is only 5 per cent. In these days of high interest rates this return is low, and I should like to explain the reason for this. The two principles which have guided your Board in their investment policy have been security and growth; in order to achieve these they have been prepared to forgo a high immediate yield. During the last few years when conditions have been favourable and Stock markets have been strong we have tried to eliminate from our portfolio the weaker companies which might suffer when times become harder. In doing so we have reduced the number of our holdings in Ordinary and Common Stocks (which comprise 86.7 per cent of our total funds) to about 200 companies which have been selected for their strength and promise of future growth. We believe that this policy which has restricted the earnings currently available for our stockholders will be to their advantage in the years ahead, and therefore we have felt justified in recommending this year a fairly full distribution of income.

ASSOCIATED COMPANIES

In the Report you will find a table showing the distribution of our Investments. This speaks for itself but I might say a word in explanation of the heading Associated Companies. One of these is Second British Assets Trust Limited in which we still retain a holding although as you will remember most of the shares we formerly held in this Company were sold to our own stockholders in 1947. Also included is a holding in Atlantic Assets Trust Limited which has the same management as this Company and has a portfolio valued at about £1,700,000. A considerable part of that Company's funds are invested in new and developing Companies. And finally there is Rhodesian Assets Investment Company Limited, a Rhodesian Company whose funds are invested entirely in Central Africa.

SAVINGS AND INVESTMENT

The troubles which have beset this country in the economic field since the war can be traced largely to the failure of savings to keep pace with investment. The great progress which has been made in the United States in the last ten years flows directly from the high level of savings in that country which have been invested in new factories and plant for industry. It is important that we in this country should equal the American rate of saving if we wish to match their rate of progress and the Investment Trust movement forms an important part of the mechanism by which small savings can be invested in productive industry.

ADVANTAGES FOR THE SMALL INVESTOR

The Investment Trust movement has not always been popular with the financial press, and had some difficult days during the early 1930s. It is for this reason that we have published at the end of the Report some information showing how a stockholder has fared who invested £100 in our stock at different dates over the last fifty years. From this table you will see that all have done well and some amazingly well, and that even those stockholders who bought their stock at the peak price in 1930 (the highest price reached by our stock between the wars) have still made a substantial profit. The real advantage of the Investment Trust for the small investor, however, lies in its spread of investment and its skilled management. It is hard today for the small investor to take a stake in investments in the United States and Canada, and if he does so he will be faced with various taxation problems. By buying the Ordinary Stock of an Investment Trust he can, however, obtain an indirect interest in these countries, and, what is more important, with one investment he can achieve all the advantages of a well-balanced list. It is not necessary for him to read a lot of Company Reports and study changing economic trends because this job is done for him by the management of his Company. An Investment Trust stock should provide for the small shareholder a trouble-free investment from which he should obtain a steady and in good times a rising income.

A table in the Report shows the income and dividend record of this Company over the past twelve years; it is one of which the Board is proud and with which I hope that stockholders are satisfied.

COCHRAN & COMPANY, ANNAN, LIMITED

SATISFACTORY RESULT

MR ROBERT ADEANE'S CONFIDENCE IN THE FUTURE

The Fifty-Fourth Annual General Meeting of Cochran and Company, Annan, Limited (engineers and boilermakers) was held on November 14th, at 117 Old Broad Street, London, E.C.

Mr Robert Adeane, the chairman, who presided, said:

Gentlemen, the Company, for the year under review, made a trading profit of £267,000, against £284,000 last year. After the additions and deductions, which you will find set out on the left-hand side of the consolidated profit and loss account, a net profit of £99,000, against £130,000 last year has been made, a reduction of some £31,000. This reduction is in part the direct result of increased costs under almost every heading, combined with finer profit margins about which I made reference and gave warning in my speech last year. It is also in part due to an increase of £6,000 in depreciation, which charge will be relatively constant for some years due to the improvements and extensions recently made to our factory and plant. A further reason is the increase of some £7,500 in special expenditure incurred in resiting a 1,500 ton press and in unusually heavy house repairs; these two items will be non-recurring.

So much for the explanation of why our net profit is down. It is still a very satisfactory result and a set-back in profits, such as we have experienced, is common and will, I fear, become even more common among engineering businesses in this country. Of the £99,000 net profit it is satisfactory to note that our subsidiary company, Ruths Accumulators, Limited, contributed £6,800 against £4,200 last year

APPROPRIATION OF PROFIT

You will see in the consolidated profit and loss account the reserve allocations are set out separately under Holding Company and Subsidiary Company. Taking the figures together, £47,000 brought forward from last year falls to be added to the net profit of £99,000, making a total of £146,000. This is the sum which we have to deal with. £64,000 has been transferred to general reserve; £35,000 has been allocated to the payment of dividends on the Preference and Ordinary stocks, including the final dividend of 5½ per cent, free of tax, which we are now recommending, making a total of 8½ per cent, free of tax, for the year. After these payments, £31,600 remains to be carried forward.

So much for the past year. Now I come to the current year. We have a full order book, and orders are coming in at a satisfactory rate.

While costs may rise still more, we shall benefit from the new machines—many of them labour saving—which we have installed in the works during recent years, and I think we can look forward to the future with confidence, not only this year, but for many years to come.

I cannot sit down without paying a tribute to Mr Dougan, our secretary for 40 years. He contributed an incalculable amount to the growth, success and good relationships which have long persisted in our works at Newbie. He was loved and respected by all who knew him and, on behalf of the stockholders, I express to him thanks and wishes for happiness in his retirement.

The chairman then moved the motion for the adoption of the report and accounts and the payment of a final Ordinary dividend of 5½ per cent, making 8½ per cent, free of tax, for the year.

Mr R. R. Stokes, managing director, seconded the resolution, and it was carried unanimously.

THE SUNDERLAND SHIPBUILDING DRY DOCKS AND NGINEERING COMPANY

HIGHER VOLUME OF BUSINESS

SIR HENRY WILSON SMITH ON DEVELOPMENT POLICY

The second annual general meeting of The nderland Shipbuilding Dry Docks and ngineering Company Limited was held on ovember 8th, at Sunderland, Sir Henry ilson Smith, KCB, KBE (the chairman), esiding.

The following is his circulated statement: he Accounts now submitted to the shareolders deal with the second year of our istence as a Group. As one would expect om the general level of national activity the shipbuilding, shiprepairing and engieering industries in 1955-56, the figures ow further improvement in our results.

In varying degrees, those three sides of e Group's business all contributed to the crease in the total profits. Each of the ain Companies once more has had a busy ar, and it is a higher volume of business ather than any increase in the rate of profit r unit of work completed) which has proced the improvement in profits. In the ssessment of these generally satisfactory reults, the problems presented by the rising nd of costs must not be overlooked. oreover, in the year under review, the roup did in fact benefit from a number of nusually favourable circumstances, especilly as regards the number of ships delivered y the Shipbuilding Companies.

NEED TO IMPROVE EQUIPMENT

As regards the future, I am not in a osition to forecast any particular level of rofits but, always provided that progress is ot disrupted by any national or international vent outside our own control, immediate rading prospects continue to look favourble. On that assumption, I make no apology or reiterating that the main problem conronting us is the need to improve still further he equipment of the Group's shipyards, dry docks, and engineering works to ensure the owest possible cost of production and to nable us to keep pace with modern requirements and modern methods. Many examples could be quoted, but to take only one, the shipyards must be able to build the larger size f ships (especially tankers) now in demand, sing the latest methods of construction and f assembly. Before the amalgamation of he various Companies into one Group, and since that date, many improvements have been made, and work is proceeding on further substantial schemes, but much still remains to be done.

Your Board are determined to pursue this policy. In consequence, there must be a considerable ploughing back of profits into the business and a constant watch to ensure that the financial resources required for necessary and justifiable capital expenditure are available for that purpose. My colleagues and I have no doubt about the wisdom of this course, which is in the interests of management, workpeople, and shareholders alike.

The report was adopted.

HAROLD WESLEY LIMITED

(Manufacturers of Paper Products)

TRADING PROFIT MAINTAINED

The tenth annual general meeting of Harold Wesley, Limited, was held on November 15th in London, Mr Percy Day-Winter (chairman and managing director) presiding.

The following is an extract from his circulated statement for the year ended June 30, 1956:

Sales have shown an increase over last year, due in some measure to the Plastic Section of the business, which now appears to be well established.

Sales abroad, including Dollar areas, were substantially the same in value as for the preceding year, in spite of increased restrictions operating in many countries overseas and the fact that some have commenced to manufacture within their borders similar products to those of your Company.

Although the Trading Profit of the Company was slightly lower than last year, the Net Profit shows a small increase, while Taxation increased by approximately £4,000. During the year, wages, carriage and other expenses increased and your Directors feel, under the circumstances, that the Accounts show a satisfactory year of trading.

The Bank Overdraft at June 30, 1956, was £112,408 which, at the time of dictating this Statement, has been reduced to approximately £39,000 in consequence of deliveries of Seasonal goods, a large portion of which are manufactured during the months of January to June with deliveries commencing in August-September.

During the year new Machinery and Plant, etc., has been purchased to the extent of nearly £16,000 and your Company is pursuing a policy of buying and developing the best machinery for the particular job.

The report was adopted and the final dividend of 8 per cent, making 14 per cent for the year, was approved.

VITAMINS LIMITED

THE LOW COST OF DRUGS IN THE TOTAL HEALTH SERVICE EXPENDITURE

At the Annual General Meeting of Vitamins Limited, held in London in September, the Chairman, Mr H. C. H. Graves, said that the net Group Trading Profit (which included the agricultural division) for 1955/6, was £106,169 (£92,928), after providing for depreciation of £69,957 (£54,258) and tax of £82,659 (£81,869). Ordinary dividend at 15 per cent was the same as last year on the capital increased by a one-for-four "rights" issue. This absorbed £33,638 against £26,846 last year.

The Chairman drew attention to the misleading impression in existence concerning the cost of drugs to the National Health Service.

The shareholders, he said—and 99.99 per cent of the electorate of this country—had been led to believe by those who, in his opinion, should know better, that if the National Health Service foundered on the financial rocks, it would be due to the "high cost of drugs." Such a statement or impression was the reverse of the truth. Of the total cost of the National Health Service the cost of the medicines which it used accounted for 5 per cent—the other 95 per cent was made up of other costs including administration. The 1955/6 estimates alone showed an *increase* of £41 million in the "other" costs, a sum greater than the whole of the drug bill for the year. The concentration of public attention on the 5 per cent, however, had undoubtedly served as a most effective diversionary effort or smoke-screen to obscure criticism of the other 95 per cent of the expenditure.

During the past financial year sales of Bemax had set a new record in excess of anything achieved in the postwar era. It was no doubt a tribute to the marked effect on health of regular Bemax that the product was so well known throughout the length and breadth of the land and indeed in most parts of the civilised world. We heard many complaints these days of a feeling of frustration, or of undue fatigue or of being under par. We heard of listless children, of infants who did not grow as quickly as they should. The National Health Service treated them and us when we were ill but what about when we were not ill but below par? It is that twilight stage, that stage of betwixt and between, which most dramatically benefited from the steady use of Bemax. How different many of the frustrated and listless would be on Bemax.

The report and accounts were adopted.

APPOINTMENTS

ACCOUNTANT REQUIRED by old-established Company in East Africa, age approximately 23-30, single. Person studying for finals would suit. The appointment is attractive, permanent and pensionable. Good conditions, leave, salary, housing allowance, etc. Interview Penny Company in London.—Write full details to Box "N.V." c/o J. W. Vickers & Co. Ltd., 7-8 Great Winchester Street, London, E.C.2.

STATISTICIAN: Reckitt & Colman Ltd. have a vacancy in their Statistical Department. The staff of this department work as a team and their services are very widely sought within the business on both technical and commercial problems, e.g. production control, the design of laboratory experiments, the design of market research enquiries, etc. Besides the opportunity to use the knowledge of statistical methods in an extremely varied range of situation, great emphasis is laid on the development of new techniques.

Those who wish to apply for this appointment should possess a good degree in mathematics or statistics and experience in the use of statistical methods would be a great advantage and would command a higher starting salary. The department is housed in new laboratory buildings at the headquarters in Hull. All appointments are pensionable.—Applications should be made in writing to the Personnel Adviser, Reckitt & Colman Ltd., Dansom Lane, Hull.

THE UNIVERSITY OF LIVERPOOL

The Council of the University of Liverpool invites applications for the newly established Chair of Political Theory and Institutions. The salary will be within the approved range for professorial salaries.

Further particulars may be obtained from the undersigned, by whom twelve copies of applications (one in the case of overseas candidates) should be received not later than January 5, 1957.

STANLEY DUMBELL,
Registrar.

November, 1956.

UNIVERSITY COLLEGE OF RHODESIA AND NYASALAND

Applications are invited for Lectureship in Social Anthropology. Salary scales: Assistant Lecturer, £950 x £50—£1,050 per annum; Lecturer (Grade II) £1,050 x £50—£1,250 per annum; Lecturer (Grade I) £1,300 x £50—£1,600 per annum. Superannuation scheme. Passages to Salisbury for appointee, wife and dependent children on appointment with allowance for transport of effects. Unfurnished accommodation at rent of up to 15 per cent of salary.

Detailed applications (6 copies) naming three referees, by December 31, 1956, to Secretary, Inter-University Council for Higher Education Overseas, 29, Woburn Square, London, W.C.1, from whom further particulars may be obtained.

DEPUTY CHIEF DRAUGHTSMAN required for new post being created to deal with re-organisation in the A.P.V. Drawing Office. The person selected for this important position should be within the age group 30-45 and must be a trained engineer with proved ability to handle staff, capable of exercising authority and accepting responsibility with adequate drive and initiative. The prospects are good and a contributory pension scheme operates. New Town Housing available. Applications will be treated in confidence and all acknowledged, but will not be considered unless accompanied by fullest details.—In the first instance application should be made to the Personal Assistant to the Managing Director, A.P.V. Co. Ltd., Crawley, Sussex.

MAJOR Petroleum Distribution Company requires B.Sc. (Econ) preferably a specialist in Accounting or Statistics for Management Accounting Group, to assist in the analysis, interpretation and presentation of the group's financial statistics to Management. Candidates should be between 20-30 years of age. Starting salary commensurate with age, qualifications, and experience. Excellent pension scheme; plenty of scope for promotion throughout the Company for keen men of ability and intelligence.—Apply, in writing, to Box 561. Replies can only be sent to those selected for interview.

OTHER NOTICES APPEAR ON PAGES 650 AND 651

APPOINTMENTS

UNIVERSITY OF BELFAST

The Senate of The Queen's University of Belfast invites applications for the Chair of Economics (to be rendered vacant by the appointment of Professor K. S. Isles to the Vice-Chancellorship of the University of Tasmania). The appointment will date from October 1, 1957. The salary will be not less than £2,000, plus F.S.S.U. benefits. Applications should be received by January 31, 1957. Further particulars may be obtained from G. R. Cowie, M.A., LL.B., Secretary.

ACCOUNTANT FOR NIGERIA

The Western Region Production Development Board of Nigeria has a vacancy for a Cost Accountant.

It is essential that the candidates should have a sound knowledge of plantation accounting, especially cost accounting, as the selected candidate will in the first instance be required to design and install cost accounts at the Board's several plantations. These range in size from about 500 acres to 12,000 acres. Two of 4,000 and 8,000 acres are rubber plantations, while the largest plantation of 12,000 has mixed crops, mainly oil palms, cocoa and citrus. Each plantation will have its own processing factory, so that the applicant should also have a knowledge of processing accounts. The applicant will also be required to supervise the accounting at two existing Processing Factories independent of plantations.

The commencing salary will be in the range £1,100—£1,470, excluding Inducement Allowance, which will be £270 or £300 per annum, according to point of entry, which depends upon qualifications and experience.

Other terms of service include partly furnished accommodation at one-twelfth of the basic salary; free medical service; outfit allowance; free first-class passages for wife and for children not over the age of thirteen once each tour and up to three in number; car purchase facilities on favourable terms and generous car allowances. Home leave at full pay at the rate of five days per month of overseas service. Employees are required to contribute up to 10 per cent of their salary to a Provident Fund, their contributions being matched with an equivalent contribution by the Board and carrying interest at the rate of three per cent.

The normal length of tour is eighteen to twenty-four months.

Applications, in duplicate, together with details of age, experience and qualifications, and the names of three personal referees, should be sent to:—

The London Representative,
W.R.P.D. Board,
18 Grosvenor Gardens,
London, S.W.1.

Closing date: November 30, 1956.

THE NATIONAL EMPLOYERS' ASSOCIATION OF RAYON YARN PRODUCERS

invite applications for the post of Industrial Relations Adviser. The work entails certain responsibilities for collective bargaining arrangements; determination by industrial agreements of rates of pay and conditions of employment; preparation of statistics relating to employees and their earnings; provision of information services on trends and practices in the industrial relations and personnel management fields. The office of the Association is in Manchester.

Candidates should be between the ages of 35 and 48 and should already have held a senior post in industry or in an Employers' Federation. Commencing salary in the range £2,000 to £2,500 per annum, with contributory pension.

Applications should be addressed to the Chairman of the Association, Duchy Chambers, 4 Clarence Street, Manchester 2.

SENIOR SCIENTIFIC OFFICERS; SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for pensionable appointments covering a wide range of scientific research and development in most of the major fields of fundamental and applied science. In biological subjects the number of vacancies is small; individual vacancies exist in the Natural History Museum for candidates who have special knowledge of, or who are interested in, malacology, helminthology, acarology, mammalian taxonomy, taxonomic botany (monocotyledons), X-ray crystallography.

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

Age Limits: Senior Scientific Officers, between 26 and 31, but specially suitable candidates under 26 may be admitted; for Scientific Officers between 21 and 28 during 1956 (up to 31 for permanent members of the Experimental Officer class). Salary (London) Senior Scientific Officers: (men) £1,135-£1,345; (women) £1,026-£1,240. Scientific Officers: (men) £605-£1,055; (women) £605-£962. Women's scales being improved under equal pay scheme. Somewhat lower rates in the provinces.

Further particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S.53/56 for Senior Scientific Officers and S.52/56 for Scientific Officers.

Interview Board sits at intervals, as required.

Early application advised and in any case not later than December 31, 1956.

A VERY interesting vacancy will shortly occur for an able woman at the Head Office (in Manchester) of an internationally established light engineering Company. The job has two distinct aspects:

(a) Personal discharge of the duties associated with the job of Personal Assistant to the Managing Director.

(b) Control of a small secretarial pool engaged in work of a confidential nature.

Applicants should have a lively interest in current affairs and a discriminating well trained mind able to select what is and is not relevant to the operation of a Company of this nature. It is thought that these qualities will be found among University Graduates from whom the Company will be particularly pleased to hear.

On the secretarial side a high degree of personal accomplishment is not essential but an appreciation of the skills involved is necessary so that the work of the pool can be maintained at a very high standard.

Conditions of work are excellent.

Please write fully, stating education, experience (quoting salaries) and interests to Box 564.

THE SCOTCH WHISKY ASSOCIATION will shortly require a successor to their Public Relations Officer, and invite applications for the post. He should be a practised writer and speaker, with a wide knowledge and experience of public relations in the full and proper sense of the term, and he would be required to live in London.

The salary contemplated would be determined by the qualifications and merits of the successful applicant. —Applicants should write fully to The Secretary, The Scotch Whisky Association, 77 George Street, Edinburgh, 2.

OTHER NOTICES APPEAR ON PAGE 649

THE POLYTECHNIC, 309, REGENT STREET, W.1

DEPARTMENT OF MANAGEMENT STUDIES

Applications are invited for a full-time post as LECTURER in MANAGEMENT STUDIES, with special reference to Work Study and Factory Management or Organisation and Method.

The salary scale commences at £1,200 per annum, rising by annual increments of £30 to a maximum of £1,350, plus London allowance of £36 or £48 per annum.

Candidates should have academic qualifications, preferably in Engineering, and industrial experience. Some previous teaching experience is desirable.

Duties will include teaching the appropriate subjects to high level and establishing contact with firms in the London area. Research and consultative work will be encouraged.

A form of application may be obtained by sending a stamped addressed foolscap envelope to the undersigned. Closing date November 21, 1956.

J. C. JONES,
Director of Education.

ADVERTISING OFFICER

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Applications are invited from qualified men between the ages of 28 and 35 years, who have U.K. experience, for the above position. Duties would cover co-operation with Advertising and Public Relations Agents on ideas, production and administrative matters.

Applicants must be capable of supervising and organising distribution of advertising material.

Salary according to experience and contributory superannuation scheme is available.

Applications (which will be treated in strict confidence), stating age, experience, qualifications, salary required, should be addressed to Box 560.

BRITISH IRON & STEEL FEDERATION

MANAGEMENT TRAINING

The British Iron & Steel Federation invites applications for one further appointment to the administrative staff engaged in preparing and conducting residential courses for managers in the Iron and Steel Industry. The work would involve the preparation of material for study, in consultation with persons in the industry, and participation in the conduct and organisation of the courses.

It is intended that the administrative staff shall collectively be representative of the main specialised branches of the industry. In completing the existing team, therefore, experience of hot rolling or the hot finishing processes in the industry would be of particular value.

The initial salary paid will depend upon the extent to which the successful candidate's experience and capabilities can contribute to the work involved. It is envisaged that it will not be less than £1,400 and in appropriate cases may appreciably exceed this figure.

Application forms may be obtained from the British Iron & Steel Federation, Hoyle Street, Sheffield, 3. Testimonials and references are not required at this stage.

METEOROLOGICAL OFFICE. SCIENTIFIC OFFICERS. The Civil Service Commissioners invite applications for permanent posts. Early application is advised. The duties include research in atmospheric physics, covering the study of cloud structure, synoptic and dynamical meteorology, large and small scale diffusion and turbulence, climatology, and development of instruments. There is a limited number of posts for forecasting work at the more important centres. Successful candidates will be given a course in meteorology before being assigned to a research or forecasting establishment for further training and experience. In some instances candidates with national service obligations can be commissioned in the R.A.F. for forecasting duties at R.A.F. stations.—Further information may be obtained from the Director, Meteorological Office, (M.O.10), Air Ministry, Kingsway, London, W.C.2.

Candidates must be between 21 and 28 during 1956 (up to 31 for permanent members of the Experimental Officer class). They must have a First- or Second-Class Honours degree preferably in physics or mathematics. Salaries (London rates) £605-£1,055. Women's scales lower but being improved under equal pay scheme. Somewhat lower rates in provinces. Opportunities for promotion to Senior Scientific Officer (£1,135-£1,345), and higher posts.

Particulars from Civil Service Commission, Scientific Branch, 30 Old Burlington Street, London, W.1, quoting No. S52/56. (Mfet.)

Early application advised and in any case not later than December 31, 1956.

AUSTRALIAN NATIONAL UNIVERSITY

RESEARCH SCHOOL OF SOCIAL SCIENCES

Applications are invited for appointment to the position of RESEARCH FELLOW in the field of ECONOMIC AND BUSINESS HISTORY. Work is being carried out on Australian economic development since 1860, on studies of industries and market institutions and on biographies of business firms and entrepreneurs. Other things being equal, preference will be given to applicants whose qualifications lie in these directions. Qualifications may, however, be either in history or in economics. Appointment will be made within the Department of Economics for three years with a possible extension to five years.

The salary will be within the range £A1,224-£A1,824 per annum.

Superannuation on the F.S.S.U. pattern will be provided and reasonable travel expenses will be paid.

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

The closing date for the receipt of applications, in Australia and London, is December 17, 1956.

STATISTICAL OFFICERS are to be appointed immediately by a progressive Midlands Company which is continuously expanding. Two new positions are to be filled and applications are invited from young candidates with a recognised qualification (e.g. Final A.I.S.) or with experience in industrial and commercial statistics.

The posts involve the application of up-to-date techniques to practical data under the direction of the Chief Statistical Officer, and are open to men and women under 28 years of age. Good commencing salaries will be paid, and assistance will be given in securing suitable accommodation. The Company also operates a generous and comprehensive Social Security Scheme.

Applications, giving details of career to date, should be addressed to Box 562. All replies will be acknowledged.

THERE is a vacancy in the Atomic Energy Department of The General Electric Company for a man aged 30 to 40 with combined legal and commercial training, preferably with an LL.B. and/or B.Com. Degree. The appointment is a senior one and applications are invited from men with a sound knowledge of commercial law and wide experience in dealing with all legal problems connected with large commercial transactions.—Applications should be made to the Personnel Manager (A.E.D.), The General Electric Company Limited, Fraser & Chalmers Engineering Works, Erith, Kent.

UNIVERSITY COLLEGE OF THE WEST INDIES

Applications are invited for (1) Lectureship Assistant Lectureship in Economics. Salary scale £900 x £50—£1,200 x £50—£1,600 p.a. (2) £750 x £50 p.a., entry point determined by qualification experience. Child allowances. F.S.S.U. Unfurnished modation at rent of 5 per cent basic salary. P up to 5 persons on appointment, normal terminatio study leave (once every 3 years)

Detailed applications (6 copies) mentioning interests in Economics and naming 3 referees by D ber 17, 1956, to Secretary, Inter-University Coun Higher Education Overseas, 29 Woburn Square, L W.C.1, from whom further particulars may be ob

STATISTICIANS, DEPARTMENT OF STATISTICS, FEDERATION OF NIGERIA

Candidates must possess a good honours deg mathematics, economics or other appropriate s Appointment either on probation for the pensi establishment in salary scale £804 to £1,680 p.a. in or on contract terms in scale £870 to £1,854 p.a. in with liability of £25 to £37 10s. 0d. for each period of months' service. Outfit allowance. Taxation at loca Furnished Government quarters provided when at a rental of 8½ per cent of basic salary (maxi £150 p.a.). Free first-class passages on appointm leave.

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Applications, giving full details of background, tion and career to date, should be addressed t Recruitment Manager, Central Personnel Depar Thomas Hedley & Co. Limited, Gosforth, Newcastle Tyne 3.

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The successful applicants will be directly responsi the Divisional Organisation and Methods Officer be paid according to qualifications and experien the salary scale £1,085 x £35—£1,475.

Forms of application may be obtained fro Divisional Chief Staff Officer, National Coal Board, Western Division, Cambrian Buildings, Mount Square, Cardiff, and should be completed and by November 30, 1956.

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THE BRITISH IRON AND STEE FEDERATION

invites applications for a post in the ECONO DEPARTMENT from graduate economists, pref with some statistical qualifications. Post-gr experience desirable, but no specialised knowledge steel industry required. Salary according to qualific and experience.—Write, giving full particulars, t Establishment Officer, Steel House, Tothill Street,

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ECONOMIST.—Applications are invited for the ap ment of an economist in an expanding ind organisation in a leading growth industry, to und investigations in connection with development pr business forecasting and economic research with reference to the organisation's operations. The po is a senior one calling for considerable ability and of judgment.—Applications, in writing, giving deta age, qualifications and experience, to Group Per Officer, Albert E. Reed & Co. Ltd., Aylesford Paper Larkfield, Nr. Maidstone, Kent.

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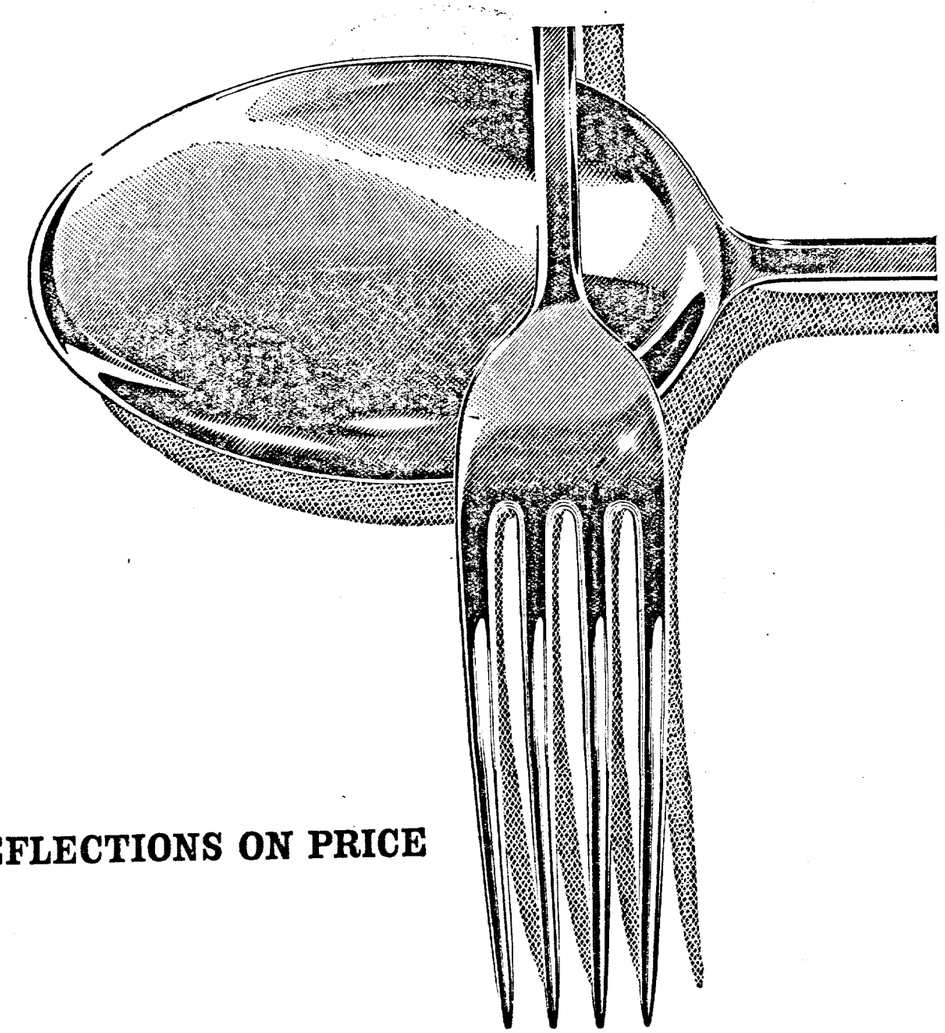

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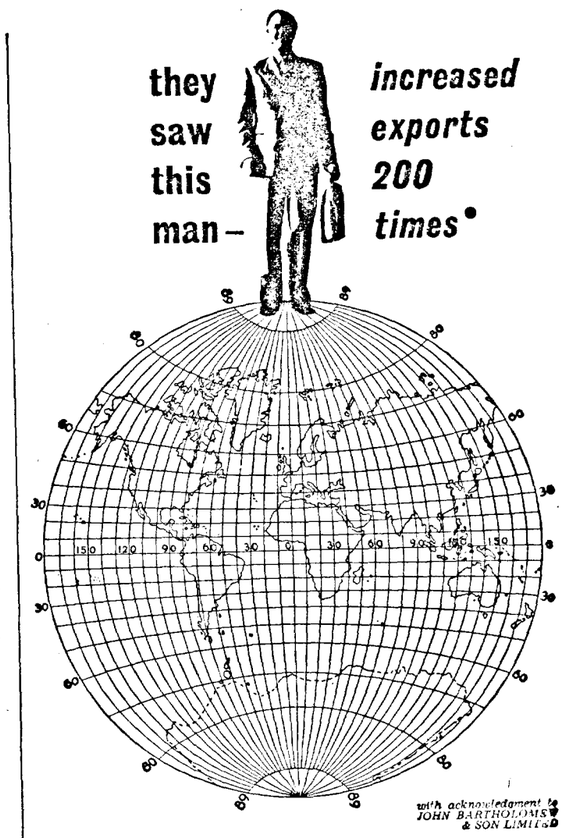

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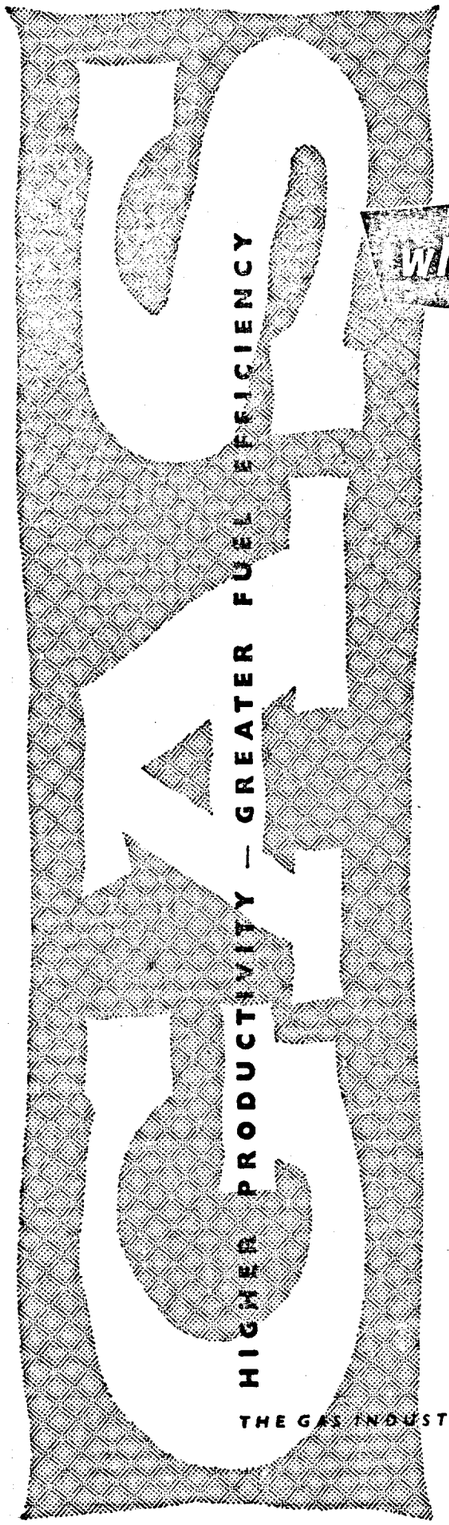

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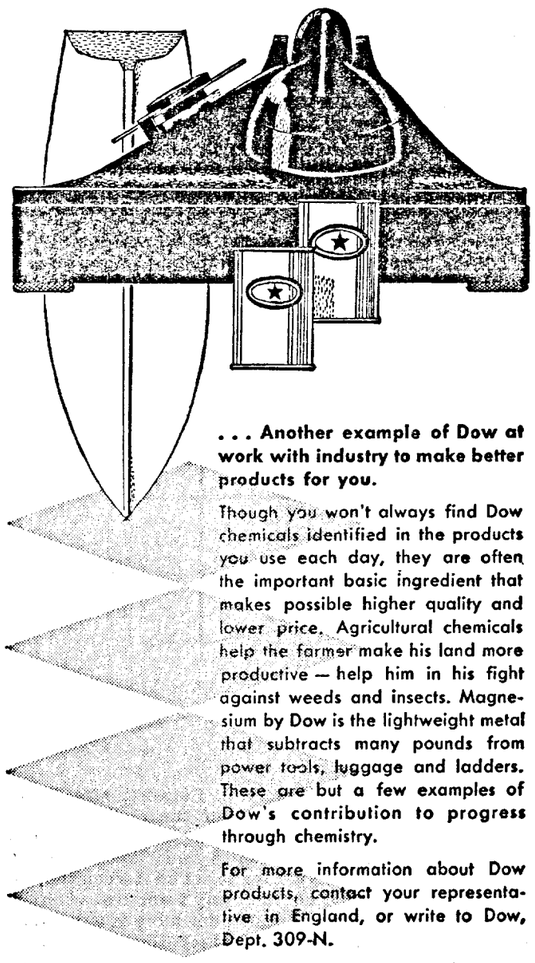

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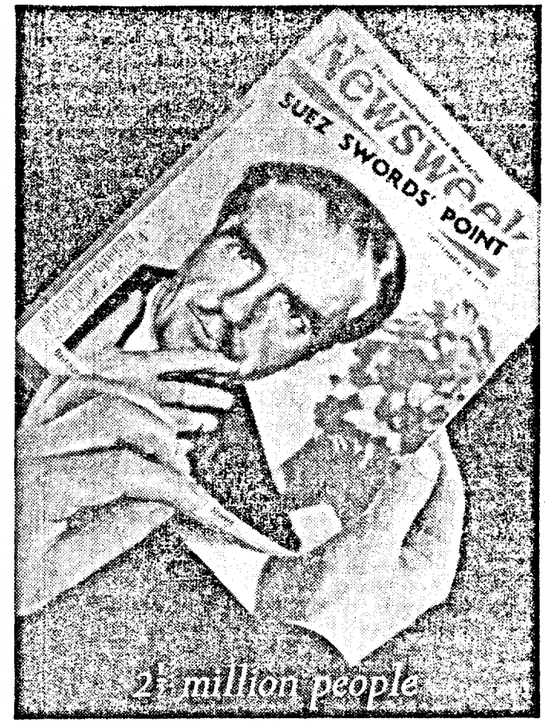

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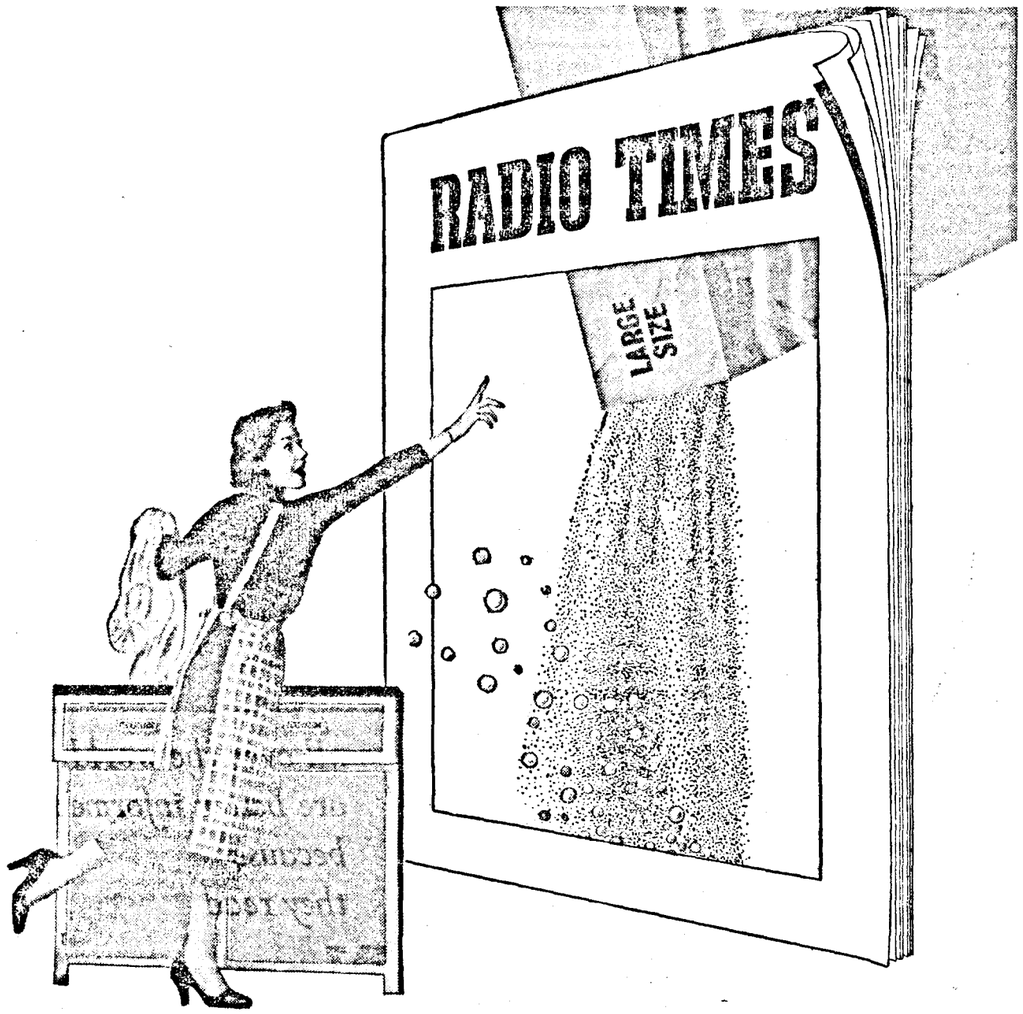

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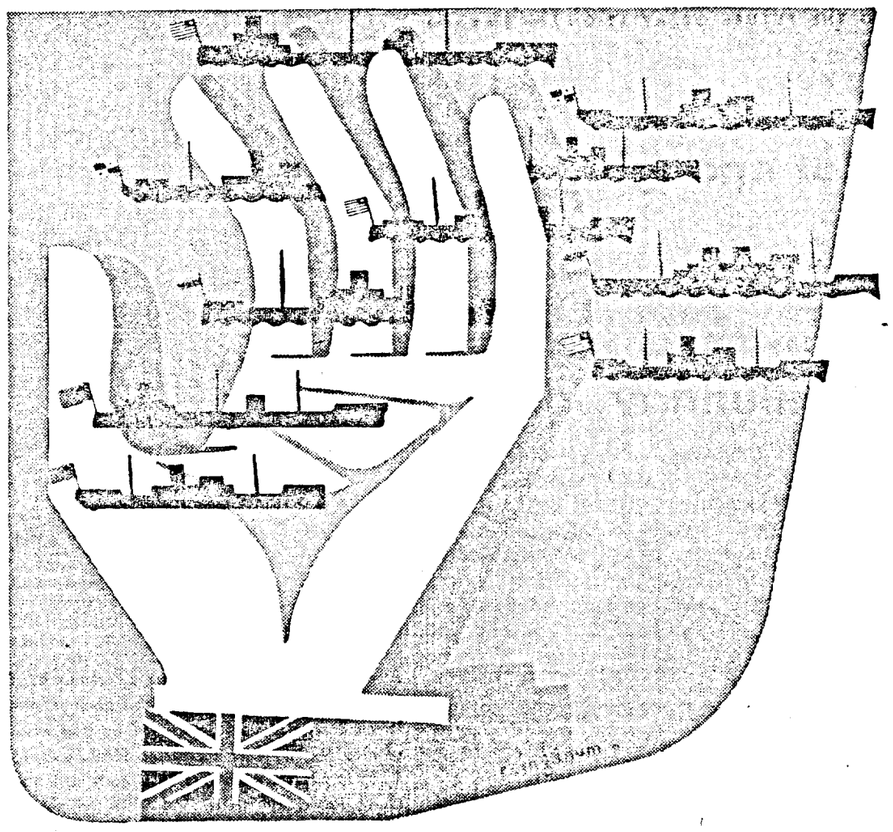

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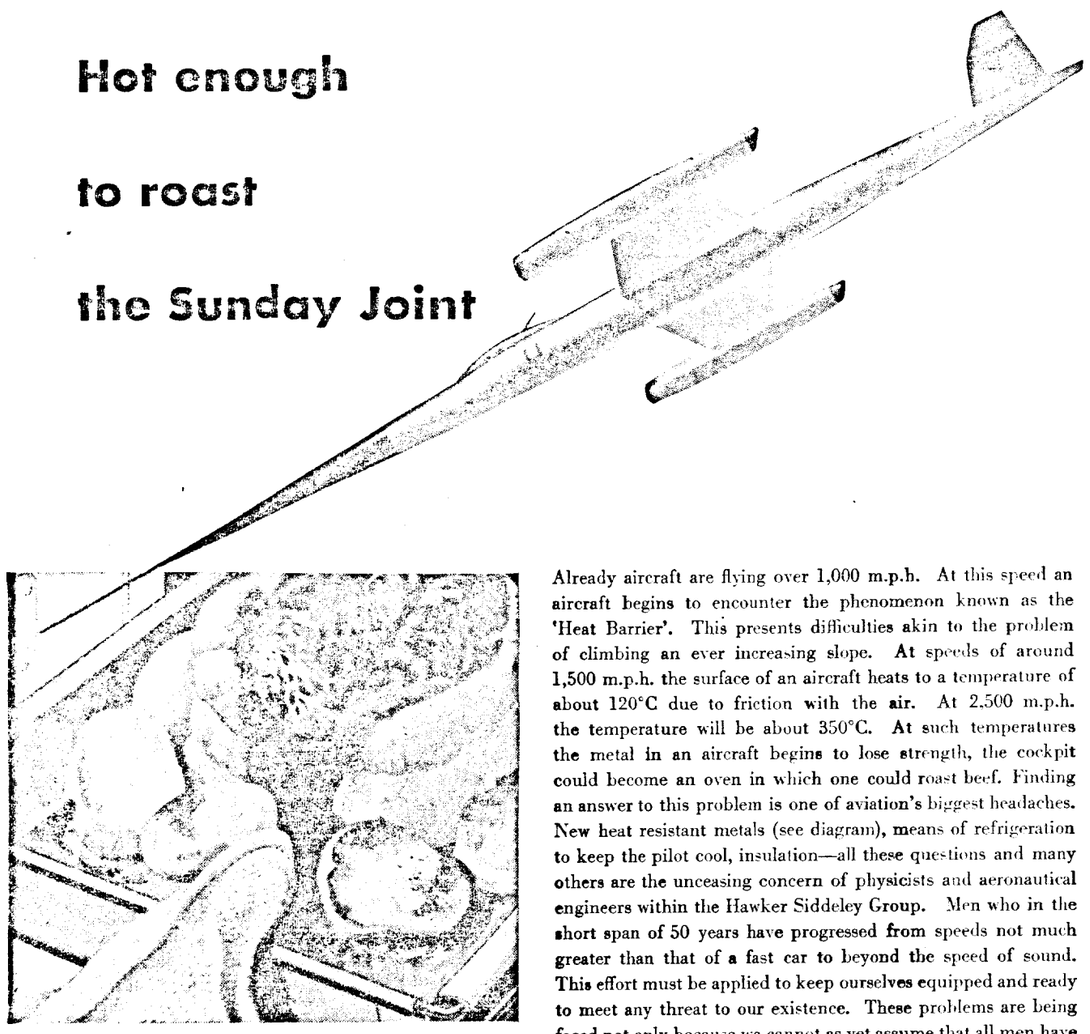
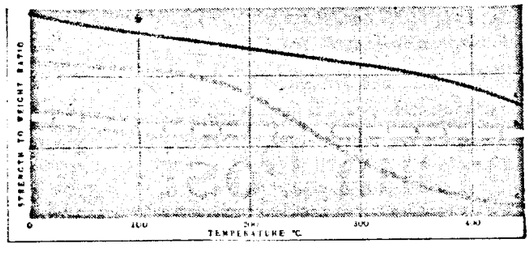
Hot enough to roast the Sunday Joint



Already aircraft are flying over 1,000 m.p.h. At this speed an aircraft begins to encounter the phenomenon known as the 'Heat Barrier'. This presents difficulties akin to the problem of climbing an ever increasing slope. At speeds of around 1,500 m.p.h. the surface of an aircraft heats to a temperature of about 120°C due to friction with the air. At 2,500 m.p.h. the temperature will be about 350°C. At such temperatures the metal in an aircraft begins to lose strength, the cockpit could become an oven in which one could roast beef. Finding an answer to this problem is one of aviation's biggest headaches. New heat resistant metals (see diagram), means of refrigeration to keep the pilot cool, insulation—all these questions and many others are the unceasing concern of physicists and aeronautical engineers within the Hawker Siddeley Group. Men who in the short span of 50 years have progressed from speeds not much greater than that of a fast car to beyond the speed of sound. This effort must be applied to keep ourselves equipped and ready to meet any threat to our existence. These problems are being faced not only because we cannot as yet assume that all men have learned the lessons of two World Wars and the Hydrogen bomb, but because perhaps tomorrow we can apply our knowledge, so hard gained, to the pursuit of peace.

Performance curves show the endurance of metals at the elevated temperatures of supersonic flight. Notice how aluminium loses its strength quickly at high temperatures; while titanium, both lighter and stronger, keeps its strength at these high temperatures.
A. A titanium alloy. B. A stainless steel. C. An aluminium alloy.



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Salvage

WHEN Sir Winston Churchill told the House of Commons after Munich, "We have sustained a total and unmitigated defeat," it was still the prevailing notion that the agreement had been a triumph of statesmanship. As he noted in his memoirs, "The storm which met me made it necessary to pause for a while before resuming." But before long the truth of his words began to seep into the mind of the British nation, to good effect, hastening the pace at which the country ceased to rest on fancied success and set about repairing the damage, not quite irreparable, that had been done.

Britain will be lucky if the damage done to its position in the world through the events of the past four weeks in the Middle East proves capable of being repaired. Once more this country has suffered a total and unmitigated defeat, and once more the voices of self-justification urge the British to indulge their natural bent of supposing that everything really went very well—which, in turn, is met by a frustrated and useless carping in the Opposition, whose spokesmen harass ministers at question-time for admissions of collusion, or press them for promises of instant withdrawal from Egypt.

The withdrawal of the British and French forces is unavoidable, but it will not wipe out the blunder of sending them in. Collusion is an intriguing subject. Parliamentary needling might in time succeed in attaching an imputation of prior consultation with Israel somewhere—perhaps on the leading men of the French government, leaving uncertain the extent to which their British colleagues were in their confidence. Let the journalists and the historians inquire into it; this is no work for Parliament just now.

None of it might do much harm if Britain—not the Government, not the Opposition, but the nation—had not in fact suffered a reverse of the gravest character. The adventure in Egypt was ill-conceived in that it could never, with all success, have solved the problem which it was intended to solve. As it has turned out, it has not achieved even a local, temporary, or factitious success. The canal has not been seized. It has not been kept open, but has been very thoroughly blocked. President Nasser is still with us, and no likelihood has been established that, when he falls—as he will, one day—anyone better will follow him. The ill-will that has been created has blocked other channels of oil, besides the canal. Because of this, Britain has lost what freedom of action it had and is physically dependent on American goodwill, which it has lost. Backbenchers may still dream of a renewed bid for victory, but things have gone too far wrong for that.

If great care is not taken, President Nasser will get away not only with the seizure of the canal but with the spoils of Israel's victory as well; in that event, the Middle East—on which British and European dependence will not diminish, but will increase—would be more unsafe than before; already it is more open than ever to Russian influence. All that can be done now is to pick up the broken china, not shuffle it about.

Khrushchev on the See-Saw

CO-EXISTENCE has become anything but peaceful. The combined effect of recent events in Hungary and Egypt threatens to take the world back into a worse state of tension even than the cold war. Does the brutal Soviet intervention in Hungary mark the end of a chapter in postwar history, a return to the Stalinist method of ruling the satellites, coupled with a more bellicose attitude to the western world?

It may be premature to assume that such a fatal turning point has yet been reached. The balance of the conflicting evidence suggests rather that Moscow—bewildered, divided, and indeed in something of a panic—is still groping after a coherent line of conduct. Mr Khrushchev has candidly admitted that the Hungarian crisis was thrust upon his government, which was caught unprepared and had to improvise an answer. The answer they chose was dictated partly by the fear that the fire of revolt would consume the whole edifice of communism in Eastern Europe, and partly by the Russian obsession with security. But it was an *ad hoc* decision in a specific case, a tragic expedient, not a stage in a calculated programme.

Undoubtedly, Hungary had its effect on the Soviet handling of the Middle Eastern situation. Suez provided the worried Soviet leaders with a golden opportunity for counter-propaganda as well as for a show of strength. Rocket threats to London were a startling new departure for Stalin's heirs, who, on taking over the succession, had promptly settled the Korean and Indo-Chinese entanglements so as not to risk a world conflagration. But, although alarm over Hungary may have increased the violence of the Soviet reaction, it probably did not determine its substance. Having exerted great efforts over the last two years to get a foot in the Middle East, the Soviet Union could not stand idle watching an Anglo-French come-back. Inactivity would have meant loss of face in the Arab world and the loss of painfully won ground as well. The western divisions made interference safe.

Marshal Tito, in his recent speech, mentioned the cleavage between Stalinist diehards and partisans of change within the world communist movement. He confirmed that the Soviet collective leadership is suffering from a split mind. Symptoms of the disease are numerous, though none is more striking than this week's simultaneous blessing of Mr Gomulka, embarking on his "Polish way to Socialism," and cursing of Marshal Tito, who urged the Soviet leaders to extend the Polish precedent to other parts of Eastern Europe. Mr Gomulka had defied a most impressive Soviet delegation, argued calmly that his regime represented the last chance of keeping Poland communist without bayonets, and won. (Poland's position is discussed in an article on p. 703). Other Russian rulers promptly used the columns of *Pravda* to publish attacks on Marshal Tito, lest Mr Gomulka's success should be taken as a general licence for Titoism.

The present Soviet leadership is not split simply because it is collective. It has to make its decisions now in a completely novel set of circumstances. Stalin sat at the top of a pyramid, from which orders were transmitted down and had to be applied ruthlessly. His successors not only destroyed the apex; they have also been tampering with the whole complicated structure. Willy-nilly, they have encouraged the inarticulate Russian masses to play a larger part in the life of the country, and have encouraged the satellites to take the slogans of equality in earnest. In the Soviet Union, where the foundations of the communist society have been consolidated over nearly forty years, the dismantling of Stalinism may still, to a greater or lesser extent, be carried out in a slow and controlled fashion. In Eastern Europe, where a decade of breakneck industrialisation and Stalinist domination has utterly failed to provide the "revolution from above" with a popular basis, it cannot. "Their pace," as a member of the Polish politburo exclaimed, "will not do for us." In Eastern Europe it is a deadly race to make up for lost time, a race against the clock, in which each delay, as Hungary has shown, can prove fatal. To keep the restless masses behind him a Gomulka has to make a show of independence, improve living conditions, and persuade his present followers that they have both a say and a stake in the regime.

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Russians, brought up in the Stalinist school, could hardly realise from the outset the full implications and dangers of the movement they themselves had started. Only now are they beginning to grasp the loss of direct control involved in exchanging pawns for partners and the economic sacrifices involved in helping such partners to gain a popular hold. From the very beginning Stalinist diehards—of whom Mr Molotov and Mr Kaganovich seem to be the spokesmen—resented reforms at home and the movement of liberalisation within the block, initiated by the reconciliation with Tito. But they had to put up with it so long as it paid dividends abroad and did not cause too great an upheaval. Even the Polish rebuff they had to accept, but the fighting in Budapest provided an opportunity to strike back. Alarmed army commanders sided with the diehards. Indeed, while control of the situation was passing out of Mr Nagy's hands and the Russians saw a real risk of losing Eastern Europe, probably nobody dared to oppose intervention. Did not both Marshal Tito and Mr Gomulka, reluctantly, accept this second Soviet act in the Hungarian drama?

Such a rallying of communists to the system in the hour of danger did not prevent the split from reasserting itself on the morrow. Hungary in chaos, with numerous Soviet divisions bogged down trying desperately to restore order in a country paralysed by strikes and passive resistance, provided the reformers (whose probable leaders are Mr Mikoyan and Mr Malenkov) with a new argument. Against this background, concessions made to the Poles looked like a bargain for Moscow. Mr Khrushchev once again joined hands with the reformers and Mr Gomulka, who went to Moscow last week with apprehension, was given a smiling welcome. But the Stalinists remain both unconvinced and undefeated.

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The reasons for Soviet determination to keep a grip on eastern Europe are twofold: strategic and political. Strategic considerations are obvious: advance positions are useful for attack and defence equally. Radar has given new substance to the old idea of a *cordon sanitaire*. The political balance-sheet is more complex, with assets or liabilities more evenly distributed. The Russian rulers have cause to fear that the withdrawal of Soviet troops might be followed by the collapse of the communist regimes, the substitution of unfriendly ones and a consequent loss in allies and prestige. But equally, they can well argue that nothing could be more disastrous than the Hungarian bloodshed, which overnight cancelled in the West the gains of three years of "co-existence," sowed unrest in communist parties and destroyed prospects of "popular fronts." Believers in communism may very well argue that their creed would have more chance of success without the stigma of reliance upon Soviet armed force—which, indeed, as a method of repression may one day fail to work. Thus the whole concept of communism is at stake, though the test is deferred by the determination of the Soviet rulers, for quite other reasons, not to evacuate eastern Europe, at any rate without a military bargain in which Nato would have to pay a price.

The immediate prospect, therefore, is one of unstable compromise. Within the Soviet block each case will probably be treated on its merits and the Russian rulers will be guided by events rather than guiding them. They may write off, temporarily, the possibility of communism spreading its influence in the West and pin their main hopes on Asia and the Middle East.

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Within the Soviet ruling group, Mr Khrushchev is the man of compromise. As such he can be attacked by both sides in Moscow. Stalinist diehards will accuse him of indulging in dangerous experiments, explosive "secret" speeches or risky negotiations with the Jugoslav heretics, instead of leaving well alone. The opposing faction will blame him for doing too little too late; for having bowed to the Poles only after damage had been done; above all, for a personal responsibility for what has happened in Hungary. Mr Nagy's fall in 1955 was merely an echo of Mr Malenkov's disgrace. Who can say what results a Malenkov policy of reforms and concessions to the consumers might have brought in Hungary?

The new equilibrium is unstable by its very nature, and herein lies the chief danger for Mr Khrushchev. Liberalisation has its own momentum and cannot be isolated within, say, Poland's frontiers. By blowing alternately hot and cold, the divided Soviet leaders may precipitate a second Budapest and in that case the army may step in to administer Stalin's heritage. Mr Molotov's appointment as Minister of State Control may even be a move in that direction. As long as the see-saw continues, however, Mr Khrushchev can sit, uncomfortably, on the middle of the plank; but if it tips either way, he may fall off.

Future Soviet policy is thus obscure and uncertain. It is the more important to try both to understand it and, if at all possible, to influence its course. The evident Hungarian hostility to Russia gives the West no ground for complacency. Events have shown that the Western powers lack any means, short of atomic war, of restraining Russian conduct. President Eisenhower has reasserted that the east Europeans were never encouraged to start a hopeless struggle. His specialists in psychological warfare had not made this message clear in advance; disillusioned hopes now breed a bitterness in Hungary which gift parcels, however generous, will not allay. What more the West is willing to do for them is only one of the many questions calling for an immediate answer. Should national communism be assisted, through economic aid and other concessions, though its limitations are only too plain? A settlement of the Oder-Neisse frontier, which would remove one Soviet justification for keeping troops in Poland, is one question about which the western powers ought to be thinking. Beyond it looms the great question: what price, short of the departure of American troops from Europe, could induce the Russians to withdraw within their own borders? It is in the light of these questions that the Soviet disarmament proposals as well as Mr Khrushchev's utterances have to be scrutinised and countered.

The present time of tension and mutual suspicion could not be less propitious for a conference. Many consultations, probings or feelers and much thought are needed before it could even be contemplated. But the change of course in Poland and the revolt in Hungary have altered, potentially at any rate, the balance of power in Europe. There is a danger that, left to themselves, events may lead inexorably to a renewed building up of international tension. The pity is that the West itself stands at odds at a time when there is an urgent need for concerted action and, perhaps, great scope for new initiatives. It is one thing to decide that a return to the cold war, or even something worse, is unavoidable. It is quite another to drift into it blindfold, or rather to stumble into it because one's eyes were fixed on Suez.

Three Little Sins

IT so happens that three topics that have been in the news this week (two of which are discussed more fully on later pages) raise the same difficulty. They are all economic topics, concerned with restrictions or protection, and the liberal in discussing them has to strike a balance between what is expedient in the world as it is and what would be sensible in the world one should want (that is, in a world where no frictions from established interests existed). They are all cases in which it may be right to connive at a compromise with the abstractly sensible, in pursuit of the politically possible or the temporarily wise. But let us realise what we will be conniving at in each instance.

First, the Government is introducing an Anti-Dumping Bill in the House of Commons. The abstractly sensible course would be to introduce a pro-dumping bill instead. Dumping arises because foreign governments or foreign manufacturers decide to subsidise British consumers at the expense of their own taxpayers and consumers; it is a bad thing when they offer these gifts in third markets where we compete, but a good thing when they offer them to us. The reasons why Britain is nevertheless going to refuse, instead of encourage, these foreign subventions are: first, to avoid irritation to British workers who would have to move jobs out of competing industries (although the cost of movement, in a fully employed economy, would be slight); and secondly, because it is advisable to placate British industry at this time in order to persuade it to accept with good grace the much bigger disturbance likely to be caused by the advance towards general freer trade in Europe. For these reasons, and because the anti-dumping bill looks like being a relatively mild one, it is probably impolitic to oppose it. But we should be clear what Britain will be doing: it will be turning away gifts offered to it by foreigners because the Government is chary of facing institutional and political friction at home.

Secondly, the Government last week published its Shops Bill. There are certain features of this extraordinarily bad bill which will need to be opposed on every ground of moderation as well as of economic interest; an article on page 675 discusses the amendments that every MP should be urged to support in committee. But the main economic blight upon the bill is that it continues a ban on enterprise first introduced into British shops legislation by a late amendment to the Act of 1928: an amendment which laid down that statutory shop closing hours should be compulsory even for small shopkeepers who employ no assistants. The reason for this restriction is that the majority of small shopkeepers who (quite sensibly) do not want to work until all hours of the night themselves are determined to prevent the minority who do want to work hard from gaining what they call "an unfair advantage." Almost certainly, whatever the fate of more moderate amendments to the bill, Parliament will be tactically obliged to accept this restriction again. But, once again, let us be clear what it will be accepting: it will be accepting the re-enshrinement into legislation of a compulsory restrictive practice.

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Thirdly, and most immediately depressing, petrol rationing is to return to Britain next month. In a letter on page 682 the socialist economist, Dr Thomas Balogh, twits us for not opposing this, and for not supporting rationing by price instead. Now, there is an orthodox economic, as well as a political, riposte to Dr Balogh's suggestion that the whole problem might be solved by an increase in the petrol tax: the maximum amount of petrol that can be brought into this country is going to be suddenly restricted, demand has got to be cut to that level, and nobody can be quite sure what increase in price would precisely do the trick. One cannot experimentally move the petrol tax up and down each successive week. Nevertheless, there would be a way out of this dilemma: coupons equal to the amount of petrol that can be allowed for pleasure motoring could be issued, and *sold* (instead of allocated) through the post office, to all comers and at a price which would be moved up and down to equate demand with varying supply.

There would have been, in principle, no obvious economic objections to such a scheme. It would have been rather more equable than an ordinary rationing scheme because it would recognise that some people would be willing to incur financial sacrifice in order to get more petrol, while others might hardly be incommoded by the new basic ration of 200 miles a month; and it would have brought useful fortification to the revenue. The main objection to it, of course, is political: motorists are going to be so cross at having to put up with petrol coupons again that to ask them to buy those coupons instead of drawing them free would have been the last straw. That, one can be sure, is why such a scheme was never even considered; and all that can reasonably be asked is whether some limited thinking along these lines should still necessarily be excluded. For example, when one motorist sells a petrol coupon to another, both presumably feel that they benefit and nobody else is hurt, so why should the new regulations be as fussy about this sort of transaction as they were last rationing time?

In all these three instances the liberal, when faced by the clash between public opinion and the logic of his own philosophy, is likely in some measure to run away. He need not be ashamed of this; discretion is often the better part of valour. What is important is that he should feel some slight guilt at running away, rather than any guilt at putting the liberal case.

A Plan for Sinai

FOR a week the United Nations has played the lead on the Suez stage. Mr Hammarskjöld has flown in and out of Cairo, and the first units of the Assembly's task force have reached the Suez Canal. To avoid confusion of mind about what these international servants have to do, it must be recalled again that they are handling two disputes. One is that between the Anglo-French partnership and Egypt over the canal; the other, that between Israel and Egypt, ranging over armistice and frontier topics that include the canal, but not at the top of the list. What are the UN objectives in both quarrels? In neither will it do any good if, inhibited by legalism, it sets out simply to restore the *status quo ante*. To stop a fight only to put the clock back to where fighting started is to set the stage for a repeat performance; it would be to forget the UN's preventive role. Those who give the force its orders must weigh now what it must do at both points, on the canal and on the border of Palestine, so that trouble will not happen again.

The canal is in Egypt's sovereignty, but Egypt has violated treaties by blocking passage, and on a wanton scale. To deal with the task of clearance it has been induced to ask help with the job from Mr Hammarskjöld, at United Nations expense. Those who will foot the bill of several million pounds sterling are entitled to insist that Egypt accept arrangements to guard against blockage in future, whatever the pretext.

UN's problem on the Israel frontier is less simple. Here items that must figure in the reckoning before the balance is struck are overlaid by confusing considerations—among them Israel's victory in Gaza and Sinai and its later promise, under heavy simultaneous pressure from America and Russia, to withdraw. The UN is bound to insist on the withdrawal. But to ask Israel, as the Egyptians demand, under cloak of the Anglo-French attack and cease-fire, to accept a return to an era of Egyptian commando strongpoints would be wholly unreasonable.

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What course can the United Nations plot in this confused terrain? Individual American and Australian delegates in New York have been canvassing for a demilitarised Sinai under Egyptian civil administration. This would be much better than nothing. But a more watertight and far more useful plan would be that briefly outlined in *The Economist* of August 4th (page 383) at the very outset of the Suez crisis, but not then amplified because, at the time, it appeared, perhaps, visionary; it looks less visionary now, and its virtues look larger.

This plan was for a permanent international zone to consist of the Gaza strip, plus a narrow strip of Egyptian Sinai running all down the frontier to the Gulf of Aqaba south of Israel's Red Sea outlet at Eilat, plus the island of Tiran at the mouth of that gulf. The proposal was that this area should be permanently manned by a United Nations authority and should be available for the passage of oil pipelines, air and land traffic—in fact, all international communications agreeable to the United Nations. It would be a remedy for Europe's Achilles heel—the Suez bottleneck.

There are evident snags, always, in a venture that has no precedent, but this plan's advantages can be plainly stated. First, the international authority could pay its way by leasing wayleaves for pipelines, air staging posts and other amenities likely to reduce the dependence of Europe and Asia on the several precarious passages through unstable lands. The scheme would supply Arab exporting countries whose markets are in Europe with unchallengeable access to a free port on the Mediterranean—an outlet for Jordanian phosphates, and for Saudi oil and natural gas; these could cross the Gulf of Aqaba and arrive at a free port at Gaza without crossing the territory of any other state. Iraqi lines could cross either Jordan or Saudi Arabia to reach Gaza—precious alternatives to Syria. Moreover, this buffer (as well as transit) zone would make it possible for Israel and Egypt to reduce their military budgets to a size compatible with their resources and welfare. Israel, in return for the occupied territory it would be giving up, would get a blockade-free outlet to the Red Sea.

This does not exhaust the credit balance. The works undertaken and the installations put up by investors would give employment to many of the 200,000 Arab refugees in the Gaza strip. The enterprise would open the Gulf of Aqaba to all traffic, as it should be opened, instead of only to that acceptable to whatever power controls the mouth of the gulf. Unlike most territorial transfers, it would displace no settled nationals of any country. The building of a second canal is not worth including, now, in the list because of the difficulty of the terrain; but it, too, is a project that might not be visionary for ever.

The essence of the continuing crisis at the world crossroads in the Suez area (and what has happened since President Nasser's seizure of the Canal Company's rights and properties has made matters worse, not better) is that the right of passage can be denied whenever a transit country is minded to exercise its right of sovereignty. What is needed is an arrangement by which along at least one line of communication these two rights are never in conflict. In an international zone, law and power can be on the same side.

The scheme has practical drawbacks. The area is almost waterless; the international authority might have to distil water from the sea. The coastal waters off Gaza are shallow, and long jetties would cost money

—yet they need not be as long as the jetty that the Saudis have already built to the horizon at Damman on the Persian Gulf. Egypt will protest loudly at the "surrender" of territory—but the noise may well be offset by welcoming sounds from the oil-exporting Arab states beyond Suez, who for the first time would have unirammelled access to their best markets. Israel has said that it will not surrender Gaza or Tiran to Egypt —but it would probably surrender both to a United Nations authority to hold in permanence, if only to recover the ground lately lost in United States and world opinion. The Soviet Union will dub it a new manifestation of old colonialism—but only because it will upset Russian plans for keeping the tempers in the Middle Eastern vacuum at boiling point. All told such an arrangement promises vastly more assets than liabilities. Who, and the question is crucial, is now ready to champion it in New York?

Operation Musketeer

FROM OUR SPECIAL CORRESPONDENT LATELY IN CYPRUS, PORT SAID AND ISRAEL

NO doubt the lessons to be drawn from the conduct and outcome of the allied expedition against Egypt are more political than military. But there will also have to be a military post mortem on Operation Musketeer; the generals will have to ask themselves why, in the event, they were unable to give the allied governments the military instrument they needed to carry out their policy (whether right or wrong). In the end the timetable of operations simply did not fit the demands of the political timetable. If the reason why is found to be more political than military, Operation Musketeer will merely prove to be yet another example of a war (or armed conflict) which the politicians considered far too serious a matter to leave to the generals.

At present only a tentative appraisal can be made. The public is asking four main questions. The first is why the seaborne landing could not be made until seven days after the Prime Minister issued his ultimatum to Egypt and Israel, and three months or so after the first determination to use force, if need be. The second is whether the bombing of Egyptian airfields and military positions, prolonged over five days, was really necessary, since, despite the care in its directions, it was politically disastrous; or whether it was intended as a substitute for landings, or whether indeed it was simply a way of filling in the time-interval. The third question is why, after all the incubation, it took 36 hours for the allied forces to get 25 miles down the canal The fourth, inevitably, is how long it would have taken to reach Suez if the allied governments had ignored world opinion and threats of intervention by Russia and decided once they were in to finish the job.

These questions are asked in the light of the situation produced by the Israeli attack in Sinai; but it is worth remembering that the Anglo-French military planning began a long time before in quite other circumstances. The first plans must have been made immediately after the nationalisation of the canal, and they had to take account of the likelihood that Britain and France would have to act alone. The scale of the mobilisation of specialists (REME, signals, RAOC, etc.) from the reserve and the preparations made in Malta and Cyprus suggest that the chiefs of staff had two main possibilities in mind: first, that "very quick" action might have to be taken at any time—for example, if British lives in Egypt were endangered—in which case airborne forces would have to be thrown in at short notice, whatever the risk; second, that, if the canal itself was to be taken and held (the original motive), a very large force, of between two and three divisions, and possibly more, would have to be landed by sea. The nearest base at which such a force could be embarked, and held for a long period in readiness, was Malta.

At an early stage, the idea of an attack on Suez based on Aden was dismissed as impracticable; so also was the idea of an attack on Alexandria from Libya—though it looks as if President Nasser had wind of the latter plan since he sent his best armoured brigade to Alexandria on October 30. Cyprus is the nearest base to Egypt, and the chiefs of staff are insisting that it is vital, but its harbour, Famagusta, is inadequate to handle more than a few small ships; these facilities were not increased after the canal zone was evacuated in 1954; and the navy was prepared only to use it for subsidiary operations.

As soon as plans were made for a seaborne landing, based on Malta, the timetable imposed itself. So, too, did the problem of the effectiveness of the Egyptian airforce, equipped with Russian MiGs and Iluyshins and widely reported at that time to be partly manned by Russians. It takes four days for tank landing craft to sail from Malta to Egypt; one day for any ships that could be sent from the limited harbourages in Cyprus; probably seven days for any ships carrying French armour from Marseilles. Upon arrival, the position would be that there would be virtually no air cover for the armada, except from obsolescent carrier-based aircraft. Hunters operating from Cyprus would hardly have ten minutes' flying over the canal zone. With the experience of Salerno in mind, the military planners must have seen in the period which the transports and LST's must be at sea the logical time to smash the Egyptian airforce by bombing from Malta, Cyprus and carriers. (Cyprus had not even enough airfields to mount the whole air operation.)

These plans had to be adapted to the circumstances created by Israel's attack on Egypt—which was brought forward swiftly to take advantage of Russian involvement in Hungary. If there was foreknowledge, or at least well-founded anticipation, of Israeli plans, there were now two new factors to take into account: first, that a large part of Egypt's army and air force would be drawn off to Sinai (in fact, it was already poised there); second, that it was possible to think about dates. Israel in fact mobilised on October 25, and even a limited degree of "constructive" collusion would have enabled the allied command to make final plans then and start final embarkation. Full collusion would have permitted the Malta-based seaborne forces to have been on their way when the Prime Minister issued the ultimatum—either to Port Said or to a rendezvous off Cyprus.

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Either the allied command made no use of the advance warnings which knowledge of Israeli intentions might have supplied, or they were not passed on. Some of the seaborne force left Malta the night of the ultimatum, but much of it followed two days later, and could not have hurried on the way. The two days were probably taken up in planning, embarkation, and last-minute reorganisation. When it was at sea, the completeness of the Israeli victory became clear; perhaps half President Nasser's army was destroyed, though not his large guerilla formations in the canal zone. The timetable was, however, adhered to. The heavy air attack continued and the seaborne force landed on November 6th. The airborne landings were advanced one day, the paratroopers and commandos successfully reaching Port Said with only air support.

It looks, therefore, as if, on the timetable, the allied forces were unduly slow in arriving. But it also seems that there was no attempt to consider a quick change of plan, whereby the air attack would have been curtailed and the Cyprus-based forces flown in earlier—say, on November 3rd—taking a calculated risk on the break-up of Egyptian morale. Israeli forces had already stopped on the ten-mile line indicated in the allied ultimatum when the Anglo-French airborne formations created their bridgehead and took an airfield (November 5th). But neither they nor the seaborne forces, which landed on the beaches on November 6th, were able to exploit this initial success. Time had then become precious, as the governments well knew, though the allied command was not told so.

Obedient to their instructions to take every care to keep both allied and Egyptian casualties to the minimum, the allied commanders negotiated for the surrender of Port Said for nearly twelve hours, and in the end had to take it by storm; it fell finally soon after 4 p.m. (GMT) on November 6th. Armour was coming ashore from 7.30 a.m. The town's resistance did not entirely hold up the advance southwards, but, allowing for the time taken in disembarking, there was very little time to win a good position to renew the offensive at El Kantara before the cease-fire at midnight. The allied commanders, however, had no idea that there was any need to put on speed; the order to cease fire at midnight came over the tape as a complete surprise to them sometime around 6 p.m. (GMT).

Mr Head, the Minister of Defence, flew to Cyprus on November 3rd, so that the decision to stick to the original plan must have been made then—to "take police action" despite the fact that it could not begin for another two days, even by sending the paratroopers in a day ahead. At that time, too, the period needed for its completion must have been discussed. It is most improbable that the allied command ever promised to reach Suez in 48 hours from landing. All the indications are that they expected to take five to seven days to complete their occupation of the zone—which involved holding 100 miles of exposed flank and the occupation of three large towns as well as the destruction of the enemy's forces. In the first thirty-six hours they had not yet deployed to face the main body of the enemy.

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These plans were all along agreed with the governments, and the only way in which the Anglo-French expedition could have reached the canal sooner would have been either (a) by starting sooner from Malta—a political decision—or (b) by taking the risk of trying to use the airborne forces several days in advance of the seaborne force. It may be doubted whether the paratroopers and commandos in the numbers landed (there was one French battalion undropped), and unsupported, would have got much farther down the causeway in the face of the Egyptian resistance actually met on the ground. It is, however, almost certain that they would not have been incommoded from the air. Though the allies put out statements that Egypt's air force outnumbered theirs by two to one, against the Israelis the Egyptians never got more than twenty MiGs in the air (and never in formation) or more than ten Ilyushins—not because of the allied bombing, but for lack of personnel of which the Egyptians made no secret.

There seem, on a first and no doubt incomplete assessment, therefore, to be two conclusions to be drawn. The original military timetable, even if a day or two could have been shaved off it, was doomed politically in the circumstances. A sudden airborne seizure of the canal—or points on it—depended on taking risks of much bigger allied casualties, a truer assessment of the Egyptians' air potential, and a quicker appreciation of the Israeli achievement. Perhaps if the allied command had had another parachute brigade they might have risked it. But the strange fact emerges that the existence *on the ground* of 300 or 400 Russian planes which the Egyptians *could not fly* was a decisive factor in frustrating the allies' aims.

Notes of the Week

Overstrain

EVERYBODY will sympathise with Sir Anthony Eden for his overstrain, not least those of his critics who have been increasingly worried at the mounting obviousness of the overstrain itself. The political consequences of his very necessary holiday in Jamaica cannot easily, or sensibly, be assessed. It comes at a time when the Conservative party is seething again—not against Sir Anthony, nor indeed directly against any of its other leaders, but mainly against the Secretary General of the United Nations; Mr Hammarskjöld has taken over from Mr Dulles and Mr Gaitskell as the convenient bogeyman of back bench mythology. Whatever decisions are taken about the phasing of the British withdrawal from Port Said, the important point to make to the Government is that the back bench Tories in the 1922 committee are certainly in no fit condition to influence them. The ruling emotions of back bench Tory MPs at the moment are an amalgam of all the emotions that make the worst counsellors—hurt national pride, the desire for party unity by members who never wanted Britain to go into Suez but who are now inclined to agree with the militants that there would be even more danger in getting out precipitately, the desperate urge of the militants themselves to prove that the operation has in some way been a success. It is not sensible to try to speculate what sort of "compromise" the leaders might be able to sell to a party in this condition; according to the reactions of the moment, and to the temper of the speeches made then by particular excited individuals, almost any compromise might have an equal chance of success—and a more than even chance of failure.

The Prime Minister is not likely to ask Mr Butler to incur the odium of dealing with this party situation, although some other politicians would; any decisions that are made are likely to be made before he leaves for Jamaica or after cabled consultation with him there. That is one reason why the possible personal consequences of the Jamaica interlude cannot at this stage usefully be brought up for discussion. But the Prime Minister's enforced rest does bring into the spotlight what has been one of the most worrying features of the whole crisis: namely the way in which decisions have had to be taken by very small groups of men who have driven themselves, by sheer devotion to duty, into a physical state that would be regarded as a bar to adequately filling any other job save apparently that of running the country. This sense of overstrain has been apparent not only in the Prime Minister, but in some other politicians and in some of the very few high officials who have been at the centre of policy-making in the last few critical weeks. Sir Anthony should be urged to do as little work as possible while in Jamaica, for his health's sake; when he comes back he should also be urged to spread more of the work around.

New Light on Policy

NOW that airliners have resumed normal flights through the Eastern Mediterranean, mailbags are pouring into London from beyond Suez and bringing tales of incredulity and dismay from the British citizens at work there. Merchants, contractors' men, technicians working on development for foreign governments, missionaries, schoolmasters, even—in their more discreet way—government officials all say the same: they write from among the ruins of goodwill. They tell of the work of years smashed in a week by what amounted to taking sides in the Palestine conflict. From too many places the story is of boycott and the probable loss of contracts and trade.

All writers admit that Egypt needed curbing, but all ask the same question: who chose the method? Who weighed its consequences in Asia, and particularly among the thin layer of friends gathered into the Baghdad Pact? Some letters add that once the cabinet knew it had gone too far, it might as well have gone to the limit and on to Suez. What did it expect to retrieve out of what it did?

These people write in ignorance of the still prevailing complacency in this country, and of the degree to which the form chosen for the Labour attack caused an upsurge of party feeling that has diverted too many Conservatives from the facts of life in Asia. Till now, members of the House of Commons, busy shoring up the party keep, have not had time to heed any distant evidences of national disaster. An exchange of their views with those of British friends working anywhere between Baghdad and Colombo would be profitable. The greater the knowledge, the greater the disquiet.

Quandary on the Jordan

THE Syrian delegate who interrupted the UN debate on Hungary in order to read out a cable from his government about "imminent aggression" by Britain, France and Israel unwittingly gave away the degree to which rumour and confusion of mind prevail in Damascus. A country sealed off from the world by army censorship is unaware of the effect such yarns will have on outside ears. Even gullible delegations had their doubts about a story so out of keeping with the current efforts of the alleged culprits to recapture American goodwill.

In fact, there is evidence that the Russian penetration of Syria has been exaggerated; it comes even from Iraq (which has no reason to damp down the stories). It is true that at the recent Arab conference in Beirut, during

which the fear of Soviet penetration that fills many rulers' minds imparted a "stick to America" slant to the discussions, the Syrian delegate differed from his colleagues. But even he was not for all-out dependence on Russia. He merely advocated keeping in with Moscow because the Bulganin letter had "saved" the Arabs. What is clear is that to use the phrase "Syrian opinion" is misleading for the present, because country and army are both riven by conflict as to how far they can bear left without falling under a new foreign domination.

On the immediate border of Israel every state is in the same dilemma. In an effort to solve it, the Jordan parliament has unanimously approved recommendations calling for the establishment of relations with Russia and China, and for abrogation of the British treaty. It will probably go through with this operation regardless of the help which Jordan may have received from the British warning to Israel of October 14th against attacking Jordan. From the British angle, the treaty is now a liability; at least its cancellation, now that Jordan has become irrecoverably unstable, will save £10 million or so a year.

No Clues at Chester

THE result of the Chester by-election was very much the sort of result one would have expected if the Suez crisis had never occurred. As the accompanying table shows, the extreme swing against the Conservatives in the Tonbridge by-election last June, which most people now agree was due to rather special factors, narrowed considerably at subsequent by-elections at Newport (in July) and Chester-le-Street (in September). Now the predominantly conservative constituency of Chester has recorded a very similar swing as the predominantly socialist mining constituency of Chester-le-Street did two months ago.

BY-ELECTIONS SINCE TONBRIDGE

Constituency and Date	% Swings to		
	Labour	Conservative	Other
Tonbridge, June 7th	+8½	−8½	—
Newport, July 6th	+2½	−6½	+3½*
Chester-le-Street, Sept. 27th	+4½	−4½	—
Chester, Nov. 15th	+4½	−5	+ ½†

* Welsh Nationalist. † Liberal.

One plausible guess at the reason for this is that, although differences of opinion about the Suez issue have been wide and have cut across party lines, they may not have been differences of the sort that cause the ordinary man (as distinct from the occasional sophisticate) to change party allegiance; the ordinary man, on this view, still votes for whichever party he feels is promising to make life economically easier for him. If this is true it could be depressing for the Conservatives, since the main economic consequences of Suez are still to be felt; it is, however, even more depressing for the country. Whatever assumptions one makes, Chester should probably be regarded as the datum line from which to measure post-Suez effects on British politics, not as a result that has itself incorporated any of those effects. To make this datum line clear: the Chester swing (of between 4½ and 5 per cent to Labour) would, if spread evenly across the country, return Labour to power at a new general election with a majority of between 70 and 90 in the House.

Less Than Four Hangings a Year?

IT is now almost certain that Mr Silverman's bill to abolish the death penalty will not be reintroduced this session. The Tory abolitionist who drew fourth place in the ballot for private members' bills has decided not to substitute it for her own measure, and although Miss Alice Bacon, having drawn eighth place, has agreed to reintroduce it, her chance of being able to do so is remote.

It is thus important to look more closely at the Government bill, which received an unopposed second reading last week. If it goes through as it stands, the effect merely of limiting capital punishment will be, according to the Home Secretary's rough estimate, to reduce the number of death sentences passed from an average of 25 a year to 6, and of executions from 13 to 4. As the bill also allows wider grounds for reducing a conviction from murder to manslaughter, the future number of death sentences and executions should be lower still—unless, of course, the judges make havoc of the bill's intentions by interpreting these provisions too narrowly. Thus Mr Lloyd-George is keeping all the machinery for executions, including the training of the hangman, for use perhaps two or three times a year; and for a few years only, since, as Mr George Benson pointed out in the second reading debate, the next Labour Government will abolish capital punishment altogether. If Labour comes back in 1959, what Parliament is now being asked to legislate for is the right to take the lives of probably less than a dozen murderers.

Does Mr Lloyd-George really believe that this right is essential for the preservation of law and order—the criterion he has adopted in his bill for distinguishing between "capital murders" and "life sentence murders"? Does he think it is worth the cost of sponsoring this anomalous, vagarious measure, which the law lords will almost certainly ridicule, even if, with an eye to the future of the Upper House, they do not seek to amend it? The Homicide Bill does not settle the death penalty controversy. On the contrary, it will stir up the old agitation and debates every time a future Heath or Christie or Straffen tries to establish a defence of "diminished responsibility," every time, in fact, that a person is on trial for his life; that the number of such trials will be fewer once the bill is law will only intensify the high-

Oil and Petrol

The effects of the serious shortage of oil and petrol in Britain and Europe, and the restrictions which are being applied, are discussed in a leading article on page 666, in Notes of the Week on page 674, in a message from our Paris correspondent on page 697, and in Business Notes on page 711.

light on them. The controversy cannot be settled except by complete abolition, and it is a thousand pities that Mr Lloyd-George, who has performed so many changes of opinion on this subject, could not bring himself to go back to the views he held in 1948.

Kadar's Taxis

THE spirit of the Hungarian people continues amazingly high in spite of bitterness at the failure of the outside world to come to their rescue and despair at their future prospects. In spite of everything their sense of humour keeps breaking through. The people of Budapest have now christened the Soviet tanks "Kadar's taxis." The other day one Russian tank crew were surprised to find themselves loudly cheered by the bystanders; the reason was a large notice fixed to the back of the tank which read, in Hungarian, "We are Russians and we must go home." Unfortunately, the Russians are not taking the hint and in the absence of any sign that they intend to go, the far-reaching verbal concessions made by Mr Kadar at the end of last week seem to have made little impression. The same obstacle seems to have thwarted his efforts to make his government more attractive by bringing in Mr Nagy and some non-Communist politicians. In his desperate efforts to break the general strike, Mr Kadar's tactics have ranged from violent threats of deportation to a bland admission (in the official newspaper) that the strike was *not* the work of terrorists and counter-revolutionaries, but arose out of the workers' determination to reform the country's economic and political life.

A more potent weapon than verbal threats or blandishments is the regime's attempt—it is not yet clear how successful it is—to control strictly all food supplies and use them as a bait to bring the workers back to the factories: there is evidence that even Red Cross supplies are being diverted to this end. There was a very partial resumption of work early this week. The estimates by independent observers of the proportion who went back varied between 10 and 30 per cent; and it is generally agreed that few of these did anything more than stand about and talk after they had clocked in. A new general strike was called on Wednesday night, initially for 48 hours, in protest against attempts by Russian and Hungarian troops to prevent a meeting of the national council. The council has issued a far-reaching list of the conditions on which it is prepared to negotiate a full return to work with Mr Kadar. If it sticks to these, the Soviet Army may fall back on fresh repression. Bitter resentment at the deportations by the Soviet Army has stiffened the workers' resistance. Freezing weather and shortages of food, fuel and shelter, together with the constant nagging fear that they too might find themselves sealed up in an east-bound box-car, may force some, at least, of them to give in. But the Hungarian resistance is still quite unbroken.

Secretary-General on the Stage

UNDER the Charter, the Secretary-General of the United Nations is administrative chief; Mr Trygve Lie after seven years in the job described it as impossible; according to Mr Hammarskjöld's own way of thinking, his functions are "to find and to keep alive and to broaden whatever is the common denominator in the foreign policies of the nations." As with many of Mr Hammarskjöld's statements, the precise meaning of this is ambiguous, but the general idea plain. The function of the Secretary-General, as he understands it, is not to initiate policies or to strike attitudes, but to search for and strengthen points of agreement among the disunited.

Over the last few weeks he has been doing this on a more public stage than hitherto in his four years of office. The pressure has been greater and the issues more momentous, but his methods have not basically changed. In the white heat after the news of the Anglo-French ultimatum, the Secretary-General announced that his impartiality must not degenerate into expediency; ultimately the aims of the Charter must determine for him what is right or wrong (sentiments which, loosely interpreted, might mean that he was going to stand no nonsense from Britain, France or Israel). Having stated his position, Mr Hammarskjöld wasted no further breath on pronouncements.

He was commissioned by the General Assembly with two main tasks in the Middle East imbroglio. Within 48 hours he was to design an international police force; and in 12 hours to effect a cease-fire in Egypt. The terms of reference for the force, produced on time and confirmed by the Assembly, are a perfect example of Mr Hammarskjöld's inspired woolliness. While the United Nations is safeguarded against employing a fighting army, the functions, areas of authority, life-span and composition of the force are left open to interpretation. But the vaguer the definition, the more likely the force would be to be accepted by warring parties, attract contingents round the world and not be held up by debate in the Assembly. Mr Hammarskjöld has now the exacting task of making interpretations conform.

The Secretary-General's second brief was to stop the war, and here again he went after essentials at the temporary expense of details. As an experienced civil servant he knows when he can, without reproach, exceed his powers, and for the greater chance of success, on his own initiative extended the time limit for a cease-fire. The peace when it came was an untidy one: the one war was over, the other half-finished, and the conditions for peace barely matched even on paper. The timing and extent of the withdrawals were unsettled; the work and placing of the force in dispute; Mr Hammarskjöld's deliberate vagueness, together with a pile of over-hastily drafted resolutions, is food for months of international controversy. But the Secretary-General seized upon what pieces of agreement he could find: if they do not fit, at least the intricate jigsaw has been started.

In bleak contrast to his achievements in the Middle East, Mr Hammarskjöld's methods in Hungary have yielded little. Characteristically, he has concentrated on what he calls the operative parts of the Assembly's several resolutions on Hungary: he has found out which specific items of relief Hungary most needs and he has appointed a group to investigate (from outside) the situation caused by Soviet intervention. He has also tried to get United Nations observers to Hungary and to supervise relief distribution in Budapest, but in both cases has been rebuffed. But however strong Mr Hammarskjöld's personal feelings, he sees nothing gained by pronouncements of policy or judgment: it is significant that instead of beating for Soviet withdrawal on what was bound to be a stone wall, he has knocked firmly on a door already cracked open for relief—though still closed to observers.

The Secretary-General has shown what he can do in one of the most complicated crises of our time. In Hungary this has so far been very little. In the Middle East, where the principals are less intransigent and their motives multiple, he has achieved a lot. Stage one is over: Mr Hammarskjöld has his "common denominator" of a cease-fire and the establishment of an emergency force. In stage two, his powers will be tested in "keeping alive and broadening" the meagre points of agreement. But on the issue of immediate Anglo-French withdrawal he showed on Wednesday that he will not compromise on the Assembly's basic requirements.

The Hungarian Deportations

THE UN Assembly has interrupted its general debate to condemn the mass deportations of Hungarians by the Russians. It could hardly do less. Strong and prolonged pressure by world public opinion may or may not eventually prevail on the Russians to abandon this inhuman weapon of repression, or otherwise to alter their course in Hungary. But there would be no excuse at all for the free nations adopting a defeatist attitude; the heat must be turned on—and it must be kept on.

The charges, set down in a Cuban resolution, of forcible deportations of men, women and children by the Soviet army have been indignantly denied by the Soviet delegate at Uno and by Mr Horvath, a former supporter of Mr Gerö; his presence in New York as their country's representative is bitterly resented by the Hungarians. But there can be no reasonable doubt that the deportations are taking place. Budapest radio virtually admitted them (although it later denied them). So did Mr Kadar when he told a workers' delegation that had come to protest about them that "the Russians were not likely to be deflected from their purpose." The commander of the Russian forces in Budapest denied direct responsibility for any deportations, but admitted that "individual units have arrested and deported people on their own initiative." In Debrecen an official news-sheet said that the townspeople had been agitated by the trainloads of deportees passing through the town; it attempted to reassure them that this would not happen again. There are also the scribbled notes thrown by the victims from their trains, and the incident, confirmed from several different sources, in which freedom fighters and peasants succeeded in stopping a train and rescuing about a thousand deportees. There is also the first-hand testimony of those who had actually been rounded up for deportation and somehow escaped.

Mr Hammarskjöld renewed on Wednesday his offer to go in person to Budapest. Such a visit, if it achieved little else, would at any rate give immense psychological encouragement to the Hungarians. It is unprecedented for a member of the United Nations to refuse entry to the secretary-general in person. Until the Kadar government mends its ways at least in this elementary respect, the Assembly should surely mark its displeasure by refusing Mr Horvath the right to speak and vote at its debates.

Closing the Ranks in Belgrade

JUGOSLAV party officials who sought in Marshal Tito's speech at Pula some clear-cut guidance on the international situation must, on the crucial point of the Soviet army's intervention in Hungary, find themselves just as confused as they were before. Marshal Tito had no difficulty in condemning the first Soviet intervention as "absolutely wrong." But when he came to the second he said it was an "error," but that if it "saves socialism in Hungary, then, comrades, we will be able to say, although we are against the intervention, that Soviet intervention was necessary." One suspects that the comrades may have wanted a detailed exegesis of this passage.

Although he did not hide his sympathy for the Hungarian people, Marshal Tito's insistence that their "justified" revolt against the "Rakosi clique" had been taken over by reactionaries, and his support for the "honest" men in the Kadar government, have made him extremely unpopular in Budapest. On the other hand, he was sharply and even contemptuously critical of the Russian leaders—or rather of the "strong" Stalinist element among them—for their "wrong and defective views" on Poland and Hungary and for their failure to realise that the Stalinist system itself must be destroyed. He is angry at the way communism has been "*compromised*" by events in Hungary. He hopes that "a little light will reach the eyes of the comrades in the Soviet Union" and that all the east European leaders will realise that their apparatus of control is "worth nothing if they do not change the methods they have used and if the people revolt." It is not surprising that this outspokenness should have been attacked by *Pravda* and by its faithful echo in Prague, *Rude Pravo*.

Mr Djilas's arrest on a charge of spreading hostile propaganda may well be a by-product of Jugoslavia's impaired relations with Moscow. For some months Mr Djilas had been publishing highly critical articles about Russia in the western press; he was left alone, although at the time the official line was to think the best of the Russians. But divergencies which may seem harmless when things are going smoothly tend to take on a menacing tone when things begin to go badly. Whether intentionally or not, it looks as if Marshal Tito has ruptured his *entente cordiale* with the Russians; *Borba's* firm, if restrained, reply to the attack in *Pravda* suggests that he fully intends to stand his ground. The arrest of Mr Djilas may be intended as a warning to all party members that in the difficult days that may lie ahead, they must all close their ranks behind the Marshal.

Misuse of the House

TWO depressing incidents in the past week raise the question whether some people in active political life have any conception of what Parliament is supposed to be and be for. One is the decision of the Wednesbury Constituency Labour party to call for the resignation from the Commons of Mr Stanley Evans, who has supported Sir Anthony Eden's policy in Suez. Mr Evans, for principle's

sake, should never have acceded to this request. The score or so people in a small back room at Wednesbury have no more right than the 43,000 other adults in that constituency to decide whether Mr Evans should go—and the time for those 43,000 electors to pass their decision should be at the next election. In their protest at what they regard as the rape of Egypt, the Wednesbury Labour party have raped the British Constitution. The best that can be said of this incident is that the methods used to get Mr Evans out seem to have been slightly less horrifying (on the plane of personal calumny) than those used—although not directly by the Melton Conservative Association—to get Mr Anthony Nutting out of his seat on the other side.

The other depressing occasion was the Commons debate on Wednesday of last week, in which a group of Conservative MPs accused the home services of the BBC of being too partial (and its overseas services of being too impartial) in their treatment of the Suez issue. No doubt these critics were sincere in their belief that the Labour case has been given too favourable a share of the stick; Labour members are equally sincere when they make—all too frequently—similar charges about alleged unfairness to themselves. But what is surprising is that men as intelligent as some of last week's Conservative speakers usually are should not realise that charges of partiality against the BBC should be referred direct to the Governors and Director-General of that organisation, and should never be debated in Parliament. Decisions about the interpretation of the BBC's Charter require the same sort of consideration as decisions that are made in a court of law. And the House of Commons must be one of the worst courts of law in the country; otherwise, and rather obviously, it would not be a good House of Commons.

Off-colour

NOTICE should be taken of Lord Mancroft's statement in the House of Lords on Tuesday that the Government is "satisfied that, if the necessity arose, it would be possible to devise legislative and administrative measures which could be put into operation at short notice" to arrest the immigration of West Indians into Britain. Lord Mancroft was careful to sandwich his statement between assurances that the Government realises that any such move would be repugnant to British traditions—and that the immigrants are fine, acceptable people doing decent jobs—but he left the way open for the excuse that the barriers might be put up in the West Indians' own interests. This was an unfortunate concession to noble lords who plainly felt that coloured immigration was thoroughly undesirable just because it was coloured, and recklessly declared that the West Indians brought in undesirable habits, undesirable diseases and caused undesirable marriages to take place. It was also a concession that happens to be untrue.

West Indians are coming here—along with migrants from the "white dominions" and elsewhere—because there is employment here, at better pay, than they can get at home. This is likely to be the case for a long time to come. Lord Mancroft's reference to the situation that would arise if unemployment grew in Britain was frankly puzzling. The Government has been trying to cut down demand for labour so that it does not greatly exceed the available supply; if this is then taken as an excuse for cutting down the supply of labour in turn, Government policy will be standing on its head. As was pointed out in the debate, the colonies tend to send Britain their best workers; and this increases income here. If the argument is that Britain should forgo this advantage for fear of miscegenation—"poorer but purer"—it should be candidly stated. If it is that Britain, for social reasons, can take a few coloured people but not many, the percentage should be defined and defended. What is worrying is that irrational attitudes are now being dolled up in specious reasoning.

Oil through OEEC

CRISES and a sense of weakness have often been the most effective inspiration for European integration in the past; today the fuel shortage which has exposed so nakedly Europe's economic dependence on the outside world is forcing forward new efforts to co-ordinate Europe's fuel supplies. The OEEC, already strengthened recently by its role in the development of the free trade area, may take on new functions and importance. It contemplates setting up a special oil group, containing representatives both of governments and of the large oil companies. If accepted by governments, this will organise and co-ordinate supplies and if necessary introduce an allocation scheme, giving to the schemes of the oil companies a political sanction most valuable when the claims of various countries have to be weighed up.

Such a scheme would obviously be valuable to Europe as a whole. Smaller countries, like Denmark, whose economic life is specially dependent on oil, may benefit a great deal from an equitable European supply and distribution scheme worked out between the oil companies and governments. But the scheme should be welcome above all to France and Britain. Anxious to avoid political and economic isolation, and to persuade the United States to overcome its political doubts and supply them with oil under the emergency arrangements, they have naturally sought to show that the oil crisis which has followed their Suez intervention affects not only them but Europe as a whole, and must be dealt with on a European scale. Whatever their doubts about the independent action of the two powers in Suez, their European neighbours seem to have accepted the view that its consequences must be dealt with co-operatively. The United States has not yet agreed to let the emergency oil arrangements go forward. But once it does, OEEC's new job may give it more prestige and importance.

Britain and the Community

OIL shortage will of course increase demand for coal in the six-nation European Coal and Steel Community as well as in Britain. Last week the council of association between the Six and Britain considered how big the increase might be and how they should co-operate if shortage became acute. So far it is not clear how far substitution will go if the crisis is prolonged, but the council suggested that furnaces which can use either oil or coke might quickly require additional coal at the rate of 5 to 6 million tons a year. This could be easily bought in the United States; neither the Community nor Britain has yet decided to introduce any new form of coal rationing.

In the Community, however, rationing is once more a live topic. Rising imports of American coal, which may reach some 35 million tons in West Europe next year, have for some time aroused requests that something be done to share the burden of its high cost between consumers who buy it and those lucky enough to receive cheaper European supplies. The High Authority hopes to do this by some sort of price equalisation scheme, but, if shortage becomes acute, all round price controls and a system of rationing, sanctioned by the declaration of a "state of shortage" by the High Authority, might have to come.

It would not be introduced, however, the representatives of the Community promised last week, without prior consultation with Britain—a welcome concession. Britain, in return, though unable to grant the continental request for larger exports next year, will certainly take no steps to reduce them without prior consultation. Both in OEEC and in the council of association, the British Government is thus making welcome efforts to co-operate with Europe. It must be hoped that this spirit will outlast the emergency.

Shop Shutters

THE Shops Bill, which was published last week, is one of those untidy pieces of legislation—like the original Copyright Bill in the last session—which liberal-minded MPs should be encouraged to put up a fight about in committee. The bill is intended to be a "codifying" measure for existing Shops Acts, and also an instrument for effecting the welfare recommendations made by the Gowers committee on closing hours of shops as long ago as April, 1947. But there are three points of principle in the bill, the second and third of which are answered unsatisfactorily; paradoxically, if the first point looks at present as if it might be answered more satisfactorily, this is because one part of the bill (its fifth schedule) could have consequences which the bill's draftsmen may not have completely foreseen.

(1) This first point of principle concerns *early closing days*. The proper liberal point of view on this matter seems clear. It was put to the Gowers committee by the witness who argued "that, since every shop assistant must be given a weekly half-holiday, there is no need [for each local authority] to compel all shops [in its area] to shut on a particular day and so create inconvenience to the public." The committee (which, appointed in 1946, could not unfairly be described as a rather heavily Labour-represented committee) did not seem to be over-concerned about inconvenience to the public; but it did show some sympathy with the liberal point of view, because it was worried about the untidy effect of the exemptions at present allowed to early closing. The most dispensable of these exemptions concern things—such as tobacco and sweets—that are sold in places of entertainment and licensed premises (which are not affected by early closing regulations) as well as in shops; the law's theory has been that it would be unfair to oblige shopkeepers to lose trade to competitors in this way. The Gowers committee believed, however, that these exemptions were bringing the law into contempt because many mixed shops (grocers, stationers, etc.) sell sweets, "with the result that the sale on those premises of other commodities after closing hours . . . has become frequent and almost undetectable." The committee therefore recommended that these exemptions should be "drastically curtailed," but added that if these curtailments "prove unacceptable, we feel strongly that the abolition of compulsory half-day closing should be seriously considered."

The Government's new bill does not curtail these exemptions as drastically as the committee recommended (it leaves the law about afternoon sales of tobacco and sweets unchanged), but there is no evidence that the abolition of compulsory half-day closing has been seriously considered. It is here, however, that an odd feature of the bill intrudes. As the bill stands, all local authority orders nominating the early closing day in their area would appear to lapse; the local authorities would have to fix new half-days (or confirm the old ones) by going through the usual machinery of traders' polls. The new regulations for these polls, laid down in the fifth schedule of the bill, are surprisingly rigid: all retail traders in the area would have to be entered on a register, and 50 per cent of those on this register would have to approve of any order. If the intention is to hold a poll on all these orders in all local authority areas between the date of royal assent to the bill and the appointed day of operation, this would represent the biggest trade general election in British commercial history; and past experience suggests that, in some districts, the aim of getting 50 per cent of traders on a register to agree to anything (or even to vote at all) is going to be extraordinarily difficult to achieve. Yet, in districts where this aim is not achieved, compulsory half-day closing would apparently lapse, and individual traders could then presumably take their half-day on any day they like. It remains to be seen whether the Government's intention in this bill is to do good by stealth; or whether it has merely fallen, through over-meticulous draftsmanship which it may seek in committee to amend, into the danger of doing good by mistake.

(2) The second point of principle concerns *evening closing hours*. Here the bill is completely restrictive. It provides that shops should be closed at 7 pm (8 pm on one day each week) instead of 8 pm (9 pm on the late day) as at present; and that most of the present exemptions to this rule (as criticised by the Gowers Committee) should be withdrawn. It is going to be very important to try to introduce some flexibility into this part of the bill in committee. Experience in America has shown plainly that, as a country gets richer, the natural tendency is to move towards late night shopping—although, of course, with a five-day week and longer staggered holidays to shop assistants as compensation. The door should not be incontinently slammed on future experiments.

(3) Finally, the bill continues the bad old practice of making all these restrictions apply even to *individual shopkeepers* who do not employ any assistants; they are not to be allowed to work as hard as they want to. For reasons discussed in an article on page 666, any hopes of wholesale reform of this restriction are probably impractical politics, but one need not be so impassive about the new regulations for "mobile shops." Is it really necessary that the bill should make clear (what was previously unclear) that even for barrow boys conservative freedom must now not be allowed to work?

Universities' Bulge and Trend

THE universities have got to do their homework again. When the vice chancellors and principals were asked, earlier this year, what they thought they ought to do about the population "bulge" that is now beginning to burst the walls of the secondary schools, they jointly replied that the universities should take in all those who, at present standards of entry, would qualify for a university education. But when they sent the University Grants Committee their separate proposals about what their own universities should do, these did not add up to anything like the total that their first premise required. They have proposed to increase the total number of students from 84,000 at present to 106,000 in ten years, an increase of 26 per cent. This, it is true, would be more than enough to deal with the Bulge alone, which is expected to add 15 per cent to the number of university candidates by that time. But there is also the Trend. The Trend is the tendency to stay at school longer; in the last five years the number of seventeen-year-olds at school has increased from 31,000 to 45,000, an average annual increase of 5 per cent. This is far more important than the Bulge in increasing the number of potential university candidates. By 1970 it is expected to have increased them by 70 per cent over the present level.

Another reason for judging the universities' proposals to be inadequate is that they could not provide the extra scientists and technologists who will be needed. Of the

Before the New Plan for Agriculture

NEXT week, unless the international crisis causes further delay, the Government is expected to announce a new system of guarantees for British agriculture. Before judgment can be passed upon their suitability, it is right to ask some fundamental questions. Why and how should British agriculture be supported at all? Four reasons are usually put forward for supporting it, and two of them are not now very good:

(1) As an *insurance against the danger of war*, the present system of subsidies is excessive and largely pointless. It is supporting large numbers of livestock (particularly pigs and poultry) which in a war would have to be destroyed, and a level of cash cropping which, if anything, is reducing the land's capacity to get in a sudden burst of increased production. The most that strategic considerations warrant is a little selective aid aimed at keeping fixed equipment in good repair and the land in reasonably good heart.

(2) This recipe would also satisfy the various *aesthetic arguments* in favour of preserving an attractive, well-kept countryside—although, if the protection of rural beauty is the prime aim, it is not subsidies but a revision of estate duties which is really needed.

(3) The third argument for supporting British agriculture is the need to safeguard the nation's *balance of payments*. This is a respectable argument, even if one does not agree with it. At an admirable special agricultural conference, organised last weekend by Imperial Chemical Industries, Professor E. A. G. Robinson suggested that home demand for food may increase by 15 per cent in the next two years. If (as he contended) any likely expansion of exports will be fully offset by an increased demand for imported fuel and raw materials, it follows that the extra food will have to be produced in this country. Not everybody would accept Professor Robinson's calculations; he was quite wrong in some earlier estimates about the extent to which British manufactured exports could be expected to increase just after the war. But obviously there is an "insurance case" for trying to keep up agricultural production and, if it can be done reasonably economically, to expand it—just in case he is right.

(4) This third argument, therefore, merges into the fourth and best argument, which is quite frankly the argument of *disturbance*. At present, the subsidies are equivalent to at least two-thirds of net farm income. Their complete removal would cause intolerable rural upset as well as a sharp fall in production. Many farmers would go bankrupt, many others would reduce their commitments and make do with a lower standard of living in preference to risking their capital under adverse conditions. But this, to repeat, is what would follow a wholesale scrapping of the subsidies. It is an awkward political fact that a cut in them would not, purely from the point of view of efficient production, be nearly so disastrous; it might even—by ending the present excessive security of tenure, and eliminating many of the worst farmers—have a beneficial effect.

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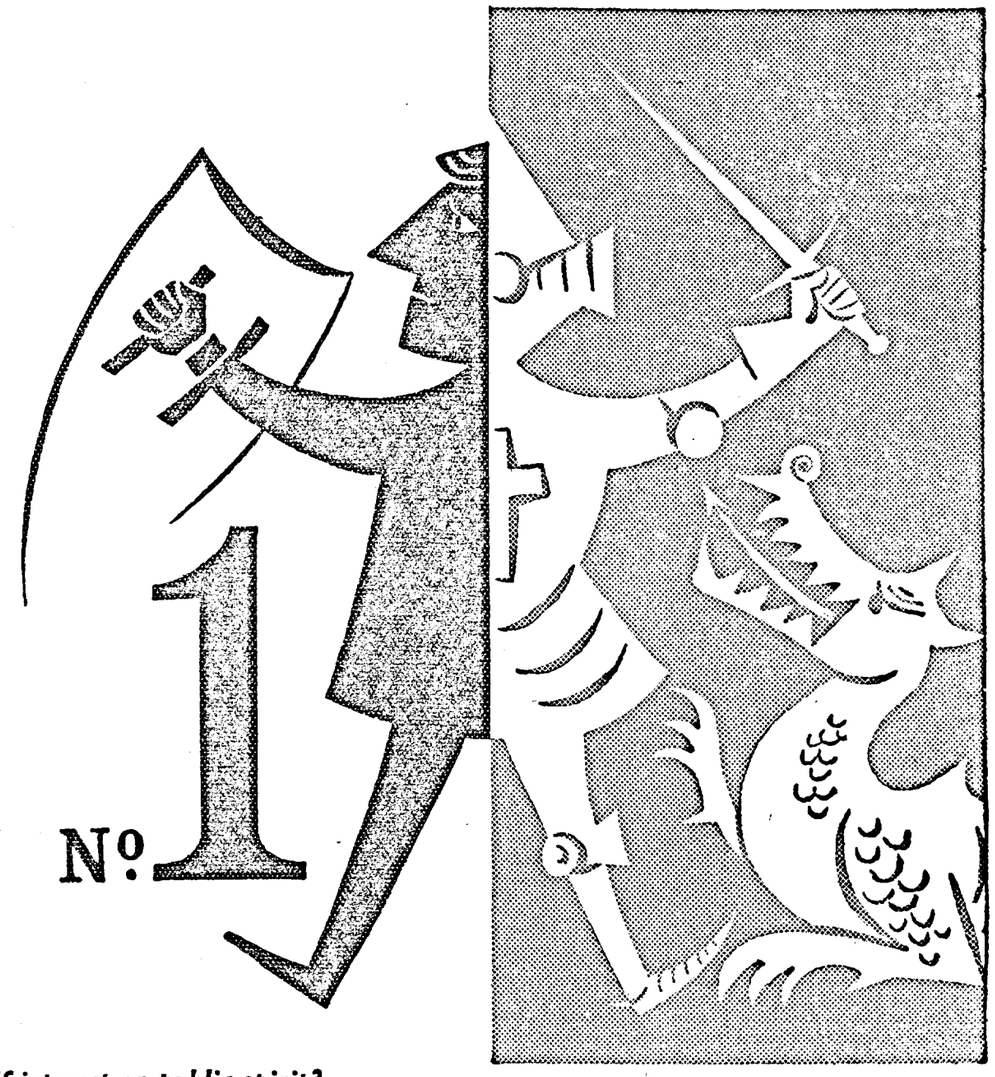
That, as soberly and realistically as possible, is the economic and social case for supporting agriculture. However strong the emotional case for emphasising Britain's dependence on foreign food, the economist's job is to point out that that dependence is very far from being absolute or unconditional. Whatever view one holds about the future of the balance of payments, it still remains wasteful to put resources into home production if the difference in relative costs and efficiency between the home and imported product is very great. Judged by this criterion, the support given to milk, pig, and egg production is already excessive. In these cases the import saving (which is, in any case, reduced by a substantial consumption of imported feeding stuffs) is handsomely outweighed by the burden placed by price support upon the whole British economy, including the export trades.

Again, British agriculture ought not to be supported at the expense of disrupting highly advantageous trading relationships. The farmers' demand for protection against the periodic dumping of subsidised imports is as reasonable as any other argument against dumping; but it is another matter to try to squeeze out Danish bacon and eggs or New Zealand butter and lamb. These countries have always catered with great efficiency for the British market, and adopted a consistently helpful attitude towards the solution of trading difficulties. It would be folly to deny their producers the opportunity to win a larger share of the expanding British market.

Thus the conclusion is that British agriculture must continue to be supported—but preferably at a less expensive level than hitherto, and certainly not by rigid quota or tariff or monopoly protection. The support should be channelled in ways which will increase the efficiency of British farmers *vis-à-vis* their overseas competitors. It is by these standards that the Government's new measures will need to be judged.



Self interest or public spirit?

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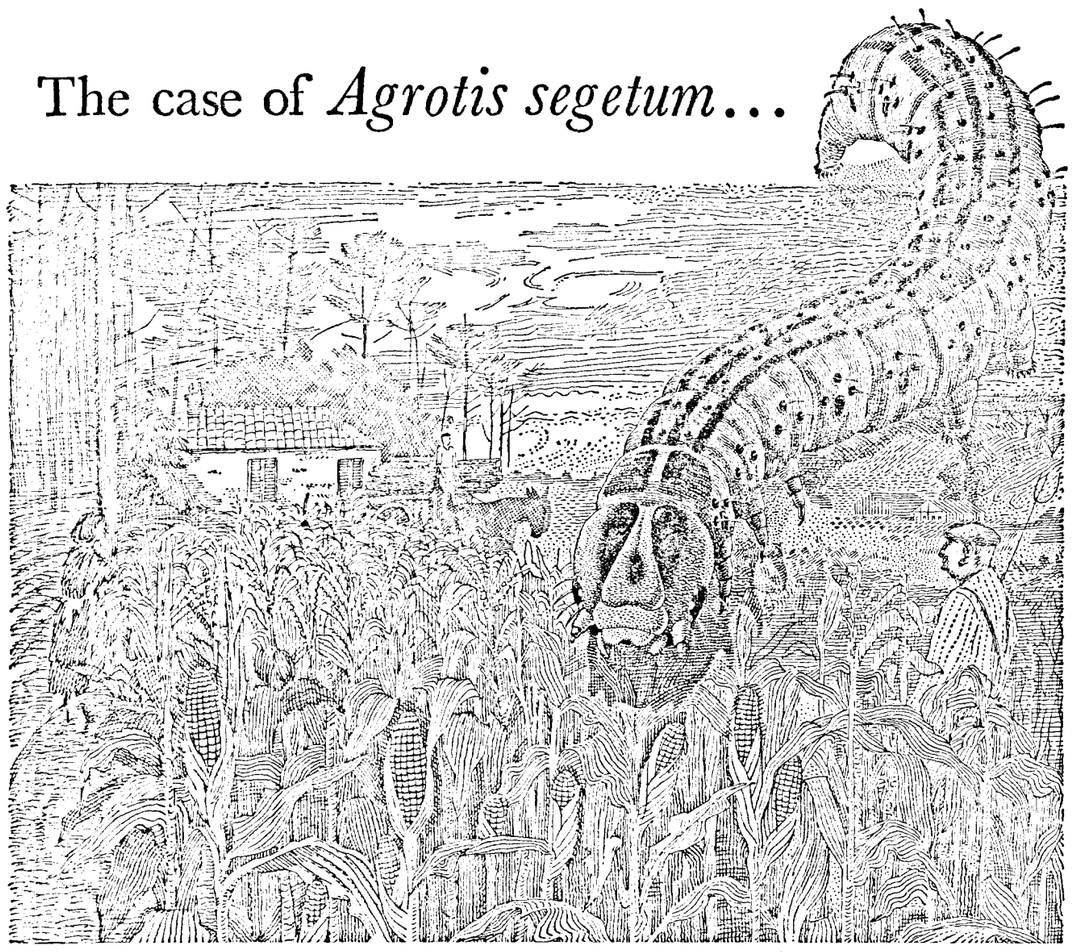
The case of *Agrotis segetum*...



To the farmers of Southern France maize is as important a cereal crop as is wheat further North. Yet until recently it was no uncommon sight to see whole fields of young plants destroyed by 'Cutworms'—the larvæ of various common noctuid moths, the commonest of which is *A. segetum*, the turnip moth.

The trouble begins in the Spring when the seedlings are attacked by newly-hatched *segetum* larvæ and other 'cutworms' that have overwintered in the soil. Many of the plants are killed quickly; the survivors have their leaves eaten and their stems and flower heads drilled by succeeding generations.

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22,000 extra students proposed by the universities, about 15,000 would be reading science or technology—an increased output of between 3,000 and 4,000. But the Government, the Lord President announced in the House of Lords on Wednesday, regards an extra 10,000 scientists and engineers a year (over and above the 10,000 now produced) as the minimum target for 1970; it has, in fact, accepted the estimate of the committee on Scientific and Engineering Manpower, whose report was published last month. And in the light of this estimate the universities' first proposals are certainly meagre.

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It is true that the greater need is for technologists rather than pure scientists, whose supply is on the way to becoming adequate. But that does not mean that the task can be left to the new colleges of advanced technology. Last year the universities produced some 1,750 engineering graduates, while the technical colleges produced about 500 graduates and 2,850 professional engineers with other qualifications. But it seems that even if the technical colleges double their output, the universities will have at least to treble their engineering departments if the Government's target of an extra 10,000 is to be achieved. No doubt they will be willing to make more generous proposals now that the Chancellor has told them that they can have £34 million for building over the next three years—enough to double the present rate. Excessive humanist fears of being "swamped by scientists" should not be allowed to stand in the way.

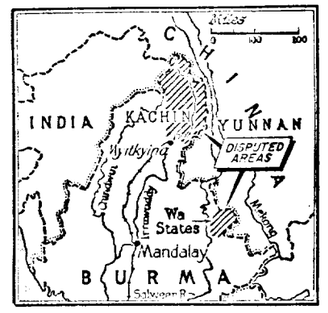
Chiang's Chair

IF the United Nations Assembly had voted last week in favour of considering the replacement of delegates from Formosa by delegates from Peking, it would have instantly multiplied the difficulties that already confronted it. Sheer horror at the idea of piling new problems on top of existing ones may indeed have helped some delegations to make up their minds, and robbed Peking of their marginal votes. In the light of recent events, particularly of the closing of Asian ranks against the West and of the communist block's ardent championship of Egypt, there seemed at one moment a possibility that over thirty delegations would support the motion in favour of a change, which this year was tabled by India instead of Russia, and that, given a certain number of abstentions, the race might at least be close run. In the event, only 24 favourable votes were cast, against 47, with eight abstentions.

Analysis of the voting indicates that on this issue neither anti-communist nor anti-colonial solidarity held the field. Profuse as Communist China has been in its support for the Arabs' cause, it got only four of their eleven votes; altogether only ten Asian and Arab countries joined with the ten communist delegations and four Scandinavian states in siding with Peking, while six abstained and nine voted for indefinite postponement of any discussion. "Neutrals" were found in both lobbies, as were also members of Nato. The Peking government must have been disappointed at its failure to get the support of a number of governments whose heads it has lately wined and dined. For the United States, which has so much at stake in the matter, the voting must have come as heartening evidence that Asians and Arabs do not regard it as tarred with the same brush as Britain and France—despite the intensive propaganda campaign waged by Moscow and Peking in recent weeks to brand America as the master-mind behind the Anglo-French action in Egypt.

China at the Cheese

WHILE the rest of the world is loudly condemning aggression China has been nibbling away at Burma in an atmosphere of such peaceful cordiality that it might almost be supposed that Burma enjoys being eaten. U Nu, the former Prime Minister of Burma, has just returned from a visit to China with the news that the Burmese "have no right, as the Chinese have" to possession of northern Kachin, it was unjustly taken from China by the British in 1913 and it ought to be given back at once. The Kachins themselves have not yet consented to being handed over in this fashion; they are a tough hill people who enjoy local autonomy under Burmese rule and provide some of the best soldiers in the Burmese army. Their leaders are now in China, where the vulnerability of their position and the justice of the Chinese cause will no doubt be explained to them. If they prove amenable, and probably if they do not, the boundary agreement will be signed when Chou En-lai visits Burma next month. Chinese troops in Kachin will probably stay there until the district changes hands—they will be useful in quelling any popular protests there might be. But Chou En-lai has promised (not for the first time) to clear the Wa state of his soldiers, who have served their purpose as a threat and a bargaining point.



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The cession of northern Kachin, by itself, would not be a great material loss to Burma, although it might raise a popular storm. But there are signs that China has only taken its first bite at the cheese. Well indoctrinated "refugees" from China have been entering Burma in considerable numbers. The majority of the Chinese community in Burma is now communist. Also there have been ominous hints from China of the desirability of a "great Kachin state," embodying all the peoples of the same racial stock on both sides of the border—of course under Chinese suzerainty. Burma can do nothing to protect itself without definite backing from India, and this, in spite of repeated requests, India has found itself unable or unwilling to give. There seems a very real danger that between the communist Chinese within, Chinese pressure on the borders, and increasing dependence on trade with the Soviet block, Burma may find itself sucked into the communist camp.

Storm in a Fish Kettle

FOUR years ago the Icelandic government announced that it had extended its territorial waters from three to four miles, measured not from the low water mark but from headland to headland; only line fishing, not trawling, was allowed within these limits. The British trawler owners replied by imposing a boycott on the landing of all unprocessed Icelandic fish in Britain, and there the matter stuck. In 1954 the Organisation for European Economic Co-operation tried to settle the dispute, and it was on the point of arranging an agreement last spring when the Icelandic government fell. Now the British have at last agreed to raise their ban in return for a promise from Iceland not to extend its territorial waters any farther until the UN Assembly has discussed the International Law Committee's report on sea law. This is hardly an equal bargain, and it is uncertain what will happen if the report condemns the Icelandic action—or what other repercussions there will be if it condones it.

But no one seems to mind much what the British trawler owners decide. British domestic prices for fish are unlikely now to be much affected. The Icelanders have taken to processing two-thirds of their fish. This they can sell to England without incurring the ban, or to the communist countries, with which they have developed a flourishing barter trade. A new agreement has been signed with Russia, which now takes about 28 per cent of Iceland's fish (it was 7 per cent in 1952) and the Icelandic government has made it clear that it cannot undertake to supply the British with as much fish as they used to get. Certainly it will be nice for Iceland to know that it now has an alternative market if the Soviet Union tries to exercise economic pressure through its trade agreements, but so far Russian influence seems to have been tactfully and persuasively used. There has been no suggestion that the settlement of the dispute will modify the Icelandic government's determination to close down the Nato base at Keflavik—although the increase in international tension and the fate of Hungary may provide more effective arguments.

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Ho's Shaky Republic

IT would be an over-simplification to see a direct connection between the Hungarian uprising and the relatively minor disorders reported in the communist half of Vietnam. But there is an indirect connection: in one communist regime, as in another, there seems to be a breaking-point at which repressed discontent erupts into violence. Few details are available yet; those that are, come from official Viet Minh sources and would tend, it must be assumed, to minimise the incidents. The official version is that "a group of reactionaries" had used the mistakes made in agrarian reform to whip up dissatisfaction, disturb order and wreck property. Catholic villagers a few miles north of Vinh, the principal Viet Minh port in Annam, had manhandled troops and local party officers and stolen firearms. There had been a few killed and wounded; in several other regions "saboteur elements" had also disturbed order.

Perhaps the most striking thing about these disturbances is that they took place on November 13th, more than a fortnight after the changes in party leadership reported in *The Economist* of November 10th. The discontent revealed by the changes apparently goes deep. In replacing Truong Chinh, the "Stalinist" party boss, by President Ho Chi Minh, and in dismissing several other leading communists, the central committee blamed them for mistakes in land reform. One of the most serious of these mistakes seems to have been the failure of the party branches to distinguish between landlords—who, it is claimed, have been abolished as a class—and rich peasants, towards whom the policy is to "reach an understanding." Excessive estimates of crop areas and land yields bore hardly on poor and landless peasants.

The policy of collaboration with rich peasants was laid down in September, 1953—that is, at the height of the Indo-China war—because these peasants were then regarded as allies against the French, and it was carried on after the armistice of 1954. In practice, however, the *phat-dong* system of denunciation of landowners, and their trial by people's courts composed of landless peasants, were bound to confuse the dividing line between rich peasants and landlords. It is too early yet to say whether the return of Ho Chi Minh to the active direction of affairs and the measures discussed by the Lao Dong (communist) party to "strengthen democratic legality" will halt a trend which could rock the Democratic Republic of Vietnam, and which is already of great propaganda value to President Diem's Republic in South Vietnam.

A Leaving Certificate?

THE question of an examination for secondary modern schools has been arousing an increasing amount of discussion. When universal secondary education was started in 1947 educational opinion was very down on examinations; all the emphasis was on "freedom" from their "tyranny." But the experience of teaching without them has caused many teachers to change their minds. Parents, for their part, have never had much sympathy with the educationists' opposition to examinations, and would prefer their children to have a piece of paper to show for the years of schooling. Employers, too, like some tangible evidence of attainment.

This lack is not felt in the grammar and technical schools, where the General Certificate of Education is part of the course. But the usual age for taking it, at the lower or ordinary level, is sixteen. An increasing number of secondary modern school pupils—28,000 in 1955—do stay on after reaching the leaving age of 15 in order to take the GCE. An increasing number too take the examinations of private organisations such as the Royal Society of Arts and the College of Preceptors (the latter mainly in shorthand typing). But the vast majority of children (the secondary modern schools contain three-quarters of the total) leave school without a national certificate of any kind.

In a circular to local authorities issued in July 1955, Sir David Eccles welcomed discussion of this problem, and gave it a lead by setting out the disadvantages of a new national examination, especially the danger to standards of providing a soft option to the GCE. Sir David said firmly that he would not alter the grant regulations by which schools cannot enter pupils under sixteen for any examination other than the GCE. He did, however, welcome experiments (as in Lancashire) whereby an external examination is organised by a group of schools for themselves. But the Secondary Schools Examination Council has had to take notice of the continuing demand for the new examination, and Sir David would now be wise to accept its recommendation to refer the question to a special committee with direct experience of the problem.

The Nigerian Emirs Win

THE victory of the government party—the Northern People's Congress led by the Sardauna of Sokoto—in the elections in Northern Nigeria was expected. There were no direct elections, except in nineteen urban areas, and the party was well entrenched. It has governed the region reasonably well and taken good care of its strong regional and separatist susceptibilities. Although the opposition has gained some seats (complete returns are not yet available), even in the urban areas, the NPC won the majority of seats—eleven to the eight won by the main opposition party, the Northern Elements People's Union, whose leader lost his seat. This is a setback to the prestige of the NEPU, whose main platform is the rapid extension of direct elections and the ending of the "feudalistic" regimes of the emirs. The NEPU is just as strongly regional as its rival, and, so far as it is anything, is a left-wing anti-Nasser muslim party—it has been complaining that the Sardauna is preparing to sell Northern Nigeria to Colonel Nasser. This cry has not produced much response. It did not deserve to.

The opposition will, however, be strengthened if the alliance between the NPC and the Action Group in the Northern Region disintegrated because of the big victory won by the Action Group in Ilorin. There, the Yoruba vote of 250,000 put four highly tribally-minded Action Group members in, and their demand is likely to be the transfer of Ilorin from the Northern Region to the Western. This the Sardauna's government cannot be expected to approve, and is certainly strong enough to prevent for the time being. But it may emerge as a difficult side-issue at next year's constitutional conference on Nigeria's future.

The New President

It seems certain that Mr Buchanan has been chosen President by a large majority. This is no more than we have expected for several weeks. But it is also affirmed, and we fear correctly, that the Congressional elections will give to the same party a preponderance in the House of Representatives as decided as that which it possessed last year in the Senate. The whole result—it is useless to blink the truth—is a triumph, more complete than either friends or foes anticipated, of the Southern States, or rather of the Slave-holding Oligarchy of the Union reinforced by the Democracy of the North and West. It is the victory of the Party whose principles of policy are the extension of Slavery, the acquisition of fresh territory in order to aid that extension, and the destruction of the few remaining restraints on popular tyranny which the wisdom of the founders of the American Constitution had established. . . . But this is not the worst feature of the affair. The success of the Slave-holding and Democratic Party has been achieved in spite of every consideration and of every influence which ought, and might have been expected, to render that success impossible. It has been achieved in the face of the fact—proclaimed by the one Party and felt by the other—that this contest was to be a deliberate and conclusive trial of strength . . . that in all likelihood it would decide for a long series of years if not for ever, all the vital and agitating questions which are under litigation between the two sections of the Union. . . . It may chance that Mr Buchanan and his advisers—alarmed and sobered by the state of internal discord which late events have brought about . . . may take advantage of their success to adopt more moderate counsels and to avert the danger by some admissible compromise. This—the only remaining hope—is possible, no doubt. . . . But every fact we observe and every recollection we recall point in a different direction. . . . Moderation has not for a generation back been a characteristic of any section in the United States; and it is not now, when mutual animosity had been inflamed almost to madness, that we can expect either victors or vanquished to learn so difficult a lesson.

The Economist

November 22, 1856

Letters to the Editor

The Alliance

SIR—The shrillness of tone of your attack on the Prime Minister and the obsessional recurrence to the theme on almost every page of recent issues are strongly indicative of a not uncommon psychological malaise. Psychiatrists have a name for it. They will tell you sadly that another symptom is inability to appreciate the point of view of others.

This, in your unfortunate case, has led to a vivid appreciation of the evils attending the Government's action, but a traumatic inability to state the disadvantages which would have followed from failure to act in the way they did—the likelihood of a general war in the Middle East; the probability of Russia intervening with volunteers, the possibility of this leading to a world war, the cost in each of these circumstances in the way of interruption of traffic through the Canal and loss of oil supplies, and so on.

Those of us who benefit from your balanced judgments when in reasonable health look forward hopefully to your early recovery.—Yours faithfully,

House of Commons J. E. S. SIMON

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SIR—At risk of infuriating still further the "old and fond" subscribers whose outrage flooded your correspondence columns this week, may one American reader commend you most earnestly for having sounded the voice of sanity in a time of crisis? We Americans are most of us neither so spiteful nor so childish as to wish to write *finis* to the grand alliance, merely because two of the partners, without so much as a word of warning to the third, have dealt a bad blow to the common cause. But we have needed to hear voices like your own to be reassured that the Britain we thought we knew had not gone stark mad under the provocations of Mr Nasser.

Your angry correspondents demonstrate the confusion which seems to be sweeping the bulk of the British public into Sir Anthony's camp. One letter, ignoring the massive UN votes condemning Britain and France, prattles of how the blow at Egypt has "made the United Nations Organisation a real power to stop aggression," while another rejoices that the UN has at last been shown up as useless except to give "great aid and comfort to the lawbreakers." Again, the undeniable and lamentable fact that US policy on the Middle East has been weak, vacillating and unclear is taken to excuse the Anglo-French action, as if bad leadership from this country made it less, rather than more, necessary than ever for British and French statesmen to act with wisdom and foresight. It is also suggested that American shock at the invasion of the canal zone springs from pique at seeing the lead taken away from us. Yet it is precisely those Americans who, like the writer, have been most dissatisfied with our own policies in the Middle East who have also been most horrified by the Anglo-French move. The danger now is not that Americans will resent losing the leader's role, but that a dangerously large minority of them may once again desire to abandon that role for good, and retire behind the walls of Fortress America.

Meanwhile, the Russians have scored immensely at no cost whatever to themselves; the uncommitted nations have had Egypt to take their minds at least partly off the much greater horrors of Hungary; the oil situation is close to catastrophe; and Mr Nasser has been made that most dangerous of political phenomena, a living martyr. By any practical test, leaving aside the emotional release of twisting the eagle's beak, how can a policy that has led to all these evils be considered anything but disastrous?—Yours faithfully,

St. Louis, Mo. RICHARD W. LYMAN

★

SIR—The first article in your number of November 17th suggests that England has no alternative but to follow the foreign policy of the United States. Since we cannot join in Presidential or Congress elections, you suggest that we should represent our views by bringing criticism to bear on the American Foreign Secretary, if we do not approve of his policy. Do you seriously consider that our criticism of Mr Dulles in the last few months has persuaded America to look at the Suez Canal question through our eyes?

During the Truman administration America had a foreign policy in which we were proud to join. Aid to Greece and Turkey, Marshall Aid, the Berlin airlift and Korea were all different expressions of the most imaginative, courageous and generous foreign policy that the world has ever known. But since 1952 America, behind the ramparts of Nato, has been sliding back into isolationism. With a mixture of bluff and appeasement it has been reverting to its position of twenty years ago.

It seems odd that a paper, hitherto spirited and progressive, should now seriously suggest that, for better or worse, we ally ourselves with a Republican right-wing policy of inaction and appeasement.—Yours faithfully,

Boars Hill, Oxford CECILY GOODHART

No Ordinary Crisis

SIR—I was interested to observe that no protagonist of the subtle operation of the price mechanism advocated a rise in petrol prices sufficient to stifle demand. Yet, surely, in this particular instance they ought to be able to say much in favour of relying on this method. Petrol is used in considerable quantities for pleasure and convenience and public transport could easily be subsidised. Thus if the increase in price benefits profits it could help in financing a permanent increase in tanker fleets. If the increase is operated by raising excise duties the increase in revenue would help in general disinflation. This failure of the advocates of the price mechanism seems strange if we contemplate their vocal support for the rise in rents, and milk and bread prices,—Yours faithfully,

T. BALOGH

Balliol College, Oxford

Help for Hungary

SIR—A Staff-Student Committee has been set up to raise a fund to assist the Hungarian refugees to be granted asylum in this country. Among these refugees, there are likely to be a number of students—for students played a prominent and heroic role in the struggle for liberation. Accordingly, the primary aim will be to maintain at least one such student at the School until graduation. For this purpose approximately £1,500 is likely to be needed and this is the first target that has been set.

Contributions should be sent to:
Hungarian Students' Appeal Fund,
London School of Economics and Political Science,
Houghton Street, London, W.C.2

Any money not used for the primary purpose will be utilised by the committee in their discretion for general purposes of refugee relief, giving priority, so far as possible, to assisting Hungarian refugee students whether graduate or undergraduate.—Yours faithfully,

B. C. ROBERTS, Hon. Treasurer

London School of Economics

★

SIR—A Hungarian Student Scholarship Fund has been opened with the backing of the heads of five Oxford colleges and has received wide and spontaneous support throughout this University. The Warden of St Antony's College has already flown to Vienna to investigate selection problems.

We are urgently in need of funds. At least £1,200 will be required to support each student for three years. An account has been opened at:—

Hungarian Student Scholarship Fund,
Barclays Old Bank,
High Street, Oxford,

and contributions may be sent directly to this address.—Yours faithfully,

REX JAMIESON

Merton College, Oxford

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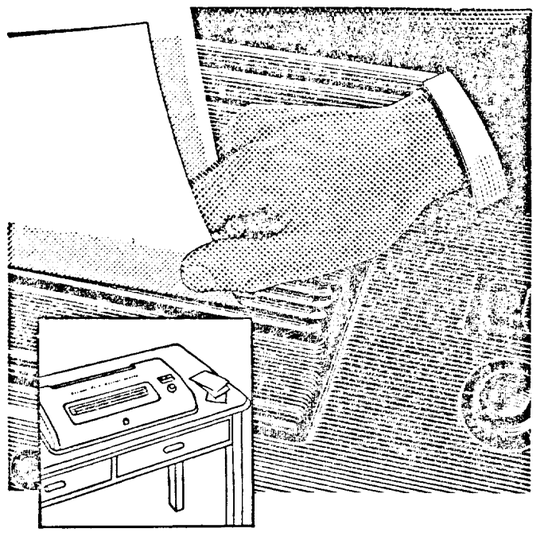

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Books & Publications

Politics of the Centre

THE UNADJUSTED MAN.
By Peter Viereck.
USA: *The Beacon Press.* 348 pages. $5.

IT would be a pity if the highly unsystematic, indeed at times almost chaotic, presentation of Mr Peter Viereck's important thesis in this book seriously reduced the number of readers prepared to give it a full hearing. The chaos is largely incidental—the price paid for having gathered together a collection of essays, articles and lectures and given them chapter numbers. But the thesis is a sustained one and almost provides the unifying frame which, one feels, would have been apparent if Mr Viereck had given us a book and not a sheaf of his occasional writings.

The important point, however, is the theme. To some extent it is becoming familiar on both sides of the Atlantic as a response to the disillusions of the thirties and forties during which time men saw totalitarianism reached with equal deadliness by way of either Left or Right. Whereas in the thirties, under the shadow of the depression, men of liberal conscience were tempted to believe that "economic democracy" was more vital than the checks and balances of political freedom, today the new mood tends towards a constitutional centre, to politics of moderation, to the belief that, confronted by totalitarian extremism, "ethical parliamentary capitalism (when tempered by social humaneness) and ethical parliamentary socialism (when tempered by anti-statist safeguards) stand on the same free side." Mr Viereck calls this realisation of a common constitutional framework the "new conservatism." But he would also agree that it is, in a sense, an old and venerable conservatism. It is, in fact, the same outlook as was evoked in Europe in the late eighteenth and early nineteenth century by the excesses of the French Revolution. It is in the political philosophies of such men as Burke in England, John Adams in America, de Tocqueville in France, Burkhardt in Switzerland or Cortès in Spain, that we first find the systematic defence of rooted, inherited freedoms against the abstract rationalist freedom of the Jacobin revolution. These men realised how easily the entrenched safeguards of individual liberty in society could be overridden in the name of the perfect society, conceived in abstraction, embodied in a general will and in fact at the mercy of manipulated mobs. They saw that reality under Robespierre. A later generation has seen the same dire phenomenon under a Stalin or a Hitler.

A particular merit of Mr Viereck's study is to present this struggle for a constitutional centre against radical extremes in the context of recent American history. There is, for instance, the disturbing resemblance between some New Dealers' indifference to constitutional safeguards when businessmen were being smeared and pilloried by the Nye Committee and the McCarthyite gibes of two decades later.

This ambivalence has deep and curious roots. Much of the reforming ardour of the New Deal was drawn from an older tradition—that of the Populists and of the Progressive movement sponsored by the La Follettes in Wisconsin. The protest was not simply against the gross injustices of a plutocratic industrial order largely dominated by eastern finance. The western and middle-western movements resented, too, what they took to be an educated, aristocratic tradition, entrenched in existing institutions—in the Supreme Court, the judiciary, the Senate, the older universities. The radicals were also levellers. La Follette secured direct voting for the Senate because he believed that progress depended upon the people's direct will. He also sought an elective and recallable judiciary. When President Roosevelt attacked the "nine old men" of the Supreme Court as protectors of privilege, he was drawing on the resentments of five decades.

The New Deal and postwar economic expansion have reduced American poverty to so marginal a problem that economic levelling is no longer an emotional mass issue. But what has survived from Populism to spark the McCarthyite Right is resentment at status, education and established tradition. Once again, judiciary and Supreme Court are attacked, the older universities decried, intellectuals denounced, checks and balances in the constitution opposed and appeals made, over the elected Senate, to an aroused mass opinion. The attack is based now on inflamed nationalism. Before it sprang from embattled poverty, but its drive is the same—to undo the built-in defences of society in the name of direct popular emotion. It is no coincidence that Senator McCarthy came from Wisconsin. He lacked La Follette's generous sympathies, but he inherited the suspicion and the levelling mood.

What, then, are the safeguards against the extremes of radical mass emotionalism, whether of Right or Left? In part they are the old familiar defences —the rule of law, the independent judiciary, the separation of powers, the plural society. But these defences fail if men do not cherish them. Freedom, as Judge Hand has said, will not survive in constitutions if it has died in people's hearts. The defence of freedom therefore must include the ability of men and women to know and savour their own freedom. Mr Viereck's most eloquent pages denounce the dangers of accepted conformism, of spontaneous group adjustment driving freedom from its last defence—the free human spirit. This is the basis of his argument for the "unadjusted man," for his passionate attack upon the politics of manipulation, hucksterdom and mass conditioning.

It would, in fact, be quite false to suggest that he has written anything like an academic exercise on freedom. His illustrations from past history are simply an effective part of his polemics. He is a strong partisan. He wants to stir people to passionate disagreement. He waves his theories under their noses—and tweaks their noses, too. Like many expounders of liberal conservatism, he perhaps underestimates the dynamite needed to break down the inhumanities and encrusted injustices of any traditional social order. He could invite to himself Tom Paine's scorn for Burke's reactions to the French Revolution: "He pities the plumage and forgets the dying bird." Equally, however, he could claim that we are not short of treatises on dynamite. They have been the staple reading of this century. He does no more than redress a balance in suggesting we should be very careful what we blow up.

Wooing the Indian Princes

THE STORY OF THE INTEGRATION OF THE INDIAN STATES.
By V. P. Menon.
Longmans. 511 pages. 45s.

ON the eve of independence, India's territories were criss-crossed by 554 princely states. Since paramountcy was not to pass to the new dominions but to revert to each state, the sub-continent was menaced with balkanisation on a scale never achieved in the Balkans. The stage was set for intrigues between the states, the two hostile dominions, and foreign powers fishing for trouble. The stability of south-east Asia had been weakened by the emergence of three successor states in Pakistan, India and Burma: the emergence of 557 would have created a power vacuum with world repercussions. It is therefore beyond dispute that the Indian government was right to exert itself to mop up the milky way in which it threatened to drown. The task was formidable and hazardous. A civil war was raging over northern India. The army, police, the administration itself, were all at sixes and sevens in process of being partitioned and reorganised. The princes had but to display unity and resolution and keep dry the powder of their considerable armed forces to maintain their pullulating sovereignties.

That in these extraordinary circumstances the Indian Minister for States, the late Sardar Patel, and his vigorous aide, Mr V. P. Menon, succeeded in

Chester Bowles

American Ambassador to India 1951-1953, makes a plea for a reappraisal by the Atlantic Powers of their African, Asian and Middle Eastern policy.

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Industrial Structure of American Cities

By GUNNAR ALEXANDERSSON

A geographic study of urban economy in the United States.
11 x 8. 40 maps and figures. 40s.

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cajoling, bluffing and bullying the princes into accession without firing a shot (save in the walk-over action against Hyderabad) is one of the most remarkable strokes of *realpolitik* in modern times. Its justification was expediency. But in this Age of Principles and of the People, expediency is abhorred as immoral, inadmissible. Consequently, Mr Menon feels compelled to describe his statecraft not in frank and ringing Palmerstonian tones, joyously defying the world, but like a sucking Khruschevian dove liberating the Hungarian people. An exciting, dramatic and well told tale is smothered in smug, Orwellian double-speak. Crowds which come out in support of India are, of course, "the People"; those which challenge India are "mobs" instigated by "unscrupulous agitators." Mr Menon shows how prince after prince was coerced by intimations that autocrats could have no chance against agitations that could be engineered in their states if they were unco-operative, and by promises that their individual incomes and status, and in many cases the separate identities of their states, would be guaranteed and respected. To read page after page of such assurances, given in the most solemn manner in the name of democracy, induces a wry smile when one reflects that not one of the states of 1947 survives and that revision of the privy purses guaranteed nine short years ago is now being debated.

Mr Menon's book is an important original documentary source for historians of India and a document that should not be overlooked by historians of our times.

A Learned Art

STUDIES IN THE HISTORY OF ACCOUNTING.
Edited by A. C. Littleton and B. S. Yamey.
Sweet and Maxwell. 403 pages. 50s.

THIS collection of 23 essays, tracing the history of accounting from the Greeks and Romans to the Companies Act of 1900, makes an important contribution to the re-establishment of accounting as a learned art. This it was in the curriculum of Oxford at the end of the thirteenth century, even though it has no place in the twentieth century. The essays provide a fascinating historical survey because of the constant interplay of two opposing themes: the slow progress made in the conversion of the business world to the Italian invention of double entry perfected somewhere between AD 1250 and 1350; and the ingenuity of the non-Italian world in running its business affairs quite efficiently with very primitive book-keeping techniques. Professor Raymond de Roover shows that by the middle of the fourteenth century the Italians had all the refinements of book-keeping—balanced books, prepayments, accruals, reserves, depreciation provisions, management accounting; accounts were being filed for tax purposes as early as 1427 and, a few years later, tax was being avoided by the preparation of special accounts for the revenue authorities.

Yet Mr Rudolph Robert can trace the history in England of wooden tallies notched to form primitive receipts which were not finally abandoned until 1826 and were last heard of in quantity when they were responsible for the burning down of Parliament in 1834; Mr Harold Pollins makes it clear that the theory of depreciation baffled many boards of railway companies throughout the Victorian era; and, according to Mr J. G. C. Jackson, a rational system of teaching double entry without pages of rules or mythical personages such as Mr Chest and Mr Box did not get into a standard textbook until 1949. A reader of this book is forced to ask both how this could have happened and whether we are sure that we have not still got things to learn from Luca Pacioli writing about AD 1493 or Hugh Oldcastle writing in English in 1543. The essays on Pacioli himself and early English books on book-keeping show that instructional treatises were available from these dates and had demonstrated that despite the difficulties inherent in making any calculations with Roman numerals good accounting could be an aid to management. Indeed Mr de Ste. Croix in a scholarly study of Greek and Roman accounting makes one wonder why one of the Greek notational systems did not make the arabic system superfluous. We can draw comfort only from the last essay by Mr Nishikawa in finding that even Japan, a country which assimilated much of the western heritage quickly and profitably, took only reluctantly to double entry.

The essays contain much more than a mere history of the spreading of double entry. Some are essentially learned, well provided with notes and throwing out a challenge to scholars to study and publish sources known to exist but not yet adequately studied; others are frankly anecdotal though demonstrating the delightful incidental bits of history to be derived from a man's rough or not so rough accounts; in this category comes the depressing joint disclosure by Messrs Edey and Panitpakdi that in the last quarter of the nineteenth century *The Economist* could not decide for or against the compulsory publication and filing of accounts.

This book can be recommended to all those who recognise accounting as a vital part of modern business and wish to know what put Italian business on top five centuries ago and produced an early but very successful tycoon.

Poet's Prose

THE PROSE OF RUPERT BROOKE.
Edited by Christopher Hassall.
Sidgwick and Jackson. 254 pages. 15s.

THE reputations of some writers may have been heightened by an early death: not so Rupert Brooke's. It was clear, from the moment of his death, that he would be the legend of his time. Everything conspired towards it: his beauty and his charm; the circumstances of his death; the widespread emotional response to his famous sonnet; and the fact that, as Henry James said, "while he is still in the highest degree of the distinguished faculty and quality, we happen to feel him even more markedly and significantly 'modern'." Alas, the modern of one day is on the shelf the next, and his lasting merits were overlaid by his aptness to a passing time. But we are far enough from him now to disinter them from these overlays of fashion and out of fashion, and to recognise in him a serious poet of considerable merit, and a steady developer who had the bad luck to die before his prime.

Mr Hassall's texts, which he introduces with sympathy and knowledge, are in the nature of *mémoires pour servir* to the revival of Rupert Brooke's memory. As the editor says, "his comments are entertaining and often illuminating in themselves, but their special interest lies in their being the opinions of the young man who wrote the poems and was one of the originators of the Georgian movement." Mr Hassall draws from Brooke's travel letters (excellent, these) and from his dissertation on Webster, which have both already been published in book form, and for the rest he quotes reviews, articles and so forth. Brooke died when he was twenty-seven, leaving no prose writings behind him except his dissertation and some ephemera; so the field of choice is rather thin and Mr Hassall has to rely on much that Brooke himself, no doubt, would not have republished. But a clear enough picture emerges of a talented and perceptive Cambridge man, one of the setters of a good and long-lasting tradition in his college and university.

We should be grateful to Mr Hassall for bringing one aspect of Brooke to light. It is time that his work should be reassessed, and this book helps. The next move is for more of his letters to be published, since those that have appeared are delightful and revealing. One hopes that his literary executors will soon arrange for this.

The Seaman's Secrets

THE HAVEN-FINDING ART.
By E. G. R. Taylor.
Hollis and Carter. 307 pages. Illustrated. 30s.

TO write a good history of the art of navigation one must be geographer, historian and mathematician combined. No wonder few such books exist, and none before this which explains in such confident detail the unrecorded mysteries of the old voyagers, ancient Greeks, Irish saints and Viking explorers of the dark ages. The most abstruse utterances of the schoolmen do not deter Professor Taylor from lucid descriptions of the beautiful but baffling instruments used in the later middle ages. Even if the layman cannot follow her among the mathematical problems of those Renaissance scholars who introduced latitude sailing and the use of the true chart, he can appreciate the contributions made by the Arabs, the Portuguese or those mathematical practitioners of whom the author has only recently compiled an erudite dictionary.

Dr John Dee has always been her favourite, and here he towers above his fellow Elizabethans, even above Edward Wright, the Cambridge don, from whom she takes the title of her book. She devotes more space to these academics than to the seamen themselves, so that John Davis, the finest navigator of his age, is never mentioned for his "Seaman's Secrets" which popularised their methods. Captain Cook, two centuries later, was the first fully equipped navigator in history and the last to establish those basic principles on which modern navigation is based. The way in which he vindicated Harrison's solution of the problem of longitude is familiar; but for the beginnings of mathematical navigation, and for the earlier chapters of the long story from Odysseus to Cook, this book has unique value. How nice it is to be told that the Irish discovered Iceland by following the migration of geese, and that the compass is not an importation from China but a natural evolution from the discovery of the lodestone about 1100. Alexander of Neckham, the first Englishman to describe it, "was strongly of the opinion that no one should go to sea except under extreme necessity." Yet as far back as Homeric times men were sailing out of sight of land by wind and star, since land has always been to the sailor a danger to be avoided rather than a friend to be hugged.

The author is a true descendant of those professors of Gresham College, the ancestor of her university, who first taught navigation in public to make it something of wider interest than the secrets of practical seamen. They rationalised the seaman's age-old institutions and she has crowned a lifetime's study of the subject by showing how they unveiled the mystery. Only two complaints can be made of this admirable book: the absence of Professor Taylor's formidable wit, and the arrangement of the index. To find "astrolabe" or "sextant" you must look under "instruments," though "compass" or "chronometer" appear under their own names.

A House Divided

ANDERSONVILLE.
By MacKinlay Kantor.
W. H. Allen. 767 pages. 20s.
MR LINCOLN'S ADMIRALS.
By Clarence Edward Macartney.
The Mayflower Publishing Company. 335 pages. 37s. 6d.

THE United States is suffering from an inflation of books about the Civil War. With the centenary only a few years away and with spoken traditions still alive (particularly in the South, where almost any old gentleman is prepared to trot out the story about Lee or Hood he heard from an eye witness), the market seems inexhaustible. The documentation of the war is superb—it is almost possible to know exactly when Grant looked at his watch—and the military parks on the old battlefields keep the story alive for this motor-driven generation. The tragedy of the internecine struggle catches at the emotions while the skill of the generals and the endurance of their troops in this first of the modern wars appeal to the reason.

The interest in the Civil War is genuine. But too many second-rate books have been published to feed it. The boom has produced good books, but these two are certainly not among the best: "Andersonville" comes to this country as a best seller in the United States. For those who do not give "Gone With the Wind" too high a rating the claim that "Andersonville" is the greatest Civil War novel since that volume swept the market may just pass muster. But for those who know Stephen Crane's "The Red Badge of Courage," the vaunt that "Andersonville" is the greatest Civil War novel ever written will stick in the throat. It is an unusual book; it possesses a bibliography, and it portrays (occasionally with vigour) the horrors of a southern prison stockade for Union troops. But filth, nastiness and brutality do not necessarily make a tragedy, and turgid over-blown metaphors do not make a novel. For all that, it has the mark of a professional writing for a market he understands—a market which must have tremendous powers of patience to stomach the horrible details of its 767 pages.

"Andersonville" is semi-documentary; "Mr Lincoln's Admirals" is pure documentary. The author, like Mr MacKinlay Kantor, knows his market, and this is the umpteenth book he has produced on the Civil War (usually with Lincoln mentioned in the title). The history of the naval conflict in the Civil War has often been told, and parts of it (such as the battle of the *Monitor* and the *Merrimac*) are well known even in this country. To cast his volume in a new mould, Mr Macartney tells his story in the form of separate biographies of the Union admirals: Farragut (who did not say "Damn the Torpedoes: Full Steam Ahead"), Foote, Porter, Worden and the rest. As a result, the narrative tends on occasion to become confused and repetitive. For the English reader the only appeal of this book (which unaccountably misses out those tiny vivid details that make familiar history come alive again) is that of novelty, but it can hardly be recommended to those who have access to earlier and more detailed histories of this naval conflict.

Books Received

EISENHOWER: THE INSIDE STORY.
By Robert J. Donovan. *Hamish Hamilton.* 423 pages. 30s.
The American edition of this book was reviewed in our issue of September 22nd.

NATIONAL INCOME VISUALISED: *A graphic portrayal of how economic activity is measured.*
Columbia University Press. London: *Oxford University Press.* 127 pages. 28s.

PIONEERS OF POPULAR EDUCATION.
By Hugh M. Pollard. *Murray.* 309 pages. 28s

American Survey

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

Faults on the Transatlantic Line

Washington, D.C.

IT will be a long time before geniality is restored between London and Washington. It will take longer to restore mutual esteem between Washington and Paris, since American officials have been exposed to outbursts of Gallic cynicism in recent weeks which they have found little to their taste. But the circumstances of a fast-moving world are driving the erstwhile partners back into the same bed. While this is realised on both sides of the barriers of officialdom, its implications have been comprehended more thoroughly in influential sections of the American press than at desks in the State Department.

There was one heady moment, with the mortifications of the Anglo-French ultimatum freshly gnawing at Mr Dulles, when new vistas of American diplomacy appeared to be opening up. The simultaneous disintegration of the Soviet Empire in Eastern Europe and of the Anglo-French hegemony in North Africa and the Middle East seemed to offer a way of escape from a sapping ambiguity in the American position. Mr Dulles is not the first postwar Secretary of State—and he must now be sadly reckoning that he will not be the last—who has fretted at the frustrations of trying to be both loyal to the Atlantic alliance and effective in exploiting America's reputation for anti-colonialism. The independent British and French action might have freed the United States to follow the second line decisively in areas where the two conflict, since the prospect of a buffer zone emerging in Poland and Hungary suggested that any damage to the alliance could be equally endured.

The massive Russian retaliation on Hungary and the prospect of "volunteers" in the Middle East brought an end to such dreams. But the impact of these events is still noticeable, although more in the press than in the State Department; some newspapers, with the *New York Times* in the van, are calling for the alliance to be wheeled around to face all the frontiers of Russian malignancy. Among American diplomats the dominant note is still the tender care for the opinions of the uncommitted, which used to be the stock in trade of British advice to the United States. And there is a nerve twitch of irritation at the success which the British have had in spreading what is called the "*ex post facto* explanation" of a "Russian plot" in the Middle East.

In so far as there is a State Department opinion in the absence of Mr Dulles, it appears to be that the lonely asset surviving the wreck of western influence in the Middle East is the moral advantage of America's speedy initiative in the United Nations. It is considered essential not to compromise this by any manifest collusion with the British and French, such as a "big three" meeting or a guarantee of fuel supplies, so long as the invading troops are in possession at Port Said. The Americans earnestly believe that their own ability to curb Russia's capacity for mischief by lining up African and Asian support behind a permanent solution of both the major issues, is dependent on showing good faith by getting the British and French out of the canal zone.

This belief does not derive from anti-colonialism, as the term is usually understood, among American officials. It does derive from conviction that America's reputation for anti-colonialism is a card which the United States has in reserve for use on just such a desperate occasion as this. Moreover, although it is a long time since Americans in general failed to give prominent recognition to the positive British achievements in the bestowal of self-government, there is about the British pronouncements on the Suez Canal and on other issues in the Middle East a "colonial" tone that grates upon the American ear.

Rather, it should perhaps be added, it grates on some American ears. There are Americans, critical of the Administration's initial revulsion from the Anglo-French ultimatum, who have long felt that a little of the colonial tone, delivered in the accents of those accustomed to use it, would have an excellent impact on the Middle East. There is good reason to believe that some senior members of the Administration would have shared this view if they had not been antagonised by the British failure to give them advance warning. But the sympathy of those whose natural impulses were on these lines was then forfeited by the mortal slowness of the Anglo-French operation. They had all along assumed that the whole object of incurring the odium of imperialism in Cyprus was to hold available a striking force of parachutists which could intervene within forty-eight hours at any point in the Middle East. It was disillusioning to the "realist" school of diplomacy, and to habitual Anglophiles, to find that a convoy from distant Malta was required before the sleepy lion could strike. The British reputation for imperialist efficiency and Palmerstonian vigour is almost as total a casualty of recent events as the even stronger faith in the special maturity and patience of British statesmanship.

★

Regardless of the past, the Americans are now faced with the problem of what to do next. Unfortunately their two present improvisations, reliance on the United Nations and determination to find some permanent solutions for both Israel and the Suez Canal, are beginning to carry them on divergent currents. As on occasions in the past, the Americans seem to have waited on the Secretary-General's diplomacy without making sure that he had the same things in mind as themselves. In this case the point at issue is how long the United Nations police force is to remain vigilant on the Suez Canal.

The Americans want the police force to stay there until there is a permanent solution of the dispute over the canal. At this one point at least American policy appears now to overlap with that of the French and British. A joint stand would be possible against the Russians, and the British and French would have their justification for leaving, although the Americans insist that any pronouncement from Sir Anthony Eden claiming personal or national vindication would be fatal to the enterprise. But the weakness of this manœuvre has turned out to be that the Secretary-General has not, like the United States, shifted his position from one of keeping separate the disputes between the Arabs and Israel and that over the canal to one of drawing from the imbroglio a solution to both. And before a firmer turn can be given to events either Mr Dulles must return or a new Secretary of State be appointed. To anxious foreign diplomats the President appears relatively inaccessible and Mr Herbert Hoover, the Acting Secretary of State, personally impenetrable.

From the viewpoint of the Anglo-American alliance some lessons should be mastered, even as recriminations are extinguished. There has, to be blunt, been altogether too much use of the vocabulary of comradeship without the reality of genuine expression. The doubletalk of mutuality has induced a kind of deafness to plain words and a garbling of clear situations. For nearly a year Britain and America have been shouting at each other without hearing, Britain saying that it would use force in the Middle East without waiting for the United Nations, and the United States saying that it would countenance no such procedure. The British and French grossly exaggerated the paralysing effect of an American election; the Americans did not grasp the intensity of Anglo-French despair at Mr Dulles's disappearing solutions. The British for a time gave Mr Dulles the impression that they were prepared to let the United Nations settle the matter. But Mr Dulles had equally failed to explain to the British his own, much-prized long-term plan for bringing Colonel Nasser to his downfall within a year by political and economic pressure. From now on, the improved facilities provided by the new transatlantic cable between London and Washington, on which Sir Anthony Eden could have spoken to President Eisenhower before he rose in the House of Commons had he so chosen, must carry an exchange of understanding as well as of language.

Economic Advice

DR ARTHUR BURNS'S resignation from the President's Council of Economic Advisers is for "personal" reasons; he has stayed in Washington longer than he intended when he was appointed early in 1953 and he is tired. Certainly Mr Eisenhower is sorry to see him go. Dr Burns has returned the council to the back room where by statute it belongs and has removed it from the political limelight and congressional distrust which were turned on it by the controversial activities of Mr Truman's economic advisers. More important, to Dr Burns, an expert in the business cycle, accrues much of the credit for the successful control of that cycle, and for the steady growth in the national economy, during Mr Eisenhower's first term of office. But the economic advisers have no executive responsibility; that rests finally with the President and is exercised mainly by the Secretary of the Treasury and by the chairman of the independent central bank, the Federal Reserve Board. Some at least of Dr Burns's present tiredness may be due to his fears, of which he has made no secret during recent months, that these officials have been pursuing too restrictive a credit policy. As he leaves, the Federal Reserve banks are expected soon to raise their discount rates once again and so make it even more expensive to borrow money.

Dr Burns's main concern is with the damage being done to the house building industry by the present scarcity of credit. This is also the concern of his successor as chairman, Dr Saulnier, who is already a member of the Council; the vacant place is being filled by Dr McCracken from the University of Michigan; the third member is Dr Davis, an agricultural economist from Stanford. Dr Saulnier is an expert on mortgage borrowing and consumer credit and he takes office as the Administration seems ready to admit that the builders are a special case and that something must be done to make more money available for them. At the same time, however, the inflationary danger which drove the Federal Reserve Board to embark last spring on its series of monetary restrictions are becoming more obvious and more generally recognised. The Secretary of the Treasury now seems to be in full agreement with the board's actions, as he was not earlier in the year. President Eisenhower himself, at his first press conference after his re-election, promised to fight against any continuation of the recent rise in the cost of living. With the index of industrial output at record levels for the last two months, and with the gross national product running in the third quarter of the year, in spite of the steel strike, at an annual rate of nearly $414 billion, an increase of 4 per cent in twelve months, the national economy is clearly pressing against its ceilings.

Strike On Both Coasts?

AS the dock strike on the east and Gulf coasts of the United States entered its seventh day, it was still uncertain whether the dockers on the west coast would join in sympathy and confront the employers, for the first time, with a national stoppage. Already some 250 ships are lying idle, and the cost of the delays, which have repercussions extending far beyond the ports, has been estimated at over $20 million a day. Even perishable cargoes cannot be unloaded—chestnuts for stuffing Thanksgiving turkeys are rotting—and the congestion at the docks is so acute that all railway freight shipments to the east and Gulf coast ports have been halted. Only oil tankers and military cargoes remain unaffected.

The strike has its origin, as usual, in New York, where the notoriously corrupt International Longshoremen's Association has failed to agree on a new contract with the shipping lines. The key to the strike is the union's demand that the New York employers negotiate now a contract

covering their operations at all other east and Gulf coast ports as well, and pave the way for a "national" agreement between the ILA and all employers except those on the west coast. The right of the ILA to represent the New York dockers has just been confirmed, for the third time in succession, in an election fought against its rival on the New York waterfront, the International Brotherhood of Longshoremen. But the challenge to the ILA's authority still persists and, by gaining recognition as a national bargaining agent, the ILA could take advantage, in any future struggle for power, of its strength in the "outports" on the east and Gulf coast, where the IBL has little support. The New York employers, quite understandably, will bargain only over conditions in the port of New York, and the National Labour Relations Board is seeking a court injunction which would force the union to abandon its insistence on this point. This would not end the dispute, but the union's other demands, which are mainly of the conventional, more pay for less work, variety, would at least be negotiable. If no progress is made soon, the government will be forced to invoke the provision of the Taft-Hartley Act which imposes an eighty-day "cool off" period during which the dockers would have to return to work.

In all ports except those on the west coast the dockers are blindly striking in support of the ILA regardless of the state of their own negotiations with their local employers. On the west coast, where work was stopped for a day to consider the position, the dockers have given their leader, Mr Harry Bridges, a free hand to decide whether to call a strike in sympathy with the ILA and thus close all ports in the United States. The ILA's leaders have announced brusquely that they want no help or sympathy from Mr Bridges, but, as he is involved at the moment in bargaining with the west coast employers, he may still decide to support the ILA in spite of itself.

Jim Crow Shot Down

LAST week the Supreme Court, in a decision of great importance, declared unconstitutional a city ordinance in Montgomery, Alabama, made in compliance with state law, which enjoined racial segregation on city buses. The Court unanimously affirmed on appeal the two to one ruling of a lower federal court which had declared the Alabama statutes to be in violation of "the due process and equal protection clauses of the Fourteenth Amendment." So "Jim Crow" legislation, already unconstitutional in interstate transport (that is, in trains and vehicles crossing state borders), is now banned even within a single state. And this finally kills, legally at least, the historic "separate but equal" interpretation of the Amendment (Plessy *versus* Ferguson, 1896), already rejected in its application to schools by the Supreme Court in 1954 and again in later decisions on parks and other public services. Separate facilities, however physically equal they are, are no longer deemed to give "equal enjoyment of the laws" to Negroes.

The case was related to the Negro boycott of the Montgomery bus services, which has remained unbroken for almost a year. The Negroes have now voted to end the boycott, as soon as the decree of the Supreme Court is put into effect. But it is easier to declare a law unconstitutional than to secure its enforcement, as the argument over racial integration in the schools still shows, although segregation in travel is not quite as universal or as deeply rooted as in education. White opinion in Alabama is defiant and outraged at the Court's "interference with state rights" and local custom. Southern reactions generally show that movement towards compliance with the law will be painfully slow, although now, as in the schools, there must be some movement.

The boycott has so far cost the northern-owned bus company an estimated $750,000, and it may lose still more if white people in Montgomery prefer not to have buses at all rather than to share them on equal terms. "As far as I'm concerned," said a state senator, "they can move the bus lines lock, stock and barrel to Washington, DC." However, in Washington, DC, the Attorney General, Mr Herbert Brownell, in an unusual burst of activity, has summoned a conference of United States Attorneys from fourteen southern states to consider how the Court's decision is to be implemented. Continued discrimination, Mr Brownell went so far as to say, will be considered "a crime against the United States." It remains to be seen whether this is a mere gesture of thanks to Negroes who voted Republican or the beginning of full-scale federal enforcement of the Court's decrees against segregation.

The President's Family

ALL nineteen of the officials who sit in President Eisenhower's cabinet have handed in their resignations; but their action is purely a courtesy conventionally extended to a re-elected President. In fact, none of these offers has been accepted, although several members of the cabinet, notably the Secretary of Defence, Mr Wilson, and the Secretary of the Treasury, Mr Humphrey, would like to resume private and business life. Many of the businessmen whom the President brought to Washington in 1952 seem to have found the frustrations many and the rewards few—particularly in dealings with Congress. The call of duty and the earnest persuasions of the President will prevent any mass exodus; but there is clearly some room for amicable changes, though they will probably come gradually throughout the coming year. The two heads which some Republicans would like to see roll, those of Mr Benson, the Secretary of Agriculture, and of Mr Harold Stassen, the special adviser on disarmament and Vice-President Nixon's political enemy, show no signs of rolling or even of wishing to bow out quietly.

Speculation is greatest about whether Mr Dulles will continue to recover from his cancer operation at the present extraordinarily rapid rate. Certainly, he shows no sign at all of wishing to withdraw. The names most frequently mentioned as possible successors have been—in addition to earlier forecasts of Mr Herter, the retiring Governor of Massachusetts—Mr Lodge, the head of the American delegation to the United Nations; Mr McCloy, once United States High Commissioner in Germany, and Mr Dewey, a former Governor of New York and presidential candidate and a leading sponsor of Mr Eisenhower's own political career. Mr Lodge is already in the cabinet, *ex officio*, and Mr McCloy and Mr Dewey may soon be plucked from the

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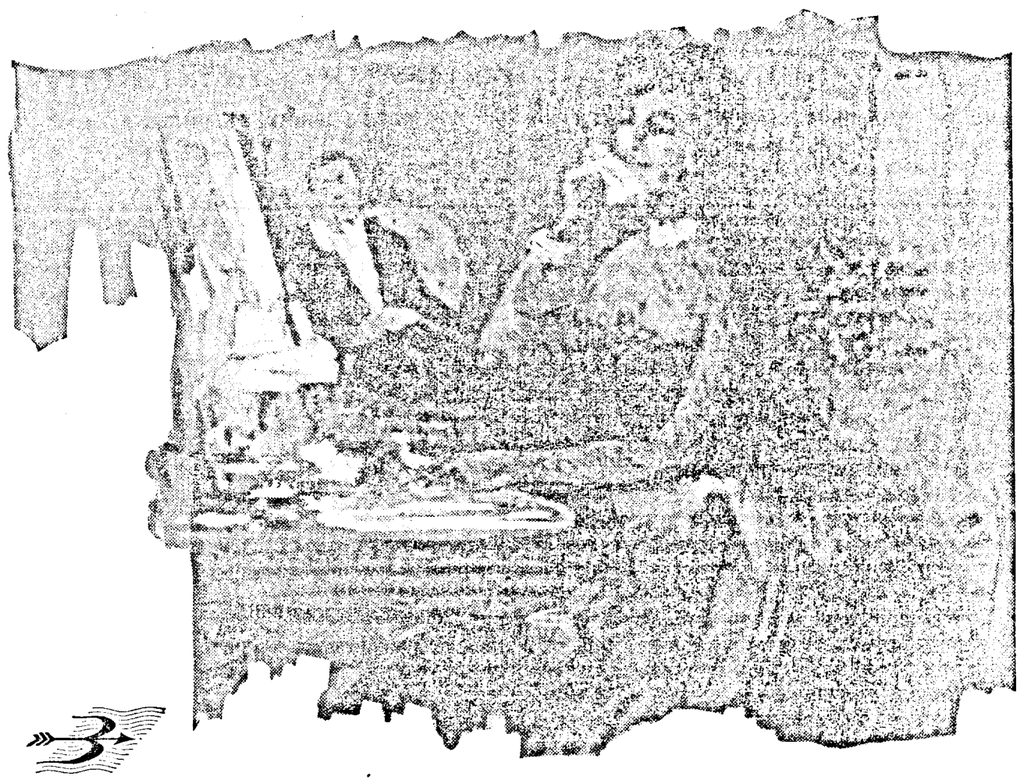

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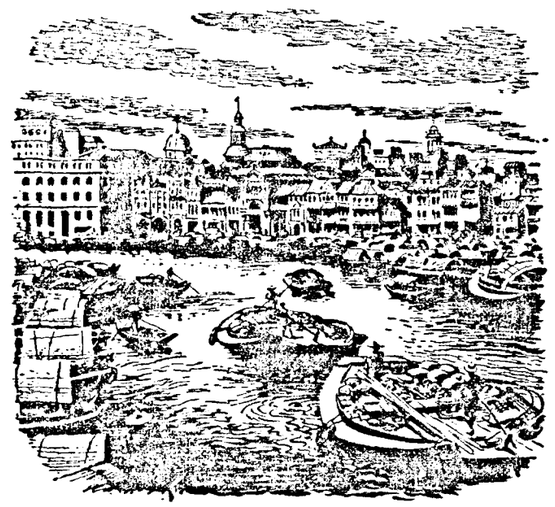

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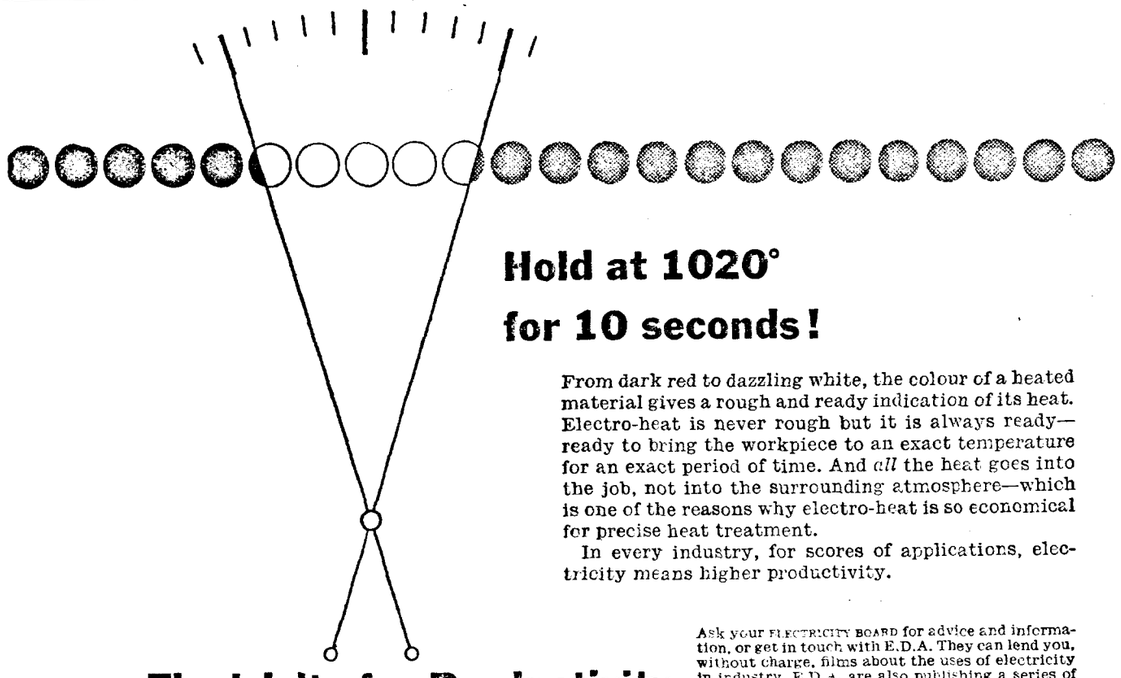

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world of banking and law to take high government posts. Mr Herter, an esteemed liberal Republican, seems certain to be offered some high post in the Administration.

Sooner or later the President is expected to make some use of General Gruenther, who has just laid down his North Atlantic command to become president of the American Red Cross. This worthy post seems something of a political waiting room: General Marshall was president of the Red Cross when he became Secretary of Defence and its recent head, a businessman turned diplomat, Mr Elisworth Bunker, is the new Ambassador to India. In Rome, Mrs Luce is to be succeeded by Mr James Zellerbach, a west coast businessman with experience of Italian economic problems. A very promising appointment is that of Mr Arthur Larson, known as the Republicans' "Number one egghead," to be director of the United States Information Agency. An ex-Rhodes scholar from South Dakota and Under Secretary of Labour for the last two years, he wrote a book earlier this year which the President endorsed as defining his own "progressive conservatism." Welcome as he is in his new job, it is perhaps permissible to wonder whether Mr Larson's talents may not be needed even more to present "modern Republicanism" to America than to present America to the world.

Bourbons for Britain

THE health of the Board of Trade was being drunk last week on both sides of the Atlantic, when it was learned that American bourbon whiskey and Canadian rye whiskey can now be imported into Britain without limitation on open general licence. The British Government's decision, which took the American distillers by surprise, has come after several years of pleading, both by the Scotch Whisky Association and the Travel and Holidays Association in Britain and by the whiskey industry in the United States, for some relief from the very restrictive token import scheme which has been enforced in Britain since the war. Based on imports between 1936 and 1938, when American distillers, still suffering from the effects of prohibition, had few aged whiskeys available for export, the quota provided for imports of only £2,500 worth of all dollar whiskeys a year, and £1,800 of that was for Canadian rye.

The Travel Association's desire to provide Kentucky sour mash in Scotland for all those brave enough to ask for it is understandable; and the Scottish distillers were in favour of relaxation here in order to offset some of the pressure in the United States for higher import duties on imported Scotch. Sales of Scotch whisky (including some Irish) in the United States have risen from 4 million proof gallons worth £8 million in 1947 to 8 million proof gallons worth £23.4 million last year. As the total consumption of spirits in America has been rising more slowly, the share of the American market captured by Scotch has grown from less than 5 per cent in 1947 to nearly 8 per cent in 1955. American distillers, who are now operating at just below half of their capacity, have had the additional worry of carrying heavy stocks of aged whiskeys in the face of a law which taxes all whiskey stocks over eight years old, whether kept in bond or not. Pressure from the trade for higher protective duties has consequently been growing, and the lobby was particularly successful in catching the ear of Senators in the last Congress. The one mitigating factor is the generous profit earned by American distillers who distribute imported Scotch—and as the recent anti-trust case filed by Park and Tilford, Inc., against the Distillers Company makes abundantly clear, these franchises are not lightly regarded by the American distillers.

The stronger bargaining position now given to the Scottish producers is expected to justify the extra expenditure by Britain on dollar whiskeys. Both the Government and the trade feel that the increase in the consumption of bourbon and rye whiskeys in Britain will not be spectacular. But there is still the danger that whiskey bought for dollars may be re-exported to soft currency countries, although Britain's obligation to settle debts with its partners in the European Payments Union to the extent of 75 per cent in gold should do much to lessen any net dollar loss. And in 1954 the American distillers, to escape the operation of the American tax laws, suddenly exported over 2 million American proof gallons of whiskey to Belgium. Very little of that can have been sold, and it could form the incentive for a promotion campaign to dispose of it in Britain. If the experience of the staff of this journal has any relevance, the British taste for "Old Grand-Dad" ("on the rocks," of course) may not be as difficult to stimulate as the Scotch whisky industry thinks.

Slippery Majority

THE Democrats' majority in the new Senate is the same as in the old, the smallest possible, so small that it may easily slip through their fingers. This does not at first glance seem to matter very much, since a vote of the whole house on straight party lines is almost unheard of. But on one occasion it is obligatory—on the day the new Senate meets, January 3rd. Then the members vote on the organisation for the coming session; they pick the party which is to have a majority on the committees, where most business is conducted, and provide the chairmen, who decide what that business will be. That is when the 49 Democratic votes to the 47 Republican will make all the difference—provided the Democrats can hold on to their total.

The first narrow squeak came some time ago when the new Senator from Ohio, Mr Lausche, who has always been an Eisenhower Democrat, threatened to vote Republican on questions of organisation. This would have made the two parties equal, with 48 each, and given the casting vote to the Republican Vice President, Mr Nixon, who presides over the Senate. Now Mr Lausche has decided to stay in Ohio until his term as Governor expires on January 14th; he will not therefore be in Washington on the vital days and the Democrats will have 48 votes to the Republicans' 47. The Republican total will in fact probably be 46, for the new Senator from New York, Mr Javits, wants to remain there as Attorney General until the State Legislature meets on January 9th. This will allow the Republican majority on that body to appoint his successor, instead of giving the Democratic Governor an opportunity of offering the job, which carries substantial patronage with it, to one of his own supporters.

But even so the Democrats are not safe. Their Senator

Daniels has promised to stay in Washington until he takes over as Governor of Texas on January 15th, but it is possible that the present Governor, Mr Shivers, another Eisenhower Democrat, may manage to get in first and appoint a Republican to take Mr Daniels's place. In any case, there will have to be a special election for the Texas Senate seat during the next few months, and the local Democrats are in such confusion that a Republican may win. Finally, although it is perhaps ghoulish to draw attention to it, there are two, and possibly three, octogenarian Democratic Senators who come from states with Republican Governors—Mr Neely of West Virginia, Mr Murray of Montana, and Mr Green of Rhode Island. If any one of these dies, a Republican will be appointed to fill the vacancy until November, 1958.

A Block Breaks Up

FROM A CORRESPONDENT IN PROVIDENCE

ONE of the dramatic upsets in the recent election was in the contest for Governor in Rhode Island, the smallest state in the union. Mr Christopher Del Sesto, a Republican relatively new to fights for office, appears to have defeated Governor Dennis Roberts, a Democrat who had been Governor for three terms and almost unfailingly successful in politics for more than twenty years. Only once since 1930 (the office is at stake every two years) has Rhode Island elected a Republican Governor. The final result this time will probably not be known until a count of absentee ballots ends early in December. But whoever wins, the fact that the Governor led Mr Del Sesto by only 190 votes, out of just under 380,000, on election night makes this a remarkable change in the state's political pattern.

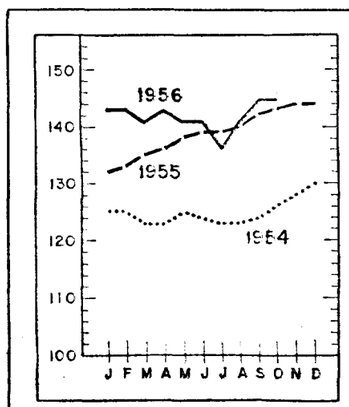
This is the outcome of a long and fascinating political process which has been going on in Rhode Island and in other areas where voting by blocks, according to country-of-origin, or country-of-heritage, had become characteristic. In Rhode Island in the beginning the Yankees ruled. In 1928 the Irish began to push the Yankees aside. The Irish in turn were challenged by the Italians, but in most cases were able to hang grimly on to places at the top until now. Governor Roberts and Mr Del Sesto are both Americans, but in political terms the first is Irish and the second Italian. A principal reason for the way their fight came out is that the Italians, perhaps as many as 25 per cent of all the voters in the state, shifted massively from the Democratic candidate to Mr Del Sesto, the Republican.

But they did not shift blindly, as a block, simply because Mr Del Sesto is an Italian, but for deeper-reaching, in some respects almost subtle, reasons. The passage of the years had created a new kind of Italian-American society in Rhode Island, sophisticated, economically and culturally advanced, mixed with other blood, spread more widely through the state, but always remaining in some degree Italianised in its politics. The Irishmen running the Democratic party failed to recognise this change in the "Italian vote." They did not see, or would not admit, that in important matters like money to spend on politics, and the influence provided by group leadership, there are as a practical matter more millionaires among the Italians today than there are ditch-diggers, more doctors and lawyers and artists than costermongers, more successful businessmen than factory hands.

The Democrats produced as their evidence of Italian support mainly men from the lower levels of 20 or 30 years ago who had then gone into politics asking first what was in it for themselves and had never stopped asking. There are distinguished exceptions, like Senator Pastore and his friends, but the Irish jealousy at the top meant that most of the Italian leaders of the party were confirmed "ward-heelers." The contemporary Italian-American community disliked this, for reasons going even beyond politics. They were not worried because these men did not properly represent them, in the political sense, but they were concerned because these men were not representative of them in the social sense ; they were bad examples of the new community for the general public to meet.

Mr Del Sesto, aged 49, four years younger than Governor Roberts, is only one generation removed from the old country, his parents having arrived in the eighteen-nineties, but he is the product of this century's accelerated assimilation. Night-school studies in law and accounting made him a boy wonder when he became State Director of Finance at 28. He moved on to government work in Washington, and with the war returned to Rhode Island as director of price control and rationing, doing the work well. All this was on Democratic patronage. He undoubtedly has his own explanations of why he switched parties, but the practical can suppose that as an ambitious young man he decided that his better opportunity lay with the Republicans.

The contest between Mr Del Sesto and Governor Roberts was not entirely one of Italian against Irishman. The Governor's long tenure had produced an inevitable boredom and dissatisfaction in some voters. Mr Del Sesto attacked with vigour and diligence, promising better house-keeping and fuller development of the state's resources, both industrial and recreational. Clean-cut, incisive, and with a new face, he evidently appealed to the younger voters ; according to one estimate, he won the support of 70 per cent of that increasingly important group whose voting habits, perhaps mainly a habit of independence, are still in the formative stage. But the shift of the Italians appears to have been decisive, and the apparent reasons for it, relevant far beyond Rhode Island, promise that the bane of block voting by "nationality groups" may be approaching the end of its course in American politics.



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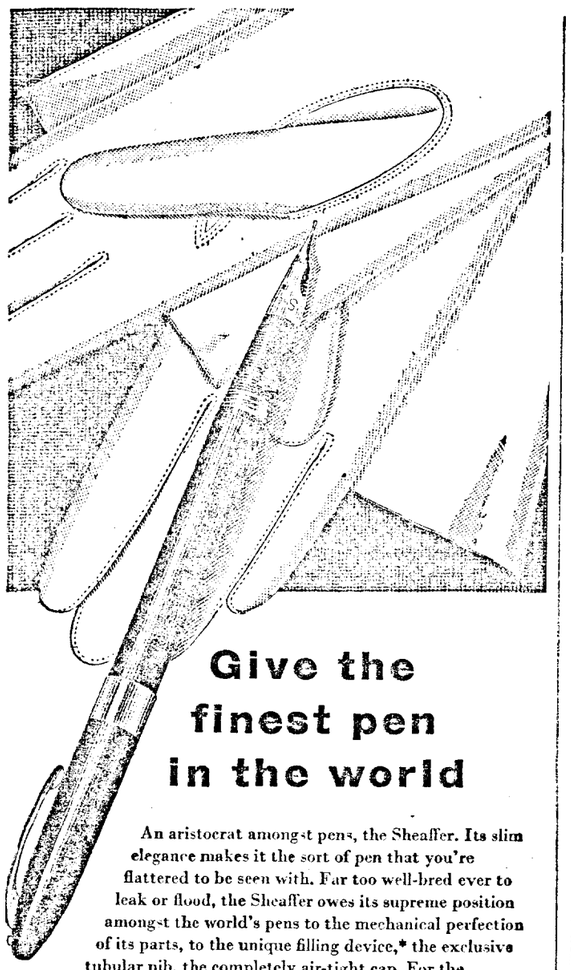

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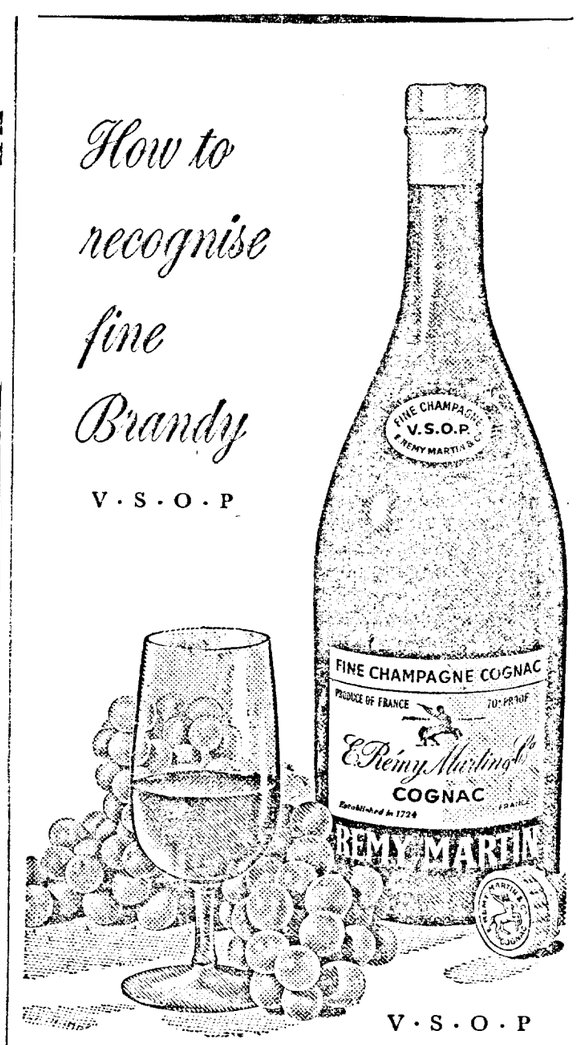

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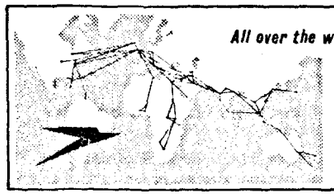

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France's Economy After Suez

FROM OUR PARIS CORRESPONDENT

EVERY day of the last week has brought a new turn of the screw as the economic implications of Suez become clearer. Motorists who were first forbidden to drive outside their own or neighbouring departments will now find the petrol pumps (many of which are already short of petrol) closed on Sundays; it is expected that, unless they voluntarily cut consumption by 30 per cent, rationing will become inevitable. The railways have dropped some services; gas oil for heavy road transport will be rationed; the power stations and gasworks are using more low-grade coal (of which France normally has a surfeit) instead of oil. Most important, though little noted, has been the restriction by a third of fuel oil deliveries to industry (though exceptions—for the steel industry, for instance—can be made). About a quarter of the power used by French industry comes from oil, and there is little more than a month's stocks of fuel. This, though less is being heard about it than the motorist's hardships, is in fact the most serious aspect of the oil shortage. It explains more than anything else the irritation in French official quarters at American slowness in releasing oil supplies. Unless the bodies set up under the OEEC can quickly come to agreements with the American companies, French industry is in serious danger of heavy, if temporary, dislocation.

No one knows how much America will finally supply, but France will be lucky if it obtains from across the Atlantic ten or twelve million of the sixteen or seventeen million tons a year (out of a total import of 24 million tons) it has lost in the Middle East. That would mean a cut of 25 per cent in oil consumption and a direct cut of 5 or 6 per cent in production possibilities. For it seems that, quite apart from the problem of reconverting oil burners to coal, the amount of extra coal that can be imported will be limited. The government's present intention is to buy a million tons more coal, 300,000 tons of it before the end of the year. Some industries will be more affected than others. Steel, for instance, stands to lose less than in Britain, since it has fewer open-hearth furnaces using oil and expects to convert these in two or three months to coal. Nevertheless, it might lose 200,000 tons of much-needed output if fuel supplies were cut by a third now. Cement, chemicals, heavy engineering and, especially, glass—industries among the fastest-expanding or most important for exports—will all be hit.

The motor car industry which has been one of the pilots of the economy has already felt the effect of petrol shortages. In certain areas, even customers who have paid a deposit on their cars are hesitating to fetch them from their agents. In the last year, there have been signs of increasing difficulties in the medium and large car market, and the proposed tax on cars to finance old age pensions (now being contested in the Assembly) and the oil cuts have crystallised them. Simca-Ford, the second biggest and most rapidly growing car manufacturer in the country, has already had to cut production on the French Ford, the Vedette, from 45 to 40 hours a week. Unless American supplies exceed expectations, industrial expansion will be halted. The chain effects of restriction might even lead to a certain regression, lasting beyond the critical period when stocks are running out and the petrol tankers from America have not begun to arrive in full force.

The government itself is not clear whether these cuts in production will finally compensate for the inflationary effect of shortages, increased freight rates and the citizen's tendency to stock up when the outlook is uncertain. What is clear is that its former policy, which has mainly been based on the prospect that rapidly increasing output might relieve the pressure of rising wages and profits barely contained by official restraints on prices, wages and credit, will have to be completely revised. The probability is that the inflationary tendency will remain. For in two fields at least, the government's present problems are likely to be aggravated: the budget deficits and the foreign trade accounts.

The loss of 25 per cent of oil taxes would cost the budget £100 million a year. If the car tax is repealed, as the Assembly's finance committee has requested, this would leave a further gap of £40 million a year. This is serious, for the budget deficit, swollen by Algeria and Suez, is already one of the main inflationary influences in the economy, and will increase in relative importance if national output falls.

France was expected to have a trading deficit of $800 million in 1956. Though French exchange reserves are fairly high (about $1,400 million at the end of October), and France has credit facilities worth several hundreds of millions of dollars with the IMF and EPU, this situation could not continue. It was hoped to cut the deficit to $500 million in 1957 by increasing exports, and thus to avoid the balance-of-payments crisis which would otherwise have followed in 1958. The extra costs of bringing oil by the Cape and from America (even if the quantity is reduced by a quarter) would certainly, over a full year, wipe out this hope. Further, rising freight rates will raise the cost of imports, especially from the Far East; and though purchases of raw materials may fall, their fall is likely to be more than

offset by the loss of export trade to the Middle East and Far East, as well as to European countries which face similar difficulties to those of France. Hitherto, the increasing weakness of France's trading accounts was chiefly caused by internal inflation and expanding output. From now on they will also be limited by direct restraints which are less amenable to government action.

Whether the restrictions on the French standard of living come automatically through falling output or through the government measures to halt inflation and the drain on the foreign exchange, the result is bound to be an increase in social and political tension. The deputies, like the country, are more sensitive to economic than political shocks, and the first signs of economic difficulty have significantly coincided with the first indications of possible parliamentary trouble for the government. These clouds are still no bigger than a man's hand. But it has always been clear that France's international reverses in the past three years were muffled by domestic prosperity, and that they would have more serious internal repercussions if the domestic expansion were halted. Economic trouble in France will almost certainly strengthen the movement to end the Algerian conflict, but it may do so in a way that leads, as in 1954, to a restrictionist and nationalist reaction. Similarly, any injury to the structure of the French economy, even if it is shared by other European countries, is likely to counteract the recent tendency to view a European common market with a more favourable eye.

Canada and the Oil Crisis

FROM A CORRESPONDENT IN CALGARY

INEVITABLY, the closing of the Suez Canal and of the Iraq pipeline have stimulated interest and discussion in western Canada on the opportunities this situation creates for expanding still further the markets for western Canadian oil. The trouble in the Middle East is bound to remove some of the barriers that earlier stood in the way of this expansion. It is likely to raise crude oil prices throughout the world. It is bound to alter the pattern of ocean distribution. It helps to overcome political difficulties peculiar to the North American continent. It does not, of course, of itself increase western Canada's existing means of oil distribution but it may very well affect financial decisions to expand them and make the raising of the capital needed that much easier. All in all, western Canadians are confident that expansion will be accelerated.

Canada's production of crude oil—and virtually all that production is at present in the western provinces—was in 1955 approximately 129½ million barrels, an average of some 354,000 barrels per day. Based on this year's figures so far, production for this year should be approximately 165½ million barrels, a daily average of 460,000 barrels. About a quarter of this production is exported, as crude oil, from Canada. The distribution of the oil out of the producing areas, Alberta, Saskatchewan and Manitoba, depends upon two pipelines, supplemented by tankers on the Great Lakes. One pipeline is the Interprovincial, which runs eastwards from Redwater, Alberta, to the lakehead on Lake Superior and on to refineries at Sarnia, Ontario. The other is the Trans-Mountain, which runs westwards from the Redwater area to Vancouver and across into the State of Washington and the Puget Sound area. With the exception of a small amount (about 8,000 barrels a day) exported directly southwards into Montana, each pipeline carries about one-half of the total production, but 84 per cent of the crude oil going into the Trans-Mountain line comes from the Alberta fields. It is the capacity of these pipelines that imposes a limit to the present export capacity of the country.

The Interprovincial serves the Lakehead-Wisconsin area, and as far south as St Paul-Minneapolis, and south-eastwards to the Sarnia refineries, from which two pipelines for products run further east to Toronto. Next year will see the completion of a line for crude oil to Toronto as well. Trans-Mountain is beginning to supply more of the north-western States and crude oil has been shipped experimentally south from Vancouver to California and (two tanker loads this year) across the Pacific to Japan. Interprovincial has a mean capacity throughout its length of about 200,000 barrels a day. Trans-Mountain has a present capacity of about 180,000 barrels a day, which will be increased to 200,000 within six months. The ultimate capacity of the present line can be increased, by looping and the construction of additional pumping stations, to some 300,000 barrels a day.

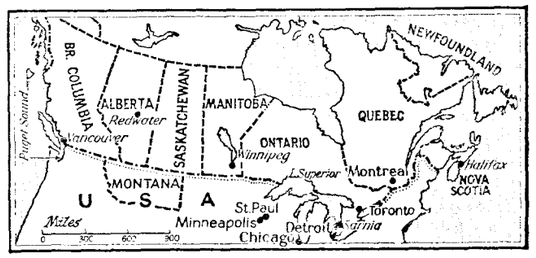
In price, Canadian crude oil is already competitive at the extremities of these lines. Taking a wellhead price of $2.50 a barrel at Redwater, Alberta (the approximate figure for January last) the following table shows how oil from that field would compare in price with other sources of supply:

Cost per Barrel	At Wellhead	At Sarnia	At Montreal	At Puget Sound	At St Paul
	$	$	$	$	$
Redwater	2·50	3·25	3·50	3·20	3·20
Nearest US airfield	...	3·27	...	3·40	3·45
Arabia	...	...	3·50	3·55	...
Iran	...	...	3·52	3·60	...
Venezuela	...	...	3·30	3·68	...

Before the Suez crisis reached its present state, discussion in western Canada was already concerned with how existing markets could be expanded, which was very much a problem of how transportation costs from wellhead to refinery could be cut down. Some argued that the Canadian fields should plan to supply the Montreal area, which has a consumption of over 200,000 barrels a day, but any project for extension there would have to face the heavy competition of seaborne oil from the south landed at Halifax, Nova Scotia, and piped on into Montreal. Further, any substantial increase in eastern Canadian markets would require the construction of a second Interprovincial line, involving a capital outlay of at least $250 million. Others hoped for an expansion south-eastwards from St Paul-Minneapolis towards Chicago and Detroit, but expansion there would mean that as Canadian oil became dearer, American oil would become correspondingly cheaper. Most agreed that the main outlet must be towards the west, to the Pacific coast, by expanding the capacity of the existing Trans-Mountain line, perhaps by duplicating it, which would cost only half the amount required to duplicate the Interprovincial line. On that discussion has been superimposed the new situation created by the Anglo-French action.

That has had its political repercussions in the North

American continent. On November 15th, the Federal Power Commission altered its earlier stand that no United States project should be allowed to become wholly dependent upon oil or natural gas imported from Canada, a most significant change of principle. This has removed one important barrier to Canadian oil expansion. Secondly, it is unlikely in the ensuing months that much oil will be tanked east across the Pacific, when tankers could be much more economically employed on the shorter run south from Vancouver. Thirdly, the prices of all ocean-borne oils



should rise, which will increase the competitive power of Canadian oil in all the markets adjacent to those it already serves on or near either coast of the continent. Fourthly, there may be an absolute diversion of oil originating in the Caribbean area from its existing markets to Europe; this may compel the workers in eastern Canada which now rely on the Caribbean to find other sources of supply, even if these are more expensive. Of the Canadian provinces, Alberta and Saskatchewan should be the principal beneficiaries from these developments; and among the distributing agencies, the Trans-Mountain company.

Nato Under Trial

FROM OUR PARIS CORRESPONDENT

THE strong parliamentary delegations from the Nato countries which are visiting the Organisation's headquarters here this week could not have picked a more stimulating moment to discuss the new perspectives of Nato's future. Has Nato, like the UN, a chance of emerging stronger from the Suez crisis—in itself the worst patch of what Lord Ismay, the secretary-general, has called the "bad patch" of the past year? The Nato allies of Britain and France had unanimously protested that the insult of a monumental example of non-consultation should have been added to the injury of a blunder on the canal. But the very prospect of real disunity was enough to bind the alliance together again, and the Soviet repression in Hungary gave the members a rallying-point. The Secretariat astutely encouraged the daily meetings of the Council for the better part of three weeks. The governments exchanged information on Hungary, and co-ordinated what UN action about Suez could be co-ordinated from Paris. In fact, it was little, and Nato's work has been marginal. But constant contact has had a good effect. The French and British, smarting from their experience at the United Nations, have appreciated an understanding, if far from admiring, audience. Their partners have been glad to stress the virtues of collective strength—and prudence—over Hungary, an issue which the Nato states will try to keep in the forefront at the UN. Thus, after the shock of recent weeks, Nato is ready for a fresh start. The necessary condition is that the next full-scale council of Ministers takes decisions which plainly carry the alliance forward.

An international organisation to which the members do not give up sovereignty can by its nature only arrive at solutions that are, in the current Nato catchphrase, "evolutionary," that is to say, far from spectacular. Yet in the new atmosphere, the recommendations which the "three wise men" led by Canada's Foreign Minister, Mr Lester Pearson, will put to the Ministers for machinery to provide greater political consultation on issues directly, or indirectly, affecting the alliance, have a better chance of finding a sympathetic audience. So far Nato has been, politically, only an information centre; allies usually learnt of each other's decisions too late to have a say in them. Suez is an unhappy example, but not an exception; only a few weeks ago Dr Adenauer angrily lowered the German call-up period to twelve months without a hint of consultation. Real consultation before the event would be a genuine advance.

The smaller countries and Germany, which have few commitments but many interests outside the Nato area, are anxious for this. It would safeguard them against having to gather up broken crockery they had no part in smashing. More important is the attitude of Britain, France and the United States. Would Britain allow consultation (even, as many Nato countries would like, conciliation) over cases like Cyprus? Or France over Algeria? Or the United States over the Far East? (Or, for that matter, the Federal Republic over German reunification?) The encouraging factor is that the United States, which since Suez is more than ever the great power in Nato, has been showing signs of a generous view towards "consultation." The British and French attitudes are more obscure.

The centre of Nato's life is necessarily the military alliance, and this too has been passing through the "bad patch." The postponements of German rearmament; the withdrawal of troops and equipment to Algeria and the Eastern Mediterranean; the lack of co-ordination evident in the flurry over the Radford memorandum; and the doubts raised among their partners by the increasingly thrifty attitude to defence of several members, including Britain—none of these made for cohesion. The recent weeks have restored it on the broader level: the revelation that Russia still has a mailed fist has, especially in Germany, revived the concern over Nato's "shield." It has been generally agreed, and wisely, that there is no case for extending the Nato area to Africa, whatever the danger from the "flank." But Shape's technical problems remain. It is radically short of manpower even for tactical atomic warfare, and the German contribution remains the top priority. As for the change-over to atomic weapons, this is retarded by United States law, which prevents allies from having them in peacetime, and by inadequate European budgets and resources. Work on the "Annual Review" of defence, which the Council will have to endorse (as it must every year), is more or less bogged down. The difficulties are such that it is hard to see how they can be removed without a new and bold approach. One might be the reversion to the old "pool" method, applied not only, as in 1950, to budgets, but also to atomic arms, which could be placed in Shape's hands. Inevitably, America would have to pay the highest price in money and in weapons withdrawn from the secret list. But to opt for less is to risk condemning Nato to a permanent and undermining sense of military inadequacy.

The problem is a double one: Nato has still to achieve

sufficient military strength; and at the same time it has become apparent that the purely military approach is not enough. A military pact was natural and adequate for the Atlantic Powers in the cold war days of Czechoslovakia and Korea. But the dangers in the Middle East, where the West is at grips with Arab nationalism as much as with Russia, or in Eastern Europe, where the Soviet Union is struggling hard to control its sphere of influence, require a more flexible—and a more political than military—cohesion from Nato.

Israel Takes Stock

FROM OUR CORRESPONDENT IN TEL AVIV

IN a completely new situation Israel now has to try to find its bearings. This is a harassing job. The first reaction to the Prime Minister's change of policy over the withdrawal of Israeli troops from Sinai was a widespread feeling that the fruits of victory were being snatched from Israel. But on second thoughts the immense complications of the political problems facing the country are slowly being realised. With the collapse of the French and British action in Egypt, the threat of a third world war, and the intense Russian pressure, it has become evident that the Israeli-Arab conflict cannot be decided by arms and certainly not by arms alone.

The military aims of the Sinai campaign were to destroy the Egyptian army stationed in the peninsula and thus remove the threat from the South and clear up the centre for commando raids in the Gaza strip. Both were achieved and at the same time it is thought that the Israeli reports of vast military stores uncovered in the peninsula should give warning to the world of much bigger threats than the destruction of Israel by the Egyptians. But Colonel Nasser did not fall and is today probably less inclined to talk peace than ever. Already some voices can be heard in Israel pointing out the high political price to be paid for the military victory. Israel is today considered by the colonial peoples of Asia and Africa as the vanguard of imperialism and an imperialism which failed in its latest attempt to recover its position in the Middle East. It will be very difficult to explain that Israel did what it did not for the sake of the imperialists but in order to ward off the danger of attack. It has alienated the United States, at least for the time being, and lost Israel ground in the United Nations at an awkward moment.

Such reflections are, to be sure, by no means typical of the general attitude in Israel today. But they are uttered, if cautiously, by thoughtful people, and the repeated warnings from the highest quarters that the political struggle will be much longer and harder than the military campaign are a sure sign that the government is aware of the difficulties ahead. At present two problems occupy the centre of the stage in addition to anxiety over border-raids, and the feeling of tension fostered by Russian influence in Syria and the threat of Russian volunteers. The first is the ability of the international force to function properly and the second the fate of the Gaza strip. If the international force is used to demilitarise the Sinai desert, the rebuilding of Egyptian military positions there could be prevented and thus the threat of a new danger from the South averted. If, however, the international force were to enter but later to leave again without effective guarantees from Egypt, the campaign would have been fought in vain. When Israel agreed to evacuate its forces from Sinai according to the United Nations resolution it had to give up an important card in the struggle for a final settlement. It is sincerely hoped that the stationing of an international force in Sinai will be used to bring about such a settlement.

The problem in the Gaza strip is exceedingly delicate. The return of Egypt to this area would bring back the intolerable conditions of guerrilla warfare as they have existed for the last few years. Moreover, the Egyptian regime in Gaza was content to leave the 200,000 refugees concentrated there in a hopeless state of idleness and suspense. If the Gaza strip were to remain under Israeli administration means could be found to settle the refugees. This would not be easy, but it could be done. And at long last there would be the beginning of a practical solution of the refugee problem.

Spanish Students and Hungary

FROM A CORRESPONDENT IN MADRID

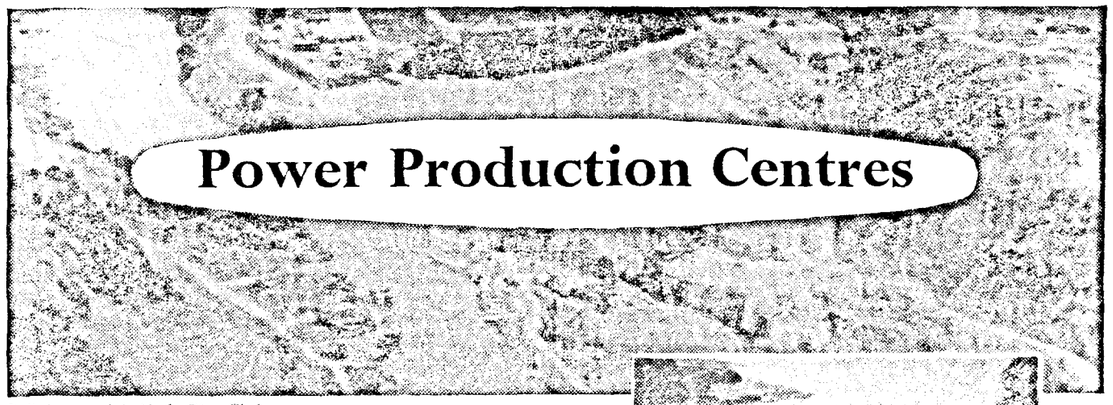
IN Spain, as elsewhere in the non-communist world, anger and revulsion at Soviet repression in Hungary have sought expression through demonstrations in the streets. But if the manifestations in Madrid and Barcelona seemed relatively subdued, they were notable for disturbing political overtones. For dissident elements in the population, spearheaded by university students, sought to convert demonstrations of solidarity with the Hungarian people into agitation for more democracy in Spain. Mindful of last February's riots, the authorities banned all demonstrations except one—apparently designed to render any other massing of crowds superfluous. Attempts by students of Madrid University to stage their own public denunciations of Soviet oppression were quickly suppressed by the police.

Madrid's single officially-sanctioned demonstration consisted of several hundred youths who paraded down the main thoroughfares carrying Spanish and Hungarian flags. They assembled outside the non-communist Hungarian legation, a relic of earlier times which the Franco regime continues to recognise since Spain has no diplomatic relations with the countries of Eastern Europe. The minister in exile appeared at the balcony to thank the crowd for their moral support of the Hungarians' fight for freedom, and the assemblage dispersed. In downtown Madrid official sympathy for Hungary's ordeal was symbolised by a Hungarian flag flown at half-mast from the headquarters of the Falange.

The following day the state-controlled press unanimously approved the "correct" attitude shown by the demonstrators. Accounts of the event, identical in phraseology in all Madrid's newspapers, expressed the regime's approbation. But newspaper readers found nothing in the press about some quite different goings-on in Barcelona. There university students combined manifestations of sympathy for Hungary with cracks at the Franco state. They appeared on the streets with placards calling for an end to dictatorship in Hungary, but the words "in Hungary" were in such small letters compared to the rest of the text as to be almost indiscernible. There were scuffles with the police, arrests and official retaliation: the university was closed for a week.

Leaflets have appeared in Madrid calling on Spain's students to show "active solidarity with the heroic students of Hungary who are fighting for liberty against tyranny."

All countries of the civilised world (says one such clandes-



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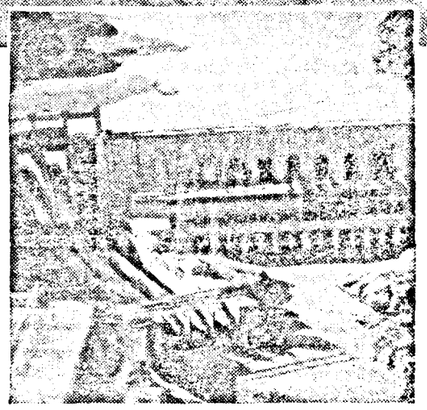

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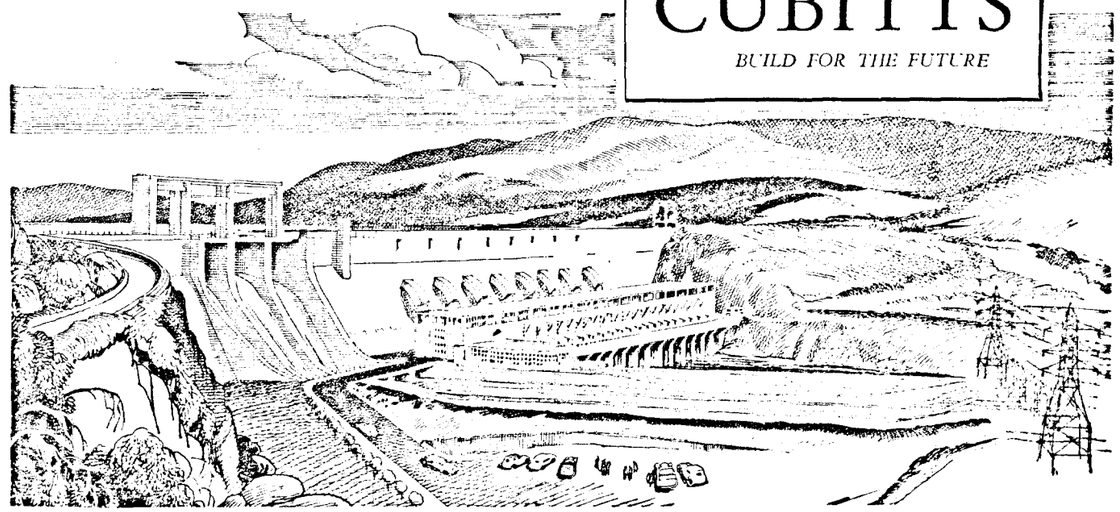

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tine appeal) have condemned Soviet aggression in Hungary. By showing their solidarity with the Hungarians they have re-affirmed those freedoms which are the heritage of honour: freedom of religion, freedom of opinion, freedom of association, freedom of expression. . . . Spanish students! Support the Hungarian students who are fighting for those very ideals for which we are struggling. In the East and in the West there resounds a unanimous call to liberty. Down with tyranny, down with police states based on terror and the rule of silence! Down with all dictatorships which debase religion and culture, which falsify the law and falsify the truth with their controlled press! Down with Soviet tyranny! Down with all tyrannies!

Admittedly these fiery leaflets have a limited readership, and are unlikely to spark the nation into open disobedience. But in a country where strict censorship of the press and radio is the rule they cannot be shrugged off. Nor can restiveness among Spain's students and intellectuals be lightly dismissed if one recalls that in the nineteen-twenties it was student strikes that paved the way for the end of Primo de Rivera's dictatorship.

Poland's October Days

MR GOMULKA'S return from Russia this week across Polish territory was one long ovation. People spontaneously crowded into the stations to shout "good luck, hold on, comrade Wieslaw." In Moscow, Mr Gomulka openly proclaimed that, after past mistakes, Polish-Soviet relations were being put on a new footing of equality. He brought back some tangible proofs of a change. He had in his pocket the promise of 1,400,000 tons of grain and of further credits amounting to 700 million roubles. At the same time all Polish debts were cancelled with a specific recognition that this was partly in compensation for the unduly low prices paid for Polish coal deliveries up to 1954. In turn, the Polish leaders accepted a joint declaration backing the Kadar regime and agreed, as was expected, to the maintenance of Soviet troops on Polish soil until a German settlement is reached. These troops, however, are not to be moved about the country without the authorisation of the Polish government.

Events during those memorable October days centred around the 8th meeting of the central committee of the Polish Workers' Party. It made a drastic change in its Politburo, which was symbolised by the return to power of Mr Gomulka and the removal of Marshal Rokossovsky. The full proceedings of that meeting have now been published. They began with a *coup de théâtre,* the surprise arrival of Mr Khrushchev at the head of a formidable Soviet delegation for a last attempt to force the Poles into line. One angry delegate suggested that the meeting should proceed and the distinguished guests be asked to wait, but the motion was defeated almost unanimously. Meanwhile mass meetings were being held throughout the country, particularly in Warsaw and Wroclaw, at which workers and students proclaimed their support for Mr Gomulka and their willingness to fight any "plot" to foil his return. Rumours that Polish and Russian troops were converging on the capital threatened to turn anger into an explosion. But Marshal Rokossovsky, questioned by the central committee, replied that Polish forces were doing nothing unusual, while the Soviet troops were on their "autumn manœuvres." On behalf of the Polish leadership he requested Marshal Koniev to recall them to their barracks. The first round was won. Mr Khrushchev did not resort to force and the Russians departed, having to content themselves with assurances that the new regime had no intention of breaking with Russia. The central committee resumed its feverish debates.

The indictment of the past concentrated on police terror and economic blunders. Mr Gomulka attacked both the system and the men who fitted into it so well. Some other speakers thought that certain men were now hiding too easily behind the system and took to task in particular Mr Berman, who until recently had been in charge of party control over the security police. One member, in a speech full of passion, asked him how he could ignore what the whole of Warsaw knew, that there were jails in which people "stood for three weeks in their own excrement" up to the ankle, that after a few days in the hands of the police inmates were fit only for the lunatic asylum, while others hid there pretending to be mad in order to escape. In some ways Mr Berman's defence was more damaging to the Stalinist legend even than this violent attack. His plea was really that he was at the receiving end of the Moscow line, that both he and President Bierut had tried to resist the pressure for Mr Gomulka's arrest but in vain. He himself, so seemingly powerful, was suspected of treason by the Russians.

Mr Minc, the former economic boss, defended himself more effectively. He admitted mistaken assumptions about the growth of agricultural production and failures to adjust the economy to a changing situation. But he put much of the blame for breakdowns and shortages on the arms race imposed on the country between 1951 and 1953. Poland, unlike Czechoslovakia, had to build its armaments industry almost from scratch and this absorbed the most skilled personnel as well as scarce resources, which could not be bought from abroad because of the West's strategic embargo (and presumably the Russian inability to supply).

One sign of the new atmosphere was that these two men could freely defend themselves. Another sign was that, although most delegates agreed with Mr Gomulka's general thesis, many questioned the wisdom of his proposed concessions to the smallholders. Here was a real discussion, not merely about the past but about the present and the future,

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about the pace and extent of "democratisation." In the prevailing mood of the country nobody dared to oppose this openly. But the difference between the two opposing factions could be gathered from their respective attitudes towards the freedom of the press, and towards public meetings of workers and students. The Stalinists of the so-called "Natolin group"—headed on this occasion by Mr Nowak and Mr Jozwiak—viewed both with suspicion as dangerous phenomena, likely to provoke the Russians and encourage "counter-revolutionaries." Mr Gomulka and his friends, on the contrary, saw in this new interest of the masses in the political life of the country a healthy sign, and the only possible way of reviving communism in Poland. In their opinion it would become dangerous only if the party failed to lead the movement. To do so it must make a complete break with the past and stop copying blindly the Soviet model. Even after the departure of the "distinguished visitors," the Stalinists did not give in. A last-minute hitch occurred over the election of the new Politburo. A common list of nine members, excluding Marshal Rokossovsky, had been agreed upon. Just before the vote an opponent of Mr Gomulka suggested that such an exclusion would be an insult to "our friends" and the marshal thus had inflicted upon him the final injury of a defeat at the polls.

The victorious Mr Gomulka then set about consolidating the new regime. But the next round was somewhat simplified by Hungarian events. Mr Khrushchev must have realised that his Polish protégés could have landed him with yet another Budapest. Mr Gomulka left for Moscow without hiding his apprehensions; returned unscathed.

India's Favourite Child

FROM OUR CORRESPONDENT IN INDIA

KASHMIR is booming. There have never been so many tourists and they have never bought so much. There has never been so much expenditure on development; real wages have never been so high; the peasants have never been so well assisted. This year 70,000 tourists were expected. These tourists do not fish and trek and shoot as British officers used to do, but they spend far more on embroidery and silk and occasional tables. Moreover, they increase each year, for industrialisation is rapidly swelling India's middle class, while land reform is cutting it off from the ancestral village. In such a paradise for the tourist, the state has a unique solicitude for his welfare. Nobody breathes the horrid word "prohibition." Rates for most services are fixed and almost kept to; houseboatman and dealer alike go in terror of the official black list. Amenities, roads, accommodation, transport services, are always being improved; this year there is even a Kashmir Festival.

For the peasant, land reform and the development programme are much more important than tourists. The land reforms limited holdings to 22 acres apiece. The excess went to the tenants, who thus got some 450,000 acres, about one sixth of the cultivated area. Nearly a third still remains under tenancy, but rents have been limited to a quarter of the crop (with the landlord paying the land tax) and ejection has been made impossible, except in the case of contumacious non-payment of rent; the peasant no longer has to buy his cloth and sugar from a monopoly or to sell a quarter of his crop at confiscatory prices. Only one monopoly remains, on salt, and that is to his advantage.

The Kashmiri pays less tax than anyone else in India, and yet gets more spent on him. The reason is twofold. Three-quarters of the revenue arises from the profits of state enterprises—forests, electricity, silk, irrigation—and from the grant given by India in return for the Kashmir government's surrender of its right to levy central taxes (income tax, customs, central excises); and of the quarter raised by taxation, the tourist pays a considerable part, notably of the taxes on liquor and petrol. Where the other states are stiffening their sales tax, Kashmir manages without it. On the other hand, Kashmir has been allowed the biggest development budget per head of any state in India, half as big as that of Bombay, which has twelve times as large a population. The reasons are that Kashmir is the central government's favourite child; it is backward; and it benefits very little from central expenditure on, for example, railways.

State expenditure on education has nearly tripled since 1947-1948; on health it has doubled, on agriculture quadrupled; and capital expenditure is running at nearly eleven times the 1950-1951 rate. One family in two belongs to a co-operative society, and in the Kashmir valley most credit is co-operative; the all-India average is 3 per cent. Everywhere one sees new roads, new dispensaries, new girls' schools, new irrigation works and electric transmission lines. In Kashmir, moreover, progress is not only a benefit conferred from above; it is something demanded from below. When a minister goes to a village—and the prime minister tours three days a week—he is told in very definite terms what the people want, a girls' school, perhaps, a road, or a "miss" (a midwife); and if he once promises, he is very definitely expected to provide.

Freedom Not Complete

The boom would not be possible without political stability. Without Gallup polls, one cannot say whether the people want to join Pakistan or not, or even whether they want a plebiscite. What one can say is that any desire they may have to join Pakistan is strictly controlled. The prime minister, Bakshi Ghulam Mahomed, walks among the crowds unguarded. The Indian army has been reduced, and both it and the Kashmir militia are largely at the cease-fire line. The Kashmir government is determined there shall be no plebiscite; but it proposes to hold elections next year.

This does not mean that freedom is complete. Mr Bakshi is still afraid of pro-Pakistani agitation and of the attraction of the ideas about Kashmiri independence associated with his predecessor, Sheikh Abdullah, who is still the people's national hero. To agitate in favour of Pakistan is to be guilty of sedition. A number of the leaders of the opposition Plebiscite Front are under arrest. Above all, Sheikh Abdullah himself remains in jail, where he has been for three years without a trial. Nevertheless, there has been a great change in atmosphere in the past five years. As the people of Kashmir have made up their minds that India is in earnest, that there really is never going to be a plebiscite, so Kashmir has been going back to normalcy. Houses are being built, businesses extended, land improved. Even a pro-Pakistani may be forgiven for preferring a boom to a plebiscite; and in Kashmir there is no substitute for India as a provider of tourists, assistance and markets.

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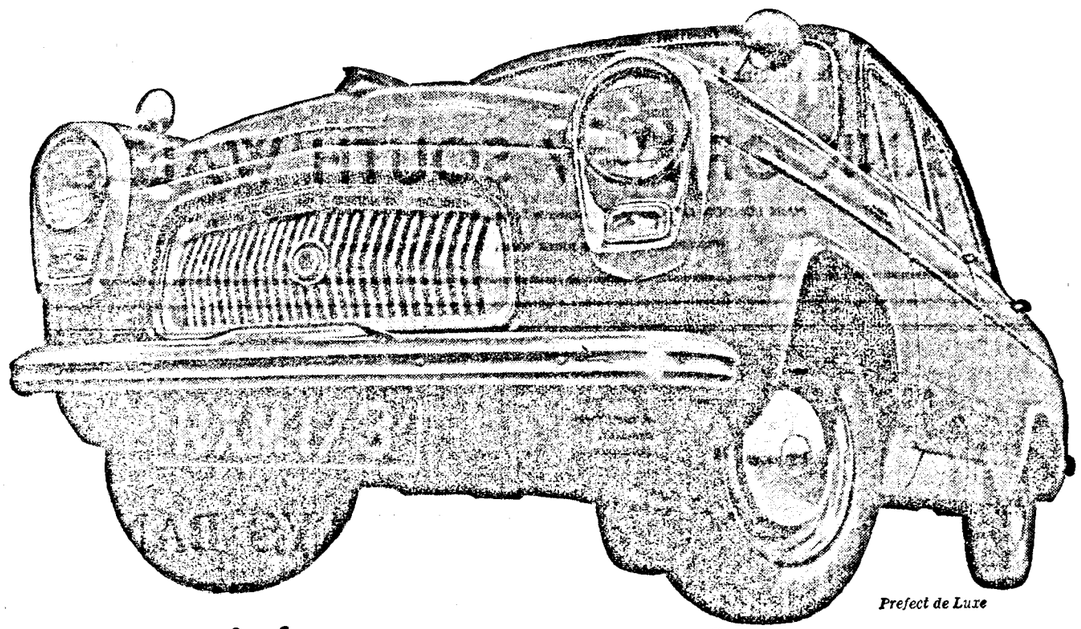

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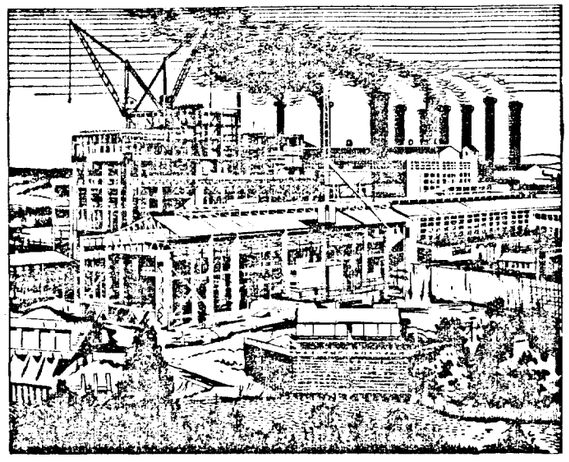

Yallourn Power Station, Victoria

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THE BUSINESS WORLD

Housing Market

WHILE the price of almost everything else has risen, house rents have remained pinned down by law. Since 1939, only two significant tugs have been exerted to pull away some of the deadweight of restriction. Mr Macmillan's Housing Repairs and Rents Act of 1954 was the first; Mr Sandys's Rent Bill before parliament this week is the second. The Macmillan Act was half-hearted; it sought to allow the good landlord a modest increase in net rent in order to enable him to maintain his property, and it made that increase conditional on the expenditure he put into the property. It also sought to allow landlords to recover the higher cost of their services, but the rent tribunals whittled down considerably what they were able to recover. "Landlords are being offered a mouldy turnip," sneered Mr Bevan at the time; by now many landlords agree that Mr Bevan was right.

No one will call the Sandys Bill a mouldy turnip—not even those who would prefer to see the whole rigmarole of control on residential rents swept away at once. The impression cannot be avoided that the Minister would have liked to go the whole hog and has with difficulty been restrained. Complete abolition of rent restriction, as he told the Conservative conference, is still what he ultimately intends. In the meantime, he offers a substantial instalment. He has taken a large block of houses right out of the scope of control; he has left himself the option to widen the area of that free market without further legislation; and he has granted a rent increase up to a uniform limit to the landlords of sound houses remaining within the scope of control. The activities of the rent tribunals will in future be restricted to the field of furnished lettings below the rent control limit, and disputes between the landlord and the tenant of unfurnished houses or flats will return to the county courts—where they belong. And with the bill come the first decent statistics of the nation's stock of houses and its rent roll. The bill is roughly all the landlords wanted.

About 810,000 privately owned houses will be moved at once out of the scope of rent control. They will form the biggest single contribution to the new free market in residential rents. The freer that market the better the guide the revenue authorities will have when they come to revalue residential properties for rating in 1961. Two other sources will send a trickle of decontrolled houses on to the free market. All the 4,700,000 owner-occupied houses will be nominally decontrolled. Few of these naturally will come on the market for letting, but it will at least be possible for owner occupiers who want to move to let their houses instead of selling them, and for those whose houses are not fully occupied to let part of them without the fear of being saddled for life with an undesirable tenant.

All controlled houses that become vacant will also

BRITAIN'S STOCK OF HOUSES
(millions)

	England & Wales		Scotland	Great Britain
	Country	London		
Privately owned below Rent Act Limits				
*Owner-occupied**	*3·6*	*0·8*	*0·25*	*4·65*
Let unfurnished	4·2	0·8	0·7	5·7
Number of these that would be released under new Act	*0·56*	*0·19*	*0·06*	*0·81*
Let furnished or tied	0·3	0·7	0·05	1·05
Total privately owned	8·5	1·9	1·0	11·4
Number that would be released	*4·16*	*0·99*	*0·31*	*5·46*
Privately owned above Old Rent Act Limits	0·05	0·05	...	0·1
Publicly owned	2·65	0·35	0·5	3·5
Totals	11·2	2·3	1·5	15·0

* All these would be freed from any restrictions if let.

be freed, and the Parliamentary Secretary to the Ministry of Housing has estimated that such vacancies will occur at the rate of about 125,000 a year. Statutory tenancies automatically end on the death of the member of the family who succeeded to the tenancy, and some of these tenancies have now been running for over 40 years. Landlords who have preferred to sell or to let furnished when a controlled house came in will now be encouraged to relet unfurnished. It is fair to add that this proviso is open to the objection that it may impede the mobility of labour, as did the decontrol of vacant houses between 1923 and 1933: the tenant who leaves a controlled house will find no controlled house to move into. The Minister, looking ahead towards the complete abolition of rent control, has evidently (and not unreasonably) decided that this was one of those lesser evils that have to be accepted to get a free market working.

For the remainder—the 4,900,000 dwellings in Britain that will remain in control out of a total of dwellings of all kinds of 15 million—permission is to be granted for a rent increase from 2½ times to 1½ times the gross value, depending on the proportionate responsibility of landlord and tenant for repairs, the maximum increase being limited to 7s. 6d. per week in the first six months. Rateable values are round about 40 per cent higher than they were when the Macmillan Act was passed. And that Act placed a rent "stopper" at twice the old gross value and imposed conditions of expenditure on repairs that many property owners could not satisfy. So to landlords kept on short commons for many years, the new bill must seem corn in Egypt. The increases are not automatic; landlords will still have to serve notice in the proper form, and if the house is subject to a certificate of disrepair, the rent will be limited to 1½ times the gross value or the previously controlled rent, whichever is lower. The procedure, however, for obtaining or cancelling a certificate of disrepair is greatly simplified, and is to be made in a form which should improve relations between landlord and tenant. The chances of recovering the increased cost of services, which are estimated to have risen by a further 20 per cent since the Macmillan Act, are also greatly improved. In Scotland, where there has been no rating revaluation, a different yardstick has to be devised; the bill raises the 40 per cent increase granted under the Macmillan Act to 50 per cent, and where the landlord could not claim that increase because he had not made the qualifying expenditure he will still be able, if the property is in sound repair, to claim a 25 per cent increase.

Landlords will still have a few points to argue as the bill passes through its stages. Many of them think it unfair that, by holding a house in requisition and not offering the landlord the option of accepting the occupant as a tenant, a local authority should be able to avoid the rent increase that would otherwise have been granted. But these are minor troubles. The bill does give the landlords for the first time a reasonable prospect of gradual release from the restrictions of rent control, and that release should be progressive as the Minister makes use of his new power to release by order, subject to the approval of parliament, further categories of houses. Even where the landlord has appealed against a rating assessment just over £40 he can sleep in peace. The status in the rating list on November 7th will determine whether the house is or is not controlled.

The vital question now is how far the landlords will exploit their new liberty. To judge by the high rents that the few properties newly built for letting command, property owners could, if they wished, go a long way in forcing up the rents on those houses and flats that will now be released from control. But opinion is hardening among the more responsible landlords against forcing the pace. Some will spread their intended rent increases over periods up to three years. Most will take care that no sudden gap develops between the rent of houses just within the control limit and the rent of those just outside it. Few landlords wish to build up bad will: none wishes to run the risk of empty property. Far more likely is a tacit understanding to try to let rents find a temporary level not far from twice the gross value, whether the property is controlled or not.

	Price Oct. 11	Price Nov. 20	Yield Nov. 20	Properties Controlled*
			%	%
Artizan's & Gen. £1 ..	24/–	25/–	5·4	60-75
Charlwood Props £1 ..	13 9	15/–	8·0	90
Improved Ind. Dwellings £1 def.	18/–	18 6	7·8	90
London & Westcliff £1	16 3	16 3	7·4	95
London County Freehold 10s.	23/–xd	25/–	5·5	55-60
London Labourers' £1	11 3	12 6	8·0	99
Metropol Assn Stock .	60½	62½	8·0	99
Raglan Property 1s. .	1 6	2/–xd	6·2	99
Victory Real Estate 1s.	1/3	1/3	5·6	90

* Old rent control basis

That would still mean a sizeable increase in rent rolls. It would also mean that a wide gap still existed between the rent of a newly constructed house or flat and the rent of an old one. But from a national point of view—and this truth should not be disguised—housing may for years still be a wasting asset, because rents will still not cover full replacement costs. In the end, the disparity between rents on new property and on old must disappear. Rents must be moved to what the market will stand and the remaining controls must be swept away. That might also mean that tenants would have to pay about three times their pre-1939 rental. There is no early prospect of a rise of that order. About one and three-quarter times pre-war rental is more likely to be the immediate target of these landlords that spend a fair amount on services and a still lower figure for those who do not.

So the anomaly must arise that the property companies will draw in an increased rent roll and yet this income will still represent less than a true economic rent of the properties. Investors, as the table of property shares suggests, seem to have taken this prospect of increased income—and unexhausted potentialities—to heart about the time Mr Sandys made his speech to the Conservative conference last month. Property shares rose sharply and have since held steady in an unsteady market. It may in the end be proved that the rise was justified, but at this stage judgment must be hedged with qualifications. First, nearly all the expenses that the landlord suffers have been rising; secondly, there is the uncertain political future. The bill is not yet law. How far will Mr Sandys's policy have developed before the Government changes (In colour?) and how far will it then prove attractive to reverse it?

Lastly, the gradual build up of gross income for which landlords now hope cannot be immediate. Assuming that the bill reaches the Statute book next April, and that three months' notice of increased controlled rents and six months' notices of decontrolled rents are served on the June quarter day, hardly any companies can show much increased revenue in the accounts they will publish in 1957. They may indeed still be collecting some sweepings from the Macmillan Act. After that revenue should begin to rise, but the chief change in next year's balance sheets will not be a gain, for shareholders. Revenues will remain inelastic, and they will be bearing a higher rate of profits tax.

Capital in Manufacturing

HOWEVER a business may value the assets in its balance sheet, and whatever its depreciation policy, it will normally try to keep its fire insurance valuation up to date. That is the assumption—a simple and on the face of it a safe one—upon which Dr T. Barna of the National Institute of Economic and Social Research has based the first direct inquiry ever made into the replacement value of the fixed capital employed in British manufacturing industry, the results of which he presented before the Royal Statistical Society this week. This characteristically pioneering piece of economic research offers, moreover, the first detailed comparison of the extent to which different industries in Britain use fixed capital in their production processes—ranging, according to Dr Barna's figures, from the £13,350 worth of plant and equipment for every worker in oil refining to the £620 worth that is all a worker in china and earthenware making has to help him. Incidentally, it also challenges one economic generalisation which has recently become popular—that over the years less capital tends to be needed for a given amount of national output—and differs sharply from the results of an alternative method of measuring the country's fixed capital recently adopted in Whitehall.

Most attempts to measure the value of the national stock of capital have in the past been based upon the capitalisation of income from property at current rates of yield, or upon the application of mortality rates to the annual value of capital assessed for death duty. The Central Statistical Office this year adopted a "perpetual inventory" method of estimating capital consumption first applied in this country by one of its staff, Mr Philip Redfern, which assumes that assets depreciate in value and are taken out of use strictly according to Inland Revenue schedules.

In comparison with such indirect calculation, Dr Barna's method was the simple one of asking manufacturers what they reckoned to be the value of their buildings and offices, plant and machinery, and operating stocks, for fire insurance purposes. In practice, he asked only a very small sample of public companies in British manufacturing, including all the biggest ones, and received answers from an even smaller number. His final estimates—a selection of which are set out in the large table on page 710—are in fact based upon replies from only 90 companies, though these cover about 13 per cent of employment in British manufacturing and perhaps 17 per cent of its capital assets. Dr Barna considers the sample satisfactory on the whole, though pointing out that its coverage varied greatly from industry to industry. At the Royal Statistical Society meeting this week other statisticians expressed much less satisfaction with the sample: and since it covers 38 industries, some of the individual figures must obviously be pretty shaky.

From the data these companies gave him Dr Barna has calculated that in mid-1955 the replacement cost new of the fixed assets (excluding vehicles) used in British manufacturing industry amounted to about £1,800 per person employed (which might be about £300 out either way) or to about £15,000 million (plus or minus £2,500 million) in total. "Replacement cost new" is what a firm's fixed assets would cost if completely replaced at mid-1955 prices: it makes no allowance for the writing down by normal depreciation that in practice will have occurred. At one point in his paper, Dr Barna assumed that the value of fixed assets, at 1955 prices but normally written down, might be about two-thirds of his total—say, £10,000 million.

Broadly, he concludes that in degree of "capital intensity" British manufacturing industries can be divided into three classes: the ten groups of industries with assets amounting to more than £3,000 per employee—oil refining, coke ovens, sugar refining, chemicals, grain milling, paper, rayon, drink, iron and steel, and cement—which account for about 10 per cent

Fixed Assets in British Manufacturing Industries

EMPLOYMENT & FIXED ASSETS, 1955		Industry	ASSETS AND VALUE ADDED PER PERSON EMPLOYED, 1954								
Employment	*Total Fixed Assets*		*Fixed Assets*	*Stocks, etc.*	*Total Assets*	*Value Added*	*Wages and Salaries*	*"Gross Profits" (inc. Overheads)*	*Ratio of Fixed Assets to Value Added*	*Ratio of Total Assets to Value Added*	*"Gross Profits" to Total Assets*
Thous.	*£ mn.*		£	£	£	£	£	£			%
73	45	China and earthenware	590	110	700	490	350	140	1·2	1·4	20
77	92	Glass	1,140	220	1,360	770	470	300	1·5	1·8	22
13	40	Cement	2,950	680	3,630	1,870	620	1,250	1·6	1·9	34
159	264	Other non-metalliferous mining products	1,580	250	1,830	820	500	320	1·9	2·2	17
322	441	**Treatment of non-metalliferous mining products**	1,300	230	1,530	780	460	320	1·7	2·0	21
20	178	Coke ovens	8,450	340	8,790	1,100	520	580	7·7	8·0	7
203	1,068	General chemicals, plastics, etc.	5,000	510	5,510	1,150	560	590	4·3	4·8	11
64	102	Drugs and toilet preparations	1,520	500	2,020	1,210	420	790	1·3	1·7	39
40	59	Paint and varnish	1,400	550	1,950	1,100	500	600	1·3	1·8	31
23	62	Soap, etc.	2,560	620	3,180	1,220	490	730	2·1	2·6	23
18	237	Mineral oil refining	12,680	2,040	14,720	1,600	560	1,040	7·9	9·2	7
47	90	Other chemicals trades	1,820	730	2,550	1,220	500	720	1·5	2·1	28
415	1,796	**Chemicals and allied trades**	4,110	600	4,710	1,180	520	660	3·5	4·0	14
276	1,007	Iron and steel	3,480	530	4,010	1,080	540	540	3·2	3·7	13
171	274	Foundries, tubes, etc.	1,520	280	1,800	810	500	310	1·9	2·2	17
113	283	Non-ferrous metals	2,370	600	2,970	880	530	350	2·7	3·4	12
560	1,564	**Metal manufacture**	2,650	470	3,120	960	530	430	2·8	3·3	14
223	201	Shipbuilding	860	70	930	630	490	140	1·4	1·5	15
990	1,485	Mechanical engineering, etc.	1,420	630	2,050	810	500	310	1·8	2·5	15
800	888	Electrical engineering, etc.	1,050	420	1,470	730	460	270	1·4	2·0	18
2,013	2,574	**Engineering, etc.**	1,220	490	1,710	760	480	280	1·6	2·3	16
647	1,182	Motor and aircraft	1,740	530	2,270	840	540	300	2·1	2·7	13
248	248	Other vehicles	950	390	1,340	600	470	130	1·6	2·2	10
895	1,430	**Vehicles**	1,520	560	2,080	770	520	250	2·0	2·7	12
608	669	**Metal goods n.e.s., precision instruments, etc.**	1,050	310	1,360	720	430	290	1·5	1·9	21
38	174	Rayon, etc., production	4,340	500	4,840	1,580	510	1,070	2·7	3·1	22
902	2,442	Other textiles	2,570	430	3,020	650	360	290	4·0	4·6	10
940	2,616	**Textiles**	2,650	450	3,100	680	370	310	3·9	4·6	10
641	449	**Leather, furs, clothing, etc.**	670	260	930	480	320	160	1·4	1·9	17
37	183	Grain milling	4,690	850	5,540	1,290	470	820	3·6	4·3	15
215	265	Bread, etc.	1,170	60	1,230	640	370	270	1·8	1·9	22
60	49	Biscuit	780	180	960	610	320	290	1·3	1·6	30
19	103	Sugar and glucose	5,150	1,260	6,410	1,270	550	720	4·1	5·1	11
105	155	Cocoa, chocolate, etc.	1,410	580	1,990	900	370	530	1·6	2·2	27
219	425	Other food industries	1,840	450	2,290	840	390	450	2·2	2·7	20
138	552	Drink industries	3,800	1,220	5,020	1,390	430	960	2·7	3·6	19
37	60	Tobacco	1,550	1,520	3,070	1,600	440	1,160	1·0	1·9	38
830	1,792	**Food, drink and tobacco**	2,050	570	2,620	970	400	570	2·1	2·7	22
276	248	**Manufactures of wood and cork**	860	310	1,170	660	440	220	1·3	1·8	19
88	414	Paper and pulp	4,460	490	4,950	1,140	500	640	3·9	4·3	13
109	188	Cardboard and paper products	1,630	280	1,910	690	390	300	2·4	2·8	16
112	215	Newspaper printing	1,820	110	1,930	1,010	590	420	1·8	1·9	22
210	330	Printing	1,490	250	1,740	690	450	240	2·2	2·5	14
519	1,147	**Manufactures of paper**	2,100	270	2,370	830	480	350	2·5	2·9	15
110	193	Rubber	1,660	390	2,050	810	460	350	2·0	2·5	17
131	181	Other	1,310	280	1,590	680	400	280	1·9	2·3	18
241	374	**Other manufacturing**	1,470	330	1,800	740	430	310	2·0	2·4	17
8,260	**15,100**	**ALL MANUFACTURING INDUSTRIES**	**1,740**	**440**	**2,180**	**780**	**450**	**330**	**2·2**	**2·8**	**15**

of manufacturing employment; four groups of industries that have only recently left the handicraft stage, clothing, wood manufactures, china and biscuits—all of which have less than £1,000 worth of capital per employee; and the bulk of industries between these extremes, which account for nearly 80 per cent of the people in manufacturing.

★

Businessmen may find it interesting to compare their own ratios of fire insurance valuation to employment and "value added" (i.e. turnover net of purchases from outside) with the averages for their industry given in Dr Barna's tables, and indeed with the "capital intensity" of other industries. The ratios include some rather odd figures, particularly when Dr Barna uses the figures to show a notional "rate of return"—net output, less wages and salaries, giving a residual figure to cover overheads and profits, which can then be expressed as a percentage of capital value. Many businessmen will wonder whether these ratios can really apply to small firms, as well as the big ones that bulk so large in the sample: but Dr Barna has been unable to gather any clear indication that there is much difference in the proportion of capital that big and small companies use in the same kind of production.

Dr Barna has concluded from secondary research upon his data that over the years the ratio of capital to output in manufacturing industry is increasing, and that the value of capital required to produce an extra unit of output is higher than the average value of capital now employed; in other words, about £3 of capital is used at present in producing £1 worth of Britain's national output, but it requires the investment of about £5 to produce an extra pound's worth of output. This conclusion, it should be noted, is in contrast with similar calculations based not on direct inquiry, but upon the use of time series; the point will no doubt provide a diverting argument for econometricians. But his figures for total capital employed are also sharply at variance with those calculated by Mr Philip Redfern within the "perpetual inventory" system that the Central Statistical Office is now using; Dr Barna's estimate of total capital employed in manufacturing is more than 50 per cent higher.

This, to the outsider, would seem at first sight to put in question the whole validity of the estimates of capital consumption that are now published in the annual Blue Book. In practice, it is said not to; Dr Barna and Mr Redfern are agreed that for statistical reasons their different methods make much less difference to the estimates of the way in which capital value declines in the years of use than they do to estimates of the total stock of fixed capital.

As a method of valuing the capital employed in industry at any one time, Dr Barna's method is almost certainly the better; although obviously, as he proposed this week, the exercise really needs repeating with a larger and more representative sample. He proposed, also, inquiries into the length of life for which assets are in fact used in industry, as distinct from their notional depreciation "lives." Most businessmen would share his impression that in practice most buildings, much plant, and a good deal of machinery work far longer than the Inland Revenue has arbitrarily set down as their useful lives—either in the original works or after sale secondhand to less exacting users. Buildings, as Dr Barna says, can be kept in use almost indefinitely with periodic modernisation; and the extent to which plant, in particular, can have its working life extended by maintenance and minor replacement is fairly considerable. The one-hoss shay is a rarer animal than the Inland Revenue might imagine.

Business Notes

Rationing on the Road

A CUT of 25 per cent in Britain's oil supplies, which is the assumption upon which the Minister of Fuel and Power has designed the measures of rationing that he announced this week, is rather worse than independent estimates had suggested; and the British restrictions are rather greater, as the table on page 712 shows, than any other country in Europe has yet announced. But more optimistic estimates have been based upon the assumption that integrated operation of tankers, even while the Suez Canal and the Iraq pipeline remain closed, might bring enough oil across the Atlantic to give Europe 80 per cent of normal supplies. The Minister is clearly wise not to bank on too much help from America, given the present attitude of its Administration—though the major oil companies appear ready to aid us together as they are allowed. If supply prospects look better in a few weeks, it would not be difficult to revise the ration upwards quickly; the rationing and allocation schemes have been kept simple enough for that.

But this rationing scheme seems to have been designed to cut road goods transport more than one would have

expected. The basic ration for goods vehicles, certainly, has had to be set at the level the authorities cannot deny even to the least essential of "commercial" activities (say, loud-speaker vans in the by-election that will follow Mr Stanley Evans's resignation?); and the basic ration of derv fuel has had to be cut even more in order to allow roughly the same mileage as for petrol-engined vehicles. Supplementary allocations of fuel, in both cases, will bring the total amount actually available for goods vehicles up to 75 per cent of their normal consumption. The large proportion of fuel that the Ministry will be able to add at its discretion should ensure a high proportion of normal supplies for traffics that can prove priority—though the stipulation that no commercial user will be told how much supplementary fuel he will get until he has used half his basic ration seems quite stupid, and designed to make sensible utilisation of a firm's transport impossible.

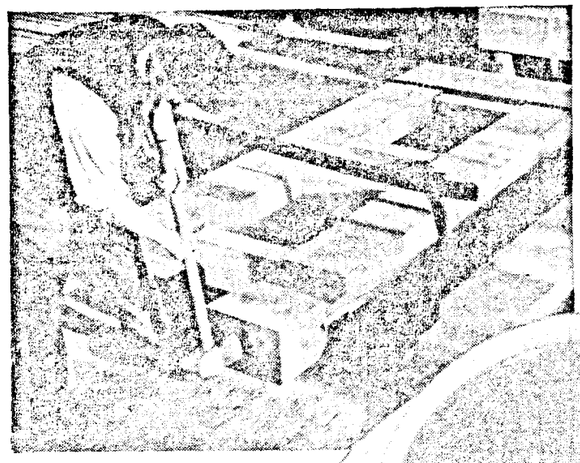
Moreover, a cut of even 25 per cent is a severe one, and Sir Brian Robertson's confidence that the railways can carry the additional load cannot avoid a considerable amount of difficulty for industry in keeping its products moving and therefore its output at current levels. In 1952, about 46 per cent of total goods traffic (measured in ton-miles) moved by road; if the proportion were the same now and a full 25 per cent of it were transferred to rail, the railways would have to carry about 20 per cent more freight than they are carrying today. Obviously, economies can be effected by running lorries fuller—and the Government ought clearly to consider the suspension of restrictions that preclude "C" licensed vehicles from getting return loads of other people's goods. But in fact railway freights have been declining in recent years while industrial activity boomed, so that the proportion carried by road today is almost certainly higher. The addition to railway freight, in terms of ton-miles, might thus be closer to a quarter; and the freight terminals are less well equipped to handle this extra load than the wagon fleet may be. Shifting such a load will be a complicated business.

Industry's Oil Supplies

CUTS in road transport, complementing the shortage of shipping space to move exports, may affect output when these oil restrictions begin to bite; but the 20 per cent cut in gas/diesel supplies for industrial use, which is to

OIL RESTRICTIONS ON THE CONTINENT

Country	Oil as a Percentage of Total Energy Used in 1955	Degree of Restrictions Announced
France	20	Refinery throughput cut by 25 per cent; production of high octane petrol prohibited. Petrol pumps closed at weekends; deliveries to dealers cut by one-third; motorists asked for 'voluntary' cut of 30 per cent; radius of private motoring limited. Diesel and fuel oil rationed; diesel oil deliveries cut by 20 per cent; fuel oil by about one-third, varying with user; 20 long-distance oil-fuelled train services cancelled.
Belgium and Luxemburg	16	Sunday pleasure motoring banned; petrol deliveries to dealers cut by 10 per cent. Diesel oil for central heating cut by 20 per cent; fuel oil for industry cut by 10 per cent
Netherlands	26	Sunday pleasure motoring banned; petrol deliveries to dealers cut by 15 per cent motorists asked to make 10 per cent voluntary cut in petrol consumption. Diesel oil for central heating cut by 20 per cent; fuel oil for industry cut by 10 per cent
Italy	33	Petrol deliveries cut by 5 per cent.
Denmark	37	Motorists asked to make 'voluntary' cut of 25 per cent in petrol consumption. Fuel oil rationed by oil companies; deliveries cut by 20 per cent, retroactive to July 1st
Norway	25	Deliveries of petrol and of diesel oil for central heating cut by 10 per cent.
Sweden	44	30-week ban on weekend pleasure motoring, hoped to cut petrol use by 13 per cent Deliveries of diesel oil for central heating cut by 20 per cent.
Germany	9	No petrol rationing proposed, but refinery output cut by 10 per cent. Rationing of diesel and fuel oil by oil companies; deliveries cut by 20 per cent.
Switzerland	29	Pleasure motoring banned on Sundays and public holidays to cut petrol use by 10 per cen
Turkey	30	Petrol rationed; Sunday pleasure motoring banned.



British Waterways workman assembling a lock gate at Tipton, Staffs. The gate is the first of its kind to rely on resin adhesives instead of eighty cold driven rivets, and Beetle Adhesive—a B.I.P. product—is the chosen bonding material.

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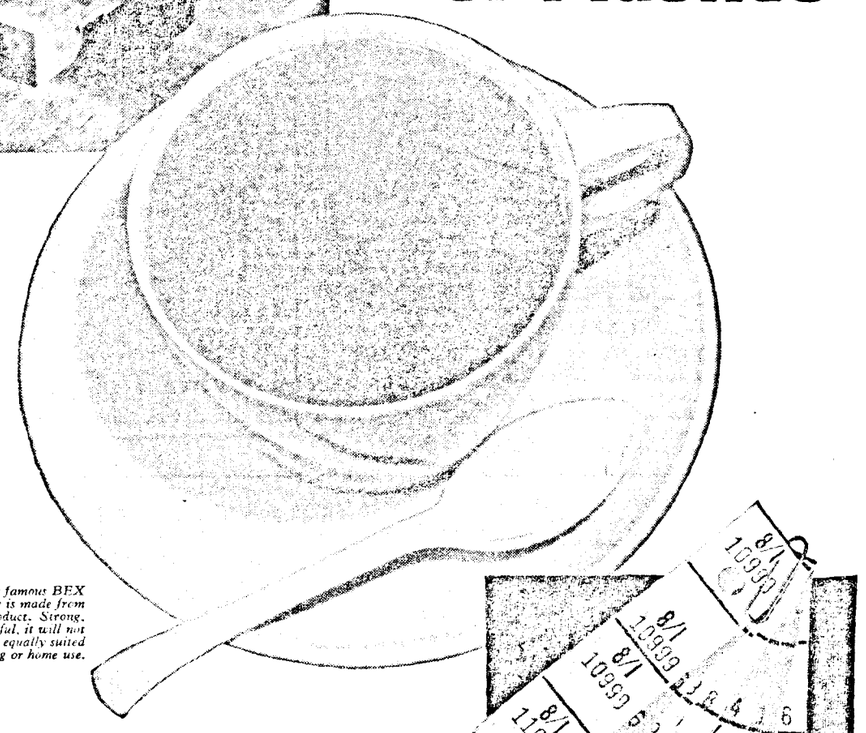

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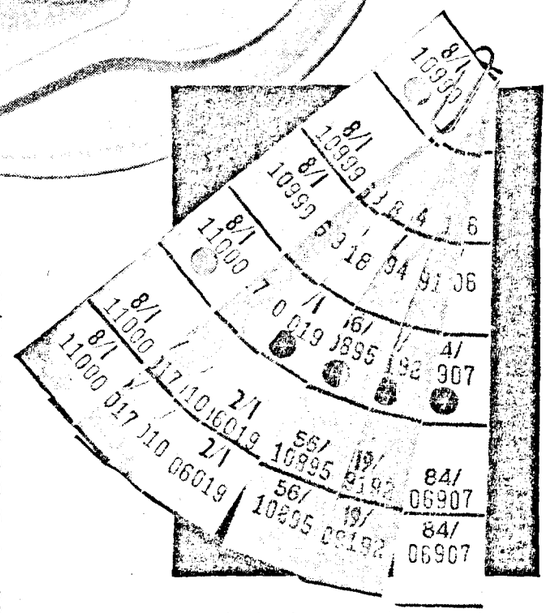

Laundries, these days, are using laundry tags of paper—wet-strengthened with Beetle Resins—a B.I.P. product. Even wet scrubbing has no effect on these tough tags. (Wet-strengthened paper made by Robert Craig & Sons Ltd., a subsidiary of the Associated Paper Mills Ltd.)

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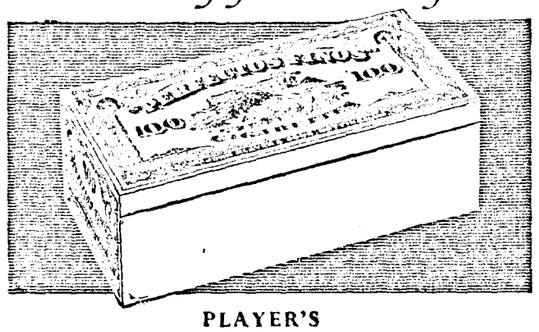

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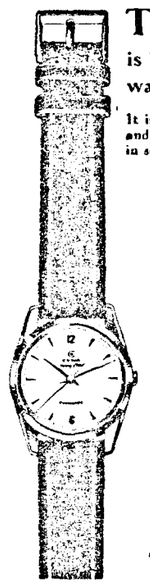

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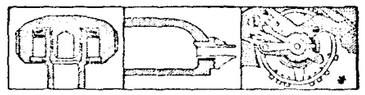

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allow at the beginning of January unless prospects improve, eed not have any great effect upon production. One has o reckon with a possible cut of 20 per cent in fuel oil as ell. It may be that the present cut of 10 per cent has for he present not been increased simply because to cut any nore would not be practical until an allocation scheme is evised. Gas/diesel oils have hardly the same importance o any industry that fuel oil has to a few, and a flat-rate cut ight be practicable for them—though the Federation of British Industries doubts this. Farming and trawlers, two ctivities which have hitherto been guaranteed their full oil upplies, are now being cut by 10 per cent along with other ndustrial fuel users.

The motorist, basic or supplementary, comes at the end f the line. The basic ration is designed to allow about 00 miles of motoring between December 17th and April, or the various sizes of car (some cars in each class should e able to beat the bogey a little). This is said to nean about half the normal motoring consumption at present, though in fact it seems fairly generous to the weekend motorist in wintertime. Rationing may drive a certain proportion of cars right off the roads for the winter, though the basic ration is certainly not small enough to persuade the average pleasure motorist to lay up his car. Nobody now knows how much motor spirit is used for business purposes; though the proportion of new cars bought by business is nowadays guessed to have fallen sharply, one might expect the business share of mileage done still to be very considerable. If so, the basic ration of 200 miles a winter month may allow a good deal more than half of the current amount of motoring for pleasure. Such a ration, certainly, may obviate a good deal of paper work on supplementary applications. But on the assumption that a total cut of 25 per cent will in fact be necessary, it still leaves some doubt whether the private motorist has not been unduly protected at the expense of industry's road transport.

Investors Prefer Liquidity

To all the other adverse events that have been pressing investment markets downwards has been added a Stock Exchange failure—a small broking firm, but nonetheless the biggest failure since the war. It looked at first as though the uncovered differences might amount to £80,000, though later reports were a little more reassuring. The investing public naturally is fully covered by the Stock Exchange guarantee fund. The members of the Stock Exchange are not thus protected and the eventual loss which might perhaps turn out to be of the order of £50,000 must involve an unpleasant—but fortunately not crippling—burden on the jobbers, principally in the oil share market.

That event must naturally be regarded as one of the short-term technical influences accentuating the weakness of markets. On the political and economic fronts there have been plenty of longer-term influences ensuring that the market could not have been strong even if that particular misfortune had not occurred. Oil rationing, Suez, Colonel Nasser's distaste for Canadians, and Hungary all added up to a strong preference by investors for liquidity. During the week ended on Wednesday the *Economist* ordinary share indicator dropped from 177.2 to 173.7, a lower point than it has touched either this year or last. The *Financial Times* ordinary share index has also dropped to its lowest since August, 1954, and the index of Government securities which established its lowest point since compilation (82.74) in the previous week has hung near that level, rallying only to 82.83. Chartists can claim that the previous low point of the present "bear market" has been broken through; they will no doubt read the industrial market as still headed downwards.

	Pre-Suez Seizure July 26	Eve of Cease Fire Nov. 6	Latest Prices Nov. 22
Conversion 4½% 1962	98⅛	97 $\frac{8}{32}$	97
Treasury 3½% 79 81	77¼	76 $\frac{16}{16}$	74 $\frac{31}{32}$
Funding 3½% 1999-2004	75 $\frac{16}{32}$	74⅜	73⅛
Consols 2½%	51 $\frac{31}{32}$	51¼	50 $\frac{13}{32}$
War Loan 3½%	70 $\frac{7}{32}$	70 $\frac{11}{32}$*	68 $\frac{15}{16}$*
"Financial Times" Fixed Interest Index	**93.80**	**92.73**	**92.13**
BP	174 4½	139/4½	112/6
Burmah	111/10½	85/–	72/–
Shell	163/1½	142/6	132/10½
P & O Defd	32/3	31/9	30/10½
Rhokana	40	39*	36⅛
Stewarts & Lloyds	64/9	58/6	52/–
AEI	69/9	63/9	57/6
ICI	46/7½	39/9	37/3
Unilever Ltd	79/3	70/6	67/6
"Financial Times" Industrial Index	**185.6**	**174.2**	**163.0**

* Ex dividend. Gilt-edged prices are shown net.

The decline has been general, reflecting a marked loss of confidence by investors and the one section notably exempt from the general movement only serves to emphasise its meaning. The premium on dollar stocks in London (over the rate of $2.80) has risen from 12 per cent last week to over 13 per cent at one time on Wednesday of this week. That was its highest for several years.

Yet More New Issues

It is a remarkable but probably only a passing feature of present weak investment markets, that weak markets are going hand in hand with substantial borrowing on new issues. Hard on the heels of the British Oxygen issue this week come a number of other substantial industrial offers. Fresh talk about a large ICI issue has already gone about Throgmorton Street and four large issues were brought forward this week. It is difficult now to make an issue but easy to imagine the weighing of pros and cons that must go on between the issuing houses and their clients—the borrower emphasising his need for money, the underwriter urging that this is not a good time but admitting that in a few months the market could be even worse. Mutually the borrower and the underwriter may console themselves that the institutions still have money to invest even though high rates will be needed to attract it.

This week came the first short dated Corporation stock with a 5½ per cent coupon. Under the auspices of Pember

and Boyle, the West Riding of Yorkshire offered a 5½ per cent stock, 1964, at 98. Half of the loan, £1½ million, has already been taken firm on underwriting terms, the remaining £1½ million being offered to the public at a running yield of £5 12s. 3d. and a gross redemption yield of £5 16s. 7d. The issue which was tailored with the trustee banks in mind was quickly over-subscribed, applicants for up to £10,000 receiving full allotment and smaller applicants 72 per cent of their applications. In earlier issues Pember and Boyle has made a point of securing firm subscriptions at underwriting terms for the whole of the issue; that they did not do so with the West Riding loan may reflect a little extra caution by underwriters in today's weak and uncertain markets. With a smaller operation, Ruston and Hornsby is to place £1¼ million of a 6 per cent unsecured loan stock (1975-80) at par. These are the kind of terms for an industrial loan stock which the institutions still find attractive.

Reyrolle and C. A. Parsons, both companies whose ordinary shares are among the growth stocks of electrical engineering and atomic fields, have chosen to raise their new money by rights issues. C. A. Parsons is to offer 3,600,000 ordinary shares in a one for one rights issue at 30s. per share, accompanied by a free scrip issue of 1,800,000 ordinary shares. On the eve of the announcement, Parsons' existing units stood at 88s. 6d. Since then they have fallen to 85s. 9d. but there is still a bonus element in the issue. Reyrolle will presumably use about £2 million from its own £5.3 million issue to take up its entitlement of Parsons' shares. It is offering its own shares in the ratio of one for two 1,526,470 ordinary shares at 70s. each. Since the eve of the announcement Reyrolle's existing units have fallen from 98s. 6d. to 93s. 9d. Both Reyrolle and C. A. Parsons can point to a big earnings cover on their latest dividends. In a reasonable market their rights issues would have been joyfully received and may still attract shareholders if the directors promise a more liberal dividend policy. Yet whatever the terms today underwriters are exposed to big risks—and reasonably demand high rates for accepting them.

Sterling Portents

STERLING remains basically weak, but in the past few days that weakness has not been over-evident. In the official market, the rate has remained at just over $2.78¼, the point beyond which the Exchange Account does not in practice allow it to fall. There has again been some evidence of official support, though the amount of support needed was probably smaller than it was earlier in the month. The volume of dealing has been relatively small with some indications of transatlantic demand for sterling to cover short positions. Against Continental currencies, sterling has shown a modest improvement; rates are now generally above the lower limits at which sterling was being supported in the first phase of the current strain. This, naturally, may reflect the realisation that dollar burdens will fall also on the Continental countries, as well as on Britain. The rate against the dollar for transferable sterling has remained at just over $2.74, the point at which support has latterly been given. Security sterling, however, which has not since August, when the Government broker sold American Treasury bonds to limit the premium on dollar stocks in London, been supported by the Exchange Account, has fallen further, to below $2.49. The discount on security sterling is closely linked by arbitrage operations through Kuwait and other free Sterling markets with the premium on dollar stocks in London.

Commodity Prices Move Higher

COMMODITY prices are still rising. *The Economist* Indicator rose by two points this week to 97.8 (1952 = 100), the highest level reached since February last year. Though metal prices have weakened other commodities have taken up the advance—not always for reasons directly connected with the troubles in the Middle East. Raw jute and jute goods have risen sharply. Raw jute was short before the Canal was blocked. Shipments from the interior of Pakistan are held up partly by transport difficulties and partly because the growers, who are getting high prices for their rice, are holding back jute in the hope of still higher prices to come. Consumers are prepared to pay premiums of up to £6 a ton for shipments afloat. The rise in raw wool prices was evidently touched off by the Suez crisis, even though this has only a marginal effect on shipments of wool. Before the crisis the market was weakening and many buyers were naturally tempted to wait. Afterwards they hastened to cover themselves and pushed prices up. But these covering orders will not be placed twice, and prices may ease in time.

HOW COMMODITIES HAVE MOVED

	Oct. 25	Nov. 15	Nov. 25
Tin, cash (£ per ton)	810	852½	850½
Copper, cash (£ per ton)	269	282	271
Rubber, spot (d. per lb)	27	31⅜	32
Canadian wheat (£ per ton)	31½	31⅜	32
Raw jute, firsts (£ per ton)	95	100	112
Merino wool top futures (d. per lb)	124¾	133½	140½
Common tea (d. per lb)	41	55	61
The Economist Indicator, all items (1952=100)	91·8	95·7	97.8

Rubber prices have changed little over the week, but consumers have shown more interest in nearby supplies and afloat shipments have commanded premiums of up to 1d. a lb. Despite the cheapness of American synthetic rubber, manufacturers here and on the Continent are not keen buyers; the technical difficulties of changing over to the use of more synthetic rubber appears to outweigh what may be a temporary advantage in price. The advance in wheat prices is the direct result of the continued rise in freight rates. In the past month No. 2 Northern Manitoba wheat has risen by 14s. a ton to about £32 a ton cif, and Australian wheat is about 25s. dearer at £30 a ton cif; at least £10 of that price represents the cost of freight. With English wheat also dearer an increase in the price of bread may be unavoidable. Retail prices of tea may go up before Christmas; common tea is now quoted in the auctions at 5s. 1d. a lb, compared with 3s. 2d. two months ago. The sharpest rise of all has occurred in raw sugar. In the last two weeks the spot price has shot up by one cent to 4.25 cents a lb fas Cuba, the highest point reached for over four years. Anxiety about the Middle East is only partly responsible; there is a growing belief that the outlook for sugar next year is good.

Freights Past Korean Levels

AS there has been little spare dry-cargo tonnage available this week the tramp shipping markets have been running more or less in "neutral gear." But the week has not been without its significance. The few fixtures that have been made have broken the "Korean barrier" in several trades. On Tuesday, for example, the National Coal Board chartered a ship for three voyages starting in December or January at the rate of 94s. 3d. a ton from Hampton Roads to Holland with the option of discharging in Britain at 101s. 9d.; this was 1s. 9d. a ton more than the previous highest figure paid during the Korean war. New peaks have also been set in transatlantic grain shipments; from the Gulf of Mexico to Britain at 142s. 6d. a ton, or 4s. 6d. a ton more than six years ago, and from the River Plate to the Continent at 172s. 6d. a ton with the option of discharging in Britain at 180s.—43s. 9d. a ton more than the Korean peak.

A little relief to shippers may soon come in the shape of more derequisitioned tonnage. The Government is still using about 43 requisitioned ships, against 50 or so three weeks ago and about 70 in September; these represent perhaps a tenth of all British tramp tonnage and the Government's need for them should not last much longer. The United States Government has also been releasing some Liberty ships from its "mothball" fleet. Thirty have been chartered (with more likely) to the American Coal Shipping Company recently set up by the mineworkers and the railway companies to move American coal to Europe. Another thirty have also been released for the shipment of grain and other surplus agricultural commodities to Asia. It will be a month or two before any of these begin operating. But it was the longer term problems of the blocking of the Suez Canal that exercised the International Chamber of Shipping this week. Its standing committee pressed—naturally—for the salvage work to proceed quickly and regardless of political considerations, but it also showed concern over the delay the blocking meant to the Canal's improvement programme. Perhaps it is optimistic for the Chamber to hope that this work might be pressed ahead while there is no traffic passing through the Canal; but the rate and scale of expansion of the Canal's capacity is certainly a question that should not be lost sight of in the present international political argument.

Car Output Now

CAR output this year must now be expected to fall below last year's record level of not quite 900,000 by rather more than the 15 per cent estimated in these columns a few months ago. To the losses in production caused by the labour troubles that arose from this summer's redundancies, the recent shortage of shipping space, and lower expectations of sales this winter in southern hemisphere markets, must now be added the consequences of a blocked canal at Suez: petrol rationing at home and a much greater tightness of export shipping space. The latest production figures—to the end of October—cover the period before traffic through the canal ceased. Car output for these ten months totalled 601,500 and commercial vehicle output reached 246,200, 18½ per cent and 15½ per cent respectively fewer than up to October last year. During the month of October, production of both was down by nearly a third.

A winter selling season—both at home and abroad—similar to those experienced before the war was to be expected this year even before the latest Suez crisis; the industry could hardly have hoped to have equalled during the final two months of 1956 its high production rate of November and December, 1955—when this year's troubles were beginning to emerge. The recent shipping difficulties of car exporters were more the occasion than the major cause of the current crop of further short-time working. Vauxhall Motors, which is now producing about a fifth to a quarter less than at its busiest period in the summer, intends to work a four-day week three weeks in four for the rest of the year; for the past two months it has maintained a four-day week for only one week in four. The Rootes factories at Coventry, which produce the Humber, Hillman, Sunbeam, and Singer lines, are expected to go onto a four-day week within the next week or two. Ford is still working a full week but, since it is now producing between 1,300 and 1,400 cars, lorries and tractors a day against 1,400 to 1,500 a day in June and July, it may not be able to hold to its five-day week for the whole of the winter. Short time working at BMC, on the other hand, has been cut since the Motor Show. All the Nuffield factories and considerably more of the Austin departments are now back on a full working week, but the group as a whole is employing 6,000 workers less than the 55,000 it had before this summer's dismissals. At Standard there has been little change lately; the car plant is still on a four-day week, and the tractor plant, where output of the new Ferguson has now reached about half ultimate capacity, is operating for the full five days. Standard is hoping to benefit from any switch in new sales to the only 8 hp car now produced by any major maker during this winter of petrol rationing; but for the industry as a whole the outlook is decidedly bleak, and the 1956 crop of new cars may well be only about 710,000 to 720,000—fewer than in 1954.

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Any More for Bermuda?

Two more shipping companies have been casting their eyes in the direction of almost tax-free Bermuda. The chairman of Court Line, Mr J. P. Philipps, has told shareholders this week that the company had made application to the Treasury to form a subsidiary in Bermuda, that negotiations are still proceeding and the matter must be regarded as *sub judice*. The giant P & O Company has gone further ; it has announced that it "is proceeding with the registration of a subsidiary company in Bermuda in case it should be decided in the near future that an investment in this company would be desirable." It will be seen that these two moves differ from previous excursions by shipowners to Bermuda. The three principal shipping companies formed in Bermuda so far are not subsidiaries and therefore Treasury consent was not needed. London and Overseas Freighters has taken only a half interest in London and Overseas Tankers in Bermuda. Stanhope Steamship Company, of which Mr Jack Billmeir is chairman, will take only a 49 per cent interest in its Bermudan offshoot. The company controlled by Silver Line and two other companies is not a subsidiary of any one of them.

Court Line wants to hold "at least a majority if not 100 per cent" of its Bermudan company and evidently P & O also contemplates at least a majority holding. Court Line is clearly testing the official reaction, and by implication P & O has already tested it. What either intends beyond that has not been disclosed, but a reasonable surmise is possible. P & O has before it a tanker building programme so big that the investment allowances on the new ships will provide a fine tax cushion, and any plans to accumulate tax free profits in Bermuda for fleet replacement would have little significance for the first ten years. Court Line has three tramp ships building, one of them to come in next year. It must be thinking about placing further orders soon, and has probably also been wondering whether to add tankers to its tramp fleet. The value of any tax saving for Court Line might develop more quickly than for P & O.

But both companies appear still to be thinking aloud and neither to have reached a decision. But decision may well be near. All that has happened in the Middle East has emphasised the necessity of maintaining a maximum of British flag tonnage. The question is how far and how fast a subsidiary in Bermuda paying no tax on its retained profit will help that objective. The shipowners are now making their plea to the Chancellor of the Exchequer in advance of next year's budget. It is not too wild a guess to suggest that the tax reliefs he gives them next April may enable them to find the answer.

Britain's Terms of Trade

It is some consolation that the "post-Suez" deterioration in Britain's terms of trade starts from a favourable level. The average ratio of import to export prices was 99½ in the first ten months of this year, 1½ points more favourable than the 1955 average and slightly better (a decline represents an improvement) than the average in the base year 1954. As the index of import prices is of necessity calculated cif, it records the cost of materials and freight at the time of sale, which may be several months before the goods arrive in this country. There is an appreciable delay, therefore, before the index reflects a rise in commodity prices and freight rates ; and a rise in the latter exaggerates the real deterioration in the terms of trade to the extent that Britain is a net earner of freight payments. Last month both factors were at work.

The index for imported fuels jumped up by seven points to 115 (1954 = 100), owing mainly to a rise in tanker freight rates that started long before the Suez Canal was

THE TERMS OF TRADE THIS YEAR (1954=100)

Import Prices	Food & Tobacco	Basic Materials	Fuels	Manufactures	Total
1955.....	101	104	102	109	103
1956 1st Qtr ...	100	105	107	115	105
2nd Qtr ..	102	105	107	113	106
3rd Qtr ...	99	106	107	107	103
October ..	103	107	115	108	106

Export Prices	Engineering goods	Metals	Other mnfrs.	Total	Terms of trade
1955.....	103	104	102	102	101
1956 1st Qtr ...	105	110	105	105	100
2nd Qtr ..	105	111	104	105	101
3rd Qtr ...	108	112	104	106	97
October ..	109	111	104	107	99

blocked. Food prices rose by four points to 103, thanks largely to the earlier rise in prices of the higher grades of tea, and the composite index of import prices rose by two points to 106. With the composite index of export prices unchanged at 107 the terms of trade worsened by two points to 99. As the table shows, the improvement in the terms of trade over the year as a whole has been more the result of a rise in export prices than of a fall in import prices. Export prices of metals in October were 6½ per cent above the 1955 average, engineering products were six per cent higher and "other manufactures" two per cent higher ; textiles (excluding clothing) alone were no dearer in October than the 1955 average.

Uranium Bombshell

President Eisenhower's characteristically generous decision to cut the export price of uranium 235 from $25 a gramme to as little as $16 a gramme has ominous overtones for the British groups now working hard to establish export outlets for the Calder Hall type reactors they are designing for use at home. The new American fuel offer is intended specifically to help the building of power producing reactors as distinct from research plants. Uranium 235 is very costly to produce, taking roughly as much electricity to get as the uranium itself is likely to generate in useful power. The overriding economic advantage of the Calder Hall type reactor is that it uses

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natural uranium, smelted and refined into metal rods but still basically as it came from the mines. The expensive process of extracting the 0.7 per cent that is uranium 235 is by-passed. So although more uranium 235 means a more efficient reactor, it has also meant a more expensive reactor to operate.

Now there is a real prospect that the American cut in the price of "enriched" fuel—it contains only 20 per cent of uranium 235—will price British reactors out of the export market. It is a move that British salesmen have feared for some time because they are aware of the huge military investment in the United States in plants for making fissile materials, among them uranium 235, and know that much of this investment is surplus to military requirements. The American wish to make some of this surplus available to foreign countries with no uranium extracting capacity of their own has always carried the implicit risk of price cuts for no other reason than to encourage countries to afford experiments in atomic power. Britain, with severely limited capacity to produce uranium 235, all of it earmarked for military and experimental use, can only continue to offer those countries the Model T type of reactor that runs cheaply enough on natural uranium—but not so cheaply that it can compete with continuous cuts in the price of the "enriched" fuel for more advanced designs.

The American offer, however, is hedged with restrictions that may not be palatable to all countries. The most important of them is the proviso that none of the plutonium produced as by-product in power reactors shall be used for military purposes: it must either be put to civil use or sold back to the United States at prices rather lower than those charged for the original fuel.

Smaller Copper Dividends?

SIR RONALD PRAIN, the chairman of the Rhodesian Selection Trust group of copper companies, tells shareholders of Roan Antelope bluntly: "Unless the price of copper should undergo some very appreciable, and at this stage unexpected, upswing, our dividend for the current year will be lower." In exactly the same words he gives shareholders in Mufulira the same warning. Sir Ernest Oppenheimer, the chairman of the Rhodesian Anglo American group, is not quite so blunt, but to many his words will convey the same meaning. Sir Ernest says to the Rhokana shareholders: "Certain conditions have arisen to emphasise the desirability of maintaining a realistic and prudent policy in regard to reserves and dividends."

	Sales (long tons)	Sales revenue (£'000s)	Estimated gross profit* (£'000s)
Roan Antelope:			
Quarter to Sept. 1955..	18,945	5,796	2,855
Quarter to June 1956..	21,628	7,209	3,464
Quarter to Sept. 1956..	18,807	5,230	1,925
Mufulira:			
Quarter to Sept. 1955..	23,135	7,193	3,465
Quarter to June 1956..	22,837	7,732	4,026
Quarter to Sept. 1956..	22,249	6,360	2,839
Chibuluma:			
Quarter to June 1956..	2,324	743	287
Quarter to Sept. 1956..	3,970	1,120	458

* After provision for replacement which is subject to revision at end of financial year.

These warnings should not unduly perturb shareholders in the copper companies who have received fat dividends from the extraordinarily lush profits of the latest financial year (to June 30th) and who must expect a fluctuating income from their investments. The price of copper is now much lower than it was; the companies still have large sums to spend on development; and production has in the current year been hit by strikes. How revenue has already been affected is shown in the accompanying table of the sales and earnings of the Selection Trust group of copper producers, though a gloomy superstructure should never be built up on the evidence of a single quarter's figures alone.

Australia's Wheat Quota

BRITAIN'S obligation, under the new trade agreement with Australia, to buy on commercial terms 750,000 tons (wheat equivalent) of wheat and flour a year could hardly start at a more favourable time. Exports of French wheat, a soft wheat that competes with Australian, have been cut drastically this season by the poor harvest; Britain, latterly France's best customer, has had to look elsewhere. With no official encouragement British millers would have bought roughly 700,000 tons from Australia this season.

UK IMPORTS OF WHEAT, JANUARY TO OCTOBER
(thousand tons)

	1954	1955	1956
Australia	253	446	511
Argentina	296	318	295
France	310	479	184
United States	262	443	728
Canada	1,512	1,943	2,291
Other	90	195	87
Total	**2,723**	**3,824**	**4,096**

Indeed shipments of Australian wheat and flour to Britain between August 1st and November 10th, published by Broomhall, show an increase of 29 per cent to 206,000 tons over the same period of last year. There should be little difficulty in arranging to buy the extra 50,000 tons needed to fill Australia's quota. This assumes that this section of the trade agreement applies to the British season beginning on August 1st, not to the Australian crop year that begins on December 1st—a point that has yet to be decided.

Compared with Britain's imports in recent calendar years, however, the quota of 750,000 tons implies a substantial increase in purchases. Imports of wheat and flour from Australia in 1955 amounted to 620,000 tons, and the average of the past three years was 530,000 tons. It is a simple matter for the big port millers, given competitive prices, to use more Australian wheat at the expense of French, American and other soft wheats. For the small millers the main difficulty is to obtain a regular supply in the quantities they require. In the past they have criticised the Australian Wheat Board for failing to meet their needs fully, but with good will on both sides the difficulties should not prove insuperable.

Savings New and Old

SALES of premium bonds in their second full week—daily figures are no longer being published—naturally did not reach the volume attained in the opening rush. They totalled just under £10 million, compared with £15½ million. The pace is likely to rise, however, in the next few days, since bonds bought at the end of this month rank equally with those bought earlier for participation in the first draw for prizes next June. So far as can be judged, only a moderate proportion of the opening sales were achieved at the expense of other "national" savings. (The net yield of these, after deducting encashments, was £4.2 million, compared with £7.2 million in the previous week and £6 million in the corresponding week last year.) Much the same can be said of the excellent performance of the new savings certificate introduced last August. In the first thirteen weeks—before the introduction of the premium bond—sales of certificates amounted to almost £200 million, compared with only £46 million in the similar period of 1955; this gross gain was partly offset by an increase in encashments, and the net yield from certificates was £59 million (compared with a net deficit of £2 million). But the performance of all other national savings was still much better than in 1955: in the relevant thirteen weeks then there was a net deficit, apart from savings certificates, of £5.7 million, whereas this year there was a credit of nearly £24 million.

It is evident, however, that a large part of the initial rush of funds into a new savings medium will almost always represent transfers or diversions from other forms of saving—if not from other "national" savings, then from deposits at the banks, building societies and other financial institutions. And if the new security offers particular attractions to holders of substantial cash balances, such as surtax payers, the special flow of funds may continue for some time. Some useful light has been shed on this point, in relation to the new savings certificates, by an analysis made by the official statisticians. This shows that in the month of August no less than 73.1 per cent, and in September 71.7 per cent, of the certificates sold were taken in blocks of 100 or more, much higher proportions than had been shown for many months. In the corresponding months of 1955 the proportions of these large purchases were 53.7 and 49.2 per cent respectively. Obviously, these "savings" mostly represented drafts on bank deposits; but this does not mean that the new certificate was to that extent failing in its task. From the very outset, the Chancellor made it plain that a large part of his objective was the minimisation of his borrowings on floating debt, in order to ensure a better control of bank liquidity—whether or no there resulted an increase in genuine new savings.

Harwell's New Plants

THE importance that the Atomic Energy Authority attaches to its newest experimental reactor, Dido, can be gauged from the fact that Dido, the eighth reactor to be completed at Harwell, was given the unexpected honour of an official opening on Tuesday. Dido is the kind of all-purpose tool that Harwell has lacked for so long. The seven other reactors, all of them considerably smaller and lower powered, have each been designed for a specific purpose, the majority to test out individual reactor designs before building the full-scale plant. Dido is in a different class, both in size, power and bulk. It is a massive structure enclosed in a 70 foot high airtight building made of 1½ inch steel plate and designed to withstand the forces of any conceivable accident to the reactor. The fuel is made up of 2½ kilograms of almost pure uranium 235 which has to be replaced at the latest every six weeks. This core, which will generate 10,000 kW of heat—making Dido the most powerful research reactor outside the United States—is suspended in 10 tons of heavy water imported from the United States at a cost of roughly £22,000 a ton, and the whole structures including its fuel, heavy water, and service buildings, represent a bill of about £2 million to the AEA.

Yet once Dido is functioning at full power, which will not be until January, the various channels that run into the heart of the reactor can be used for a wide range of simultaneous experiments on the behaviour of different types of advanced reactors. A second, identical reactor is under construction next to Dido, and a third is being built at Dounreay, suggesting that the Authority has an acute need for this type of research outlet.

The reason behind Harwell's relatively late start on such heavy water research reactors is complex. An accident to the Canadian heavy water reactor at Chalk River which brought sharply home the element of risk in these high-powered reactors; the difficulty until recently of buying the required tonnage of heavy water; and the priority given to other design work such as, for example, Calder Hall—all these combined to postpone serious work on Dido until 2½ years ago. But knowing that Dido can carry out in a matter of weeks, experiments that otherwise take years, many scientists have felt that the delay was unnecessarily long drawn out.

SHORTER NOTES

The Export Credits Guarantee Department, which withdrew cover on exports to Egypt at the beginning of August, has now announced that exports to Israel, Syria, Jordan and Saudi Arabia can only be insured if the business is covered by confirmed irrevocable letters of credit.

★

A further grant of £1 million is to be made by the Ministry of Labour over the next five years to Remploy, the Government-subsidised company that employs disabled workers. This is to be spent on further mechanising its 90 scattered factories so as to improve their ability to compete with the products of outside industry. In its latest year—to March 31st last—Remploy made a loss of £2½ million on a turnover of £3 million, but this was a smaller loss and a bigger revenue than in the previous year.

★

S. Smith & Sons (England), the manufacturer of motor accessories, aviation instruments and clocks, reports a profit of £2,333,495 before tax for the year ended August 4th compared with £2,635,274 last year. The ordinary dividend has been maintained at 17½ per cent.

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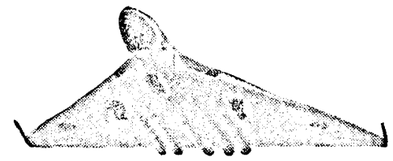

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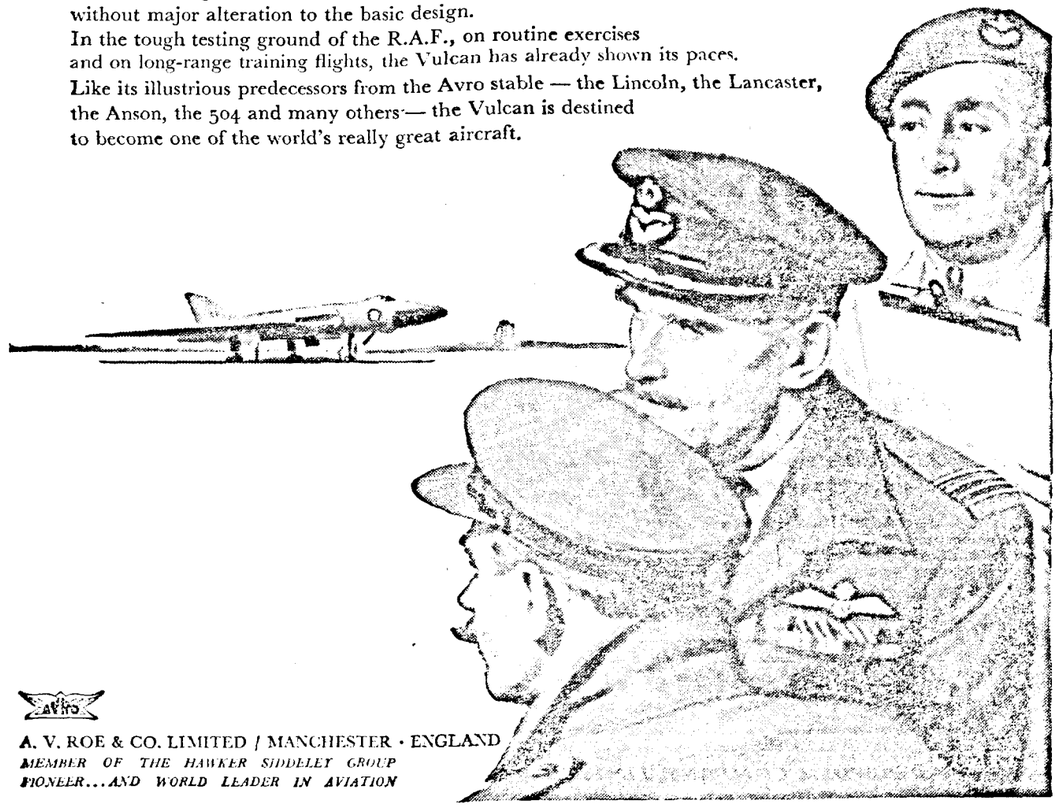

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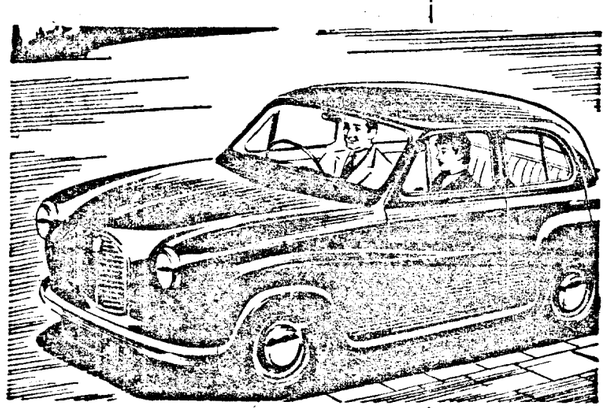

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Company Notes

DEBENHAMS. In the past statements from the directors of Debenhams have suggested a defensive attitude, which dated from the time when Mr Charles Clore was a buyer of the stock. That is now past history and the latest statement by the new chairman, Mr J. Bedford, strongly suggests that the group has not merely planned but has started on the first stages of a new offensive. Mr Bedford reminds shareholders that this large group of department stores has a high proportion of its businesses in the luxury and middle class trades. It is, he says, this end of the trade which has been particularly affected by high rates of tax and by the credit squeeze. More and more spending power has been concentrated in the hands of the weekly wage earner—a concentration which, incidentally, has brought prosperity to such store empires as Great Universal Stores and United Drapery Stores. The concentration has benefited Debenhams' own popular stores, "the results of which compare favourably with their competitors." It has benefited those businesses that deal extensively in the hire purchase and club trades, in which the Debenhams group has only a small interest, and the chain stores, in which Debenhams has no interest at all.

	Years to July 31, 1955 £	1956 £
Consolidated earnings:—		
Trading profit	5,025,131	5,244,379
Depreciation	350,692	390,712
Taxation	2,473,929	2,620,819
Net profit	*1,668,414*	*1,751,306*
Ordinary dividends	790,625	790,625
Retained by subsidiaries	576,433	647,243
Retained by parent	186,617	167,283
Consolidated balance sheet:—		
Net fixed assets	24,566,433	26,774,325
Net current assets	4,951,987	3,809,890
Stocks	6,564,041	6,699,128
Cash	1,715,234	864,488
Revenue Reserves	10,068,605	10,706,058
Capital Reserves	12,343,016	12,745,880
Ordinary capital	5,000,000	5,000,000

10s. ordinary stock at 33s. 10½d. xd yields £8 2s. per cent.

But Debenhams has built up a large central buying department which has enabled its popular stores to compete with the chain stores. Mr Bedford defines his intentions: "It is our policy to expand this side of the business and also to enter the chain store field when a suitable group can be acquired." Such a business the directors intend to acquire by an exchange of shares and as a first step they propose the creation of an additional 5 million ordinary shares.

Debenhams as a potential bidder is indeed a change from the days when it was defending itself against the possibility of a bid. And it seems to be taking another leaf out of the share-bidder's book. Its properties are being revalued so that the directors can "review the insurances and re-assess whether the assets of the group are being used to the best advantage." Mr Bedford adds "if any of our businesses are found wanting in this latter respect, energetic steps will be taken to remedy the matter." The group is re-building its existing properties and it is still in need of new money; one day its postponed debenture issue may be made—unless indeed the group were to take another leaf from the share-bidder's book and realise some of its hidden property values.

A new look in any company's affairs always has its attractions. And there are solid attractions in Debenhams' new policies. They at least point the way to towards an increase in sales and profits. That is a signpost that ought not to be ignored in assessing the current yield of 8¼ per cent offered by the 10s. ordinary shares at 33s. 10½d. on the maintained dividend of 27½ per cent.

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ELECTRIC AND MUSICAL INDUSTRIES. Capitol Records was obviously a good investment for EMI. In the year to June 30th the group's sales rose by £11.4 million to £53 million, the highest figure in its history. Of this increase £7 million came from the inclusion of Capitol Records' figures for the full year. Excluding Capitol, the group's sales rose by 11 per cent; of total sales about £19 million were made at home and £34 million abroad. Capitol itself achieved the biggest sales and profits in its history. The profits of the EMI group rose from £1,875,000 to £2,417,000, representing a return on turnover of 4¾ per cent.

This achievement must be attributed largely to the sale of records, which in the United Kingdom rose by 33 per cent, for the decline in radio and television sales "very adversely affected profits." EMI began publishing Capitol records in this country in January and "in the first six months their sales have far exceeded not only calculated expectations but the most sanguine hopes." But Capitol was not bought by EMI simply to acquire its pressings of popular records but also as an outlet for EMI's own pressings in the United States, where it had already established its own selling organisation using the trade name "Angel." The chairman of EMI, Mr J. F. Lockwood, takes a most optimistic view of the potentialities of the American market for EMI's European pressings, saying "with our own powerful and enterprising sales organisations in America—Capitol and Angel—we shall, within a few months, be in an unique and unprecedented position properly and profitably to sell in the Americas the vast resources of Europe of which EMI has the lion's share."

The immediate outlook for sales, as he sees it, "seems good although profit margins will be tight and trading will certainly not be easy." Ordinary shareholders had again to be content with a dividend of 15 per cent and as the group is still short of cash—its bank overdraft having gone up from £2,141,000 to £3,740,000—so the purchase of Capitol may not lead to an immediate or sharp increase in dividend payments. At a price of 23s. the 10s. shares yield 6½ per cent.

METAL INDUSTRIES. This Glasgow engineering and shipbreaking group has provided more than its share of excitement this year. There were the annual figures for the year ended March 31st, showing trading loss £544,923, compared with a profit of £640,576. There was the difference at the annual meeting between the new chairman, Sir Charles Westlake, and one of the honorary presidents, Col. S. J. L. Hardie. There was the disclosure of an intention to requisition a meeting with the object of putting two of the honorary presidents, Mr Hardie and Mr McCrone, and one other director, Mr R. K. Fleming, on the board. Now shareholders receive the cheerful interim profit statement. And they can look forward to further exciting events. The requisitioned meeting has still to come, and finally there is now the prospect of an interim dividend in February.

So shareholders will read the interim profit statement with both recollection and anticipation. It shows a profit before tax of £543,000 for the six months ended September 15th. That marks a notable improvement and makes the demand for a change on the board more difficult to understand.

Since it paves the way for a probable resumption of interim dividends in February, shareholders will be pleased. They should avoid the pitfall of reading too much into it. The warning of Cooper Brothers, the accountants (which the board endorses), that £543,000 would not be a prudent figure on which to base dividend decisions, should not be lost: it contains exceptional profits of about £40,000. Any losses by Sentinel (Shrewsbury), since sold, have been excluded, and the trading period is not necessarily representative of a full year.

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INTERNATIONAL NICKEL. Shareholders in this giant among nickel producers, which is also a substantial producer of copper, had been warned that earnings had passed the peak. Now it is announced that "the volume of metal deliveries and prices on copper" have declined, though it is not clear whether deliveries of nickel and other metals besides copper have suffered. The result is that net earnings in the third quarter fell to $20,822,000, as compared with $25,158,000 in the second quarter and $22,322,000 in the third quarter of last year. Net earnings per common share fell to $1.39, compared with $1.69 in the second quarter and $1.49 in the third quarter of last year. But operations for the first nine months of 1956 still show a useful increase on the same period of 1955, with net earnings $4,943,000 up at $72,594,000.

The board has decided against an increased distribution this year; the final quarterly dividend is maintained at 65 cents per share and the year end extra dividend is cut from $1.35 to $1.15, making $3.75 in all, the same as last year. The market was disappointed and the shares closed on Tuesday at $198½ (London terms), compared with $204 previously. Shareholders can hardly

blame the board for its caution. Supplies of copper are ample and it would be foolish to expect a sharp recovery in earnings from this source in the near future. The company has big development schemes in train and is believed to be about to open up a huge new nickel property in Northern Manitoba. Moreover all the $35 million of preferred stock is to be redeemed on February 1st.

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GLAXO LABORATORIES. In the year to June 30th, the group turnover of Glaxo Laboratories at home and overseas rose by 10 per cent, gross trading profits went up from £2,825,527 to £3,002,692, the ordinary dividend from 12½ to 14 per cent and the directors are recommending a 50 per cent free scrip issue. The results, Sir Harry Jephcott confesses, "were somewhat more favourable than might have been expected from the half yearly statement." In part, Sir Harry explains, "this was due to some improvement in prices but more substantially to an increase in the volume of business during the second half."

No less than two thirds of the group's sales are made in overseas markets. And Sir Harry emphasises that "overseas subsidiary companies contributed substantially" to the increase in sales. "With their manufacturing facilities," he adds, "these companies are well placed to take advantage of the rising demand for the company's products that has accompanied the rise in income and standards of living in many countries." They have remitted more profits to the parent company at home. But their financial strength has not been impaired; indeed profits retained in their own accounts this year are three times as much as those retained in the previous year. The group will continue to develop the business of these overseas subsidiaries. At 33s. 3d. the 10s. shares yield only 4½ per cent—a legacy of the wonder drug boom and a reflection of the big earnings cover. Shareholders must recognise that a business such as this must always spend a great deal on research and that its markets are highly competitive.

ROOTES MOTORS. Sir William Rootes, the chairman of Rootes Motors, says nothing about the prospects of the company or of the motor industry in his statement issued with the company's full accounts. Many will regret that he has not done so. He does confirm that while turnover was maintained in the year to July 31st profit margins were eroded, bringing the group's trading profits down from £4,482,617 to £3,155,254. The consolidated balance sheet wears a new appearance, the acquisition of Singer Motors and of the remaining share capital in Rootes Motors (Canada) being reflected in the increase in fixed and working capital. The group thus entered a testing year that must surely be one of the most testing that the motor industry has recently experienced with its liquid resources depleted.

	Years to July 31, 1955 £	1956 £
Consolidated earnings:		
Trading profit	4,482,617	3,155,254
Depreciation	801,656	1,006,513
Taxation	1,808,504	1,019,489
Net profit	*1,503,367*	*687,136*
Ordinary dividends	230,000	230,000
Retained by subsidiaries	940,962	299,321
Retained by parent	381,132	178,746
Consolidated balance sheet:		
Net fixed assets	8,805,080	11,832,957
Net current assets	11,057,103	9,297,189
Stock and tools	13,352,005	19,438,199
Debtors	4,495,672	4,944,396
Hire-purchase debtors	2,262,729	3,117,440
Liquid assets	4,000,064	1,026,375
Bank overdrafts	...	1,442,685
Acceptance credits	735,000	3,800,000
Reserves	6,197,292	6,682,872
Ordinary capital	5,000,000	5,000,000

4s. ordinary shares at 4s. 3d. yield £3 per cent.

How difficult the year will be for Rootes Motors is hard to calculate and Sir William Rootes does not offer a view. But, like its competitors, it has recently shortened the hours its factories work. Profit margins will remain small and it is hard at the moment, with petrol rationing and the blocking of the Suez Canal added to a pile of troubles, not to predict, despite the introduction of new models, a contraction in sales. At least this can be said: any recovery in motor sales in the spring and summer will have to be very strong to make good the bleakness of the winter months for the industry.

LONDON STOCK EXCHANGE

Next Account begins: November 28th
Next Contango Day: November 23th
Next Settlement Day: December 4th

RENEWED weakness this week had by Wednesday almost eliminated the rally made by gilt-edged towards the close of last week. Most stocks remained slightly above the lowest points reached last week, though nationalisation issues were sometimes lower, 3 per cent Transport 1968/73 losing ¼ to 73. The new corporation scrips were exceptionally weak on new issue activity; West Ham fell ⅝ to 3¼ discount and 5½ per cent. Southend 1964/66 fell ⅛ to ⅛ discount. Japanese bonds were lower, but German stocks improved. The premium on dollar stocks over the rate of the day rose to 12¼ per cent.

The decline in industrial shares accelerated this week and large losses following the announcement of oil rationing brought *The Economist* indicator down to a low point of 173.7, compared with 177.2 last week, and the decline went further on Thursday. Motors and oils suffered heavy losses. Ford dropped to 28s. 1½d. and Rolls-Royce fell to 101s. 3d. after rising to 106s. 10½d. on Monday following the announcement of large engine orders. Raleigh lost 4s. 1½d. at 30s. 10½d. British Petroleum tumbled 6s. 3d. to 117s. 6d. and Shell lost 3s. 7½d. to 137s. Brewery shares were weak. Meux's non-assented rose 4s. 6d. to 39s. before the announcement of the Ind Coope bid. C. A. Parsons and A. Reyrolle declined on the rights issues, dropping 3s. and 6s. 6d. respectively. International Nickel receded to $197 (London terms) on the lower earnings. Shipping shares had lost part of their rise by Wednesday; Donaldson fell back to 75s. 3d. after reaching 78s. 1½d., a net gain of 2s. 9d. Cunard rose 1s. 3d. to 24s. 3d.

Kaffirs were generally firm, although Harmony weakened 1s. 6d. to 23s. 9d. Coppers declined, Rhodesian Anglo-American losing 3s. 1½d. on Wednesday to 101s. 3d. and Rhokana being 2½ lower on balance at 38. Teas improved, but rubbers remained quiet.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Nov. 21, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 14, 1956	Price, Nov. 21, 1956	Net Yield, Nov. 21, 1956 § £ s. d.	Gross Yield, Nov. 21, 1956 £ s. d.
98 13/16	97	Funding 2½% '52-57	98 13/16	98 13/16	3 17 9	4 19 0
95 15/16	93¼	War Loan 3½% '55-59	95 15/16	95⅞	3 7 4	4 14 7
91⅝	88 15/16	Funding 2½% '56-61	91 ⅝	91 3/16	3 12 5	4 15 5
100 7/16	99 11/16	Exchequer 5% 1957	100	100 1/16	3 1 3	4 19 5
99 15/16	97	Conversion 4% '57-58	97 11/16	97 11/16	3 14 6	5 7 8
97½	95¼	Serial Funding 2½% 1957	97 5/16	97 5/16	3 11 5	4 11 4
94 13/16	91	Conversion 2% '58-59	94 5/16	94 5/16	3 17 3	4 17 11
92¼	88 5/16	Exchequer 2% 1960	91 15/16	91 15/16	3 15 9	4 15 2
95 5/16	92¼	Exchequer 5% 1960	94 5/16	94 11/16	3 8 5	4 16 8
88¼	83	Savings Bonds 3% '55-65	84¼	84¼	3 17 1	5 6 5
82⅝	77⅛	Funding 3% '59-69	78⅛	78⅛	3 19 8	5 9 6
92¼	84⅛	Funding 4% '60-90	84⅞	85	7 7 5	9 5 8
					3 0 6	4 18 9
81⅛	75½	Savings Bonds 3% '60-70	75⅝	75⅝	4 1 11	5 12 10
98⅜	97⅞	Conversion 4½% 1962	98¼	98¼	3 1 11	5 3 0
91⅛	88⅛	Exchequer 3% '62-63	89⅜*	89⅜*	3 9 10	4 16 9
87½	83 3/16	Exchequer 2½% '63-64	85	84⅜	3 15 9	4 19 2
81 7/16	76⅛	Savings Bonds 2½% '64-67	77⅛	77⅛	4 2 1	5 6 11
79⅛	72½	Savings Bonds 3% '65-75	72⅞	72⅞	3 16 10	5 8 9
96½	90	Victory 4% '20-76	90⅞	90⅞	3 9 3	5 7 1
83⅜	78	Funding 3% '66-68	79⅛	79⅛	4 0 6	5 10 10
88⅛	81½	Conversion 3½% 1969	82⅜	83	3 16 2	5 10 4
83⅛	74 7/16	Treas. 3½% '77-80	74⅞*	75*	3 11 9	5 7 4
84½	75½	Treas. 3½% '79-81	75½	75⅝	3 11 1	5 7 8
72¼	65⅜	Redemption 3% '86-96	65⅝	65⅝	3 6 0	5 0 10
81½	74½	Funding 3½% 1999-2004	74⅝	74⅝	3 1 2	4 19 3
84⅜	76½	Consols 4% aft. Feb. '57	76⅜	76⅜	3 0 7	5 6 2
77	68⅝	War L'n 3½% aft. Dec. '52	68⅜*	68⅜*	2 18 6	5 1 8
76⅛	67⅛	Conv. 3½% aft. April '61	68⅛	68 1/16	2 19 3	5 3 5
66½	58⅝	Treas. 3% aft. April '66	59½	59⅜	2 18 5	5 2 0
56⅞	50½	Consols 2½%	50⅛	50⅜	2 16 10	4 19 2
56⅜	50⅛	Treas. 2½% aft. April '75	50⅜	50⅜	2 17 0	4 19 6
98⅝	90	Br. Elec. 4½% '67-69	90⅜	90⅜	3 11 5	5 13 5
80½	72⅜	Br. Elec. 3% '68-73	73⅛	73	4 0 3	5 11 7
79⅛	71½	Br. Elec. 3% '74-77	72	71⅞	3 14 9	5 6 7
95	85½	Br. Elec. 4½% '74-79	85⅞	86	3 7 0	5 7 6
83 15/16	74⅝	Br. Elec. 3½% '76-79	75½	75⅝	3 12 0	5 7 9
90⅜	84⅛	Br. Gas 4% '69-72	84⅜	84⅜	3 12 9	5 11 7
87 7/16	80⅛	Br. Gas 3½% '69-71	80⅜	80⅛	3 15 8	5 10 4
73⅜	65⅜	Br. Gas 3% '90-95	66	65⅝	3 6 1	5 0 6
80 7/16	72⅜	Br. Trans. 3% '68-73	73⅛	73	4 0 3	5 11 7
90⅜	82	Br. Trans. 4% '72-77	82⅛*	82⅛*	3 9 · 8	5 8 0
73⅜	66⅜	Br. Trans. 3% '78-88	67	66 15/16	3 9 11	5 4 6

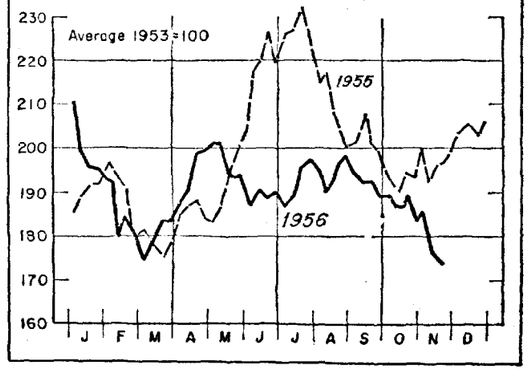
(c) To earliest date. (f) Flat yield. (l) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Nov. 21, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Nov. 14, 1956	Price, Nov. 21, 1956	Yield, Nov. 21, 1956 £ s. d.
94⅜	79	80⅞	74⅞	Aust. 3½% '65-69	77⅛	77⅛	5 15 0
101⅜	87	87½	72	Ceylon 4% '73-75	75	75	6 6 3
103⅜	87 7/16	88⅛	81	N. Zealand 4% '76-78	82⅛*	82⅛*	5 8 0
88	81¼	64⅞	56½	L.C.C. 3% aft. 1920	58	57	5 5 3
99	85	85⅜	82½	Liverpool 3% '54-64	84	84	5 10 1
84	65	68⅜	61	M.Wtr.'B' 3% '34-2003	62⅜	62½	5 4 0
102½	94½	97⅜	91	Agric. Mort. 5% '59-89	95⅜	92⅞	5 9 11
122⅞	91	117¼	102½	German 7% 1924	111½	113	...
223	149	210	187	German 5½% 1930	205½	203½	...
212	160	226	208	Japan 5% 1907	225	225	...
254	190	275⅜	247½	Japan 5½% Conv. 1930	267½	266½	...

Prices, Jan. 1 to Nov. 21, 1956 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Nov. 14, 1956	Price, Nov. 21, 1956	Yield, Nov. 21, 1956 £ s. d.
		%	%		BANKS & DISCOUNT			
50/-	39 10½	7	b	5 a	Barclays £1	40 6	41 6	5 15 8
58 9	50 3	6	b	6 a	Lloyds 'A' £5, £1 pd.	56 6	55 6	5 18 1
72 4½	61/-	9	b	9 a	Midland £1, fully pd.	66/-	65/-	5 10 9
70/-	59 9	9	b	9 a	N. Prov. 'B' £5, £1 pd.	60 6	60 6	5 19 0
77 9	66/-	8	b	8 a	Westmstr 'B' £4, £1½ pd.	67/-	67 6	5 18 6
43 6	28/-	3½	b	2½ a	Alexanders £1	32/6	30 6	4 2 0
46/-	29 3	5	b	5 a	Nat. Disc. 'B' £1	36/-	34 6	5 15 11
50/-	40 6	6½	b	6½ a	Union Disc. £1	46/-	46/-	5 8 8
36 9	27/9	4	a	4	b Barc. (D.C.O.) £1	29/-	30/-	5 6 8
41 9	33/-	7½	b	7½ a	Chart. Bk. of India £1	34 6	34 6	8 13 11
					INSURANCE			
29	16½	37½	b	12½ a	Leg. & Gen. £1	24	24½	2 0 5
25½	18½	†47½	b	†20 a	Pearl £1, fully pd.	19½	19	6 3 7
▸48⅜	38	†117½	c	†125 c	Prudential 'A' £1	38¾	39¼	5 10 9
					BREWERIES, ETC.			
119/6	106/-	33	b	10 a	Bass £1	115/-	112 6	7 12 11
24/10½	18/9	6	a	11½ b	Distillers 6 8	19 9	19 3	6 1 3
45/10½	36/9	25	c	10 a	Guinness 10/-	38/9	37 6	6 13 4
76/-	62/9	14	b	7 a	Whitbread 'A' Ord. £1	66/3*	63/9*	6 11 9

Prices, Jan. 1 to Nov. 21, 1956 High	Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Nov. 14, 1956	Price, Nov. 21, 1956	Yield, Nov. 21, 1956 £ s. d.
		%	%		STEEL & ENGINEERING			
98 13/16	97	8	b	7 a	Babcock & Wilcox £1	73/11½	71/3	4 4 3
95 15/16	93¼	14	c	4 a	Cammell Laird 5/-	10 6	10 6	6 13 4
91⅝	88 15/16	8	c	3 a	Dorman Long £1	25/-	24 9	6 9 4
100 7/16	99 11/16	3½	b	3½ a	Guest Keen N'fold £1	*41/10½	40 7½*	5 18 2
99 15/16	97	4	a	6	b Metal Box £1	46/-	45 6	4 7 11
97½	95¼	12½	b	5	a Stewarts & Lloyds £1	54/-	55/-	6 7 4
94 13/16	91	8	b	4	a Sunmers (John) £1	33/1½	33/-	7 5 5
92¼	88 5/16	11	b	3	a Swan Hunter £1	57/-	57/-	4 18 3
95 5/16	92¼	8	b	4	a United Steel £1	34/4½	35/-	7 2 10
88¼	83	44	f	24	a Vickers £1	37/10½	36/10½	5 8 6
82⅝	77⅛				TEXTILES			
92¼	84⅛	24	9	19	4½ a Bradford Dyers £1	23/9	23/-	8 15 11
		6	b	4	a Brit. Celanese £1	14/6	14 9	10 17 0
81⅛	75½	23	7½	15	9 3 a Coats (J. & P.) £1	22/3	22 3	7 17 4
98⅜	97⅞	25	10½	21	9 6½ b Courtaulds £1	30 6	30/-	6 13 4
91⅛	88⅛	44	-	29	7½ 6 b Fine Spinners £1	15/9	15/3	13 2 4
87½	83 3/16	21	3	14	9 2 5 a Lancs. Cotton £1	27/9	27/9	9 0 3
81 7/16	76⅛	33	3	26/-	2½ 10 b Patons & Baldwins £1	31/6	30 3	8 5 3
79⅛	72½				MOTORS & AIRCRAFT			
96½	90	22	4½	16/-	6½ b 3½ a Bristol Aeroplane 10/-	16/3	16/6	6 1 3
83⅜	78	4	a		8½ b British Motor 5/-	6/1½*	6/3*	10 0 0
88⅛	81½	24	9	20	2½ a 5 b Ford Motor £1	30 4½	28/6	5 5 3
83⅛	74 7/16	12½	b	3	a Hawker Siddeley £1	38/9	37/9	4 12 9½
84½	75½	49	3	38/3	10 c 12½ a Leyland Motors £1	42/6	42/-	5 19 1
72¼	65⅜	12½	b	8	5 a Rolls-Royce £1	100/-	102 6	3 8 4
81½	74½				SHOPS & STORES			
84⅜	76½	14	c	3	a Boots Pure Drug 5/-	13/6	13/3	5 5 8
77	68⅜	20	b	†5	a Debenhams 10/-	34 9*	33 9*	8 3 1
76⅛	67⅛	47½	b	Gt. Universal 'A' 5/-		32/-	31/-	10 1 7
66½	58⅝	20	a	Marks & Spen. 'A' 5/-		58/-*	58/-*	4 10 6
56⅞	50½	20	b	12½ a	United Drapery 5/-	21/-	19 9	8 4 7
56⅜	50⅛	20	a	Woolworth 5/-		53/9	52/6	5 7 11
98⅝	90				OIL			
80½	72⅜	†10	b	†5	a British Petroleum £1	127/6	116/3	4 9 9
79⅛	71½	12½	b	5	a Burmah £1	77 6	75 7½	4 12 7
95	85½	6	a	14	b Royal Dutch 100 fl.	£80½	£76½	2 9 3
83 15/16	74⅝	†13½	b	†5	a Shell Reg. £1	140/-	136/10½	3 16 3v
90⅜	84⅛				SHIPPING			
87 7/16	80⅛	6¾	a	...	Brit. & Com'wealth 10/-	36/-	37/-	4 6 6g
73⅜	65⅜	7½	b	3	a Cunard £1	22 6	24/6	8 17 9m
80 7/16	72⅜	5	b	3	a P. & O. Def. £1	32/-	31/6	5 1 7
90⅜	82				MISCELLANEOUS			
73⅜	66⅜	15	c	7½	a Assoc. Elect. £1	61/3	58/9	5 2 2
		7	b	3	a Assoc. Port. Cem. £1	35/-	35/7½	5 1 1y
		7½	b	4½	a Bowater Paper £1	40/-	40/-	6 0 0
		4	a	8½	b B.I.C.C. £1	48/-	49/6	5 1 0
		8	b	4	a Brit. Aluminium £1	65/-	61/10½	3 17 7
		†7½	b	†10⅝	a Brit. Amer. Tob. 10/-	49/-	48 6	6 5 6s
		3	b	3	a Canadian Pacific $25	$65½	$64	4 7 6
		4	a	4	a Decca Record 4/-	28 1½	26/10½	6 10 3
		10	b	2½	a Dunlop Rubber 10/-	15 6	15/-	8 6 8
		8½	b	4	a English Elect. £1	47 6	43/9	5 14 3
		9½	b	4	a General Elect. £1	43 9	41/3	6 15 9
		4	a	4	a Imp. Chemical £1	38 9	37/9	5 6 0
		12½	b	8½	a Imp. Tobacco £1	44 6	44/6	9 8 8
		$2·90	c	$3·75	c Inter. Nickel n.p.v.	$210	$196½	3 8 6
		14	b	7½	a London Brick £1	50/-	48/9	8 4 2
		15	b	6½	a Monsanto Chemicals 5/-	23/1½	22/9	4 18 10
		12	b	4½	a Tate & Lyle £1	60/-	58 6	5 12 10
		6	a	7½	b Tube Investments £1	52 6*	*51 10½	5 15 8s
		20	b	5	a Turner & Newall £1	97 6	95/7½	5 4 7
		9	b	6	a Unilever £1	68 9	68/3	4 12 4
		†7	b	†4½	a United Molasses 10/-	38 1½*	38 1½*	5 8 11
		†7	b	†3½	a Cons. Tea & Lands £1	23/-	24/-	14 10 0
		5	a	15	b London Asiatic Rbr. 2/-	2/-	2/0½	19 8 0
		30	b	12½	a United Sua Betong £1	*46/10½	46/3*	18 7 7
					MINES			
8⅝	6 3/16	20	a	50	b Anglo-Amer. 10/-	7 1/16	7 1/16	4 19 1
135/7½	94/4½	120	b	80	a De Beers 5/- Def. Reg.	100/-	97 6	10 5 3
98/10½	67 6		...		... Free State Geduld 5/-	75/7½	75/7½	Nil
50 6	30/1½	12½	b	12½	a Randfontein £1	31/10½	31/10½	15 13 10
10/11½	8/6	50	c	10	a London Tin 4/-	10/3	10 0½	11 18 8
46	35	75	a	275	b Rhokana £1	40½	38	9 4 2

"THE ECONOMIST" ORDINARY SHARE INDICATOR



STOCK EXCHANGE INDICATORS
"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Oct. 24	189·3	5·80	210·4 (Jan. 4)	173·7 (Nov. 21)	232·1 (July 20)	175·2 (Mar. 23)
„ 31	183·8	5·97				
Nov. 7	186·4	5·94				
„ 14	177·2	6·23				
„ 21	173·7	6·36				

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield %	Fixed Int.‡	2½ Consols Yield %	Bargains Marked	1956 High	1956 Low	1955 High	1955 Low
Nov. 14	168·3	6·37	92·05	4·96	8,340	203·5 (Jan. 3)		233·9 (July 21)	
„ 15	169·0	6·34	92·38	4·89	7,989				
„ 16	170·0	6·30	92·65	4·87	8,256				
„ 19	169·1	6·34	92·54	4·87	9,203				
„ 20	167·2	6·41	92·32	4·90	7,617	164·6 (Nov. 21)	Low	175·7 (Mar. 15)	Low
„ 21	164·6	6·51	92·03	4·93	7,518				

Bases:—*1953=100. † July 1, 1935=100. ‡ 1928=100.

New York Closing Prices

	Nov. 14 $	Nov. 21 $		Nov. 14 $	Nov. 21 $		Nov. 14 $	Nov. 21 $
Balt. & Ohio	51⅛	48	Am. Smelting	52½	50⅛	Inter. Paper	108½	100⅞
Can. Pac.	32½	31⅝	Am. Viscose	35½	32⅜	Nat. Distill.	26½	25⅜
N.Y. Cent.	36⅜	34⅜	Cel. of Am.	13⅞	13⅛	Sears Roebuck	30⅞	30⅛
Pennsyl.	22⅛	21⅜	Chrysler	71⅝	67⅝	Shell	85	83½
Amer. Tel.	169⅜	167⅜	Gen. Elec.	60	57⅝	Std. Oil of N.J.	55⅝	54½
Stand. Gas	11⅜	11⅛	Gen. Motors	45½	43⅝	U.S. Steel	71⅛	69½
United Corp.	6⅜	6⅛	Goodyear	76½	74⅜	Westinghouse	53⅜	52½
W. Union Tel.	18½	17⅜	Inter. Nickel	104½	95⅜	Woolworth	45⅞	44⅛

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 32½%. (e) To earliest date. (f) Flat yield. (g) On 16%. (h) On 8⅓%. (i) On 17½% Tax free. (l) To latest date. (m) On 10%. (s) On 15% Tax free. (w) On 15%. (y) On 9%.

Statistics

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

British		Overseas	
Prices and Wages	Nov. 3rd	Western Europe: Production and Trade	This week
Production and Consumption	Nov. 10th	British Commonwealth	Nov. 10th
Manpower	Nov. 17th	Western Europe: Prices and Money Supply	Nov. 17th
External Trade	This week	United States	Oct. 27th
Financial Statistics	This week		
Industrial Profits	Oct. 13th		

World Trade.....Oct. 13th

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages			1955			1956			
		1953	1954	1955	Aug.	Sept.	Oct.	July	Aug.	Sept.	Oct.
VALUE											
Imports:											
Total	£ million	278·6	281·2	324·1	342·3	304·8	333·4	320·1	322·3	295·2	354
Food, drink and tobacco	„	109·6	110·5	120·1	113·8	105·8	122·1	112·4	111·1	107·6	139
Basic materials	„	87·9	85·4	93·8	111·2	91·5	94·8	98·0	100·5	90·2	95
Mineral fuels and lubricants	„	26·1	27·4	34·1	38·0	34·5	34·5	35·8	40·9	31·0	36
Manufactures	„	53·6	56·6	74·8	78·0	71·7	80·8	73·0	69·1	65·1	82
Exports of UK produce:											
Total	„	215·2	222·9	242·1	264·2	245·6	268·0	266·2	253·4	222·3	294
Manufactures	„	174·8	180·9	198·9	221·2	199·5	219·7	224·1	211·0	179·5	241
Re-exports	„	8·8	8·4	9·9	10·0	10·6	12·8	9·8	8·2	9·2	12
Balance of trade (exports *less* imports)	„	− 54·6	− 49·9	− 72·1	− 68·1	− 50·6	− 52·6	− 44·1	− 60·7	− 63·7	− 45
VOLUME											
Imports	1954 = 100	99	100	112	114[1]	...	114[1]	110	110	...	...
Exports	„	96	100	107	107[1]	...	114[1]	113	107	...	...
BY AREA											
Imports:											
Dollar area—total	£ million	52·9	51·6	70·2	74·5	71·1	74·4	69·0	66·9	68·0	82
„ USA	„	21·1	23·5	35·1	33·9	35·4	40·3	28·4	24·3	35·1	39
„ Canada	„	25·5	22·7	28·6	33·4	28·6	28·2	31·7	33·5	28·4	35
Non-sterling OEEC countries	„	64·0	68·1	79·6	84·0	83·4	84·8	80·2	79·6	76·8	90
Sterling area	„	125·3	124·8	131·1	136·1	106·5	125·4	123·3	121·2	107·7	129
Exports:											
Dollar area—total	„	33·7	31·3	34·8	41·5	34·3	41·9	46·3	42·1	39·9	51
„ USA	„	14·3	13·3	16·6	19·1	17·3	20·6	21·9	21·3	21·4	26
„ Canada	„	13·4	11·3	12·1	14·2	12·1	14·2	15·4	14·3	12·9	16
Non-sterling OEEC countries	„	62·2	64·7	68·1	61·7	63·8	70·9	74·9	71·4	64·1	91
Sterling area	„	105·8	112·2	120·9	136·7	128·3	135·3	122·6	117·9	101·3	131
Balance of trade (exports *less* imports):											
Dollar area	„	− 19·2	− 20·3	− 35·4	− 33·0	− 36·8	− 32·5	− 22·7	− 24·8	− 28·1	− 31
Non-sterling OEEC countries	„	− 1·8	− 3·4	− 11·5	− 22·3	− 19·6	− 13·9	− 5·3	− 8·2	− 12·7	+ 0
Sterling area	„	− 19·5	− 12·6	− 10·2	+ 0·6	+ 21·8	+ 9·9	− 0·7	− 3·3	− 6·4	+ 2
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	355·0	288·6	375·4	467·6	324·6	355·5	502·5	348·4	277·4	422
Meat	„	63·1	56·3	67·1	62·7	68·8	73·3	57·9	71·8	60·7	74
Sugar, unrefined	„	247·4	201·2	186·6	115·6	167·3	205·7	157·1	154·2	128·0	223
Raw cotton (1)	„	27·5	30·8	24·2	26·6	17·8	21·3	30·5	22·0	27·8	24
Raw wool, sheep's and lambs' (1)	mn. lb.	63·2	51·6	55·3	60·1	16·2	37·8	53·3	31·1	30·3	35
Rubber, natural and synthetic (1)	'000 tons	18·4	20·6	24·6	31·7	23·4	20·8	21·3	25·4	24·1	23
Softwood	'000 stds.	119·1	122·0	140·6	197·9	211·2	187·5	150·6	173·8	136·2	137
Woodpulp	'000 tons	133·7	159·8	187·0	221·6	205·2	172·2	207·9	201·0	211·3	204
Crude petroleum	mn. galls.	558	606	602	657	589	587	664	802	590	6
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,400	1,351	1,196	1,184	1,312	1,395	808	780	682	8
Woven piece-goods—cotton	mn. sq. yds.	59	53	46	56	46	43	40	38	33	
„ „ wool (1)	'000 sq. yds.	8,710	8,204	8,963	11,595	8,351	9,895	9,783[2]	10,689[2]	7,748[2]	10,4
Passenger cars and chassis	number	25,181	30,487	31,100	28,035	30,584	29,961	32,145	22,894	21,376	25,6
Commercial vehicles and chassis	„	9,196	10,525	13,121	13,731	13,409	14,884	12,703	9,657	9,702	10,5
Agricultural tractors	„	7,807	8,908	8,720	8,862	9,213	7,235	7,528	6,547	5,382	6,4
Machinery—electrical	£'000	5,023	4,923	5,163	6,611	5,349	5,497	5,493	5,317	3,820	5,5
„ other	„	30,145	30,553	34,669	39,143	33,082	38,282	39,275	37,644	31,249	40,1
Chemicals, elements and compounds	„	3,968	4,214	4,419	5,197	4,694	4,635	4,295	4,805	4,561	5,5

(1) Retained imports. (2) Average for third quarter. (3) Excluding fents from January, 1956. (4) Average for fourth quarter.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION (1) (1953 = 100)												
1948	54	87	82	79	...	52	70	62	70	70	80	69
1954	114	106	109	109	112	122	103	109	110	109	104	109
1955	133	116	111	121	129	150	107	118	118	113	111	...
1956, April	138	128	100	137	140	131	106	123	119	116	119	...
„ May	132	130	112	142	144	133		132	129	109	120	...
„ June	146	127	113	139	158	134		130	130	124	117	...
„ July	133	111	74	132	134	134	...	135	121	78	61	...
„ August	...	...	113	102	153	132	...	...	123	118	109	...
VALUE OF EXTERNAL TRADE (2)												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas[3]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira
IMPORTS (c.i.f.)												
1948	243	7,249	285	56·08	264[4]	152[4]	11·36	70·36	414	310	413	64·2
1954	1,416	10,561	674	123·11	1,601	825	14·99	127·04	905	666	766	111·6
1955	1,922	11,790	678	136·74	2,029	955	17·03	140·93	1,016	649	861	116·1
1956, April	2,003	13,241	606	163·97	2,274	1,156	14·64	152·41	1,193	762	1,018	108·1
„ May	2,090	13,699	939	174·34	2,228	1,121	15·86	169·16	1,136	880	980	107·1
„ June	2,118	13,687	767	175·39	2,419	1,181	15·66	176·04	1,222	792	964	91·9
„ July	2,392	13,147	689	166·24	2,391	1,119	15·15	168·91	1,227	661	880	112·4
„ August	1,993	...	769	150·03	2,314	...	11·51	140·65	1,156	657	915	83·0
EXPORTS (f.o.b.)												
1948	165	6,171	228	36·18	151[4]	39[4]	4·11	47·99	226	172	332	45·9
1954	1,321	9,581	554	121·94	1,832	380	9·61	85·33	764	347	683	78·1
1955	1,514	11,566	608	139·94	2,142	457	9·19	96·72	851	377	744	73·1
1956, April	1,750	13,593	530	140·16	2,690	319	7·86	103·19	982	434	744	88·5
„ May	1,758	14,175	676	129·33	2,495	241	8·04	106·35	933	472	897	79·8
„ June	1,919	13,873	711	138·90	2,760	266	9·28	106·57	899	449	974	44·6
„ July	1,869	12,157	604	134·87	2,580	197	9·51	116·50	796	427	923	37·6
„ August	1,848	...	628	120·05	2,448	...	8·41	105·97	857	419	839	36·8
BALANCE												
1948	− 78	− 1,078	− 57	−19·90	− 113	− 113	− 7·25	−22·37	− 188	− 138	− 81	− 18·3
1954	− 95	− 980	− 120	− 1·17	+ 231	− 445	− 5·38	−41·71	− 141	− 319	− 83	− 35·5
1955	− 408	− 224	− 70	+ 3·20	+ 113	− 498	− 7·84	−44·21	− 165	− 272	− 117	− 43·0
1956, April	− 253	+ 352	− 76	−23·81	+ 416	− 837	− 6·78	−49·22	− 211	− 328	− 274	− 19·6
„ May	− 332	+ 476	− 263	−45·01	+ 267	− 880	− 7·82	−62·81	− 293	− 408	− 83	− 27·3
„ June	− 199	+ 186	− 56	−36·49	+ 341	− 915	− 6·38	−69·47	− 323	− 343	+ 10	− 47·3
„ July	− 523	− 990	− 85	−31·37	+ 189	− 922	− 5·64	−52·41	− 431	− 234	+ 43	− 74·8
„ August	− 145	...	− 141	−29·98	+ 134	...	− 3·10	−34·68	− 299	− 258	− 76	− 46·2

VOLUME OF EXTERNAL TRADE (2) (1953 = 100)

IMPORTS											
1948	48	86	59	84	...	...	90	57	64	71	85	46
1954	139	110	121	108	125	117	98	104	126	114	115	99
1955	198	122	120	123	152	135	108	113	146	119	128	91
1956, April	201	130	...	151	168	155	89	119	160	142	...	
„ May	209	130	...	143	163	157	96	133	153	164	...	
„ June	209	151	...	150	175	159	95	135	162	137	...	
„ July	245	...	...	154	173	146	91	...	164	124	...	
„ August	201	...	...	139	168	...	...	...	...	122	...	
EXPORTS												
1948	37	69	48	48	...	...	55	66	34	70	69	55
1954	122	109	108	116	124	111	102	107	113	115	110	95
1955	136	127	118	132	142	121	94	124	124	117	115	71
1956, April	150	132	...	128	172	80	84	128	137	129	...	
„ May	151	136	...	117	160	64	85	138	129	138	...	
„ June	160	136	...	124	175	64	100	136	176	133	...	
„ July	159	...	...	117	164	53	103	...	118	125	...	
„ August	155	...	...	...	156	...	...	...	...	118	...	

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

Financial Statistics

EXCHEQUER RETURNS

For the week ended November 17th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £9,478,000 compared with a surplus of £19,529,000 in the previous week and a deficit of £19,762,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £30,149,000, bringing the total deficit to £691,297,000 (£604,307,000 in 1956-56).

£'000	Estimate 1956-57	April 1, 1955 to Nov. 19, 1955	April 1, 1956 to Nov. 17, 1956	Week ended Nov. 19, 1955	Week ended Nov. 17, 1956
Ord. Revenue					
Income Tax	2385,500	600,733	667,707	14,017	14,045
Surtax	144,000	36,700	45,000	1,200	1,200
Death Duties	170,000	114,500	101,900	3,300	2,800
Stamps	55,900	40,500	39,400	1,400	1,000
Profits Tax, EPT	215,700	154,100	125,300	5,100	4,000
Excess Profits Levy	4,000	14,500	3,600	200	...
Special Contribution and other Inland Revenue	1,000	300	210	...	...
Total Inland Rev.	2930,154	947,424	961,757	28,817	23,045
Customs	1204,000	745,828	782,219	25,644	26,252
Excise	983,350	556,150	365,635	21,020	29,720
Total Customs and Excise	2157,350	1302,778	1347,865	46,714	55,952
Motor Duties	92,000	22,523	24,599	...	391
PO (Net Receipts)	...	7,350	9,953	4,850	4,900
Broadcast Licences	28,000	11,800	12,900	...	...
Sundry Loans	50,000	23,515	25,465	...	...
Miscellaneous	200,000	77,283	91,655	518	84
Total	**5187,500**	**2393,171**	**2494,200**	**80,899**	**84,373**
Ord. Expenditure					
Debt Interest	670,000	407,872	454,759	22,510	14,718
Payments to N. Ire.					
Land Purchase	61,000	32,574	36,813	...	...
Other Cons. Fund	10,000	5,256	5,414	...	3
Supply Services	3941,918	2158,918	2397,502	77,800	78,200
Total	**4682,918**	**2605,601**	**2894,274**	**100310**	**92,921**
Sinking Funds	37,300	21,350	21,850	350	930
"Above-line" Surplus or Deficit	**234,280**	**421,960**	**19,762**	**9,478**	
"Below-line" Net Expenditure	370,027	269,337	1,441	30,149	
Total Surplus or Deficit	**604,307**	**691,297**	**21,203**	**39,627**	
Net Receipts from:					
Tax Reserve Certificates	115,912	162,857	422	51	
Savings Certificates	10,700	35,700	1,200	2,500	
Defence Bonds	21,350	20,545	155	1,200	
Premium Savings Bonds	...	25,400	...	9,500	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Nov. 19	3,500·0	1,855·5	284·2	...	5,640·7
1956					
Aug. 18	3,490·0	1,555·6	282·4	0·8	5,356·7
„ 25	3,480·0	1,546·2	287·3	...	5,053·5
Sept. 1	3,480·0	1,550·3	298·5	...	5,058·9
„ 8	3,500·0	1,512·4	255·9	1·8	5,020·1
„ 15	3,500·0	1,534·9	286·8	...	5,121·7
„ 22	3,490·0	1,555·1	254·5	...	5,163·6
„ 29	3,610·0	1,558·2	258·0	...	5,186·2
Oct. 6	3,610·0	1,558·8	253·7	2·3	5,204·8
„ 13	3,610·0	1,542·7	238·3	1·0	5,192·0
„ 20	3,620·0	1,532·2	256·9	...	5,218·9
„ 27	3,610·0	1,576·9	245·2	0·8	5,234·9
Nov. 3	3,610·0	1,569·2	283·6	...	5,255·7
„ 10	3,610·0	1,581·2	278·7	1·8	5,211·6
„ 17	3,610·0	1,585·0	293·4	2·3	5,158·6

THE MONEY MARKET

THE discount houses again made no change in their bid of £98 15s. per cent for the 91-day bills on offer at the Treasury bill tender on Friday last. Total applications were down by over £33 million, to just under £300 million, whereas the offer was down by only £10 million, to £190 million; the average rate of discount rose by over 1d. to just £5 per cent. The market's allotment rate rose from 27 per cent to 39 per cent. The market did make a reduction, of 2d. to £99 2s. 7d. per cent, in its bid for the £90 million of £63 day bills on offer; but total applications increased by no more than the amount on offer, and the market's allotment actually rose by one point, to 93 per cent.

In Lombard Street large official help was given on Thursday before the week-end, and on the first two days of this week smaller official purchases were made. But credit was comfortable at the week-end and on Wednesday—although this was the make-up day of the clearing banks.

The price of gold in the London market fell from 251s. 5½d. a fine ounce on Thursday before the week-end to 251s. 2¼d. on Tuesday, notwithstanding the steadiness of the sterling rate at around $2.78⅝. The fall thus marked a decline in the dollar price (to $34.95), caused mainly by sales of gold by European central banks.

LONDON MONEY RATES

	%		%
Bank rate (from 4½ % to 2 56)	5½	**Discount rates**	
Deposit rates (max)		Bank bills: ordinary	5⅛
Banks	5½	3 months	5⅛ 5⅜
Discount houses	5¾*	4 months	5⅛ 5⅜
		6 months	5⅛ 5⅜
Money Day to day	5½ 4½	Fine trade bills:	
Short periods	4½	3 months	6 6½
Treas. bills 2 months	4⅝	4 months	6 6½
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Nov. 23, 1955	Nov. 14, 1956	Nov. 21, 1956
Issue Department:*			
Notes in circulation	1,780·5	1,892·6	1,894·4
Notes in Banking dept.	19·8	52·8	30·9
Govt. debt and securities*	1,796·3	1,921·2	1,921·3
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	10·1	17·4	12·8
Bankers	255·8	258·1	259·3
Others	66·4	72·1	73·4
Total	332·3	328·6	325·5
Securities:			
Government	294·8	281·0	276·2
Discounts and advances	19·2	12·9	17·2
Other	17·0	16·9	17·0
Total	331·0	310·8	310·5
Banking department reserve	22·2	34·8	32·9
" Proportion "	6·6	10·6	10·1

* Government debt is £11,015,100, capital £14,553,0 Fiduciary issue reduced to £1,925 million from £1,950 mill on September 5, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills Average Rate of Allotment	Allotted at M Rate*
1955	*91 Day* *63 Day*		s. d.	%
Nov. 18	240·0 50·0	379·5	82 1·18	66
1956	*91 Day*			
Aug. 17	240·0	393·4	100 0·43	62
„ 24	270·0	405·2	101 2·95	50
„ 31	290·0	385·0	100 6·41	80
Sept. 7	290·0	450·0	101 4·50	55
„ 14	290·0	404·2	102 0·77	61
„ 21	280·0	380·0	103 4·86	55
„ 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	56
„ 12	280·0	405·6	102 2·31	55
„ 19	280·0†	392·9	100 2·12	66
	91 Day *63 Day*			
„ 26	290·0 60·0	412·4	99 9·85	30
Nov. 2	200·0 70·0	405·8	99 11·55	35
„ 9	240·0 80·0	419·1	99 10·86	39
„ 16	190·0 90·0	356·1	100 0·00	39

* On November 16th tenders for 91-day bills at £98 15s. secured 39 per cent and 63-day bills at £99 2s. 7d. secu 93 per cent, higher tenders being allotted in full. Yesterd offering of £290 million included £80 million at 63 d † Allotment cut to £260·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates November 21	Market Rates: Spot November 15	November 16	November 17	November 19	November 20	November
United States $	2·78–2·82	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·7
Canadian $	...	2·57⅞ 2·67½	2·67⅞ 2·68	2·68 2·68¼	2·68 2·68¼	2·68¼ 2·68½	2·68 2·6
French Fr.	972·65–987·35	983½ 983¾	983½ 983¾	983 983½	982⅝ 982⅞	982⅝ 982⅞	982½–98
Swiss Fr.	12·15⅞–12·33⅞	12·22½ 12·22¾	12·22½ 12·22¾	12·22½ 12·22¾	12·22½ 12·22¾	12·22 12·22½	12·22½ 12
Belgian Fr.	138·95–141·05	139·47½ 139·52½	139·50– 139·52½	139·50– 139·52½	139·52½ – 139·55	139·52½ 139·57½	139·57½– 139
Dutch Gld.	10·55–10·72	10·60⅜–10·60⅝	10·60½ 10·61¼	10·60⅜ 10·60⅝	10·60⅜ 10·60⅝	10·60⅜ 10·60⅝	10·60⅜ 10
W. Ger. D Mk.	11·67⅜–11·84⅛	11·71¼ 11·71½	11·71½ 11·71¾	11·70½ 11·71	11·70½ 11·70⅝	11·70 11·70½	11·70½ 11
Portuguese Esc.	79·90–81·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80
Italian Lire	1735½ 1760½	1754½ 1755½	1754½ 1755½	1754 1755	1754 1755	1755½ 1756½	1755½ 17
Swedish Kr.	14·37½ 14·53½	14·42¼ 14·42½	14·42¼ 14·42½	14·42 14·42½	14·41½ 14·42¼	14·41½ 14·41¾	14·41½ 14
Danish Kr.	19·19½ 19·44½	19·33½ 19·34	19·33½ 19·34	19·33½ 19·34	19·33½ 19·34	19·34 19·34½	19·34 19
Norwegian Kr.	19·45 20·15	19·95½ 19·96½	19·95½ 19·96¼	19·95 19·95¾	19·94½ 19·95	19·94½ 19·95½	19·94½ 19
One Month Forward Rates							
United States $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
Canadian $		⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm	⅛–¼c. pm
French Fr.		½ 2 dis	½ 2 dis	½ 2 dis	½ 2 dis	½ 2 dis	½ 2 dis
Swiss Fr.		3–2½c. pm	3–2½c. pm	3–2½c. pm	3½–2¾c. pm	3½ 3c. pm	3½ 3c. pm
Belgian Fr.		⅝ ¼ pm	⅝ ¼ pm	⅝ ¼ pm	⅝ ¼ pm	⅝ ¼ pm	⅝ ¼ pm
Dutch Gld.		2 1½c. pm	1¾ 1½c. pm	1¾ 1½c. pm	1¾ 1½c. pm	1¾ 1½c. pm	1¾ 1½c. pm
W. Ger. D Mk.		3½ 2¾pf. pm	3½ 2¾pf. pm	3½ 2¾pf. pm	3½ 3pf. pm	3½ 3pf. pm	3½ 2¾pf. pm
Italian Lire		2 pm par	2 pm par	2 pm par	2 pm par	2 pm par	3 pm par
Swedish Kr.		½ pm ½ dis	½ pm ½ dis	½ pm ½ dis	½ pm ½ dis	½ pm ½ dis	½ pm ½ dis
Danish Kr.		5 25 pm	5 25 pm	5 25 pm	5 25 pm	5 25 pm	5 25 pm
Norwegian Kr.		25 pm par	25 pm par	25 pm par	25 pm par	25 pm par	25 pm par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251 5¼	251 5¼	...	251 4	251 2¼	251 5

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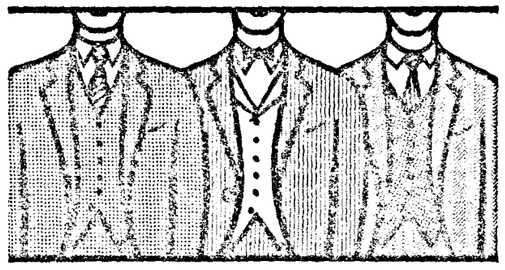

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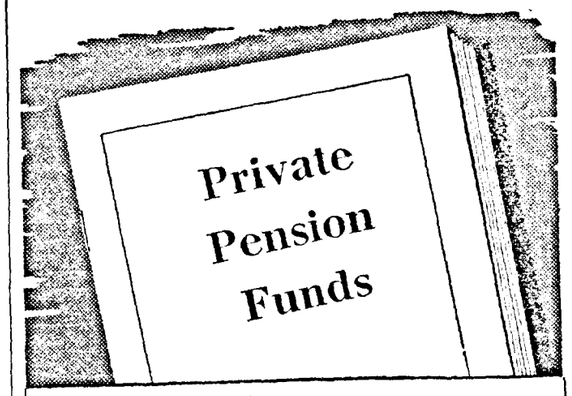

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COMPANY MEETINGS

RHODESIAN SELECTION TRUST GROUP OF COMPANIES

Incorporated in Northern Rhodesia

The following are abridgments of the Statements dated October 15th, 1956, by the Chairman, Sir Ronald L. Prain, OBE, circulated to the Members.

RHODESIAN SELECTION TRUST LIMITED

I propose to begin this statement by a brief review of the main Companies in which we are interested.

MUFULIRA

Mufulira is now capable of mining and milling about 400,000 tons of ore per month which would yield about 100,000 tons of copper in a full year.

More recently the discovery of additional ore to the west of the existing mine has led the directors of that company to contemplate the development of "Mufulira West," which might increase the productivity and capacity of the whole enterprise by as much as 50 per cent. Such a programme will require very large sums of capital.

Our holding in that company is now 63.98 per cent and whatever plans are announced by that company for financing the expansion project will no doubt require us to subscribe substantial new sums which in turn will necessitate our advising our shareholders how it is proposed to raise these sums.

CHIBULUMA, CHAMBISHI AND BALUBA

The bringing of Chibuluma into production has been successfully achieved and the prospects for that company are promising. Our holding in Chibuluma is 64.29 per cent and we do not at present contemplate having to provide any finance for that company out of our own resources.

The directors of Chambishi have under consideration the opening up of this property on a scale which, initially anyway, would be similar to that of Chibuluma. No further details have been announced, and the scheme is dependent upon Chambishi being able to arrange the necessary finance. Our holding in Chambishi is 64.29 per cent.

Our holding in Baluba remains at 64.29 per cent. Exploration work is continuing.

Rhodesian Selection Trust Exploration Limited has had an active first year in which it has begun the investigation of several prospects in Southern Rhodesia and Nyasaland.

FINANCIAL

Our income, as hitherto, came predominantly from dividends of the Mufulira Company and amounted to £4.4m. This enabled us to pay an interim dividend of 2s. per share, less taxes, and a final dividend of 4s., less taxes, is now recommended.

The distribution this year will cost £4.2m, and this will allow the cash position of the Company to be further built up after making provision for all commitments, and transferring £75,000 to General Reserve.

MISCELLANEOUS

Granted freedom from interruption, Mufulira should have a successful year, and Chibuluma should come into normal operation on a profitable basis. It appears unlikely, however, that Chibuluma will pay any dividend until it has repaid its loan to the United States Government. Its equity value, however, will increase annually, even if no dividends are received in the near future.

The Mufulira Chairman's Statement sounds a note of warning as to the possibility of lower profits this year, due to the present price of copper being at a substantially lower level, and to costs not being appreciably reduced.

Mufulira has its expansion plans and Chambishi the possibility of opening its mine. Both these developments will have implications for your Company, though their nature and extent cannot yet be determined. It is hoped, however, that the coming year will clarify this position.

Your Company announced during the past year that it had joined with several other sponsors in creating the Merchant Bank of Central Africa. In this way the Company hopes to be in a position to play a part in the development of the Federation in spheres not necessarily connected with mining.

CONCLUSION

Your Companies, since they emigrated from the United Kingdom and more particularly since they moved to the capital of the Federation, have tried to associate themselves more and more with the general development of this young and virile country. It is my conviction that the prosperity of the country and the prosperity of the copper mining industry are indivisible and that your Companies must inevitably face duties and responsibilities which go far beyond those which normally concern the management of a mining enterprise.

MUFULIRA COPPER MINES LIMITED

The production of ore for the first time exceeded 4m tons, and the output of molten blister copper was 97,698 long tons, which is easily a record. Saleable production totalled 94,500 long tons, made up as to 27,623 tons blister copper, 57,335 tons cathodes and 9,542 tons wirebars.

The average cost per long ton of copper in all forms delivered buyers increased from £133 to £153.

FINANCIAL RESULTS

The average price at which our copper was sold was £340 per ton, an increase of £66 over the previous year. The profit margin per ton thus increased from £141 in the year ended June, 1955, to £187 during the year under review, and gave us a profit of £16.8m, to which has to be added the increase in the value of copper stocks and interest earned. Tax amounts to £6.6m, and from the resulting net profit £2.3m has been appropriated to Replacements Reserve and £2.5m to General Reserve. This latter compares with £1m last year, the increase being accounted for mainly by reserving £1.3m, namely 1/5th for the loans to the Federal and Territorial Governments estimated to amount to about £6.5m by 1960.

The interim dividend of 8s. per share, less taxes, and the final dividend now recommended of 17s. per share, less taxes, will make a total dividend of 25s. less taxes.

I must enter a note of warning as to the possible results for the current year. The price of copper since July 1st has been much lower than the average realisation for the year under review. On the cost side we know of forthcoming increases under various headings which, in spite of the effect of a lower price on the reduction of mineral royalties, may mean that our overall cost is not appreciably lower.

We expect that our production will reach the 100,000 ton mark, but even this factor will not compensate for the reduction in profit margin based on the present price of copper. Our commitments under the heading of Replacements Reserve and General Reserve will continue heavy. Therefore, unless the price of copper should undergo some very appreciable, and at this stage unexpected, upswing, our dividend for the current year will be lower.

MINE EXPANSION

Exploration to the west of the mine has disclosed the continuation of the "C" orebody to an extent not yet defined, but well beyond the previously anticipated limits. This development has led to the decision to embark on an expansion programme for the development of "Mufulira West." The drilling to the west has disclosed ore in areas hitherto outside the ore reserve calculations. The extent of this additional ore is not yet fully calculated, but it is known to be of sufficient magnitude to warrant an expansion of the Mufulira operation, which we hope will be of the order of 50 per cent.

LABOUR POSITION

Constructive progress was made in implementing the practical aspects of the African advancement agreement signed between the Copper Mining Companies and the European Mine Workers' Union in September, 1955.

Unfortunately, towards the end of the financial year, the African Mineworkers' Trade Union began a series of strikes which continued into the months of July, August and September. The direct cause of these strikes was the wish of the African Union to eliminate the Mines' African Staff Association. This association, which came into being in 1953, was recognised by the companies and the African Union in 1955 as representing certain senior categories of African jobs.

The strikes which the African Union called, while not being illegal, were unconstitutional in that the Union had not gone through the procedure laid down by its

agreement with the companies. For this reason the companies on August 1st, 1956, declared a dispute with the African Union and asked Government to set up a Board of Inquiry to investigate the whole position. Later in August the Government appointed a Commission of Inquiry, which is sitting at the time of writing.

African strikes continued throughout August. Early in September circumstances became such as to bring about on September 11th a Government declaration of a State of Emergency, followed by prompt Government detention of some of the officers of the African Union. Since then work has been resumed at all mines, and operations have reverted to normal.

POWER

The Federal Government completed arrangements for financing the Kariba hydro-electric scheme. The four major copper-producing companies agreed to lend the Government £20m by subscriptions to Federal Development Bonds carrying maturities varying from one to 28 years, with interest of 4½ per cent per annum. The share of each company in this total loan, part of which is earmarked for railway development, is a subject for discussion, and that of your Company is tentatively put at £5m. The companies entered into this arrangement with Government willingly, realising that without the Kariba scheme the Copperbelt would be faced with having to provide alternative and costly methods of producing more power than the present installations can deliver.

During the last few weeks the Copperbelt electric power system has been interconnected with the Belgian Congo system, and power is now flowing the 320 miles from the Le Marinel installation on the Lualaba River to the Central Switching Station of the Copperbelt system at Kitwe.

MISCELLANEOUS

Prospecting and exploration under the ægis of the companies formed for this purpose, and in which your Company has an interest, continued on an increasing scale during the year.

The question of the future of the mine townships and the problems of stabilisation and urbanisation of African labour have received attention regularly, but by their very nature these problems are not such that solutions can be found quickly, and the studies on these questions therefore continue.

During the year Vainona Estates Limited, in which your Company has a financial interest, decided to proceed with an experimental agricultural scheme on the Kafue Flats. This takes the form of a pilot polder which will during the next five or six years seek to prove whether or not some of the engineering problems of a greatly extended scheme on the Flats can be solved, and whether the soils can produce a rotation of wheat, rice and barley which would make a major contribution to the Territory's food supplies. This pilot scheme has the full support of the Northern Rhodesia Government, and we should like to acknowledge the great help that we have received from various Government officers.

(The Chairman's remarks under the headings Northern Territories and Copper Price are similar to those contained in the abridgment of his statement to the Roan Antelope Members.)

ROAN ANTELOPE COPPER MINES LIMITED

The production of ore for the first time exceeded 5½m tons, and the output of blister copper was 88,714 long tons, constituting a record.

The average cost per long ton of copper in all forms delivered buyers increased from £142 to £167 per ton. Over £10 of this increase is represented by an increase in mineral royalties based on the higher price of copper during the year compared with the previous year. This same factor accounted for an increase in the cost of employees' bonus scheme on the mines, and if these two factors are eliminated from the cost comparisons, the operating cost increase was about £10 per ton, represented by increased costs of labour, power and supplies.

FINANCIAL RESULTS

The average price at which our copper was sold was £336 per ton, an increase of £66 over the previous year. The profit margin per ton thus increased from £128 in the year ended June, 1955, to £169 during the year under review, and gave us a profit of £14.1m, to which has to be added the increase in the value of copper stocks and interest earned. Tax amounts to £5.7m, and from the resulting net profit £1.5m has been appropriated to Replacements Reserve and £3m to General Reserve. This latter compares with £1.4m last year, the increase being accounted for mainly by reserving £1.1m, namely 1/5th for the loans to the Federal and Territorial Governments estimated to amount to about £5.5m by 1960.

The interim dividend of 1s. 9d. per share, less taxes, and the final dividend now recommended of 3s. 3d. per share, less taxes, will make a total dividend of 5s., less taxes.

I must enter a note of warning as to the possible results for the current year. The price of copper since July 1st has been much lower than the average realisation for the year under review. On the cost side, furthermore, we know of forthcoming increases under various headings which, in spite of the effect of a lower price on the reduction of mineral royalties, may mean that our overall cost is not appreciably lower. Moreover, our production is unlikely to be as high as last year, when we were producing virtually to capacity. This year our operations have already been affected by strikes. Our commitments under the heading of Replacements Reserve and General Reserve will continue heavy. Therefore, unless the price of copper should undergo some very appreciable, and at this stage unexpected, upswing, our dividend for the current year will be lower.

MINE AND REFINERY

The long-term outlook for Roan will continue to depend on the exploration results on the Muliashi Special Grant. In the meantime Roan continues to be one of the largest operations in the mining world, and it is not impossible that the mining and milling rate during the next twelve months might reach a rate of 6m tons per annum.

It is of interest to record that this month sees the completion of 25 years of blister production at Roan, during which time it has produced more than 1.6m tons of copper to a total value, in historical pounds, of about £186m.

The construction of the electrolytic refinery at Ndola, owned by Ndola Copper Refineries Limited, continued satisfactorily. The capacity will be increased to 110,000 tons of copper, and the cost will correspondingly increase from the original figure of £3m to £4½m.

NORTHERN TERRITORIES

During the year your Company offered a loan of £1m to the Government of Northern Rhodesia and £500,000 to the Government of Nyasaland, to be used exclusively for African development. These loans, which were gratefully accepted by these Governments, are interest-free until 1960, when the Governments have the option to convert all or any part of them into loans for up to 20 years at an interest rate of 4½ per cent per annum.

COPPER PRICE

The price of copper continued to rise on the world markets and reached a high point in March of this year. Then, touched off by a change of pricing policy on the part of the Chilean Government, the inevitable reaction took place. It was marked in its severest form in the quotations of the London Metal Exchange which, from a high point of £437 on March 19th, declined to a figure of £264 on July 3rd. This fall in price, both for magnitude and speed, is unprecedented in the history of the copper business. Most of the other major quotations in the copper market also registered severe falls, though none to the extent registered by the London Metal Exchange. Since June the market has steadied and at the time of writing the world prices range from £280 to £320.

As far as the copper produced by your Company is concerned, we have continued to sell at fixed prices, which policy we introduced in May, 1955, in response to a request made to us by the copper fabricating industry of Great Britain. During the year under review our price changed six times compared with 242 moves in the London Metal Exchange price, or, if we eliminate price changes of less than £2 in the latter, the comparison would be with 170 changes in Metal Exchange quotations. During the period between May, 1955, and the present time the price of our copper has changed nine times compared with 237 movements on the Metal Exchange, eliminating price movements of less than £2 on the latter.

We realise that there exists in the United Kingdom a two-price system, and that this can cause certain inconveniences to the trade. In our opinion, such inconveniences are not such as to warrant our returning to a system of daily price changes, though we are at all times prepared to consider any constructive proposals designed with a view to introducing greater stability into the price of not only our product, but the copper price generally.

MISCELLANEOUS

Your Company has applied to the Rhodesian Stock Exchange for the listing of its stock on that Exchange. We hope in this way that greater facilities will be provided for the gradual building up of a body of local stockholders.

At the beginning of this year informal stockholders' meetings were convened both in London and New York. This was the third consecutive year in which we had tried this experiment, and the attendances have increased with each year. As it is, therefore, evident that these meetings are of interest to, and carry the support of, a considerable number of stockholders resident in Great Britain and the USA, I propose once more to call such meetings within the next two or three months.

CONCLUSION

To sum up, it is our hope that after the unsettled labour position of the last three months conditions may now settle down to enable us to get on with our job of producing copper, and of continuing thereby to provide some of the sinews necessary for the development of the Federation.

Owing to the developments in hydro-electric power the immediate prospects for our power supplies seem better than for some years past.

So far the copper price for the current year is much below last year's average. This situation, if it continues, coupled with no expectation of any appreciable reduction in our costs, indicates a lower profit margin per ton, hence lower profits, and therefore a lower dividend.

A sense of proportion should however be kept. The profits for the past year must be considered exceptional by any standard, and a return to lower profits can only be regarded as a return to more normal conditions.

(The Chairman's remarks under the headings Labour Position and Power are similar to those contained in the abridgment of his Statement to the Mufulira Members.)

CHIBULUMA MINES LIMITED

The mine started hoisting ore in October, 1955, and the concentrator came into full operation in April, 1956.

The plan for Chibuluma is to mine about 40,000 tons of ore per month and to produce at the mill a copper concentrate and a cobalt concentrate. The copper concentrate will go to one or more of the three Copperbelt smelters. The cobalt concentrate will be sent to the Chibuluma cobalt plant at Ndola.

The year under review was, therefore, not only a broken period, but being the early stages was not representative of Chibuluma's capabilities, either as to production rates or costs. Too much attention, therefore, should not be paid to either of these. In fact it mined about 81,000 tons and milled about 126,000 tons of ore, representing all the ore from mining and the rest from previous development work.

The costs, again for what they are worth, were about £153 per long ton of blister copper delivered buyers. For the first two months of the current year, however, costs have been £116 per ton, reflecting a rate of mining and milling under more normal conditions than can obtain in the first few months of any mining operation.

Of the 4,340 long tons of blister produced, 2,324 were sold at an average price of £319 per ton, giving Chibuluma an apparent profit margin of £166 per ton. The profit for the period, after providing £20,000 for Replacements Reserve, was £287,282.

AGREEMENT WITH UNITED STATES GOVERNMENT

Under this agreement we are to start repayments on our loan, in the form of metal, in the year after the first year in which profits exceed £150,000. As a result we shall during the current year be making deliveries to the United States Government of copper to the value of about £285,000. This will be wholly on account of interest incurred in the pre-production period, while, during the following year, we hope that our deliveries will not only clear off the total arrears of interest, but begin also on repayment of the principal.

COBALT PLANT

This plant, which is being constructed at Ndola, under the management of Ndola Copper Refineries Limited, is now expected to begin operations in the middle of 1957. The overall recovery of cobalt is expected to be unusually high. If these expectations are fulfilled in the full scale plant at Ndola, our eventual cobalt production should be in excess of 1m lb per annum, compared with the original estimates of 500,000 lb per annum.

WANKIE COLLIERY COMPANY LIMITED

(Incorporated in Southern Rhodesia)

OUTPUT CAPACITY RAISED TO 5 MILLION TONS

The following extracts are from the statement by the chairman, Mr T. Coulter, which has been circulated with the annual report and accounts for the year ended August 31, 1956:

ACCOUNTS

The profit for the year, before taxation, amounted to £1,141,647 as compared with £1,084,012 for 1955, being an improvement of £57,635.

Taxation absorbed £250,000 and a sum of £105,000 was transferred to taxation equalisation reserve. An amount of £250,000 was transferred to general reserve, which now stands at £985,000.

The total distribution to shareholders for the year was 1s. per share and compares with 10½d. per share paid last year.

Capital expenditure on fixed assets during the year, less sales, amounted to £1,004,017.

Current assets (excluding stocks and stores), at £2,510,050, as against current liabilities of £1,068,093, indicate a surplus of £1,441,957 represented by Federal Government stocks and short-term loans and deposits.

The following tabulation gives a comparison of the sales of coal and coke for the past three years ended August 31st:

	1954	1955	1956
	Tons	Tons	Tons
Coal	2,732,957	3,414,719	3,695,356
Coke	154,617	220,966	242,848

It will be noted that sales of coal increased by only 280,637 tons as compared with the previous year, and this may well be regarded as the big disappointing feature of operations for the past year.

Despatches of coal are limited by the difficulties which still confront the railways in providing adequate truckage. Advance estimates of railway coal-carrying capacity for the current financial year do not encourage the hope of any appreciable improvement.

COAL PRICE AGREEMENT

In my review for the previous year it was stated that, in expectation of a further increase in despatches, coupled with improved production efficiency, the average selling price of coal was being reduced by 5d. per ton to 18s. 10d. per ton at the pit-mouth, with effect from November 1, 1955. Our hopes of a further substantial increase in despatches were not realised, and it therefore became necessary about the middle of the past year to apply, in terms of the Price Agreement, for a small upward adjustment in the average selling price. This was agreed by the Government and from March 1, 1956, the average price was increased by 8d. per ton to 19s. 6d. per ton at pit-mouth.

The price to be charged during the current year, with effect from November 1, 1956, has been provisionaliy agreed at 19s. 6d. per ton at the pit-mouth.

We can, I feel, take pride in the fact that the great task undertaken by the Company in 1953 to increase its colliery capacity to 5 million tons by the end of 1956 has now been completed.

The total proved reserves of extractable coal lying within the limits of the reduced concession and option areas is of the order of magnitude that will allow the Company to produce coal for about 95 years from present date, at the rate of 5 million tons per annum. Boring has proved the existence of over 100 million tons of high grade coal, lying at varying depths up to 150 feet of surface cover, which can be extracted economically by opencast working.

There is, however, no question of embarking on opencast work at the present time, for Wankie is already equipped to produce much more coal than the railways can handle.

COMMUNITY DEVELOPMENT

Our responsibilities to the African section of our employees have been, and still remain, particularly heavy. Three years ago accommodation for Africans, both single and married, was largely obsolete and inadequate. The conditions were such as seriously to jeopardise Wankie's ability to obtain an adequate labour force.

We have worked towards setting these things right on the basis that 25 per cent to 30 per cent of the Company's African employees would be provided with married accommodation. To date we have built some 1,420 houses, and approximately 235,000 square feet of other building work has been, or will shortly be, completed in the African areas.

The new hospital has ensured that the whole community will have the most up-to-date medical facilities at its disposal. We have also placed great emphasis on the development of welfare and recreational activities.

These endeavours have undoubtedly resulted in a healthier, happier and more efficient labour force.

KUALA MUDA RUBBER ESTATES LIMITED

INCREASED PROFIT

The thirty-first annual general meeting of Kuala Muda Rubber Estates, Limited, was held on November 16th in London, Mr L. I. Simpson, ACA (the chairman), presiding.

The following is an extract from his circulated statement for the year ended March 31, 1956:

The profit for the year, before providing for taxation, amounted to £172,937 against a profit for the previous year of £121,980. We are recommending a dividend of 15 per cent and placing £30,000 to General Reserve and £23,500 to Replanting Reserve.

In the past owing to the need to repay our Debenture Issue and enable the payment of Ordinary dividends to be resumed and also to other difficulties due to the "emergency," we have been unable to undertake as much replanting as we should have liked. These factors have been eased and we have decided to embark upon a long-term programme.

I have a great faith in the future of natural rubber, and I believe the most effective way for us to compete with synthetic rubber is by reducing our own costs. So long as our estates consist largely of seedling rubber yielding from 400-500 lb per acre, it is impossible to show any appreciable reduction in costs, but the position is very different with budded or clonal rubber, such as we are now planting, which should yield on an average about 1,000 lb per acre.

During the year under review, we continued to produce the maximum amount of our crop in the form of concentrated latex.

The report and accounts were adopted.

THE WALL PAPER MANUFACTURERS LIMITED

ESTIMATED TAXATION ABSORBS OVER £2,100,000

BENEFITS FROM SOUND CAPITAL EXPENDITURE PROGRAMME

IMPORTANCE OF MAINTAINING HIGH QUALITY STANDARDS

MR ALFRED WHITTLE ON THE YEAR'S PROGRESS

The fifty-seventh Annual General Meeting of The Wall Paper Manufacturers Limited was held on November 21st at the Midland Hotel, Manchester.

Mr Alfred Whittle, FCA, chairman of the company, who presided, said:

Ladies and Gentlemen, Once again I am happy to report a very satisfactory year's trading. The improvement in profits is entirely due to the wallpaper manufacturing section of the Group.

Before I deal with the consolidated accounts I would like to refer to the change in the directorate since our last meeting. Your board unanimously elected Mr N. Jepson and Mr E. F. West as directors in July last. These gentlemen have taken a prominent part in the control of two of our main subsidiaries—Mr N. Jepson having had 31 years with The Walpamur Company and Mr West 23 years with the company, the last 10 years with the Wall Paper Stores. Your directors are confident that their commercial and administrative experience will be of great value to the Group and today you will be asked to re-elect them.

GROUP PROFITS

The net profit attributable to the company before charging taxation is £3,699,561, an increase of £601,810. Estimated taxation absorbs £2,166,069 leaving £1,533,492. With the amount brought forward from last year the sum available for appropriation and dividends is £3,643,227.

APPROPRIATIONS AND DIVIDENDS

The subsidiary companies have transferred £170,133, and the parent company £700,000 to revenue reserves and £50,000 has again been allocated to the pension funds. The dividends already paid and those recommended, amounting after tax to £621,845, including a bonus of 5 per cent to the Deferred stockholders, will leave a balance of £2,101,249 to carry forward to next year.

At this stage I would like to refer to the items appearing as a memorandum in the Consolidated Profit and Loss Account and which have no bearing on the trading result of the year under review. Many years ago certain of our subsidiaries set aside £430,000 as a provision for excess profits tax. As this provision is now known to be unnecessary it has been devoted to the strengthening of the reserves of the subsidiary companies concerned by placing £250,000 to Renewal and Development Reserve and £180,000 to General Reserve. These are in addition to the amount of £170,133 transferred to reserves by the subsidiary companies out of this year's profits.

GROUP BALANCE-SHEET

During the year capital expenditure by the Group, after deducting disposals, has amounted to £1,806,418. Current assets, after deducting current liabilities are £12,300,000, a slight increase on the previous year. Revenue reserves and unappropriated profits (excluding reserve for future taxation) now total £9,474,571, an increase of £1,264,859. The appropriation of £250,000 (part of the £700,000 already referred to) has been placed to Investment Reserve against a further fall in values—in the main of Government securities all of which have fixed dates of redemption. The reserve now stands at a figure which is sufficient to reduce the book value of our investments to market value as at June 30, 1956. This reserve may ultimately prove to be unnecessary should the gilt-edged market improve or to the extent that the securities are retained until their maturity dates.

ADDITIONS TO BUILDINGS AND PLANT

The programme of capital expenditure covering the extensions to factory buildings and the installation of new plant continues. During the past year, the company has benefited greatly from the expenditure incurred in previous years. As I have stated further sums, amounting to £1,806,000 were spent during 1955/56; commitments outstanding at June last total £1,670,000. These big sums are all available as a result of the restraint and prudence of past years and the spending of the money on capital assets has so far thrown little strain upon the company's financial structure. The present earning capacity of the Group would now be seriously impaired if these past savings were not available. As we have built up in the past, so must we continue to build for the future.

The capital expenditure is being evenly spread over all the principal activities of the Group and every section is being strengthened all the time, including the distributing groups where substantial sums are needed for the acquisition of existing businesses offered to the company.

The maintenance of our units in the highest state of efficiency will call for continued large scale spending. We must be able to finance this expenditure from our own resources without having to go outside.

PROFITS AND COSTS

During the past year costs of all kinds—materials, wages, services—have, throughout our various activities, continued to rise.

We have so far been able to absorb these additional costs because of the considerable increase in the manufacture and sale of wallpaper and of other products in some of the manufacturing subsidiaries. In recording this I must pay tribute to the work done by our employees, factory managers and their able staffs. Improved processes, too, have contributed to the increase in Group profits. We have thus been able to avoid raising selling prices. Whilst inevitably there have been lower profit margins in some of the manufacturing units the increase in the overall profit is very satisfactory and is evidence of the vitality of the members of the Group.

WALLPAPER

It is very pleasing for me to be able to say that the manufacture of wallpaper, the company's original activity, came back last year as a substantial contributor to the final trading result. The turnover in value was the highest on record and the volume in rolls of wallpaper amongst the highest. The outstanding quality of design and colouring in all the mill collections accounted both for the increase of orders and the interest of the public in the higher quality goods. The greater demand for more expensive wallpapers threw rather a burden on the mills both in the form of overtime working and the strain that goes with the effort and watchfulness required when a heavy volume of expensive, delicately coloured and textured wallpapers is being produced. During the year more plant has had to be installed to meet the demand for the duplexed heavy embossed and coloured wallpapers which still rival in popularity the so-called "contemporary" styles. Your company is pre-eminent throughout the world in the production of these textured wallpapers which are increasingly being asked for by export customers.

Although manufacturing costs rose throughout the year, the increased costs were not passed on to the consumer. As I have stated so often, the company's policy is that all its products from every section of the Group should reach the public at the lowest possible prices.

The increase in wallpaper trading has been shared by the two avenues of distribution, the retail shops and the decorators' merchants. We offer many facilities to our customers in both sections. For the merchants we undertake the making of pattern books—the familiar decorators' pattern books which you will all have seen in your houses at some time or other. These books are made every two years and each of our mills runs a specialised department for the work which is both onerous and exacting, particularly now that it is very difficult to get casual labour for seasonal work. The race to get the books out by the appointed date and to supply the stocks of wallpaper to support the books represents an exhausting concentration of effort which is cheerfully accepted by the mill managements and staffs.

A special department at head office gives advice and practical help in the layout of merchants' showrooms whilst the company's own wallpaper centre at King's House, Manchester, demonstrates all the best current methods of showroom display. Customers from all parts of the country visit Manchester to see the centre.

Services of a parallel character are available to retailer customers; all are kept abreast of developments in display and publicity. The public is as eager as ever to see the newest patterns and to learn by demonstration or otherwise of the latest trends in decoration. It is an essential part of the work of head office to make certain that all retailer customers are placed in a position to deal with enquiries from the "Do-it-yourself" minded section of the public which is growing year by year. Happily the anxiety felt in recent years by craftsman decorators because householders are increasingly doing their own decorating is giving way to a realisation that many of their future new

customers will come from those who have become "decoration minded" through first hand knowledge and experience of what wallpaper and paint skilfully handled can do for the home.

PAPERMAKING

The company has three large papermaking mills. The two larger units, Hollins Mill and Darwen Mill, have just been extended and brought completely up to date by the installation of additional papermaking machines and equipment. The third mill, the Lower Darwen Mill, is now being brought into line with the other two mills. These units are most important members of the Group and without them the gratifying results of the past year would not have been possible.

I have on many occasions spoken of the very high cost of paper as being the factor mainly responsible for the anxieties associated with wallpaper production and for the slender profit margin realised in past years. Before the war paper was possibly too cheap; now, due to a number of reasons, it has risen in price proportionately much more than other raw materials. The continuous worry about paper supplies caused your board, as a matter of policy, to secure itself against uncertainties of the future by extending its papermaking plants and installing in them the latest and best machinery. These decisions taken some years ago, at a time when the financial resources needed still had to be built up, are now bearing fruit. The paper mills have been able to supply the paper needed for the record demand last year for your company's wallpapers. The Darwen Paper Mill subsidiary makes very substantial sales of other classes of paper in demand from many industries.

SUBSIDIARIES

The Walpamur Company has continued to progress in an increasingly competitive field, the manufacturing and trading companies, both here and abroad, which comprise the Walpamur Group, having made steady gains. You may have heard of the negotiations that The Walpamur Company has been conducting with Tip Top Paints (Australia) Limited, which, I am happy to report, have been concluded successfully. The Australian company now forms a welcome addition to the Walpamur Group, and we shall be studying its progress with the closest interest.

The Sanderson Group and the Wall Paper Stores organisation have continued to expand and all the other subsidiary companies at home and abroad have contributed to the final result.

EXPORT TRADE

It is not easy to keep up the volume of export trade year after year, because to do this, additional outlets have to be found, when, as seems to happen every year, some established markets find the need to restrict imports. Personal visits to markets abroad by manufacturers are very necessary; some of your directors are called upon to accept the strain of making long journeys by air in order to watch over the interests of the company in many parts of the world.

Our exports of wallpaper, particularly from the Crown, Sanderson and Lancastria collections, continue to be satisfactory, and sales of Sanderson fabrics still form a substantial proportion of the sales from the Uxbridge factory.

PUBLICITY AND TRADE MARKS

We give continuous study to the very important matter of publicity for the company's products, and particularly the principal trade marks, several of which have passed into everyday use. Names such as Walpamur and Lincrusta have become so widely known and accepted that they are often taken for the name of a commodity, rather than recognised as the trade mark of a particular manufacturer. In decoration, the word Crown for the public means wallpaper.

Stockholders will, I am sure, be interested to learn that the Crown trade mark is now about 100 years old. The name of Sanderson, a renowned trade mark for wallpaper and fabrics, will also shortly celebrate its centenary.

In the paint field, such well-known trade marks as Duradio, Muromatte, Marvo, Marvosheen and Trojax, are being linked in the company's publicity with the name Walpamur, and so become even more closely related to each other.

TECHNICAL DEVELOPMENT

Much is written today about mechanisation under the title "Automation" which has led many people to think that this is a new development in industry. Mechanisation of manufacturing processes has been continuous since the early days of the Industrial Revolution and this natural progress is not only inevitable but necessary. This continuous improvement of methods of manufacture and control both here and in other countries has always been an essential part of industrial progress and today the speed of such progress is more than ever necessary in this country having regard to world competition in many fields of industry. If we are to have a higher standard of living we must produce more goods and make them more cheaply and more efficiently and this means greater and greater efforts to improve mechanisation and control throughout industry.

Our own chemical and engineering research sections at home and overseas continue to make valuable contributions to our advancement in new processes.

RESTRICTIVE TRADE PRACTICES ACT

Resale Price Maintenance — that is the fixing by the manufacturer of the retail price of his product—may, under the Act, continue and the company will doubtless make no change in its long-standing practice of dividing its mill collections into two parts, one price controlled and the other not controlled. The public according to its particular requirements, gets very good value either way.

With regard to exclusive trading, with the many ranges coming from all our separate wallpaper factories, we are able to offer such a wide assortment of choice at every price step that even the largest distributors can find all they need in our collections. It is not surprising therefore that many of our customers deal exclusively with us. Many have traded on this basis for over 50 years.

I would like to assure you that our very big sales of wallpaper and the close bond between the company and its customers depend today upon a combination of quality, price and service much more than upon the terms of trading. Manufacturers producing an article which is bought by every class in the community, as is the case with wallpaper, want their goods to reach the public at the lowest possible prices. They need neither inducement nor compulsion from the Government on this matter. To keep all our factories fully occupied is our aim and policy and we can only succeed if we sell our product at prices which the public can afford. The profit margin on a piece of wallpaper is very small and even this on occasions over the last 10 years has been partly or wholly sacrificed when high paper costs or the incidence of purchase tax has forced up the price of wallpapers to a point where sales have been adversely affected.

The Government in its efforts to bring down prices ought not to overlook the part played by quality. I stress this more from the standpoint of industry generally than from the wallpaper industry. With wallpaper, quality is largely self-evident to the consumer—the weight and feel of the paper and the attractiveness of the design, texture and colouring. The use of non-fugitive colours and the permanence of the emboss are, on the other hand, features which are not obvious to the consumer and could be sacrificed to price. In many commodities consumers cannot assess quality other than in actual use by which time it is too late to do anything but regret not having paid a little more for a much bigger gain in quality.

It is to be hoped that British industry will not be pushed into sacrificing quality for price so that we become producers of shoddy goods at the time when export buyers are beginning to forget the inferior goods which due to shortage of raw materials in the immediate postwar years some industries sent abroad. If anything like this happens the Governments of the 1950's will not be remembered with respect. Basically high prices spring from inflation and inflation is caused by Governments not by industry.

TRIBUTES

In conclusion I extend on your behalf and that of the board our thanks to the management, members of the staff and all other employees of the Group (numbering over 10,000 men and women) for their continued co-operation and loyalty during the past year. I am particularly pleased to place this on record and to say that our relations with our employees are very satisfactory.

The report and accounts were adopted.

HOSCOTE RUBBER ESTATES

The twenty-fourth annual general meeting of Hoscote Rubber Estates, Limited, will be held on December 17th, in London.

The following are extracts from the address of the Chairman, Mr H. B. Egmont Hake, circulated to shareholders:

The profit for the year before and after taxation was £68,440 and £40,300, being improvements of about £14,000 and £7,500, respectively, over the previous year. In addition, there is a surplus of £24,688 on the disposal of fixed assets, of which Revenue Account benefits by £5,661; the remaining £19,000 odd is a capital profit and has been credited direct to Development Reserve.

From the available balance we have transferred a further £15,973 to Development Reserve and £10,209 to the Reserve for Replacement of Planted Areas. We are recommending a dividend of 20 per cent, compared with the 17½ per cent in 1955, and if this is approved the balance carried forward on Profit and Loss Account will be £14,220.

The crop was more than one-fifth greater than the previous year—Pertang and New Rompin Estates being the chief contributors by reason of additional areas reaching maturity and more labour being secured. Costs were up by 3.36 pence per lb, 1.4 pence being due to higher export duty and cess, and the balance to wages increases. The sale price averaged only 2.36 pence more than in the previous year, but the increased crop resulted in the greater profit shown.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED

(Incorporated in the Union of South Africa)

EXTRACT FROM MR D. A. B. WATSON'S SPEECH

The annual general meeting was held on November 20th in Johannesburg.

Mr D. A. B. Watson, who presided in the unavoidable absence of Mr H. J. Joel, the chairman, said it would be seen from the Balance Sheet that the increase in the book value of investments was £1,879,000, but after allowing for the net amount of some £975,000 applied out of Reserve in reduction of the book value of certain holdings, the amount invested during the year, i.e., purchases less sales, was £2,854,000.

The net depreciation of £975,000 was more than accounted for by the further depreciation of some £1 million on the Company's holding in Freddies Consolidated Mines Limited, which holding did not alter materially during the year. There was a net re-appreciation of £43,000 in the book value of other investments.

Under the heading "Investment Reserve" a sum of £1,475,000 was transferred from Profit and Loss Account, and, after providing the amount of £975,000 for the net reduction in book value of investments, there is now an amount of £500,000 at the credit of that Reserve.

The net profit for the year before providing for taxation showed an increase of £364,000, which was more than accounted for by an increase in income from investments of £401,000.

Although the necessity to provide for investment depreciation had absorbed a substantial part of the year's profits, the Directors were very pleased at being able so soon to restore the rate of dividend to its former level. The Board naturally hoped that the necessity for such a decision would not arise again notwithstanding the fact that the position with regard to the investment in Freddies Consolidated Mines Limited could not be said to have been clarified in either a favourable or unfavourable sense.

The outlook was indeed more hopeful than was the case a year ago, but there was still much to be done and it would be some time before the future of the mine could be clearly determined. He was, however, of the opinion that any further depreciation of that investment which might have to be dealt with in the Accounts was unlikely of itself to be such as to impair the prospect of maintaining the present rate of dividend of 3s. 6d.

After reviewing the Company's interests in Subsidiary Companies, Mr Watson said that the overall picture was one of expansion. After commenting on the increased value of sales of minerals produced in the Union, of which the greatest proportion was derived from the production of gold and uranium, Mr Watson referred to the question of the so-called vulnerable mines, i.e., mines whose margins of profitability were so slender that small variations in costs or revenue might reduce profits to vanishing point and bring about their closure. Commenting on the subject of assistance for such mines, Mr Watson said that in his opinion the question of assistance was one for decision by the Government and not one which could be dealt with by the Gold Mining Industry.

RHODESIAN ANGLO AMERICAN LIMITED

(Incorporated in Northern Rhodesia)

MARKET VALUE OF INVESTMENTS TOTALS £83 MILLION

SIR ERNEST OPPENHEIMER'S REVIEW

THE twenty-seventh annual general meeting of Rhodesian Anglo American Limited will be held in Salisbury, Southern Rhodesia, on Thursday, December 13, 1956.

The following are extracts from the Statement by the Chairman, Sir Ernest Oppenheimer, which has been circulated with the annual report and accounts for the year ended June 30, 1956.

Our Company is one of the premier investment companies in the Federation. At September 30, 1956, our investments, based on market price, were valued at £83 million. We are, therefore, not only concerned with the well-being of the companies in which we have investments, but are interested in the affairs and the development of the Federation as a whole.

MINING DEVELOPMENTS

In the field of mining, the expense of proving and equipping new mines is very great indeed. At this time, some three months before Bancroft Mines—in which we have a very large stake through Rhokana Corporation—is expected to come into production, I am very conscious of the money and human effort that have been called for. About £18 million will have been spent on the first and second stages by the time the proceeds of the first ton of copper are received. It has taken five years to open this mine and it will have to operate for some time before the original investors receive any reward. All investment in developing mines carries the normal risks associated with mining ventures, and those who provide this "risk money" may justifiably expect a good reward. Bancroft is proceeding with the second stage of its development, which will increase its copper production to some 85,000 tons by 1960.

Mining developments already planned in Northern Rhodesia will require the Companies to find some £50 million by the end of 1960. Some of this money will probably come from profits, and I am confident that, provided the mining industry in Northern Rhodesia is not asked to carry too much of the burden of development outside its own sphere in the Federation, the capital will be obtained.

The Federal and Territorial Governments are devoting much energy to the provision of services to keep pace with the rapid growth of the Country. The securing of capital for these projects has not been easy, but the copper-mining companies have been prepared to make notable contributions to the funds required. They have jointly agreed to provide a loan of £20 million over five years for the Kariba project and other essential development, and to accept power from Kariba for some years at a price which should enable that undertaking to operate profitably from the start. Furthermore, our group of companies has, through Anglo American Rhodesian Development Corporation, Limited, assisted the railways with the loan of £1 million and has provided £5 million for the purchase of trucks, which it will hire to the railways. No fewer than 1,599 trucks are already in service.

The decision of the Southern Rhodesian Government to hand over the Rhodesian Iron and Steel Commission to private enterprise is a welcome one, and a great expansion of the steel industry in the Federation can be expected. Lancashire Steel and Stewarts and Lloyds and other financial institutions of high standing, including the Anglo American Corporation, have indicated that they are prepared to make a substantial investment in this essential industry, and we in turn have expressed our willingness to participate.

INVESTMENTS

We have made an important investment in Rhodesian Acceptances, Limited, which started business on October 1st. This company, which has the support of one of the most important merchant banking institutions in Britain, has as its main function the financing of transactions of approved industrial and commercial establishments by granting credits and by accepting and discounting first-class bills of exchange, including acceptances by commercial banks and other recognised financial institutions. It will finance the export of Rhodesian manufactured goods, the import of goods to the Federation, and the purchase of raw materials for local manufacturers.

We increased our investment in Wankie Colliery during the year by the purchase of 718,732 shares. This company is now equipped to produce over 5 million tons of coal a year and could export over 1 million tons a year if railway transport was available.

We have increased our investments by £1,063,290 during the year, and, to provide for this, and to strengthen our cash position, we have placed £1,500,000 of the net profit of £7,373,794 to General Reserve, which now stands at £3,100,000.

We have recommended a final dividend of 7s. net, which, together with the interim dividend of 2s., makes 9s. net for the year.

Earlier in this statement I drew attention to the large mining developments that are either in progress or which have been foreshadowed. For these and other enterprises in which we may well wish to participate, substantial funds may at some time be required and we feel that we should be in a position at relatively short notice to take advantage of new business which we may seek or be offered. To allow for some elasticity in this matter and to provide scope for wider investment, we propose that the authorised capital of the company be increased from £6,500,000 to £7 million by the creation of 1 million shares of 10s. each, and you will be asked to approve of this recommendation at the forthcoming annual general meeting.

I am confident that Rhodesia remains a field for profitable investment and that, although the country will have to tackle the normal problems which rapid expansion creates, the developments that are taking place and those which are planned will increase the capacity of the country to produce, export and earn, and that they will result in a more diversified economy which will secure a high standard of living for all its citizens.

RHOKANA CORPORATION LIMITED

(*Incorporated in Northern Rhodesia*)

RECORD PRODUCTION AND PROFITS

SIR ERNEST OPPENHEIMER'S REVIEW

The following are extracts from the Statement by the Chairman, Sir Ernest Oppenheimer, which has been circulated with the annual report and accounts for the year ended June 30, 1956.

Your Company has never had a more profitable year. Record production, record prices for copper and an operating year during which Rhokana was, until the last month of the year, free of industrial troubles, have resulted in record profits and permitted the payment of a record dividend.

Since the end of the year, however, certain conditions have arisen to emphasise the desirability of maintaining a realistic and prudent policy in regard to reserves and dividends.

The net profit for the year of £15,937,000 included the income from dividends on our investments, and, after providing £3 million for capital expenditure, £12,937,000 was available for appropriation. We decided to create a general reserve to ease the burden of our commitments, especially our obligation to subscribe for Federal Government Development Bonds, and an amount of £4,200,000 was, therefore, transferred to general reserve. This amount included £1,200,000 for the Development Bonds we subscribed in July.

We have recommended a final dividend of 55s. net, which, with the 15s. net interim dividend, makes a record total of 70s. net for the year.

It is gratifying to report an increase in the ore reserves at Nkana and Mindola from 100,449,300 short tons to 122,853,200 short tons, which represents a considerable extension to the life of the mine.

AFRICAN ADVANCEMENT

One of the most important factors in the future of the copper mining industry is the agreement reached with our European employees last year in regard to African advancement. Good progress in implementing the agreement has been achieved, and our African employees are beginning to see the practical benefits.

At Nkana 95 Africans had, at the beginning of October, already been advanced into categories of work previously carried out by Europeans, and 20 into newly-created senior African posts outside the European field. A further 71 Africans are at present undergoing training for various advanced jobs.

Our relations with our European employees have remained excellent throughout the year and I should like to pay tribute to the patience and self-control which they maintained during the recent series of strikes called by the African Mineworkers' Union.

The Government appointed a commission to inquire fully into the reasons underlying the unrest and we have submitted evidence to the Commission.

You will have read in the press of the Federal Government's decision to proceed with the hydro-electric project in the Kariba Gorge at a total eventual estimated cost of £113 million. The four Northern Rhodesian copper-producing companies offered to make £20 million of this total available to the Federal Government at a rate of 4½ per cent interest, and, in addition, agreed to accept power from Kariba, when available, at a price which will provide another £10 million. The proportion of the £20 million for which your company will be responsible over a period of 5 years will be in the neighbourhood of £4,250,000.

Included in the total profit is an amount of £5,138,000 derived from your Company's considerable shareholdings in Nchanga and Mufulira, both of which Companies have had very successful years. Nchanga paid a dividend of 30s. in respect of the year's production, but the benefit of the increased final dividend of 10s. 7½d. paid by Mufulira will not be brought into account until next year.

In addition, your Company has a considerable capital investment in Bancroft Mines, where it is confidently expected that production will start at the beginning of next year. Work on increasing the capacity of the plant to produce 85,600 long tons of copper by 1960 has already started and before very long we can expect an important contribution to our dividend income from this source.

Chibuluma Mines, Limited, in which we also have a large interest, is already in production.

IMPROVED POWER POSITION

The link with the Congo was opened in September and an improvement in the power position was immediately noticeable. The expensive expedients of wood-burning and the import of coal through Lobito can now be dispensed with. It is much to the credit of our friends in the Belgian Congo and the Rhodesia Congo Border Power Corporation that they completed this work several months ahead of the anticipated date. It remains imperative that power from the Kariba project should be available to the copper companies by the middle of 1960, as not only will the increasing requirements of the existing producing companies have to be supplied but the new projects and expansion programmes depend on this power being available.

The companies were recently faced with a steep increase in railage rates, which have been doubled. Although we have had discussions with the railways and have made the strongest possible representations, we have been unable to obtain any important concessions. The new rates will have a significant effect upon the overall cost of marketing Rhodesian copper.

During the year under review the price of copper rose on the London Metal Exchange to a figure well over £400 per ton, but it reacted sharply during the last few months and at the end of June stood at £275. World production of copper is increasing and there are signs that the unbalanced position in recent years between supply and demand is being adjusted. Within the next few years, however, expansion in the copper-consuming industries and expected growth of copper consumption in the underdeveloped areas of the world should stimulate further increases in demand, and I am confident that there will be a ready market for the full output from your mine.

ROOTES MOTORS

INFLATION AND TAXATION CRIPPLING EXPANSION

The annual general meeting of Rootes Motors Limited will be held on December 11th in London.

The products of the Rootes Group are Humber, Hillman, Sunbeam and Singer Cars and Commer and Karrier commercial vehicles, and diesel engines.

The following is an extract from the circulated statement of the chairman, Sir William Rootes, GBE: The year ended July 31, 1956, has been a difficult one; inflationary conditions resulting in increasing costs have continued throughout the year. Your Board has generally continued its policy of absorbing these increases and not passing them on to the public, in order to meet the intensely competitive conditions and to keep up the volume of our production. This has naturally entailed progressively reducing margins on all our products, but our turnover has been maintained. In addition, the profits for the year under review were seriously affected by certain supply difficulties, apart from which our turnover would have considerably increased.

The Consolidated Profit on Trading, including income from trade investments, was £2,031,129, compared with £3,557,325 for the previous year. United Kingdom and overseas taxation continues to take its toll at £1,019,489. There is a net consolidated profit for the year of £870,610. Notwithstanding the considerable reduction in the earnings of the Company for the year under review, the Board recommends the same dividend of 8 per cent, less Income Tax, on the Ordinary and "A" Ordinary share capital as in the previous year.

Several entirely new models, both cars and trucks, have been announced and have received an excellent reception from the public, both at home and overseas.

I regret that it is again necessary for me to refer to the continuous increases in our costs, due to inflation. The motor industry cannot absorb additional burdens, and any price increases must have serious effects on our national economy. It is absolutely essential that inflation should be halted and production costs should be reduced by increased efficiency, as exports must not only be maintained but increased; costs are the crux of the situation. I am not opposed to increases in earnings of employees, but if our industry, and the country, is to survive, there must be, at the least, a corresponding increase in productivity. In this respect we must be internationally competitive.

There is another factor which is crippling the expansion of our industry and affecting costs, that being the increasing burden of taxation. The industry over a period of many years, presumably due to its success, has been used by successive Governments directly and indirectly to produce an ever-increasing amount towards the National Revenue. The exorbitant rate of Purchase Tax can only have an inflationary effect.

The industry should be regarded not as the goose that lays the golden eggs for the Treasury, but as a major national asset which not only has produced greater exports than any other industry, but also is capable of producing greater exports still, if it is encouraged instead of being taxed out of existence. If the Revenue is necessary, I appeal to the Government to consider a more equitable tax than Purchase Tax, such as a Sales Tax on a lower level on all end products, instead of singling out certain industries for penal taxation.

COURT LINE LIMITED

CRIPPLING BURDEN OF TAXATION

PROPOSED FORMATION OF SUBSIDIARY IN BERMUDA

THE HON J. P. PHILIPPS ON "FLAGS OF CONVENIENCE"

The twenty-seventh annual general meeting of Court Line, Limited, will be held on December 11th in London.

The following is the Statement by the Chairman, The Honourable J. P. Philipps, which has been circulated with the report and accounts: Ladies and Gentlemen,—During the period under review there was a steady and progressive improvement in the Freight Market and we were lucky to have in service two new ships, the *Geddington Court* and the *Hannington Court*, which had been delivered to us by their builders at the end of 1954. As you will see from the Profit and Loss Account, the Profit on voyages completed during this period was £365,000 higher than that for the previous twelve months at £810,098, but the net Provision for Taxation even after taking credit for £53,584 now requires nearly £193,000 more than last time at £332,838.

One new motor ship, the *Jevington Court*, is due to be delivered about November 27th, and two others in the second half of 1957. In order to help pay for these, we have sold our two remaining steamships, the *Dorington Court* and the *Errington Court*, built in 1940 and 1945 respectively, at prices which together would have been sufficient to pay for the replacement of one of them had it not been for the Balancing Charges payable to the Inland Revenue, which take approximately £100,000 from the proceeds of sale. Thus, although we now have a comparatively modern fleet, the two oldest ships being only twelve years old, it is necessary for us to place substantial sums to Reserve each year for Fleet Replacement in order to be able to maintain our present fleet, without even considering increasing it.

CAPITALISATION OF RESERVES

In view of this need, and the increased rate of Distributed Profits Tax, your Directors are not recommending any increase in dividend or any distribution in cash of the capital profits made on the sale of the two old ships. Instead they have transferred £100,000 to General Reserve; £60,000 to Contingency and Survey Reserve; £70,000 to Taxation Equalisation Reserve, and recommend that £7,038 be added to the Carry Forward. At the same time, in order to bring the nominal issued capital more into line with the real capital actually employed in the business, the Board are recommending that £354,375 being part of the Capital Reserve be capitalised and that 1,417,500 new Shares of 5s. each credited as fully paid up be distributed free to shareholders in the proportion of one new share for each two shares held on December 1, 1956. To enable this to be done an Extraordinary General Meeting is being convened to be held immediately after the Annual General Meeting when the appropriate Resolutions will be submitted, the necessary permission having been granted by the Treasury. We are also taking this opportunity of increasing the Authorised Capital to £2 million although there is no intention of making any further issue of Shares at the present time.

To illustrate the handicaps under which we are operating, I will tell you that, when our present building programme is completed, our Fleet will consist of nine ships of a total tonnage of about 94,650 tons deadweight. The original Court Line's prewar Fleet comprised twenty-three ships with a total tonnage of 211,665 tons, but fifteen of these ships were lost during the War. These twenty-three ships cost in total considerably less to build than the three ships now on order. With the present level of taxation in the United Kingdom it is now taking approximately four years' annual Depreciation Allowances on our Fleet to accumulate sufficient funds to pay for one new vessel. Any further replacements have to be found out of retained taxed profits. Four years from now our two oldest ships will be sixteen years old and the average age of our Fleet will be eight years. In such circumstances it becomes apparent that no British Tramp Shipping Company can even maintain its existing fleet, let alone enlarge it, as it should do if Britain is to hold her former position among the maritime nations.

The Tramp Shipowner, as a general trader ranging over all the Freight Markets of the world with no fixed routes, now has to face not only the prospect of the usual extreme fluctuations between prosperity and adversity, as evidenced by the collapse of the Freight Markets in 1950, and again in 1952, but also competition from fleets registered in the "no tax" countries, e.g., Liberia, Honduras and Panama.

GROWING THREAT FROM COMPETITORS

At present the United Kingdom has about four million tons deadweight of tramp shipping, while Panama and Liberia each have about half as much. Within three or four years from now, Liberia alone, with nearly two million tons of tramps already on order, may well have a fleet which, in terms of carrying capacity, is Britain's equal. This, of course, is the fruit of being able to plough back untaxed profits, and the harvest will grow bigger and bigger as the years go by. With untaxed profits those who own ships registered in Panama and Liberia can build bigger and faster ships; the bigger and faster ships skim the cream of the traffic and make bigger and better profits; the bigger and better profits are ploughed back in ever-increasing amounts to build bigger and faster ships—all to the detriment of British tramp shipping.

It is apparent, therefore, that in the absence of any relief from the present burden of taxation the only way that the British Tramp Owner can hope to continue in business is by moving to a part of the British Commonwealth where there is virtually no Taxation of Profits as we know it in this Country.

As the maintenance of a strong Mercantile Marine under the British Flag is vital for the British Commonwealth, your Board have been exploring actively ever since last January the possibility of forming a subsidiary company resident in another part of the Commonwealth, where taxation is less onerous, but from which our ships can still operate under the British Flag. The Island of Bermuda seems to be a suitable proposition, and you will doubtless have read of certain of our competitors who have already announced the formation of associated shipping companies resident in that island. Your Directors, however, feel strongly that, if a Bermudan Company is to be formed, you as shareholders in Court Line, Limited, should hold at least a majority, if not 100 per cent, of the shares. It is only legal for a United Kingdom company to hold the majority provided the Treasury's consent has first been obtained.

We have, therefore, made application to HM Treasury for such consent. Negotiations are still proceeding, so that the matter must be treated as still "sub judice," and I trust you will not press me to say any more at this stage. I would stress, however, that unless the Chancellor can see his way either to alleviate our crippling burden of taxation or grant applications such as ours, it is inevitable that the British Mercantile Marine will continue to decline ever more rapidly in comparison with foreign fleets sailing under flags of convenience. The loss of our carrying trade, which is a valuable invisible export, would have a serious effect on the Commonwealth's balance of payments. The British Public do not realise to what extent our economy and standards of living are dependent on the earnings of Shipping under the British Flag.

At the moment the Freight Market continues buoyant, so that satisfactory profits before taxation can again be anticipated for the current year, but it is our practice to bring only the profits of completed voyages into our accounts, and only one of our new ships can contribute anything towards the results of the current year's trading ending on June 30th next.

In conclusion, I would like to thank on your behalf all our Staff both ashore and afloat, for the part they have played in the great achievements of the past year.

STOTHERT & PITT

CONTINUED PROGRESS

The seventy-third annual general meeting of Stothert & Pitt, Limited, was held on November 20th at Bath. Mr H. A. J. Silley (Vice-Chairman) presided in the absence of the Chairman, Sir Llewellyn T. G. Soulsby, JP.

The following are extracts from the Chairman's speech which was read by Mr Silley: The trading profit for the year is satisfactory and output has again increased. All departments were fully employed during the year and have contributed to the final result.

Although our turnover has again increased, we are experiencing ever-increasing competition in export markets, and at home the credit squeeze has had considerable effect. The profit of the parent Company is slightly higher than the record figure achieved a year ago, but we have been able to maintain the profit figure only by a very substantial increase in output. The figures reveal continued progress and added strength, but, while the profit margin both at home and abroad tends to decrease, we cannot relax our efforts.

Our overseas effort is world-wide, and we feel that by maintaining a considerable export proportion in last year's output we have made a very substantial contribution to the National economy. Any further substantial increase in wages, as is threatened, may well be a crucial turning point. Subject to this and to an easing of the present world economic and political tensions, we are confident that we can secure our share of the large unsatisfied potential world demand for our various manufactures.

The report was adopted and a total distribution of 17½ per cent approved.

McDOUGALLS TRUST LIMITED

(McDougalls Self-Raising Flour, etc.)

ANOTHER SATISFACTORY YEAR

MR KENNETH MOORE'S REVIEW

The Twenty-third Annual General Meeting of McDougalls Trust Limited was held on Friday, November 16th, in London and, in the course of his address, the Chairman, Mr Kenneth A. E. Moore, said:

PROFITS, DIVIDENDS AND RESERVES

I am glad to be able, once again, to present an Annual Report and Statement of Accounts showing satisfactory trading results and earnings sufficient not only to enable us to maintain our Ordinary Dividend at 15 per cent but also substantially to strengthen our reserves. The essential figures, in round terms, are as follows:

Group profits before taxation amounted to £745,000 and, with further credits in respect of Millers' remuneration and certain taxation adjustments, the total for disposal amounts to		£784,000
Provision for taxation absorbs no less than		396,000
leaving for dividends and reserves		388,000
Out of this we are proposing to distribute dividends amounting, less tax, to		158,000
and are ploughing-in, in one shape or another, the balance of		£230,000

as follows:

Transfer to General Reserve	£186,000	
Transfers to Advertising and Contingencies Reserves	40,000	
Addition to Carry Forward	4,000	£230,000

As a result, and as you will see from the Consolidated Balance-Sheet, our General Reserves now stand at £750,000, our Advertising and Contingencies Reserves at £350,000 and our Carry Forward on Profit and Loss Account amounts to £346,000, all of which have been built up over the years out of undistributed profits and after meeting heavy taxation.

TRADE, COSTS AND PROFIT MARGIN

I mentioned at last year's meeting that trade was quiet during the exceptionally fine and warm summer of 1955, but I am glad to say that it picked up well in the later months of the financial year and the total quantity of McDougalls' flour sold in the year was, in fact, higher than ever. The margin of profit was, however, reduced not only by rising costs under almost every head including, in particular, wages and distribution, but also as a result of rising wheat prices in the latter half of the financial year. As a matter of policy we exercised restraint in limiting the rise in selling prices to a minimum.

CAKE MIXES

During the year our new product—"Max" Cake-Mix—was successfully launched and met with a most encouraging reception—its very high quality being especially appreciated. You will understand, however, that, owing to the high cost involved in launching a new product, we cannot expect this to make a contribution to our profits until it becomes more widely distributed. It has, however, made a propitious start and this has been achieved without any inroad on our Advertising or other Reserves.

Our non-milling subsidiary companies, I am glad to say, have, once again, done extremely well recording increases both in turnover and profits.

PROPOSED MERGER WITH HOVIS LIMITED

You will, I am sure, expect me to take this opportunity of referring to the proposed merger between the McDougall and Hovis businesses which was announced in a joint communication dated November 2, 1956, sent to all the share and stock holders of McDougalls Trust Limited and Hovis Limited.

Both businesses are, of course, household names and both are engaged, in the main, in the flour-milling industry—Hovis are famous for their bread-flour and McDougalls for their self-raising flour. The combination of their country-wide connections with the bakery trade and the grocery trade respectively and the co-ordination of their various activities will add strength and security to the businesses and will, I have no doubt, yield substantial advantages in the years to come.

To give effect to the proposals outlined in the letter of November 2nd it will be necessary for us to hold an Extraordinary General Meeting and you will be receiving, very shortly, formal notice thereof and an explanatory letter. I shall, of course, be dealing more fully with the subject at that meeting but, in the meantime, you may rest assured that, after the most careful examination of the whole problem and with the guidance and advice of Sir John Morison, your directors are satisfied that the terms are appropriate and equitable and that the merger is in the best interests of all concerned.

In conclusion, I am sure that, as shareholders, you will wish to join with me in expressing thanks to my colleagues and to all who work in our organisation for their contribution to the successful outcome of the year's operations.

The report and accounts were adopted.

THE CEMENTATION COMPANY LIMITED

INCREASED PROFITS

The Thirty-sixth Annual General Meeting of The Cementation Company Limited, will be held on December 13th in London.

The following is an extract from the Statement by the Chairman, Mr A. R. Neelands, circulated with the report and accounts for the year to March 31, 1956:

Trading Profits of the Group for the year ended March 31, 1956, are £680,665, £48,525 more than published last year. The consolidated accounts this year incorporate those of a foreign subsidiary not previously consolidated. After making the necessary adjustments to last year's figure the increase in Trading Profit is £10,464.

There is a slight reduction in the overall charge for Taxation but because of the increased amount required for dividends on the new Capital and the Distribution Tax thereon at an increased rate, the charge for Profits Tax is increased by nearly £35,000. The net profit figure after taxation is £15,000 more than last year.

In spite of rigid control of Capital Expenditure the amount spent on Fixed Assets for the Group this year is of the order of £1,400,000 or £600,000 more than last year which with the financing of contracts fully occupied our available liquid resources. Towards the end of the year under review we raised further finance by an Ordinary Rights Issue and a further issue of Unsecured Loan Stock.

In Cementation itself our largest single Contract is abroad in Iraq at the Dokan Dam. In this work we are associated with the French Company—Enterprise P. Bachy. The work has now properly started and is well organised and by agreement with Bachy we have taken over the supervision and direction of the work on the site.

Specialist Cementation work in England continues to play a most important and valuable part in our constructional work. Today we have by no means a monopoly of this class of work and have to fight against severe competition from numerous sources, and it is with reasonable satisfaction that I can tell you that our turnover is increasing.

Piling is occasionally associated with Cementation as a possible alternative and occasionally as an accessory but our Piling business today—even though perhaps not so widespread—is in quantity greater than Cementation. The volume of work carried out during the year is again a record with an increased number of clients. Always one of our major activities in Italy, it is now beginning to play a more important part in our work overseas generally.

MINING WORK

Our Mining work in shaft sinking and underground development continues to expand in accordance with the National Coal Board shaft sinking and development programme. It is our duty and also our wish to work in close conjunction with their representatives in the different areas, an association which is to our mutual advantage and economy. We appreciate their help and advice which is not only valuable to us but to the whole country as well. We have pressed forward with our method of mechanical loading and shaft sinking and have now made and installed mechanical excavators at six contracts. Our Mining Department is still working in Turkey but our present contracts are drawing to a close. Our Company in Eire is engaged in a certain amount of shaft sinking and in South Africa underground drilling and grouting are one of our principal activities. In Canada we have under negotiation shaft sinking contracts in the Saskatchewan Potassium Fields.

Our principal Subsidiary Company at home, Messrs John Thom Limited, who are engaged in well drilling, mineral drilling and prospect drilling, had a good year. Of late years the deep drilling for the National Coal Board has been their principal activity. The National Coal Board, however, have largely completed their drilling programme and this will lead to a reduction in work available in this country. The Company hope and expect to replace this work with extra work abroad.

With your consent we propose to pay a dividend of 12½ per cent on the ordinary shares—the same as last year, but on an increased capital.

APPOINTMENTS

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

(UNIVERSITY OF LONDON)

Applications are invited for the post of Junior Research Officer to work in the field of social differentiation and selection for the Sociological Research Unit. Salary within the scale £550-£800 per annum.

Applications, with full particulars of qualifications and experience, together with the names of two referees, should be submitted before December 7th to the Chairman, Sociological Research Unit, London School of Economics and Political Science, Houghton Street, London, W.C.2.

STAFF TRAINING OFFICER. National Coal Board, East Midlands Division, invite applications for a post in their No. 3 Area at Edwinstowe, near Mansfield.

The successful candidate will be concerned with the training and further education of staff and supervisory grades; he will also have some responsibility for educational courses for industrial personnel. The development of established schemes for management training will form an important part of the work.

Applicants should have a good knowledge of the facilities provided by Local Education Authorities for those in industry. A good background knowledge of the coal industry, though not essential, would be an advantage.

Salary according to qualifications and experience on an incremental scale of £940 x £30 to £1,200. The post is superannuable.

Applications, giving full details of qualifications and experience, should be sent within ten days to Area Staff Manager, National Coal Board, East Midlands Division, No. 3 Area, Edwinstowe, Notts.

CITY OF BIRMINGHAM

PUBLIC HEALTH DEPARTMENT

APPOINTMENT OF MEDICAL STATISTICIAN

Statistician required, holding an Honours Degree in Mathematics, Statistics, Biology or other appropriate subject.

The successful candidate will be required to control a large public health statistical department under the technical guidance of the Corporation's Statistical Officer. Experience of punched card systems advantageous.

Salary A.P.T. Grade VI (£880-£1,080 per annum); F.S.S.U. superannuation scheme; medical examination.

Applications, stating qualifications, experience, etc., and the names of two persons to whom referees may be made, addressed to the Medical Officer of Health, Public Health Department, Council House, Birmingham, 3, should arrive not later than December 10, 1956.

SALES MANAGER

One of our clients (a major Company in the food manufacturing industry) is looking for an outstanding Sales Manager.

We invite enquiries about the post from men who:—

(a) have a first-class record of achievement in sales management and marketing, and

(b) would welcome the opportunity to join a firm with long-standing traditions, new ideas and a challenging development programme.

Write to M.W.M. (London), Limited, 121 Queen Victoria Street, London, E.C.4, for details of the post.

THERE is a vacancy in the Atomic Energy Department of The General Electric Company for a man aged 30 to 40, with combined legal and commercial training, preferably with an LL.B. and/or B.Com. Degree. The appointment is a senior one and applications are invited from men with a sound knowledge of commercial law and wide experience in dealing with all legal problems connected with large commercial transactions.—Applications should be made to the Personnel Manager (A.E.D.), The General Electric Company Limited, Fraser and Chalmers Engineering Works, Erith, Kent.

A CHARTERED OR INCORPORATED ACCOUNTANT

is wanted to co-operate with Management Consultants in setting up a "nerve centre" for a world-wide group of trading companies, and eventually to take charge of the Centralised Accounts Department of the Group. There is no age limit, but applicants must have had good commercial experience (including mechanised accounting) and get on well with people of various nationalities at all levels. The position will be based on London, but applicants must be willing to travel. Commencing salary in the range of £1,200 to £1,800 per annum.

A substantially higher figure (£2,500 per annum upwards) could be offered to a man who has also proven his worth as an executive, in return for carrying wider management responsibilities, in addition to those of Chief Accountant.

Applications to A.23, Urwick, Orr and Partners Ltd., Management Consultants, 6 Buckingham Palace Gardens, London, S.W.1, will be treated in strict confidence and will not be passed to clients without applicants' permission.

PERSONNEL MANAGEMENT.—The Booker Group of Companies in British Guiana wish to appoint a Deputy to their Georgetown Personnel Manager. This is an opportunity for the right man to make an important contribution to the Group's progressive economic and social policies in British Guiana. He must have held practical responsibility in management, and have had some experience in the personnel field. Candidates between the ages of 30 and 40 are preferred. The appointment is permanent, with a starting salary in the neighbourhood of £1,800 a year, depending on qualifications and experience, and there is an excellent Pension Scheme.—Please apply in writing, giving full particulars, to Booker Bros., McConnell and Co., Ltd., 37-41 Gracechurch Street, London, E.C.3.

STATISTICIANS.—Applications are invited for the appointment of a mathematical statistician to take part in and advise on investigations relating to operational research, experimental design and the application of mathematical statistical techniques to a wide range of industrial and business problems. This is a senior position calling for considerable original thought and ingenuity and additionally tact and patience in the earlier stages.—Applications, giving details of qualifications, age and experience, should be sent, in writing, to Group Personnel Officer, Albert E. Reed and Co., Ltd., Aylesford Paper Mills, Larkfield, near Maidstone, Kent.

AUSTRALIAN NATIONAL UNIVERSITY

CANBERRA

RESEARCH SCHOOL OF SOCIAL SCIENCES

Applications are invited for an appointment either as Senior Fellow or as Senior Research Fellow in the Department of Political Science. (Head of Department, Professor L. C. Webb.)

Preference will be given, other things being equal, to an applicant qualified to conduct and supervise research into political and administrative aspects of public corporations and other semi-governmental agencies and undertakings in Australia.

The salary for a Senior Fellow is determined within the limits £A2,224-£A2,674, and appointment is made for an initial period of five years; thereafter the appointment may be made permanent.

The salary for a Senior Research Fellow is within the range £A1,924-£A2,374, and appointment is for three years, with possible extension to the maximum of five years.

Superannuation on the F.S.S.U. pattern will be provided, and reasonable travel expenses will be paid.

Further details are available from the Secretary, Association of Universities of the British Commonwealth, 36 Gordon Square, London, W.C.1.

Applications close in Australia and London on December 21, 1956.

THE RUBBER RESEARCH INSTITUTE OF MALAYA

KUALA LUMPUR, FEDERATION OF MALAYA

The Board of the Rubber Research Institute of Malaya invites applications for the post of Head of the Statistics Section of the Institute at Kuala Lumpur.

Applicants should have high academic qualifications and considerable statistical research experience. The duties will include design of field and laboratory experiments and conduct of research in statistical matters relating to all branches of the Institute's work.

The appointment will be made on the Research Officer's scale, the point of entry being according to age, qualifications and experience. A suitable candidate with the required qualifications will be appointed in the upper part (half) of the salary scale which is: basic salary £981-£1,918 per annum on a time scale with increments averaging £46. Superscale at £2,086, £2,254 and £2,506 per annum. Allowances: cost of living and, if married, in the range £238 to £491, expatriation allowance for married officers £448-£672. Salary and allowances are paid in Malayan currency.

Quarters with heavy furniture, medical attention and passages for a wife and two children under 12 years of age are provided.

Application forms and more detailed information may be obtained from the Secretary, London Advisory Committee for Rubber Research (Ceylon and Malaya), Imperial Institute, London, S.W.7, to whom completed applications should be sent by January 1, 1957.

MANAGEMENT SELECTION LIMITED have been retained to advise on the selection of a

JOINT GENERAL MANAGER (MARKETING)

for a large international Food Company extending their activities in Great Britain. The Company in Great Britain will be directed by General Managers who, in addition to their general management duties, will be responsible respectively for Finance, Marketing and Production.

The special duties for this appointment will be to evolve a marketing policy and to direct all sales, market research and advertising in accordance with this policy.

Candidates must have had responsible experience in marketing and selling nationally advertised consumer goods for some years. Experience of general management useful. A degree in statistics, economics or related subject would be useful background. Age 35-50. Salary about £3,600 to start. No information will be passed to our clients without the candidate being aware of their identity and giving permission. Please send brief personal details, in confidence, to G. K. Dickinson (S.196) Management Selection Limited, 17 Stratton Street, London, W.1.

THE NEW ZEALAND Dairy Products Marketing Commission, a statutory corporation responsible for acquiring and marketing all exports of New Zealand butter, cheese and other dairy products, invites applications for the post of General Manager to take up duties in Wellington, New Zealand, on August 1, 1957.

Applicants with a knowledge of the dairy industry will have an advantage, but such knowledge is not regarded as essential.

Salary will be according to qualifications, but not less than £3,000 per annum, with appropriate allowances. There is a contributory superannuation scheme.

Applications close at Box 597 on December 12, 1956, and should give the applicant's age and details of his experience. Applicants may obtain from Box 100 an outline of the duties of the post.

GENERAL MANAGER, age 30/40, preferably with agricultural background, required for interesting permanent post in Kenya with young and vigorous company dealing with marketing of agricultural sprays chemicals and machinery, contract spraying and advisory service. Candidates should have sound educational qualifications, dynamic personality and be thoroughly experienced in sales planning and promotion of consumer goods. Administrative and organising abilities necessary. Previous African or other overseas marketing experience an advantage. Excellent future prospects.—Applications (quoting No. 1302), stating salary required, to Personnel Manager, Fisons Pest Control Limited, Bourn, Cambridge.

ECONOMIST.—Applications are invited for the appointment of an economist in an expanding industrial organisation in a leading growth industry, to undertake investigations in connection with development projects, business forecasting and economic research with direct reference to the organisation's operations. The position is a senior one, calling for considerable ability and powers of judgement.—Applications, in writing, giving details of age, qualifications and experience, to Group Personnel Officer, Albert E. Reed and Co. Ltd., Aylesford Paper Mills, Larkfield, near Maidstone, Kent.

SHELL PETROLEUM COMPANY

has a vacancy in a department engaged on the economic aspects of the development of the Company's world-wide petroleum chemical interests. Candidates should be

GRADUATE CHEMISTS

of up to 30 years of age and ability for clear expression in writing is essential.

Commencing salary according to qualifications and experience. Attractive pension fund.—Write, giving full details age, qualifications, etc., to Staff Department (R.C.S), 16 Finsbury Circus, London, E.C.2.

MARKETING OFFICERS required by Nigerian Federal Government for Marketing and Exports Department for one tour of 15-24 months in first instance. Commencing salary according to experience in scale (including inducement addition), either £744 rising to £1,410 a year, with prospect of permanency, or £798, rising to £1,530 a year on temporary basis, with gratuity of £100-£150 a year. Outfit allowance £60. Free passages for officer and wife. Assistance towards children's passages and grant up to £150 annually for maintenance in U.K. Liberal leave on full salary. Candidates, preferably under 35, should have had several years' good commercial experience in a responsible capacity, or hold a degree in Economics or Commerce and a diploma from, or membership of, a recognised institute of commerce.—Write to the Crown Agents, 4 Millbank, London, S.W.1. State age, name in block letters, full qualifications and experience, and quote M1B/43051/EN.

EXPORT MANAGER, Pharmaceutical and Cosmetic.—Successful experience, preferably in ethical and lay pharmaceutical and in cosmetic sales promotion in the Crown Colonies and elsewhere. Thorough knowledge of shipping, import and export regulations in the areas of our operations. Ability to keep an Export Department on its toes, to lead it well, to get on with agents and customers. Age about 40. The Department will move to Eastleigh, Hampshire, about September, 1957.—Send full particulars, marked "Confidential," to Managing Director, William R. Warner and Co., Ltd., Power Road, London, W.4.

SALES MANAGER.—A Sales Manager is required for a Sales Company distributing gramophone records throughout the world. Ability to advise on sales policy and experience and knowledge of distribution methods at home and abroad are required. A knowledge of the gramophone record industry is not essential, but may be helpful. Salary will be commensurate with experience, but this is required as a senior appointment.—Applications in the candidate's handwriting, giving details of experience and salaries earned, should be sent to Box 565.

MARKETING RESEARCH.—This is a new post in an expanding department which can be filled by an enterprising person with preferably a degree in statistics and/or psychology. Experience in market research an asset. Age under 30 desirable.—Full particulars to the Personnel Adviser, The Rank Organisation, 11, Belgrave Road, S.W.1.

ECONOMETRICIAN required by The Distillers Company Limited for an operational research unit in their Research and Development Department at Epsom. Age over 24. Honours degree in Economics, with knowledge of mathematical statistics, or in Mathematics, with knowledge of applied economics. The work would include a variety of subjects, such as production scheduling, inventory control, and distribution problems, covering the whole of the Company's activities in the United Kingdom.—Apply Staff Manager, The Distillers Co. Ltd., 21 St. James's Square, London, S.W.1. Quote Ref. 66/56.

A VERY interesting vacancy will shortly occur for an able woman at the Head Office (in Manchester) of an internationally established light engineering Company. The job has two distinct aspects:

(a) Personal discharge of the duties associated with the job of Personal Assistant to the Managing Director.

(b) Control of a small secretarial pool engaged in work of a confidential nature.

Applicants should have a lively interest in current affairs and a discriminating, well-trained mind, able to select what is and is not relevant to the operation of a Company of this nature. It is thought that these qualities will be found among University Graduates, from whom the Company will be particularly pleased to hear.

On the secretarial side, a high degree of personal accomplishment is not essential, but an appreciation of the skills involved is necessary, so that the work of the pool can be maintained at a very high standard.

Conditions of work are excellent.

Please write fully, stating education, experience (quoting salaries) and interests to Box 594.

GENTLEMAN (33), single, past three years representing leading U.K. manufacturer based in East Africa, seeks similar appointment of trust and responsibility or executive position with leading E.A. trading concern, preferably in Nairobi. Extensive experience all aspects sales representation, market research and management, home and abroad. Returning U.K. late December, 1956.—Box 566.

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SOME FACTS ABOUT ATOMIC POWER . . .

[for peaceful use]

▸ ELECTRICITY — The electricity produced by atomic power stations is exactly the same as electricity produced by any other means. The nuclear reactor simply replaces the conventional coal or oil burning plant which produces heat in thermal stations.

▸ EFFICIENCY — Uranium 235 is theoretically capable of producing 3 million times the energy obtained from an equal weight of coal. At the same time it can save the cost of haulage, storage and handling and plant maintenance as well as the cost of ash disposal.

▸ SUPPLY — The world's store of atomic fuel is virtually inexhaustible — whereas coal and oil supplies are limited and insufficient to meet future world needs.

▸ CONVENIENCE — Nuclear fuel is compact and easily transportable. It can be carried to parts of the world where the transport of conventional fuels is impossible or where means of transport do not exist.

▸ SAFETY — Boiling water reactors are safe and in the United States are being built in centres of population. There, they are also being erected at various universities for training students in this all-important development.

MITCHELL DEVELOPMENTS in the field of atomic power are the logical outcome of 35 years' exceptionally wide experience in all branches of engineering and electrical supply.
The agreement between Mitchell Engineering Ltd and AMF Atomics Inc of New York will undoubtedly have far-reaching effects in applying atomic power for the benefit of mankind.

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Leyland's extensive export trade keeps home prices in check

Although Leyland's world-wide trade is in the limelight nowadays, it must not be forgotten that it is this big-scale production that keeps our prices down for the domestic market that we have been serving for 60 years.

The stabilisation of our own prices . . . which compare favourably with any equal capacity vehicles . . . has created a restraining influence throughout the industry in general.

HOW DO WE WORK TO SUCH LOW COST LIMITS?

Because we are more or less self-contained. We operate our own iron and steel foundries so efficiently that we actually supply substantial quantities of quality castings to the motor industry as well! The vast Leyland factories are equipped with the finest production plant and research laboratories . . . to pass on fine workmanship at minimum cost to the transport industry.

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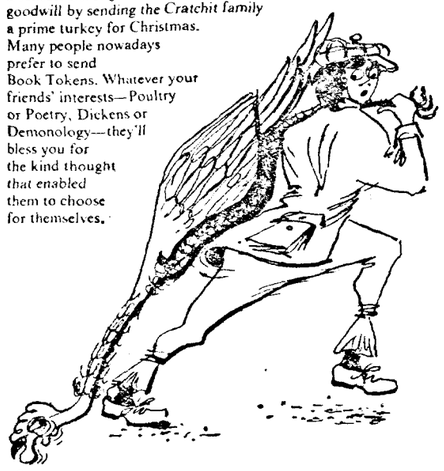
A turkey for the Cratchits

Ebenezer Scrooge showed his new-found goodwill by sending the Cratchit family a prime turkey for Christmas. Many people nowadays prefer to send Book Tokens. Whatever your friends' interests—Poultry or Poetry, Dickens or Demonology—they'll bless you for the kind thought that enabled them to choose for themselves.



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V.S.O.P

What do these famous letters mean?

NO ONE seems quite to remember. The Hennessy family in Cognac say that when they first used the symbol many decades ago, letters such as V.S.O.P. and X.O., as well as the famous * markings, were chalked on the hogsheads of brandy by the blender as his personal guide to the brandy's maturity. V.S.O.P. probably meant 'Very Special Old Pale'.

Nowadays, however, as an indication of age and quality, the letters V.S.O.P. on liqueur brandies have become as equivocal in the brandy trade as the description 'Final Night Extra' on an evening newspaper.

But one thing is certain. *The label 'V.S.O.P.' means nothing unless coupled with the name of a shipper whose stocks are good enough, large enough and old enough to ensure continuity of quality and age.*

Note for the Curious. Why 'Very Special Old PALE'? Because once upon a time there was a fashion for BROWN BRANDY, which was heavily coloured by the addition of burnt sugar.

An Invitation to a Memorable Experience

When you are on holiday in France, visit the Hennessy premises in Cognac. There you will learn with your own eyes and palate what V.S.O.P was originally meant to stand for.

You will see the vast stocks of matured and maturing brandies. You will be able to taste their quality—choosing at random from this hogshead and that: and you will learn why Hennessy loses none of its bouquet as it ages, but rather gains in character as it mellows in the wood.

You will learn from such a visit why no one in the world can offer a better choice of genuinely aged Liqueur Cognacs than –

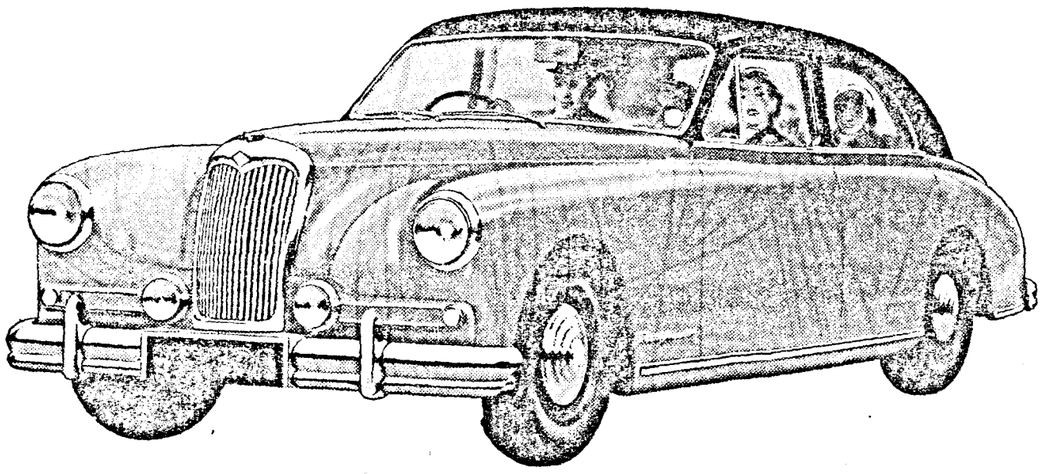
HENNESSY

V.S.O.P – X.O. – EXTRA

P.S.—Hennessy ★★★ is very often served as a liqueur, and why not? It is drawn from the very same stocks as its elder brothers and matured for many years in wood.

Incidentally, it was Maurice Hennessy who, in the year 1865, chose the sun as a symbol, inspired by the device embodied in the window catch in his office. You can see it for yourself when you visit Cognac.

Go far and fast



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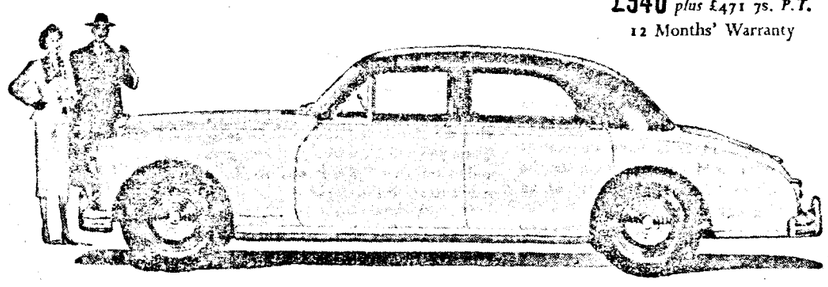

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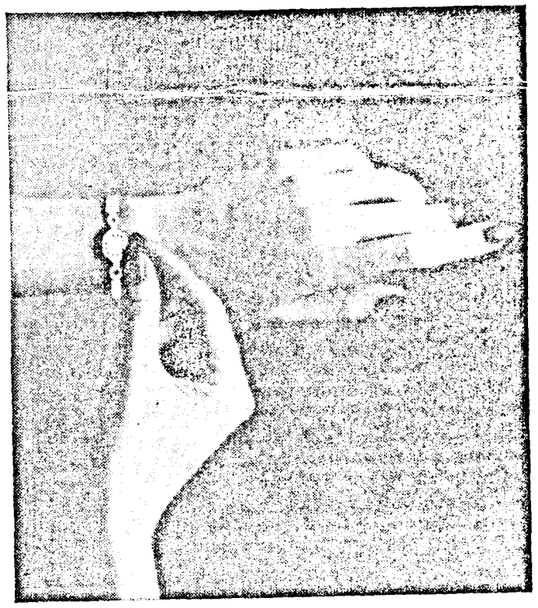

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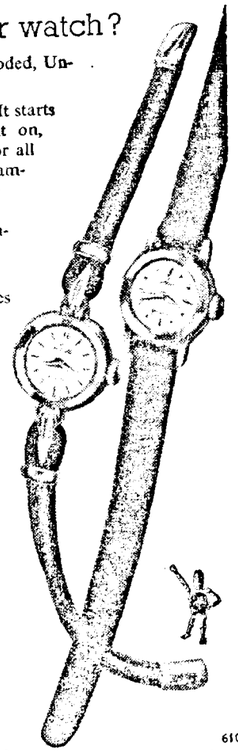

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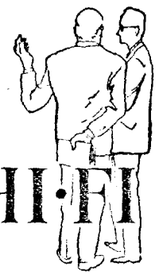

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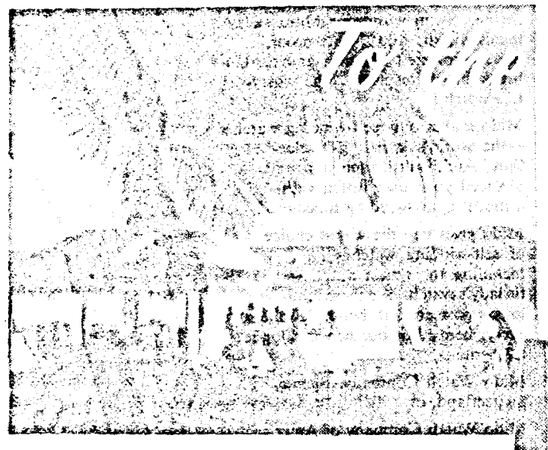

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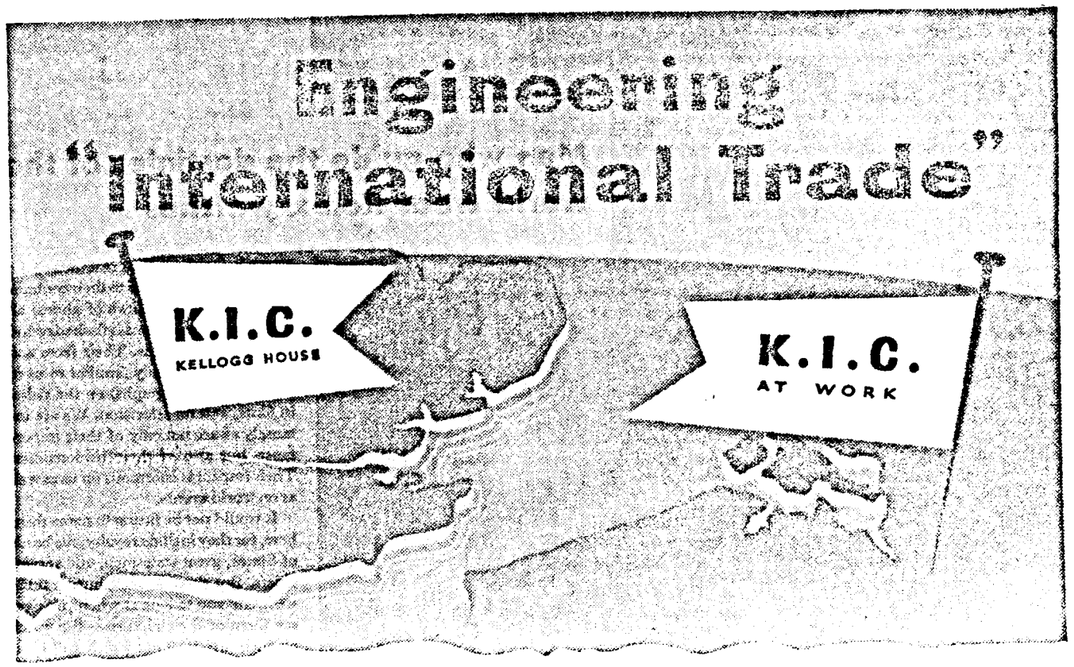

Belgium illustrates the appropriateness of the name Kellogg International Corporation, for at Raffinerie Belge de Petroles, Antwerp Refinery, the staff at Kellogg House, London, in collaboration with the Parent Company, The M.W. Kellogg Company of New York, have designed, engineered and procured the materials and equipment for a Sinclair-Baker-Kellogg Catalytic Reforming Unit which will manufacture high octane petrol. This unit is currently under construction and will be commissioned within the next few months. In addition, Kellogg International Corporation is proud to announce that they have just been awarded the contract for another Catalytic Reforming Unit and Gas Oil Desulphurization Unit for installation at the Antwerp Refinery of Société Industrielle Belge des Petroles.
S.I.B.P.'s refinery was designed, engineered and constructed by the Kellogg organization back in 1950. Yet another instance of the international aspect of our business is afforded by Canadian Petrofina's Montreal Refinery—the contract for which was awarded to the Kellogg Company—here Kellogg International Corporation purchased certain materials in the U.K. for this Canadian Refinery.
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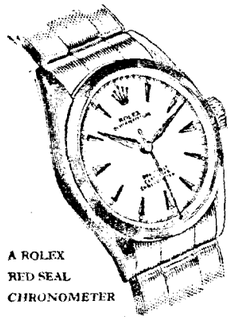
NEVER before have the great men of the age been so well known to their contemporaries as today. News of almost all their words and actions is flashed round the world in seconds. Their faces and voices are made daily familiar to us in newspaper photographs, on the radio, in films, and on television. We are intensely aware not only of their importance but also of their personalities. Their impact is enormous on us as well as on world events.

It would not be fitting to name them here, for they include royalty, the heads of States, great statesmen, and service chiefs. But there is one unusual thing we invite you to look at when you next see them or their pictures—the watch on their wrists. That watch will most likely bear the name of Rolex of Geneva.

Accustomed though they are to the very best, these eminent men are nevertheless amazed at the accuracy and reliability of their Rolex watches. Rolex are proud, if unsurprised, that they quickly take these qualities for granted.

The Rolex Oyster Perpetual Datejust, the most remarkable achievement in watchmaking. Every Datejust is awarded an Official Timing Certificate by a Swiss Institute for Official Timekeeping, with the mention "Especially good results." This accuracy is protected by the famous Oyster case. Thirty years ago the Oyster case won fame as the first waterproof watch on the wrist of a Channel swimmer. In 1953 it withstood the rigours of the successful British Everest Expedition. It protects the movement from all hazards. The watch is self-wound by the Perpetual "rotor" mechanism, another Rolex invention, that makes for even greater accuracy. The date is shown on the dial, changing automatically every midnight, and magnified by the "Cyclops" lens for easy reading.



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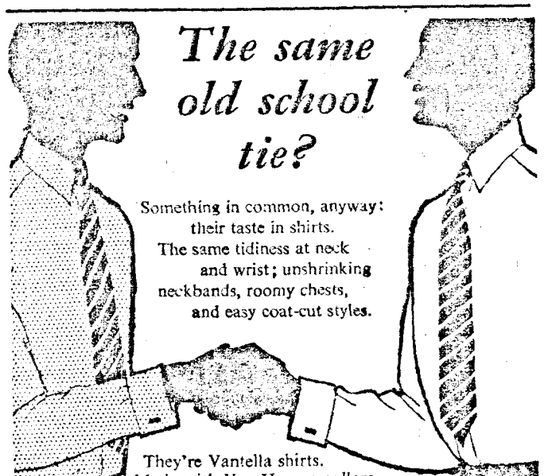

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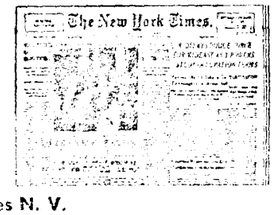

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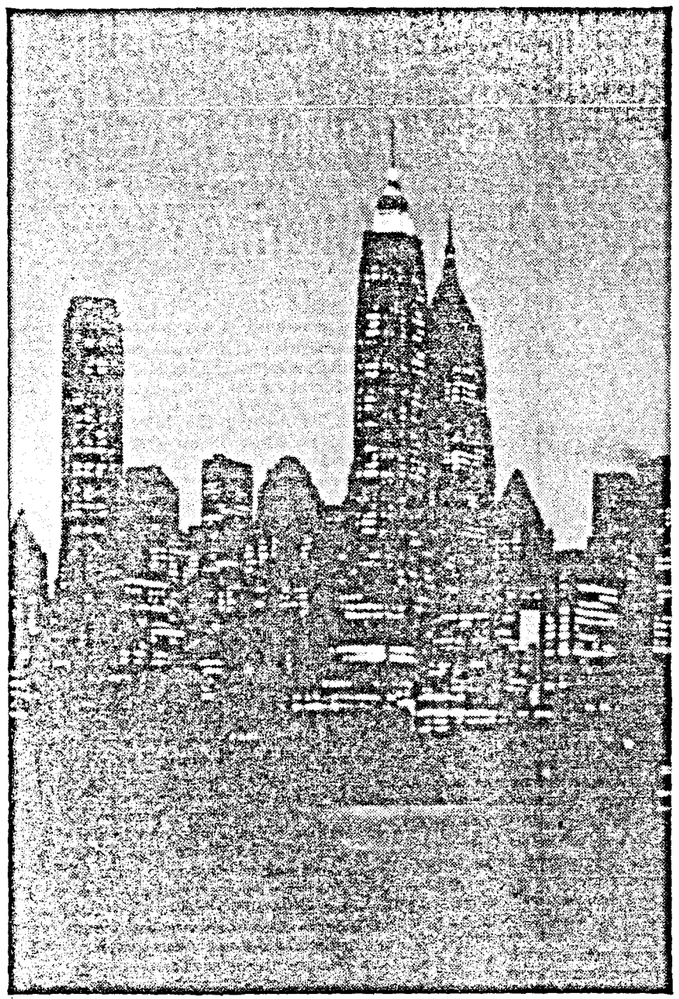

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Over the fifty feet of gangplank onto the famed "United States" or her running-mate the "America" and you're *in* America; the luxury, the hospitality and the gaiety of this friendly country surround you.

And if you're a businessman, remember that here is the perfect atmosphere to lay the foundations of a really successful business trip. In informal, friendly surroundings you meet the men who might make all the difference. The extra reserve of speed of the "United States" (the Blue Riband holder) helps you, too, for it means that she has an outstanding record for punctuality. And if you have a business appointment soon after you land, that's important!

But there's fun aboard, too, lots of it. You'll find unexcelled food and superb wine, magnificent cinemas equipped with CinemaScope, top-grade orchestras, every "keep-fit" facility, well-stocked libraries, and, of course, just rest and relaxation if you prefer. Yes, the few days that separate you from New York pass all too quickly. You travel fast in the utmost comfort when you travel by United States Lines.

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One man helped Collins the publishers to save time on the "books"

The Burroughs man, Mr. J. R. West, on your right, discusses with Mr. R. A. Jamieson, a director of William Collins, the new Burroughs system that brought them valuable up-to-date sales figures and eliminated unnecessary overtime.

William Collins Sons & Co. Ltd., the well-known printers, publishers, stationers, and diary publishers, sell millions of books and stationery lines every year in Britain and overseas. Management must be kept up-to-date on the position of sales. A long-standing problem, however, was that staff had to put in long hours of overtime in order to get out the required figures. Even then, details were often available too late to be useful.

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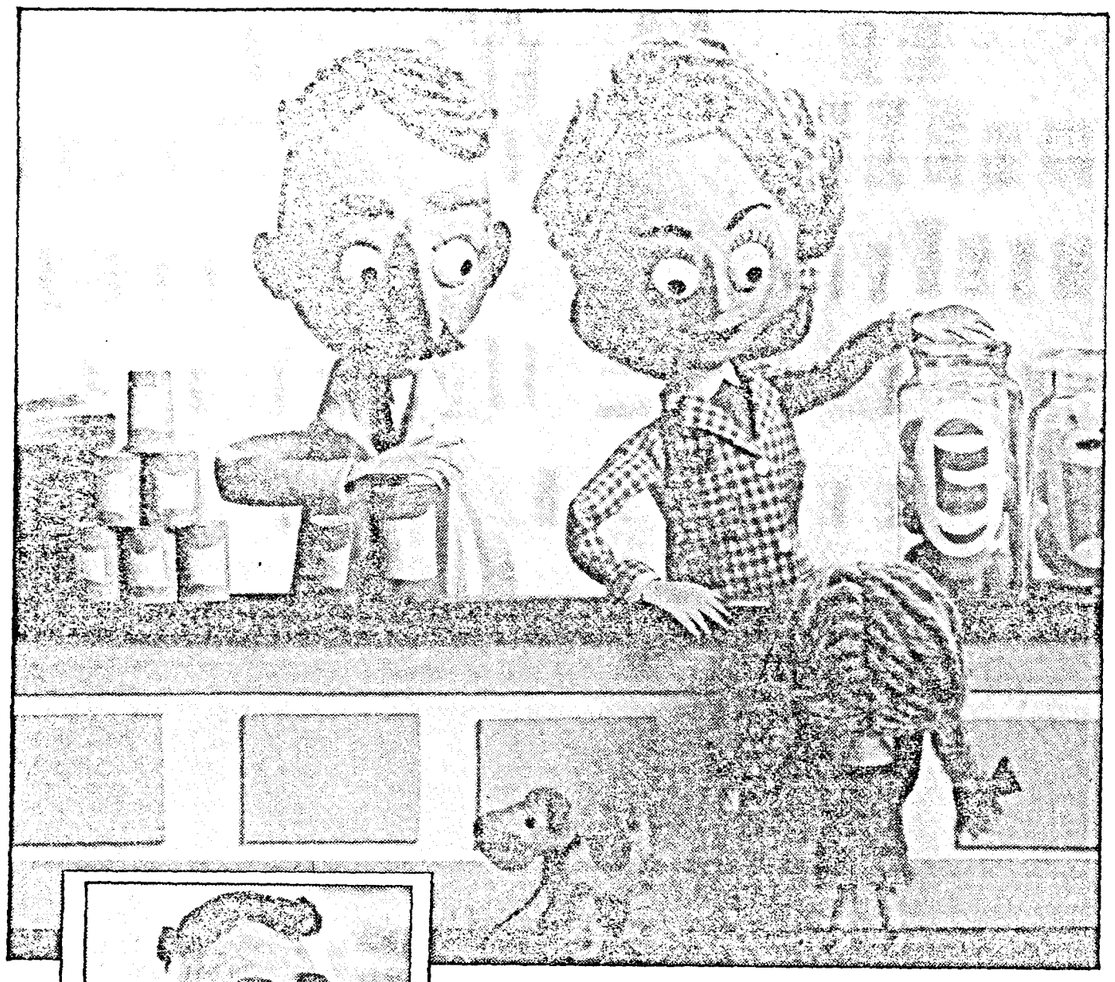

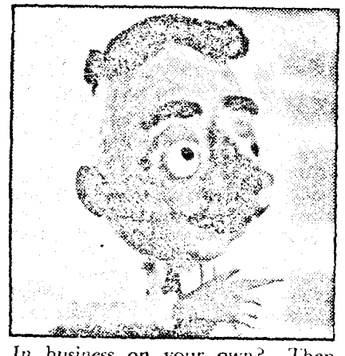

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Bravado

THE motion of censure on the United States put down by 100 or more Tory MPs is a distressing signal of the brainstorms that are now distorting British politics and policies. These put in peril the nation's whole future. On October 14th the Security Council of the United Nations voted unanimously that the operation of the Suez Canal should be insulated from the politics of any country. It is plain from which country's politics it most needs to be insulated now. In the last two weeks the British Parliament has presented the unhappy spectacle of two parties threatening to cut off the country's nose, the Tories in order to save their face and the Opposition in order to spite it.

When envenomed feelings take over from statesmanship, no patriotic purpose is served by doing more to ruffle them; that is why it is right to begin with a word to fellow critics of the Government. It is indeed the critics' duty to oppose; it is also their duty, and above all at times of great national emergency, to propound another policy. To pretend now, gleefully, that penance for the Government's sins is a policy in itself—or to concentrate on scrabbling about, as Labour has been doing, for more damaging evidence of alleged Anglo-French-Israeli "collusion"—is to fall short of that duty. It is perfectly true that until the Government admits, first to itself and then to others, at best that it has been wrong and at the least that it has woefully failed, no policies to extricate the country from its predicament can be hopefully fashioned; the repudiation of the policy of Sir Anthony Eden remains a precondition. But it is the remedies that matter; and the first and principal aim, of Opposition as well as Government, is the repair of the western alliance, so as to be able to build upon the rubble in the Middle East a structure that will stand against the winds that are blowing there from the north.

This is the stupidity of the anti-American motion. The Tories are at the moment racked by two sets of emotions. One of these, which still appears to be uppermost in the Cabinet, is the desire to pretend that the defeat at Suez has really been a great success. It might be argued that the most extraordinary manifestations of this—the continuing and blatant ministerial misstatements in the House of Commons about the purposes (original and present) of Mr Hammarskjöld's police force—are merely intended as well-understood dissimulations towards Tory MPs (who apparently still want to be deceived). It is also argued that opinion generally is swinging to the Government's side; but this is a question not of the national mood but, simply and solely, of the national interest. The great danger has been that these political prevarications might determine policy and action over the withdrawal, ordered by the United Nations and dictated by the facts, from Port Said. The critics' final judgment on this can be deferred until Mr Selwyn Lloyd's statement on Monday. There has been an argument for the delay so far. A case can be made that some Anglo-French show of slowness in the unavoidable process

of evacuation may have been justified by its possible use as a bargaining counter, not by Britain towards the United Nations—for we have no counters left—but by Mr Hammarskjöld towards the contumacious Egyptians.

Even so, the all-important thing for the Government to recognise now is that any conceivable bargaining gains from a little delay have to be weighed all the time against the losses caused by it. There is a mathematically calculable loss in every day's delay in passing salvage ships down the canal past Kantara and in moving engineers into Syria to repair the pipeline damage. There is the desperate urgency of setting the United States free (and getting it willing) to counter Russian penetration in Syria. There is the question whether there is any hope of securing a strip of international territory across eastern Sinai. There is, too, the risk of letting loose, at last, the Cairo mob. In all these vital matters Britain has lost most of its capacity for influence ; but the United States feels and says that it cannot use its influence in our stead until the British and French troops have left Port Said. The longer the troops stay there, the greater the danger that the United States will not even try ; Achilles remains in his tent at Augusta. He (and the Secretary General) should at least be given a timetable.

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It is, however, the second twisted emotion in the Conservative party that can in the end be even more dangerous. That emotion is resentment. After searching for scapegoats all round the compass, it has now lighted upon the most perilous place of all. Historians will readily analyse the reasons for this week's backbench motion: Britain's inferiority complex, arising from its diminished imperial present, is working itself off on the State Department inferiority complex that arises largely from America's colonial past. No doubt the Tories are quite right to believe that there is a group in the American State Department which has worked consistently against Britain's view of the free world's interests in the Middle East during the last four years; Mr Graham Greene's "quiet American" is a recognisable Washington type. What is impossible to understand is why so many Tories should strive so hard and so deliberately to force the rest of the American administration into the hands of this group.

For that is what the Suez militants have been doing ; and that, to an extent which can now only after immense exertion be repaired, is what Sir Anthony Eden has already done. Yet the recipe for avoiding this catastrophe was not hard to find, though it may be hard for some to swallow. Britain's proper attitude towards the United States is the attitude that Australia has long maintained towards Britain. It is an attitude of blasphemous private candour about most matters and about awkward foreign secretaries, but of sufficient loyalty to allow any American leader to feel confident that when really big issues arise Britain will never deceive him. The British Government, personally polite to Mr Dulles, but eventually perfidious to President Eisenhower, has played the hand precisely the wrong way round.

It is easy enough to table an emotion that everything is really the Americans' fault. But this deliberately impedes realistic confirmation of the tremendous problems, strategic, political and economic, which this unsuccessful adventure has uncloaked and already exacerbated. And the core of all these problems—touching off the emotions discussed in this article in their most prickly form—is the question of the international future of this country as what used to be called a great power.

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When this crisis started, many Tories said that the Suez bid would determine whether Britain was to remain a great power, or whether it was doomed to become another Sweden or Holland (doomed is perhaps the wrong word, for these countries—and western Germany—free of commitments have more rapidly rising standards of life). The bid has failed ; the question stands. The proper relation of commitments to resources, and of policy to both, will have urgently to be worked out, when the immediate bill for Suez has been met. But the danger of relapsing too far into a self-defeating little Englandism is as real as the danger now of discouraging the Americans into a "fortress-America" isolationism. There is one clinching argument against pushing de-commitment farther than the facts dictate. If Britain decided to become another Sweden or Holland—and if no other country became another Britain, in its role as the most experienced pilot fish to lead the protective big American fish to the threatened peripheries of the non-communist world—there might be no more Swedens and Hollands at all. But the pilot fish does not do its salutary work by biting the big fish.

That is the real lesson of Suez. This crisis has shown that Britain cannot succeed in any major external adventure on which it embarks alone ; the resentful Tories will themselves be the first to agree that it has also shown that the United Nations cannot take over the burden ; there remains, inside and outside the United Nations, only the American alliance—and the enduring friendship upon which it rests. It is clear now—and it should have been clear before—that the Americans can only be steered by careful, patient diplomacy into areas where they are not yet doing their duty ; they cannot be shocked into them by their friends, but are much more likely to be shocked out. (When the United States at last comes into the Middle East, Israel and Russia will have achieved this ; Britain and France will have delayed it.) If now, impatient at being the junior partners of a sometimes somnolent (and at present sulky) giant, our politicians seek by their bravado to endanger that partnership still more, they will be doing their best to turn defeat into sheer disaster. There could be no forgiveness for that.

What the Assembly Is

FOR the first time, a United Nations Assembly is in session with the great majority of its members in sharp conflict with Britain—a conflict which may be sharpened to the point of a demand that some kind of sanctions be imposed on this country and France. To be arraigned in the world's forum is a painful experience ; but it can also be educative. Most nations tend to assume that they are among the UN's faithful supporters, even if it is occasionally misled into taking a view different from theirs. Yet, in the nature of things, any government pursuing what it regards as an urgent national interest may risk collision with an organisation created to serve the collective long-term interest. Now that Britain has joined the ranks of those members —nearly a score of them*—who have at one time or another flouted the United Nations' express wishes, it is time for a fresh look at that risk. And it is an apt moment for a good look at the United Nations itself—at the organisation which the British and French governments say they want to galvanise into action, and which has responded by condemning their actions.

The controversy of recent weeks has once again shown how little of the UN's real nature is generally understood. Champions of the Anglo-French action in Egypt have often seemed to think that it is the organisation's duty to secure the two powers' aims for them ; their opponents have sometimes talked as if it were an independent entity, a bench of impartial judges handing down detached rulings to a docile world. Both lines of argument run into the sand, for the United Nations is neither of these things. Essentially, it is a compact. The member governments agreed to create and use the organisation for certain purposes, of which the foremost was and is the preservation of peace. They defined its functions ; they alone can enlarge its powers ; they alone decide which of the functions allotted to it shall in fact be exercised, and how and when.

Formally, these decisions are taken by voting in the two major UN organs, the Security Council and the Assembly. The long dormant council recently enjoyed an apparent revival. During October it was asked to act, in quick succession, on the Suez Canal dispute, on clashes on the Israel-Jordan frontier, on Soviet intervention in Hungary, and on Egyptian support for Algerian rebels. But a fortnight later the casting of British and French vetoes against a resolution on the conflict in Egypt, and of a Soviet veto against a resolution on Hungary, brought into play the procedure devised during the Korean war under which the assembly may be called into emergency session. Thus, when the full assembly began its regular annual session on November 12th, representatives of most of its members had already been hotly disputing the Egyptian and Hungarian issues for a week. Its usual stately habit of devoting the opening days of a session to a series of prepared speeches, misnamed "the general debate," was disrupted by more urgent calls upon its attention ; and Egypt and Hungary, together with the associated danger of a wider conflict, now dominate the delegates' thoughts and actions.

Yet this is not the first assembly to sit under a shadow ; that of 1950, for example, was overcast by the Korean war and China's intervention ; that of 1948, by the Russian blockade of Berlin. The delegates will have to think about many things unconnected with the Middle East and Eastern Europe before they adjourn in the spring. Their agenda includes a mass of increasingly complicated "housekeeping" chores. It calls for debates on disarmament, on larger funds for developing backward areas, on the creation of a world food reserve, on refugees and statelessness, and on Korea. And a dozen of the seventy-odd items that confront it concern colonial and racial issues, which range from hardy annuals, like South Africa's treatment of Indians, to such newer developments as the proposed merger of British Togoland with the Gold Coast.

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The friction which debates on these colonial and racial questions arouse between western nations and members of the Asian-African group is unhappily familiar, and it will not be lacking this year. But the new shape of these debates will not be solely due to the bitterness aroused east of Suez by the actions of Britain and France in Egypt. Changes in the assembly itself will also play their part. The admission of Morocco, the Sudan and Tunisia means that there are now 79 member states. When last year's assembly met, there were only 60—a figure to which membership had risen only slowly from the original 51 of 1945. The new admissions inevitably affect the balance of forces within the Assembly.

The significant figures here are the two-thirds majority needed to carry any resolution other than a procedural one, and the one third of votes cast that suffices, therefore, to block a resolution. In an assembly of 60, the 20 Latin-American members jointly exercised an effective power of veto. The disappearance of their

* They include India, the Netherlands, Egypt, Israel, the other participants in the Palestine war, South Africa, Jugoslavia, China, Russia, Bulgaria, Albania, Hungary, and North and South Korea.

Middle East Conspectus

The present troubled scene and prospect in the countries of the Middle East are surveyed in a series of messages from our correspondents from page 791 onwards, and in Notes of the Week on pages 762 to 764.

commanding position is the most eye-catching result of the increase in numbers. At first sight, the other changes seem less striking : the communists' voting power has risen from 6 to 10, the non-communist Europeans' from 12 to 17, the Asian-African from 17 to 26, three roughly proportionate increases. Many commentators are now pointing out that the Asian-Africans and communists together have a veto power ; but so they had with 23 votes in an assembly of 60. One must go a little deeper to identify the real changes, classifying the member states not so much by geography as by alignments—alignments which vary according to circumstances. And the most important variation is the difference between issues that divide the communist from the free world, and issues that divide the " white West " from the " anti-colonial " nations.

When communist actions are at issue, the effective " western " grouping in fact comprises the Atlantic allies, the Latin Americans, the " old Commonwealth," the Asian members of the Manila and Baghdad treaties, and a few other states such as Ireland, Spain and Nationalist China. Its voting power, when fully exerted, makes the passage of a resolution almost certain ; it can muster a basic 46 votes, and although 53 are theoretically required for a two thirds majority, there are usually enough abstentions for 46 to suffice amply. But things are very different when the issue is one between Europe and Asia.

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On some of these issues, Britain and other colonial powers have long been accustomed to find themselves facing a majority which is usually critical and sometimes acutely hostile. Newly independent nations such as Pakistan and the Philippines are no less " anti-colonial " than their " neutral " neighbours ; most of the Latin Americans take a similar line ; and the colonial powers cannot expect enthusiastic support either from the United States or from other European countries. The conflict in Egypt is almost certain to solidify this built-in majority against the " colonial " powers ; it may not often touch the level of 64 votes by which the assembly's cease-fire resolution was passed on November 2nd, but there is scant likelihood of its falling below 45.

Given this situation, the obvious tactics for the communist powers in the assembly are to avoid head-on collisions and to foster neutralism not by openly challenging the free nations but by embroiling them in colonial, racial and similar disputes. They have ample raw material, quite apart from Egypt. Cyprus, Algeria, South and South-West Africa, and West New Guinea are already on the agenda. Portugal's admission means that, even if the issue of Goa is not raised, conditions in other Portuguese possessions will come under the eye of an assembly committee. Debates on these matters will take place in an atmosphere exacerbated by the Egyptian conflict. In spite of Hungary, Russia's effort to present itself as the Arabs' saviour may make it a more acceptable ally to them and some others among the anti-colonial nations than it has been in the past. It will profit from the dissensions within the western camp, and from the fact that most of the new members, in Europe as well as in Asia and Africa, are inclined to neutralism or to anti-colonialism, or to both.

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It is going to be a thoroughly unpleasant assembly for Britain and France. It is going to be a very difficult one for the United States, which will risk losing the new goodwill it has won in the UN and throwing the Asians and Africans into Russia's arms if it is seen to be defending Britain and France against them, or opposing anti-colonial moves in other fields. During the next few months there will undoubtedly be louder complaints than ever from various quarters in Britain about the lop-sided way the assembly operates, about its preference for pulling the tail of a retreating western imperialism when it should be girding its loins against the danger of the communist advance. The cynical may say that Britain and France have at last given the Asian-African group some justification for its oft-told tales of western wickedness, and that it ought to be pleased at finding that it was right all along. But many a man in the British street, contrasting the way the assembly keeps up the pressure on his government with its lack of effectiveness in the matter of saving Hungary from Russia's grip, will be inclined to ask whether things would not go better if the whole elaborate affair were scrapped.

There is a simple answer to that question. The assembly exists. Even if Britain and France took the drastic step of withdrawing from the UN altogether, the organisation would survive. It is not an impartial judiciary ; it has no means of securing enforcement of its decisions ; even the moral force of its verdicts is impaired by the fact that they are obviously the result of an interplay of sectional interests (as are the decisions of national parliaments). But, to adapt a phrase of Mr Butler's, it is the best world forum we have. To flout it, or, worse, to boycott it, would be to turn down innumerable opportunities of exerting influence. Even the Russians, when they found themselves voted down by huge majorities time after time in earlier assemblies, were never unwise enough to stage more than a brief walkout (and even that did not pay them). It may be easier for a nation that finds itself condemned by the great majority of its fellows to shed some of its illusions and, from the " sinner's " point of view, to see the assembly more clearly for what it really is. What would be inexcusable would be to pretend that the assembly does not exist and to throw away the opportunities it offers for aligning national policy with the policies of as many other nations as possible—or at least, when that course is barred, for explaining national policy with sincerity and patience to a unique audience whose members, whatever else divides them, have a general interest in peace.

Victory for the Farmers

THIS week the Government has set the farmers' doubts at rest and has demonstrated that while it may bark loudly it will not willingly bite so politically valuable a sector of the community. For some time a tug of war has been taking place over agricultural policy. The Government has been rightly keen to reduce the cost of the agricultural subsidies and to redirect them so as to raise farming efficiency ; the farmers' unions have responded by pressing for a system which would give them more " confidence "—i.e., confidence that if they produce types of food which the market turns out not to want, taxpayers will go on paying remunerative prices for them. The revised system of guarantees which has now been announced represents a victory for the farmers' viewpoint.

The new system will not replace the annual price reviews of which both Government and farmers have become heartily sick. What it will do is introduce a new formula which will limit the Government's present nominal freedom of action. The formula is complicated. In effect, the Government has undertaken that it will not reduce the total value of its guarantees in any one year by more than 2½ per cent, after allowing in full for any changes in costs. At present, the total value of the guarantees (i.e., guaranteed prices multiplied by total qualifying output, plus production grants) is about £1,150 million. Theoretically, the Government might cut this figure next year by a maximum of £29 million, if costs remain static. Over the last six years, costs have in fact risen by an annual average of about £40 million. Presumably—and this is the one thing that can be said for the bargain—the Minister may feel that he now has an implied mandate to make the industry absorb up to £29 million of any such rise without provoking an annual allegation that he is " betraying the farmers' trust " ; and if the rise in costs is slowed down, as with an effective disinflationary policy it certainly ought to be, he might be in a better position to maintain something like the *status quo*. But even this gain in bargaining posture is limited. The Minister has been at pains to point out that, while the new guarantees to farmers are absolute and unconditional, there will be nothing automatic about resort to the Government's right of 2½ per cent economy.

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In return, the Minister has accepted a system which must make it a harder and slower business than now to influence the pattern of production. The revised guarantees for individual commodities are deplorably rigid. No product is to be allowed to suffer a cut of more than 4 per cent a year in the value of its guarantee, and in the case of livestock products the cut must not exceed 9 per cent over a three-year period. This arrangement will rule out any save gradual changes in price emphasis between individual commodities. For example, the maximum possible cut in the milk price between now and 1965-66 (again on the unlikely hypothesis of static costs) would be about 3½d. a gallon—from the present 3s. 2½d. to 2s. 11d. Yet the country is swimming in surplus milk. Moreover, even this illustration oversimplifies the arrangement. What is being guaranteed to farmers is not a given price but a given income. If, for example, the Government insists upon more rigorous standards of quality (as it ought to do in many cases), it will have to compensate farmers for any temporary fall in the amount of production which qualifies for its guarantee. On the other hand, any increase in production will automatically push up the datum line for calculating the amount of income to be guaranteed in future years—unless the Government specifically places a quantitative limitation upon its liabilities. This has so far been done only in the special case of milk.

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The Government is also proposing to introduce a new system of grants for the improvement of farm buildings and other fixed equipment. These grants will pay for a third of the works in question and will be available to all farmers, rich and poor. They will not, however, be available for propping up uneconomic holdings, and it is the Government's hope that their introduction will facilitate the amalgamation (on a voluntary basis) of small farms. This measure should do something to raise farming efficiency, although it seems extravagant to pay grants (especially at so high a rate) to prosperous farmers, most of whom are busy investing capital in any case. The really extraordinary feature of this proposal, however commendable it may seem so far, is that these grants (which are expected to cost £50 million spread over ten years) represent an entirely fresh subsidy and not a re-channelling of existing aid. So much for the original agreement between the Government and farmers on the desirability of paying a higher proportion of the present subsidies in the form of direct grants.

The basic trouble with the new system is that it is likely to aggravate instead of alleviating the economic ills of British agriculture. Greater price stability can be expected to give a still stronger boost to agricultural production. The new capital grants will act as another stimulus. The Government hopes that this higher output will largely take the form of a greater self-sufficiency in feeding-stuffs which will save foreign exchange. But it has no reason to expect this result. Indeed, it is very likely that it will not get it. Much of the increase seems bound to be in such commodities as milk, eggs, and pigs where any expansion, at present

prices, must prove a costly embarrassment. In these cases, the Government's self-imposed limitations upon price adjustments may eventually force it into the highly inefficient expedient of introducing quantitative restrictions—or, worse still, of imposing penal tariffs upon imported food.

All this is a long way from the original intentions of the Minister of Agriculture. Instead of reducing the burden of the agricultural subsidies, he now faces an uphill struggle to prevent the burden growing greater. Instead of substantially redirecting Government aid in ways which would stimulate efficiency, he has introduced yet another extra subsidy. Instead of cutting the wholly unnecessary degree of support which the larger farmers enjoy, he has if anything increased it. Even the one tactical victory which Mr Heathcoat Amory can report in the white paper—the elimination of special price reviews to meet special and sudden increases in costs—is not complete, since these reviews will continue to be held if a substantial increase of costs occurs in the earlier part of the agricultural year. And the Minister has bound himself (and his successor) not to make any changes in the new arrangements before 1962.

The farmers, on the other hand, have every reason to feel satisfied with this "bargain." They have been promised a guaranteed minimum income from the Exchequer which can be cut only slowly and by small amounts, and which will be automatically adjusted for any rise in costs. Moreover, this is the minimum they will get; they are free to bargain for more. Sir James Turner's purring endorsement of the new guarantees is not surprising. He has brought an erring Minister safely back into the fold.

Notes of the Week

To Withdraw or Not

IMMEDIATELY after the cease fire in Egypt, the General Assembly called on Britain, France and Israel to withdraw their troops, and for the last three weeks it has been trying to get this resolution obeyed. So far there has been more argument than compliance. When on November 19th, the Secretary-General asked the representatives of the three governments what was being done, the Israelis replied that they had withdrawn for varying distances along the whole front; by November 25th Israeli troops equivalent to two infantry brigades had left Egypt. The French announced that they had withdrawn about a third of their forces; this third apparently amounts to an infantry battalion, a parachute battalion, and a naval commando. The British took out one battalion as an earnest of their intention to withdraw once UNEF becomes "effective." (The larger part of a British parachute brigade, which had returned to Cyprus after taking part in the landings at Port Said, is now being sent home for "training.") Dissatisfied with these replies, the General Assembly reiterated its call to the three powers to withdraw and, as before, the resolution was passed by an overwhelming majority which included the United States.

The Israeli position is different from the Anglo-French. Israel agreed on November 8th to withdraw as soon as "satisfactory arrangements" were concluded in connection with UNEF. Pressed to explain what was meant by this condition, Israel interpreted it very loosely as a guarantee against "the recurrence of the threat or danger of attack." The Secretary-General has taken the view that Israel's security is a separate question and should not be a precondition of withdrawal, but Israel, with everything at stake, by playing a delaying action still hopes to gain some advantage from its victory in the field.

Mr Selwyn Lloyd said on November 21st that the Anglo-French force would be withdrawn when the British Government is satisfied that UNEF "is in a position to assume effectively the tasks assigned to it under the Assembly resolutions"—which include taking steps to open the Canal and secure free navigation. But since the United Nations endorses the Egyptian refusal to allow salvage to start until foreign troops withdraw, the British Government has only produced a stalemate. While it is by now clear that the Anglo-French troops will have to leave Egypt sooner or later, the timing is a matter of domestic politics. The French are more willing than the British to cut their losses, recognising it as an inescapable fact that their main object, the overthrow of President Nasser, has failed. But many Tories, including some ministers, have never lost sight of the object they have had since the end of July of imposing international control on the canal by hook or crook. Some of them appear to believe that UNEF has been established to do this for them—a completely untenable view. The primary task of the emergency force is to get the British, French and Israelis out of Egypt as quickly as possible.

President Nasser Thinks Twice

FOR a reason known only to those who attend Egyptian cabinet meetings, President Nasser greatly modified on Tuesday an edict he had issued only three days before. This was his decree that all British and French nationals, and all Jews, were to be expelled with only twenty pounds apiece in pocket. He has now given the Swiss legation—which is taking care of British and French interests—a formal assurance that no mass expulsion was ever intended and that only individual expulsions will be carried out. These are bad enough, of course. But there has been a *volte face*. What caused it?

Many neutral travellers agree in thinking the original order a sign of weakness. It was designed to pander to the emotion which President Nasser, unlike his predecessors, has so far kept well under control, and was meant to deflect attention from the economic pinch that is about to be felt by everyone in cities when, in midwinter, there is no kerosene with which to light stores and bake bread. (Egypt's own main oil wells are in Sinai, in Israeli hands; further, its Suez refinery is at the wrong end of the blocked canal for the deliveries of eastern European crude for which it has contracted.)

But the *junta* is on a tightrope. Aberrations that may keep up the courage of cold and hungry mobs deflect the foreign investor without whose help the regime cannot in the end survive. The change of policy may have been helped on by outside pressure—notably vehement Swiss representations, and intimations of a likely American cold shoulder. But it came also from within.

For the *junta* is torn by the disagreements that rack any team that has made a mess of things—in Egypt, by recriminations about military defeat as well as uneasiness about the economic consequences of too haughty a policy. There seems to be agreement to make a military scapegoat of the C-in-C, General Hakim Amer, but who is to be answerable for the lack of bread? Temporarily, perhaps, the British and French troops in Port Said; so long as they are there, nationalists can be silenced with the injunction not to argue with the man at the wheel during an emergency.

Keeping the Tories Tame

THE Government's handling of the Tory party during the Suez crisis has so far commanded admiration for its dexterity, if not necessarily for its political honesty. Between November 7th and November 29th Mr Butler, Mr Macmillan and Mr Heath have raised the art of being all things to all men to new and undreamt of heights. To Mr Julian Amery and Mr Angus Maude they have appeared as tough, intransigent fellows, ready to hang on in Port Said until Domesday; to Sir Edward Boyle and Sir Alexander Spearman they have presented themselves as men just tightening the last straps on their suitcases before pulling out. How long they can keep up this balancing act without letting one group slip out of their hands is problematical; certainly no prophecies must be made in an issue of *The Economist* that goes to press immediately after Mr Selwyn Lloyd's statement on Thursday. But the Tories' disparate trio deserve applause—credit is scarcely the word—for keeping the party together thus far.

Other things being equal, the Government has always had more to fear from its left than from its right, since Labour is unlikely to find an excuse for voting with the Suez group whereas it will usually be automatically on the side of the "rule of law" Tories. Thus during the early stages of the crisis the Government's main papering efforts were designed to patch over the crack on its left. About the middle of last week, however, a veritable chasm suddenly opened on the right. Not only the 30 or so members of the Suez group but dozens more "crypto-Suez" men got wind of the idea that the Government was preparing for immediate withdrawal. Something near a stampede followed. Nearly 80 Tories wrote letters of varying strength, but all carrying a "stand firm" injunction. The Prime Minister at this stage scarcely helped matters by announcing his imminent departure for Jamaica. This raised in right-wing bosoms the fear that once the "Munich eer" Mr Butler took over control, retreat would be immediate.

At this juncture Mr Butler found at his side the one man who could have given the right a lead—Mr Macmillan. To the dismay of the Suez group, the Chancellor, no doubt thoroughly alarmed by now about the economic prospects (or about something else), came out in favour of the policy of "phased withdrawal." The crisis in the party reached its peak on Thursday of last week—and the Government's handling of it was masterly. First, Mr Butler made a Commons statement so brilliantly equivocal that even the right was left ruefully admiring. Then, he and Mr Macmillan had a private meeting with all the junior ministers. Finally, they went together to the 1922 Committee, where Mr Butler did well and Mr Macmillan pulled off a half-hour *tour de force* in his best Lyceum style, complete with throbbing reference to his advancing years. This was a reminder of how poorly the Suez group is led—and of how dangerous it might have become had Mr Macmillan chosen to place himself at its head.

Baghdad Pactitis

AFTER three rueful weeks spent among the rubble of the British position in the Middle East, optimists are beginning to count one small blessing that is a by-product of a sorry situation—the awakening of the weaker members of the Baghdad Pact to a grasp of the pact's true purpose, which is, and always was, defence against Soviet penetration.

At meetings held at the shortest of notice in Teheran in the second week in November and again in Baghdad last week, the four Asian members—Turkey, Iraq, Iran and Pakistan—met without their British partner in deference to Iraq's unwillingness to sit down with a country that had fought on the same side as Israel. Thus they met without any western prompting. At the end of the second meeting, their communiqué made specific reference to their "anxiety and alarm at the rising tide of subversion in the Middle East," by which they meant the current build-up of communism in Syria.

A Turkish delegation led by the acting foreign minister arrived in London on Thursday, no doubt to press the Asian members' point that only speedy United States aid can stop the mouths of protagonists of Russian aid in Syria and critics of Nuri Pasha in Iraq. Will they press London to get out of Egypt so as to hasten this American action, and will they go on to stir up President Eisenhower in Washington?

But the blessing of a more cohesive pact is offset. The change is no more than the rush to get vaccinated, rather late, because smallpox has broken out in the neighbourhood. Politically speaking the epidemic entails chaos in Syria and Jordan—both lands important to the transit of oil. One

result in Jordan is the intention to terminate the treaty with Britain, and therefore the loss of the British military footholds there, for what they were worth. The situation in Syria is more difficult to measure for lack of hard news owing to restrictions on movement and on communication. It is pieced together in an article by our Middle Eastern correspondents on page 791.

Throttling Back on the Persian Gulf

THE pinch that is afflicting the oil consumer of western Europe is also being felt at the producing end in the Persian Gulf, though not as seriously, or for as long, as pessimists expected. The first of the tankers to come round the Cape are already beginning to reach the Gulf and in one place—Iran—output should become nearly normal at some time in December. Iran will suffer less than the sheikhdoms, since between a half and two-thirds of its refined products go east and are therefore not involved in a longer haul. Where crude oil is concerned, about the same proportion is sent west as east, and though refinery output has been very little affected, total operations have had to be cut by about 25 per cent during the last fortnight. But over 1956 as a whole, the consortium expects to achieve the output targets implied by the agreement of 1954; it cannot now rise to the higher levels for which the Iranian government had hoped.

In Bahrain, where the refinery is normally fed both by local production and—to a much greater extent—by pipeline from Saudi Arabia, the Saudi supply has been cut off at source. But Iranian oil shipped from Abadan has enabled the Bahrain refinery to run at about half its capacity; a major problem here is that there are only five berths for tankers, and that these berths now have to serve ships bringing in the crude oil as well as ships loading the refined products. Iranian oil has saved Bahrain much unemployment.

Kuwait and Qatar have been harder hit by the tanker shortage; Kuwait had at first to reduce normal output by more than three-quarters, but the tankers are now beginning to arrive and the rate of production should recover day by day. While the canal is blocked a proportion of tankers which normally load in the Persian Gulf will be fetching oil from America. So long as this goes on the sheikhdoms will probably not be able to resume their normal production, but it should be possible to keep revenue and employment at a level sufficiently high to prevent acute social or political unrest. There have been no dismissals, although in Bahrain some refinery employees have had to be put on public works. The atmosphere is still tense, but there have been no repetitions of the rioting and sabotage which took place when the British and French entered Egypt.

Two Treaties in Doubt

ALLIANCE with Britain is a two-edged weapon for a Middle East Moslem state. Jordan, deciding that the material gains are not worth the moral opprobrium, has announced that it intends to end the Anglo-Jordanian treaty and is taking "all steps, diplomatic, political and economic" in this direction. The Jordan treaty was awkward for Britain, too, and Whitehall will be able to hold back its tears. But the treaty with Libya is a different matter: neither partner is so ready to let it die.

At the opening of the Libyan parliament on Monday the prime minister, Mustapha ben Halim, said that the treaty with Britain must be reviewed. Situated as he is, he could hardly have said less. But it is significant that he said nothing about breaking the treaty: his promise to review it may satisfy Libya's neighbours, but it does not commit him to anything definite. Libya, dependent on funds and equipment from overseas, and no more viable as a political unit than Jordan, is not at all happy at the possibility of replacing British and American aid with Egyptian help—or Russian, either. Britain on its side would miss its bases in Libya—one of the few desert exercise grounds left to the army—even though Libya has succeeded in exercising a veto on their operational use.

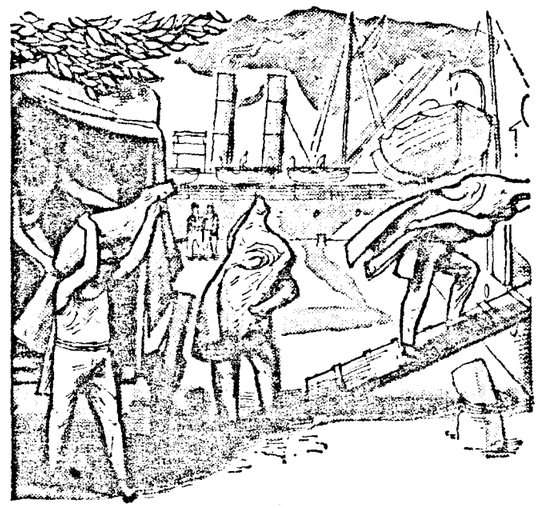
Libya was bound to protest at the aggression against Egypt. But if the prime minister has his way, his gesture of Muslim solidarity will probably end there. Egyptian ambitions are regarded with mistrust, and the cabinet was recently shuffled in order to throw out a pro-Egyptian element. Except among young and ardent nationalists, Libya's great anger with Britain is diluted by its wary attitude towards Egypt and its fear of Russian designs. The Anglo-Libyan treaty may survive, though its value has become dubious.

Labour's Team

MR GAITSKELL has made his choice of colleagues, and it is difficult for an outsider to criticise him for it. Mr Bevan's appointment as shadow Foreign Secretary should not frighten the country; most of his policy aberrations in the past few years have been personal aberrations on the road that did not lead to power, and he has it in him to be a more thoughtful Ernest Bevin. But the appointment should cause some nervousness in the Labour party; if the old Adam of personal incompatibility still lurks—and one suspects that it does—Mr Bevan is now better placed than ever to embarrass Mr Gaitskell and lose his party the next election. The other changes in the shadow cabinet are mostly quite obviously for the better. Mr Robens goes back to be spokesman on labour relations, a role that fits him to perfection. Sir Frank Soskice is to be partly the spokesman on legal problems (he is continuing with a fair amount of outside legal work), but is also to serve the party as a probably invaluable parliamentary handyman. Mr George Brown is to concentrate on defence policy; over the past year he has shown himself a better stand-in spokesman on this than on what was his own official field of labour relations. Only the appointment of Mr Callaghan as shadow Colonial Secretary is questionable. Labour has a good opening for constructive work here; but if Mr Callaghan is to take it he will need to rely more on reasoned argument and his undoubted ability—and less on shallow gibes, usually shouted in the middle of other people's speeches.

In making his changes, Mr Gaitskell faced one tough personal problem: what to do about Mr Robens, whose

Fifteen years before Frozen Meat



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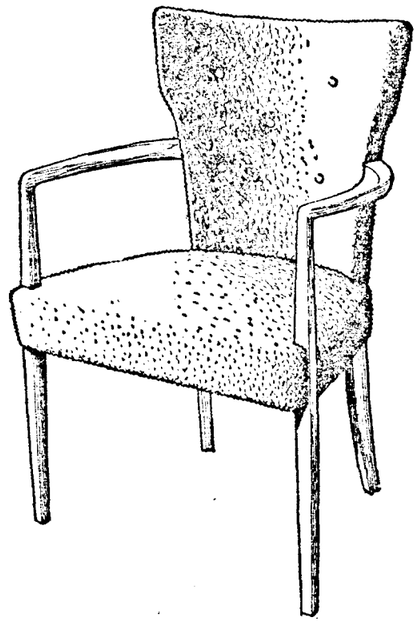

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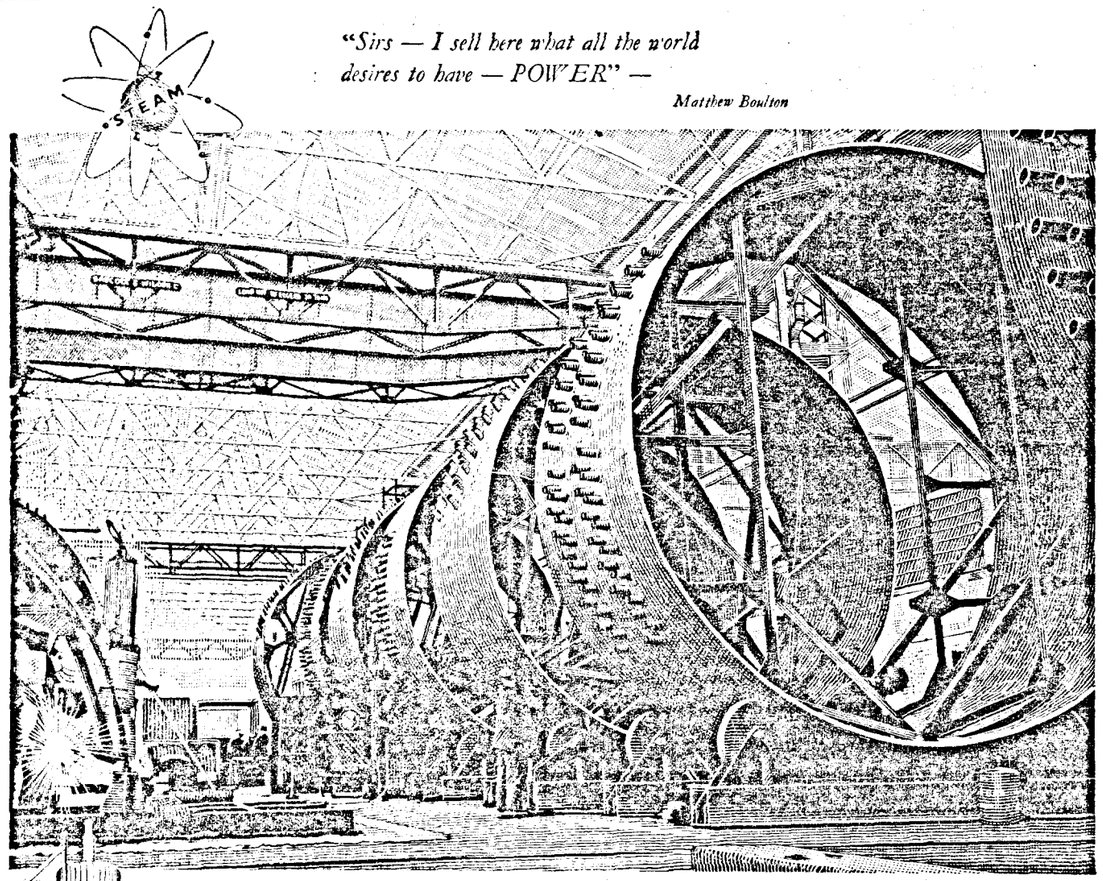
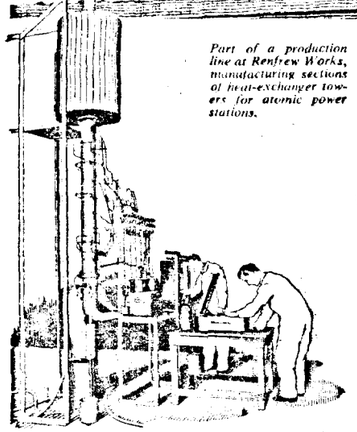


Part of a production line at Renfrew Works, manufacturing sections of heat-exchanger towers for atomic power stations.



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career as foreign affairs spokesman threatened to be a total disaster. Happily, two events helped Mr Robens to leave the job with dignity. First, he made by far his best speech on foreign affairs, and then he won an unexpectedly big vote in the elections for actual membership of the shadow cabinet. Labour MPs knew that Mr Robens had been going through a tough time personally as well as politically, and a spontaneous "dear old Alf" vote lifted him into second place. He was one vote ahead of Mr Bevan, who undoubtedly suffered from a minor last-minute panic among Labour MPs that he might finish on top. The result, however, was to leave one shadow member whom everyone has temporarily forgotten to regard as a left wing danger—Mr Harold Wilson—top of the poll by a huge margin. The only change in the elected twelve was the expected return of Sir Frank Soskice, who had not yet returned to Parliament a year ago. To make way for him, the party firmly dropped Mr Stokes.

The careful juggling of the Robens-Bevan votes reflected a fairly strong trend of playing for safety. Mr Gilbert Mitchison, an elderly lawyer who is the incarnation of the useful party wheel horse, nearly doubled his vote; the nearest runners up were all eminently safe men; and not only most of the left wing, but even such left of centre stalwarts as Mr Strachey and Mr Strauss, finished near the bottom end of the poll. Mr Bevan has a mandate for mellowness, not for unorthodoxy.

Rent Facts and Myths

As expected, the Opposition summoned its full rhetorical powers of righteous indignation to assault the Government's Rent Bill on its second reading. But although Labour is likely to strike sparks among the third or more of the electorate who may face rent increases under the bill, it is in some danger of raising jealous antagonism among the two thirds or less who do not. The new statistics published by the Government last week (Cmd. 17) seem destined to find their way into Conservative, not Labour, propaganda. Almost three-quarters of the 4¼ million dwellings which (under the bill) will continue to be controlled have a current rent of less than 10s. a week. A very similar, though not of course identical, proportion of these dwellings will become liable under the bill to rent increases ranging up to a weekly maximum of 10s. It is clear that under the new system the majority of controlled rents will remain below £1 a week and a substantial proportion (perhaps a quarter) below 10s. Doubtless the change will cause some hardship among old-age pensioners and other special groups, for whom an adjustment in social security payments will be necessary. But the general prospect is hardly an alarming one for most working families, who will continue as a class to be more cheaply housed in Britain than almost anywhere else in the world.

The chief Labour spokesmen were consequently reduced to visiting their ire upon the still unexpurgated sins of landlords as a class. Mr Mitchison saw the bill as a present to landlords of £100 million a year, and Mr Lindgren cheerfully viewed it as a pay-off for assistance rendered to Conservative party funds. The facts that a great deal of house property now yields a negative return and that, even under the bill's provisions, the return will be very modest were waved aside as irrelevant. But Mr Mitchison surely made a mistake in suggesting that the cost of repairs (which will absorb a considerable proportion of the landlords' increased income) might—under Labour's alternative scheme of municipal ownership—be wholly or partly put on the rates. Since housing is itself the main source of rateable value, this is an absurdly circuitous notion to come from a likely future Minister of Housing and Local Government.

Free Trade Edges Forward

Britain's advance to freer trade with Europe is not going to be a matter of inter-party dispute. In the Commons debate on Monday spokesmen for both front benches gave conditional support to negotiations with the Messina powers; the team of Labour economists who are usually known as "Mr Gaitskell's young men" seem to have been pushing a cautious Mr Wilson into liberalism on the matter, almost as successfully as Mr Thorneycroft has plainly pushed the Chancellor. The protectionist mutterings from either set of back benches were much less troublesome than anybody would have forecast a few months ago; indeed they seemed at times to be confined to Mr Nabarro's concern for Kidderminster carpets, glass and cherries.

It was confirmed in the debate that the Government now has not merely "an idea under sympathetic consideration," but "a proposal to make to other countries as a basis for negotiation." Some fresh light was thrown on what this proposal will be. The scheme is to be a very gradual one. Mr Macmillan "doubts whether 1957 will see the end of the negotiations"; only after "a year or more" may the negotiations "be followed by action ultimately leading to a treaty." The treaty the Government has in mind is one under which European tariffs will disappear over "a period of ten or more years"; and it "envisages this being achieved through a number of more or less automatic and predictable provisions by all the members." At each stage of the advance, under this system, every industry will know well in advance when next the tariff on its goods is to come down. The intention is that all import quotas in Europe should be progressively abolished in step with tariffs, but Mr Macmillan said depressingly that this would be "subject to a strict proviso that they may be restored temporarily at any time by a country faced with balance of payments difficulties." Mr Thorneycroft, more sensibly and liberally, said merely that this provision for possible emergency reimposition of import quotas should not be allowed to serve as an excuse for backdoor protection of particular industries; he promised that any list of exempted strategic goods would also be "very closely scrutinised" with this danger in mind. The Government's project for exemption of agricultural products, however, is very much wider. It will extend to all "foodstuffs, whether for man or beast, whether in the raw, manufactured, or a processed state"; the exemptions will include drink and tobacco, thus enabling Britain to continue imperial preference on Commonwealth wines and Rhodesian tobacco. Apart from these agricultural exemptions, however, the proposal Britain has in mind—which Mr Thorneycroft, not Mr Macmillan, is plainly managing—seems to be a remarkably liberal one; Mr. Thorneycroft deserves again to be congratulated on an exceptional political and economic achievement.

Mr Kadar Shows His Teeth

NOBODY believes that Mr Nagy went to Rumania of his own free will. His abduction reflects badly on the Kadar government whichever way one looks at it; it was also a gratuitous insult to Marshal Tito. The Kadar regime had given the Jugoslav government a written undertaking that Mr Nagy and his companions could leave the shelter of the Jugoslav Legation in Budapest and go to their homes in safety. Either Mr Kadar and the Russians deliberately agreed to play a trick in order to get rid of the popular Mr Nagy, or else Mr Kadar acted in good faith and was overruled by the Russians—in which case his position as a helpless Russian puppet is exposed more mercilessly than ever.

Whatever the truth, Mr Kadar now seems determined to brazen it out. In a broadcast on Monday he said that "the Imre Nagy question," in his opinion, "belongs to the past." The increasing toughness of his recent utterances on this and on other matters suggests that he feels more confident that the Russians intend to keep him in power even if at the point of the bayonet. In a speech last Sunday, he declared bluntly that his government "cannot give in and will not be soft." Later he said that one does not "fight against counter-revolution by yielding to its demands, but by smashing it." He appears to have dropped his earlier promise to introduce a multi-party system; and his statement that his government was determined to go on rounding-up "counter-revolutionary inciters" suggests indiscriminate repression of anyone opposing the regime. Altogether it is a very different cry from the almost pathetic appeals for co-operation that the regime was making two or three weeks ago.

Mr Kadar in a stern mood is no more likely to move the Hungarians than is Mr Kadar in a melting mood. Indeed his new vindictiveness has, it seems, antagonised them still more. But the latest reports from Budapest suggest that despair at the failure of the outside world to come to their aid, the pressing need for cash so that they can eat and keep warm, and the ever-present fear of arrest are all combining to send the Hungarians gradually back to work. But although the Budapest workers' council has recommended a resumption of work, it has not withdrawn an inch from its original political demands—the return and restoration of Mr Nagy as premier, free elections and the withdrawal of Russian troops.

The outlook for the Hungarians is black, and they know it. But their will to resist is not yet broken and observers in Budapest believe that the situation could be transformed—at least psychologically—by some gesture from the outside world. Uno should go on insisting on getting Mr Hammarskjöld and his observers into Budapest.

Nervous Communists on Guard

IN Prague, Bucharest and Sofia the ferment in Hungary and Poland seems to have struck fear into the hearts of the communist rulers but little spark of revolt in the ruled. Only from Rumania have there come reliable reports of student demonstrations; although these demonstrations do not seem to have been of a very revolutionary character, the tremendous vigour with which the authorities are denying their existence suggests that they are seriously alarmed by them and by their possible repercussions. Moreover, the former Minister of Education, an ex-professor, has been replaced by one of the first vice-premiers, Mr Miron Constantinescu, a tough Communist and number seven in the Rumanian Politburo, who recently went to Cluj to quell student dissatisfaction there.

Yet although there is scant evidence that popular feeling in the Soviet block has reached boiling point, the regimes are leaving nothing to chance. Their press and radio have been full of cautionary tales about the lurid atrocities committed by the counter-revolutionaries in Budapest; the Czechs have also carried out a cautionary series of arrests of "spies." From all three countries come reports that the guards on public buildings have been increased and given better arms. In Czechoslovakia indiscreet sympathisers with Hungary and Poland have been summarily thrown out of their jobs. In Rumania, the frontier districts adjoining Hungary and the areas along the Russian lines of communication have been closed, and strict security measures introduced in districts populated by Hungarian and other minorities. From Bulgaria come reports of large-scale arrests, of the arming of Communist party members and of the arrival (which has been officially denied) of Soviet troops. These precautionary measures in Bulgaria—if they are indeed true—may be the result of fear, not so much of a popular rising, as of serious trouble with the anti-Stalinist dissidents within the party. Since Mr Chervenkov lost the premiership last April, there has been no real effort to liberalise the regime and Mr Chervenkov himself is now believed to be again both active and influential behind the scenes. Events in Hungary and Poland will not help to reconcile his opponents to his come-back.

The nervousness of the Communist leaders must be increased by their economic difficulties. Both Rumania and Bulgaria complain of a bad harvest, and supplies have certainly also suffered from peasant intransigence. A few weeks ago the Bulgarians appealed (successfully) to the Russians for emergency supplies of grain. This week the Rumanians, who have just had to introduce flour and sugar rationing, have sent a mission to Moscow, which is thought to be primarily concerned with begging economic aid. Moscow may find its east European empire an increasing economic liability.

Wage Bargaining After Suez

THIS has not been a good week for unions intent on wage increases. On Thursday the engineering employers rejected outright a claim for a 10 per cent increase. This was only to be expected: as long ago as last summer, before any claim had been presented to them, they announced (to the great annoyance of the unions) that they would be granting no wage increase this year. The leaders of the Confederation of Shipbuilding and Engineering Unions will now have to report back to their constituent executives, and no doubt they will decide to make a new approach. They are not impressed by employers' arguments that export prices will not bear another wage increase, for they say they have heard these too often before; but

the closing of the Suez Canal may cause them to move cautiously. They are more confident about the paying prospects of the shipbuilding employers, whose answer to the claim is not being given until December 11th. But it would be unprecedented, since the war, if that answer were different from that of the engineering employers. Possibly, despite the difficulty that some engineering and shipbuilding workers work side by side, it would be a good thing if the eventual answer were different; the monolithic forces negotiating this annual engineering claim could do, on both sides, with a little breaking up.

In contrast, the effect of petrol rationing has been slightly, but only slightly, to strengthen the bargaining power of the railway unions. The claim of the Associated Society of Locomotive Engineers and Firemen, however, has got beyond bargaining, and was heard this week by the Railway Staff National Tribunal. The tribunal's verdict will not be known for another two or three weeks, but it is surely bound to deal very roughly with a claim for 15 per cent from a union which got its last increase in January. (The explanation of Mr Hallworth, the general secretary, is that the 3 per cent rise in the cost of living index since then "seriously fails to show the incidence of the various factors.") The decision on this claim will be anxiously awaited by both the Transport Commission and the National Union of Railwaymen, whose claim for a 10 per cent rise is in the first stages of negotiation.

The London busmen have rejected as inadequate an increase of 5s. a week. They are always more militant than the busworkers outside London who accepted this sum three weeks ago (when it seemed likely to set the wages standard for 1956-57). The London busworkers are losing some of their overtime earnings through petrol rationing, and they now ask the union executive to give their negotiators plenary powers. There is good reason for confidence that this will not mean a strike. An eloquent Mr Cousins trying to make a good impression on the platform and a realistic Mr Cousins getting down to wage negotiation for his busmen are two different people. The unions in general are very nervous about unemployment in the next few months. The evidence is mounting that the Suez crisis will be deflationary—in the sense of making jobs harder to get.

The Bill That Got Away

SOME more information has become available about the Government's proposed Betting Bill, which was disappointingly missing from the legislative programme outlined in the Queen's Speech last month. The Home Secretary has lately held a meeting with representatives from the Stewards of the Jockey Club, from the National Hunt Committee (steeplechasing), from the Racecourse Betting Control Board (the tote), from the Racehorse Owners' Association, and from the sinister-sounding but respectable Bookmakers' Protection Association. Mr Lloyd George, making it clear that he was speaking for himself and not outlining proposals that had yet been accepted by the Government, suggested that his bill might usefully fall into two parts. The proposed "betting shops" should be run by the Racecourse Betting Control Board, presumably on the lines of the tote. Off-the-course bookmakers in England and Wales should be allowed to accept cash bets by post (as they already can in Scotland), but not over the counter; otherwise their business should be in credit betting as now.

All the delegates turned down these proposals. Why? The answer of the Stewards of the Jockey Club is that their cardinal principle is that a levy must be placed on all betting on horse-racing so that it can help the finances of racing, which are admittedly in fairly desperate straits. The tote already contributes to racing; from its present annual turnover of £25 million, half a million pounds is ploughed back into racing, compared with £2¾ million that goes in tax. Under Mr Lloyd George's proposals the tote's turnover and its contribution would inevitably be increased; but racing would still get no money from the bookies. That seems to be the stewards' main objection to the scheme. More potent objections to it are that, as many people prefer fixed odds betting to the tote, a lot of illegal street corner gambling might still go on; and—although this point probably was not raised—that it might be easier to take away the licence of a competing individual if his private enterprise betting shop were badly run than it would be to ensure the efficiency of a semi-official monopoly like the tote. But the racing world would be foolish to reject any new system simply because it did not promise to conform exactly to the pattern it wants; and Mr Lloyd George should not hold up this social reform for ever because of racing's claim for financial help. If racing needs help, it might be better to give it in the form of normal tax concessions—which the Exchequer would be better able to afford if the revenue from taxation on betting were raised by as much as it should be when cash betting is allowed.

Plunging On in Kashmir

THE constituent assembly of Indian-held Kashmir has been putting the finishing touches to a new constitution which declares that the whole state, including "Azad" Kashmir, which is under Pakistani control, "is and shall be an integral part of India." Pakistan has protested to the Security Council and asked that India should be reminded of its pledge to the United Nations that it would hold a plebiscite in Kashmir before finally accepting that state's accession. Mr Suhrawardy, the Prime Minister of Pakistan, has described as "pathetic" the Indian government's move "to secure from this self-styled assembly a verdict which has no juridical value, in order to give itself an excuse for not holding a plebiscite." The adjective seems inapt, for India's position is strong. It not only has physical possession, thanks to its army, of the greater part of Kashmir, including the Srinagar valley; it has also (as an article last week recorded) brought prosperity to this area by generous economic aid and preferential treatment, and a visitor sees little sign of open discontent. The Indian government argues that a plebiscite would jeopardise this economic progress as well as resurrecting religious bitterness (three-quarters of the population of Kashmir is Muslim) and, if the vote went in favour of accession to Pakistan, precipitating an exodus of Hindus that might upset the communal stability of all India.

It is, of course, impossible to take seriously India's claims that the Kashmiris have freely voted for union with India

through the constituent assembly (which is a highly selective body) or that they will have a chance of expressing their views again at the "elections" due next spring (which no party favouring either union with Pakistan, or independence, will be allowed to contest). India will not even permit United Nations observers to watch over these elections. Its intentions in Kashmir fully explain the way its delegate voted, in solitary company with the communist block, against the UN Assembly resolution of November 9th calling for internationally supervised elections in Hungary. A week later Mr Nehru was loudly applauded when he told the Indian parliament that the most objectionable feature of that resolution was the proposal for UN supervision of elections, which would set a precedent for similar meddling elsewhere. There is no doubt about India's physical power to hold Kashmir, which is reinforced by Soviet support. But, much as Russia now faces the problem of co-existing with Eastern Europe, India's real interest is not to maintain a military grip on Kashmir, but to achieve a friendly relationship with Pakistan. When, if ever, is Delhi going to recognise the injury it is doing itself?

Socialist Gains in Germany

COUNTY and communal elections this autumn in five Länder of west Germany, which are in some measure an augury for the general election next year, brought remarkable gains for the Social Democrats. Their share of the votes cast increased by more than eight per cent as against the local elections four years ago, and naturally by still more in comparison with the general election in 1953 when Dr Adenauer won his sweeping victory. The Socialists polled some 43 per cent of votes in the five states. Some observers are beginning to suggest that if the trend persists they may poll as much as 40 per cent in the Bundestag elections next year; in 1953 their national vote fell to 29 per cent.

They seem unlikely, however, to overhaul the Christian Democrats as the largest single party. The CDU can also claim gains, over 1952, at least. Indeed, the most important long-term trend which the results show may prove to be the trend towards a two-party system. Extremists lost everywhere: the Communists, now banned, disappeared altogether; the neo-Nazi DRP failed miserably, getting only 2.5 per cent of the votes in its stronghold, Lower Saxony. The BHE lost heavily; this refugee group is paying the price of its divisions, and its title of All-German Block looks more hollow than ever. Even the Free Democrats lost so much ground that their leader, Dr Dehler, has come under heavy fire again. Among German voters, despite the system of modified proportional representation, the feeling that a vote spent on a small party is a vote wasted is steadily gaining ground. Electoral strength is polarising round the SPD and CDU. Indeed, only the possibility of a balancing position between the two big parties preserves the Free Democrats as a major factor in German politics. As the socialists approach equality with the Christian Democrats, however, this potential source of leverage grows.

The socialist gains cannot be taken to indicate that German opinion is moving away from the western alliance. Indeed, the harsh turn of Russian policy in Eastern Europe has had the reverse effect. The feeling (which had been gaining ground in Germany) that Russia was moving towards a European settlement which would permit German unity has been cruelly rebuffed; and the display of Russian force has sharply reminded west Germans of the frailty of their defences. Despite their resentment against Britain and France, Germans have been forced back to the realisation that their survival depends on their western friendships.

Such feeling may be little comfort to Germany's Nato allies, who have been told this week by Herr Strauss, the German Defence Minister, that conscription will not, after all, start next April on an effective scale. But Herr Strauss is still trying to put up a show of standing by Germany's defence commitments. A token call-up of perhaps 10,000 men is still planned for April, although the approach of the general election tends to make conscription politically difficult, and the modifications in the plans for arms procurement appear likely to be less severe than was once believed.

Press Standards

THE third annual report of the Press Council, which appeared last week, records the patient building up of a body of established good practice in journalism and press reporting by a group of responsible investigating journalists. Sir Linton Andrews, the chairman, was perhaps optimistic when he claimed that the council was already an institution; a professional institution in the usual sense it is not and cannot be. Its progress in raising press standards has been modest; it still has good reason to condemn too many cases of "coarse impertinence," and of descent "to the lowest levels of bad taste and worse manners." But to suppose that any other sort of body would do better would be to oversimplify a difficult problem turning on the definition of the public interest, and perhaps to fall into Lord Selborne's grave error of supposing that coercion could do what professionalism cannot.

The council's approach is refreshingly pragmatic and constructive. It cannot do much in the short run to transform the press and with it public taste. But it is showing how lapses can be reduced in magnitude and impact by those who themselves have most reason to complain of the lapses. The more promptly and fully news is supplied to the press as a whole, the more difficult it is for sensation-mongers to run "revelations" based on whispers. The council thus puts forward a sensible set of proposals for the better handling of news by Buckingham Palace; its call upon the press relations section of the Palace to stop being the sort of section that seems to resent any relations with a part of the press was a call that needed to be made. Among the council's suggestions and achievements, this advice to the Palace has received most publicity; but it has many others to its credit—for example the sensible new code of press relations with hospitals which, if observed, should end the snooping by reporters in hospital corridors and the publication of details of illnesses of patients in the news which has called down so much medical wrath. Those who rightly resent intrusion into privacy do not always realise how their claims to it can set a precedent for those who wrongly resent investigations into public practice; local government officials are a case in point. By negotiating and suggesting model rules the Press Council can guard against this danger, and yet perhaps help gradually to bring a measure of civilisation even to the remotest fringes of the Sunday press.

Middle Road for Pigs

THE Government has chosen to follow a middle course with the bristly problem of pig marketing. It has refused to allow producers to establish a statutory marketing monopoly, on the grounds that this would prove injurious to the economic adaptability and the technical development of the pig industry. (It is curious that other marketing monopolies have never been tested by this excellent criterion. The Government cannot pretend that pigs are completely unique.) Equally, however, the Government has rejected the marketing proposals of the Bosanquet Commission, which were aimed at creating a freer market in bacon pigs and at breaking the present near-monopoly of the Fatstock Marketing Corporation.

The Government therefore proposes to leave pig marketing in its present hybrid state, and to concentrate on fostering technical improvements. As a first step, grading standards for bacon pigs are to be progressively raised and brought more into line with Danish and continental standards. As proposed in the Bosanquet report, a Pig Industry Development Authority will be set up and financed by a levy on each pig slaughtered. It will undertake a broad programme of research and development, but it will have no coercive powers. Since the authority will mainly consist of representatives of the pig industry, its activities will provide a valuable test of the ability of British agriculture to improve its standards by co-operative effort, while not being allowed to beat consumers with a big monopoly stick.

Turning Point for the United Party?

THE United Party of South Africa has elected a new leader; it remains to be seen if it will find a new policy. The decision to replace Mr Strauss by Sir de Villiers Graaff comes at the end of a long period of frustration, with which the former leader, who conscientiously did his best to follow in the footsteps of General Smuts, was inevitably associated; the United Party, despite its long and desperate rearguard action, has not prevented the Nationalists from having their way even against the constitution, and the dismissal of the appeal against the Senate Act by the High Court was the party's last and heaviest defeat. Inevitably though honourably, the United Party has been against policies rather than for policies in this long struggle; the question is whether under Sir de Villiers Graaff it can take a more positive line. The new leader, though relatively little known in the north, comes of a well-known Afrikaans Cape family; if his hereditary title counts somewhat against him, his traditional ways of thinking on colour questions as well as his earnest Afrikaans respect for law will act as a counterpoise. He is probably to the right of Mr Strauss (and Mr Harry Oppenheimer) in politics, but this will give him the chance of reuniting the conservative splinter party with the UP just at the time when Mr Strydom and some other ministers are beginning seriously to worry about the extremism of Dr Verwoerd and his group. Though there may yet be no split in the Nationalist ranks, there are fissures to be exploited once the opposition has a clear alternative.

So far it cannot be said that in his speeches Sir de Villiers Graaff has shown any sign that he can come forward with such an alternative; the call for more white immigration and retention of the Commonwealth link is not yet a platform. But there is plenty of political ammunition in the failure—as yet hardly recognised—of theoretical apartheid following the Tomlinson report. The sheer impossibility of extreme Nationalist policies is beginning to appear to the growing number of Afrikaners in secondary industry, and the time for a more moderate and realistic policy may be coming. But Sir de Villiers Graaff's problem is to find an acceptable policy with electoral appeal which is yet consistent with the principles of the United Party which Mr Strauss, however barrenly, rightly upheld. It is unlikely that such a policy can be worked out and successfully offered to the electorate by the time of the next election in 1958; the erosion of liberty does not prevent the country from being immensely prosperous. The new leader of the United Party is almost forced to think forward to the middle

The Economist Diary

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nineteen-sixties when he thinks in terms of getting power. The fact must be faced that Dr Verwoerd certainly has extensive plans for that period.

Nato Conference

The second conference of parliamentary delegates from member countries of the North Atlantic Treaty Organisation met in Paris last week. The conference was intended to serve the double purpose of making MPs "Nato-minded" and of considering how to extend Nato's functions by adding a parliamentary forum to the organisation. Not much progress seems to have been made in the second half of this programme, although some of its difficulties were vividly illustrated when delegates from various political parties explained, sometimes with brutal frankness, their attitudes to international affairs. A Dutch Socialist accused the United States of trying to win over the neutralist nations "by fawning and flattery"; two French Gaullists asked for Nato support against the Algerian "tools of Egypt"; the Greeks submitted a resolution on self-determination for Cyprus; a British conservative is reported to have said that Britain should consider withdrawing from the United Nations if Uno proves incapable of securing a general settlement in the Middle East. After this airing of national opinion it might be supposed that there was little hope of achieving, as the conference urged, a common Nato policy, machinery for consultation, and an extension of Nato activity into economic and cultural fields. But the air may have been cleared by these explosions. Consciousness of the malaise which has oppressed Nato for more than a year, coupled with the helplessness felt during the last month, may spur the Atlantic powers to first-aid.

Quick and constructive action is badly needed. General Norstad, who has succeeded General Gruenther as Supreme Allied Commander in Europe, has inherited some formidable problems. The size of the German military contribution, the balance between atomic weapons and conventional arms, and the use of Nato arms in national wars, are pressing questions; their solution, as the parliamentary delegates emphasised, will depend on closer consultation between Nato members on military and political subjects. If consultation does not bring agreement it can at least cushion the shock of unilateral action and provide, in Mr Gaitskell's words, "clearer and more precise understanding of the duties of one Nato member towards another." The conference does not seem to have produced any clear suggestions for achieving this, but at least it should now be harder to keep the problem of consultation buried as it has been buried in the past.

Trial of Strength in German Yards

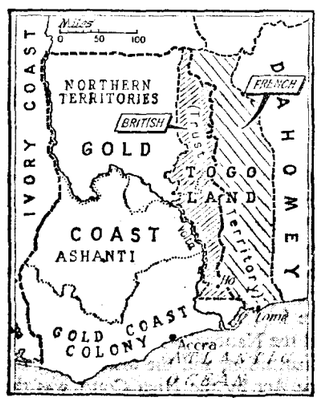
For five weeks over 30,000 workers have been on strike in plants and shipyards in Schleswig Holstein, in the longest major stoppage in Germany since the war. It is a straightforward trial of the employers' strength by the metal-workers' union. The employers agreed last June to cut hours from 48 to 45 and raise wages 8 per cent, but on condition that no substantial new demands be made for a year. Now the metal-workers in the shipyards claim six more days of paid holiday, full pay for up to six weeks' sickness, and some 12s. 6d. extra a day on holiday. If their claims succeed they will press them on other employers when yearly agreements expire.

This vigorous action reflects in part the traditional militancy of the metal-workers' union, exacerbated by a number of irritating recent disputes with employers. Both the miners' and metal-workers' unions, for example, sharply attacked employers' organisations last month for organising disguised anti-strike funds. But the metal-workers' strike can also be seen as part of an increasingly effective industrial campaign by the German trade unions as a whole. The last German trade union congress was characterised by a greater sense of political moderation than before, but an ambitious programme of industrial claims was adopted, now that full employment is at hand.

The unions at present appear to be as much concerned with greater leisure as higher wages, with the five-day week as their central claim. In the metal industry the cut in hours from 48 to 45 was agreed in principle last June, but difficult negotiations are still going on in individual industries; in the steel industry, for example, a tentative agreement was only reached last week after two months' tussle. And the cuts in hours are being accompanied by wage increases as well. Costs are therefore rising, and are evidently affecting prices. But whether the unions' strength will be checked by deflation and by the oil shortage remains to be seen.

The Togolands Choose

The future of both British and French Togoland should be coming before the United Nations General Assembly during the present session. After being held in trust for nearly 40 years, the two territories have now voted on their future political status. In May a small majority in British Togoland voted for federation with Ghana: a month ago about three-quarters of registered voters in French Togoland favoured joining the French Union as an "autonomous republic." British Togoland's decision already has the Trusteeship Council's blessing: the French choice may have a tougher passage before the General Assembly. The difference lies mainly in the circumstances in which the two plebiscites were held. While the United Nations associated itself from the start with the choice



put before British Togoland—whether or not to join next year with Ghana—the French have disconcerted the Trusteeship Council by hurrying their plebiscite forward. This offered a straight choice between incorporation in the French Union and continued French trusteeship, though a United Nations mission had recommended that Togoland should have the opportunity to end its association with France. A slight suspicion of sharp practice decided the Trusteeship Council against sponsoring the referendum: more unfortunate, the opposition parties in French Togoland made strenuous efforts to boycott the whole affair.

The opposition aim in both French and British territories is a united Togoland. The arbitrary colonial borders of these two strips of West Africa cut across a complexity of tribal communities. In the southern half of the territories, the frontier splits the territory of the active and relatively well-educated Ewe tribe, and its members therefore lead the opposition. But a united independent Togoland is not now considered a viable political unity. Through the long trusteeship, French Togoland has become as closely aligned with France as British Togoland with the Gold Coast.

It would be a pity if France's maladroit procedure over the referendum obscures the fact that its Togoland plans represent a new departure for French colonial policy. The Republic, with premier and cabinet responsible to a Legislative Assembly, has virtual control over internal affairs, and although foreign policy, defence and security are directed from France, its degree of autonomy is a noteworthy advance over other French colonies south of the Sahara. The statute might have been less liberal, and almost certainly would have been delayed, if France had not feared the pull of a free and comparatively wealthy Ghana. It is still uncertain whether the concessions have gone far enough.

Tied-Up Money

The circumstances in which the ultimate beneficiaries of a will cannot receive their bequests until complicated, unexpected and sometimes unforeseen conditions have been fulfilled—usually involving the life-interest in the bequest of other beneficiaries—have long been in need of reform. Recommendations have now been made by the Law Reform Committee in its fourth report.

Under English law there are limits to the period for which trusts can be made for the benefit of intermediate beneficiaries. Normally this must be the lifetime of interested persons living at the time the will was made, plus twenty-one years to cover the possible minority of offspring born to them subsequently; nor can income be accumulated for an ultimate beneficiary longer than some such period. But it can happen, for example, that a trust cannot be alienated because of some highly improbable event—such as the birth of a child to a woman of over 50. There are many less improbable contingencies laid down by a testator which become extremely hard to ensure have been fulfilled. The committee is sensibly in favour of driving a fairly rough horse and cart through them. Broadly, it proposes that improbable but possible events should not now hold up the satisfaction of other claims in order; that the validity of a limitation to the satisfaction of claims should depend on events most likely to occur; and that the trustees may apply to the court for a decision on the validity of any such limitation on the intermediate use of income or capital under a bequest. Should the court be proved wrong under this "wait and see" rule, the claims of any prior interest would be subsequently adjusted without the trustees being liable to action.

The committee also tackles the problem of trusts created for a purpose (such as the furtherance of a cause) rather than for a human beneficiary; it clearly leans to the view that such trusts are merely powers to trustees who are bound in honour but not equity to apply the property to such purposes. This is a proposal with which most people, considering the use of money over long periods for what may once have seemed a cause but later proves a whimsy, will readily agree. All these proposals are in the nature of compromises; but they seem to be a fair one between the claims of the living and the dead.

Womanpower

We doubt whether more folly has been displayed or more nonsense talked in the cause of women than in that of currency, education, or political science; but public opinion allows to the latter subjects the privilege of shaking themselves clear of the dirt through which they have dragged, while to the former it denies it. Whatever be the reason of this partiality—whether it be the comparative novelty of the subject, or a natural antipathy of the majority towards it, or a general misrepresentation of the question—it matters little. . . . It proves that more workers and wiser workers are required in the cause: it by no means proves that the cause is a hopeless one. On this account we welcome with satisfaction the efforts of Mrs Jameson. . . . The object of the lecture now before us is to prove that there exist certain departments in our social organisation in which the help of women would not only be possible, but highly advantageous. It is not sufficiently considered that men and women are not higher and lower, stronger and weaker beings, but supplementary beings, possessing each their own peculiar strength and their own peculiar weakness. The supplementary position of the man to the woman is universally recognised, but the corresponding truth which proclaims the woman the necessary supplement (or complement) to the man is not practically admitted, and it is for the results of this admission that Mrs Jameson contends. No one who has any knowledge of society can deny the existence of a large number of unoccupied ladies, a class quite distinct from the domestically useful or the contentedly trifling, a throng of fretting, unsatisfied minds—ready to work, but finding no field—ready to sacrifice themselves, but seeing no shrine on which to lay the offering. Is there no means of turning all this wasted power to account? . . . Mrs Jameson has devoted particular attention to certain hospitals, prisons, and penitentiaries in France, Austria, and Piedmont, which are either entirely or partially managed by ladies. . . . There is much to be done in the way of training before such a state of things can be attained as that described in these continental institutions. . . . But much is being done at the present time; workers are not wanting; efforts such as those of Mrs Jameson will fan the flame of zeal, but it is already kindled.

The Economist

November 29, 1856

Letters to the Editor

A Plan for Sinai

SIR—Your proposal of November 24th is a really constructive one. Extend it and it can become an even more positive proposal and one pregnant with even richer expectations of long-term benefit. But before advancing the extension may we not commend a modification—that the sovereignty of any such area from Sinai and Palestine should be *bought* by the United Nations?

The extension is that the United Nations should (1) station permanently in that international area a UN Constabulary, and (2) reform its Charter so that it may have the new authority and the new organisations appropriate to the government of an internationalised "national state."

Benefits which may be expected are:

(i) Purchase will give a more acceptable approach to the thorny question of sovereignty about which Egypt and Israel will otherwise be touchy—and all other nations alarmed at the principle of punitive sequestration. Even Russia could hardly oppose it without loss of face. Moreover, purchase might be further acceptable to Egypt as a means of financing the Aswan High Dam.

(ii) A small (even a para-military) UN constabulary of troops directly employed by UN and situated in their own sovereign territory could be effective in keeping the peace in that strategic area and in assuring an objective and international operation and control of the Canal—because a "police station" (into which, incidentally, may be deployed the supporting forces of peace-keeping member nations) has been shown to be the one missing factor in both of these recent failures.

(iii) The UN itself could be subjected to the "behaviour test" of whether it could, by parturition, achieve a new and truly governing "wing" which might enjoy the confidence of the national governments and lead them to offer to sell (or lease) areas in other world-communicating or otherwise strategic places (e.g., Panama, Bosphorus, Aden, Kiel, Cyprus) for permanent stationing of a UN Constabulary.

There is, however, a most important caveat. The tacit transfer in recent days of security functions from the Security Council to the General Assembly must not blind us to the fact that whereas the swamping vote of the Asian-Afro national governments on the General Assembly may perhaps be tolerable for matters of recommendation by a UN which was deliberately created to be without responsibility and power, it would be highly dangerous to attribute the responsibility and power for governing even an area as relatively minor and experimental as your internationalised Sinai to a body in which the voting strength is so cock-eyed and the political purposes so different.

There could thus come from your Sinai proposal a further most valuable long-term benefit—the initiation of a well-balanced political unit of international character from which there could emerge, in a change from nationalism to a supra-national government, the same evolution of security, law and order which emerged from feudalism once the foundations of a national state had been laid.—Yours faithfully,

I. J. PITMAN

House of Commons

Salvage

SIR—Quite right: "pick up the broken china." But throw it away. Get a new piece. Look at the broken bits.

(1) The world is not ruled by the UN, but by America and Russia who rule the UN. No country has any hope in the UN if it is in the Russian ambit. Look at Hungary. It is dubious if any communist state in Panama would: at least recent events in Guatemala show that Americans look after their interests there. The council and assembly only act as sounding-boards for Russian and American policy. Our "time of troubles"—Greece-Turkey, Berlin, Korea, Formosa, Indo-China, the Middle East—has been a decade of Russian pushing along the curtain: sometimes right through, sometimes not, depending whether Americans were ready to "contain" Russians. The UN only runs at all because it has built-in stabilisers of Russian and American power.

(2) The Middle East, from India to Nato's and Europe's right flank in Turkey, has been a theatre of conflicting American policies—including the impolicy of denying any concern with it—since a sick Roosevelt started to woo the Arab states before the war ended, to please a myopic American "oil lobby." Not even Truman could reduce a dog's breakfast of policies to integrity: "getting the British on the run" from Persia to Egypt, producing a vacuum there but not filling it with American power, putting up vast numbers of illegal immigrants into Israel for an American electoral auction to ditch the British, selling Israel out to the Arab states who were ably keeping the British on the run, making the region safe for American oil by igniting everyone else's, not backing the UN's decision against Egypt over the use of the Canal by Israel, then not coming across when Egypt begged for *baksheesh*.

(3) Hence the UN's shocking double standard: one for countries inside the Russian ambit, for whom Americans are not prepared to lead a policy to the fighting-point; another for powers on the American side of the Curtain, whose interests are either "expendable" for peace (what an eye-opener for American critics of Munich!) or are courageously and generously defended by America for American interests.

(4) So Britain, France and all Western Europe are really second-rate powers—more cosily and kindly treated by Americans than are the second-rate satellites by Russia. Sir Winston saw all this coming long before, and shocked Europe at Zürich and America at Fulton by proclaiming it a decade ago. But Americans still haven't learned that a boat can sink wherever the leak is. They restore and defend Europe, then help to outflank it—where, as a peninsula, it has always been outflanked—by way of the Middle East and North Africa. Only Americans seem unaware of those 300 to 400 Russian planes *on the ground* which the Egyptians *could not fly* (your italics, Sir, last week). Well, Americans must pay the cost for the correction of myopia.

(5) So must the British. We must stifle our self-delusion, which now sounds like the *bravura* of little boys singing in a graveyard. After Suez and its bills, the Commonwealth and sterling area will become unworkable by 1958—due to the economic tug towards America and economic losses as new Dominions emerge in 1957—unless Britain takes the lead swiftly in Europe. We had Europe at our feet in 1945. Due to a narrow Tory-Labour "national socialism," we have done it dirt ever since. It is high time we stopped dragging our feet there over coal and steel, the common market, etc., and made amends.

(6) We must slash our defence burden, and integrate our armed forces far more closely with those of France, Germany and the rest, first and foremost for European defence. It is now clear that our defences in Europe can only be used hopelessly without American support, or perhaps fatally but victoriously with it. What on earth are we doing, or getting, with year after year of £1,600 million—one-third of a Budget taking one-third of the national income—on defence? Why not be realists? Americans are. They are also richer. We could strengthen ourselves, Europe, the under-developed people (quite as much as Americans have done, on the latter), and overcome the dollar gap by cutting out one-third to one-half of our defence effort. And even if the worst then befell, I don't see how we could be worse off than we have been, and are now: either we shall be overrun, or be a small ally of a big one.—Yours faithfully,

GRAHAM HUTTON

London, W.1

★

SIR—Much is being heard about the United Nations Police Force which government apologists are now claiming to be one of the positive gains from a British policy which some of them admit was not perhaps U in all respects, and certainly not UN! So it seems relevant to ask why at the United Nations we voted against the resolution calling for a Special Assembly which was the forum needed to enable our Canadian friends to propose the police force? We then abstained from the vote setting up the UN force for whose existence we now seem to be claiming credit. It is all very odd.—Yours faithfully,

London, S.W.1 STEPHEN KING-HALL

Shock and Distress in Ottawa

SIR—When your Ottawa correspondent in the article "Shock and Distress in Ottawa," expressed the anger of Canadian Government ministers and implied that this represented the reaction of the Canadian people to the Franco-British action in Egypt, many of us here were furious.

At the time the article reached Western Canada, we felt that we probably did not know all the ins and outs and possibly secret information about things which must have happened very recently to prompt the British Government to act so precipitately. But we realised that Britain was the last country in the world, and that Sir Anthony Eden was the least likely of any of Britain's leaders, to start something of this sort unless it was absolutely necessary. Furthermore, if we lacked the information to fully justify the event, at least we promptly recognised an aspect of the situation which we could heartily approve. This was and is that an individual whose vital interests are threatened by thugs is considered a fool not to protect them and is respected for so doing almost regardless of consequences. In so far as this widely accepted view is applicable to the situation in question, perhaps we were encouraged to admit the principle more quickly in Canada, because we are accustomed to our armed police shooting thugs quite frequently before risking asking questions, and we approve of this action. Evidence that I am right in thus suggesting that the first reaction in Western Canada to Britain's action was one of approval is provided by a very great majority of a vast number of letters to editors of the local press as well as by general conversation in the normal course of events.

While everybody was proud of Canada's proposal to the United Nations to organise a police force, the west at any rate and the coast in particular deplored the Canadian government's implied condemnation of England in the UN in company with Russia and the United States. Not having been in the east recently, I cannot speak of the east, but here in the west we are not very proud of Canada, and less so now that more information has been forthcoming.

Your Ottawa correspondent might be right in saying that Commonwealth relations have been damaged by England's action insofar as this applies to the Afro-Asian members of the Commonwealth, but I would say that in so far as the rest of the Commonwealth and US-Commonwealth relations are concerned, it has been more damaged by our action than by that of Britain.

I hope that this letter may do something to correct a most unfortunate impression which appears to have been gained in England partially resulting from your Ottawa correspondent's misinterpretation of opinion here. I find it hard to believe that opinion in eastern Canada differs very much from ours, but there are nevertheless great differences in many respects between east and west of our country, so this example of misinterpretation from Ottawa might constructively prompt you to have two correspondents in Canada, one in the east and one for the west, as the result of which your readers might well be better informed. As for your own views on this unfortunate Suez affair, these disgust us in the west to an extent that several of your readers took the trouble to telephone me to express these sentiments. How, may I ask, is peace to be achieved if it is not enforced? How is liberty to be enjoyed if those who wish to achieve it are not disciplined? How is Russia to be contained if her external meddling is not checked? Last but not least, how can one's vital interests be maintained if one is not ready to protect them in an age when too many covet others' rightful possessions?—Yours faithfully,

JOHN R. HORNE-PAYNE

Vancouver

Three Little Sins

SIR—Your polite answer is splendid to my plaint about the failure of the protagonists of the subtle and smooth working of the price mechanism to come forward and demand a rise in petrol prices. (Mr Schwartz must be honourably discharged from among the defaulters: in his weekly clowning he has upheld his tradition politically come what may.) I only hope—doubtlessly in vain—that in future there will be no more pretence in your columns about the "intrinsic economic superiority" of the price mechanism over other methods of equalising supply and demand. As you say the choice is a political one: who should bear the burden. This puts your previous support of rent-de-restriction and of the brutal ending of subsidies at last in its proper perspective.—Yours faithfully,

T. BALOGH

Balliol College, Oxford

India's Favourite Child

SIR—Your correspondent in India, writing in your issue of November 24th, made only a passing reference to the strict control exercised by Bakhshi Ghulam Mohammed over the people who wish to join Pakistan. This proves that, despite the lavish manner in which economic help is being given to occupied Kashmir by India, the Kashmiris have not accepted the bribe and have to be "kept down" by force.

It is also a pity that your correspondent made no reference to the passing of the so-called constitution making Kashmir "an integral part of India" in violation of the Security Council resolutions of August, 1948, and January, 1949, wherein it was agreed by both India and Pakistan that the final disposition of Kashmir would be in accordance with the will of the people expressed in a plebiscite conducted under the auspices of the United Nations.

In March, 1951, a Security Council resolution made it clear that any action the Constituent Assembly (in Indian occupied Kashmir) might attempt to take would not constitute a disposition of the state. India's representative, Sir B. N. Rau, said: "My Government's view is that, while the Constituent Assembly may, if it so desires, express an opinion on this question, it can take no decision on it."

As late as August, 1953, when the Prime Ministers of India and Pakistan met in New Delhi to resolve the Kashmir dispute, a communiqué issued by them affirmed "it was their firm opinion that this should be settled in accordance with the wishes of the people of the state." It was also decided that the Plebiscite Administrator should be appointed by April, 1954.

It now appears that India feels that the process of "conditioning" in Kashmir has reached a point at which those who fervently hope that India would carry out her international commitments may be faced with the bald truth and asked "to take it or leave it."

Miss Mirdula Sarabhai, a prominent social worker of the Indian National Congress, in a letter to members of the Indian Parliament, says:

"Why does not India have an efficient checking system to stop misappropriation of grants given for development and other purposes which are largely used for building up party strength, supporters of the present rulers, and for paying for a Gestapo system that reminds one of Hitler's regime where family members were pitched one against the other? The major part of the state funds does not go to public benefit, but goes to build up a new class of rich men in Kashmir. . . ."—Yours faithfully,

S. M. HOQ

Office of the High Commissioner for Pakistan Press Attaché

Capital in Manufacturing

SIR—In your issue of November 24, 1956, you gave my estimates of the replacement cost of assets in manufacturing, together with the margins of error (page 709).

At the Royal Statistical Society's meeting last week Mr Redfern thought that these margins were too high and a subsequent check has shown that he is right. The correct figures are £1,800 per person employed, plus or minus £70 (instead of £300) and for the total £15,300 million plus or minus £600 million (instead of £2,500 million).—Yours faithfully,

T. BARNA

London, S.W.1

Books & Publications

Churchill's England

A HISTORY OF THE ENGLISH-SPEAKING PEOPLES: *Volume II, The New World.*
By Winston S. Churchill.
Cassell. 344 pages. 30s.

SIR WINSTON CHURCHILL'S second volume opens with the accession of Henry VII and closes with the flight of James II. His sub-title suggests, and his preface outlines, a broad and spacious treatment of these two centuries, which saw not only the discovery of the American New World but also the opening of "other new worlds" in the realms of literature, science, political thought and art. But Sir Winston's treatment is much more restricted and, at first sight, more conventional: his theme is the political history of England, not the general history of the English-speaking peoples. There is only a short chapter on the settlements in America; Milton, Hobbes and Newton are not mentioned, and the universities' political sympathies receive more notice than do their contributions to thought and knowledge. It would be easy but foolish to add to the list of omissions: Sir Winston is not a competitor with the writers of textbooks, but a statesman reflecting on men and issues.

In the first third of this volume, devoted to the Tudor age, the author's strength is everywhere apparent without being fully deployed. He is not afraid to retell the old stories; he can condense the findings of specialist research into a single sentence with almost contemptuous ease; and he records the growth of Tudor strength without concealing the cost. The acts of persecution under Henry VIII "stand in repellent contrast to the enlightened principles of humanism"; doctrinal changes under Edward VI and Mary "exposed our agitated Islanders in one single decade to a frightful oscillation." In thirty-two pages Sir Winston gives us a wonderfully compact and temperate summary of the Elizabethan achievements. As a writer he relishes the Marprelate Tracts, "loaded with coarse, effective adjectives, though the sentences lumber along like the hay-cart in which the press itself was at one time concealed." As the Former Naval Person he soberly assesses the views of the English captains after the Armada:

> Their own ships had been sparingly equipped. Their ammunition had run short at a crucial moment. The gunnery of the merchant vessels had proved poor and half the enemy's fleet had got away. There were no boastings; they recorded their dissatisfactions.

But Sir Winston has reserved two-thirds of this book and his full strength for the great political and religious conflicts of the seventeenth century. "Free men may always take comfort from the grand lesson of history, that tyrannies cannot last except among servile races," he writes, catching again the cadences of 1940; and this theme of constitutional liberty reverberates throughout the book, enlisting the eloquence, the respect for law and precedent, the watchful regard for public opinion and the shrewd judgment of character formed and developed by decades of service in the House of Commons. It is not to be expected that Sir Winston should show much sympathy for James I, who wrote against tobacco, advertised his dislike for the House of Commons, and "had a deep-rooted nervous distaste for fighting." He notes with equal restraint and approval the far-reaching interest shown by James's subjects in European affairs: "Events in Prague and Ratisbon seemed as important to Englishmen as what happened in York and Bristol." He has a refreshingly commonsense view of Wentworth, whose desertion to the Crown he sees as the product of ambition, and of whom he writes magisterially: "That man, if given his full career, would have closed perhaps for generations the windows of civic freedom upon the English people."

His chapters on the civil war and its aftermath are extraordinarily effective and powerful, and full of Churchillian touches. Like his own ancestor and namesake he is repelled by the Scots. "We must admire," he writes, "as polished flint the convictions and purposes of the Scots Government and its divines, but one must be thankful never to have been brought into contact with any of them." And of Dunbar he observes sardonically: "Both sides confidently appealed to Jehovah; and the Most High, finding so little to choose between them in faith and zeal, must have allowed purely military factors to prevail." His account of Cromwell is masterly in its insight and balance. As a twentieth-century statesman he writes: "We know too much of despots and their moods and power to practise the philosophic detachment of our grandfathers." But as an historian he insists on the many ways in which Cromwell's dictatorship differed from modern patterns. Sir Winston describes the discords of the later Stuart period firmly and vividly. He is surprisingly kind to Charles II's personal rule, but this, after all, was an administration supported by a Churchill.

The reader expecting a comprehensive survey of all the changes and movements in English society in these centuries will be disappointed. This book displays something different: a strong and sagacious mind applying itself to great issues and institutions, drawing on extensive reserves of experience and feeling, expressing itself always with force and often with eloquence. It is as valuable for the light it throws on its author as for that it casts on its subject matter.

Outsider on the Inside

LOW'S AUTOBIOGRAPHY.
Michael Joseph. 387 pages. 30s.

"I FELT old," Mr Low writes after an interchange with Professor Laski eight years ago. In fact, Mr Low has remained peculiarly young ever since, a generation ago, he came to this country, from New Zealand *via* the Sydney *Bulletin* feeling that "uninhibited by reverence for the institutions and traditions of the Old World I had to be a nuisance."

What best destroys: a lampoon or a cartoon? Faced with this question a few weeks back, the BBC television Brains Trust fluffed it. A lampoon, they said rather cautiously, because it lasts; but they were, of course, comparing good lampoons (of which there are sadly few these days) with bad cartoons (of which there are sadly many). They did, however, put in a saving qualification; it was, rightly enough, the name of David Low.

Not that Mr Low has ever been a destroyer. It is obvious from even a glance at the pages of this book, as it has been from his writings for many years, that, if he had not been bent on cartoons, he would have made his mark well enough with lampoons; his pen is as tersely and as vividly to the point as his pencil. But, in his art as here, his purpose has always been "the old Gillray practice of using the person of the politicians to symbolise their policies"; "I never could be angry or hate for more than five minutes."

The cutting edge has always been there, however, if not the killing stroke. Mr Low came from down-under with all his "native tartness." From the start he stood up perkily against the "blood-and-iron school": he had "no sympathy with the type of British imperialist who assumed the possession of primitive emotions about one's native land to be patriotism among the British, but treason among the lesser folk." Nor had he any sympathy with the paternalism by which "the Big Ones governed for the Little Ones." He describes the Zinoviev letter election as a "raw debauching of the democratic process"; he calls the general strike of 1926 a ludicrous fiasco, born of the "clutter of jealousies, sordid ambitions and idiotic suspicion of 'brains' that hampered trade union and Labour party relations." He was perhaps more than anyone else the potent symbol of a reasonable liberalism between the wars, backed by no utopianism and certainly by no Marxism but by an Antipodean downrightness with its "disrespect and irreverence"—which he again and again asserts to be the essence of satire.

First and last Mr Low is an artist—"It must be awful to be a slave of skill" Max Beerbohm said of him. He is persistent and pernickety about the functions of the satirist: "a satirist perverted to hero-worship becomes pathetic and sickening." Satire is indeed at its best when it has something constructive behind its ridicule. Mr Low's goal has been "the right to lift up one's voice and utter one's opinions." So he has been solidly against "the impatient ones who [on the right or on the left] took the view that the earthly paradise would be reached much sooner if people were made to shut up and do what they were told." Between the wars, and in the wars, he was "pacific but not pacifist"; he favoured "evolution towards a world view along federal lines." He has been, outstandingly, a man of his times. He found his art to begin with in *Chips* and *Comic Cuts;* he found his first ideas, like so many of us, in H. G. Wells.

That he came as a gadfly from the Dominions was an added strength. Like Lloyd George, the "outsider," and Lord Beaverbrook, who "did not fit the frame at all," he did not belong. But, as his darts struck home, he "found new doors began to open"; "it was not long before I was attending diplomatic functions and inside the embassies." He was now the outsider on the inside. Has he become too much part of the scene he so sincerely and independently satirises? Is he, for all his origins, too kindly? Has he, charming and civilised, perhaps come to accept, too sensibly for satire, the view that "well-disposed men, whatever their allegiances, do not differ so much in their essential ambitions"?

"Ulysses" on England

ULISSE 23.
Edited by Marie Luisa Astaldi.
Florence: *Sansoni.* 168 pages. 700 lire.

A FLORENTINE review called *Ulisse,* which comes out three times a year, devoted its summer number almost entirely to "Inghilterra." Almost any political and economic description of countries, our own or others, published before the swift and radical events of the first weeks of November, 1956, is already dated, and too many of these articles are by English authors writing for foreign consumption in explanatory vein. Nevertheless, the number is a most interesting one.

In the post-November-1956 world, it is odd to read that the *Pax Britannica* was a naval peace, reinforced by the battleship, whereas the new *Pax Americana* is an air peace, reinforced by United States aeroplanes, and to find in Mr Herbert Nicholas's essay on Anglo-American relations that the marriage exists, that it is respectable, and that England holds the place of the Victorian wife, one of slight inferiority, but with important and "functional possibilities."

Another Fellow of New College, Mr Bernard Williams, disposes of a popular continental myth that the study of philosophy at Oxford has become bogged in logical positivism. Wittgenstein's influence has simply been "therapeutic." Mr Walter Taplin optimistically announces that England's "splendid isolation" ended in 1954 with the Paris agreements by which Britain keeps four divisions permanently on the soil of Europe, but, he adds, most British people have not realised what has happened. Mr Graham Hutton has three essays on the silent revolution of the welfare state. Mr David Stirling, describing the self-government developments in British Africa, makes one realise how far more vigorous those developments are than anything in the oil-producing Arab countries. Inevitably the most interesting contributions are those by Italians who know or have studied England for a lifetime, and how informed they all are about our contemporary literature, music, even our lack of anti-clericalism and our propensity for clerihews. We do not come too badly out of it all.

A Socialist Centenary

KEIR HARDIE.
By Emrys Hughes.
Allen and Unwin. 248 pages. 15s.
THE HUNGRY HEART: *a Romantic Biography of James Keir Hardie.*
By John Cockburn.
Jarrolds. 286 pages. 18s.

IT is a hundred years since the birth of Keir Hardie, and the anniversary is being marked by the placing of his bust in Westminster Hall, by a special exhibition at the Labour Party conference, illustrating his life and work, and by the publication of these two books. Of the four tributes the second is the most appropriate, for Hardie, although a man of real and unusual distinction, was neither a great parliamentarian nor an easy subject for biographical treatment. For documentation there is not much available except the texts of his speeches in the House of Commons, newspaper reports of some of those which he made outside, and a mass of propaganda articles which he wrote over many years for his own paper, *The Labour Leader.*

These limitations do not worry Mr Cockburn. His object was to write "a romantic biography," by which he means the selection of some of the better-known incidents in Hardie's life, and the erection around them of imaginative descriptions and not very convincing pieces of dialogue. He supplies few dates and, lest anyone should be tempted to work them out for themselves, he almost always prefers the "flashback" to the straightforward chronological description. His avowed object in writing the book was to wean some of the younger generation away from an exclusive interest in "TV and recording artists," and he does his best to make the transition as gentle as possible.

Mr Emrys Hughes has produced a

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A. LOVEDAY

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more serious work. There are no imaginary conversations, quite a number of dates, and long, almost too long, quotations from the sources which are available; and, on the whole, he writes well, with an infectious enthusiasm. It is not, of course, an objective book. Mr Hughes is Keir Hardie's son-in-law and one of the foremost exponents in the House of Commons of the 1912 school of socialist thought and oratory. He is impelled both by family and political affiliations to a hagiographic approach, although he sometimes seems more concerned to use his father-in-law as a stick with which to beat the heads of those within the Labour Party with whom he himself does not agree than to portray him as a figure in history. Thus he begins by recalling that when Mr Gaitskell was elected leader of the party *The Economist* suggested that his chief task must be "to turn his back on the age of Keir Hardie." Mr Hughes sees his chief task as the refutation of this point of view. He wants a party of warm-hearted, uncompromising agitators, as militant at home as they are pacific abroad; and he is anxious to portray Keir Hardie as a prototype for this kind of politician.

But is this fair to Hardie? It pays scant attention to the shrewd patience with which he coaxed the trade union leaders into forming the Labour party; and it involves glossing over such a pregnant sentence as the following, which he wrote in *The Labour Leader* in 1908, discussing the politics of local government in his constituency: "But I would rather have Andrew Wilson, a plain working collier, Labour Mayor of Merthyr with twelve trustworthy Labour colleagues under him, than have every ward in the borough strewn with the remains of the slaughtered Socialist candidates, however valiantly they have waved the red flag and shouted out their class war dogmas." Is Mr Hughes quite sure that Hardie, had he been alive today, would have been as firmly wedded to 1912 as is he himself?

A Constitutional Detective

LAWS AND FLAWS.
By E. F. Iwi.
Odhams. 224 pages. 21*s.*

ALMOST all the matter in this book is interesting; but the author himself is more interesting still. Mr Iwi is a solicitor by profession, but his true love is for constitutional law, and here his detailed knowledge and his powers of penetration are astonishing. His mind is stored with minutiæ of procedure and forgotten sections of Acts of Parliament. When he needs spiritual comfort or stimulation he draws on his stock of learning, turning over in his mind former precedents and present problems. Like the householder in the gospels he brings forth familiar treasure, things both old and new, getting the same solace from them that some men get in times of stress from reciting to themselves passages of scripture or the blank verse they learnt in their youth.

On a Sabbath afternoon, at the height of the war, he was walking in a London park with his two small children, and suddenly he began to speculate on whether it would be constitutional to send the crown of England out of England for safe keeping. At once he forgot all about the children and drifted home alone, pondering a memorandum which he afterwards sent to the authorities. They told him that the crown was buried, and only three people knew where. Very like the Musgrave Ritual.

He joined the wartime fire service and in the bombing of London went through some very unpleasant experiences. In 1940 during a heavy raid, while he was running up and down ladders and doing all the other dangerous things that firemen do, he felt that he needed distraction, and accordingly turned his thoughts to "the proviso to the motion first passed by the Commons in 1938," providing for the recall of the House during the adjournments. With bombs falling north, west, south and east of him, he thought the proviso out and decided that it was *ultra vires*. Then and there he made a note of it. Next day he wrote to the Speaker, who had the standing order put right.

Among his other successes Mr Iwi got the Regency Act 1937 amended, because he saw—what everyone else had missed—that Princess Elizabeth would not come of age at eighteen. An heiress-presumptive comes of age when she is 21, and the popular notion that 18 is the right figure is nonsense. But the Regency Act had been based on the fallacy and it had to be altered. Mr Iwi got the law altered, too, when he pointed out that county court judges did not take an oath before starting their judicial careers. Now they have to. He called attention to the fact that the Duke of Edinburgh at the opening of Parliament sat beside the cloth of Estate. It was a grave breach of constitutional law. By the House of Lords Precedence Act 1539 the Duke was undoubtedly offside throughout the ceremony.

On other matters Mr Iwi has some weighty things to say. His chapters on delegated legislation and administrative tribunals are excellent. The dangers of an encroaching civil service cannot be pointed out too often and Mr Iwi points them very well.

Poetic Alliance?

BYRON AND GOETHE.
By E. M. Butler.
Bowes and Bowes. 237 pages. 30*s.*

PROFESSOR BUTLER'S thesis in this book proclaims her an ardent believer in Shelley's dictum that poets are the unacknowledged legislators of mankind; for it is nothing less than that Byron and Goethe in conjunction left to Europe the legacy of daimonism—"an indescribably baneful force, sanctioning spiritual evil in high places"—which fostered Hitlerism and consequently changed the face of the world we live in. There cannot be many readers of *The Economist* who would agree with this

account of the origins of Nazism, even if they are prepared to grant that there is an incalculable power latent in personal relationships and diffused ideas.

What makes the thesis extravagantly Romantic is the fact—fully admitted by Miss Butler, and indeed amply demonstrated—that the association between the two poets was of the most tenuous kind. It was not based upon personal contact—they never met. Nor could they fully appreciate one another's poetry. Byron, with his contempt for uncouth Teutons, neither knew nor wished to know any German. Goethe's knowledge of English was very imperfect, and this made him a conspicuously poor judge of the relative poetic merits of Byron's writings. Nevertheless, he succumbed to the fascination of his unorthodoxy, and came almost to adore a dream-figure that did not much resemble the man who was Byron.

An intricate story is entertainingly unravelled in this book—of dedications, intended by Byron as tributes (by no means solemn) to "old Goethe . . . that illustrious patriarch of European letters," that were suppressed, mislaid or tactlessly revealed, almost as though a mischievous fate had been at work to frustrate even an exchange of literary courtesies between the two great poets. But nothing could quench Goethe's passionate enthusiasm for the name and fame of Byron, which came to poetic fruition in the second part of *Faust*.

Miss Butler deploys her learning in a way calculated to convince the non-specialist that here is learning made easy, but there are times when her style gets quite clogged with clichés. Her wish to arrest sometimes leads her into absurdities; for instance, when she heads a chapter describing a temporary coolness "The Ice Age," or entitles another section "Sound Barrier," when she merely means that linguistic difficulties hampered communication between Byron and Goethe. However, there is much new and interesting material here, and plenty of provocative ideas.

Retailing from Afar

SHOPS AND STORES TODAY.
By Ellis E. Somake and Rolf Hellberg.
Batsford 231 pages. 63*s.*

THIS book will be valuable to the architectural and town-planning student, for in the short compass of 200 odd pages it gives them a quick and broad view of the whole retailing field. But it will be of less interest to the specialist concerned with distribution problems in terms of town planning. To big retailers, who have grappled with the subject at first hand, it will inevitably seem elementary and superficial, and, indeed, not to deal with many of the major problems at all.

Thus fewer than eight pages have been devoted to the technical problems raised by self-selection, self-service and supermarkets, which now overshadow the whole future of retailing. Little attempt has been made to relate the problems of the retailer to the economics of rapid technical change. However permanent the structure of a store may be (and even this may have a useful life of only thirty-five years), the rest of the normal equipment of retailing must be regarded as having a very short life. The inside of an entire store today may well have to be written off in ten years or less. In the same period a new town centre may become out of date unless the effects of traffic problems and changing social habits are taken into account in periodic reorganisation.

The British architect, town planner and shop designer today must understand these questions; but this book will not answer many of them. It will serve as a reminder of the many independent variables to be taken into account in working out store policy for the years ahead; but the merchant seeking the answers will be forced back to the usual wet towel round his own head and the usual interminable arguments with his board and his experts. The authors have clearly put an immense amount of work into this book, but it does not provide the comprehensive study of applied economics in modern retail practice for which those who have to build and rebuild stores are waiting.

Shorter Notices

SOUTHWEST PACIFIC.
By Kenneth B. Cumberland.
Methuen. 383 pages. 28*s.* 6*d.*

In this straightforward account of the geography of Australia, New Zealand and their neighbouring Pacific islands, the main emphasis is on descriptive agricultural and industrial geography. The physical background is more lightly sketched, particular attention being given to its effect on the extension of European settlement in Australia and New Zealand.

Written by the Professor of Geography at Auckland, this is very much a New Zealand book. Australia, for all its size and importance, receives only two more pages of text. Particularly on the rapidly changing Pacific Islands, and on New Zealand, this is a valuable advanced textbook for geographers, which should also provide a useful background of basic knowledge for others interested in the southwestern Pacific countries.

★

WEBSTER'S NEW WORLD DICTIONARY.
Macmillan. 1,716 pages. 70*s.*

The world "discriminative" on the cover arouses a slight feeling of resentment; but this dictionary is a descendant of the traditional Webster, and justifies itself entirely by its definition of the word. Its disadvantage is its typography; but it gives the words you want with great efficiency, and helps you with not very pretty little pictures of the things that take too long to describe. It is particularly useful for giving the national variants between English and American usage, and it only seriously betrays its origin in its phonetics; it also gives the explanation of some, though not all, of the groups of initials, such as Nato, by which national and international organisations are known. All this is compassed in one, not unwieldy, volume.

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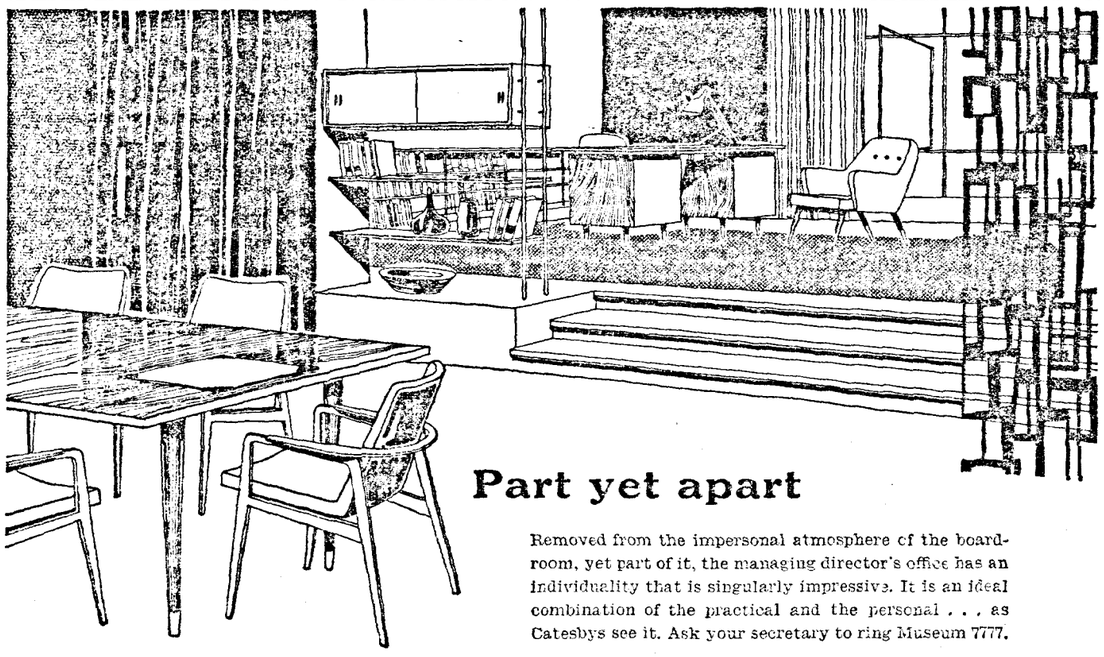

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American Survey

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

What Next for the Democrats?

Washington, D.C.

THE Democratic party, badly shaken by its stunning defeat in the presidential election but still in control of both Houses of Congress and with a majority of state governorships, is more sorely vexed by the character and significance of its successes than by the magnitude of its failure. The members of the party's executive committee, who gathered this week for a two-day meeting on strategy, were disposed to regard Mr Eisenhower's great triumph as an unnatural phenomenon, distasteful enough but not likely to be repeated by his Republican party. The Democratic victory in Congress, however, poses hard questions of future plans and legislative programmes which cannot be rationalised away so easily. The Democrats' paradoxical fate was vividly summed up by Mr Jacob Arvey, the party's leader in Chicago, who commented: "All this talk about a great victory is fine. I think we scored a great victory. I also think we got hit by a truck."

The issue confronting the Democrats is whether it would enhance their chances of winning the great prize of the Presidency in 1960 to continue the conservative policy of "moderation" which has been followed during the past four years by Mr Lyndon Johnson, the Democratic leader in the Senate, and his senior congressional colleagues. There are many in the northern liberal wing of the party who believe that it would not. They point to certain grim statistics concealed behind the pleasing façade of the Democratic majorities in Congress. Only eight of the forty-nine Democratic Senators come from the heavily populated tier of northern states stretching from New York to Iowa. Moreover, outside of the South and the border states, the Democrats hold only 130 seats in the House of Representatives compared with 193 held by the Republicans. In the opinion of liberal Democrats, these figures tell a story of dangerous weakness that must be countered by a progressive legislative programme tailored to fit the needs of the voters in the cities and suburbs of the North because it is there that the Presidency is won or lost.

Senator Johnson's moderate policies are founded on two premises: the Democrats are partners in running the government since they control Congress and should, therefore, place co-operation with the Administration in the national interest ahead of partisan militancy; secondly, the crucial domestic problem of guaranteeing civil rights for Negroes cannot, in his view, be settled by Congress. Mr Johnson's critics contend that he has shown excessive tolerance toward President Eisenhower and his Administration and that, as a result, political issues have been blurred and the party has failed to build a record for future elections. They argue further, that the party is "digging its own grave" by evading the civil rights issue.

Last week Senator Humphrey of Minnesota and five of his northern colleagues proposed a 16-point legislative programme for the congressional session which begins in January. The programme covered a long list of domestic items such as housing legislation and tax reform, but its most explosive recommendation was for the repeal of Senate Rule XXII: this rule makes it impossible, as a practical matter, to cut off debate and thus enables southern members regularly to talk civil rights Bills to death by "filibustering." A struggle over changing the rules of the Senate is certain to rend the party and gravely to embarrass Mr Johnson's plans for harmony. Indeed, merely to offer a Democratic programme was a challenge to his leadership. When, after the election, Mr Johnson was asked at a press conference whether the Democrats would present a legislative agenda of their own, he replied: "No, we'll wait for the President. We'll support him when he's right and oppose him when he's wrong."

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Senator Humphrey's decision to wait neither for the President nor for Mr Johnson is a significant indication of the new mood of the northern Democrats. An agile and perceptive politician, Mr Humphrey had accommodated himself quietly during the past four years to the prevailing mood of "moderation," much to the disappointment of his liberal admirers who were thereby deprived of one of their few skilled and articulate spokesmen in the Senate. The executive committee this week provided limited but effective backing for Mr Humphrey's revolt. Although the members did not specifically endorse his 16-point programme, they reaffirmed their support for the Democratic platform adopted at the National Convention last summer which contains a precise pledge to revise the Senate rules. The committee also authorised the appointment of an advisory group of seventeen party leaders to formulate Democratic positions on major issues, a form of assistance which Senator Johnson and his congressional colleagues clearly regarded as gratuitous and unnecessary. Finally, the committee declared that the Democratic majority in Congress

> not only has the power but the duty to act on its own in the country's interest. We therefore hope our party will make Democratic initiative the order of the day so that we can quickly resume social progress at home and save the situation abroad.

The course of this incipient revolt will depend largely on Mr Stevenson, since the northern Democrats in Congress are much too weak in numbers and influence to carry the fight very far without broad support from the party outside of the legislative chambers. Mr Stevenson's prestige is now completely eclipsed, for he polled fewer votes almost everywhere than did other Democratic candidates seeking lesser offices. Yet his star is not likely to hang low on the horizon indefinitely. Although he has no formal power as the party's titular leader (this being a dusty and anomalous honour), and although he is no longer regarded, as he was in 1952, as a possible candidate for the Presidency again, he remains the party's most eloquent spokesman and commands a devoted and influential personal following. The new advisory body set up this week may afford him a convenient vehicle for bringing his weight to bear.

His defeat shattered the uneasy agreement established among Democrats for the past four years. During that period, Mr Stevenson agreed that "moderation is the spirit of the times"; he maintained good surface relations with the southern leaders in Congress; and Mr Stephen Mitchell, his personal choice as chairman of the Democratic National Committee, busied himself binding up the wounds of various disaffected southern elements who had bolted from the party in 1952. Former President Truman, Governor Harriman of New York, and other advocates of a more radical course, grumbled about this strategy, but they were powerless to break through this concert of interests. Yet in the recent election, Mr Stevenson failed spectacularly to derive any benefits from the policy of moderation: the same southern states which bolted four years ago deserted him again and were joined by Louisiana.

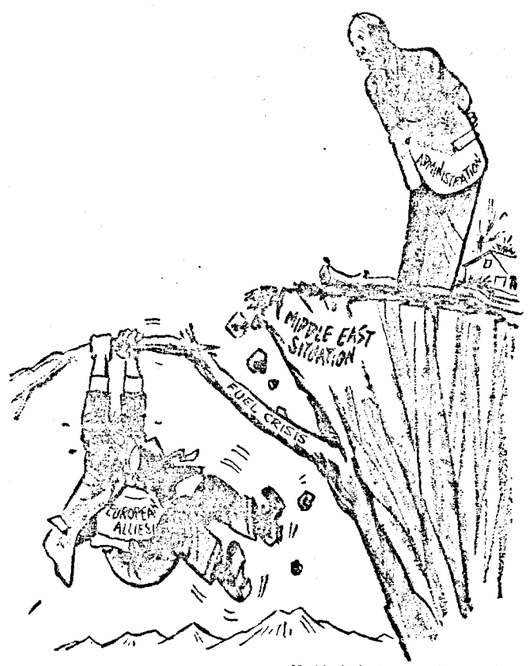
Mr Stevenson's liberal advisers are now urging upon him the view that a policy designed to calm the South not only fails in that objective, but also handicaps the party in the North. If he accepts this, he may provide the present incohate restiveness among northern Democrats with a personal rallying point which Mr Humphrey and the other lonely rebels in the Senate cannot supply. However, it must be remembered that Mr Stevenson is a shrewd and wary politician. He is reasonably certain to exhibit the same caution and subtlety in protecting what he regards as the long-range welfare of the party in the future as he has in safeguarding his own interests in the past. In other words, Mr Stevenson may challenge the congressional hierarchy for interim leadership of the party, but he will avoid the role of a knight errant tilting at impossible windmills.

Some Oil for Europe

THE difference between the arrangements already made by the major American oil companies to supply extra oil to Europe, and what they could do, if they were given active encouragement by their government, is not wide enough to give any justification for applying the term "sanctions" to the American government's studied disinterest in Europe's oil famine. Nor does it mean, as seems to be too commonly supposed, that no additional American oil is being sent to Europe. Tankers carrying the first fruits of the co-operation by American companies are in fact arriving in Britain this weekend. Stocks of crude oil in the United States, which were abnormally high when the Suez canal was blocked, form the first reserve from which the extra supplies are being brought, and a start has been made with drawing on shut-in capacity both in the United States and in Venezuela. But the minimum assistance that Europe must have from the United States, if consumption is not to fall below even 75 per cent of normal, can hardly be less than that envisaged by the American government when plans were drawn up to support a possible boycott of the Suez canal on the assumption that the Mediterranean pipelines would remain open.

These plans provided for an increase of 800,000 barrels a day in American output of crude oil, of which 300,000 barrels a day would make up for middle eastern supplies formerly imported into the United States, leaving 500,000

"Tsk Tsk"



Herblock in the *Washington Post*

barrels a day extra for Europe, to be supplemented by any additional supplies obtained from Venezuela. The major crude oil buyers wanted production for this month raised in Texas by 300,000 barrels a day: but the Texas Railroad Commission allowed only an extra 75,000 barrels a day; a similar increase has been permitted in Louisiana. Uncertain about the duration of the emergency demand, and with no official assurance from Washington that the additional output will all be sold, or even that imports of middle eastern oil are coming temporarily to an end, the state regulatory bodies are reluctant to authorise any sharp increase in output. The producers also prefer to wait until the burdensome stocks of crude oil are reduced, and the price begins to harden, before seeking to open up much of their shut-in capacity.

The absence of a lead from the government is even more serious in its effects on the degree of co-ordination and integration that can be achieved in purchasing oil and operating tankers. American companies can and are diverting tankers to the Caribbean/European run and utilising as best they can the tonnage they control individually. But although the Department of Justice has announced a half-hearted relaxation of the anti-trust laws to facilitate emergency arrangements, the oil companies are still uncertain whether they could with impunity exchange full information about their supply position, purchasing plans and tanker operations. In any event they have not succeeded in doing this, and have forgone a gain in efficiency, and thus in the amount of American oil that could be delivered to Europe, of perhaps 5 or 10 per cent.

The American government now has the opportunity of aiding, by assurances of the type suggested above, a co-operative movement of oil to European countries who are already co-ordinating their own activities through OEEC. To give aid in this manner need not imply any formal resurrection of the Middle East Emergency Committee—nor need American support for innocent bystanders in Europe be construed as condoning the British and French intervention in Egypt.

Open Door for Hungarians

BY a striking coincidence, the first plane load of Hungarian refugees landed in the United States just in time for Thanksgiving Day, November 22nd, when Americans celebrated the successful survival of the first refugees to flee to North America. The Hungarians are coming in under the Refugee Relief Act of 1953, which provided for special entries in addition to the narrow and restrictive quotas of the McCarran-Walter Act of 1952, the basic immigration law; 209,000 additional immigrants, in various categories, were to come in over a three-year period. The category which applies to the Hungarians, that for political refugees resident in West Germany and Austria, contained 35,000 of these extra visas but many of them have already been used.

Previously the modest intent of the Refugee Relief Act was seriously frustrated by its administration; the *Washington Post* called it "a compound of the kind of red-tape that strangles men's hopes." But the President has now given a lead to a vast wave of official and popular sentiment that is unravelling the red-tape at almost breakneck speed. The hitherto tortuous process of screening and personal sponsorship has been either dramatically accelerated or else waived. The President spoke of 5,000 Hungarians being admitted before the Act expires on December 31st and since then hopes have been expressed that room for 10,000 will be found.

Before the Hungarian rebellion, it had been confessed officially that the number of immigrants actually coming in under all categories of the Act would fall short of the number allowed by about 30,000. But now procrastination has given way to speed; forty per cent of the 500 Hungarians arriving last week have already been found homes and jobs. Some of the applicants of the last few years may well be envying the Hungarians; the *New York Times* has asked: "if this could be done now, why hasn't it been done all along?" Certainly President Eisenhower's hand will be strengthened when he next asks Congress to redeem his pledge to revise the McCarran Act drastically. The most stalwart opponent of such revision, the Act's joint author, Representative Walter, a right-wing Democrat, after visiting Hungary to see that the Act was not being evaded, is now urging the speed-up of immigration procedures and is pointing to hitherto unnoticed "flexibility" in the Act; he has generously said that he does not believe that there are many subversives among the refugees.

Congress Without George

THE man whose absence will be most noticed—and most regretted—when the new Congress meets next January will be Senator George of Georgia. Even though a Democrat, he was by far the most powerful and respected supporter of the President's foreign policy in the past four years. Mr Eisenhower could also rely on his help nearly, although not quite, as much when it came to questions of taxation, a matter on which Mr George also exercised great influence over his fellow-members. His successor as chairman of the Foreign Relations Committee is Senator Green of Rhode Island, who is more vigorous and more progressive than is suggested by his age; at 89, he is the oldest man in the Senate. He, too, is a believer in a bipartisan foreign policy, but under his rule the other competent Democrats on the committee, notably Senators Fulbright and Mansfield, are likely to get more chance to advance constructive alternatives to the Administration's proposals than they have had in the past.

The House Foreign Affairs Committee will have a new chairman as well, to succeed Mr Richards of South Carolina—Mr Gordon of Illinois. In both these cases, northerners are replacing southerners, a matter of some importance in these particular committees at a time when isolationism is beginning to develop, especially in economic directions, in the South. But a more important change, from the point of view of weakening the grip of the South on the Democratic party, is the expected replacement of the defeated Senator Clements of Kentucky, by Senator Mansfield of Montana, an energetic and respected liberal, as Democratic whip; the holder of this appointment is in effect the deputy leader of his party in the Senate.

Unfortunately, nothing is apparently being done about replacing Senator Eastland, of Mississippi, as chairman of the Judiciary Committee; the knowledge that, if the Democrats won again, this racial bigot would be responsible for dealing with civil rights had much to do with the Negroes' defection to the Republicans in last month's election. Mr Eastland's prejudiced school of thought has been reinforced by a newcomer to the Senate, Mr Talmadge, of Georgia, the Democrat who replaces Senator George. The Republicans have lost a reactionary with the defeat of Senator Welker, but have gained one by the arrival of Senator Reverconb from West Virginia. The other seven newcomers to the Senate, whichever their party, are all active, articulate and able men, most of them experienced in government; with the possible exception of the unpredictable Mr Lausche from Ohio, they are all expected to have a progressive approach to both domestic and foreign affairs.

Enforcing the Court's Decree

FROM A SPECIAL CORRESPONDENT

THE defiance with which southern states received the Supreme Court's recent decision against racial segregation in buses in Alabama has focused attention once again on the question of how the Court can impose its rulings if local authorities refuse to accept them. That the answer is both complicated and not very satisfactory became apparent in the early autumn when riots broke out in a number of places where racial segregation was being abolished in schools, in accordance with the Supreme Court's decision of May, 1954. In Clinton, Tennessee, the State Governor sent troops to quell the disturbances; these soldiers were there to enforce the order of a federal district court forbidding segregation in Clinton, and they have now been withdrawn, leaving Negro and white children in school together. But in the towns of Sturgis and Clay, in the neighbouring state of Kentucky, where the local school boards also tried to integrate the two races, the direct compulsion of a court decree was lacking. As a result, the boards gave up in the face of violence, even though here, too, the Governor sent troops to their aid. However, in Texas, where Governor Shivers refused to back up the Mansfield school board, which was acting under an order from a federal court, the board chose to obey him rather than the court.

Whether these school officials in Mansfield will be held in contempt of court remains to be seen. In the Deep South, where Governors and Legislatures say that they intend to defy the principles laid down by the Supreme Court, no federal district court has yet had to meet the problem of enforcing its own decrees in the face of organised resistance by a state government. No one knows quite what would happen if it came to a show-down. There is little historical precedent to rely on, and public discussion of school integration tends to avoid the issue as involving problems too unpleasant and too distant to consider.

In fact the procedural stages leading to a show-down are long and complex, and the case may be settled at any stage by compromise or by default. To begin with, court orders are binding only on the parties to the litigation. As the school boards of Sturgis and Clay discovered, the original decision of the United States Supreme Court applied only to the five boards directly involved in the particular cases then under consideration. In order to enforce the principle of the decision against another school board, even in one of the same five states, it would be necessary to bring another law suit. If the local court chose not to accept the Supreme Court's interpretation that the "equal protection" clause of the Fourteenth Amendment to the Constitution outlawed racial segregation in schools, then the losing party would have to appeal, sometimes through two or more appellate courts, and perhaps even to the United States Supreme Court. Even then the case goes back to the lower court for the terms of compliance to be fixed according to the standard of "all deliberate speed" laid down by the Supreme Court.

Even when a local court has issued a decree requiring a school board to take definite steps towards integration, within a specified time period, such a decree is not self-enforcing. The ordinary way of compelling compliance with a court order is a contempt proceeding. This is a separate stage in the process of litigation, and requires a separate hearing. The court may impose a fine on the defendants, payable either conditionally, if they fail to comply with the original decree, or absolutely. The court may also require its marshal to take the defendants into custody, again either as a condition of compliance, or simply as punishment for non-compliance. But courts are reluctant to hold state officials in contempt, and they will be strongly influenced by arguments that law and order could not have been maintained if compliance with the court's decree had not been postponed; this was the contention in Mansfield, Texas.

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Even a contempt order has no special magic of its own. Where a court has the backing of state authority, it can rely on the police powers of the state to enforce its orders. State Governors can and have called out the state militia and, in exceptional circumstances, have even sought and obtained the help of federal troops to stand behind the court's marshal. But where a federal court attempts to enforce its decree in defiance of state authority, it faces extraordinary difficulties. Federal courts are at best half-strangers in their own homes. They sit to enforce the federal Constitution and the laws enacted by Congress, and to decide controversies between citizens of different states, where a state court might tend, in theory at least, to favour its own fellow-citizens. Nevertheless, federal courts have made their orders stick, despite organised resistance by state governments, and the President today has express statutory authority to back up court orders with force, either by calling out the state militia, which can be federalised in times of national emergency, or by employing the armed forces of the United States.

One of these statutes specifically authorises the President to exercise these powers when conditions within a state result in a denial of the equal protection of the laws guaranteed by the Fourteenth Amendment to the Constitution. President Roosevelt did send federal troops into Detroit, during the 1943 race riots, but at the specific request of the Governor of Michigan. Short of these drastic remedies, it has been argued that the Attorney-General of the United States has authority, without additional legislation, not only to enforce the very limited criminal sanctions now available against persons who deprive Negroes (and others) of the equal protection of the laws, but also to obtain decrees in equity, applying the principles of the school decisions in other specific cases. There is some disagreement within the Department of Justice as to whether the Attorney-General can act without further legislation, and there might be additional resistance from the United States Attorneys who represent the federal government in their local communities, and who would have to undertake the actual lawsuits. These Attorneys from southern states have now been summoned to Washington to discuss how the latest decision against segregation in buses is to be carried out.

Positive action by any branch of the federal government necessarily waits—like so many other things—on the leadership of the President himself. Thus far he has not exercised that leadership on the school issue, but has contented himself with general statements urging "moderation." It remains to be seen whether his resounding victory at the polls will give him heart to take positive steps to achieve equal rights for coloured citizens.

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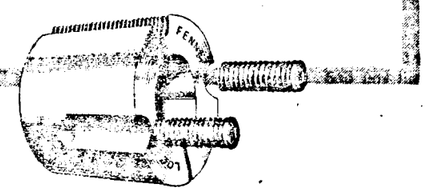

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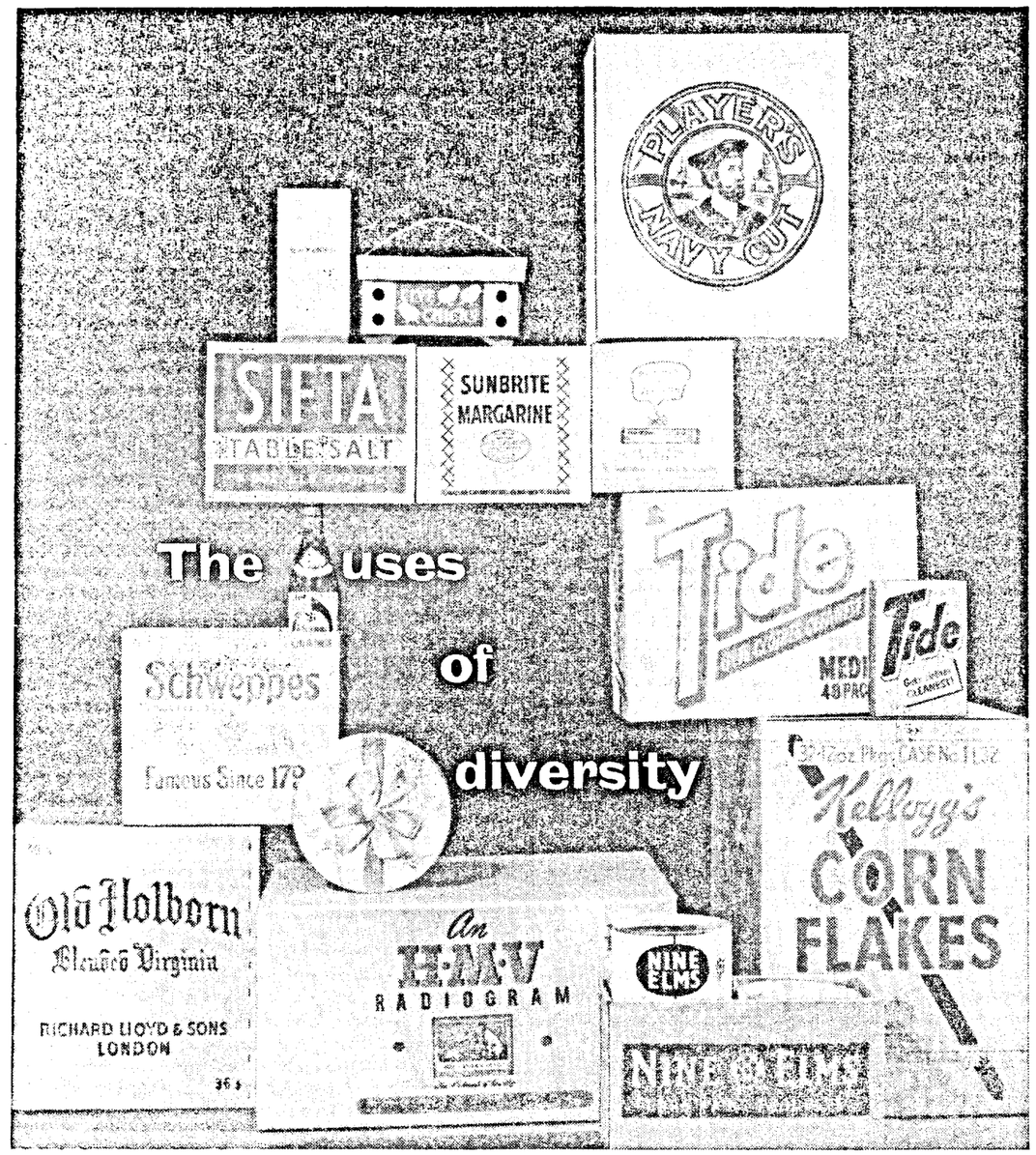

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Classified Results

A HARDY annual of Washington politics is the struggle for clarification and limitation of "classified" information. The deliberate leakage of confidential matters has gradually become an habitual technique of inter-departmental warfare, without which the great syndicated newspaper columnists would be mere astrologers. The main offenders, both as regards unjustifiable restrictions on information of public interest and as regards spreading secret information for the sake of stealing a march on governmental rivals, have been the service departments. The Department of Defence this year chose self-criticism as the best form of counter-attack; it set up a group of high-ranking retired officers to enquire into the reasons for "unauthorised disclosures of classified information."

The committee has found that the heart of the problem is inflation, that military men use "secret" and "confidential" rubber-stamps far too readily; it recommends steps to curtail "over-classification" of documents so as to keep press and public better informed and to help protect real secrets. The committee urges that inter-service courts of enquiry be created to track down and to punish severely the guilty in any particular service. The report, indeed, seems more precise about discipline than about "declassification." One of the biggest difficulties has been that "national security" classifications have protected purely administrative policies from premature divulgement. The report recommends more frequent resort to a "For Official Use Only" markings upon papers that do not involve national security.

The Secretary of Defence has expressed serious reservations about one aspect of the report—a proposal to summon journalists before "grand juries" to be questioned about the source of any leak which "obviously gravely damages the security of the Nation." He thus blunted some of the blows of the House of Representatives' subcommittee on government information, which has been holding highly critical hearings on the Defence Department's restrictive policies. It has, however, taken up the cudgels very effectively on behalf of the scientists who are still worried that needless security restrictions are seriously hampering their research. The committee has now cancelled its hearings until January, claiming a lack of co-operation from defence officials—though it may be that the official report has spiked its guns, or at least gained time in which to demonstrate reform.

More for the Railways

IT is now virtually certain that the three-year contract concluded a month ago between the American railway companies and their 728,000 employees who are not directly engaged in operating trains will be accepted, without any substantial modifications, by the four unions to which the footplate men and other train crews belong. The agreement, which provides for a total increase of 26½ cents an hour in wages and other benefits over the three-year period, has already been accepted by the powerful Brotherhood of Locomotive Firemen and Enginemen. As part of the price of securing their agreement, the railway companies have had to abandon once again their forlorn attempt to remove the redundant firemen from the footplates of diesel locomotives.

Without waiting for the loose ends of the wage contract to be tied up, all the railways have already petitioned the Interstate Commerce Commission for permission to pass on increased wage and material costs by increasing freight rates by an "emergency 7 per cent." Of greater interest is the application by the railway companies in the east and west of the United States—although not in the south—for a separate 15 per cent increase in freight rates. This, in the opinion of the railways, although apparently not of the ICC, should be considered an addition to the 7 per cent demand, making a 22 per cent increase in all. While rising labour, steel and other material costs can be used to justify a 7 per cent increase, the additional 15 per cent can be vindicated only by the need of the railways for additional profits to plough back into large purchases of new locomotives and rolling stock and into other capital expenditure.

At the same time, the eastern railways have pending before the ICC a request for an increase of 5 per cent in "coach" or third-class passenger fares and a spectacular increase of 45 per cent in first-class fares. This has been interpreted as a barely disguised move by the eastern railways to divest themselves completely of their unprofitable luxury operations, and their competitors in the west, who do not agree with that policy, have submitted a separate request for an increase of only 5 per cent in first-class fares in an attempt to put a spoke in the eastern railways' wheels. Hearings on the emergency increase are going on at present, but the larger questions, and the crucial argument about the allocation of overhead costs between passenger and freight services, may be dealt with in greater detail in the full-dress hearings on the application for the 15 per cent increase in freights, which are to be held in February and March of next year. The outcome of the later hearings may do much to settle the future pattern of growth of the entire transport industry in the United States.

Louisiana Against Long

FROM A CORRESPONDENT IN NEW ORLEANS

PRESIDENT EISENHOWER'S most unexpected success on November 6th was in Louisiana, which gave a majority to a Republican candidate for the first time since 1876. Mr Stevenson's narrow victory in the state in 1952 came from the Negro voters, who provided him with his only solid block of support there; this year they turned against him, expressing dissatisfaction with Louisiana's Democratic Senators and Governor for "not doing anything for us" and for "not speaking up on the segregation issue." Other people in the state voted for Mr Eisenhower out of gratitude for the prosperity they had enjoyed during the past four years, when an Eisenhower Democrat, Mr Kennon, had been Governor, and in protest against the threat to that prosperity from the present Governor, Mr Earl Long, a Stevenson Democrat. He had put on the ballot a series of constitutional amendments which, if approved, could hardly have failed to check the recent vigorous industrial

expansion in the state. The press and public opinion, in the business community, at least, were massed against Governor Long, and his fight for the survival of his programme quite overshadowed the presidential contest.

There is, therefore, no reason to suppose that Louisiana has been permanently converted to Republicanism. The state sent a Democratic Senator, Governor Long's nephew, back to Washington unopposed even as it turned to Mr Eisenhower. Louisiana's verdict this year was partly an endorsement of the President's non-partisan popularity and even more a reaction against Mr Long's attempt to start the state off on another hayride which might have made the era of his notorious brother, Huey Long, seem like a Sunday school picnic.

The voters rejected overwhelmingly Governor Long's proposed amendments to the constitution—already the longest and most complicated of any state in the union. They would have opened the way for punitive taxation of such vital resources as timber, sulphur and natural gas and would have enabled the Governor to fill with his supporters various public commissions dealing with such matters as wild life, fisheries and social welfare. The most important amendment would have made it possible to repeal the constitutional provision that two-thirds of the members of the State Legislature must approve bills increasing taxation ; a simple majority would have been substituted. It is this provision which brought defeat after defeat to the Governor, within six months after he had been elected with a stunning majority, in a legislature which was swept into office on his coat-tails and filled with his hand-picked supporters. The voters of Louisiana have now finally thwarted his hopes of turning the state into his own happy hunting-ground.

Yet only last January those voters sent Mr Long back to office for the third time—the law did not allow him to succeed himself, so he could not run in 1952. After a campaign loaded with personal vilification of his political foes he rode into office on what he interpreted as a " mandate from the people." Casual observers might well have thought that he truly had such a mandate, for with all its zesty love of the rough and tumble of old time politics Louisiana is not sophisticated in the modern arts of government. Since the heyday of Huey Long, whose creed that " every man's a king" won him election both as Governor and as United States Senator, the rural voters and those voters in the cities who hope for rewards from political patronage have unfailingly given the Long political dynasty a free hand in their state.

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Much of this has been based upon the shrewd techniques employed by every member of the family who seeks office in Louisiana. The southern part of the state is predominantly French Catholic in history and mood, and gay New Orleans has always reflected the volatile Gallic attitude of the region. Today a modern, bustling seaport and industrial city, it still recalls with pleasure the lusty old days when sleek gamblers plied the river boats and quadroon belles displayed their charms in the shadow of St Louis Cathedral. Upstate Louisiana, a lush and verdant land, is largely peopled by the conservative descendants of Scotch-Irish pioneers. They are chapel-going farmers and small businessmen who look upon the legendary licence of South Louisiana with the moral suspicion that every countryman directs upon his city cousin. Mr Earl Long, with his neck as red as any dirt farmer and his voice as raucous as the turkeys he raises on his farm in northern Louisiana, is, perhaps, the epitome of these people. But he is more than that. He is a throwback to the brawling backwoods politicians of frontier America a century ago, dependent on the ruthless personal approach to political power.

Governor Long was elected on a platform which promised higher wages for teachers, higher old age pensions and many other benefits for the " common man," all coupled with constantly reiterated pledges of no increase in taxes. Thus the voters caught in the spell of his oratory had brilliant visions of a Utopia where no one had to pick up the bill. Then came the inauguration and Louisiana awoke next morning to find new tax after new tax in the Governor's legislative programme. He wanted a tax on the state's vital sulphur industry of almost 200 per cent over the present schedule and taxes on timber, natural gas and other resources were all to go up. Mr Long also intended to emasculate the state's voting machine law which guarantees a fairly honest count at the polls. Lastly he tried to boost taxes at the Fair Grounds, New Orleans' historic and beloved racecourse.

This shock treatment stunned the state. Farmers and merchants, industrialists and small businessmen set up a wail and the board of directors of Fair Grounds announced they would close the racecourse rather than pay tribute. But Mr Long, blustering through the state house, summoning party henchmen and roaring defiance at all who opposed him, with his vision clouded by his " mandate," could not or would not heed the cries of anguish. Meanwhile, legislators hurried home over weekends to consult with their constituents and returned to the state capital at Baton Rouge with grim faces, for throughout the state the voters made it clear that the Governor's " pie in the sky " offers were not to be paid for with new taxes. None of Mr Long's bills was overwhelmingly defeated, but none obtained the necessary majority.

Yet even the recent endorsement of the state legislators' action by the voters as a whole has not buried " Ole Earl." Governor Long has over three more years in office and his personal grudge against the timber and sulphur industries will probably spur him to further attacks on these two main targets. But the industrial planners feel that his decisive defeat in his attempt to gain one-man control of the state and its various governmental boards will force him to abandon the tax programme which threatened the state's industrial expansion. And even if he varies his schemes, it is now extremely doubtful whether he can ever line up enough legislative strength to put them through in any form.

INDEX

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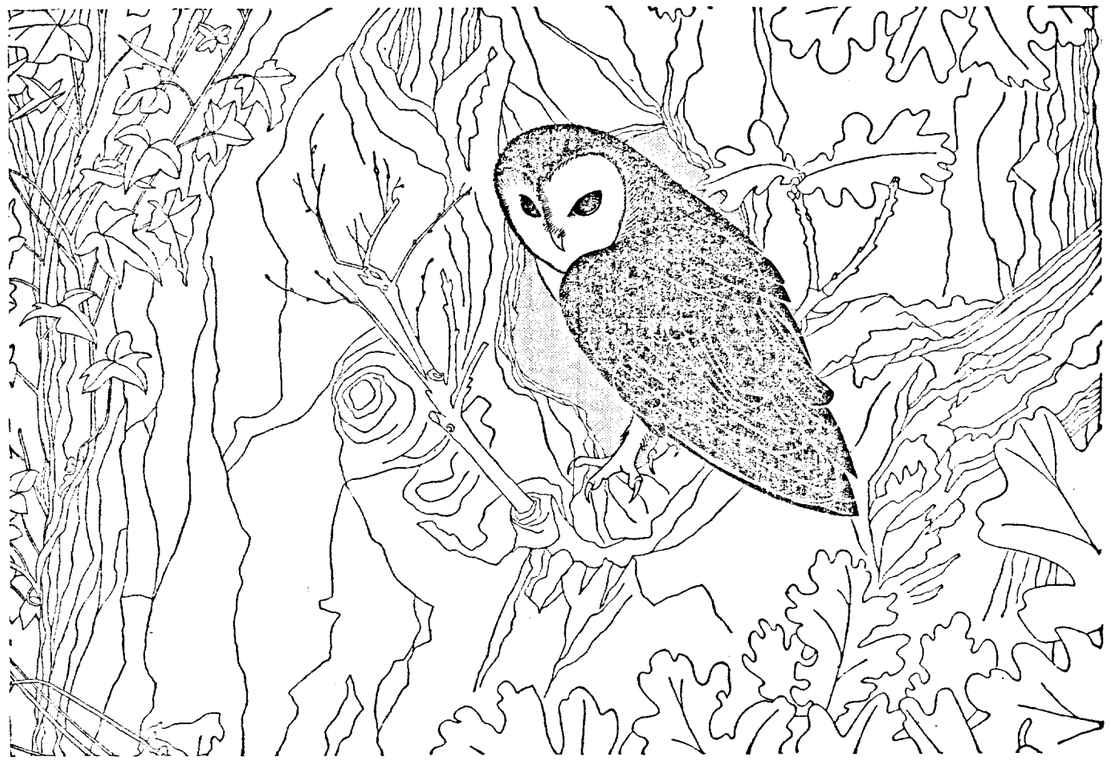

'I hear,' said Owl to Town Mouse, 'that you are being obstinate about the British farmer. Perhaps you would like to come out into the open so that I may present my case. I have it at my talon tips.'

BUT TOWN MOUSE SAID

I'll stand fast

'Because,' said he, 'I fear your case will be quite annihilating!'

OWL (*domineering*) 'Hold your ground then, but listen! The British farmer, as you have been told repeatedly, does a very good job for a modest reward. He is hard working, highly skilled and most productive—more than half our food is now home-grown. Is this clear?' The answer was a gentle snore. Town Mouse, overcome by logic had found the only answer. This provoked a hoot of wrath.

OWL (*in a feathered frenzy*) 'WAKE UP AND LISTEN.' Town Mouse did so. 'I will go on. The British farmer has doubled production since 1939, although the average size of a British farm is only 80 acres. And from this small acreage he usually earns only £10-£12 a week—if he works at least a twelve-hour day seven days a week. Now—have you got that?'

* * *

But Town Mouse had slipped away. In the face of both fact and threat he found his resistance going. If he had not left Owl to hoot on alone it is almost certain he would have been forced to admit that the British farmer, in return for only a fair living, does us really proud.

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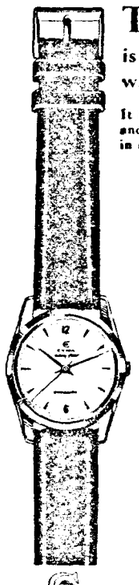

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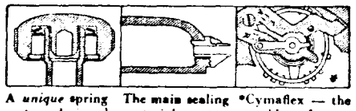

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The first five despatches this week depict aspects of the Middle East today seen by our correspondents

The Syrian Vacuum

FROM OUR CORRESPONDENTS IN THE MIDDLE EAST

DESPITE the alarums of the past week the Syrian government, an uneasy coalition of left and right, is still in the saddle. Excitement began when Damascus radio announced the finding of a cache of arms in the Jebel Druze and flatly accused the Iraq government of complicity. Since the announcement was delayed for more than a week after the discovery of the arms, it was clearly designed for political effect. A "stab in the back" twist was imparted to it by saying that it had been found "just as Syria was going to the aid of Egypt." The Iraq government indignantly rebutted the charge, so we are left with the allegation and the denial. The known facts are that a Druze deputy in a notoriously unstable province was caught distributing arms to his friends and is now in custody.

Yet the situation in Syria is slipping. The Syrians have been growing increasingly anti-western for a long time, and the tendency was immensely accelerated by the Suez crisis, and particularly by the invasion of Egypt. In the week following the latter, there was a panic flight of Druze and Alawite notables into the Lebanon, where they are said to be under guard to prevent kidnapping. The reason for their flight was the spate of rumours of Soviet intervention on a large scale, and the obviously increasing dominance of the left-wing elements in the government, in the administration, and in the army. What the minority leaders feared was a systematic, communist-directed, outbreak of nationalism.

There is no doubt that the Syrian left, and notably the Baath Socialists and the Communists, hope to exploit the current wave of xenophobia to consolidate their hold. Emerging from the ruck of Baath and near-communist army leaders is Colonel Abdul Hamid Sarraj, head of the Army *deuxième bureau*. He is about as near to communism as one can be without actually carrying a party card, and a close associate of Khalid Bikdash, the ablest of Arab Communists. He has been largely instrumental in putting pro-Soviet sympathisers into the army staff and into the mechanised columns, which have always played a decisive part in military coups in Syria. His hand has been immensely strengthened by the Anglo-French action in Egypt and he is helped by a rabble-rousing ally in Britain's old enemy, the ex-Grand Mufti, preaching against the west in the Umayyad Mosque. The politicians in this camp appear, however, to be in some doubt whether the moment has come to strike. Anyway it is improbable that the Baath Socialists are prepared to take over the whole government themselves. They are well organised—by Arab standards—as a political party; they have an able leader, Akram Haurani; yet their hold on the army is incomplete and they lack the mass support to enable them to govern alone even with Communist backing. They still need allies and, above all, a prime minister with real popular appeal.

It is in this context that the name of Khalid el Azm has been mentioned as the likeliest successor to the present prime minister, Sabry Assaly. Khalid el Azm qualifies reasonably well as an elder statesman, though he was born as late as 1900; he is a wealthy member of an old Damascus family; he was foreign minister as early as 1939 and has been prime minister three times, and is accustomed to being called in to keep the boat from rocking at moments of crisis. More important still, he headed the poll in the Damascus district in the 1954 elections, largely on account of his personal appeal to the masses. For the past few years he has been drifting towards the left at the head of a group of independents and has co-operated loosely with the Baath socialists. His seniority and popular appeal and his present political outlook would fit him to be the head of a cabinet the real power behind which would be the Baath socialists in alliance with the Communists. It would remain to be seen whether he would be able to check the wish of Colonel Sarraj and his friends to replace links with the west by links with the Soviet Union and China.

Now that British influence in the area has vanished, the only hope of checking this trend comes from America, and the continuing silence from that quarter fills pro-western Syrians with alarm. The statement made by Mr Eisenhower before his election was received throughout the Arab world with almost incredulous relief and satisfaction, and it was widely assumed that he would act immediately after his election. The result has been a disappointment, as deep as the previous hopes were high. More sophisticated people realise, of course, that considerable American pressure is being put on Britain, France and Israel behind the scenes. But that is not enough for the unsophisticated. America must not only act, but must be seen to act. Otherwise, the Arabs will merely assume—indeed, are beginning already to assume—that Mr Eisenhower is hiding behind Mr Hammarskjöld, out of lurking sympathy for Britain, France and Israel.

It is the internal political trend in Syria, rather than the arrival of Soviet arms, that is the immediate danger. The arms situation needs to be looked at in a perspective which too few people vouchsafe to it. Whatever is coming in, the Syrians are even less able to use the material than the

Egyptians were, and their training in its use and maintenance will take years. It is impossible to check what is arriving; guesses differ widely. But what stands to reason is that unless the Russians want to use the goods themselves (which they did not do in Egypt, or the collapse on the first two days of the Israel attack must have been less complete) they are unlikely to hand out large quantities of arms to an even less efficient but equally over-confident army. To do so would be to run the risk of watching Syria surrender another huge consignment to better-led soldiers (Israelis, for example, or Turks). What seems likeliest is that the Russians will supply just enough to keep Colonel Sarraj and his political friends in the local lead. Part of the programme will be to rock the government of Iraq by creating instability along the major Iraqi line of oil export. The consolidation of the left-wing grip on Syria would leave the country at the mercy of Soviet exploitation long after the dust had settled at Suez, Sinai and Gaza.

Three Men in Gaza

BY A SPECIAL CORRESPONDENT

DURING its years of Egyptian control Gaza was notable for a manner of muffled anonymity. Nobody in particular seemed to be running the place. The Egyptians used to emphasise that it was not part of Egypt at all; passports were issued by the All-Palestine Government, sitting nebulously and distantly in Cairo; the Egyptian army seemed to be in a constant condition of being posted somewhere else; and the refugees in their camps, though they largely set the tone of Gaza, formed a vast amorphous mass from which few faces and fewer names stood out. The place felt purposeless, vulnerable and leaderless; like some huge over-ripe maggot-ridden apple, only waiting for a wind.

The wind has come with a vengeance, and the impressions one takes away from Israeli-occupied Gaza are of forceful momentum, determination bordering upon amorality, and a clash of memorable personalities. Three men in particular stand out. An Israeli military governor is in control. A Scottish official of the United Nations Works and Relief Agency looks after the refugees. An American leads the little corps of United Nations truce observers which remains forlornly in Gaza, stranded by the tide of events. All three play their parts convincingly.

Take the Israeli first. Colonel Chaim Gaon is a young, quick and very self-assured soldier who has a captured Egyptian tommy-gun hanging on the wall of his office. He talks well and rather embarrassingly freely, and the bosomy girl orderlies who move in and out of his office seem to regard him with favour. If Colonel Gaon has any profound sense of right and wrong in international relationships, he does not parade it; his attitude to his task is frankly governed by the needs of the State of Israel.

He is, for example, adamant that Israel must retain control of the Gaza strip. Government officials in Jerusalem may talk of relinquishing it; but Colonel Gaon is the man on the spot, and he says without pretence that neither the return of the Egyptians to Gaza nor a United Nations administration would give Israel the security it imperatively needs: indeed, it would be a very good thing if Israel's frontier ran even farther to the south, so as to exclude from Egyptian sovereignty other centres of population (and possible fedayeen bases) along the Sinai coast.

In the meantime, Colonel Gaon works skilfully and overtly to integrate Gaza with Israel. He has sponsored a local city council under an Arab mayor. He has seen to it that Israeli currency is circulating, Israeli stamps are on sale, Israeli government departments are functioning. The railway from the north runs into Gaza again for the first time since 1948. Subversive elements are being suppressed. Everything is being done to return Gaza to a state of normality which will be indelibly marked with the stamp of Israel.

Against this hard political background Mr Jamieson, the Scotsman, conducts an exercise in practical humanity. *Realpolitik* is totally alien to him, and he is concerned only with the welfare of the 250,000 refugees still festering menacingly in the camps around Gaza. He is the man of down-to-earth commonsense, unflustered among the passions and rivalries; and it is entirely owing to him and his helpers that the refugees have once again escaped starvation.

The passions impeded him, none the less. The Israelis, though they realise that the work of UNRWA is essential to them, have not been invariably helpful. They have (for example) raised difficulties of finance, and their manners, though not deliberately cruel, have so frightened some of the refugees that in one camp riot, according to Mr Jamieson, at least 50 Arabs were killed. The refugees themselves took the opportunity of the emergency to do some looting. The Lebanese government refused to allow supplies to be transferred from UNRWA stocks in Beirut, on the ground that they would be helping the Israelis. When the fighting began most of the UNRWA officials were withdrawn, and for a few days the threat of anarchy hung over the refugee camps.

Mr. Jamieson's Triumph

It was a situation to strain the serenity of a saint, but Mr Jamieson, a Glasgow man, looked it in the eye and mastered it. He and Colonel Gaon make a formidable pair of negotiators, but he has succeeded in extracting from the Israelis most of the concessions accorded UNRWA by the Egyptians. Supplies destined for the Lebanon have been diverted to Haifa and brought to Gaza by rail. The enormous mechanism of distribution, which threatened to disintegrate, has been restored. This is a triumph for an undeservedly little-known agency of the United Nations.

As the policeman of the Middle East, though, as against the philanthropist, the United Nations has yet to be proved; and Gaza well illustrates its past impotence to deter any resolute and confident transgressor. Colonel Bayard is a personable, friendly, uncomplicated officer of the United States Marines who leads the United Nations truce observers in Gaza. He has been swept aside by the force of events like a curate opposing a bank robbery. He represents international order, in the abstract: and alas, abstract it remains.

When the Israelis took Gaza they declared flatly that the armistice with Egypt was no longer valid and that the United Nations' observers therefore no longer had a function to perform. On the pretext of safeguarding military security Colonel Gaon seized the UN radio transmitter (it has since been returned) and virtually confined the truce observers to their compound. Their bright white jeeps stand idly in a car park, and if you visit the compound the officer on duty will greet you with an air of helpless or even cynical resignation.

For the Israelis have never had much respect for General Burns's representatives, and they have even less now. Colonel Bayard is therefore both a sad and a disturbing figure. He sits in his bungalow in his immaculate uniform, the ribbons and the parachute on his chest bearing witness to his prowess, and he talks of the events that have overcome Gaza rather as a loyal spaniel might describe an inexplicable beating. He stands, proudly and patently, for fair play, for honest dealings, for all the plain old-fashioned virtues; and when you mention Colonel Gaon to him a pained and puzzled expression enters his eyes.

So these three men of Gaza stand in improbable juxtaposition: *Realpolitik*, common-sense, idealism: which of them, one wonders, will come out on top? Or will the old hopeless anonymity return to Gaza, as the Middle East slips back, with grumblings and reproaches, into its customary cloaca?

Exodus

FROM OUR CORRESPONDENT LATELY IN CAIRO

ALL that is left of a century of Britain in Egypt are people with nothing to do but scramble to get out. The retired official has left behind in his empty house the intangible asset of his years of service. Victoria Colleges, the English School at Heliopolis, all those British schools which fed British manners and customs into the turgid stream of Islam and egyptianism are empty or, perhaps, serving temporarily as prisons for British people in course of being expelled. Those accountancy firms which laid the foundations of sound actuarial practice are emptied of their severe practitioners and the doctors and surgeons who brought British family practice into the more mercenary field of Egyptian medicine have departed. Shops, warehouses, factories which long years of effort created and sustained through troubled years are closed or now run by other than British. British holdings in Egyptian firms are being marketed to Egyptian businessmen or banks. Barclays Bank, Shell Company, Anglo-Egyptian Oilfields, Eastern Tobacco Company, the Ottoman Bank are sequestrated and run by Egyptian officials. Nothing at this moment is left for Britain or for France.

What the current loss to Britain amounts to depends on the calculation of capital or market value, but rough computations put the total for France and Britain at £400 million. Of this, Britain's share is possibly less than half, but Britain has, in addition, lost the contents of the Canal Zone base, which have been estimated at £60 million. When the "police action" or, as the Egyptians prefer to call it, "the act of war," has been liquidated by the withdrawal of British and French troops, it may be possible to recover some of these assets; but not all can or will be recovered in the final bargaining which, on the Egyptian side, will take account of the damage done to Egypt by bombing and invasion. The residual £100 million of blocked sterling in Britain, most valuable to Egypt as a further five-year contribution to its unbalanced foreign trade position, is a heavy counter in the coming poker game. Egypt, it should be remembered, is being forced to run down its non-sterling assets in order to meet its obligations from day to day. These blocked sterling balances will be the only large foreign exchange assets remaining. The tighter Egypt's position, the more important they will become. At the same time they would not be enough to make good the British losses. The waste of British treasure parallels the waste of the British men and women who struggled through years of political turmoil and administrative troubles to the profit not only of themselves but of Britain.

All this takes no account of personal losses. Somewhere between 1,700 and 5,000 United Kingdom citizens (for the 1,700 now being expelled are the hard core after many had voluntarily departed) seem to have lost all their possessions in Cairo. So far there is no certainty that the Egyptian government intends to confiscate this property but, again, it is another item in the ultimate account and, in any case, people had to leave without time to provide adequate security. They turned the key in the door, slammed down the garage shutter and departed with enough luggage for an air journey.

Some will arrive in England to be cared for by their firms or with funds in England to keep them in comfort. Others, particularly those too old to start again, will return to actual poverty or at least more discomfort than their years of service deserve. The position of the Maltese artisan or labourer or petty trader may well be desperate; they must number a large proportion of the 5,000 Maltese who are presumably to be expelled. (The 4,000 Cypriots, protected by being labelled *en masse*, however unjustly, with the Eoka ticket, will almost certainly be allowed to remain.) Many of the Maltese have lived in Egypt through generations, preserving their foreign citizenship in order to take advantage of the consular courts and then of the Mixed Courts. The Egyptians have always disliked their persistent foreign status, most of all when in language and manners they had ceased to seem foreign. Now there appears to be nothing to save them from indignity and indigence. British policy has been for them a cataclysm, an act of God as arbitrary as an earthquake or a cyclone.

Effect of the Bombing

For it is apparent, on returning to Britain, that the sense of the Egyptian situation has been lost in a mist of political debate. The Egyptians think quite simply that Britain and Egypt have been at war ever since the first bombs began to fall on the outskirts of Cairo. The bombing of the airfields was done with the utmost precision, and the bombs seem to have been kept very small in order to narrow the margin of error in aim. Civilian casualties in the Cairo region were remarkably few. But all this is academic to the average person in Cairo who heard bombs and ack-ack fire almost continuously for six days and nights and saw the clouds of black smoke rising from the outskirts of the city. The impact was heavier in the Port Said region where invasion was added to bombing. A British Minister of State may consider the damage there less than expected (but mostly in the native quarter where the population was densest), but there was damage and people did die. The Egyptian government, therefore, is inclined to think that, far from barbarity, it has shown some concern for civilised practice by keeping the foreigners safe and by not interning British, French and Jews at the outset.

Perhaps the most common feeling of the average Egyptian whom one met before internment was that of bewilderment and to the end some made a distinct separation between British people they knew and the present British Government. The opposition of sections of the British press and political parties encouraged that view.

Some were simply distressed and it was remarkable how much personal association could be retained with Egyptians even after the bombing started. Nevertheless, there were many very angry Egyptians, and the difference between the good treatment of one Englishman and the bad treatment of another was probably due to the accident of the type of person they met. There has been much unkindness at the Customs and the reports of people stripped and searched with the utmost indignity were as true as the good treatment received by others. There had been attempts at smuggling to justify some of the rigorous searches but not all.

It seems clear, however, that the wholesale expulsion of British, French and Jews with only £20 a head is indicative of the increasing bitterness of the government and of President Nasser himself. Wholesale internment was considered early last week and abandoned for the expulsion plan. Either plan involved great hardship and suffering for many people who either were friends of Egypt or at least had never sought to do Egypt harm. Undoubtedly, it had to be reckoned with as part of the price for an act of war.

Future of the Pipelines

FROM OUR SPECIAL CORRESPONDENT IN BEIRUT

THE position of the pipelines through Syria is as confused as the Syrian political situation ; this is not surprising in view of the close link between the two problems. Matters are not improved by the Syrian ignorance of oil industry techniques. A curious mission of the Syrian oil expert Anwar el Shallal is negotiating the supply of 50,000 tons of crude oil from Iraq "as soon as oil begins to flow through the pipelines." His mission is, in fact, doubly curious since the amount stipulated is much less than Syria needs, and since the Syrian government already has an agreement with the Iraq Petroleum Company which would meet its requirements. More significant is the statement by Mejdeddin Jabri, the Syrian minister of public works, that no repair of the pipelines will be permitted until "the forces of aggression" have left Egyptian soil. A local wag has wondered whether the abrogation of the Anglo-Jordanian treaty will be delayed on the same pretext.

The repair of the pumping stations is inextricably bound up with Syria's political future. Mejdeddin Jabri, replying to the British Note holding Syria responsible for the repair of the stations, ascribed their destruction to "lawless elements" and said Syria would repair them. But this was an airy statement made (it may be guessed) without first computing the cost. The problem is one on which all concerned, and especially IPC, may well suspend judgment. For all the importance of the pipelines to western Europe (it is perhaps untrue and politically unwise to call them a "vital interest") there is little point in sinking large sums in elaborate installations that are liable to sudden destruction—whether the blame in this case lies with Colonel Sarraj, President Nasser, or Sir Anthony Eden. It is believed that emergency boosting equipment might produce a flow of something like a third of the normal rate of 26 million tons a year, and that might well be considered a reasonable compromise arrangement pending the reconsideration of the whole position in the light of Syrian policies.

The repair of the stations is not the whole story. The pumping stations are lonely, desolate places, where the conditions of life are trying. Oil company staffs need some inducement to work there. If in addition to the trials of exile and boredom they are exposed to the hostility of the local population ; if they are liable to be locked up while their machines are blown up ; and if they are compelled to suffer the unfriendly attentions of the local security forces—then it will be very difficult to man the pumping stations even if they are repaired.

Repercussions in Cyprus

FROM OUR SPECIAL CORRESPONDENT

EOKA has made a supreme effort to draw attention to Cyprus by new bomb explosions, killings and general outrages. And indeed more British troops and civilians as well as Cypriots were killed in the first two weeks of November than in the whole of any previous month. Officials think that plans had been made for a demonstration when the United Nations Assembly came to discuss Cyprus, and were then advanced to coincide with and embarrass the allied use of the Cyprus base for the Suez operations ; these plans also took advantage of the unusual concentration of American and foreign newspapermen in the island. They failed of course to inconvenience the working of the base—and indeed Cypriot civilians worked overtime helping the military during the operations against Egypt.

There is, however, no doubt that the concentration of military effort over the last two months on training and preparations for the invasion of Egypt drew off troops which had hitherto been used to hunt the terrorist groups in the mountains; it has also diverted more troops and police to guarding essential services. The government considers that it had almost got terrorism under control in July after it had had the use of the paratroopers, and again in October, after it had used commandos and other troops in mountain sweeps. But now the position is back where it was in June. The government does not confess to such a gloomy view, but it admits that the terrorists have twice been reprieved by the withdrawal of troops from offensive operations, and that they are now well placed to mount a strong campaign for several more months. This has happened despite rigorous controls, collective fines, constant searches and checks, the incarceration of fully 700 suspects, and pass laws and curfews for men and women of Greek Cypriot origin between the ages of 15 and 27. Independent observers believe that—as was forecast in *The Economist* on July 2nd—these operations have failed to suppress the terrorists, but have turned the Greek Cypriot population more solidly against the government than ever—and made it readier than ever to aid Eoka, passively or actively. The terrorist technique is also showing increased skill—for example, in the use of electrically-detonated bombs under roads, in trees or in booby traps. The murder of suspected traitors to Eoka by gunmen, of whom there are said to be not more than 40, continues with almost daily casualties.

In spite of this, the government has carried out its threat to bring in still more repressive measures. The most important of these is the imposition of the death penalty (with no alternative sentence allowed) for simple possession of arms or ammunition, as well as for acts of terrorism. New restric-

tions are being placed on personal liberty of movement which will add to the irksomeness of the curfew ; and the new powers over the press have produced bitter protest. There seems little more short of martial law the government can do. Now that the fighting at Suez is over, considerable hopes are placed on the renewed availability of troops to attack the mountain gangs, which have already been reduced from fourteen to about eight. The official view is that a brigade trained in these duties (which, however, takes two to three months) would before long restore the July position and go on to suppress the gangs entirely. This would not end terrorism in the towns, but officials say that whenever the gangs are suppressed in the country districts, the Cypriots become far more friendly and co-operative ; indeed, they almost revert to the carefree condition that was normal before the Eoka campaign, while the flow of information recommences. Military opinion favours the prosecution of this campaign to show that the base can be cleaned up, but other voices in the administration urge that this is, at best, only the first stage in regaining Cypriot co-operation.

Official opinion in the island assumes—against the opposite conclusion of other observers—that the Suez operation has demonstrated the strategic importance of Cyprus and the need for British sovereignty over it. Indeed, the Cyprus government even seems to think that this should now have become obvious to both the Turkish and Greek governments, as well as to the Cypriots themselves. The result seems to be, if anything, less disposition on the official side to make concessions. On the contrary, for the sake of the west's weakened security in the eastern Mediterranean, the government here is prepared to rule with a firm hand for a further considerable period, notwithstanding the cost and casualties, arguing that these might be far greater in the long run if the base was cast away.

Ideas for the Future

The deadlock is thus still apparently unbroken, but it is possible to detect two new lines of thought in official and unofficial circles here, though these are as yet the merest hints of the direction in which ideas are moving. One school is thinking that while it is impossible to " negotiate " with Makarios, as Mr Lennox Boyd and the Governor frequently insist, it might be possible to arrange for the exiled Ethnarch to " look at " the Radcliffe constitution when it is ready ; it is hinted that it will be a very liberal one, comparable to that offered to Singapore. If he did this his exile might be modified or transmuted. The other idea is that if no *détente* follows the publication of the Radcliffe constitution, Britain may be driven to consider an ultimate partition of the island between the communities, with reserved enclaves for naval and air facilities—assuming that the chiefs of staff would accept such a change.

Meanwhile, however, time is getting short if Cypriots and Britons are ever to be reconciled. As an anglophile Cypriot put it to your correspondent: " If I can't even show Radcliffe's constitution to my friends, I can't convince them that Britain is sincere. I have nothing to say—but they have an endless fund of grievances in the curfew, the searches, the fines, and what people say happens, whether it is true or false, to people interrogated by the police or the troops. People like me are being reduced finally to silence—and not by the bullets. Is that what you want ? "

Trouble in the Wake of Perón

HALFWAY between the overthrow of General Perón and the elections promised for late next year, Argentina's provisional government under President Aramburu is in the thick of political and economic trouble. The arrest last week of two right-wing leaders, General Bengoa and General Uranga, and the purge of army officers are both stages in a recurrent crisis of plots and counterplots, army against navy, disgruntled generals against the ruling junta, in which the government's main protection so far has been naval support and its opponents' lack of unity. Economically, the country is engulfed in a wave of strikes and exorbitant wage demands—the backwash of *Peronismo*—and inflation threatens the caretaker government's survival as seriously as does revolution.

Argentine politics are confused by religious and personal loyalties that cut across party lines. It is roughly true to say that the hard core of President Aramburu's supporters comes from the centre and moderate left: the opposition is drawn mainly from the extremes of both right and left. On the right, the militant Catholic nationalists have been deep in subversive plots against the post-Perón government since their former leader, General Lonardi, was ousted from the presidency a year ago. Bengoa, one of the two generals arrested last week, was being built up as the party's new leader, but if he stands for president next year he will still have to face middle-class distrust of a military leader, the dislike felt for him by an important section of the navy and the divided loyalties of the army.

A Radical Comeback

This strong right-wing Catholic element is joined in uneasy opposition by the Communists (who are in the process of being outlawed) and—more important—by ex-Peronistas. The attitude of these former followers of General Perón is the crucial question for all political parties. At one time, about half the population was behind the dictator, and though in his last few years his personal repute dropped sharply, there is no reason for thinking that his doctrines were similarly disgraced. The word " Perón " is now banned from the vocabulary, but it is clear that whichever party can attract the votes of ex-Peronistas will win the elections. Consequently there is the curious anomaly of militant conservatives reaching across the gulf of their dearest principles to join hands with Perón-indoctrinated workers. But so far they seem to lack the touch which might galvanise a left-wing group to vote right, and are therefore putting their faith in less constitutional means to victory.

The government is politically supported by the Radical party and by the rather weak collection of conservatives who did not follow the late General Lonardi into opposition. In political limbo for a quarter of a century but now supported by a powerful and growing middle class, the Radicals have a good chance of making a come-back in the elections if they can by then heal the dissensions within the party. They have now elected a leader—Dr Arturo Frondizi—but only in the teeth of vociferous opposition. Indeed, Dr Frondizi's victory at the Radical convention has widened the breach between his supporters and the rest of the party.

Although Dr Frondizi's own party is split, his presidential chances may be enhanced by the ex-Peronista vote. He possesses some caudillo-like qualities which might appeal to

Perón's followers. He is inclined to be dictatorial ; he is an able demagogue ; he is very much of a nationalist (although his views run so far to the Left that his enemies call him a Marxist) ; he is strongly opposed to the acceptance of foreign aid for the oil industry and he has declared against Argentina participating in any UN police force. But by many of the electorate, he is feared rather than loved.

Political upheavals inevitably slow down Argentina's economic progress. Dr Prebisch, the very able economist called in immediately after General Perón's downfall, designed a new economic structure. Agriculture, upon which Argentina depends for nearly all its foreign earnings, has been rescued from its neglected corner ; glimmers of a free economy shine through cut-down state controls ; the peso has been reduced to a truer value and the exchange system simplified ; foreign debts are being consolidated and bilateral treaties replaced by multilateral trade and payments agreements. The purpose of these changes is to acquire more foreign money, partly by increasing exports, partly by presenting Argentina as a reliable beneficiary of long-term loans and investments. Without additional foreign currency, desperately needed capital equipment cannot be bought since the available exchange is largely earmarked for basic raw materials and particularly for fuel ; and, to complete the profitless circle, self-sufficiency in fuel and raw materials cannot be achieved without more equipment.

The chances of breaking the circle depend, firstly, on the willingness of other countries to lend on Argentina's terms and, secondly, on the willingness of the industrial workers to accept, for a time at least, a slightly lower standard of living. Both questions are politically awkward. The foreign loan and investment issue brings down the thunder of extreme nationalists, and it would be a rash politician who sponsored a loan attached by even the frailest of strings to an oil or public services concession. But even with the fullest foreign goodwill Argentina would be hard put to it to raise the $1,200 million long-term loan which Dr Prebisch estimates as necessary for his plans.

The government are having small success in keeping wages down. It was, perhaps, naïve to expect General Perón's disciples in the trade unions to sacrifice their interests on the altar of his destroyers. One trade union after another is demanding government intervention to compel employers to grant higher wages—and driving their point home with strikes. They claim in some cases a rise of 150 per cent—which is about five times more than the rise in cost of living since 1954. To avoid a general strike, the government may be forced to intervene and decree a flat increase of around 35-40 per cent for all workers, which is just what they wanted to avoid. So far the government has been reasonably successful in keeping the rise in money supply moderate, but with its doubtful political strength, it is fearful of alienating the uncommitted vote. As inflation smokes upwards, the government may find that its policy yields small political returns.

"Motor Business"

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Trouble for the Viet Minh

FROM OUR CORRESPONDENT IN SAIGON

THE claim that Mr Chou En-lai's recent visit to Hanoi resembled Mr Khrushchev's dash to Warsaw seems to be justified ; and the view is perhaps the main reason for supposing that the rising which took place on November 13th in the province of Nghe An is a bigger affair than it was made out to be in the Hanoi press. The sudden announcement that the Chinese Prime Minister would look in on Hanoi on his way to Cambodia was made just two days before he actually arrived, hardly the length of notice usually accorded to the visits of important persons. There was no time even to erect triumphal arches, and the astonished press had only one day in which to chorus its approval and to insist on the centuries-long friendship between those two old enemies—China and Vietnam.

Actual reports of the rising are still somewhat fragmentary. The fact that there have been any at all in the Hanoi press and radio is interesting, since this is the first time that any demonstrations hostile to the regime have been made public. It seems that clashes occurred in five districts north of the town of Vinh, and that a battle ensued between the demonstrators and the army and communist cadres, with casualties on both sides. The official reason given for the demonstrations was discontent with the execution of the agrarian reform. This statement is, of course, entirely in line with the current orgy of self-criticism over " errors " in land reform.

It is doubtful, however, whether discontent with the agrarian reform is the real reason for the trouble, just because it does fit in so suspiciously well with the new party line. The more probable reason, and the reason which is put forward in the more sober circles in Saigon, is that recent promises made by the Northern government that freedom of movement across the parallel would soon be made a reality were taken too literally by many of the hot-headed Catholic inhabitants of Nghe An (traditionally the " Gascony " of Vietnam and the birthplace of Ho Chi Minh and many other famous revolutionaries), who for a long time had wished to escape the iron Viet Minh regime and rejoin their compatriots in the south. When they found the promises were not being kept, or were not being kept with sufficient speed, they rose in a body against the regime.

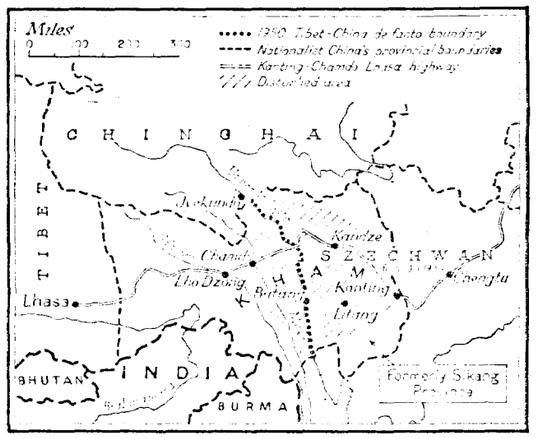
Whatever the exact truth about the recent rising it seems clear that the new policy of " liberalisation " which the North Vietnamese government introduced last July is posing the same sort of problems as in other communist countries. The wholesale *autocritique* of the land reform policy, the abolition of the terrible peoples' tribunals which murdered the landlords, and the rehabilitation of " persons wrongly classified as reactionary and traitor landlords " is all easy to interpret as a general relaxation of the rigorously repressive regime which the Viet Minh have imposed. But here, as in other satellites, it remains to be seen whether the safety valve can be unscrewed without blowing its top off.

Rebellion in Tibet

BY A CORRESPONDENT

THE arrival of the Dalai Lama in India is a reminder to the outside world of the reports of disturbances and uprisings that have been coming out of Tibet over the past few months. Those reports have been too meagre to give much idea of the extent of the rebellion and of the successes achieved. The area mainly affected appears to be in the wild gorge country of the east, the region known to Tibetans as Kham. This is a Tibetan-populated region about a quarter of the size of Burma, astride the Upper Yangtse; it stretches from Lho Dzong in the west to Kanting—still called Tarchiendo by the Tibetans—in the east. Some present-day maps still include it in the Chinese province of Sikang, but, since 1918 at least up to the Chinese Communist invasion of 1950, Tibet as an autonomous state had full authority over the whole of Kham as far as the Upper Yangtse, and Chinese authority over the remaining area was, in the main, nominal and effective only in the larger towns.

The Khambas—the people of Kham—are a hardy mountain folk whose semi-nomadic life has imbued them with a real love of freedom. Although devout Buddhists, their



religious beliefs do not seem to have weakened their martial spirit. Indeed, it is said that the most treasured possession of every Khamba is his rifle. Traditionally they are averse to authority but, in common with other Tibetans, are unswerving in their loyalty to their God-King, the Dalai Lama. When the Chinese Communists invaded late in 1950 they resisted stoutly—a fact which had little publicity at the time—and even continued their armed struggle for a year after the signing of the 1951 agreement between Lhasa and Peking. They only laid down their arms after a personal appeal by the Dalai Lama. Now once again they are in revolt.

According to Tibetan resistance leaders, heavy casualties were inflicted on the Chinese garrison troops in the wave of rebellion which swept through the area, and the Communists lost control of much of the area, except for the more strongly-fortified bases of Chamdo, Kandze, Kanting and so on. Traffic on the newly opened Kanting-Chamdo-Lhasa highway was reported to be at a standstill after repeated attacks and destruction of bridges by the insurgents. The entire male population between the ages of eighteen and fifty took to the mountains. They are reported to have captured a considerable quantity of arms and ammunition.

The Chinese are reported to have again asked the Dalai Lama to use his influence to stop the fighting. They have also undertaken direct military operations involving large-scale redeployment of troops and including the bombing of, amongst other places, Litang. A petition addressed to Mr Nehru by a group of anti-Communist Tibetans accused the Chinese of killing more than 4,000 men, women and children in the bombings. The rebellion is reported to be under the direction of the Mimang Tsongdu (People's Village Council), whose organisation is established throughout Tibet. The system of village councils was originally introduced by the Chinese Communists themselves in an attempt to tighten their grip over the outlying districts. Ironically it is now being used against them.

In August Peking issued a categorical denial of rebellion in Tibet. Only last year Liu Ke-ping, Chairman of the Committee for Nationalities Affairs, announced the incorporation of the affected area into Szechwan; he was thus able to announce that the rebellion was not in Tibet, but in Western Szechwan. He confirmed rebellion in Litang and added that it was "limited" to the Batang-Litang area—a sizeable one, since the two places are about 100 miles apart. Mr Liu stated that military measures were necessary, and his admission that the rebellion had only been "mainly settled" implies continued resistance. His insistence that Tibetan territory was not involved and his reference to "feudal landlords" are red herrings intended to obscure the fact that Tibetan nationalism is involved.

An earlier hint at trouble may be found in the speech made at the National People's Congress in Peking last June by the Tibetan Deputy Governor of Chinghai, Sherab Galtso, who referred to an "unpleasant incident" in "certain Tibetan areas of Szechwan." He listed the causes as improper measures of land reform, the commercial tax on monasteries, the registration of farmland and stock and the collection of weapons from the Tibetans. Sherab Galtso advocated a policy of education and propaganda, a method of "slow beginning and quick results." This indeed seems to be the policy in operation further to the west—in Tibet proper to use the Chinese definition. It is a policy of wooing the ruling circles and indoctrinating Tibetan youth. Opposition here, particularly amongst the nobility, is, in the main, attempting to delay or moderate the proposed reforms. Tibetan Ministers who have dared to criticise have either been dismissed, forced to "retire" or go on "long leave." In the countryside resentment against the large Chinese garrison is widespread and non-co-operation seems to be the order of the day. Even the Chinese paper currency is still not accepted and Chinese propaganda teams have had only limited success.

It is difficult to say whether the Tibetans, without outside support, will gain anything by open rebellion. Should it spread to central and southern Tibet, the Chinese, following the Soviet pattern in Hungary, would certainly take large-scale repressive measures. The disturbances have, however, shown that the Tibetans have by no means resigned themselves to Chinese domination. The critical time would seem to be next spring when the recently formed preparatory committee for the Autonomous Region of Tibet will introduce "experimental social changes."

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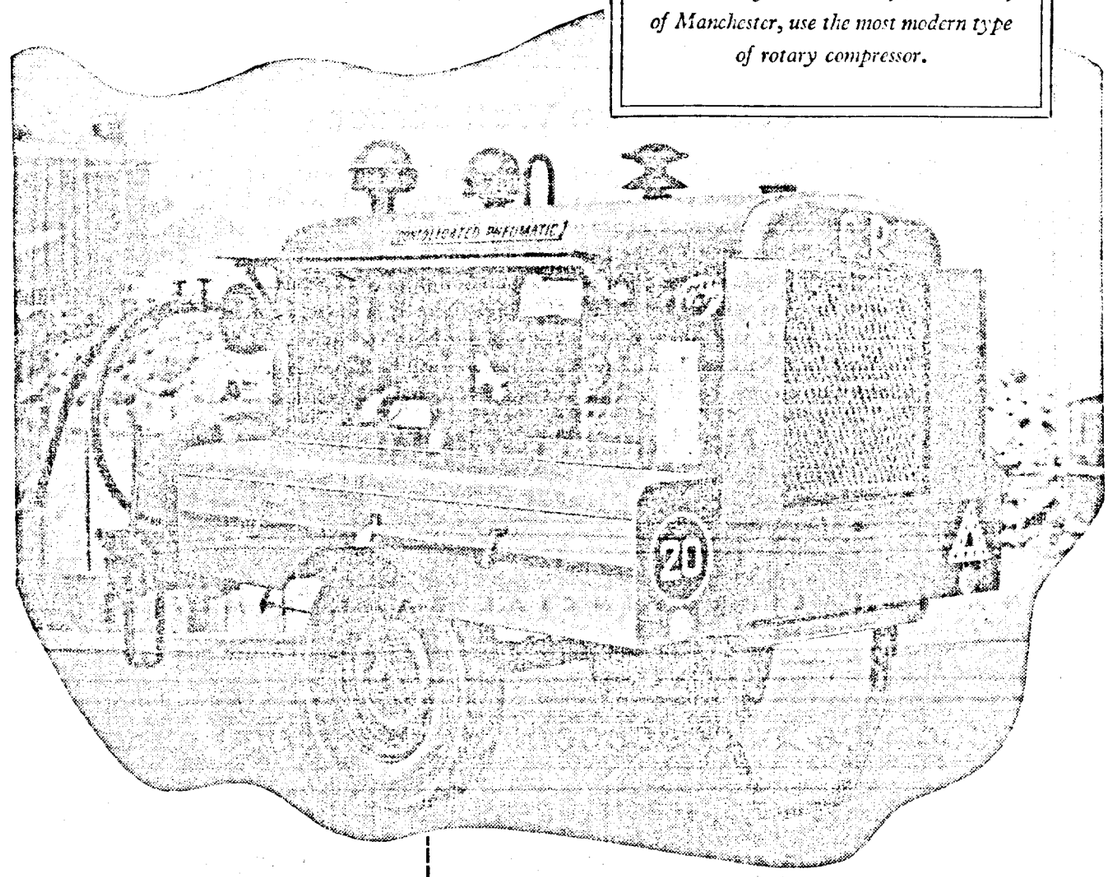

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THE BUSINESS WORLD

Atomic Contest

THE long process of scrutinising four sets of tenders for the Central Electricity Authority's first two atomic power stations has been finished. Four booklets of detailed comment and criticism on the designs have been sent from Harwell to the Central Electricity Authority, and the 75 scientists who have worked on the scrutiny can return with relief to their normal work. In the next few weeks the Central Electricity Authority is expected to make known the names of the companies to which it is awarding its two contracts, and the name of the group to build the first atomic power station for the South of Scotland Electricity Authority is likely to be decided at the same time.

This has been one of the most tense contests in the record of modern engineering. Four design teams in industry, representing the cream of electrical engineering ability in the country, started at the same time and from roughly the same condition of ignorance to learn the rudiments of atomic engineering, and from there to go ahead and design a commercial power station, of which the only source of heat will be atomic fission. They had studied at Harwell for barely six months, from the late summer of 1954—shortly after the Atomic Energy Authority was formed—to early in 1955, when the Government's ten-year programme for atomic power came upon them from out of the blue. Under this plan, a start would have to be made on the buildings for the first two stations by January, 1957, leaving industry no breathing space for leisurely experiment between the end of the basic training course at Harwell—the first atomic training ever given to British industry—and the start of serious design work. It left, in fact, just eighteen months for the preparation of designs and the submission of tenders. When these were delivered to the Central Electricity Authority on October 1st, the combined weight of these tenders was six tons.

Although all four groups are working to the same basic design, the difference between each of their four designs is quite astonishing. They vary by as much as 40 per cent in price, and they are by no means all of the same size. Neither price nor size, however, is the decisive factor in this instance. The Central Electricity Authority is putting up the first big commercial power stations in the world to run off uranium in place of fossil fuels. The basic design may be the design of Calder Hall, but the emphasis is different. The prime purpose of these two stations is to produce electricity; at Calder Hall it is to produce weapon-grade plutonium, with electricity as a by-product. The stations are bigger than Calder Hall, and incorporate new features that have been suggested from experience gained in building that first nuclear station, but have still to be proved practical. And, finally, they were designed and the bids were sent in before the Calder Hall turbines had started to sell electricity, and thus without benefit of the knowledge that teething pains there are starting to give the Atomic Energy Authority engineers.

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With so much at stake, and so much unknown, the bids are going to be judged strictly from the engineering standpoint—according to whether they are reasonable engineering propositions, given the present level of skill (many attractive atomic designs are more or less unbuildable at present) and equally important, according to whether the tendering group has the experience, ability and resources to build what it has designed.

The odds on each of the four contestants have fluctuated wildly as the scrutiny proceeded, but it now seems reasonably certain that the Associated Electrical Industries—John Thompson group will get a contract for one of the English stations. It is difficult to guess whether the General Electric Company—Simon Carves group or the team headed by C. A. Parsons will get

the second. In all-round quality, the design submitted by GEC is probably the best of the four, possibly because it came closest to the type of station that the Atomic Energy Authority's own engineers would have designed if they, not industry, were dreaming up an improved Calder Hall. But this design has brought up certain technical questions which had not been foreseen, and were raised only during the scrutiny of tenders.

If the Central Electricity Authority is prepared to delay the start of the second station while these points of design are settled with Harwell, as it may well do, GEC should get an English contract. Otherwise the group is almost certain to get the Scottish station. The next two atomic power stations, on which work is scheduled to begin eighteen months after the commencement of the first, would then be divided between the English Electric—Babcock Wilcox group and the new team that is now being formed by Crompton Parkinson, the only big electrical manufacturer hitherto outside atomic contracting. A site in Somerset has just been chosen for the first of next series of stations, but how soon work can start there depends on the time it takes to surmount the administrative hurdles of planning permission, amenity inquiries and the like.

Industry regards the contracts for the first two English stations as a very special prize, not because they will be profitable, rather the contrary, but just because they are the first of their kind to be awarded anywhere in the world. The atomic programme is in fact so big that it is only by spreading the orders among all five groups that there is any chance at all of carrying it out and each company, in setting up an atomic division, has done so in the certain knowledge that it would receive an order to build one or other of the first five stations under the CEA's plan.

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So far, therefore, no company has been in real danger of losing its investment in research. But technically, in tendering for atomic power, these big industrial groups are gambling with their bread-and-butter. It seems more probable each day that the electricity supply industry will take the huge risk involved in stopping the building of any more conventional coal or oil-fired power stations within a few years, in which case the English manufacturers of heavy electrical plant must learn the new atomic method or change their business. The risk is substantial, because the electricity authorities will not know what even these first stations will cost to run much before 1963. The skeleton atomic plan on which it is now working covers the period up to 1965 and, on strictly rational grounds, the CEA would not have enough experience of atomic power generation to be justified in deciding to pin its entire future on atomic power. It must already be mystified to find that what one company thinks will cost the best part of £200 per kilowatt to put up, another believes it can build for £120 a kilowatt of capacity. The same wide differences run through the engineering aspects of the tenders, the first of their kind that any public utility has ever had to study.

Equally bewildering is the uncertainty that surrounds the designs that will succeed these first, Calder-type plants. On Friday, delegates from industry went down to Harwell to discuss, or rather to be informed about, the lines that reactor development is expected to follow. The Atomic Energy Authority has very broadly summarised its own development programme as one involving a study of six specific reactor types, two for commercial production before the end of 1965, and four for the second atomic decade, 1965-75.

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The logic behind this scheme is that the first two types of station would run on fuel mildly "enriched" with plutonium manufactured in the early, more primitive, types of power station. The more sophisticated designs of the second decade would run on pure fissile material that should by then be available in quantity from the atomic power network, and should in consequence be quite cheap. This admirably simple concept is, however, in danger of being upset by the quite appalling engineering problems that are coming to light, one by one, as serious design studies begin.

It may very well be true, as Sir Christopher Hinton has persistently argued, that there is a longer future for his simple Calder-type system than many scientists have been prepared to admit; work is already in hand at Harwell to raise the gas temperatures used in it by several hundred degrees, and with them the whole efficiency of the plant. The mistake would be to think that every project studied at Harwell will ultimately evolve into a safe and economical producer of power for the national grid. The CEA has received an unexpected atomic bonus in the sense that, since the atomic power stations that industry is prepared to design turn out to have twice the electrical capacity first thought possible, the quantity of atomic power that is likely to be available by 1965 has been doubled at a single stroke. Neither the government nor the CEA can take credit for this: it is in no sense a premeditated expansion in their atomic power programme. But it would not be surprising if the success of this first experiment encourages the CEA to put up more atomic stations in the decade than originally contemplated, though probably not substantially more than, say, fifteen in place of the original twelve.

Industry's designs, even the best of them, are going to need a considerable amount of amendment under Harwell's direction before the first power stations are built. But the most encouraging aspect of the contest has been that the designs are so many times more successful than was ever thought possible when the bids were first invited.

Copper Edged

TO finance an economic revolution and yet to receive big dividends has been the happy lot of shareholders in the Rhodesian copper companies. They have ridden, and never higher than in the last few years, to fortune on the tide of an expanding electrical industry. Copper prices have been high, touching an all-time peak of £437 a ton in March, and a large proportion of earnings has been distributed in dividends. The net profits of Rhokana, a member of the Rhodesian Anglo American stable leapt by 59 per cent to £15.9 million in the year to June 30th, and its dividend was increased by a third to 70s. a share. Investors in the other group, Rhodesian Selection Trust, have not fared quite so well, mainly because its sales were made at fixed prices, which over the last financial year were on an average about £20 a ton below the London Metal Exchange prices on which the "Rho-anglo" group bases its prices. Even so, the net profits of Mufulira rose by 45 per cent to £9.3 million, and its dividend was increased by a quarter to 25s. a share.

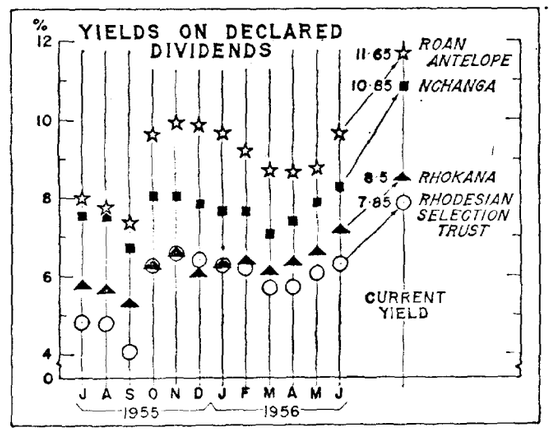
At last this prosperity seems to be meeting a check. World production has not been crippled by strikes, and consumption has fallen. For the first time in years copper is in surplus, and the London price, after rallying on the troubles in the Middle East, is back to £275 a ton. Unless there is a fresh outbreak of political troubles or strikes the price seems unlikely to rise much at present. The chairmen of both groups are cautious about immediate prospects, Sir Ronald Prain saying dividends will be lower in 1957 and Sir Ernest Oppenheimer hinting that they may be.

But the growth of productive capacity on the copperbelt goes on, so much so indeed that Sir Ernest has estimated that the companies will need to find another £50 million to finance their own developments between now and the end of 1960. The effect of these developments on productive capacity, if Mufulira's projected expansion is completed by 1960, can be seen in the following estimates:

Productive Capacity	1956 (Long tons)	1960 (Long tons)
Nchanga	120,000	120,000
Rhokana	80,000	80,000
Mufulira	90,000	135,000
Roan Antelope	90,000	90,000
Chibuluma	16,000	16,000
Bancroft	...	85,600
Chambishi	...	16,000
Total	**396,000**	**542,600**

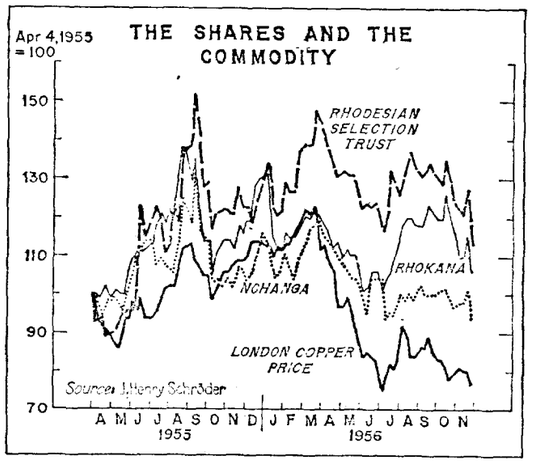
Mining in such a young country as Rhodesia is not only a matter of finding ore and turning it into metal. The building of townships, schools, hospitals and the like make their call on resources. Above all, the copper companies have to be concerned with the supply of power. No one knows how much the Kariba scheme will cost in the end, but each time an estimate is made it is higher than the last. Hence the £20 million loan to the scheme from the copper companies (4¼ million from Rhokana, £4 million from Roan, £5 million from Mufulira, and £6¾ million from Nchanga), and the £10 million surcharge they will pay on the price of power may not be their full commitment.

Thus huge sums of money are still required at a time when copper prices and profits are lower than they have been. But if the price of copper is unlikely to rise much above its present level it can also be argued that it is unlikely to fall much below it. No commodity can escape the effects of deflation, but copper is more strongly supported than most; it serves industries which are strongly favoured by the postwar pattern of industrial development. If the considerable increase in world production which is planned over the next few years does outrun consumption, prices will not necessarily collapse. The American strategic stock has a call on the output of many American mines, and there and elsewhere copper production is in the hands of powerful groups which could defend the price by restricting output. In 1954, American producers dug their heels in at 30 cents a lb—£240 a ton—and it is doubtful whether they would follow the price down so low today. Recession is in any case likely to be short lived, because each move towards higher living standards calls for more copper. Mining a higher grade of copper than some big American concerns, and with royalties and bonus charges which vary with the price, the Rhodesian companies have a cost advantage, and when they plan their expansion on the basis of a price range of £240-£260 a ton they are being neither unduly pessimistic nor optimistic. At that price the



present producers would continue to make a handsome profit.

As the development of the copperbelt has progressed, investors have re-assessed the value of Rhodesian copper shares, accepting lower yields on them as they progressively realised that long-term growth lay ahead. Every mine exploits a wasting asset; investors will allow for that in the yields they expect, but those who are looking to the copper companies in 1960 and after will still look for bigger outputs and bigger profits. That is the year in which the copperbelt should at last have all the power it wants. A further bout of new developments might then be contemplated, though it could hardly match the size and earning power of the present schemes. However, as the accompanying chart shows, copper share prices have failed to follow the price of the metal downwards. Taking a short view, those who pin



their faith on charts may argue that copper shares are more likely to fall than the price of copper to rise. Indeed, in the last few days copper shares have begun to come down—hardly a surprising reaction after the cautious statements by Sir Ronald Prain and Sir Ernest Oppenheimer. For those willing to hold copper shares for a few years, and to accept a fluctuating income on them, this is not the time to sell; for those who wish to increase their investment in them the time to buy has not, perhaps, yet arrived.

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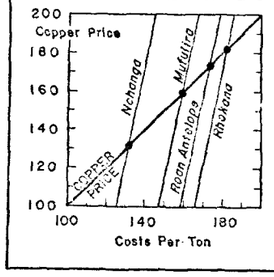
But this may be the time to reassess the four main companies in their relation to each other. They are not of one piece, each producer having its own virtues and drawbacks. Mufulira is a "wet" mine, and this threat to its production will be lessened as power supplies become more certain. Roan Antelope has the shortest life of the big producers, but when the Ndola refinery is working it will gain by having its electrolytic copper refined locally. Nchanga is a low cost producer, but it is to lose some of that cost advantage by bringing a large volume of lower grade ore mined by opencast methods into production. So its costs will perhaps rise more than the average. Rhokana's costs are the highest on the copperbelt, but it has large investments in Bancroft, Nchanga and Mufulira, and a profitable sideline in cobalt.

On the basis of the last published accounts, and making allowance for Rhokana's cobalt production, it is possible to estimate total costs per ton of blister copper, these costs including royalties, employees' bonuses as well as operating expenses. On this basis the cost per ton of blister copper produced in 1955-56 was £125 for Nchanga, £145 for Mufulira, £160 for Roan Antelope, and £165 for Rhokana. Over the last six years these costs have risen by about 85 per cent, but the rate of increase has been slowing down. In the future, costs will be affected by the forthcoming increase in rail charges (rail freight on copper from the copper belt to Beira may be doubled to £16 a ton), and by an outstanding African wage demand. Conversely, power costs should fall as more hydro-electric supplies become available, while labour productivity should improve as African advancement moves on. Whatever assumptions are made about the way costs will in fact move the relative ranking of the mines as low or high cost producers will not be altered.

These costs can be compared with the yields on the shares. By this reckoning, Nchanga appears in the past to have been neglected while Rhodesian Selection Trust, controlling shareholder in another low cost producer Mufulira, has been strongly favoured—thanks in good measure to its listing on Wall Street. Compared with the holding companies, Rhokana is an unpopular share—perhaps because its market price is "heavy" and its market restricted. Yet, like the holding companies, it offers a spread of investments in the producers and developers of the copper belt. And taking account of their market values, a stake in Rhokana's own mine, the highest cost producer of them all, does not fetch an excessively high price. If it is just an interest in the copperbelt and not a choice of an individual mine that the investor fancies he can take it in the "Chartered" company—the landlord of all of them with a financial interest in each of them. But wherever he invests in the copperbelt, he is in a middle-distance race and not in a short sprint.

BREAK-EVEN POINTS



On the assumption of an increase in operating costs of £40 a ton for each mine by 1960, the intersections on the diagram show the minimum copper price at which each company would make a profit on its estimated production. The estimate is based on existing blister costs and takes into account refining and administration costs and the variable mineral royalty and employees' bonus payments.

Business Notes

ICI Takes the Plunge

It has not been the sort of week on the Stock Exchange that most people would have fancied for launching the biggest industrial issue that the London market has ever tackled. *The Economist* indicator has dropped another 3.7 points to 170.0, its lowest point yet. The *Financial Times* industrial index at 162.9 is also at its lowest of the present bear market. In the same week ended Wednesday the *Financial Times* government security index has dropped from 82.83 to 82.57. Both in gilt edged and in equities there has been a steady drift of small selling with no buyers about and with no certainty that the clearing up after the recent failure is yet complete. Investors still prefer liquidity.

In that market Imperial Chemical Industries has gone ahead with its arrangements to raise £40 million although the group could, it is believed, have waited up to twelve months had it thought it wiser to wait. It is a bold move that reflects credit on the financial standing of the group and on the audacity of its financial advisers, Hoare and Co., Panmure Gordon, Rowe and Pitman and J. and A. Scrimgeour. Assuming the final outcome to be satisfactory, it will be a feather in the cap of the London market as a whole and it will also limit the funds that that market can find for other borrowers for some time. The stock chosen to tempt out the great sum of money is a 5½ per cent convertible loan stock dated 1977-79, issued at £96, giving a flat yield of £5 14s. 6d. per cent and a gross redemption yield of £5 16s. 3d. That is designed to attract the institutions even though the offer is made though not in a fixed proportion to preference and ordinary stockholders including naturally the employees who are stockholders through the co-partnership scheme. In a group as big as ICI the institutions are nearly all stockholders, and the only advantage of confining it to stockholders is that it is permissible to wrap up an element of bonus in the price. Here there is no obvious element of bonus but there is a bait, the conversion right into ordinary shares starting at the equivalent of a price of 40s. in July, 1958, rising to 41s. 9d. in July, 1959, and to 43s. 8d. in July, 1960.

ICI Ordinary now stand at 36s. 7½d., but they have touched 49s. 6d. this year and 61s. 6d. last year. The chance of the option being worth exercising some time in 1958, 1959 or 1960 looks good, and it should look even better to the investor who is being paid nearly 5¼ per cent on his money while he waits for his opportunity. The company faced with the alternative of repaying £40 million between 1977 and 1979, must also hope that the options will be exercised. To the institutions who will take most of the stock the prospect is particularly attractive. Underwriting commissions at the moment are necessarily large. Sub-underwriters will be acquiring the stock at the equivalent of £94½ per £100 stock that makes the first conversion price the equivalent of 39s. 4½d. per share. To succeed the issue needs an attractive look, and it has been given one. That attractive look must make the rest of the market look relatively less attractive.

A Spate of Issues

Whatever the fate of that giant issue the outstanding fact about the present unhappy share market is that it has continued to absorb a fair volume of new industrial issues as well as a trickle of tiny municipal issues. The events speak for themselves: British Oxygen's £10 million issue was on paper a disastrous failure; 84 per cent of it was left with the underwriters, but in practice it turned out to have been a moderate and qualified success. The underwriters were investors who had counted on taking up much of the stock on sub-underwriting terms. They actually obtained a little more than they wished, but they had no difficulty in selling that surplus on the opening day (Monday) when between £1¼ and £1½ million stock passed through the market. The prices they obtained must have varied between £1 discount and £1¼ discount, so that allowing for underwriting commissions they made a small profit.

The most unusual of the new issues is the £7½ million of 6 per cent first mortgage debenture stock of London and Overseas Freighters at £97 10s. which has been placed privately by Philip Hill, Higginson and Company. It will provide part of the cost of the company's £17 million tanker building programme and in normal times might have been judged a poor issue on the ground that shipowning is a risky business that should be financed only in small proportion by debenture issues. Now when a tanker can be chartered for a period of years to a big oil company long before she is delivered the security can be viewed much more favourably. The stock cannot be dealt in until January 15th when the first call of £20 becomes due and a period of no less than three years separates that first call from the last call of £27 10s. on January 15, 1960. Funds are intended to flow in as the shipbuilding programme progresses, and it will be noted that the finance is intended wholly for the shipbuilding of the parent company in this country and none of it for that of the offshoot in Bermuda.

The issue has most unusual redemption provisions. Final redemption is at par in 1982 and a substantial sinking fund is provided but the right to earlier redemption at any time after 1963 is reserved at the higher of these two prices: either £110 in 1963 the figure falling by 10s. each subsequent year, or a price that would result in a gross redemption yield to the final date of redemption 1.4 times the flat running yield on 2½ per cent Consols on the date when notice is given.

In the realm of municipal finance two small placings have been announced, both tailored to suit the trustee savings banks and both reasonably well received. Newport, Monmouth, has placed £1 million of 5½ per cent stock dated 1961 at £98¼ and Middlesbrough £1 million of 5½ per cent stock 1967 at £97.

What Price Petrol?

WHEN oil tankers are being chartered at rates more than double those prevailing during the summer, and double those of last winter's peak, a rise in petrol prices at the pump is merely a matter of timing. While the oil companies have temporarily absorbed the rise in freights until a clearer picture of the cost of the emergency supply pattern can be discerned, there is now little doubt that at least part of this cost will be passed on to consumers before rationing starts on December 17th. The extent of the increase, however, will be governed more by the rise in the average cost of supplying the British market than by reference to the extreme costs of spot tankers chartered to move marginal supplies. The rise, when it comes, seems likely to be about 3d. a gallon.

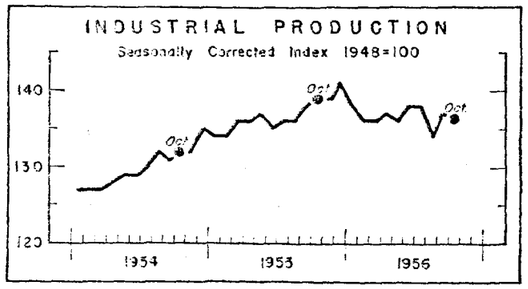
Motorists vainly searching for the last drop of unrationed petrol may suspect that dealers are holding stocks in order to make a killing on the price increase or even in anticipation of the re-emergence of the wartime black market. Expected price increases are without doubt an incentive for dealers to hold back stocks, but the uncertainty of future supplies may be a more compelling reason. In particular, the oil companies normally refuse, on economic grounds, to make delivery to dealers in less than 200-gallon lots. To obtain such a delivery after rationing has started the dealer will have to produce 200 gallons' worth of coupons. To keep in regular operation, therefore, he must have more than 200 gallons in stock when rationing commences.

The availability of supplies and their price are two of the motorist's chief concerns; a third is the quality of the petrol he may be able to buy. It has already been announced that no more 100 octane petrol will be sold to private motorists after existing stocks have been exhausted. And a note on page 813 discusses some of the technical factors affecting the quality of petrol output from the refineries. But it seems safe to discount, at least for the present, the persistent rumours of an imminent return to a single grade of petrol.

Output Before the Oil Cuts

EVEN before the oil shortage began, industrial production had begun to slip a little from the level along which it had been running since early in 1955. The seasonally adjusted official index for September, at 137 (1948 = 100), was a point below a year before, and the indications are that this index will be 136 to 137 for October, against 139 in October 1955. This would be about two per cent below the peak index of 141 reached in December last year.

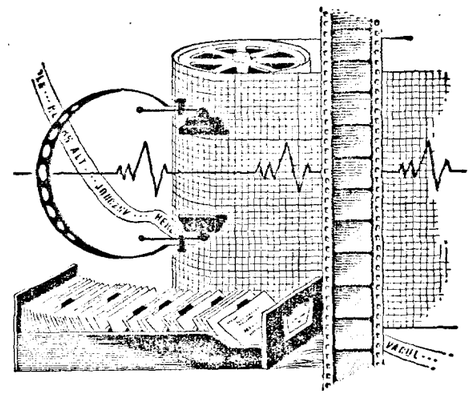
The very slight downward tendencies in the index during the last three months have partly resulted from revisions to the index figures: there were no signs of the recovery for which optimists had been waiting, as resources were switched into industries where business remained good. That recovery seems now certain to be postponed. If the government can in fact maintain 90 per cent of fuel oil supplies to industry, the shortage need hardly have much



effect in depressing output further, but it still seems probable that heavier cuts and an allocation scheme may have to come. The dislocation of road transport to move industry's supplies to the docks and of shipping to carry them onwards might have rather more effect on output; moreover, petrol rationing has finally extinguished what confidence remained in the motor industry and its suppliers about immediate prospects, and production there is being cut back even more than already seemed likely during the remainder of the year.

New Balance of Power

MR AUBREY JONES has accepted the central conclusion of the Herbert Committee on nationalised electricity that the area boards which distribute electricity retail to the public should in future be quite independent of the central generating authority from which they buy power wholesale. But he has not accepted the committee's suggestion that a rather shadowy Central Electricity Authority, bereft of most of the present responsibilities of CEA but exercising many of its powers, should supervise the whole industry. In the Electricity Bill that he laid before the House of Commons this week, the Minister of Fuel and Power proposes instead that an Electricity Council, made up of the chairman and deputy chairman of the new central generating board, the chairmen of the 12 area distribution boards, and an independent chairman, should advise him upon the industry and act as the industry's agent for services best performed in common, such as labour negotiations, major research projects and the raising of capital; it would have no powers of direction. Mr Jones's formula for the structure of the electricity industry, therefore, might be crudely summarised as "Back to the old CEB pattern with a Gas Council on top." Whatever one's reservations about the importance of the formal structure in these industries, this is a clearer and more sensible one, which should remove the excessive centralisation of power now wielded by CEA.



How much information can you use?

Most people, even if they are not closely connected with industry, know what a recording instrument looks like. Like a Seismograph it goes on giving a record line of information about conditions which are generally quite normal. The geologist usually only wants to record the frantic jump in this record line when an earthquake occurs; similarly the man in industry usually only wants to know when the recorded condition is abnormal. For some time Sunvic Controls Ltd. have been developing new means of monitoring this information so that it provides a more easily used record—not of the *normal* conditions about which nobody wants to know, but about the *abnormal* on which action has to be taken. One method is to record this information digitally—or in more simple terms to print it out as with a teleprinter. Alternatively the information can be placed on punch cards so that it can be analysed mechanically.

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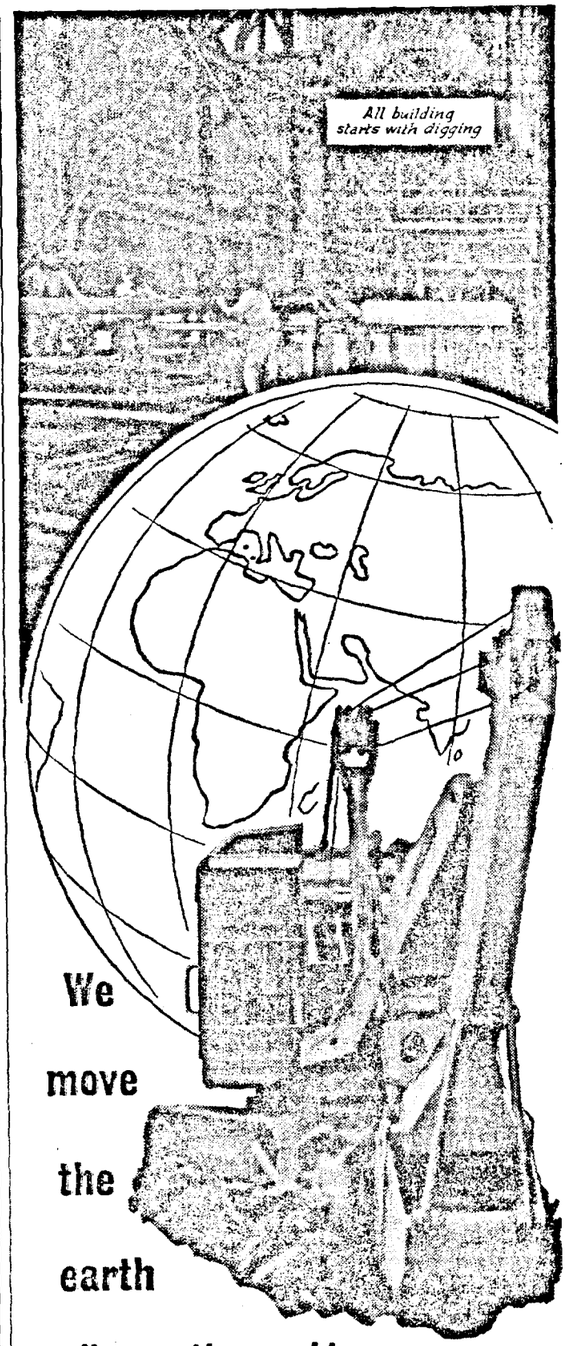

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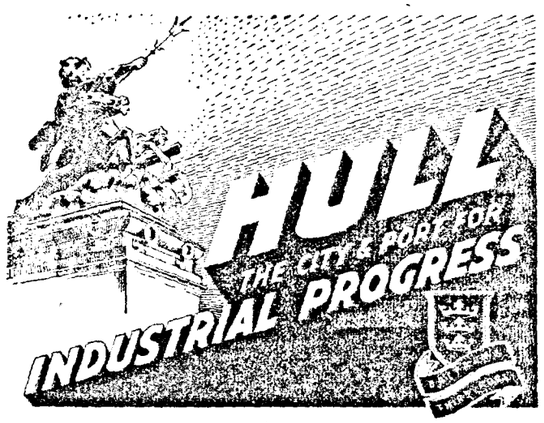

Advantages for the Location of New Industry

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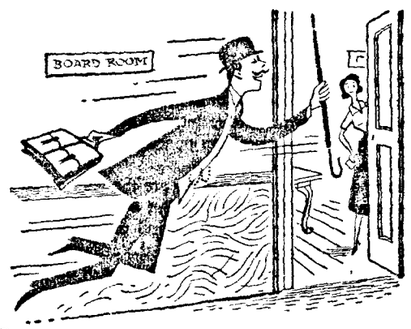

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The area boards, which under this new bill would receive the independence they were offered in form but not in fact under the original nationalisation act in 1947, would be required to balance their own accounts "taking one year with another"; at present, this is required only of the whole industry, not of individual boards. They would submit their capital development programmes in the first instance to the Electricity Council for its observations, but would not be bound to accept any amendments suggested by the council in placing their programmes before the Minister (who would also receive the Council's observations) for final approval. Moreover, they would have as a reserve in bargaining with the new generating board the power to generate electricity themselves, if the Minister approved. The Minister has not accepted the Herbert Committee's suggestion that individual boards should raise their own capital through public issues (if and when the financing of nationalised industries is returned to the market); the Treasury would not abide this. Nor does he consider the further idea with which the committee toyed, that the industry should issue stock without Treasury guarantee, practicable in view of the vast and still-growing capital demands of electricity.

Energy for Success

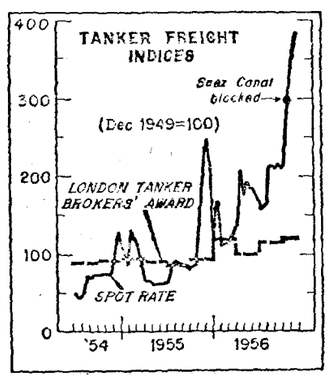
THE Central Electricity Authority has been asked for a detailed estimate of how much a switch to nuclear power on a larger and earlier scale would add to its capital requirements. This switch to basing new generating capacity on nuclear rather than conventional power stations would be, according to Mr Jones's intentions under the new Electricity (Reorganisation) Bill, a particular responsibility of the new central generating authority; he intends, as the Herbert Committee suggested, that the design and construction of conventional generating capacity should be left largely to the regional generating divisions.

It is no secret, and was inevitable, that liaison between CEA and the Atomic Energy Authority was not always intimate or easy; this was to be expected at the introduction of an entirely new fuel technology, particularly when one established and immensely self-confident profession of technologists encountered a newer band, even more flushed with success and intolerant of advice from any but their own odd kind. For a time it did no harm to see the bafflers with science baffled in their turn (though chastening on either side remains almost imperceptible). But the authority that will have to deliver atomic electricity to Britain will be the new CEGB (Central Electricity Generating Board), not AEA; and Mr Jones's hope that an element of joint membership can be achieved, in which full-time members of CEGB may become part-time members of AEA and vice versa, seems a wise one. There are already rumours that major appointments to the new generating board might make the link even more intimate.

This is an amending bill, not a completely new constitution and charter for nationalised electricity; it does not, for example, attempt to legislate anew on tariff principles. Financially, the Minister takes two powers that might give him some leverage upon pricing policies: he is now to be able to issue directions on depreciation policy and upon the financial reserves the electricity boards are required to create. Mr Jones argues that commercial flexibility and the relation of tariffs as closely as possible to costs are not matters for a bill. And although he is proposing this thorough-going reform of the industry's structure, he still believes that the success of these newly independent and more genuinely commercial enterprises will depend largely upon personalities. But upon the means of securing the right personalities he appears to have made no headway. There is no reference in this bill or its attendant White Paper to the "rate for the job" salaries that the Herbert committee and so many other observers have argued ought to be paid to get the right men for these exhausting and particularly vulnerable jobs at the head of nationalised industry.

Freights for Extra Tankers

TRAMP tanker freights have been soaring, as was to be expected. It is now costing an oil importer about £7 3s. a ton to ship oil from the Caribbean in newly fixed tramp tankers. This is about the same as the highest rate paid during the Korean war, more than half as much again as the highest payment last winter, and more than double this summer's average. In comparison the cost of bringing oil in tramp tankers from the Persian Gulf has rocketed. The London Tanker Brokers' Panel have fixed a new datum rate of 80s. 10d. a ton for the return trip via the Cape, which compares with the datum or "Scale" rate before the Canal was blocked of 49s. 2d. a ton plus Canal dues of 6s. 3d. a ton. Thus, although tramp tankers are now being fixed at Scale rate plus 340 per cent against Scale rate plus 250 per cent at the end of October, the change in the Scale rate means that the shipping cost to the importer is now more than £18 a ton against just under £9 a ton a month ago, an average of £5 a ton during the summer, and £6 15s. at the peak last winter.



Since the tramp market supplies about a tenth of all tanker tonnage—possibly less over the last few months—the extreme pressure for extra tanker tonnage must inevitably be reflected in enormously high tramp rates; and oil importers must expect to pay much more before the winter is out. All the oil companies in Britain and from the continent have been in the market, but few fixtures have been made this week since they are not prepared to pay the full prices tanker owners are asking. Scale rate plus 375 per cent has been offered for the Caribbean route this week, but the highest fixture so far has been at Scale rate plus 340 per cent. Recent consecutive voyage fixtures also demonstrate the firmness of view about future freights. A 10,000 ton tanker was chartered last week for

three months' voyages starting in December, with a minimum rate of Scale plus 200 per cent and a maximum of Scale plus 350 per cent. This week two slightly larger vessels have been fixed for twelve months at a flat charge of Scale plus 310 per cent.

Pressure on Forward Sterling

THE speculative pressure on sterling shifted this week to the forward market. Spot sterling on New York has been kept steady at $2.78¼-⅜ since the day of the Anglo-French ultimatum. In the first three weeks of November there was no dramatic rise in the discount on forward sterling; in the past week, however, the discount has increased sharply—from ¼-$\frac{9}{16}$ to 1⅛-1 cents one month forward, and from 1⅝-1¼ to 2$\frac{11}{16}$-2$\frac{9}{16}$ three months forward. On an annual basis, the three months' cover represents an interest cost of nearly 4 per cent.

The pressure on forward rates has been attributed to sales of sterling forward arising from purchases of spot sterling necessitated by the need to replenish working balances. There have been some indications of such transactions, but the short account as a whole appears to have grown. The big influence in the weakening of forward sterling has been the withdrawal of official support from this market. The authorities have apparently decided that such support provides a needless help to the speculator.

Sending Goods by Rail

THOUGH petrol rationing will start at the time of the year when both road and rail traffic is normally at its busiest—and also when the weather does not often make it easier for the railways to handle substantially extra loads—the Transport Commission should have little difficulty in accepting part of the traffic the Minister of Fuel and Power expects to be transferred from the roads in the next few months. On the other hand, neither industry nor the railways could quickly or with ease adjust their operations to a shift in the region of a quarter of road goods traffic, which is what the present ration, basic and supplementary, might mean. This would probably be equivalent to between a quarter and a third of present rail freight movements, measured in ton miles, and a much higher proportion of the tonnage passing through rail terminals. But road goods movement may not be cut by as much as its oil supplies, since the petrol shortage will provide its own stimulus for hauliers and especially for firms with their own "C" licence vehicles to try to improve loadings of their vehicles. Mr Watkinson's intention to ask the licensing authorities to grant hauliers' "B" licences for short periods to firms with "C" licences will help pooling arrangements.

But much will depend on the way supplementary rations are awarded; the present lack of a stated policy has hampered both state and private road hauliers from planning new arrangements. The silly rule that no applications for supplementary allowances could be made before half the basic ration had been used was quickly dropped. But both the basic and supplementary rations have been fixed globally on average petrol consumptions by different sizes of vehicles, and the range of variances from this average is wide with BRS lorries on the whole running a higher mileage than private hauliers, and private hauliers generally more than "C" licensees. The sample survey of its members' "C" licence operations the FBI is conducting next week should help in the framing of this policy by giving some indication of how far the basic ration may cut movements and how much of the remaining traffic could not be moved by rail.

Retail Business

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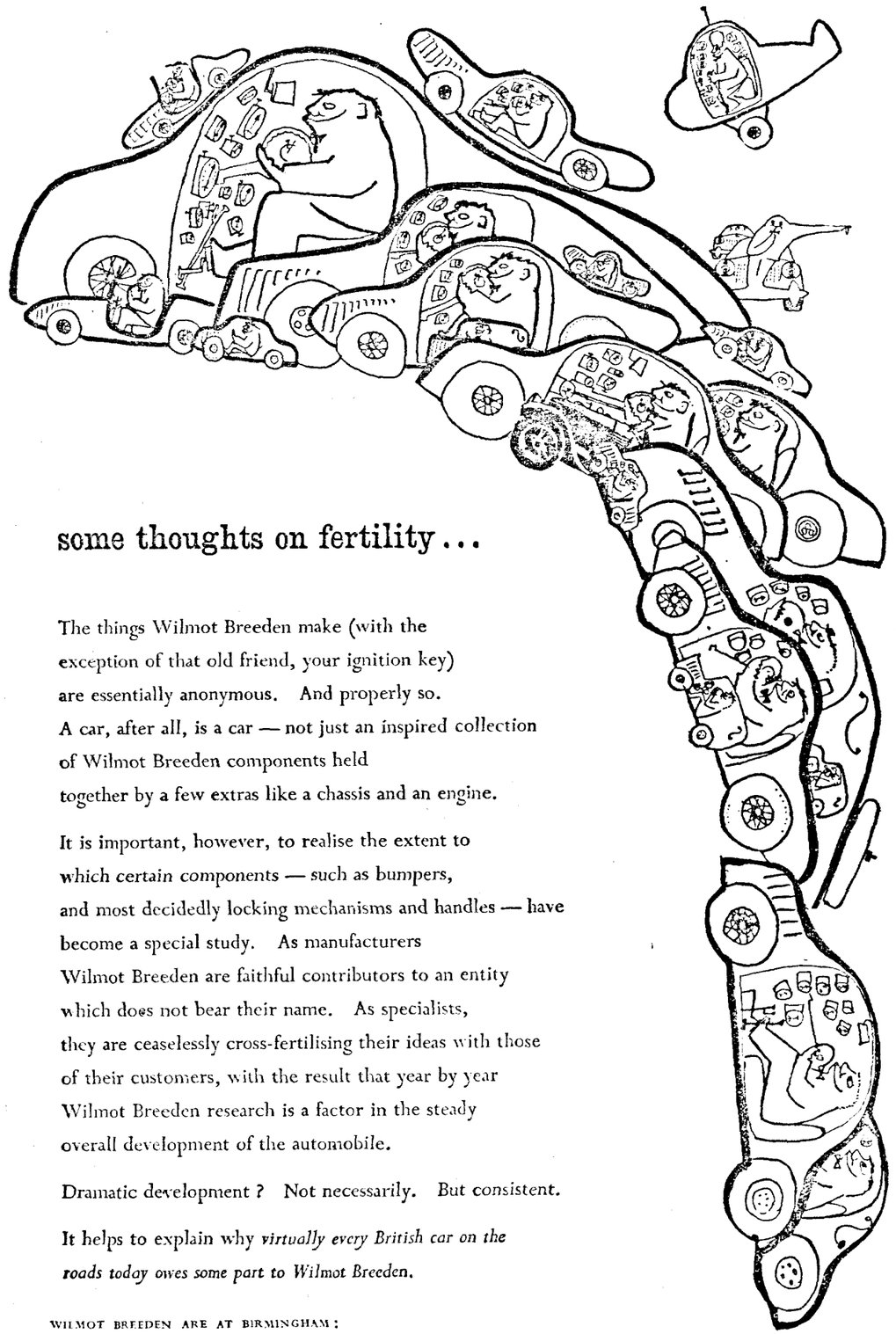
Ample Coal Stocks

COAL this year has been doing about as well as the economy: no more chilling reflection could be cast upon the rest of industry. Up to the end of last week production was fractionally higher than in the same 47 weeks of 1955, with deep-mined output about 90,000 tons less and opencast output about half a million tons more. Coal consumption at home has risen, and imports have been cut more than exports and bunkers; but the industry's total stocks are still about 23 million tons, 1¼ million tons higher than at this time last year and substantially above normal "safety margins" for the winter. Even for this winter, that total looks pretty safe.

Elaborate arithmetic over "the stockturn" went out of fashion a year or two ago when it became evident how readily the Government were prepared to call upon coal stocks in Pennsylvania and West Virginia to supplement whatever the National Coal Board and consumers here had in hand for the winter. That costly alternative may not be so easy this winter; dollars have become short again, the continent is already importing American coal at a high rate, and the closing of the Suez Canal is pushing up demand for dry cargo as well as tanker tonnage. To dust off the old subtraction sum, one may assume that in normal circumstances Britain would have consumed about 6-7 million tons more coal than it produced between October and May, reducing stocks to perhaps 16 million tons.



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Industry and other consumers (excluding the refineries) use about 5½ million tons of fuel oil a year, and perhaps 3½ million tons of it, equivalent to about 6 million tons of coal, during the "coal winter." If substitution were universally practicable, and the situation extreme, possibly the whole of that might be replaced from coal stocks during this winter without doing more than worry the Coal Board a little more than usual. Nowadays the board likes to think about 12 million tons in stock as the minimum for the end of the winter; but on several occasions since the war the actual figure has been around 10 million tons. Obviously, substitution would not in fact be practicable in many cases, and nobody is thinking of a cut in fuel oil supplies, for the moment, of more than, say, 15-25 per cent. Against either of these contingencies, if coal could be used instead of oil, there should be ample—plus a fair margin for extra coal consumption on the railways.

Motor Insurance on the Petrol Ration

AMONGST the few who do not recoil with unmixed horror from the thought of petrol rationing, must be counted the underwriters of motor insurance. There have been long faces in most motor insurance offices since 1954, the last good underwriting year. Claims have been inflated by the crowding of new cars on the road, the soaring cost of repairs, and personal damage assessments based on rising incomes. Rates, which were last increased in December, 1955, and then only by an average of about 5 per cent, have not kept pace. The resultant loss has been heaviest amongst the "tariff companies"—so called because they adhere to a common minimum rate tariff—who tend to regard their motor departments as a bait for other more profitable business. But even for the Lloyd's underwriters and non-tariff companies specialising in the motor field, the year 1956 is likely to show an underwriting loss.

In the opinion of virtually all motor insurers, therefore, the time was ripe for a substantial increase in rates—until the Suez canal was blocked. It is now obvious that all thoughts of a rate increase must be stored away until petrol rationing ends. And as vehicles are laid up, so premium income will fall. But, with the possible exception of comprehensive cover on part of the lorry fleet, policy cancellations are not expected to be large. The basic ration of 200 miles a month is more than double the 90 miles a month allowed when petrol was last rationed, even though supplementary allocations will be granted more sparingly than before. And the motor insurance companies, cheated of the prospect of a much needed rise in rates, feel that the uncertain, and possibly short, duration of rationing, justifies their refusal to grant rebates on existing and new premiums to compensate for reduced mileage. Nor is there any sign so far of the reappearance of the half-duty licence for motorists driving solely on the basic ration, which might make a rebate more difficult to refuse.

Premium income, therefore, should not fall as fast as petrol consumption and mileage. Costs, on the other hand, may. Fixed office overheads will admittedly have to be spread over a smaller volume of business. But the really big item in cost is claims, and here the underwriters look for a substantial reduction. Much will depend on where the petrol restrictions are most severely felt—whether good risks suffer as much as bad risks—and there are many factors operating in each direction. But since 1954 the increase in the number of cars on the road has been accompanied by a more than proportionate rise in claims. A decline in mileage now might therefore lead to a more than proportionate fall in claims. These hopes, at any rate, have awakened some unaccustomed optimism even in the breasts of claims managers. If they are realised, the saving in costs may make an effective understudy for the role that was due to be played by higher rates.

Squeeze on Scottish Banks

THE effect of the credit squeeze on its practitioners has generally been self-compensating: the big banks have probably gained at least as much from the higher rates obtained on advances, loans and Treasury bills as they lost from the higher rates paid on deposit accounts; aside from this they have suffered substantial depreciation (and some realised losses) on their gilt-edged securities. But two of the three Scottish banks that have recently issued their reports—the British Linen Bank, for the year to September 30th; the Commercial Bank of Scotland, to October 27th; and the National Bank of Scotland, to November 1st—have suffered a net fall in current profits. Costs have risen more than in England because a considerably larger proportion of deposits is held in interest-bearing accounts (stated by the British Linen Bank to be 50 per cent, compared with the published ratio of rather over one-third in the clearing banks), whilst the rise in earnings has been rather smaller than in England on account of the lower proportion of assets deployed in call loans and in bills. The only bank of the three to show a decline in profits is British Linen (by £9,000 to £290,000); but in the Commercial Bank the profits from actual banking declined. The National Bank of Scotland shows a small increase, by £7,000 to £343,000. All three have maintained their dividends.

The level of deposits is little changed over the year—the biggest movement is a decline of £3.9 million, to £117.4 million, at the Commercial Bank. Lord Rotherwick, the Governor, attributes this partly to switches into Treasury bills, tax reserve certificates, and also of small deposits into the post office and trustee savings banks. Both he and Lord Airlie of British Linen castigate the Chancellor for failing to extend the tax concession on the first £15 interest to savings deposits at the commercial banks.

Each of the three Scottish banks shows an increased depreciation on its gilt-edged portfolio. The portfolios of all three are valued at or under cost and redemption price, with market values disclosed in marginal notes. The Commercial Bank shows a depreciation below market value of 7.6 per cent (compared with 6.8 per cent in 1955) on a portfolio valued at £49.8 million—without making any transfers from contingencies or reserve funds. The amount of the disclosed depreciation, at £3.8 million, compares with Reserve Funds of £3 million. The depreciation at the National Bank, whose balance sheet date fell after the spasm of weakness in gilt-edged that followed the Anglo-French intervention in Egypt, has risen from 3.7 per cent last year to 7.2 per cent; at £3.7 million it is more than half as large again as the Reserve Fund. The depreciation shown by British Linen—on a portfolio increased over the year by £1.7 million to £40.1 million—is £2.2 million (5½ per cent, compared with 5 per cent in 1955), but this is well covered by the Reserve Fund of £2.5 million.

Cocktails in the Refinery

THE most acute problems arising for the operation of European refineries from the reduced rate of oil supplies from the Middle East will come less from the physical shortage of supplies than from the rather unpredictable quality of many of the new crudes. Normally, refiners assiduously plan tanker arrivals well ahead, and programme long runs of crudes bought to close specifications and processed according to well-tried formulæ. Batches of different crudes are carefully separated, and the reactions of each batch closely controlled. Now, refiners, operating on more of a hand-to-mouth basis, must deal with an unsteady rhythm of unfamiliar arrivals—heavy crudes from Venezuela if they can get them, assorted light crudes picked up from Texas and Louisiana, or the reduced volume of Middle East oil shipped round the Cape.

"Cocktail runs" of mixed crudes of unfamiliar qualities can produce some rather unpredictable results. The quality of refined products seems bound to suffer, partly for this reason, and partly because the emphasis will be on producing the maximum quantity of products, with the minimum losses and fuel consumption in the refinery. The product balance will also change, with even more emphasis on black oils for industry and less on the lighter products. Already it has been announced that 100-octane fuel will no longer be supplied to motorists. Most refineries are going further than this. By shutting down some of the catalytic cracking units, both the feedstock and the fuel used in operating the plant can be added directly to the supply of fuel oils. But some of the by-products of cracking, such as propylene and the other gases used as feedstock for petrochemical plants, will be lost, raising acute problems of replacement. The quality of gasolene can be kept up to some extent by running higher quality crudes, and relying on reforming processes to raise the octane ratings of naphthas produced by straight-run distillation. But some

Building, This Year and Next

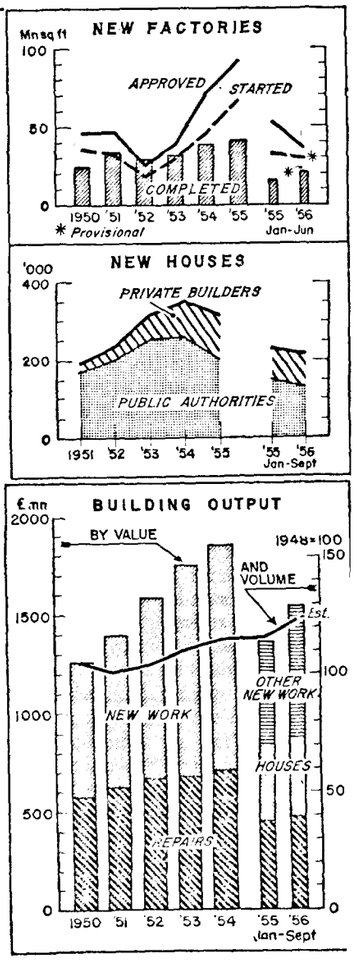
AT the beginning of this year building contractors expected to be more active during most of 1956, but thought that towards the end of this year the level of operations would begin to flatten out, and that during 1957 it would probably start to fall, as the flow of new business booked before the Chancellor's restrictions on investment reached the end of the pipeline. So far, their forecasts have been borne out.

Up to the end of September, 1956 was certainly a year of expansion—perhaps more marked than most contractors expected. The total value of all building work for the nine months reached £1,538 million. This was 12 per cent more than last year; it included a 15 per cent increase in new construction, which totalled £1,068 million, and a 6 per cent increase in repair work. Allowing for the rise in prices—5 per cent so far—the physical expansion for 1956 as a whole will probably be of the order of 6 per cent. Productivity has risen, too, under this stimulus of a marked expansion in activity.

Within these global figures the shift from housing into other forms of social investment and into industrial and commercial building followed expectations. New building for all public authorities rose by only 8 per cent, to £570 million, whereas new work on private account jumped by 24 per cent, to £498 million. Industrial building rose by 32 per cent to £200 million for the nine months (thus broadly confirming the Board of Trade's survey of industry's investment intentions this year); other new building for private owners, excluding housing, rose by 29 per cent to £115 million; and new building in the public sector, again excluding housing, rose by 16 per cent to £327 million. The total number of houses completed by the end of September was 218,500, against 233,300 last year, but the value of this smaller output was about 4 per cent more.

Already, however, signs of slackening can be seen. The physical increase in building output was lower in the third quarter than in the previous six months. The portents are even more noticeable in contractors' shrinking orderbooks. House building has provided more than 40 per cent of the industry's new work, even this year, but the number of houses under construction at the end of September was 282,900, against 296,100 in September, 1955. The number started has fallen more sharply.

Factory building is also showing signs of being cut. The latest figures show a reduction of an eighth in starts, and of a third in Board of Trade approvals. Next year, according to present information about the investment plans of manufacturers, the amount they expect to spend on new building will be 9 per cent less than this year. In general the prospect for 1957 is of a definite slowing down of building operations.



of the refiners are curtailing reforming operations as well to save fuel, and relying on adding more lead to premium grade petrols.

By these means the physical supply of refined products within the Government's rationing pattern may be achieved. But the refiners are far less happy about their economics. Higher crude costs and soaring tanker freight rates will soon be passed on to consumers, and at the restricted level of consumption the customers will be prepared to pay the higher prices. Economy in refinery fuel consumption, and in the use of expensive catalysts, means a reduction in costs. But a high proportion of refinery cost is fixed, and all plants will be running well below capacity. Problems of refinery balance, already serious before the Suez Canal was blocked, will be intensified. When petrol sales fall, as the Government intends them to, more sharply than deliveries of much less profitable fuel oil, refinery revenues will be affected even more than the cut in throughput would suggest.

Hire Purchase Trends

THE Commercial Bank of Scotland, which is the only Joint Stock bank to have acquired subsidiaries in the hire purchase business, shows an increased profit for the year ended October 27th. Net profits are returned at £488,155, compared with £473,315, and Lord Rotherwick, the chairman, tells shareholders that the whole of that increase and more comes from the hire purchase subsidiaries. Moreover, at the balance sheet date the bank's advances to its hire purchase subsidiaries had actually increased from £7 million to £8.8 million. The deposits of private customers in the hire purchase business (represented by the difference between the deposits shown in the statutory balance sheet and those shown in its consolidated balance sheet) however showed a fall from £4.2 million to £2.4 million. At first glance this well maintained supply of bank money for the hire purchase subsidiaries looks strange in relation to present directives. The explanation must lie in the fact that the peak of borrowings from the bank was passed long before the balance sheet date of October 27th and that those borrowings are on the way down.

There is, therefore, not necessarily any conflict between the bank's hire purchase experience and the national figures, even though the Board of Trade shows the nation's hire purchase debt to have shrunk every month this year. At the end of September it was put at "at least £374 million" representing a reduction of about 17 per cent below the estimate of "at least £450 million" at the beginning of the year. That winding down is the inevitable consequence of the fact that old hire purchase debts, on which the amount of borrowing was high, are being repaid and new debts, on which the amount of borrowing per article is low, are taking their place. The rate of unwinding—only about 1 per cent between August and September—is, however, according to Board of Trade figures, now slowing down, while on the retail side of the business the volume of new hire purchase trading seems to have found a level and begun to rise again.

But at that point any similarity between the experience of the household goods shops and that of the Commercial Bank of Scotland ceases. The bank's subsidiaries are engaged in financing an instalment trade in vehicles and machinery, not consumer goods. That trade is not yet obviously expanding again. Competition among the lenders of money is still becoming more acute as money is released by the gradual repayment of old hire purchase debts. Rates offered to depositors have passed their peak; the Commercial Bank of Scotland group is offering 5½ per cent for three months' deposits.

Graphite for Atom Power

THERE has been concern for some time over supplies of high-quality graphite for the atomic power programme. Only one company, British Acheson Electrodes, has so far been able to supply large quantities of graphite to the standard required, although several abortive attempts have been made. It takes 2,000 tons of graphite to cut the 58,000 blocks that fill each reactor shell at Calder Hall, nearly half the weight being lost during the machining of the blocks. The four reactors that make up the Calder Hall installation therefore need between them 8,000 tons of graphite, and the Atomic Energy Authority's other power station at Chapel Cross, another 8,000 tons. On top of this, tonnage of the same order must be found for the Central Electricity Authority's atomic power programme on which building starts in the new year. Some new capacity was therefore badly needed. It will now be supplied by a new graphite factory, estimated to cost £6 million and to have a capacity of 10,000 tons a year, which is to be built by C. A. Parsons and several of the companies working with it on atomic power, and the Great Lakes Carbon Corporation of New York. The American company is one of the world's major suppliers of this quality of graphite. Its know-how will presumably be used to overcome what seem to be the very considerable technical difficulties in producing this essential material.

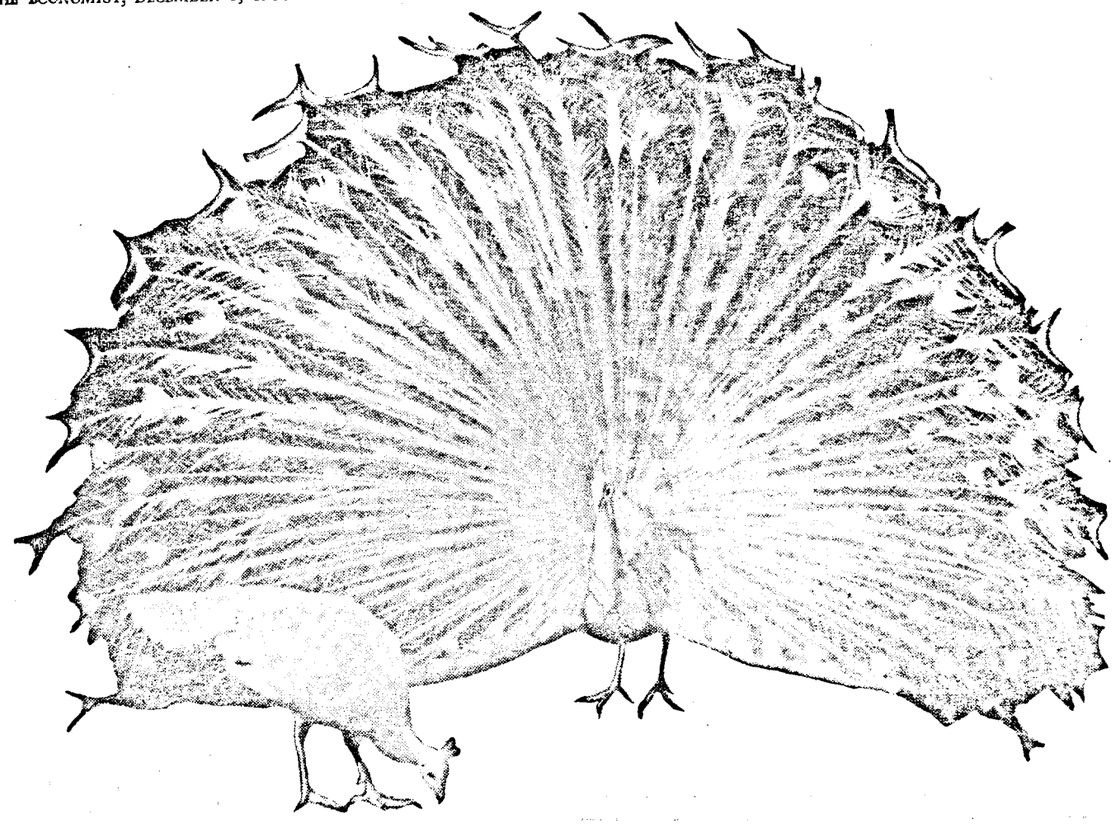
Advances to State Boards

IN the first four months of the new system of capital financing of the state industries, direct advances from the Exchequer have reached £107.8 million. This compares with the budget estimate of a total of £350 million in the fiscal year. The latest mid-monthly instalment on November 17th, as the table shows, was £26.9 million, against £18.2 million in October; advances to the Electricity

EXCHEQUER ADVANCES TO STATE INDUSTRIES*
(£ million)

	August	September	October	November
Central Electricity	14·0	24·0	12·0	8·0
Gas Council	5·0	4·0	3·0	5·0
Transport Commission ...	5·0	5·0	...	10·0
Other	3·2	2·5	3·2	3·9
Total	27·2	35·5	18·2	26·9

* Under Finance Act, 1956, and excluding National Coal Board, which draws funds from the Exchequer under separate Acts



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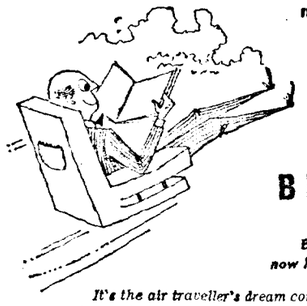

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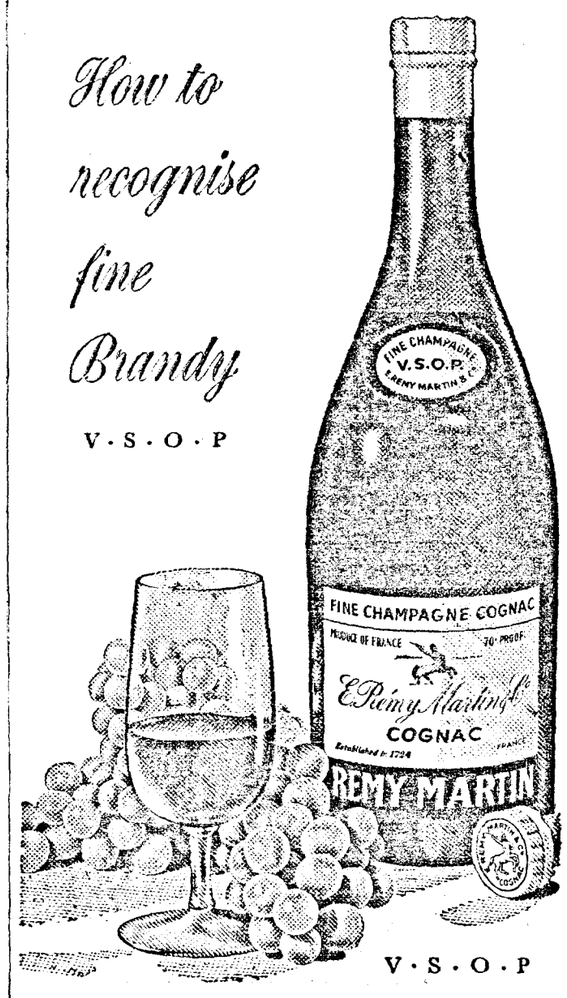

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REMY MARTIN

Pride of Cognac

Authority were lower than in any of the three previous months, but the Transport Commission apparently took two months' instalments in one (having borrowed nothing in October). These month to month variations, however, are of minor significance for they largely reflect temporary fluctuations in payments and receipts. In this initial phase, a portion of the Exchequer advances is being used to repay overdrafts used to finance the boards' capital outlays. The details of the boards' advances from the banks at the November make-up date will be published with the clearing bank figures next week.

More 6 per cent Mortgages

THE two remaining big building societies that did not announce increased mortgage charges to old borrowers in the summer have now done so. The Abbey National will raise its charge to them from a general rate of 5½ per cent to 6 per cent on March 1, 1957. The Woolwich Equitable Society's rate will also go up to 6 per cent on April 1st, which happens to be half-way through that Society's financial year. Both societies are treating their old borrowers well, the Abbey National carrying the burden of increased share and deposit interest for five months and the Woolwich society for six months before passing it on to old borrowers.

During the period they have certainly been making no margin of profit and probably have been incurring a small loss on that part of their business. At last they have evidently now abandoned hope that dearer money was a transient phenomenon. The recent decision fixing the composite rate of income tax at 5s. 4d. in the £ (compared with 4s. 10d. last year) has no doubt helped to force the societies' hand. Both of them will give the affected borrowers the opportunity of increasing the length of their mortgages instead of increasing their monthly payments.

New Monopolies Commission

WHEN the Monopolies Commission was reconstituted a month ago, in line with the new arrangements made by this year's Restrictive Trade Practices Act, it was left with only one reference to investigate. That was the supply of chemical fertilisers on which work started last year and may not be finished for another year. All other investigations were either completed or were allowed to lapse, since the Restrictive Trade Practices Court and the new Registrar will henceforth be concerned with all restrictive agreements (the first and biggest batch of which will be called up between now and the end of February). The Commission will be left to concentrate its experienced attention upon single-firm monopolies—that is where one firm controls a third or more of the supply of a particular article—upon export agreements, and upon other arrangements "not made subject to registration by the Act." Four references on which work was not very far advanced, including that on common prices and agreed tendering, were therefore dropped. Another five had been completed and now await publication by the President of the Board of Trade—heavy electrical plant, tea, electronic valves and cathode ray tubes, industrial and medical gases, and metal doors and windows. But the report on valves was purely factual; and on none of them will special action be taken about agreements that are subject to registration. These will be left to the Court.

The President has now given the Commission a new membership and three further references—cigarettes and tobacco, cigarette and tobacco machinery, and electrical equipment for motor vehicles, all of which appear to come within the category of "natural" monopolies. Mr R. F. Levy, QC, has been appointed chairman in place of Sir David Cairns. Five of the former sixteen members have been reappointed, and two of the four remaining vacancies have been filled by persons from industry. The Commission now has four members who are or have been in industry, two lawyers, one trade unionist, and an economics professor who has specialised in industrial organisation.

SHORTER NOTES

The British subsidiary that Du Pont set up in April has taken options on a 381-acre site near Londonderry for the purpose of erecting a synthetic rubber plant to make Neoprene, Du Pont's specialised synthetic. It plans to begin construction there in early 1957; and the Mayor of Londonderry has further stated that the plant, when it begins production in mid-1959, should employ 350-400 men. This plant, which will draw electricity and process steam from a new power station close to Lough Foyle, is Du Pont's first manufacturing unit in Europe.

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A constructive proposal to counteract the dangers of non-voting shares came on Tuesday from the President of the Chartered Institute of Secretaries, Brigadier Kenneth Hargreaves. It is at present a Stock Exchange condition for the granting of a quotation, that "adequate voting rights are in appropriate circumstances secured to preference shareholders." Brigadier Hargreaves would like the Stock Exchange to make that read "*preference and ordinary* shareholders."

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The visit to India of a delegation from the Lancashire cotton textile industry has been postponed by mutual agreement until mid-January. The delegation will try to persuade India to accept some voluntary limitation on its exports of cotton cloth to Britain. It will probably call on the Hongkong industry afterwards for the same purpose.

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The price of crushing boart, an industrial diamond used mainly in polishing and grinding tools, has been raised by 1s. 6d. to 18s. 3d. a carat from December 1st. This is announced by Industrial Distributors (Sales), Limited, which is part of the Central Selling Organisation. For some time crushing boart has been fetching well over £1 a carat in the free market.

Looking at the Motor Results

IN reading the accounts of the motor companies and the manufacturers of accessories for that industry, shareholders must not forget they relate to a year that ended about three months ago; it was therefore a year containing five or six months free from the troubles which began to beset the industry in February and which beset it still.

The chairmen of the companies comment on past "difficulties"—the favourite word in this year's accounts—with the same voice and with the same inclination to put some of the blame on the Government. The points they make are familiar: import restrictions in Australasia, the credit squeeze, hire-purchase restrictions, the increase in purchase tax, the increase in overhead costs coming on top of the increase of operating costs and now petrol rationing. Profits almost throughout the industry have fallen, though not uniformly. Standard Motor Company was particularly badly hit by the labour disputes and by the introduction of a new tractor; Rover alone has been able to report an increase in profits as well as sales, thanks perhaps to the Land Rover. The two big accessory makers for the industry, Joseph Lucas and S. Smith and Sons, admit to making a loss on their production for the motor industry in the last months of the financial year, though both have done rather better on their sales to the heavy vehicle and aircraft industries. British Motor Corporation has reported a sharp drop in profits, but its output went up by about 5 per cent, the number of vehicles produced rising from 418,705 to 439,558 (of which 187,146 were exported).

Most of the companies ended their financial years with far less in liquid resources than they had a year earlier, because their stocks have been rising and because some of them were re-tooling for new models and going ahead with expansion programmes. BMC, for instance, spent £9,157,000 on capital account in 1955-56 and there is a further commitment of £6,820,000.

All this was expected, but one mystery is left unsolved. This is the identity of the buyer of Standard Motor shares. Lord Tedder, the chairman of the company, has been told in confidence who he is. He describes him as "friendly" and as not likely "to interfere with the plans to continue aggressively in the car and tractor business." The board of directors has therefore withdrawn its support for the move by some shareholders to obtain a Board of Trade inquiry into the buyer's identity.

As to the future, the spokesmen of the industry content themselves with generalities about continuing difficulties. All the boards have gone cautiously on dividend payments. Investors may perhaps assume that the words of the chairman of Rover, who says that though the dividend has been maintained this year trading prospects are much less favourable have a general application.

But the chairmen of these companies have not lost faith in the long-term growth potentialities of the industry. This view is put most clearly by Sir Leonard Lord, of British Motor: "With the present political and economic uncertainties, it is neither easy nor wise to predict the course of events or our place in them. Selling is again subject to seasonal demand, upon which are superimposed Government restrictions aimed at reducing home consumption. In these circumstances, we may ask whether we have been wise in embarking on a programme of future development. . . . Even though for the time being we are prevented from making the fullest use of these improved production facilities, I have no doubt as to the wisdom of the policy of providing them. . . . All previous advances in productive capacity have been quickly justified. The world is still hungry for motor vehicles and what we are now spending can be considered as a premium necessary to insure the future."

EARNINGS AND ASSETS
(£'000s)

Year ended	British Motor		Standard		Rover		Joseph Lucas		S. Smith & Sons	
	July 31, 1955	July 31, 1956	Aug. 31, 1955	Aug. 31, 1956	July 30, 1955	Aug. 4, 1956	July 31, 1955	July 31, 1956	July 30, 1955	Aug. 4, 1956
Trading profit	23,797	15,826	5,925	3,005	2,331	2,500	9,988	7,156	3,374	3,178
Depreciation	2,732	3,105	2,371	2,119	378	425	1,331	1,269	558	664
Taxation	9,771	6,298	1,520	414	1,075	1,245	5,188	3,849	1,269	1,145
Net profit	10,480	5,386	1,955	393	938	759	2,207	1,520	1,345	1,167
Ord. dividends	2,207	2,288	354	319	267	268	607	607	291	291
Ret. earnings	8,567	2,972	1,398	204	631	451	1,523	835	929	727
Ord. dividends	*12½%*	*12½%*	*12%*	*8%*	*22½%*	*22½%*	*7½%*	*7½%*	*17½%*	*17½%*
Net fixed assets	23,089	29,176	8,136	11,470	3,223	3,576	9,178	10,711	3,913	4,848
Net curr. assets	45,209	38,391	4,620	2,156	4,237	4,813	22,523	21,733	7,376	7,313
Stocks	38,005	44,169	6,878	10,539	3,474	4,331	15,802	18,048	5,876	5,791
Net liquid assets	33,275	19,562	8,091	1,310	4,704	3,764	5,362	2,766	1,812	1,393
Reserves	22,033	21,528	4,015	4,216	4,293	5,182	12,510	14,420	5,455	6,472
Ordinary capital	23,302	31,840	5,128	6,928	2,067	2,075	12,570	12,570	2,891	2,891
Net profit/Net worth	*47·2%*	*8·5%*	*16·1%*	*2·8%*	*14·8%*	*10·5%*	*8·5%*	*5·3%*	*13·8%*	*10·8%*

Company Notes

GREAT UNIVERSAL STORES. The directors of GUS have left the interim ordinary dividend unchanged at 15 per cent; in 1955-56 it was followed by a final of 47½ per cent, making 62½ per cent in all. The group's turnover in the six months to September 30th established yet another new record, even when the sales of newly acquired subsidiaries are excluded. Gross profits in this period came to £10,153,000, compared with £10,022,000 for the same period last year, but they include £233,000 (against £247,000) of profits earned by new subsidiaries. If these profits are excluded and account is taken of the time-lag element in profits on hire-purchase contracts, it becomes clear that the expansion in profits, which has been slowing down, has been halted and that the group's profits margins are lower. But there has been no severe setback and in difficult markets the group has again put up a sturdy performance.

BRITISH CELANESE. Throgmorton Street, beset by its own troubles, could draw no shred of comfort from British Celanese's interim statement for the six months to September 30th. The half-year's profits have tumbled from £1,136,000 to £685,000 and the interim ordinary dividend has been halved, from 3 to 1½ per cent. Since the announcement the £1 stock units have fallen from 14s. 6d. to 13s. 4½d.

The directors' comment on these results reads like a continuation of the story unfolded in the 1955-56 accounts, when the total dividend was cut from 10 to 8 per cent. They say: "Competition both at home and abroad continues to prevent the company from obtaining higher prices for its products and this, combined with higher costs and a slightly lower volume of sales, has resulted in this fall in the group profit. The results of the current quarter are showing a little improvement, but the amount of the final dividend will depend upon the results for the year when they are reviewed next June together with the general conditions existing at that time." The directors of Courtaulds made a similar statement when they announced an unchanged interim dividend. But British Celanese seems to be one of those most badly hit in the rayon industry.

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BIRMINGHAM SMALL ARMS. So much has happened to BSA this year that none of the salient points in the report and accounts can have come as a surprise. It became abundantly clear during the dispute which ran from the dismissal of Sir Bernard Docker in May until the decision of shareholders in August not to reinstate him, that the motor car section of the group was doing badly. It was equally obvious that pruning and reorganising would be needed before shareholders could harvest the full crop from the productive branches of the business, the tools, the steel, the heavy engineering and the motor cyles. That is why Lazard Brothers and Deloitte, Plender, Griffiths & Co. were appointed to examine and advise.

The group trading profit for the year ended July 31st of £1.6 million, compared with £2.9 million, the net profit after tax of £770,000, against £1.5 million, the year's dividend of 8 per cent, against 10 per cent, and the fact that the motor car companies of the group sustained heavy losses have all already been announced. Shareholders will study the report mainly for signs that their new chairman, Mr J. Y. Sangster, is getting on with reorganisation. The sale of the earth moving equipment business of the Birtley Engineering company is one step that he has announced; the full accounts give the satisfactory information that that sale yielded a substantial profit over book values. Indeed, the profit on realisation of fixed assets amounted to £239,236, against £9,571 (and formed a not inconsiderable part of the year's earnings). The surrender of the licence from the Caterpillar Tractor Company (which formed part of that transaction) also brought in an addition to capital reserve of £125,000. The directors also record that they have abandoned the project of producing a medium-sized motor car and suspended plans to produce a 200 cc motor scooter. Obviously, much still remains to be done. The directors some time or other must take a decision on the future of the Daimler car and some time or other they must reinforce the group's cash, for the cash balance of £1 million in July, 1955, had turned into a bank overdraft of £2.6 million in July, 1956. Shareholders will hope the statement on the progress of the inquiry into structure and organisation, promised by the chairman for the annual meeting will answer some of these questions.

★

TATE AND LYLE. Although the value of Tate and Lyle's sales rose from £126,724,000 to £127,994,000 in the year to September 30th it sold in volume less refined sugar than in 1954-55. The decline in refined sugar sales occurred in export markets, where they dropped from 630,359 tons to 552,437 tons. The increase in sales to the home market, from 1,421,557 tons to 1,455,860 tons, was not sufficient to make good this loss of exports.

Profits after depreciation but before tax fell from £4,695,597 to £4,451,617. The company had no difficulty in maintaining the ordinary dividend at 16⅔ per cent and £925,000 (against £1,450,000) was ploughed back into the business. Until the full accounts are published it is difficult to guess at what has happened to the already small margins on refined sugar. Operating costs, as in every other industry, have undoubtedly risen but new equipment may have increased productivity. The company may, too, have benefited from the activities of its associated companies, especially those with sugar refineries abroad and those engaged in transport.

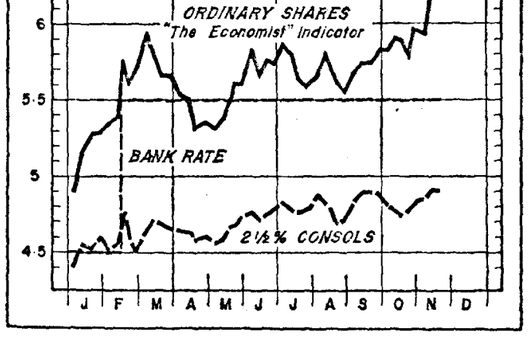
LONDON STOCK EXCHANGE

Next Account begins: December 12th
Next Contango Day: December 12th
Next Settlement Day: December 4th

GILT-EDGED stocks weakened again this week after recovering at the close of last week, but this time losses exceeded the gains and the *Financial Times* index of Government securities fell on Wednesday to its lowest point recorded at 82.57. Industrial stocks were again lower; *The Economist* indicator fell to 170.0. The heaviest falls occurred on Wednesday when British Aluminium lost 2s. 9d. to 58s. 3d., Metal Box 1s. 3d. to 44s. 3d., AEI 1s. to 58s. 9d. xd and ICI 9d. to 36s. 10½d. The general weakness of the market persisted on Thursday.

Brewery shares were affected by disappointing results; Ansells dropped 2s. 9d. to 49s. 3d. on the lower profits and Benskin's fell 3s. 7½d. to 44s. 3d. xd. But Leeds & Wakefield rose 2s. to 40s. xd. following the higher payment. Electrical stocks were firmer on balance, C. A. Parsons and A. Reyrolle recovering some of the ground lost on the announcement of the rights issues. Stores were weak; Marks & Spencer and Woolworth were both at their lowest points for the year. English Sewing Cotton were bought this week and gained 1s. 3d. to 28s. 4½d. and Horrockses 3s. to 28s. xd. Ford Motor and Rover declined further to 27s. and 11s. 10½d. respectively. Allied Bakeries "A" rose 3s. during the week to 48s. 6d. and Rio Flour 1s. 9d. to 33s. 6d. Steels fell further on balance this week; John Summers dropped to 30s., but Dorman Long recovered to 24s. after touching 22s. 9d. Turner & Newall weakened 2s. 7½d. to 92s. 9d. Unilever NV lost 4s. 3d. to 82s. on Wednesday. Calor Gas and Pyrene fell after the announcement of rights issues.

Oils declined again and were particularly weak on Thursday and gold mines were weak until Wednesday; both Free State Geduld and President Brand fell 3s. 9d. to 72s. 6d. and 52s. 6d. respectively. Rhodesian Anglo-American lost 6s. 10½d. to 94s. 4½d. Teas showed considerable gains and rubbers were steady.



STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Oct. 31	183·8	5·97				
Nov. 7	186·4	5·94				
„ 14	177·2	6·23	210·4 (Jan. 4)	170·0 (Nov. 28)	232·1 (July 20)	175·2 (Mar. 23)
„ 21	173·7	6·36				
„ 28	170·0	6·45				

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield	Fixed Int.‡	2½ Consols Yield	Bargains Marked	1956	1955
		%		%		High	High
Nov. 21	164·6	6·51	92·03	4·93	7,518	263·6 (Jan. 3)	233·9 (July 21)
„ 22	163·0	6·57	92·13	4·93	7,272		
„ 23	164·7	6·50	92·31	4·90	7,233	Low	Low
„ 26	164·8	6·50	92·27	4·91	8,788	162·9 (Nov. 28)	175·7 (Mar. 15)
„ 27	164·2	6·53	92·12	4·93	6,991		
„ 28	162·9	6·58	91·77	4·96	6,886		

Bases:—* 1953=100. † July 1, 1935=100. ‡ 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Nov. 28, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 21, 1956	Price, Nov. 28, 1956	Net Yield, Nov. 28, 1956 § £ s. d.	Gross Yield, Nov. 28, 1956 £ s. d.
98⅜	97	Funding 2½% '52-57	98⅛	98⅛	3 18 6	5 0 5½
95⅝	93⅛	War Loan 3½% '55-59	95¼	95⅛	3 7 10	4 15 3½
91⅛	88½	Funding 2½% '56-61	91⅜	91	3 13 0	4 16 1½
100⅛	99⅛	Exchequer 5% 1957	100⅛	100⅛	2 13 10	4 13 3
99⅛	97	Conversion 4% '57-58	97⅝	97⅝	3 15 3	5 8 10½
97⅛	95⅛	Serial Funding 2½% 1957	97⅛	97	3 12 7	4 12 11½
94⅜	91	Conversion 2½% '58-59	94⅛	94	3 19 2	5 0 0
92⅛	88⅝	Exchequer 2½% 1959	91⅛	91⅛	3 15 10	4 18 5
95⅛	92½	Exchequer 3% 1960	94⅛	94⅛	3 8 7	4 17 1
88½	83	Savings Bonds 3% '55-65	84½	84½	3 17 10	5 7 1½
82⅛	77⅜	Funding 3% '59-69	78⅛	78	4 0 5	5 10 5½
92⅛	84½	Funding 4% '60-90	85	85	7 8 3 3 0 6	9 6 9¤ 4 18 10½
81⅛	75½	Savings Bonds 3% '60-70	75⅝	75⅝	4 2 1	5 13 0½
98⅛	97⅛	Conversion 4½% 1962	98½	95⅛	3 2 2	5 3 5
91⅛	88½	Exchequer 3½% '62-63	89⅜*	83⅛*	3 10 6	4 17 6½
87½	85⅜	Exchequer 2½% '63-64	84⅞	84½	3 16 5	4 19 11½
81⅜	75½	Savings Bonds 2½% '64-67	77⅝	77⅝	4 3 0	5 7 10½
79⅜	72	Savings Bonds 3% '65-75	72⅜	72⅛	3 17 5	5 9 6½
96½	90	Victory 4% '20-76	90½	90½	3 9 9	5 7 8¤
85⅞	78	Funding 3% '66-68	79½	79½	4 0 11	5 11 5½
84½	81⅝	Conversion 3½% 1969	83	82⅛	3 16 9	5 0 11
85⅜	74¼	Treas. 3½% '77-80	75*	74⅛*	3 12 3	5 8 1½
84½	75¼	Treas. 3½% '79-81	75⅜	75⅛	3 11 8	5 8 4½
72⅜	65	Redemption 3% '86-96	65½	65	3 6 8	5 1 9½
81⅛	74⅜	Funding 3½% 1999-2004	74⅛	74⅛	3 1 6	4 19 10½
84⅜	76⅛	Consols 4% aft. Feb. '57	76⅝	76⅝	3 0 9	5 6 6½
77	68⅜	War L'n 3½% aft. Dec. '52	68⅜*	68⅛*	2 18 10	5 2 3½
76⅛	67⅛	Conv. 3½% aft. April '61	68⅛	67⅛	2 19 8	5 4 1½
69⅛	59⅛	Treas. 3% aft. April '66	59½	59	2 13 9	5 2 6½
56½	50⅛	Consols 2½%	50⅜	50⅛	2 17 4	5 0 0½
56⅜	50⅛	Treas. 2½% aft. April '75	50⅛	50⅛	2 17 6	5 0 4½
93⅛	90	Br. Elec. 4½% '67-69	90⅜	90⅛	3 11 9	5 13 11½
80⅛	72⅜	Br. Elec. 3% '63-73	73	72⅜	4 0 8	5 12 1½
79⅛	71⅛	Br. Elec. 3% '74-77	71⅞	71⅞	3 15 3	5 7 3½
95	86⅛	Br. Elec. 4½% '74-79	86	85⅞	3 7 5	5 8 1½
83½	74⅜	Br. Elec. 3½% '76-79	75⅛	75⅛	3 12 6	5 8 5½
90¼	84⅛	Br. Gas 4% '69-72	84⅜	84⅜	3 12 11	5 11 10½
87⅞	80⅜	Br. Gas 3½% '69-71	80⅜	80⅜	3 16 0	5 10 10½
73⅛	66⅛	Br. Gas 3% '90-95	65⅝	65⅝	3 6 7	5 1 3½
80⅞	72⅜	Br. Trans. 3% '68-73	73	72⅝	4 0 8	5 12 1½
90¼	82	Br. Trans. 4% '72-77	82½*	82⅜*	3 10 0	5 8 4½
73⅛	65½	Br. Trans. 3% '78-88	66½	65½*	3 10 7	5 4 3½

(*a*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend. † Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Nov. 28, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Nov. 21, 1956	Price, Nov. 28, 1956	Yield, Nov. 28, 1956 £ s. d.
94⅜	79	80½	74½	Aust. 3½% '65-69	77½	77½	5 15 0½
101⅜	87	87½	72	Ceylon 4% '73-75	75	75	6 6 3½
103¼	87⅛	88⅛	80½	N. Zealand 4% '76-78	83½*	83½	5 8 0½
88	87¼	64⅛	56⅛	L.C.C. 3% aft. 1920	57	57	5 5 3
99	85	85⅛	82¼	Liverpool 3% '54-64	84	84	5 10 1½
84	65	68⅜	61	M.Wtr.'B' 3% '34-2003	62½	62½	5 4 0½
102½	94½	97½	90⅜	Agric. Mort. 5% '59-89	92½	92½	5 9 11½
122⅛	91	117½	102½	German 7% 1924	113	112	...
213	143	210	187	German 5½% 1930	203½	202½	...
212	160	226	208	Japan 5% 1907	225	225	...
254	190	275½	247½	Japan 5½% Conv. 1950	266½	269½	...

Prices, Jan. 1 to Nov. 28, 1956 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Nov. 21, 1956	Price, Nov. 28, 1956	Yield, Nov. 28, 1956 £ s. d.
		%	%		BANKS & DISCOUNT			
50/–	39/10½	7	*b*	5 *a*	Barclays £1	41/6	41/–	5 17 1
...	...	...			Lloyds £1	...	43 6	5 19 6½
72/4½	61/–	9	*b*	9 *a*	Midland £1, fully pd.	65/–	64 6	5 11 8
70/–	59/3	9	*b*	9 *a*	N. Prov. 'B' £5, £1 pd.	60 6	60 –	6 0 0
77/9	66/–	8	*b*	8 *a*	Westminster 'B' £4, £1 pd.	67 6	67 –	5 19 5
43/6	28 –	3½		2½ *a*	Alexanders £1	30 6	30 –	4 3 4
46/–	29/3	5	*b*	5 *a*	Nat. Disc. 'B' £1	34 6	33 6	5 19 5
50/–	40 6	6½	*b*	6 *a*	Union Disc. £1	46 –	44 –	5 13 8
35/9	27/9	4	*a*	4 *b*	Bare. (D.C.O.) £1	30 –	28 6*	5 12 3
41/9	33/–	7½	*b*	7½ *a*	Chart. Bk. of India £1	34 6	34 6	8 13 11
					INSURANCE			
29	16⅛	37½	*b*	12½ *a*	Leg. & Gen. £1	24½	25½*	2 2 7
25½	13⅛	†47½	*b*	†20 *a*	Pearl £1, fully pd.	19	19	6 3 7
48⅛	38	†117½	*c*	†125 *c*	Prudential 'A' £1	39½	39½	5 10 9
					BREWERIES, ETC.			
119/6	106/–	33	*b*	10 *a*	Bass £1	112 6	112 6	7 12 11
24/10½	18/9	6	*a*	11½ *b*	Distillers 6 8	19 3	19 –	6 2 10
45/10½	36/9	25	*c*	10 *a*	Guinness 10/–	37 6	37 6	6 13 4
76/–	62/–	14	*b*	7 *a*	Whitbread 'A' Ord. £1	63 9*	62 6	6 14 6

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*i*) On 17½% Tax free. (*j*) On 13%. (*l*) To latest date. (*m*) On 10%. (*n*) On 15% Tax free. (*w*) On 15%. (*y*) On 9%.

Prices, Jan. 1 to Nov. 23, 1956 High	Low	Last Two Dividends (*a*)	(*b*)	(*c*)	ORDINARY STOCKS	Price, Nov. 21, 1956	Price, Nov. 28, 1956	Yield, Nov. 28, 1956 £ s. d.
		%	%		STEEL & ENGINEERING			
85/6	64/–	8	*b*	7 *a*	Babcock & Wilcox £1	71/3	68/9	4 7 3
14	*c*	4	*a*	4 *a*	Cammell Laird 5/–	10/6	10/6	6 15 4
36/–	22/9	8	*c*	3 *a*	Dorman Long £1	24/9	24/–	6 15 4
54/9	39/–	8½	*b*	3½ *a*	Guest Keen N'fold £1	40/7½*	40 7½	5 13 3
75/–	51/3	12½	*b*	5 *a*	Stewarts & Lloyds £1	55/–	52 –	6 14 7
48/–	29/10½	8	*b*	4 *a*	Summers (John) £1	33/–	30 7½	7 17 2
58/–	46/6	11	*b*	3 *a*	Swan Hunter £1	57/–	56/–	5 9 0
44/7½	32/4½	8½	*b*	4 *a*	United Steel £1	35/–	32 6	7 13 10
		7½	*b*	2½ *a*	Vickers £1	36 10½	35 10½	5 11 6
					TEXTILES			
24/9	19/4½	6	*b*	4 *a*	Bradford Dyers £1	23/–	22 9	8 15 10
23/7½	13/1½	5	*b*	1½ *a*	Brit. Celanese £1	14 9	13 6*	9 12 7
25/10½	20/7½	6½	*b*	2½ *a*	Coats (J. & P.) £1	22 3	21 6*	8 2 9
44/–	29/4½	6	*b*	4 *a*	Courtaulds £1	30/–	29 6	6 15 7
21/3	12/3	5	*a*	5 *b*	Fine Spinners £1	15/3	15 3	13 3 4
30/–	22/3	7½	*b*	5 *a*	Lancs. Cotton £1	27 9	23 3	8 17 0
33/3	26/–	2½	*a*	10 *b*	Patons & Baldwins £1	30/3	29 9	8 8 0
					MOTORS & AIRCRAFT			
22/4½	16/–	5½	*b*	3½ *a*	Bristol Aeroplane 10/–	16/6	16 6	5 1 3
9/–	5/9½	4	*a*	8½ *b*	British Motor 5/–	6 3*	6 1½	10 4 0
44/3	27/3	2½	*a*	5 *b*	Ford Motor £1	28 6	27 3	5 10 1
49/3	29/9	12½	*b*	3 *a*	Hawker Siddeley £1	37 9	35 9	4 15 3
49/4½	33/3	10	*c*	12½ *a*	Leyland Motors £1	42/–	41 3	6 1 2
115/10½	85/6	12½	*b*	5 *a*	Rolls-Royce £1	102 6	105 –	3 6 3
					SHOPS & STORES			
14	*d*	3	*a*	3 *a*	Boots Pure Drug 5/–	13 3	13/–	5 7 9
41/4½	29/–	7½	*a*	20 *b*	Debenhams 10/–	33 9*	33 3	8 5 7
47½	30/6	15	*a*	15 *a*	Brit. Universal 'A' 5/–	31/–	31 –	10 1 7
32½	22/–	20	*a*	20 *a*	Marks & Spen. 'A' 5/–	53/–*	56/–	4 15 9
20	*b*	12½	*c*	12½ *a*	United Drapery 5/–	19 9	19 3	8 3 10
64/10½	51/4½	36½	*b*	20 *a*	Woolworth 5/–	52 6	51 6	5 10 0
					OIL			
†10	*b*	†5	*a*	†5 *a*	British Petroleum £1	116 3	112 6	4 12 9
12½	*b*	5	*a*	5 *a*	Burmah £1	75 7½	73 1½	4 15 8
14	*b*	Royal Dutch 100 fl.				£76½	£74	2 11 11
†13½		Shell Reg. £1				156 10½	154 4½	5 17 3
					SHIPPING			
...		Brit. & Com'wealth 10/–				37/–	36/–	4 8 11
43½	*d*	14	*a*	3 *a*	Cunard £1	24 6	23 6	8 13 0
14	*b*	2½	*a*	5 *a*	Dunlop Rubber 10/–	15/–	14 9	8 9 6
8	*b*	4	*a*	4 *a*	English Elect. £1	45 9	45 –	5 11 1
4½	*a*	9½	*b*	9 *a*	General Elect. £1	41 3	41 3	6 15 9
6	*b*	4	*a*	4 *a*	Imp. Chemical £1	37 9	37 3	5 7 5
12½	*b*	8½	*a*	8 *a*	Imp. Tobacco £1	44 6	45 –	9 15 4
$2·90c	$3·75c	Inter. Nickel n.p.v.				$196½	$187½*	3 11 10
12½	*b*	7½	*a*	7 *a*	London Brick £1	48 9	47 6	8 8 6
15½	*b*	6¾	*a*	Monsanto Chemicals 5/–		22 9	21 9	5 3 5
4½	*a*	12	*b*	12 *a*	Tate & Lyle £1	58 6	57/–*	5 15 9
6½	*a*	7½	*b*	Tube Investments £1		*51 10½	50 –	6 0 0
20	*b*	5	*a*	Turner & Newall £1		95 7½	92 6	5 8 1
9½	*b*	6	*a*	Unilever £1		68 3	66 3*	4 15 0
†7½	*b*	†4½	*a*	United Molasses 10/–		38 11½*	36 4½	5 14 0
†2½	*d*	†7½	*b*	Cons. Tea & Lands £1		24 –	26 6	13 2 8
5	*a*	15	*b*	London Asiatic Rbr. 2/–		2 0½	2 0½	19 8 0
12¼	*a*	United Sua Betong £1				46 5*	45/–	18 17 8
					MINES			
20	*a*	50	*b*	Anglo-Amer. 10/–		7½	6¾	5 2 9
120	*b*	80	*a*	De Beers 5/– Def. Reg.		97 6	97 6	10 5 3
...	...	Free State Geduld 5/–				75 7½	72 6	Nil
12½	*b*	12½	*a*	Randfontein £1		31 10½	30 7½	16 6 8
30	*c*	10	*a*	London Tin 4/–		10 0½	9 9½	12 4 8
275	*a*	275	*b*	Rhokana £1		38	37½	9 7 11

New York Closing Prices

	Nov. 21 $	Nov. 28 $		Nov. 21 $	Nov. 28 $		Nov. 21 $	Nov. 28 $
Balt. & Ohio	48	45	Am. Smelting	50½	51⅝	Inter. Paper	100⅛	100
Can. Pac.	31⅝	30⅝	Am. Viscose	32⅜	32½	Nat. Distil.	25½	25⅜
N.Y. Cent.	34⅛	33⅜	Cel. of Am.	13½	15⅞	Sears Roebuck	39⅜	39
Pennsyl.	21⅝	21⅛	Chrysler	67⅛	66⅜	Shell	83⅛	84
Amer. Tel.	167⅜	168½	Gen. Elec.	57⅜	58⅝	Std. Oil of N.J.	54⅜	54⅛
Stand. Gas	11¼	11⅛	Gen. Motors	43⅜	43½	U.S. Steel	69⅛	69⅛
United Corp.	6½	6⅜	Goodyear	74⅛	74½	Westinghouse	52⅛	51½
W. Union Tel.	17⅛	18⅛	Inter. Nickel	95⅜	92¼	Woolworth	44½	44⅛

Statistics

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

BRITISH		OVERSEAS	
Prices and Wages	This week	Western Europe:	
Production and Consumption	Nov. 10th	Production and Trade	Nov. 24th
Manpower	Nov. 17th	British Commonwealth	Nov. 16th
External Trade	Nov. 24th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Nov. 17th
Industrial Profits	Oct. 13th	United States	This week
		World Trade	Oct. 13th

Prices and Wages

	Unit	1953	1954	1955	1955			1956 (†)			
		mid-June			Nov. 15	Nov. 22	Nov. 29	Nov. 6	Nov. 13	Nov. 20	Nov. 27
WORLD PRICES											
Commodity Price Indicator: (*)											
All items	1952=100	80	99	93	94	94	95	95	96	98	99
Food	"	93·2	119·6	92·0	90·4	90·5	91·2	94·3	95·2	98·7	100·5
Fibres (†)	"	87·0	88·7	83·2	77·7	77·6	78·0	87·8	88·7	92·6	92·8
Metals	"	80·0	81·5	55·7	101·8	102·2	103·9	99·6	98·4	97·1	97·1
Other items	"	95·9	95·5	106·9	111·3	109·8	111·2	102·1	102·8	104·9	105·9
		Monthly averages			1955			1956			
BRITISH WHOLESALE PRICES		1953	1954	1955	Aug.	Sept.	Oct.	July	Aug.	Sept.	Oct.
Materials used in:	June 30,										
Non-food manufacturing (excl. fuel)	1949=100	145·8	143·5	152·4	156·5	155·9	153·1	154·1	155·8	157·1	155·4
Mechanical engineering	"	145·7	150·4	168·1	173·4	175·4	173·2	176·1	178·0	178·7	177·8
Electrical machinery	"	155·2	160·5	185·7	190·3	193·9	189·7	183·2	187·1	188·1	185·8
Building and civil engineering	"	130·4	131·4	137·3	138·6	139·5	139·4	142·6	143·2	143·2	143·1
House building	"	128·7	130·7	137·1	138·7	139·4	139·4	142·8	143·0	143·0	143·2
Products of:											
Non-food manufacturing (excl. fuel)	"	125·2	125·5	129·6	130·0	130·9	131·4	135·7	135·7	135·9	136·9
Food manufacturing	"	138·6	139·1	143·9	143·6	144·0	144·3	148·5	148·1	147·7	150·5
Commodities:											
Cotton, raw (*)	"	140·6	155·0	149·7	152·4	150·5	143·8	160·5	155·5	153·2	153·5
Wool, raw	"	171·1	160·8	142·0	142·0	129·5	130·9	144·3	144·8	156·3	152·7
Rubber, No. 1 RSS, one month future	"	199·1	197·9	329·9	410·6	422·2	360·0	265·4	291·0	280·4	208·6
Softwood, imported	"	144·1	145·0	154·9	155·3	156·0	156·1	155·3	155·6	155·6	155·4
Copper, ex-warehouse (*)	"	217·6	213·4	295·7	306·7	322·3	306·7	242·2	260·2	259·2	242·9
UK RETAIL PRICES											
Interim index:	June 17,										
All items	1947=100	140	143	149	149	150	152	156	157	157	158
	Jan. 15,										
All items	1962=100	105·8	107·7	112·6	112·5	113·2	114·4	102·0‡	102·3‡	102·1‡	102·7‡
Food	"	111·3	114·2	122·8	122·4	123·6	125·9	101·1‡	101·7‡	100·8‡	101·8‡
All items	1938=100	228	232	242	242	243	246	254	255	254	256
Food	"	253	259	267	266	269	264	266	267	265	268
Rent and rates	"	149	154	158	158	158	159	145	146	146	147
Clothing	"	263	265	266	265	265	266	262	263	263	264
Fuel and light	"	207	216	228	251	255	256	250	251	253	254
Household durable goods	"	286	284	288	286	287	291	309	309	309	309
Drink	"	256	257	260	260	264	261	266	266	266	268
Tobacco	"	387	387	389	388	385	388	418	418	418	418
Purchasing power of £ (based on all consumer spending)	1938=100	42	41	39	39	39	39	37	37	37	37
UK TERMS OF TRADE											
Import prices:	1954=100	101	100	103	102	103	103	103	103	104	106
All items	"	97	100	101	97	96	98	99	99	99	103
Food, drink and tobacco	"	103	100	104	105	105	105	106	106	107	107
Basic materials	"										
Export prices:	"	101	100	102	102	103	103	106	106	107	107
All items	"	101	100	102	102	103	104	106	106	107	107
All manufactures	"	105	100	104	103	105	107	113	112	111	111
Metals	"	100	100	103	103	104	104	106	108	109	109
Engineering products	"	99	100	100	99	100	99	99	99	101	100
Textiles (excluding clothing)	"										
Terms of trade:	"	100	100	101	100	100	100	97	97	97	99
Ratio of import to export prices											
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	77·6	86·1	127·7	129·9	128·1	148·9	155·2	157·9	156·1	153·6
UK WAGES											
Weekly wage rates:	June 30,										
All workers	1947=100	136	142	151	153	153	153	164	165	165	165
Men	"	134	140	150	151	152	152	163	163	163	163
Women	"	140	146	155	155	156	156	167	167	168	169
Weekly earnings: (*)											
All workers	s. d.	160 1	171 9	187 2	...	...	187 2	197 9*	...	...	...
Men	"	189 2	204 5	222 11	...	...	222 11	235 4*	...	...	...
Women	"	102 5	108 2	115 5	...	...	115 5	119 9*	...	...	...
	Oct.,										
All workers	1938=100	301	323	351	...	...	351	371*	...	...	...
Men	"	274	296	323	...	...	323	341*	...	...	...
Women	"	315	333	365	...	...	365	382*	...	...	...

(†) The Alexandria spot quotations for Karnak and Ashmouni cotton have been replaced by the current month futures quotation at Alexandria. (‡) Figures up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper; from May, 1955, onwards the proportion of copper sold at fixed prices has been taken into account. (§) The interim index of retail prices has been linked back to 1938 with the aid of calculations made by Professor R. G. D. Allen for the London and Cambridge Economic Service. (*) New series based on January 31, 1956 = 100. (†) Surveys made twice a year; annual figures relate to October survey. (*) Revised series based on Liverpool spot market prices, as from July 1, 1954. (†) Revised figures for October 30th: food 93·7; fibres 85·7. (*) Latest figures which are for April 1956.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1955 prices
	1947-49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	45·97
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	101	119	229·8	71·86	71·65
1955	110·7	89·6	114·5	110·9	103·7	120·0	119	102	117	304·6	76·52	76·52
1956, June	114·2	91·2	116·2	113·2	104·8	121·4	122	107	114	341·4	79·19	78·08
„ July	114·0	90·0	117·0	114·8	105·3	121·8	123	106	116	359·4	79·00	77·30
„ August	114·7	89·1	116·8	113·1	105·5	122·2	...	...	...	359·4	79·79	78·23
„ September	115·5	90·1	117·1	113·1	106·5	122·5	...	...	...	344·8	81·40	79·57
„ October	115·5	88·4	...	...	...	...	...	...	...	341·6	82·01	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civil employment [1]		
			Durable goods			Non-durable goods			New construction			
	Seasonally adjusted annual rate		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947-49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	54	47	66	80	49	8·2	55,230	45,750	17·2
1954	360·7	125	137	108	175	116	100	142	37·8	64,468	61,238	5·0
1955	390·9	139	155	140	203	126	109	159	43·0	65,847	63,193	4·0
1956, June	408·3	141	157	138	190	128	106	169	44·8	69,430	66,503	4·2
„ July	} 413·8	136	148	68	191	127	106	166	44·7	69,489	66,655	4·1
„ August		142	158	124	195	129	107	166	44·6	68,947	66,752	3·2
„ September		145	164	148	198	129	109	169	44·3	68,069	66,071	2·9
„ October	...	145	165	148	202	130	110	167	43·9	68,082	66,174	2·8

TRADE

	Personal consumption Annual rates	All business [2]		Total retail [2]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
	$ billion; seasonally adjusted					$ million					1948=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1954	236·5	45·7	76·9	14·2	22·1	853	200	193	1,247	811	120	119
1955	254·0	51·7	82·2	15·5	23·9	944	237	231	1,279	782	134	120
1956, May	} 263·7 [3]	54·4	85·1	15·9	23·9	1,072	264	257	1,686	1,015	148	152
„ June		54·3	85·6	16·0	23·8	977	216	244	1,674	1,004	142	151
„ July		52·7	85·8	16·0	23·8	1,070	248	236	1,602	1,048	144	145
„ August	} 266·8	54·5	86·1	16·3	23·7	1,027	...	...	1,510	879	...	...
„ September		54·0	86·5	16·0	23·4	1,045	...	...	1,506	820	...	...
„ October	...	...	...	16·1	...	...	...	...	...	...	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics [3]		Budget expenditure [4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion; end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1954	287·3	201·8	12·5	32·29	23·57	85·3	70·6	67·8	— 3·1	0·953	2·52	2·91
1955	306·1	217·4	11·7	38·65	29·02	78·3	82·6	64·6	— 4·2	1·753	2·80	3·06
1956, May	322·8	230·4	11·5	38·92	29·76	73·7	86·0	5·5	— 0·4	2·659	2·94	3·22
„ June	324·9	232·5	11·1	39·45	30·08	73·1	86·9	6·8	+ 4·8	2·527	2·89	3·22
„ July	324·3	231·3	11·5	39·48	30·30	72·4	87·1	5·5	— 2·1	2·334	2·97	3·22
„ August	328·1	234·4	11·7	39·88	30·64	73·6	87·5	5·9	— 0·9	2·606	3·15	3·44
„ September	328·5	235·0	11·6	40·07	30·71	73·5	88·5	4·9	+ 1·3	2·850	3·19	3·52
„ October	...	...	...	...	...	...	...	...	...	2·961	3·18	3·52

(1) 1939 figures calculated on the basis of a smaller sample. (2) 1939 figures not strictly comparable with rest of series; stocks are at end of period. (3) All commercial banks. (4) Annual figures are totals for the fiscal year ended June 30th. (5) Average for second quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended November 24th, 1956, there is an "above-line" surplus (after allowing for Sinking Funds) of £25,927,000 compared with a deficit of £9,478,000 in the previous week and a deficit of £2,739,000 in the corresponding period last year. There was a net receipt "below-line" this week of £39,287,000, bringing the total deficit to £626,083,000 (£611,977,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Nov. 26, 1955	April 1, 1956 to Nov. 24, 1956	Week ended Nov. 26, 1955	Week ended Nov. 24, 1956
Ord. Revenue					
Income Tax	2985,500	616,651	683,405	15,927	15,696
Profits Tax	144,000	37,900	44,400	1,200	1,400
Death Duties	170,000	117,900	107,000	3,400	5,100
Stamps	58,900	47,500	40,400	1,000	1,000
Profits Tax, EPT	216,750	136,900	130,950	2,800	5,000
Excess Profits Levy	4,000	14,800	3,600	200	...
Special Contribution and other Inland Revenue	1,000	300	210	...	...
Total Inland Rev.	2680,150	971,951	1009,965	24,527	28,198
Customs	1204,000	767,307	788,548	20,679	26,338
Excise	953,350	575,780	605,825	19,630	20,170
Total Customs and Excise	2157,350	1343,087	1394,373	40,309	46,508
Motor Duties	92,000	22,843	24,599	220	...
Sugar (Net Receipts)	...	10,300	13,250	2,350	3,300
Broadcast Licences	28,000	11,800	12,900	...	...
Miscellaneous Loans	30,000	23,316	25,464	...	1
Miscellaneous	200,000	104,399	114,623	27,119	22,967
Total	5187,500	2487,696	2595,174	94,525	100974
Ord. Expenditure					
Net Interest	670,000	413,763	461,276	5,891	6,537
Payments to N. Ire. Exchequer	61,000	34,892	36,819	2,318	...
Other Cons. Fund	10,000	6,243	5,414	71	...
Supply Services	3941,918	2247,457	2465,302	88,539	68,000
Total	4682,918	2702,355	2968,811	96,755	74,537
Sinking Funds	37,000	22,360	22,396	510	510
"Above-line" Surplus or Deficit	— 237,019	— 396,033	— 2,739	+ 25,927	
"Below-line" Net Expenditure	374,958	250,050	4,931	Cr. 39,287	
Total Surplus or Deficit	— 611,977	— 626,083	— 7,670	+ 65,214	
Receipts from:					
Tax Reserve Certificates	115,432	164,011	1,460	1,144	
Savings Certificates	12,200	46,400	1,500	700	
Defence Bonds	— 20,978	— 30,182	372	— 699	
Premium Savings Bonds	...	33,300	...	7,900	

FLOATING DEBT

(£ million)

Date	Treasury Bills		Ways and Means Advances		Total Floating Debt
	Tender	Tap	Public Depts.	Bank of England	
1955					
Nov. 26	3,520·0	1,854·7	271·4	2 0	5,648·1
1956					
Nov. 25	3,[illegible]0·0	1,346·2	257·3	...	5,053·5
Dec. 1	3,480·0	1,330·3	228·5	...	5,038·9
8	3,510·0	1,322·4	235·9	1·8	5,070·1
15	3,540·0	1,324·9	256·8	...	5,121·7
22	3,590·0	1,326·1	254·5	...	5,169·6
30	3,610·0	1,338·2	238·0	...	5,186·2
Jan. 6	3,610·0	1,338·8	253·7	2·3	5,204·8
13	3,610·0	1,322·7	248·3	1·0	5,182·0
20	3,620·0	1,342·2	256·9	...	5,218·0
27	3,610·0	1,378·9	245·2	0·8	5,234·9
Feb. 3	3,610·0	1,360·2	263·6	...	5,233·7
10	3,610·0	1,341·2	258·7	1·8	5,211·6
17	3,610·0	1,283·0	293·4	2·3	5,188·6
24	3,610·0	1,265·9	239·6	0·8	5,116·2

THE MONEY MARKET

THE discount houses changed their bid for 91-day maturities for the first time for six weeks at the Treasury bill tender on Friday last: they cut their bid by 1d., to £98 14s. 11d. per cent. They made no change in their bid for the 63-day bills. The offer of three months maturities last week was up by £20 million to £210 million, but total applications rose by £54·9 million, to £354.6 million, so that the market's allotment rate fell from 39 to 30 per cent. The average rate of discount rose from just £5 to £5 os. 3·34d. per cent. The rate on the total allotment of 63-day bills (down £10 million to £80 million) rose by ¼d. to £5 os. 10.83d. per cent.

In Lombard Street the authorities have maintained a firm hold on the market. On Thursday before the week-end no help was given, and four or five houses had to take small loans at Bank rate. Modest official help was given on Friday and on Saturday morning. Thereafter the stringency abated somewhat.

Notwithstanding the continued weakness of sterling, the price of gold in London has fallen. On Tuesday it dropped to 250s. 8¼d. an ounce, marking a fall of 5d. in ten days. This reflects the further fall in the dollar price of gold to $34.87 an ounce.

The US Treasury Bill rate this week rose from 3.043 per cent to the new peak of 3.174 per cent.

LONDON MONEY RATES

Bank rate (from 4½%, 16/2/56)	% 5½	**Discount rates**	%
Deposit rates (max.)		Bank bills: 60 days	5 5/16
Banks	3½	3 months	5 5/16–5 7/16
Discount houses	3½*	4 months	5 5/16–5 7/16
		6 months	5½–5⅝
Money Day-to-day	3½–4½	Fine trade bills:	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4 11/16	4 months	6–6½
3 months	5	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Nov. 30, 1955	Nov. 21, 1956	Nov. 28, 1956
Issue Department:*			
Notes in circulation	1,795·7	1,894·4	1,906·3
Notes in banking dept.	54·7	30·9	19·0
Govt. debt and securities*	1,846·2	1,921·3	1,921·2
Other securities	0·8	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·0
Banking Department:			
Deposits:			
Public accounts	10·1	12·6	13·8
Bankers	263·1	259·3	220·0
Others	71·2	73·4	75·8
Total	344·4	325·3	309·6
Securities:			
Government	270·7	276·3	262·9
Discounts and advances	20·8	17·2	26·8
Other	16·7	17·0	17·0
Total	308·2	310·5	306·7
Banking department reserve	57·1	32·9	21·0
"Proportion"	% 16·4	% 10·1	% 6·7

* Government debt is £11,015,100, capital £14,553,000. Fiduciary issue reduced to £1,925 million from £1,950 million on September 5, 1956.

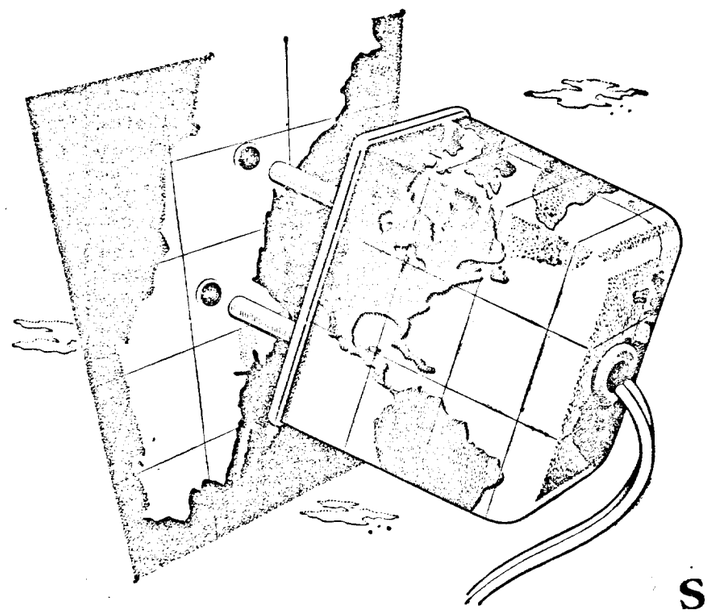
TREASURY BILLS

Date of Tender	Amount (£ million)		Three Months' Bills	
	Offered	Applied for	Average Rate of Allotment	Allotted at Max. Rate*
1955	*91 Day* 230·0 *63 Day* 60·0	386·8	s. d. 82 0·88	% 61
1956	*91 Day*			
Aug. 24	270·0	405·2	101 2·95	50
„ 31	290·0	385·0	100 6·41	80
Sept. 7	290·0	430·0	101 4·50	55
„ 14	290·0	404·2	102 0·77	61
„ 21	280·0	380·0	103 4·86	55
„ 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	56
„ 12	280·0	403·6	102 2·21	55
„ 19	280·0†	392·9	100 2·12	66
	91 Day *63 Day*			
„ 26	200·0 60·0	412·4	99 9·85	30
Nov. 2	200·0 70·0	405·8	99 11·55	36
„ 9	200·0 80·0	419·1	99 10·86	27
„ 16	190·0 90·0	396·1	100 0·00	39
„ 23	210·0 80·0	440·6	100 5·34	30

* On November 23rd tenders for 91 day bills at £98 14s. 11d. secured 30 per cent and 63 day bills at £99 2s. 7d. secured 94 per cent, higher tenders being allotted in full. Yesterday's offering of £290 million included £70 million at 63 days.
† Allotment cut to £260·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates	Market Rates: Spot					
	November 28	November 22	November 23	November 24	November 26	November 27	November 28
United States $	2·78–2·82	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾	2·78½–2·78¾
Canadian $	...	2·67 15/16–2·67 11/16	2·67 15/16–2·67 11/16	2·67½–2·67¾	2·67 7/16–2·67 5/16	2·66 15/16–2·66 11/16	2·66 7/16–2·66 5/16
French Fr.	972·65–987·35	982½–982¾	981¾–981¾	981½–981¾	981½–982	980½–982¾	982⅜–982½
Swiss Fr.	12·15 7/8–12·33 7/8	12·22½–12·22¾	12·22½–12·22¾	12·22½–12·22¾	12·22½–12·22½	12·22½–12·23¼	12·23⅛–12·23⅜
Belgian Fr.	138·95–141·05	139·57½–139·62½	139·50–139·55	139·52½–139·57½	139·57½–139·62½	139·62½–139·67½	139·60–139·65
Dutch Gld.	10·56–10·72	10·60¾–10·60¾	10·60¾–10·60¾	10·60¾–10·60¾	10·60¾–10·60¾	10·61–10·61¼	10·61–10·61¼
W. Ger. D.Mk.	11·67 7/8–11·84 1/8	11·69½–11·70¼	11·68¾–11·69¼	11·69¼–11·69¾	11·69¼–11·69¾	11·70¾–11·71¼	11·70¾–11·71¼
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10
Italian Lire	1753–1762½	1754–1754	1752–1753	1751–1752	1752–1753	1753¼–1754¼	1754–1755
Swedish Kr.	14·37½–14·52½	14·47½–14·47¾	14·40¾–14·40¾	14·40¾–14·40¾	14·41¼–14·41¾	14·41¼–14·41¾	14·42–14·42½
Danish Kr.	19·19½–19·40¾	19·34¼–19·35	19·34¼–19·35	19·34¼–19·35	19·34¼–19·35	19·35–19·36	19·35¼–19·35¾
Norwegian Kr.	19·85–20·15	19·94¼–19·95¼	19·93¼–19·94¼	19·93¼–19·93¾	19·93¼–19·93¾	19·93¼–19·93¾	19·93¼–19·93¾
One Month Forward Rates							
United States $		¾–⅝c. pm	¾ ⅝c. pm	¾–⅝c. pm	1–¾c. pm	1¼–⅞c. pm	1¼ ⅞c. pm
Canadian $		½–⅜c. pm	½–⅜c. pm	½ ⅜c. pm	⅝–½c. pm	¾–½c. pm	¾ ½c. pm
French Fr.		½–2 dis	½ 2 dis	½ 2 dis	½–2 dis	½ 2 dis	½ 2 dis
Swiss Fr.		3½–3c. pm	3½–3c. pm	3½–3c. pm	3½–3c. pm	3½–3⅛c. pm	4–3⅛c. pm
Belgian Fr.		¼ pm	¼ pm	¼–⅛ pm	¼–⅛ pm	¼ pm	⅛–⅜ pm
Dutch Gld.		1¼–1⅛c. pm	1¼–1⅛c. pm	2–1¼c. pm	2–1¼c. pm	2¼–1⅜c. pm	2¼–1⅜c. pm
W. Ger. D.Mk.		3¼–3¼pf. pm	4–3¼pf. pm	3¼–3¼pf. pm	3¼–3¼pf. pm	3½–3pf. pm	3½–3pf. pm
Italian Lire		3 pm–par	3 pm–par	3 pm–par	3 pm–par	3 pm–par	3 pm par
Swedish Kr.		⅛ pm–⅛ dis	⅛ pm par	⅛ pm–par	⅛ pm par	1⅛ pm par	1⅛ pm par
Danish Kr.		5–2½ pm	5 2½ pm	5–2½ pm	5–2½ pm	5 2½ pm	5 2½ pm
Norwegian Kr.		⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis	⅛ pm–⅛ dis
Gold Price at Fixing							
Price (s. d. per fine oz.)	251/2½	251/1½	...	250/11½	250/8½	250/11½	



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SKANDINAVISKA BANKEN

BANK MELLI IRAN

(NATIONAL BANK OF IRAN)

Incorporated by Law in 1927

HOLDER OF EXCLUSIVE RIGHT OF NOTE ISSUE

CAPITAL FULLY PAID	Rials	2,000,000,000
RESERVE (Banking Dept.)	Rials	550,500,000
DEPOSITS	Rials	18,307,320,097

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

HEAD OFFICE : TEHRAN, IRAN

Over 190 Branches and Agencies throughout Iran

New York Representative
One Wall Street, New York

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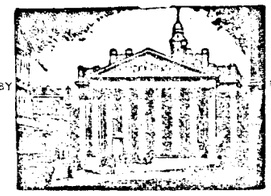
The Bank, through its Banking Department, offers complete banking service for Foreign Exchange Transactions, provides special facilities for Documentary Credits, etc., and with its numerous Branches in Iran deals with every description of banking business. Especial services for all kinds of information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

ADMINISTERS NATIONAL SAVINGS

INCORPORATED BY  ROYAL CHARTER 1720

In the wide field of Insurance at Home and Overseas the Corporation of the Royal Exchange Assurance offers a valuable service as one of the oldest and most progressive of the British Insurance Offices.

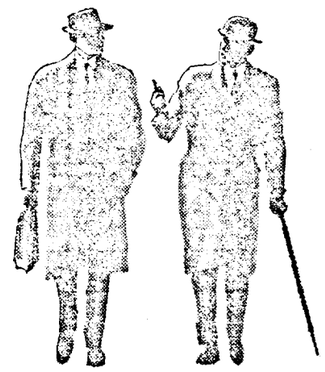
Governor
THE RT. HON LORD KINDERSLEY. C.B.E., M.C.

ROYAL EXCHANGE

ASSURANCE

HEAD OFFICE AT THE ROYAL EXCHANGE, LONDON.

Branches and Agencies throughout the United Kingdom and Overseas



AFTER ALL—INDIVIDUAL PENSIONS NEED INDIVIDUAL ADVICE

What is best for one man may not be best for another. When I rang the Prudential's local office for their booklet on pensions for the self-employed and others like ourselves, I understood that much depended on one's tax position. Since then I've talked it over with one of their representatives and I'm very glad I did.

I suggest you do as I've done—

ASK THE MAN FROM THE PRUDENTIAL

THE

Mercantile Bank of India Ltd

For many years The Mercantile Bank of India has been intimately associated with the principal trading centres of the East and can supply to all interested exporters and merchants on-the-spot information relative to the state of markets, agency representation, financial and currency exchange problems.

HEAD OFFICE : 15 GRACECHURCH ST, LONDON EC3

West End Branch : 123 Pall Mall, London SW1

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SINGAPORE . HONGKONG . MAURITIUS . THAILAND
JAPAN

BIGR 1869

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Every description of Domestic and Foreign Banking Business transacted

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Cable Address: "Vereinsbank" Phone: 28401 Telex No. 052/3321

Nuremberg Office: 21, Lorenzerplatz
Cable Address: "Bayverein" Phone: 27741 Telex No. 06/2217

Augsburg Office: 37, Maximilianstrasse
Cable Address: "Vereinsbank" Phone: 4681/84 Telex No. 053/820

82 Branches
Correspondents throughout the world

Habib Bank Limited

Established 1941

Head Office : KARACHI (PAKISTAN)

Authorised Capital	Pak Rs.	30,000,000
Issued & Subscribed Capital	Pak Rs.	15,000,000
Paid-up Capital	Pak Rs.	15,000,000
Reserve Funds	Pak Rs.	15,000,000
Deposits as on Dec. 31, 1955...	Pak Rs.	468,700,000

With a network of 68 branches in all the important trade centres of East and West Pakistan, Habib Bank Limited is in a position to assist those desiring to establish contacts for exports or imports. The Bank's services are always available for any banking requirements in Pakistan.

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

FOREIGN BRANCH :

BOMBAY (INDIA)

Habib Bank (Overseas) Limited

Head Office : KARACHI (PAKISTAN)

BRANCHES :
COLOMBO (CEYLON), MOMBASA (B. E. AFRICA)
AND RANGOON (BURMA)

Correspondents and Agents in all important Cities of the World.

COMPANY MEETINGS

THE COMMERCIAL BANK OF SCOTLAND LIMITED

IMPROVED GROUP PROFIT

EFFECTS OF RESTRAINT AND RESTRICTION

LORD ROTHERWICK ON THE POSITION

The Annual General Meeting of Shareholders of the Bank will be held in the North British Station Hotel, Edinburgh, on Thursday, December 20, 1956, at 12 noon.

The following is the Statement by the Governor, Lord Rotherwick of Tylney, which has been circulated to Shareholders with the Report and Accounts for the year ended October 27, 1956:

When I circulated my Statement to Shareholders in November, 1955, our thoughts were mainly concentrated on the problems associated with our domestic economy. While these problems are still facing us, and are much in our minds, the international events of recent months have been of such importance to all of us that we are today thinking more in terms of maps than of money. The major political issues arising in the Middle East and elsewhere have not yet had serious repercussions on our economy at home, but it is not difficult to visualise the consequences of any prolonged interruption of the flow of oil from the Middle East. Serious economic difficulties could develop rapidly and change materially the financial and monetary climate in which we have been living for the past eighteen months. It follows therefore that my remarks to you on Banking topics should be essentially historical in character.

BATTLE AGAINST INFLATION

The official policy of credit restraint has continued unabated during the past year and was fortified by a further increase in Bank Rate in February last from 4½ per cent to 5½ per cent. In the battle against inflation the Government relies heavily on the effectiveness of a monetary policy involving high interest rates—to encourage saving and to discourage borrowing—associated with a positive control of Bank lending and heavy restrictions on hire purchase trading. Such a policy cannot but have some deflationary influence since it is a deterring factor both to consumption and to industrial investment. It is not, however, easy to measure its influence since there are varying degrees of time lags. On the consumption side the effect should be fairly rapid since a variation in consumer demand is quickly transferred back to the sources of production, but on the investment side decisions made today may not be translated into capital expenditure for a year or more. The evidence to date of the effect of the monetary policy is somewhat disappointing when related to consumer goods. It would seem that the hire purchase restrictions have so far had a greater influence than the purely monetary restraints. However, since one of the ends of official policy is to reduce consumer demand, the means by which such reduction is achieved is of secondary importance. In the investment field monetary policy does seem to be having a considerable effect although its action is necessarily delayed.

DEFERMENT OF CAPITAL ENTERPRISES

As Bankers we have had, with great regret, to decline the vast majority of requests for a measure of financial support for capital enterprises, and we know that many of our customers have deferred such projects without even troubling to get our negative response. Before long the cumulative effect of such decisions will slow down the rate of investment expressed in terms of immediate demand for materials and labour. It is widely recognised that a slowing down of such investment must in the long run damage our economy and I am sure that our financial controllers must now be considering seriously the impact which monetary policy has already had on this section of our economic activities.

I would now like to tell you how the Bank has fared during the past year in this atmosphere of restraint and restriction. We have suffered from the policy of dearer money. Since I last addressed you we have raised the rates of interest allowed to depositors by 1 per cent, and increased our lending rates by an equivalent percentage. In view of the fact that our interest-bearing deposits are greater in amount than our advances, our profits suffer from such an adjustment. Moreover, our administrative costs continue to rise. Had we been allowed to increase our advances we might have restored the earnings balance but because of credit restraint we could not do so, and in consequence our Banking Profits have fallen.

SUBSIDIARIES' SUCCESS

Although there is a reduction in our Banking Profits I am glad to be able to report to Shareholders that, thanks to our subsidiary companies, we show as a group an improvement in total profit. Our subsidiary companies have had an active and successful year despite the many difficulties which they have had to face in the instalment finance field. As you probably know, the hire purchase regulations affecting vehicles and plant —our subsidiaries' main activities—have become progressively more stringent, and the total business done throughout the country has diminished as the authorities desired. I am glad to say that we have fully maintained our share of the total volume of business, and we hope to continue to develop this form of finance to industry. We are sure that there is increasing scope for new methods and applications of short-term lending to the business community.

DECREASE IN DEPOSITS

May I now more particularly refer to the Annual Accounts which accompany this Statement.

The Bank's Balance Sheet shows that our Deposits have fallen by some £4 million to £117 million. Once again this is due in some measure to the high rates of interest available on Treasury Bills and on Tax Reserve Certificates, and offered by Local Authorities for short money. We also know that some of our smaller depositors have transferred their funds to obtain the benefit of the tax-free interest available through Post Office Savings Accounts and Trustee Savings Banks. It is extremely difficult to understand the reasons behind the Government policy of discrimination against the Joint Stock Banks. The Savings Accounts—in Scottish Banks particularly—have long featured prominently in our affairs and we have encouraged our customers to use these facilities for saving against the rainy day. Suddenly, by law, we are placed at a disadvantage.

You will see that our Notes in Circulation have risen by fully £1 million to over £19 million. This increase is in keeping with the national trend of money in circulation and is a concomitant of the inflation problem.

LIQUIDITY RATIO

In each of the two previous Balance Sheets we have shown an unusually high liquidity ratio of 40 per cent. This year the ratio is approximately 38 per cent, which we regard as fully adequate. By this slight reduction in liquidity we have avoided the sale of any material amount of Government Investments, which remain at a Book Value of some £50 million. The Market Value of these investments is noted in the Accounts at approximately £46 million. The gap between Book Value and Market Value has widened during the year by £429,000 due to a further fall in the Gilt-Edged Market prices. As I said a year ago, these investments are all redeemable at par at fixed dates—and the majority are redeemable within five years. Having regard to our liquid position and to the early redemption dates of our shortest investments we have again not thought it necessary to make any transfers from reserves or contingency accounts.

ADVANCES

The Consolidated Balance Sheet shows that our Advances to the Bank's customers have fallen by almost £2 million to £33.7 million. This is the second successive year of the downward trend and follows the pattern established by the official policy of credit restraint.

The amounts advanced by our subsidiary companies on hire purchase contracts have increased by £1.8 million. The whole of this increase was attained before the days of the now statutory deposit of 50 per cent on vehicles and plant. You will appreciate that the high deposit now required before business can be done means that less money is advanced than formerly in each case, and so the trend of hire purchase advances is downwards. Consequently, the profit on each transaction is reduced, but the cumulative effect is deferred because the profit is spread over the period of the hire purchase contract, which normally is two years.

PROFIT AND DIVIDEND

I have already referred in general terms to the profit outcome of the year. The Consolidated Profit and Loss Account shows a Net Profit, after tax, of £488,155, which is an increase of £14,840 over the previous year. Out of this Profit, the Directors have again

appropriated £100,000 to Contingency Account, and £100,000 to the Pension Fund. They have also continued their support to the Widows Fund to the extent of £10,000. The Directors recommend that the final dividend to "A" Shareholders should be continued at 6 per cent (making 11 per cent for the year). The final dividend on the "B" Shares is at the rate of 5 per cent (making 10 per cent for the year). If these recommendations are approved, the Carry Forward on the Consolidated Profit and Loss Account will be increased from £112,243 to £140,273.

INVESTMENT SERVICE

Before concluding my Statement, I should like to make reference to one or two other matters which I am sure will be of interest to Shareholders. We have for some time felt that the services we offer to our customers and to the public might usefully be extended in the Investment field. As you know, we have hitherto been willing to look after the physical side of our customers' investments. We act as custodians and we are prepared to register investments in the names of our nominee companies. We deal with the documentary side of investment changes and we collect dividends. We have not, hitherto, considered ourselves equipped to offer the additional service of managing portfolios of investments on behalf of our customers. Such a service necessarily demands expert knowledge and supervision and within recent months we have appointed an Investment Manager who has had considerable experience in this highly specialised work. We now feel confident in offering an investment service, which includes portfolio management. We hope that this will be of value to those who personally have invested funds and also to Trustees of Charitable or Pension funds who may welcome the advice and guidance obtainable from our Investment department.

INTERNATIONAL ACTIVITIES

I should also like to say a word about our international banking activities. We are firmly convinced that we must play a full part —having due regard to our size—in the international sphere—particularly on behalf of our customers who operate in Export Markets, and also on behalf of our foreign banking correspondents for their own and their customers' needs. The extent of our activities in this specialised field is shown in part by the volume of transactions in foreign currencies to which reference is made in Note 5 on page 6 of the Accounts. In the past year our General Manager and Overseas Manager visited Canada and the United States to meet their opposite numbers in banking circles in these countries. The Managing Director of our subsidiary companies also visited the United States and attended an Industrial Bankers' Convention. We know that these visits helped to cement the relationships which we have in North American banking and business circles.

TRIBUTE TO STAFF

The past year has not been an easy one for our officials and managers. It is difficult to manage a business effectively in a climate of restriction and restraint associated with rules and regulations designed to limit the natural and profitable flow of activities. On your behalf, as Shareholders, I thank everyone in the service of the Bank for another year of loyal and energetic support.

It is proposed that I be re-elected Governor; that Lord Saltoun be re-elected Deputy Governor, and that the Extraordinary Directors, whose names appear on the List, be re-elected.

Mr Robert Yaxley Weir, the Ordinary Director who by rotation retires at this time, was 71 years of age this year. Special Notice of the intention to propose his re-election has been received by the Bank and a Resolution to that effect will be put to you.

During the year the Board nominated Mr James Gilchrist, Shipbuilder, Glasgow, as an Ordinary Director, and his advice and guidance have already been of value to his colleagues. His appointment falls to be confirmed by the Shareholders.

Mr Maurice Crichton, CA, Glasgow, and Mr Ronald J. Henderson, CA, Edinburgh, will, under the provisions of the Companies Act 1948, continue in office, and a Resolution will be proposed fixing their remuneration.

THE ROVER COMPANY

RECORD LEVEL OF EXPORT SALES

The sixty-first annual general meeting of The Rover Company Limited will be held on December 18th in Birmingham.

The following is an extract from the circulated statement of the Chairman, Mr H. Howe Graham, FCA:

The accounts cover one of the most difficult post-war years; a period of rising costs, increasing competition abroad and restrictions at home. Nevertheless, not only were our vehicle sales for the year slightly greater than last year, but we exported more vehicles than in any previous year and in the light of all the circumstances the results disclosed by these Accounts can be considered highly satisfactory.

For many years over fifty per cent of our vehicles have been exported and if we are to continue to export on this scale arrangements have to be made in many countries for local manufacture, either for economic reasons or because regulations make it necessary. Altogether arrangements have now been made in seven overseas countries for the assembly or manufacture of our vehicles.

At home our Cars and Land-Rovers enjoy a higher reputation than at any time in the Company's history.

At the recent International Motor Show at Earls Court we were proud to exhibit our latest Gas Turbine Car. We were the first Company in the world to make a Gas Turbine Motor Car, which was announced in March, 1950. Much development still remains to be done. Nevertheless, we thought it right to show what progress we have made and demonstrate that the British Motor Industry is still ahead in this field.

We also exhibited our new 105.S and 105.R Rover Car Models, the latter fitted with fully automatic transmission incorporating a torque converter of our own design and manufacture.

The various models of the Land-Rover continue to enjoy well-deserved popularity.

Times immediately ahead are going to be difficult. We, in common with the rest of the Industry, are meeting with increasing competition and restrictions abroad, and at the same time are faced with further wage demands at home which will make the task of selling to overseas markets more difficult.

The Surplus on Trading and Management Fees, together with Interest on Investments and Bank Interest, total £2,643,504. Taxation this year amounts to £1,244,824 and the consolidated profit after deducting Tax is £759,320. Your Directors are recommending a dividend of 22½ per cent, less tax.

REGIS PROPERTY COMPANY, LIMITED

LORD KENNET ON RENTS

The eighteenth annual general meeting of the Regis Property Company, Limited, was held on November 27th in London, the Right Honourable Lord Kennet of the Dene, PC, GBE, DSO, chairman, presiding.

The following is an extract from his circulated statement for the year to June 30, 1956:

Excess of rents over outgoings and other profits, after taking into account heavy increases in the cost of maintenance and heating, has risen from last year's figure of £465,915 to £470,323. The net profit of the Group for the year, after tax, is £107,879, as compared with £93,622 last year.

The directors have decided to transfer £50,000 to a Repairs and Renewals Reserve. The properties are in good condition, but the transfer of £50,000 to a repairs reserve would protect us in the future against the position that might arise out of any further amendments to the Rent Restriction Acts which might necessitate special expenditure in order to acquire additional revenue.

We are still facing increasing costs of maintenance and finance, but our main preoccupation is the heavy impact of taxation on companies such as ours. Increased profits taxes make a heavy drain on our resources and it will not have escaped the attention of our shareholders that the company which follows the ordinarily observed and prudent rule of providing sufficient equity capital is at a grave financial disadvantage as compared with the company which finances its business by means of loans. It should be the business of every sound company to reduce its borrowings by way of loan to a minimum by the issue of equity capital, but the company that does so is at once subject to both Income Tax and Profits Tax on the amount saved on the interest payable on loans.

PROJECTED LEGISLATION

Property owners' hopes are centred at the moment on the Government's intentions in regard to rent restriction legislation. During and since the war companies owning flat properties and hereditaments of a similar nature have, in fact, been subsidising other interests through the restrictive legislation limiting landlords' charges for flats and other residential property. A year or so ago an attempt was made by the present Government to give some relief to landlords but to a large extent this has proved to be illusory as rising costs have rapidly eaten into such increases as were permitted under the Act.

In other words, property owners are by no means obtaining today the net revenue from their properties which they had in 1939, and when it is considered that the intention of the legislation passed during the last war was to leave the tenant in the same position as he was at the commencement of the war, the obvious corollary that the landlord should be in the same position has been completely avoided by that and subsequent legislation. There is an overwhelming case for an adjustment of rent, but this is forgotten in the anxiety to avoid contentious legislation.

Despite the handicap imposed on us by rent restriction legislation and increasing costs of upkeep and by the heavy burden of taxation, we look to the future with confidence.

The report was adopted and the proposed final dividend of 9 per cent, making 12 per cent, less tax, for the year, was approved.

FOLLAND AIRCRAFT LIMITED

SUBSTANTIALLY INCREASED TURNOVER AT LOWER PROFIT MARGINS

IMPORTANT FOREIGN CONTRACTS

MR C. L. HILL ON CAPITAL REQUIREMENTS

The Twenty-first Annual General Meeting of Folland Aircraft Limited was held on November 28th at Hamble, Southampton. Mr C. L. Hill, the chairman, presided.

The following is an extract from his address, which had been circulated with the directors' report and accounts for the year ended June 30, 1956:

The year under review is quite likely to prove a turning point in the affairs of your company, for since the date of my last report we have signed our first contract with a foreign Government for the supply of a product of our own design.

During the year we made quite a lot of progress with the order for the Ministry of Supply for the six Gnat Mark I aircraft for development purposes. Negotiations with the Indian Government for the supply of Gnat Mark I aircraft have also continued throughout the year both in India and in England and culminated in the signing of a contract for 25 aircraft to be constructed at Hamble, together with a substantial volume of spares; there is a further contract for the supply of 15 sets of components at various stages of manufacture for assembly into aircraft in their Hindustan Aircraft Factory at Bangalore, India. In addition, an agreement was signed with the Indian Government licensing it to manufacture in India the Gnat and its various derivatives for a period of 10 years. The value of these contracts is initially not far short of £3 million, but substantially increased orders should derive from the production of spares for the Indian Government and for the provision of parts and components to enable the Indian Government to manufacture its own Gnats in India. The negotiations for these contracts had been continuing for more than 18 months and had proved very complex, but the significant thing is that eventually the Indian Government decided to re-equip its Air Force and launch its industry in production of the light fighter, thus placing its faith in a concept which your company has been pioneering for several years. I think this is a fitting moment to record our thanks to quite a number of component suppliers who have shown their faith in our efforts over the last few years by designing and supplying equipment, often at a fraction of the true cost. We are delighted that their confidence is now being justified by events.

WIDESPREAD INTEREST IN THE GNAT

In addition, widespread interest in the Gnat is now being evinced by other foreign Governments and it is very likely that before the Annual General Meeting of this company takes place we shall be in a position to announce at least one further contract. We are building up our sales organisation and have already many good friends acting as our agents in overseas territories, while others are still being appointed.

PROPOSED SHARE ISSUES

It will be realised that the signature of the Indian contracts and other contracts for the manufacture of the Gnat will necessitate a complete review of the company's capital requirements in view of the production expansion involved. As you know from previous reports, the company has been turning over something like £2½ million per annum on an issued nominal capital of £500,000, although of course this has been very substantially increased by ploughing back profits and borrowing on a considerable scale from the Bank. Even so, the ability to finance the present output has only been possible because our main contractors supplied us with materials, free of cost, for their contracts. We will have to purchase our own materials, components, equipment, etc., for these new Gnat contracts and also lock up money in these projects for much longer periods. This will necessitate the raising of further capital. Your directors propose to make a "rights issue" to shareholders of 500,000 10s. shares at a price which has still to be finally settled. It is also intended to offer 50,000 shares to our employees at the same price. These issues will slightly exceed the unissued capital at present available—namely, £250,000—and resolutions will accordingly be submitted to an Extraordinary General Meeting, to be held immediately after the Annual General Meeting, for the purpose of increasing the authorised share capital from £750,000 to £1 million.

CONTRACTS WITH BRITISH GOVERNMENT

In addition to orders for our own product our contracts with the British Government for the development of ejection seats, trials and rockets still continue, in addition to which we still have orders of magnitude from the de Havilland Aircraft Company Limited, on the Sea Venom and DH.110 Naval Fighter; from Bristol Aircraft Limited for components for the Britannia, and from Hawker Aircraft Limited for Hunter tailplanes. Some of these sub-contracts are now substantially completed, however, and the capacity which has been thrown up will be absorbed on what we believe will be an ever-increasing Gnat production programme, in addition to which we are still seeking a certain amount of sub-contract work.

TURNOVER

The turnover figure for the year under review, £2,915,488, exceeded last year's figure by £350,000 and was also more than £100,000 in excess of the budgeted figure. Unfortunately, the cost of production of this output rose somewhat out of proportion to preceding years and the margin of profit was therefore decreased. It must be remembered, too, that very considerable expenditure was written off on Gnat development and on the manufacture of Gnat production tools during the year under review, these costs to a very substantial extent being offset by the proceeds of the insurance claim on the loss of the Midge aircraft.

PERSONNEL

During the year the personnel employed by the company fell from 2,850 to 2,660. A reduction in the numbers of productive workers was necessarily matched by a corresponding adjustment to those of non-productive workers employed but the whole trend reflects the difficulty of holding together a labour force in the present-day position of rather smallish orders for large aircraft structures which are ever increasing in complexity. The directors are also greatly worried at the tendency for highly trained technical personnel to emigrate, particularly to North America, which is being experienced throughout the British aircraft industry. We believe this arises as a result of the crippling rate of taxation in this country and also because of an aircraft development policy which is often unrealistic, resulting in disappointment and discouragement in those engaged in carrying it out. In this respect we believe our Gnat aircraft development has been very much on the right lines and generally, our staff have stuck by us manfully, but nevertheless we do suffer from this emigration. In the struggle for the aircraft markets of the world Britain starts with the disadvantage, compared to the United States, of relatively small size. Proportionately we have much smaller staffs, we have a smaller technological training capacity and much more limited resources which can be applied to aircraft research and development work. Britain cannot afford, in addition, the gradual drift of technical ability to Canada and the United States.

The percentage of employees engaged directly on production remains about 47.4 per cent, which is a small fall compared with last year, but I warned you the percentage of workers engaged directly on production would fall because of the expansion of certain technical and flying facilities and capacity.

ACCOUNTS

The turnover figure is substantially up again this year, but the profit earned before taxation has fallen from £200,091 to £183,599 and it must be borne in mind that this includes the proceeds of the insurance claim on the loss of the Midge, of £97,859, so that the true earned profit for the year before taxation is £85,740, or 2.94 per cent on turnover, compared with 7.83 per cent last year. The taxation provision is £99,771, against £102,058 last year, leaving a net figure of £83,828, or 2.88 per cent of turnover. The board has made an appropriation of £50,000 to the general reserve and recommends a final dividend of 5 per cent for the year making a total of 10 per cent in all. The dividends for the year absorb £28,750, leaving £42,175 to be carried forward to next year. Your board realise that the net earnings for this year would have permitted the payment of the same dividends as for the last year of 12½ per cent, but we are entering a period of prolonged and intense development, during which the activities of the company will be substantially re-directed from work of a repetitive and profitable nature of a kind no longer available, to the establishment of the company's product entailing high development and substantial tooling costs and probably resulting in more attenuated profit margins. This, coupled with the fact that we shall be seeking increased capital, has led us to recommend that the final dividend this year should be reduced so as to give us a figure of 10 per cent for the year.

The report and accounts were adopted, and at the subsequent Extraordinary General Meeting the increase of capital was approved.

THE NATIONAL BANK OF AUSTRALASIA

(Incorporated in Victoria)

LIQUID POSITION FURTHER STRENGTHENED

VITAL NEED FOR FREE ENTERPRISE

The ordinary general meeting of The National Bank of Australasia, Limited (with which is united The Queensland National Bank, Limited) was held on November 28th at Melbourne.

Mr H. D. Giddy (the chairman), in the course of his address, said:

In round figures, total assets, at £287 million, are £3 million higher than last year, an increase of £6 million in deposits being offset by a decrease of £3 million in the contingent item.

Despite a rather difficult banking period, the liquid position of our Bank has improved. Liquid assets increased by more than £10 million, mainly as the result of the rise of £6 million in the deposit item and a decline of just over £4,500,000 in advances.

To meet the continued demand for banking services, 26 new branches and 44 receiving offices were opened during the last twelve months, bringing the total of points of representation at September 30, 1956, to 832 in Australia and three in London.

The Olympic Games being in progress here, and with His Royal Highness the Duke of Edinburgh visiting our country, we are meeting on a unique occasion. These Games should help to widen knowledge of Australia in overseas countries and, we hope, stimulate further interest in us and our way of life.

RESTRICTION OF FREEDOM AND ENTERPRISE

As Australians, we are often regarded as being excessively individualistic. This quality is part of our heritage as a freedom-loving people accustomed to democratic institutions, and may be due to the fact that, for the most part, we are an outdoor people. It is true that we conduct much of our affairs with a strong flavour of individualism; our politics, our sport, our internal arguments—even, so others say, our behaviour in war. In those fields there must not be any weakening of that spirit, because teamwork based on personal understanding between team members and captains is far superior to the submissive acquiescence in dictation.

In the other major sphere, our economic life, can we say honestly that there has not been some weakening of that spirit?

There is today not only government enterprise on a widespread scale, but also a massive paraphernalia of legislation, emanating from the Federal and six State Governments, which at just about every conceivable level ordains what individual business enterprise may and may not do. From determining just what, how and when the small shopkeeper or individual producer may sell or produce, there tower legislative controls comprising import restrictions, price controls, bank credit control, foreign exchange control, interest rate control, wage determination, and government-sponsored marketing regulation. To these must be added the sweeping influence of heavy taxation. Possibly this is the most potent and far-reaching factor in the constant undermining of individual enterprise, competition, and the essential incentives and rewards.

VIRTUES OF THE FREE MARKET

After commenting on the high level of public authority expenditure in Australia and in the United Kingdom, compared with that ruling in the United States and Canada, Mr Giddy said: The proportions mean in plain language that the American and Canadian free markets are much wider and far less obstructed than ours or the British.

It would be ridiculous, of course, to think or to advocate that all our government enterprise should cease and that all governmental intervention in our economic affairs should be eliminated. In the case of our country, however, it is both fundamental and practical for us to ask how far government intervention can go without further weakening, or perhaps crippling, individual incentive. And to this, I submit, an answer must be found, for we have been proceeding for many years as if the issue were not of real consequence.

Remembering that Australia is still a young nation with definite prospects of great growth and development over future years, it is as well to consider what the advantages of a free market are to us. No other economic system has yet been practised, nor is one known in theory, which can compare successfully with an unfettered price market in the speedy and efficient allocation of resources to meet the immense variety of needs of a community, in the form of materials and services of either consumption or capital nature. Free enterprise and the free market are the only known means of providing a democratic schedule whereby production is arranged to meet the needs and desires of a people.

In return for the virtues of a free market, all members of the community must be prepared to accept the risks and the responsibilities entailed. The individual must give of his best, in work and ability, in the knowledge that by so doing he has greater rewards open to him and the real value of the rewards going to others will not be impaired. Those actually in business in a free market, whether as individuals or per medium of corporate entity, have special responsibilities toward the community as a whole in respect of the privileges enjoyed as a result of being free and independent. Fortunately, the free market imposes disciplines and sanctions of its own; competition and the right of anyone to enter the market, and the liberty of the people to spurn a product, are most powerful deterrents to abuse.

CHANGE VITAL TO AUSTRALIA'S FUTURE

Australia has everything to gain, now, by reversing the trend of the last few decades and setting out to widen the scope of the free market and the opportunities for individual enterprise based on the incentive of reward. This change is vital to our future development, and as the nation grows richer we can afford to rely more and more upon freedom of enterprise and competition.

The report was adopted.

SMITH'S STAMPING WORKS (COVENTRY) LIMITED

PROFIT NEARLY DOUBLED

The sixty-first annual general meeting of this company was held on November 26th at Birmingham, Mr S. Bramhall, MBE, chairman and managing director, presiding.

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

The profit for the year is £420,808 (£215,231). After taxation the profit is £207,379 compared with £80,805. The directors recommend a final dividend of 10 per cent, making 17½ per cent for the year.

We are in a position to produce a complete range of highest-quality drop forgings for all purposes, including forgings for aircraft and gas-turbine engines in highly-alloyed steels, and in titanium and nimonic alloys. For general engineering and transport, commitments are very heavy, particularly for crankshafts for diesel engines of all types. The output last year was a record, made possible by an improvement in steel supplies and the continued confidence of our customers in our products and service.

We are faced with ever-increasing costs and are finding it necessary to absorb these to maintain selling prices at a competitive level. It would therefore be unwise in my view to assume that profit margins can continue at quite the same level.

The report and accounts were adopted and at a subsequent extraordinary general meeting the proposed capitalisation of reserves was approved.

IND COOPE & ALLSOPP

MODERN PRODUCTION METHODS

The annual general meeting of Ind Coope and Allsopp Limited will be held on December 20th in London.

In the course of his circulated statement, Mr Edward Thompson, MBE, TD (the Chairman) said that with the Accounts was an Eight Year Review to enable Stockholders to judge the progress of the Group in recent years. The figures gave some evidence that employment of Group assets had been increasingly effective.

Commenting on the benefits which had been derived from the introduction of the technique of method and work study, which had followed the modernisation of brewing and bottling plants, Mr Thompson said that the introduction had been supported by the Trades Unions concerned and welcomed by the workpeople.

"I believe," added Mr Thompson, "that were industry generally conscious of the rewards normally following from reorganisation of working methods and the use of work study, in accordance with advice from leading firms of Industrial Consultants, it would not hesitate to seek their counsel, and, in a matter of a few years, a very great contribution would be made to the national productivity problem.

The recent marketing of their "Long Life" beer in can, brewed in their Alloa Brewery, would, they hoped, lead to a developing home trade which would help to reduce the cost of their export products. With the Accounts Stockholders would find a printed order card for a free sample of this beer. The Board hoped they would enjoy it and would tell their friends about it.

THE FINANCIAL TIMES LIMITED

"A NEWSPAPER TRANSFORMED"

CHAIRMAN'S REVIEW

The twenty-ninth annual general meeting of The Financial Times Limited was held on November 27th at Winchester House, Old Broad Street, London, E.C.

The Right Honourable The Viscount Bracken, PC, chairman, said: Gentlemen, our consolidated profit for the year ended June 30, 1956, before charging taxation, amounted to £552,551 compared with £547,414 in the previous twelve months. You will observe that we recommend a repetition of last year's dividend by the payment of a final dividend at the rate of 12½ per cent, together with a bonus at the rate of 7½ per cent, making total payment for the year of 32½ per cent.

A FINE RETRIEVAL

Your directors believe that you will wish to join with them in congratulating the Management on a modest increase in profits in a year in which provision had to be made for the high cost of a prolonged industrial dispute in the printing industry for which they had no responsibility.

Our large printing subsidiary, the St Clements Press, has always striven to maintain friendly and fair relations with all who serve it. Despite its long record as a good employer, it was hauled into the dispute between the London Master Printers' Association and the London Typographical Society. This caused a virtual stoppage of production for some seven weeks in the early part of the year, and created considerable disruption during the period of "work to rule" which preceded the actual stoppage. In consequence our customers, who include some of the leading magazines, trade papers and a very large number of businesses engaged in a variety of industries, incurred heavy losses. In our printing capacity we fully shared their undeserved misfortunes. Fortunately the increased earnings of the *Financial Times* more than made up the fall in earnings of our strike-bound printing subsidiary company. The *Financial Times* was not involved in this dispute, and its production was unhampered, whereas in the previous year it was forced, in common with all other London newspapers, to cease publication for nearly four weeks, owing to the strike of electricians and engineers employed by the national press.

THE ONLY NARROWMENT

The *Financial Times* had a very satisfactory year. It carried a record volume of advertising, and the circulation was maintained at a high level despite an increased selling price and unsettled conditions in many of the great national and international services centred in the City of London. In former times the fortunes of financial newspapers almost entirely depended upon conditions in what is called "the City." Though the *Financial Times* has steadily increased, and I hope, improved, the services manifold the City has always required of it, our advertisement revenue derived from industry is now rather larger than the ample one provided by financial advertising. The *Financial Times* is now much more than a financial newspaper. While we are proud of its international reputation as a financial journal, we must acknowledge that its name is the only narrow thing about the paper.

'THE ONLY ONE OF ITS KIND IN THE WORLD"

A friendly newspaper recently described the *Financial Times* as "a business paper, the only one of its kind in the world." This is a pleasing description but still rather narrow. We could, I think, stake out a claim to be the only daily newspaper that adequately records the astonishing progress of an ever-increasing partnership between science and industry. Most important industrial inventions, new industrial processes or improvements in managerial techniques are promptly reported to British industry by our correspondents in every Continent We are, therefore, entitled to call ourselves a trusty, well-informed and resourceful servant of industry.

"FOLLOWING THE EXAMPLE OF BRITISH CHAIRMEN"

One of the lesser but satisfying signs of the *Financial Times'* thorough and independent reporting of the world's important financial, commercial and industrial news is the steady growth of the advertising it derives from leading industrial companies in foreign countries. And the volume of our company meeting reports, by far the largest in the world, is being steadily increased by the desire of chairmen and presidents of large foreign companies to emulate the heads of British companies by giving an annual report of their progress to readers of the *Financial Times*.

The "chairman's speech" used to be an almost exclusively British form of company publicity. Heads of leading Continental companies are now following the example of British chairmen by inserting reports of their annual meetings in the *Financial Times*.

WHERE CREDIT IS DUE

The directors and shareholders owe much to the energy and resourcefulness of our editorial and business staffs who after the last war set themselves to transform the *Financial Times*. They have enhanced its long established reputation as a guide in matters financial, and by their fresh ideas and sound ingenuity have also made it the world's first daily industrial or "business" newspaper.

NEW PREMISES

At our last meeting I told you that we were about to sign a lease granted by the Corporation of the City of London to enable us to erect a new building upon a site lying between Cannon Street and Queen Victoria Street, not far from St. Paul's Cathedral. Application was made to the Capital Issues Committee for permission to raise the necessary funds, and at an Extraordinary General Meeting held on February 21, 1956, shareholders approved the issue of £1,300,000 5½ per cent Mortgage Debenture Stock, and authorised the issue of a further £200,000 of Debenture Stock in the event of the cost of the building exceeding the total estimated cost of £1,600,000. Work on the building commenced in May. So far it has consisted of excavating the basement and constructing the retaining walls, which you will realise is no small task when I tell you that the site area exceeds 30,000 sq ft and the basement is 40 ft deep. Work is about to begin on the erection of the steel frame of the building. Our builders, F. G. Minter & Son Limited, are more or less up to schedule, in spite of extremely bad summer weather, and we are hopeful of entering into occupation of the building at the end of 1958. It will house our staffs now scattered in five offices in London, and provide first-class premises for the St. Clements Press, which has long been handicapped by the inadequacy of its present densely crowded factory.

"PROPHECY"

Forecasting what may happen in the course of a new year is generally a futile and often a dangerous effort, more especially if prophets are also optimists. Nearly twenty-nine years have gone round since I became chairman of the company now controlling the Financial Times. One of the few mistakes I have not made in this long innings is to set myself up as a prophet. And so you can hardly expect me to try to anticipate what a new year has in store for us or for any other company whose fortunes are linked with British Industry.

I could generate some optimism if the consequences of this Suez Canal affair would shake the widely held belief that the hectic prosperity of the past decade, bred, as it has been, by persistent monetary inflation and by a world-wide scarcity of raw materials and manufactured products, would long continue. Before the Suez affair began there were ominous signs of a weakening of Britain's power to expand in export markets. But there was no sign of any general awareness of the fact that of all the so-called "great powers" our economy is the most vulnerable. It has often been said that when things are at their worst, our people are at their best. I should be surprised if before much time passes they will not once again be given an opportunity of proving the enduring worth of this statement. The report and accounts were adopted.

J. & F. STONE LIGHTING & RADIO

The twenty-third annual general meeting of J. & F. Stone Lighting & Radio Limited was held on November 28th in London, Mr D. G. Nairn, OBE (the Chairman), presiding.

In his circulated statement the Chairman said that for the fourteenth successive year he was able to report an increase in the Group's net profit before taxation which now totalled £1,041,817, against £833,578.

After commenting on the formidable difficulties which had had to be surmounted following statutory measures to curb the growing demand for radio and television sets, the Chairman said that compared with the preceding year they had (as was to be expected) contracted their hire-purchase business but increased all three of their other channels of income, namely, cash and credit sales and rentals. Mr Nairn said he had made it clear in his statement last year that they entered the new year "confident in the knowledge that collections from our existing hire-purchase agreements will provide a solid and excellent foundation on which to build our normal new business." So it had proved.

The Directors had decided to recommend to Stockholders that the issued capital be brought more into line with the net Assets and accordingly proposed to double the capital by capitalising £600,000 out of the existing reserves, and to issue free to Stockholders a capital bonus of new Ordinary Stock on a one-for-one basis. Consent of the Capital Issues Committee was being sought.

The report was adopted and the meeting concluded with a vote of thanks to the Chairman, Directors and Staff.

THE FINANCIAL NEWS LIMITED

CHAIRMAN'S ADDRESS

The fifty-ninth annual general meeting of The Financial News Limited was held on November 27th at Winchester House, Old Broad Street, London, E.C.

The Right Honourable The Viscount Bracken, PC, chairman, said:

Gentlemen, the consolidated profit of The Financial News Limited for the year ended June 30, 1956, amounted to £145,944, compared with £164,629 in the previous year. This fall in profit was due to the inevitable consequences of the prolonged London printing stoppage at the beginning of the year, which sharply reduced the earnings of the *Investors' Chronicle*.

Our other two wholly-owned publications, the *Practitioner* and the *Banker*, are not printed in London. They did not, therefore, suffer and their earnings were substantially maintained.

THE INVESTORS' CHRONICLE

All those concerned with the production of the *Investors' Chronicle* are to be congratulated upon their success in continuing publication during the period of the stoppage. Printers were found first of all in Holland and subsequently in France: and for seven weeks the *Investors' Chronicle* was printed on the Continent. Contents and appearance left much to be desired, and heavy additional costs were incurred, but at least continuity of publication was maintained, and this we regarded as our first duty. When production was resumed in this country, we had to bear a heavy increase in printing charges.

THE ECONOMIST NEWSPAPER LIMITED

The Economist Newspaper Limited, in which we held a 50 per cent interest, was also a victim of the printing dispute. Here, again, continuity of publication was maintained by printing on the Continent. Had it not been for the large additional costs that this involved, the profits earned by *The Economist* would have shown a satisfactory increase. As it was, they were only slightly reduced. The profits of *The Economist* are not, however, consolidated with our group profits. They are only taken to the credit of our profit and loss account to the extent of the dividend declared. Despite the heavy cost of the printing dispute, the Board of The Economist Newspaper Limited decided upon a modest increase in dividend, and this is reflected in an increase in our income from Trade Investments.

THE PRACTITIONER

The circulation and revenues of this once again showed a well deserved increase. This journal is altogether worthy of the great profession it has so long served.

THE FINANCIAL TIMES LIMITED

The principal asset of The Financial News Limited is our large shareholding in the Financial Times Limited. I shall be dealing with the affairs of that company at its annual meeting later this morning. Here I would only draw your attention to the statement in the Directors' Report that since the end of our financial year we have increased our holding of Financial Times Ordinary Stock, so that we now hold rather more than 50 per cent of the equity. The *Financial Times* is now legally a subsidiary, and its accounts will in future be consolidated with those of this company. In view of this development, we have included, as a supplement to the accounts before you, a statement showing consolidated figures for the group as a whole. You will see from this statement the very considerable assets and earnings attributable to this company.

I shall not attempt to forecast our results for the year to June 30th next. I can only tell you that the profits earned by the group as a whole for the first five months have been maintained, and we have felt justified in recommending payment of a final dividend of 20 per cent, making a total of 30 per cent for the year ended June 30, 1956. This is at the same rate as was paid for the previous twelve months.

The report and accounts were adopted.

TRINIDAD PETROLEUM DEVELOPMENT COMPANY, LIMITED

CHAIRMAN'S ADDRESS

The Annual General Meeting of Trinidad Petroleum Development Company Limited was held on November 22nd in London.

Sir Leslie Hollis, KCB, KBE (the chairman) presided, and in the course of his speech said:

Your company has again had a satisfactory year, both the profit of £1,352,000 before taxation and the production of nearly 4,100,000 barrels being the highest in the history of the Company.

PRODUCTION

The fact that we were able to increase our production by more than 600,000 barrels over that of the previous year with the same number of drilling rigs in operation was chiefly due to encountering a prolific area at Coora, to good results obtained at Palo Seco, and to an intensive programme for the maintenance and repair of old wells.

New processes to increase production such as Hydrafrac and Diesel Oil Cement were successfully introduced.

Since the end of our financial year we have extended our drilling programme with the object of proving up further reserve areas. In the current financial year we estimate that this will involve us in additional expenditure on drilling of approximately £300,000. Until this drilling has been completed it is not possible to forecast with any accuracy the benefit to the Company's revenue.

ACCOUNTS

The profit for the year before tax amounted to £1,352,174, compared with the previous record for the Company of £871,730 established a year ago. This result ensued from the record output combined with the highest price ever before realised for our crude oil and, to a minor extent, from an increase of over £34,000 in investment income.

After providing £730,000 for taxation, the net profit for the year was £622,174, in addition to which we were able to bring into account the sum of £40,000 over-provided for taxation in the previous year.

The dividend on the Preference Shares outstanding absorbed £21,699 and £7,439 was appropriated for the annual redemption of a proportion of the Preference Capital. After transferring £350,000 to General Reserve your Board decided to recommend a Final Dividend on the Ordinary Stock of 28¾ per cent tax free—equivalent to 50 per cent gross—which, with the 5 per cent tax free Interim Dividend paid on May 17th last, would make a total distribution to the equity stockholders of 33¾ per cent tax free for the year requiring £337,500.

The General Reserve was thus increased from £1,100,000 to £1,450,000, while the tax free balance available to carry forward to the current year amounted to £142,486.

At the year's end current liabilities and Provisions had risen to £1,053,920 and Current Assets to £2,504,457. Thus the surplus of Current Assets over Liabilities improved by about £547,000.

The excellent results achieved during the year reflect the efficiency with which our operations have been conducted, and great credit is due to our staff and employees for maintaining the high standard of their work, notwithstanding the uncertainty as to the ultimate control of your Company.

LABOUR

Relations with labour continued to be very satisfactory throughout the year and the scale of wages was regulated by the terms of the Wage Agreement signed with the Oilfield Workers' Trade Union on August 5, 1955.

CHANGE OF DOMICILE

At the Annual General Meeting last year I informed you that your Board was considering the advisability of applying to the Treasury to transfer the control and management of the Company from the United Kingdom to Trinidad.

The advantages to be gained by such a transfer were very much accentuated by an Ordinance passed by the Trinidad Legislature in December 1955 granting a special depletion allowance for Companies engaged in Marine drilling and whose central management and control abides exclusively in the Colony.

Accordingly, an application for permission to change the domicile of the Company to Trinidad has been lodged but no decision on the matter has yet been taken by the Treasury.

BRITISH CONTROLLED OILFIELDS LIMITED (IN LIQUIDATION)

At the request of the Liquidator of British Controlled Oilfields Limited, your Board gave permission to representatives of the Colorado Oil and Gas Corporation, of Denver, Colorado, USA, to visit your properties in Trinidad with a view to investigating the operations of the Company and the position regarding Oil reserves.

These representatives carried out their investigation between May 25th and July

10th and, after discussions with the Liquidator of BCO and members of your Board in New York, the Colorado Oil & Gas Corporation made an offer, subject to Treasury consent being obtained, to purchase the equity of your Company on a share exchange basis.

When these proposals were submitted to the UK Treasury and to the Trinidad Government, we were informed that they were contrary to the exchange control regulations and to the policy of Her Majesty's Government and that permission for the purchase could therefore not be granted.

BRITISH PETROLEUM'S OFFER

Following negotiations undertaken by my co-director, Mr Hart, British Petroleum made the offer to purchase the whole of the ordinary stock of your company, the terms of which offer are familiar to you. In considering this offer—and indeed in considering whether or not your Directors should in any way seek to obtain an offer for the Company's stock—your Board was influenced by the following considerations.

First, the fact that the 50 per cent of the Company's ordinary capital owned by the Liquidator of BCO was for sale, and had been offered for sale over a period of nearly three years, thereby inevitably creating a state of uncertainty affecting the Company's staff and creating a situation where the Company's stock was increasingly subject to speculation.

Secondly, your Directors had under consideration the fact that this Company's future must always depend upon its ability to dispose of its oil profitably. In this connection, it must be noted that this Company possesses neither a marketing organisation nor the resources to create one.

Thirdly, your Directors had under consideration the future capital requirements of this Company. The future of any oil Company must always depend upon its capacity to continue exploratory operations, and the cost of such operations is heavy. Your Board considered that if this Company were to play its full part in the development of the Trinidad oil industry, and if it were to undertake exploratory work to an extent necessary to ensure its future, it would be unlikely that the Company could continue its present dividend policy or that it could avoid having to seek further capital.

Finally, in assessing the BP offer your Directors also had in mind, first, the report on your Company's undertaking prepared in 1954 by the independent valuers appointed by the Liquidator, and secondly, the terms of the offer made by the Colorado Oil and Gas Corporation after prolonged investigation; an offer, in the view of your Directors, less favourable than that made by BP. All these factors were in the minds of your Board on October 27th when you were informed of the offer and of your Directors' recommendation. Since that date we have been confronted by the developments in Suez and the Middle East. It is not possible to say what effect these developments will have, and the many imponderables in the political and military field are matters upon which I will not venture an opinion.

FUTURE

I will again refrain from attempting a forecast for the future, particularly in view of the acquisition by BP of a controlling interest in your Company. For my part, I feel that this acquisition should inevitably lead to more intensive development of your Company's properties and to continued security for our staff.

The report was adopted.

PICKFORD, HOLLAND & COMPANY

BENEFITS FROM NEW EXTENSIONS

The annual general meeting of Pickford, Holland & Company Limited was held on November 28th at Sheffield, Mr Ronald Steel (Chairman) presiding.

The following are extracts from his circulated statement: Last year I told you that the cost of the raw materials used in the manufacture of our basic bricks had been rising sharply and that the price we received for them was not keeping pace. The effect has been felt during this year with the result that our profits from this source have been reduced, particularly at our Totley works, which specialises in these. Fortunately, such adverse circumstances have now ceased to apply and we expect a considerable improvement on this account for the year ending in 1957.

I am glad to say that the money we have been spending at the Crook and Millhouses works continues to bear fruit; so in spite of the basic brick position our trading profit for the year shows an increase of nearly 10 per cent.

The outstanding feature during the period has been the building of the tunnel kilns at Totley and at Crook. So far the results have been exceedingly successful; I think we can say that the Pickford Holland magnesite and chrome-magnesite brick compares favourably with any similar type product on the market today.

BALANCE SHEET FEATURES

The large sum of £175,000 has been spent on plant and machinery during the year, a figure greater than that in any two previous years added together. Nearly all this was spent on the two tunnel kilns and on the completion of the modernisation programme at our Millhouses works; we expect that capital expenditure during the current year will be at a reduced rate.

Two results of this high capital expenditure are that the provision for depreciation is increased from £38,000 to £52,000 and that investment allowances have reduced our liability for taxation by the sum of £15,000; your Board has decided to transfer this direct to the reserve for replacement of fixed assets. To this reserve it is also proposed to place an additional sum of £25,000, and to General Reserve £35,000; so, including depreciation, the substantial amount of £127,000 out of this year's profits will have been retained in the business and this, added to the loans from the Ministry of Fuel and Power, which amount to £44,850, is approximately equal to the money spent on the new kilns and other extensions during the year. Your directors propose to pay a final dividend of 10 per cent and the same bonus of 2½ per cent as last year.

EQUIPPED TO MEET COMPETITION

As to the future, I will only say that our valued customers in the steel trade and the coke oven industry appear to be as busy as ever and that certain of our directors and senior staff have recently visited refractory brick works in Europe, Canada and the United States of America, and taking into account the raw materials available and the probable market for our products, a comparison of our own plants and layout with those that they saw abroad indicates that we are now well equipped to meet any reasonable competition.

The report was adopted.

ABRIDGED PARTICULARS

LONDON & OVERSEAS FREIGHTERS LIMITED

Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for £7,500,000 6 per cent. First Mortgage Debenture Stock of London & Overseas Freighters Limited.

Abridged particulars of a placing by

PHILIP HILL, HIGGINSON & CO. LIMITED

of

£7,500,000 6 per cent. FIRST MORTGAGE DEBENTURE STOCK.

1. The Stock will be constituted and secured by a Trust Deed in favour of The Prudential Assurance Company Limited, as Trustees for the Stockholders. The Stock will be payable in instalments, as to 20% on 15th January, 1957; 25% on 15th January, 1958; 25% on 15th January, 1959 and 27½% on 15th January, 1960.

Interest at 6% per annum will be payable on the amounts paid up from time to time and in addition further interest at ¼% per annum will be paid on the amount of the instalments outstanding.

2. The Company's fleet as at 31st March, 1956, consisted of eleven tankers of a total tonnage of 199,934 d.w.t., of which one has since been sold.

An investment of £750,000 has recently been made in London and Overseas Tankers Limited, a company incorporated in Bermuda. This investment represents one-half of the share capital of the latter company.

3. The Company has ordered nine new tankers, with a total tonnage of approximately 263,750 d.w.t., at an estimated cost of approximately £17,000,000. These vessels are due for delivery between December 1956 and 1962. The balance of the cost of this building programme will be met out of the Company's own resources.

4. It is estimated that the net tangible assets of the Company will cover not less than twice the aggregate of the amounts paid up from time to time on the Stock and the amount of the permitted secured bank borrowings.

Full particulars of this Stock may be obtained from:

The Registered Office of the Company, 8, Balfour Place, Park Lane, London, W.1.

or from

PHILIP HILL, HIGGINSON & CO. LIMITED

34, Moorgate, London, E.C.2.

BROOKE BOND & COMPANY LIMITED

GROUP RECORD PROFITS

EXPANSION OF WORLD SALES

The Sixty-fourth Annual General Meeting of Brooke Bond & Company Limited was held on November 27th. The following is an extract from the circulated statement of Mr John Brooke (Chairman):

Thanks to our staffs of many nations, our customers, and our shareholders, Group net profits are a record £2,668,430.

It has been a year in which profits were made both on the swings and roundabouts—something which, like a good English summer, occurs only at infrequent intervals.

We look forward with confidence to the future, but we must remind shareholders that a more balanced picture would be seen if the past two years' trading were taken together and an average struck.

These net results are inflated due to the effect on this year's UK Taxation Provision of last year's losses of £1,267,583 (£1,215,764 being the loss of Brooke Bond & Company Limited). These losses have been offset against taxable profits in this year, and as can be seen in the Consolidated Profit and Loss Account, the UK Tax charge has been reduced by £538,722.

Turnover for the Year.—This year the net world income of £79,696,000 is rather less in terms of money, due to the lower cost of tea during the period. In June, 1955, our Dividend Tea was retailing at 7s. 4d. a lb, as against 6s. a lb in July, 1956, and now 5s. 8d. a lb.

World sales continue to expand. On a modest calculation over 150 million cups of Brooke Bond tea are now enjoyed every day throughout the world.

In the United Kingdom, the most highly competitive market of all, the steady progress achieved year by year since derationing has continued.

Group stocks always seem to be rising in value and also in quantity. (It is all right so long as they are rising to meet increasing sales.)

Thanks to the good profits earned this year and the "Income Tax holiday" we have enjoyed in this country out of the losses brought forward, we have not found it quite so difficult to finance tea stocks. The problem is always with us, so we have decided to go ahead with plans for issuing 3 million "B" Ordinary Shares at 12s. 6d. in order to raise, after meeting expenses of the issue, £1,833,000 of new money.

Shareholders.—The total number of our shareholders has topped 10,000 for the first time.

TEA PRICES AND TRADING

In many respects this might be considered a dull year during which prices fluctuated only within narrow limits. Towards the end of the year there was an abundance of plain tea at prices which have enabled us recently to introduce a packet at 3s. a lb. We now have an exceptionally wide range of packets to please all tastes and pockets from 3s. a lb to 7s. 8d. a lb.

However, most housewives continue to demand quality blends. Consequently, good tea has been commanding market prices high enough to please the most demanding producer.

Record crops have been plucked from the Estates of our own producing Companies, and these again have contributed handsomely to our Group Profits, though obviously not on the scale of the previous year when boom prices prevailed for plain as well as good tea.

The consumer appreciates the cheapness of tea and rightly feels that the few extra pence per lb for 200 cups of the best is sound economy. She is not going to spoil a good "cuppa" by saving one for the pot. (Advertisement.)

PLANTATION COMPANIES

The Group's acreage under mature tea totals 27,000 with over 1,900 acres of new planting coming into bearing.

A geographical split of the mature tea is as follows:

Ceylon 3,900 acres, India 11,000 acres, East Africa 12,100 acres.

Mr Rutter visited all our estates in India and Ceylon this year and reports they are in good order. New planting in Assam, to replace exhausted areas, is carried out on a yearly basis; whilst in South India we are doing similar work using the most up-to-date technique of vegetative propagation put out in contoured hedgerows. High yields are expected from these new areas.

In East Africa development is taking place rapidly and according to plan—we are confident good returns will be obtained in the near future; new factories are under construction to manufacture the increased crop.

Of the crops obtained from these 27,000 acres of tea a substantial part is sold outside the Group. Tea of our own growing amounts only to about 11 per cent of our total world sales of packet teas.

The Report was adopted as were Resolutions submitted for alterations to the Articles, increase of the authorised capital and for the capitalisation of £3,750,000 of Reserves.

KAMUNTING TIN DREDGING LIMITED

MR ADDINSELL'S STATEMENT

The forty-third annual general meeting of Kamunting Tin Dredging Limited was held on November 27th at 55-61 Moorgate, London, E.C.2, Mr Addinsell (the chairman) presiding.

The following is the Chairman's statement for the year ended March 31, 1956, which had been circulated with the report and accounts and was taken as read:

During the year under review the removal of the two Pangnga dredges to the Bangtoe area in Thailand was completed, the No. 2 dredge working for nine months and No. 1 for one month. The task of removing and reconstructing these dredges was no mean achievement and our thanks are due to Anglo-Oriental (Malaya) Limited, our Managers in the East, for the excellent manner in which the work was carried out and all the difficulties overcome.

The cost of dismantling, removal and reconstruction, together with the necessary ancillary equipment for these two dredges was £572,322, which compares closely with the estimate of £570,000 I gave to shareholders in 1953. The whole of this cost, I am pleased to say, has been met from our own cash resources.

Improvements to these dredges and the new equipment required for them have been charged to Fixed Assets and the balance written off against "Transfer of Dredges Reserve." An appropriation of £96,016 has been made to this reserve from the profits made this year and, after writing off the cost of removal, there remains a balance on the reserve of £55,000 towards the substantial expenses which will arise in a few years for the removal and reconstruction of our largest capacity dredge in Malaya.

The two dredges on the Bangtoe area produced 389 tons concentrate and this output, together with an increase over last year of 423 tons from production in Malaya, resulted in the gross proceeds of sales improving to £1,005,568 from £556,548. The average price realised for our tin was £739 per ton of metal, compared with £706 per ton last year.

After providing for taxation of £160,000, writing down British Government Securities to market price and the appropriation to Transfer of Dredges Reserve there remains a net profit of £118,956.

The interim dividend of 7½ per cent already paid and the final of 22½ per cent now recommended absorbs £115,359 leaving to be carried forward £84,893.

HEAVIER BURDEN OF TAXATION

I would stress that although our profits for the current year are running at a higher level than in the year under review, we will have to bear a much heavier charge for taxation than for the last two years because we will receive no more relief in respect of dredge removal expenditure until further work of this nature is carried out, also the profits tax burden on distributed profits has been still further increased.

As I told shareholders last year, we have secured an area for the No. 6 dredge which we expect to have to move in 1958. A preliminary estimate of the cost of the removal and reconstruction indicates that some £475,000 will be required to meet this expenditure.

The No. 4 dredge is expected to work out its reserves in the near future and No. 5 in about three years' time. Though every effort is being made to find suitable areas for these dredges, present conditions still seriously restrict prospecting in the districts where future ore reserves are most likely to be found. Both these dredges are old, the No. 4 first commenced operations in 1924, the No. 5 in 1929, and, as both are of small capacity and comparatively shallow digging, suitable areas may prove impossible to find.

The International Tin Agreement came into force on July 1, 1956, and in this connection I must remind shareholders that we have to meet our share of the Buffer Stock contribution.

Details of the year's operations are given in the Technical Managers' Report.

The security position in Malaya continues to improve, but precautions have still to be taken, and our thanks are again due to the Eastern staff and to Anglo-Oriental (Malaya), Limited, our Managers, for the excellent results achieved.

The report and accounts were unanimously adopted, the final dividend approved and the retiring director re-elected.

BRITISH TRUSTS ASSOCIATION

MR J. GIBSON JARVIE'S STATEMENT

The thirty-ninth annual general meeting of British Trusts Association Limited will be held on December 6th at the registered office, 17, St. Helen's Place, London, E.C.3.

In his statement to shareholders Mr J. Gibson Jarvie, the chairman, refers to the profit on the sale of the Association's shareholding in Intermit Limited, which was included in the revenue account for the previous year, as being an exceptional and non-recurring item. Gross dividends and interest from investments increased from £54,789 to £61,997 for the year to July 31st last. Taking into consideration the gross debenture interest, this item of income from investments has nearly doubled since 1953. There has been no change in the issued capital.

The item "commissions, net profits on realisations and fees" was £28,935, against £45,061. The profit on sale of shares in Intermit Limited already referred to was however considerably in excess of this difference. Net revenue after tax was £38,964.

The dividend for the year of 10 per cent and bonus of 5 per cent, making 15 per cen less tax for the year, has been paid and cos £19,277. Capital and revenue reserves hav increased during the year from £247,280 t £271,611 and undistributed profits carrie forward are £52,767, against £39,092 brough forward from the previous year.

With regard to the current year, the profi margin in many industries is becoming less the effect of the credit squeeze continues t be felt and general conditions in the hom and export market are becoming more diffi cult. Our investment income therefore wil not continue to show the same rate o expansion which it has done in the past and will probably show little change on the past year's results.

GOODE DURRANT & MURRAY (CONSOLIDATED)

IMPACT OF DIFFICULT TRADING CONDITIONS

The Fifty-eighth Annual General Meeting of Goode Durrant & Murray (Consolidated) Limited will be held on December 21st at Winchester House, London, E.C.2.

The following is an extract from the statement by the Chairman, Mr Lewis A. Kemp, which has been circulated with the report and accounts:

The year covered by these accounts is the first since the Company ceased to trade and became solely a holding company. In consequence of this, I direct your attention particularly to the Group Balance Sheet and Profit and Loss Account, which reflect the result of the operations of all the Subsidiary Companies in the Group. Provision has been made for doubtful debts, but, to the extent that these provisions might prove inadequate in recently formed subsidiaries, the parent company's reserves for contingencies, which were created for such purposes, could be called upon.

Increasing competition, import restrictions and the credit squeeze have all had their impact on trading conditions in the various oversea countries where your Companies operate.

Australia has been subjected to more severe import restrictions, and price control has been partially re-introduced, although it is hoped the latter may prove to be of temporary duration.

South Africa and New Zealand are also subject to some measure of import control which, together with monetary restrictions, have contributed to the difficulties that have been encountered during the past year's trading.

Fortunately, the prices of wool and other primary products are maintaining a profitable level, which should, in due course, be reflected in the stabilisation of internal economies, and the loosening of restrictive controls, which hamper the freedom and development of trade.

I am pleased to report that in June last we entered into occupation of our new building—Durrant House—in Chiswell Street. Although it is not yet finally completed, we are experiencing considerable benefit from having the staff under one roof, with adequate space.

Last year my remarks, referring to the future, detailed some of the difficulties we are meeting. I am very hopeful that the re-organisation already effected and the further measures that are now contemplated will establish the Group's business on firm ground for the future.

SIR LINDSAY PARKINSON AND CO., LTD.

CONSIDERABLY LARGER PROFIT

MR A. E. PARKINSON'S STATEMENT

The nineteenth annual ordinary general meeting of Sir Lindsay Parkinson and Company, Limited, was held on November 28th at the Piccadilly Hotel, London, W., Mr A. E. Parkinson, the chairman, presiding. The following is an extract from his circulated statement:

The accounts for the year 1955 show that the group profit applicable to the members of the parent company, after taxation, amounts to £93,580, as compared with £74,918 for 1954. The profit for 1954, however, included a credit for £113,963 in respect of provisions for taxation for earlier years no longer required.

The group profit and loss balance carried forward amounts to £172,406, compared with £103,921 brought in. After providing for the dividends for the year, the balance carried forward on the parent company's profit and loss account amounts to £122,263, compared with £64,051 brought in.

PROGRESS AT HOME

Work at home has again progressed satisfactorily and during 1955 the speculative housing programme was again expanded.

Our success in securing a wide variety of building and civil engineering contracts is continuing and our operations on the production of opencast coal for the National Coal Board are also expanding.

OVERSEAS ACTIVITIES

Our subsidiary companies in Australia made a somewhat better showing in 1955 than they did in 1954. Nevertheless this field of activity is receiving close attention on the part of the board particularly having regard to the many difficulties of this market.

As forecast in my statement last year a substantial further provision has been necessary in 1955 in respect of losses suffered in Canada. Problems have, however, now been largely dealt with and while some provision will probably be necessary in 1956 we consider that the main difficulties have now been overcome.

Volume of work in Cyprus has been maintained and we are continuing to show excellent progress despite the difficulties arising from disturbed conditions.

Work under the Tema Harbour contract valued at some £8 million is still in progress. It will be recollected that this work is being carried out by Parkinson Howard Limited, an association of Messrs John Howard and Company, Limited, and ourselves. There is still a further three years' work in prospect in this area

Satisfactory progress is being shown in the British Guiana contract which is due for completion in 1958.

DIVIDEND MAINTAINED

The Board has decided again to recommend a final dividend on the Ordinary Stock at the rate of 6½ per cent (less tax), making a total for the year of 9 per cent (less tax). This is at the same rate as was paid for 1954.

1955 was a year in which many difficulties were surmounted, especially difficulties arising out of activities in Canada. 1956 up to date has also not been without its problems, but your Board is hopeful that when the figures for that year become available results will show a continued improvement.

The report and accounts were adopted.

BANIR RUBBER ESTATES

IMPROVED OUTPUT AND PRICES

The thirty-first annual general meeting of Banir Rubber Estates, Limited, was held on November 15th in London, Mr Alexander Douglas (the chairman) presiding.

The following is an extract from his circulated statement:

The 1955-56 Accounts reflect better rubber prices, also a modest increase in output at 840,500 lb against 802,500 lb in the previous season. Sales realised £109,202 against £73,372, while Replanting Cess refunds amounted to £5,944 against £2,856. Export Duty and Cess amounted to £21,564 against £10,051. The Production Account Profit is increased from £24,845 to £39,909.

It is proposed to pay a dividend of 25 per cent, less Income Tax, for the year.

The output over the last few years has shown a small increase and I expect this to continue until in about four years we reach a maximum of about 900,000 lb, after which a decline is anticipated. Although we lose old ruober because of mining, the loss will be made good by increased production from postwar replantings (the first of which is in partial bearing now), until the loss of output through mining operations overtakes the increase from the young areas.

Ultimately, as mining progresses, Banir Estate, in my view, will not be an economic proposition. The decision as to what should be done will not have to be taken for some years, but what will ultimately become of the estate must be borne in mind.

The report was adopted.

APPOINTMENTS

MERTON COLLEGE, OXFORD

FELLOWSHIP OR LECTURERSHIP IN ECONOMICS

The College proposes to proceed shortly to appoint to a teaching post in Economics which, according to the qualifications of the successful candidate, will take the form *either* of a (permanent) Official Fellowship and Tutorship, *or* of a Lectureship for three years. The appointment will date from April 1, 1957, or as soon thereafter as is mutually convenient.

Applicants who must have obtained Honours at a British university, should apply to the Warden not later than January 15, 1957, stating their qualifications for the post, and mentioning the names of three persons to whom reference can be made.

Details of salary and conditions of appointment can be obtained from the College Secretary.

The choice of the College will not necessarily be confined to those who apply.

MANAGEMENT SELECTION LIMITED have been retained to advise on the selection of a

JOINT GENERAL MANAGER (MARKETING)

for a large international Food Company extending their activities in Great Britain. The Company in Great Britain will be directed by General Managers who, in addition to their general management duties, will be responsible respectively for Finance, Marketing and Production.

The special duties for this appointment will be to evolve a marketing policy and to direct all sales, market research and advertising in accordance with this policy.

Candidates must have had responsible experience in marketing and selling nationally advertised consumer goods for some years. Experience of general management useful. A degree in statistics, economics or related subject would be useful background. Age 35-50. Salary about £3,000 to start. No information will be passed to our clients without the candidate being aware of their identity and giving permission. Please send brief personal details in confidence, to G. K. Dickinson (S.196), Management Selection Limited, 17 Stratton Street, London, W.1.

COMMERCIAL CONTROLLER (FACTORY)

directly responsible to Factory General Manager for the co-ordination and control of the use of material and financial resources. Responsible for ensuring implementation of current policies and for continuous appraisal of all Factory activities with a view to the development of new policies covering use of resources. The carrying out of this work will require close association with the Factory's Technical Manager and Personnel Manager. Subordinates include Buying Manager and Production Controller. Job requires capacity to analyse situations, develop effective policies and to see that they are effectively implemented. Useful background experience might include operational research, consultancy, cost control, and familiarity with the engineering industry. Minimum starting salary envisaged £1,600 per annum, but higher for right competent man. Comprehensive letters of application to Personnel Director, The Glacier Metal Co., Ltd., Ealing Road, Alperton, Middlesex.

ECONOMETRICIAN required by The Distillers Company Limited for an operational research unit in their Research and Development Department at Epsom. Age over 24. Honours degree in Economics, with knowledge of mathematics, statistics, or in Mathematics with knowledge of applied economics. The work would include a variety of subjects, such as production scheduling, inventory control, and distribution problems, covering the whole of the Company's activities in the United Kingdom.—Apply Staff Manager, The Distillers Co., Ltd., 21 St. James's Square, London, S.W.1. Quote Ref 66/56

LONDON COUNTY COUNCIL

London School of Printing and Graphic Arts, Department of Administrative Subjects. Senior Lecturer in Management Studies, with good academic qualifications and industrial or commercial experience in managerial role. Duties include teaching subjects in B.I.M. Certificate and Diploma courses. Applicants should state in case and which of these subjects they are qualified. Salary £1,350 x £50—£1,550, plus London allowance (£80 or £40). Application forms from Principal at School, Back Hill, E.C.1, returnable by December 14, 1956. (2229.)

ORGANISATION AND METHODS Accountant, recently qualified, aged 24-28, required by leading industrial organisation. Applicants should be preferably single, willing to work in London, the Midlands, or the North, as required, have a first-class general education and a flair for O. and M. work. The position is a permanent and pensionable one and provides good opportunities for development in this new field. Excellent prospects for advancement to a wide range of senior executive positions.—State age, education, experience and salary required, to Box 568.

SALES MANAGER.—A Sales Manager is required for a Sales Company distributing gramophone records throughout the world. Ability to advise on sales policy and detailed knowledge of distribution methods at home and abroad are required. A knowledge of the gramophone record industry is not essential, but may be helpful. Salary will be commensurate with experience, but this is regarded as a senior appointment.—Applications, in the candidate's handwriting, giving details of experience and salaries earned, should be sent to Box 565.

ASSISTANT SECRETARY required by Insurance Company at its Head Office in the North of England. Applicants should be aged about 35, qualified as Accountant or Secretary. Usual secretarial duties include mechanised accounting.—Box 571.

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE (UNIVERSITY OF LONDON)

Applications are invited for a Lectureship in administration, organisation and cognate business studies. Salary scale £700 x £50—£1,000; £1,050 x £50—£1,400 per annum, with superannuation benefits and family allowances. In assessing the starting salary, due consideration will be given to age and experience.

Applications, with the names of three referees, should be received not later than December 22, 1956, by the Secretary, London School of Economics and Political Science, Houghton Street, London, W.C.2, from whom further particulars may be obtained.

MINISTRY OF EDUCATION: Director of Cost Investigation Unit. The Civil Service Commissioners invite applications for this pensionable post in London. The Unit is intended to assist local education authorities and others responsible for running schools and colleges to achieve the maximum economy compatible with the standards required and with varying local circumstances. The work will involve accurate analysis and comparison of the cost of various elements of the education service, the study of economical methods of achieving given standards and the dissemination of advice and information about the current range of unit costs and any suggested means of increasing efficiency.

These duties require an inquiring and experimental cast of mind and the ability to co-operate with administrative, educational and technical specialists.

Age at least 35 on October 1, 1956.

Candidates must have had suitable professional experience, and should preferably be members of one of the following bodies:—

(a) The Institute of Chartered Accountants in England and Wales

(b) The Institute of Chartered Accountants of Scotland

(c) The Institute of Chartered Accountants in Ireland.

(d) The Society of Incorporated Accountants and Auditors.

(e) The Association of Certified and Corporate Accountants.

Candidates not holding any of the qualifications listed under (a)-(e) above may, however, be admitted exceptionally, if they possess other qualifications and experience especially relevant to the post.

Salary £2,000-£2,450 (men), £1,865-£2,324 (women). Women's pay is being raised to reach equality with men's by 1961.

Further particulars and application form from Secretary, Civil Service Commission, Burlington Gardens, London, W.1, quoting No. 4646/56/9. Completed application forms should be returned by December 14, 1956.

MANAGEMENT SELECTION LIMITED have been retained to advise on the selection of a

MATERIALS CONTROLLER

for a well-known company of food manufacturers situated in a pleasant country town. Duties include negotiation for commodity buying—mainly meat, fish and cereals—on a world-wide scale. Considerable travel is involved, but where practicable permission may be given on occasions for the Controller to be accompanied by his wife at the company's expense.

Candidates should have had extensive experience of commodity buying on an international scale, and must have successfully opened up new sources of supply for these goods. Candidates should also have an interest in and knowledge of world affairs—especially as they influence supplies and prices. An Honours Degree, with economics and/or statistics, would be an advantage. Age 35-40. Initial salary not less than £5,000, together with exceptional non-contributory pension, life assurance and sickness schemes.

No information will be passed to our clients without the candidate knowing their identity and giving permission.—Enquiries, with brief personal details, to P. J. H. Fryer (S.198), Management Selection Limited, 17 Stratton Street, London, W.1.

EXPORT.—The extension of activities in the Export Department of an important manufacturing organisation necessitates the appointment of a Senior Executive to take responsibility for one group of markets. The position will carry a high starting salary, and offers an attractive career for an energetic man who can draw upon sound experience of competitive selling in the export field. Ideally, candidates should be aged 30 to 40, and have a fluent knowledge of German—one Scandinavian language would be an advantage. Preference may be given to those with a University degree. Applications should contain full career details, and will be treated in strict confidence.—Box 569.

A SENIOR LONDON ADVERTISING AGENCY will have a vacancy shortly for a marketing man on an important group of accounts. The job will be to apply market research principles to the clients planning problems. Familiarity with market research methods and their practical limitations is therefore essential, although the successful applicant need not necessarily have become expert in carrying out field surveys in all their practical details.

The important points are that he should have sufficient business acumen to grasp selling problems as they crop up, and enough familiarity with market research to recognise where it can contribute to their solution.

The Agency is of long standing, and is highly regarded by its competitors.—Box 573.

FULL-TIME SERVICES of a Solicitor required to take control of Legal Department dealing with day-to-day business chiefly connected with agreements for purchase of rights of plays, films, etc., for services of scriptwriters, artistes, production directors, etc., and general work of a Contracts Department. Commencing salary not less than £1,500 per annum. The Company has a Staff Contributory Superannuation Scheme.—Write, giving full details of experience, age, etc., to The Secretary, Granada TV Network Limited, 36 Golden Square, London, W.1.

GLACIER METAL CO. LTD KILMARNOCK

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Additional Personnel Officer required for rapidly expanding factory, at present employing 1,250. Development within Company of new techniques in Personnel field adds to interest and extends scope of Personnel Officer's job. In addition to conventional Personnel duties, there is pioneering work to be done in a new form of job evaluation (see "Measurement of Responsibility"—Elliott Jaques).

Applicants should have experience/training Personnel Management, Social Science—or an engineering qualification, with experience of Work, Methods or Time Study.

Age 23-35. Commencing salary £800-£900. Staff bonus and Superannuation.

Write E. C. Goldring, Personnel Manager, Glacier Metal Co., Ltd., Kilmarnock, Ayrshire.

MANAGEMENT SELECTION LIMITED have been retained to advise on the appointment of a

DEVELOPMENT OFFICER

for a light engineering company (near London), which is part of a large international organisation. Turnover has trebled in the last three years, and further expansion is projected at the rate of 10 per cent per annum. The Company seeks a man to be responsible to the Managing Director for preparing a "blue print" of this development specifying markets, products, finance and personnel requirements, etc. This work will take one to two years to complete, and will undoubtedly lead to an executive career in the company, which takes training very seriously and promotes from within. Overseas travel forms a significant part of this policy.

Candidates should have a degree (preferably in statistics or economics), or be qualified accountants. Industrial experience must include some practical executive responsibility; in addition, a staff appointment or consultancy would be an advantage. Capacity for analysis and decision important. Age about 28 to 35. Starting salary about £1,500-£2,000.

No information will be passed to our clients without the candidate being aware of their identity and giving permission.—Please send brief personal details, in confidence, to P. J. H. Fryer (S. 197), Management Selection Limited, 17 Stratton Street, London, W.1.

LEADING FOREIGN EXCHANGE HOUSE in the U.S.A. seeks men or women cashiers, experienced in handling foreign currencies. Starting salaries $300 per month, with possibility of improvement twice yearly. Good promotional possibilities. Banking experience desirable. Preference to those with knowledge of Spanish or other foreign languages. Interviews arranged in London.—Write to Deak and Co., Inc., 75 West Street, New York 6, N.Y.

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By Order of the Board.

J. C. TOMLINSON, Secretary.

Offices: Cunard Building, Liverpool. Nov. 29, 1956.

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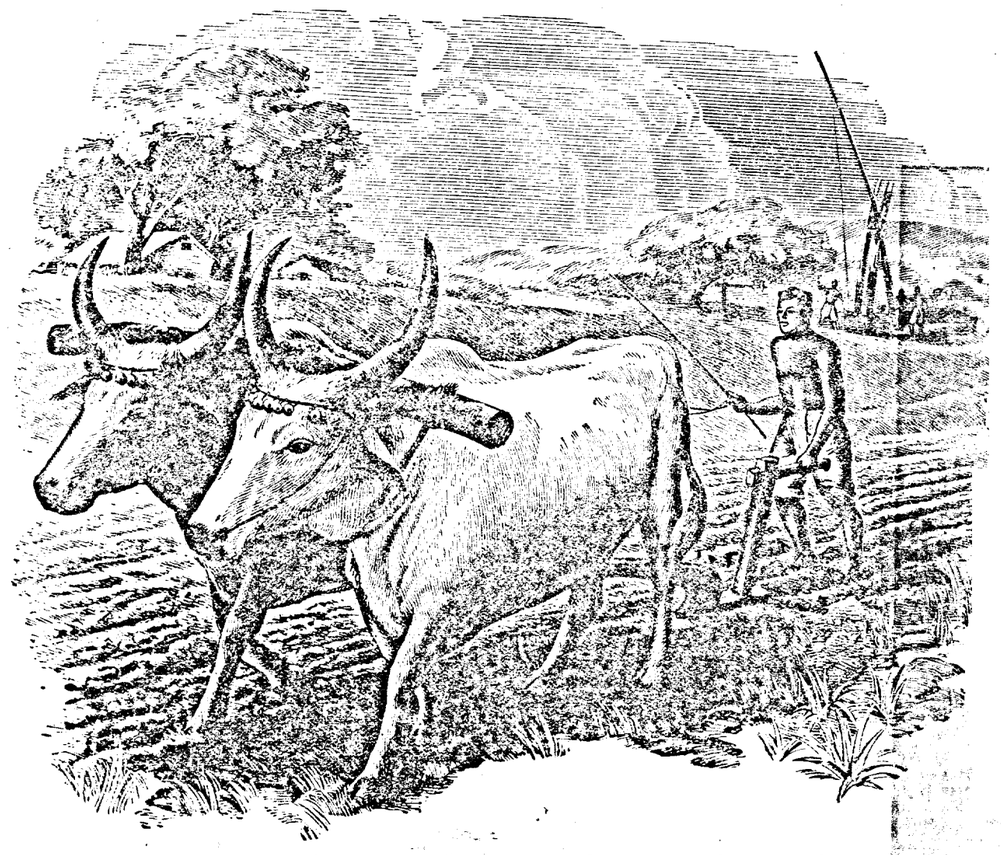

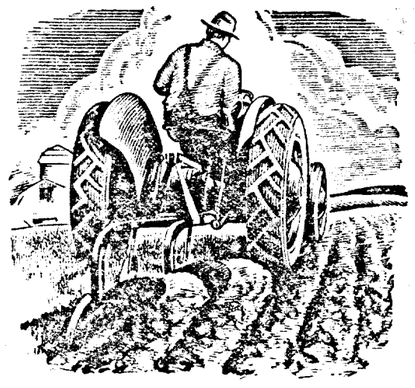

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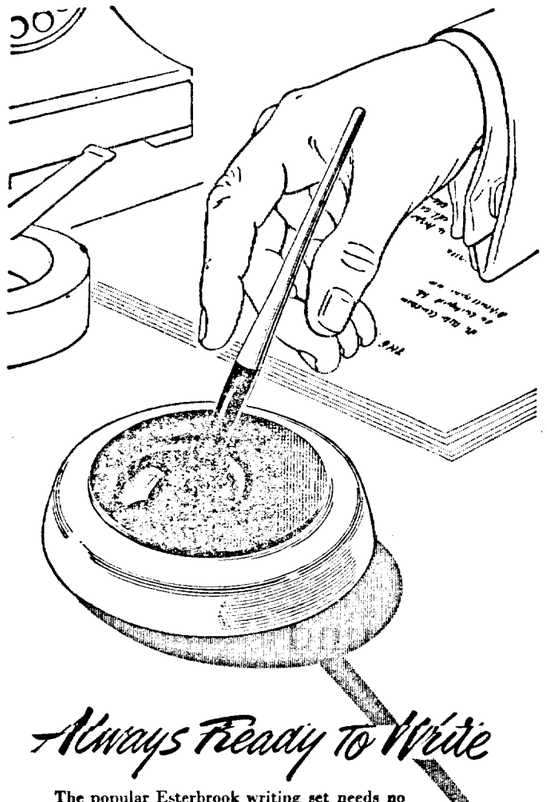

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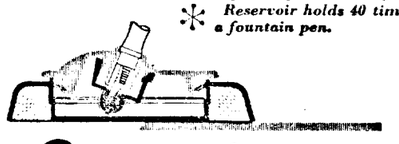

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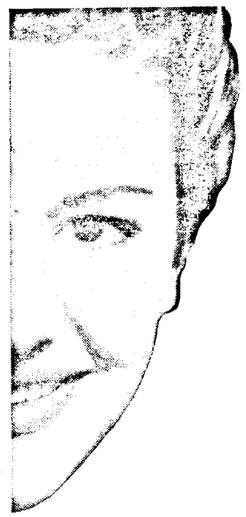

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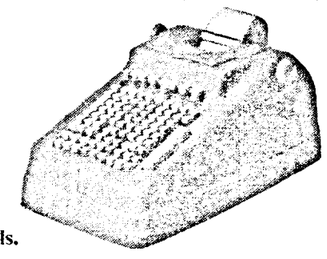

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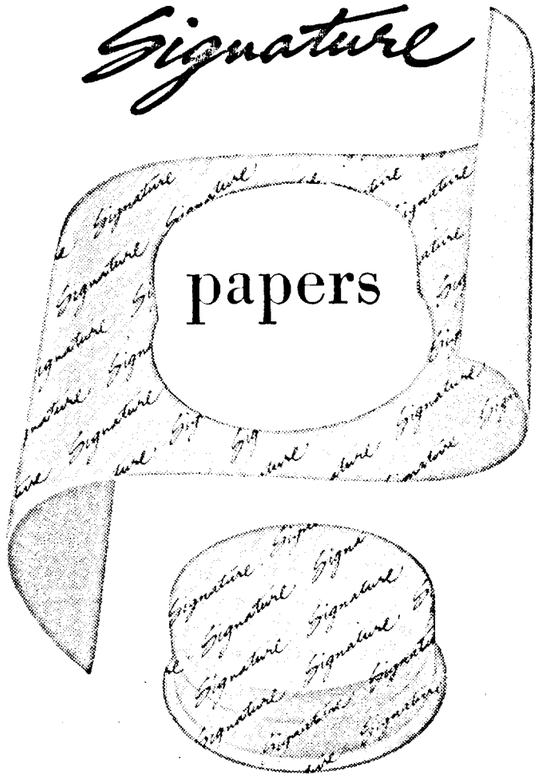

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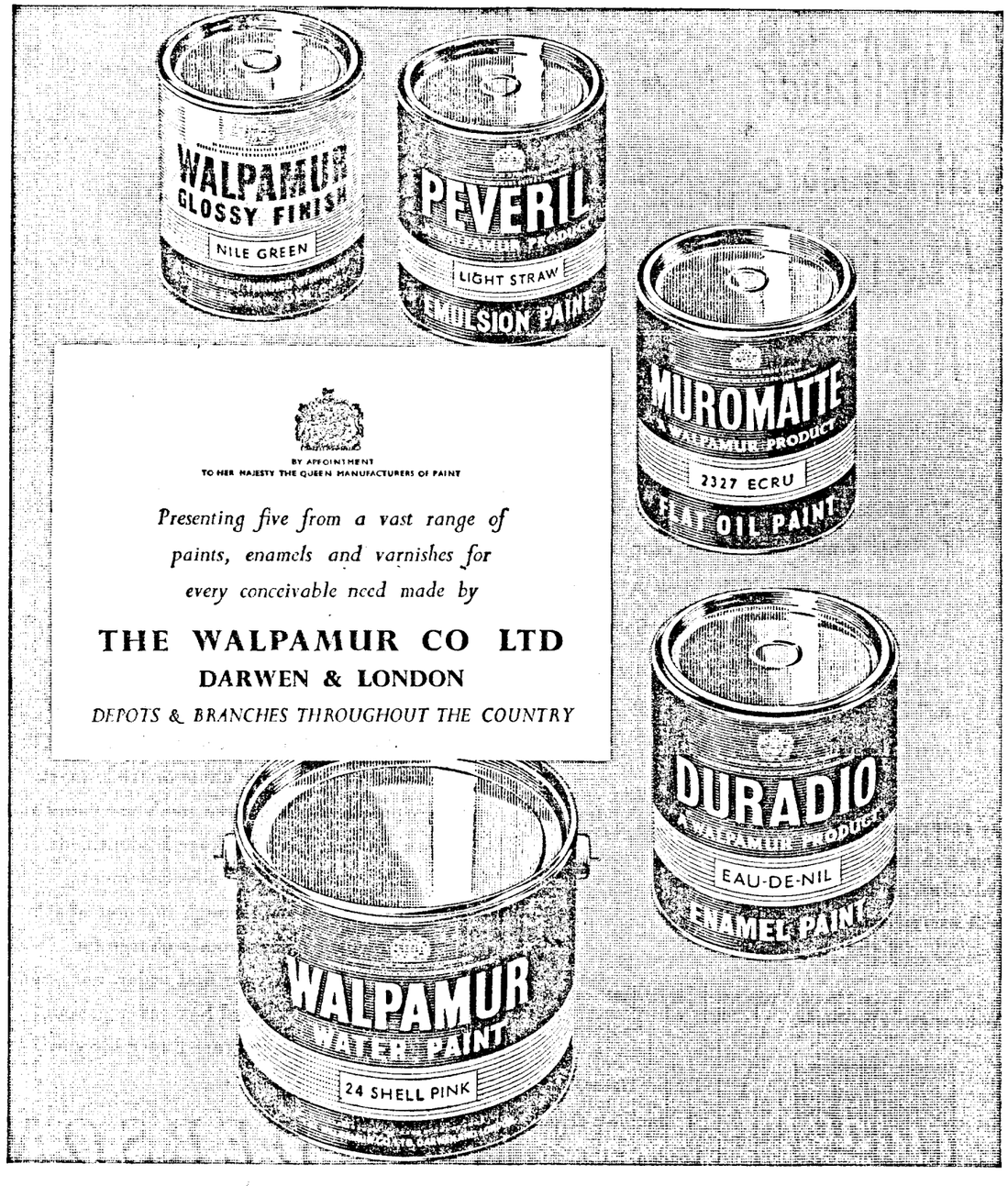

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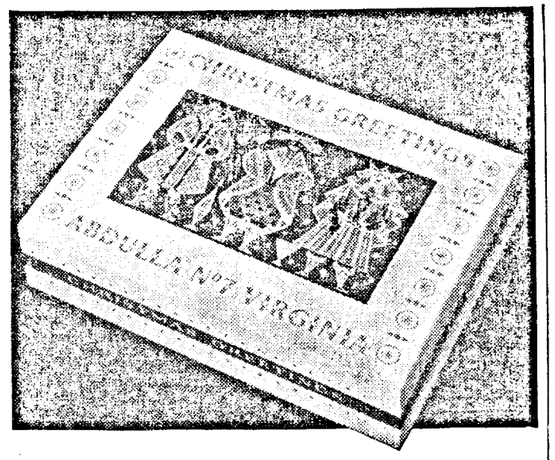

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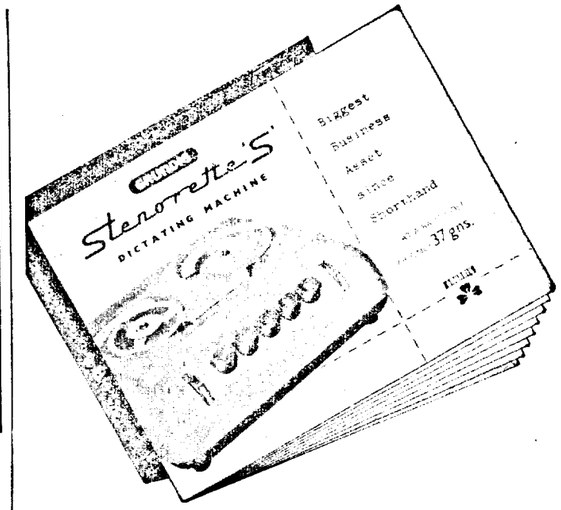

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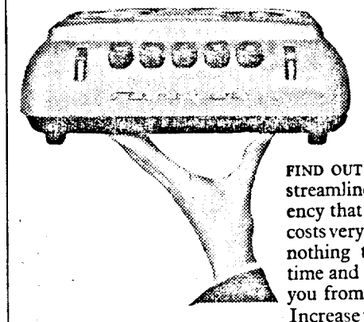

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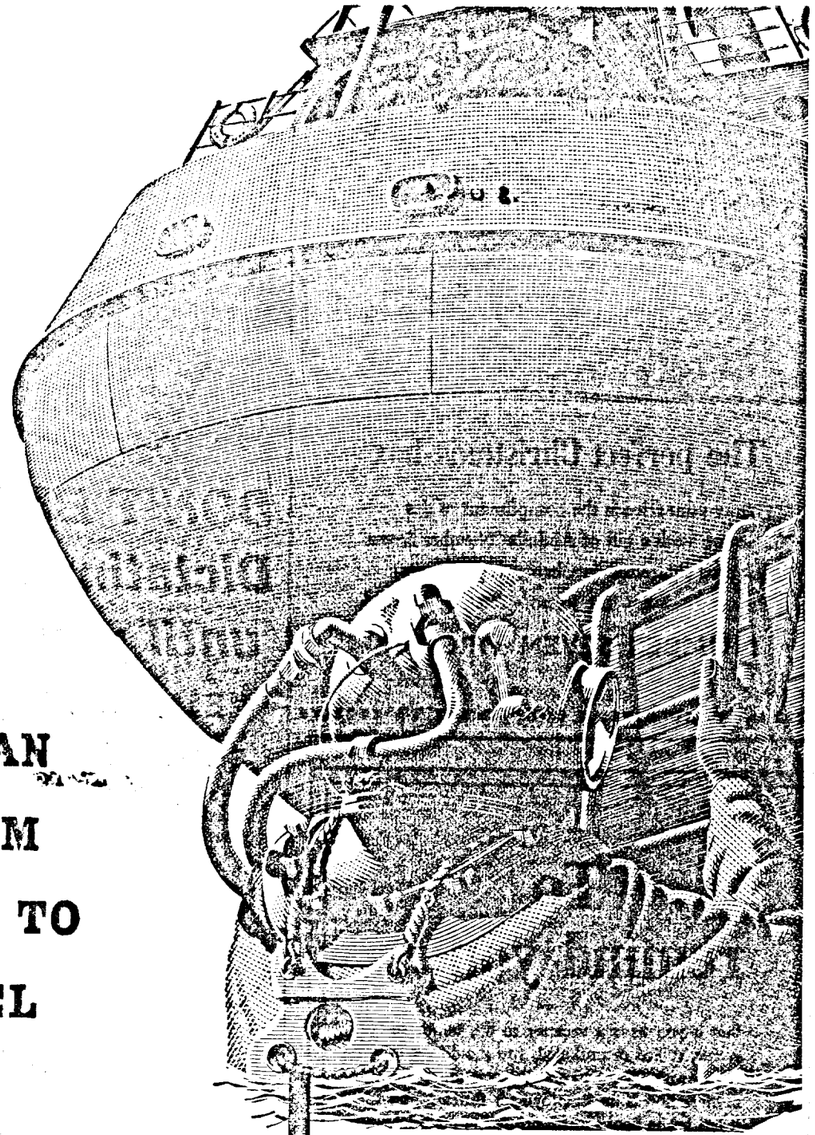

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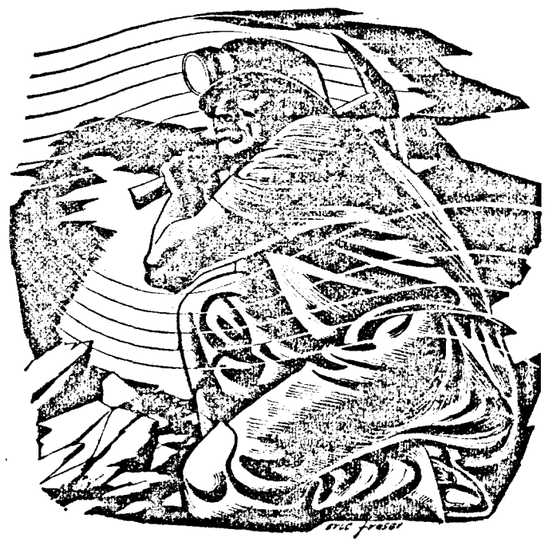

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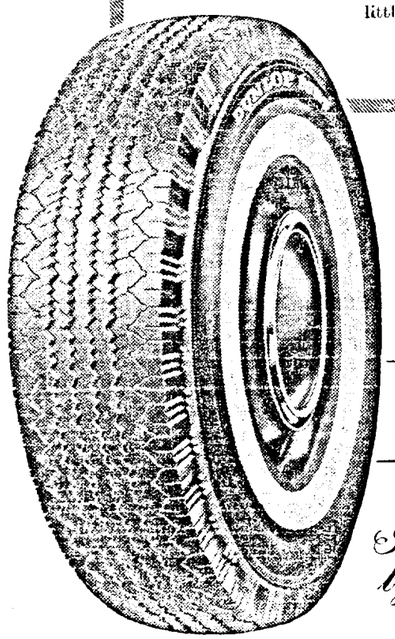

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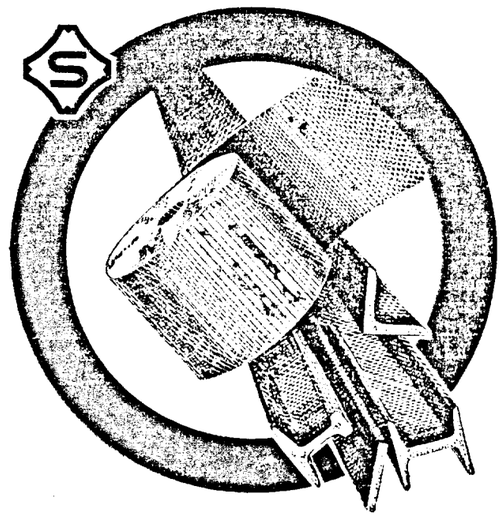

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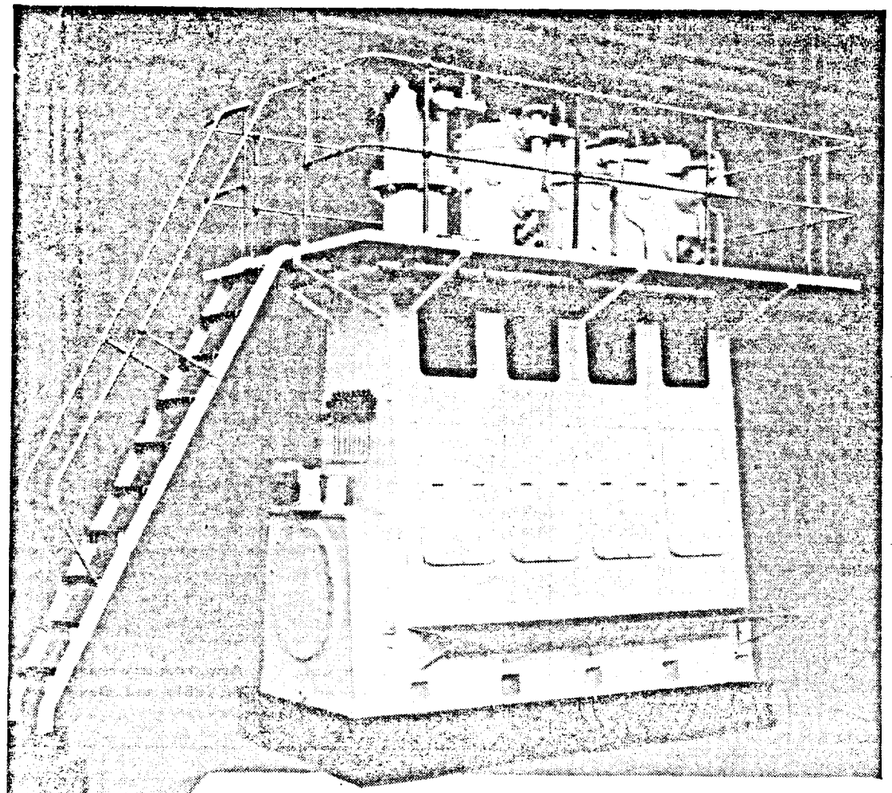

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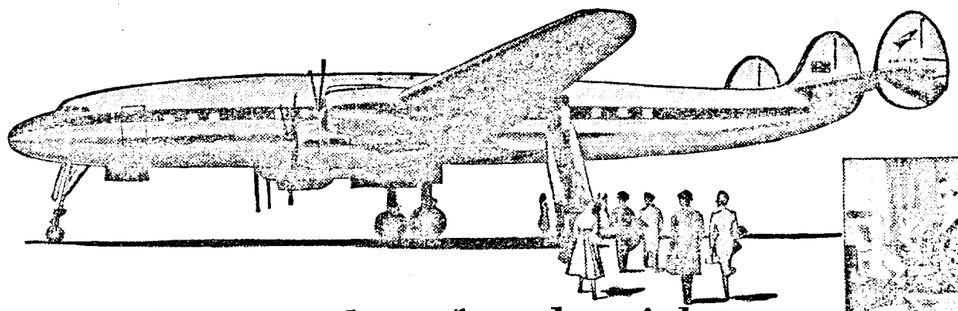

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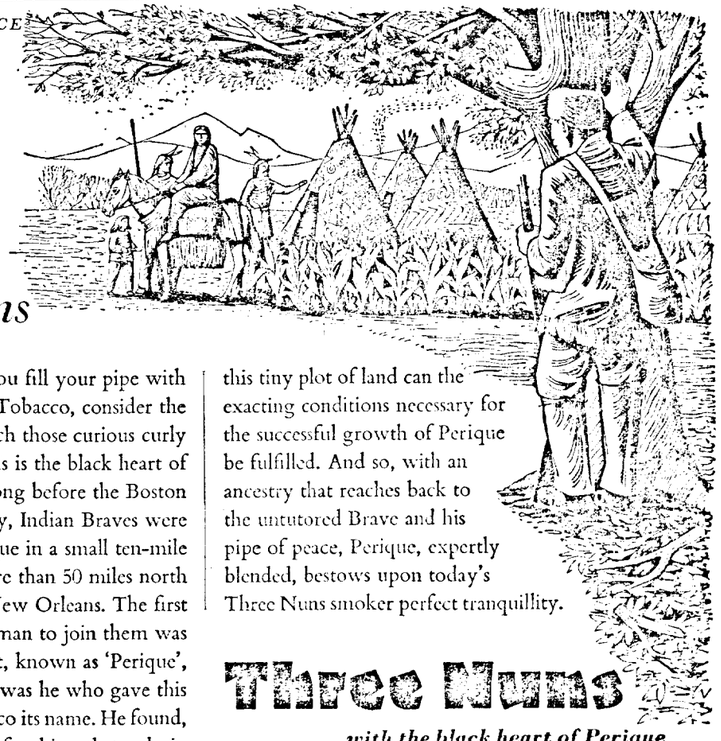

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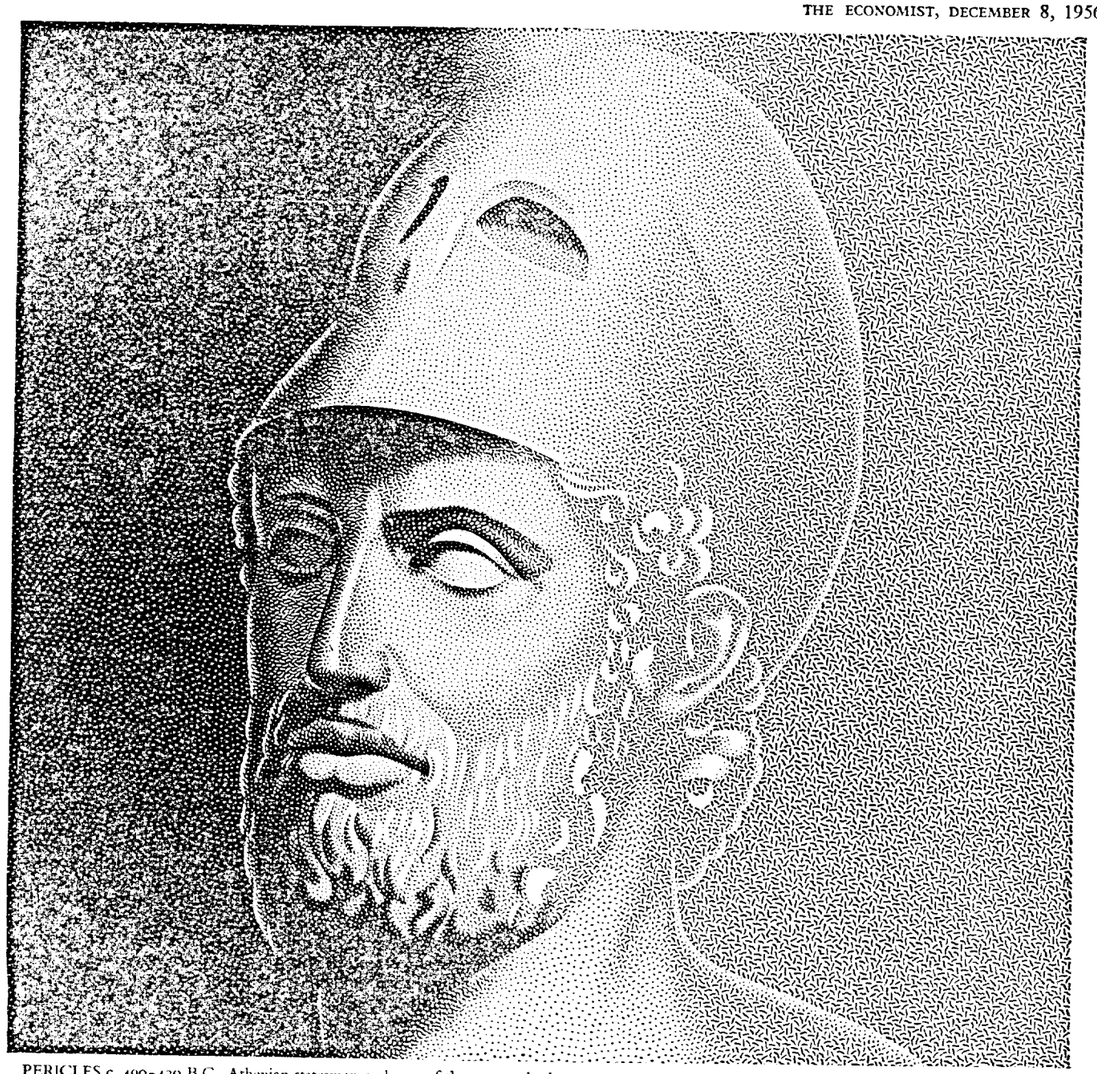

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DECEMBER 8, 1956

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A Fresh Start

ON Monday, the British Foreign Secretary at last announced that the withdrawal of British and French troops from the toehold in Egypt would take place "without delay." On Tuesday, the Chancellor of the Exchequer (whose statement is examined in the next article) revealed the dimensions of a bill that is only the first of many to pay for a disastrous month of British policy. And on Wednesday, Parliament began to debate the Government's policy. The decision to cut Britain's mounting losses must be welcomed; but the bill has to be met, and a new reckoning made for the future in the national, as opposed to a party, interest.

The shock has been gravest to those who trusted the man who was then at the wheel, assuming that he must have set his course on the basis of information unknown to other people; but this fallacy is fading. There were many who foretold the inevitable abortiveness of such a military adventure (some of the probable consequences were set out in *The Economist* of August 25th); their forebodings were vindicated by the Foreign Secretary when he described the footing upon which the long-term future of the Suez Canal must now be settled:

> first, the six requirements set out in the Security Council's Resolution of October 13th; secondly, the conversations between the Secretary-General and the Foreign Ministers of France, Egypt and myself in New York (in mid-October); thirdly, the Secretary-General's letter to the Egyptian Foreign Minister of October 24th, setting out a basis for the negotiation of a system to conform to the six principles and the Egyptian acceptance thereof of November 2nd.

All but the Egyptian letter were in being before the Anglo-French forces struck. Britain has behaved like the pedestrian who makes a thoughtless dart into the traffic, then heeds the warning shouts, pauses in his tracks, stands transfixed while drivers curse, and at length regains the safety of the pavement from which he started. We are back where we were at the end of October except for the huge loss that has been incurred of British wealth, influence and standing.

The burden of steering the errant Middle Eastern nations towards a settlement that will indeed be difficult is back with the United Nations, and many people therefore regard this body as being in some sense now "on trial." They will do well to remember that it is by its nature a lay figure unless animated by its members. So far, it has been thus animated to produce two separate bodies: the one, an international force with only one defined duty and purpose so far—the supervision of the withdrawal of British, French and Israeli forces from Egypt; the other, a team of technicians to clear the part of the canal that remained in Egyptian hands. So far so good; but some of the member governments are hinting that they must stop at that.

There is reason for grave foreboding if governments are going to confine their injection of impetus to the narrow field of getting the foreigners out and the canal cleared, and then to relax. The duty of

the United Nations, and, therefore, the duty of its participating governments, is "to take effective collective measures for the removal of threats to the peace" as well as to liquidate aggression. The truth is that, if the impetus is now left to the member states that are at present chiefly imparting it—those that are acceptable to Egypt, and so to a large extent uninfluential and anti-colonial powers—action may well become paralysed by their disposition to draw back rather than accept the odium of handling "threats to peace" that might mean censuring the country in which their forces are "guests." It is already clear, in fact, that the United Nations will fail to get any results beyond the essential but limited ones of lifting wrecks and waving goodbye to invaders unless its dynamo is now charged regardless of the susceptibilities of the interested parties, and unless the nations charging it include all the great but uncommitted states. These are few: the chief of them are the United States, Canada and India; and if India were to sign out because of Mr Nehru's disinclination to be anything but passive, his responsibility for UN failure would be heavy.

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The task of "removing threats to peace" in the troubled, intractable Middle Eastern area is now sufficiently daunting to demand the aid and initiative of all the states that can give weight to a positive policy. There was a time when statesmen could regard the future of the Suez Canal as one problem and the Arab-Israel dispute as another, each capable of separate handling. The two quarrels were linked from the moment when Russian encouragement rendered Egypt bold on both counts; they became indissoluble when the Anglo-French combine, intent only on the Suez affair, struck at a moment, and in a manner, that turned these two powers into partisans in the other fight. As from October, 1956, the two disputes cannot be unravelled; the governments now bent on activating the United Nations have to seek means whereby "threats to the peace" can be removed in both simultaneously.

To deal first with the canal: the "basic" resolution of October 13th says that "Egyptian sovereignty must be respected" and, simultaneously that "operation of the canal must be insulated from the politics of any country," including Egypt. But if Egyptian sovereignty or politics is to produce decisions such as the panic sinking of blockships in quantities far beyond Egypt's capacity to raise (even though the prime cause of the panic was the Anglo-French attack) or the refusal to allow an imprisoned vessel to move because of the flag of the agency that has cleared a passage for her, then the 1888 Convention is likely to be a dead letter, and the fourth of the six points is liable to break at any strain. If the United Nations is to clear the canal at its members' expense, it will expose itself to failure unless it extracts a price of Egypt for blocking the waterway to a wanton and unjustifiable extent. That price must be a fresh commitment to give free passage to everyone, with defined and limited exceptions in case of active Egyptian belligerency.

This proviso leads straight to the second part of the problem: the dispute with Israel. United Nations clearance of the canal can have no permanent value—indeed, no dignity—unless executed as part of a settlement that takes the topic back to the Security Council resolution of 1951. For seven years Egypt has been claiming to be at war with Israel for some purposes but not for others. Under the Security Council's ruling, Egypt was not an active belligerent and behaved illegally when it restricted passage to shipping, including Israeli shipping. The ruling remained abortive, not because the United Nations "failed," but because the maritime members did not press it. Now, therefore, an essential part of the business ahead of the members of UN is to insist upon peace, or at the least upon an arrangement on the Israel-Egypt border that will rule out warlike acts and all claims to belligerent rights. There is nothing wrong with the idea of an imposed settlement. Indeed, an imposed settlement is probably the only one that the Arab states could accept—and only then provided that the United Nations imposed it, with full American backing. Such an arrangement might be the plan for an international strip in eastern Sinai, amplified in *The Economist* two weeks ago—a plan with the additional advantage of offering an alternative to the Suez Canal for some kinds of traffic, and reducing the intransigence that flows from monopoly.

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In the eyes of a majority of Middle Eastern governments, the most palpable "threat to peace" in the area springs, not from local causes, but from the conflict between Russia and the West. To reduce this danger, all Arab governments that do not want to be drawn into the Russian orbit are arguing that the best course would be quickly to produce American aid on an unprecedented scale, so quashing all local temptation to espouse communism and lean on Russia. But this argument, once appealing, has been proved in the last two years to conceal a fallacy. The Arab states that put the case are would-be neutrals in the east-west conflict, but would-be belligerents in the conflict with Israel. So long as this state of mind prevails, their gratitude for American bounty may at any moment be swamped by gratification at the sense of power afforded by an arms delivery from Russia. Bargainers by temperament, they say they must "turn to Russia" unless the American help materialises. But there is no hope that it will serve its purpose unless the giver himself turns bargainer—which is the real, immediate necessity—and stipulates that only genuine neutrality is worth support, that neutrality is indivisible and that if governments want help to be neutral towards Russia, they must display neutrality towards Israel too. Unless this nettle is grasped—and it can be grasped nowhere but in Washington—during the period of fluidity brought about by Israel's military victory, the uneasy twilight that is the curse of the Middle East can but persist and the risk of war remain.

For a month, the fine points of permanent settlement have been overlaid by world-wide preoccupation with a classic UN mission—the ejection of foreign troops from soil which they have invaded in breach of the Charter. In itself no more than a bowing to the inevitable, the Anglo-French decision to withdraw from Egypt does open a new perspective. It should mean that threats to peace that fall short of actual conflict will no longer be lost to view, among them Egypt's own earlier, prolonged, unjustifiable, bellicose (and, for the matter of that, unneutral) acts.

Will the United Nations see the new vista plain and impartially before it moves further? Or will it be swept towards a blind impotence by the many states that can give no judgment unbiased by their pre-natal memories of dependency? Or will successful practical experience in Sinai give members heart and confidence to extend UN's umpiring role? Unfortunately, the British government, now tainted by its own fault with partiality in both the Middle Eastern disputes, is in no position to help charge the dynamo. Here, as elsewhere, it must pin its hopes on the United States and Canada—and, unless Mr Nehru shuffles off a collective responsibility, on India, too. If their influence is not brought fully to bear, then the *status quo ante* will be restored with all its dangers and frustrations renewed. They should be satisfied with nothing short of settlement.

To Defend the Pound

MR MACMILLAN'S task on Tuesday was to impress foreigners that the present attack upon sterling is irrational. He has done this as sensibly and, on the whole, as effectively as could have been expected. The clearest emphasis, in answer to the massive fall of $279 million which speculators caused in the gold reserve last month, should be laid on the Government's reiterated determination that it will in all circumstances defend the existing exchange parity of the pound. Foreigners would be wise to believe this, if only because the avoidance of devaluation, at almost any cost, happens to be in Britain's national interest; voluntary devaluation at the present time would do Britain no good (exports are now held up through shortages of shipping, not through too high sterling prices), while forced devaluation would spell the end of Britain's career as a banking nation (which is an important element in the British standard of life).

Rather than devalue—and domestic electors as well as foreign speculators should realise this—the Government in its present mood would deflate to the point of considerable temporary unemployment; very sensibly, however, it is not resorting to much immediate deflation until it has seen how exceptional last month's experience was. This is the main lesson of Tuesday's statement; it contained a lot of wise talk and (for all the new petrol tax) a lot of wise inaction, and was the better for both. Provided the Government's underlying determination can be taken seriously, and the indications are that it can, the Chancellor deserves general support and wide understanding—tempered by a few pointed murmurs about priorities—for the way in which he is playing this hand.

It is in this spirit of precaution not panic that the separate sets of measures announced on Tuesday deserve to be considered. The first set consists of the measures by which the Government makes ready to put on show more of the country's "hidden" dollar reserves. These prospective acts of mobilisation, by borrowings from the International Monetary Fund and from the American Export-Import Bank on the collateral of the British Government's portfolio of American industrial securities, do not mean, as Mr Harold Wilson alleged, that Britain "is throwing into the battle its second line of reserve"; but merely that it is bringing up this reserve into public view. Nobody (except presumably a few of the less-informed speculators) surely believes that the whole of the $1,965 million in the present reserve will really be drained away, and that there will therefore have to be actual use, as distinct from a public parade, of the $1,000 to $1,500 million that might now be borrowed from these other two sources. The question is simply whether it is wise to incur a small interest charge on the IMF borrowing (and presumably a larger dollar interest charge on the Eximbank borrowing) in order to advertise to foreigners the existence of a secondary reserve which every informed foreigner should already have known existed. It is fair to say that the tacticians at the Treasury are better placed than anybody else to make this calculation of advertising gain balanced against interest loss. Meanwhile, however—in advance of any Eximbank borrowing, and as a possible measure to make this borrowing unnecessary—it might be helpful if the Government were to publish running monthly figures of the market value of the American industrial securities it holds; it is not clear why these should not legitimately be counted as part of the reserve without having any new label or loan tied round them.

The other decision the Government has taken to "fortify" the reserve—the application to the United States for a waiver on interest payments under the 1946 loan—falls into rather a different category. The conditions attached to this loan were laid down in America's less magnificently generous days before Marshall aid. To a large extent, the 1946 loan arose out of the fact that Britain had expended more of its available treasure than had America in the common war against Nazi

Germany and Japan. It is no secret that negotiations have been in progress for some time about the possibility of revising the loan's terms; from time to time in the past two years there have been indications that both the British and American Governments had hoped that some revision might be made in the first congressional term after the American presidential election, possibly (it was thought at one time) in conjunction with some move by Britain towards freer world trade. Unfortunately, the negotiations with Congress for revision are now to take place under the worst possible conditions—with no *quid pro quo* from our side, and in circumstances where enemies of the alliance in both countries are going to enjoy themselves rubbing their raw antipathies against each other. Any agreement that eventually emerges will be much less liberal than the one we could have hoped for a few months ago. This, admittedly, is a criticism of the political consequences of the whole Suez adventure rather than of the case for making the application at the present time; it is doubtful if Britain would get any better terms, with less damage to the alliance in the attempt, by re-opening negotiations next year instead of this. But the best course may be to watch how Congress reacts; if the politics of the matter prove to be more awkward, and the economic advantages less immediately necessary, than the Government at present expects, Britain should stand ready to withdraw at once the request for waiver.

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So much for the external measures. Internally, the Chancellor has followed a policy of saying a great deal about possible sternness to come, but of doing nothing immediate except to increase the petrol tax. He is probably right in both particulars. There was a strong case for accompanying petrol rationing by coupon with petrol rationing by price; an apology is due to the Chancellor from those who did not believe that he would be politically brave enough to do this. A great deal of nonsense has been talked about the effect of this increase on the cost of living. Any indirect tax can only add to the cost of living by the amount of that tax; either it adds to it all in one place, or else—as with the petrol tax—the cost is admirably widely, and therefore thinly, spread. (Those who have been saying that the cost of petrol "enters into the price of everything bought and sold in the country" have really been putting the same point in another way.) The yield of the new petrol tax (which the Chancellor estimates, possibly generously, at £30 million in the last four months of this financial year), together with the extra 5d. a gallon charged by petrol dealers, will suffice to raise the general cost of living by less than one per cent; the situation is complicated by the fact that transport concerns are trying to increase their profit margins to make up for declining business, but as purchasing power is being mopped up by the new tax they will not find this so easy. Indeed, the main criticism to be made of the Chancellor's action should perhaps be of his promise that the impost is only a temporary one; this may have been an unwise political hostage to offer in advance of the longer term reassessment of energy policy, which he himself foreshadowed.

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The most interesting internal feature of the Chancellor's statement, however, was the combination of what he said with what he did not do. He said that an increase in income tax was the "traditional" weapon on which "the country relies in times of difficulty and crisis." It is not, Bank rate is, and if this part of the Chancellor's statement were to be taken as an expression of new doctrine it would be right to utter a loud protest. It is more likely, however, to have been an expression of expediency. If Mr Macmillan had "warned the House, and informed the world" that he would not hesitate to increase Bank rate, the world would have asked why he did not increase it on Thursday. He could also have raised purchase tax this week; although, if he had merely given warning of a readiness to do so, the result would have been a rush of forestalling purchases, which is the reverse of what he wants. By declaring instead that income tax is the "traditional" anti-crisis weapon, the Chancellor picked upon the one tax which for technical reasons could not be raised until next April, by which time the use of it may be seen to be unnecessary.

It is therefore legitimate to suspect that there may be more incantation than economics in all this. Nevertheless, and once again, the Chancellor's emphasis was broadly right. The country is not at the moment in an inflationary state, in the sense of having an excess of domestic demand over potential domestic supply; indeed, the trend may be towards rather more underproduction and under-employment, so that—but for the speculative drain on the gold reserves—it might even be right to start talking soon about putting Bank rate and taxes down. The country is also not in a state of current external disequilibrium; even "on the most pessimistic estimate of the amount of dollar expenditure we shall have to make on oil," the Chancellor believes that Britain's own accounts will be just about in balance in the year to next July, and the overseas sterling area's accounts seem more likely to improve than to deteriorate. On every ground of logic, therefore, foreign funds—which have already fallen below the level convenient for normal working balances in London—should soon start flowing back. But the important thing is to be ready—and to let the world know that Britain is ready—to take unpleasant measures of deflation in case the speculators are not logical. In this situation, Mr Macmillan's statement contained no obviously wrong decisions, and omitted no obviously right ones. The final judgment may be that he has done the least that in wisdom he could do, but that he was wise not to do more than that least. Not yet.

The Alliance after Suez

PAINS have always been taken in Anglo-American relations to smooth over differences by toning down the words that express them. The deeper the difference goes, the more trouble is taken; thus a false impression is created that only superficial or trivial differences exist, and when some turn of events reveals that the British and American governments in fact disagree decidedly on a matter which one of them considers to be vital—as they have disagreed over Egypt—the damage is worse than it need be because it is complicated by an emotional feeling of having been deceived or betrayed. Egypt is the extreme case; the Americans reproach the British with having deceived them (as they did) and the British blame the Americans for turning against them (as they did) in a crisis.

Before the moment when Sir Anthony Eden launched his ultimatum against Egypt in conscious disregard of the United States, and President Eisenhower assumed the leadership of the United Nations campaign to bring Britain and France to heel, signs of the real and deep nature of the Anglo-American division over Egypt had been visible enough to those who wanted to see them. The two governments themselves did what they could to present the division as a mere difference over procedure, as was natural and even in a way proper; but its effects have been unfortunate. The British have assumed too easily that it must always be an American interest to preserve Britain as a power—without considering that the Americans might have views of their own about the kind of power that they wanted Britain to be, or might come to desire British influence to be strong in one place and weak in another. The Americans, in the weeks when they blew hot and cold over Suez, at times appearing to support Britain and at others blandly putting on an air of detachment, took it for granted that Britain was too loyal to go off on a violent diversionary action of its own.

Each was wrong about the other. Certainly, since the British government's behaviour was marked by disgraceful folly, while the American government merely showed itself lacking in foresight and resource, it is the Americans who have the greater grievance; the British, on the other hand, having suffered a humiliating failure, feel themselves the more aggrieved.

When Mr Dulles on October 2nd talked of differences involving "fundamental things" between his government and Britain and France on the Suez question, and went on to explain those differences in terms of the "shift from colonialism to independence," it was almost an automatic reaction to assume that this was merely Mr Dulles talking in his familiar clumsy and incautious way. He himself, conforming to the assumption, hastened to amend the transcript of his press conference, so that the reporters were able to report only an innocuous version in direct speech and had to use indirect speech to indicate what he had actually said. The revised version presented the remarks on colonialism not as a pronouncement on the Suez question but as an unaccountable digression from it. As his hearers understood him, however, he treated the Suez question as an issue between the "colonial powers" and "the powers which are primarily and uniquely concerned with the problem of getting their independence as rapidly as possible," and he said that the United States could not identify itself "100 per cent" with either side. A little earlier he described Suez as

> not an area where we are bound together by treaty. Certain areas we are by treaty bound to protect, such as the North Atlantic Treaty area, and there we stand together and I hope and believe always will stand absolutely together.

But there were other areas in which "the United States plays a somewhat independent role."

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Many men of perception and good will treated the Secretary of State's utterances of October 2nd as woolly talk. Mr Walter Lippmann pointed out that Egypt was not a colony; nobody was claiming that the canal zone was anybody's colonial property (the world had not then heard Lord Hinchingbrooke claiming that it was "in some sort a part of the United Kingdom"); and the points of difference between the United States and Britain and France had nothing to do with colonialism. One difference was concerned with whether force ought to be used, not in any circumstances or for any purpose, but for the particular purpose of overthrowing President Nasser—which, in the American view, would be an illegal and immoral use of force; the other was concerned with whether the international regime for the canal, proposed by the 18 powers, ought to be imposed on Egypt, as the British and French appeared to wish, or treated as a subject of negotiation, as the Americans believed that it should.

Mr Lippmann ought to have been right; but the British and French governments by a burlesque imitation of old-time colonialism have since convinced most of the world that the issue was as Mr Dulles, not Mr Lippmann, saw it. Another commentator, Mr Chalmers Roberts in the *Washington Post*, at the time called Mr Dulles's remark about colonialism in the context of Suez "a Freudian slip" which betrayed the real direction in which the thoughts of the American administration had been moving: "What he said was not surprising but that he said it out loud was amazing." In fact there is no real doubt that what Mr Dulles said on October 2nd was significant and accurate as an expression of the prevailing view of the American policy-makers about the Anglo-American difference over Egypt. It was not merely a personal hobby-horse

of the Secretary of State. As we can see, the American determination not to be tarred with the colonialist brush has governed American policy on Egypt more consistently during his illness, with the President himself in direct charge of foreign policy, than before.

It was, then, a settled view of Middle Eastern policy which caused the United States government to turn its back on Britain and France at the end of October. Anger at the deliberate deceit which the Americans believe Britain and France to have practised on them played its subordinate part, removing any compunction that might have been felt in Washington, and making American antagonism more frontal than it might have been ; the deciding factors were of a more abiding kind. This needs to be understood. The direct Anglo-American dispute was in some degree wound up at the week-end, when, Washington having been assured of the British and French intention to announce, and proceed with, the withdrawal from Port Said, gave permission for the emergency oil arrangements to be set in motion to help western Europe out of its mess. American spokesmen have denied that there was ever any question of American economic sanctions against Britain and France. There was, however, a firm American refusal to lift a finger to help in alleviating the economic consequences of the Egyptian adventure until the adventure had been wound up. Not from pique, but from a conviction that we are wrong and they are right, they made the renewal of their friendship contingent on a British withdrawal without conditions. The withdrawal implies the demolition of what remains of a special British position in the eastern Mediterranean —ultimately, probably, in the whole Middle East. For that, since the withdrawal is a consequence of the ill-conceived intervention, we can blame nobody but ourselves. But the Americans are aware of what it means and are by now entirely ready to contemplate a Middle East from which any special degree of British influence has been removed.

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How effectively are the implications that flow from these facts being faced in Washington ? To the embittered British and French the American attitude of the past six weeks has appeared as a complacent readiness to let the foreigners stew in their own juice ; in Washington, it has been seen as a resolute determination to enforce the moral law and to preserve for the United States a position unprejudiced by any association with British and French actions, in which it can pursue constructive policies in the future. Certainly, the resentful British and French judgment is unjust. Whether Washington's view of itself is any more accurate will depend on the energy and imagination which are deployed now that the field is clear. The Anglo-French débâcle leaves a vacuum which cannot be preserved. If American influence does not flow into it actively, dissensions and conflicts will seethe and boil up again, and Soviet power will be drawn in by a process of nature.

In general terms, the men who make American policy understand this. Their present aloofness from the interests and nostalgic longings of the old European powers is a far cry from isolationism. It remains to be seen whether they understand its application in detail. To work, as Washington wishes to work, through the United Nations is good sense ; to "leave it to the United Nations" would be folly. The American desire to keep the goodwill of the Arab states is good sense, too, but it will defeat itself in the end if, in pursuing it, the Americans think in the anti-colonial conventions which are current coin at this time of transition. In that way they will merely seek to please everybody, committing their strength to the support of local weak men, and overlooking that the conflicts which trouble the region, being real conflicts, require solutions of substance which are bound to give offence to some.

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As Mr Dulles indicated on October 2nd, and as American comment and actions since then have made amply clear, Washington now intends to pursue a policy of alliance with Britain and with the North Atlantic powers in Europe, while in the Middle East it pursues a separate policy independent of and aloof from the European powers, and seeking the friendship of the Middle Eastern states without regard to their friendship or hostility to Britain. Some elements of this policy have been visible in the past—as in Teheran at the time of the Anglo-Iranian oil dispute, and in Cairo when the future of the British bases on the Suez Canal were under negotiation. Still more of it has been visible in the Far East.

The Middle East is near to Europe ; the North Atlantic and the eastern Mediterranean are not separate worlds ; neither Britain nor France will readily leave their interests in American hands. The position of merely local allies implies in the end that they become merely local powers, a status which they may still show some reluctance to accept. No doubt the Americans will, in the event, recognise that European interests, together with whatever may remain of European power and influence in the region, are facts to be taken into account, just as local goodwill must be taken into account. It does not automatically follow that, because they accept this as necessary and even in some cases as desirable, they will be prepared to do all that is needed to bring it about. This is the challenge to American wisdom and statesmanship, which have still to match American power. Britain for its part has to resume the task, in which the present government has so lamentably failed, of persuading the United States government that British interests—detached from the trappings of inherited dignity and glamour—are worth the while of the United States, in its own ultimate interest, to respect and preserve. Upon the Americans for their part the new relationship will impose heavy demands in imagination and flexibility, and in positive decision, if the Atlantic alliance is to survive it in an effective form.

Asylum for the Brave

IT is bad news that a temporary suspension has been placed on the entry of Hungarian refugees into Britain, after this country had done better than any other except Austria by absorbing 11,000 refugees in the first ten days. But nobody who has seen the congestion both at the transit centres and second-line hostels will be surprised at the announcement. The moral for this country now is that the moratorium must be made as short as the digestive process permits, that more offers of accommodation and aid are needed, and that the nation must realise how big this job of resettlement is going to be, if we are not to leave an undue share of the burden to Austria. There is still no ceiling to the number of Hungarians Britain has undertaken to accept. In official quarters the fact is faced—among the public at large the aim should be set—that it may be as high as the American figure of over 21,000. It is too soon to assess the precise need. More than 100,000 refugees have already left Hungary, more are crossing the frontier every day, and some 75,000 are still in Austria whose resources are strained beyond capacity in succouring them.

The most convenient feature of the Hungarian exodus is that the young and able-bodied are heavily represented in it. These were the groups most actively concerned in the fighting, are mostly without dependants, and had strength to reach the frontier. So far as can be seen, well over sixty per cent are teenage youths and young men of working age. They cover every walk of Hungarian working life. There is a substantial proportion of industrial workers, skilled and unskilled, but few peasants. Although in terms of broken families, of fathers separated from wives and children, and young boys sent out on their own, this implies many personal tragedies, it does facilitate the task of absorbing them into British life. They are a migrant working group rather than a typical refugee group, in which the old, infirm and professional element usually tend to predominate. For this reason the moratorium should be short, because it should be possible to find employment for them quickly. There are still 250,000 vacancies and no more than 1 per cent unemployment in Britain. Many of the Hungarians' skills are highly acceptable—such as those of textile workers, miners and fitters ; and the refugees show a commendable urge to go out and get jobs on their own. Many have already succeeded—getting employment as draughtsmen, circus performers, palace servants, opticians, and farm workers, to mention a few widely differing occupations.

That some have been able to do this so quickly is testimony not only to British eagerness to help, the state of full employment and Hungarian determination to triumph over the language handicap, but also to the humane abandonment by the departments—the Home Office and the Ministry of Labour are those most concerned—of the normal routine for aliens. This should be commended ; the more so because any failure in this respect—or any imposition of tighter controls now that would prolong the moratorium—would deserve to be most heartily condemned. When the size of the exodus and Austria's plight were realised, the British immigration officials flown to Austria abandoned the system of individual interviewing, and refugees were accepted with no more documentation than a name on a visaed passenger list. In Britain, the barest necessary details of personal condition are taken in the transit centres, where the principal task, apart from providing food and clothing, is to pass the inflow along to the second-line hostels.

This is a big task. The transit centres have to sort out old and young, families from single individuals, and make use of many of the offers of private accommodation for those who by age or illness stand in immediate need of it. Further, many Hungarians hope to go on to the dominions, and this must be taken into account. Australia and New Zealand are selecting in Austria (this was not realised by some of the refugees who have arrived here), while Canada is proposing to take 6,000 of those who reach Britain. In the transit centres the refugees receive the police registration which entitles them to seek and accept employment. The work done in these centres is onerous ; it includes disabusing the new arrivals of all sorts of notions, such as that they can be compulsorily drafted to the coal mines, or that Scotland can be equated to Siberia. Many on arrival were terrified of leaving London by bus in parties—too reminiscent of Russian methods. The language difficulty is acute—not merely in the shortage of interpreters, but in the need to explain wholly new concepts and engender a wholly new attitude to authority.

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The main job of sorting and settling must be done in the hostels, which have been provided free by every kind of organisation, ranging from the Army and the Ministry of Works, to the Coal Board, bodies like the YMCA, private firms, and *ad hoc* organisations or individuals who have adopted, furnished and staffed country houses for the purpose. Here fuller details for Home Office purposes are taken ; officials from labour exchanges can begin to match men, women and jobs with accommodation ; and a first attempt can be made to equip the refugees with an indispensable modicum of English—it is urgent that new methods of doing this should be explored. But it is also in the hostels that the danger lies. When the first rush of enthusiasm is over—and perhaps the first rush of British compassion—idleness, homesickness and personal idiosyncrasy begin to break up the original companionship in misfortune. It is urgent not only that there should be more hostels ; but that as many

refugees as possible should be moved into lodgings when they have jobs, while those who stay in hostels should get jobs nearby to absorb their time.

There have been large offers of private accommodation—somewhat tainted by middle-class longings for cheap domestic service. Many more, in industrial areas, are needed. A great deal of money has been subscribed to provide accommodation as well as the relief of personal needs—but, if more Hungarians are to be taken, the fact must be faced that money will be needed over a long period. Indeed, Britain has to invest in these new citizens (as many, if not all, will become); the universities which have selected 150 students for degree courses will between them have to find £300,000 over three or four years for them; many other students and trainees ought to be helped to complete their training in technical colleges. A university fact-finding mission has estimated that there are now 4,000 students in Austria, the greater number of whom are technological, and they played a leading part in the revolt.

The attitude of the trade unions is clearly most important. So far it has been generous: £53,000 has been subscribed to the TUC's relief fund. There has, however, been little formal discussion of the problem of employment. The National Union of Railwaymen, in spite of some opposition from the five communist members of its executive of twenty-four, has agreed to the employment of suitable refugees; and the National Union of Mineworkers has also agreed to accept Hungarians, 200 of whom want to be miners—although what the union accepts at the national level, as experience with Italian miners showed, will not necessarily suit the local lodges. In private industry there has been little discussion, not because the unions shrink from the problem, but because they do not yet expect there to be one. Union head offices are making no objections to the flood of offers of work for refugees, and there is so far no sign of local opposition. They can point to the fact that some 250,000 refugees and aliens have entered British industry since the war—not without friction, it must be admitted, because of their readiness (which Hungarians will no doubt share) to work harder or longer than their British workmates. Present attitudes, however, may change if an oil shortage leads to a shortage of jobs. In that case the Ministry of Labour will come under pressure to apply the rule that no Hungarian should be given a job if a British worker were available. On the other hand, those Hungarians who had found jobs already would (judging from recent precedents with coloured workers at Standards and Austins) be subject on an equal basis with British workers to the principle of "last in, first out." It should be added that the professional bodies, in medicine and dentistry particularly, will have to take thought. The handful of Hungarian doctors should be very welcome in hospitals, especially mental ones, provided they can make their English good enough. The professions should be liberal about this.

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In terms of the population, the number of Hungarians to be absorbed is, over a period, small—but it comes on top of immigration from elsewhere, including the colonies; the British refugees expected from Egypt should enjoy the same care as the Hungarians, and there may be 5,000 of them. The Government and local authorities will have to take all this into account in their plans for housing. There will be other problems, educational, cultural and, indeed, even political—for the young Hungarians have their minds formed in an entirely different mould of ideas, even though their detestation of Russia is profound, and their love of liberty evidently irrepressible. But, in all but the special need for speed, these "melting-pot" problems are ones in which the British are fully versed; the Hungarians are only the latest in a long series of refugee contingents who have both diversified and enriched the complex fabric of British life. Their record suggests that they will enrich it indeed.

Anglo-American Relations

Of course a great proportion of the remarks on American affairs which now fill the columns of the English press cannot be particularly pleasing to the reading public of the United States. The citizens of that great country are said to be unusually susceptible to the opinion and the criticisms of the Old World, and especially to those of Great Britain; and perhaps some writers on this side of the water are not sufficiently on their guard against wounding a sensibility which, even if sometimes a little excessive, has yet a natural and a creditable origin. The Americans desire that every one should think as highly of their nation and its institutions as they do themselves; and when this is not the case, they are more disposed to quarrel with the critics than to amend the thing criticised. Now it cannot be denied that occasionally and in some quarters the friendly and considerable spirit which ought to pervade all animadversions on the conduct, and all descriptions of the condition, of a kindred and allied people, has not been as apparent or as unvarying as could be wished. But we pray of our Transatlantic brethren to be immoveably convinced of two things, and to bear them incessantly in mind:—*first*, that the intense interest we take in their progress and well-doing is the cause of our recurring so incessantly to the subject;—and *secondly*, that the warmth and freedom of our remarks is solely attributable to the fact that great as is our interest in the success of their career, our interest in the political problems whose solution is at stake therein, is still greater and profounder. Never let America for one moment suffer her mind to be poisoned with the unfounded fancy that England is jealous of her greatness, or comforted by her perplexities, or rejoiced at her failures. The very reverse of all this is true. . . . The world is wide enough for both. The aggrandisement of the one Empire takes away nothing from the grandeur of the other. The prosperity of the one aids and reacts upon the prosperity of the other. We are rivals in one sense, it is true; but we are not antagonists: on the contrary, we are mutual auxiliaries in each other's progress.

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Notes of the Week

Revolt Damped

MR SELWYN LLOYD'S long-drawn-out apologia on Monday for the Suez withdrawal merely prolonged the bitter humiliation of the Conservative party's worst hour since 1945; it is therefore rather surprising that his performance both on this occasion and on Wednesday must be counted as a personal parliamentary success. All the indications are that the massive revolt previously threatened over the withdrawal by the Conservative right has been at least temporarily quenched. The Government was confident on Thursday morning that fewer than a dozen Tory backbenchers would refuse to vote for the confidence motion that evening, even though some seventy threatened to refuse only two weeks ago.

So much for the tough men of the right; the conclusion to be drawn is that if they had been in the Cabinet they would in fact have done, at every stage, almost exactly what the Cabinet has done under the remorseless pressure of events. They do not really prefer disaster to retreat. It is true that the particular disaster with which the right was threatened this week was the to them unspeakable one of a Gaitskell government. This was the main bogey used, and used with remarkable efficiency, by the Government Chief Whip, Mr Heath. Mr Heath will surely have earned a niche in the Tory pantheon as the man who gave the party a second chance; at a time when the spotting of Tories who may some day move to much higher office has become the most popular Westminster occupation, here is a name to enter on the list.

Welcome Home?

WHAT, in fact, are the odds on a reshuffle of Tory leaders in the near future? The main development of the past week is that it has at last become respectable among Tory MPs to talk about the possibility of retirement by the Prime Minister. It is noticeable, however, that those backbenchers who now feel that he probably ought to go seem to be assuming that, if their school of thought gains ground, the party will be able to cast Sir Anthony off like an old glove. Things would not be so easy. Whatever medical name one puts upon the condition of nervous conflict and physical overstrain that sent Sir Anthony to Jamaica, the pattern is not that of a man who is likely to give up politics in disgust because of any unpleasantness and disagreements with his colleagues and subordinates; rather, indeed, Sir Anthony might be fortified in his determination not to resign by a feeling that yet more people were unfairly "getting at him." He, although not the party, might actually prefer an election to resignation. Provided he does not go to the country, however, Sir Anthony will have considerable party support in any determination to stay personally at the helm. The constitutional doctrine enunciated two weeks ago by Mr Oliver Poole—that Sir Anthony had to go to Jamaica because Mr Gaitskell and other people had been rude to him, and that this opposition to a strained and patriotic man was somehow indecent—accords with a recognisable trait not only in the conservative, but in the British, character.

If Sir Anthony should retire, however, there is less doubt about the succession than recent wide-ranging comment has suggested. Although the disillusioned Suez extremists have been burrowing as far as to Mr Sandys in their search for a new leader, there is in fact only one man who can succeed Sir Anthony, and that is Mr Butler. Despite Mr Macmillan's impressive performance this week, to pass over the heir-apparent would split the party as surely as it would have been split by the election of Mr Butler, rather than Sir Anthony, as the successor to Sir Winston. Mr Macmillan, in any event, has been dropping hints about going out, rather than going up; by reason of age, outside interests and family circumstance, he would be more likely than any other Cabinet member to withdraw from politics if he should become fed up, and the business of government in the last two months must have been very feeding up indeed. If he should go, however—and even assuming that Mr Selwyn Lloyd, after his success this week, would now remain as a senior minister even in a Butler government—there would be a lot of top places in the Cabinet to fill. One of the built-in stabilisers of Sir Anthony Eden's position may be that many of the able younger Tory ministers, who could look for promotion under such circumstances, do not seem particularly anxious to agitate for promotion at this time.

Russia and Syria

RUSSIAN propaganda, playing on Arab nationalism and Syrian fears, and combined with the activities of a fellow-travelling party that is unusually well organised for an Arab country, seems to have pushed the Syrian government a good deal further into the Communist embrace than it really wishes to go. An arms deal which was probably concluded when President Kuwatly went to Moscow last month seems to have stepped up Soviet deliveries to Syria, although it has been estimated that £20 million worth of material has been sent in during the past year; this includes 100 medium tanks, 100 armoured cars, troop carriers, vehicles, radar equipment and minor armaments, and

Manœuvres on the Italian Left

UNLESS Signor Togliatti has cold feet at the last minute, the national congress of the Italian Communist party opens in Rome this week end. No doubt every effort will be made to present a reassuring picture of party solidarity and self-confidence. But even if the stage-management does not break down and the façade remains undamaged, the men back-stage are unlikely to feel much genuine assurance about the prospect before them.

The Hungarian revolt has given a hard knock to the biggest Communist party in Western Europe. The Soviet intervention in Hungary, and Signor Togliatti's attempts to justify the intervention as a "necessity, if a hard one," have led to open dissension and disaffection among his followers. According to some reports thousands of party membership cards have been handed back.

In this difficulty, misgivings over the correct course to pursue must be heightened by doubts about the kind of directives that are likely to emanate from Moscow. If the more "liberal" and flexible Khrushchev policies are going to be discredited and cast aside, the Italian communists might as well abandon all hope of popular appeal and make up their minds to a smaller, militant Stalinist-type party. To judge from the party press, however, Signor Togliatti still maintains that there is "no way back" from the twentieth congress of the Soviet party, and that while the Soviet Union remains the "first state" that has built socialism this cannot prevent the Italians from using "different methods" to build their own socialist way.

Signor Togliatti (unlike M. Thorez) also has Signor Nenni to reckon with. Many Italian communists, however nauseated with the party line, would be much less likely to consider breaking away if Signor Nenni did not provide a congenial bolt-hole. He now has the added attraction of having flatly condemned the Soviet intervention in Hungary. He has also stated equally flatly that his party is no longer in fundamental agreement with the communists. But he has still to take the final step of an outright break with them; too many of his followers, it seems, have too close and deep links with the communists. It has become a moot point whether the communist connection is more of a help or a hindrance to Signor Nenni. What is certain is that any advantages he may gain from the disarray in the communist ranks will strengthen his position when bargaining with the Saragat socialists over the terms of the socialist fusion which most observers think is bound to come sooner or later.

Mr Chou's Sixth Principle

AT Delhi airport last week Mr Chou En-lai was greeted by a crowd of 10,000 (according to All-India Radio) or 50,000 (the Peking news agency's figure). The discrepancy is probably symbolic. Mr Nehru, who is off next week to Washington, is not very eager to play up Mr Chou's visit; but Peking's newspapers have been pleasingly frank about the elaborate organisation required to ensure a big spontaneous reception for the Chinese Prime Minister (any reader puzzled by this should understand that Peking has not been complaining, but on the contrary has been complimenting Delhi on its organisational efficiency). Banners, posters, chanting crowds and speech-makers have tirelessly reiterated one main theme: "*panch shila*," the Five Principles of good neighbourliness and mutual non-interference which Mr Chou and Mr Nehru drew up in 1954.

In Cambodia, the previous stage of his Asian tour, Mr Chou had already leant on the Five Principles heavily. He had there put particular stress on the fact that China was "resolutely opposed to great-nation chauvinism by any nation." Cambodia, which, like Hungary, lies rather close to a great communist power, was apparently reassured by these impeccable sentiments. Yet China has backed Russia up to the hilt over Hungary. Like Russia, which is also committed to *panch shila*, it has seen no breach of the principle of non-interference in the threat to send armed "volunteers" by the hundred thousand to Egypt (a threat which India found alarming). Its most practical application of the principle has been to squeeze Indian influence out of Tibet while securing an open door for Chinese influence in Nepal. Indians who have read "Animal Farm" may wonder whether, if they could get a fresh look at the document on which the Five Principles were first inscribed two years ago, they might not find that a sixth had been mysteriously added—with some such wording as: "for some people these principles are more binding than for others."

Just a month ago, when he addressed the Unesco conference in Delhi, even Mr Nehru seemed to have lost his faith in the stopping power of *panch shila*. The slaughter of Hungarians by Russia, a fellow signatory of the principles, jolted him into losing his unbalance. "We see now," he said, "that those Five Principles are mere words without meaning to some countries." But his Chinese visitor appears to have restored the Indian prime minister's faith, for on Monday he publicly castigated all those smaller nations which, being doubtful about relying on communist rulers' pledges, seek safety in defensive alliances. The pleasant thing about this speech, in which Mr Nehru belted into the governments of Iraq and Pakistan and regretted some of the actions of the Kadar regime in Budapest, was that he began it by appealing to Indian politicians to be cautious in their utterances and not to try to sit in judgment on other countries.

Charter for Ghana

WHEN Parliament debates the second reading of the Ghana Independence Bill, MPs should not be deceived into thinking that its brevity implies that it disposes of all the problems of the new dominion. In a few decisive clauses it severs all ties of sovereignty between Britain and the former colony of the Gold Coast, leaving it with a legacy of laws and institutions—but also with unfettered freedom to change them in future. Only Togoland (whose affairs were discussed in a Note in *The Economist* last week) is excluded from the bill; it will be dealt with similarly by Order in Council after the United Nations has approved its union with Ghana. The bill, it should be noted, makes the whole existing territory an independent unitary

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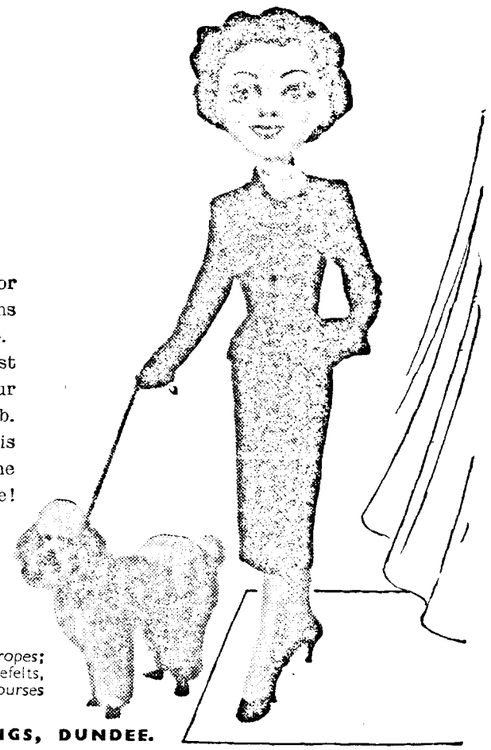

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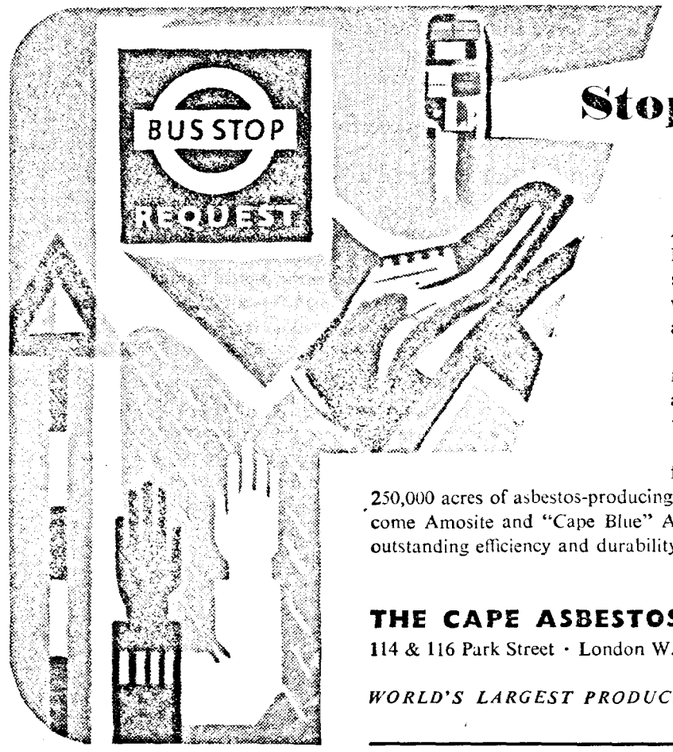

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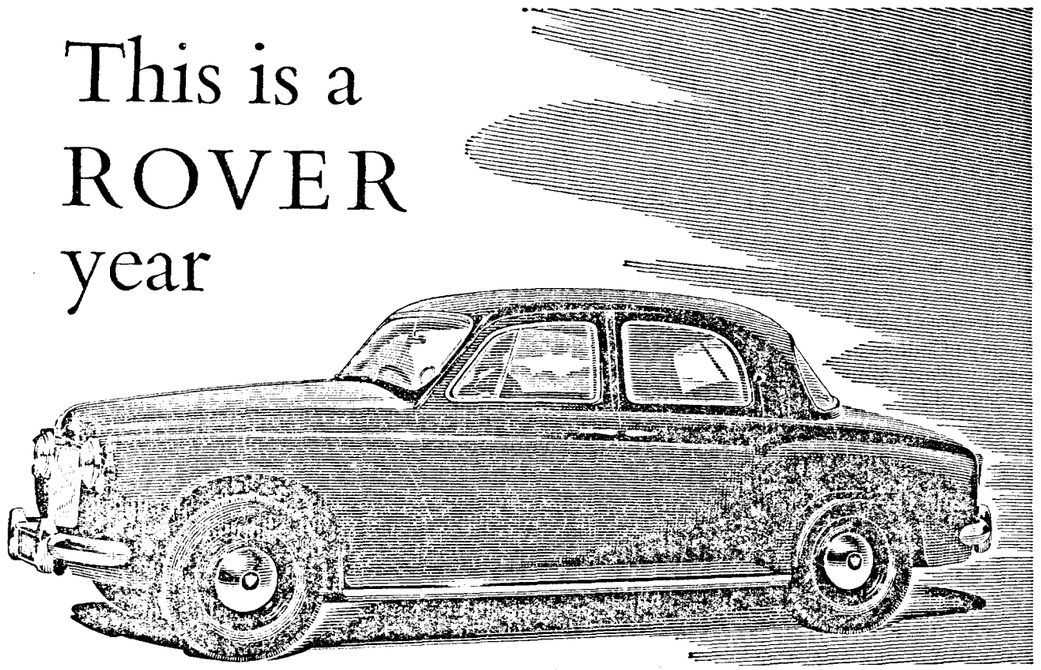

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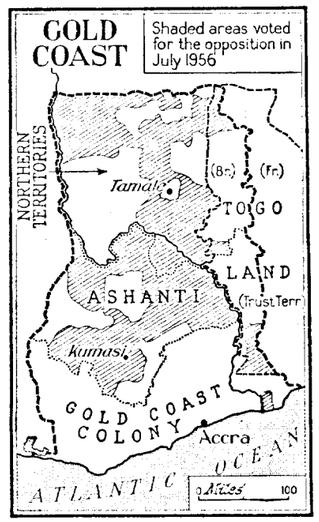
state, and one that is specifically to be a member of the Commonwealth.

This is momentous—but it leaves the question of an agreed constitution completely out of account. The constitution is for the Ghana single-chambered parliament to enact (and Dr Nkrumah's government commands 71 out of 104 seats in that parliament). No clauses for the protection of minorities are entrenched in the bill, no hindrance to changes in Ghana's constitution by simple majority vote, and there are none of the checks of a federal constitution. It is this lack of safeguards which the Gold Coast opposition still finds unacceptable. The opposition members from Ashanti and the Northern Territories utterly distrust the paper guarantees in the proposed constitution (which, indeed, offers rather less devolution than was proposed by Sir Frederick Bourne, and fewer safeguards for chiefly rights). The opposition is particularly dissatisfied with the safeguards for an independent judiciary and civil service. Despite lengthy conferences, the division between the different provinces of Ghana is as great as at the time of the general election last July.



There are now ominous rumours that Ashanti and the Northern Territories are preparing to secede on March 6th, the date for independence; they are even said to be organising a frontier guard. This may be a desperate bid to get the British Government to intervene even at this late stage; opposition leaders have pressed for a visit from the Colonial Secretary or even a parliamentary delegation. The formal answer to this agitation is likely to be that Ashanti at least has no legal justification for secession, since it was originally conquered, not taken over as a protectorate by treaties. But Dr Nkrumah and Mr Gbedemah should reflect before they drive the opposition to desperate measures. Even if they have the right to enforce sovereignty after March 6th, they would have to do so with troops and police mainly recruited from the North; these troops, incidentally, are led by British officers, who could be put by secession in a very equivocal situation.

Murder More and Less Foul

So far it is the abolitionists who have done most of the talking in the committee stage of the Government's Homicide Bill. Last week, they moved amendment after amendment seeking to make it easier under the first part of the bill for a person to be convicted of manslaughter instead of murder. They thus tried to make the clause abolishing "constructive malice" wider than it stands; they tried to remove the limitations attached to "abnormality of mind" and remove from the defence the onus of proving that an accused person's mental responsibility for his acts was diminished by such abnormality; and they tried to do away with the criterion of the "reasonable man" in the clause relating to a defence of provocation.

All these amendments the Government stubbornly resisted, and its spokesmen were equally adamant this week both about abolitionist amendments to restrict the murders for which the death penalty will be retained and about a retentionist amendment to extend it to murder with rape. Ministers have adopted this attitude, not because there was no substance in the abolitionists' arguments, which in some respects at least tried to make the bill less chancy and anomalous, but because they realise that their only hope of pushing through their compromise measure is to compromise no more. Thus in the committee stage the Government Whips have been on; the amendments were moved in a practically empty House; and when the divisions came members crowded back to vote for or against amendments which they had not heard explained. The Government's reaction to the result of the free vote on capital punishment in the last session has been to make sure that on this bill no member should cast a free or thoughtful vote at all.

The only satisfaction, in fact, that the abolitionists can draw from the Government's determination to steamroller the bill through the Commons is that the other retentionist amendments, when they come, seem likely to be as flattened as completely as their own. The Home Secretary made it quite clear in rejecting the first relevant amendment (about murders after rape) that the criterion for deciding which murder shall attract the death penalty is the maintenance of law and order—or rather what the police think is necessary to maintain law and order. The Government has no intention of doing what the Labour Government attempted to do in 1948: to distinguish between one murder and another on the basis of how heinous they are.

Progress or Repression in Cyprus?

The sudden wave of optimism last weekend over the prospects of a Cyprus settlement is not easy to explain. It is true that on his return from New York last week Mr Karamanlis, the Greek prime minister, made a moderate statement of policy on Cyprus to the Greek parliament, and that although he was attacked for his moderation, he seems to remain firmly in the saddle. Apart from this there are only rumours and hopes—and depressing news from the island itself.

One rumour said that the British Government intended to consult Archbishop Makarios about the Radcliffe constitution; it has been firmly knocked on the head by a Colonial Office spokesman. There has been a feeling that the Turkish attitude was softening; but no positive sign of this has appeared yet. Another rumour said that the Radcliffe constitution would prove to be "remarkably" liberal, and it has been suggested that the visits to London of the British ambassadors in Athens and Ankara portends a really serious

effort by the United Kingdom Government to break the present deadlock.

These last suggestions may even be true. But unfortunately the authorities on the island have not improved the chances of a sympathetic reception by the Cypriots of any new proposals that the Government may produce. The severe new security measures include a mandatory death penalty, not merely for the discharging of firearms or the throwing of bombs, but for carrying or manufacturing weapons, or even consorting with those who carry arms, if it is believed that the accused has helped the terrorists or intended to help them. Moreover, a new press law virtually destroys the remnants of a free press in Cyprus ; no doubt it is aimed at isolating Eoka, but it will make it difficult for the islanders to discuss Lord Radcliffe's constitution adequately.

Admittedly the ugly upsurge of terrorism in recent weeks is a great temptation to the authorities in Cyprus to sharpen the weapon of repression still more. But the weapon is double-edged. Experience has shown that it destroys the good will of the ordinary Cypriot for the British more effectively than it destroys Eoka ; and to preserve that good will, if any is left, is just as important as to destroy Eoka. If the authorities really believe, as they insist, that they can wipe out the terrorist gangs once they get enough troops properly trained for the job, why make still more difficult the political settlement which will have to follow?

"Facilities" in Ceylon

MR BANDARANAIKE has expressed himself as very pleased with the course of the latest talks about base facilities in Ceylon, but there still seem to be some details to be tidied up, and an agreed statement has yet to be issued. There is nothing surprising about that ; what is remarkable is that the talks have proceeded so quietly against the

Some Proposals for Local Finance

LOCAL government has become far too dependent upon grants from the central Government. The Government is now the senior financial partner in local affairs, contributing in 1954 £414 million in grants compared with only £378 million raised from the rates. This is an unhealthy situation. Administratively, it means excessive central controls over local expenditure, which waste the time of experts both in Whitehall and town hall. Democratically, it leaves councillors with the feeling that all really important decisions are taken in London where the money comes from.

Mr Sandys is shortly to announce his own proposals for the reform of local government finance. Those who hope that these proposals will be radical have just received support from the publication of a far-reaching plan by an expert study group of the Royal Institute of Public Administration.* As a first step, the group recommends the ending of industrial and agricultural derating. But it recognises (as all who have studied the subject have done) that even if this were done rates would remain a relatively regressive and inelastic tax. To secure a real measure of financial independence for the local authorities, the group recommends that rates should be supplemented by three new sources of local revenue :

(1) The group's first and strongest recommendation is for the introduction of a strictly limited type of local income tax. The local authority would levy a tax at its discretion up to a maximum rate of 3d. in the £ on personal incomes ; because of its small size no exemptions or allowances would be necessary. In the case of wages and salaries, collection would be simple. Employers would be responsible for deducting the tax and paying it to the local authority in whose area they operated. (To divide up the tax according to the areas where employees lived would of course be far more complicated. This part of the proposal closely resembles the "payroll" taxes in force in many American cities, and would be perfectly simple and feasible. But the group also suggests that the local authority should utilise (on a confidential basis) the assessments of business and professional profits made by the Inland Revenue, and that it should require separate individual returns for all investment income in excess of £100. The last part of this plan seems far too complicated ; if any action were taken along these lines it would be better to confine the proposal to a small payroll tax, plus possibly a small tax on business turnover or gross receipts.

(2) Secondly, the group recommends that the right to levy entertainments tax should be transferred from the Treasury to the local authorities. Administratively, this change would be a simple one. But Mr Macmillan would certainly have to precede it by his promised review of the whole structure of this tax —including a final codification of the various discriminations intended to encourage "live" entertainment.

(3) Similarly, the group suggests that the levying of motor vehicle licence duties should be transferred to the local authorities. As the local authorities already collect these duties on behalf of the Government, the change makes administrative sense. But the registration of large fleets of lorries in particular areas might give some local authorities an undue advantage—unless such fleets were required to be centrally registered and the proceeds shared.

It is estimated that a local income tax, at the level suggested, might raise about £150 million a year. Entertainments tax at present yields about £40 million, and motor licence duties £80 million. Rerating of industry and agriculture would provide (at present rate levels) another £115 million. Taken together, these four additional sources of revenue would theoretically enable local government to raise almost all its own revenue.

★

It is most unlikely that Mr Sandys will look at anything as radical as these proposals. But he ought to look at them, at their advantages as well as their snags. Apart from the usual arguments against disturbance, the main objection to the group's recommendations is that local authorities would benefit very unequally. To spread the benefits as widely as possible, the group suggests that the taxing authorities in all three cases should be the counties and county boroughs. But while the County of London and the large provincial cities would do very well out of a local income tax geared (as this one would be) to the location of employment, the mainly suburban or rural counties would gain very much less. As an offsetting factor, however, the Exchequer Equalisation Grant would presumably be continued as the principal remaining form of Government aid, and its benefits would accrue heavily to the poorer counties.

* New Sources of Local Revenue. Allen and Unwin. 25s.

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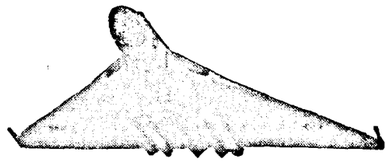

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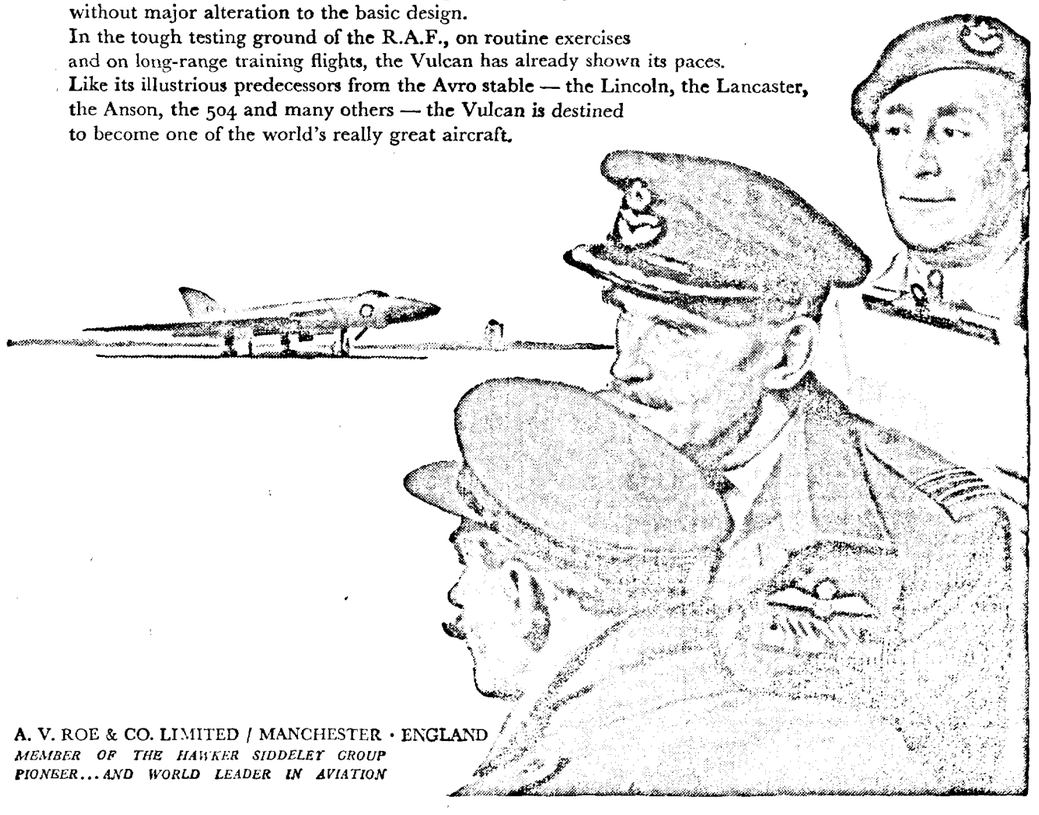

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feverish background of the conflict in Egypt and the consequent inflaming of Asian opinion against Britain. When the Bandaranaike government came to power earlier this year, it put the removal of British forces from Ceylon in the forefront of its programme. Negotiations in July produced a British acceptance of the principle of evacuation and a Ceylonese undertaking to allow continued "facilities" covering such matters as storage, communications and movement, but not the maintenance of a command. Inevitably, the Suez clash has changed the picture. Suspicion arose in Ceylon when British warships refuelled at Trincomalee during the recent weeks of tension, and Mr Bandaranaike sought and obtained from the British Government an assurance that no use would be made of that port or of the Katunayake airfield in connection with operations against Egypt.

His attitude now is that not even facilities can be provided any longer. The logic is clear. A government in Colombo dedicated to neutrality and full national sovereignty could not tolerate the indefinite occupation of bases, but it could go as far as the provision of facilities as long as these were not used for a purpose which Ceylonese opinion bitterly opposed. Now that it has emerged that Britain may on occasion pursue such a purpose, even facilities are inadmissible. And in London this week Mr Bandaranaike clinched his argument with the virtually unanswerable remark that "if, whenever these facilities are really most needed by Britain, Ceylon is going to refuse them, then they become really valueless to Britain, and it is in her interests to make alternative arrangements."

Prisoners' Base in Jordan

THE British taxpayer who learns first from Libya, and now also from Ceylon, that British forces may not use the bases or facilities they hire in these places if engaged on missions of which the Libyans, or the Ceylonese, do not approve, is entitled to ask what he is getting for his money. Confronted as he is with the huge bill for the recent adventure at Suez, are these not points at which expenditure is no more than a habit, and could be cut without loss? And does not the same apply to the £12 million a year he spends in Jordan?

The British troops and air force in Jordan appear to be coralled at two points, Mafraq on the edge of the northern desert and Aqaba in the far south (they were originally installed at the second, ironical enough, at King Hussein's request). At Mafraq, where there is no water, the Jordan water-carriers who normally supply this need by lorry have been on strike; Jordanian armoured vehicles are said to have been stationed round the camp, and such equipment as is kept outside its perimeter seems to have been looted. In a word, a parcel of ground is in British hands, but it is, in fact, useless

It has become the general belief in Jordan that, if Russia had not intervened, Britain and Israel would have attacked Jordan and divided the country between Israel and Iraq. Jordanians are said to be saying as they greet each other, "Thanks be to the Soviet." It is hardly surprising that the Jordanian parliament has almost unanimously voted for an abrogation of the Anglo-Jordanian treaty. But the government has as yet gone no farther than saying to London that it intends to take "all diplomatic steps and measures to guarantee the realisation of this determination." It has not taken them Perhaps it is waiting to see whether its rich Arab neighbours really intend to give it a subsidy equivalent to the British one. Perhaps it is pausing at the thought that this would be an uncertain source of revenue unless paid in advance and for some years ahead. But need Britain show any like hesitation when it is getting no value for money for which it could find more intelligible uses?

Spreading the Teachers

THE Minister of Education, after a brief venture into the politics of Suez, has returned to the problems of his department, one of the chief of which is the maldistribution of teachers. There is no longer a general shortage of teachers—at least by present ideas of staffing ratios—but people have an awkward way of preferring some areas to others. Bristol, for example, has an average of 26 pupils per teacher, whereas Birmingham has 31 and Hull 32.

As a result of some agonised appeals for help, especially from Birmingham, Sir David Eccles called in October a conference of teachers and local authorities to consider what could be done. The first and obvious measure which he had recommended was that understaffed authorities should do everything in their power to make their teaching posts attractive; for example, by earmarking flats for teachers, as Birmingham will now do. But after that there were two possible ways of spreading the supply. One was to restore the system of "rationing" the number of teachers who can be employed in favourite areas, a system which was abandoned last July; the other was to pay special allowances in unattractive places. The trouble was that the first, the way of compulsion, risked putting people off teaching altogether; while the second raised the usual difficulty that the teachers tend to be furious unless all those with similar qualifications are earning the same money

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As a result of the October conference a plan has emerged which avoids both these dangers. It is for planned self-restraint. To make the total supply of teachers go further, local authorities are asked to employ all the married women they can, even if they could get full time spinsters; and if the married women are more willing to work in primary than in secondary schools, room should be made for them, it is suggested, by getting other suitably qualified teachers to transfer to secondary schools. The Ministry has worked out a quota for each authority which would result in the transfer of 3,500 teachers during 1957. There is no compulsion yet, but Sir David will want to know how each authority is fulfilling its part in the plan, and if not, why not.

Will it work? The local authorities will have to be strong-minded in turning down promising applicants; but at least they will not have to dismiss anyone—or only two or three authorities will have to—because they are taking on extra staff every year. It seems hard that teachers who have to go and work in places they do not like should not get some compensation, but if this is the way they prefer it, so much the better for the ratepayers.

Ex-Colonial Development

THE key to the debate on Commonwealth development which was held on a private member's motion last Friday lay in a Labour amendment which the Speaker disallowed, lest it should unduly restrict the debate. This amendment, tabled by Mr James Johnson, specifically proposed that the Colonial Development Corporation should be taken over by, or form the nucleus of, a new development corporation which should not be restricted to the colonies in its activities. The reason for this is clear. CDC, which has had its efficiency improved and its prospects brightened under Lord Reith's management, dislikes the idea of having to abandon a number of potentially profitable projects which it has started in some territories, like the Gold Coast and Malaya, which are shortly to cease to be colonies ; it would indeed like an assurance that it can continue its operations in ex-colonies indefinitely, and extend them, if the governments concerned agreed, to full member states like Ceylon or presumably even Canada. As the British colonial empire contracts, the corporation would like to see its own empire expand. For this purpose it would need a new injection of British Government capital. There can be little doubt that CDC will have read the debate with approval. But should the British taxpayer ?

With the general idea of developing the colonies, whether dependent or newly independent, there can be no cavil. But it is much more of a question whether an enlarged CDC would be the right instrument for the purpose. Common sense suggests that the corporation should be allowed to complete projects which it has started ; no scheme should be suddenly discontinued merely because a new flag has been run up over Government House, and no doubt some of the ventures in hand will not be completed for years. But an indefinite extension of CDC activities, into entirely new ventures in independent countries, would be quite another matter. The corporation has succeeded in reducing its former heavy losses by changing its method to decentralisation and partnership with private enterprise. When the colonies are independent, the proper way for this partnership to continue would seem to be for the local government to become the official partner and raise the official capital. In so far as British Government aid and finance are solicited, the extension of the Colombo plan to underdeveloped ex-colonies would seem to be the most appropriate answer.

An Icelandic Somersault

THE Icelandic government, it has been unofficially but reliably reported, is now prepared to reverse its declared election policy and ask the United States to continue to man the Icelandic bases of the North Atlantic Treaty Organisation. But in future the American forces will be there as a result of a bilateral agreement between Iceland and the United States, not as a result of Iceland's obligations as a member of Nato ; and the Icelandic government will be able to determine their numbers and turn them out without the eighteen months' notice required under the former agreement. The terms, which were settled last week, will not be published until they have been ratified by the United States.

This political somersault from the original unqualified notice to quit seems to have been inspired by a number of motives. The first signs of weakening came in mid-October, before the present Suez crisis and the Hungarian revolt ; so it is not quite true that the Icelandic government has relented, as the Icelandic Social Democrat party implied at their annual conference, simply because the danger of world war has increased ; though recent events have probably made agreement easier. A more compelling reason was probably the realisation, forgotten in the first flood of peaceful enthusiasm, of how heavy the price would be. The 6,000 American troops in Iceland provide 20 per cent of the country's foreign revenue and that, in the present state of Iceland's economy, is of immense importance. The initiative in inviting the Americans to stay seems to have come from the Social Democrats, who with the Progressives and the Communists form the coalition government and to whom Hi Gudmundsson, the foreign minister, belongs. It is unfortunate that the new agreement means that Iceland will no longer make any direct practical contribution to Nato, which is already weak enough ; and unfortunate, too, that, coming at this moment, it could be interpreted as a new expression of distrust of Britian.

North Africa Looks to Washington

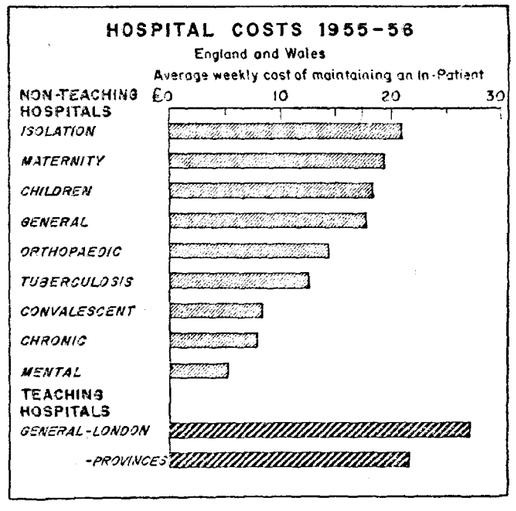
MANY Frenchmen, seeking a scapegoat for the failure of intervention in Egypt, see a great American plot to oust France (and Britain) from their overseas positions. Yet it has sometimes to be wondered whether their governments are not themselves precipitating such an American succession. The visit to the United States of Mr Habib Bourguiba, prime minister of Tunisia, and of the Moroccan foreign secretary, Mr Ahmed Balafrej, brings the question to mind. These two North African leaders have taken advantage of the session of the General Assembly for talks with important Americans. Both asked for economic aid, promising guarantees and fiscal reliefs for foreign capital.

Despite a cordial reception—Mr Bourguiba spent an hour with President Eisenhower when the representatives of some more important countries would have been glad of twenty minutes—the two African leaders are not, apparently, returning with any tangible offers. The combined amount they have asked for (estimated at some $140 million) may be too large to allow a snap decision. More important, however, is probably American reluctance at this stage to hurt French feelings unnecessarily. On the contrary, US officials took pains to emphasise that their country's funds should only complement French efforts as part of a mutually concerted programme. They may change their minds if France fails to re-establish friendly relations with Tunisia and Morocco.

When M. Mendès-France set Tunisia on the road to independence his move looked like the first step in a plan to keep North Africa within the French orbit by means more subtle than brute force. Independence for Morocco, though granted grudgingly and after grave errors, still fitted the same pattern. The whole scheme was to be crowned by a solution for Algeria ; its absence explains why France is rapidly losing ground in the two other countries as well. France's relations with Morocco and Tunisia are now at their worst. French policy has not yet lived down the *ruse de guerre* by which, on October 22nd, the Algerian leaders were kidnapped when they were travelling as guests of the Sultan of Morocco. The inevitable sequel followed: diplomatic relations were suspended, economic talks broke down ; Arabs massacred Frenchmen ; many French officials left precipitately ; the flight of French capital reached a rate which has been put at £1 million a day. If the situation is not swiftly redressed, it would seem inevitable that the former protectorates should look to Washington for the help which they might in other circumstances have preferred to seek in Paris.

Costing Patients

THIS chart, based on the annual hospital costing returns, shows the average cost of maintaining a patient in the main types of hospitals in 1955-56. Compared with the previous year, the average cost in both the larger general hospitals and the teaching hospitals has gone up by between 7 and 8 per cent. In mental hospitals, on the other hand, the cost has increased rather more—by 10 per cent. This probably reflects the wholly laudable efforts to improve the



standard of food in these hospitals. In 1954-55, their weekly cost of provisions per person (including staff) was only 16s. 11d. Last year it was 18s. 5d., an increase that rather more than offset the rise in food prices ; but the mental hospitals' expenditure on food is still a long way below that of the general hospitals (which spend £1 7s. 7d. per person a week).

A feature of the new returns is an item for other than long-stay hospitals called "in-patient cost per case," calculated by dividing the total expenditure on in-patients by the number of discharges and deaths. It is thus partly determined by the length of time that a patient stays in hospital. In the larger general hospitals the average cost per case is about £41, which means that the average patient in them stays in hospital for about two and a half weeks.

Socialists at Odds

THE Socialist International is one of the many bodies shaken by the Suez crisis. At a meeting held last weekend in Copenhagen the Soviet intervention in Hungary was unanimously condemned ; but unanimity could not be reached over a motion, sponsored by the British Labour party, condemning Anglo-French intervention in Egypt. Indeed, the French were so incensed by the proposed censure of their Socialist-led government that they walked out of the meeting altogether. In their absence nobody actually voted against the resolution, though four delegations abstained : the Israelis and the Jewish *Bund*, as was to be expected, but also the Belgians and the Spaniards-in-exile. The motion was finally carried by the nine votes of the British, German and Scandinavian parties.

The split is a reminder that not only the Communist world is divided at the present day. It is also yet another illustration of the paradoxical situation of M. Mollet, a Socialist prime minister praised by the true blue Tories but under fire from even the moderates of Labour. Blessings from Mr Amery and other members of the Suez group reinforce the apprehensions among French Socialists, particularly in the Paris region, about the wisdom of their government's handling of African affairs. Many think that the operations in Egypt and Algeria not only are blunders in themselves, but have cost their party a golden opportunity to make capital out of Communist difficulties over Hungary. The Egyptian blunder has been made and cannot be wholly repaired. This makes it all the more important, they argue, to break the Algerian deadlock by some new initiative. A mixture of nationalist feeling, right-wing support and simple parliamentary arithmetic may keep M. Mollet safely in power for some time to come. His government, however, runs the risk of finding itself in the international dock when the United Nations Assembly debates Algeria, as well as at the Socialist assizes. More worrying still for M. Mollet must be the potential verdict of his Socialist supporters.

India Counters Inflation

INDIA'S surprise budget is a welcome sign that the Government recognises the need to fight inflation now if the five year plan is not to be jeopardised. Exchange reserves have fallen steeply this year from £559 million in March to £407 million, and prices are rising steadily. To curb spending and check the speculation which has played a nasty part in the rise in prices, particularly of food, new

taxes have been imposed on capital gains and on dividends. Drastic new import taxes are designed to conserve foreign exchange.

These measures are not sufficiently important in themselves to determine whether India's resources can be stretched to meet the plan's ambitions within five years or whether the threat of inflation will enforce a slower pace. Critics of the plan have long expressed doubts about the wisdom of the deficit financing which it appears to involve, and some have suggested that prices will rise by as much as 30 per cent within three or four years. Introducing his new measures Mr Krishnamachari, the finance minister, admitted that the expansion of credit and the drain on exchange reserves had already advanced more rapidly than had been foreseen.

But India still hopes to resolve the dilemma through foreign aid. The latest letters from the World Bank have given it much encouragement. The Indian government now hopes that the Bank will finance a large part of its £400 million railway programme and other projects, too. The exchange of letters between the bank and India, indeed, seems to have achieved all that could be desired. The bank has shown to its backers a prudent concern that their money shall not be wasted. But it has also made it clear to India that it can expect backing from the Bank on a scale larger than anything the Bank has so far undertaken anywhere. India itself, by its new tax measures, has shown a will to do what it can to curb inflation short of sacrificing the aims of the plan itself. And the generous compensation given to the Mysore gold mines, recently nationalised, was an encouraging gesture to private foreign investors, who have been frightened by the nationalisation of insurance. India's budding friendship with the United States could well bear fruit in the form of further help.

Lucrative Centres

It would be a mistake to view the "new towns" simply in terms of industrial and housing development. As Mr Henry Wells told the annual conference of the Town and Country Planning Association last week, the focus and most important part of any town is its shopping and commercial centre. Hemel Hempstead Development Corporation, of which Mr Wells is chairman, has set a good example by planning a quite impressive, spacious and well-designed town centre which is now rapidly taking shape. The architecture of the new stores, banks and offices, if not brilliant, is at least harmonious; the enlarged market is proving a success; and there has been a serious attempt (though it will certainly prove inadequate) to anticipate future car parking requirements.

The interesting thing about all these good works is that Mr Wells could also claim a considerable commercial and financial success for the new centre. Against acquisition and layout costs of £38,000 an acre can be set land values which have already reached between £80,000 and £160,000 (and may rise much further). The corporation has undertaken much of the development itself and expects an average return of about 8½ per cent. This is sound economic sense. It was always hoped that a part of the public expenditure on developing new towns would be recouped from the rising land values that public initiative brought about. The corporation was of course greatly helped by its ability to buy out the previous owners compulsorily, at the same time as it announced its development plans; but Mr Wells defended this advantage, fairly reasonably, by pointing out that otherwise large windfall profits would have been derived simply from prior knowledge of the new centre's location.

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What is the lesson of this for the many small towns which are now contemplating expansion under the Town Development Act? Can they do likewise and cover part of the bill for new public services by developing improved town centres? Mr Sandys thinks that they can and has urged them to try. But in practice there are snags. The chief of them is that small, elected local councils are naturally more reluctant than independent corporations to plan and buy ahead on a sufficiently bold scale. Even at Hemel Hempstead many residents were initially highly sceptical, and it was only when one or two department stores were persuaded to move from the old to the new centre that its success was assured. How can small towns like Huntingdon be sure that the anticipated large trade expansion will in fact occur? Yet, for all the qualifications, Hemel's experience should encourage any small town councillors with dreams of greatness to try boldness. After all, Mr Sandys has almost promised to bale them out.

The Economist Diary

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Letters to the Editor

Middle East Oil

SIR—In connection with your note, in the issue of November 10th, I have not noticed any suggestions that an East-West pipeline be built across the waist of Africa to make oil shipments independent of the vagaries of the Suez Canal and obviate the need for any material expansion of tanker capacity.

It is worth noting that a pipeline across the waist of Africa would not be notably longer than the Alberta to Sarnia pipeline in Canada and can be routed through territory controlled by as few as two West European powers that are substantial consumers of oil. Judging from Canadian experience, a "crash" programme of Trans-African pipeline construction could probably be completed within a matter of months if the interested powers gave the matter first priority in labour and materials.

It is not known what the economics of such a line would be, but the costs would probably be much less than those already incurred in connection with the military gestures which have taken place over Suez. If the United States wishes to spend money to lay the basis of a Near East settlement, a contribution to capital costs would make the line more economic and would certainly be better than subsidising Nasser through the Aswan Dam.—Yours faithfully, JOHN WALTERS
Montreal

Exports to the Middle East

SIR—It is no doubt very important to analyse the situation created by the British and French military operation in Egypt, particularly in the field of economics. May I suggest, however, that having assessed the extent of the damage, it is vital to concentrate on what is to be done to save as much as can yet be saved from the wreckage.

I was greatly perturbed to learn within the last few days that at least three of our leading manufacturers of radio and television, motor cars and tyres have suspended their exports to Iraq, our most important market among the Arab lands. Exports, I was told, will be resumed when peace and security are restored in the Middle East.

What is to happen in the meantime? Can anyone seriously assume that Iraqi importers will wait until such time? Someone is going to fill the gap, whether it is the United States, Germany, Italy, the Soviet Union or even Japan. If we allow this to happen we will have to add to the many losses already listed in your paper, that of a large and well-paying export market.

Rather than curtail our exports to the Near and Middle East, should we not try to maintain them and indeed intensify our sales? The risks involved are insurable. Surely there is a very strong case for the Export Credit Guarantee Department of the Board of Trade to help exporters effectively in the present emergency. This will be well-spent money, and the expense much smaller than that incurred in landing us in our present unenviable position.—Yours faithfully, JULIUS LADA
London, W.1

Salvage

SIR—It would scarcely be possible to draw a more completely wrong conclusion from the Suez crisis than does Mr Graham Hutton in your issue of last week. The essential fact which that crisis has brought out is that we are too weak. Mr Hutton would have us weaken ourselves further—to a point, indeed, where we could scarcely reply to any pressure or any blow. The proper policy is the exact opposite. We must increase our armed strength until it commands the respect of our friends and the fear of our foes. If we face realities and find the will to surmount them, England can once again save herself by her exertions and Europe by her example. Along any other road—Mr Hutton's in particular—we shall find ignominy and destruction.—Yours faithfully,
London, N.W.3 JULES MENKEN

Shock and Distress in Ottawa

SIR—Don't let yourself be fooled by your published letter from here that western Canada is overwhelmingly supporting the move on Egypt. As you know, we have a great number of former Britishers here. Ninety per cent of these think that in every case Great Britain is always right, the other countries unfailingly wrong. On the other hand, the true Canadians, very many being second or third generation British, with whom I have discussed this Suez Canal issue, are just as strongly condemning what they consider a rash and extremely stupid act. In fact many consider Sir Anthony a misfit for the important position that he holds. Some of these Canadians think that it is a great joke, although a sad one, that while Nasser was maintaining the operation of the canal as well as ever, Great Britain and France took action to "secure" what most erroneously has been described as a "lifeline," and only succeeded in manœuvring themselves into a position of extreme economic danger.—Yours faithfully, M. P. OLSEN
Vancouver, Canada

A Word in Search of a Meaning

SIR—In the review of ten books on automation and associated topics, contained in your issue of November 10th, your reviewer writes, "Lord Halsbury, for example, . . . now denies that the vague word has any independent meaning at all or that the subject as such exists." May I point out that it is not only recently that I have emphasised this point of view. The first public utterance I ever made on the subject stated in the conclusion of the first paragraph that "there is in fact no single feature to which one can point and say 'this is automation.' For this reason many are tempted to deny that the word stands for anything at all."

I accordingly have good grounds for asserting that my views on this subject have been consistent throughout. The word could have been given a meaning had people been willing to give it one by the exercise of a little semantic self-discipline. As a result of their not doing so, its meaning has now become so dilute that it had much better be dropped. Every one of the topics which are grouped under the heading of automation has in fact a technical name in its own right, and these recognised technical names should be used whenever the context requires it.—Yours faithfully, HALSBURY
National Research Development Corporation, London W.1

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SIR—Your reviewer seems to join Lord Halsbury in an attempt to bury automation, not to praise it, at least as far as the term itself is concerned. The report of its death, however, is greatly exaggerated.

Automation has quite a definite meaning to the ordinary engineer, whatever the pundits may find wrong with the word. It means converting a process or machine to self-acting (i.e. automatic) operation. This means that automation, as distinct from mechanisation, replaces some mental work, rather than muscle power.

As automation in this sense is not new, it is futile to expect world shaking results from it. What is new is its greatly increased scope, due to recent developments in electronic and other control devices. As your reviewer points out, this is a quantitative change and economists will have little of interest to contribute to this subject, until they are prepared to make quantitative statements.—Yours faithfully, E. G. SEMLER
Editor, *Automation Progress*
London, N.W.1

Books & Publications

From Arnhem to Hiroshima

HISTORY OF THE SECOND WORLD WAR: *Grand Strategy Volume VI.*
By John Ehrman.
Her Majesty's Stationery Office. 422 pages. 30s.

THIS is the final volume of that part of the Official War History which purports to deal with overall strategy. Mr Ehrman insists that it and its immediate predecessor are to be read as parts of a single whole. Nevertheless they are far from leaving in the mind of the reader an overwhelming idea of unity of theme. Perhaps this was too much to expect seeing that for the whole of the period covered there were three virtually separate wars in progress. Moreover, for the latter part of it, as the author remarks, strategy in the military sense was left increasingly to the theatre commanders while the higher direction of the war became more and more a turmoil of politics and diplomacy.

Volume VI takes up the story at the point where the repulse at Arnhem had ensured that the war against Germany would continue well into 1945. The effects of this on the British effort were bound to be serious after the overstrains of the previous five years, and it would clearly aggravate the difficulty of redeploying our forces so as to make an honourable contribution to the war in the Far East. The inevitable victory in the west was still further delayed by the American misfortunes in the Ardennes ; nevertheless, it came early in May, 1945, with the British and Canadian armies under General Montgomery reaching the Baltic and sealing off Denmark, with the Russians getting first to Berlin and the Americans making no attempt to anticipate them there but deliberately deciding to link up further south in the neighbourhood of Leipzig. In the Far East it had been assumed for planning purposes that the Japanese would survive the German defeat for eighteen months and innumerable projects for offensive action against them were ventilated ; in the end most of these were overtaken by the decision to drop atomic bombs on Hiroshima and Nagasaki, and all was over by August, 1945, by which time President Roosevelt was dead and Mr Churchill had been shattered at the polls. Before that, however, we had seen the brilliantly successful British operations for the recovery of Burma and the massive developments of American amphibious strategy in the Pacific. And for good measure this volume gives us Tito's manœuvres in Jugoslavia terminating in the capture of that country for communism, the British intervention in Greece to forestall a communist coup there, the unsuccessful attempts at Yalta and elsewhere to recreate a free Poland and finally a description and critique of the central war machines in both the United Kingdom and the United States.

Among the impressions which crowd into one's mind on reading this concluding instalment of the account of "General Strategy" are discomfort that we so easily abandoned Mihailovitch ; resentment at the preposterous speech of Mr Stettinius about our Greek salvage operation ; wonder at the delusions of the Americans over Kuomintang China ; sardonic amusement that both Mr Churchill and the President clung so long to the hope that Stalin had changed his spots, and a certain rueful admiration for the skill shown by the unchanged leopard in trading his entirely unneeded entry into the Japanese war ; shock at what now looks like the casualness with which the decision to use the atomic bomb was taken ; and a sense of waste that we should have toiled and bled so much to recover Burma and preserve India if we were going to give them up immediately afterwards—as it turns out to the not inconsiderable advantage of the communists. Then there is General Eisenhower's refusal to try to reach Berlin before the Russians, which seems to have been entirely his own decision. By the light of hindsight this appears as a Himalayan blunder and it is not much consolation that many of the British thought so at the time.

The chapters on mechanism are among the most interesting and readable in the volume. Mr Ehrman describes how, in the British organism, the War Cabinet and the Defence Committees were more and more edged aside and how effective authority in the United Kingdom came to reside with the Prime Minister and the Chiefs of Staff committee, supported by a capable and devoted secretariat. And the system worked, though those who were familiar with its day-to-day operation might be tempted to think that too much credit is given to the secretariat for this and too little to the three service chiefs. They would not be so surprised as he is at Mr Churchill's lack of success in making his views prevail with the Americans. It is conceivable that the Prime Minister would have been wiser to use Sir John Dill more freely as a channel of communication with the heart of the United States administration, but, be that as it may, for the last two years of the war the Americans were unavoidably the senior partners in the Grand Alliance.

Mr Ehrman concedes genius to the Prime Minister and many of the virtues necessary in a successful war leader, but on the whole his judgment is a tempered one. He does, however, apply to Mr Churchill a glorious quotation about the great Chatham from Sir G. O. Trevelyan, with part of which this review may fittingly end :—

> Without a moment of hesitation, without a twinge of diffidence, he set himself at the head of his countrymen ; and they, placing their blood and treasure at his disposal, believing all that he asserted, paying all that he demanded, undertaking everything that he advised, followed him through an unbroken course of effort and victory with an enterprise and a resolution worthy of his own.

Professor President

LO SCRITTORIO DEL PRESIDENTE, 1948-1955.
By Luigi Einaudi.
Einaudi, Italy. 693 pages. Lire 3,000.

ITALY today has a professional politician at President : between 1948 and 1955 it had a professor. Today the *Quirinale* is kept constantly in the limelight : while Luigi Einaudi was there he was content to remain in the background. Yet there is no doubt that so distinguished an economist exerted a constant and important influence on affairs ; especially in those matters with which his own studies and his term as Deputy Prime Minister and Minister of the Budget under De Gasperi had made him so familiar. This volume—a miscellaneous collection of his writings during these years (which is to be followed by others dealing with other phases of his career)—is proof of this. It does not attempt to be an account of his presidency, much less a justification of it ; the author in many cases does not indicate to whom his comments were addressed, nor does he attempt to assess their importance in the formulation of policy. Personalities are entirely absent ; of the political battles that went on in these years there is hardly an echo. Even so this collection of occasional essays and comments, at first sight dry and academic, gives a vivid picture of President Einaudi at work.

His primary object was to eradicate the Fascist institutions and ways of thought which cluttered up the economy and administration of the country. It was a formidable task. The moment that it was proposed to abolish one of the Fascist creations vast memoranda were produced by the interested parties purporting to show that it remained vital to the economy ; more than once the author drily remarks that such proposals merely guaranteed the survival to eternity of such abuses. Most of the legislation, he found, was based on a *filosofia di scarsità ;* a "Stone Age mercantilism." The only thing which kept unemployment down to 2 million was that "fortunately in Italy the laws are not always put into effect, and that everyone disobeys as far as they can

laws which are foolish and anti-social." The belief that it was necessary to restrict and to distrust extended into every sphere of the national life. For example, the citizen's right to a passport was contested and made as difficult as possible : even proposals for reform still required him to produce not only a mass of unnecessary documentation but also an authenticated photograph of himself. Why *authenticated,* asked the President? Was the issuing officer unable to trust the evidence of his own eyes ?

Against this state of affairs Sr Einaudi launched a ceaseless campaign of witty, sarcastic and closely argued comments. He distrusted economic experts and their jargon ; they were invented, he says, to *put off* the execution of good ideas to the Greek Kalends. They only listened to the vociferous demands of organised interests ; all too easily the general good escaped them. Throughout these writings, which are for the most part concerned with legislative technicalities, runs the conviction that the state must serve its citizens, that it must remove restrictions on their movements and activity. This is the message of a lifelong Italian liberal ; and if in the formulation of some of its ideas it is not ashamed to acknowledge its debts to the nineteenth century, it also allows Sr Einaudi to face boldly the problems of the present day. "The necessity of unifying Europe is evident," he writes. "The existing states are dust without substance." It is all very well to talk of projects for a common market in economic terms, but none will make sense unless they are accompanied by a political decision. The lesson of Italy's own past is a fearful warning. The failure of its various states at the end of the fifteenth century to agree meant the end of their independence for three hundred years. Europe now faces a similar decision. The Italian Republic was fortunate indeed to have during such troubled years so modest, so far-sighted, and so fearless a President.

One Against the Law

TRIAL BY ORDEAL.
By Caryl Chessman.
Longmans. 309 pages. 18s.

TO an English reader, the staggering thing about this book, and its predecessor, "Cell 2455, Death Row," is that they should have been written at all. In the first, Mr Chessman gave an account of his life of crime, which culminated in his being sentenced to death, at the age of twenty-seven, in June, 1948, for a kidnapping crime of which he has steadfastly declared his innocence. He ended the book with a claim to have achieved some insight and to have realised the uselessness of his war with society. In the meantime his death sentence had already been postponed more than once, and his new book carries the story of his battle with the law and his fight for life up to January, 1955 ; it also describes some of the other inhabitants of "Death Row" in California's penal institution, St. Quentin. Now, nearly two years later, Mr Chessman is still alive, and his first book has been made into a film.

Neither book could, of course, have been written in the condemned cell had he been an Englishman. But the English reader, however addicted to the crime reports of the Sunday press, will find stranger still the freedom allowed to the American press to discuss the case, even with Mr Chessman himself. They will also wonder at a legal system which, though enough doubt in the case is admitted for execution to be repeatedly put off over a period of eight and a half years, has still refrained from allowing clemency or commutation.

So a sadder and a wiser Mr Chessman continues his legal struggle for survival. His story shows that even the most apparently hardened criminal can eventually change his outlook, which supports one of the abolitionist arguments against capital punishment—that, *ipso facto,* it rules out reformation. But as an explanation of why the psychopathic criminal is made both books are disappointing. Nothing in his childhood, except perhaps a serious illness, explains Mr Chessman's resort to delinquency, for though his early years were tragic enough at times, he had kind and gentle parents whose love and trust he retained even after he had passed into the condemned cell. These are certainly not pleasant books.

The Disintegrator

PRICE, COST AND OUTPUT.
By P. J. D. Wiles.
Blackwell. 313 pages. 30s.

MR PETER WILES has acquired a well-justified reputation for setting cats among pigeons. Not so long ago he was shocking complacent western commentators out of their skins by demonstrating that the rate of economic progress in Russia was vastly greater than that of even the United States, let alone the free world as a whole ; he has just made a devastating frontal attack, in the columns of *Encounter,* on the moral pretensions and *raison d'être* of trade unionism in the modern economy ; in the present volume, more ambitiously, he sets out to smash and atomise the whole majestic structure of price and output theory.

In the name of "humility before the facts" of business behaviour, he denies that any one theory of the firm's price and output policy (profit maximisation, equality of marginal cost and marginal revenue) will either serve to explain events over the whole economic field or even yield a determinate result in any one sector. Price formation and output decisions are correlated in a completely different manner ; causal sequences run in different directions ; data are differently available and differently interpreted, according to the nature of the firm's business, its ownership and managerial structure, and historical accident. The new Emperor (installed by Professor Chamberlin and Mrs Robinson with the theory of imperfect or monopolistic competition) is as naked as the old Emperor of the purely competitive realm ; more so, indeed, for the old Emperor, reigning over the diminished and re-named territory of the "price-takers," the agricultural sector, retains in Mr Wiles's view a substantial fig-leaf. In the manufacturing sector business men do not in fact make marginal calculations ; do not maximise profits ; and would not have more than the remotest idea how to do either. Moreover, within that sector, contractors do not behave like continuous producers, and owner-managers do not behave like the executives of public companies ; and, finally, no sound deductions can be drawn ex-post—that is, from recorded price and output results—about calculations ex-ante—that is concerning business men's decisions about price and output policy.

Standing among the wreckage, Mr Wiles does not cut an entirely nihilistic figure. Marginalist calculations are not useless ; they are normative, they represent a welfare ideal, and when reality is compared with that ideal a guide is provided for political or economic action. Certain kinds of organisation (the cartel, the trade association) can be identified as anti-welfare, others (the merger, the discriminating monopoly subject to public control) as pro-welfare. Certain forms of control can be seen to be potentially effective in certain situations, others ineffective. Certain myths conducive to wrong action can be dissipated. (One such myth, in Mr Wiles's view, is that firms can grow too big for their own good. Cost curves, to put the matter technically, are in fact typically L-shaped, not U-shaped. He adduces powerful evidence to that effect ; but the practical conclusions which he draws rather suggest that it would also be a good idea to import a few thousand crates of swallows in order to produce a warm spell over Christmas.)

"Price, Cost and Output" is not for the entirely uninstructed public ; as the author says in his preface, "a fair knowledge of the textbooks is demanded." It is, however, written in a human and lively style ; formulæ and diagrams are few ; there are some nicely irreverent chapter headings and asides ; and the qualified reader can count on enjoyment as well as enlightenment and exasperation.

Contours of Faith

MORE NINETEENTH CENTURY STUDIES.
By Basil Willey.
Chatto and Windus. 304 pages. 21s.

IN this sensitive study Professor Willey continues the quest he began several years ago—to relate the literature of successive generations to the changing intellectual background. The present volume is a sequel to "Nineteenth Century Studies" (1949) : its central theme is the Victorian reinterpretation of religious orthodoxy in the light of new canons of historical and scientific

criticism, or, stated differently, the shifting contours of individual faith. We cannot understand the Victorians unless we take account of this central theme: Mr Willey suggests also that we of a later, more volcanic century cannot ignore or by-pass such questions ourselves.

Both the theoretical and the practical foundations of nineteenth-century Protestantism were insecure. On the one side was the Bible and the Bible only; on the other side, "disputes, tea-meetings, openings of chapels, sermons." Out of insecurity there developed two "drifts," first towards Rome and second towards unbelief. It is appropriate that Mr Willey chooses Cardinal Newman's younger brother, Francis, as the subject of his first essay. The scepticism of the Cardinal drew him to Rome: the scepticism of Francis, uncontaminated by German criticism, led him to criticise the whole inherited structure of dogmatic Christianity, and to turn not to agnosticism but to "modernism." One of Mr Willey's later essays on "Mark Rutherford" brings out the insecurities of Nonconformity as well as Anglicanism, and the inherent pathos of men who came to the conclusion that "a childlike faith in the old creed is no longer possible, but it is equally impossible to surrender it."

Concerned as he is with the contours of faith, it is not surprising that Mr Willey's central essay examines the much-battered authors of "Essays and Reviews" (1860). Their mild liberalism not only shocked High Churchmen and Low Churchmen into horrified alliance, but alienated the secularist minority, which accused them of "dishonesty." Whatever contemporaries thought of them, the "Seven against Christ" have clearly won Mr Willey's sympathies: at this point in the book, indeed, the author boldly steps into the arena himself. Although not all readers will be in sympathy with his own contribution, no modern critic will write in the same mood or style as the embittered critics of his liberal forebears.

The change in the tone of the debate as well as in the questions raised is surely of basic importance. Professor Willey says little of it, nor in his travels does he reach the late Victorian frontier, where interest in religious questions touched a new and far-reaching interest in social questions. There were many strange contours in this new region of intellectual controversy, which perhaps Mr Willey will choose as the subject of a further study.

The Duke as Before

WELLINGTON.
By Charles Petrie.
James Barrie. 288 pages. 25s.

THAT he had been much exposed to authors is a frequently quoted complaint of Wellington's: Sir Charles Petrie's excuse for yet another biography is that it is a "reassessment." And yet it is hard to find that he has told us anything that we did not know, or had not been told already, about Wellington's Protestant - Ascendancy background (much more amusingly and informatively considered by Philip Guedalla, whose name, incidentally, Sir Charles misspells in his brief bibliography); about his supreme military competence; or his political rearguard actions.

What, in fact, we find more of in Sir Charles's than in any other book about the Duke is Wellington's contempt for the British private soldier as a man, and for British cavalry as an arm (which explains his muscle-bound inability ever fully to exploit a victory by pursuit); the occasional pettiness and spite, which Sir Charles insists upon with equally tiresome petulance; and the failings as a politician: "wrecked the Tory party in a few months, and so undid the life-work of the much-maligned Liverpool . . . then came Wellington's own Premiership, which was disaster . . . his incursion into the field of politics was a misfortune both for himself and for his country." It is a Tory infuriated by inept Tory leadership, a phenomenon always awe-inspiring.

What students of the period will find more conveniently here than elsewhere is a just assessment, neatly concentrated, of the value to a liberating army in the Peninsula of what we would now call the Spanish and Portuguese "*maquis*" or "resistance." But it is wasteful to organise an otiose biography of Wellington for the sake of these few, however valuable, paragraphs. It may be the verbal coruscations of Guedalla's twenty-five year old "The Duke" that have prevented its ever being taken as seriously as it should as a work of scholarship; it would be a pity if scholars were to suppose that because Sir Charles is stilted, where Guedalla was gay, his matter is more grave.

Philosophy Made Too Easy

LANGUAGE AND THE PURSUIT OF TRUTH.
By John Wilson.
Cambridge University Press. 105 pages. 8s. 6d.

"THIS book," Mr Wilson tells us, "is an attempt to do something new: to present semantics, which is the study of linguistic communication, to the general public." A little later on, however, he reassures those who may be alarmed by this intimidating start. "The subject," he says, "does not require an unusual intelligence. It requires only the patience to master a particular technique."

These introductory remarks are misleading in two ways. All serious philosophers from Plato to the present day have realised that an important part of their job was to guard against the careless and incautious use of words. What has happened in the present century, largely as a development of Russell's inquiries into logic and mathematics, is simply that this part of the job has received more concentrated attention than it had done before. Some enthusiasts, especially in the nineteen-thirties, came to think that it was the whole job. In the second place, mastering a technique is not always a perfectly safe undertaking. It is at least as hazardous to try to acquire the technique of flying an aeroplane with only an efficient manual as a guide.

What Mr Wilson is offering is an introduction to philosophy, and what those who read his book should realise is that his position is by no means uncontroversial. In particular his use (or uses) of the dangerous word "verification" would be roughly treated in a philosophical review. Humpty Dumpty would tell him that, if he makes it do all that work, he ought to raise its wages.

Some of what he says, especially in his first section on "Words," is sound enough; on "Statements" he is less reliable, since to talk about misusing statements is rather queer. "Truth" in 30 pages is inevitably over-simplified, occasionally to the point of silliness. Perhaps it is unfair to Mr Wilson to criticise him for making philosophy seem much easier than it is. Surely it is the aim of introductory text-books to do that? Up to a point one may agree. "Language and the Pursuit of Truth" would be quite a good book for an instructor to read with a class provided he were himself a competent philosopher who could explain its limitations. It may, however, do much more harm than good if it is used as a "Teach yourself" manual by beginners who assume that "Semantics" is a magic key to open all the doors, especially if their aim is to do well in scholarship general papers.

Germany in the Ascendant

DOCUMENTS ON GERMAN FOREIGN POLICY, 1918-1945: *Series D, Volume IX. The War Years, March 18 to June 22, 1940.*
Her Majesty's Stationery Office. 801 pages. 35s.

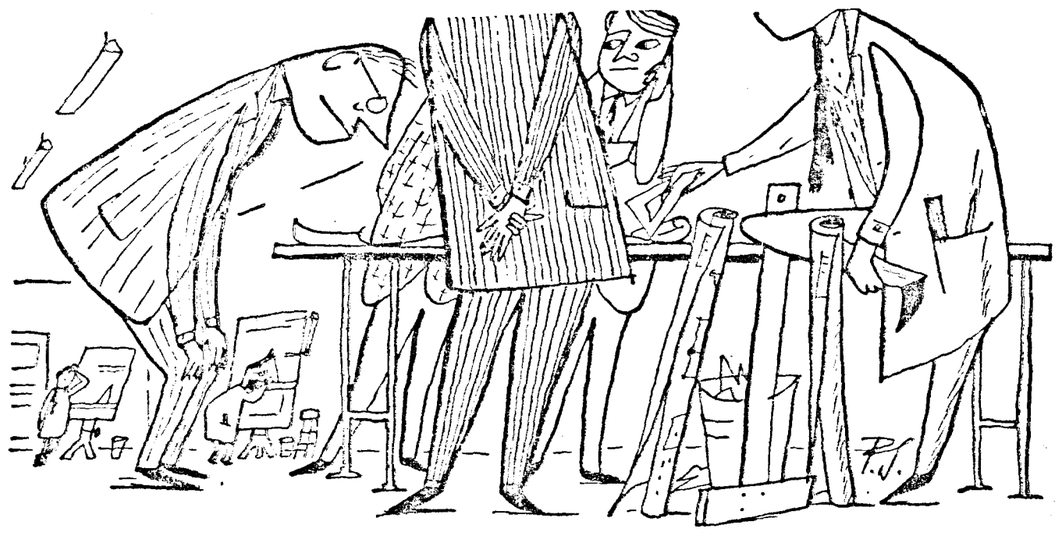
THE new volume of German Documents takes the reader from the meeting of Hitler and Mussolini at the Brenner in March, 1940, to the armistice after the capitulation of France. It is full of miscellaneous interest, in particular on account of the letters between Fuehrer and Duce, which have been published only in more fragmentary fashion hitherto, and on account of the considerable number of despatches concerned with Russo-German affairs which did not appear in "Nazi-Soviet Relations."

After the difficult and long drawn-out negotiations that had preceded the economic agreement of February 11, 1940, its implementation proved equally tricky. Within seven weeks the Russians were complaining bitterly of having received nothing until two of their representatives saw Goering, who promised to make amends. At a meeting of experts on March 30th the Field Marshal insisted that "all German departments must proceed from the fact that Russian raw materials are absolutely

The seats are emptying fast. Nothing runs across the field now but the wind. Another great game is over and yet not quite over. For, warm in our chairs at home, we shall live it through again while our White Horse glows softly in our glasses.

WHITE HORSE
Scotch Whisky

Maximum prices: Bottles 36/-, ½-Bottles 18/9, ¼-Bottles 9/9, Miniature Bottles 3/9.



the things they say!

That's a grand idea! Did one of the chaps on your Design staff think it up?

No, as a matter of fact it came from one of our fitters.

That's unusual, isn't it? Surely most bright ideas that come to the workers in our big industries just die for want of encouragement?

Well, not here in I.C.I., at any rate. We have a scheme to discover and reward the man who's got a useful and practical idea.

You mean you actually pay them?

Certainly. The minimum reward for each suggestion we adopt is thirty shillings, and there's no limit. The record so far is an award of £1000 for a method of clearing deposits out of long lengths of pipeline.

What other suggestions do you get?

Anything from a jig for drilling flanges to an idea for safer working.

Yes, but in actual figures how many suggestions do you really get?

In 1955 the scheme brought in over 33,000 suggestions, of which about 40% received awards. That shows you the interest our men take in their work.

Imperial Chemical Industries Limited

vital to us" and that therefore "even the most valuable material" (this meant military material) must be delivered to the USSR. A memorandum by Clodius two months later, on "Aspects of the Economic Organisation of Peace," records the dreams of the then victorious Germans of liberation from this bondage to the Soviet Union. "The further development of close economic relations with Russia will be one of the most important tasks," but "the opening up of large new sources of raw materials for Germany will make us less dependent than before upon the supply of Russian raw materials." Just above this Clodius states that "The creation of a German colonial empire in Africa, to include all the German colonies and the Belgian Congo, would enable Germany largely to close the gaps in its supplies of raw materials. Cotton and wool, rubber and various ores are the main exports of the areas mentioned," he continued, but the document shows handwritten question-marks over the words cotton, rubber and wool.

The German despatches from Washington during this period deserve to be noticed. On the one hand the German Chargé d'Affaires, Thomsen, complained that he could not distribute propaganda as Berlin supposed because, for instance, "influential journalists of high repute with whom I am in contact will not lend themselves, even for money, to publishing outside material under their name without alteration or re-editing." On the other, the German Military Attaché, General Bötticher, is found reporting with unbridled optimism on May 24th that German military success is liberating the American Army from the pettiness of democratic supervision: "It is just as if a fresh breeze of the German spirit were blowing across to America from the battlefields of northern France and Belgium." How glad Hitler must have read these words, which belittled the warnings from those wretched civilian diplomats.

Tilling Bantu Fields

THE BANTU OF NORTH KAVIRONDO: *Volume II, Economic Life.*
By Günter Wagner.
Published for the International African Institute by *Oxford University Press.* 192 pages. 36s.

THE Kavirondo tribal area of Kenya was much in the public eye in the early thirties owing to the opening up there of the Kakamega gold mines. The data for this book were gathered during two years of field research in 1934-38 and therefore provide material for a picture of the tribal economy just before the full impact of the changes symbolised by the advent of the gold mines was felt. It was a transition economy primarily based on the cultivation of subsistence crops and some cattle husbandry but already partly involved in the cash crop market for cotton and maize. There was also a substantial amount of labour migration, as the Kavirondo tribal area was very densely populated, even by Kenya reserve standards. But, in the area as a whole, the traditional technology and modes of farming, animal husbandry and exchange of produce, livestock and services were dominant. It is this traditional economy that forms the main subject of the book, though relevant information about the newer trends is also given. It is an anthropological description of the economy; hence the emphasis is on the institutional framework of production, consumption and exchange. Information on income and expenditure, for example, is incidental and scanty. As a description of a tribal economy it is, however, among the best so far produced for Africa. It is lucid and straightforward and will be very useful for all concerned with problems of economic development in Africa.

After giving an account of the most important technological processes followed in the tribe—house-building, ironwork, pottery—the book describes in detail the processes of tillage and animal care. Modern hoes, simple ploughs and improved seed were eagerly accepted, whereas improvements in cattle husbandry are not. An excellent analysis of bride-price and other exchanges between kin shows how cattle are used to maintain the complex ramifications of the family system and helps to explain the conservative attitude of the Kavirondo Bantu towards improving their cattle husbandry.

But probably the most valuable part of the book is the description of the system of land rights. The recent Royal Commission has popularised the idea that various forms of communal and tribal land control constitute a major handicap to agricultural progress in East Africa. The analysis here given of a typical East African Bantu land system shows how misleading generalisations about communal ownership can be. In Kavirondo it is the individual farmer who owns his fields more or less outright as far as their tillage is concerned, and his rights pass to his successors without reference to clan authorities. It is only land not under cultivation or used for communal grazing that can strictly be regarded as falling under clan control.

Shorter Notices

THE BIBLE AS HISTORY.
By Werner Keller.
Translated from the German by William Neil. *Hodder and Stoughton.* 429 pages. 25s.

This is a journalist's account of biblical archaeology which will grieve the experts, and grieve them not only because it is written by an amateur. The material is well collected, and the story of the excavations of the last century and a half will grip every reader, as will the reconstruction of the history since those excavations. A simply written and admirably arranged book like this cannot but fascinate, and the author has set his account amid a wealth of excellent photographs and drawings and plans. Yet he has surrounded his material with pretentious and inflated claims, passing beyond the reasonable and moderate assertions justified by the facts, that archaeology makes it easier for the narrow Biblicist to continue believing rigidly in the historical truth of everything in the Bible. The sober facts, says the blurb with justice, are "eloquent, dramatic and exciting," and it would have been better if no spurious eloquence had been superimposed on them.

★

THE HAWAIIAN LABOR MOVEMENT.
By Edward Johannessen.
USA: *Bruce Humphries.* 181 pages. $3.75.

It is a pity that the first history of the trade union movement in Hawaii, so long awaited, should not be better—even bigger. Mr Johannessen sets down neatly a lot of compressed information about the Hawaiian economy and its uniquely polyglot labour force—of which 40 per cent is Japanese and only 20 per cent Hawaiian. But only in reading between the lines does one glimpse an unusually violent and terrible history of employers deliberately importing race to be pitted against race. The book, alas, seems more designed to please all three of Hawaii's leading industries—defence spending, pineapple plantations and tourism—than to record the problems and the rise of organised labour. It at least stands to the credit of Mr Harry Bridges's Longshoreman's Union that, since the war, it has been able to amalgamate the previously purely ethnic trade unions. But Mr Johannessen is obsessed by the fact that Mr Bridges may be a communist (a charge which the federal government has recently abandoned after fifteen years of fruitless litigation). There are so few good studies of American colonialism that it is a pity that what could be an important subject has not been given a fuller and even mildly dispassionate treatment.

★

CHRISTOPHER COLUMBUS, MARINER.
By Samuel Eliot Morison.
Faber. 236 pages. Illustrated. 21s.

The name of Professor—or Admiral—Morison is familiar as that of the historian of the United States Navy in the last war. In the introduction to this book he explains how he got the job. As an amateur sailor he followed Columbus's routes. In the light of this experience he wrote the best modern biography of the Admiral of the Ocean Sea in 1942, a book which President Roosevelt so admired that he commissioned its author to write the official naval history. The original two-volume work was shortened to a single volume edition, and now we have a popular version of the same thing. Unfortunately the result is a certain vulgarity of style, and though the book could not be bettered as a guide to Columbus's voyages, one regrets that the author has not probed deeper into the character of this strange man. The truth is that the historian has had his say: the story should henceforth be treated as a tragedy in four acts—the exultation of the first voyage, the hints of impending disaster in the second, the catastrophe of the third when he was sent home in chains, and the pathos of the failure of the fourth. A mathematician who underestimated the distance to Japan by 8,000 miles, a geographer who could not tell what he had found, a colonial governor who could not keep order became a central figure in history because, as Jung said, "by using subjective assumptions, a false hypothesis and a route abandoned by modern navigation he nevertheless discovered America."

American Survey

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

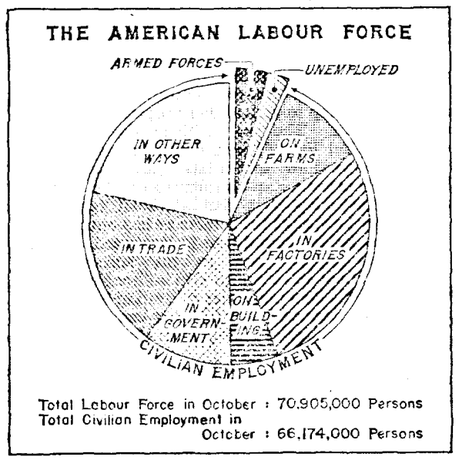
Inflationary Stability

Washington, D.C.

THIS has been a bad year for the economic pessimists in the United States. They had a brief fling in the spring, when their charts and statistics told them that there would be a recession in the third quarter. But instead there was a steel strike and the "tone" of good business never changed. Now at the year's end, when prophecies are as traditional as Christmas trees, the pessimists are for the most part in hiding. Although, according to custom, the forecasters are talking ominously about this or that sector of the economy, or this or that trend, the great majority of them believe that business as a whole will go right on being very good indeed. Government spending at all levels is due to rise again; it has been officially predicted that construction will reach another new record in spite of some decline in house building; capital expenditures by business are expected to decline little, if at all, from this year's quite unprecedented level; and, as is becoming customary, the steady rise in personal incomes promises that consumption will remain lively. The election results, needless to say, are scarcely likely to make business worse, and the stirrings of the international situation seem to have done little more than to increase prices in a few important commodity markets.

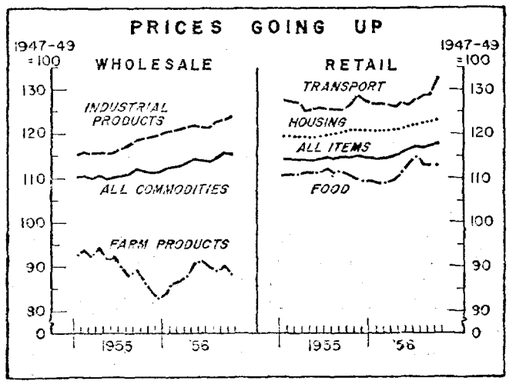
During the course of the past eighteen months people have found cause for worry in a variety of events or trends in the economy—an apparently dangerously speculative stock market, a zoom in hire purchase buying, the money squeeze, and a sharp slump in automobile sales, among others. Although none of these things turned out to mean very much in terms of general prosperity, this experience has not prevented the professional Cassandras—political and otherwise—from finding new things to worry about for next year. Every time a business fails, every time an industry lays off a few thousand workers, every month that shows a decline in the number of new houses started, these people find proof that the doom they have been awaiting is at hand. This kind of perpetual nervousness has its merits. Complacency still seems unlikely to afflict Americans, even after a decade of almost uninterrupted prosperity. But it is beginning to appear that the fundamental mistake made during recent years by the pessimists—many of them people of intelligence and good will—has been their failure to recognise the "prosperity effect" provided by the astonishing diversity of an economy with the standard of living of America today.

The United States manufactures far more than any country on earth, but it is not a manufacturing nation: only about one in four members of the labour force works in a factory. It eats very well and exports vast quantities of farm products besides, but it is not a farming nation: only 10 per cent of the labour force is now engaged in agriculture, compared with 20 per cent as recently as 1939. It builds more than any other country except perhaps the Soviet Union; yet less than 5 per cent of the labour force is engaged in construction. Americans now earn their livings predominantly by providing services or by distributing and transporting goods. With workers at all levels of government added, these people come to half of the total labour force and well over half of the non-agricultural labour force. Consumers spend three times as much on services as they spend on all durable goods put together, including automobiles.



So far, at least, an economy with this bias toward service and distribution seems to be inherently more stable than an economy based on manufacturing or farming or both. There has been a farm slump for four years, and there was a sharp manufacturing slump in 1954, and yet, in terms of total employment and income, the United States has never stopped being prosperous since the war. What is more, the experience of stability—plus the widespread conviction that the government can and will act to prevent anything serious from happening to prosperity—has contributed to the amazing willingness of industry to invest. One of the economic clichés today is that capital investment in America is scheduled on a long-term basis and is subject to only minor fluctuations as a result of current conditions.

But an economy so luxuriant in services may have a serious flaw, one which is connected with the only worry which is universally expressed about 1957: that prices may go on rising. In 1956 the cost of living rose by nearly 3 per cent after almost four years of remarkable stability. The partial recovery of prices at the farm was an important cause of this particular movement in the consumer price index, but for the long run the fundamental question may turn out to be something not discussed much up to now—that of productivity in distribution and services. An American garage mechanic or bus driver or shop hand or bartender rightly insists on being paid a wage in line with the rising standards of his society, but in this type of work it is frequently impossible to do anything by capital investment to improve productivity. Therefore the price of the services provided must of necessity rise to cover the higher wage costs. Charges for services and for most types of transportation have in fact risen regularly all during the period of price stability which ended this year. The consumer price index as a whole remained steady only because food prices were falling and the prices of most



manufactured consumer goods were either falling or stable. This year food prices rose and the index whirled briskly upward.

This "inflation" is not a problem of excessive demand. It is certainly not a problem of monetary laxity—for the past eighteen months American monetary policy has been increasingly stiff, with the result that the money supply has actually grown at a slower rate than has the gross national product. It is not even a problem of excessive trade union power and insufficient labour restraint, bolstered by full employment. Most workers in services and distribution are not even organised, and trade unions in general bargain for only about a quarter of the labour force. If it be argued that the unions have set the wage pattern and standard of living which the workers in services and distribution feel they are entitled to emulate, this can scarcely be blamed on the unions. In manufacturing generally, where the trade unions are concentrated, a good case can be made for the argument—extremely elusive statistically—that wages have risen roughly in line with productivity.

It would indeed be ironic if the great, and admirable, dream of an economy of full employment with stable prices should founder on this rock of productivity in services and distribution. If the difficulty is a real one—and statistics on productivity are scarcely adequate to give any answer more clear-cut than does plain common sense—then there is no visible solution to it. Indeed this is not really inflation at all, in the sense of excessive demand hoisting up prices, and yet it is what people in general think of as inflation and presumably dislike. If the bias toward services gives this unprecedented American economy an unlooked-for stability, that same bias may hold out the prospect of a constant—though slow—rise in the cost of living.

Almost Back to Normal

WITH Mr Dulles, miraculously restored to health, returned to the State Department and prepared to resume his travels and with the President in Georgia playing golf at the end of a telephone line, Washington is almost back to normal. So, to some extent, are its relations with America's European allies. As the Suez withdrawal began, so the "tough line" also began to soften—sooner than had been expected, but none too soon, in the opinion of many newspaper commentators. The emergency plan, to ensure that as much oil as possible will go to Europe from America, is being acted upon and the United States has now turned its attention to the longer-term aspects of the middle eastern conflict. Mr Dulles is going to the North Atlantic Treaty meetings in Paris to patch up the alliance and settle "misunderstandings," although he considers them a less important problem than that of achieving peace with justice and renouncing the use of force. Nor does he as yet hold out any promise of the three-power meeting with the President which the French and British would like.

At least the Administration is again practising what it has always preached; that the economic strength of America's allies must be maintained not for their own sakes but because it is essential to the strength of the United States. This is the argument being advanced in favour of the British request for a waiver of the interest due on the American loan. From first reactions it appears that Congress is prepared to accept the argument, which is fortunate since the Administration insists that the waiver must be approved by the legislative branch of the government. But it will be at least a month before Congress, not now in session, considers the request. While the delay will allow time for resentment against Britain to die down, it will also allow time for objections to generosity to grow up.

Grounding the Army

IN the past fortnight the American Army has suffered grievously in substance and in sentiment. It might have been easier to say farewell to the last remaining carrier pigeons and mules, which are being replaced by helicopters and other mechanical devices, if their departure had not synchronised with a sharp setback to the Army's most forward-looking aspirations. The Secretary of Defence,

Mr Charles Wilson, last week made a series of major rulings on the boundary lines between the armed services. If sustained, they will douse the Army's hope that the coming of the guided missile would outdate the Air Force's arrogant "concept of 'air power' as an entity apart from other types of military power." The decisions had obviously been preceded by an acute struggle in the Department of Defence, since Mr Wilson had to use his power of last resort to take them on his sole responsibility. The Joint Chiefs of Staff had failed to come up with a joint recommendation, a fact which of itself practically guarantees another outburst of congressional curiosity about the conflict of forces within the Department.

By far the most significant of the decisions are those which deny the Army any missiles with a range of over two hundred miles and severely limit the type of tactical air support which ground forces can maintain under their own command. The most immediate practical effect of the two hundred mile limit is to disabuse the Army's research station at Redstone, Alabama, of any idea that their service will be allowed to own the Jupiter, an intermediate range ballistic missile with a maximum reach of 1,500 miles, which is being developed there,

But although this issue is the more spectacular, the clipping of the Army's tactical wings has more direct relevance to the basic argument between the Army and Air Force. The Army accuses the Air Force of concentrating exclusively on the problems of total war and of failing to provide aircraft for the long-range airlift of mobile divisions that might be required at very short notice in a limited war—if, for instance, it had been American policy to use force recently in the Middle East. The types of supersonic jet aircraft on which the Air Force spends its money are also said to be quite unsuitable for the tactical support which ground troops need in the new conditions of rapid dispersal and concentration and the disappearance of clearly defined battle areas. Mr Wilson evidently decided that he had better stamp on this line of thought before it led to a case for a second "Air Force within the Army." From now on the Army is only to have aircraft for observation, reconnaissance and the airlift of men and material strictly within the immediate battle zone.

Negro Switches

SINCE the election Negro leaders have been predicting optimistically that the dramatic switches in the coloured vote which it revealed will have a pronounced impact on the next Congress's attitude to civil rights for Negroes. The four million Negroes who voted—in a total poll of sixty-one million—are mainly concentrated in the decaying hearts of the great cities. No one doubts that in a presidential race which was closer than the last one these Negroes might make the crucial difference in several key states with large electoral votes. This time, the more detailed electoral figures now coming in from the individual wards show that in all but two of the major cities there was a swing of some sort from Mr Stevenson in 1952 to Mr Eisenhower in 1956.

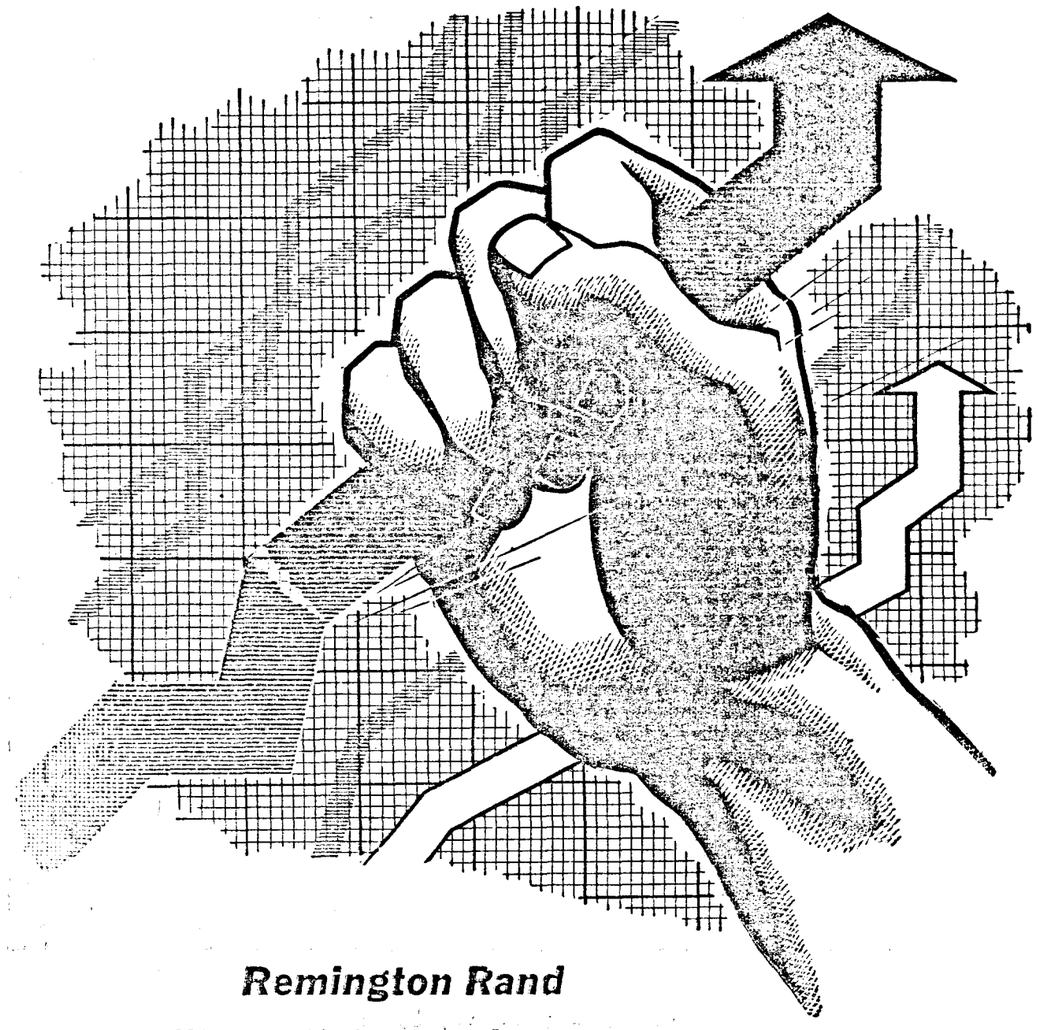
The Negro switch reached striking proportions in the South. For instance, the President only retained Tennessee, which he had captured by an exceedingly narrow margin in 1952, because a Democratic trend among the white voters was more than counterbalanced in the coloured wards of Memphis. An all-Negro ward in Atlanta, Georgia, increased its Republican vote from 33 per cent in 1952 to 87 per cent last month, and a similar precinct in Richmond, Virginia, gave Mr Eisenhower 72 per cent in 1956 compared with a mere 8 per cent four years ago.

In the North, where social issues and loyalties are not quite so totally overlaid by racial considerations, the trend was less extreme but probably more worrying to the Democrats, since there the parties are more evenly balanced. In a few northern cities, especially Chicago, readiness to vote Republican was much more marked in the districts where the growing coloured middle class lives than it was in the slums. Between different cities there was substantial evidence that Negroes were consciously out to reward local political leaders who had shown good faith over matters of civil rights. In Detroit, where a liberal Governor, Mr Williams, was leading the Democratic campaign, the vote for Mr Stevenson in several completely Negro wards fell in four years only from 91 to 87 per cent. By contrast the almost total switch to the Republicans of the Negro wards in Baltimore, in the border state of Maryland, first occurred not this year but in the state election of 1954, out of gratitude to the Republican Governor for the prompt manner in which he had backed up the Supreme Court's decision over racial segregation in schools.

Steel in Demand

AFTER producing at full capacity for twelve weeks in succession, the American steel industry is nevertheless faced with the prospect of government controls over the distribution of those steel products which are in shortest supply. The most acute scarcity is of steel plates used for building ships and railway wagons and for large welded pipes; also short are structural shapes for building and drill pipe and other "oil country goods" needed by the petroleum industry. Only cold rolled sheets, the type of steel most wanted for motor cars, are still in adequate supply. And, although the recovery of the automobile industry's demand for steel has been somewhat hesitant, continued success for the 1957 cars could soon take up any slack on that side of the mills—especially if any cold rolled sheet capacity were to be converted to produce more steel plate.

The heavy demand for steel plate and tubular products has developed independently of the Suez affair. For the first time since the war the shipyards are enjoying healthy order books, containing contracts for both dry cargo freighters and passenger vessels for the shipping lines which are helped by government subsidies, and for large tankers negotiated privately with the oil companies. On the railways, the shortage of rolling stock, which has long been evident, has already brought orders for 120,000 new goods wagons. The additional demands arising from the closure of the Suez Canal are still more prospective than real. If the plan to build fifty super-tankers is given some more concrete government support, it could raise by as much as 10 per cent the present demand for scarce steel plate. If producers are encouraged to step up oil drilling programmes in Texas and Louisiana and measures are taken to extend the network of



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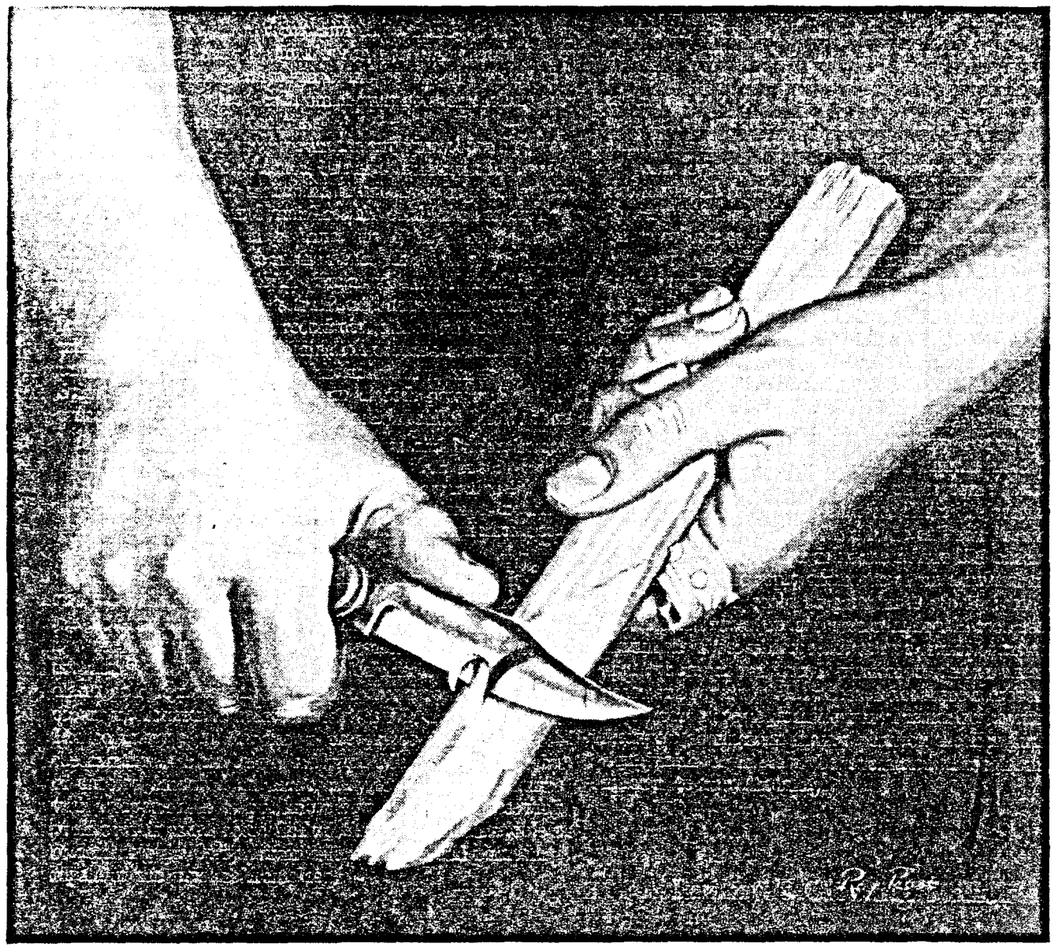

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pipelines, a further substantial increase in the supply of steel pipe will be required.

Although these new demands have not yet been made, the knowledge that both the tankers and the pipelines are urgently required and that steel supplies will presumably become even shorter is already having a strong psychological effect on steel buyers. The shipyards, in particular, complain that they are getting 20 per cent less steel than they need and that, unless the government intervenes to give them priority in the distribution of steel plate, they will soon be receiving an even lower proportion. But if priority is given to the shipyards it could hardly be denied to other strong claimants, such as the builders of railway wagons. This raises what to many is the unattractive prospect of the resurrection of a comprehensive allocation system similar to the one operated during the Korean war. Meanwhile, the steel companies can press, with more chance of success, their pleas for tax concessions to help them to build new facilities for the production of steel plate, pipes and other scarce products.

Votes to Deliver?

FROM A CORRESPONDENT RECENTLY IN NEW JERSEY

MR EISENHOWER'S spectacular triumph last month in New Jersey dealt a severe blow to one of the country's most famous political machines and jeopardised the career of Governor Robert Meyner, one of the leading candidates for the Democratic presidential nomination in 1960. By polling nearly two-thirds of the votes cast and doubling the majority he gained in the state four years ago, the President helped to oust two Democratic members of the House of Representatives and very nearly achieved the defeat of a third. His accomplishment in becoming the first presidential candidate ever to carry all twenty-one New Jersey counties struck to the very roots of Democratic strength in the state.

For thirty years under the unbroken personal rule of the late Mayor Hague, Hudson County (which includes Jersey City and its environs just across the river from New York) had been a Democratic bulwark. Its huge Democratic vote usually overwhelmed Republican power in the rest of the state. Four years ago General Eisenhower carried New Jersey but not Hudson County; this time he swept the county by the almost unbelievable majority of 66,000 votes. In his wake, little-known Republican candidates captured one House seat from Jersey City and, after a recount, narrowly missed winning a second, although both had long been safely Democratic.

This revolution marks the final decay of the old-style party machine built on immigrant loyalties and political favours. Since Mr Hague yielded the leadership of the party a decade ago, his political heirs have been squabbling over his fiefdom and slowly dissipating it. Repeated disclosures of endemic corruption have had disruptive effects which his successors, unlike the dead boss, have not been able to check. Poles and Italians grew restive in an organisation in which the Irish monopolised the places of power. Finally, fifteen years of prosperity gave the poorer voters a new sense of status and diminished their need for the services and patronage of the local party officials.

The Democratic organisation in Hudson County this year did no work for Mr Stevenson, because it presumed that he could not win, and did no work for its congressional candidates because it presumed that they could not lose. The machine counted on the voters' habit of Democratic regularity to bring success on November 6th; when that day came, the habit had disappeared. The question in Jersey City as in Boston, New York, Chicago, and other metropolitan centres is no longer whether the Democratic organisation will deliver the vote but rather whether it any longer has a vote to deliver.

★

The outcome in Union County, where the Democrats lost a second seat in the House, shows this political revolution carried to its second stage. The election there was unusual in several ways. In this suburban district, made up predominantly of business men and their wives, 92 per cent of the registered voters cast their ballots. The district had never gone Democratic for any office before Representative Harrison Williams captured it in a by-election three years ago. He won then because the Republican organisation made the mistake of nominating a conservative stalwart of routine talents, and the voters rebelled. Mr Williams lost this year because the same organisation, having learned its lesson well in the meantime, chose Mrs. Florence Dwyer, an articulate exponent of Mr Eisenhower's "modern Republicanism." Since both candidates waged their campaigns on a liberal and internationalist platform, the voters chose Mrs Dwyer by a narrow margin largely because she was a member of the President's party.

If Republican organisations in other parts of the country were to emulate the ability of their colleagues in the Sixth District of New Jersey to learn from experience, it would be easier for Mr Eisenhower to rehabilitate and modernise his party. Likewise, Mr Williams, an uncommonly attractive young politician, polled in defeat some twenty thousand votes more than Democratic candidates for local offices; the Democrats in New Jersey and elsewhere might therefore infer that the nomination of candidates with an appeal to independently minded voters offers their best hope of countering the loss of Hudson County and those other crumbling urban strongholds.

Because New Jersey is one of the small number of states where gubernatorial elections are held in odd-numbered years in order to keep them clear of the public's devouring preoccupation with the presidential contest, Governor Meyner goes to the voters in 1957 to seek another four-year term. His decisive re-election would materially enhance his stature as a Democratic presidential possibility; at the same time any Republican who unseated him would score an impressive personal triumph. The size of Mr Eisenhower's victory banished Republican defeatism about the chances of knocking out the popular Mr Meyner. The Republicans now eager to dance on his political grave include such notables as Mr Bernard Shanley, an influential member of the President's personal staff, and, less likely, Mr William Tompkins, an Assistant Attorney-General, and Mr Douglas Dillon, the present Ambassador to France. Mr Meyner has been an energetic reform Governor and, like Representative Williams, he has a political appeal that cuts across party lines. If he is opposed next year by a champion of "modern Republicanism" such as Mr Shanley, the election is likely to provide an important clue as to which party can benefit more from the current political changes.

Moving the Oil

NOW that some official sanction has been given to the efforts already made by individual companies to supply more oil to Europe, the regulatory authorities in the producing states may be prepared to play a larger part than they have so far. Louisiana has increased its permitted production rate by 200,000 barrels a day since the emergency began, and Oklahoma has raised its "allowables" by 45,000 barrels a day. But Texas, which accounts for 40 per cent of America's oil output, and has the most shut-in capacity, has so far raised its allowables by only 75,000 barrels a day.

There is now no major barrier to producing an extra 600,000 barrels a day of oil, although it will take time to reach this level, but the success of the operation depends on the availability of pipelines, barges, and even rail tank wagons to transport the extra oil from the inland fields to the loading points on the Gulf Coast.

Spare pipelines from West Texas, which has most of the state's excess production capacity, are particularly difficult to find. Some West Texas crude has even been sent by pipeline as far north as Illinois, and then back down the Mississippi by barge, in a costly manoeuvre to reach the Gulf coast loading ports.

On present estimates, not more than half of the anticipated increase in output could be shipped off the oil fields. If the Texas Railroad Commission were prepared to depart from its usual practice and allow specially high production quotas to those fields most readily accessible from the coast, part of this difficulty could be overcome. Emergency shipments of American crude oil to Europe in November, which reached a rate of over 300,000 barrels a day by the end of the month, were mainly drawn from crude stocks, but withdrawals cannot continue at anything like that rate. The high level of crude oil stocks throughout the United States is not a reliable indication of supplies available for export, as most of the stocks are held inland and can be moved to the coast only with the greatest difficulty.

Manufacturing Energy

FROM A SPECIAL CORRESPONDENT

TWO hundred and fifty industrialists from thirty-one countries of the western world have just been attending the third international conference of the National Association of Manufacturers in New York. During the four days of the meetings formal speeches were limited and the accent was on "shirt-sleeve" discussions between American industrialists and their foreign counterparts. The adjective must be understood in a figurative sense only; in the dignified ambience of the Plaza Hotel, the assembled manufacturers displayed no more linen than the dictates of Savile Row and Jermyn Street permit. The general mood was sombre. A dominant concern was the inordinate amount of energy which would be required if economic activity were to continue to expand; capital needs were also discussed in terms calculated to dampen the optimism of the expansionists.

Two of the main topics were automation and company organisation, but chief attention was devoted to the industrial applications of nuclear energy. This part of the programme was sparked by Mr John Jay Hopkins, president of the General Dynamics Corporation, which built the first atomic submarine. He called for the creation of an economic and scientific community of countries outside the Soviet block, patterned on the North Atlantic Treaty Organisation. This group would be a

> flexible alliance of the free world nations, aimed as much at eradicating poverty through the wide-scale application of nuclear power as at providing rapidly a world-wide equalisation of energy resources.

A Swedish industrialist, Mr Sven Ture Aberg, stated that the Suez crisis has "given European business men and statesmen the impetus that was needed to accelerate atomic energy programmes." In the closed round table meetings, however, many reservations were expressed about the rapidity with which atomic power would be available on a wide scale. British delegates appeared especially dubious about the immediate future of the small package reactor, a piece of hardware which is of particular interest to the less highly developed nations.

SHORTER NOTES

The appointment by the President of a special representative, Mr Tracy Voorhees, to co-ordinate private and public efforts to help Hungarian refugees was quickly followed by steps to quadruple the number who can go to the United States. Over 20,000 refugees will now be admitted as "parolees" under the basic Immigration Act: this enables the Hungarians to be brought in quickly, without the usual processing, but, if they wish to remain permanently in the United States, special action by Congress will be needed.

★

The final party position when the House of Representatives meets next January will almost certainly be 234 Democrats to 201 Republicans, compared with 232 to 203 in the last Congress. The counting of absentee ballots in the undecided districts has in each case given the seat to the incumbent. Thus in the end the Democrats did not win a seat in either Washington or Nebraska and the Republicans won only two, not three, in New Jersey. Altogether 20 seats changed hands, with the Democrats winning 11 and the Republicans 9. There is still a vacancy in New Mexico, where the candidate died, but there seems no doubt that the Democrats will hold this seat.

★

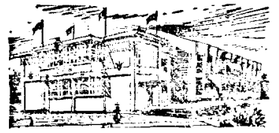
The temporary injunction which stopped the dock strike officially two weeks ago—in practice delays continued for some time—has now been extended by the court until February 12th.

★

The National Industrial Conference Board has begun a new statistical survey of capital spending by manufacturers. Each quarter it will publish in *Newsweek* magazine the answers to a questionnaire on how much has been appropriated by a company for capital outlays during the preceding three months, how much has actually been spent, and how much is still outstanding.

BRITISH MAURITIUS

Future Bright on Sugar Island



Little Maria is a child of Mauritius — island of sugar far out in the Indian Ocean. Maria's mother wants her baby to grow up healthy and happy and to enjoy some of the comforts of life. But the fruits of civilisation seem a long way off, for Mauritius has only limited resources. Projects like the 10-year development programme of the island's Central Electricity Board with its new power station at Port Louis, the capital, are a hope and an inspiration to the people of Mauritius. Perhaps the future is bright for little Maria.

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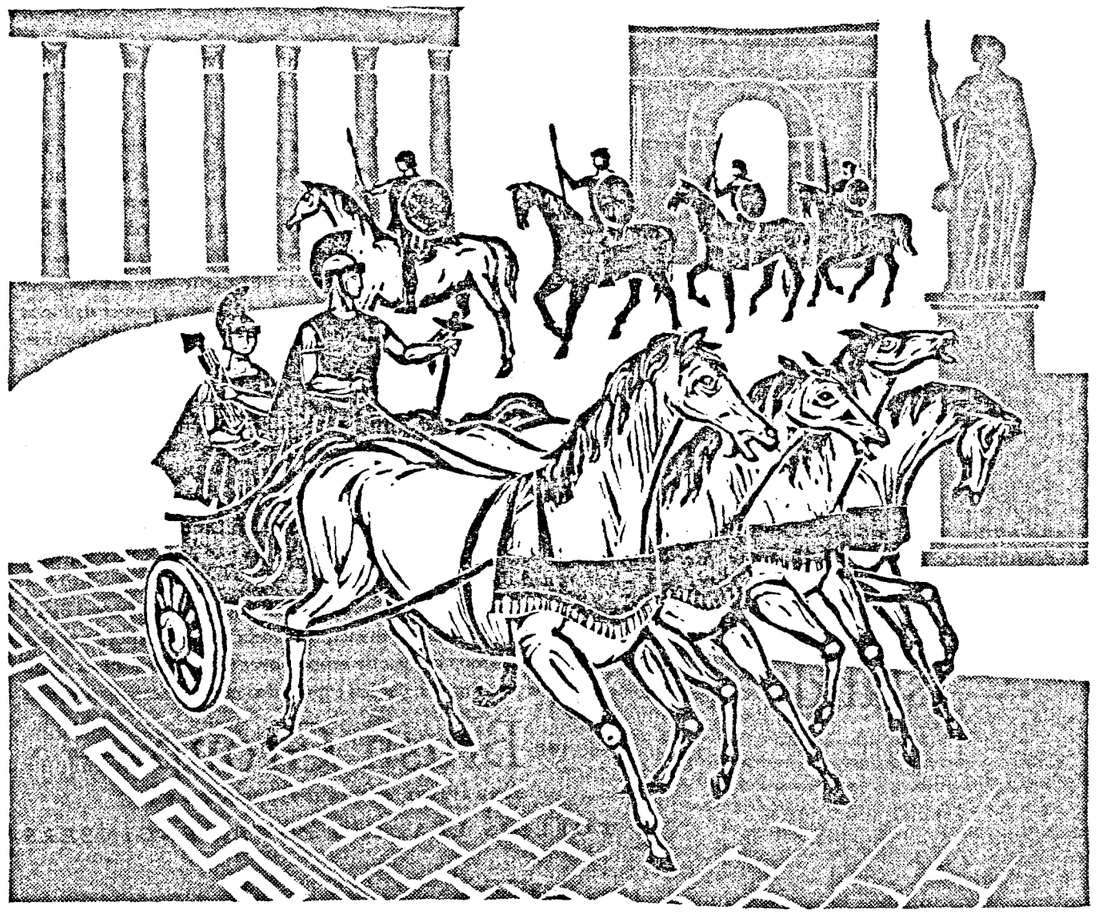

Not a matter of form...

WHEN IT CAME TO HORSES the Romans thought more of colour than of form. That is why when Julius Caesar returned in triumph from his second African expedition the chariot in which he drove was, by order of the Senate, drawn by a team of milk-white horses. For the Romans believed that white horses were specially favoured by the gods, and naturally wished to afford their valued leaders every protection under the sun.

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The World Overseas

French Afterthoughts

FROM OUR PARIS CORRESPONDENT

THE almost total lack in France of critical discussion of the problems involved in the Suez intervention, and particularly of its effects east of the canal, could easily be taken as a symptom of public apathy and of a dangerous shrinkage of French awareness of the world. Yet, for many Frenchmen, the events of the year in North Africa, the Middle East and Eastern Europe have in fact torn the veil from many brutal realities. Their changes of attitude in 1956, though not violent, show every sign of having been, and of continuing to be, profound.

The most visible effects have been on the left. The Communists' support of the Russian repression in Hungary has probably not lost "the party" its clients (it remains the great champion of the French working class); but it has dealt a crippling blow to its drawing-power. Since the Popular Front and the Resistance, the Communist party, as the torch-bearer of the revolutionary tradition, has exerted an influence over liberal minds which is almost unimaginable in Britain. The Communists have been the "tough," the "pure," revolutionaries. The left-wing reformists who, bred in the same revolutionary tradition, have been forced in government to compound with the Right because, having broken with the Communists, they had not the power to impose their views, have been all too aware of being the "softies." Thus, Communist influence has gone far beyond the party. Its part, for example, in French anti-Americanism could hardly be exaggerated. But the Hungarian upheaval has led the party to offend against the most hallowed traditions of 1789, 1848, and the Commune. Jean-Paul Sartre, and an obscure delegate to the congress of the federation of primary school teachers, where the Communists had a bad time, used almost the same phrase: "Had we been Hungarians, we would have been among the shot and you among the shooters." In 1956, the Communists have for the first time appeared as possibly not the party of the revolution.

This blow confirms the trends of recent years, for instance, in the union movement and among politically conscious youth. The communist-led CGT (much the strongest labour federation) has displayed an unwonted neutrality over Hungary in order to avoid a split—and nevertheless lost some votes to the non-communist unions in welfare committee elections in several major plants. This weakens the party's political control of the labour movement, which was already sapped by the decline of the unions after the political strikes of the forties and their relative revival during the recent boom as a result of strictly wage negotiations. As for intellect, an eminent educationist, writing in *Le Monde*, has noted how the students at the Sorbonne have been moving to the non-communist (but anti-colonialist) left. A few years ago it was normal for fifty of the 200 students at the élite *Ecole Normale Supérieure* to be party members. Today, perhaps ten are.

Unfortunately, the "reformist" parties, caught in the Algerian imbroglio, are in poor shape to snap up the heritage. The Socialists have disappointed left-wing opinion, especially over Algeria; and the Algerian crisis, which was the main cause of French interest in Nasser, drags on. The position of M. Mendès-France, who now leads only half the Radicals, but whose name still has magnetism, is ambiguous. Over Suez and Algeria alike, anxious to maintain his prestige but also to keep in touch with the Socialists, he has dissociated himself from government policy without opposing it. He half-plays the cards both of anti-colonialism and of "national renovation." The moderate left has contributed its full share recently to the nationalist mood of a frustrated country—a mood which should normally favour the right. Hence the pessimism of left-wing intellectuals like Sartre and Duverger who fear coming "fascism" and, though grateful that Poujade "is an imbecile," ask who will succeed him.

Is this fear justified? Not even General de Gaulle in the hungry forties, scared by Communism, was able to sweep a new, right-wing Radical party to power. Today, one could only succeed with the assent of the orthodox parties. Unless the coming economic crisis turns out to be worse than it is reasonable to suppose, it is hard to see anyone obtaining this support. If the situation seriously deteriorated—and despite mounting criticism the distribution of parliamentary seats gives the government an immensely strong position—a national coalition, from the socialists to the conservatives, would be much more likely.

It should not be assumed that, even with such a coalition, French policy would necessarily freeze in postures of denial. The leaders of the right are M. Pinay, who is said to believe that Algerian nationalism is a fact that must be reckoned with; M. Reynaud, who has been outspoken against Suez; and M. Edgar Faure, who saw early in 1955 the need for Moroccan independence. The ally they most seek is the MRP which has been more forward lately than the government in suggesting Algerian reform. The Right is much more nationalist than some of its leaders over Algeria. But the precedent of last year's votes on Morocco shows it may be more adaptable when it comes to the point than

its instinctive reactions would lead one to conclude.

Another important factor of adaptability is that whatever their resentment of America, or disbelief in Uno, the failure of the Entente Cordiale to impose itself at Suez has chastened most Frenchmen into realising that an "independent" policy is impossible. It is M. Mendès-France himself who pointed out last weekend: "It is an error for a country like ours to try to play a subtle game between America and Russia. . . . At a time when Russia is acting as she is doing in Hungary, let us not allow a dangerous gap to grow between America and ourselves. Otherwise, one day, we might learn they were directly settling their affairs together—and even ours."

In these circumstances, the Suez crisis has considerably strengthened the "European" case in France. The ambition to build up atomic power resources as rapidly as possible in order to circumscribe Europe's future dependence on Middle East oil has put a favourable wind in Euratom's sails. It is also possible for the first time to detect in the French press a friendlier note on Germany. The Germans, too, quite apart from their reluctance to rearm, now seem dwarfed by Russian and American power. And the reasonable agreement over the Saar this summer has offered a striking contrast with incessant trouble elsewhere. The French never really expected to obtain the canalisation of the Moselle from the Germans and the gratification of their desire has had its effect. Big industry's hostility to integration plans, which was a major cause of the rejection of EDC, has given place to guarded approval of a common market. There is less resistance than six months ago to M. Mollet's European policy.

Whatever the line taken, either the expansive one, through European unity, or the restrictive one, through some kind of nationalist self-absorption, the aim will be the same: greater independence of the truly great powers. The choice will depend mainly on Algeria and the economic situation. The "Europeans" have lately been marking up points partly because recent prosperity has encouraged the jettisoning of protectionist attitudes. Were the oil shortage, by hastening a serious balance of payments crisis, to lead now, or later, to much graver economic difficulties than the authorities hope, the ever-present spirit of nationalism could still take control. As long as the Algerian crisis lasts, the emotions that encourage nationalism will continue to be stimulated.

Choice for Canada's Conservatives

FROM OUR CORRESPONDENT IN OTTAWA

THE people of Nova Scotia, who are generally reckoned to be the most canny and phlegmatic of Canadians, have achieved a political change which was beginning to seem impossible. They have thrown out their provincial Liberal government after 23 years of uninterrupted rule and substituted a Conservative administration under Mr Bob Stanfield in its place. Thus they have broken the long run of provincial elections in which existing governments of every conceivable political hue have been re-elected without difficulty. The Liberal party now controls only three provincial administrations—Newfoundland, Prince Edward Island, and Manitoba.

In these prosperous times, when everybody had seemed to be content with whatever government they had, Nova Scotia's revolt had the makings of drama about it. It could have been taken, even, as a warning to the federal Liberal administration, preparing for a general election next summer, that governments can be overthrown even after 23 years. But Nova Scotians do not care for the dramatic. This was no sudden, impatient demand for a change. It had been coming over the Nova Scotians, very gradually, for the last eight years that, after all, it was probably time the other fellow had a chance.

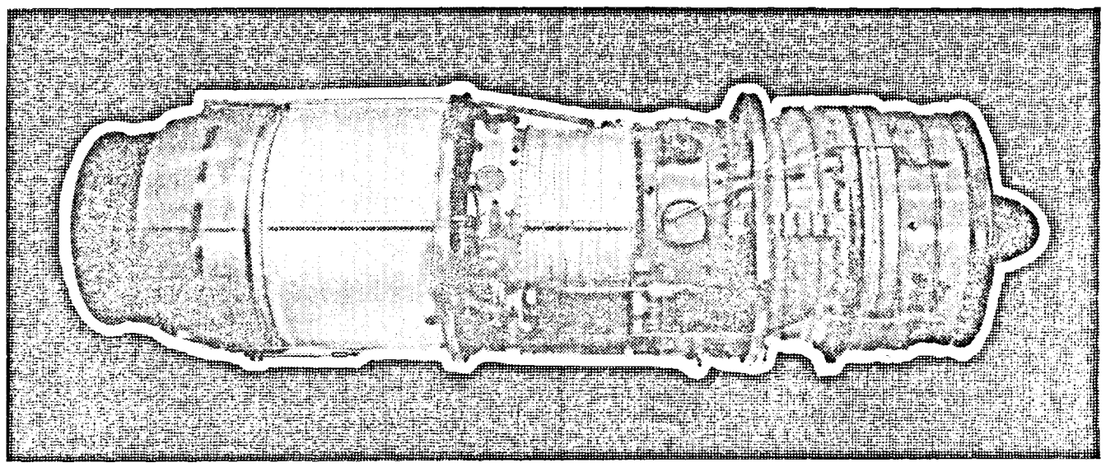
This is now the second of the Atlantic provinces to turn Conservative after long years of Liberal rule; New Brunswick made the break in 1952. It would have been a tremendous encouragement to the federal Conservatives at Ottawa, if it had not been for the retirement of Mr George Drew as their leader. As it is, the Nova Scotia victory finds the federal party in the throes of a rather dismal attempt to choose a new leader. Mr Drew had been carrying such an appalling load of hard work and responsibility that he simply broke down under the strain, just when his leadership was at last beginning to show signs of starting a revival in the Conservatives' fortunes. Hopes were high that, even if the Conservatives had no chance of winning the 1957 election, they might at least make substantial gains.

A Party Convulsed

Mr Drew's retirement, in circumstances of some personal tragedy, has shown up more clearly than before the inadequacies of the other leading members of his party, and the even more serious lack of any proper research organisation to serve the party. Mr Drew was driven by the former circumstance to take the lead himself in countless debates which the Prime Minister could easily leave to his colleagues; and by the latter to do himself nearly all the work of preparing his speeches. The party is now convulsed trying to select a new leader. It might be wiser to be more worried about providing a proper central organisation to support the leader it does choose.

With an election to be faced next summer, the Conservatives had not had time, even if they had the inclination, to try to find another leader from outside the ranks of the federal MPs. The choice, to be made at a national convention which opens on Monday, will have to be made between four or five contenders, each of whom has almost as much to be said against him as for him. Leading the race at this stage is the one Conservative who has consistently held a seat in Saskatchewan. He is a lawyer named Mr John Diefenbaker, just turned 61, who tried for the party leadership at its last convention in 1949. People have sometimes said that he is really more of a Liberal in outlook than a Conservative. He is an impressive platform speaker, and this weighs very heavily in his favour among Conservatives who are primarily concerned to win as many seats as they can at the next election. But his Liberal opponents in the House of Commons, who have closely diagnosed all the weaknesses of the possible new leaders, claim that his characteristic parliamentary role, as an outraged prosecuting counsel, has long ceased to cut any ice.

Mr Diefenbaker's chief rival is also a perfect contrast. He is another lawyer, this time from Toronto, called Mr Donald Fleming and is 51 years old. He is somewhat ponderous as a speaker and quite lacking in humour. But he has



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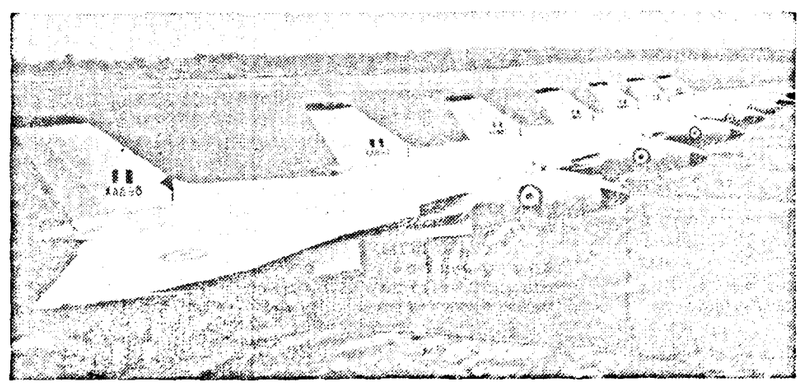
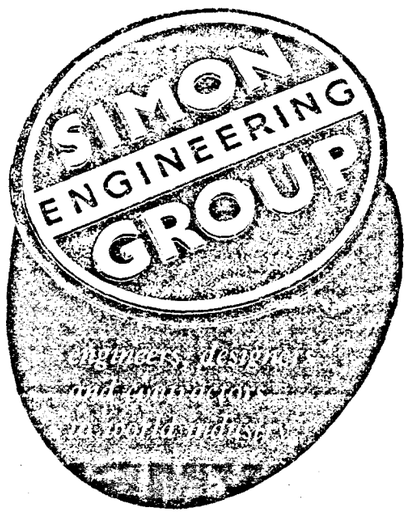


Avro Vulcan B1 bombers, for RAF Bomber Command, are powered by Bristol Olympus engines.



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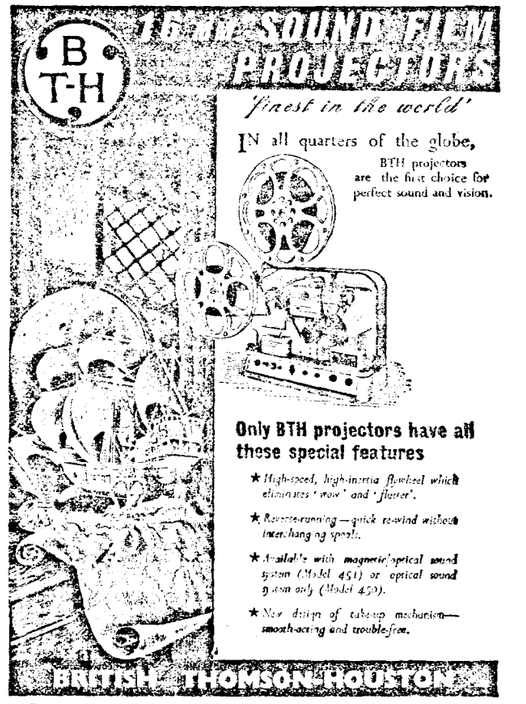

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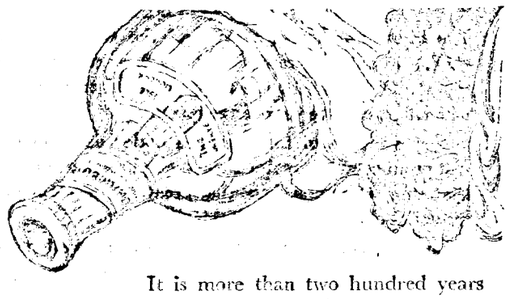
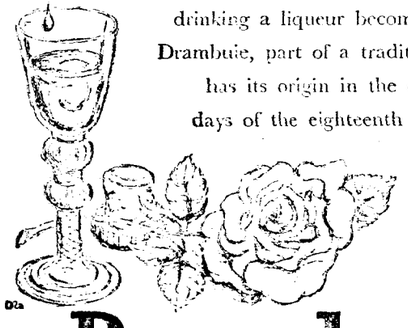


It is more than two hundred years since Drambuie was first brought to Scotland by Bonnie Prince Charlie. The pleasant custom of drinking a liqueur becomes, with Drambuie, part of a tradition that has its origin in the colourful days of the eighteenth century.



Drambuie

always done his homework. The Liberals say they are not afraid of him because he is too earnest and unexciting to capture the popular imagination. But they readily acknowledge that in the House he has to be taken seriously, because he briefs himself studiously and fully. Mr Fleming also has the advantage of speaking French with some fluency, and of having taken great pains over the years to try to cultivate friendship with Quebec. Mr Diefenbaker will not be so well regarded, it seems, by the French-speaking voters.

The youngest declared contender for the leadership is from Kamloops in the interior of British Columbia, Mr E. Davie Fulton, who is just 40. If the Conservatives felt that they could ignore the pressing challenge of next year's election and pick a leader to build up for the future, they might well choose Mr Fulton. He is attractive, youthful and red-headed in appearance. He is diligent, persistent and intelligent. But it will probably be felt that he does not carry enough guns to lead the Conservative battlefleet into action next year.

It is indeed a fleet lamentably short of big ships. Its best immediate hope is to present the appearance of such responsibility, cohesion and discretion that Canadian voters will be prepared to take the risk of turning to it as a tolerable alternative to the Liberal party. But, whoever the new leader is, the Conservatives will find that it is useless to expect a frigate to shoot like a battleship. Their real test will be whether they can furnish some intellectual artillery behind the scenes.

Apartheid at the Assembly

FROM OUR UNITED NATIONS CORRESPONDENT

MR ERIC LOUW has announced South Africa's partial withdrawal from the United Nations in protest against UN "interference" in South African domestic affairs. South Africa "will in future maintain only a token or nominal representation" at Uno and its chief delegate, Mr Donald Sole, is to return home. Mr Sole is one of those able men who is held in high personal esteem, even affection, by many who deplore the internal policy of his government. Mr Louw will remain in New York with two colleagues "until there is an easing of the present tense international situation," but South Africa will not participate in the ordinary business of the General Assembly except when budgetary questions arise.

Three South African issues have regularly arisen at the United Nations: *apartheid*, the treatment of persons of Indian or Pakistani descent, and the status of South-West Africa. These issues raise conflicting principles. The South African government insists that they are matters "essentially within the domestic jurisdiction" of a state and therefore outside UN competence. The Bandoeng countries, on the other hand, assert that what is happening in South Africa is a denial of "human rights and fundamental freedoms for all without distinction as to race. . . ." Each party accuses the other of only relying on the Charter when it is advantageous to do so.

The Afro-Asian countries presumably do not believe that discussion at Uno has a moderating effect on South African policy; indeed, the evidence points the other way. But it is their belief that forthright condemnation of the Union's racial policy gives aid and comfort to the oppressed peoples of South and South-West Africa. Debates take place, resolutions are adopted, reports are prepared, commissions are established, not with the idea of persuading the South African Nationalists to give up *apartheid* but in the hope that in this way the flame of resistance to racial oppression can be kept alight in South Africa.

On purely legal grounds the South African government has a much stronger case than its opponents admit. The UN Assembly has unquestionably discussed matters which are essentially of domestic jurisdiction, though whether such discussion constitutes "intervention" is open to question. But what has rankled most has been the fact that some of the most outspoken critics of South African race policies have been representatives of countries where there is little regard for human rights.

Unfortunately little is known in South Africa of the constructive and non-controversial activities of the United Nations. South Africa is one of only a handful of countries that do not contribute to Uno's extra-budgetary funds for refugees, technical assistance or its emergency fund for children (UNICEF). To most white South Africans the United Nations is merely a place of ignorance and prejudice. South Africa will not be attracted back into full UN membership unless efforts are made to evoke the co-operation of the Union government by demonstrating that it is in South Africa's interest to co-operate more wholeheartedly in the activities of the United Nations.

Libya on the Fence

FROM A CORRESPONDENT

LIBYAN resentment at British and French behaviour in the Middle East is unlikely to go beyond protestation. Libya's rulers are not only good nationalists: they are also practical business men. Libya, like Jordan, is dependent on foreign aid; but its rulers, unlike Jordan's, cannot stall with talk about handing the hat round to rich Arab neighbours since there are none. And already worried by Egyptian influence in Libya, they are determined not to extend it.

The Libyan House of Deputies is now considering a private motion calling for the abrogation of the Anglo-Libyan treaty. But in his speech from the throne last week the prime minister, Mustafa Ben Halim, said no more than that the treaty should be reviewed, and while condemning aggression in general terms, avoided naming Britain as villain. Although the prime minister played down British military aid (placing it second to the much smaller help received from "our friend the United States"), the extent of the British contribution has in fact exceeded Libyan expectations. Moreover, Britain has a good friend in King Idris who is by no means a powerless monarch. But if the tie between the two countries remains intact, it will be more through necessity than goodwill.

Feelings towards France are more bitter than towards Britain; the severity of French action in Algeria has caused more lasting ill-will than the Anglo-French action in the canal zone. And feelings were exacerbated by the recent interception of the aircraft carrying nationalist leaders. The presence of French troops in the Fezzan was also straining Libyan patience. When France last week ratified its agreement to withdraw immediately, a battalion (half the

total Libyan army) was on its way to enforce evacuation. Although it is almost inconceivable that the Libyans would in fact have ever attacked the French garrisons, the gesture indicates the strength of anti-French feelings.

But although the British are in bad odour and the French disliked, there is no love lost for the Egyptians. Egyptian influence entered Libya to fill the vacuum left by Italian colonialism and the British military occupation. Since the Italians had made virtually no attempt to train Libyans for responsible posts (and the British had not had time to), the country has had to draw heavily on foreigners. Although Britain supplied most of the army and police officers, many jobs were better filled by Arabs—and Egyptians were available. The pro-Egyptian tendencies of the students is directly attributable to this influx of Egyptian teachers.

Alarmed by the extent of Egyptian influence, the prime minister is doing his best to limit it. Mustafa Ben Halim was himself educated in Egypt and, according to some accounts, born there, but he is an astute politician who puts Libyan nationalism well before any Egyptian sympathy. Three cabinet ministers who were known to be pro-Egyptian have recently "resigned," including the minister of education who had been largely responsible for bringing in Egyptian teachers. And some days ago the Egyptian military attaché, Colonel Sadek, was summarily expelled. This diplomat had made himself thoroughly disliked by his efforts to stir up a riot in protest against British action in Egypt. With arrogance, energy and generous funds he had tried unsuccessfully to secure official cooperation, and was eventually discovered by the police in possession of cases of explosives and, apparently, some hundreds of machine guns. As an obvious sop to Egyptian feelings, Mr Greatorex, the first secretary at the British Embassy and a close friend and adviser to the king, was also told to leave the country.

Libyans have strongly resented Egyptian tactics throughout the present crisis. In order to circumscribe the energies of Egyptian agents, the government imposed a curfew at nights and posted armed police at all key points. At the same time all foreign information centres were closed, a ruling which was clearly aimed at the active Egyptian centre rather than at the relatively ineffectual British or American centres.

Libya, which will be celebrating its fifth anniversary of national independence on Christmas eve, is a proud country determined not to be subservient to the policies of Egypt or any other state; and the designation last week of an heir to the throne is an encouraging sign of stability and progress.

Economic Power for Afrikaners

FROM OUR CORRESPONDENT IN SOUTH AFRICA

SINCE the days when the "poor whites" flooded the towns in search of work, Afrikaner leaders have been bitterly conscious of their small stake in the commercial life of South Africa. Although dominant in politics and agriculture, the Afrikaner in commerce takes second place to the South African of British origin. Nationalist Afrikanerdom made its first big move to correct this deficiency in 1938 when a co-ordinating body was formed to mobilise resources to win for the Afrikaner his "rightful place" in the economic life of the country. But recently the campaign has been stepped up. The Nationalist party leaders, assured of political control for as long as Afrikaner unity is preserved, have embarked on the next stage of their plan to dominate South Africa: a drive to make the Afrikaner nation fully capable of taking charge of every aspect of the Union's economic affairs.

The prime minister, Mr Strydom, summarised the position when he spoke recently at a conference of Afrikaner business men in Cape Town. It was most unhealthy, he said, that one group, the Afrikaners, should be primarily concerned with agriculture while the other, the English-speaking section, possessed nearly all trade and industry and therefore the greatest sources of wealth. A more equitable distribution of wealth between the two groups would contribute to better relations between them. He described as "shameless, brutal and provocative" an alleged boycott of Afrikaner business undertakings. This boycott is news to almost everyone, but the Nationalists are making great play with it in their efforts to whip up Afrikaner patriotism.

The campaign is being launched on moral as well as practical grounds. Differences of language, education and culture are being exploited as propaganda levers to ensure that "Afrikaner supports Afrikaner business." This bending of Afrikaner cultural ambitions to economic ends was openly demonstrated at a recent meeting of the Federation of Afrikaner Cultural Societies. The more the Afrikaner is isolated by language and education, the more, according to the conference, he is likely to support the Afrikaner commercial and banking concerns as a patriotic duty. The cultural societies must continue to spread their doctrine of isolationism until "the ideal of an economically independent Afrikaner nation has been realised. . . ."

The air at this cultural conference was uneasy with fears and dark warnings. The conference leaders urged the people not to live in a fool's paradise but to wake up and prepare for the struggle ahead. The enemies in this struggle were not named but are not hard to identify: white, black or coloured who oppose the hegemony of Nationalist Afrikanerdom. Professor Thom, Rector of the University of Stellenbosch and chairman of the conference, warned the delegates that despite all the victories won in the last quarter century in the fields of language, literature, education, religion, economics and politics, the struggle was far from over. There were still people, unfortunately, who preferred newspapers in English to those in Afrikaans; there were still some who did not believe in separate schools for the children of the two language groups. Wealth and luxury were in danger of softening the Afrikaner.

The movement towards cultural isolation will have succeeded when the Afrikaner feels unpatriotic if he uses a non-Afrikaner bank, insurance company or retailer. Already many individuals and, more important, public bodies are moving their accounts and trade to Afrikaner concerns for no reasons other than racial. But the movement is still a long way from success.

Although in the last twenty years the Afrikaner has gone into retail business and has established banks, insurance companies, building societies, finance corporations and co-operative concerns, there is still a tremendous leeway to make up. Mining and industry generally is still in non-Nationalist hands. The next major Nationalist effort is likely to be in the direction of wholesale trade, for here the party feels it can gain the support—and money—of all good Afrikaner Nationalists. Already considerable progress has been made in the drink and cigarette fields.

Indonesia's Restive Soldiers

FROM A CORRESPONDENT IN DJAKARTA

CONFUSED, but persistent reports that a group of army officers was trying to stage a military coup have recently been keeping Djakarta in a state of suspense; the political temperature became as hot as the local equatorial climate when Major Djuhro, the commander of the Djakarta garrison, used a loud speaker to order troops who had gone to the Kada Stadium, to return to barracks. But this proved to be only a precautionary measure, "to keep an umbrella open in case of rain," in the Indonesian phrase, and nothing more happened.

According to the newspapers the coup was originally planned for last August when on the orders of Colonel Kawilarang, who was then commanding in West Java, an attempt was made to arrest the foreign minister, Mr Abdulgani, on charges of corruption. Officers came to his house at six o'clock in the morning, a few hours before he was due to leave for London to head the Indonesian delegation to the first Suez Canal conference. Only the intervention of the prime minister, Dr Sastramidjojo and the army chief of staff, General Nasution, prevented the arrest, and, according to the newspapers, simultaneously foiled the coup. Further attempts, said to have been planned for October 5th and November 20th, never materialised.

Colonel Lubis, the former deputy chief of staff, and General Nasution's principal rival, was summoned three weeks ago to account for disobedience to military orders, but he disappeared from Djakarta and so far has not been found. Several other high-ranking officers from the army headquarters have been arrested. Their object, if the newspaper allegations against them are true, was to overthrow the government and establish a military dictatorship to deal with the "steadily deteriorating internal situation." Neutral observers believe that the opposing faction in the army has similar aims. This group is led by General Nasution, who at the moment is supporting President Soekarno (the president dismissed him after a military rebellion in 1952), and who exercises wide powers, including control of the recently established press censorship. General Nasution advocates fighting corruption through the legal government. In a recent nationwide broadcast he said that "dissatisfaction and disappointment were prevailing in Indonesia," and in some cases had led to "slackness, passivity and even despair." But he added that Indonesians must continue to strive for improvement; and now that a government based on the results of last year's general elections has been installed they could work for improvements in all fields.

A Risky Dream

Dissatisfaction with corruption, mismanagement and red tape is not confined to the army: it is to be found throughout Indonesian society. President Soekarno recently suggested that the solution lay in a "guided democracy" without parties. The vice-president, Dr Mohammed Hatta, has warned the country that it would go the way of Chiang Kai-shek and China if corruption was not stamped out. The pro-government Nationalist party newspaper, *Suluh Indonesia* said that some people, apparently inspired by the Egyptian revolution, were dreaming of a military junta to put an end to red tape and corruption. But it warned that it might also put an end to the Indonesian republic and there was a danger that there would be not one, but many, military juntas. "Let us therefore forget this risky dream and try to find other means to improve our country." The independent *Indonesia Raya*, which has been crusading against corruption for months, has called on the prime minister and his government to resign if they cannot solve the complicated problem of the army nor find out the real cause of "the present bad conditions." Certainly the arrest of a few officers has done nothing to solve the dissensions within the army or remove the causes of the widely felt dissatisfaction with present conditions.

Americans on Okinawa

FROM A SPECIAL CORRESPONDENT

IS colonialism necessarily evil, or sometimes an evil necessity? If you are doing an obviously good job for people not yet able to do it themselves, should you quit when some of them tell you to? And, if you feel you can't quit, what do you do about your critics?

Some able American military officers on the Pacific island of Okinawa have recently had to ask themselves these questions. As Americans, their instinct is to frown heavily on colonialism in whatever disguise. As practical administrators, however, they know differently. Indeed, some of them have been so moved by their recent experiences as to describe the Okinawans as politically backward children who respect authority but can hardly be expected to understand democracy—terms that would rejoice the hearts of any surviving Blimps.

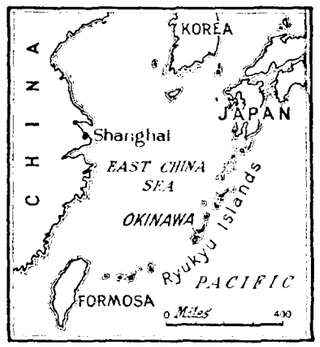
Two things about Okinawa are undeniable: first, that the United States has devoted enormous amounts of time, trouble and money to increasing the islanders' welfare; second, that Okinawa's political structure very closely resembles that of a not quite self-governing British colony. The United States has spent some £62 million on purely economic aid to Okinawa, and is spending some £18 million a year on military construction. Over £3 million has been spent on building schools for island's children; £5 million of American counterpart funds are loaned on a revolving basis to Okinawa businessmen, with some startling results in a community which, before the war, mainly occupied itself with growing sugar-cane and sweet potatoes: one enterprising middle-aged ex-carpenter and his four brothers now control half the island's new business, including construction, warehouses, a food company, shipping, lumber, and cinemas. The islanders' standard of living has risen rapidly. Their death-rate is less than 40 per cent of the prewar figure, and they spend $400,000 a year on Coca-Cola.

It is of course true that probably none of this would have happened if the United States had not decided to turn Okinawa into a military base. There is inevitably a good deal of bureaucracy. RYCOM (the Ryukyu Islands Command) dominates USCAR (the US Civil Administration of the Ryukyus) which in turn undoubtedly dominates GRI (the Government of the Ryukyu Islands). Okinawa has a legislature, with 29 members, but the chief executive is appointed by the American deputy governor. Okinawans grumble about this. They grumble about people having to carry passes to enter military areas. Above all, they grumble about the land which the Americans occupy.

There are 680,000 Okinawans, and the density of population is 1,270 per square mile. On Okinawa there are

40,000 Americans, and they occupy 10,000 of the island's 80,000 arable acres and are alleged to have displaced 34,000 local families. Financial compensation has been offered but indignantly refused: the islanders are demanding seven times more rent than the Americans initially offered, plus large lump sum payments.

On this land issue, the Americans have pointed out that the "displaced" families had in fact already been displaced by the war, and that most of them have found employment, and enjoy a standard of living considerably higher than their former subsistence level, as a result of the impetus given to the island's economic development. The population is increasing at the rate of 20,000 a year, and a shift from the land was becoming inevitable without American intervention, which came in time to offer the Okinawans an alternative to large-scale emigration or Malthusian starvation. Yet there is a general readiness to believe that far from aiding Okinawa the United States is ruthlessly exploiting it.



Japan's Interest

The administrators faced their first severe test when some students of the university defiantly joined in communist-sponsored "Yankee Go Home" demonstrations. Under Japanese rule, Okinawa never had a university. The Americans provided one and equipped it with a magnificent $200,000 library. Under pressure from the university's endowment fund, the Okinawan principal expelled six of the students. The students did not pause to ask what severer weapons either Okinawa's former Japanese masters, or the communists, would have employed in similar circumstances. But the Americans have disdained to use this argument. On the contrary, they are conscience-stricken.

Japan takes a deep interest in Okinawa and the Japanese press vigorously plays up the islanders' grievances against the Americans. Japanese Socialists and even some conservatives argue that if the Americans got out of Okinawa, Japan would stand a better chance of getting other islands back from Russia. Many if not most Okinawans would probably welcome a reversion to Japanese rule, though it was never conspicuously benevolent. The Americans cannot accede to these arguments, and not only because Okinawa is a military base and is likely to remain so for years to come. There is another argument besides the military one. Before the war, Okinawa's imports were valued at about £4 million and its exports at about £3 million: Japan financed the deficit. But today, while Okinawa's exports have risen to some £6 million, it is importing at the rate of £21 million. In other words, its new postwar economy is completely geared to American spending, with all that that means in the way of employment for the island's rapidly increasing population.

The dilemma is not unfamiliar to colonial administrators. Some Americans are angered by what they feel to be persistent distortions of the facts of the situation, and are moved to mutter darkly about unrest on the island being all the work of a handful of agitators. "The simple chap down there in the rice paddy," they insist, "*likes* us." Others, while not entertaining any illusions about being especially liked, sincerely feel that their presence is beneficial. They belong to the small but growing number of Americans who, as a result of personal experience, would no longer return the traditional and dogmatic American answers to the questions with which this article began.

Hungarian Refugees in Austria

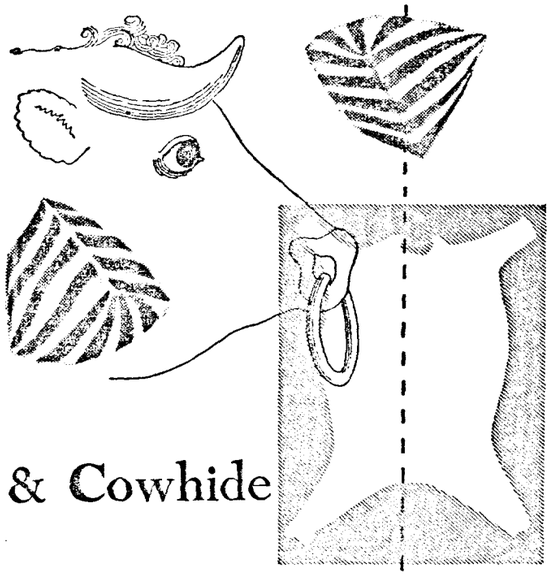
FROM AN AUSTRIAN CORRESPONDENT

THE number of Hungarian refugees has now passed the 100,000 mark and—though at considerably reduced speed—several hundred are still daily crossing the Austrian frontiers. The grave problems presented by this mass exodus, both material and moral, are obvious. So heavy has been the demand for accommodation that in Vienna some schools have had to be handed over to provide temporary shelter with the result that at other schools lessons have had to be spread well over into the evening hours. Many difficulties arise in trying to make arrangements to send the refugees on to those countries willing to accept them. Some of them seem reluctant to move too far away from their country while others will only agree to go overseas in order to be "far enough from the Russians." The foreign selection commissions have very naturally tried to pick the best workers from the crowd. This has caused some anxiety among Austrians lest they should eventually be left with too many of the more undesirable elements.

Probably a minority of the refugees have fled their country because of a direct danger of persecution. By far the greater part have either been victims of panic or have taken the first chance to leave a country that offers no prospects of an easier or better life. The proportion of conscious opponents and active fighters is naturally highest among the young people. I have met some who fled because of attempts to coerce them into fighting against their own people with a Russian soldier on each side. A young archæologist from the National Museum in Budapest said that he had decided to leave chiefly because he was afraid of being deported. He maintained that there was no system in the deportations. A few days earlier a friend of his had been queueing for bread when a group of Russian soldiers jumped off a truck and seized a number of young people from the crowd. By sheer accident his friend had managed to escape. Another young scientist gave a very convincing account of the peaceful and disciplined first rising by the students and their moderate demands. He had no doubt that had these been fulfilled there would have been no bloodshed in Hungary.

There are plentiful supplies of clothes, food and money not only from Austrian homes but from countries all over the world. Unfortunately there are some among the refugees who are ready to make the most of a life without work, some who trade their gifts for money and others who through various channels manage to get hold of enough money to buy on a large scale. To be sure, such people are only a minority but experience shows that they may easily do damage to the great majority of refugees who fully deserve every consideration and help.

Bull's-eyes & Cowhide



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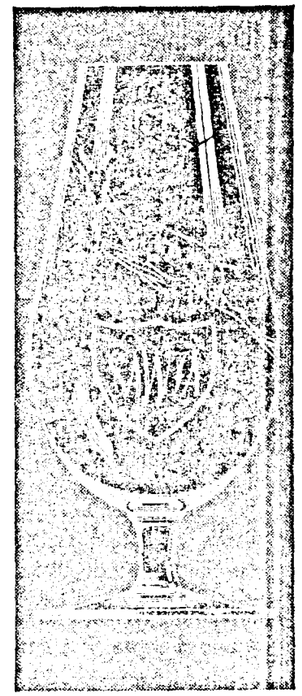

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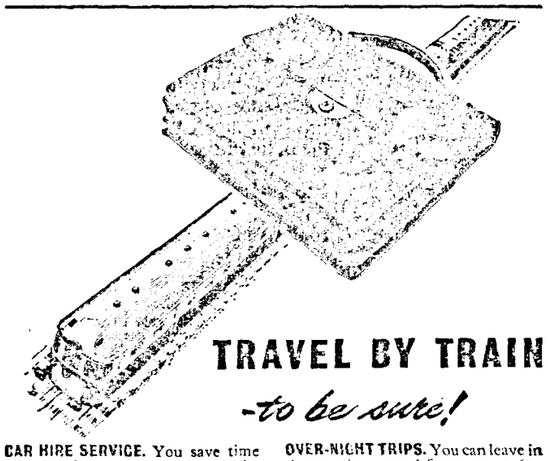

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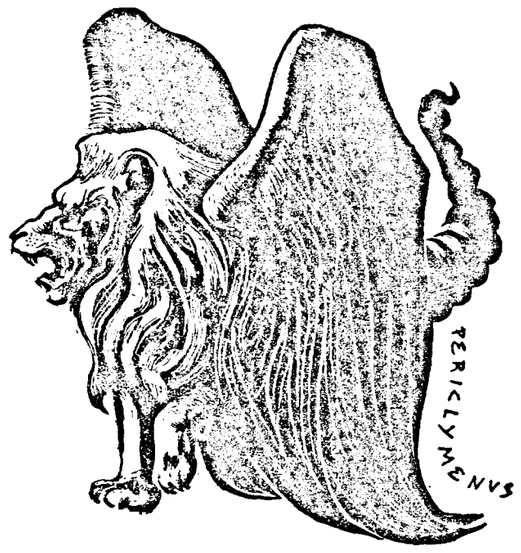

PERICLYMENUS, son of Neleus, possessed boundless strength and the power, given him by the sea god, Poseidon, to transform himself into every conceivable shape. Taking full advantage of this useful gift during the siege of Pylos, he changed rapidly from lion into serpent, from serpent into scorpion, thence into an ant and into an eagle and finally he combined all these shapes, to the vast confusion of Heracles, who was attacking the city. Thus he became " very famous " which is the meaning of his name.

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THE BUSINESS WORLD

Money's Role

IN his attempt to shape domestic economic policy to the problems that spring from the Suez crisis, the Chancellor this week gave first place to monetary measures—" control over bank and other forms of credit." But all he said about these measures was that they must be " firmly maintained and if need be strengthened." Like many other people, he evidently doubts whether a strengthening would serve any useful purpose at this stage. His reaffirmation need not, it seems, be taken as a warning that any deliberate toughening, such as a further rise in Bank rate or official tactics that would put new pressure on gilt edged, is to be expected. The emphasis put upon the continuance of existing measures does, however, imply that they are regarded as having worked, up to date, more or less according to plan, in spite of the crisis. How far is this true ?

The aims of monetary policy were this year set out with more than usual clarity. In the second half of 1955, after Mr Butler's blunt " request " to the banks to reduce their advances, the monetary authorities had been widely criticised for putting too much reliance upon this arbitrary control of bank advances and paying too little attention to the volume of money as a whole. To keep due control over the total volume of bank deposits, the authorities have to keep due control over the supply of liquid assets to the banking system, and in particular over the supply of Treasury bills. Recognition of this basic principle led early this year to a good deal of discussion of the possibility of new devices for regulating bank liquidity—either by the imposition of compulsory but variable liquidity ratios or by the switching of part of the Treasury's floating borrowings from Treasury bills to a non-liquid security, such as the wartime Treasury deposit receipt. But in the end the Treasury and the Bank of England acknowledged not only the importance of controlling the total volume of credit but also the desirability of doing so by the accustomed means. A large part of Mr Macmillan's budget, it will be recalled, was designed for this purpose. The savings drive and the new method of financing the nationalised industries were intended to minimise the Treasury's recourse to floating debt and to facilitate funding operations, and thus to guard against any undesirable expansion of credit. And this orthodox plan was to go hand in hand with the " directive " control.

In the event the performance of monetary policy has fallen short of these apparent intentions. By the time of the budget the cutting edge of the directive had already been blunted, in the sense that whatever reduction it achieved in advances was being more or less offset by new lendings either under old commitments or in response to new sanctions for purposes regarded as in the national interest. Over the whole period from March to November last, the total advances of the clearing banks declined by only £23 million ; allowing for an estimated net increase in the overdrafts of the nationalised industries, borrowings by the private sector probably declined by some £40-45 million, but they have been rising slightly in recent months.

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Much more significant than this minor net contraction of bank advances has been the big expansion of other forms of credit. In the seven months up to the eve of the Anglo-French action in Egypt, net bank deposits rose by no less than £287 million, to £6115 million, whereas in the similar period of 1955 they had fallen by £14 million. Moreover, this rising trend had been steepening, as can be clearly seen from the behaviour of the index of deposits compiled by Lloyds Bank, which is corrected for seasonal variations. The credit restriction that started with the rise in Bank rate to 4½ per cent in February, 1955, brought the index down

from its peak of 112.0 (1948=100), reached in that month, to 104.6 by April last. It held that level for three months, and then started to rise again, reaching 105.3 in September and 105.6 in October.

The direct source of this credit expansion was the borrowings of the Treasury, as reflected in the banks' liquid assets: these rose over the seven months by £353 million (compared with a rise of only £240 million in the similar months of 1955) and in July/October they rose by £219 million (compared with £149 million). Their ratio to deposits, which in March

CREDIT TRENDS SINCE THE BUDGET
(London Clearing Banks)

	Net Deposits	Liquid Assets	Advances	Investments
Mar.–July, ...1956	+160	+134	+ 25	Nil
1955	*+ 20*	*+ 91*	*+111*	*−183*
July–Oct., ...1956	+127	+219	− 67	− 26
1955	*− 34*	*+149*	*−170*	*− 12*
Mar.–Oct.....1956	+287	+353	− 42	− 26
1955	*− 14*	*+240*	*− 59*	*−195*
Oct.–Nov. 1956	− 27	− 55	+ 20	+ 8
1955	*− 14*	*+ 84*	*− 52*	*− 48*

last stood at 33.1 per cent, its lowest this year and a relatively comfortable minimum, rose by October to 37.1 per cent, compared with only 33.8 per cent in October, 1955. In spite of the success of the new savings certificate, introduced in August, it seemed evident that the official grip was loosening, willy-nilly.

Then, in November, the credit trend changed. The banks' latest monthly statement, covering a period of five weeks, three of which fell within the new phase of the crisis, shows a contra-seasonal fall in net deposits, by £27 million, carrying the index down by 0.6, and an even sharper contraction of liquid assets. Hence the liquidity ratio dropped by 0.7 per cent, and, at 36.4 per cent, is now only 1.4 per cent higher than at the corresponding date last year.

This abrupt reversal of the behaviour of deposits and liquid assets, coming in the very month of the début of the premium bonds, might suggest at first glance that the Chancellor's plan was beginning to work out after all. Unfortunately, this comforting conclusion cannot be drawn. The premium bonds, sales of which totalled about £30 million during the period, made a notable contribution, without, it seems, significantly impairing the good performance of other "national" savings. But the big new factor was the severe loss of gold, representing sales of foreign exchange by the Exchange Equalisation Account and thus providing the Treasury with sterling that enabled it correspondingly to reduce its borrowings from the domestic banking system. Given the size of the gold loss, it is indeed rather surprising that the contraction of bank credit and of liquid assets was not even larger; but there are grounds for thinking that the true domestic expenditures of the Government may have been somewhat larger than appears from the Exchequer return.

These latest movements do not, therefore, mean that there has been any corresponding check to the easing of monetary pressure that had been proceeding during the previous seven months. The banks report that during November the withdrawal of foreign deposits as such was not large; but much of the counterpart of the gold drain must represent a running down of funds that were held, in various forms, on foreign account or for the purpose of making external payments. In other words, the extinction of deposits in consequence of a pressure upon sterling and a drain upon reserves does not afford, except perhaps to a very minor degree, any true disinflationary relief. The deposits that are thus extinguished are mainly those that would have been kept idle in any case, and did not form part of the domestic money circulation.

This point is important in appraising the credit trend not only during the intensive phase of the crisis but also during the earlier months. The external influence was not suddenly reversed in November; on the contrary, it was sharply intensified. Aside from some brief fluctuations, the short position in sterling has been building up throughout this year, and especially since the Suez pressure began at end-July. Over the whole period, as the Chancellor pointed out, the volume of

CREDIT TRENDS IN NOVEMBER

	Nov. 21, 1956		Change on Month	Change on Year
	£mn		£mn	£mn
Deposits	6,355·4		−20·8	−46·3
'Net' Dep*.....	6,088·2		−26·9	−23·6
	£mn	%†		
Liquid Assets	*2,310·5*	*36·4*	*−54·6*	*+69·7*
Cash	527·6	8·3	+17·3	+ 7·5
Call money	406·4	6·4	− 2·6	+14·8
Treasury Bills	1,275·0	20·1	−71·1	+59·8
Commercial Bills	101·5	1·6	+ 1·8	−12·4
Investments and Advances.	*3,857·1*	*60·7*	*+27·4*	*−91·5*
Investments	1,975·2	31·1	+ 7·9	−62·9
Advances	1,881·9	29·6	+19·5	−31·6
To State Boards	*87·9*	...	+ 5·7	...
All other	*1,794·0*	...	*+13·8*	...

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

external balances has been steadily reduced. This means that the potential inflationary effect of monetary policy has throughout been greater than might be judged from the rise in total bank deposits: the true domestic circulation has been rising faster than can be seen from the published figures.

If the principal factors are analysed separately, it appears that the most important influence making for credit expansion this year has been the swing of the current external balance of payments from deficit into surplus. If the effect of the capital strains on the reserves are left out of account, it seems that the additional pressure put upon the Treasury's sterling finances by this saving in the external current account has more than offset the improvement in its domestic finances as such. Thanks to the sharp fall in borrowings by local authorities from the Public Works Loan Board, and the good flow into National Savings—the Treasury's domestic requirements have been less than in the similar period of 1955, in spite of the sharp deterioration of the above-line account, contrary to the budget forecasts.

The improvement in the external current account, which put a new internal strain on the Treasury's borrowing programme, was, however, the very object of the whole exercise. And if monetary policy really had been working according to plan, the Treasury would have been meeting its additional requirements by correspondingly stepping up its sales, if not of "savings" securities, then of marketable gilt-edged securities, thereby avoiding the undesired rise in bank liquid assets and deposits. Actually, it seems to have been securing the additional finance partly by sales of gold to meet the external capital strain and partly by increased domestic borrowings on Treasury bills. In short, if the crisis is to be blamed for the indifferent performance of policy as judged by the budget aims, the argument has to rest upon the weakness of the gilt-edged market and the unwillingness of the authorities to add to its difficulties by pressing their sales still further. In the special circumstances, it may be argued, there was no need—or even point—in striving thus to prevent credit expansion. But it is certain that, when monetary pressure is demonstrably needed again, a corresponding problem will again arise

A Chance to Clear the City?

"MOTORISTS have a tough enough deal already," said Mr Harold Watkinson at a press conference last week; and in the House this week, reporting that the shortage of petrol had already reduced traffic in Central London by about 10 per cent, he added, "I am entirely opposed to banning motorists from any area of London or using the difficult and temporary petrol situation for the same purpose." This is all very sporting—and certainly nobody could accuse the Government of recent undue favours to the motoring voter. Cars occupying free parking space along the kerbsides of inner London are going to gum up traffic for other motorists rather less than usual during the coming months of rationing, simply because there will be fewer of both. But nobody, seriously, has put forward any practical proposals to the Minister of Transport that he should ban any motorists from any roads anywhere in London. He has, to his honour, already committed himself to a sensible principle of charging for kerbside parking. And the committee he appointed to decide where he could usefully put parking meters to regulate short-term and long-term parking has now given him the answers. Does the Ministry really propose to use an unexpected opportunity to put its chosen policy into practice as yet another excuse for doing nothing?

It probably does not. The Minister, and local authorities can obtain the legal powers under the new Road Traffic Act to instal parking meters, but the meters have to be ordered, made, and delivered. He has already said that during the coming lull in city motoring he will take the opportunity to get on with road repairs and extensions as fast as possible. If the lull should last long enough for a start to be possible on putting the meters in, no scruples about being beastly to the motorist would be likely to deter the Minister. He has already braved a good deal of opposition from "organised motorists," resolutely defending this application of the pricing mechanism as the best way of rationing available street space among motorists who want to stop after the needs of those who want to keep moving have been observed. And the latest count of vehicles parked during the day at kerbsides in this inner area—before the petrol shortage eased matters—showed that in many districts virtually all the space available was already filled.

An idea of the scale of parking charges that the Minister had in mind was given by Mr Molsom during the third reading debate on the bill last June. He envisaged a shilling for one hour, two shillings for two hours, and steeply rising charges for longer periods—up to 7s. 6d. or 10s. This is the right balance. The car commuter would have to pay a fairly heavy rent for the road he occupies all day. More room would probably be left for the short-term parker who may come in to spend money in the city's shopping areas, or actually to do business around the town, not merely to occupy the streets as well as the offices. The local authority, or the private developer, might once again be given an economic inducement to build more off-street garages. At best, these charges for street parking which imposes such heavy costs on other road users should allow site developers to obtain a return on garages comparable to those fetched by building offices. At the least, they might make it as expensive to drive in and park in the city centre as to park the car in a parking lot away from the congested centres of big cities and finish one's journey by public transport.

London Transport has now provided 41 "fringe" car parks at strategic Tube stations, but the value of this particular palliative for the problem of urban traffic congestion should not be over-rated. For many people who drive in the marginal cost of motoring is probably lower than parking, say, at Stanmore and paying a couple of shillings to come by Tube to the city; and the time saved does not outweigh the inconvenience of

strap-hanging at peak hours. Those who are persuaded will be making their own tiny contribution to the congestion on the inner lines of the public transport services. These services, in their turn, are inadequate to the peak loads they have to carry, and last week the Minister set up another committee to encourage the staggering of working hours. This is the third such committee so far, but at least it will have some executive powers. Further efforts to regulate and improve traffic flow can be made under the new Road Traffic Act by raising the speed limit on main urban access roads to 40 mph and by introducing "experimental traffic schemes" in London—one-way systems, perhaps variable according to the time of day. Within the present limits set for total spending on road investment, too, Mr Watkinson is placing an emphasis upon improving the major thoroughfares in and around congested cities as well as upon constructing the fast, new motorways and wider trunk roads that will unload more traffic to circulate in them.

All these measures—designed on the one hand to adapt traffic demands to the roads that are available and on the other to step up the traffic capacities of urban areas—form the seeds of a respectable policy. They will not bring traffic demand and capacity quickly into balance. But neither would any programme attuned to the practical needs of today. It would be equally unrealistic to seek a balance by major reconstruction of cities to match the transport demands that have arisen from their unplanned growth—or conversely to press for some form of licensing system for "downtown traffic." With the costs of constructing new roads in inner London reaching up to £10 million a mile, counting the purchase of site values, reconstruction of urban traffic routes will have to be tackled primarily as part of the constant process of renewal, as areas are gradually cleared and redeveloped.

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The beginning that may now be made in tackling the apparently intractable problem of urban traffic seems to be on reasonable lines, presuming it can be put into practice rapidly and sustained over a lengthy period. But two important needs for traffic policy in the cities must be stated. The first is that the problem in each urban area ought to be considered as a whole and not as a series of separate, though related questions. The second is the need for a better scientific basis to traffic studies. The lack of both has been commented upon recently by PEP in two valuable broadsheets on the traffic problem† and by the Road Research Board in its latest annual report; while the second recently appears to have attracted the attention of the Minister of Transport. Short courses on "traffic engineering" have been given by the Road Research Laboratory and by some universities with the laboratory's help. But the staff of the laboratory is heavily loaded with its own investigatory work.

The weakness at the basis of the present road programme may be illustrated by the paucity of accurate information about the volume and pattern of traffic in built-up areas. Isolated studies have been made of particular stretches of road and of individual intersections, but no large-scale "origin and destination" surveys have been made in the London area or in any other major British city to determine where traffic comes from and where it wants to go. These are now a regular feature of urban transport planning in the United States; common enough for "traffic consultancy" to have arisen as a profession to fill the demand.

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It is the lack of such comprehensive surveys that causes so many approaches to the problems of urban traffic to be lop-sided and sectional. Considerable study and discussion have been devoted in Britain this year to the possibilities of urban motorways, fast feeder roads with restricted access that would lead into the centre of British cities the motor traffic that hopes to be able to keep up high speeds between them on the arterial motorways. As such, these urban motorways would offer major economies. Yet the experts who discussed them this summer—offering plans in quite considerable detail for London, for example—possessed inadequate data to take any accurate account of where these traffic lines into London would fit into the existing and projected pattern of other road and transport services—and whether, by attracting in more motor traffic, they might intensify congestion in the city centre. Similarly, it may be admitted that some of the most sensible things said about urban transport in Britain recently have come from spokesmen of public transport—but even their best arguments always have a slight flavour of propaganda.

The problem created by the outward city sprawl, with a high concentration of employment in the centre and a wide diffusion of residential areas on the periphery, is basically that of the surges of transport demand that arise twice a day into and out of the inner areas. This is the concern of both private and public transport. American students of this problem, which is intensified across the Atlantic, are increasingly suggesting that the complete transport needs of a city should be considered and organised by a single executive authority. It is certainly too early to suggest any such single executive authority for transport in and out of London—though there are probably too many sharing the powers today, some of them thoroughly out of touch with modern ideas about traffic. But to centralise the responsibility for the study of the developing transport needs of this city and its vast catchment area—using existing investigatory bodies, among others, but seeing the problem whole—is a more modest proposal. What the planning of urban transport in British cities needs, in more senses than one, is adequate intelligence.

† Solving Traffic Problems: I—Lessons from America; II—Plans for Britain. Political and Economic Planning. 2s. 6d. each.

Business Notes

How Much from the Fund?

THE Chancellor has caused some surprise by his announcement that he is prepared if necessary to lean on all three of the immediately available reinforcements to the reserves—the International Monetary Fund, the Government's dollar securities and the waiver; but it seems likely that the biggest contribution will come from the Fund. The Chancellor has stated simply that the Government is making an immediate approach to draw on part of Britain's quota of $1,300 million. On the basis of the liberal interpretation of its articles that the Fund has shown in recent years, it may be expected that at least $236 million, the amount of Britain's initial gold subscription, will be available automatically, and that a further $325 million (representing Britain's first credit tranche at IMF, comprising 25 per cent of its quota) could be drawn with little formality. In mid-October, France was granted a stand-by credit for $263 million, absorbing its gold tranche and its first credit tranche.

A loan from IMF is obtainable on cheaper terms than could be arranged with any other official agency or from private sources. The drawing of $236 million would carry only a single service charge of one half per cent; further drawings that raise the Fund's holdings of sterling up to 25 per cent above Britain's quota, would be charged interest on an ascending scale. This starts at 2 per cent on the Fund's excess of holdings after three months, rising to 2½ per cent after eighteen months and by a further one half per cent after every subsequent six months, reaching a maximum of 5 per cent on excess holdings after more than four years. Credits from the Fund are normally expected to be repaid within three to five years.

The Dollar Stocks

THE biggest element in Britain's second line of currency defence—the dollar stocks belonging to the Exchange Equalisation Account—has been mobilised. The Chancellor has promised to use them if necessary as collateral for a loan "from the appropriate agency of the United States." That unnamed agency must clearly be the Export-Import Bank and the Chancellor is assured that its help would be promptly available if requested. As a result all those who may be interested in sterling now know a little more about the strength of this second line of defence. The securities are worth between $750 million and $1,000 million. They are mainly a mixed bag of American industrial stocks, but there has also been a small amount—about $60 million—of US Treasury short-dated stocks. The Chancellor seems to have no objection to selling those Treasury shorts to raise dollars quickly and indeed just over half the total was sold and brought into the November gold figures.

The stocks are the residue of those collected from British subjects during the war and deposited as security for the Reconstruction Finance Corporation's line of credit of $425 million, against which $390 million was actually drawn and which was always well covered by its collateral. The loan was finally repaid in 1951, partly out of the investment income arising from the collateral portfolio, and partly out of sales. Eventually the British Government repossessed the remaining collateral, handed back to their former owners those of the securities that had been borrowed and retained most of those that had been bought, though it allowed a few former owners of the bought securities to repurchase. It also offered on the London market for the appropriate dollar premium during 1955 two lots of $15 million and then announced its intention of making further sales without prior announcement. From those various offers the Government broker still has a tiny residue to sell. An unknown but relatively small quantity of US Treasury shorts was sold in August this year, when an attempt was made to support security sterling by curbing the premium at which dollar stocks were selling in the London market. Clearly the rise in the Wall Street market since 1941 is mainly responsible for the present high value of the Exchange Account's portfolio, but it is not possible to calculate out of what figure that $750-$1,000 million portfolio has grown. The Treasury has never disclosed how much stock it sold to repay the RFC loan, or how much it returned to its prewar owners.

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One operation in the chain can now be seen to have been unfortunate. The sale of US Treasury stocks rather than American industrials in the London market this summer was made against the advice of some at least of the City experts. Those Treasury shorts would have been useful now. The City has not failed also to notice that Mr Macmillan has quite properly said nothing at all about Britain's third line of currency defence, the dollar stocks that remain in private British ownership. The curious cannot even estimate their value, but since 1947, when they must have stood at almost nothing, they have been swelled steadily by the funds of immigrants, bequests, and capital transfers. With a dollar premium always ruling in London the total can only grow and never shrink. There is no reason to suppose that holders of them need worry.

Invoking the Waiver

THE Financial Agreements of 1945 with the United States and Canada laid down specific conditions in which a year's interest (but not the instalment of principal) on the two loans could be waived. When the first instalment on the debt fell due at the end of 1951, the British Government, after long deliberation, decided not to invoke the waiver clause, although it seemed certain that the technical conditions had been satisfied. Last year, following the autumn drain in the reserves, Mr Butler explored the possibility of invoking the waiver, and discussions were held with the US Treasury. It quickly became apparent that the original conditions could not be sensibly interpreted in the changed circumstances. This year, as Mr Macmillan has now revealed, the British Government has submitted a formal claim for a waiver to the United States (which if granted would apply also to the interest on the Canadian loan and would mean a total saving to the reserves of $103.8 million). The Government has been assured that the US Administration will submit the proposal to Congress when it meets next month "with the definite recommendation that appropriate modification of the present language be made to carry out the spirit of the original intention." Pending the formal sanction, Britain will pay the $103.8 million of interest on the two loans from the reserves to a special holding account; but the end-year payments will still include $71.7 million in repayment of principal besides the other special loan instalments listed below.

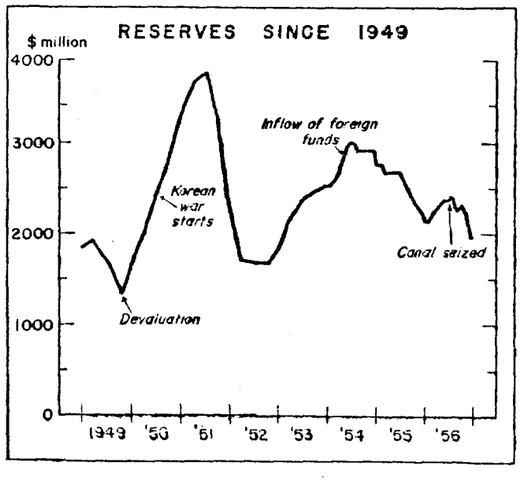
The first of the two conditions in the 1945 Agreement that have to be fulfilled is that, over the preceding five years, United Kingdom exports plus net receipts from invisibles averaged less than the annual average of UK imports in 1936-38, adjusted for changes in import prices. Interpretation of this condition is a major exercise in which different statisticians will arrive at different results; the designated

Suez and the Reserves

THE fall of $279 million in the gold and dollar reserves in November was much the largest monthly fall for nearly five years; yet the true strain on sterling was larger still. The impact on the reserves was cushioned first by the sale by the Treasury of rather over $30 million of US short-dated government securities and secondly by the practice of settling the account with the European Payments Union one month in arrear; the deficit of £24 million incurred in November will require a gold payment of $50 million this month, whereas last month's payment in respect of the October deficit was $28 million. If adjustment is made for these two influences, and for the $4 million received in defence aid, the current commercial dollar deficit was no less than $335 million. The fall in the reserves since Colonel Nasser's seizure of the Suez Canal at the end of July, even after crediting the receipt of $177 million from Trinidad Oil, was $440 million.

The pace of the drain is much faster than in the late summer of 1955, when sterling was last under heavy pressure. It has reduced the reserves to $1,965 million, below their level at the beginning of the year, and to the lowest point since the end of 1952. At their low point on September 18, 1949, the reserves stood at $1,330 million, having fallen by $580 million in the five and a half months before devaluation. In the backwash of the Korean boom, the reserves toppled from $3,867 million in June, 1951, to $1,662 million in April, 1952.

The Chancellor has attributed the recent strain "almost entirely" to the pressure on sterling resulting from "the events of the past four months and the international tension they have caused." The bulk of that pressure has been speculative and psychological, but there have also been the first payments for western hemisphere oil. This month, such payments must be expected to increase; and notwithstanding the waiver of the interest on the North American postwar loans, the reserves will be burdened by over $137 million of special payments. These are: $71.7 million in repayment of principal of the loans, $7½ million as the quarterly instalment on the Canadian wartime loan, around $5 million on the small part of Marshall Aid that took the form of a loan, $3 million as the regular monthly payment to EPU creditors, and $50 million as the gold settlement of last month's EPU deficit.



DOLLAR DRAIN COMPARED

$ Mn	Commercial Dollar Balance*	US Aid	Special Payments or Receipts	Change in Reserves	Reserves at End of Period
1955:					
Jan.–July	*−316*	*+98*	—	*−218*	*2,514*
August	− 91	+ 4	—	− 87	2,457
September	−114	+ 2	—	−112	2,345
October	− 51	+ 3	—	− 48	2,297
November	− 16	+ 2	—	− 14	2,283
Aug.–Nov.	*−272*	*+11*	—	*−261*	*2,253*
1956:					
Jan.–July	*+250*	*+42*	*− 7†*	*+285*	*2,405*
August	−119	+ 4	− 14‡	−129	2,276
September	−123	+ 3	+ 177§	+ 52	2,328
October	− 91	+ 7	—	− 84	2,244
November	−315	+ 4	+ 30‖	−279	1,965
Aug.–Nov.	*−651*	*+18*	*+195*	*−440*	*1,965*

* Including settlement with European Payments Union relating to balance in previous month. † Special funding payment to EPU creditors. ‡ Subscription to International Finance Corporation. § From sale of Trinidad Oil Company. ‖ Approx. receipts from sales of US govt. bonds.

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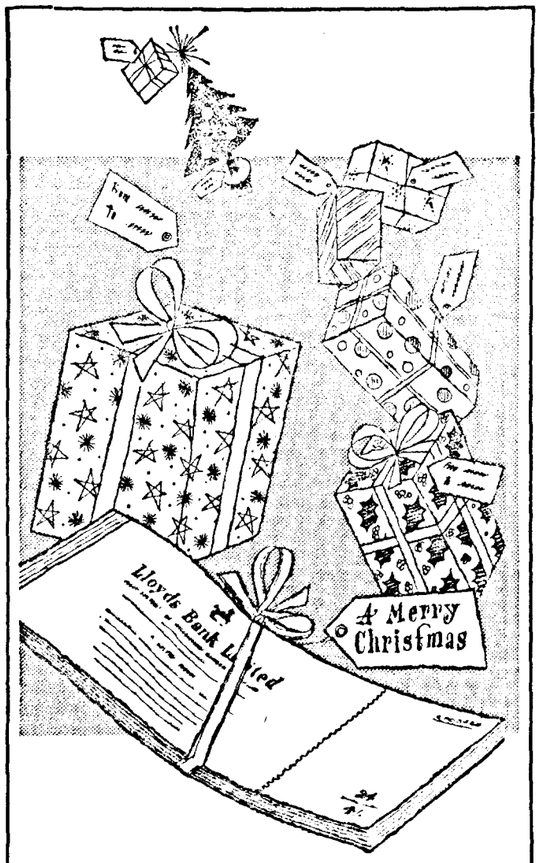

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The Balfour Beatty Group has a world-wide reputation in all forms of engineering and construction work and is at present carrying out major contracts for the Central Electricity Authority. John Laing and Son Ltd. has carried out building and civil engineering work at the first Government Atomic Energy Establishment at Windscale and is at present engaged in the construction of power stations in the United Kingdom, as well as in major development schemes in Canada.

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arbiter is the International Monetary Fund. It is generally expected that the Fund will now grant the "statistical certificate." Re-interpretation if not re-writing is however needed for the clause that demands that in the event of an interest waiver being exercised there must be a proportionate reduction in releases of sterling balances accumulated during the war. These balances have not, as was then expected, been separated from balances accruing since the end of the war, and it is now impossible even to identify them.

The Revenue and the Ration

REINFORCEMENT both of the revenue and of petrol rationing by an increase in duty on motor spirit and other light oils was obviously a wise move for the Chancellor at this time. Mr Macmillan had previously put his losses in motor spirit duty from the cut in supplies at about £6 million a month; presumably this is the basis of the increase which he expects to bring in some £30 million—say £24 million from motor spirit and aviation fuels consumed inside Britain and £6 million from duties on other light oils and on diesel oil for road vehicles. The anomaly that industries which use light hydrocarbon oils will once again bear this increased duty (though certain of them can obtain "drawbacks" in respect of some of their consumption), while those using the black oils escape it, remains unchanged.

The Chancellor is counting upon the increase to maintain his estimated revenue from these duties. In the case of motor spirit, his figuring suggests that he expects total motor spirit and aviation fuel supplies to be slightly over 70 per cent of "normal" during the four months from now until April. Since goods transport, agriculture and industry take slightly more than half of motor spirit, and will probably get about 75 per cent of their normal supplies, this implies that the total of basic and supplementary rations for private cars may not offer more than about 60-65 per cent of the petrol that they would apparently have been expected to use this winter.

The oil companies have added their contribution to raising the marginal cost of motor transport to the Chancellor's, and have unaided brought about a significant rise in fuel costs for certain industries, by their increases in price. These were clearly unavoidable, and indeed may be only a first instalment, since crude prices are beginning to rise, while spot tanker rates are still soaring. Out of the increase of 5d. a gallon on motor spirit 1½d. a gallon is going to help retailers during a bleak winter: the oil companies are getting 3½d. to cover the cost of re-routing and higher tanker freights (representing about 2¾d. a gallon) and the increased costs of internal distribution (say ¾d. a gallon). Diesel oil for road vehicles goes up 4½d. a gallon, plus the Chancellor's shilling: fuel oil 3½d. a gallon, or 31 per cent, which is about the same proportion as the effective increase in motor spirit prices; and other products 3d. a gallon. There would be good reasons for increasing the price of fuel oil a little more than other products as a matter of principle, since this is the product in tightest demand and the one of which it is hoped to maintain the highest proportion of normal supplies. But in any case world fuel oil prices have begun to rise earlier than those of other products, and only part of the rise has been passed on.

Bad News is a Tonic

TO record what has happened in the markets is easy. To interpret it leaves much to the predilections of the interpreter. Stock markets were headed upwards before the Chancellor spoke. He broke the rally, but for no more than a few hours on Tuesday evening and Wednesday morning. On Wednesday afternoon the market was rising again and over the week ended on Wednesday *The Economist* share indicator has jumped 6.4 to 176.4. Commodity prices were without a clear trend but the easing of metal prices went only a little further after the Government statement. Sterling was still dragging along near to its effective support level of $2.78½-⅝ when Mr Macmillan spoke. His statement lifted it off that platform; on Wednesday it touched $2.78½ and closed at $2.78¾, apparently without support, but the strength was not fully maintained on Thursday. Gold shares enjoyed an active market and rose sharply after the Chancellor's speech.

Three at least of those events need explanation. Why the market was already rising before the Government's economic measures were announced, why the dip caused by those measures was so short lived, and why on the very day that sterling seemed to be finding relief from its recent pressure the gold share market should have burst into new activity, the jobbers receiving more orders than they had seen for a month? The rise in the market at the end of last week was based partly on a domestic fact, the cessation of the forced selling that followed the recent Stock Exchange failure and a little bear closing when it was realised that further repercussions need not be expected. That forced selling had affected oil shares, and it is now known that it affected gold shares too. The steps taken to get increased supplies of American oil to Europe, coupled with the plans for an Anglo-French withdrawal from Port Said, occurred when the market was ripe technically for a rally.

Investors faced with grave facts seldom react badly to strong measures. They gave Mr Macmillan full marks—fuller than the jobbers had allowed in their precautionary marking down on Tuesday evening—for the strength of his intention to defend sterling. When they saw the rise in sterling (and the narrowing of the discount on three months forward sterling by ¼ cent to 2¾ cents) their confidence grew further. It may be illogical that measures designed to defend sterling should also have made some investors see the point in holding a hedge against sterling in their portfolios, but it is quite understandable. And when the premium on dollar stocks is approaching 10 per cent and the possibility of a recession on Wall Street is being canvassed, gold shares rather than dollar stocks are the best hedge. The buying of gold shares is also a reminder that investors do not yet trust the industrial market far.

Co-operation about Oil

THE decision of the American government to waive the operation of the anti-trust laws and permit the Middle East Emergency Committee to function means, at best, that the British Government should now be able to honour the

petrol ration and maintain the reduced level of deliveries of other products. Now that the American oil companies are permitted, within closely defined limits, to form a tanker pool and co-ordinate information on supplies it should be possible to transport additional oil from the Western Hemisphere in sufficient quantity to maintain Europe's imports of petroleum at 75 per cent of the normal rate. To do this, the OEEC Oil Committee has now estimated, oil production in the Western Hemisphere will have to be increased by between 600,000 and 800,000 barrels a day. Not more than 200,000 barrels a day of this can be expected from Venezuela, and the measure of the extra oil that it is hoped can be moved from the oilfields in Texas, Louisiana and Oklahoma to loading points in the Gulf of Mexico is thus about 600,000 barrels a day. About half of this will be needed by the refineries on the East Coast of the United States to replace crude formerly imported from the Middle East, leaving the other half for Europe. Some of the difficulties which still have to be overcome before the extra supplies can be shipped are discussed in an American Note on page 884.

The greatest benefit from the waiving of the anti-trust laws should come from the operation of the tanker pool. Owing to the delay in reactivating the MEEC some of the tankers bringing Middle East oil to the United States were not immediately rerouted, and one was even sent from Sidon in the Mediterranean through the Panama Canal to California after the Suez Canal had been blocked. Now that a tanker pool has been set up all of this tonnage can be diverted to carry supplies from the Caribbean to Europe. The detailed plans for rerouting have, however, still to be approved by the American Department of Justice before they can be put into operation. And the anti-trust waiver does not yet apply to the participation of the American oil companies in the OEEC Petroleum Emergency Group which has been set up to assist the OEEC Oil Committee in assessing Europe's needs and allocating available supplies between member countries.

The Cost of Crude

PRESSURE for higher crude oil prices in the United States to offset rising production costs will become stronger as crude stocks there are drawn down to supply Europe and the American east coast refineries. Venzuelan crude, especially prized because of its high fuel oil yield, has already risen in price by 15 cents a barrel, but so far, although some unofficial premiums have been paid, there has been no increase in the posted price of Texas crude. When the Caribbean price increase becomes more general, it will pose uncomfortable problems for the oil companies operating in the Middle East.

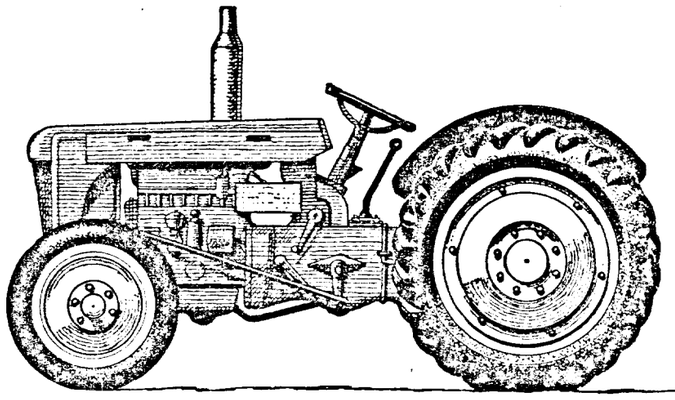
If the normal movement of Persian Gulf crude through the Suez Canal to the United States were continuing, then a more or less simultaneous increase in Middle East and Caribbean prices, however unpopular in Europe, would still leave Persian Gulf crudes competitive with Caribbean crudes delivered to the refineries on the east coast of the United States. But now that Persian Gulf supplies have to be shipped all the way round the Cape the existing Persian Gulf fob price is clearly uncompetitive with Caribbean crudes delivered either to the United States or to Europe Economically, therefore, there is an overwhelming case for a cut in Persian Gulf prices, rather than a rise. But with royalty incomes in producing countries of the Middle East already sharply depleted by the enforced cuts in production there, a fall in the fob price in the Persian Gulf can be ruled out on political grounds. The most likely course is a compromise between economic and political pressures, which would leave the Persian Gulf price unchanged as the Caribbean price goes up.

In the Eastern Mediterranean the fob price of Middle East crude delivered from the pipeline terminals—which at present means only from Tapline—is normally fixed so as to be roughly competitive with Persian Gulf crude shipped round the Arabian Peninsula and through the Suez Canal. This week's increase of 23 cents a barrel in the price posted by Esso Export Corporation for supplies drawn from Sidon, the Tapline terminal in the Mediterranean, had been held in abeyance for some months, and reflected merely higher tanker freight rates round Arabia when the Suez Canal was still open. It is not intended to reflect the increased cost of hauling Persian Gulf crude round the Cape. Nevertheless, the price of crude delivered to European countries from Tapline could hardly be less in future than one which would equate the delivered cost of Arabian crude with that from the nearest alternative source of supply—the Caribbean. Similar considerations may apply if deliveries are resumed through the Iraq pipelines to Banias and Tripoli before the Suez Canal is cleared. The latest reports from Baghdad suggest that Syria may shortly begin negotiating with the Iraq Petroleum Company on the repair of the pumping stations.

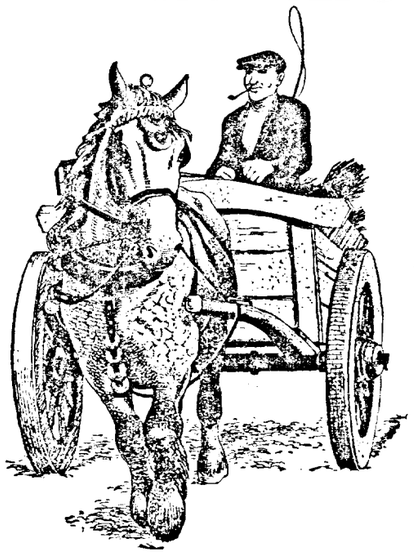
Smaller Rise in Stocks

IN manufacturing industry, at least, there are now clear signs that the rate of stock building is slowing down. The Board of Trade's provisional estimate for the third quarter is that the value of stocks and work in progress in manufacturing rose by only two per cent compared with a rise of over three per cent in the second quarter and of four per cent in the first quarter of this year; stocks are taken at cost or market value, whichever is the lower. There was also a change in the source of that increase. In the first half of the year the increase in stocks was mainly in work in progress and in finished goods; in the third quarter it was mainly in materials and fuel. There are dangers in trying to rationalise these changes, but the pattern does conform to what one would expect. Manufacturers do not cut production at the first signs of a slackening in demand; hence stocks of finished goods and work in progress tend to rise. That rise then levels off as production is brought into line with sales, at the expense initially of a rise in stocks of materials and fuel (fuel stocks, in any case, are the least likely to be cut at this or any other time). It is also possible that the changes in the third quarter were partly the result of seasonal influences.

The slower rate of stock building in manufacturing, which accounts for roughly half the total stocks in Britain, is not necessarily a guide to the rest of the economy. The only



What the tractor was to



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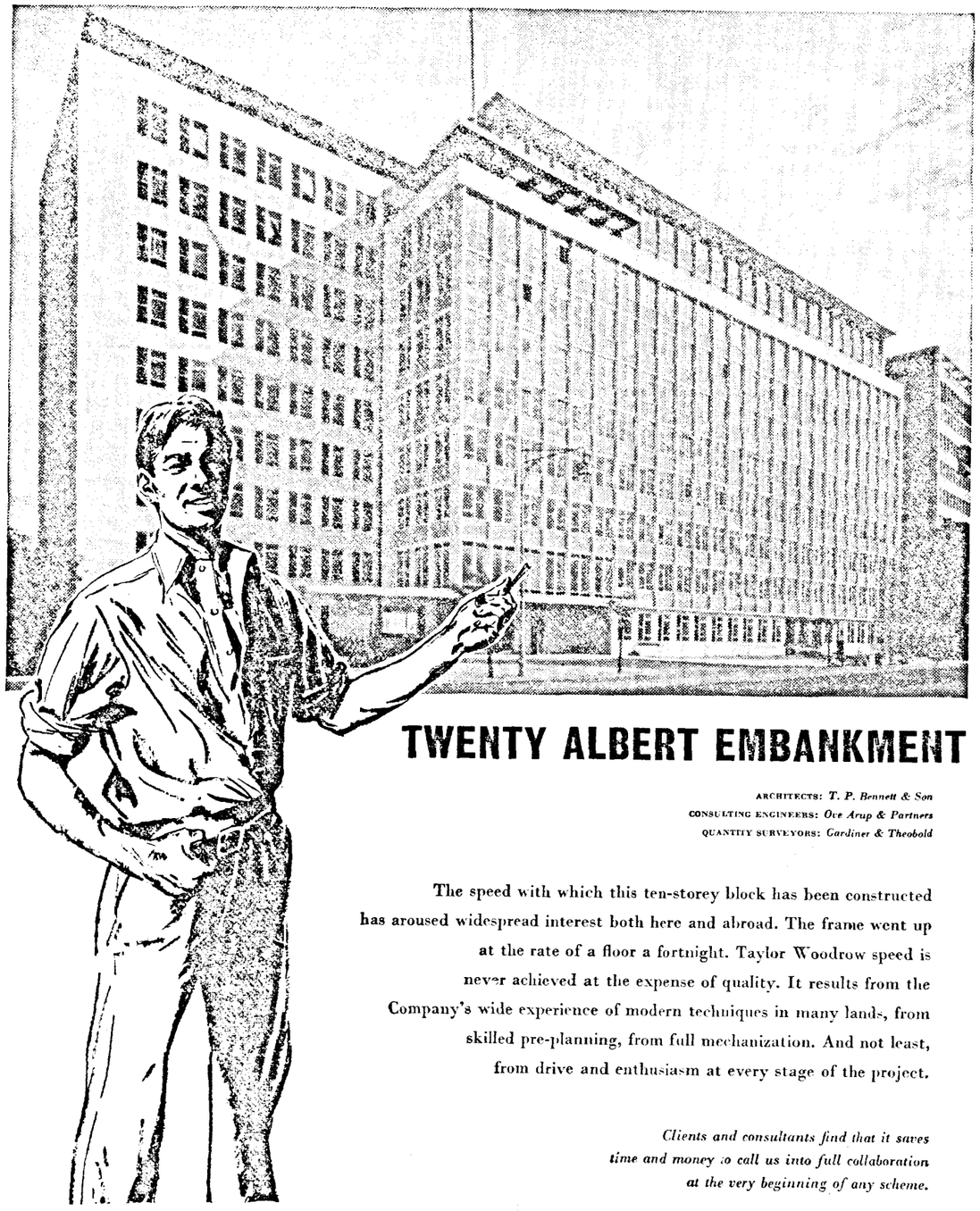

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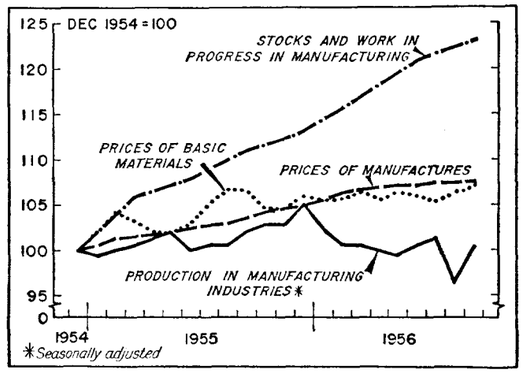
quarterly returns of stocks held outside manufacturing cover about one-quarter of all stocks held by wholesalers (including merchants and importers) and in the government's trading and strategic stocks. Stocks covered by these returns, however, contain a high proportion of industrial materials, and were valued in December, 1954, at about



£350 million (at average cif prices in the fourth quarter of 1954), compared with about £4,000 million for manufacturers' stocks. For what it is worth, these stocks are provisionally estimated to have risen by two per cent in value and by four per cent in volume in the third quarter.

Chemicals and the Canal

THE extremely guarded answer given by Mr Errol in the House of Commons on Tuesday to a question about raw material supplies to plants making petroleum chemicals concealed the potential danger. The effect of the oil shortage on refinery throughput may threaten the petrochemical plants with a wholesale disruption of supplies. The gases that these plants use as raw materials come directly from the catalytic crackers ; they also use middle-cut naphthas from the ordinary distillation process. These plants have been so closely geared to a certain pattern of refinery operations that sharp changes in that pattern throw petroleum chemical production into confusion. If the oil companies shut down their cat crackers one after the other —some are already closed—in order to step up the proportion of fuel oils produced from their reduced volume of crude, they cut off the gaseous feedstock for the petrochemical plants.

The huge ICI petrochemicals plant at Wilton is one of the plants that use naphtha as their feedstock, as are the Petrochemicals plant at Partington and the Grangemouth plant of the Distillers-British Petroleum subsidiary, British Hydrocarbons. These can expect to continue to get supplies of naphtha from the straight-run distillation that precedes any subsequent cracking and reforming operations. But distillation is a highly flexible operation and there is already talk at the refineries of incorporating a high proportion of the naphtha present in crude oil into finished motor spirits in order to increase its volume. This suggests an impending tug of war between the managers of the chemical plants and those on the petrol selling side.

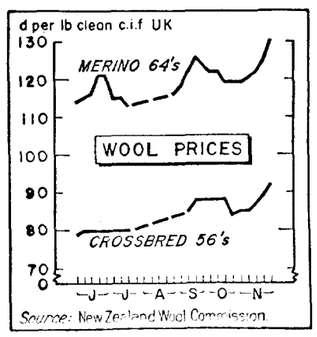
It would be more difficult still to find a substitute for the refinery gases that supply other installations, such as the Shell solvent plant at Stanlow. This plant produces 60 per cent of all the organic solvents made in the country and draws most of its supplies of propylene gas directly off the Stanlow cat cracker. Some alternative sources of propylene are available, but it is difficult to see how they could provide enough gas to keep output up to its normal levels if the cracker shuts. The effects of a shortage of petroleum chemicals would be most severely felt in the plastics and paint industries ; but there would also be repercussions on household detergent powders, although one principal detergent is a by-product of lubricating oil production and would be less affected. But so many industries use these oil-based organic chemicals at one stage or another that a return to imports from the United States may well be unavoidable.

Australia's World Bank Loan

THE Commonwealth of Australia has borrowed a further $50 million from the World Bank for its dollar capital expenditure, on terms that must seem highly attractive against those which it now has to pay for its sterling borrowing in the London market. This is in addition to the $9¼ million borrowed from the bank last week in conjunction with the placing of $17¾ million of serial notes with institutions. The loan is for 15 years at 4¾ per cent including the 1 per cent commission charged by the bank. Amortisation is to start in July, 1959. Australia is already a substantial customer of the bank, and has now borrowed a total of $317.73 million towards financing the equipment needed from the dollar area for its expanding economy.

Wool Buyers Caught Out

THE Suez crisis caught the wool industry in Britain and other countries on the wrong foot. Before the crisis prices of raw wool were easing and buyers were tempted to buy less than they needed. Events in the Middle East sent them hurrying to cover their needs. Prices rose quickly, and that encouraged further buying. Competition from Europe was backed by heavy purchases by Japan ; Russia and the East European countries joined in ; so did the United States, which has little wool left from the domestic clip. The upshort is that prices of most grades of merino and crossbred wool have risen by about 10 per cent since the end of October and are now at the highest levels for about two years. There were signs this week that the spate of buying has eased ; prices in Australia have levelled off and in New



Zealand prices have declined. But with the Christmas break in the auctions approaching it seems unlikely that a decline can go far. The testing time will come in the New Year, when supplies should be arriving in quantity and offerings in the dominions will be heavy.

Membership of the Wheat Scheme

THE membership of the International Wheat Agreement is now settled, and the Wheat Council has been able to bring into balance the quantities which the exporters guarantee to sell at the maximum price of 200 cents a bushel and the importers guarantee to buy at the minimum price of 150 cents a bushel. By December 1st, 38 importing countries had accepted the agreement; another four—Brazil, Lebanon, Holland and Panama—have been given more time to deposit their instrument of acceptance, and three—Ceylon, Jordan and Colombia—have failed to signify their intention to accept. The guaranteed quantities of the 42 countries amount to 7,991,000 metric tons, compared with 10,749,000 tons in the previous agreement. The guaranteed quantities of the six exporters—Argentina, Australia, Canada, France, Sweden and the United States—which were initially fixed at 8,244,000 tons, have accordingly been reduced *pro rata* to 7,991,000 tons. The council, which now has the power "to study any aspect of the world wheat situation," also announced that it has accepted an invitation to be represented at a meeting on grains convened by the Food and Agriculture Organisation next spring.

Light and Shade for DCO

BARCLAYS DCO is the biggest British bank operating overseas; and in Egypt, as in many other countries, its interests are more extensive than those of any other foreign bank. In the report Mr Julian Crossley, the chairman, gives no news of the bank's experience during the past month, promising up to date information at the annual meeting on December 28th. It is believed, however, that all members of the bank's staff of United Kingdom nationality have now returned to Britain. The bank's business, together with that of other British and French banks, was sequestered early in November. It is known that under the control of the Egyptian authorities business is being carried on.

In the period covered by the report and accounts, however—the twelve months to September 30th—the keynote was still expansion; the year saw the establishment of the thousandth branch of the bank. The increase in deposits was £28.5 million, compared with £15.8 million in 1954-55, bringing total deposits to £537 million. The bank made good the whole of last year's decline in its liquidity: its holdings of cash, call money and Treasury bills all rose markedly, and the liquidity ratio which last year declined from 40.5 to 37.7 per cent, was restored to 40.6 per cent. Advances fell off by £10.5 million to £208.2 million, but the whole of the decline was experienced in the last few months of the accounting year. This and the higher rates on short loans and bills helped to raise revenue by more than the increase in costs, and the disclosed net profit after tax rose by £109,000 to £1,261,000. The increase in trading profits was probably considerably larger; Barclays DCO still strikes its profit after making full provision through transfers to inner reserves for depreciation in the market value of its gilt edged portfolio. This must have been appreciable in the past year, yet the bank shows its total quoted investments, "at under cost and below market price," up by £11.4 million to £116.6 million.

The bank is maintaining its total dividend unchanged at 8 per cent, but the ranking capital has again been increased this time by the one for five scrip issue of July, 1955. It is proposed to increase the present authorised capital from £15 million to £30 million though no issue is at present in view. Since the bank operates under its own Act of Parliament, an amending bill will be needed.

Retail Business

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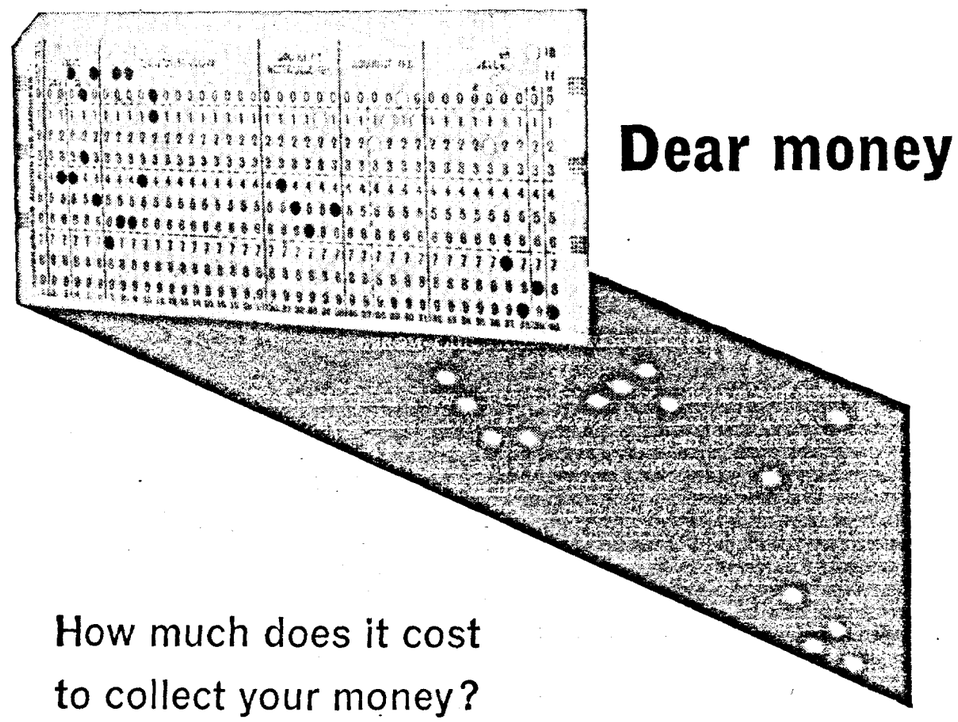
That's Shell—That Was

THE rally in oil shares had started before the Royal Dutch-Shell group issued its statement on earnings in the third quarter of this year. But this statement, showing another increase in sales and a slight recovery in net profit margins, strengthened the rally. The figures, shown in the accompanying table, relate to a period, the directors

(£ million)	Jan.–Mar.		April–June		July–Sept.	
	1955	1956	1955	1956	1955	1956
Sales	473·6	535·4	509·0	559·7	537·9	591·2
Gross income .	67·2	80·2	68·8	83·0	86·6	87·9
Net income...	34·1	40·7	36·6	43·3	42·7	48·2
Income/sales:–						
Gross per cent	*14·2*	*15·0*	*13·5*	*14·8*	*16·1*	*14·9*
Net per cent.	*7·2*	*7·6*	*7·2*	*7·7*	*7·9*	*8·2*



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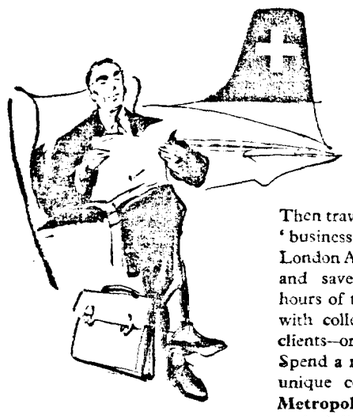

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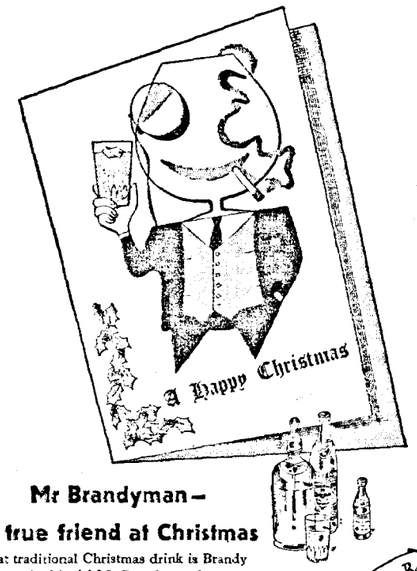

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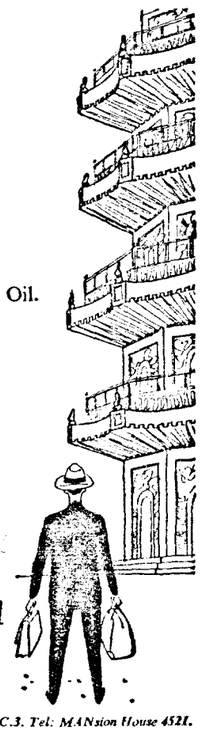

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remind shareholders, "prior to the immobilisation of the Suez Canal and of the Iraq Petroleum Company's pipeline." The effect, the directors add, has been to reduce oil supplies and to add materially to costs, though such increases "will be recovered in the selling prices to the greatest extent possible."

All this statement can do is to confirm the impression that the directors will not go beyond their earlier promise to pay a tax-free dividend of 15 per cent on the Shell capital as increased by the 25 per cent free scrip issue. The tax-free interim dividend of 5 per cent points in the same direction, as does the statement by Royal Dutch that the interim dividend of 7½ per cent, against 6 per cent, should not be construed as implying a bigger total payment.

SHORTER NOTES

International Nickel Company of Canada has decided to raise its price by £81 to £600 a ton, delivered UK, and to open up a huge new nickel property in the Mystery-Moak Lakes area of Northern Manitoba.

The outflow of notes from the Bank of England for Christmas spending is now gathering force; in the week to Wednesday it reached £31.4 million, making £43.3 million in the past two weeks. This compares with an outflow of £47.9 million in the comparable weeks of 1955. To accommodate the increase, the fiduciary issue has been raised this week by £50 million to £1,975 million.

★

Bootle Corporation is to make a public offer of £1½ million of a 5½ per cent stock, 1961, at 98½.

★

In 1957 the fixed price of sugar bought under the Commonwealth Sugar Agreement will be £42 3s. 4d. a ton, an increase of £1 8s. 4d. on this year's price.

★

The Export Credits Guarantee Department has suspended cover on new business with Hungary.

Company Notes

TURNER AND NEWALL. Some directors are by nature optimists; others studiously avoid prophecy; and others are so cautious as to leave behind the impression—unintentionally perhaps—of confirmed pessimism. In the last category are the directors of Turner and Newall. Less than six months ago they issued a half-yearly statement, which without giving figures, said that towards the end of the half-year the volume of sales "was tending slightly downwards" and that at home the credit squeeze was reducing some of the orders placed by the customers of the group. They also described the volume of trade abroad as being "static," adding it might be "somewhat lower before long." There was no evidence, they said, to warrant pessimism, but the "ever-forward movement appeared to have ceased."

	Years to Sept. 30, 1955	1956
Consolidated earnings:	£	£
Trading profit	15,562,858	16,664,935
Other income	597,891	805,301
Depreciation	2,605,044	2,846,707
Development	859,824	878,777
Taxation	6,740,938	7,467,019
Net profit	*5,753,879*	*5,876,800*
Tax credits	484,080	503,895
Ordinary dividends	1,573,303	1,730,633
Retained profits	4,568,945	4,216,453
Ordinary dividends (per cent)	*25*	*27½*

£1 ordinary stock at 100s. yields £5 10s. per cent.

Investors, remembering the company's conservative dividend record, guessed that the ordinary payment would be left unchanged at 25 per cent. Yet the figures for the full year to September 30th have brought the fifth successive increase in the dividend—this time from 25 to 27½ per cent—and another advance in earnings. Before all charges the consolidated trading profit has risen from £15,562,858 to £16,664,935 and net earnings from £5,753,879 to £5,876,800. The dividend, slightly bigger though it is, is still conservative, over 70 per cent of net earnings being retained.

Among the group's biggest customers are the building and motor industries. And if there were reason for caution six months ago, there is reason for even greater caution now. But this asbestos group enjoys the advantages of vertical integration; of a dominant position in the business; and of a large volume of business overseas. If its earnings turn down this year, as well they might, they seem unlikely to fall so heavily as to put the dividend in danger. The company's £1 stock units are among the bluest of blue chips, at the moment yielding about 5½ per cent, and only a major economic storm could alter their standing—as it would alter the standing of many other leading equities.

★

FLOWERS BREWERIES. The story of Flowers begins with Greens. In 1947 Mr Bernard Dixon became the chairman of J. W. Green of Luton, which at that time controlled about 250 public houses. Since 1948 the group has expanded and developed at a remarkable rate in an industry which has not been expanding, but which has been changing in composition. Through a series of amalgamations, involving both new issues for cash and share exchanges, the group has grown until it now controls about 1,500 public houses. The biggest single acquisition came in 1954, when Flowers and Greens were amalgamated and the name of the group was changed to Flowers. It has now become one of the 20 or so big brewing groups in the country and it has certainly been the one that—in terms of the number of tied houses it controls—has grown fastest since the war.

Amalgamations of breweries have become common and the trade is being concentrated into fewer, larger groups. Flowers is an outstanding example of the tendency. The group has an unusual geographical shape; its trunk is in the industrial Midlands, but it has limbs as far apart as Kent and Durham. It is a shape on which a national business could be built. The ownership of tied houses smooths the path towards selling beers in registered clubs, heaviest on the ground in the industrial areas, and in the words of the 1954-55 report Flowers' free trade has "made substantial progress towards national coverage." By intensive advertising Flowers, like many other brewers, is promoting the sale of its bottled beers both inside and outside its own tied houses. The group has also taken the step of selling a draught bitter beer casked in such a way that its quality is not affected by the time it is left "on tap" in the barrel. This beer will now be sold in Meux's London houses, following the purchase by Flowers of a small minority interest in Meux. This technique hints at a possibility of selling a draught beer by small and slow individual sales wherever the rapid turnover of a well-frequented public house cannot be achieved.

The group's progressive and aggressive intentions are revealed in other ways. It is encouraging its licensees to be more efficient; it has sold 30 of its outlying public houses; and its aim is to build up its trade in and near the industrial areas. Such a policy of expansion means heavy expenditure and in such a competitive industry as brewing it may not lead to a quick improvement in earnings. In the meantime the group's results are about average. Its gross trading profits have risen slightly, from £912,693 to £935,982,

and its ordinary dividend, covered about one and a half times, has been left unchanged at 15 per cent. On this dividend the 5s. ordinary units at 9s. 6d. yield 7.9 per cent.

★

BORAX (HOLDINGS). The rise of Borax deferred from £4 2s. 6d. last year to £13 13s. 9d. has been one of the outstanding features of the Stock Exchange. It may be a well-justified advance for the market value of the investment in the American subsidiary suggests a still higher valuation for the holding company's deferred stock, but it has the disadvantage that it has made that stock decidedly "heavy." The company's new proposals are obviously designed first to counteract that heaviness and secondly to give the company, which now has many American stockholders, a more impressive nominal capital. It is proposed first to capitalise £6 million of reserves and make a two for one free issue, secondly to split the £1 units into 5s. units., Holders will thus have twelve 5s. units (priced in the market presumably somewhere about 21s.) for each £1 unit now held. The directors have also given stockholders an indication of the final dividend they will pay for the year ended September 30th. It is to be 6½ per cent on the new capital, equivalent to 19 per cent on the old. With the interim dividend of 6 per cent paid on the old capital the total distribution for the year will be equivalent to 25 per cent on the old capital, compared with 23 per cent. Investors seem to have been hoping for a little more, for the stock fell 3s. 9d. on the announcement, but the yield is still only £1 15s. 11d. per cent. Borax is not a stock where the price reflects only the current yield. A more complex set of factors determine the price and the yield: first the company with its heavy American investment is a good transatlantic hedge; second it is a growth stock for all that has happened in the last few years has shown its earnings to be growing and likely to grow further; thirdly the history of the company over the last two years, the struggle for control and the information it brought to light, and the reorganisation that turned the parent company in England into a holding company has tended to spotlight the asset values.

★

ALLIED BAKERIES. The coming of age of Allied Bakeries, which is controlled by Weston Holdings, has been marked by the proposal for a one for two free issue of ordinary shares and by a decision to revalue the group's properties. In the balance sheet of March 31st, the estate properties stood at £11,114,000; in the current year's accounts their value will be not less than £18,500,000, excluding any additions made in the year.

In themselves these book-keeping entries mean little unless they are set against the background of a vigorously growing organisation. The group is continuing to acquire new businesses in the baking and confectionery trades; it is continuing to spend money on its manufacturing facilities; and to write down the value of these properties at a high rate. It is adding to its interests abroad also and it controls businesses outside the bakery and confectionery trades. Indeed, Mr Garfield Weston has told shareholders that these other businesses earn substantially more than is required to cover the ordinary dividend.

Expansion has brought its rewards. The group's sales of confectionery have risen and it has not felt "the full effects" of the fall in the consumption of bread. In 1955-56 its trading profits rose by £179,000 and the ordinary dividend was raised from 22½ to 30 per cent, a dividend which still represents less than one-quarter of net earnings. The group is continuing to plough back a high proportion of its earnings to meet the costs of extensions, re-equipment and modernisation. So far this year profits have been maintained and Mr Weston hopes that they will be maintained "at their present level until at least the end of the present financial year." Investors, who possess only a minority interest in the concern, must believe that Mr Weston will soon be ready for a much more liberal dividend policy, for at the current price of 48s. the 5s. "A" shares yield only 3¼ per cent.

LONDON STOCK EXCHANGE

Next Account begins: December 12th
Next Contango Day: December 12th
Next Settlement Day: December 18th

PRICES of industrial stocks turned sharply upward last Friday when Throgmorton Street took a more favourable view of the international situation. The revival was accelerated on Monday and extensive gains were made; AEI rose 2s. 6d., British Aluminium 2s. 9d. and Imperial Tobacco 3s. 6d. Gilt-edged remained at their lowest levels up to the close of the week in anticipation of the disclosure of the loss in the reserves. But at the start of this week there was an improvement, 4 per cent Consols and 3½ per cent War Loan both hardening ¼. When the size of the gold loss and the Chancellor's statement were known late on Tuesday the market weakened, but both gilt-edged and industrial stocks rallied on Wednesday. Japanese dollar-clause bonds and gold mines rose.

From the low point reached last week industrial stocks have risen substantially in a narrow market, *The Economist* indicator advancing from 170.0 to 176.4, and further gains followed on Thursday. Ford was 9d. higher at 27s. 9d., Tube Investments gained 3s. 3d. to 53s. 9d., Unilever 4s. 6d. to 70s. 6d. xd and Vickers 1s. to 36s. 9d. Bristol Aeroplane rose 1s. to 17s. 3d. following the Britannia orders and Turner and Newall jumped 8s. 3d. to 101s. following the increase in dividend. Steel shares recovered in anticipation of the results, but the discussion of hire-purchase controls lowered finance issues, United Dominions losing 1s. 6d. to 61s. 6d. xd.

Oils made a substantial recovery, British Petroleum rising 12s. 10½d. to 126s. by Wednesday. On Thursday, following the Royal Dutch/Shell quarterly statement, British Petroleum advanced to 132s., while Shell gained 3s. 1½d. to 144s. 4½d. Kaffirs advanced sharply on Wednesday, Western Holdings picking up 4s. 4½d. to 75s. and WRIT 3s. 1½d. to 35s. 7½d. De Beers was depressed by reports of Russian diamond discoveries and fell 3s. 9d. to 92s. 9d. Tea shares were firm again this week.

THE ACTUARIES INVESTMENT INDEX

Group	Price Indices (Dec. 29, 1950 = 100) Nov. 29, 1955	Oct. 30, 1956	Nov. 27, 1956	Average Yields (per cent) Nov. 29, 1955	Oct. 30, 1956	Nov. 27, 1956
Ordinary Shares :—						
Electrical engineering	149·7	135·1	126·4	4·83	5·51	5·88
Engineering	175·1	163·6	148·9	4·70	5·23	5·83
Motors and aircraft	183·3	166·6	150·1	4·47	5·79	6·18
Chain stores	249·6	252·4	226·1	3·91	4·78	5·03
Cotton textiles	109·4	100·4	96·4	9·04	8·65	9·02
Chemicals	199·2	175·8	164·5	4·75	5·42	5·78
Oil	292·2	311·6	289·3	5·27	4·46	4·80
Shipping	171·4	187·7	193·5	5·10	5·85	5·66
Investment trusts	215·7	253·1	219·1	4·69	5·04	5·37
Industrials :—						
Ordinary (all classes)	150·5	143·4	133·5	5·73	6·31	6·76
Preference	81·9	75·4	74·8	5·57	6·05	6·11
Debenture	77·5	71·7	71·4	5·31	5·72	5·75
Total (capital goods)	170·3	155·7	141·0	4·93	5·66	6·09
Total (consumption goods)	125·4	115·3	105·6	6·50	7·23	7·79
Consols 2½%	80·7	72·4	70·8	4·39	4·89	5·00

STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Nov. 7	186·4	5·94				
„ 14	177·2	6·23				
„ 21	173·7	6·36	210·4 (Jan. 4)	170·0 (Nov. 28)	232·1 (July 20)	175·2 (Mar. 23)
„ 28	170·0	6·45				
Dec. 5	176·4	6·24				

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield	Fixed Int.‡	2½ Consols Yield	Bargains Marked	1956	1955
		%		%		High	High
Nov. 28	162·9	6·53	91·77	4·96	6,886	205·5 (Jan. 3)	233·9 (July 21)
„ 29	161·5	6·63	91·70	4·98	6,489		
„ 30	163·5	6·57	91·73	4·98	6,356	Low	Low
Dec. 3	166·8	6·44	91·58	4·98	9,238	161·5 (Nov. 29)	175·7 (Mar. 15)
„ 4	167·4	6·42	91·58	4·98	9,835		
„ 5	166·9	6·43	91·57	4·98	8,176		

Bases :—* 1953 = 100. † July 1, 1935 = 100. ‡ 1928 = 100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Dec. 5, 1956 High	Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Nov. 28, 1956	Price, Dec. 5, 1956	Net Yield, Dec. 5, 1956 § £ s. d.	Gross Yield, Dec. 5, 1956 £ s. d.
98⅛	97	Funding 2½% '52-57	98⅛	98⅝	3 18 1	5 0 10
95½	93½	War Loan 3½% '55-59	95⅛	95⅛	3 8 10	4 16 6
91½	88⅝	Funding 2½% '56-61	91	90⅝	3 14 5	4 17 8
100⅛	99⅛	Exchequer 5% 1957	100⅛	99⅝	3 0 9	5 1 7
99⅛	97	Conversion 4% '57-58	97⅝	97⅝	3 16 0	5 10 1
97⅞	95½	Serial Funding 2½% 1957	97⅛	97⅛	3 13 10	4 14 7
94⅝	91	Conversion 2½% '58-59	94	93⅞	4 2 1	5 3 3
92½	88⅛	Exchequer 2½% 1960	91⅛	91⅛	3 19 5	4 19 2
95⅛	92⅛	Exchequer 3% 1960	94⅛	94⅝	3 9 11	4 18 8
88⅛	83	Savings Bonds 3% '55-65	84⅝	84⅛	3 17 5	5 6 10
82⅝	77⅛	Funding 3% '59-69	78	78⅜	4 0 3	5 10 3
92⅛	84½	Funding 4% '60-90	85	85⅛	7 8 2 3 0 5	9 6 11 4 18 9
81⅞	75⅛	Savings Bonds 3% '60-70	75⅜	76	4 1 4	5 12 4
98⅜	97⅜	Conversion 4½% 1962	98⅛	98⅛	3 2 5	5 3 11
91⅜	88⅛	Exchequer 3% '62-63	89½	89⅞	3 11 0	4 18 1
87½	83⅝	Exchequer 2½% '63-64	84⅜	84⅝	3 17 8	5 1 4
81⅛	76½	Savings Bonds 2½% '64-67	77⅜	77⅝	4 2 5	5 7 4
79½	71⅜	Savings Bonds 3% '65-75	72⅛	72⅜	3 17 0	5 9 1
96⅛	90	Victory 4% '20-76	90⅜	90⅜	3 9 7	5 7 7
83⅝	78	Funding 3% '66-68	79⅛	78⅝	4 1 7	5 12 2
88⅜	81⅛	Conversion 3½% 1969	82⅜	82⅝	3 16 9	5 11 1
83⅜	74⅜	Treas. 3½% '77-80	74⅛	74⅜	3 12 3	5 8 1
84½	74⅛	Treas. 3½% '79-81	75⅛	75⅜	3 11 8	5 8 4
72⅝	64½	Redemption 3% '86-96	65	65	3 6 8	5 1 10
81½	74⅛	Funding 3½% 1999-2004	74⅛	74½	3 1 4	4 19 8
84⅜	76	Consols 4% aft. Feb. '57	76⅛	76⅛	3 0 10	5 6 7
77	68	War L'n 3½% aft. Dec. '52	68⅛	68⅛	2 18 10	5 2 4
76⅛	67⅛	Conv. 3½% aft. April '61	67⅛	67⅛	2 19 8	5 1 1
66⅜	58⅜	Treas. 3% aft. April '66	59	59⅛	2 18 6	5 2 2
56⅜	49⅛	Consols 2½%	50⅜	50⅜	2 16 11	4 18 10
56⅜	50	Treas. 2½% aft. April '75	50⅛	50⅛	2 17 3	4 19 11
98⅛	90	Br. Elec. 4½% '67-69	90⅜	90⅜	3 11 11	5 14 2
80⅜	72⅜	Br. Elec. 3% '68-73	72⅛	73¼	4 0 0	5 11 4
79⅛	71⅛	Br. Elec. 3% '74-77	71⅛	71⅛	3 15 3	5 7 3
95	85⅛	Br. Elec. 4½% '74-79	85⅜	85⅛	3 7 7	5 8 4
83⅛	74⅛	Br. Elec. 3½% '76-79	75⅛	75¼	3 12 4	5 8 3
90⅜	84½	Br. Gas 4% '69-72	84⅜	84⅜	3 13 0	5 12 0
87⅛	80	Br. Gas 3½% '69-71	80⅜	80⅜	3 16 2	5 11 0
73⅜	65½	Br. Gas 3% '90-95	65½	65⅛	3 6 5	5 1 0
80⅛	72⅛	Br. Trans. 3% '68-73	72⅝	73¼	4 0 0	5 11 4
90⅞	81½	Br. Trans. 4% '72-77	82½	82⅛	3 10 1	5 8 6
73¾	65⅜	Br. Trans. 3% '78-88	65⅛	65⅛	3 10 5	5 4 1

Prices, Jan. 1 to Dec. 5, 1956 High	Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, Nov. 28, 1956	Price, Dec. 5, 1956	Yield, Dec. 5, 1956 £ s. d.
			STEEL & ENGINEERING			
98	77	8 *b*	7 *a* Babcock & Wilcox £1	68 9	69 4½	4 6 6
14	9	4 *a*	Cammell Laird 5/-	10 6	11 –	6 7 4
8	5	3 *a*	Dorman Long £1	24/–	24/9	6 9 4
8½	5	3½ *a*	Guest Keen N'fold £1	40 7½	41 3	5 16 3
6	4	2 *a*	Metal Box £1	44 6	44 3	4 10 5
75/–	51/2½	12½ *b*	5 *a* Stewarts & Lloyds £1	52 –	54 –	6 9 8
48/–	29/10½	8 *b*	4 *a* Summers (John) £1	30 7½	30 9	7 16 3
58/–	46/6	11 *b*	3 *a* Swan Hunter £1	56 –	56 6	4 19 1
49/9	32/–	8½ *b*	4 *a* United Steel £1	32 6	33 9	7 8 2
44/7½	32 4½	7½ *b*	2½ *a* Vickers £1	35 10½	36 4½	5 10 8
			TEXTILES			
24 9	19/4½	6 *b*	4 *a* Bradford Dyers £1	22 9	22 9	8 15 10
23/7½	13/1½	5 *b*	1½ *a* Brit. Celanese £1	13 6*	13 6*	9 12 7
25/10½	20/7½	6½ *b*	2½ *a* Coats (J. & P.) £1	21 6*	21 6*	8 2 9
44/–	29/–	6 *b*	4 *a* Courtaulds £1	29 6	30 3	6 12 3
21/3	12/3	5 *a*	5 *b* Fine Spinners £1	15 3	15 6	12 18 0
30/3	22/3	7½ *b*	5 *a* Lancs. Cotton £1	28 3	29 –	8 12 5
35/3	26/–	2½ *a*	10 *b* Patons & Baldwins £1	29 9	29 9	8 8 0
			MOTORS & AIRCRAFT			
22 4½	15 10½	6½ *b*	3½ *a* Bristol Aeroplane 10/–	16 6	17 6	5 14 3
9/–	5 9½	4 *a*	8½ *b* British Motor 5/–	6 1½	6 1½	10 4 0
44/3	25 9	2½ *a*	5 *b* Ford Motor £1	27 3	27 9	5 8 1
49/3	29/9	12½ *b*	3 *a* Hawker Siddeley £1	36/9	38 10½	4 10 0
49/4½	38/3	10 *c*	12½ *c* Leyland Motors £1	41/3	41 3	6 1 2
115/10½	85/6	12½ *b*	5 *a* Rolls-Royce £1	105 –	105/–	3 6 8
			SHOPS & STORES			
18/10½	12/9½	14 *c*	3 *a* Boots Pure Drug 5/–	13 –	13 9	5 1 10
41/4½	29/–	7½ *a*	20 *b* Debenhams 10/–	33/3	33 6	8 4 2
44/9	30/1½	47½ *b*	15 *a* Gt. Universal 'A' 5/–	31/–	32/6	9 12 4
71/1½	54/9½	32½ *b*	20 *a* Marks & Spen. 'A' 5/–	56/–	58 –	4 10 7
25/10½	19/–	20 *b*	12½ *a* United Drapery 5/–	19/3	20 6	7 18 6
64/10½	51/–	36½ *b*	20 *a* Woolworth 5/–	51/6	52 9	5 7 7
			OIL			
183/9	99/–	†10 *b*	†5 *a* British Petroleum £1	112 6	125/–	4 3 6
117/9	63/–	12½ *b*	5 *a* Burmah £1	73 1½	80 7½	4 6 10
£17⅞	£11 3½	14 *b*	7½ *a* Royal Dutch 20 fl.	£14⅛	£15½	2 9 4*k*
171/–	103/3	†13½ *b*	†5 *a* Shell Reg. £1	134 4½	140 7½	3 14 3*v*
			SHIPPING			
58/–	28/6	6½ *a*	... Brit. & Com'wealth 10/–	36/–	35/6	4 10 2*g*
$69	$56⅜	3 *b*	3 *a* Canadian Pacific $25	$62½	$62½	4 9 10
45½ *c*	14⅜		Decca Record 4/–	25 7½	26 3	6 13 4
14 9	10 *b*	2½ *a*	Dunlop Rubber 10/–	15/–	15/–	8 6 8
45 6	8½ *b*	4 *a*	English Elect. £1	45 –	45/–	5 11 1
40 9	4½ *a*	9½ *b*	General Elect. £1	41/3	42 6	6 11 9
36/–	6 *b*	4 *a*	Imp. Chemical £1	37 3	37 6	5 6 8
42/3	12½ *b*	8½ *a*	Imp. Tobacco £1	43/–	47 –	8 18 9
$141½	$2·90 *c*	$3·75 *c*	Inter. Nickel n.p.v.	$187½*	$192*	3 10 0
46 9	12½ *b*	7½ *a*	London Brick £1	47 6	47/6	8 8 6
21/3	15½ *b*	6¾ *a*	Monsanto Chemicals 5/–	21 9	22/–	5 2 3
54/3½	4½ *a*	12 *b*	Tate & Lyle £1	57/–*	56 3*	5 17 4
49 9	6½ *a*	7½ *b*	Tube Investments £1	50/–	53 9	5 11 7*w*
92/6	5 *a*	22½ *b*	Turner & Newall £1	92 6	101 3	5 8 8
61/7½	9½ *b*	6 *a*	Unilever £1	66 3*	70 7½*	4 9 3
22/9	†7½ *b*	†4½ *a*	United Molasses 10/–	36 4½	37 9	5 9 11
22/6	†2½ *a*	†7½ *b*	Cons. Tea & Lands £1	26 6	26/–	13 7 8
1/9½	15 *b*	5 *a*	London Asiatic Rbr. 2/–	2 0⅞	2 0⅞	19 8 0
37/6	30 *b*	12½ *a*	United Sua Betong £1	45/–	45/–	18 17 8
			MINES			
8½	6½	20 *a*	50 *b* Anglo-Amer. 10/–	6½	7⅛	4 17 5
91/3	120 *b*	80 *a*	De Beers 5/– Def. Reg.	92 6	92 6	10 16 3
67 6	...	...	Free State Geduld 5/–	72 6	76 10½	Nil
29 4½	12½ *b*	12½ *a*	Randfontein £1	30 7½	34 4½	14 11 0
8 6	30 *c*	10 *a*	London Tin 4/–	9 9½	9 8½	12 7 10
35	75 *a*	275 *b*	Rhokana £1	37½	38½	9 2 11

(*c*) To earliest date. (*f*) Flat yield. (*l*) To latest date. * Ex dividend.
† Assumed average life approx. 10½ years. § Less tax at 8s. 6d. in £.

Prices, 1955 High	Low	Prices, Jan. 1 to Dec. 5, 1956 High	Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Nov. 28, 1956	Price, Dec. 5, 1956	Yield, Dec. 5, 1956 £ s. d.
94⅜	79	80⅜	74⅞	Aust. 3½% '65-69	77⅛	77⅜	5 15 0
101⅜	87	87⅛	72	Ceylon 4% '73-75	75	75	6 6 3
103⅛	87⅝	88⅛	80½	N. Zealand 4% '76-78	82½	82½	5 8 0
88	87¼	64⅝	56½	L.C.C. 3⅛% aft. 1920	57	57	5 5 3
99	83	85⅜	82⅜	Liverpool 3% '54-64	84	83	5 14 2
84	65	68⅜	61	M.Wtr. 'B' 3⅛% '34-2003	62½	61½	5 5 6
104⅛	94½	97⅜	88½	Agric. Mort. 5% '59-89	92½	89*	5 15 0
123⅜	91	117½	102½	German 7% 1924	112	112	...
215	149	210	187	German 5½% 1930	202½	203½	...
212	160	226	208	Japan 5% 1907	225	226	...
254	190	275½	247½	Japan 5½% Conv. 1930	269½	273½	...

Prices, Jan. 1 to Dec. 5, 1956 High	Low	Last Two Dividends (a) (b) (c) % %	ORDINARY STOCKS	Price, Nov. 28, 1956	Price, Dec. 5, 1956	Yield, Dec. 5, 1956 £ s. d.
			BANKS & DISCOUNT			
50/–	39/10½	7 *b*	5 *a* Barclays £1	41/–	43/–	5 11 8
45/–	42/10½	...	... Lloyds £1	43/6	44/–	5 18 2
72 4½	61/–	9 *b*	9 *a* Midland £1, fully pd.	64/6	64/–	5 12 6
70/–	59/3	9 *b*	9 *a* N. Prov. 'B' £5, £1 pd.	60/–	60/–	6 0 0
77 9	66/–	8 *b*	8 *a* Westmstr 'B' £4, £1 pd.	67/–	67 6	5 18 6
45/6	28/–	3½ *b*	2½ *a* Alexanders £1	30/–	29 6	4 4 9
46/–	29/3	5 *b*	5 *a* Nat. Disc. 'B' £1	33/6	33/–	6 1 3
50/–	40/6	6½ *b*	6½ *a* Union Disc. £1	44/–	43 6	5 14 11
36 9	27/9	4 *a*	4 *b* Barc. (D.C.O.) £1	28/6*	30 6*	5 4 11
41/9	33/–	7½ *b*	7½ *a* Chart. Bk. of India £1	34/6	34/–	8 16 6
			INSURANCE			
29	16⅜	37½ *b*	12½ *a* Leg. & Gen. £1	23½*	24*	2 1 8
28½	18⅜	†47½ *b*	†20 *a* Pearl £1, fully pd.	19	19⅜	5 18 11
48⅜	38	†117½ *c*	†125 *c* Prudential 'A' £1	39¼	39½	5 9 4
			BREWERIES, ETC.			
11⅜*6	106/–	33 *b*	10 *c* Bass £1	112 6	113 9	7 11 3
24 10½	18, 7½	6 *a*	11½ *b* Distillers 6/8	19/–	20/–	5 16 8
45 10½	36/9	25 *c*	10 *a* Guinness 10/–	37 6	38 1½	6 11 2
76 –	61 9	14 *b*	7 *a* Whitbread 'A' Ord. £1	62 6	62 6	6 14 5

* Ex dividend. † Tax free. Gross yield. (*a*) Interim dividend. (*b*) Final dividend. (*c*) Year's dividend. (*d*) On 32½%. (*e*) To earliest date. (*f*) Flat yield. (*g*) On 16%. (*h*) On 8½%. (*i*) On 17½% Tax free. (*j*) On 13%. (*k*) On 20%. (*l*) To latest date. (*m*) On 10%. (*v*) On 15% Tax free. (*w*) On 15%. (*y*) On 9%.

New York Closing Prices

	Nov. 28 $	Dec. 5 $		Nov. 28 $	Dec. 5 $		Nov. 28 $	Dec. 5 $
Balt. & Ohio	45	46½	Am. Smelting	51⅜	54	Inter. Paper	100	106⅜
Can. Pac.	30⅜	32¼	Am. Viscose	32½	33⅜	Nat. Distill.	25¼	26⅛
N.Y. Cent.	33⅜	34½	Col. of Am.	13⅝	14⅜	Sears Roebuck	29	29⅞
Pennsyl.	21¼	21⅞	Chrysler	66⅞	70¼	Shell	84	87½
Amer. Tel.	168½	168⅞	Gen. Elec.	58¾	61⅛	Std. Oil of N.J.	54⅜	58¼
Stand. Gas	11⅜	11⅞	Gen. Motors	43½	45	U.S. Steel	67⅛	71⅞
United Corp.	6⅜	6⅞	Goodyear	74½	78⅛	Westinghouse	51⅛	52⅛
W. Union Tel.	18¼	18⅜	Inter. Nickel	92½	105½	Woolworth	44⅛	44⅛

Statistics

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

British		Overseas	
Prices and Wages	Dec. 1st	Western Europe:	
Production and Consumption	This week	Production and Trade	Nov. 24th
Manpower	Nov. 17th	British Commonwealth	This week
External Trade	Nov. 24th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Nov. 17th
Industrial Profits	Oct. 13th	United States	Dec. 1st
		World Trade	Oct. 13th

UK Production and Consumption

M = Monthly averages or calendar months. W = Weekly averages. Stocks at end of period.

		Unit	Monthly averages 1953	Monthly averages 1954	Monthly averages 1955	1955 Aug.	1955 Sept.	1955 Oct.	1956 July	1956 Aug.	1956 Sept.	1956 Oct.
INDUSTRIAL PRODUCTION												
Index:												
All industries		1948 = 100	121	130	137	118	140	146	128	114	140	143–144[1]
Mining and quarrying		"	109	110	108	89	110	117	95	80	109	...
Building and contracting		"	111	115	116	119[2]	...	122[2]	...	125[2]	...	...
Gas, electricity and water		"	134	145	153	123	139	155	132	131	145	...
Manufacturing, total		"	123	133	142	121	146	152	130	114	145	...
Engineering, shipbuilding, electrical goods		"	129	140	155	126	158	168	...	...	...	...
Vehicles		"	138	155	172	139	176	178	152	...	...	...
Chemical trades		"	153	168	179	156	178	185	179	165	...	...
Textiles and clothing		"	114	116	116	96	122	126	105	95	...	...
Food, drink and tobacco		"	114	116	117	112	114	120	114	110	...	...
BASIC MATERIALS												
Production of:												
Coal [1] [2]	W	'000 tons	4,300	4,298	4,250	3,552	4,375	4,623	3,780	3,157	4,254	4,526
Pig-iron	W	"	215	229	240	236	246	249	240	236	253	261
Steel, ingots and castings	W	"	339	356	381	345	398	399	326	341	417	413
Sulphuric acid	M	"	156·3	170·2	174·6	153·4	172·3	181·8	174·1	168·1	...	...
Newsprint	W	"	11·60	11·77	11·91	10·79	12·21	13·21	7·67	10·50	...	...
Electricity [3]	M	mn. kwh	5,459	6,075	6,679	5,307	5,988	7,022	5,840	5,868	6,384	...
MANUFACTURING												
Textile production:												
Cotton yarn, single	W	mn. lb.	17·97	19·17	16·91	14·22	16·37	17·68	13·33	13·56	16·26	17·73
Worsted yarn	M	"	18·40	18·80	18·48	14·42	19·85	20·18	19·17	14·40	19·32	...
Rayon and synthetic fibres, total	M	"	34·94[7]	37·30[7]	39·32	35·41	41·18	39·45	38·72	33·45	35·53	40·20
" " " " staple fibre	M	"	16·85[7]	19·00[7]	19·94	16·68	21·53	20·08	20·99	16·93	18·51	21·60
Cotton cloth, woven	W	mn. yds.	35·2	38·3	34·3	31·7	31·3	34·9	22·3	28·1	30·4	...
Wool fabrics, woven	M	mn. sq. yds.	34·3	34·5	34·2	25·7	37·4	36·9	33·4	25·3	33·7	...
Engineering production:												
Passenger cars and chassis	W	'000s	11·44	14·51	17·26	13·97	18·06	18·83	12·87	6·43	11·95	12·92
Commercial vehicles and chassis	W	"	4·61	5·07	6·53	5·71	7·14	7·34	4·91	3·01	4·91	5·01
Metal-working machine tools	M	'000 tons	12·63	11·39	12·52	10·74	12·85	12·64	13·77	...	...	...
Internal combustion engines	M	'000 h.p.	311	356	408	328	450	373	449	...	...	...
BUILDING ACTIVITY												
Permanent houses completed: [1]												
Total	M	'000s	26·56	28·97	26·42	23·92	27·98	27·34	25·00	23·71	25·57	26·78
By private builders	M	"	5·24	7·55	9·46	9·84	11·01	11·13	10·66	10·50	10·92	11·62
By local housing authorities	M	"	19·91	19·58	15·98	13·35	15·89	15·29	13·44	12·55	13·72	14·39
Other	M	"	1·41	1·83	0·98	0·73	1·08	0·92	0·90	0·66	0·93	0·77
WHOLESALE SALES [1]												
Textile houses:		Av. value										
Total home sales		1950 = 100	95	95	98	82	134	141	71	83	134	...
Women's and children's wear		"	96	96	98	87	134	138	70	96	138	...
Men's and boys' wear		"	91	90	94	70	127	131	75	75	129	...
Piece-goods		"	66	63	62	59	75	80	53	54	69	...
RETAIL SALES [1]		Weekly av. value										
All kinds of business:		1950 = 100	...	...	140	129	136	151	147	140	144	152
All retailers		"	...	...	136	129	131	145	141	136	136	144
Independent retailers		"	...	...	148	132	142	156	155	151	151	159
Multiple retailers		"	...	...	142	128	142	150	148	143	155	158
Co-operative societies		"	...	...	117	89	115	139	124	100	116	132
General department stores		"										
By kind of shop:												
Food		"	...	...	148	145	145	150	154	155	152	156
Clothing and footwear		"	...	...	121	95	110	132	134	113	120	133
Household goods		"	...	...	150	134	153	191	145	142	153	169
STOCKS												
Basic materials:												
Coal, distributed [1]		'000 tons	17,626	15,682	18,338	15,093	17,772	19,192	18,451	18,081	19,140	19,984
Steel		"	1,051	899	1,280	1,297	1,323	1,257	1,434	1,613	...	...
Copper [4]		"	55·3	61·5	76·2	107·2	93·7	75·5	68·2	72·1	...	...
Sulphur [5]		"	66·8	67·2	85·2	92·0	103·2	95·6	100·9	104·9	...	...
Newsprint		"	110·6	97·8	105·0	108·5	101·7	105·9	124·8	128·3	...	...
Textiles:		Av. value										
Wholesale houses, total [1]		1950 = 100	89	96	90	115	110	98	117	125	122	...
Large retailers, clothing and footwear [1]		"	102	107	110	116	120	125	119	123	134	...

[1] Great Britain. [2] Provisional estimate. [3] 1954 figures onwards exclude all screening losses normally amounting to around 5,000 tons a week. [4] Excluding government stocks. [5] Average for third quarter. [6] Average for fourth quarter. [7] Rayon and nylon production only. [8] Including filter cake from May, 1956.

British Commonwealth

PRODUCTION OF FUEL AND POWER [1]

Monthly averages or calendar months	Coal: Australia	Coal: Canada	Coal: India	Coal: S. Africa	Crude Petroleum: Canada	Crude Petroleum: Pakistan	Electricity: Australia	Electricity: Canada	Electricity: India	Electricity: N. Zealand	Electricity: S. Africa
	'000 tons						mn. kwh				
1948	1,232	1,255	2,511	1,969	139	5·3	728	3,714	381	264	772
1954	1,647	952	3,074	2,404	1,062	21·4	1,206	5,761	627	532	1,220
1955	1,607	931	3,185	2,646	1,429	22·6	1,345	6,328	707	596	1,563
1956, April	1,547	857	3,223	2,715	1,574	22·7	1,356	6,348	781	298	1,412
" May	1,773	889	3,314	2,910	1,591	22·8	1,545	6,896	826	341	1,553
" June	1,720	759	3,197	2,729	1,592	22·8	1,568	6,723	797	345	1,541
" July	...	704	3,165	2,807	1,887	...	...	6,673	798	396	1,551
" August	...	679	3,307	3,216	...	...	...	6,854	...	399	1,552

PRIMARY PRODUCTION [2]

Monthly averages or calendar months	Copper: Canada	Copper: N. Rhodesia	Rubber: Ceylon	Rubber: Malaya	Tin: Malaya	Steel: Australia	Steel: Canada	Steel: India	Steel: S. Africa	Gold: Australia	Gold: Canada	Gold: S. Africa
	'000 tons									'000 fine ounces		
1948	16·3	17·4	7·9	58·2	4·14	106	238	104	49	73·8	294	965·4
1954	19·5	21·5	7·8	48·7	5·93	185	237	140	117	93·2	364	1,102·3
1955	21·6	28·9	7·8	53·3	5·89	183	357	142	130	87·4	379	1,213·7
1956, June	22·6	32·4	6·5	52·7	6·72	217	398	133	131	92·0	377	1,351·5
" July	24·7	32·8	10·5	54·7	5·27	230	394	146	146	...	345	1,369·7
" August	23·2	33·7	9·1	55·3	5·94	195	392	...	130	...	...	1,386·4
" September	25·3	24·0	7·6	52·0	...	216	...	...	...	...	...	1,310·1
" October	...	...	7·9	53·0	...	...	...	...	...	...	...	1,327·9

EXTERNAL TRADE [3]

Monthly averages or calendar months	Australia: Imports	Australia: Exports	Canada: Imports	Canada: Exports	India: Imports	India: Exports	New Zealand: Imports	New Zealand: Exports	Pakistan: Imports	Pakistan: Exports	S. Africa [4]: Imports	S. Africa [4]: Exports
	mn. £A		mn. $C		mn. rupees		mn. £NZ		mn. rupees		mn. £SA	
1948	28·2	33·8	220	259	537	382	10·71	12·27	85·9	136·1	29·5	11·4
1954	56·6	67·9	341	329	547	495	20·48	20·33	96·0	99·0	36·6	27·6
1955	70·1	63·4	393	363	567	504	23·93	21·55	90·5	125·4	40·2	30·7
1956, May	71·6	90·8	550	435	678	453	22·3	24·8	103·9	81·0	42·7	35·8
" June	63·4	73·1	491	425	643	465	...	21·9	124·4	140·7	42·8	32·4
" July	57·3	64·4	483	430	594	421	...	22·3	106·1	91·1	...	...
" August	78·8	58·5	475	427	666	499	...	...	...	...	...	...
" September	...	...	441	409	...	...	...	...	...	...	...	...

EXCHANGE RESERVES AND PRICES [4]

	Gold and Foreign Exchange Holdings: Australia [5]	Canada	India [6]	New Zealand [6]	S. Africa	Cost of Living: Australia	Canada	India	New Zealand	Pakistan	S. Africa	S. Rhodesia
	End of period: mn. US dollars					1953 = 100						
1948	1,265	1,011	3,755[7]	237	652	56	84	...	74	89[8]	77	73
1954	1,133	1,955	1,782	239	416	101	101	95	105	98	102	100
1955	835	1,510	1,791	179	368	104	101	90	107	94	105	101
1956, June	795	1,912	1,609	257	324	109[10]	102	99	111[10]	96	107	106
" July	...	1,904	1,632	257	304	...	103	100	...	98	108	106
" August	...	1,894	1,573	258	314	...	103	...	...	...	107	105
" September	...	1,914	1,539	242	317	...	103	...	...	...	...	105
" October	...	1,923	...	...	331	...	...	...	...	...	...	...

[1] Electricity production for New Zealand represents about 87 per cent of total generation. [2] Copper and tin refer to metal production. [3] General trade (including re-exports) except for Canada, which is special trade only. Imports are cif except for Australia, Canada and S. Africa which are fob; exports are fob. Trade for India includes that going by land; annual figures for India are for 12 months beginning April 1st of year stated and for Australia 12 months ended June 30th. [4] Gold and foreign exchange holdings are those of the government and central bank; only figures for Australia include holdings of commercial banks. Cost of living for S. Africa and S. Rhodesia relates to Europeans only and for S. Africa includes direct taxes. [5] Including foreign investments. [6] Including semi-processed gold. Beginning January, 1955, including South-West Africa. [7] In July 1948, part of holdings was transferred to the State Bank of Pakistan. [8] April, 1948—March, 1949. [9] Including some long-term securities. [10] Average for second quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended December 1st, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £17,138,000 compared with a surplus of £25,927,000 in the previous week and a deficit of £32,651,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £14,048,000, bringing the total deficit to £657,269,000 (£651,535,000 in 1955-56).

£'000	Estimate, 1955-57	April 1, 1955 to Dec. 3, 1955	April 1, 1956 to Dec. 1, 1956	Week ended Dec. 3, 1955	Week ended Dec. 1, 1956
Ord. Revenue					
Income Tax	2085,500	635,980	710,08	19,336	26,678
Surtax	144,000	39,200	45,400	1,500	1,000
Death Duties	170,000	120,900	110,700	3,000	3,700
Stamps	58,900	49,200	41,900	1,700	1,500
Profits Tax, EPT	216,750	141,100	135,450	4,200	4,500
Excess Profits Levy	4,000	15,200	3,600	400	...
Special Contribution and other Inland Revenue	1,000	500	210	...	...
Total Inland Rev.	2680,150	1001,889	1047,345	29,938	37,378
Customs	1204,000	494,295	812,565	26,988	24,014
Excise	953,350	594,160	651,320	18,386	25,495
Total Customs and Excise	2157,350	1088,455	1443,885	45,368	49,509
Motor Duties	92,000	23,018	24,599	175	...
				Dr.	Dr.
PO (Net Receipts)	...	8,900	12,050	1,800	1,900
Broadcast Licences	28,900	14,800	16,400	4,000	3,500
Sundry Loans	30,000	25,516	28,277	...	2,815
Miscellaneous	200,000	104,970	119,038	571	4,415
Total	**5187,500**	**2565,348**	**2691,589**	**77,652**	**96,415**
Ord. Expenditure					
Debt Interest	670,000	445,670	482,561	21,907	22,085
Payments to N. Ireland Exchequer	61,000	34,892	39,704	...	2,885
Other Cons. Fund	10,000	6,294	5,452	48	58
Supply Services	3941,918	2324,875	2554,547	77,418	69,245
Total	**4682,918**	**2811,728**	**3082,064**	**109373**	**113253**
Sinking Funds	57,000	25,250	22,696	930	500
"Above-line" Surplus or Deficit	—	**269,670**	**413,171**	**32,651**	**17,138**
"Below-line" Net Expenditure	—	381,865	244,098	6,907	14,048
Total Surplus or Deficit	—	**651,535**	**657,269**	**39,558**	**31,186**
Net Receipts from:					
Tax Reserve Certificates		136,424	169,905	10,992	5,896
Savings Certificates		11,500	45,500	900	1100
Defence Bonds		−20,269	−29,591	709	791
Premium Savings Bonds		...	40,000	...	6,700

FLOATING DEBT

£ million

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Dec. 3	3,530·0	1,891·2	248·1	...	5,669·3
1956					
Sept. 1	3,480·0	1,350·3	228·5	...	5,038·9
" 8	3,510·0	1,373·4	235·9	1·8	5,070·1
" 15	3,540·0	1,324·9	256·8	...	5,121·7
" 22	3,590·0	1,325·1	234·5	...	5,149·6
" 30	3,610·0	1,358·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,358·8	253·7	2·3	5,204·8
" 13	3,610·0	1,322·7	248·3	1·0	5,182·0
" 20	3,620·0	1,349·2	255·9	...	5,218·0
" 27	3,610·0	1,378·9	245·2	0·8	5,234·9
Nov. 3	3,610·0	1,360·2	263·6	...	5,233·7
" 10	3,610·0	1,341·2	258·7	1·8	5,211·6
" 17	3,610·0	1,283·0	295·4	2·3	5,188·6
" 24	3,610·0	1,265·9	239·6	0·8	5,116·2
Dec. 1	3,630·0	1,276·5	227·3	1·0	5,134·8

THE MONEY MARKET

CREDIT conditions have been difficult in the past week. On Thursday before the weekend a number of houses had to repay seven day loans from the Bank, and very large official purchases were necessary; smaller special help was given on Friday. Large purchases were again made on Monday and Tuesday, yet on both days one or two houses still needed to take loans at Bank rate. The shortage of market funds was caused mainly by a dearth of maturities, owing partly to preparations for the Trinidad Oil pay-out three months ago and also to recent bill purchases by the Bank.

The market's bid for both the three months and two months maturities was unchanged at the tender on Friday at £98 14s. 11d. per cent and £99 2s. 7d. per cent respectively. The offer of 91-day bills was up by £10 million to £220 million, and as total applications dropped sharply by £28.9 million to £325.7 million, the market's allotment rate jumped from 30 to 52 per cent. However, the offer of 63-day bills was under allotted by £10 million, to £60 million compared with £80 million last week; and the market's proportion of these maturities fell from 94 to 77 per cent. Its average rate of allotment of the two maturities together rose from 48 to 58 per cent.

The Bank return shows a rise of £31.4 million in the active note circulation; and the fiduciary issue has been raised by £50 million to £1,975 million.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% on 16.2.56)	5½	**Discount rates**	
Deposit rates (max.)		Bank bills: 30 days	5⅝
Banks	3½	3 months	5⅛–5⅜
Discount houses	3½*	4 months	5⅛–5⅜
		6 months	5¼–5⅜
Money Day to day	3½–4½	Fine trade bills:	
Short periods	4½	3 months	6–6½
Treas. Bills 2 months	4⅝	4 months	6–6½
3 months	5	6 months	6–7

* Call money

BANK OF ENGLAND RETURNS

£ million	Dec. 7, 1955	Nov. 28, 1956	Dec. 5, 1956
Issue Department:			
Notes in circulation	1,828·4	1,906·3	1,927·5
Notes in banking dept.	22·0	19·0	37·5
Govt. debt and securities*	1,846·3	1,921·2	1,971·5
Other securities	0·7	0·8	0·8
Gold coin and bullion	0·4	0·4	0·4
Coin other than gold coin	3·0	3·0	3·3
Banking Department:			
Deposits:			
Public accounts	11·5	13·8	13·1
Bankers	249·3	220·0	220·5
Others	69·6	75·8	73·0
Total	330·4	309·6	307·6
Securities:			
Government	287·9	262·9	254·2
Discounts and advances	22·2	26·8	14·5
Other	17·0	17·0	17·1
Total	327·1	306·7	285·8
Banking department reserve	24·3	21·0	38·5
" Proportion "	7·2 %	5·7 %	12·2 %

* Government debt is £11,015,100, capital £14,553,9. Fiduciary issue increased to £1,975 million from £1,925 mill on December 5, 1956.

TREASURY BILLS

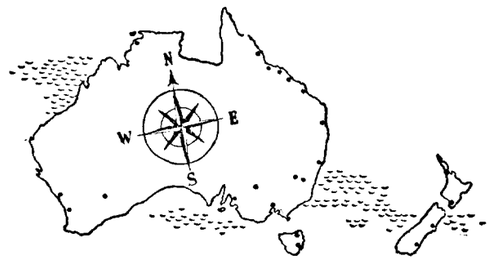
Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bills: Average Rate of Allotment	Allotte at Ma Rate*
1955	*91 Day* *63 Da.*		s. d.	%
Dec. 2	240·0 50·0	368·3	81 5·60	85
1956	*91 Day*			
Aug. 31	290·0	385·0	100 6·41	80
Sept. 7	290·0	430·0	101 4·50	55
" 14	290·0	404·2	102 0·77	61
" 21	280·0	380·0	103 4·46	56
" 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	56
" 12	280·0	433·6	102 2·21	55
" 19	280·0†	392·9	100 2·12	65
	91 Day *63 Day*			
" 26	200·0 60·0	412·4	99 9·85	30
Nov. 2	200·0 70·0	405·8	99 11·55	36
" 9	200·0 80·0	419·1	99 10·86	27
" 16	190·0 90·0	395·1	100 0·00	39
" 23	210·0 80·0	440·6	100 3·34	30
" 30	220·0 70·0‡	405·3	100 4·69	52

* On November 30th tenders for 91 day bills at £98 14s. 11 secured 52 per cent and 63 day bills at £99 2s. 7d. secure 77 per cent, higher tenders being allotted in full. Yesterday offering of £280 million included £60 million at 63 day
† Allotment cut to £260·0 million.
‡ Allotment cut to £60·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: December 5	Market Rates: Spot: November 29	November 30	December 1	December 3	December 4	December 5
United States $	2·78 2·82	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾	2·78½ 2·78¾
Canadian $	...	2·66⅞ 2·66⅞	2·66⅞ 2·66⅞	2·67 2·67⅛	2·67⅛ 2·67⅜	2·68⅛ 2·68⅜	2·68¼ 2·68⅜
French Fr.	972·65 987·35	982½ 982¾	983 983½	982½ 983	983 983½	983½ 983¾	983¾ 984
Swiss Fr.	12·35⅞ 12·53⅛	12·23½ 12·23¾	12·23½ 12·23¾	12·23½ 12·23¾	12·23⅜ 12·23⅝	12·24⅛ 12·24⅜	12·24⅛ 12·24⅜
Belgian Fr.	138·95–141·05	139·62½–139·67½	139·62½–139·67½	139·62½–139·67½	139·70–139·75	139·85–139·90	139·85–139·90
Dutch Gld.	10·56 10·72	10·60⅝ 10·61½	10·60⅝ 10·61½	10·60⅝ 10·61½	10·61⅜ 10·61⅝	10·61⅝ 10·62⅜	10·62⅜ 10·63
W. Ger. D.Mk.	11·67⅞ 11·84⅛	11·70½ 11·71	11·70½ 11·71½	11·70½ 11·70⅝	11·70⅜ 11·70⅝	11·71⅛ 11·71⅜	11·71⅛ 11·71⅜
Portuguese Esc.	79·90 81·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10	80·00 80·10
Italian Lire	1753½ 1762½	1754 1755	1754 1755	1754 1755	1754 1755	1755½ 1756½	1755 1756
Swedish Kr.	14·37½ 14·59½	14·41½ 14·42½	14·42 14·42½	14·42 14·42½	14·42⅜ 14·42⅝	14·43⅞ 14·44	14·43⅝ 14·44
Danish Kr.	19·19½ 19·48½	19·35 19·35½	19·35½ 19·36	19·35½ 19·36	19·35½ 19·36	19·36½ 19·36⅝	19·36 19·36
Norwegian Kr.	19·85 20·15	19·95½ 19·95¾	19·95½ 19·95¾	19·95½ 19·95¾	19·95 19·95⅜	19·95½ 19·95¾	19·95½ 19·9
One Month Forward Rates							
United States $		1½–1⅜c. pm	1⅝–1⅜c. pm	1⅝–1⅜c. pm	1⅝–1⅜c. pm	1⅝–1c. pm	1–⅞c. pm
Canadian $		⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm	⅜–⅛c. pm
French Fr.		⅛–⅛ dis	⅛–⅛ dis	⅛–⅛ dis	⅛–⅛ dis	⅛–⅛ dis	⅛–⅛ dis
Swiss Fr.		4–3½c. pm	3¾–3½c. pm	3¾–3½c. pm	4–3½c. pm	4½–4c. pm	4½–4c. pm
Belgian Fr.		⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm	⅜–⅛ pm
Dutch Gld.		2½–2c. pm	2½–2c. pm	2½–2c. pm	2½–2c. pm	3–2½c. pm	3½–2½c. pm
W. Ger. D.Mk.		4–3½pf. pm	3¾–3½pf. pm	3¾–3½pf. pm	3¾–3pf. pm	4¼–3½pf. pm	4¼–3½pf. pm
Italian Lire		3 pm par	3 pm par	3 pm par	3 pm par	3 pm par	3 pm par
Swedish Kr.		1½–0 pm par	1½–0 pm par	2–0 pm par	2–0 pm par	3–1c. pm	3–1c. pm
Danish Kr.		5–2½ pm	5–2½ pm	5–2½ pm	5–2½ pm	5–2½ pm	5–2½ pm
Norwegian Kr.		1c. pm–1c. dis	1c. pm–1c. dis	1c. pm–1c. dis	2½ pm–par	2½ pm–par	2½ pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251 0½	251 0	...	251 ½	251 0	250 11½

What ARE the Business Prospects?



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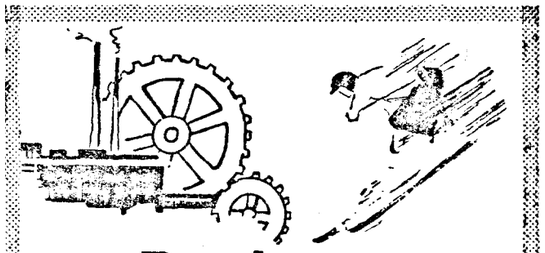

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Vice-Chairman - - - - - C. H. Bhabha
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Paid-up Capital ... Rs. 3,14,54,250 (£2,359,068)
Reserve Fund and Other Reserves ... Rs. 4,01,81,217 (£3,013,591)
Deposits (31.12.55) Rs.1,28,96,40,383 (£96,723,028)

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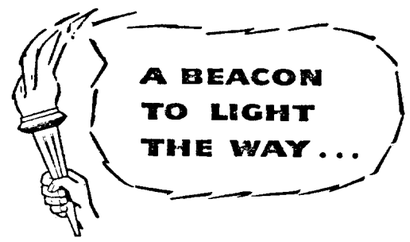

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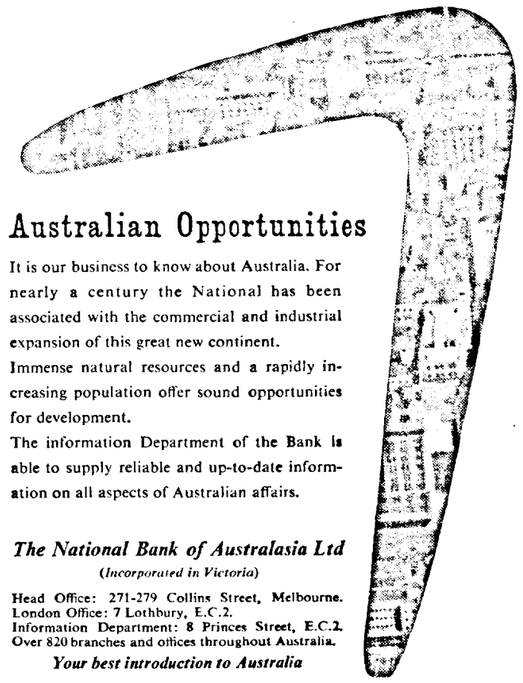

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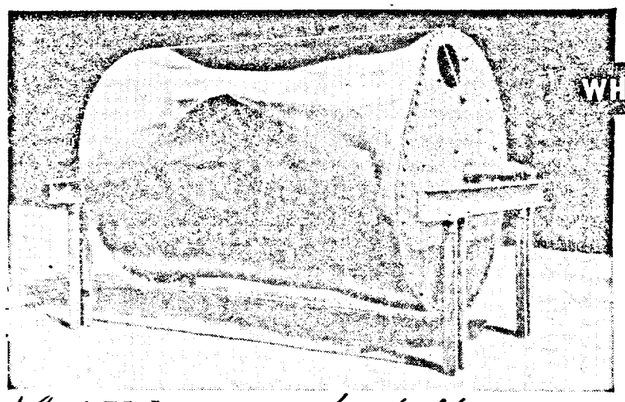

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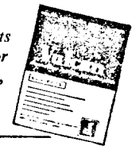

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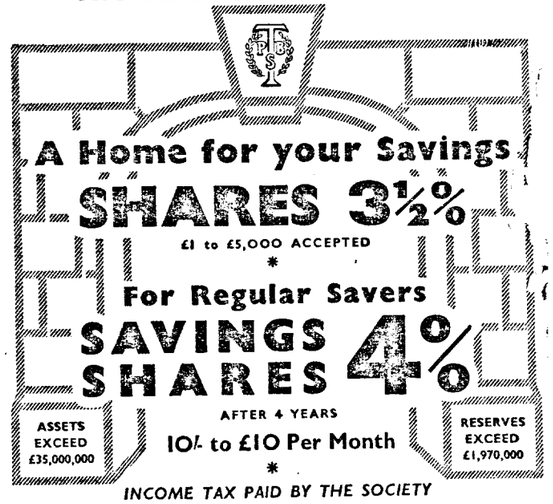

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COMPANY MEETINGS

THOS. W. WARD, LIMITED

MR H. W. SECKER ON A YEAR OF RECORDS

The fifty-third Ordinary General Meeting of Thos. W. Ward, Limited, was held on November 30th, in Sheffield. Mr H. W. Secker, OBE (Chairman of the Company), presided, and in the course of his report, previously circulated, said:

"Before I proceed to review the record results of the past financial year, I wish to refer to the changes that have taken place since our last meeting, both in the Board of Directors and also in certain of the executive appointments.

It is with deep regret that we have to record the death of Mr James Bussey who had been a Director since 1939, also of Mr Herbert Beresford who had been Secretary since 1947. Each had given over 50 years' valued service to the Company and we shall miss the knowledge and experience which they contributed in their respective spheres.

With the passage of time such gaps are bound to occur in our top management, but I am happy in the knowledge that we have some worthy successors coming along, which enables us to continue our policy of promoting men to senior positions who have been trained and proven in their service to the Company. In furtherance of this policy, the Board has been strengthened by the appointment of three Directors, Mr C. Parry (40 years' service), Mr H. H. Mumby (37 years' service) and Mr W. Hall (29 years' service), all of whom have been Local Directors since 1948.

Mr Ernest Robinson, who has been Assistant Secretary for 9 years, and has 40 years' service with the Company, has been appointed Secretary. With the growth in size and complexity of the Group activities, we have considered it desirable to create the new position of Group Chief Accountant to which we have appointed Mr E. M. Dodd, who has dealt with financial matters since 1947.

GROUP RESULTS

The Group turnover of £44,714.000 has increased by some £8 million compared with the previous year. This increase has been contributed in approximately equal proportions by the Parent Company on the one hand, and the combination of Subsidiaries on the other, the Parent Company's turnover of £25,125.000 being an increase of nearly £4 million on the previous year, and the combined Subsidiaries' turnover of £19,589.000 being also approximately £4 million up on the previous year. In making such comparisons it has, of course, to be borne in mind that in the previous year's figures only 7 months' trading results of Wolverhampton and Birchley Rolling Mills were included, compared with a full 12 months in the present year, whilst the Alexander Metal Company, Limited, which was acquired in September, 1955, was not included in the previous year's figures, and the results of that company have been included in this year's consolidation to the extent of 9 months' trading. Although the physical volume of turnover also shows a welcome increase, and along with the sterling volume constitutes an all-time record, the turnover figures are to some extent also a reflection of increase in prices.

Furthermore, to keep the turnover figure in the right perspective, it is advisable to point out that on a broad division of the Group activities £21 million (approximately) arises from transactions of a Merchanting nature, and £23½ million (approximately) from transactions of a manufacturing or semi-manufacturing nature. It will be appreciated that the rate of net profit in the first category is much smaller than that in the second category. The Group trading profit of £2.729,000 before deduction of the Subvention Payment, to which I refer later, also constitutes a record and is approximately £375,000 up on the previous year. Here again the comparison is affected by the fact that a full year's profits are included for the Wolverhampton and Birchley Rolling Mills compared with only 7 months in the previous year, and 9 months profits for the Alexander Metal Company, Limited, which company was not included in the consolidation in the previous year. Although, as usual, we derive a considerable proportion of the Group profit from a nucleus of main departments of the Parent Company, together with certain of the larger Subsidiary Companies, I am particularly pleased by the fact that a steady increase of profits has been contributed by certain of the smaller sections of the Parent Company, and by the smaller Subsidiary Companies, so that the picture I am able to present to you over the past year is one that depicts steady progress by all sections and companies in the Group without exception.

We are fortunate in the good labour relations that exist throughout the Group, and I would like to express my appreciation of the support given to me by my colleagues on the boards, both of the Parent and Subsidiary Companies, and to acknowledge the efforts put forth by Executives, Staff and Workpeople throughout the Group which, in combination, have produced such excellent results.

DELIVERIES OF SCRAP IRON AND STEEL

Although our activities now extend in so many directions, the business was originally founded on the trade in scrap iron and steel, including shipbreaking and dismantling, and indeed this still represents a high proportion of this company's business, so that I am very pleased to report that our deliveries of scrap iron and steel, excluding imports, to the consumer industries in this country have again broken all records by a substantial tonnage.

The forward production and development programme of the steel industry clearly indicates a continuing demand for all the ferrous scrap that can be found in the United Kingdom, and the high cost of imported scrap, much of which is from hard currency countries, emphasises the need for prompt release of obsolete plant and equipment. The efforts of the steel industry to secure better segregation and preparation of scrap, to permit heavier charging-box weights with shorter charging times and increased furnace efficiency, have our strongest support, and developments are constantly taking place at our various scrap works to achieve this.

In shipbreaking, as I reported last year, we have not been working to maximum capacity owing to the shortage of ships for breaking. There are still many old ships retained in service because of the high freight rates ruling at present, and coupled with the Suez situation, it would not appear that we can expect any material improvement in this direction in the immediate future.

RAIL CHARGES

By reason of the tremendous tonnage handled, we are very large users of the Railway Freight services and make direct payment to the British Transport Commission of about £1¼ million a year. We forward a great variety of products by rail from a very large number of stations in England, Scotland and Wales and therefore the British Transport Commission's new Merchandise Charges affect us very closely. Until the Commission has disclosed how it proposes to implement the scheme, which has recently been approved in a slightly modified form by the Transport Tribunal, we shall not know how the rates on our traffic will be affected. The Transport Commission knows our views and we can only hope that the considerable apparent difficulties will be satisfactorily resolved.

RATING ASSESSMENTS

The rating assessments under the new valuation lists in all areas of England and Wales, introduced by the Inland Revenue Valuation Department by powers of the Local Government Act of 1948, will result in a substantial addition to our charges in view of the many properties we occupy throughout the country. Where the new assessments appear to be incorrect or unreasonable, we have taken steps to submit proposals to the appropriate authority.

GROUP TRADING ASPECTS

To provide you with a closer acquaintance of how the main sections of the Group have fared throughout the past year, I think it will prove most convenient to do this under the broad classification which has been adopted in making returns of capital investment to the Board of Trade. In this grouping, the activities both of the Parent Company and the Subsidiary Companies are merged in the respective groups

QUARRIES

Both turnover and profits have increased and our Shap quarries in particular have had a very successful year, both in dry and coated road stone, and in the Concrete Works, where a variety of concrete goods are manufactured, such as paving flags, kerbs, fencing posts, spun pipes and artificial stone for architectural purposes. Providing the weather is not

undulv adverse during the forthcoming winter, I anticipate profits will be maintained during the present financial year.

CEMENT

The Ketton Portland Cement Company Limited had a record output tonnage of 320,516 tons, but the incidence of rising costs was such that the net profit was only slightly higher than in the preceding year. Arising from a revaluation of the Fixed Assets, a Surplus of £517,510 has been credited to Capital Reserve, and the Directors are proposing an issue of bonus shares to the Ordinary Shareholders, subject to CIC consent, in the ratio of one for one, by appropriation from certain of the Revenue Reserves. The main capital projects include an entirely new crushing plant and the construction of a new roadway and plant for the handling of coal. The Ribblesdale Cement Company Limited and its Subsidiary Company the Horrocksford Lime Company Limited in which the Ketton Company holds a 50 per cent interest, both continue to make excellent progress. Mr F. R. Stagg, the Chairman, commenting on future prospects, says the demand for cement is being maintained and prospects for the future appear to be bright, notwithstanding the effect of the credit squeeze.

IRON AND STEEL AND NON-FERROUS MANUFACTURING, INCLUDING SPECIALISED CASTINGS, IRON AND STEEL SECTIONS, ETC.

In this group, which includes Subsidiary Companies engaged in Re-Rolling Steel, Rolling Mild Steel Plates and Sheets, Wrought Iron, Specialised Castings, Non Ferrous Ingot Manufacture, together with the Fabrication of Steel by the Parent Company, the results have been particularly gratifying.

Our Rolling Mills at Wolverhampton and Birchley have had a record production, which has enabled them to absorb all increases in wages and material costs and also the adverse effect of working margins, whilst the policy of specialisation has enabled them to avoid the more competitive type of business, especially that from the continuous mills. Improvements have been effected to accommodate increased output and to improve handling facilities, and the order position shows cover for eight or nine months ahead. Despite the recession in the motor car industry, however, there is still a difficulty in obtaining suitable labour for the mills.

At the Darlington Works, a scheme to mechanise the Foundry is now being undertaken, together with certain other improvements.

Generally speaking, those of our companies engaged in the supply of castings are experiencing a noticeable increase in the degree of competition, prices are very much keener, and there is no doubt that the credit squeeze is taking effect.

Subject to this, the general situation is that the order position is being maintained at a good level and profits so far are similar to the corresponding period last year.

NON-ELECTRICAL ENGINEERING, INCLUDING MACHINE TOOLS, CRANES, EXCAVATORS, ETC.

Although turnover showed a slight increase, net profit was just a shade down compared with the previous year, due mainly to the incidence of rising costs. During the last few months of the financial year there was a marked deterioration in the demand for excavators, but this is considered to be only a temporary lull arising from the credit squeeze and the necessity for many overseas countries to limit their imports. Oversea orders recently booked, include one for the Indian Railways, covering the supply of 30 Steam Cranes to a value of £300,000, and for South Africa to an approximate value of £72,000, for whom an order has recently been completed for nine ¾ yard Excavators. The Canadian market has taken 26 ¾ yard Excavators this year and we now have 129 Excavators working there. Extensions have been completed to the Machine Tool Works at Halifax which increase the area by 10,593 sq ft, whilst improvements have been made in the foundry facilities. The orders received at and following the International Machine Tool Exhibition at Olympia, both for Town Radial and Vertical Drilling Machines and for the Woodhouse and Mitchell Turret Milling Machine, were very gratifying, and approximately 63 per cent of the total value of orders on hand for Fredk. Town & Sons Limited are for export.

The order books for Cranes and Machine Tools are particularly satisfactory and trade should continue at a good level during the present financial year, although there may be some decrease in net profit because of rising costs.

MOTOR ENGINEERING AND WAGON BUILDING AND REPAIRING

Although only a relatively small section of the Group interests, a very satisfactory increase in profits has been shown and a valuable contribution has been made to the Group profit.

WIRE AND WIRE PRODUCTS, PROCESSING AND MANIPULATION OF SCRAP, SHIPBREAKING AND MANUFACTURE OF NUTS AND BOLTS

The overall position shows a satisfactory increase in turnover and profit compared with the preceding year, but there is a slight fall in the rate of net profit. Subject to my earlier remarks on the shortage of ships for breaking, the business in this group should be maintained at a good level throughout the present year.

INSULATING MATERIALS

This is one of our more recent interests and therefore one in which we hope to expand.

Good progress was made by Dick's Asbestos & Insulating Company Limited during the year and a new factory has been erected at a cost of £125,000. At the end of the financial year the factory was in an advanced stage and approximately 60 per cent had been occupied, and full occupation has now taken place. Owing to the continued rise in solid fuel costs and the general aim for increased efficiency of fuel usage, the future prospects for Insulating Contracts are very encouraging, but the industry in general is suffering from an acute shortage of skilled labour.

BUILDING AND CONTRACTING, INCLUDING INSTALLATION OF RAILWAY SIDINGS, ROAD CONSTRUCTION, ETC.

Turnover has been well maintained, but overall profits are somewhat lower due to a fall in the margin of profit. There is no doubt that the credit squeeze is resulting in a deferment of certain projects which would normally be coming forward, and competition in this field is intensifying.

MERCHANTING

In this group are included Subsidiaries engaged in the supply of Industrial and Domestic Coal, Coke and other fuels, Contractors Small Tools and Equipment, Steel Stockholders, and the Parent Company's activities in Merchanting Ferrous and Non Ferrous Metals, Pig Iron and Foundry Supplies, Boilers and Industrial Plant, Machinery and Contractors Plant, Cement and Concrete Products.

Although a material increase in turnover has been achieved, this has been influenced to a certain extent by increases in prices during the year on coal and certain of the other commodities; nevertheless, there has been an increase in physical volume which has been accompanied with a useful increase in net profit. As I commented earlier however, the profit margin is rather small, and it is only by the capacity of our organisation to handle a variety of products in such large volume, that we are enabled to show a profit commensurate with the important service which this section of our Group renders to such a wide field of industry.

The credit and hire purchase restrictions are being increasingly felt in building and associated development, which in turn is reflected in our Contractors Plant and certain other sections.

The overall position is that the level of trade is being reasonably well maintained in the Group, but it is possible that there will be some slight falling off in demand during the course of the year.

THE WAVERLEY RUBBER COMPANY LIMITED

In April 1955 we purchased the property and plant of The Waverley Rubber Company Limited, Russell Road, Edinburgh, together with the right to use the firm's name, immediately prior to its being put into liquidation. The company had a sound business for a considerable number of years in the manufacture of all types of rubber footwear, printers blankets and mechanical insertions, but because of the increasing competition in rubber footwear the Directors had decided to liquidate the company.

We are holding the major part of the property and plant for disposal at a suitable opportunity and this is included in Stock on hand in the Balance Sheet. We are, however, retaining sufficient plant to continue the manufacture of rubber blankets for the printing and allied trades, and since June 30th we have formed a separate company for this purpose, which will continue to trade under the name of The Waverley Rubber Company Limited.

THE BLAENAVON COMPANY LIMITED

Prior to our obtaining control of the above company in January 1954, it had been experiencing difficulties for some considerable time because of the shortage of working capital and essential additional plant and machinery. We acquired the company, however, in the hope that we could build up its business in Tyres and General Engineering, as it was considered that it could be turned into a useful addition to the Group activities. Unfortunately circumstances have proved such, that we have reluctantly come to the conclusion that we are unable to implement our intention, and we have therefore decided to realise our holding in the company at the earliest opportunity. Negotiations are at present in progress which, if finalised, will enable us to dispose of our holding of the ordinary and preference shares in this company amounting to 92½ per cent and 89 per cent respectively of each class of Issued Share Capital.

The Subvention Payment of £100,000, which is featured separately on the Profit and Loss Account of the Parent Company, was made to The Blaenavon Company Limited and was based on a provisional estimate of that company's deficit for tax purposes in order to preserve any rights under Sec. 20 FA 1953.

It is anticipated that even after allowing for the Subvention payment, a satisfactory profit will arise on the eventual realisation of our holding in this Company.

OVERSEAS TRADE

In addition to the specific orders for Cranes and Excavators which I have mentioned, the Parent Company's export sales show a material increase over those of the previous year. Because of the intensive competition that has had to be met, in many cases the margins have been smaller, but the net profit earned is very satisfactory and reflects credit on our Overseas Trade Department who have achieved this result notwithstanding the import restrictions in many countries.

The turnover and results of our French Subsidiary have been very satisfactory, and having regard to the rigidity of the French licensing system, the management are to be complimented on the manner in which they have handled the problems created by this restrictive policy.

The Belgian Subsidiary has kept up progress despite many difficulties, whilst our Scandinavian Company has further consolidated its position despite the restrictions on credit and hire purchase which operate in Sweden, similar to the policy which is being followed at home.

The restrictions on imports have persisted in Australia and the Company has had to operate under difficult conditions ever since we acquired it in 1952, so that our original expectations have not been fulfilled. The results are very disappointing, but so far it has been operating on a relatively small scale and we are considering means of strengthening the company and putting it on a sounder footing for the future.

We are continuing in our endeavours to expand the Group exports despite the many difficulties that have to be overcome.

PROFIT AND LOSS ACCOUNT

Referring to the Consolidated Profit and Loss Account you will see that in arriving at the Profit before Taxation, we have provided for depreciation of £402,718 which is an increase of some £110,000 compared with the preceding year. The Parent Company's provision has increased by £38,000 and the other main contributory factor to such increase arises from the revaluation of the Fixed Assets of The Ketton Portland Cement Company, Limited, as the depreciation charge for that company has been computed on the revalued figures, resulting in an increase of over £40,000 compared with the charge for the preceding year. Whereas, however, it was considered desirable in previous years to implement the charge for depreciation by an allocation to Reserve for Replacement of Fixed Assets, and £40,000 was so allocated in the previous year, in view of the revaluation such an allocation is no longer considered necessary. After deduction of the Subvention Payment of £100,000, the Group Profit before taxation (to the nearest £000) is £2,629,000 of which we have to provide the amount of £1,386,000 for Taxation, leaving a profit after taxation of £1,243,000 compared with £1,136,000 last year, an increase of £107,000.

The incidence of taxation remains a heavy burden on industry and no clearer illustration can be given of this than to consider that after all the concerted efforts of our Group throughout the year to obtain and expand business and all the risks and difficulties that have had to be faced in building up to a turnover of nearly £45 million, the net average reward after providing for taxation per £1 of turnover is 2¾ per cent or 6½d. in the £. After adjustment for Transfers from Reserves, for Minority Interests, and the amount retained in the Subsidiary Companies' own accounts, we are left with a Profit of £776,797 available for Allocation and Appropriation in the Accounts of the Parent Company.

Turning to the separate Profit and Loss Account of the Parent Company you will see that in arriving at the foregoing profit we have deducted £44,034 as a provision for loss in a Subsidiary Company. This is in respect of the investment in the Australian Company, and in view of the difficulties experienced there on which I have commented in my remarks on Overseas Trade, we consider it advisable to make such provision against our investment.

BALANCE SHEET

The main movements in the Parent Company's Balance Sheet, stated to the nearest thousand pounds, compared with the previous year, consist of Increase in Fixed Assets of £170,000, Increase in Shares in Subsidiary Companies of £265,000, comprising the purchase of an interest in Alexander Metal Company, Limited, together with further capital introduced into certain of the existing holdings in Subsidiaries, and increase in amounts owing by Subsidiaries of £60,000. These amounts which are in the nature of Fixed Investment total £495,000. The position of Current Assets and Liabilities is that Stocks have increased by £330,000, Debtors by £615,000, whilst the Cash position has decreased by £294,000 and Creditors have increased by £608,000, so that the net Current Assets have increased by £43,000. The combined Increase in Fixed and Net Current Assets is £538,000. It will be observed that by reason of the amount put into Fixed Investment and because of the cash required to finance the expanded turnover, the Bank position has turned temporarily into overdraft. The Group Balance Sheet shows somewhat similar trends. The increase in Fixed Assets by £989,000 is of course materially influenced by the revaluation of the Fixed Assets of Ketton Portland Cement, which resulted in an increase of £517,000. Stocks have increased by £1,204,000 and Debtors by £934,000, whilst Cash, Investments and Tax Reserve Certificates, have been reduced by £215,000 and Current Liabilities have increased by £1,317,000. The Net Assets of the Group now amount to £10,709,000.

APPROPRIATION OF PROFITS

During the past year we have consolidated our existing interests, and our liquid resources have been extended to the full in financing a record turnover. By various methods including capital outlay on extensions and improvements, we have managed to keep the incidence of rising costs within reasonable bounds. Our Group Capital Investment programme for the calendar year 1956 is in the region of £825,000 and the forecast for the calendar year 1957 is only slightly lower at £725,000. Apart from the increasing needs of the Group it is also desirable, because of the credit restrictions operating, to retain a reasonable measure of liquid funds in the Group. In recommending that the ordinary dividend be maintained at the same level as in the previous year, your Board have also taken into consideration the several requests made by the Chancellor of the Exchequer in recent months for restraint by both parties in Industry at the present time. It is not your Board's policy, however, to maintain an unreasonable period of restraint.

FUTURE PROSPECTS

In my review of Group trading aspects, I have indicated the probable trend for each class of activity during the current year, and I think it is a fair summing up to say that the overall volume of trade is likely to be maintained near the level of the past year but that we shall experience some reduction in profit margins. I am hoping that I shall be able to report another satisfactory Group profit at the next meeting, but it must be realised that we cannot go on creating records indefinitely."

The report and accounts were adopted and the dividends recommended declared. The retiring directors were elected and the auditors reappointed.

KUALA PERGAU RUBBER PLANTATIONS LIMITED

IMPROVED YIELDS MAINTAINED

The twenty-second annual general meeting of Kuala Pergau Rubber Plantations Limited was held on November 29th in London, Mr H. A. Kinney, FCA, presiding in the absence abroad of the Chairman, Mr S. Estall.

The following are extracts from the Chairman's circulated Review: It is encouraging to report that the improved yields mentioned in last year's review have been maintained, and that the total crop of 471,000 lb harvested exceeded the previous year's output by 132,000 lb, an increase of over 33½ per cent. This is to a large extent due to the young areas which are now gradually coming into production, and the increasing yield from this young rubber should more than offset the inevitable fall in output from the older areas.

The net average price obtained for all grades was 28.33d. per lb, whilst the all-in cost of production, including Government rent, duty, and expenditure on upkeep of the immature areas, averaged 19.84d. per lb. After providing £8,455 for taxation, the Board recommend the payment of a dividend of 7½ per cent, which will absorb £3,736, leaving a balance to be carried forward on profit and loss account of £12,069.

Mr H. A. Kinney, addressing the meeting, said: As a Board we remain optimistic as to the future, both commercially and politically. It is unlikely that the current year's crop will exceed last year's, as on the advice of our Visiting Agent, a slightly more conservative tapping policy is being adopted, which will offset to some extent the young rubber which has come into tapping.

The report was unanimously adopted.

BARCLAYS BANK DCO

LARGER DEPOSITS

MR J. S. CROSSLEY'S STATEMENT

The thirty-first ordinary general meeting of Barclays Bank DCO will be held on December 28th in London.

The following are extracts from the circulated statement by the chairman, Mr J. S. Crossley, for the year to September 30, 1956:

Stockholders will know that this Bank operates under its own Act of Parliament—The Colonial Bank Act of 1925. In terms of that Act the authorised capital is limited to £15 million. The paid-up capital today is £12,932,250, and £15 million therefore leaves little margin should it become necessary at any time in the future to issue fresh capital. Your directors, with this in mind, have felt that we should approach Parliament by means of an amending bill to obtain authority to increase the Bank's authorised capital from £15 million to £30 million. Accordingly a bill has been prepared and was deposited in Parliament on November 27th. At an extraordinary general meeting following immediately after the annual general meeting on December 28th you will be asked to approve it. Although we are asking you to approve this bill there is no intention in the immediate future of making an issue of shares.

During the year a further milestone in our history was reached when, on May 15th, at Kapsabet, "the place of the porcupine," in the Highlands of Kenya, the one thousandth branch of the Bank was opened. By an odd coincidence, the opening date fell on the 119th anniversary of the opening by the Colonial Bank of its first branch in Jamaica. Since May 15th, 43 more offices have been opened, making a total for the twelve-month period of 110 new offices, 26 of them being full branches, 14 sub-branches, and 70 agencies; 4 agencies were closed during the period.

BALANCE SHEET FIGURES

Our balance sheet figures when compared with those for a year ago show an increase in deposits, together with a small reduction in advances. The major changes, however, took place only during the last few months of our accounting year. On March 31st, at half-time, our advances to customers were actually substantially higher than at the beginning of the period, while our customers' deposits with us showed practically no change. Our average lendings taken over the whole period were substantially higher than in the previous year. This factor, taken together with the higher rates of interest earned on treasury bills and short term funds, accounted for an increase in revenue which more than offset the further increase in expenses which we have once more had to meet and the additional taxation costs, due to increases in the rate of profits tax. The final result shows that the net profit, after tax, amounts to £1,261,189 or an increase of £109,088.

In future years, I hope we shall be able to provide you with an approximate profit figure each half-year at the time of the declaration of the interim dividend. This will be for us quite a new departure, and it will, I think, be obvious to you that the half-yearly figure will not necessarily prove a reliable guide to the figure for the full year. The rapid changes in the figures, such as, for example, those that have occurred during the last few months of this year, can have a material effect on the Bank's earnings.

VAST FIELD OF ENDEAVOUR

Throughout the Commonwealth there exists a vast field of endeavour which calls for men, as well as for money, if progress on sound lines for the benefit of its peoples is to result. Since the end of the war much has been done to develop the less advanced areas of the Commonwealth and in this way to bring about an improvement in the standard of living of its many millions of people but there are all too few who devote their time and energies to this cause which holds such great promise for the future, and has such possibilities both for good and ill. This is, perhaps, because too many people nowadays are influenced by meaningless clap-trap about "colonialism" which comes mainly from sources which are none too well disposed either towards this country, or to the so-called "colonial" people themselves. When such criticisms come, as occasionally happens, from normally friendly sources, it may just be that they have failed to keep themselves up to date with British policy and methods, or it may, perhaps, result from a little confused thinking. In neither case should they be taken seriously.

It is in this overseas field that our Development Corporation works and continues to make progress.

CAPITAL FOR OVERSEAS

We are frequently asked by our overseas friends why it is that capital should be so hard to raise on the London market at the present time. It is often a source of keen disappointment to us to hear of sound projects originating overseas which are either unable to find money, or can only do so at rates which would impose too heavy a burden on the undertaking. Sometimes this may lead to the complete abandonment of the project in question; alternatively the money may be raised in some other financial centre. In neither event can the outcome be considered satisfactory, from the point of view of this country. This is not to say that there is anything wrong with the idea of bringing foreign capital in to develop the countries of the Commonwealth. There is indeed much to be said for it so long as the terms are reasonable and so long as they are not framed in such a way as to impose too heavy a strain on the borrower; so long also as there are not conditions attached which might have as their object the diversion of orders elsewhere, which, in other circumstances, would unquestionably have come to this country. The point which needs emphasis at the present time is that the amount that we, in this country, are able to spare for the purpose of overseas investment is pitifully inadequate.

If the London market, as the financial centre of the sterling area, cannot in the future play its full part as a banker, then serious consequences will inevitably follow. For it is an essential part of the business of a banker to be a lender as well as a repository of funds. Just as a banker has to be guided by this principle, so does a nation which seeks to play the role of banker to other nations.

FAIREY AVIATION COMPANY

THE YEAR'S ACHIEVEMENTS

The twenty-eighth annual general meeting of The Fairey Aviation Company Limited was held on November 29th in London.

Mr R. T. Outen (the chairman), in the course of his speech, said: I do not think that you will complain if I occupy a few minutes in speaking of the loss sustained by the company, the Board, and the shareholders through the death, on September 30, 1956, of our late Chairman, Sir Richard Fairey, who founded this business over 40 years ago and who gave it such brilliant leadership throughout his life.

The consolidated group trading profit for the year ended March 31, 1956, before providing for taxation, amounted to £2,065,097, which compares with £2,159,568 in the preceding year. There was some reduction in the profits of the Parent Company, but this was largely offset by increased profits from our overseas subsidiaries. The net profit of the Group amounted to £898,322, an increase of some £96,000 over 1955. The board recommend a payment of 1s. 6d. per share upon the increased capital.

FINANCIAL POSITION STRENGTHENED

It is gratifying to be able once more to report a steady strengthening in the company's overall financial position, as the balance sheet clearly demonstrates.

Recalling some of our achievements during the past year, the major item, of course, was the obtaining of the absolute World Air Speed Record for Great Britain, at a speed of 1,132 m.p.h. This represents a major achievement in British aviation. Mr Peter Twiss's record was not a "flash in the pan," for the aircraft continued its supersonic flying throughout the summer with air-line reliability.

You have no doubt read of the successes of our air-to-air Guided Weapon—Fireflash. In fact your company made history by designing, developing and manufacturing the first British Guided Weapon successfully to bring down a radio-controlled target aircraft—also a Fairey product.

THE HELICOPTER FIELD

In the Helicopter field, the Rotodyne, the largest helicopter under construction in the world, is progressing steadily. Considerable air-line interest, both at home and abroad, is being shown in the aircraft, which gives every promise of meeting the needs for short-range economical transport, independent of airfields.

The Gannets continue to give excellent service in the Royal Navy and are spoken of very highly by the Royal Australian Navy. Design work is now proceeding on a new version of the Gannet which is intended to take over the search duties at present performed by the Douglas Skyraider.

Collectively, the subsidiary companies have made a very useful contribution toward the total group profits, and in spite of one or two weak spots you are entitled to feel well satisfied with their continued performance.

I will end by assuring you that this company is fighting fit. Its capacity for inventiveness, the soundness of its engineering, its versatile production organisation, its financial resources, and its management and policy, are such that we can face with confidence whatever tasks and problems the future has in store for us.

The report and accounts were adopted.

THE JERAM RUBBER ESTATES, LIMITED

CHAIRMAN'S STATEMENT

The Annual General Meeting of the Jeram Rubber Estates, Limited, was held on December 6th in London. The following is an extract from the statement made by the chairman, Mr Harold F. Copeman:

The accounts under review give effect to the increase in the issued capital since the last Annual Meeting and to the changes arising from the acquisition of the Seventh Mile estate which was approved at that Meeting. It must be borne in mind, however, that the benefits from that acquisition have accrued for only six months, that is to say, from October 1, 1955, to March 31, 1956, and that the final dividend of fourpence per share is payable on that increased capital. The fact that we have had nine months' crop from Palmlands Division and six months from Seventh Mile makes comparisons with the previous year difficult and somewhat misleading.

The crop of 1,444,376 lb was harvested as to 512,176 lb from Jeram estate, 603,200 lb from Effingham and Palmlands, and 329,000 lb from Seventh Mile. The most profitable estate is, of course, Jeram, with 98¼ per cent of its mature area under modern rubber which yielded over 900 lb per acre at an ex estate cost of approximately 10d. per lb. Seventh Mile, which has just under one half of its mature area in modern rubber, produced about 800 lb per acre at 12d. per lb ex estate, whereas Effingham costs were approximately 14d. on a yield of some 350 lb per acre. I give these figures with some misgiving because, as I have stated above, they tend to be misleading, particularly when affected by a replanting programme, which provides for very intensive tapping of the areas to be cut out. They do, however, give some indication of potentialities. I should add here that in order to effect the utmost economies in working, Effingham and Seventh Mile have now been fully integrated into a single unit with one manager, and that consequently it is intended to consolidate all returns. Jeram estate shows a slight falling off in yield, which arises from the incidence of tapping; it is fully expected that the yield will recover in the normal course. With the present immature areas of replanted rubber coming into bearing in successive years from now on, we look forward to a steady increase in the overall yield per acre, and a consequent reduction in the "all-in" cost.

In dealing with yields I have referred to the percentage of modern mature rubber, but it will be appreciated that that does not present the full picture of our work in rejuvenation. With the completion of the current year's programme, we shall have in all nearly 65 per cent of our area under modern rubber, and shall be well on the way to completing the preparations for planting the first 150 acres of the new land. It is proposed to plant the whole of the land as soon as possible consistent with the availability of labour to ensure the necessary upkeep. The acreage of the new land is not shown in the statement accompanying the report, as the precise area will not be known until the Government survey has been completed; it is however roughly computed at 700 acres. It is hoped that we shall be able to finish the planting in three years.

I now come to the Special business to be submitted at the Annual Meeting. A Resolution will be proposed to increase the Authorised Capital from £175,000 to £250,000. The intention of this is to enable the Company to provide funds, probably by a rights issue to members, for the purchase of Coalfields estate, which is owned by the Remfield Rubber Estates Limited. After the approval of the Jeram shareholders to the increase of Capital the purchase must of course be subject, among other things, to Treasury permission for the issue of shares and to the approval of the Remfield Company's shareholders of the sale. At the time of preparing this statement the terms are being finalised between the companies but it was not thought desirable to postpone the annual meeting. This proposed purchase is in continuance of our policy to extend our interests in modern rubber, a policy so strongly supported by shareholders a year ago when we issued shares for the purchase of Seventh Mile estate.

During a visit to Malaya last February and March, I took the opportunity of seeing our estates and was very well pleased with conditions on each of the properties, subject always to the remarks I have so often made on the need for replanting Effingham. I was particularly interested to see Seventh Mile because, having frequently noted the excellent stand of replanted rubber along the road leading to Effingham estate, I found that the whole area confirmed the impression of good management and sound planting policy. I am more than ever satisfied that we did well to buy that property.

THE BORNEO COMPANY, LIMITED

CENTENARY REPORT

The annual general meeting of The Borneo Company, Limited, was held on December 5th in London, Mr C. R. Akers (the Chairman) presiding.

The following is an extract from the Directors' Report and Accounts:

The Net Profit for the year before taxation is £614,539.

The excess of Current Assets over Liabilities of the Group at March 31, 1956, was £2,680,535, as compared with £2,266,348 a year previously.

Timber and Merchandise Stocks of the Group have risen by £607,459 to £3,603,136. This increase is not out of line with the substantially larger trading turnover achieved during the year.

Sundry Debtors at £1,912,129, up by £215,577 on March 31, 1955, also reflect the bigger turnover, together with the necessity to grant longer credit terms to meet competition.

Siam: Politically the year was uneventful, but trading conditions continued difficult. Our turnover increased, but margins were often poor, and the cost of doing business increased by over 20 per cent. Taxes, both direct and indirect, still tend to rise.

Malaya: An improvement in the world prices of Malaya's two principal commodities, Rubber and Tin, resulted in better trading conditions during the year, of which the Company has been able to take advantage. Both turnover and profits increased moderately and the outlook at present is encouraging.

Borneo Motors, Limited, and Orchard Motor Company, Limited, both had good trading experience, which is so far continuing.

British Borneo: Another year of excellent progress can be recorded, and opportunities for expansion in this developing territory are being actively pursued. The prospects continue favourable.

Canada: We are still unable to make a satisfactory report on the progress of Alexandra Brick and Tile Company (Canada) Limited. Production problems, largely unforeseeable, continue and the operations of this subsidiary give cause for anxiety.

A year ago the Company acquired a controlling interest in the Edmonton Concrete Block Company, Limited. We consider our investment has been fully justified by the steady progress since made.

GENERAL

In this, the Company's Centenary year, it may be of interest to give some details of the Group's trading and other activities during the year under review. They include very important Shipping, Airways, Insurance, Engineering, Technical, Automobile, Provisions, Liquors, Pharmaceutical and other interests. In addition, we extract Teakwood from Siamese Forests, and Ramin in Sarawak; we manufacture Bricks and allied products in Singapore and Canada; produce Rubber in Sumatra, and manage a Plywood factory in Singapore.

Our sales of Timber, Bricks, Rubber, Plywood and merchandise of all kinds, including such varied lines as Motor Vehicles, Cameras, Milk, Fountain Pens, and Watches, totalled approximately £15 million.

In these days of strong competition and political disturbances and uncertainties it is gratifying to be able to record such satisfactory results of the year's trading.

The difficulties with which the Company has had to contend during the last 10 years, are not perhaps sufficiently realised. Unlike many British Companies, to which World War II brought increased activity and, in some cases, greater profitability, The Borneo Company's business was brought to a complete standstill when its Far Eastern territories were overrun by the Japanese at the end of 1941, and we were unable to resume trading for more than four years.

THE ACCOUNTS

The 1946 Accounts show that at that time the excess of Current Assets over Liabilities of the Group so far as could then be ascertained, was of the nature of £375,000. Since then, as stated above, the figure has risen to £2,680,535.

In addition we have had to provide over £4 million to meet taxation and have spent upwards of £2 million on essential fixed assets, including Offices, Godowns, Houses, Workshops, Factories, and various forms of plant, equipment, etc., for the expanding trade of the Group.

All this has been achieved entirely out of our own resources, with some help from our Bankers.

The report was adopted and a total distribution for the year of 20 per cent was approved.

BANK OF MONTREAL

HIGH LEVEL OF ECONOMIC ACTIVITY

The one hundred and thirty-ninth annual general meeting of the Bank of Montreal was held on December 3rd in Montreal.

Mr Gordon R. Ball, the president, in the course of his speech, said:

The year now closing has been a highly eventful one, witnessing, as it has, changes in the Canadian business scene and in the banking field for which it is hard to find precedents. The country's total output of goods and services has continued to climb at a steep slope and may well approach $30,000 million in 1956 as a whole to set a new record at least 10 per cent above 1955.

This is a rate of expansion, for the second year running, that is high by Canadian historical standards, and considerably more rapid than has been experienced in the United States in the two-year period.

Canada's national production in 1980, expressed in physical terms or in dollars of constant purchasing power, may well stagger the imagination. It is clear that in most fields of activity the Canadian economy has for some time been operating full out and under stress. The exchange value of the Canadian dollar, however, far from being depressed by the trade deficit, has been kept at a premium over the US dollar by the strong inflow of foreign capital funds participating in Canadian investment opportunities.

A considerable part of this year's increase in dollar value of the gross national product has represented the shadow of inflation rather than the substance of real growth. Overt inflation, to which I could refer on this occasion a year ago as only a potential threat, I must now report as a reality. So far, it can be said to be in its initial stages and far from rampant. But that is all the more reason why it must be resisted resolutely and vigorously now. The problem of resurgent inflation and the fight against it is a battle that cannot be won either quickly or easily.

Canadians in all walks of life have a vital and continuing interest in preserving the purchasing power of the dollar.

GENERAL MANAGER'S ADDRESS

Mr Arthur C. Jensen, vice-president and general manager, said: Net profits, after providing for depreciation of premises and equipment and appropriations to contingency reserves and after setting aside $7,795,000 for income taxes, amounted to $8,975,940. Out of this, provision of $7,200,000 has been made for dividends equivalent to $1.60 per share, leaving $1,775,940 as an addition to undivided profits. A transfer of $3 million has been made from tax-paid reserves bringing the balance in undivided profits to $6,910,155. We have transferred therefrom the sum of $6,500,000 to rest account, which now stands at $98,500,000.

Current loans showed a sharp increase of $251 million and stood at $1,180 million as at October 31, 1956. The demand for commercial loans has been exceptionally strong. This reflects the very high level of economic activity that has been experienced all through the year and still continues.

Underlying the increase in our loans was a strong upward trend in general business activity in Canada during the past year. This strength was, moreover, well diffused throughout the economy. There were few areas or industries that did not, in some measure, participate in the general growth.

The report was adopted.

THE CHARTERED BANK

(formerly The Chartered Bank of India, Australia & China)

An Extraordinary General Meeting of The Chartered Bank of India, Australia & China was held on Wednesday, December 5, 1956, at the Head Office, 38, Bishopsgate, London, E.C.2, for the purpose of considering a special resolution, shortening the name of the bank to

THE CHARTERED BANK

Mr V. A. Grantham, the Chairman of the bank, presided. After Mr H. F. Morford, the Chief General Manager, had read the notice convening the meeting, the Chairman proposed that "Pursuant to Clause 3 of the Royal Charter, dated June 25, 1956, this meeting hereby resolves that the name of the Bank be changed to 'THE CHARTERED BANK,' and that such change do take effect so soon as The Lords Commissioners of Her Majesty's Treasury shall have signified their formal assent thereto." The resolution was seconded by Sir John Tait, deputy chairman of the bank, and carried.

Subsequent to the meeting, application was made to The Lords Commissioners of Her Majesty's Treasury for their formal assent to the passing of the special resolution, and upon this being granted the name of The Chartered Bank of India, Australia & China was changed to THE CHARTERED BANK, with effect from the bank's opening for business on Thursday, December 6, 1956.

LONDON AND RHODESIAN MINING AND LAND COMPANY

The annual general meeting of this company was held on December 4th in London. Sir Joseph Ball, KBE (the Chairman), presided and, in the course of his speech, said:

The net profit before taxation amounted approximately to £131,000, as compared with £109,000 last year. From this sum falls to be deducted £76,000 in respect of taxation, leaving a net profit of £55,000 as compared with £49,000. Your Directors recommend a first and final dividend of 10 per cent.

Consolidated Accounts: After all charges the sum to be carried forward amounts to £54,600, as compared with £50,400.

The profit from ranching amounted to a sum of over £62,000, as compared with £36,000

Mazoe Consolidated Mines: After paying the dividend, the unappropriated balance carried forward amounted to £6,550, as compared with £350 last year.

Cam & Motor: This company produced 94,476 fine ounces of gold for a mine working profit of £480,400.

Pickstone Mine: During the three months to June 30th last, 3,792 fine ounces of gold were produced for a working profit of £14,200. The Arcturus Mine produced 14,272 fine ounces of gold for a working profit of £61,200.

At the Muriel Mine operations for the year resulted in a mine working profit of £111,300.

Tebekwe, which is approaching the end of its life, nevertheless earned a working profit of £38,500. The report was adopted.

STAVELEY COAL & IRON

INCREASED TURNOVER

The ninety-third annual general meeting of The Staveley Coal and Iron Company, Limited was held on December 5th in London, Mr Thomas A. McKenna (the chairman) presiding.

The following is an extract from his circulated statement for the year ended June 30, 1956:

Much has been written in the Press regarding what has become popularly known as "Automation" and also on the impact of Electronics in industry. One is left with the impression that automation means different things to different people, but it would be agreed, I think, that automation includes, amongst other things, the automatic control of processes and machinery. Developments of this kind, in which your Company is concerned, have been gradually evolving over a long period, but the rate of application has accelerated and the diversity extended in recent years.

The application of electronics to many branches of industry, notably in promoting automatic methods of working and higher accuracy and reliability of manufacture, has been a distinguishing feature in the more recent development of industrial countries throughout the world.

LIQUID POSITION

Net current assets of the Group at June 30, 1956, amounted to £8,279,770 compared with £8,419,269 last year. Although there is no material change in the total of Net Current Assets, your holding in British Government Securities has decreased by £2,013,039, mainly due to the payment of capital dividend in December, 1955, and the necessity to finance increased stocks. Actual commitments of the Group with third parties in respect of contracts for capital expenditure amounted at June 30, 1956, to £373,000. In addition to this figure, further capital expenditure amounting to £330,000 has been approved in respect of which contracts had not been placed at that date.

The total earnings of the Group have fallen from £1,763,826 last year to £1,745,886 this year. The cause of this fall is the reduction in profit margins.

An interim dividend of 4½ per cent was paid in March last and your Directors are recommending a final dividend of 10½ per cent, making a total gross dividend for the year of 15 per cent, which is the same as for the preceding year. Of the net profit after taxation £1,007,108, dividend absorbs 58 per cent (last year 55 per cent) leaving 42 per cent (last year 45 per cent) retained in the business.

LOWER PROFIT MARGINS

The turnover and work-in-progress of your Group have increased substantially over the previous year, nevertheless, profit margins have again narrowed to an extent that results in a slightly lower Group profit whereas normally an increase might have been expected. The Government has exhorted Industry to absorb increased costs, to abstain from raising selling prices and to be satisfied with lower profits.

Over the last few years labour and material costs have risen relentlessly and there is so far very little practical evidence of a halt to this destructive process. Your Group has deliberately done its utmost to absorb these rising costs and will continue to do so, but a real margin of profit is a necessity.

The report and accounts were adopted.

HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED

LARGE CAPITAL EXPENDITURE PROGRAMME

MR B. L. BERNSTEIN'S ADDRESS

The annual general meeting of Hartebeestfontein Gold Mining Company Limited was held on November 30th in Johannesburg.

Mr B. L. Bernstein (the Chairman), who presided, said:

I wish to add the following to my review of the Company's affairs attached to the Report and Accounts already in your hands.

It is our intention to increase the milling rate to 100,000 tons per month as soon as production from the deeper North Western portion of the mine becomes available to augment tonnage drawn from the shallow area now being exploited. To achieve this increase with a high percentage of waste rock discarded in sorting operations, some 130,000 tons per month will have to be delivered to the sorting station. In order to handle additional tonnage, the hoisting capacity at No. 2 shaft is now being increased.

With reference to the shaft sinking programme, it is anticipated that No. 2a sub-vertical shaft will be in commission within two years. Work has also commenced on No. 3 vertical shaft, which will become the main upcast ventilation shaft. It is anticipated that this shaft will be in commission during the first half of 1959. In addition to the cost of sinking and equipping these shafts capital expenditure will be incurred in connection with the extensions to the reduction plant, additional European and non-European housing, excess development in anticipation of increased stoping, additional underground equipment and other equipment, plant and services for the increased scale of operations. The cost of this programme, including amounts already expended on capital works during the current financial year, is estimated to be £6 million, which will be spread over the next four years.

EXPENDITURE TO BE MET FROM OWN RESOURCES

In view of the Company's high profit earning capacity from gold and uranium, and as full lease and tax payments will not be incurred for some four to five years, your Directors feel that this capital expenditure can best be met by drawing on the Company's own resources. During this period it is anticipated that it will be possible to appropriate the necessary funds from profits to meet this capital expenditure programme, to repay loans on due date and furthermore to make reasonable dividend distributions to shareholders. Naturally these views and the estimates to which I have referred are based on there being no appreciable change in mining conditions and the present levels of capital costs and mining costs.

I have pleasure in advising you that the Uranium Plant is now in production and is already treating some 90,000 tons of slime per month, which represents 90 per cent of its rated capacity. This tonnage is made up of slimes from current gold production supplemented by tonnage from accumulated slimes. Initial testing operations at this plant commenced during September. The usual starting-up and teething troubles and absorption in the new plant were overcome during October and the plant is now operating satisfactorily. The Company will be declaring its first profit from uranium simultaneously with the November gold declaration. It is anticipated that the full production of 100,000 tons per month will be achieved in the near future.

The report and accounts were adopted.

ALLIED BAKERIES LIMITED

CONTINUED EXTENSION OF HOME AND OVERSEAS INTERESTS

The twenty-first annual general meeting of Allied Bakeries, Limited, was held on November 30th in London.

Mr W. Garfield Weston, the Chairman, presided, and, in the course of his speech, said: During the year we extended our interests by the acquisition of a number of old and well-established businesses in various parts of this country that can conveniently be integrated into our activities.

We are following the same policies in Australia, New Zealand and South Africa in regard to the development and equipment of their businesses as we have adopted in this country and I am very pleased that the results which we are getting from those great territories are most satisfactory.

We are satisfied that we should continue to develop our businesses overseas wherever suitable opportunities occur and to this end we are continuing our policy of leaving with the Local Boards all the profits which are earned, in order to finance that expansion.

Our Group Profit at £5,064,000 is £179,000 higher than a year ago, after charging all expenses other than United Kingdom Taxation, which takes £2,647,000 and is more than half of our profit for the year.

Contracts for Capital Expenditure have been entered into amounting to £1,700,000 for the extension, re-equipment and further modernisation of subsidiary companies, and when carried out will greatly add to our productive capacity and efficiency.

I am confident that the Board's policy of broadening the field and basis of the Group's activities so that our investments are not solely confined to the bread and biscuit industry is a wise one. It is the intention of your Board to continue this policy so that a net inconsiderable proportion of our available resources will be utilised as circumstances permit and suitable opportunities occur for further investments in diverse activities within the general scope of the food industry in this country and also within the Commonwealth.

Land and Buildings have, it can reasonably be assumed, permanently appreciated in value. To give effect to this appreciation and enable us to present a Balance Sheet showing a truer present day value of the capital employed in earning our profits, a valuation of these assets is in progress. This valuation has been made by Messrs Wheatley Kirk Price and Co., in conjunction with other well known professional Valuers and preliminary information indicates that our Estate Property which now stands in our books at £11,114,000 will be brought up to not less than £18,500,000 in next year's accounts.

We have maintained our profits so far this year and we can reasonably hope to maintain them at their present level at least until the end of the present financial year.

The report was adopted.

NEW UNION GOLDFIELDS LIMITED

(Incorporated in the Union of South Africa)

LIEUTENANT COLONEL R. L. BROAD'S STATEMENT

The Eighteenth Annual General Meeting of New Union Goldfields Limited, will be held on December 14, 1956, at Johannesburg. The following are extracts from the Statement by the Chairman, Lieutenant Colonel R. L. Broad, MC, which was circulated with the Accounts for the year ended June 30, 1956.

The realised profit for the year, after taxation but before providing for diminution in value of investments, was £225,500. There was a net diminution in value of £527,000, of which £337,000 was covered by transfers from revenue reserves, the balance of £190,000 being met out of taxed profits for the year. The balance of unappropriated profit carried forward to the current financial year was reduced from £69,400 to £26,300. The substantial fall in the value of our Company's share investments reflects, in the main, the more or less steady decline in the market prices of shares listed on the Stock Exchange during the period under review. There were many contributory factors to this decline in prices, not the least important of these being the rise in the general level of interest rates both in South Africa and in the United Kingdom. Moreover, the gold mining industry, which is represented in our portfolio to such a large extent, still faces the dilemma of rising working costs against a fixed price for its product.

RESERVES

It may be taken as a reflection of the basically healthy state of our Company's affairs that it was able to absorb an investment depreciation charge of £527,000, and still show revenue reserves and unappropriated profits totalling £583,200 at the end of the period. At June 30, 1956, our quoted investments had a book value of £2,192,500 (1955—£2,245,600) and a market value of £2,452,300 (1955—£3,238,400).

Drilling is being carried out on a coal prospect in the Carolina District, Eastern Transvaal, where so far some 20 million tons of coal of a reasonably high calorific value have been proved at relatively shallow depth. An interesting acquisition during the year was the participation with the Johannesburg Consolidated Investment Company Limited in portion of the farm "Modderfontein" No. 4, District Vereeniging. This farm constitutes portion of what is known as the "Waterpan Area," where active prospecting operations are being conducted by the Johannesburg Consolidated Investment Company Limited.

CONCLUSION

The difficulties encountered over the past year can be almost entirely attributed to adverse share market conditions, which may well prove to have been transitory in nature. However, our finances should show a steady improvement with the advent of more of our investments into the list of dividend-payers, and with the prospect of receiving increasing dividends from our direct and indirect stake in the new producers. The overall position of our Group is sound, and the outlook for our major investments and for certain of our interests, which are still in the exploratory stage, is certainly not without encouragement.

THE CRITTALL MANUFACTURING COMPANY

CONSIDERABLY INCREASED TURNOVER

The thirty-second annual general meeting of The Crittall Manufacturing Company, Limited, was held on December 5th, in London, Lord Braintree (the chairman) presiding.

The following is an extract from his circulated review:

The trading profits for the year, excluding investment income, amounted to £722,688, as compared with £508,677 for the previous year. The increase in trading profits is primarily due to improvement in the results of the Parent Company, but certain of the Subsidiary Companies consolidated have also shown improved trading results.

There has been a considerable increase in turnover as compared with last year. Against this, however, we have had once again to provide for increases in cost in excess of the amounts which I anticipated in my last report. The actual increases in cost of material, mainly steel, spelter and brass, were approximately £270,000. Increases in wages and salaries amounted to £163,000, which is mainly due to national awards; it is estimated that in the current year the Company will have to bear a further £120,000 of extra cost under this heading.

In pursuit of our policy of absorbing extra charges by reductions in manufacturing costs, a large proportion of the amounts in question has been taken care of in this way, and I am pleased to say there has only been a limited increase in selling prices.

While the total value of business in the period shows an increase against last year, the decrease in housing brought about a falling-off in the sale of standard windows. In the overseas market I reported last year a record sale; I am pleased to tell you that this year's figures show a substantial increase, the figures being £1,650,000 and £1,800,000 respectively. The sale of Crittall Grain Silos, which I mentioned as a new product last year, now constitutes an important part of our turnover.

Your Directors have transferred a further £100,000 to General Reserve, bringing that Reserve up to £800,000, and £25,000 to Provision for Pension Schemes. After providing for Preference Dividends, £43,844, and the interim dividend on the Ordinary Stock of five per cent, £35,937, there remains a balance of £406,459. Your Directors recommend that a final dividend of 10 per cent, £71,875, be paid, making 15 per cent (less income tax) for the year, leaving £334,584 to be carried forward.

The reduction in house building must inevitably affect the volume of standard windows required in the home market. We are making every endeavour to replace the loss of orders at home by overseas sales and are not without hope of a substantial increase. It is extremely difficult to forecast the effect of the credit squeeze on other forms of building, but the volume of business on hand is larger than it was this time last year. However, it does not seem reasonable to expect that the same volume can be maintained. Much will depend on maintaining efficient operation and holding profit margins at a reasonable figure.

We believe that aluminium window production of all kinds can add substantially to our profit-earning ability.

The report was adopted.

SERCK RADIATORS

FULL ORDER BOOK

The thirty-seventh annual general meeting of Serck Radiators, Limited, was held on November 30th, at Birmingham, Mr W. H. Newton, MA, FCA, chairman, presiding.

The following is an extract from his circulated statement to August 4, 1956:

The increase in turnover of the Parent Company forecast last year has been less than anticipated. The recession in the Motor Industry has had the effect of reducing the profit of the Radiator Department. In our Engineering Department we have maintained the same production as last year in spite of the fact that in the early months we had difficulties in material supplies.

In both these departments we have had to absorb increased costs of wages, salaries and other unavoidable overhead expenditure in order to assist our many important customers who are vitally interested in the export trade. The violent fluctuations in the price of non-ferrous metals during the year have added to our difficulties in this connection.

Serck Tubes Limited.—There has again been a satisfactory increase of output in this section of our business—particularly in specialised tubing—and trading results for the year are very encouraging.

Radiator Service Branches.—Our Radiator Service Branches again have had a very satisfactory year.

Audley Engineering Company, Limited.—The Audley Company from April 1, 1955, to August 4, 1956, received the highest level of orders, including more than 48 per cent export, and achieved the highest output and profits in its history. In compliance with the provisions of the Companies Act, however, only profits from November 28, 1955, to August 4, 1956, are included in the Consolidated Profit and Loss Account.

Serck (Eire) Limited.—The severe setback in the Motor Trade in Ireland has adversely affected the new radiator manufacturing factory at Harold's Cross. The Service Branch, however, has been successful and while there has been a setback in profits, the results are not unsatisfactory.

Serck Radiators (South Africa) (Pty.) Limited.—The South African company has had a satisfactory year notwithstanding growing competition in Cape Town.

Accounts.—The additions to Group Fixed Assets amounting to £336,335 include, in addition to the Parent Company (£210,686), principally the expenditure by Audley which has been heavier than usual to meet expanding trade.

Your Directors recommend a final dividend of 6d. per unit less tax, which makes a total for the year of 15 per cent. less tax, the same rate as for the preceding year but payable upon the increased capital.

Future Prospects.—The new year starts with a very full order book in most departments and steps are being taken to increase production capacity to meet this. A new Machine Shop at Newport and a projected extension at Greet will give us those facilities we need for increasing production. However, competition both at home and abroad is becoming increasingly keen, and the tendency must be for profit margins to contract.

Since the end of the year, with a view to developing Audley interests in Germany, we have taken a 47½ per cent interest in a new German company to take over the sale of Audco valves, which are being made in Germany by sub-contract. Our partners are an American company and our German Manager.

The report and accounts were adopted.

LEETHEMS (TWILFIT) LIMITED

The twenty-eighth annual general meeting of Leethems (Twilfit) Limited was held on December 6th at Portsmouth, Mr A. E. Downing, FCA, FSAA (the chairman), presiding.

The following is an extract from his circulated review:

Trading conditions have been and continue to be increasingly competitive, nevertheless we are pleased to be able to present to the members the accounts of another successful year's trading. Home sales have been maintained at a satisfactory level and, in spite of restrictive Import Quotas imposed by certain countries, we are able to report improved Export Sales.

Our policy of maintaining the Plant and Machinery and Factory Premises at the highest possible level of efficiency, out of income, has been continued throughout the year.

The erection of the additional Factory at Fareham (to which reference was made last year) has been completed and in operation since last March.

It is very desirable that the Company's financial position shall be strengthened in order to meet the calls made upon its resources—both in respect of capital expenditure and increased production costs. With these objects in view, appropriations have been made from this year's Profit and Loss Account to Capital Reserve £25,000, General and Contingencies Reserve (including £5,000 re Staff Retirement) £10,000, and Stock Reserve £10,000.

The payment of a final dividend on the Ordinary Share Capital, of 7 per cent (less tax)—making 10 per cent for the year, is recommended. The balance of unappropriated net profit to be carried forward amounts to £12,317 as compared with £13,738 brought in.

The report was adopted.

The Economist: Annual Air Subscription Rates

Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s.
East Africa: £5.5s.
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
Iraq: £6
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Sudan: £5.10s.
Union of S. Africa: £5.10s.
U.S.A.: $21.50 or £7.14s.

APPOINTMENTS

UNIVERSITY OF GLASGOW

LECTURESHIP IN ECONOMETRICS AND ECONOMIC STATISTICS

Applications are invited for a Lectureship in Econometrics and Economic Statistics. Salary scale: £650 x £50—£1,350. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (six copies) should be lodged, not later than December 31, 1956, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

THE UNIVERSITY OF MANCHESTER

SIMON FELLOWSHIPS

The University offers a number of Simon Fellowships for advanced study or research in the social sciences. This term is used in a wide sense to include not only Economics, Government, etc., but equally, fields such as Education, Jurisprudence and Social Medicine. Values within the range £800-£1,350 per annum (Simon Research Fellowships), or within the range of £1,400-£1,750 per annum (Simon Senior Research Fellowships), according to qualifications and experience. They are open to members of the public services as well as to persons with academic experience.—Applications should be sent by January 15, 1957, to the Registrar, the University, Manchester, 13, from whom further particulars may be obtained, and who will be pleased to answer any enquiries regarding the scope of the Fellowships.

COLGATE-PALMOLIVE LIMITED

seek the services of a

CHIEF ENGINEER,

to be responsible for all engineering services and the further development of their plant, producing Soaps, Toilet Articles, Scourers, etc., at Salford, Manchester.

Applicants should hold advanced technical qualifications, and should have had some years' experience of maintenance and development work on buildings, process plant and high-speed automatic machinery (preferably in the Chemical Industry), together with all the administrative work involved, including the control of a large department, negotiation with suppliers, etc.

A substantial salary is offered. Other conditions are good, and there are excellent prospects for a man of not more than 45 years.

Applications, in writing, should give full details of age, education, experience and present salary, to:—

The Factory Personnel Manager, 371 Ordsall Lane, Salford, 5.

AREA MANAGER (Midlands). — Arising from expansion, a national servicing organisation is rationalising its operations, and proposes shortly to appoint a Midlands Manager to operate from Birmingham. This post will offer great scope for development to a keen executive; he must have a proven successful record in planning and controlling marketing campaigns, in evolving and operating effective servicing methods, and in building and running economically an efficient transport system. Administrative ability is essential. A starting salary commensurate with the responsibility will be paid; as profitable expansion develops it will be reflected in remuneration. An invitation to apply for the post is issued to men with the confidence and ability to think and work in terms of big and rapid expansion. Letters, with full details of age, education, qualifications, experience, should be addressed, in confidence, to the Managing Director, Box 308, R. Anderson and Co., 14 William IV Street, London, W.C.2.

EDUCATION OFFICER required by the Steel Company of Wales Limited (Steel Division).

The successful candidate will be head of the Education and Training Department in the Steel Division.

He will be responsible for a wide variety of training schemes for juveniles and adult operatives, craftsmen and foremen. Initiative and administrative ability are necessary considerations, and a knowledge of engineering and/or technical education will be an advantage.

The salary will be in accordance with age and qualifications.

Those wishing to apply should write for official Application Form to:—

Superintendent, Personnel Services, The Steel Company of Wales Limited (Steel Division), Abbey Works, Port Talbot, Glam.

HOUSING TRUST CHIEF EXECUTIVE DESIGNATE

The Western Region Production Development Board, with the approval and support of the Government of the Western Region of Nigeria, intends to establish a Western Region Housing Trust. The objects of the Trust will be the development of Housing Estates as well as fostering the growth of home ownership. Applications are invited for the post of Chief Executive Officer Designate of the Trust. In the preliminary stages his chief duties will be to assist in drafting legislation and in drawing up plans for the establishment and operation of the Trust. During this period he will be engaged on the staff of the Board but, subject to satisfactory performance, will become the Chief Officer of the Trust when formed. His duties will then include (a) organising the development of housing estates and (b) promoting home-ownership on building society lines.

Applicants should possess wide administrative experience in such fields as planning, development, and financing of housing areas and of home ownership schemes. Academic and professional qualifications will be an advantage.

Salary will be £2,500-£3,500, point of entry depending on qualifications and experience.

Further details of the proposed Trust and of the Board's Terms and Conditions of Service can be obtained from:

The London Representative,
Western Region Production Development Board,
18, Grosvenor Gardens,
London, S.W.1.

to whom applications, giving full details of experience, qualifications, etc., should be addressed; replies to reach him not later than January 31, 1957.

General Terms of Employment: House, with basic furniture, provided at rental of £150 per annum; Provident Fund; Outfit Allowance £60; Free Medical Service; Free passage for wife; home leave at full pay at the rate of five days per month of overseas service. Low income tax.

ASSISTANT SECRETARY required by Insurance Company at its Head Office in the North of England. Applicants should be aged about 35, qualified as Accountant or Secretary. Usual secretarial duties include mechanised accounting.—Box 571.

MERTON COLLEGE, OXFORD

FELLOWSHIP OR LECTURESHIP IN ECONOMICS

The College proposes to proceed shortly to appoint to a teaching post in Economics, which, according to the qualifications of the successful candidate, will take the form either of a (permanent) Official Fellowship and Tutorship, or of a Lectureship for three years. The appointment will date from April 1, 1957, or as soon thereafter as is mutually convenient.

Applicants who must have obtained Honours at a British university, should apply to the Warden not later than January 15, 1957, stating their qualifications for the post, and mentioning the names of three persons to whom reference can be made.

Details of salary and conditions of appointment can be obtained from the College Secretary.

The choice of the College will not necessarily be confined to those who apply.

NUFFIELD COLLEGE, OXFORD

RESEARCH FELLOWSHIP IN ECONOMICS

Applications are invited from men or women for a Research Fellowship in any branch of Economics (including economic history) to start in October, 1957, or at some other agreed date. The appointment will be for three years in the first instance, renewable. Further particulars may be obtained from the Warden.—Applications should reach him not later than January 31, 1957.

NUFFIELD COLLEGE, OXFORD

RESEARCH FELLOWSHIP IN TRADE UNION HISTORY

Applications are invited from men or women for a Research Fellowship in the field of Twentieth-Century British Trade Union History. The appointment will be for three years in the first instance, renewable. Further particulars may be obtained from the Warden.—Applications should reach him not later than January 31, 1957.

SOMERVILLE COLLEGE, OXFORD

Applications are invited for the post of Treasurer, who will also act as Secretary to the governing body. Applicants must be women holding an Honours Degree; qualifications will include academic, as well as administrative, experience. The post may be part-time, or may be combined with another College appointment of academic rather than administrative character.—Further particulars may be obtained from the Treasurer, Somerville College, Oxford, by whom applications should be received not later than January 12, 1957. Consideration will not be limited to those who apply.

HER MAJESTY'S OVERSEA CIVIL SERVICE

Statistician in the Department of Agriculture, Kenya, to advise on the design of field and other experiments conducted by the Department including sampling, investigations and surveys, and to assist in the statistical analysis of results.

Candidates should have a good degree in Mathematics together with some post-graduate training in statistics, and preferably a diploma in statistics; alternatively a good degree in Agriculture and post-graduate training in statistics. Some experience of, or training in, statistical methods as applied to agricultural field experiments is essential. This would if necessary be provided by means of a Colonial Agricultural Probationership. Applications will, therefore, be accepted from recent graduates. Age limits 21-40.

Appointment will be either on two years' probation for pensionable and pensionable employment or on contract terms. Salary in scale £939-£1,863, with gratuity of £25 to £37 10s. for each period of 3 months' service if on contract. Government quarters at moderate rental. Free passages for officer, wife and family. Income tax at local rates. Generous home leave.

Application forms and further particulars from Director of Recruitment, Colonial Office, Sanctuary Buildings, Great Smith Street, London, S.W.1. Quote BCD63/7/03.

MARKET RESEARCH

The Export Market Research Department of a large engineering group invites applications for three vacancies:—

A Senior Post, requiring an imaginative economist, preferably between 28 and 40 years of age, to follow and interpret home and export market trends. He will be responsible for directing and developing the Economic Analysis and Interpretation side of the Department's work. Experience in the application of economics in industry and a flair for short and lucid presentation are essential.

Two Assistant Posts, which also demand a talent for clear and brief exposition in plain English:—

(1) Requiring a male University Graduate to handle the collation and interpretation of statistics produced by subsidiary companies. A good degree in Economics is needed, and a familiarity with the industrial application of statistics.

(2) Requiring a male or female University Graduate to collect information relevant to the Group's activities, and produce a regular Bulletin.

Salaries in all three cases will be commensurate with qualifications and experience.—Application forms should be obtained from the Secretary, Market Research Department, T.I. (Export) Ltd., 58-72 John Bright Street, Birmingham, 1.

THE WHITE FISH AUTHORITY invite applications for a Junior Executive appointment as Research Assistant in the Economics and Statistics Department. The duties of the post will be primarily concerned with the Authority's current programme of research into earnings, expenses and productivity of various sections of the white fish producing and distributing systems.

Applicants should be University graduates, preferably with a degree in economics or statistics, and experience in a commercial statistical office, while not essential, would be an advantage.

Salary scale £625 x £35—£800, the point of entry depending on qualifications and experience. A contributory pension scheme is in operation, and luncheon vouchers and a five-day week are among other conditions of service.

Applications, giving names of two referees, should be sent to the Secretary Solicitor, White Fish Authority, Tilbury House, Petty France, S.W.1, within fourteen days of the date of this advertisement.

MARKETING RESEARCH.—This is a new post in an expanding department, which can be filled by an enterprising person with preferably a degree in statistics and/or psychology. Experience in market research an asset. Age under 30 desirable.—Full particulars to the Personnel Adviser, The Rank Organisation, 11 Belgrave Road, S.W.1.

ALPIN AND BARRETT LTD., of Yeovil, Somerset, require an Assistant Personnel Officer with prospect of succession within three years.—Applications to the Secretary.

FEDERATION OF RHODESIA AND NYASALAND

SOCIO-ECONOMIC SURVEY OF THE URBAN AFRICAN POPULATION OF SOUTHERN RHODESIA

Applications are invited from persons with suitable qualifications and experience to carry out the above survey. The qualifications required are an Honours Degree in Statistics, Economics, Sociology or related subjects, whilst experience in the conduct of sample surveys of family expenditures, housing employment and size of urban populations would be an advantage, even if such experience had been gained in countries outside Africa.

The successful applicant will be appointed on contract for a period of three years at a salary of £1,500 per annum first year, £1,550 per annum second and £1,600 per annum third year. The cost of rail and sea fares to Salisbury and half the cost of similar fares for his wife and dependant children will be met. On completion of the contract, the cost of return fare for the candidate and half the cost of similar fares will be paid, provided the return journey is made within two months of completion of contract. The cash equivalent of Vacation Leave in credit at the end of the contract (accrual rate 3¼ days per month of service) will also be paid.

The person appointed will be attached to the staff of the Central African Statistical Office, Salisbury, but will be required to travel frequently to other towns in Southern Rhodesia.

Application forms and further details from the Public Service Attaché, Rhodesia House, 429 Strand, London, W.C.2.

Closing date December 15th.

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BRITISH GUIANA

International aluminium company requires accountant for two- to three-year construction programme. Salary equivalent to £1150 per month for particularly well-qualified man. This job offers an opportunity of saving money, long leave, with good and varied experience.—Write Box X.164, c/o Streets, 110 Old Broad Street, E.C.2.

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A British firm of management consultants with overseas subsidiaries has reached a point in the rapid postwar expansion of its activities, at which it requires a man between 25-28 to organise and take over the new position of Information Officer in London. The work will be in the very centre of the field of management, and the successful applicant will be one who has a sincere interest in this subject and a strong desire to contribute to its development. Qualifications are a university degree, preferably in engineering, some industrial experience and experience of report writing. Initial salary will be up to £1,100 per annum, and a continuing career with promotion within the company's organisation is envisaged.—Please write, with brief tabulated details of age, education and experience, to Box 576.

RESEARCH: political, social, with statistical basis, including polls. Man 25 upwards; graduate; wanted immediately. Absorbing job.—write Box 575.

FULL-TIME SERVICES of a Senior Solicitor's Managing Clerk required to take control of Legal Department dealing with day-to-day business, chiefly connected with agreements for purchase of rights of plays, films, etc., for services of scriptwriters, artistes, production directors, etc., and general work of a Contracts Department. Commencing salary not less than £1,250 per annum. The Company has a Staff Contributory Superannuation Scheme.—Write, giving full details of experience, age, etc., to The Secretary, Granada TV Network Limited, 36 Golden Square, London, W.1.

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Industrial Top Executive (47), shortly free, whole or part time. Many years at Board level and as Group M.D. in capital/consumer goods. Used to quick detection of weakness, latent strength. Arts Degree, engineer trained, widely travelled/connected, especially in N. America.—Box 572.

YOUNG man seeks post as assistant or trainee statistician.—Box 578.

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Employers requiring the services of CHARTERED SECRETARIES to fill secretarial and similar executive posts are invited to communicate with the Secretary of the Institute (Dept. D), 14 New Bridge Street, London, E.C.4.

SHELL TRINIDAD LIMITED

The Resolutions submitted to the Extraordinary General Meeting of the Company of November 20, 1956, relating to transfer of Control and Management to Trinidad having been duly passed, the business of the Company is controlled and managed entirely from the Island of Trinidad effective December 1, 1956.

The Head Office of the Company is situated at Point Fortin, Trinidad. A Transfer Office for all matters relating to the registration of share transfers is maintained at St. Helen's Court, Great St. Helen's, London, E.C.3.

R. W. LUCE-SMITH,
Secretary.

Point Fortin, Trinidad.
December 4, 1956.

CHRISTMAS is coming, but Duff Gordon's "EL CID" Sherry is here! Try it wherever good sherry is to be had. You'll find that a bottle or two makes a delightful present.

ANGLO-GERMAN ASSOCIATION: Lecture by Mr V. Cavendish-Bentinck, CMG, on "German Economy Today." December 13th, Caxton Hall, 6.30 p.m. Entrance 2s.

CHRISTMAS—EXPERT POSTAL TUITION for Examinations—University Law, Accountancy, Costing, Secretarial, Civil Service, Management, Export, Commercial, General Certificate of Education, etc. Also many practical (non-examination) courses in business subjects.—Write today for free prospectus—and/or advice, mentioning examination or subjects in which interested, to the Secretary (Ec) 21.

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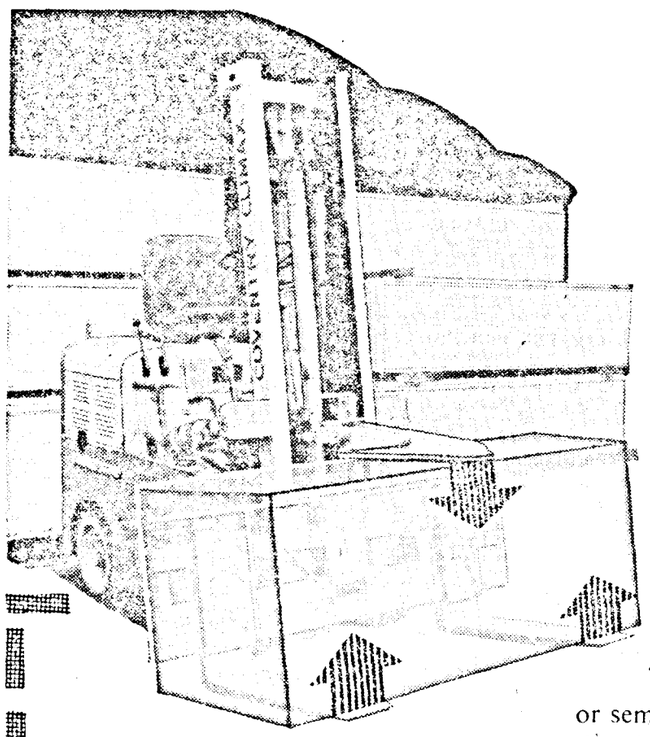

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SQUEEZE

The Coventry-Climax Fork Truck illustrated is fitted with a hydraulic clamp attachment which allows the upper arm (rubber faced) to exercise a controlled pressure towards the two lower arms or forks. This attachment is thus able to pick up all manner of goods by its squeeze-grip-action . . . to hold them securely without need of baseboard, pallet or binding . . . . while the operator manoeuvres the truck, raising or lowering the load to the required height for the next operation.

This is just one of a score of quick-fix or semi-permanent attachments which extend the already outstanding versatility of the fork lift truck to provide the supreme productivity of the special purpose machine.

Coventry-Climax

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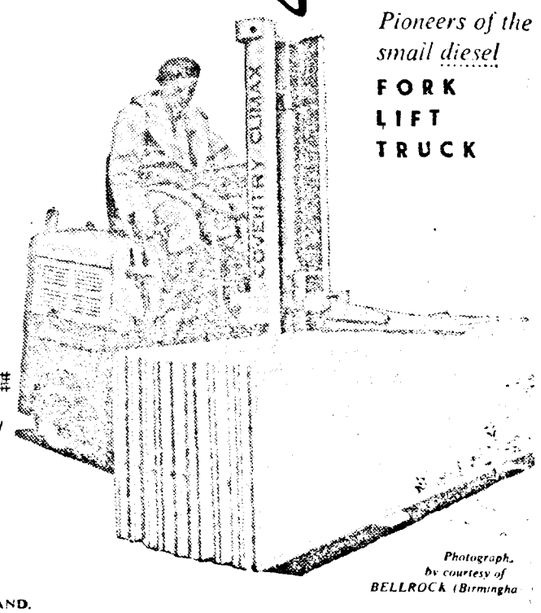
FORK LIFT TRUCK



Photograph by courtesy of BELLROCK (Birmingham)

The Bellrock plaster panels being handled in these pictures are a good example of organised handling by special attachment leading to :-

SPACE SAVING. Close stacking in multi-unit blocks giving maximum space utilisation.

TIME SAVING. Quantity handling of bulky units in a fraction of the time needed for other methods.

DAMAGE SAVING. Breakages during transit are negligible when organised fork trucking does the job.

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DECEMBER 15, 1956 ONE SHILLING

The Nation's Leadership
Challenge in Europe
The Pandit and The President
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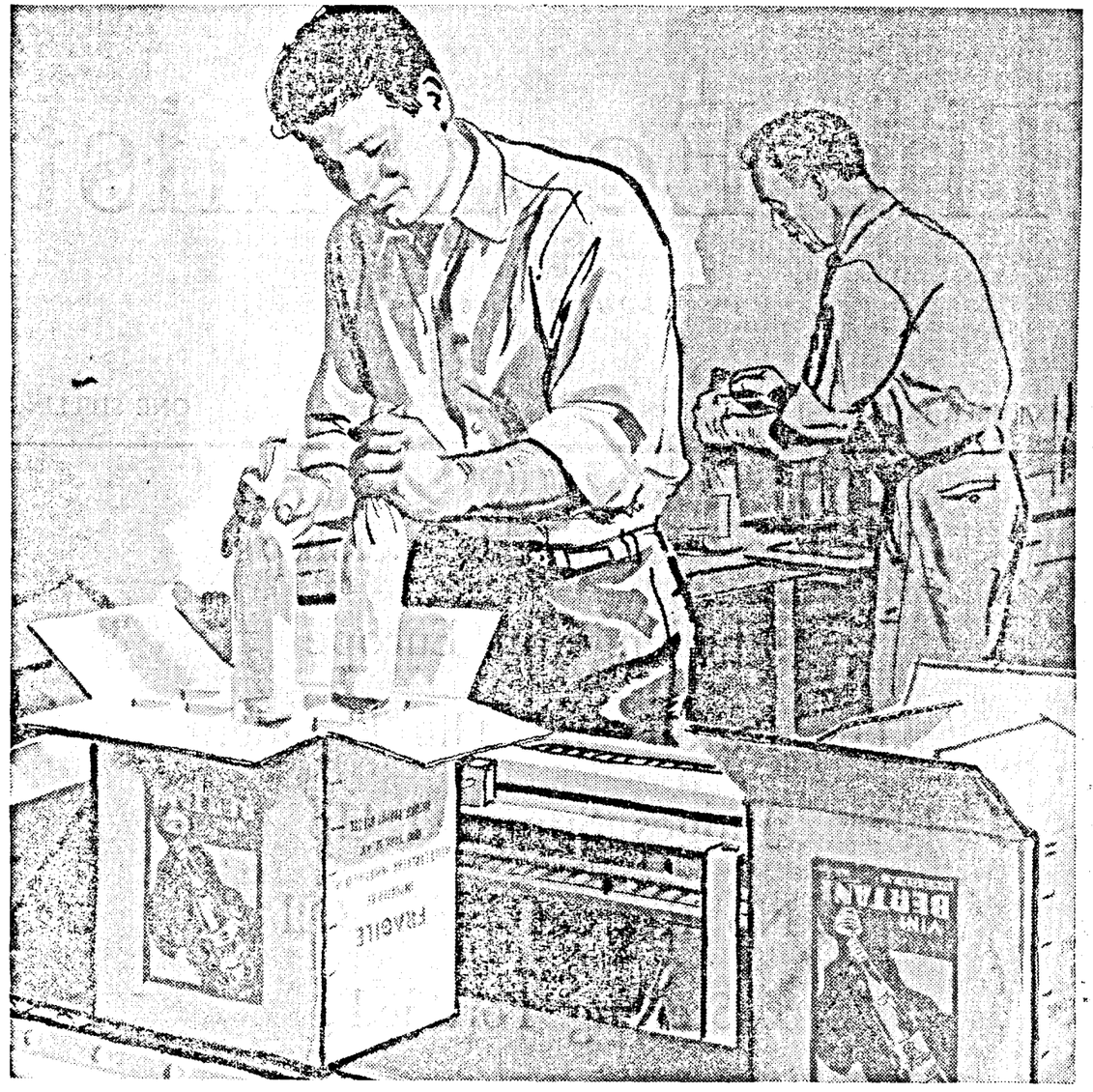

Wine exported in CORRUGATED boxes reduces cost, breakage, space

Shipping bottled Italian wine is a problem not greatly different from that of shipping many another fragile commodity: the contents must be protected, yet the cost of the package kept low. Today, many enterprising bottlers have found the ideal solution in corrugated boxes.

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Corrugated boxes protect the contents better than wooden ones, experience shows, because they are so resilient under impact. Yet they require less space in storage, aboard ship, and at the vendor's shop.

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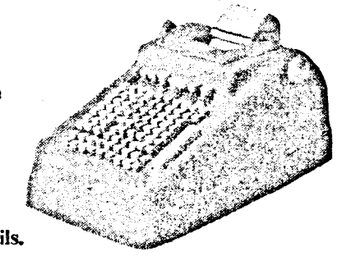

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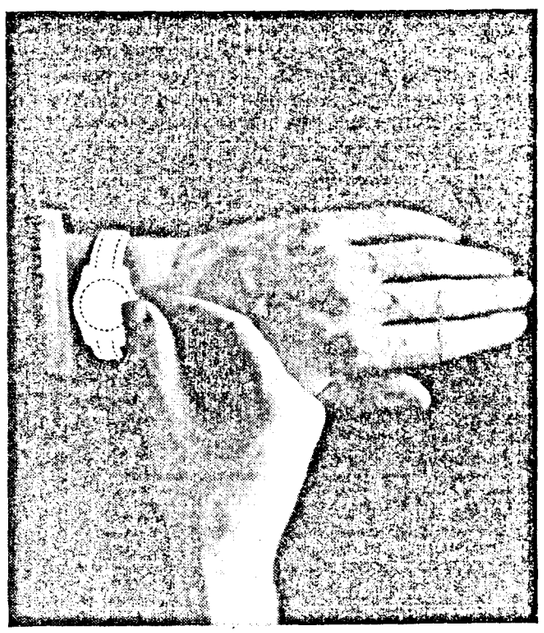

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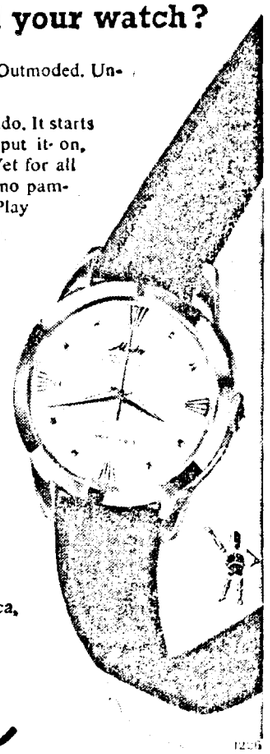

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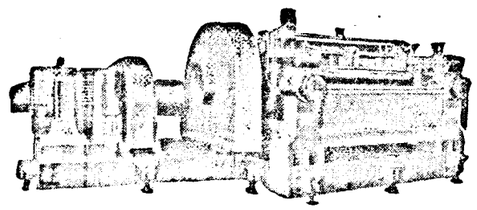

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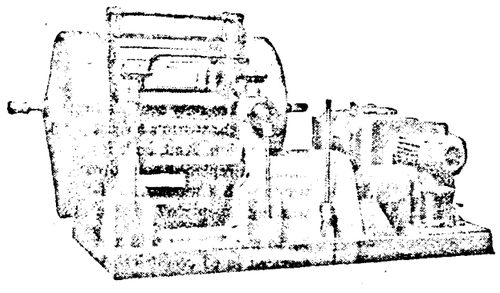

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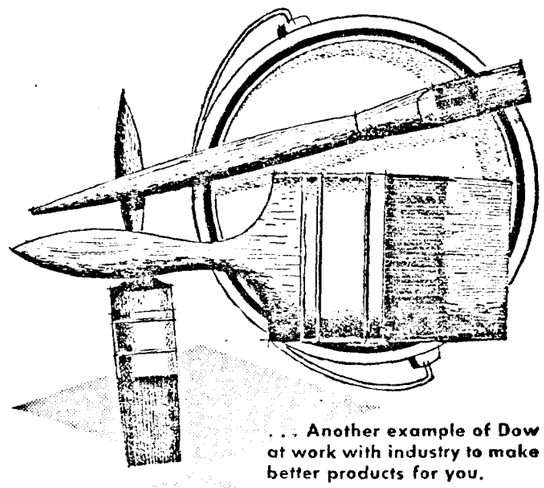

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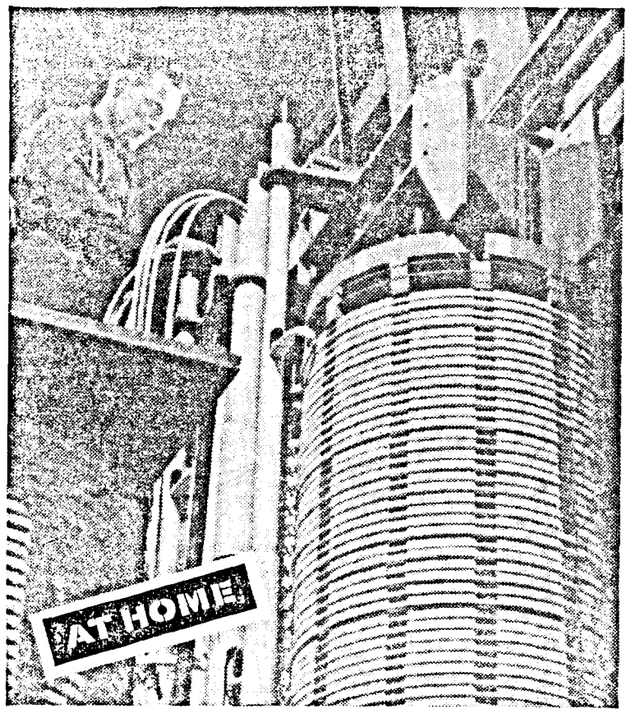
A TWOFOLD JOB...

How The English Electric Company is working for Britain

at home *and* abroad



Power for Industry *To meet the increasing demands of British industries for electric power, the Central Electricity Authority is building more generating stations all over the country. Power output is already 95% greater than in 1948, and generating capacity should be nearly doubled again in ten years.* ENGLISH ELECTRIC *supplies turbo-alternator sets, transformers and other plant for many of the new power stations and switching stations; this picture shows the core and windings of a 7,500-kVA distribution transformer ready to be dried out in a vacuum oven before tanking in warm oil.*

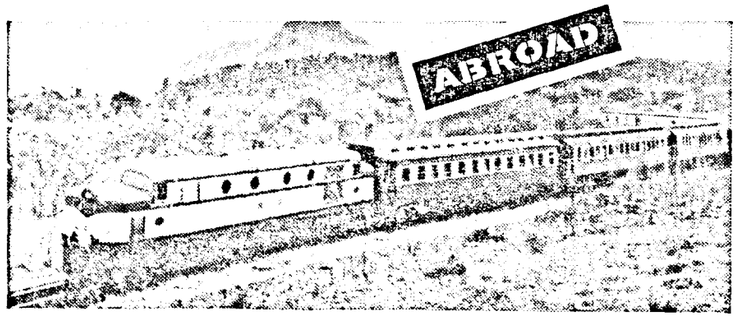
THESE ARE challenging times for Britain. Great strides have been made since the war in rebuilding our economy. The problem is to *maintain* this progress.

From 1949 to 1955 our total industrial output rose by 27%, and the value of our exports by 58%. British industry is busy, and actively developing—there are more jobs than workers. Our standard of living is high. But to ensure *still better living for Britain*, we need still higher production, still more activity in competitive export markets. In both these ways, ENGLISH ELECTRIC is playing its full part.

At home, this company helps to supply the generating sets, transformers, switchgear and other plant needed for Britain's expanding power generation programme; it also makes the electrical equipment by which industry *uses* this energy for production—not only for home demand but for the world.

In addition, ENGLISH ELECTRIC is itself a vigorous and successful exporter; *about half the Group's business is overseas*, earning foreign currency for Britain.

With the world-wide experience of its engineers and technicians, backed by great manufacturing resources and advanced research, ENGLISH ELECTRIC is hard at work, making an important *twofold* contribution to Britain's economic progress.



To young men and their parents

To any boy or young man considering a career in science or engineering, ENGLISH ELECTRIC *offers almost unlimited opportunities—first-class training, and a choice of rewarding jobs at home or abroad. For details, please write to Mr. G. S. Bosworth, Central Personnel Department D.9.*

Currency from Overseas *(left).* Electric and diesel-electric locomotives and other railway equipment form an important element in ENGLISH ELECTRIC's export trade. A contract for twenty-three 2,000-h.p. diesel-electric locomotives has recently been completed for Rhodesia Railways. Here is one of them hauling the mail train between Salisbury and Umtali.

'ENGLISH ELECTRIC' bringing you better living

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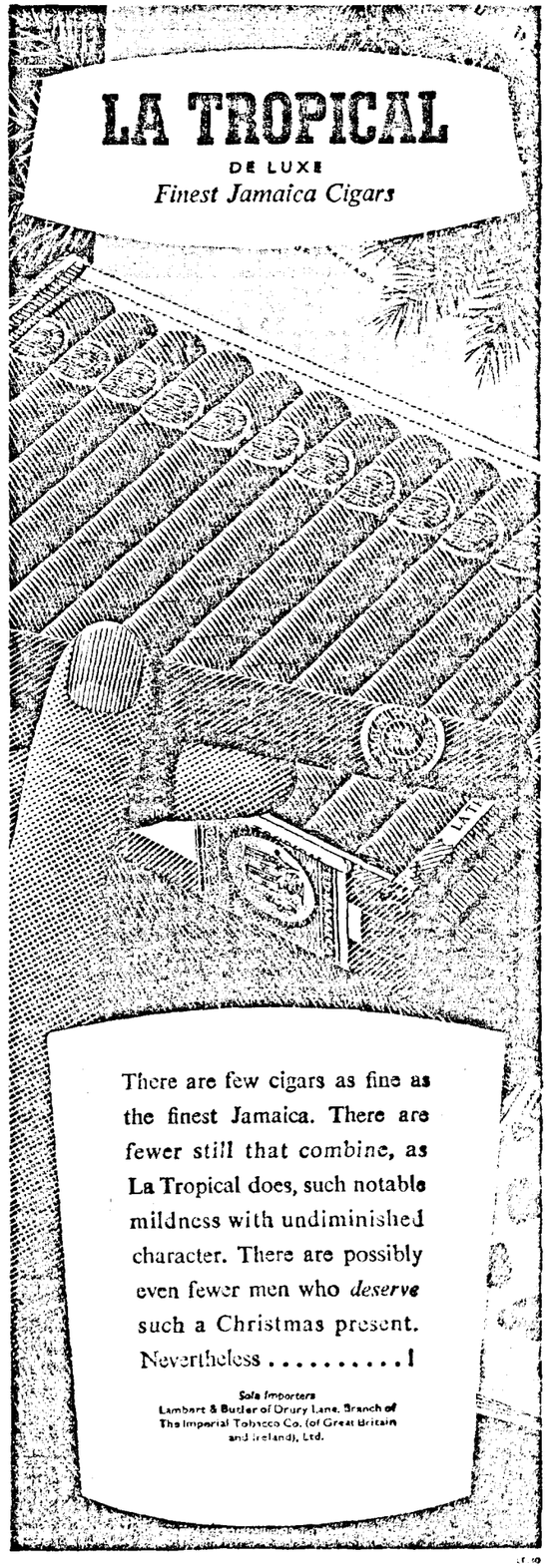

There are few cigars as fine as the finest Jamaica. There are fewer still that combine, as La Tropical does, such notable mildness with undiminished character. There are possibly even fewer men who *deserve* such a Christmas present. Nevertheless . . . . . !

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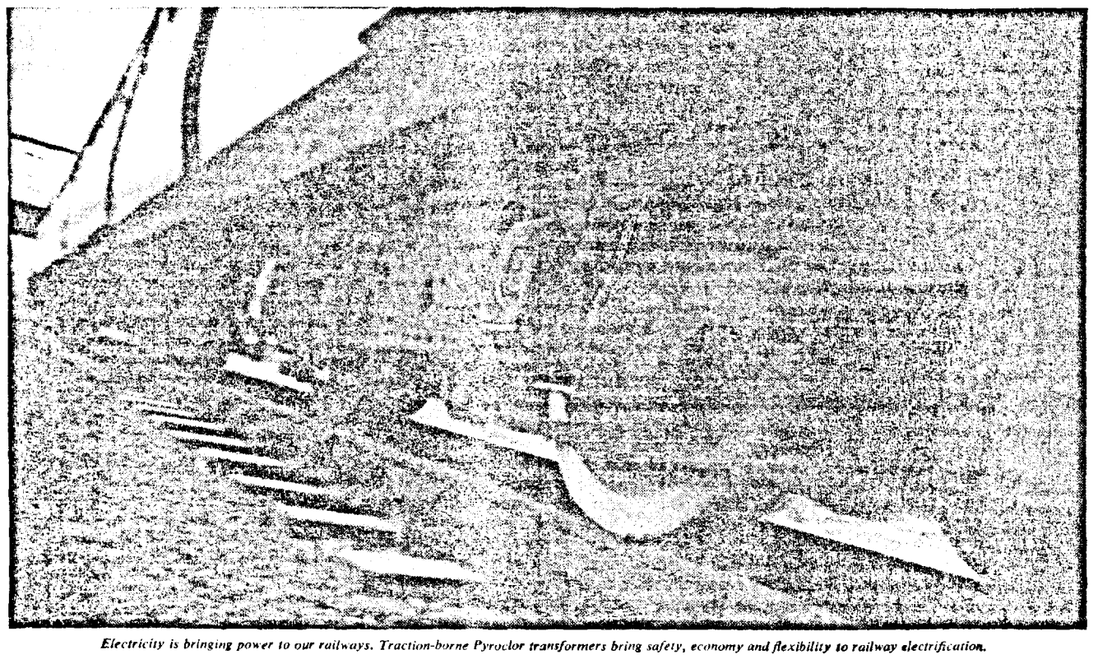

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We prefer to leave the more technical advantages of Pyroclor to our — and your — technical experts. We'd just like to make one more point: Pyroclor is the *modern* transformer coolant for the trains, factories, theatres and hospitals of today and tomorrow. It's therefore a typical product of Monsanto . . . bringing a better future closer.

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The Economist
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The Nation's Leadership

THE Prime Minister's general welcome home from Jamaica is widespread, genuine and personal. Everybody is glad of his recovery, if indeed he is fit again. His party in Parliament will cheer him to the echo when he returns to the Commons next week, despite the unease of many at the implications of what has happened before and since he went away. In the country he has the widest support of any Conservative leader; and the farther one goes from London and the centre of things the more steadfast and impressive that loyalty appears.

Every instinct of gratitude for the past services which Sir Anthony Eden has rendered prompts one to join in the chorus. Yet, though the welcome is real, there are other realities. Neatly during his absence the policies which he initiated and pursued have begun to be liquidated. This has no doubt been done with his consent. There has been no palace revolution among his ministers, nor is one likely. The decision as to his future is his own, as it was before his departure. But it must turn on facing two objectives: the efficiency and the direction of the Queen's Government. In their light, two questions must be asked by an independent journal, as by the Prime Minister himself.

The first question, which could easily be resolved, concerns the Prime Minister's state of health. The public has been put in an impossible position by the way in which the news of his overstrain has been handled. No doubt, after recent American experience, there will be a general disinclination to give to doctors the responsibility for any sort of political or constitutional verdict. Even so, the question inevitably remains: how ill, nervously or physically, has Sir Anthony Eden been, and how well is he now? There must be some concern lest the Prime Minister (who is certainly no quitter) and his colleagues (who have their party's prospects to consider) may decide too readily that he is fit enough to take up the reins again on what is, inescapably, a new journey. It is to be presumed that a frank statement will now be made public, declaring with medical concurrence that the Prime Minister is no longer under any remaining sort of strain that might impede him in doing this. If it is not to be presumed, then it is, quite bluntly, to be demanded.

Given reassurance on this score, the second problem, which is a political one, subject to fallible human judgment, will reveal itself. This second outstanding question is whether, though ruled fit again and broadly backed still by his supporters, the Prime Minister will in fact be in a position personally to lead the nation in the new direction. It would be cowardly for *The Economist* to disguise the opinions which it has already stated (to the disgust and anger of very many readers). The national needs are evident enough and not open to much dispute: to rebuild the transatlantic alliance, to create some sort of national (not merely party) unity, to keep a stable but imaginative hand upon the nation's affairs, to serve the national interest by less divisive and more successful means, abroad as at home, and to inspire the necessary

confidence, internationally as well as nationally. The traditional, and too often flouted, doctrine that when policies fail politicians fall can safely be discarded, once more, only if the Prime Minister is both willing and able to meet these requirements.

But the opinion of *The Economist* is not the one that matters. It has to be assumed that, provided his health will stand the strain, the Prime Minister has not considered laying down office. Almost certainly his ministerial colleagues, too, have decided to try to make a success of the Government's task under his continued leadership. The question for them, as for him, is whether this is in fact possible. If not (and they ought to know in their consciences if and when this predicament arises) what do they do ? If factionalism in the Cabinet and in the party, compromise or hasty temper in policy, improvisation and lack of conviction in decision, loss of dynamism and sense of direction about where they really want to go showed themselves as the sequel, only three courses would be open.

One would be to stagger on governing, unreconciled and regardless ; that would be the worst possible course for the party and for the country. The second would be to try to install a new Prime Minister (who, for all his recent deviousness, could surely only be Mr Butler) after a cabinet revolt. Perhaps this could be done relatively painlessly now. But if it were to be done after a time lag from the Suez debacle, and when Sir Anthony was in obviously good health, it is not easy to see how the Conservatives could long survive as a government—and the period of manœuvre before the revolt, together with that of attempted survival after it, would be an appallingly difficult one for the country. The third course, under these hypothetical conditions, would be for ministers to decide that they could no longer carry the burden of government, and make it clear that there must be resort to a general election, which would in such circumstances be hazardous for the Conservative party.

Every argument in the reckoning—party, political and (more important) national—suggests that the time for the members of the Cabinet, and for their leader himself, to ponder these points is now rather than later. At the moment, no doubt, the natural reaction is " perish the thought." But it is more important that what should not perish, in any event, is the long-term future of a progressive Conservative party in this country, the rule of collective responsibility among reasonably like-minded and compatible men within the Queen's Government and, above all, the effective prosecution of the national interest. The hard decision still rests upon the Prime Minister.

Challenge in Europe

THE three great circles—Europe, the Commonwealth and the Anglo-American alliance—whose coincidence, in Sir Winston Churchill's image, gave Britain her special position in the world, have all suffered shocks this autumn. Efforts are being made in Paris this week to repair two of them together. For Britain, the talks between Mr Dulles and the two prodigal foreign ministers—the first stage of reconciliation with the United States—seem the most precious development, but repair of the rift within Europe is vital as well. To put the matter at its lowest, Britain must perform as a " good " European if it is to regain American confidence, let alone its former special status. But, further, the Suez crisis has demonstrated, more clearly perhaps than any other postwar event, that Britain's most real interests demand that the European alliance be cherished for its own sake.

The fact that Britain and Europe are in the same economic boat has been rudely emphasised, and it has become more evident than ever that there are interests in Africa, in the Middle East, on the high seas, in the Suez Canal, which Britain shares much more closely with Europe than with the United States. The western European countries are, like Britain, heavily dependent on Middle East oil. And in retrospect it must seem clear that Britain and France might be much nearer a satisfactory solution to the canal problem today if, instead of trying to force their own solution on the world, they had won their European allies to a common view and pressed it together inside and outside the United Nations. But, as M. Spaak sadly told the Belgian senate, there is as yet no European group in the United Nations to match the power of the Afro-Asians or the two great world powers. Nor, before the present crisis, was there a habit of consultation on high policy between European nations which could have made a UN group effective. The need for such consultation, and for means to make it effective is clear.

The purpose would not be to push European interests against those of the United States ; nor ought the irrational anti-American feeling, which has given a fleeting extra impetus to European ideas in France and Britain today, to have any place. But by speaking and acting together, the European family could influence American policy more than the individual medium and small powers of Europe could influence it separately. Only by playing a leading part in Europe, as in the Commonwealth, can Britain recover a more than local status and influence both in its relations with the United States and with the world at large.

In the economic field, the Suez crisis has itself provided Britain and France with an occasion to take the lead. They led the move to tackle Europe's oil shortage on a common basis through the Organisation for European Economic Co-operation. But this burst of energy in tackling a special temporary problem

is less important than the initiative which Britain has taken to join with Europe in a free trade area, linked with the common market of the " Six." In the shadow of Suez, the schemes for the free trade area and its parent the common market have made swift political progress. Driven by M. Mollet and Dr Adenauer, Germany and France have reached substantial agreement on most of the well-worn issues between them. M. Spaak has just forecast the signing of the common market treaty by the middle of next month, and the OEEC experts who have been studying the free trade area are optimistic, too. The bickering between " dirigiste " France and *laisser faire* Germany on the nature and powers of Euratom also seems to have slackened and the " three wise men " are pushing ahead with the preparation of a concrete western European atomic programme to provide the treaty draftsmen with a factual background for their work. Euratom's swift progress forces a further opportunity on Britain. Hitherto, secure in its ten years' lead, Britain has been able to stand aloof from it, doing its best to establish commercial contacts in atomic matters with individual countries, like Germany. Europe's atomic programme is now likely to be far larger than what was previously envisaged. If Britain is to play the commercial part and exert the political influence in this field which she might, the British relationship with Euratom must have unremitting attention.

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Yet these great projects are still in hazard from two big problems, the solution of which may require further profound shifts in national policies. The first is the disparity between the strength of the mark and the weakness of the pound and franc. French exchange reserves have dropped by over 60 per cent this year. German reserves are growing rapidly. It is hard to see how the common market can become effective while these trends continue. The negotiators have agreed on formulæ which will allow France to maintain special protective taxes if the payments position is weak, and M. Mollet evidently hopes to slip the common market through in France before the French position becomes calamitous. But even if he succeeds, these special protections may have to be used on a scale that will make nonsense of the common market, unless some other drastic step is taken to restore the balance between the mark and the weaker currencies. There will have to be a much greater moving together of national economic policies than has yet been achieved.

A second question looming over the common market is that of the inclusion of the French territories overseas. In principle it has been agreed that they should come in ; this African market of 37 million people and the other smaller territories will, after all, be a welcome commercial acquisition to German, Dutch and British exporters. But the price which France is asking is the establishment of a $1,000 million annual investment fund to finance colonial development. The proposal obviously has a political colour ; France, aware at least of the need for swift economic (if not political) change in its empire, and already bleeding economically in Algeria, is desperately anxious for financial help from her European partners. These, however, and Germany in particular, fear the commitment to underwrite French colonial policy. A compromise may be reached on the investment fund which will enable the treaty to go through, but continuous further effort will be needed to bring together the different attitudes in Africa of France and her partners. The discussions on the free trade area have come up against a parallel problem of membership—whether to expose to the rigours of competition OEEC's less developed members, like Portugal, Greece and Turkey, or whether to exclude them, which they will resent politically.

Thus the great common economic ventures, on which the European nations are embarking, themselves require a further harmonisation of political attitudes and policies. The need is even more obvious if the military and political shield of the western alliance as a whole is to be repaired. With the threat of military conflict with Russia, which had seemed to die down, now so obviously alive, the perilous nature of the separate policies which have led to the withdrawal of French forces from Europe to Algeria and of British forces for use in Egypt, kept the Cyprus dispute on the boil and slowed German rearmament, is only too clear.

These needs provided an urgent theme of the meetings in Paris this week between the Nato countries. Several concrete suggestions have been made. The powers seem likely to commit themselves to a resolution requiring continuous mutual consultation between ministers, which would exclude separate ventures like the Suez expedition. This at least should help to dispel mistrust. Mr Dulles has apparently had in mind a new policy-making Council for Nato. Signor Martino, the Italian Foreign Minister, has gone much further in the narrower west European field. He proposes to make the Assembly of Western European Union—the alliance of Britain and the Six set up to carry out the Paris agreements—an elected Parliament. Mr Selwyn Lloyd has now suggested an Atlantic Assembly for the western alliance.

Declarations or institutional novelties will not by themselves meet the need to concert the policies of the European and Atlantic powers. Plenty of institutions exist already. But the sustained political will to form policies in common has still to be established. It ought still to be possible to ensure that the European members of the North Atlantic alliance do not frustrate each other needlessly, and that where a course of action by some members is likely to make difficulties for the others, there should be consultation before the course is set, not merely afterwards when the repercussions have to be faced. All recent events have shown how necessary it is to give more weight to the interests they have in common than to the interests they pursue separately. Britain today has a greater incentive than ever to take the lead in this development.

The Pandit and The President

MR NEHRU'S place among the great men of our time is already secure—for a reason that rarely occurs to either his devotees in the West or his fiercest critics there. Both groups have fashioned false images of the man to suit their preconceptions. To the one he is a world saviour, a lonely Daniel taming the snarling beasts by the power of peace and love ; to the other he is either the accomplice or the dupe of communist tyrants bent on world domination. Yet his real place in the scheme of things owes as little to his sermonising as to his exchanges of garlands with Khrushchev and Mao Tse-tung. If no echo of his moral mentorship had ever reached the West, and if the communist empires did not exist, he would nevertheless be a great man ; for he has led the largest democracy in the world through the first decade of its independence.

It is curious how seldom discussion of Mr Nehru turns on the two essentials of his personality: the fact that he is a democrat, and the fact that he is an Indian. No doubt it is an implicit compliment to independent India, and to its Prime Minister, that it should so often be forgotten how heavily the dice were loaded against this combination only a few years ago. The British, to their credit, implanted liberal ideas in the India they ruled ; but, as the plant shot up with the alarming speed of monsoon vegetation, they were increasingly preoccupied with the task of pruning it. The postwar Labour government's success in abandoning power over India while retaining its friendship has led many Britons to forget how much bitterness is mingled with affection in the Indo-British relationship. For all Gandhi's magnanimity, bitterness was inevitable among men who had lain in British jails and had come to see in each British formula for further political progress a new mask for delay and divisive tactics. Disenchantment led many to terrorist violence, and many to embrace totalitarian ideas, of both right-wing and left-wing forms. Yet today India's three hundred millions accept the ballot box, not the hammer and sickle, the fasces or the sword, as their political symbol.

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Countless men and women, Indian and British, contributed to this end. Mr Nehru would never dream of claiming that he alone had lugged his sprawling, continental country up to full political democracy. Yet his role has been a crucial one, both before and after independence—in its way, a more important role than that of Gandhi, who was no parliamentarian at heart. What if Subhas Bose had survived the hospitality of the Japanese, and Nehru had died in prison during the war ? Again, what if the Indian Prime Minister had shared the inclination of so many leaders of Asian and Arab peoples newly emerged from western dominance ? Chiang, Mao and Nasser each rejected free institutions ; President Sukarno of Indonesia wavers on the brink of doing so ; Dr Syngman Rhee finds them hard to stomach. In independent India, there has been bad feeling between men who had chosen to serve their country in the framework of British rule and those who chose defiance. Mr Nehru himself acquired little respect for the *daftar-wallas*, the officials branded as "collaborators" ; but he has preferred to work with them rather than with the veterans of extremist violence, for he saw that in a free country the revenue official and the judge had parts to play, the bomb thrower none. What if he had thrown his weight into the other scale ?

It may fairly be complained that democracy must be weak in a country where one man can command so much weight. Yet the Prime Minister's lonely eminence and long shadow indicates not the suppression of challengers but the lack of challenges. Sheikh Abdullah lies in jail, but his challenge was on the local, not the national, plane. So, too, in its different way, was Mr Deshmukh's recent break with Mr Nehru ; and there is little sign as yet that the former Finance Minister, whose instincts are technical rather than political, intends to cultivate a following. The Indian communist leaders are abashed and bickering. Mr Jaiprakash Narain, the outstanding socialist personality, seems bent on retiring again into Vinobha Bhave's campaign for redistribution of land, after briefly emerging to assail the Prime Minister's wobbly unconcern for Hungary.

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One would not wish India too much political turmoil. All Mr Nehru's agility has been needed to get the Congress government through this year's controversy over the new state boundaries. Uncompromising factions—linguistic, communal, and ultra-conservative—abound, and the country is lucky that their leadership is so poor. But it is at the same time a healthy and heartening thing when there are signs of genuinely democratic opposition, such as Mr Narain's recent challenge. The Congress party has not yet gone the way of the Muslim League in Pakistan ; but a fair degree of competition is the only thing that can save it in the long run. And personal competition is just as necessary for Mr Nehru: not because of megalomaniac tendencies such as afflict President Nasser and General Chiang, but because too many Indians have too long looked to him for too many things—and no democracy can take firm root while that habit endures.

Nor can one man carry too many loads indefinitely. It is a sad paradox that Mr Nehru, surrounded by a swarm of ministers, remains grossly overburdened, largely by his own choice. Tirelessly speechmaking around his vast country, he yet keeps a whole tangle of threads clutched in his hand. When Mr Deshmukh resigned, he took over the Finance Ministry for a time (an experience from which, it is said, he showed himself at 67 not too old to learn). In the teeth of considerable opposition he has got Mr Krishna Menon into the cabinet as minister without portfolio, and he relies on his advice in the field of foreign affairs to a degree which naturally alarms those familiar with Mr Menon's devious ways of thought ; but he remains his own Foreign Minister, and worries Indians almost as much as westerners by the volume of comment he pours forth on the affairs of the world rather than of his own country.

Yet the more Mr Nehru uses global phrases, the more he reveals that his heart is not global but Indian. The interest of his own country comes first with him, as with any other honest statesman. (It is an ironic thought that some of his adulators will take as an insult a statement which, if applied to any other great national leader, could be construed only as one of praise.) The Indian Prime Minister, like the American President whom he is meeting next week, is first and foremost a patriot. He is like Mr Eisenhower in that there is nothing narrow about his patriotism ; but it is strong and, like American patriotism, nurtured first on the tradition of a struggle for national freedom.

Moreover, much as Europe, to which Mr Eisenhower twice gave great service, comes second to America in the President's thoughts, so, for Mr Nehru, next to India comes the Asian and African world that has shared India's long experience of western dominance. For him as for most other Asians, westerners are people who can look after themselves, who indeed have to be constantly prevented from trying to look after everyone else ; Asians and Africans are Cinderellas who have to be constantly protected against their ugly white sisters. For him and most other Asians, Western Europe is still the fountainhead of the great wave which broke over Asia and Africa in the past three centuries ; it is not, as its own inhabitants see it today, merely the threatened tip of a huge land mass whose heart is gripped by a frightening tyranny. The western view is right and the Asian one wrong, for the Asians are looking at the past, the westerners at the present. But the Asian view is a fact.

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Asia, however, is still only second. India comes first. Mr Nehru is a great Asian, but he no more stands for all Asia than Sir Winston Churchill, that great European, stands for all Europe. All great men have their blind spots. Mr Nehru's main blind spot is Pakistan (one of Sir Winston's used to be India). The traumatic shock of partition in 1947 seems to make it difficult for him and his colleagues to face the fact that their country's foremost interest now is to co-exist in friendship with its weaker neighbour. In digging in their heels in Kashmir, they are postponing the day when this friendly co-existence may be possible. In reviling Pakistan's defence alliances at every opportunity (revealingly, no such browbeating from Delhi disturbs the five other Asian members of the Baghdad and Manila alliances), they have fallen into the trap of seeming closer friends of the communist powers than of other democracies. It was the Sino-Soviet alliance of 1950 that first marred Asian non-alignment ; but Mr Chou En-lai is feted in India as an angel of peace while Mr Suhrawardy is charged with war-mongering. It is Chinese and Russian might that now looms along the Himalayas, which may soon prove no stronger a defence work than the English Channel ; but it is Pakistan's military strength, hardly a third of India's, that is treated as a menace in Delhi. And the bellicose Egyptian dictator is *persona grata* to the peace-loving, democratic Indian Prime Minister because both hate the existence of the Baghdad alliance.

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There have lately been indications that the Indian government was awakening to the fact that its habitual wheedling of the communist powers and nagging of the democracies was losing it sympathy even among the most patient of free men. But the awakening has not got very far yet, and the attack on Egypt interrupted it. The Indian Prime Minister has been sharply criticised, by Indians of the left as well as of the right, for his weathercock postures over Hungary—a development which encourages the belief that at least among well informed Indians there is a new interest in Europe's problems as well as a new scepticism about communist blarney. But among the masses there is much unquestioning faith that the Prime Minister's international policies must always be the best ones ; and, since he has lent his name to the notion that China and Russia are India's brothers, linked with it in pursuit of world peace by way of the mystical *panch shila*, the "five principles" which very few Indians can recite, the personal responsibility that rests on him is heavy.

Mr Nehru has never lacked the courage to denounce the communists of his own country, or to denounce communism itself for what it is—a relic of nineteenth-century bigotry. Suez has now given him proof that the whole western world is not bent on reverting to imperialism: Hungary, that the great communist empires are still as imperialist as ever. With India's second general elections in the offing, he has chosen to risk the loss of a good many votes by visiting Mr Eisenhower. Will he take the further risk of coming round to join the Indian socialists, Pakistan, and the western world in exposing Russia's brutality in Europe, and China's bland approval of that brutality, not in the cautious phrases of diplomacy, but in ringing words that will sound as loud as his denunciations of the sins of the West in the ears of his own people ? The visit to Washington is, in its timing, a test as well as a risk for India's leader.

Judges Summed Up

EARLIER articles in *The Economist* have taken a social statistician's peep at peers and bishops. To continue this survey of the upper crust, judges can now come under appraisal. This article—which, like its predecessors (see *The Economist* of July 21st, July 28th, and October 20th last), is based mainly on research in *Who's Who* and other works of reference—will not discuss the multitude of minor judges and quasi-judges in this country : such as the recorders of boroughs (of whom there are 102), the county court judges (62), the stipendiary and metropolitan magistrates, the masters in lunacy or bankruptcy, members of ecclesiastical courts, of rent and industrial tribunals, and so on. It will be concerned only with the backgrounds of the sixty-nine men at the four pinnacles of the profession. To summarise these pinnacles :

(1) *The Judicial Committee of the Privy Council*, the highest court in the Commonwealth, is manned by eight former holders of high judicial office in this country, and by judges from the Commonwealth countries which bring cases before it (these are getting gradually fewer). The eight English members are half-retired from active life, sit only rarely, and deal with only a very limited number of domestic cases.

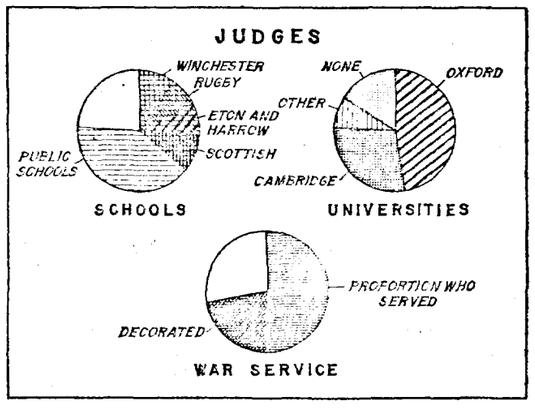
(2) *The House of Lords* is the senior domestic court, equal to but separate from the Judicial Committee. It is manned by ten Law Lords (or Lords of Appeal in Ordinary, to give them their full title). With the notable exception of Lord Radcliffe, they have all been promoted from lower courts, with an average service of 16½ years as judges.

(3) The nine *Lord Justices of Appeal* come next in seniority. They have all been promoted from the three divisions of the High Court, with an average service on the bench of 15 years.

(4) Finally, the benches of the *High Court* proper, with its three divisions of Chancery (8 judges), Queen's Bench (26 judges) and Probate, Divorce and Admiralty (8 judges) are manned by puisne—pronounced puny—judges, who are knights, with the title of the Honourable Mr Justice. Chancery judges, concerned with such abstruse matters as company and contract law, never sit with a jury (which does not displease them) ; on the other hand they do not enjoy the pomp of travelling around on assizes like their brothers of the Queen's Bench, who deal with criminal (and some civil) cases.

The Lord Chief Justice is not the head of the profession : he is the senior judge only within his own division (the Queen's Bench). The senior judge of all is the Lord Chancellor, that anomalous figure who contradicts and completes the strange logic of the British constitution. Although judicial appointments are strictly non-political, the man who is responsible for those appointments is a politician and retires with his Government. As well as being President of the House of Lords, he is President of the Chancery Division, although his judicial experience for the office may sometimes seem slender. The only judicial experience of Lord Kilmuir, for example, was as recorder of a borough ; on the other hand, his predecessor, Lord Simonds, had been a judge, and is now again a Lord of Appeal, but was never primarily a politician. Although judges are non-political, analysis of their records reveals that political activities are no disqualification for promotion to the bench : 23 per cent of all judges have been either candidates for or members of Parliament, 11 per cent as Conservatives, 10 per cent as Liberals, and 2 per cent as Labour. Only on their appointment must they, in public, abandon politics.

Some clue to their politics, however, may be provided by their social background. This can be most clearly seen in their education. Sventy-six per cent went to major public schools (no less than one in five of these to Winchester). Seventy-six per cent also went to Oxford or Cambridge; and 10 per cent to other



universities ; Oxford is well in the lead (and, of the Oxonians, 40 per cent were at Christ Church or New College). These facts do not, to be fair, indicate any deliberate upper class bias in judicial appointments. They are mainly a reflection of the fact that in order to be a barrister at all, a man has usually had to provide himself with prosperous parents, because he needs them to support him during the lean years before he starts earning. A more remarkable fact is the preponderance of university men on the bench. It is possible to become a barrister, as many do, by being a student at one of the Inns of Court in London ; but a university education is evidently a great help in getting to the top.

As might be expected of men of their education and generation, a very high proportion—73 per cent—of judges have served in the armed forces, and 30 per cent of them were decorated. Again typically of the prosperous classes, they have a good record of public service : over a quarter of Queen's Bench judges are members of their local branch at quarter sessions (which must be a bit daunting for the other members), and 20 per cent of all judges are school governors or diocesan

officials. In their recreations and pursuits they seem to belong to the "county" rather than to the intelligentsia. In *Who's Who*, 35 per cent give as their recreation the outdoor sports (hunting, shooting, fishing, yachting, golf). Fifty-three per cent are members of the best-known London clubs, the Athenaeum claiming 26 per cent. Eighty-four per cent are married.

In income, too, the judge belongs to the upper classes, although as an eminent Queen's Counsel he will previously have earned far more than the £8,000 he gets as a judge. The life, however, has its compensations. The high table of his Inn of Court is a pleasant club. He is given a knighthood, and he is in line for promotion to the House of Lords, with a peerage which has the advantage or disadvantage (whichever way your son looks at it) of not being heritable. He gets a pension when, or if, he retires, and so does his widow.

That leads to the final question : how old are judges ? The Judicial Committee of the Privy Council has the phenomenal average age of 79. The Lords of Appeal in Ordinary—excluding those ancients who are also members of the Judicial Committee of the Privy Council —have an average age of 67½. The Lord Chief Justice, Lord Goddard, became a Recorder in 1917, and is still judging hard at the age of eighty. Judges, in short, are allowed to continue in a job which requires the keenest faculties at an age when other men are deemed suitable only for some gentle gardening. Do they in fact go on too long ? One sometimes hears complaints that they are bewigged old fuddy-duddies : complaints based on the remarks they make in court or on their attitudes to parliamentary matters—for example, the abolition of capital punishment. But any such criticisms seem to be directed against their conservatism, rather than against any blunting of their wits ; and it is arguable that conservatism in this profession is an advantage, because it indicates an attachment to precedent.

It seems, indeed, as if practice of the law keeps the mind alert (and it also seems to be true that the moment judges give up they are apt to fall dead, which perhaps helps to account for their unwillingness to retire). In theory, they can be removed only by impeachment of both Houses of Parliament ; in practice, they are not quite as irremovable as that. The Lord Chancellor or the senior judge of the division in question could have a quiet word, and if this were intransigently received, he could simply prevent the old gentleman from getting any more work. Presumably, however, some odd verdicts would have been given by that time. Would it be better if the system were reversed, and judges retired at a fixed age unless they were specifically asked to stay on ? Some of those who would like to succeed the present bench of judges, before they themselves reach the age of eighty, certainly think so. According to rumour, these include at least one prominent politician.

Notes of the Week

The Economic Consequences of Going On

AN article in the Business World on page 987 draws attention to the remarkable speed with which the Treasury has mobilised the additional backing for the gold reserves ; the departmental expedition that has been displayed both in London and Washington in these last ten days has been one of the great administrative achievements of financial history. Now that "operation mobilisation" has succeeded, there is a political point that needs to be made. The United States government, rightly or wrongly, was clearly not going to co-operate so fully in this mobilisation so long as British troops stayed in Egypt. If General Keightley had been told to push on down the canal on November 6th, instead of to cease fire, British troops would still have been in Egypt ; there would have been no point in going on, and then immediately pulling out. Whatever one thinks would have happened about Russian volunteers in those circumstances, whatever one thinks would have been the wider international effects, there is one financial effect that can now be entered into the balance ; and those who believe that "the Government's only mistake was to stop" can fairly be asked to ponder it, whether they think that it outweighs other matters or not. If the cease fire had not been sounded on November 6th, it is really extraordinarily difficult to see what Britain could have been doing now—in mid-December—to avert devaluation of the pound.

Hungary's Fate in the Balance?

THE struggle in Hungary, which had appeared to be approaching the final climax, became more obscure than ever as the week went on, with only one fact standing out clearly : the Hungarian will to resist is as strong as ever. There have been rather more reports of activity by armed

Hungarian patriots and of angry popular demonstrations, sometimes suppressed with bloodshed, than for some weeks.

Over last weekend the new Kadar militia had begun to arrest members of workers' councils on a large scale; although some were later released, others were arrested in their turn. The central workers' council of Budapest replied with a warning to Mr Kadar that if the witch-hunt went on "the end will be a general strike, bloodshed and a new national tragedy." It followed this up with the proclamation of a 48-hour general strike to begin on Tuesday morning. The Kadar regime retaliated with the dissolution of the Budapest central council and all other provincial and district councils (but not factory councils) and the imposition of martial law as from Tuesday evening.

Thus each side threw down the gauntlet. So far the patriots appear to have carried out their threats more successfully than Mr Kadar; it seems that the strike was completely effective except in a few places where workers were forced to work at the point of the gun. The central workers' council may be theoretically dissolved, some of its leaders may be arrested and even put to death, but its writ still runs; according to one broadcast put out in its name, it is the Kadar government that is illegal "because it is kept in power by foreign hands," and "no honest Hungarian citizen" need obey its decrees. As for martial law, it can hold few additional terrors for people who have lived for weeks with the constant fear of a stray bullet, of summary arrest, or of deportation.

In spite of the Hungarians' fantastic refusal to give in, one cannot feel much optimism about their chances of winning freedom in a straight fight. It is true that their passive resistance defeats the Russian tanks; but will not they in their turn be defeated by cold and hunger? Moreover, the Russian army has not yet intervened with all the force of which it is capable. If, losing patience with its attempt to rule through a puppet regime (and there are already indications that Mr Kadar does not enjoy full authority within his own government, as well as unconfirmed rumours he has been thrown over), it resorted to total repression, it might well deprive the Hungarians of the national leadership that the workers' councils now represent. While the decision whether or not to take this step hangs in the balance, delegates at the UN General Assembly have been denouncing the Soviet intervention in Hungary more strongly and unequivocally than ever before. The Assembly is right to persist in its presusre; it may yet influence Soviet policy.

Punctures in Parliament

ALTHOUGH the Tory revolt over the Suez withdrawal was slightly larger than forecast—in the end, fifteen backbenchers abstained after the debate on Thursday of last week—the general pattern was just as expected. Apart from the hard core of the Suez group, the mass of the party, including all the crypto-Suez men, trooped gloomily through the Government lobby. Those who did abstain knew perfectly well, by the time the vote was taken, that their little demonstration would not have any serious consequences for the Government. If they had thought that it would have done, they would not have demonstrated. Captain Waterhouse specifically admitted this, and enunciated the new doctrine that abstention "seems to me to be the clearest and most emphatic way, within our parliamentary system, of showing my disagreement with this particular aspect of the Government's policy." Most constitutional experts would consider this statement to be rather odd.

Last week's vote was the climax of the immediate political war over the Suez crisis. Once it was over, parliamentary tension expired like a punctured balloon. The only early events arousing real interest were the return of the Prime Minister this week-end, and the arrival of the Christmas recess next weekend. The fact that the latter is due to follow so quickly on the former could be of some importance. Even the most dissatisfied Tories seem likely to give Sir Anthony a dutiful cheer on Monday, on the view that their disappointment with him can be discussed at leisure in the New Year. Their sense of duty is going to be mixed with other members' loud defiance, and others' still louder and quite genuine enthusiasm.

The post-Suez political hangover has had one very welcome effect. It has given the House of Commons a chance for a belated return to reasonably courteous normalcy. Spontaneous combustion is occasionally inevitable when tempers are running high, but the Suez crisis has seen the Commons more deplorably rowdy than for just under half a century. Both sides have been to blame: if Labour started it all by its booing, the Tory shouts of "Nasser" every time Mr Gaitskell opened his mouth eventually became equally shocking and (for this previously sober party) much more astonishing. It would be pompous to say that the sight of all these middle-aged gentlemen in a temper has done lasting damage to the institution of Parliament. But it could have an effect in making some of the staider and less impassioned MPs—most of them on the Tory side—feel that a Parliament which gets up to this sort of antic is not a place to which they will want to come back after the next election. There are relatively few members who feel this way; but they include some of the better MPs—and the more the pity.

Wages on Which Track?

THE Railways National Staff Tribunal has recommended a 3 per cent increase in the wages of members of the locomotive men's union. What happens now, not only in the railway unions, but in the wages field in general? The latest news from the railway unions is that the locomotive men are to decide at a delegate conference whether they will accept the award. It is a far cry from the 15 per cent they had claimed, and they have not liked being told that—relative to other railway workers—they are already being paid as much as they are worth. The National Union of Railwaymen will undoubtedly be hoping that they will reject the award. If they accept, the Transport Commission seems likely to offer the same increase to other grades as well; and the NUR, which has had no answer yet to its own claim for 10 per cent, is in its present mood dead against settling for 3 per cent. It would hope to do better at least for those grades (which do not include drivers and firemen) where there is most difficulty in recruiting.

It is therefore too early to say whether the sad, familiar Christmas story of railway wage negotiations, under the mounting threat of an eventual strike, is or is not going to be repeated this year. The atmosphere is against such threats, but it also seems to be against easy settlement. This is therefore the time to say what ought to happen, as distinct from hazarding a guess about what will happen. It seems crystal clear that whatever award is eventually accepted on the railways will set the standard for this year's round of wage increases in general; the argument that railway workers are in a special position to be favoured—because petrol rationing will bring extra traffic and revenue to the railways—just will not wash. The increase of 3 per cent recommended by the Railways Tribunal was worked out exactly to match the increase in the cost of living index since railwaymen got their last increase. This was a very bad precedent to set, since the rise in the cost of living has in fact been mainly due to the last round of wage increases, which last year's railway wage award largely helped to trigger. The tribunal was arguing in an inflationary circle.

It so happens, however—and this is the real criterion arbitrators should adopt in determining general wage awards—that an increase of 3 per cent is just about in line with the increase in real income that the country can expect in a good "normal" year; it is therefore just about equal to the annual increase in wages that the country will usually be able to afford without inflation. The past year has not, in fact, been a good "normal" year; the recommended award is therefore rather too high, but not so much too high that the Transport Commission would be doing the country grave harm by accepting it as a standard. But not one penny more. Already the London busmen are saying that they will not accept a rather similar award, and have demanded that negotiations should be re-opened for a bigger one. As these wage claims go, so goes inflation. The Transport Commission may soon find itself standing at the centre of the battle which is to defend the pound.

Stormy Petrol

AFTER a minor revolt by Conservative backbenchers, the Government introduced a new clause into the Oil Duties Bill on Wednesday: it promises that the increase in the petrol tax will be repealed within one month of the end of rationing. Those who forced through this amendment should now look again at what they have done. The new clause will not, of course, make the tax come off any sooner; it will merely ensure that petrol rationing is likely to go on rather longer. Some time next year some cautious bureaucrat will have to recommend whether and when stocks of petrol seem to be high enough to allow rationing to be discontinued; he will now have to weigh the additional factor that emergency rationing by price must be discontinued at approximately the same time.

The introduction of this amendment came as the crown on a debate in which Mr Macmillan showed that he has begun to think about economics again, but in which everybody else seemed eager to ignore them. The Chancellor presented an analysis of the effect of the tax on industrial costs along much the same lines as were used in these columns last week. To put this analysis in its simplest form. The maximum yield of the 1s. a gallon increase in the petrol tax is going to be about £90 million a year, the additional cost of the 5d. a gallon increase in petrol dealers' prices must therefore be about £40 million a year; the total of £130 million from these two sources is less than 1 per cent of the gross national product of about £17,000 million. If, therefore, the cost of living increases by more than 1 per cent in the next few months (which it quite probably will) this will be for reasons other than the increases in petrol tax and petrol prices.

This is not a "controversial opinion" about the effects of the increases in industrial costs; it is an arithmetical calculation of them. It is true that trade unions and trade associations are already spreading wild inaccuracies about the effects of the tax, in an attempt to justify their demands for higher wages and profit margins (the latter to compensate for falling business). The MPs of both parties who claimed that for "psychological" reasons this tax will "have a much more inflationary effect than the economists think," were really saying that, in their view, these inaccurate statements will have serious and inflationary consequences of their own; since inflation depends much more on the volume of purchasing power (which the tax will help to mop up) than on the particular excuses used in wage negotiations, one need not altogether agree with this view, but one must accept that the MPs concerned hold it. What is much more difficult to understand is why these MPs themselves so deliberately continued to give increased currency to these statistical inaccuracies, even after the Chancellor had done his best to set their arithmetic right.

Mr Dulles in Paris

THE separate interviews which Mr Dulles accorded to the French and British Foreign Ministers in Paris were a limited but adequate first personal gesture towards healing the divisions in the Atlantic alliance. Mr Dulles was unwilling to see the two ministers together before the Council meeting, which he has usually done in the past; and thus in a sense he set aside the fiction that there is a triumvirate of great powers guiding Nato's European counsels. But though the truants were not restored to their prefectships, they have been allowed to sit in the class. Satisfactory personal relationships between Mr Dulles and the two ministers were evidently restored.

They did not, however, go far constructively. Mr Dulles, it seems, gave courage to both ministers by his sensible talk both about the clearing of the canal and about keeping it open later. But there were few detailed signs of the clearer concept of Middle Eastern policy which (as an article on page 969 indicates) is crystallising in Washington. In the Atlantic Council itself Mr Dulles made a rather general policy statement, strongly indicting the use of force.

The main hopes in Paris for the alliance centre on the development of better habits of consultation between the

powers, so that splits can be avoided in future. But already there are widely differing views on the range of subjects such consultation should cover. Some ministers would like consultation on subjects outside the Nato area, the Middle East, for example; but M. Pineau, with some support from Mr Dulles, wants to keep it restricted. If agreement to consult is so limited that it would exclude, for example, the Suez dispute itself, it is difficult to see how it can achieve its aim.

Turkey on Guard

TURKISH foreign policy has kept a level head in the Middle Eastern upheaval. The Turkish prime minister, Mr Adnan Menderes, has come in person to Paris to ask the other Nato powers some searching and possibly embarrassing questions about their intentions for strengthening the Baghdad pact and countering the threat of communist subversion in the Middle East. For the Turks, recent events are a reason to make the pact stronger, not weaker; their efforts have saved it from shivering to pieces on the rock of the Anglo-French intervention in Egypt.

The Turks were as determined as anyone to stop the fighting in Egypt and get the British and French forces out again. They appreciated the extent to which such "colonialist" behaviour strengthened the opponents of the pact in the rest of Asia. But when the four Moslem members of the Baghdad pact met in Teheran early in November, the Turks took the lead in urging that Britain should not be expelled from the pact. No doubt only they could afford to take it; for the others it would have been too great a domestic risk. Since then the Turkish press has favourably compared the Anglo-French compliance with the Assembly's wishes with the Soviet refusal to get out of Hungary; and, far from holding aloof from contacts with the British, the Turkish acting foreign minister stopped off in London for talks on his way to the Nato meeting in Paris.

At the same time, the Turks are determined to show that they have sympathies with the Arab states. They have withdrawn their ambassador from Tel Aviv (but have not broken off diplomatic relations) "until a just and final solution has been found for the Palestine question." And they have been anxious to show that the communiqués issued after the two November meetings of the Asian Baghdad pact powers are in "general harmony" with those of the Arab leaders, whose attitude at the Arab League meeting in Beirut the Turks find "judicious." Still, they are severely critical of the actions by which Colonel Nasser and the Syrians have opened the way for communist subversion in the Middle East. The Turkish press (which incidentally takes a poor view of Egyptian attempts to compare Nasser with Ataturk) has been repeatedly pointing out, often more in sorrow than in anger, the dangerous consequences of Syrian and Egyptian policies. *Cumhuriyet* refused to believe that Soviet officers "are promenading on Syrian territory with the light of peace in their hearts." Turkish estimates of the communist danger are never understated; they are sensitive to the danger that Russian power might outflank them in Syria. But the West has reason to be thankful that the strongest and steadiest country in the Levant is so well on its guard.

Initiative from Teheran

FOR the period that the Baghdad pact members prefer to meet without their British colleague, they are taking decisions which are, presumably, free from that old stigma, "British influence." One of these decisions is to hang together; another—if a project now put forward by Iran is taken up—is to seek a conference of Moslem states and smooth out differences between them. The principal difference is whether to stick to dependence on the West, or to lean on Russia.

A decision which is plain sailing for Turkey, and comparatively so for Pakistan with its antipathy to India, is less straightforward for Iran and Iraq. Both these countries nurture a deep-rooted anti-colonialism as well as a profound feeling of Moslem solidarity; these emotions were quickened by the Anglo-French attack on Egypt, and came near to outweighing the dislike felt by the ruling faction in both countries for President Nasser's way with thrones and for his ambition to rule the Islamic roost. The barometer is still wobbling in Iraq, but in Iran it has steadied.

The form of self-confidence which breeds steadiness is not always an Iranian characteristic, and its emergence arouses curiosity. It must largely be ascribed to the Shah. He gained in stature when he went to Russia in the summer and contrived to come away without ceding to the pressure put on him to slip out of the Baghdad pact. Self-confidence grew when his foreign minister, Mr Ardalan, cut a useful figure at the London conferences on Suez and as one of the Menzies mission to Cairo.

The Shah has put his stake on the West; the stability of his regime hangs on the stake. Can he maintain his course in a country so ridden with mistrust of foreigners that its parliament is even now querying the wisdom of accepting an International Bank loan on terms that are advantageous without precedent? A project successfully launched among fellow Moslems would help him to do so. The conference he suggests would have the advantage of including two powerful members—Iran and Pakistan—who are uninfluenced by the many distortions that affect Arab League thought. What is not clear is how such a display of eastern leadership would affect Egyptian ambitions, and whether a Moslem front—if attained—would hamper British aspirations to be thought a team-mate in the Baghdad pact. Iran and Pakistan, who are both keen for America to join the pact, see no difficulty in belonging to both groups simultaneously.

IRA Strikes Again

THE Northern Irish authorities have been expecting renewed activities by the Irish Republican Army for several months. Although the wide spread of the objectives in the attacks this week put them at a disadvantage, the Royal Ulster Constabulary was therefore able to react quickly. It has long been known that the IRA is running a "staff college" over the border and that Mr Costello's government in Dublin is loath to lay hands on it; but the noise of explosions should not divert attention from the fact that the IRA has for some years been struggling with recruiting difficulties as well as a shortage of funds. There are dark rumours that American sympathisers, using dollar subscriptions to exert pressure, had demanded that the IRA should re-emerge a force at this time and demonstrate that Hungary was not the only country being crushed by the tanks of an alien army.

In this week's attacks the IRA did not entirely keep to the previous rules of the game. These were, broadly, that only the troops and equipment of the alien army should be attacked. These "alien" objectives include the Northern Irish regiments and the Royal Ulster Constabulary; for a long time the IRA has been told not to cause feeling by shooting at the special constabulary, which is somewhat undisciplined, much more vulnerable, but also highly Irish. Injury to specials produces illwill throughout the north. But there is an independent IRA in Ulster itself which does not accept these rules, and it may have contributed to the attacks on civil objectives. Sinn Fein has even spoken of an "uprising." Clearly there has been a lot of careful planning, and the IRA threw its full strength in. But for some time the Catholic youth of Ulster has shown an interest in technical courses and jobs in the new industries encouraged and subsidised by the Ulster government as well as jobs in Britain—a materialist attitude much deplored by southern patriots. The Northern Irish government is indeed fearful that the attacks were deliberately designed to hamper its programme for attracting industry; evidently it sets a low value on the courage of British (or American) businessmen.

Trees Out of the Wood?

PRIVATE forestry in Britain is a neglected industry—the very junior partner of a well-succoured agriculture. Naturally enough, woodland owners look with envy upon the guaranteed prices and marketing monopolies which serve to underpin the farmers' prosperity. In particular, forestry is faced with mounting problems in the sphere of marketing. Private owners are slowly beginning to renew their greatly despoiled woodlands with the aid of small public subsidies; but most of them operate on a very small scale indeed and hardly anything has been done, by co-operation or otherwise, to strengthen the marketing of home produce against the competition of bulk supplies of carefully-graded imported timber. Even the publicly controlled Forestry Commission is increasingly concerned with the problems of harvesting and selling the output of its vast new plantations.

A departmental committee which has been investigating the industry has now reported.* It does not propose that forestry should be given the kind of support which agriculture enjoys. It opposes the idea of a marketing board for forestry, partly on the constitutional grounds that the Forestry Commission (as a public body) could not take orders from such a board and partly because the notion makes nonsense without import regulation (which was outside the committee's terms of reference). These are rather circumstantial reasons for arriving at the right conclusion.

* Report of the Committee on Marketing of Woodland Produce. HMSO. 4s. 6d.

Instead the committee has three main proposals. First, private owners should be helped with increased maintenance grants for woodlands which are kept up to standard. Secondly, they should be urged to join a voluntary association which would provide them with economic information and advance their collective interests. (In other words, foresters are being urged to get themselves the equivalent of the National Farmers' Union—but with a more serious-minded research bias—as a major step towards their own economic salvation.) Finally, a new central consultative body should be created to examine the varying interests of private owners, the Forestry Commission, and the timber trade. (This would replace the present Home Grown Timber Advisory Committee, which acts as a handmaid to the Forestry Commission.) The committee hopes that British forestry might be helped by the development of pulp industries, the negotiation of lower frieght rates and by firmer advance orders for pitprops from the National Coal Board.

It would not be easy to get this machinery to work—particularly as regards the organisation of private owners—but some attempt must be made to raise the collective efficiency of British forestry. From this standpoint, the committee's proposals may be worth a try.

Laying the Wrong Egg

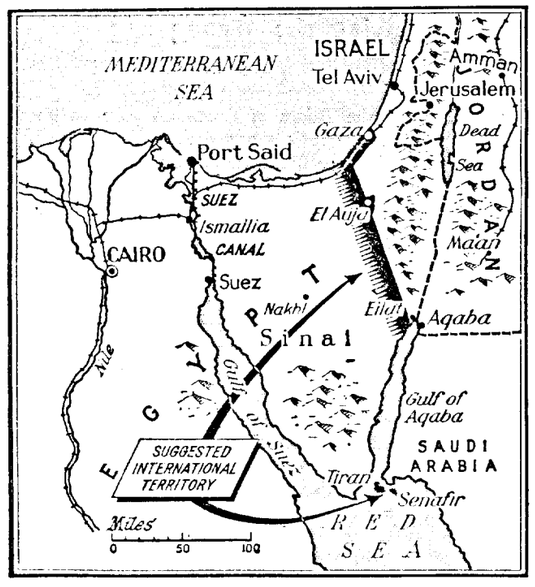
ON Tuesday the House of Commons gave an uneasy approval to the revised egg marketing scheme. The Minister of Agriculture found an ally on the Labour front bench in Mr Tom Williams, who coolly dismissed the record number of 1,200 formal objections registered against the scheme as being quite negligible when compared with the (presumed) wishes of a million producers. But backbenchers on both sides, as well as the Liberals, were less happy about this scheme, which remains an absurd one even after the Minister's amendments. These will introduce some competition by allowing producers to sell under licence direct to consumers or retailers (though not to wholesalers). But the great bulk of eggs will continue to pass through the packing stations, and over these the board will exercise an absolute monopoly—licensing and controlling all the stations, fixing a single selling price for all their eggs, financing its expenses by a levy on producers, and receiving a subsidy from the Exchequer on each egg plus a further guarantee of nine-tenths of its trading losses. Under these arrangements the packers will occupy a privileged position and will profit handsomely; the rest of the egg trade—and consumers—will not.

One of the most interesting features of the debate was to see how the Minister could justify a scheme which runs foul of the very reasons that have just led him to refuse a producers' monopoly for pig marketing. If a pig board could not gauge the market correctly or establish realistic selling prices, why should an egg board (operating in an equally variable market) do any better? If economic competition and adaptability are right and indeed essential for pigs, why are they poison in the case of eggs? Mr Heathcoat-Amory's pleasant argument about variations in supply ("Hens, like Ministers, do not lay the same number of eggs each week") is every bit as true for pigs. Nor does the

Minister's other argument—that the scheme is a way of assuring consumers of sound and fresh eggs—ring any more convincingly. In fact there will be no way of telling how long the board's eggs have been in the shop, and the eggs sought after for freshness will be those which escape its control. Eggs, it seems, are different from pigs mainly because Sir James Turner has made a more effective fuss about them. If (which is fortunately still far from certain) Sir James can get the necessary support in a poll from two-thirds of the producers, a deplorable piece of pressure politics is now going to hatch out.

Cleaning up Sinai

PLANS for preventing a return to the explosive *status quo ante* at the point where Sinai adjoins Israel are too few and far between. The proposal put forward in *The Economist* in August and outlined more fully on November 24th, which suggested creating a permanent international zone in the area marked on the accompanying map, seems to be the only one of its kind as yet. But some of those who have seized upon it as a way out of a vicious situation



have misunderstood its main purpose. They are arguing, as they watch the Israel army withdraw and the United Nations Emergency Force follow north-eastward in its tracks, that the zone could serve as a base for the permanent UN force that they would like to think has been created.

This misinterprets the plan as well as of the purpose of the force, which has been supplied for a limited purpose by governments which mean to recall their men. If it has justified itself, there may be grounds for establishing a permanent UN general staff in New York, capable of conjuring up another such force in another such emergency. The UN members which have provided contingents for the force will not provide them in perpetuity.

The Economist's plan for Sinai was first put forward in the week after Egypt seized the Suez Canal, before the Anglo-French military action was taken and before the Unef was thought of. It envisaged a civilian zone with a multi-national administration of police, currency and customs services, to be paid for out of fees charged to the users of the pipelines and other traffic routes it would provide between Europe and Asia. The main purposes of the zone were two: to eliminate the day-to-day danger of explosion on one whole sector of the Palestine frontier, and to reduce western dependence on bottlenecks in unstable lands of transit. It would be a new territory *sui generis*—simultaneously a buffer and a corridor, demilitarised but internationally run.

Adequate defence of such a zone against a resolute attack could only be provided by a guarantee from the user powers; its strength would depend on the potential support of national navies and air forces on call in the Mediterranean for international purposes.

If Unef empties Sinai of invaders, its task will be to keep the area clear only until the future of the peninsula can be decided. That future hangs on what frontier regime the United States is ready to prod the United Nations into enforcing on two offenders—Egypt as well as Israel. If nothing new is enforced, an explosion worse than the last is only a matter of time.

Kuwait: Bonfire or Beacon?

UNTIL now, the Kuwaiti authority responsible for security in the oilfields and around the Kuwait Oil Company's installations has done an admirable job. This week, under cover of a storm in which a man could not see his hand before his face, saboteurs got at one well and were able to fire it. The motive was no doubt the same as that which has been prompting the bazaar in Kuwait town to boycott British goods and cold-shoulder British custom as a mark of sympathy for Egypt. A good many Egyptians are employed in Kuwait, and naturally they encourage these tendencies.

The saboteurs tried three wells and some pipelines, but were successful with only one well out of 180, and their effect on output and revenue will be negligible. The pillar of smoke they raised caused consternation in sheikhly, police and security circles and will breed no love for Egypt in that quarter. But it gave satisfaction to the many Kuwaitis who are learning Arab solidarity in their new schools; it is also a portent that, nowadays, even an absolute ruler has to reckon with public opinion.

A Question of Free Speech

A BRANCH secretary of the Fire Brigades Union, Mr Austin Curran, has been suspended from his union on the grounds that he "acted prejudicially to its interests." His action was to refuse to stop the issue of leaflets attacking the executive of the union for its pro-communist leanings.

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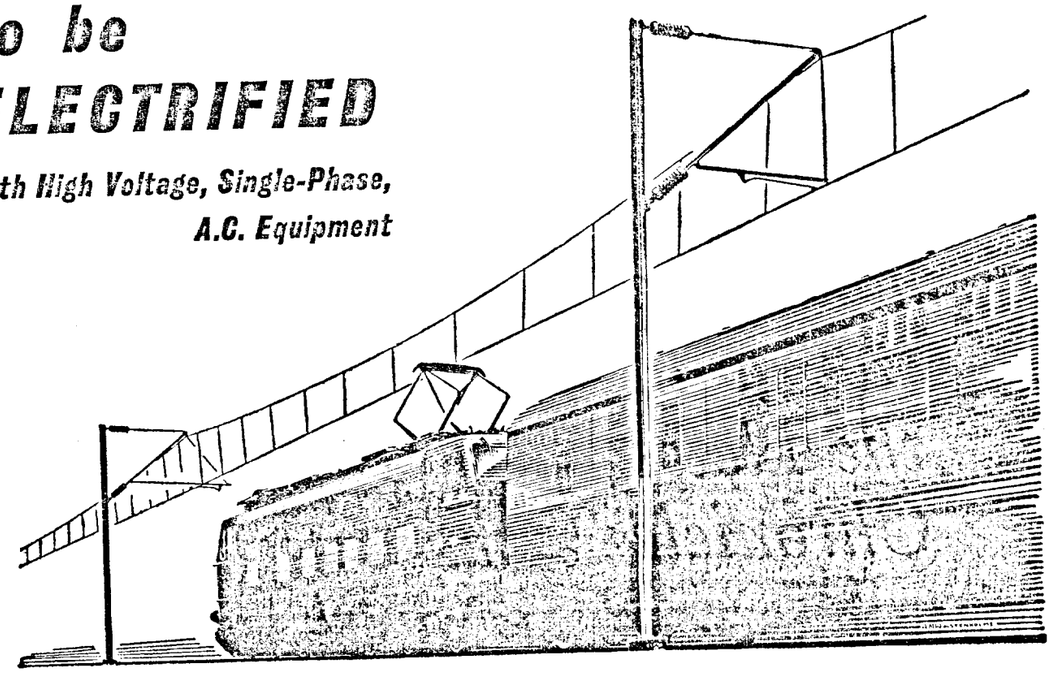

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NEWS CHRONICLE
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This raises such an appalling picture of the way in which free speech may still be prevented in Britain that it has seemed worthwhile to set afoot a special investigation into the case. It reveals the following:

(1) Fortunately, since there is no closed shop in the fire brigades, Mr Curran's suspension does not mean that he is to lose his job. But he is a Labour party member and has been on the executive of his local trades council for eight years; understandably, he is pained by suspension from a union in which he has been an officer.

(2) Unfortunately, it seems to be true that the rules of the union actually (though, to any liberal, almost incredibly) do allow the executive to suspend a member summarily in this way—apparently for no better reason than that he is campaigning violently against the executive's political views.

(3) The question of whether the communists are too much in control of the Fire Brigades Union—as distinct from the point that Mr Curran has a right to say they are, and to campaign against them—is really a secondary one. The present trouble apparently began when Mr John Horner, general secretary of the FBU, sent a telegram to the TUC appealing for a general strike over Suez; this was much resented by many members. Mr Horner was then a communist, but has since resigned from the party over the Russian intervention in Hungary; some other members of his executive have resigned from the party with him. There have been allegations that some of these resignations have been for the purpose of forming a communist "underground," to work with the party without seeming to be in it, and to lead the boys back into the fold at a more propitious time. Most good judges in the trade union movement, however, believe that Mr Horner's own resignation had no such sinister purpose behind it.

(4) Mr Curran estimates that about one-third of the union are actively on his side. But since his suspension, he believes that his supporters have decreased in number. An attack upon the structure of the union, even from within, is apparently regarded by many firemen as an insult to their calling; "my union, right or wrong," is a very general attitude.

The precedent set, the attitudes revealed, and the union rules laid bare by this case are extremely disturbing; it is an accident that, because of the relative weakness of the FBU and its inability to enforce a closed shop, the case is only disturbing and not personally tragic. But there can be no excuse for sitting around, shrugging shoulders, waiting for a repetition of this sort of incident in a closed shop union; something clearly needs to be done. The best thing would be for the TUC to refuse affiliation to any union which impedes a free expression of political views within its ranks; if the TUC is unwilling to grasp this nettle, then interference of this sort is a matter for Parliament to legislate against.

Mr Lim and the Tengku

MR LIM YEW HOCK, the chief minister of Singapore, has arrived in London for informal talks on self-government with Mr Lennox-Boyd; and Tengku Abdul Rahman will arrive over the weekend for talks on the progress of the Federation of Malaya towards independence, for which the target date is next August. There is every possibility that the Tengku, as well, may become involved in the discussions on Singapore. Mr Lim has not denied the report that he proposes to solve the problem which caused Mr Marshall's resignation—the exact composition of the defence council which is to watch over the internal security of Singapore—by having neither a Singaporean majority (as Mr Marshall demanded) nor a British majority (as Mr Lennox-Boyd wished), but equality, with a casting vote in the hands of a chairman nominated by the federation. This scheme will sound the more attractive because when Mr Lim's government had to repress the communist-inspired riots in October he was offered, and accepted, police reinforcements from the federation. It may appear to the Colonial Secretary, too, that as the federation will continue to act, under present plans, as a base for Commonwealth land forces in south-east Asia, a federation chairman in the defence council would no more hesitate to vote to call in British troops to prevent riots than Mr Lim hesitated in calling them in to repress them.

The Colonial Office is anxious to get a settlement in Singapore. The services, in the post-Suez mood, may not be so anxious to press the absolutely vital nature of the Singapore base as they were last year. Mr Lim has shown that a Singapore ministry can effectively prevent disorder, and he has had the best of it in his clashes with the communists and the People's Action Party. But the Colonial Office cannot forget that elections can quickly change the moderate complexion of an Asian country, and that while Singapore may not be vital as a western base, it is vital that it should not become a Chinese one. The Tengku, however, knows this better than anyone else, and the federation's interest in an orderly and non-communist Singapore is perhaps the best guarantee of the security of the British base—far better than paper guarantees or vestiges of power which, while causing local irritation, might not be easily and effectively exercisable. There seems, therefore, reason to think Mr Lim may work out an acceptable formula under which Singapore will be independent, while Britain will hold the base and control foreign affairs. Tengku Abdul Rahman is here for another purpose, to ensure that after full independence he will be able to fulfil expectations, locally engendered, of rapid material progress—for which he is apparently asking a loan of £100 million. In the present condition of sterling and of the London money market he may be disappointed.

South African Political Trials

DURING the trial of 140 South Africans, including the white member of parliament for native interests and the principal of the African university college, who were arrested in South Africa last week under the Treason, Suppression of Communism and Riotous Assemblies Acts, it will be the South African government which stands trial, as well as the accused. The immense powers taken by the Union government under these and other Acts to crush all opposition not only to its racial policy, but to its methods of enforcing it, will receive worldwide publicity. Whether the accused have in fact transgressed the law will be the main issue in South Africa; to many in the world at large the issue will be whether such laws so applied, to such persons, can be regarded as law in

any sense understood by a free and civilised community, or whether they are not the instruments of a police state. South African Nationalists will think this monstrously unfair, and will point to the parliamentary forms and to the observance of legal procedure in open court. But in staging a mass trial at this stage, South Africa has opened its peculiar institutions to a degree of world scrutiny which may have results very different from those intended.

The accused will appear, under South African procedure, before a magistrates' court which will take preparatory evidence from the Crown. It will decide if a prima facie case has been made out, and will give the defence the opportunity to advance or reserve its plea. If the charge is made out, the whole process of bringing evidence is then repeated in the Supreme Court which will actually try the accused. Those charged with treason, sedition or public violence could, at the instance of the Attorney-General, be tried by a special criminal court of two or three judges without a jury; those to be tried on other charges will be tried by jury. South African spokesmen are stressing the scrupulous observance of legal forms—even to the legality of the police searches, which are only undertaken on sworn statements that there is "reason to believe" evidence will be found. The judges are bound by the law, and the world will scrutinise their solemn pronouncements of the law on the evidence adduced: the circumstances and definitions which compel them to pronounce a man a "communist" or a "traitor." Conscious of their wider audience, defence counsel are likely to concentrate on showing the world what law in South Africa means.

Pygmalion and Pitlochry

THE Society of Authors has briefly tried its hand at restrictive practices, like a real trade union. The story of its "ban" on performances of Shaw's "Pygmalion" seems to be this. The society handles the performing rights of the play for the Shaw estate, and earlier this year it was discussing with H. M. Tennent Ltd. various questions arising from that company's intention to put on in London a production of "My Fair Lady," the musical version of the play which is now such a success on Broadway. While these discussions were in progress, the society received requests for licences to perform "Pygmalion" from three or four companies, amateurs and professionals, one of which was the Pitlochry Festival Company. All these requests were refused. The society now says that this was done in error: licences should have been merely deferred while the discussions were in progress. And it stresses the need for some kind of "traffic control," to see that the same play is not put on by neighbouring companies.

This is all very strange. It raises questions on at least three levels. First, on the grounds of expediency. It is charming to think that there is serious competition between Pitlochry (which is in North Central Scotland) and Shaftesbury Avenue. But rival shows much less far apart run side by side. One of the least intelligent plays in London has recently run merrily through the showing of the Film of the Play, while another theatre is doing good business with the Play of the Film of the Book. Might not "My Fair Lady" even stimulate people's desire to see "Pygmalion" and *vice versa*? Secondly, on the grounds of principle. It may be kind to warn applicants for licences that someone else in the vicinity has also applied for one, but surely that is all that is desirable. As for preventing amateurs from performing a play, there could be no excuse for that. Thirdly, on the grounds of theatrical monopoly. The fact that the society held up applications until the discussions with H. M. Tennent and Company were concluded suggests that the question of licences was to be decided according to the attitude of that big royalty payer. The society points out that there is no ban now. There never should have been, and no deferment either.

Free Speech in Turkish Universities

THE cool head that the present Turkish government shows in its foreign policy is not always so evident in its domestic dealings. Mr Menderes's strong intolerance of criticism has often led him astray; the latest example concerns freedom of speech in the universities.

For some time the Turkish government has been irked by the criticisms of its internal policies made by a group of professors and lecturers at Ankara and Istanbul universities; many of these criticisms are published in a magazine called *Forum*, a commendable effort at independent journalism, of which the editors are Professor Feyzioglu, dean of the political science faculty at Ankara, and Mr Aydin Yalçin, a lecturer in the same faculty. Professor Feyzioglu has now been dismissed as dean after a speech in which he apparently advised his students to think for themselves, recommended that the universities should be free from government control, and complained that the Minister of Education had ignored a recommendation that Mr Yalçin should be made a professor. As a result, Mr Yalçin and another member of the faculty have resigned, the students refused to attend their classes, some were taken to police headquarters for questioning and the highest class of the faculty was temporarily closed.

Of course it is true that the ideas of western democracy have not yet had time to strike deep roots in Turkey and that Turkish politicians are bound to find it difficult to accept the barrage of criticism to which western politicians have long become inured. But so long as Turkey turns westwards and strives to identify itself with the West, it must expect to be judged by western standards. Tested by the vital principle of freedom of speech, the Turkish performance is falling far below standard.

Replanning the Deterrent

DEFENCE expenditure, it is widely stated, is being reviewed in the light of the political and military lessons to be learned from the Suez fiasco; cuts are forecast. The defence white paper to be issued in February is being shaped by many hands in many departments, and now, therefore, is the time to think about basic objectives and commitments. There is, however, as Lord Tedder said in the House of Lords debate, a danger that false conclusions may be drawn. Two crucial questions were not answered in last year's white paper; but the lessons of Suez make them still more compelling, and any failure to answer them next February will be unforgivable. They are interrelated. The first is the degree to which we must go it alone in equipping our own forces, and the degree to which, in the interests of economy and efficiency, there can be specialisation in production and interchange of equipment between members of Nato—particularly, between Britain and the United States. The second question concerns the kind of war, or the kind of threat, against which the three types of armaments are being built up—strategic-nuclear, tactical-nuclear and conventional.

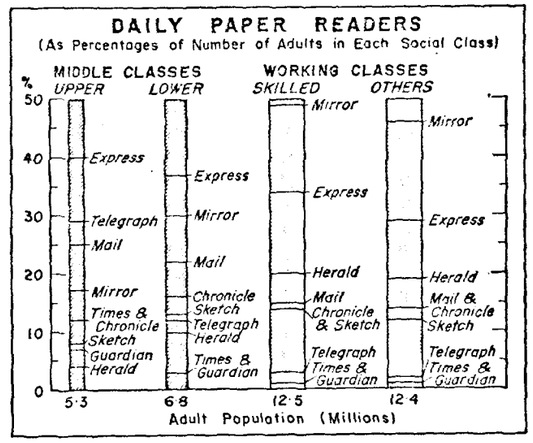
Last year the government appeared still to be taking the view that, apart from purely local outbreaks which could be handled by conventional forces (like the Suez affair), the deterrent was based on "massive retaliation"; the idea of limited wars fought with tactical atomic arms, but not leading to global war fought with H-bombs, had not yet been accepted by official thinking; and as recently as last October Field Marshal Montgomery reviewed the deterrent in terms only of global war fought more or less to a finish. But, as the authors of a new Chatham House study on graduated deterrence point out,* this idea still leaves somewhat unclear why Shape is equipping its forces with tactical atomic weapons which, it may be argued, would be supererogatory in a war fought with hydrogen bombs. The logic of developing tactical nuclear weapons at a time when both West and East have hydrogen bombs, they argue, must be that the scale of the deterrent can be related to the degree of aggression; that policy must be based on the hope—it could only be a hope—that atomic war can be limited.

There is certainly reason to believe that the policy of the massive deterrent against any type of aggression is losing ground in the Pentagon; and if the policy of the graduated deterrent—of limiting retaliation to the force necessary to halt an invasion of the West's territories or spheres of interest and restore the *status quo*—is being studied in the United States, then clearly Britain ought to be studying it here. While, as the Chatham House study shows, the theory in its new and more refined version is attractive, the practical difficulties of defining limited atomic targets are formidable. While it may well be right to plan on such a basis, it still remains arguable whether the West should declare it as a policy. Nor does the theory, even if acceptable, suggest that such a policy will easily permit large economies in defence. Certainly it makes co-operation with allies in defence production still more necessary.

* *On Limiting Atomic War*, by Sir A. Buzzard, Professor P. M. S. Blackett, Denis Healey, MP, and R. Goold-Adams. Chatham House. 2s. 6d.

A New Readership Survey

THE number of copies sold of a newspaper is no measure of the number of people who read it. "Readership surveys" help to show how far publications are shared. From questions put to 10,000 people in the six middle months of this year, a new survey of the Institute of Practitioners in Advertising reckons that nearly 15 million people, or 40 per cent of all adults in this country, read—in the sense of look at—the *Daily Mirror* every day and 34 per cent read the *Daily Express*. This implies that, on the average, each copy of these mass circulation papers is read by three



people. But the quality papers are apparently more thumbed: on the average between five and six people read each copy of *The Times* and nearly as many each copy of the *Manchester Guardian*. The figures for magazines conjure up a picture of tattered copies by the end

The Economist Diary

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of their lives: *Lilliput*, for instance, has a readership of fifteen times its circulation and *Punch* one of eleven times. *The Economist* was not included in the institute's survey.

What are these estimates worth? The institute has produced larger readership figures than any previous survey; it says that this is mainly due to improved techniques in interviewing. This correction, however, gives freer play to the suspicion that some respondents may have been influenced in their answers by what they feel they ought to read as distinct from what they really do. But the picture of the kinds of people who read the different publications is probably reasonably accurate. As the chart shows, most of the dailies are one-class papers, but readers of the *Daily Express* come astonishingly close to a cross-section of the population and so, too, in smaller numbers, do those of the *News Chronicle*. One finding in this survey which gives food for thought is that some 15 per cent of men own up to reading the two women's weeklies with the biggest circulations—that is, for every three women readers of these papers one man says that he also takes a look.

An Algerian Reform

THE attempt to solve the Algerian problem by bringing President Nasser down having failed, the French government no longer has an excuse for delaying its search for a political solution. Socialist pressure to get rid of M. Lacoste, the minister resident in Algeria, may have led M Mollet to prod his colleague to assume the posture of a reformer. Whatever the reasons, the government has now announced a reform of local government in Algeria, including the abolition of the existing local councils, which are weighted in favour of the European minority; special commissions will take over and will prepare the ground for municipal elections.

After so many paper reforms, judgment must be suspended until the new scheme has been put into practice. Will representative Moslems agree to participate in the new provisional local authorities? The mild reaction of the spokesmen of the French *colons* gives the impression that they do not consider the threat to their privileges as very real; the move may have been designed more to calm Socialist opposition in France than to capture Moslem imagination in Algeria. To convince the Algerian population that France genuinely desires a change and a settlement, the reform would have to be carried through rapidly and as part of a broader programme to set Algeria on the road towards a new status, whether independent or federated. Time presses, not only in Algeria. This week's budget debate in Paris suggests that the period (nearly a year) of governmental stability in France may be drawing to a close.

Japan's Suez Group

MR HATOYAMA has taken the last hurdle of his political career; the Japanese Diet has ratified the Russo-Japanese declaration which he negotiated, ending the state of war, and instruments of ratification were duly exchanged with Mr Fedorenko, the Soviet deputy foreign minister, on Wednesday. On the same day Russia supported Japan's application for admission to the United Nations in the Security Council, which gave its unanimous approval. It has taken a month of effort to achieve this result because the Diet had to extend the life of a law which restricts strikes in vital industries before it could ratify the declaration. The Liberal Democrats started by trying to push this measure through without having it reviewed by a committee first, so that the Socialists could not delay its progress, and the Socialists replied by moving votes of no confidence in every cabinet minister who tried to make a policy speech. Finally the Liberal Democrats gave way and allowed the Bill, which was eventually passed, to be discussed by the standing committee for a set number of days.

The government was especially embarrassed by this clash because it was relying on Socialist support to get the ratification of the Russo-Japanese declaration through the Diet. Otherwise the ultra-conservative Yoshida group of Liberal Democrats, which has always opposed any treaty that did not recover possession of the Southern Kurile islands for Japan, could have blocked the ratification. As it was, they tried to attach to the declaration a rider saying that Japan still regarded Etorofu and Kunashiri as part of its territory. The move failed; the Russians would probably not have accepted ratification in this form. No fewer than 87 members compromised between their consciences and their party membership by boycotting the Diet on the day the bill was passed. However, Mr Hatoyama will not have the task of restoring his party's unity. He has announced his resignation, an event expected for over a year, and the Liberal Democrats now face the necessity, long evaded, of choosing a successor from half a dozen candidates, each of whom has his own faction and his own strings to pull. It will be an achievement if the party's unity survives this double test.

Dr Hatta Resigns

DR HATTA, the vice president of the Indonesian republic, has at last succeeded in resigning from the office which, except for one year when he was prime minister, he has held continuously since Indonesia became independent. He has tried to resign at least twice before, once in 1954, and again last July, and he only consented to stay on until the constituent assembly, which is to define and revise Indonesia's constitution, was in working order. This has finally been achieved and a delegation sent by the Indonesian parliament could not induce him to postpone his departure any longer.

Dr Hatta will be missed. Like President Sukarno, he is one of the founders of Indonesian independence who stand above the party politicians. He is trusted and respected. The Indonesian press has naturally used its imagination in discovering reasons for the resignation; some papers have asserted that Dr Hatta wished to escape from the trammels of office in order to be free to criticise the President and perhaps become prime minister again. Certainly Dr Hatta has the reputation of being a stiff and uncompromising man, and he has had clashes with the President. But an open political conflict is at present unlikely. Dr Hatta speaks of devoting his energies to the development of the village co-operative movement.

Dr Sukarno's position seems unshaken in spite of the discontents described on page 893 of *The Economist* last week. He is still the idol of the peasantry and the arbiter of policy, while the prime minister, Dr Sastramidjojo, does little but manage the unwieldy party coalition and steer measures through parliament. There is some doubt whether the constituent assembly now sitting will keep the office of vice president in existence in the constitution. If it does not, the President will be quite unchecked. In any case there is not another man of Dr Hatta's stature, who might act as a check on the President, ready to take on the job.

Appeals from the Galleries

THE annual reports of the National and Tate Galleries—published this week and three weeks ago respectively—have repeated their now annual appeals for more money. The trustees of the Tate Gallery are asking for a purchasing grant of £20,000 a year, compared with a grant in 1955-56 of £7,500. Otherwise, they say, they cannot discharge their task of maintaining representative collections of British painting, modern foreign painting and British and foreign modern sculpture; there are many important gaps to be filled. The National Gallery's chief concern this year is the condition of its building. Eight of the war-damaged rooms have now been reopened, but there are still two out of commission; and the basement is crowded with pictures which there is no room to exhibit, and which are deteriorating inexorably because of atmospheric conditions. The trustees also ask for their purchasing grant to be raised from its present £12,500 to £80,000. Last year their report ended with the striking comment (surely from the chairman, Professor Lionel Robbins) that the nation spends 750 times as much as this on the pig subsidy. This year it ends with another arresting thought:

> In 1880 the purchase grant at £10,000 a year was 1/100,000th of the national money income. In 1955 at £12,500 it was less than 1/1,000,000th. Can it be said that this proportionate decline is a true reflection of the movement of the public interest in the growth of its greatest collection of pictures?

Seen in their proper perspective the sums involved are as small as the damage now being done to Britain's artistic heritage is large. Important pictures are lost for ever; they disappear from the country because the state, having fleeced the people who would once have built up private collections, has only partially taken over their function of buying pictures. Moreover, it might be a long-term economy to spend more. The Tate argues that if it is unable to buy the best works of accepted artists while they are still "modern," the National Gallery and the Victoria and Albert, to which such pictures may later be transferred, will suffer in the end. The National Gallery complains that it is more or less helpless until sales have already taken place and appeals for the refusal of export licences have been lodged. Then only is aid forthcoming, by which time the highest prices of the international art market must be paid. The resent position is thus as foolish as it is philistine.

Awkward French Habits

DURING the recent crisis French ministers have acquired the awkward habit of dotting the Anglo-Saxon i's. The reason for keeping the Americans in the dark about the Suez expedition had never been precisely explained until, in an interview this week, M. Mollet told American correspondents:

> If your government was not informed, and this is true, about the last moves [before the Anglo-French intervention] the reason, the only reason, I confess, was our fear that if we did consult it, it would have prevented us from acting.

M. Mollet's British associates in the enterprise have never been so frank; pressure of events and shortage of time have been the reasons given in London.

The Persian Expedition

The English people often take a very common-sense and on the whole a very sound view of questions of foreign policy, when these come before them in the shape of practical action to meet an obvious danger or an immediate necessity. . . . But the public, though in the main intelligent and equitable, is not in the same proportion *foreseeing*, or disposed to give ear to those who are so. It is the duty of the Foreign Minister of England to watch coming events; to be cognisant of all the secret links, imperceptible to the general eye and the untrained mind, which connect apparent trivialities with momentous consequences; to be ever on the alert to detect and check those incipient movements of aggression and injury which can be effectually and easily suppressed only in their incipiency; and to see in a slight and unimportant proceeding on the part of some hostile or rival Power, the first step and indication of a policy which, in its ulterior and logical development, will entail bloody wars and severe struggles for existence or for Empire. . . . These considerations form the justification of that expedition against Persia which so many inconsiderate persons regard, and have not scrupled to represent, as an instance of absurd and mischievous meddling in affairs with which we have no concern. . . . The Shah of Persia, instigated by Russia, thinks that he may venture on his long-desired conquest of Afghanistan, and that we, exhausted by a European war, are in no condition to forbid him or to hold him to his sworn engagements. The arrival of our troops in the Persian Gulf will undeceive him; and the moment he perceives his mistake he will hasten to undo it. . . . No doubt the policy of promptitude to foresee dangers in the distance and to resent aggressions and insults in the outset, is one which must be followed with sagacity and discretion. But our Empire in India is one of our grandest national possessions, and worth every effort to maintain. . . . Now, no one doubts that Herat is the key to Afghanistan, and Afghanistan is the key to the northern provinces at least of India. Persia is the ready tool of Russia; and if Persia possessed Afghanistan, our tranquility and security, it is obvious, would be ever at the mercy of a European rival. This must be prevented by whatever righteous means are in our power. And our best, shortest, cheapest, kindest means unquestionably lie in a policy which shall proclaim throughout the whole East that our vigilance never sleeps.

The Economist

December 13, 1856

Britons in Sicily

LORD WILLIAM BENTINCK AND THE BRITISH OCCUPATION OF SICILY 1811-14.
By John Rosselli.
Cambridge University Press. 220 pages. 30s.

"THIS book—there is no disguising it—started out as a dissertation," Mr Rosselli admits in his preface. This, the reader feels, is an unnecessary piece of defeatism. For it would not have been difficult, and it would have been well worth while, to have diluted the hard core of research and at the same time to have indulged the reader with a more general picture of things in Sicily, Italy and Europe at the time. Mr Rosselli's scholarship need not have gone by the board.

Throughout the Napoleonic wars Anglo-Sicilian relations were of fascinating interest. From the British point of view the central Mediterranean islands were of great strategic importance. From the point of view of the Sicilians, whose most conscious political aim was to be liberated from the dominion of Naples, Britain was their greatest hope; indeed one of the issues between Naples and Sicily was precisely that between the continental impulses of Naples and the maritime interests of Sicily. French conquest twice drove the ruling Bourbon King, Ferdinand, and his Austrian consort, Maria Carolina, off the mainland to take refuge in Sicily under the aegis of the British. The British established something like a protectorate over the island, and from time to time seriously considered its acquisition.

For some reason which is not quite clear historians have castigated Lord William Bentinck for holding much the same views and pursuing much the same policy as his predecessors, Drummond and Amherst. Mr Rosselli seems faithful to this tradition. "As early as 1807 Sir John Moore . . . had urged that the Queen should be expelled and Sicily annexed to the British Empire," but the diplomatists were, of course, more cautious than the military. Bentinck, who was diplomatist and soldier rolled into one, at last succeeded in getting rid of Maria Carolina and in providing the Sicilians with a liberal constitution. When one considers the difficulties with which he had to contend in this poor and backward island with its inheritance of vendetta and not un-Levantine political tortuousness, it is impossible not to admire his spirit. As for the letter he penned to the Hereditary Prince on December 3, 1813, in which he spoke of his "dream" of the annexation of Sicily by Britain, it has been seen that this idea, if now tactlessly expressed, had been in many people's minds: it was brought up again from the Sicilian side some 130 years later after the fall of Mussolini. The remarkable thing about Bentinck is that—as he wrote to Castlereagh early in 1814—he desired Sicily to become "not only the model, but the instrument of Italian independence."

Some Christmas Books

Herod the King

THE LIFE AND TIMES OF HEROD THE GREAT.
By Stewart Perowne.
Hodder and Stoughton. 186 pages. 21s.

OF few historical personages who are universally known by name is so little known in fact as of Herod the Great. The things commonly ascribed to him should properly be ascribed to other Herods; and many, especially among those who rightly connect him with the rebuilding of the Temple in Jerusalem, not unnaturally assume the powerful King of the Jews to have been of the same race as his subjects. These will learn with surprise that this Asian with the Greek name was by birth doubly an Arab—on his father's side an Edomite (Idumæan), on his mother's a Nabataean from Petra—and a Jew only from having adopted the Jewish faith, apparently with devout conviction.

The story really begins with Herod's Edomite father Antipater, shrewd, patient, a calculating civil servant, a successful go-between and unerring picker of the winning side in the fluctuating struggle between Parthia and other oriental states on the one hand and ultimately victorious Rome on the other. Herod inherited and maintained consistently, in fair weather and foul, his parent's pro-Roman convictions with a loyalty that cannot be questioned. As Mr Perowne shows us, he was ever a staunch friend; he was also, in his prime, a highly skilful diplomat who contrived, without disloyalty to any of them, to win and keep the friendship of Pompey, Julius Cæsar, Mark Antony, Octavian and, last but not least, that righteous statesman, Marcus Vipsanius Agrippa. His loyalty extended even, and that for far too long, to his factious and often traitorous family, especially to his detestable sister Salome, his evil genius.

Even when read under Mr Perowne's lucid guidance, the conspiratorial story of the later Maccabees, a quarrelsome and rebellious lot, is not easy to follow. Equally complicated are the military operations whereby Herod, having received the crown of Judæa from the Roman Senate at the instigation of Antony and Octavian, ousted the last Hasmonean, Antigonus, and made himself the effective master of his kingdom. The same must be said of the squalid plotting by Herod's kin and descendants related in chapters 24 and 25. What dynasties can have confused history with so many homonyms as the Maccabees and the Idumeans? We have actually to distinguish between two Mariamnes even among Herod's wives.

On the other hand, we have illuminating sidelights on the arts and importance of Syria; on the flowering of Roman culture in Beirut, "the most Italian site in the whole of the Levant"; while farther east we see how all-powerful Rome had a healthy respect for the Parthians and their "Parthian shot." We learn why Egypt was so necessary to Rome and why Herod was for Octavian the ideal "client King." There is an eloquent description of the monotheistic wilderness of Edom, cradle of Herod's race. An interesting if scarcely edifying chapter, "Women at War," tells of the murderous intrigues within Herod's own household and their effect on his character: from the "very moment of his triumph as a king, his decline as a man set in." To this discord a sinister obbligato was contributed by Cleopatra, pursuing Herod with her undying hatred.

Above all, there is the intensely interesting picture of the man himself, gradually degenerating from the handsome, athletic Arab youth, attractive of mien and mind, to the macabre and decomposing old man, crippled, stinking, maggoty and finally mad. In his heyday Herod possessed many admirable qualities. He was a brilliant administrator: his famine relief measures, says Mr Perowne, have never been equalled in the Levant. He had an intellectual versatility more often associated with princes of the Renaissance than with those of antiquity. A keen and incessant traveller (he was three times in Rome), he was a generous embellisher not only of his own cities, but of those of others; in a restless and, indeed, tempestous life he actually found the time and energy (this has quite a contemporary sound) to reorganise the Olympic Games.

The author, with his love of archæology and intimate knowledge of the terrain, is ideally qualified to deal with Herod's least ephemeral achievement—his great buildings in Jerusalem, Jericho, Samaria, Cæsarea, Hebron and the Dead Sea fortresses—and he has been well inspired to include photographs of some of these among his illustrations. Some of the portraits he reproduces are startlingly realistic: thus, the length of Cleopatra's nose on the coin shown here makes more sense of Pascal's famous saying than Pascal himself may have suspected; Mark Antony appears as the complete low comedian or racecourse tout.

One of the best things about this book is that it was written at all, for Mr Perowne has filled with notable success a lacuna that has been suffered to exist since the time of Josephus. Its only defect—a regrettable one in a volume of its quality—is the absence of an index.

Humour with the Lid Off

THE GOOD-TEMPERED PENCIL.
By "Fougasse."
Max Reinhardt. 226 pages. 20s.

FEW readers of *Punch* or *The New Yorker* are sufficiently interested in pictorial humour to probe into the mechanics of the craft. And why should they be? A drawing either rings the bell or does not, and no amount of ratiocinative analysis makes a decibel of difference. Most people are aware that joke drawings now come in the cheap economy size, bare of detail and with a minimum of caption, but they neither know nor care why the classical humorous art of Leech, Keene, du Maurier and Dana Gibson has been replaced by the inspired "doodles" of Thurber, Steinberg, Lancaster and Emett.

"Fougasse," himself a pioneer and master of the hieroglyphic approach to pictorial comedy, has written this book for the few—artists, addicts and connoisseurs—who do care. He tackles his subject with immense enthusiasm and surgical thoroughness. He opens up jokes old and new for our inspection, shows why and how they are funny peculiar or funny ha-ha, and then sews them up neatly and returns them almost as good as new to his museum.

He grades pictorial humour "from the top downwards" as:

> Class I.—Drawing that don't need a legend.
> Class II.—Drawing that do need a legend.
> Class III.—Legends that do need a drawing.
> Class IV.—Legends that don't need a drawing but get one all the same.

—which is fair enough provided that one is prepared to leave artists like Giles and Alan Dunn out of the reckoning. Captionless drawings are as much a period convention as the lengthy rigmaroles of Victorian comic art. At their best they are delicious, and wonderfully satisfying to the artist himself, but they are severely limited in range and intensity. We are funny in words as well as actions, and the most risible of human situations, surely, are those in which we are caught off-balance in both image and alphabet.

The central idea of "Fougasse's" thesis is that pictorial humour should always be good-tempered. "The sense of humour," he writes, "is a practical social sense, a corrector of impractical anti-social behaviour," and is "concerned with crime and not the criminal, the sin and not the sinner, the behaviour and not the behaver . . . ." Humour, he says, is not humour when it arouses anger or indignation. But is this really so? Is Low humourless or ill-humoured because he pokes fun at political crooks. Is Lancaster humourless because he takes the micky out of social buffoons? Was Pont less than Pont when he attacked social injustices and made his readers laugh and squirm at the same time?

Finally, in the mood of a benevolent schoolmaster "Fougasse" marks a number of famous examination papers—du Maurier's ". . . nothing darling, only darling, darling," Thurber's "You heard a seal bark . . ." and so on—and here the hand of the expert is brilliantly displayed.

Most modern humorous artists are represented in this fine collection. But where are Giles, Cobean, Mansbridge, Charles Addams, Alan Dunn and Fougasse himself?

"Look Here, Guy!"

GUY BURGESS.
By Tom Driberg.
Weidenfeld and Nicolson. 124 pages. 12s. 6d.

WHEN Mr Maclean said to Mr Burgess at lunch, "Look here, Guy, I think I'm going to clear out and go to the Soviet Union," Mr Burgess answered, "I don't see why I shouldn't come too"; so off they went, leaving Mr Maclean's detectives at Charing Cross station. That is Mr Burgess's story, and the odd thing is that, whether true or not, for him it would not have been out of character.

He may have had no very strong reason either to go or to stay; of the two, it was Mr Maclean who was in the tighter corner. Can Mr Maclean really have supposed that the detectives had been put on to him for nothing more than heterodox remarks about official policy? If that were the custom of the service, three-quarters of the Foreign Office would have had to be tailed in the last few weeks. Mr Maclean is the more important and interesting of the two cases. Unfortunately, he is only a secondary figure in Mr Driberg's unctuous and repellent narrative. Mr Driberg is concerned with Mr Burgess, whom he interviewed, who gave him the scanty material which he has expanded into a thin book by the device of presenting Mr Burgess to the world as a significant political figure.

It is uphill work. Communists at Cambridge, the two young men left the party in the belief that (in their words, February, 1956) "in the public service we could do more to put these ideas into practical effect than elsewhere." On Mr Burgess's part the action was "a calculated strategic manœuvre," Mr Driberg claims; "the whole of his life since then has followed in logical sequence from that action." Let us look at this stern logic as Mr Driberg himself outlines it. Mr Burgess for a time advised a wealthy woman on her investments. ("But this glimpse behind the scenes of the highest plutocracy did nothing to weaken his Marxist convictions.") He had a shot at working for *The Times* for two months; a couple of spells at the BBC, with, in between, some kind of war propaganda work for a secret department; the Foreign Office news department; at the end of the war, an established job in the Foreign Service and the private secretaryship to a minister. A short, disastrous spell in Washington then finished him in the Foreign Service. He was angling for a new job (on the *Daily Telegraph*) which he did not particularly want when Mr Maclean popped the question. It all suggests, not a man with a mission, but a young man slow to grow up, with talent, friends and opportunities but no constant idea of what he wanted to do.

Mr Driberg, to endow this desultory career with gravity and purpose, pulls out all the stops of "slanted" reporting, unrolling the gloomy background of the age in endless digressions: hunger marches; Nazism; Czechoslovakia; the adventures of Herr zu Putlitz. Even at Cambridge there were "spectacular gestures of revolt": did not Burgess boo the Chancellor of the Exchequer, over the claret at a Founder's Feast? Did he not help to bring the Trinity waiters out on strike? Was he not "a historian of outstanding promise"? (He was, in fact, gifted, but, as Mr Driberg could have learnt from the *Cambridge Historical Register*, when he cracked up in his Part II examination in 1933 he was given not a first but a normal *ægrotat*.)

A vast digression on the Spanish civil war is notable for its final transition back to the subject:

> Guy resisted the emotional urge to follow the example of these heroic friends. The task he had given himself in the international class struggle was more complex; for the moment, it took the humdrum form of working for the BBC.

And why not? Poor Mr Burgess; he has been unlucky in his Boswell.

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Caste

GALLANT GENTLEMEN: *A Portrait of the British Officer* 1600-1956.
By E. S. Turner.
Michael Joseph. 345 pages. 18s.

"THEIR officers are as good as good can be, because their training begins early, and God has arranged that a clean-run youth of the British middle classes shall in the matter of backbone, brains and bowels, surpass all other youths. For this reason a child of eighteen will stand up, doing nothing, with a tin sword in his hand and joy in his heart until he is dropped. If he dies, he dies like a gentleman." The arrogance and sentimentality of that quotation are unmistakable. Yet can Kipling be blamed? A recorder rather than a thinker he made explicit what many of his generation believed and which earlier generations, substituting "landed" perhaps for "middle," would have been willing to accept. Discard the colouring of the observer and look at the black and white outline left: the British officer did not have to study his profession; he did not need to be intelligent; but he had to show a brave front.

The sketch is accurate. Mr Turner's narrative fills in the coloured details with humour and in good humour. The occasional stupidities and the lack of knowledge are hinted at rather than painted bold, for Mr Turner concentrates upon the mess and the barracks rather than upon the battle. Obliquely, too, Mr Turner points to the need for courage. He spends, for instance, a good deal of time upon duelling in the army in the early nineteenth century. He is right to do so, for between Waterloo and the Crimea the duelling ground was one of the few places where an officer in the long peace could show his "spirit." And the caste to which he belonged demanded above all a show of "spirit." Even in his cups the subaltern had to be drunk as a lord.

The army officer is Mr Turner's main concern, his chapters on the navy being somewhat perfunctory. Again he is right, for the navy and later the air force demanded a professional skill, while the army was content for long to label as pushers those who were psc. Spanning so many years his book could easily have become merely anecdotal. It is indeed full of anecdotes, told with ease and wit, but the analysis is there, though never pushed too far—to the point of cruelty. And seldom have the debilitating evils of "purchase" been so keenly exposed. The ironic flavour of the book is revealed in the opening sentence of the last chapter: "Somewhat whimsically the Army Act requires that a woman officer shall observe the code of an officer and a gentleman."

This perhaps is the secret. The army officer took with him the behaviour of the class to which he belonged, merely emphasising certain aspects of it—the sense of duty and a rough frivolity for instance. He belonged to a caste; otherwise he would not have been commissioned. He did not create a new separate caste, nor did he off parade have to obey the dictates of a hierarchy. His profession, unlike that, say, of many naval officers, did not open the doors of social privilege for him. He was an insider already. The sense of caste was nearly but not quite killed in two world wars. A faint tradition of its vices and virtues still lingers on. Mr Turner deserves congratulations for setting down its essential qualities before it was too late. But perhaps while an army remains it will never be too late.

In the Camera's Eye

PORTRAIT OF OXFORD.
By A. F. Kersting and Marcus Dick.
Batsford. 95 pages. 30s.

THE most pregnant point made in the admirably honest commentary on these lovely and dignified pictures of Oxford is the suggestion that if only the dons had been allowed to marry half a century or more before the late nineteenth century North Oxford, too, "in place of the present jungle of Victorian Gothic might have been as lovely as Bath or Cheltenham." It is, all through, a tale of greatness missed or lost: North Oxford like the worst of West Hampstead; the university precinct of "an astonishing concentration of so many lovely buildings of such different periods and styles" overwhelmed by traffic and turmoil.

This book of beautiful pictures is, in a way, a whimsy. It shows an Oxford that never is: well over a hundred delightful photographs with no more than half a dozen or so showing even a stationary motor-car, and only a few picturesque students breaking now and then the pattern of stone and art and time. Here, indeed, in Mr Kersting's pictures, is the complete answer to the question: what is there at Oxford to compare with the beautiful university at Cambridge which Mr Kersting has already photographed? But this is not Oxford as anyone can in fact see it; it is Oxford in the camera's eye, with the rush, the rash and the industry left out.

Not that Mr Dick, whose comments are frank, forgives the rash of bad buildings, within as well as without the colleges and university. Nor did the despoiling start in the Nuffield age: there are properly hard knocks for the renovators and innovators of the eighteenth and nineteenth, as well as the twentieth, centuries; Balliol and Brasenose men, with others, will hang their heads. But the glories are here—shown or told: the High, of course; Merton chapel and fellows' garden; Queen's library and front quadrangle; the Codrington library at All Souls; Magdalen tower, again of course; the great staircase and chapter house at Christ Church; Trinity chapel and garden; the "Laudian splendours" of Canterbury quad and the vast lawn at St John's; the main quad and the seventeenth-century glass in the hall at Wadham; the provost's lodgings and the garden view at Worcester; the "quiet charm" of St Edmund Hall; and—the problem picture for those who plan to save Oxford from the modern dragon—"Corpus and Merton from Christ Church Meadow."

Misplaced Ingenuity

GRAND DECEPTION.
Edited by Alexander Klein.
Faber. 413 pages. 21s.

THERE is something about the history of frauds, hoaxes, and jiggery-pokery in general which strongly appeals to the baser side of human nature. Over and above the pleasure akin to that derived from a finished acrobatic performance, of admiring the perpetrator's ingenuity, daring and impudence, there is the delightful *Schadenfreude* of contemplating, from the heights of superior knowledge, the undignified posture of his victims: the Law, the Experts and the Great Big Gullible Public—from which, of course, the reader confidently dissociates himself. These rather immoral pleasures can be enjoyed in plenty by readers of this delightfully deplorable anthology, which contains no less than fifty-seven tales of variegated phonus-bolonus. Some are perhaps too familiar. Van Meegeren should surely be given a rest; the *Dreadnought* hoax of 1910 is, on this side of the Atlantic anyway, something of a chestnut; and that glorious classic "The Road to En-Dor," lately republished as a paper-back, does not stand up well to sketch-length condensation, even by its original author. Some miss their aim because the victims involve too much sympathy. The man who, in 1826, proposed the remarkable engineering feat of sawing off Manhattan Island would have deserved fame and good will had he merely "sold" New York's City fathers; discovering that he also "sold" a thousand or two hard-up job-seekers and their families, one feels that his activities were in every sense beyond a joke. For the same reason, Samuel Insull makes an unsatisfactory hero; and there are one or two others who leave a dubious taste in the mouth. There are, too, a number of makeweight incidents which, good enough for an after-dinner anecdote, are too slight to qualify for the "grand deception" class.

But even when the less satisfactory material is left out of account, ample riches remain. Here are the Red Bacon of Arizona, the Man Who Took Jay Gould to the Cleaners, and Orson Welles's Martians—the deception that was too good. Here are some fine old antiques: de Rougemont and William Henry Ireland, Riza Bey and Psalmanazar. Here is the splendid story of the Principality of Outer Baldonia—a state whose name, if whispered in the Kremlin, must still cause a few obscure ears to redden. Here are that Köpenick of the Third Reich, Kanonier Schmidt, and Dr Adams with his black box (which still numbers some true believers); and many others. Perhaps the juiciest tale of all is that of the *Bombonne d'Uranium,* which gladdened many people's lives in France no longer ago

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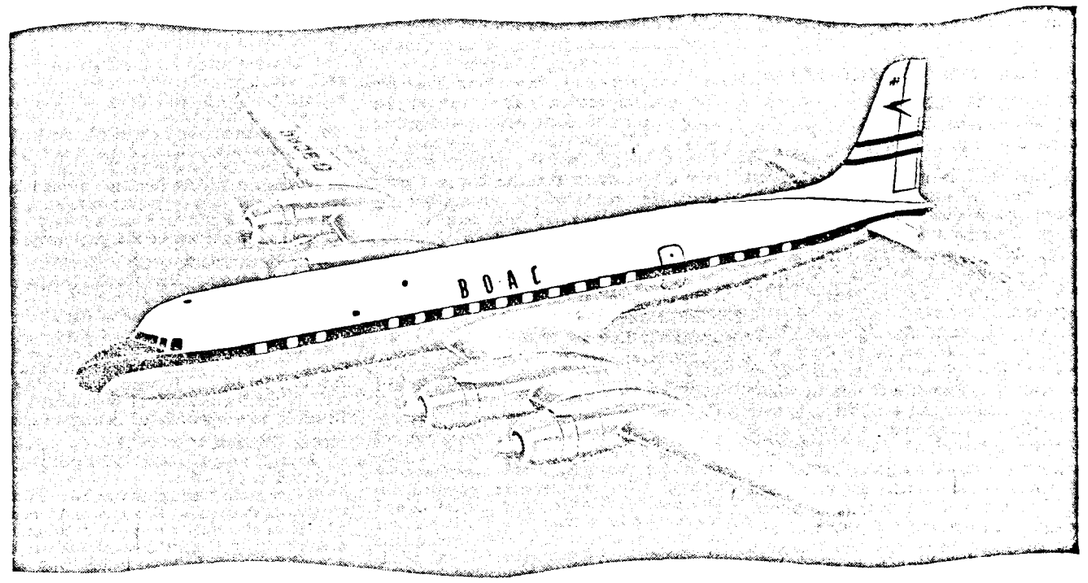

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than 1953. (The organiser of the *coup* passed under the name of General Combaluzier. Why, the examining magistrate asked him, this particular pseudonym? "I had to have some name, and I was in a lift at the time," answered the General.)

This not a scholarly, serious, nor, for the most part, even well written book. But it is very, very funny; and it might just conceivably make gold bricks a little harder to sell.

Diverse Characters

FOUR WORTHIES.
By Wallace Notestein.
Cape. 248 pages. 18s.

WORTHY is not perhaps the best noun of assembly for these four personages of the seventeenth century; indeed, it is hard to think of one that is equally appropriate for such diverse people as John Chamberlain, Lady Anne Clifford, John Taylor and Oliver Heywood.

Worthy is certainly right for Heywood, a Noncomformist minister who preached throughout the second half of the century and kept memoirs in which he expatiated on the evil living among his fellow Yorkshiremen and their unhappy and untimely ends. But it is hardly appropriate for John Taylor, the waterman turned poetaster, who lived by his verse and by wandering round the country, receiving payment and hospitality for his travelogues and good inn guides. Yet he too, remarks Professor Notestein, had "a conventional zeal for morality," which perhaps justifies a claim to worthiness; John Chamberlain was distressed at the prevailing corruption; and Lady Anne was a devout reader of the Old Testament and believed in a speedy visitation on the sinful.

It is these two, Chamberlain and Anne Clifford, who are the most interesting characters of the four. John Chamberlain was a sort of gossip columnist and lobby correspondent combined, writing the news of the court of James I and of the political and social intrigues in a voluminous correspondence, mostly with Sir Dudley Carleton, a diplomat on the continent who wanted to keep abreast of what was going on at home. A Paul's-walker John Chamberlain called himself, for it was talking to people around and in St Paul's that he obtained his information. He lived on the fringe of high society, having his close friends among gentlefolk who themselves did not aspire to high positions in the court.

Lady Anne Clifford, on the other hand, was by birth and marriage—and, it soon appeared, by temperament—one of the grandest of grandes dames. Heiress to vast estates in Westmorland and Yorkshire, she married first the Earl of Dorset and so became mistress of Knole and then the Earl of Pembroke and so to Wilton. But in her married life she was unhappy and it was not until 1649 when, widowed again, she retired to put her northern estates and castles in order that she really came into her own as a most benevolent despot. With her wits still about her she died at the vast age of eighty-six, having been born in the last years of Elizabeth's reign and having spanned by her life three-quarters of the seventeenth century. Of her five castles, two only are not in ruins today, and one of these was recently sold by her descendants. But if to live on in the memory of her countryside is immortality, the indomitable Lady Anne has achieved it.

With scholarship that is as pervasive as it is unobtrusive, Professor Notestein has reconstructed these four lives for the general reader. They can all be studied through their writings—whether letters, diaries or verses—and Mr Notestein has so thoroughly steeped himself in them that he has not only made his "worthies" live again, but has also given us vivid glimpses of the England they lived in.

Shorter Notices

THE BIRTH OF ROWLAND.
By Emily Lutyens.
Hart-Davis. 248 pages. 25s.

This exchange of letters between Robert Lytton and his wife Edith in the year 1865 has been collected by their daughter.

Robert Lytton was the only son of Edward Bulwer Lytton, novelist and politician. Robert's childhood was miserably unhappy; his parents were separated, his only sister died in Germany of typhoid, and his mother he never saw. His father was preoccupied in politics and writing and specialised in a highminded huffiness; it is difficult to understand his son's admiration for him. Edith Villiers's mother was one of those women whose tiresomeness is hard to explain or to forgive. Her three daughters' lives became unbearable by her ceaseless stream of talk and constant interference.

After Robert's marriage with Edith Villiers, they enjoyed some months of unalloyed happiness in Lisbon where Robert was first secretary at the British Legation. When Edith was expecting a baby she returned to England for some months. Hence this collection of letters between husband and wife. It is hard to evaluate them. They deal with few matters of public interest, but they have that freshness and intimacy which only letters not intended for publication can achieve. They should be interesting to the student of the 1860s as there are many vivid descriptive touches of England and Portugal which have escaped the notice of more important biographies.

★

THE COMPLEAT IMBIBER.
Edited by Cyril Ray. *Putnam.* 256 pages. 25s.

Thirty-three well-known writers and some notable artists have contributed to this book, a collection of short stories and of essays, some light and some learned, on the theme of drinking. The best anecdote, perhaps, (told by John Betieman) is about the reverend head of an Oxford college:

> Someone had brought a guest to the high table who was a confirmed teetotaller. At the end of dinner he was offered a glass of port, and proclaimed in a loud voice, "I would rather commit adultery than drink a glass of port." Then that ancient and reverend head of the house broke the silence by saying, "And who wouldn't?"

It is a good bedside book for Christmas.

Other Christmas Books

THE HUMAN AGE: *Book One, Childermass. New Edition.*
By Wyndham Lewis. *Methuen.* 401 pages. 25s. Illustrated by Michael Ayrton.

This is the first book of Mr Wyndham Lewis's series, "The Human Age," of which books two and three appeared a year ago and were reviewed in our Autumn Book Supplement on November 12, 1955. "Childermass" was first published in 1928, and it is now republished in the same edition as books two and three.

THE FIRST COUNTRY LIFE PICTURE BOOK OF LONDON.
Introduction by John Codrington. *Country Life.* 210 plates. 30s.
This book combines in a single work the three previously published volumes. The pictures, mainly by Mr G. F. Allen, form an excellent record for London's visitors and residents. It is only unfortunate that, in some cases, the printing process does not do full justice to the art of the photographer.

POTTER ON AMERICA.
By Stephen Potter. *Hart-Davis.* 160 pages. 12s. 6d.
This is not another volume in Mr Potter's famous series—would it have been called Unitedstatesmanship?—but an illuminating diary of his friendly travels all across America in 1955. It makes an antidote, well suited for the season of goodwill, to Britain's recent surfeit of Americaphobia.

MODEL ODDLIES.
By Paul Jennings. *Max Reinhardt.* 155 pages. 10s. 6d.
Forty-one more Jennings satires, all reprints, nearly all from *The Observer.* Anybody who gives this oddity away runs an about even chance of creating a grateful addict, or else of being regarded (together with Mr Jennings) as obviously mad.

ROUND THE WORLD IN EIGHTY DISHES.
By Blanch Lesley. *Murray.* 196 pages. 18s.
Little Pigs of Heaven from Spain, Moors and Christians from Cuba—these are some of the intriguing-sounding recipes described in this book which, nevertheless, do not ask the impossible of an English cook.

GRANDFATHER'S LONDON.
By O. J. Morris. *Putnam.* 127 pages. 21s.
A collection of old photographs, with accompanying text, taken in the eighties, most of them on behalf of the Reverend Spurgeon, son of the famous minister. The majority were taken in Greenwich and are of characters rather than scenes—pieman, shoe shine boy, chairmender, sweep, etc.

THE CONNOISSEUR YEAR BOOK 1957.
Edited and compiled by L. G. G. Ramsey. *The Connoisseur.* 164 pages. 21s.
Elegantly illustrated, this annual ranges over such varied subjects as English and Scottish country houses, furniture and silver in America, porcelain, paintings, antique garnet jewellery and locks.

THE NEW SMALL GARDEN.
By Lady Allen of Hurtwood and Susan Jellicoe. *The Architectural Press.* 126 pages. 15s.
This well-illustrated book is a useful guide for those with small gardens and big ideas.

THE POSTAGE STAMP: *its history and recognition.*
By L. N. and M. Williams. *Penguin Books.* 272 pages. 3s. 6d.

ADVENTURE OF THE SEA.
By James Fisher. *Rathbone Books.* 68 pages. 15s.

THE GOLDEN BOOK OF ASTRONOMY: *an introduction to the wonders of space.*
By Rose Wyler and Gerald Ames. *Publicity Products.* 93 pages. 15s.

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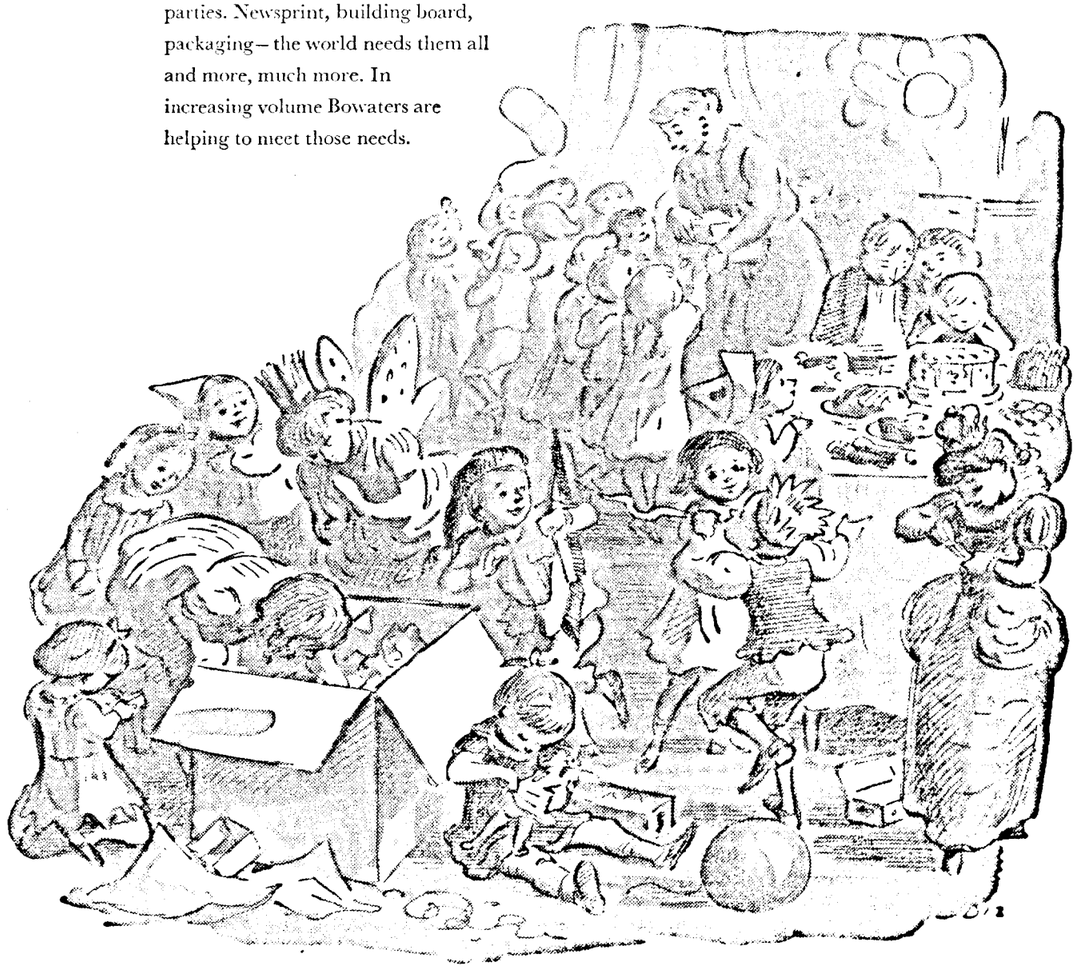

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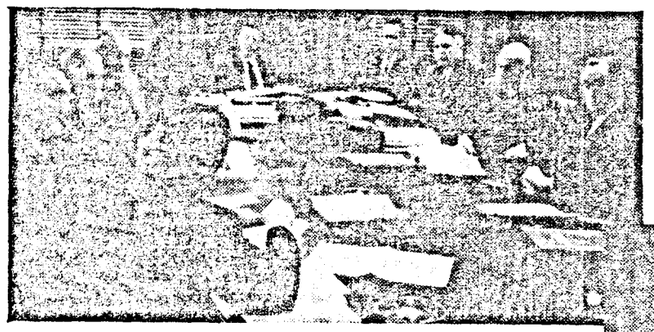

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American Survey

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

Middle Eastern Experiment

Washington, D.C.

THE United States appears determined to achieve in the Middle East a feat of foreign policy which, if successful, would be virtually unprecedented in the long history of diplomacy. In its simplest terms, this is an effort to impose a settlement, in a situation where interests and attitudes conflict deeply, almost solely by the moral force of world opinion, operating through the United Nations. The key word is "impose." If the future unfolds as the State Department hopes it will, neither the Arabs nor the Israelis will be able to thwart what the United Nations decides is the right solution for their conflicts.

The theory here is that, with the UN police force installed, the tension and hatred in the Middle East will gradually die down. Then at an appropriate moment—presumably early in the New Year—the United States will press in the United Nations for its resolution to form a special committee which would try to find a solution to the Palestine question. This committee, to be made up of very prominent world statesmen, would have *carte blanche* in its search for answers ; the General Assembly would be asked to vote on any plan produced. Meanwhile, the United States would make it clear that it was prepared to offer anything necessary in the way of economic aid to ease a settlement and would also be prepared to offer guarantees of frontiers if that seemed useful.

The important point is that this would not, as now envisaged, be a "US plan" at all. According to the line of reasoning that produced the policy, the worst thing that could happen would be for the countries of the area to believe that the United States was imposing a settlement on them. The theory is that the United Nations has shown in the Middle East that it can get results—that it can end an aggression—and that the United States has shown that it stands by "moral" principles. These two demonstrations together should create a climate in which it would be impossible for any single country or group of countries in the area to frustrate the solution that emerges. As one high American official puts it:

> When a fair solution is agreed upon by the committee and by the General Assembly, we're going to put both sides into a room, as it were, with the understanding that they are not to come out until they have signed on the dotted line.

Signing on the dotted line, needless to say, involves Arab recognition of the permanent existence of Israel—a consummation which the United States is certain any UN plan will envisage and require. It is possible that the same method would be used for a Suez Canal settlement, but current thinking in Washington is that direct negotiations between Britain and France and Egypt are more likely.

★

Two comments must be made on this policy. The first is that many intelligent Americans, including a great number in the State Department, think it is unrealistic and sure to fail. The school of *Realpolitik*, which is not without influence in the United States, believes that the dream of using "moral" force, through an international body that is even less than the sum of its individual members, is naive. Second, this plan is a very different matter indeed from the traditional concept of "filling a vacuum" with military bases, alliances, puppet governments or even economic subsidies. It depends, again, on the "moral" influence of the United States over Israel and the Arab states to create a settlement.

As for keeping out the Russians, this is to be achieved mainly by a combination of the second thoughts of the Arab leaders themselves with the ending of the chaos which invites mischief-making. Always in the background there would be the Sixth Fleet and a firm understanding that the United States, as already announced, would oppose the physical presence of any Soviet forces in the area, and would view "with the utmost gravity" any threat to the "territory or political independence" of the members of the Baghdad Pact.

Although the cast of mind that has produced this vision of a middle eastern future is idealistic, some very hard-headed thinking has gone into the policy. It begins with an assumption that the world today is fundamentally different from any past period, chiefly because the world's backward nations can now insist upon their sovereignty. The very existence of the United Nations is another difference. Finally, there is the hydrogen bomb, with its apparent effect of limiting the recourse to force.

If the consequence is that it is now difficult for great powers to control smaller powers the situation has its advantages, too. It means that a man like Mr Nehru might be able to talk sense to a Nasser where the British Navy could not. It means, especially after Hungary, that smaller nations are wary of becoming puppets, through internal subversion or even excessive reliance on aid from the Soviet Union. The United States has simply never accepted, for example, the British view that President Nasser had become a full-fledged Soviet vassal though, in the case of both Egypt and

Syria, it is feared that their leaders may be too confident of their ability to accept Soviet help without finding themselves in the end in a Soviet grip. Finally, it is also felt that economic self-interest must surely have some impact on Arab policy, and that this leads in only one direction—co-operation and "interdependence" with the West.

It is possible that the Americans may be forced in the end to resort to more traditional methods to keep the Middle East safe and orderly. There are plenty of people in Washington who talk about appropriately-financed internal political coups, new military alliances and the like. Or it may be that the situation in the Middle East will revert approximately to what it was before, minus what little British and French influence remained, but with Israel as fearful for her existence and oil supplies as precarious as ever. Or, at worst, it may be that the Russians will, in fact, work themselves into a political dominance over the Middle East. Few Americans, even among those who have created and backed the current policy, are blithely optimistic. But the President apparently feels, with Mr Nixon, that "we should never underestimate the force of the moral judgment of the world," and that is the horse which American policy has chosen to ride.

Back to the Alliance

THE United States has been as generous in responding to the British and French withdrawal from Egypt as it was firm in demanding it. In the absence of the President it has fallen to the Vice President, who is apparently to play an increasingly large part in international affairs, to make the first major foreign policy speech since the election. Without abating in any way America's claim to have laid the foundations of peace with justice, Mr Nixon conceded that the United States, as well as Britain and France, might have been at fault in the Suez tragedy. He assured Britain of America's economic aid, and recognised that the allies' abandonment of force meant that a vigorous effort must be made to find other means of righting injustices.

These conciliatory words preceded the Secretary of State to Paris where, for the first time since the crisis, he is renewing his contacts with Mr Lloyd and M. Pineau. But the Vice President's reminder that Britain and France, unlike the Soviet Union, had submitted to the verdict of the United Nations, was meant for the ears of the new Congress, one of whose first tasks next month will be to approve the waiver of interest on the British loan. The Administration is losing no time in creating the favourable atmosphere which will be needed in Washington if economic dislocations this winter are not to jeopardise the gains Europe has made under the Marshall plan and strain the alliance still further.

In the task of reknitting the Atlantic ties the appointment of Mr Christian Herter, the retiring Governor of Massachusetts, to succeed Mr Herbert Hoover, Jr, as Under-Secretary of State should be an asset. Unlike the cautious, inexperienced Mr Hoover, who was in charge at the height of the Suez crisis because of Mr Dulles's illness, Mr Herter is more interested in new ideas about the substance of foreign policy than in the details of administration. His creative contribution to the Marshall plan when he was a Congressman is a guarantee of his enthusiasm for collective security. One appointment, however good, does not make a summer in the State Department, and Mr Herter's scope will be determined by the role his chief adopts after his illness. But this first move of the President to strengthen his foreign policy-making team is inspiring confidence among America's allies and is certain to be popular with Congress.

Dollar Aid

LAST week's rumours of a billion dollar "little Marshall plan" for Britain hardly survived for twenty-four hours. In an extremity, the Administration would be prepared, as Mr Nixon suggested, to seek loans or grants from Congress to avoid economic chaos in Britain and on the continent. But it would be reluctant to inflame isolationist sentiment, particularly in a year when dollars may be needed to lubricate a middle eastern settlement. And as Mr Humphrey, the Secretary of the Treasury, hastened to point out, the crisis would have to go on for twelve months for Britain to need anything like $1 billion; half that is Washington's unofficial estimate of the very most Britain and the continent are likely to require.

Aside from the waiver of the $82 million of interest due on the American loan, American aid at this time has consisted of helping Britain to use the financial institutions which already exist, primarily the International Monetary Fund, which this week announced permission for Britain to withdraw up to $1.3 billion in exchange for pounds. This massive credit is for the defence of sterling, to which the Administration attaches great importance. Another line of credit, to pay for dollar oil and other commodities, is being sought from the Export-Import Bank, perhaps using Britain's dollar securities as collateral. An Export-Import Bank loan would not require congressional approval although, unlike advances from the fund, it would affect the American budget and taxpayer.

What may have given substance to the talk of a billion dollar loan to Britain is the United States Treasury's decision to raise this amount in tax anticipation certificates running from the middle of December to March, 1957. Dollars sent abroad either by the fund or the bank have to be obtained from the Treasury, although, in the case of the fund, this is only a matter of exchanging US Treasury notes for cash. The Administration had hoped to avoid further borrowing this year, but the Treasury balance, at $3.5 billion, is below its usual level of from $4 billion to $6 billion; even without Europe's crisis it would probably have needed replenishing until tax receipts reach their flood next spring.

Colour Contempt

THE arrest of sixteen inhabitants of Clinton, Tennessee, on charges of criminal contempt will provide a test of the machinery for enforcing the federal courts' decisions against segregation in schools. The admission of twelve Negro children into the Clinton high school had been specifically ordered by a federal district court for last August. It was accomplished, despite a week of rioting, by the combination of a permanent injunction against interfering in the operation of the school with a show of force by the Governor's state troopers. But a fortnight ago this achievement was jeopardised by assaults on the Negro children and on a white Baptist minister who attempted to escort them to school; these attacks followed the acquittal by a local jury of a demagogue from outside the town who had been charged with inciting the previous riots.

Fortunately the Department of Justice, which has not always been so prompt on matters of civil rights, appears to realise that it cannot afford to show any weakness in a part of the South where it does not face the ultimate obstacle to enforcement of the law, the last-ditch resistance of the state authorities. Indeed the danger to be avoided was a very different one: that local officials would contract out of the unpopular duty of executing the court's will by dumping the whole problem in the lap of the federal government. Last week the municipal authorities impulsively closed the school and informed Mr Brownell, the Attorney-General, that it was "the height of absurdity and wholly inconsistent with reality" that they rather than he should be expected to impose the Supreme Court's obnoxious decisions.

Mr Brownell's reply was a nice blend of political shrewdness and constitutional rectitude. The principal responsibility for helping Clinton to restore law and order was thrown, correctly, on the Democratic Governor, Mr Clement. Since this inordinately ambitious young man hopes to cut a figure on the national stage, everyone knows that he cannot afford to show too much complaisance to the bigots in his own backyard. At the same time the Attorney-General made the most of what his department was doing to help. In particular the local United States Attorney placed his own office's resources and those of the awe-inspiring Federal Bureau of Investigation at the disposal of the district judge, so that the people responsible for breaking his permanent injunction could be identified and charged.

Now that the local authorities in Clinton, emboldened by this degree of outside support, have faced their duty it is not so far proving too difficult. In last week's municipal election, responsible candidates overwhelmed opponents who had been endorsed by a local segregationist group. The school has just reopened; and the local police seem to be managing without the need for state troops.

Tomorrow's Arsenal

FROM A SPECIAL CORRESPONDENT

NEITHER the doctrine of "massive retaliation" nor progress in developing the intercontinental missile to carry it out has blinded the defence authorities in Washington to other needs. This will be apparent in January when the annual military budget, which the Secretary of Defence took to Georgia last week for the President to review, must be presented to Congress. The estimates will then be found to carry authorisation for many new and advanced weapons besides the intercontinental ballistic missile.

These shorter-range weapons have the advantage of being much more nearly ready for the services. In recent weeks several have been brought out of the secrecy of the laboratory. It is interesting to see how many are intended for the Navy, and to note that several intended for the Army are designed for extremely mobile field forces with great flexibility of purpose, rather than for an exclusively atomic, all-out conflict.

The Navy's need to plan for more than one kind of warfare was underlined recently by Mr Garrison Norton, its new Assistant Secretary for Air, who is one of an increasing number who think that massive weapons may deter nuclear warfare without ruling out other kinds of clashes. In his view,

> there is no doubt whatever that we must speedily develop our own alternatives to the "massive retaliation" capability upon which we have concentrated so much of our manpower, time and money. Indeed we must develop alternatives on the social and economic fronts as well.

In a searching study of weapons policy Admiral Arleigh Burke, Chief of Naval Operations, also has pointed out that

> if a potential aggressor concludes, as we hope he will, that all-out nuclear war does not pay, it is reasonable to expect him to examine other ways which may promise better return from the risks involved. . . . Inability to see clearly into the future emphasises the importance of flexibility, diversification, and open-mindedness in future planning.

Under Admiral Burke the Navy has made a vigorous effort to increase its flexibility and versatility. The close attention given to wholly new kinds of arms has not halted improvement of existing types. To a striking degree the Navy has pushed ahead in the development of whole systems of weapons as distinguished from single weapons.

★

The best example is an aircraft-carrier which, while four years from completion, is designed to get maximum value from an aircraft not yet in production, just as the aircraft in turn is designed to make the best use of a particular bomb or other device which also is still being developed. The aim is to foresee potential developments, relate them to each other, and take advantage of a long period of construction or remodelling to introduce improvements not originally contemplated. Among these have been certain innovations by the Royal Navy which have been adopted with great thoroughness by the US Navy—notably, in the carrier category, the steam catapult, the angled (canted) deck, and latterly the mirror-landing.

The Navy also makes an impressive case for its use of the nuclear "big weapons" so sought after by all three services. It is working jointly with the Army on the Jupiter, a ballistic missile which is expected to be able to lay down a nuclear warhead with satisfactory accuracy 1,500 miles away. The Navy argues that such a missile launched from a wholly unpredictable spot on the high seas somewhere near an enemy shore has, in effect, the same range as a missile which can cover 5,000 miles but which would be launched from a distant land base with a whole ocean to cross. It is claimed that the intermediate missile has a proportionately reduced probability of error, that its shorter time in flight and concealed point of origin—and hence its flight-path—reduce the chances of enemy detection and even more important, that it has no fixed base which the enemy might identify at leisure and put out of business.

Admiral Burke (without mentioning some contrary views from the Air Force which is hard at work on its own 5,000-mile intercontinental missile project) suggests that "the ballistic missile will reach its peak of effectiveness when launched from ships cruising the high seas."

Another new device, genially termed "Lulu," is regarded by the Navy as the most important single anti-submarine weapon yet devised. It is the essential element in a weapons-system which includes detector and launcher. Its importance is related to the fact that the Soviet Union is believed to have the largest submarine fleet in the world today, with numerous components able to navigate and operate very far below the surface. This permits a submarine to cruise under a number of those varying thermal levels of sea-water which deflect normal sonar signals as well as visual sightings; during the last war these deflections enabled countless submarines to escape the depth-bombings which overconfident destroyer commanders felt sure would hit the foe.

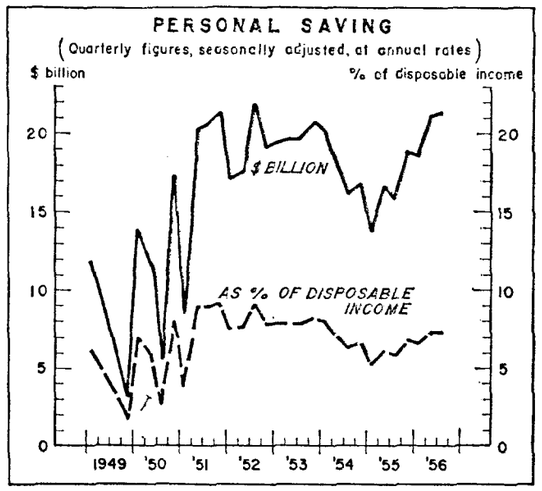
Lulu meets this situation by mounting an atomic warhead whose explosion is effective for a very considerable radius (over a mile). Combined with a materially improved sonar system which permits better detection than ever before, either by aircraft or surface ships, this greatly widened destructive power is formidable against a submarine. The weapons-system includes also, for shipboard operation, a launching device which will throw the missile accurately to a distance sufficient to let the ship itself keep clear of the hull-shattering powers of Lulu.

The Air Force, it is learned, is about ready with a new air-to-air missile, the first of that type with a nuclear warhead. This means that it could be effective, not against the one enemy aircraft to which it is guided, but against a considerable formation of bombers, so wide is the blasting range of any nuclear weapon. It is a marked advance over the present Falcon (Air Force) and Sparrow (Navy) types, which are unlikely to bring down more than a single enemy raider. The new nuclear missile is believed to have a homing device of very great value. It responds to infra-red rays given out by the engine of the raiding aircraft; hence it is not susceptible to the jamming tricks which are effective against a radar-homed missile. It is assumed that the new weapon will prove usable by the naval air arm.

Army Ordnance is producing some advanced weapons of its own, such as a remarkably effective stabiliser for tank-mounted guns and some rapid-fire guns of rather dazzling efficiency. All these developments suggest a widespread awareness in Washington that defence preparations call for a great deal besides the intercontinental missile and its grisly relatives.

Savings in Step

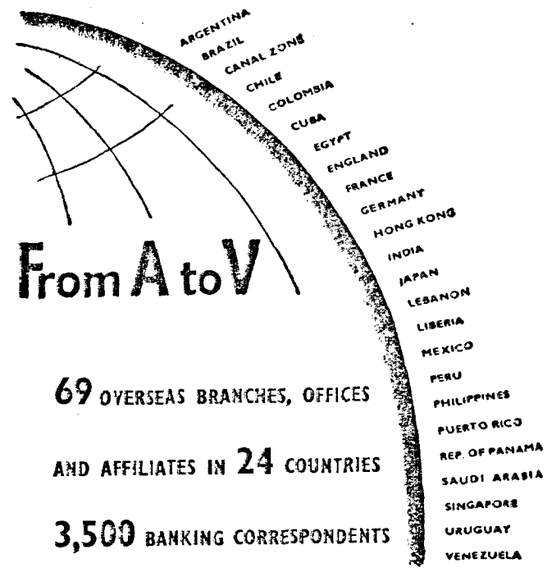
LAST week the federal banking officials allowed commercial banks to lift the interest they pay on savings accounts and on time deposits of more than six months' duration to 3 per cent from the present maximum of 2½ per cent. The increase, which comes in on January 1st, is the first for 21 years and it can affect about $50 billion worth of deposits, three-quarters of them in savings accounts. The change was apparently made primarily in order to bring these rates into line with the general rise in interest charges and, where savings accounts were concerned, to enable those commercial banks which are active in this sort of business to compete with the specialised savings institutions which have been paying 3 per cent for some time. Except on the east coast few commercial banks actually offer the maximum rate on savings at present and many of them are not at all enthusiastic about the permission they have now been given, since such higher interest



charges could increase their operating costs substantially. Nevertheless a number of banks, led by the largest commercial bank in New York, the Chase Manhattan, have announced that they will be paying 3 per cent after January 1st. As a result, many savings associations are in their turn considering whether to put their rates up to 3¼ or even 3½ per cent.

The chief effect of these higher interest rates may be merely to move deposits around between different banks and different kinds of account, rather than to add to the total of personal savings. But the government officials responsible certainly hope that the increase may achieve the latter. Plenty of money is being saved today but, if people saved still more, they would spend less and thus lower inflationary pressure; more important, from the business man's point of view although not from the government's, the lending institutions would then have more money available for capital expansion. This would help to loosen the present tightness of credit, particularly where it is hurting most—in the housing industry; the specialised savings banks are an important source of money for mortgage loans.

Last week, however, the federal housing agency, concerned at the slump in home building, did something to encourage the provision of more money for this type of construction. Government-insured housing loans were brought into step with other types of mortgages and securities by raising the interest allowed on them to 5 per cent from 4½ per cent. But the increase cannot be applied to the government-guaranteed mortgages available for ex-servicemen without authority from Congress, which may not be granted. Unless the rate does go up, funds for ex-servicemen's houses are now expected to be almost unobtainable.



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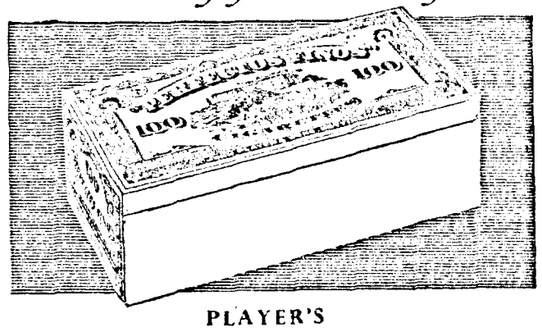

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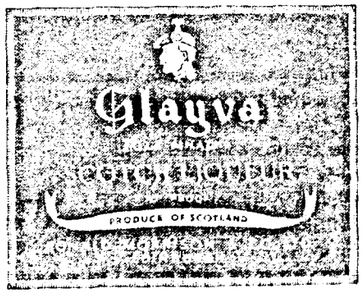

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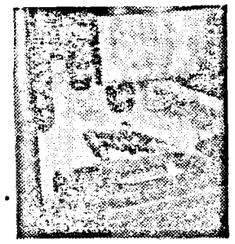

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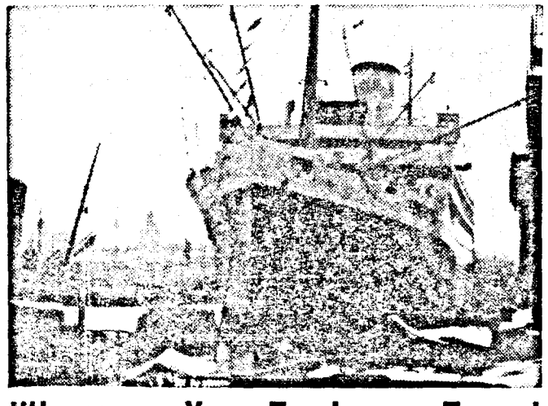

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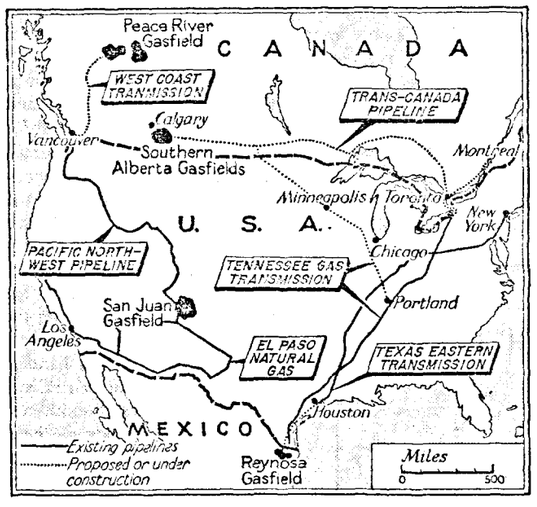
A COMMONWEALTH LIFELINE

Gas Across the Border

FOREIGN natural gas, brought in from Canada in the north and Mexico in the south, is now accepted by the American government as a desirable supplement to domestic supplies. In one recent decision the Federal Power Commission, which regulates the operations of the American natural gas pipeline companies, even reversed its previous stand that no American consumer should be entirely dependent on gas controlled by a foreign power. This new attitude will improve the chances of the project to divert to the United States some of the gas which is to be carried by the proposed Trans-Canada pipeline from the gas fields in southern Alberta to consumers in eastern Canada. Some 200 million cubic feet of gas a day would be piped off the main line at a point in Manitoba, southwards across the border into Minnesota, and then south-westwards to join the Tennessee Gas Transmission Company's line at Portland, Tennessee. As part of this scheme more



American gas would be brought into the Toronto area, in order to build up in advance the market in eastern Canada for the Albertan natural gas.

On the west coast the import of up to 300 million cubic feet a day of Canadian natural gas was approved by the FPC last year. This gas will come from the Peace River reserves in northern Alberta and British Columbia by a line which is to be linked into a system which also brings American gas from the prolific San Juan basin near the intersection of the borders of Utah, Colorado, New Mexico and Arizona. The two main pipeline companies supplying the west coast area with natural gas—Pacific Northwest Pipeline Corporation in the north and the El Paso Natural Gas Company in the south—formerly bitter competitors, now propose to merge. If not blocked in the courts, this would result in a single flexible transmission system, supplied by gas fields from Canada to Texas, which would be well placed to invade the rich potential market in northern California.

A third proposal for importing natural gas, this time from Mexico, was approved by the FPC in October. Texas Eastern Transmission Corporation, which operates gas trunk lines from Texas to New England, will supplement its supplies next year by 115 million, and eventually 200 million, cubic feet a day of natural gas piped across the Rio Grande from the reserves owned by the Mexican government a few miles inside the border. Together, these three proposals may eventually bring over 1 billion cubic feet a day of foreign gas into the United States—but this will still account for a mere 3 per cent of all the natural gas used in the country.

Shaky Bases

IN the course of its apparently endless negotiations with the Philippine Republic over the terms on which the American air and naval bases are to be held, the United States must sometimes wish that the Filipinos had cast their constitution in the British rather than the American mould. Last week's indefinite "recess" of the present set of talks sprang largely from the efforts of strong elements in the Philippine Congress to embarrass President Magsaysay in his pro-Americanism in preparation for next November's election. The American delegates prepared to leave Manila in some dudgeon when they discovered that the Filipino negotiating panel considered itself bound to insist on terms laid down by a committee of the Philippine Congress.

These would shake the foundations of the agreement of 1947, which gave the United States the bases at the same time as the United States gave the Philippines independence. The lease of the bases, which would be cut down from ninety-nine to twenty-five years, would be tied to the regular receipt of military aid from the United States, thus giving the aid a strictly contractual character and depriving the American Congress of its cherished right of annual review. The military installations would be kept away from centres of population and Manila abandoned as a military port. At the same time the Philippines would have a veto over the use of the bases in time of war.

Until this point the Americans had been under the impression that the main source of grievance had been removed by Vice President Nixon's announcement on his last visit that the United States would concede the disputed legal title to the bases to the Philippines, so that they could no longer be called "American soil." If the present set of Philippine demands were granted, they would leave American forces, in one of their principal strongholds in the Pacific, in a scarcely less precarious position than they are in at the base they operate on behalf of the North Atlantic Treaty Organisation in Iceland.

So adverse to allied interests did the first accounts of the new terms agreed with Iceland appear to be that there was some questioning in the American press as to whether it would not have been better to accept the original Icelandic request to withdraw. But fuller accounts now show that the reversal of Iceland's position, as the result of economic difficulties and worry over events in Hungary, has been fairly complete. The Americans are to have, as before, eighteen months' notice if Iceland wants them to go; only it has now been made explicit that Iceland is not bound to accept a Nato ruling that they should be allowed to stay.

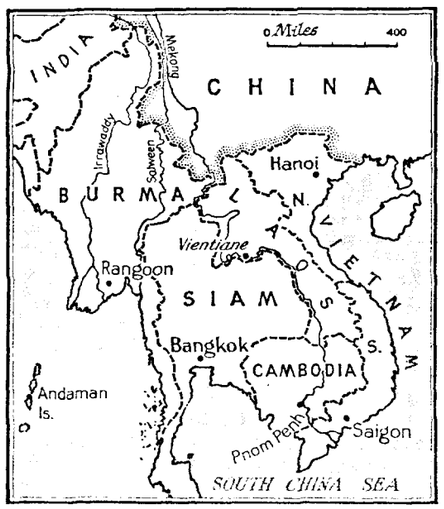
The World Overseas

In China's Shadow

Stable Siam Looks West

All China's neighbours are exposed to the pressure of China both as a great Asian power and as a source of Communist influence. In these articles our special correspondent now visting several countries of south-east Asia attempts to assess the pressure on them of their great neighbour and their reaction to it.

TO reach Bangkok from Rangoon is like stepping from poverty to riches. The arrival at the gleaming modern airport of Siam's capital is like a return to the West from the underprivileged decay of Rangoon's temporary structures. In Bangkok the streets are clean and the surfaces roadworthy ; in Rangoon they are littered and potholed. Perhaps more relevant, you would not see at Bangkok airport the immense Soviet Ilyushin aircraft sent to Rangoon, it is said, merely to collect the body of a dead diplomat, but heavily laden with more and yet more Soviet officials, stolid and herrenvölkisch in their ill-fitting suits. Burma is neutral and the Ilyushin is the symbol of neutralism ; Siam is pro-western and thrives on American aid. Burma, on the other hand, spurned American aid some years ago and is stuck in bartered Russian cement.



In relation to China, both Burma's neutralism and Siam's conscious involvement with the West are individual attempts to solve the same problem—that of remaining independent of the northern giant. The Burmese see no sense in antagonising their powerful neighbour by aligning themselves with the West ; like the Indians, they place their faith—still—in the magic power of the "five principles." The Siamese, on the other hand, see no sense in inviting the tiger into their parlour ; and the South-East Asia Treaty Organisation, much denounced by some of their neighbours, brings them the comforting knowledge that they have powerful friends. In south-east Asia, of course, Burma's approach is the rule and Siam's the exception. One should, however, resist the temptation to conclude that because Siam is by far the most stable country in the area the Siamese method has proved itself superior to the Burmese-Indian one. This would be confusing cause and effect: it is because Siam is more stable than the others that it can afford the luxury of a pro-western policy. It is not necessarily possible for other countries in south-east Asia to follow the Siamese example, though President Diem in South Vietnam is attempting to do so.

The reasons for Siam's stability are nearly all peculiar to Siam among the countries of the region. Siam seems almost infinitely resistant to communism because it has a well-fed and contented peasantry, with a high proportion of smallholders ; because more than two-thirds of its Chinese population of three million, have Siamese citizenship and the other third as a whole is much less interested in politics than its counterparts in Malaya or Indonesia ; because respect for authority and love of the monarchy are deeply ingrained. Even among the small politically active class, communism appeals only to a handful of intellectuals. As for neutralism, alone of the countries of south-east Asia, Siam has never been colonised by the white man ; without any anti-colonial neurosis, the Siamese see no point in neutralism, which, in this area, is an assertion of independence from the West.

But although Siam looks stable, it would be foolish to forget its long tradition of bending like the bamboo rather than snapping like the twig. If ever the Americans withdrew to "fortress America" leaving the Siamese to their own devices, no one would blame them for seeking a *modus vivendi* with China. With this in mind, some observers in Siam have interpreted the marginal change that has marked Siam's attitude to China over the past year as an attempt to insure against a future American change of policy. This is no doubt an element in Siamese thinking, but there could be others, such as the urge to keep the Americans up to the mark with aid, or the desire not to allow Siam to become too isolated from the main current of Asian thought. The symptoms of the marginal change include the fact that Siam is now indirectly trading with China, through Hongkong and Macao (though not in strategic goods) ; the policy of not recognising China *until* it is admitted to the United Nations (the question simply used not to arise) ; and attacks on America in newspapers owned or controlled by powerful members of the government.

Yet the Siamese political leaders have ready answers to any questions that may arise. General Phao, burly and jovial, chief of police, Siam's ablest administrator and still a leading figure in its politics if not, perhaps, the "strong man" he once was, says emphatically that he would resign at once if the government ever changed its policy of friendship with America. But he defends the right of the Siamese press to attack America: "The American press attacks me, so why shouldn't we attack them ?" The prime minister, Marshal Pibul, receives the visitor in the ornate splendour of his residence and, over iced Coca-Cola, explains that even if Siam eventually recognised Peking there would not necessarily be an exchange of ambassadors, for the two countries had never exchanged envoys before the second world war. (There is a Nationalist embassy in Bangkok, but the Siamese say it was foisted on them after the war.) Frail, subtle and civilised, Marshal Pibul remains the real master of Siam.

His former classmate Nai Khuang, leader of the only important opposition group, the Prachatipat (Democrat) party, thinks Marshal Pibul should go further and say here and now that the Chinese communists will not be allowed to have an embassy in Bangkok. But Khuang, an ex-premier, is not in power, and recognises that, owing to a shortage of funds, his party is unlikely to do more than increase its representation at next February's elections. Until a few weeks ago the elections were, indeed, of academic interest: under the existing constitution half the members of the one-chamber parliament are nominated and give the ruling Seri Manangasila party an automatic majority. But now Marshal Pibul has announced that the nominated category of deputies will be abolished next year and that the one-chamber parliament will make way for upper and lower houses. He told your correspondent that elections for the seats now filled by nominated members will probably take place in May. On paper, then, this is an important step forward in the cautious programme of democratisation started by the prime minister on his return from his world tour last year. But it remains to be seen whether the upper house will be elected and what powers of veto it will retain over the lower chamber's legislative projects. It also remains to be seen whether too large a dose of western-style democracy will undermine Siam's enviable stability.

"Merdeka" in Malaya

FROM OUR SPECIAL CORRESPONDENT

IN clear view, and almost rifle-shot, of the ill-omened caves of Batu lies the bustling and agreeably disorderly village of Jinjang, one of the 500 new settlements which have been established in Malaya to salvage, insulate and support half-a-million refugees—mostly Chinese—who were formerly the scattered prey and sometimes the willing allies of the communist jungle terrorists. There are maybe 3,500 Chinese in Jinjang, and most of the families have now improved and extended the simple houses which the authorities provided originally for their unwilling and suspicious arrival five years ago. There are playgrounds and a school, a hospital and a picture theatre ; electric light and refrigeration ; even second-hand cars in lean-to garages.

A local council administers village affairs and authorises free education—presumably for families whose rice-winner cannot afford a car. White-clothed tables with fruit, rice cakes and a glittering display of soft-drink bottles are spread for a village wedding. Bare-bottomed children play in the hot sun amid an Asian riot of hens, pigs, ducks, dogs, cats, turkeys and goats. There seems little need for the high barbed-wire fence which encloses the 800-acre settlement ; but, less than four miles away, baffled and impotent guerrillas are known to be still hiding in the thick jungle above the limestone caves of Batu from which they have been driven.

True, Jinjang is a show village. There are other resettled villages where the former squatters are apathetic, sullen and resentful. But it is impossible to doubt that the ambitious long-range investment in this Malayan resettlement campaign of patient attrition against the jungle menace is paying off handsomely. The bandits are being denied arms, food, supplies and information ; they may not be dead, or even sleeping, but their morale has shrivelled and their shadow has lifted. The names and personal records of most of the 2,500 remaining terrorists are known to the security authorities. They cannot be ignored in some "black area" fastnesses, where dangerous and costly patrols are still needed ; they can even mount lightning raids for guns on the guarded gates of large villages ; but the problem appears at the moment to be a controlled and secondary one.

Should Some Britons Remain ?

The chief problem which confronts the urbane and astute Malayan chief minister, Tengku Abdul Rahman, is the basic one of unifying the new Federation, which, with its printed notices in five languages, is now preparing to dismiss its British advisers and administrators with handsome compensation and to run up the flag of "merdeka" and national sovereignty. The horrible official term is "malayanisation." Perhaps malayanisation may be too swift in its present concept. There are westerners who believe that, in order to avoid a weakening of executive efficiency in the initial stages, Whitehall should match the generosity of the Malayan authorities and ensure that some Britons could remain, at Malayan request, without losing their compensation.

Basically, the Alliance parties remain divided racially—Malay, Chinese and Indian—rather than politically. They are held together by the leadership and personal drive of the 53-year-old Tengku, by the demands and attractions of independence, and by an integrating national sentiment of superiority towards explosive and unpredictable Singapore. Union with the island colony is not in sight. There was a time when the Tengku spoke blandly but vaguely of union within five or six years. Since the latest uproar by the student rabble in Singapore, that prospect has receded into an unforeseeable future.

Malayan suspicion and distrust of Singapore does not merely reflect racial fears of Chinese preponderance and violence in the island. The mainland Malays also dislike the island Arabs, whom they suspect, not incorrectly, of scorning them as backward country cousins. There is a mainland conviction that the island parasite sucks Malayan resources. Why should Malayan tin go to Singapore for smelting ? Why cannot Penang be properly developed

as a Malayan port? Why, indeed, cannot we destroy that unnatural and artificial causeway and cut the rapacious and brawling island adrift?

Let there be no doubt that during the Suez fighting Malaya would have been another bristling, red-hot centre of Moslem anger and resentment if "merdeka" had not been just around the corner of the New Year. As part of the price of sovereignty, British bases are accepted officially with resignation, but privately with satisfaction. The Malayan government shudders away from public talk of the South-East Asia Defence Organisation, but recognises that the amiable subterfuge of a Commonwealth strategic reserve force puts them fairly and squarely in the south-east Asian anti-communist block; in any event, the Tengku's personal ties and close friendship with Siam (his mother was Siamese) underlie and strengthen the new federation's own sense of political and defence realism.

The federation seeks a loan—first and unavoidable action, alas, for every proud new independent nation—and is increasing taxation for quicker development and aerial surveys of mineral resources. Rubber, tin and rice are holding well, coffee is coming back, and the Rural and Industrial Development Association (RIDA) is pushing production and settlement and pinching out the ancient system of *padi kuncha* (under which creditors, among other abuses, become entitled in advance to a portion of a debtor's crop).

The popular, voluntary and successful expansion of collective farming and marketing on the communist pattern in the resettlement villages is richly ironical. No one is compelled to join the village co-operatives—some individualists, indeed, stand aloof and operate on sturdy capitalistic lines—but the blunt fact is that the co-operatives fare better and gain higher prices than the individual operators. The same phenomenon exists in Hongkong's New Territories, where, across the border from communism, Chinese farmers under the British flag are enjoying a benevolent, profitable and voluntary form of collective farming and distribution which the Chinese communist regime is labouring to enforce as a compulsory integral part of its economy.

A coloured photograph of Queen Elizabeth on the walls of the communal halls in Jinjang and other "white area" villages, where these co-operatives are organised and directed, is a final pleasing touch of the incongruous in the current Malayan scene of "merdeka."

Mr Gomulka's Task

BETWEEN revolution and stability lies chaos. Such is the fear of Polish communists. After the exhilarating October days, when they had the new, intoxicating feeling of popularity, Poland's new rulers face the more prosaic, though not less ambitious, task of running the country. They must mobilise the masses, which have been flocking to meetings and tasting power, for the gigantic job of orderly, disciplined production; they have to try to contain the violent forces which have welled up in Poland within the framework of a basically communist regime. But because of all that has happened the government no longer has the will or the power to carry out this process of transition by strict orders from above. Terror and coercion, it argues, must now be replaced by persuasion and enthusiasm.

All the ferment and turmoil naturally provoked by this radical change of methods and mood finds an expression in the Polish press. It has shed enough of its fetters to become worth reading. A host of "literary-political" weeklies have cropped up and lack of paper seems the sole limit to their growing circulation. The press is no longer an orchestrated chorus of propaganda. In its columns you will find dissensions and polemics, criticisms and accusations directed to various addresses, discussions about the means and ends of a socialist society; faithful reports of events in Budapest are accompanied by messages of sympathy to the Hungarian people and violent condemnations of western Stalinists. One of these papers, *Po Prostu*, was the mainspring of the movement that has split the former orthodox youth movement into its component parts of industrial workers, intellectuals and peasantry. Such reforms in an unstable period are always liable to turn what has begun as an anti-Stalinist drive into an anti-communist one. But the new rulers, who owe their victory largely to the courage of the press and the backing of mass meetings, will have to be cautious and sparing in the control they still exercise.

Truce With the Church

In eastern Europe the Catholic Church is the natural head of the opposition to communism. In Poland, in spite of being under constant attack for years, it has lost none of its prestige and potential power. Mr Gomulka has opted for a truce. A *modus vivendi* has just been agreed upon by representatives of both sides. Religious instruction will once again be provided in schools to all whose parents want it at State expense. In exchange, the clergy, through the mouth of Poland's primate, Cardinal Wyszynski, have given their blessing to the new government's efforts to give the Poles a freer and more independent life. The truce, based on reason not on feeling, is provisional by the very nature of its protagonists. The appointment of five vicars-general in the formerly German territories of western Poland may be a sign that the Vatican is also moving towards a settlement. This move does not mean a complete recognition of the postwar frontiers—full bishops would have to be appointed for that—but it is a step in that direction, and when Cardinal Wyszynski finally goes to Rome he may ask for further moves towards a compromise.

Mr Gomulka's chief worry at this stage must be to encourage production, to maintain discipline at the factory bench and on the farm. The old methods of compulsion are gone. The police is no longer an all-purpose instrument. Even the party apparatus has been drastically reduced in order to change the nature of the communist movement. Most of the workers' councils, on the Jugoslav model, which have sprung up spontaneously throughout the country, are not fulfilling the function of "overseers of production," which some hoped they would. Some of them cut across central plans by raising wages of their own accord. Above all, they cannot, or will not, calm the angry workers. Grievances accumulated over years provoked a wave of indiscriminate sacking and intimidation of the managerial staff. Mr Gomulka himself has been compelled to issue a stern warning. Speaking in Katowice, the centre of the Polish coal industry, he did not minimise the gravity of the situation in this crucial branch of the Polish economy. Production is falling and exports have to be curtailed (to at most 19.5 million tons this year and 14 million in 1957) at

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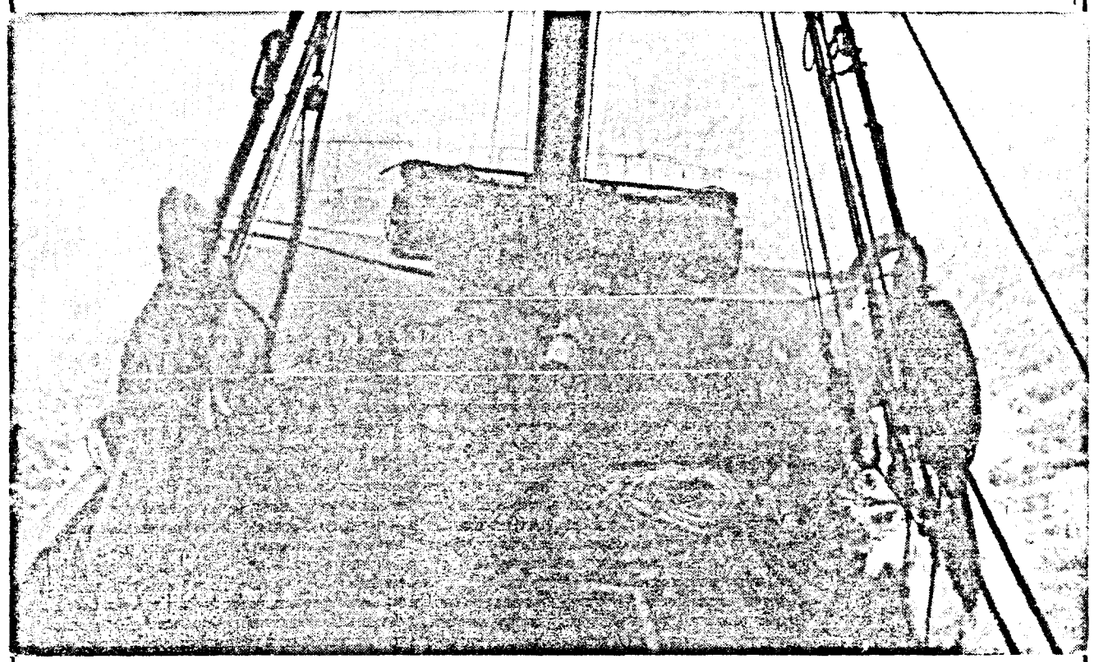

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a time when Poland has a desperate need of foreign currency. He quoted instances of managers and other personnel being forcibly removed from the mines on wheelbarrows, in the manner of the 1905 revolution, as well as of foremen who were too frightened to go down the pits.

Mr Gomulka's appeals for more production are likely to get a better response in the towns than in the countryside. When they heard of the October changes the peasants rapidly dismantled most of the existing collective farms and now they wait with traditional caution. Deliveries of grain are now 500,000 tons less than at the corresponding time last year, and even Soviet aid may be too small or come too late to fill the gap. It may be argued that as long as he has the industrial workers behind him Mr Gomulka need not fear a rising comparable to the Hungarian one. But how long will he keep the support of the workers if he has nothing to offer them? Even without any further deterioration, wages will outstrip production next year and Poland will have to live partly on credit. How will it live? The equation has too many variables—Soviet help, Western credits, discipline in industry, co-operation of the peasants—to allow any forecasts of the result. The government is making frantic efforts to prevent economic bankruptcy which could set a match to a political explosion.

Mr Gomulka starts this second and even more perilous phase of the Polish revolution with a tremendous personal popularity. His opponents' awareness that they can obtain their ends only through Fabian tactics, that to ask for free elections, neutrality and so on at once would be courting the fate of Hungary, is a most important asset for him. But there is no telling what will happen once the masses have entered the political arena. If he is to survive on the course he has set himself, Mr Gomulka still has to convince his communist critics that they were wrong in assuming that a popular movement in Poland is bound to be both anti-communist and anti-Russian.

Canada: A Bird's Eye View—I

Growing Pains of a Young Giant

FROM OUR SPECIAL CORRESPONDENT

ONE'S first impression when the plane loses height over Newfoundland is of an unfinished struggle. The Atlantic is reluctant to relinquish its sway, undisputed for so many hundreds of miles, and the countless lakes seem locked in a struggle for supremacy with the land. This feeling of the unfinished grows stronger as the journey proceeds across this continent so vast that the 16 million inhabitants concentrated in a relatively thin strip north of the United States border still seem like pioneers on a bridgehead. The skeletons of new skyscrapers in booming Toronto or Vancouver, the mushroom oil towns in the west, the scarcely tapped resources of the north, all strengthen the impression that this is no mere boom, but part and pattern of an industrial revolution.

The other immediate impression, for an innocent straight from Europe, is of the American-ness of the country. It is not so much the accent which is striking. The little Hillmans, overwhelmed amid the giant North American cars, seem symbols more eloquent than the statistics about foreign investment in Canada (American investments account for over three-quarters of the total, British for only 17 per cent). But this impression becomes blurred. Every third Canadian is of French origin, and for him "Americanism" is a thin veneer superimposed on an outmoded French parochial background. In Ottawa the Houses of Parliament, modelled closely on Westminster, embody nostalgia for the Old Country. In Vancouver, Calgary and many other places a Scots accent is the best possible passport. Every reference to United States influence—even a Freudian verbal substitution of president for prime minister, or state for province—is greeted resentfully; and Canadians' comments on their overshadowing neighbour contain an element of derisive envy.

The trend towards closer integration with the United States is undeniable. Canada has become the fourth trading nation of the world, with a turnover scarcely lower than that of Germany; but three-fifths of its exports go to the United States and three-quarters of its imports come from the same source. Its postwar surplus on current payments has turned into a deficit, balanced (and partly prompted) by an inflow of foreign, chiefly American, capital. By the end of last year its gross liabilities to other countries had reached $14,700 million, double the postwar level, but even more striking has been the steady increase in direct foreign investment in Canadian industry. It may be argued that the deficit is a small proportion of the total turnover and the foreign contribution a small share of domestic investment. Nevertheless it has led to foreign control over important sectors of the economy. Whether because of caution on the part of Canadian investors or because the American giants can spread their risks more easily, it is American capital that has paved the way in oil and postwar mining, thence spreading to manufacturing. As early as 1953 well over one-third of manufacturing and more than half the oil and mining development in Canada was in American hands. Today, two thirds of the large enterprises in these fields are controlled by foreign, predominantly American, capital.

The reactions vary. Mr Manning, the prime minister of Alberta, welcomes the influx of American oil capital into that province. It has brought such prosperity that the Albertans are said no longer to label dates as BC or AD, but speak of BL and AL, in reference to the striking of oil at Leduc, near Edmonton, in 1947. Mr Manning, who has been enabled to reduce the provincial debt while expanding

"Motor Business"

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social services, is content with nominal ownership of the oil and control over its rate of production. But the sophisticated young intellectuals of Ottawa are more perturbed. They argue that the situation will not redress itself automatically through the growth of the country's economy. They point out that many of the companies concerned are beyond the reach of the Canadian investor: some are expanding on ploughed back profits; others are subsidiaries, whose shares are not quoted on the Canadian market and whose parent companies are too big for the Canadians to buy a controlling interest. They complain that tax reliefs offered to American-controlled companies under a double taxation agreement now being revised provide no inducement to bring Canadians into partnership. Some of them also argue that the inflow of American capital may neutralise the traditional fiscal weapons against inflation.

The clash of ideas on this subject took vivid shape in June, when a debate over a pipeline to be built by an American company led to one of the biggest rows in Canadian parliamentary history. Yet, with varying degrees of enthusiasm or reluctance, the trend is generally accepted. The chief argument in its favour is that without this support Canada would not have been able to carry out its industrial revolution while shouldering a heavy defence burden and ensuring a rising standard of life to a fast growing population. The minority of pessimists who complain that "when the United States sneezes, Canada catches flu" are told that this risk is shared with the whole western world and is anyway much exaggerated. Indeed, much of Canada's economic activity seems based on the assumption that the United States has found a vaccine against depression. This faith is coupled with a contagious confidence in Canada's own future. Even a swift flight across this land almost the size of Europe is enough to bring it home that one has had a glimpse of a giant in infancy. It is to the north and to the future that the Canadians look to restore the economic balance of the new world.

(To be Concluded)

Pause Before Recession in France

FROM OUR PARIS CORRESPONDENT

THE French, like the British, had a bad November; they lost $93 million in the EPU. But not only was it a less bad November than for the British, it was also no change on previous months. French output has risen rapidly in 1956, but has been paid for in increasingly heavy trade deficits. The difference in situation is reflected in a difference of attitude to the recession which is now regarded as certain. Mr Macmillan's problem is to rein in a trade crisis which might run away with a fully employed, but not overemployed, country. Some French businessmen and economists, on the other hand, are not far from thinking some deflationary shock might well ease France's troubles.

The force of the expected recession is hard to gauge. Were the oil shortage not to exceed 10 per cent, output could continue to expand—and inflation with it; were it 40 per cent (as it would be without American oil), the recession would obviously be serious. But the more probable, intermediate figure of 20-25 per cent will have less clear effects. There will certainly be a slow-down, notably in building and in the motor-car industry, the pilots of the economy. If industrial output fell in exact ratio to power supplies, a 4 per cent decline might be likely. The effects could be multiplied, however, by the kind of failing consumer demand already visible in the market for larger cars. Nevertheless, the most general hope seems to be that the recession will be a moderate one.

The optimists point out that this will ease the acute shortage of manpower which has stimulated inflation and impel industry to increase exports, and thus be to some extent a "good thing." This thinking ignores the social and political factors (loss of overtime pay can cut by a quarter the wages of bachelors, who cannot benefit from the big family allowances). As for exports, it is true that if industry is to progress, they will, in the words of the official Economic Forecast for 1957, become "as they are already for Britain, the essential problem." But increased exports are not an automatic by-product of a recession. That depends mainly on whether prices fall more in France than in other European countries affected by the Suez crisis. The structure of the French economy is indeed still so rigid there is a real danger that the recession may paradoxically be accompanied by inflation. There is a risk, especially perhaps in January, that rising freight rates and raw material costs lead to the breaking of the ceiling of the cost-of-living index and unleash the automatic sliding scale for wages. The government has been very dexterous recently in this field. But, in general, it would be excessive to expect the ill wind of recession to blow too much good.

Out-dated Budget

It will be easier after the New Year to assess future oil supplies and industry's ability to adapt itself to shortages. The government expects, by adding new deliveries to stocks, to provide industry till February with 70 per cent of its wants and the most affected sectors, like glass, with 90 per cent of them. So far, industry has suffered more in prospect than in performance. Despite the falling demand for large cars, the Engineering Employers' Association claims that only 20,000 out of 620,000 engineering workers in the Paris region have lost their overtime pay—though Simca has laid off 1,100 workers. Some firms are thinking of closing down for Christmas week in order to build up fuel stocks.

This is a transitional month, and the authorities have kept their peace on economic policy. Ironically, the Assembly this week passed in record time the 1957 budget which Suez has partly out-dated—even though the government's narrow majority shows how much its parliamentary position has slipped. (The budget's new form is largely responsible for this unusual speed.) Suez is going to add to the deficit; the Suez landing itself, the loss of oil taxes, the increased subsidies to hold down prices will, among other factors, ensure this. The press is prophesying that the new gap will add up to an extra £200-£300 million; this cannot be entirely covered by fresh loans and taxes. Though this is unhealthy the extra deficit might, in a period of falling demand, shore up production not directly hampered by fuel shortages. All will depend on the context. The government cannot fix its economic policy for 1957 before January or February.

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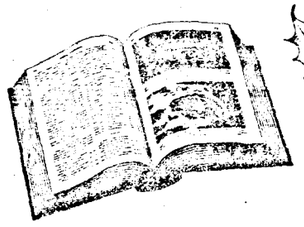
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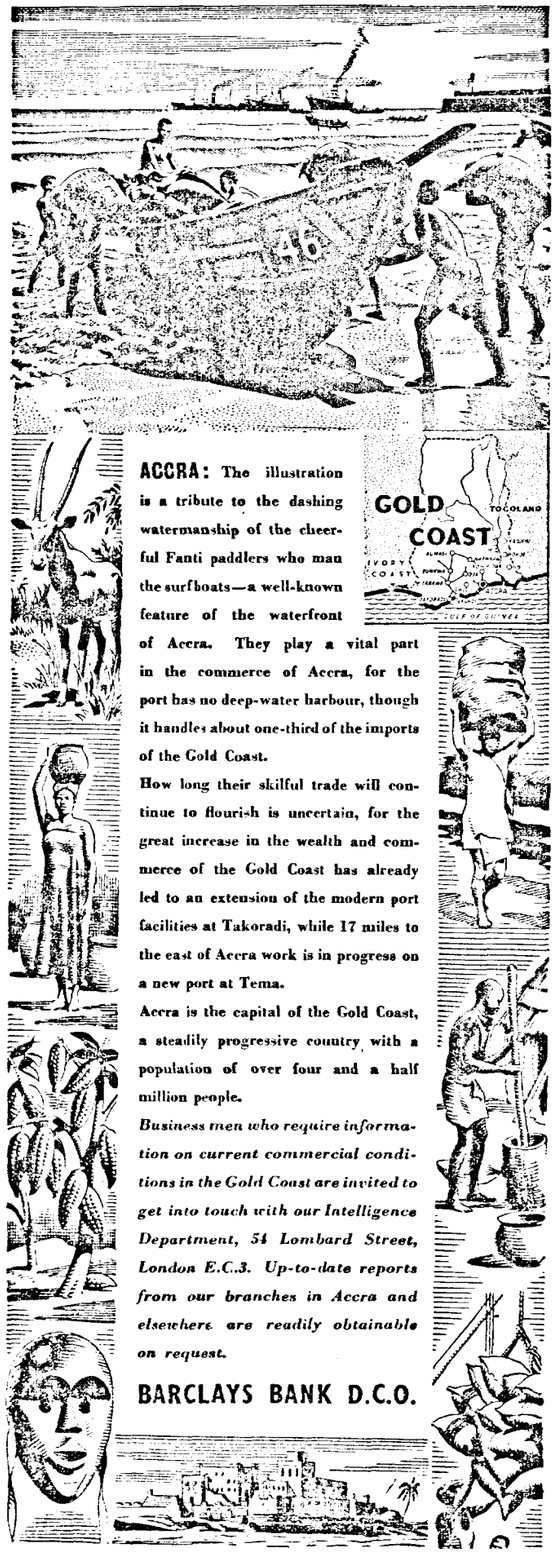

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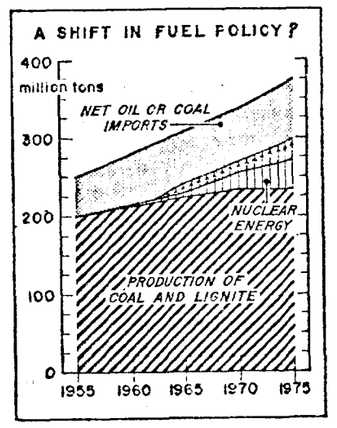
THE BUSINESS WORLD

No Retreat From Oil

"IN the last few weeks fuel oil in this country has been set back years," said a man who sells it this week. Having spent most of the year advising industrialists on the equipment they should put in to switch to oil firing, he is now selling them coal to burn in the old plant he persuaded them to replace: his irritation is understandable. So is his customers' feeling of being let down. For the second time in ten years, following an official campaign of exhortation and encouragement to switch to oil, the oil has become scarce and sharply more expensive; official policy, though not reversed, has been slipped into neutral. Many who were ready to make the change are now reflecting that coal, whatever one's opinion of the miners, is at least under British earth and not under some sheikh's oily thumb; and that the longish chance one takes on nuclear electricity is on British ability, not Arab good will. The question becomes inevitable: Do the events of the last few months make some radical shift of emphasis in Britain's energy policy advisable—and if so, how far is any shift practicable?



Existing energy policy was fairly clearly set down during 1955. Broadly, the Government has accepted estimates that the rate of economic expansion Britain should be able to manage in coming years will require about 25 per cent more fuel in ten years' time and about 50 per cent more in 20 years' time: say the equivalent of 310 million tons of coal a year by 1965 and of 375 million tons of coal a year by 1975. The National Coal Board hopes to raise its annual output to 240 million tons by 1965 and to 250 million tons by 1975. The original programme for nuclear electricity looked forward to providing 1,500-2,000 megawatts of nuclear capacity, equivalent to 5-6 million tons of coal a year by 1965; and to some 10,000-15,000 mW of nuclear capacity, equal to say 40 million tons of coal a year, by 1975. As the diagram illustrates, these two sources of primary fuel would fall a long way short of the total fuel supplies Britain might manage to use. The rest would have to be imported. The only fuel that could practically be imported in such volumes is oil—and oil from the Middle East. The accepted energy policy, that is to say, assumed that Britain could nearly double its 1955 consumption of oil between now and 1965, and increase it roughly as much again by 1975.

How much of this has changed? First, the political and strategic instabilities that underlie Britain's (and Europe's) growing dependence upon Middle East oil have been exposed. They always existed. For obvious reasons, the oil companies have never liked too much public discussion of them. In the second half of the twentieth century, international companies do not dispose of enough political and strategic power to guarantee their tenure in hostile territories. Nor, it now appears, does Britain. No ultimate guarantee now exists, therefore, that Middle East oil will continue to be forthcoming—though the commercial self-interest of many parts of the Middle East suggest it should be. The limited insurance policies that the oil industry can take out itself—investment in more transport facilities and in more exploration elsewhere—may, incidentally, imply a slightly more rapid rise in the price of oil relative to other fuels than originally seemed probable. Any more comprehensive insurance is a matter of

international politics. These, too, may inch up oil costs.

The second change since British energy policy was stated in 1955 is rather more hopeful. Technical experience has shown that the heat rating—and hence the potential generating capacity—of the stations it is intended to build in the Central Electricity Authority's nuclear power programme, following the first, may be twice as much as was originally planned. In terms of the number of stations one has to build, this has been called "a painless increase"; financially, the Treasury is bitterly insistent that it is not. This technical bonus of heat means that the nuclear stations it is already intended to build by 1965, for a substantial but not nearly proportionate increase in capital cost, can have double the capacity, say 3,000-4,000 mW. This is a small but not insignificant extra contribution to Britain's fuel supplies in 1965—say an extra two per cent.

Nothing has changed in the coal situation. There is certainly no reason to believe that the National Coal Board can do any better than its cautious promises, or that these promises could be fulfilled with less in the way of capital investment. Rationally, there is no reason to doubt that the £1,000 million that the board now plans to sink into mining capital in the next 10-15 years should bring forth the coal output it hopes for. Viscerally, one remains rather apprehensive about confident forecasts for coal mining in any sustained period of full employment—which is what the estimates of fuel demand are based upon. If the board can attain its 250 million tons a year by 1970, it will have done as much as any outsider can expect.

Technical advances in nuclear engineering, therefore, have already offered a bonus in fuel supplies by 1965 that Britain certainly cannot afford not to buy—the equivalent of an extra 5-6 million tons of coal, or 3-4 million tons of oil, by 1965, and somewhat larger prospects, or cheaper prospects, later. How much more flexibility is practicable in the nuclear programme?

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Little more can practically be done to increase the capacity that is already planned for the first two batches of nuclear stations, which are due for completion by about 1962-63. For these the limiting factors are key men, construction resources, and supplies of materials. But in the building of nuclear stations to be completed after 1963, more latitude exists—for a limited time. It would be possible, after 1963, to move more rapidly than was intended in the original programme towards making all new generating capacity in Britain nuclear; this, instead of being done in the early seventies, could be done in the mid-sixties. This is an investment decision: the limiting factors are financial rather than physical. It could not be long delayed, at least in principle: supporting investment in electrical engineering and its major suppliers would have to begin within a couple of years.

If such a decision were taken, it might be possible to think of 4,000-6,000 mW of nuclear capacity by 1965, roughly three times the figure of the original White Paper of February, 1955; and of an increase in nuclear capacity after that limited only by the expansion of electricity demand. The contribution of nuclear energy would thus become much more significant:

	1965	1975
White Paper—		
Nuclear capacity installed (mW)	1,500–3,000	10,000–15,000
Coal equivalent (mn. tons, year)	5–6	40
Possible Revision—		
Nuclear Capacity (mW).....	4,000–6,000	25,000–30,000
Coal saving (mn. tons, year)....	12–18	60–70
As % of Forecast *Total Energy Use*.....	6%	17%

This extra capacity could no longer be employed wholly as base load power plant; so the coal saved would not rise quite in proportion with capacity.

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Such an increase in nuclear capacity roughly marks the limit one can now see upon practicable changes in British energy policy. Enthusiasts are not lacking to argue that electricity demand may in fact rise more than the forecasts; a few even argue that within 20 years nuclear energy can make significant contributions outside electricity supply, as for example in marine propulsion. No account can be or need reasonably be taken of either hope at present. The decision to push nuclear investment further, beyond the "doubling" which will already increase capital costs past the £300 million budgeted for the original programme, would be big enough, in all conscience. Electricity generation, already the biggest single claimant upon the country's investment resources, would become yet more capital-intensive; and massive supporting investment in the production of materials such as steel plate would have to come first. Nobody need scoff at Treasury caution in approaching such a commitment. Yet if it is indeed technically practicable, Britain will hardly be able to find an excuse for avoiding it.

But even that best set of hopes for nuclear electricity—and biggest gamble on it—would still leave Britain needing some 70 million tons of "coal equivalent" a year—say 40 million tons of oil—by 1965. Coal output is inflexible upwards in the sixties; by the mid-seventies it may be on the decline. It would probably be wrong, therefore, to assume any "passing of the peak" in oil demand by 1975, though this demand, on these best assumptions about nuclear power, might then be levelling off. For the next ten years—the practical future—these assumptions offer no major revision of the country's fuel demands; they would leave us wanting far more oil than we were using during the peaceful first half of 1956.

The limits of flexibility in energy policy—at any rate in the short term—are therefore fairly tight. The emphasis of policy can be shifted—but only so far. The need for more economical use of fuel wherever it is burned becomes even greater: but the fuel forecasts already assume continued improvements in this At

a lower level, minor insurance policies can be taken out here for oil supplies; storage capacity can be increased and larger stocks carried, and as a corollary any power station intended to use oil should be equipped to switch to coal at short notice. But the major premise upon which energy policy was based in 1955 remains unaltered. In the medium run, the expansion of the British economy depends upon largely increased supplies of oil—which can come from nowhere at present but the Middle East. And the only way the British economy can do without extra dependence upon Middle East oil in the near future, political risks or not, is to do without most of the expansion.

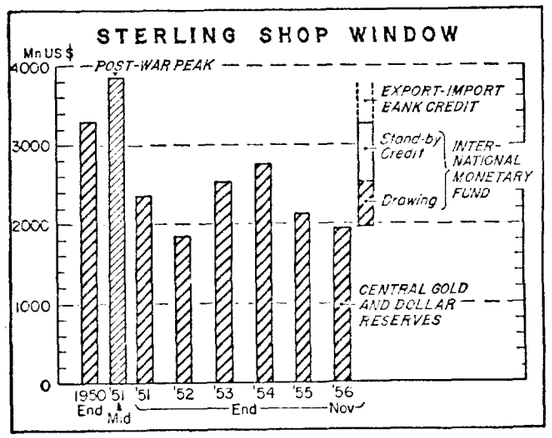
Sterling Fortified

THE eyes of the business community across the world which for many weeks have been focused on sterling, its strains, its bear account, and its expected further burdens, have now been confronted with the massive additional reserves that can be mobilised to defend it. The Chancellor, with swift and efficient American help, has been able to call those reserves on to the parade ground faster and in greater strength than many people believed likely, or even possible; and the Chancellor's prompt action immediately evoked a marked recovery in the exchange markets. When he spoke last week Mr Macmillan had already made applications to invoke the waiver of interest on the North American loans and to draw on Britain's facilities at the International Monetary Fund; he also stated that the Government was prepared to pledge the $750-$1,000 million of its dollar securities as collateral against a loan from the appropriate US government agency.

On Monday night, the Treasury announced that it had made arrangements with the IMF not only for an immediate drawing of the $561½ million that had been generally assumed to be readily available but also for an automatic right to draw within the next twelve months on the whole of the remaining $738½ million of Britain's quota. The Fund has recently interpreted its articles of agreement in a liberal spirit, and it had been expected that it would not insist upon the limitation of drawing rights to 25 per cent of the quota within one year. But the release of the whole quota at a single application is unprecedented—and it makes the Fund a far bigger reserve of international liquidity than it has hitherto admitted itself to be. The agreement to extend Britain's facilities to the maximum must reflect primarily the helpful American attitude.

American helpfulness is equally reflected in the negotiations now in progress in Washington for a line of credit to Britain from the Export-Import Bank. This credit will be available for purchases not only of emergency supplies of American oil but also of Britain's regular imports from the United States; the amount is still under negotiation, but it seems likely to be around $500 million. Although "Ex-Im" does not usually demand specific collateral for its credits, the British Government has offered to pledge its dollar securities, already it is believed physically in the United States.

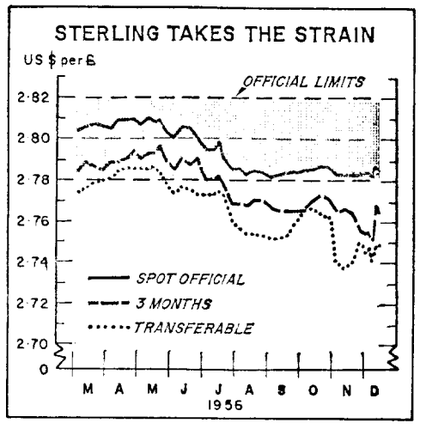
The Chancellor of the Exchequer is thus likely to succeed in showing that, behind the central reserve of $1,965 million, there lies almost as much again at Britain's immediate call. His purpose in assembling loan facilities to such impressive magnitudes has plainly been to put beyond all doubt the ability of the British Government to maintain the value of sterling in face of the dollar burdens that have resulted from the Suez troubles, and those that have still to come. The extent of the expected burdens, particularly the dollar cost of the loss of Middle East oil supplies and the partial switch to Western Hemisphere sources, depends on a host of unknowns, among which the length of the delay in clearing the canal and repairing the Syrian breaches in the Iraq pipeline are outstanding. The Treasury is now attempting a first tentative assessment. But on the worst assumptions, it is clear, the additional



dollar burden could be no more than a small fraction of the reinforcements now called forth for sterling.

Mr Macmillan's bold moves have found an immediate and generally favourable response in the markets. On Tuesday, the official spot rate against the dollar touched $2.78¾, the best rate for two months; previously, the rate had hovered around $2.78¼-⅜, the effective point of official support at which it had been maintained almost continuously since the Anglo-French ultimatum on October 29th. No less significant were the sharp improvements in the forward rates—the discount against the dollar three

months forward fell from over 3 cents to just 2 cents. In the overseas markets, transferable sterling moved up from just under $2.74\frac{1}{4}$ (at which this rate, too, has received substantial official support) to $2.74\frac{7}{8}$. It is significant, too, that the premium over Wall Street prices that UK residents pay to buy dollar stocks in London had by Wednesday fallen below 7 per cent (over parity of $2.80). A week earlier it had been around 10 per cent and at the worst had touched 13 per cent. These encouraging signs were broadly maintained on Wednesday and Thursday. It would be folly to make much of sterling's better performance over so short a period. Time and the reserves must now get to work.



The $2.80 question has all along been whether the British Government could restore the necessary confidence among international bankers and merchants, who often in the ordinary course of their business have occasion to take a speculative view of sterling; the loss of $279 million in gold last month was mainly a pointer to the strength of that speculative force. By bringing into the open the additional reserves available to defend sterling, the Chancellor hopes to repel the attack. If he succeeds, the task of repaying whatever portion of the new credits he has to draw should be eased by the closing of the present short account in sterling. The covering of the bear position, when confidence so dictates, should provide a relief to the reserves of corresponding proportions to the strain it has recently inflicted. This week this process has been prominent among the factors that have given support to sterling, but as yet only a tiny fraction of the bear account can have been covered.

Compared with the size of the sums of money involved, the cost of the Chancellor's mobilising operation is likely to be small. The only immediate actual drawing is the $561\frac{1}{2}$ million from the IMF, representing the gold tranche and the first 25 per cent credit tranche of Britain's quota. This involves a service charge of $\frac{1}{2}$ per cent, or $2.8 million, and a scale of interest charges rising from $4.9 million in the first year to $7.3 million in the second year and $10.6 million in the third; Britain has agreed to repay within three years. The stand-by facility of a further $738\frac{1}{2}$ million carries an annual service charge of $\frac{1}{4}$ per cent, or $1.8 million; if and when these credits are drawn, interest will be charged on the amounts outstanding; if these were to rise above 50 per cent of Britain's quota, the charges would be rather higher than those payable on the present drawing.

The terms of the credit from the Export-Import Bank are still being hammered out. The duration of the credit seems likely to be longer than that from the Fund; most of Ex-Im's lending is for a medium term, up to ten years and even more. Its interest rates have recently followed the general upward trend, and have risen to around 5 per cent. But Britain hopes to pay less; and the charge will be only on credits actually drawn.

Business Notes

A Cautious Rally

STOCK markets have developed that modest rally that the parading of the reserves supporting sterling might have been expected to produce—a cautious advance with jobbers' eyes never long withdrawn from the sterling exchange rate. Industrials have advanced and the *Economist Indicator* shows a rise in the week ended on Wednesday from 176.4 to 185.8. It was a selective but nonetheless widespread rise in which the capital goods shares such as the steel companies now producing their annual figures, the atomic energy shares, and until Tuesday the oil shares, took part. It is not so far an advance based on a great volume of business, but short accounts have been closed; jobbers, still keeping their books as even as possible, have been more careful not to become bears, and the new long Account has opened in good shape.

On the gilt-edged side of the market the advance in prices has been less pronounced; in the week ended on Wednesday the *Financial Times* index of Government securities has risen only from 82.57 to 83.10, but the expansion in the volume of business has at times—particularly on Tuesday when the sterling exchange rate made a sharp advance—been pronounced. Country speculation increased, a little investment buying that the institutions had deferred was allowed to proceed and it is probable that the government broker was able to dispose of more from the official holdings than has been possible for some weeks.

Two other facts complete the market picture. The premium that United Kingdom investors have to pay for dollar stocks has run down steadily and has fallen below 7 per cent over the parity rate of $2.80 to the £1. Within recent weeks it has touched 13 per cent. But the other conventional hedge against sterling—gold shares—has not fallen into disfavour. Kaffirs have been less active than they were in the middle of last week and some prices have eased,

	Pre-Suez July 26	Pre-Landing Nov. 6	Low-point Nov. 29	Latest Dec. 12
British Petroleum	174/4½	150/–	110/3	131/6
Burmah	111/10½	92/6	71/6	81/6
"Shell" Transport	163/1½	149/4½	129/6	142/3*
London & Overseas Freighters	81/–	135/–	140/–	175/–
P & O Def'd	32/3	31/6	30/–	33/9
Reardon Smith	40/9	42/–	44/–	47/3
AEI	69/9	64/6	59/–*	67/6
ICI	46/7½	39/10½	36/6*	38/3
Unilever Ltd.	79/3	71/6	64/6	72/9
FT Ordinary Index	*185·6*	*175·1*	*161·5*	*175·5*
Brit. Oxygen 5¾% 81/6 £50% pd.	...	...	1⅜ disc.	1¼ pm
Esso 5½% Deb 74/8 £60% pd.	...	par	3 disc.	2 disc.
LCC 5½% 77/81 £50% pd.	...	1 pm	1¼ pm	1⅜ pm
Brit. Transport 3% 78/88	68⅛	67 1/16	65⅛	66 3/32
Consols 2½%	51 11/32	51⅛	49 27/32	50 5/32
War Loan 3½%	70 1/16	70 1/32	68 3/32	69
FT Fixed Int. Index	*93·80*	*92·80*	*91·70*	*91·66*

Gilt-edged prices are shown net. *, Ex-dividend.

the *Financial Times* gold share index having come down on balance during the week from 77.5 to 76.8. Nevertheless Johannesburg has been a persistent and at times unsatisfied buyer from London, which probably means that French and other Continental investors are buyers of more stock in Johannesburg than London cares to sell. There is a special reason why London should at the moment be a reluctant seller. Many of the dividend paying mines have declared their dividends but the shares are not yet quoted ex dividend. London jobbers would have to pay over the gross dividend on any shares they arbitraged to South Africa.

Atomic Awards

ON Thursday afternoon, the Central Electricity Authority announced the award of the two most momentous contracts that can have been placed by a public utility. It gave orders for the first two commercial atomic power stations to be built in the world to the Associated Electrical Industries—John Thompson group and with the Nuclear Power Plant Company (headed by C. A. Parsons). An even bigger order placed by the South of Scotland electricity authorities with the General Electric Company—Simon-Carves group, was announced at the same time. These were not last minute decisions, as the brusque and cursory method of their announcement might have suggested they were. Teams from the Atomic Energy Authority have been studying the tenders submitted by four competing design groups since they were sent in at the beginning of October. The CEA has already decided that the third English station, to be built in Somerset, will probably be awarded to the group that has been unsuccessful in this first round, namely English Electric—Babcock and Wilcox. It has been plain for some weeks which way the contracts should go and all the more surprising therefore that when the time came to make them public it was done at such short notice that the companies themselves were caught at a disadvantage. The result is that little is known so far of the actual details of the stations. The cost of the biggest, the GEC design with an installed capacity of 360,000 kW and a net electrical output of 320,000 kW, is £35 million, or roughly £97 per kilowatt capacity. The sites chosen for the English stations, with their proneness to flooding, put up costs there by £20 to £30 per kilowatt. For example, the AEI station, with a net electrical output of 275,000 kilowatts and an installed capacity of about 300,000 kW, should cost between £30 and £40 million.

The big increase in the capacity of the stations since the atomic power programme was first announced nearly two years ago means that the bill for each plant is roughly 80 per cent higher than first expected The atomic building programme for the first ten years, which cannot be varied at all substantially before 1962 to 1963 (these first stations will not be commissioned before 1961), therefore promises to cost nearer £500 million than the £300 million first estimated.

Plans for Parking

ALTHOUGH the Samuels committee on street parking in London would like to see at least the whole of the inner area—some six square miles—become a "controlled parking zone," it is content to begin the scheme experimentally only in the north-west front of Mayfair, which is an eighth of a square mile across. Within this area, as in all the controlled parking zones that in time may appear in other congested city centres, daytime parking will be either banned or permitted for only short periods on payment of a metered charge. (Longer waits may be allowed—for a charge—in some of the less busy streets.) To be effective, however, even as an experiment, the first scheme should cover a larger area of parking demand than this, and it is difficult to see why the committee did not plump for the whole of Mayfair—an area four times bigger—since it wants the scheme to be extended there "as soon as practicable" anyway. The reasons for the committee's caution are twofold: the time it will take to recruit and train parking meter attendants and the burden that strict enforcement of no-parking rules over a wider area would impose on the police. Neither reason seems very weighty—if the whole of the inner area is to be brought into the zone eventually.

Enforcement will in fact be one of the prime requisites for the success of these zones—plus adequate signposts telling the motorist exactly where he may not park and where he may, and for how long. The ban on kerbside parking must be complete, if the purpose of the scheme—better traffic flow—is to be achieved; and the parking meters must themselves be properly supervised. The charges and length of permitted stay may vary with local

conditions ; in London the committee proposes 6d. an hour for the first two hours, then an "excess charge" of 10s. for any part of the next two hours, after which the motorist is liable to prosecution and his car in danger of being towed away. But the present procedure for police prosecutions in traffic offences, and that proposed for the collection of the "excess charges" and for prosecutions of motorists that outstay even the second two-hour period, seem unnecessarily complicated for schemes to work smoothly.

But the Ministry of Transport appears to be relying upon the deterrent effect of excess charges to clear kerb-side space of all but genuine short-term parkers and so make these questions about subsequent procedures relatively academic. It may be right, but the committee is worried by the sheer number of motorists who will be displaced from street parking space in the inner London area when the whole of it is controlled—about half the present count of 40,000. Some of these will consider driving in and paying to park too expensive and some should find room in the parks and in streets fringing the controlled zone. But the point the committee appears to have missed is that stringent measures on street parking will restore the inducement to private firms and local authorities in the controlled area to build new garages that pay. And in the last few weeks there seems to be no lack of bright new schemes for extra garages.

Mortgage Rates' New Peak

BOOTLE CORPORATION'S issue—£1½ million of 5½ per cent stock 1961 at 98½—was a miserable failure. Underwriters had to take 90 per cent of it and a discount of 1 per cent on the issue price developed on the opening day. A small disappointment of this kind has no basic implications for the stock market, but it does draw attention to two points of interest. Obviously a stock market pre-occupied with ICI's £40 million issue is ill-equipped to find money for other issues, even if they are small, and obviously the failure of a mere 5 year stock will discourage other borrowers from coming to market to make very short-dated borrowings like Bootle's. Indeed, there may be some semi-official discouragement which will force local authorities to borrow on longer-dated issues.

It is equally clear that more and more local authorities will be obliged to turn to the mortgage market, the temporary money market and possibly, where they have the powers, to the discount market, for their borrowing. Although the rates in the mortgage market are now higher than they have been since that market sprang into activity a year ago, few experts would be surprised if they were to move still higher towards the turn of the year. At the moment 7 day money is 5⅝ per cent and is generally expected to move up at least to about 5½ per cent if there is some calling around the end of the year. A rate as high as 6½ per cent has been paid on a 10 year mortgage, but that is somewhat above the average of the market. The rates in this table are more typical.

	Rate per cent.
Mortgages up to 5 years	6⅝ – 6½
„ 7–10 years	6½
„ 15–20 „	6
„ 25–40 „	5⅝
„ over 40 „	5½ – 5⅝

For the money which they borrow in smaller amounts by public advertisement, the local authorities usually offer appreciably less than the current mortgage market rate. One authority and two public boards, Gloucester County Council and Mersey Docks and Harbour Board and Derwent Valley Water Board, have, however, offered up to 6 per cent by public advertisement, and it is believed they have obtained a fair amount of money. Recourse to the discount market by the few local authorities that have powers to do so, has so far been only moderate. The latest issue of bills was Sheffield Corporation's issue of 500,000 April 5th bills made on December 6th at a discount rate of approximately 5⅛ per cent. It is not normally until the New Year that the English local authorities get much relief from the seasonal inflow of rate payments ; when that comes demands on the market may be eased.

Suez Squeezes the Trade Gap

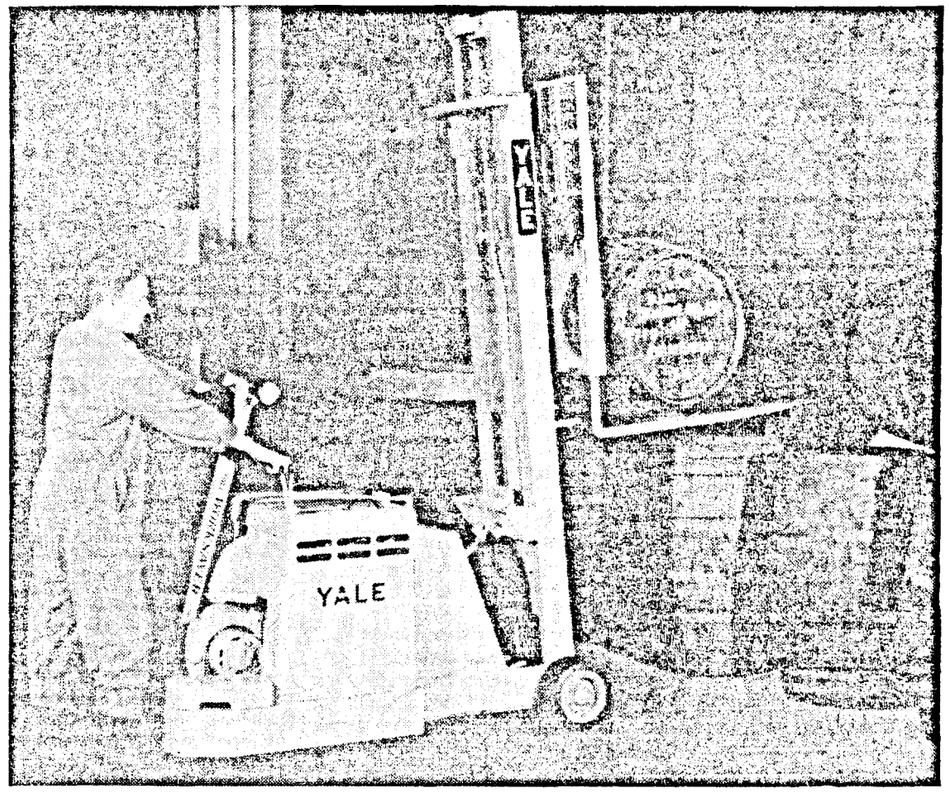
THE provisional trade returns for November show the initial effects of the blocking of the Suez Canal—a fortuitous drop in Britain's trade deficit. Roughly one-quarter of British trade normally passes through the Canal. Imports fell last month because arrivals of ships from the East were delayed, and exports remained high because the ships to carry them were in or approaching British ports when the Canal was closed. The trade gap benefited but the economy did not. The value of imports fell by £31.5 million to £322.8 million cif. Exports were valued at £291.8 million fob, only £3.1 million below the record figure of the previous month, although the November returns covered a period of 26 working days, two fewer than October. With re-exports £2.1 million higher at £14.8 million, the trade deficit dropped sharply by £30.4 million to the exceptionally low figure of £16.3 million. Next month the export figures will begin to reflect the shortage of shipping.

UNITED KINGDOM TRADE
£ mn.—monthly averages or calendar months

	Imports c.i.f.	Exports f.o.b.	Re-exports f.o.b.	Trade Deficit
1955 1st qtr.	335·1	247·3	10·6	77·1
2nd „	299·8	217·0	8·2	74·6
3rd „	327·1	243·4	9·5	74·2
4th „	334·3	261·0	11·2	62·1
1956 1st qtr.	328·3	258·3	13·6	56·4
2nd „	330·6	272·0	13·1	45·5
3rd „	312·3	247·2	9·0	56·1
October	354·3	294·9	12·7	46·7
Nov.*..	322·8	291·8	14·8	16·3

* Provisional.

The high rate of exports last month is still a salutary reminder of the success of British exports this year. The average value in the first eleven months was £265.4 million, 10 per cent higher than in the same period of last year ; the increase in volume was probably about 6 per cent. Imports, in contrast, were only about one per cent higher in value than in the first eleven months of 1955, and the volume was probably unchanged. Exports to North America,



This photograph — supplied by The Drambuie Liqueur Co. Ltd., Edinburgh, Scotland — shows Yale Worksaver handling casks.

Yale Trucks mean faster handling and extra storage space

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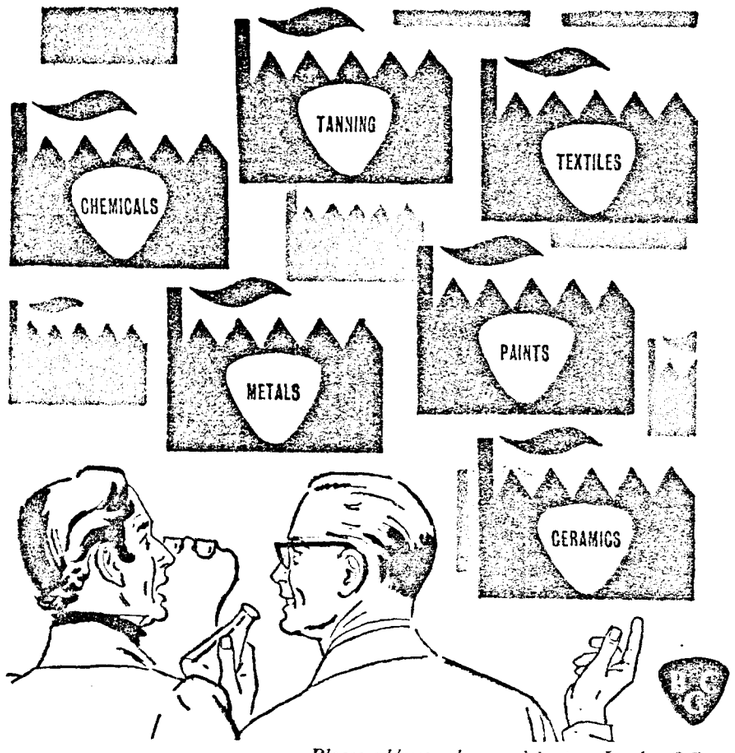

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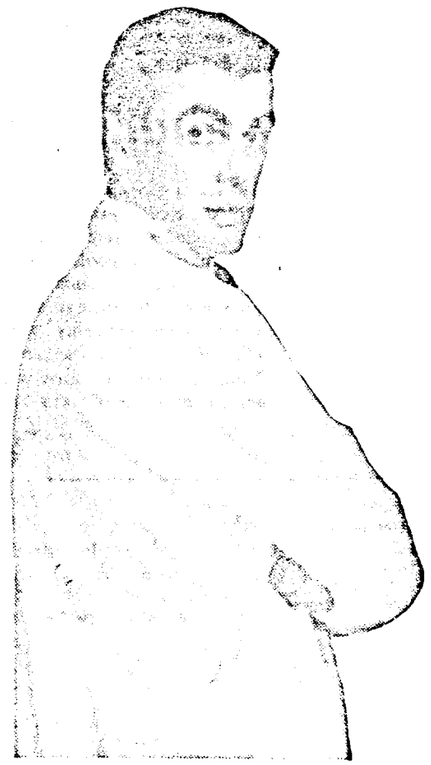

the only region distinguished in the provisional returns, have been particularly high. Shipments to the United States last month rose again by £500,000 to a new peak of £22.4 million, excluding a further repayment of £2.7 million worth of silver bullion (a capital item). Shipments to Canada rose by £1.5 million to £17.8 million. Over the whole eleven months exports to North America averaged £33.7 million a month (again excluding silver bullion), 27 per cent higher than in the same period of last year.

Higher Fares and Freights

THE Chancellor has now written more specifically into the special bill before Parliament his promise to withdraw the higher petrol duty once the need for it has passed. As a result the impost will cease a month after rationing ends whether or not the Treasury have annulled the increase by order before then—as it has the power to do. A fortnight later the emergency increases in bus fares authorised in the bill—up to a maximum of a twelfth of normal revenue (or an eighth in the case of small and rural services)—will also disappear unless a longer period is authorised because the bus company has already submitted an application to cover rises in other costs. The full maximum increase may not in fact be used by all operators. London Transport for example is raising its fares on January 1st by the equivalent of £180,000 a month, which will just about cover the cost of the higher fuel tax, but is £120,000 a month less than the full permitted amount. On the other hand it is likely to have to press for higher fares later next year, regardless of the date on which rationing ends, in order to cover other increases in expenditure. That is one reason, presumably, why the present increase has been made as simple as possible: the minimum fare on all London bus and underground services is to be raised from 2½d. to 3d. at the end of the month.

Road hauliers on the other hand have no procedural hurdles to surmount before raising—or lowering—their charges. But the 7½ per cent surcharge made by British Road Services and the 10 per cent increase recommended by the Road Haulage Association to its members appears to cover more than just the higher petrol duty alone. The increase in petrol duty would add about £40 million a year, or only about 4 per cent, to the outlay of all goods vehicle operators. No doubt they are hoping to make good part, at least, of any losses they may incur from the enforced transfer of traffic to the railways—though there is no sign of any big switch taking place yet. Concern has also been expressed at the heavy cuts in business that the fuel ration will mean for long-distance operators and, on the passenger side, for non-stage firms that run excursions, tours, and private-hire coaches. But it is these services that can best, and should, be transferred to rail during the oil shortage.

Resources for the Canal

OF the two tricky decisions facing the United Nations team that is organising salvage operations in the Suez Canal—"Who is to pay for it?" and "Who should be engaged to do it?"—the second at least cannot be burked much longer. General Wheeler, the technical member of the UN team, has now made a quick, on-the-spot review of his task and the equipment likely to be available, and he has set the nineteen neutral technicians with him to prepare a fuller study. He should soon, therefore, be able to report whether he will want more resources than the United Nations can muster from neutral countries in order to clear the canal within a reasonable time. But this decision must come very soon if the Anglo-French salvage fleets in Port Said are to be informed before they start packing up to withdraw with the rest of the force. The Egyptians are reported to be now less sensitive to the question of subcontractors; but General Wheeler's "solution" of using British salvage vessels without their crews immediately provoked a sharp retort from the First Lord of the Admiralty in Malta and some discussion in Port Said wardrooms of calling for British salvage crew "volunteers."

In the past five weeks the Admiralty has assembled a sizeable force. Seven of the twenty-three wrecks at Port Said have now been raised, thus clearing a passage for ships of up to about 20,000 tons gross, and work is still going ahead on another seven. Altogether eighteen major salvage vessels are now at work (plus a similar number of tugs and salvage pontoons) against the six that arrived with the landing force. Fifteen more could be put in by the end of the month, and another eight (again not counting tugs and pontoons) are on hand in the Red Sea. This is a much larger armada than the resources General Wheeler will be able to draw upon from the neutrals. Before a secrecy ban was imposed upon the force being assembled by the Dutch and Danish consortium that has the main contract, it was known that twenty vessels, of which half were tugs, were moving or making ready. Reinforcements from elsewhere will not be numerous or quick to arrive; nor could they repair the weakness in heavy duty lifting craft suitable for work in inland waters—though the two German lifting craft the Admiralty had on charter in Port Said have now been handed over.

Fortunately the size of the task south of the cease-fire line may not be as immense as the sheer numbers of wrecks may suggest—28 ships sunk and two bridges destroyed. Most were sunk haphazardly and were not specially prepared as blockships. Only nine of the wrecks, plus the two bridges, appear at present to block the navigable channel itself, and only three look like being serious salvage problems. One of these, however, is the tank landing ship "Akka," which was filled with cement and scrap iron and now lies on its side astride the southern entrance to Lake Timsah—where the channel of the canal is at its narrowest. Just what sort of salvage problem this and the other obstructions represent, General Wheeler's technicians are now finding out.

Steel Output Remains High

SINCE steelmakers who use oil appear to have been able to get enough extra creosote pitch to cover their 10 per cent cut in oil supplies without significantly affecting output the November rate of production, 426,400 ingot tons a week, was the highest ever, and the industry ought to be able to produce about 20½ million ingot tons of steel this

year. Extra capacity due for completion in 1957 should give it capacity for about 22 million tons. At present, there looks to be rather more reason than in recent years for the caution that the industry traditionally expresses at the beginning of each year; it takes confidence to feel sure that the economy will be able to use all the steel on offer in 1957; though export prospects remain good.

STOCKS OF SHEET, PLATE, TINPLATE AND OTHER PRODUCTS, 1955-56
(Thousand finished tons)

	Dec., 1954	Dec., 1955	June, 1956	Sept., 1956*
Consumers' Stocks :—				
Sheet	362	531	593	570
Plate	582	566	626	643
Tinplate	93	110	119	95
Total of above products	1,037	1,207	1,338	1,308
Other products	2,063	2,213	2,422	2,399
TOTAL ALL PRODUCTS	3,100	3,420	3,760	3,707
Merchants' stocks	303	226	270	292
TOTAL CONSUMERS' AND MERCHANTS' STOCKS (finished steel)	3,403	3,646	4,030	3,999
PRODUCERS' STOCKS (mainly ingots & semis)	831	1,183	1,316	1,452

*Provisional

When the market begins to loosen, as it has this summer and autumn, steel consumers become a little less anxious to build up their stocks, and in the three months to September these stocks declined by about 2 per cent. Nevertheless, they were still nearly 10 per cent higher than at the end of 1955, so the net rise is still much greater than in the first three quarters of last year. Total stocks in the industry, however, are markedly higher than a year ago.

Apportioning Europe's Oil

THREE different committees have assumed the responsibility for co-ordinating the efforts of the individual companies to supply Europe with oil. In the United States, the Middle East Emergency Committee, composed of 15 American oil companies, has made a start with plans for pooling the tanker fleets operated by its members, and has begun to co-ordinate information on the additional supplies available for shipment from the Western Hemisphere. In Europe the oil committee of the OEEC has been given the task of assessing Europe's needs and supervising the allocation of available supplies equitably between the various European countries. Also involved are the economic and maritime transport committees of the OEEC. Advising the oil committee on the availability of supplies, and also acting as its executive arm in carrying out the actual supply operation, is the OEEC Petroleum Emergency Group, on which the British and French oil companies are represented. The American companies operating in Europe, still without permission from the American government to integrate their marketing activities fully with those of their competitors, attended the one OPEG meeting held so far only as observers.

So far, the main achievement of the OEEC oil committee has been an assessment of the adequacy of the oil stocks held in, and the supplies expected by, the various European countries. On the basis of this information, the oil committee has asked the companies to direct extra supplies to countries where stocks are abnormally low or where oil normally provides a very high proportion of the fuel used in industry. In Sweden, where oil provides 40 per cent of the energy used in industry, the need for extra supplies is given special urgency by the knowledge that the Baltic freezes over in January. Both Italy, where fuel oil stocks are reported very low, and the Netherlands rely on oil for over a quarter of their industrial energy, while at the other end of the scale only 3 per cent of the fuel used in German industry comes from oil. Over the OEEC countries as a whole the proportion is about 11 per cent.

The rationing schemes adopted throughout Europe, although similar in many respects, by no means conform to a common pattern, and the diversion of extra supplies to those countries that are worst off is still no more than a stop-gap operation. The OEEC oil committee has yet to formulate and get accepted by governments principles of allocation between its member countries. It must then rely on the voluntary co-operation of the oil companies to ensure that their supply programmes conform to those principles. On this co-operation the committee can no doubt rely, but the whole operation—especially the essential but at present tenuous link between the American MEEC and the European OPEG—would be made more effective if OPEG were designated by the Department of Justice as a body with which the American oil companies could freely associate.

Can Britain Show It?

TWO recent announcements—by the Birmingham Chamber of Commerce of its plans for next year's British Industries Fair, and by the President of the Board of Trade of the formation of a committee to advise him on British participation in trade fairs overseas—look forward to the period when markets will once again be harder to find than shipping space. The BIF, as the Birmingham Chamber of Commerce is at pains to make quite clear, is not dead. Its energetic survival in Birmingham is admittedly limited to the four main branches of industry—hardware, building, electrical and heavy engineering—that formerly made up the Birmingham section when the rest of it was held simultaneously in London.

However successful it may be, the next BIF will still be a mere shadow of the trade fairs run—and run at a profit—on the Continent. These are international fairs, containing exhibits from most of the principal trading countries. Even more successful are the many specialised fairs, devoted to a single industry but maintaining an international character.

Home fairs, if organised on this basis, should be able to pay their way (with perhaps a little government assistance for publicity, and bearing part of the travelling and hotel expenses of overseas buyers). But overseas fairs are another matter, and the sums spent by Britain's competitors show that they, at least, have no doubt where their interests lie. The American government has authorised the spending of $3.7 million this year on American participation in overseas trade fairs; the German government spends twice as much as the British; and, in relation to its size, so does almost every other country in Europe. By these criteria, even the £150,000 a year that the British government is now prepared to spend on overseas trade fairs is pitifully small.

Government aid is not required on a large scale in highly industrialised countries, where trade fairs are usually organised in trade sections. But in less developed countries, where fairs are generally organised on the basis of national pavilions that have to be built, and paid for, from scratch, the cost of exhibiting in any effective manner is prohibitive without government support.

The appalling British display at the recent trade fair at Zagreb, following equally deplorable performances last year at Karachi, Addis Ababa, and New Delhi, shows that prohibitive space rents have been avoided only by the construction of jerry-built pavilions. Even British Overseas Fairs, Ltd., the enterprising progeny of the Federation of British Industries, found, when it built a national pavilion, for the first time at Damascus, that it could not hope to compete with the lavish, subsidised displays by other countries.

The government funds now available, small as they are, should do something to stop the rot. Helped by his new advisory committee, the President of the Board of Trade should be left in little doubt about priorities. But how should the policy, once laid down, be administered? It has been suggested that the government should pay for the construction of national pavilions, and leave the rest of the job to private promoters and exhibition organisers. But if this is done on an adequate scale, how will the government ensure that it obtains value for money without an extensive—and unpopular—apparatus of inspection? Direct administration by government department also has its drawbacks. On the Continent, a third method has won favour—administration through a joint committee of government and industry, with the government providing the funds and exercising a controlling voice. This system has been operating, by all accounts successfully, in Belgium, the Netherlands, France and Germany. It could with advantage be considered here.

Investors Fancy Bermuda

ONE of the highlights of the Stock Exchange this week was the sudden jump on Wednesday of 12s. 6d. in the £1 shares of London and Overseas Freighters which touched a new peak of 175s., following the news that they are to be split into 5s. units. Earlier this year they stood at 56s. 9d. Another of the highlights was the further advance of 3s. to 24s 3d. in the 5s. shares of Harvard Investment Trust, shortly to be renamed Tanker Investment Trust. A mere fortnight ago these shares stood at 5s. 6d. and had not marked on the Stock Exchange for over a year. The explanation seems to be the lure of Bermuda to shipping investors. London and Overseas Freighters holds a 50 per cent interest in its Bermudan offshoot, London and Overseas Tankers. Harvard Investment is the holder of the other half.

It will be recalled that the half-share in the Bermudan Company not retained by London and Overseas Freighters was taken by Philip Hill, Higginson and its City associates. They are using the Harvard Investment Trust which had

an issued capital of only £150,000 in 5s. shares but enjoyed the advantage of a Stock Exchange quotation as a suitable repository into which to put those 750,000 £1 shares of London and Overseas Tankers (half the capital of that company) together with 40,000 £1 shares of London and Overseas Freighters, the intention being to increase the issued capital of the Harvard Trust to 4 million 5s. shares. In due course the older investments of the Harvard Trust will be sold.

Obviously some of the members of the Philip Hill syndicate have been prepared to let part of their holding in the Harvard company go at prices from about 10s. 6d. upwards, and obviously the investing public is finding it an attractive speculation. The oddity is that the whole object of going to Bermuda to build and operate tankers depends on not paying out substantial dividends. If London and Overseas Tankers were to pay early or substantial dividends the objective of building a tanker fleet out of profits that were not repatriated and therefore did not bear British tax would be defeated. In the announcement of the rearrangement of Harvard Investment Trust's capital which Mr Kenneth Keith, the chairman made last week a warning was fully set out. London and Overseas Tankers intends to pursue a conservative dividend policy and is unlikely to pay dividends during its early life. Moreover the Harvard Company's dividend policy in future years will depend to a considerable extent on whatever income accrues to it from London and Overseas Tankers. Nevertheless investors seem content to pay a price that puts a value of over £4 a share on the £1 shares of London and Overseas Tankers.

Britannia Breaks Cloud

THE Bristol Britannia airliner seems at last to be breaking through the clouds that have dogged its career. Its technical troubles have been mastered and the doors to the world's airline markets are no longer closed to Bristol salesmen as they have been in past years. In three days last week, orders were signed for ten Britannias, each costing nearly £1¼ million. The first five made up the long-

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postponed order from the American operator Northeast Airlines; two were for the British independent airline, Hunting-Clan; the remaining three for the Ministry of Supply, in addition to ten that the Ministry already have on order. The American order reflects increased interest in Bristol's early delivery dates—before the end of next year. The home orders are the outcome of bitter lessons learned about air trooping during the Suez crisis. Plenty of lip service has been paid to the need to move troops by air, without any steps having been taken to provide the transport system to make their movement possible.

British Overseas Airways Corporation will at last be able to start Britannia services at the beginning of February. Bristol seems to have hit on a foolproof system of relighting the engine flames, the root of the recent engine troubles, by putting a platinum element in the flame tubes that heats up while the engine is running normally and remains glowing and incandescent if the flame suddenly goes out. Fuel spraying past this hot tip into the combustion cans is instantly re-lighted. It would, of course, be preferable to have engines that were not given to "flame-outs," but it is not so certain that Bristol can entirely eliminate the formation of ice pockets along the air intakes which cause the trouble.

Production of Britannias has now reached the stage where finished airframes are waiting for engines, which could not be installed until it is decided how to modify them to meet the flame-out troubles. Where hangar space is limited, as it is in Belfast where Short Brothers are building the aircraft on Bristol's behalf, the empty airframes were about to be pushed outside and stored in the open to clear assembly space for the next in line. It is from Belfast that most of the aircraft ordered last week will be delivered.

British Stockpile Sells Metals

THE non-ferrous metals have now lost nearly all the advance in prices set off by the Suez crisis. Cash tin closed on Thursday at £801½ a ton, nearly £10 below its "pre-Suez" level, and prompt lead, at £114 a ton, is about £1 lower. Copper, which touched a peak of £295 a ton for cash, has fallen to £273, only a few pounds higher than before the crisis, and prompt zinc, at £99½ a ton, has lost roughly half its earlier gain. Some decline in prices was to be expected as political tension eased, but other influences have also been at work. The high premium of £50 a ton for cash tin attracted supplies to the market and the premium has fallen to about £12 a ton. Supplies from the East that had to be re-routed round the Cape are beginning to arrive and some speculative accounts have been closed. In tin, and to a minor extent in copper too, there had been some buying on fears of a devaluation of sterling. Lead and zinc have been particularly affected by the cut in supplies of petroleum and the further cut in output of motor cars. And all the metals save tin have suffered to a varying degree from the British government's announcement of disposals from its strategic stocks.

About 36,000 tons of copper are now being released from the British strategic stock at the rate of about 7,000 tons a month, and in the past week the Board of Trade has announced its intention of releasing up to 2,500 tons of tin and an unspecified quantity of lead and zinc. The news merely interrupted a rally in tin prices; the amount is tiny in relation to world consumption and disposal will not begin within six months, the period of notice required under the International Tin Agreement. But lead and zinc weakened; though traders do not yet know the quantity and rate of disposal, sales may begin after the middle of next month. The outsider cannot assess the merits of the decision to reduce the strategic stocks; he has to assume that Whitehall knows best. The explanation given in the Defence White Paper is that in the light of the new priorities some economies in these stocks could be made without risk. It does not disclose what type of war the stocks are designed to serve. But should the decision have been based primarily on grounds of defence? The present stocks are part of Britain's reserves; stocks of metals at least do not deteriorate and in the long run their monetary value is more likely to rise than fall. The reduction of stocks of metals could prove to be a short-sighted saving.

HOW METALS HAVE MOVED

	Oct. 25	Nov. 1	Dec. 13
Tin, cash, £ per ton.....	810	882½	801½
Copper, cash, £ per ton...	269	295	273¼
Lead, prompt, £ per ton..	115	119	114
Zinc, prompt, £ per ton...	96	100	99¼

Bidding for Rubber Assets

THE stream of take-over bids is now in full spate in the rubber share market. It concerns particularly the Ceylon companies, but to an appreciable extent the Malay companies too. The selective rise in the price of rubber shares on the Stock Exchange reflects buying by potential bidders, buying by the public of shares that they think will be the subject of bids, and protective buying by agency groups defending themselves against the take-over bids that they anticipate. Among others these companies have been in the limelight recently:

St George Rubber Estates (whose rubber is in Ceylon) has been criticised for not informing shareholders of a bid equivalent to £187,500 for the company's estates, equal to £86 per acre and implying a break-up well above the recent price of the shares. The directors retorted that the offer was not worthy of serious consideration and was not one of which it was necessary to notify shareholders.

Kelani Valley rubber estates, whose £1 ordinary shares have fluctuated between 21s. 3d. and 70s. this year until the receipt of a bid, is now resisting an offer of 70s. per share on the ground that the proper value of its ordinary shares is at least £5.

The Garing (Malaya) rubber estate is proposing to accept an offer of 4s. 6d. per 2s. stock unit, the price having fluctuated up to the date of the offer this year between 1s. 2d. and 3s. 8d.

The examples illustrate the problem. Present market prices of the shares do not reflect present market value of

the rubber estates to local buyers in Ceylon and Malaya. Moreover, some of the companies have substantial cash assets for which no immediate use is in sight. There seems every prospect that in Ceylon the move to buy British-owned rubber estates and parcel them up into smaller native holdings must continue. Sir Eric Miller, the chairman of Harrisons and Crosfield, at that company's meeting this week showed how the same tendency is at work in Malaya. Local Chinese-Indian syndicates are endeavouring to buy up small or medium-sized estates, particularly those lying along main roads, and are then breaking them up into small blocks which they sell to Malays on mortgage at extremely high prices. Sir Eric suggested that the Malayan government might release some of its land resources for occupation by peasants on reasonable terms. But whatever the merits of that proposal, it hardly seems a full answer to the problem of under-valued properties and sometimes under-employed cash that at present perplexes many rubber producers.

Shareholders are entitled to press for some return of such surpluses even to the extent of pressing their directors to accept attractive bids. Agency houses will, no doubt, resist the movement. The mere fact that the first ministers of both Singapore and the Malay Federation are visiting London, the latter seeking finance on a scale that may be beyond the capacity of the London market, may make it seem to them the wrong moment to withdraw surplus assets and return them to shareholders. One method by which the agency houses seek to defend their empires is to get rubber companies within one management group to take interlocking share holdings in each other and so build up a solid block of votes to be used against any potential bidder. That system, which has been tried in the tea plantation industry, seems to be extending to rubber.

Troubles in the Tin Scheme

CERTAIN producing members of the International Tin Agreement have again sought an increase in the floor and ceiling prices. The present floor price is £640 a ton and the ceiling is £880, though the manager of the buffer stock, when he is able to operate, will try to maintain the market price within a range of £720 and £800 a ton. At the meeting of the Tin Council this week Bolivia took the lead in suggesting a revision ; the range of prices proposed has not been disclosed. Bolivia is the highest cost producer and is probably selling at a loss at the current market price of about £800 a ton. Other producers, it is understood, greeted its suggestion with varying degrees of enthusiasm ; consumers no doubt were more reserved. It was agreed that delegates should consult their governments, and at the next meeting of the council on March 20th proposals will probably be put to a vote.

The council estimated that a small deficit in commercial supplies of tin this year would be changed into a small surplus in 1957. It took account of the disposal of up to 2,500 tons of tin from the British government's strategic stock ; it also assumed that the Texas smelter, which refines the tin taken into the American government's strategic stock, would close in the New Year and that there would be some delay before the Bolivian ore now treated at Texas was smelted elsewhere.

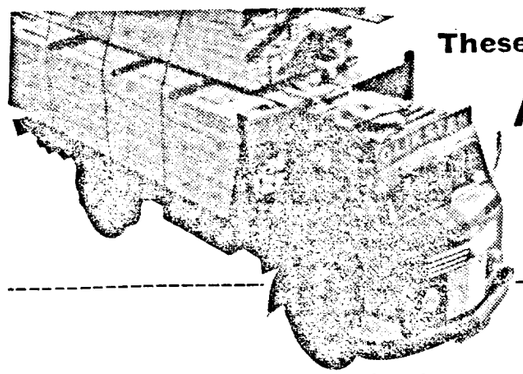
Bank Capital Plans

FOLLOWING the example of Lloyds Bank, its relative, the National Bank of New Zealand announces a scheme for abolishing the uncalled capital liability on the shares and in the process foreshadows a modest increase in its dividend. The bank's present capital is 2,400,000 shares of £2 10s. £1 paid. It is proposed to pay up a further 5s. per share by capitalising reserves, to abolish the remaining £1 5s. of capital liability, and then to convert the resulting 2,400,000 shares of £1 5s. into 3 million £1 shares fully paid. The bank's general reserve, which will be drawn upon for £600,000 in the process, will be restored to £2 million by a transfer from contingency account. The proposed final dividend is 5 per cent on the capital as increased, making a total equivalent to 10½ per cent on the capital in its present form. This seems to foreshadow a modest increase if the intention is to pay 9 per cent for a year on the new capital that would be equivalent to 11¼ per cent (against 10 per cent) on the old.

Television Without a Break

THE Government's decision to allow television transmissions between 6 pm and 7 pm in the evening, an hour during which they had previously been banned, is going to upset the BBC's arrangements for its engineers' supper break during the shut-down period but it will also iron out the irrational system under which programmes were arbitrarily interrupted during the evening just at the time when many people, particularly in the Midlands, were ready to sit down and look at them. The change was made at the insistence of the Independent Television Authority rather than the BBC ; the programme contractors felt that they were losing a potentially large and, from an advertising point of view, a remunerative audience, and would much prefer to use this hour and start their programmes later, at 5 pm instead of 4 pm. The contractors seem recently to have wooed the advertisers only too well. The flood of applications for advertising time in the new season which starts in January has created such a backlog of orders that at least one company has had to take its travelling salesmen off the road to deal with the office work.

But the flood of business also has its embarrassing side. Far too much of it was in the form of 7-second spot advertisements that flash on the screen for an instant. These spots, first introduced for the advertiser who did not want to spend much money, have acquired a nightmare popularity. It is in theory possible to fit nearly 50 of them into the six minutes' advertising allowed in each hour, but the chaotic effect of a rapid sequence of advertisements flashing on and off the screen within seven seconds would be intolerable. The four contractors have therefore announced that they will accept no more bookings for these spots, and have wiped them off their rate cards.



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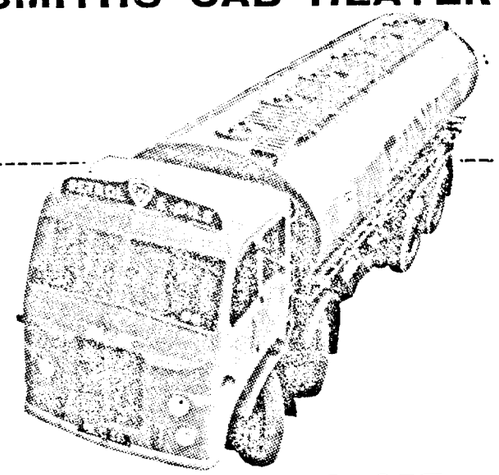

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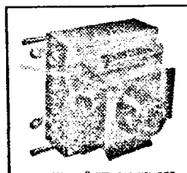

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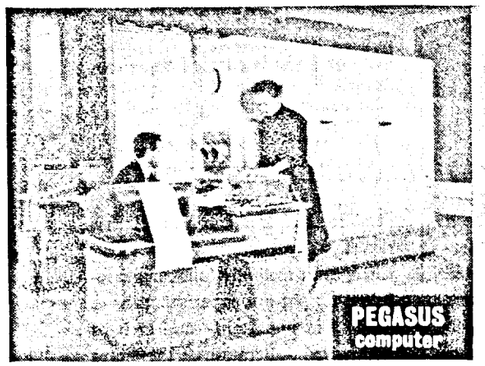

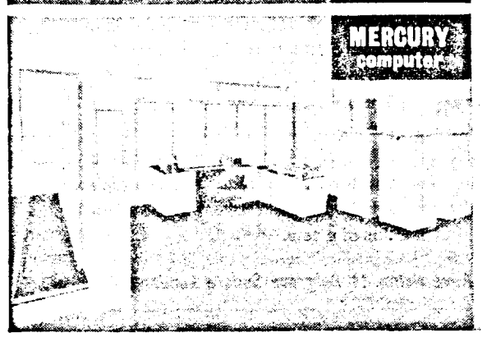

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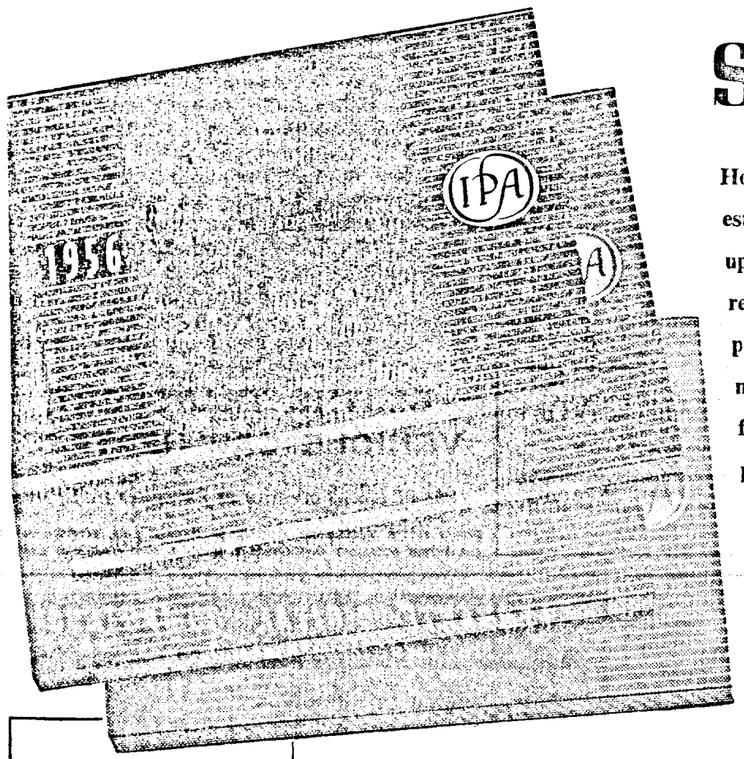
The New IPA CONTINUING NATIONAL READERSHIP SURVEY



However readership is defined, estimates as exact and as up-to-date as possible of the readership of daily and Sunday papers, and of weekly and monthly magazines, are the foundations of every major press advertising campaign. In the new I.P.A. National Readership survey now ready for publication, the work so successfully done in 1954 is carried on in the new continuing form.

FIRST REPORT TO BE PUBLISHED IN 1956

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per copy, including the present report and the report to be published 3 months hence, the two together covering the period April-December 1956, and including the full yearly quota of 16,000 interviews.

The case for a continuing survey

Previously available surveys have been based on the assumption that readership patterns established over a limited period were valid throughout the year. This assumption has never been verified. The new survey will therefore be carried out continuously, the results being published quarterly. Each quarterly publication will be complete in itself, but obviously will gain enormously in value by allowing comparisons to be made and trends to be noted with a time lag of only 3 months.

Other considerable advantages also accrue, and these are discussed in detail in the introduction to this first report.

Changes in methods following carefully thought-out experiments have resulted in important—and perhaps unexpected—alterations in the figures of readership of some classes of media. These methods are fully discussed in the introduction.

The I.P.A. believes that in starting publication of this continuing readership survey it is assisting advertisers and their agencies to maintain high standards of assessment in the selection of media.

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SHORTER NOTES

The Board of Trade's index of new hire purchase sales by retailers in October (December, 1955, equals 100) rose to 88 compared with 77 in September, but with 119 in October last year. The index for the finance houses rose to 90 compared with 77 in September, but with 125 in October last year. And the nation's total hire purchase debt outstanding continued slightly to decline. By the end of October it was 19 per cent below the figure of "at best £480 million" at the end of 1955.

★

Although the Minister of Transport has now fixed May 1, 1957, as the date on which the speed limit on heavy goods lorries will be raised from 20 mph to 30 mph, there is still no sign yet of a solution to the deadlock between road hauliers and the unions on the new driving schedules and wage payments to accompany this reform.

★

The sale of Premium Bonds in November, the first month of their life, came to £46½ million, not far short of the Chancellor's original guess of £50 million.

162855

★

The Ministry of Fuel and Power is sending questionnaires to firms using oil to discover what effects the cuts in supplies may have on their output. Fuel oil supplies have been cut by 10 per cent, and deliveries of gas/diesel oil are to be reduced further to 20 per cent after January 1st.

Company Notes

STEEL PROFITS. The end of September is the common accounting date for all the steel companies. That is one of the more useful legacies of nationalisation, and the preliminary reports of the leading companies in the industry have now begun to appear. Profit margins have been clipped, but most of the companies are reporting earnings higher than in 1954-55 for the massive investment that has gone into the industry in recent years must bring some reward. How much earnings have risen depends largely upon the time when new plant was brought into production. South Durham has, for instance, done better than has United Steel, but then much of South Durham's new equipment came into production this year, while 1957 and 1958 are the key years for United Steel's development programme. But margins are lower and continuing development needs the continuing support of retained profits and, as has been predicted, the directors have done little more than to maintain ordinary dividend payments.

Stewarts and Lloyds has produced the fullest and the most impressive preliminary report so far. It shows that dispatches of steel tubes have gone up by 14 per cent, from 857,000 tons to 981,000 tons, that sales to customers have risen from £98,043,000 to £114,122,000 and that trading profits after depreciation have risen from £13,323,000 to £16,523,000. Of the increase of £3,200,000 in profits, not less than £2,921,000 has come from the operations of the parent company. The British group spent about £3½ million on fixed assets, leaving a balance of £27 million in capital development schemes still to be completed, and at times during the year the group had to borrow from the banks. Hence it is not surprising that the ordinary dividend is left unchanged at 17½ per cent, absorbing only £1,006,000 from a net profit of £8,517,000. Even if the £2 million put to replacement reserve is excluded, the cover on the dividend is fat. That is one reason why the £1 shares gained 3s. 7½d. to 62s. 7½d. (to yield £5 12s. per cent) immediately after the report was issued. One day there must be bigger dividends, or so at least investors argue looking at the 100 per cent free scrip issue now promised by the company. One day, too, there may have to be a rights issue. But for the moment investors should heed the directors' comments that the increase in issued capital should not be taken as an indication of bigger dividends and that though the authorised capital is to be increased they have "no present intention" of issuing new shares for cash.

United Steel has reported a slight decline in gross profits after depreciation. They fell from £12,803,657 to £12,047,330, revealing how the increase in costs pressing against stable prices has squeezed margins. With a development scheme coming to fruition soon, this should give no cause for alarm. The group has put over £5 million to reserves of all kinds while the maintained ordinary dividend of 12½ per cent absorbs just over £1 million. On this dividend the £1 shares yield 7⅛ per cent at the current price of 35s. 4½d. xd.

Dorman Long, another giant of the industry, has reported an even sharper decline in trading profits. Before charging for depreciation, repairs and replacement reserves, they have fallen from £12,150,839 to £10,786,410, thus confirming in no uncertain terms the directors' interim report of last June. The directors then said that trading results were being adversely affected by "increases in wages and transport charges and in coal and fuel oil prices, as well as the embargo on overtime by craftsmen employed on maintenance work."

The group's net profit has declined from £3,764,199 to £2,423,583, but this profit is shown after appropriating £1,250,000 (against £1 million) to fixed assets replacement reserve. The group still has a big development programme to complete and its directors have in the past been even more cautious than other steel company directors in their dividend policy. Inevitably they have left the ordinary dividend unchanged at 8 per cent, absorbing £690,000. On this dividend the £1 shares at 27s. 6d. yield 5.8 per cent.

South Durham Steel Company's £1 ordinary shares were offered to the public at 27s. 6d. each last January. At that time the directors predicted an ordinary dividend of 8 per cent and a profit of £2¼ million for the year to September 30th. They have kept to their promise on dividends but trading profits actually earned have come to £3,222,817, as compared with £2,754,717, thanks presumably in the main to the increase in production following the completion of new plants. The net profit is £1,568,784, from which the ordinary dividend takes £368,000. The £1 shares now stand at 25s. 10½d. to give a yield of £6 4s. per cent.

Thomas Firth and John Brown has not a big development programme in front of it and hence it can afford to be a little less cautious on dividends than those steel companies that have programmes still to complete. Thus its directors' decision to add a final dividend of 6 per cent to the increased interim of 4 per cent, making 10 per cent for the year (against 9 per cent), is not out of tune with the other results so far announced. The increase in dividend follows on a rise in trading profits after depreciation from £2,590,770 to £2,933,071. On the new dividend the £1 shares at 29s. 6d. yield about 6¼ per cent.

★

RALEIGH INDUSTRIES. The preliminary report of Raleigh Industries has pleased investors. Since it was published the £1 ordinary shares have gone up from 35s. to 38s. 6d. xd. It was pleasant reading for two reasons: it contained the news investors like to hear, and it presented the news in a way they like

to see, including, for instance, calculations of percentage earnings and of "times covered."

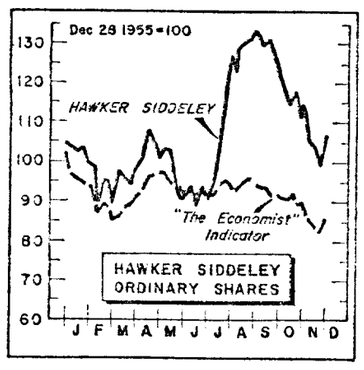
The core of the report was that the ordinary dividend had been raised from 12½ per cent to 13¼ per cent (to give a yield of 7 per cent on the £1 shares) and that in the year to July 31st the group had achieved new records in production, sales and profits. Over 70 per cent of the group's sales were to export markets. Bigger sales and presumably the increase in selling prices announced near the beginning of the financial year led to an increase in trading profits from £2,484,932 to £2,682,879 and in net profits from £1,097,466 to £1,171,033. Ordinary earnings went up from 49.3 to 52.9 per cent and the cover on the dividend remained unchanged at just under four times.

Selling a high proportion of its bicycles abroad, the group is presumably little worried by hire purchase restrictions at home. And next year new manufacturing capacity will begin to make a contribution to earnings. Expansion demands the retention of profits but if earnings go on rising there is a new possibility to be considered. A year ago the directors said in introducing a new profit-sharing scheme that "the amount distributed to employees will have a predetermined relation to the profit earned by the company each year." This year they say the increase in the ordinary dividend "is similar to the increase in the amount allocated for benefits to workpeople under a new profit-sharing scheme." Is it possible—and it would certainly be equitable—that if employees benefit from better profits the directors intend to give an equal increment to ordinary shareholders?

★

HAWKER SIDDELEY. Having secured the increased dividend that had been expected since the 100 per cent free scrip issue of twelve months ago, shareholders of Hawker Siddeley may not feel inclined to delve into some of the accounting intricacies of the preliminary statement for the year to July 31st. Yet apart from the effective increase in the ordinary dividend from 8¼ to 10 per cent, this report is not a satisfying document. Its presentation rather than the group's performance is unsatisfying. The group's net profits are shown to have risen from £5,682,935 to £6,372,884. But the figures are struck after various deductions (including in 1954-55 an appropriation to replacement reserves) and after crediting £616,875 (against £1,191,296) of profits relating to previous years.

The calculation of gross profits from these figures is a tedious exercise but it shows that gross profits for the year have risen from £12,675,537 to £12,847,867, while net profits excluding earnings from earlier years have gone up from £4,491,639 to £5,756,009. But the directors do not say what the charge for depreciation has been. That item must be significant in judging the results, for this year nothing has been put to fixed assets replacement reserve (against £1,000,000 in 1954-55) and the presumption must be that the depreciation provision has risen quite sharply. If it has then the group's trading profits have been somewhat better than the preliminary figures suggest. The full accounts will settle this puzzle. Meanwhile on the new dividend the £1 ordinary shares, which moved ahead rapidly in the summer when investors were attracted to companies with Canadian interests, yield 5.2 at the current price of 38s. 6d. xd.



LONDON STOCK EXCHANGE

Next Account begins: January 2nd

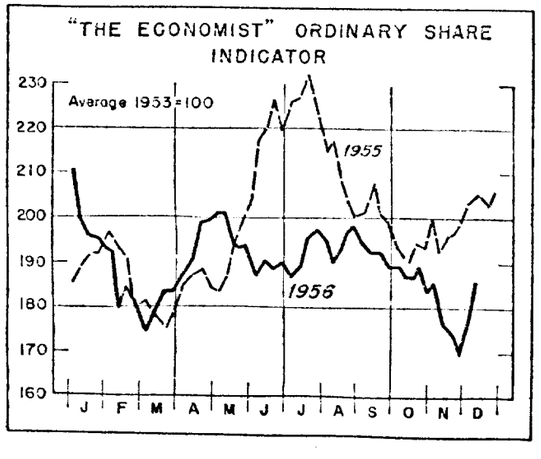
Next Contango Day: January 2nd

Next Settlement Day: December 18th

THE Government's measures to maintain existing exchange rates strengthened the rally in gilt-edged stocks. The recovery of sterling on Tuesday assisted the improvement and on balance most stocks showed reasonable gains, although some prices eased on Wednesday and Thursday; 3½ per cent War Loan rose ⅛ to 69⅜, 3 per cent Gas 1990/95 gained ⅜ to 65⅝ and 2½ per cent Savings 1964/67 ⅞ to 78⅛. Short-dated stocks receded and 5½ per cent Bootle Corporation 1961 offered on Monday at 98½, of which 90 per cent was left with the underwriters, fell in early dealings to 1 discount. The improvement in sterling cut the dollar premium from 9½ a week ago to 6 per cent on Thursday.

Industrial stocks rose steadily up to Thursday when they became dull. Companies likely to be concerned in any expansion of the atomic programme were particularly active. Head, Wrightson jumped 15s. to 116s. 3d., Simon-Carves 4s. 3d. to 27s. 9d., Babcock Wilcox 2s. 9d. to 73s. 6d. and John Thompson 4s. 6d. to 32s. AEI gained 6s. to 67s. 6d., GEC 4s. 6d. to 46s. 6d. and C. A. Parsons and A. Reyrolle rose to the same price of 102s. from 93s. and 96s. 6d. respectively. Banks and insurances improved; Barclays advanced 3s. 3d. to 45s. 9d. and National Bank of New Zealand 5s. 9d. to 33s. 3d. xd. while Eagle Star rose 4s., Sun Insurance 15s. and Guardian 7s. 6d. Bristol Aeroplane gained another 2s. to 19s. 3d., but Hawker Siddeley receded to 38s. 6d. xd. Tate Lyle rose 6s. to 63s. 1¾d. Steel shares bounded up after the Stewarts & Lloyds results were known, Firth Brown rising 2s. to 29s. 6d. on the increased dividend. Shipping shares were active, Donaldson jumping 7s. 6d. to 82s. 6d. and London Overseas Freighters 15s. to 175s.

Oil shares encountered profit-taking after their sharp recovery, but gold mines rallied on Tuesday and Wednesday with the dividend declarations. Coppers were dull, Nchanga declining ⅜ to 12⅝.



STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 High	1955 Low
Nov. 14	177·2	6·23	210·4 (Jan. 4)	170·0 (Nov. 28)	232·1 (July 20)	175·2 (Mar. 23)
„ 21	173·7	6·36				
„ 28	170·0	6·45				
Dec. 5	176·4	6·24				
„ 12	186·8	5·95				

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield %	Fixed Int.‡	2½ Consols Yield %	Bargains Marked	1956	1955
						High	High
Dec. 5	166·9	6·44	91·57	4·98	8,176	205·5 (Jan. 3)	233·9 (July 21)
„ 6	168·5	6·38	91·49	4·98	7,936		
„ 7	171·6	6·26	91·55	4·96	8,614	Low	Low
„ 10	174·0	6·29	91·56	4·93	11,653	161·5 (Nov. 29)	175·7 (Mar. 15)
„ 11	175·5	6·15	91·64	4·93	9,465		
„ 12	175·5	6·15	91·66	4·93	8,587		

Bases:—*1953=100. † July 1, 1935=100. ‡ 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Dec. 12, 1956 High	Prices, Jan. 1 to Dec. 12, 1956 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 5, 1956	Price, Dec. 12, 1956	Net Yield, Dec. 12, 1956 § £ s. d.	Gross Yield, Dec. 12, 1956 £ s. d.
98⅛	97	Funding 2½% '52-57	98⅜	98⅛	4 0 2	5 3 9
95⅛	93½	War Loan 3½% '55-59	95⅜	94⅝	3 11 9	4 19 8
91⅛	88½	Funding 2½% '56-61	90⅜	90⅛	3 17 6	5 0 11
100⅞	99⅛	Exchequer 5% 1957	99⅛	99⅛	2 19 2	5 1 7
99⅛	97	Conversion 4% '57-58	97⅜	97⅛	3 18 2	5 12 8
97⅛	95½	Serial Funding 2½% 1957	97⅜	97⅛	3 15 10	4 17 0
94½	91	Conversion 2½% '58-59	93⅜	93⅛	4 8 11	5 5 11
92⅛	88⅝	Exchequer 2½% 1960	91⅛	90⅝	4 3 5	5 3 5
95⅛	92½	Exchequer 3% 1960	94⅝	93⅛	3 13 5	5 2 5
88½	85	Savings Bonds 3% '55-65	84⅛	85½	3 16 4	5 5 8
82½	77½	Funding 3% '59-69	78⅜	78⅛	3 19 8	5 9 8
92½	84½	Funding 4% '60-90	85½	85½	7 5 4	9 4 3
					2 19 11	4 18 2
81⅞	75½	Savings Bonds 3% '60-70	76	76½	4 0 4	5 11 3
98⅜	97½	Conversion 4½% 1962	98½	98⅛	3 2 5	5 4 0
93⅜	88½	Exchequer 3% '62-63	89⅞*	89⅝*	3 11 5	4 18 8
87⅛	85⅜	Exchequer 2½% '63-64	84⅛	84½	3 18 1	5 1 10
81⅛	76½	Savings Bonds 2½% '64-67	77⅜	78	4 1 7	5 6 6
76½	71⅛	Savings Bonds 3% '65-75	72½	72½	3 16 5	5 8 5
98⅛	90	Victory 4% '20-76	90⅜	90⅝	3 9 1	5 7 2
85⅞	78	Funding 3% '66-68	78⅝	79⅛	4 0 9	5 11 4
84⅜	81⅜	Conversion 3½% 1969	82⅛	83¼	3 16 5	5 10 10
85⅜	74⅜	Treas. 3½% '77-80	74⅛*	75½*	3 11 9	5 7 6
84½	74⅛	Treas. 3½% '79-81	75⅜	75⅜	3 11 0	5 7 7
72⅜	64½	Redemption 3% '86-96	65	65⅜	3 6 0	5 0 11
81½	73½	Funding 3½% 1999-2004	74½	73½*	3 1 5	4 18 9
84⅜	76	Consols 4% aft. Feb. '57	76⅞	77⅛	3 0 4	5 5 10
77	68	War Ln 3½% aft. Dec. '52	68⅛	69½	2 18 3	5 1 5
76⅜	67⅜	Conv. 3½% aft. April '61	67½	68⅛	2 18 11	5 3 0
66⅜	58⅜	Treas. 3% aft. April '66	59½	60	2 17 10	5 1 0
56⅜	49⅝	Consols 2½%	50⅜*	50⅛*	2 16 7	4 18 4
56⅜	50	Treas. 2½% aft. April '75	50½	50⅛*	2 16 1	4 19 5
98⅜	90	Br. Elec. 4½% '67-69	90⅜	90⅜	3 11 9	5 14 1
80⅜	72⅜	Br. Elec. 3% '68-73	73½	73⅜	3 19 4	5 10 8
79½	71½	Br. Elec. 3% '74-77	71⅛	72	3 14 9	5 6 10
95	85½	Br. Elec. 4½% '74-79	85⅛	85½	3 7 7	5 8 4
83⅛	74⅜	Br. Elec. 3½% '76-79	75½	75½	3 11 8	5 7 6
90⅛	84½	Br. Gas 4% '69-72	84⅜	85	3 12 8	5 11 8
87⅞	80	Br. Gas 3½% '69-71	80⅜	80½	3 15 9	5 10 8
73⅜	65⅛	Br. Gas 3% '90-95	65⅛	66	3 6 1	5 0 7
80⅛	72⅜	Br. Trans. 3% '68-73	73½	73⅜	3 19 4	5 10 8
90⅜	81⅛	Br. Trans. 4% '72-77	82½*	82½*	3 9 9	5 8 2
73⅜	65½	Br. Trans. 3% '78-88	65⅛*	66⅜*	3 10 0	5 3 7

Prices, 1955 High	Prices, 1955 Low	Prices, Jan. 1 to Dec. 12, 1956 High	Prices, Jan. 1 to Dec. 12, 1956 Low	TRUSTEE STOCKS AND FOREIGN BONDS	Price, Dec. 5, 1956	Price, Dec. 12, 1956	Yield, Dec. 12, 1956 £ s. d.
94⅜	79	80⅜	74⅜	Aust. 3½% '65-69	77⅛	77⅛	5 15 0
101⅜	87	87⅛	72	Ceylon 4% '73-75	75	75	6 6 3
103⅜	87⅛	88⅛	80⅛	N. Zealand 4% '76-78	82⅛	82⅛	5 8 8
88	87⅛	64⅛	56⅛	L.C.C. 3% att. 1920	57	57	5 5 3
99	85	85⅛	82⅜	Liverpool 3% '54-64	83	83	5 14 2
84	65	68⅜	61	M.Wtr.'B'3%'34-2003	61½	61½	5 5 6
102½	94⅜	97⅜	88⅛	Agric. Mort. 5% '59-89	89*	89	5 15 0
122⅞	91	117½	102½	German 7% 1924	112	114	...
213	149	210	187	German 5½% 1930	203½	203½	...
212	160	227½	208	Japan 5% 1907	226	227	...
254	190	275⅜	247½	Japan 5½% Conv. 1930	273½	271½	...

Prices, Jan. 1 to Dec. 12, 1956 High	Prices, Jan. 1 to Dec. 12, 1956 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Dec. 5, 1956	Price, Dec. 12, 1956	Yield, Dec. 12, 1956 £ s. d.
		%	%		BANKS & DISCOUNT			
50/-	39/10½	7	5	a	Barclays £1	43/-	45/6	5 5 6
46 4½	42 10½	...	...		Lloyds £1	44/-	46/-	5 13 0
72/4½	61/-	9	9	a	Midland £1, fully pd.	64/-	66/-	5 9 1
76/-	59 3	9	9	a	N. Prov. 'B' £5, £1 pd.	60/-	62 6	5 15 2
77 9	66/-	8	8	a	Westmstr'B'4,£1½pd.	67/6	70/-	5 14 3
43 6	28/-	3½	2½	a	Alexanders £1	29/6	29/6	4 4 9
46/-	29 3	5	5	a	Nat. Disc. 'B' £1	33/-	33/-	6 1 3
50/-	40 6	6½	6	c	Union Disc. £1	43 6	43 6	5 14 11
35 9	27/9	4	4	b	Barc. (D.C.O.) £1	30 6*	32 6	4 18 6
41/9	33/-	7½	7½	a	Chartered Bank £1	34/-	33 6	8 19 1
					INSURANCE			
29	16½	37½	12½	a	Leg. & Gen. £1	24*	25½	1 18 11
25½	18½	†47½	†20	a	Pearl £1, fully pd.	19½	20	5 17 3
48⅜	38	†117½	†125	c	Prudential 'A' £1	39½	41½	5 4 2
					BREWERIES, ETC.			
119/6	106/-	10	33	b	Bass £1	113 9	113/9	7 11 3
24 10½	18 7½	6	11½	b	Distillers 6 8	20/-	21/3	5 10 1
45 10½	36 9	25	10	a	Guinness 10/-	38 1½	40/-	6 5 0
76/-	61/9	14	7	a	Whitbread 'A' Ord. £1	62/6	63/9	6 11 9

Prices, Jan. 1 to Dec. 12, 1956 High	Prices, Jan. 1 to Dec. 12, 1956 Low	Last Two Dividends (a)	(b)	(c)	ORDINARY STOCKS	Price, Dec. 5, 1956	Price, Dec. 12, 1956	Yield, Dec. 12, 1956 £ s. d.
		%	%		STEEL & ENGINEERING			
85/6	64/-	8	8	b	Babcock & Wilcox £1	69/4½	75/7½	5 19 4
13/-	9/4½	14	6	c	Cammell Laird 5/-	11/-	11 9	5 19 2
35/-	22/9	8	6	c	Dorman Long £1	24/9	27 9	5 15 4
55/6	41/6	6	6	b	Metal Box £1	44/3	46 3*	4 6 6
75/-	51/2½	5	a		Stewarts & Lloyds £1	54/-	63 3	5 10 8
48/-	29 10½	8	8	b	Summers (John) £1	30/9	34 3	7 0 2
58/6	46/6	11	8	b	Swan Hunter £1	56/6	58 -	4 16 7
49/9	32 -	4	4	a	United Steel £1	33 9	35 6*	7 0 10
44/7½	32/4½	7½	6	b	Vickers £1	36 4½	40 4½	4 19 2
					TEXTILES			
24/9	19/4½	6	6	a	Bradford Dyers £1	22 9	23/-	8 13 11
23/7½	13/-	5	6	b	Brit. Celanese £1	13 6*	13 6	9 12 7
25/10½	20 7½	6½	6	b	Coats (J. & P.) £1	21/6*	23/-	7 12 2
44/-	29/-	6	6	b	Courtaulds £1	30/3	33 6	5 19 5
21/3	12/3	5	a		Fine Spinners £1	15/6	16 -	12 10 0
30/3	22/3	7½	5	a	Lancs. Cotton £1	29/-	29 9	8 7 8
35/3	26/-	2½	a		Patons & Baldwins £1	29/9	31/-	8 1 3
					MOTORS & AIRCRAFT			
22/4½	15 10½	6½	b		Bristol Aeroplane 10/-	17/6	19 6	5 2 7
9/-	5 9½	4	a		British Motor 5/-	6/1½	6 9	9 5 0
44/3	25/9	2½	a		Ford Motor £1	27/9	28 3	5 6 2
49/3	29/9	3	a		Hawker Siddeley £1	38 10½	39 4½*	5 1 7
49/4½	38/3	10	c		Leyland Motors £1	41 3	41 3	6 1 2
115/10½	85/6	12½	b		Rolls-Royce £1	105/-	110 -	3 3 8
					SHOPS & STORES			
18/10½	12/9½	14	c		Boots Pure Drug 5/-	13 9	15 3	4 11 10
41/4½	29/-	7½	a		Debenhams 10/-	33 6	33 9	8 2 11
44/9	30/1½	47½	b		Gt. Universal 'A' 5/-	32 6	34 -	9 3 10
71/1½	54 9½	52½	b		Marks & Spen. 'A' 5/-	58/-	60 6	4 6 9
25/10½	19/-	20	b		United Drapery 5/-	20 6	21 -	7 14 7
64/10½	51/-	36½	b		Woolworth 5/-	52 9	56 6	5 0 4
					OIL			
183/9	99/-	†10	b	†5	British Petroleum £1	125/-	133 1½	3 18 4
117/9	63/-	12½	b	5	Burmah £1	80 7½	85 9	4 3 7
£17 7/8	£11½	14	b	7½	Royal Dutch 20 fl.	£15½	£15½	2 9 4k
105 3		†13½	b	†5	Shell Reg. £1	140/7½	145 9*	3 12 7v
					SHIPPING			
75/3	45/-	15	c	7½	Assoc. Elect. £1	61/3*	67/6	4 8 11
45/6	34/3	7	b	3	Assoc. Port. Cem. £1	36 3	40/-	4 10 0y
60/9	38/6	7½	b	4½	Bowater Paper £1	42/6	43 1½	5 12 0
54/9	45/3	4	a	8½	B.I.C.C. £1	47/-	50 6	4 19 0
81/10½	40 4½	8	b	4	Brit. Aluminium £1	63/9	67/6	3 11 1
60/-	45/3	†7½	b	†10⅜	Brit. Amer. Tob. 10/-	48 6	51/-	5 19 3i
$69	$56½	3	a	4	b Canadian Pacific $25	$62½	$64	5 2 3
37/10½	24 9	14	⅜		Decca Record 4/-	26 3	30/-	5 16 8
25/9	14 4½	10	b	2½	a Dunlop Rubber 10/-	15/-	15 3	8 3 11
66 1½	43 6	8½	b	4	a English Elect. £1	45/-	47 6	5 5 3
65/6	40 9	4½	a	9½	b General Elect. £1	42 6	46 3	6 1 0
49/10½	36 -	6	b	4	a Imp. Chemical £1	37 6	38 6	5 3 11
62/9	42 3	12½	b	8½	a Imp. Tobacco £1	47/-	47 6	8 16 10
$211	$141½	$2·90	c	$3·75	c Inter. Nickel n.p.v.	$192*	$197	3 4 2
64/6	46 9	12½	b	7½	a London Brick £1	47 6	49 4½	8 2 0
30/3	21 3	15½	b	6¾	a Monsanto Chemicals 5/-	22/-	23 -	4 17 10
69/1½	54 1½	4	a	12	b Tate & Lyle £1	56 3*	62 6	5 5 7
69/6	49 9	6½	a	7½	b Tube Investments £1	53 9	57 6	5 4 4m
115/6	92/6	5	a	22½	b Turner & Newall £1	101 3	106 10½*	5 2 11
82/9	61/7½	9½	b	6	a Unilever £1	70 7½*	73 -	4 6 3
39/-	22 9	†7	b	†4¾	a United Molasses 10/-	37 9	41 9	4 19 5
40/-	22/6	†2½	a	†7½	b Cons. Tea & Lands £1	26/-	26 6	13 2 6
2/10½	1 9½	15	b	5	a London Asiatic Rbr. 2/-	2 0½	2 3*	17 15 7
61/9	37/6	30	b	12½	a United Sua Betong £1	45/-	46 10½	18 17 9
					MINES			
8⅜	6⅛	20	a	50	b Anglo-Amer. 10/-	7⅜	7⅜	4 17 5
135/7½	91/3	120	b	80	a De Beers 5/- Def. Reg.	92 6	97 6	10 5 2
96/10½	67 6	...		...	Free State Geduld 5/-	76 10½	75 7½	Nil
50/6	29 4½	12½	b	12½	a Randfontein £1	34 4½	33 9	14 16 2
10/11½	8 6	30	c	10	a London Tin 4/-	9 8½	9 9	12 6 2
46	35	75	a	275	b Rhokana £1	38½	37½	9 7 11

New York Closing Prices

	Dec. 5 $	Dec. 12 $		Dec. 5 $	Dec. 12 $		Dec. 5 $	Dec. 12 $
Balt. & Ohio	46¼	45½	Am. Smelting	54	55⅜	Inter. Paper	106⅛	105½
Can. Pac.	32½	33	Am. Viscose	35⅞	34⅛	Nat. Distill.	26⅛	25⅝
N.Y. Cent.	34⅛	35⅜	Col. of Am.	14⅜	14⅛	Sears Roebuck	29⅛	29
Pennsyl.	21⅝	21⅞	Chrysler	70⅜	70⅜	Shell	87⅛	90
Amer. Tel.	168½	167⅞	Gen. Elec.	61¼	61	Std. Oil of N.J.	58⅛	58⅝
Stand. Gas	11⅜	11⅜	Gen. Motors	45	44⅜	U.S. Steel	71⅛	71⅛
United Corp.	6⅛	6⅛	Goodyear	78⅛	79¼	Westinghouse	52⅛	54⅛
W. Union Tel.	18⅜	18⅛	Inter. Nickel	105½	102½	Woolworth	44⅛	44½

* Ex dividend. † Tax free. Gross yield. (a) Interim dividend. (b) Final dividend. (c) Year's dividend. (d) On 52½%. (e) To earliest date. (f) Flat yield. (g) On 16⅔%. (i) On 17½% Tax free. (j) On 13%. (k) On 20%. (l) To latest date. (m) On 10%. (v) On 15% Tax free. (w) On 15%. (y) On 9%.

Prices, Jan. 1 to Dec. 12, 1956: High / Low. Price, Dec. 5, 1956. Price, Dec. 12, 1956. Yield, Dec. 12, 1956 (£ s. d.) § Less tax at 8s. 6d. in £. † Assumed average life approx. 10½ years.

Statistics

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

British		Overseas	
Prices and Wages	Dec. 1st	Western Europe:	
Production and Consumption	Dec. 8th	Production and Trade	Nov. 24th
Manpower	This week	British Commonwealth	Dec. 8th
External Trade	Nov. 24th	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	This week
Industrial Profits	Oct. 13th	United States	Dec. 1st
		World Trade	Oct. 13th

Manpower in Great Britain

	Unit	Monthly averages			1955			1956			
		1953	1954	1955	Sept.	Oct.	Nov.	Aug.	Sept.	Oct.	Nov.
TOTAL MANPOWER (1)											
Working population:											
Total	'000	23,373	23,667	23,912	24,051	24,103	24,135	24,101	24,100	24,083	...
Men	"	15,883	15,974	16,084	16,141	16,157	16,145	16,194	16,190	16,173	...
Women	"	7,490	7,693	7,828	7,910	7,946	7,990	7,907	7,910	7,910	...
Armed Forces	"	865	839	803	790	786	783	777	780	779	...
Civil employment:											
Total	"	22,938	22,604	22,933	23,063	23,101	23,136	23,099	23,084	23,051	...
Agriculture, forestry and fishing	"	1,087	1,074	1,066	1,072	1,042	1,022	1,057	1,052	1,022	...
Mining and quarrying	"	877	867	862	858	857	857	861	861	860	...
Building and contracting	"	1,437	1,453	1,486	1,494	1,498	1,489	1,511	1,516	1,506	...
Distributive trades	"	2,664	2,743	2,811	2,834	2,857	2,908	2,867	2,860	2,877	...
Public administration	"	1,320	1,326	1,289	1,288	1,287	1,286	1,290	1,291	1,291	...
Manufacturing industries	"	8,746	8,976	9,206	9,306	9,358	9,384	9,231	9,254	9,265	...
CHANGES IN EMPLOYMENT (1)											
Increase or decrease since June, 1954:											
Employees in engineering (2)	"	− 125	...	+ 190	+ 244	+ 266	+ 279	+ 212	+ 219	...	...
" " consumer goods industries (3)	"	− 67	...	− 13	+ 14	+ 34	+ 43	− 17	− 4	...	...
UNEMPLOYMENT											
By duration:											
All durations—total	"	342·0	284·8	232·2	202·2	215·2	225·9	266·5	247·6	254·1	264·6
" " —men	"	218·2	184·4	146·7	124·3	133·1	141·9	181·7	158·8	160·1	167·5
" " —women	"	123·8	100·4	85·5	77·9	82·1	84·0	84·8	88·8	94·0	97·1
Temporary or under 2 weeks—men	"	68·7	58·0	51·5	49·2	50·3	49·0	75·7	58·1	53·6	52·4
" " —women	"	43·9	36·4	36·7	41·1	39·0	35·6	35·8	37·9	34·6	33·0
Over 8 weeks—men	"	98·7	81·7	67·7	48·9	50·7	55·1	62·9	62·2	64·8	69·7
" " —women	"	46·3	37·1	26·5	18·1	20·6	23·0	23·5	23·2	26·5	29·8
By industry (4):											
Textiles	%	1·4	0·9	1·6	2·2	1·6	1·2	1·6	1·5	1·2	1·1
Clothing	"	1·3	1·3	0·9	0·9	0·8	0·8	1·1	1·1	1·0	1·1
Vehicles	"	0·8	0·5	0·4	0·3	0·4	0·4	2·7	0·9	0·8	0·6
Engineering, etc.	"	1·4	1·1	0·8	0·7	0·7	0·7	1·1	1·1	0·9	0·9
Coal-mining	"	0·2	0·2	0·1	0·1	0·1	0·2	0·2	0·1	0·2	0·2
Distributive trades	"	1·5	1·3	1·0	0·8	0·9	0·9	0·9	0·9	1·1	1·1
By regions (4):											
Great Britain	"	1·6	1·3	1·1	0·9	1·0	1·0	1·2	1·1	1·2	1·2
London and South Eastern	"	1·2	1·0	0·7	0·5	0·6	0·7	0·7	0·7	0·8	0·9
Eastern	"	1·3	1·2	0·9	0·7	0·8	0·8	0·8	0·8	0·8	0·9
Southern	"	1·4	1·1	0·9	0·7	0·8	1·0	1·1	0·9	1·0	1·1
South Western	"	1·6	1·5	1·2	0·9	1·1	1·3	1·0	1·1	1·3	1·5
Midland	"	1·1	0·6	0·5	0·5	0·5	0·5	2·1	1·1	1·0	1·0
North Midland	"	0·7	0·6	0·5	0·4	0·4	0·5	0·6	0·6	0·6	0·6
East and West Ridings	"	1·2	0·9	0·7	0·6	0·7	0·7	0·8	0·8	0·8	0·8
North Western	"	2·1	1·5	1·4	1·4	1·3	1·3	1·4	1·4	1·3	1·3
Northern	"	2·4	2·2	1·8	1·4	1·5	1·6	1·5	1·4	1·5	1·6
Scotland	"	3·1	2·8	2·4	2·0	2·1	2·2	2·2	2·4	2·2	2·3
Wales	"	3·0	2·5	1·8	1·6	1·7	1·8	2·1	2·0	2·3	2·2
VACANCIES											
Unfilled vacancies notified to employment exchanges (5):											
Total	'000s	270	338	382	424	401	388	361	334	313	300
Men	"	147	191	214	238	225	220	193	184	177	168
Women	"	123	147	168	186	176	168	163	150	141	132
DISPUTES (6)											
Workers involved	"	114	37	55	62	60	49	33	41	58	...
Working days lost:											
Total	"	182	205	315	224	187	285	160	221	191	...
Mining and quarrying	"	33	39	93	60	58	39	45	46	95	...
Engineering, etc.	"	127	62	57	87	104	230	97	166	73	...
Other industries and services	"	22	104	166	77	25	16	18	9	23	...

(1) Annual figures are for June of each year. (2) Engineering, shipbuilding, electrical goods, vehicles, metal goods, precision instruments and jewellery. (3) Textiles, leather goods, clothing, food, drink and tobacco, manufactures of wood and cork, paper and printing. (4) Number registered as unemployed expressed as a percentage of the estimated number of employees. (5) From June, 1956, onwards comparison with earlier figures is affected by the revocation of the Notification of Vacancies Order, 1952. (6) United Kingdom. (7) Reduction due to discontinued registration of persons losing title to unemployment benefit.

Prices and Money Supply in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
WHOLESALE PRICES (1) (1953 = 100)												
1948	42	94	74	65	90*	...	78	104	75	66	72	94
1954	105	99	100	98	98	112	106	101	101	102	100	110
1955	108	101	103	98	101	120	110	101	102	104	104	119
1956, June	110	103	108	102	102	131	...	102	104	110	110	144
" July	111	103	108	101	102	130	...	102	103	110	109	136
" August	112	103	108	103	102	129	...	101	104	110	109	...
" September	111	103	107	102	...	...	...	102	...	110	...	...
" October	112	104	...	102	...	...	...	...	...	...	...	...
COST OF LIVING (2) (1953 = 100)												
1948	50*	95	81	60	93	63	79	86	77*	74	77	89
1954	103	101	101	100	100	115	100	103	104	104	101*	110
1955	105	101	107	101	102	122	103	106	106	105	104	119
1956, June	108	104	...	102	105	126	...	111	109	111	109	138
" July	107	104	113	102	105	127	...	111	108	111	109	...
" August	108	104	...	102	105	126	108	111	108	111	110	...
" September	108	104	...	103	105	...	...	111	110	...	...	...
" October	110	105	...	102	105	...	...	...	...	...	...	...
IMPORT PRICES (3) (1953 = 100)												
1948	37	84	84*	59	...	...	82	98	85	80	72	113
1954	96	96	97	98	96	118	101	98	95	98	99	104
1955	94	96	98	97	100	118	104	101	97	100	99	103
1956, April	96	100	...	} 102	{ 102	125	108	105	100	99	} 102	{ ...
" May	96	98	...		{ 103	120	108	104	100	105		{ ...
" June	98	97	...		{ 104	124	108	104	101	105		{ ...
" July	95	...	...	...	104	128	110	...	110	98	...	...
" August	96	...	...	...	104	...	106	...	...	98	...	...
EXPORT PRICES (3) (1953 = 100)												
1948	42	95	91*	68	...	...	78	103	97	84	76	91
1954	99	94	99	95	96	121	98	99	100	99	98	97
1955	102	97	101	96	98	133	101	102	101	107	102	111
1956, April	107	105	...	} 101	{ 101	141	100	106	106	111	} 103	{ ...
" May	107	104	...		{ 101	154	101	107	106	113		{ ...
" June	110	103	...		{ 102	148	99	110	105	111		{ ...
" July	107	...	...	...	102	150	99	...	99	114	...	...
" August	109	...	...	...	102	...	98	...	...	117	...	...

TOTAL MONEY SUPPLY (7)

End of period	'000 mn. schillings	'000 mn. francs	mn. kroner	'000 mn. francs	'000 mn. D. marks	'000 mn. drachmas	mn. £	'000 mn. lire	mn. guilders	mn. kroner	'000 mn. kroner	mn. liras
1948	...	154·0	7,110	2,165	11·8	1,984	110·3	1,989	7,285	6,937	7·67	1,715
1954	28·26	187·3	7,369	5,266	26·4	9·30*	152·2	4,036	9,099	9,162	11·09	3,869
1955	28·62	...	7,458	5,916	29·1	11·97	154·7	4,477	9,839	9,357	11·29	4,882
1956, May	27·91	...	7,669	6,076	28·7	12·32	146·1	...	9,720	9,259	10·82	...
" June	28·56	...	7,456	6,185	28·8	12·65	144·1	...	9,683	9,333	10·88	...
" July	28·80	...	7,249	6,327	29·1	12·71	148·2	...	9,786	9,452	10·62	...
" August	29·12	...	7,423	6,313	29·3	...	148·1	...	...	9,472	10·56	...
" September	...	...	...	...	29·3	...	...	...	...	...	...	...

GOLD AND FOREIGN EXCHANGE HOLDINGS (8) (mn. US Dollars)

1948	62	938	84·0	...	295	6·2	209	539	343	140·6	233	192
1954	412	1,046	143·4	1,369	2,636	10·8	260	1,041	1,276	137·3	479	206
1955	357	1,146	133·1	2,120	3,076	10·9	242	1,237	1,284	165·3	470	211
1956, June	357	1,210	134·6	1,786	3,590	10·9	226	...	1,219	161·8	435	211
" July	375	1,216	131·5	1,702	3,761	...	225	...	1,213	154·5	438	208
" August	394	1,224	130·7	1,648	3,848	...	223	...	...	159·3	434	224
" September	403	1,244	127·8	1,658	3,998	...	225	...	...	164·6	448	...
" October	...	...	...	...	4,100	...	...	...	...	...	...	...

(1) Relates to wholesale prices in Athens and Piraeus only for Greece. Figures for Ireland are based on January, 1952=100. (2) July-December. (3) Relates to prices in capital cities only for Austria, France, Greece and Turkey. Belgium and Austria exclude rent. Denmark includes direct taxes. Figures for Ireland are based on August, 1953=100. (4) Including direct taxes. (5) Including trade with Faeroe Islands. (6) Index numbers of unit value which compare the current average value of trade with its value in 1953; they are influenced by changes in the composition of trade as well as price movements. (7) Deposit money and notes and coins held by business, individuals and foreigners. Except for Greece holdings of the issuing authority and other banks are excluded. (8) Holdings of the government and central bank at end of period. Figures for Greece are gold reserves only. Foreign exchange figures for Norway exclude government holdings; Norway and Sweden include foreign investments. Ireland include some long term securities. (*) Beginning May, 1954, a new drachma equal to 1,000 old drachmas introduced.

Financial Statistics

EXCHEQUER RETURNS

For the week ended December 8th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £16,127,000 compared with a deficit of £17,158,000 in the previous week and a deficit of £33,558,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £27,242,000, bringing the total deficit to £700,638,000 (£598,039,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Dec. 10, 1955	April 1, 1956 to Dec. 8, 1956	Week ended Dec. 10, 1955	Week ended Dec. 8, 1956
Ord. Revenue					
Income Tax	2085,500	650,052	722,567	14,063	12,444
Surtax	144,000	41,000	47,400	1,800	2,600
Death Duties	170,000	123,500	113,500	2,700	3,200
Stamps	54,400	50,500	43,100	1,100	1,200
Profits Tax, EPT	216,750	143,900	138,750	2,800	3,300
Excess Profits Levy	4,000	15,300	3,600	100	...
Special Contribution and other Inland Revenue	1,000	350	210	50	...
Total Inland Rev.	2580,150	1024,502	1069,527	22,513	22,184
Customs	1304,000	819,285	840,941	24,990	28,379
Excise	953,350	800,940	639,665	6,780	8,345
Total Customs and Excise	2257,350	1420,225	1480,606	31,770	36,724
Motor Duties	92,000	23,592	24,896	374	297
PO (Net Receipts)	...	9,000	13,300	100	1,250
Broadcast Licences	28,000	14,900	16,400	...	...
Sundry Loans	30,000	26,257	28,346	2,941	69
Miscellaneous	200,000	112,529	125,860	7,559	6,822
Total	**5187,500**	**2630,705**	**2758,935**	**65,357**	**67,346**
Ord. Expenditure					
Debt Interest	870,000	456,989	496,277	11,319	13,916
Payments to N. Ireland Exchequer	61,000	37,148	41,991	2,256	2,287
Other Cons. Fund	10,000	6,291	5,452	...	...
Supply Services	3941,918	2409,475	2621,447	84,600	66,900
Total	**4682,918**	**2909,903**	**3165,167**	**98,175**	**83,103**
Sinking Funds	37,000	24,019	23,061	720	370
"Above-line" Surplus or Deficit	—	—	—	—	—
	303,208	**429,298**	**33,538**	**16,127**
"Below line" Net Expenditure	394,831	271,340	12,966	27,242
Total Surplus or Deficit	**698,039**	**700,638**	**46,504**	**43,369**
Net Receipts from:					
Tax Reserve Certificates	157,532	172,081	1,108	2,174
Savings Certificates	11,500	46,300	200	1,900
Defence Bonds	−20,342	−30,741	275	−1550
Premium Savings Bonds	...	49,700	...	9,700

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Dec. 10	3,550·0	1,955·1	251·0	...	5,717·1
1956					
Sept. 8	3,610·0	1,322·4	235·9	1·8	5,070·1
„ 15	3,610·0	1,324·9	296·8	...	5,171·7
„ 22	3,610·0	1,325·1	254·5	...	5,189·6
„ 30	3,610·0	1,338·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,358·8	253·7	2·3	5,204·8
„ 13	3,610·0	1,372·7	218·3	1·0	5,202·0
„ 20	3,610·0	1,342·2	259·9	...	5,214·0
„ 27	3,610·0	1,378·9	245·2	0·8	5,234·9
Nov. 3	3,610·0	1,360·2	263·5	...	5,233·7
„ 10	3,610·0	1,341·2	258·7	1·8	5,211·6
„ 17	3,610·0	1,285·0	295·4	2·5	5,188·6
„ 24	3,610·0	1,269·9	259·6	0·8	5,116·2
Dec. 1	3,610·0	1,276·5	237·3	1·0	5,134·8
„ 8	3,620·0	1,349·9	208·5	2·0	5,171·4

THE MONEY MARKET

The discount market reduced its bid at the Treasury bill tender on Friday last by 2d. to £98 14s. 9d. per cent for the £220 million of 91-day bills on offer and by 1d. to £99 2s. 6d. per cent for the £60 million of 63-day bills. The drop in the market's bid does not appear to have been fully followed by outside applicants, and as total applications for the three months bills rose by nearly £50 million, to £375.3 million, the market's allotment rate fell from 52 per cent last week (high by recent standards) to 24 per cent—the lowest for some years. Its rate on the 63-day bills, however, rose from 77 to 90 per cent. At yesterday's tender, the offer of three months bills was stepped up to £230 million, and that of two months bills was unchanged at £60 million.

Credit conditions in the money market in the week to Wednesday were rather easier than of late; market supplies of funds were adequate for demands on most days, though on Thursday of last week small official help was needed, whilst this Wednesday official purchases were fairly large.

Business in the London gold market has been quiet in the past week. The gold price dropped from 251s. an ounce on Thursday before the week-end to 250s. 3½d. an ounce on Wednesday.

The Bank return shows a further rise in the active note circulation of £38.5 million in the week to Wednesday.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% 15·2·55)	5½	**Discount rates**	
		Bank bills: 60 days	5½
Deposit rates (max.)		3 months	5⅛–5¼
Bank	3½	4 months	5⅛–5¼
Discount houses	3½*	6 months	5⅛–5¼
Money Day-to-day	5½ 4½	**Fine trade bills:**	
Short notice	4½	3 months	6–6½
Treas. bills 2 months	5⅛	4 months	6–6½
3 months	5⅛	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Dec. 14, 1955	Dec. 5, 1956	Dec. 1 19
Issue Department:*			
Notes in circulation	1,870·6	1,937·7	1,97
Notes in banking dept.	29·8	37·7	4
Govt. debt and securities*	1,896·3	1,971·3	2,02
Other securities	0·7	0·7	
Gold coin and bullion	0·4	0·4	
Coin other than gold coin	3·0	3·0	
Banking Department:			
Deposits:			
Public accounts	12·0	13·7	1
Bankers	239·8	220·5	20
Others	69·9	75·4	7
Total	324·9	307·6	30
Securities:			
Government	281·5	254·3	23
Discounts and advances	12·2	14·5	1
Other	17·2	17·1	1
Total	310·9	285·9	26
Banking department reserve	32·1	39·6	5
"Proportion"	9·8	12·8	1

* Government debt is £11,015,100, capital £14,553. Fiduciary issue increased to £2,025 million from £1,975 mil on December 12, 1956.

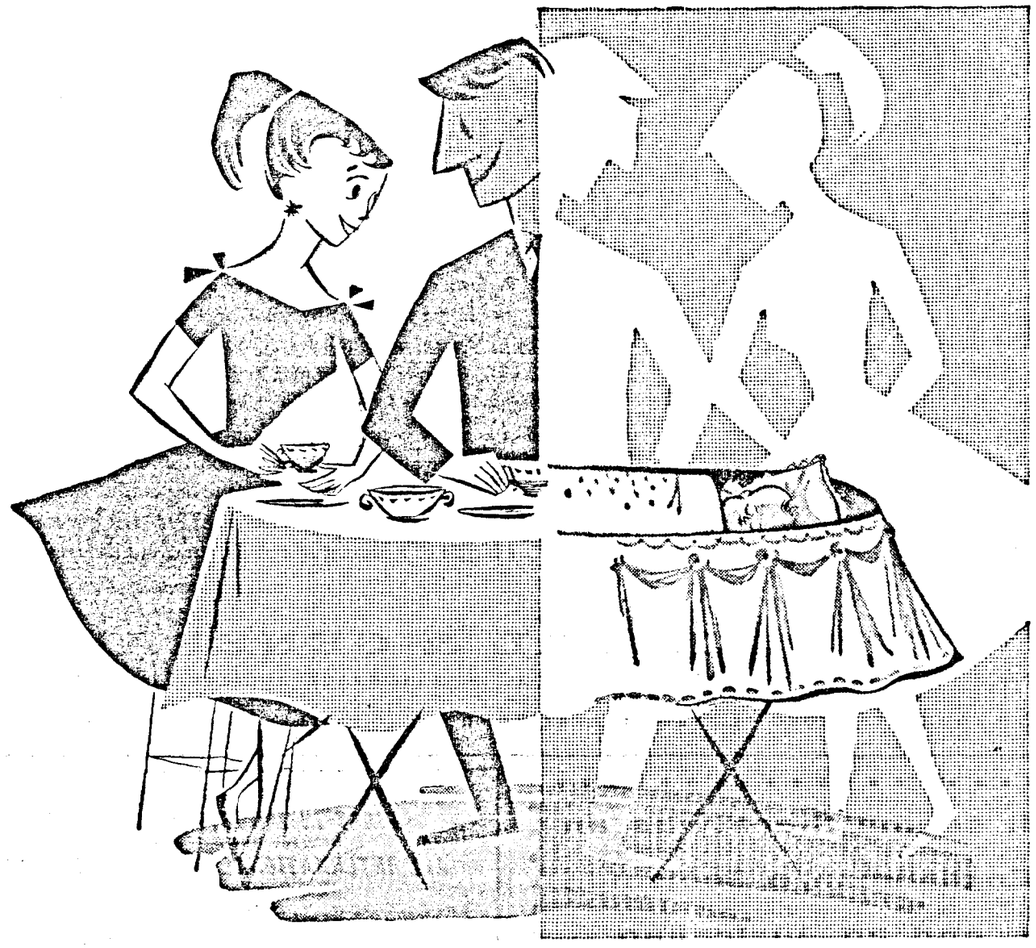
TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bi Average Rate of Allotment	Allot at M Rat
1955	*91 Day* *63 Day*		s. d.	%
Dec. 9	240·0 50·0	422·4	81 4·55	5
1956	*91 Day*			
Sept. 7	290·0	430·0	101 4·50	5
„ 14	290·0	404·2	102 0·77	5
„ 21	280·0	380·0	103 4·86	5
„ 28	280·0	406·0	101 9·86	5
Oct. 5	280·0	424·9	101 1·51	5
„ 12	280·0	405·6	102 2·21	5
„ 19	280·0†	392·9	100 2·12	5
	91 Day *63 Day*			
„ 26	200·0 60·0	412·4	99 9·85	3
Nov. 2	200·0 70·0	405·8	99 11·55	3
„ 9	200·0 80·0	419·1	99 10·86	2
„ 16	190·0 90·0	396·1	100 0·00	3
„ 23	210·0 80·0	440·6	100 3·34	3
„ 30	220·0 70·0‡	405·3	100 4·69	5
Dec. 7	220·0 60·0	441·0	100 10·28	2

* On December 7th tenders for 91 day bills at £98 14s. secured 24 per cent and 63 day bills at £99 2s. 6d. secu 90 per cent, higher tenders being allotted in full. Yesterd offering of £290 million included £60 million at 63 d
† Allotment cut to £260·0 million.
‡ Allotment cut to £60·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: December 12	Market Rates: Spot: December 6	December 7	December 8	December 10	December 11	December 1
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·7
Canadian $		2·67⅜–2·67⅝	2·67⅜–2·67⅝	2·67⅜–2·67⅝	2·67⅜–2·67⅝	2·67⅜–2·67⅝	2·67⅜–2·6
French Fr.	972·65–987·35	985–983½	985–982½	982½–982½	982½–982½	983–983½	983½–984
Swiss Fr.	12·15⅛–12·33⅛	12·24⅛–12·24⅜	12·23⅝–12·23⅞	12·23–12·23⅛	12·23⅛–12·23⅜	12·23⅛–12·23⅜	12·23⅛–12·2
Belgian Fr.	138·95–141·05	139·65–139·90	139·80–139·85	139·80–139·85	139·87½–139·92½	140·05–140·10	140·15–140
Dutch Gld.	10·56–10·72	10·62½–10·63	10·62½–10·63	10·62½–10·62½	10·62½–10·63	10·63½–10·63½	10·63½–10·6
W. Ger. D.Mk.	11·67⅛–11·84⅛	11·71–11·71½	11·70½–11·70½	11·69½–11·70	11·70–11·70½	11·70½–11·71⅛	11·71½–11·7
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80
Italian Lire	1736⅛–1762½	1755–1756	1754–1754½	1753–1754	1754–1755	1754½–1755½	1755–175
Swedish Kr.	14·37½–14·51⅜	14·43⅜–14·44	14·43⅜–14·43⅝	14·43⅝–14·43⅞	14·43⅜–14·43⅝	14·44⅛–14·44½	14·44½–14·4
Danish Kr.	19·19½–19·48½	19·36–19·36½	19·36–19·36½	19·35½–19·36	19·35½–19·36	19·36½–19·36½	19·36½–19·3
Norwegian Kr.	19·85–20·15	19·95–19·95½	19·95–19·95½	19·92½–19·92½	19·92½–19·92½	19·92½–19·93	19·93–19·
One Month Forward Rates							
United States $		1⅛–1 1/16c. pm	1⅛–1c. pm	1 1/16–1c. pm	1 1/16–1c. pm	1–15/16c. pm	⅞–15/16c. pm
Canadian $		⅜–⅝c. pm	⅜–⅝c. pm	⅜–⅝c. pm	⅜–⅝c. pm	⅜–⅝c. pm	⅜–⅝c. pm
French Fr.		⅛–¼ dis	⅛–¼ dis	1–1⅛ dis	⅛–¼ dis	⅛–¼ dis	⅛–¼ dis
Swiss Fr.		4⅛–4¼c. pm	4⅛–4¼c. pm	4⅛–4¼c. pm	5–4¾c. pm	4–3¾c. pm	4–3¾c. pm
Belgian Fr.		1/16–⅛ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm	⅛–¼ pm
Dutch Gld.		⅜–½c. pm	4⅛–4½ pm	4⅛–4½ pm	4⅛–4½ pm	3⅜–3¾c. pm	3⅜–3¾c. pm
W. Ger. D.Mk.		4⅛–4½pf. pm	5⅛–5½pf. pm	5⅛–5½pf. pm	5⅛–5½pf. pm	3⅛–3½pf. pm	3⅛–3½pf. pm
Italian Lire		5 pm–par	5 pm–par	5 pm–par	5 pm–par	5 pm–par	5 pm–par
Swedish Kr.		5–3 pm	4–2 pm	4–2 pm	4–2 pm	2–1 pm	2–1 pm
Danish Kr.		5–3 pm	5–3 pm	5–3 pm	5–3 pm	5–3 pm	5–3 pm
Norwegian Kr.		20 pm–par	20 pm–par	20 pm–par	20 pm–par	20 pm–par	20 pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		251/–	250/11½	...	250 11½	250/6	250/3½



Save? What for? Few of the up-and-coming generation have ever known a rainy day: is it surprising that many do not think to save? Yet the need for saving, *regular* saving, is great—in their own interests and in the Country's.

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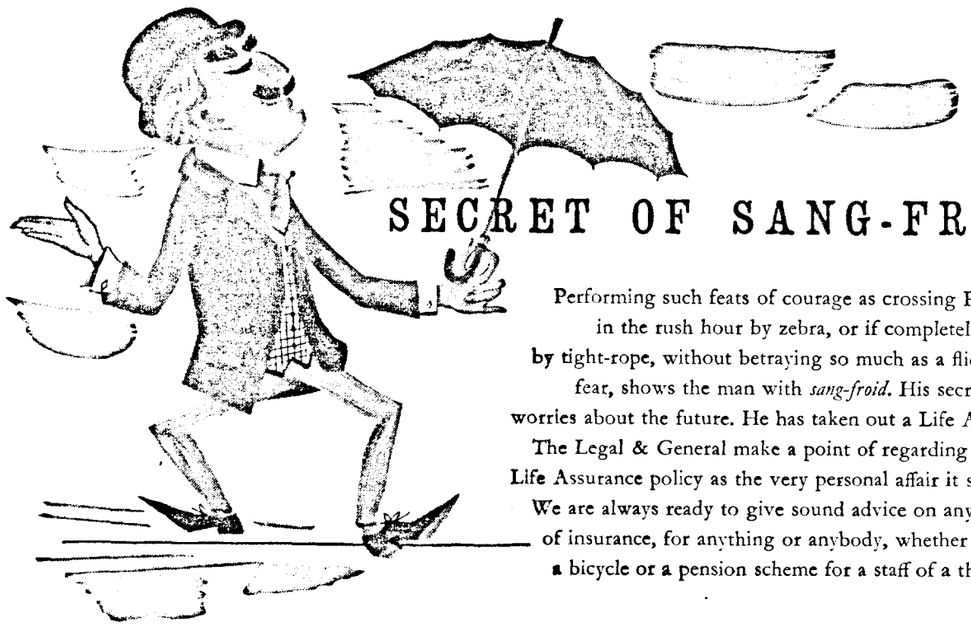


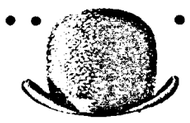
SECRET OF SANG-FROID?

Performing such feats of courage as crossing Piccadilly in the rush hour by zebra, or if completely exasperated, by tight-rope, without betraying so much as a flicker of fear, shows the man with *sang-froid*. His secret? No worries about the future. He has taken out a Life Assurance. The Legal & General make a point of regarding every Life Assurance policy as the very personal affair it should be. We are always ready to give sound advice on any type of insurance, for anything or anybody, whether it is for a bicycle or a pension scheme for a staff of a thousand.

LEGAL & GENERAL
ASSURANCE SOCIETY LIMITED

CHIEF ADMINISTRATION: 188 FLEET STREET, LONDON, E.C.4. TEL: CHANCERY 4444

It seems there was an Englishman, a Scotsman and an Australian



The Englishman wanted to make a capital investment in Australian industry. Naturally he wanted some sound market information.

The Scotsman was thinking of expanding his business and opening an Australian branch. He wanted information and a first-class banking service with offices on the spot.

The Australian, having an eye to business with the Scotsman and Englishman, wanted a Bank with a London Office.

They all went to The English, Scottish and Australian Bank and got exactly what they wanted. So will you, if you have any business with Australia.

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COMPANY MEETINGS

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY LIMITED

GOLD MINING EXPANSION CONTINUES REGARDLESS OF DISTURBED FINANCIAL MARKETS

APPEAL TO LOCAL INVESTORS

GROUP'S CONTINUED INDUSTRIAL PROGRESS

The Twenty-third Annual General Meeting of the Anglo-Transvaal Consolidated Investment Company Limited was held in Johannesburg on Friday, December 7, 1956.

Mr S. G. Menell, the Chairman of the Company, presided, and in his address to Members said:

Ladies and Gentlemen,—I have much pleasure in welcoming you to the Twenty-third Annual General Meeting of the Company, and in submitting for your adoption the Directors' Report and Accounts for the year ended June 30, 1956.

The Profit and Loss Account reflects net revenue for the year of £1,041,600 and a net profit of £920,600. The provision for taxation amounted to £144,000 and an amount of £225,000 was written off investments, leaving a balance transferred to the Appropriation Account of £551,600, which with £379,100 brought in at the beginning of the year made a total of £930,700 available for appropriation.

Dividends on the various classes of our Share Capital absorbed £516,300. The amount carried forward on the Appropriation Account at credit is £385,800.

The total book value of investments in subsidiary companies and other concerns amounts to £6.8 million, compared with £5.7 million for the previous year—an increase of £1.1 million due chiefly to the exercise of rights to take up shares in new gold mining companies. The market value of shares and interests in concerns other than subsidiary companies was £4.8 million against a book value of £4.5 million, and the quoted investments in subsidiary companies had a market value of £2.1 million compared with the book figure of £1.7 million.

There was thus a surplus of £740,000 of market over book values, not taking into account the specific provision of £600,000.

In the opinion of your Directors, the unquoted investments in subsidiary and other concerns are conservatively valued.

The Reserve Fund of £3,500,000, together with the unappropriated profits of £385,800, totals £3,886,000, which is over £1 million in excess of the issued capital.

The accumulated revenue reserves of the subsidiary companies in the Group of which Anglo-Transvaal Industries Limited is the principal subsidiary, aggregate £1,753,000. Of this amount your Company's proportion is approximately £1 million.

I will now deal with the Company's principal interests.

GOLD

RAND LEASES (VOGELSTRUISFONTEIN) GOLD MINING COMPANY LIMITED

No. 1 Tertiary Shaft serving the eastern section of the mine below the 36th level was completed during the year, and crosscutting to the reef horizon has been commenced on all levels.

Due to the small percentage payability disclosed in the lower levels of the Main Reef Series in the western portion of the mine, development work in this area will be curtailed in order to concentrate on the zone served by No. 1 Tertiary Shaft.

A programme of intensive sweeping and reclamation has been commenced in the upper levels of the mine. At present approximately 2,000 tons per month are being obtained from this source.

Dividends aggregated 7½ per cent for the year ended June 30, 1956, as compared with 10 per cent for the previous year.

VIRGINIA ORANGE FREE STATE GOLD MINING COMPANY LIMITED

Extensions to the reduction plant to provide a milling capacity of 108,000 tons have been completed.

During November 1956, 95,000 tons were milled at a recovery grade of 5.04 dwt per ton, resulting in a working profit from gold including sundry revenue of £58,773. The working profit from acid production was £24,561, and from uranium production £150,000 (subject to adjustment). The total working profit for November from all operations was £233,294.

HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED

In November, 1956, the milling rate was increased to 75,000 tons at a recovery grade of 9.90 dwt per ton, resulting in a working profit from the gold operation of £225,759.

The Uranium Plant declared its first working profit of £138,000, for November, 1956.

The Company has recently embarked upon an expansion programme involving the expenditure of approximately £6 million over the next four-five years. In view of the Company's high profit-earning capacity from gold and uranium, it is anticipated that it will be possible to appropriate the necessary funds from profits to meet this capital expenditure programme and at the same time to make reasonable dividend distributions to Shareholders.

In June the Company declared a maiden dividend of 10 per cent.

MERRIESPRUIT (ORANGE FREE STATE) GOLD MINING COMPANY LIMITED

During the year the Kennecott Copper Corporation of New York provided additional finance for the Merriespruit Gold Mine in the form of 3 per cent Registered Unsecured Loan Stock for 4,200,000 dollars.

The production of gold (and of uranium- and pyrite-bearing concentrates for treatment at the Virginia Mine) was commenced in March, 1956, at a milling rate of 75,000 tons per month.

Operations proceeded satisfactorily until a series of inrushes of water, unprecedented in the Orange Free State, culminating in the flooding of the Mine, resulted in all mining operations being suspended as from October 20, 1956.

When the Mine was flooded, a number of men lost their lives in tragic circumstances. We feel most deeply for the bereaved and extend to them our sincerest sympathy.

RIEBEECK GOLD MINING COMPANY LIMITED

The capital of the Company has been increased to £3,500,000 by way of a share issue. The Honourable the Minister of Mines has agreed to grant a Mining Lease to the Company and the lease formula will be $Y = 15 - \frac{90}{x}$.

Preparatory work for the sinking of a shaft has commenced.

The twin haulage from No. 2 Shaft of the Loraine Gold Mines Limited which will accelerate development and which will initially provide the second outlet had at the end of November reached a position approximately 3,700 feet from the point where it will enter the Riebeeck property.

VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED

The modifications to the reduction plant are nearing completion and these are expected to increase considerably the efficiency of the plant.

Steady progress is being maintained in the reopening of the old workings in the vicinity of the Wolhuter East and Ferreira East inclines.

Dividends aggregated 20 per cent for the year ended June 30, 1956, being the same as the previous year.

BASE METALS

THE ASSOCIATED MANGANESE MINES OF SOUTH AFRICA LIMITED

The net profit for the year ended December 31, 1955, before providing for taxation, was £799,514, out of which a 20 per cent Dividend was paid on the Ordinary Shares. An interim Ordinary Dividend of 20 per cent was paid in respect of the half-year ended June 30, 1956. The capacity of the Com-

pany to deliver ore to its customers is still adversely affected by the continued rationing of railway trucks.

CONSOLIDATED MURCHISON (TRANSVAAL) GOLDFIELDS AND DEVELOPMENT COMPANY, LIMITED

The demand for antimony continued to be satisfactory although there is growing competition from Chinese and Russian sources. Profits for the nine months ended September 30, 1956, amounted to £546,905 before providing for taxation, as compared with £799,000 earned during the corresponding period in 1955. Dividends aggregated 320 per cent for the year ended December 31, 1955. An interim dividend of 100 per cent was paid in respect of the half-year ended June 30, 1956.

COAL

ANGLO-TRANSVAAL COLLIERIES LIMITED

Total sales for the year ended June 30, 1956, amounted to 1,124,893 tons of coal. The Dividend on the Ordinary Shares was 15 per cent as compared with 12½ per cent for the previous year.

RHODESIAN MINERAL PROSPECTING INTERESTS

During the year the Group became interested in various base metal prospects in the Central African Federation. To control these operations we have established the Anglovaal Rhodesian Exploration Company (Private) Limited, with its Headquarters in Salisbury.

INDUSTRIAL

ANGLO-TRANSVAAL INDUSTRIES LIMITED

The main industrial interests of Anglo-Transvaal Industries Limited have shown a gratifying record of continued progress.

The advantages of a rationalised distribution of fish by South Atlantic Corporation Limited following upon the acquisition of National Trawling and Fishing Company Limited, manifested itself during the year and, in pursuance of the policy of delivering fish in better condition to inland distribution centres, new depots with modern cold storage equipment are being opened up at such centres. The profits for the year showed an increase over the previous year.

At Consolidated Glass Works Limited further expansion took place during the year in the completion of the erection of the new factory at Belleville, Cape, which commenced production on July 1st this year. Unfortunately, the fire which occurred at the Talana factory caused a setback in production which, however, will be remedied early in 1957. The profit for the year exceeded the previous year's profit.

National Bolts and Rivets Limited had an increased turnover but experienced a drop in profits due to the fact that, to enable the Company to meet its requirements, it had to import large quantities of steel at higher prices than the price of local steel which was in short supply. Nevertheless, the dividend of 10 per cent was maintained.

In the tobacco business of John Chapman Limited, a half interest was acquired by the Rembrandt Tobacco Corporation (S.A.) Limited. It is pleasing to note that the Company's turnover and profit were the highest on its record.

Since the end of the financial year, Anglo-Transvaal Industries Limited has acquired a substantial interest in the business of Chassay Brothers, makers of the well-known brand of Supersonic Radios. These products enjoy a high reputation in Southern Africa and in certain export markets.

Anglo-Transvaal Industries paid an Ordinary Dividend of 11¼ per cent as compared with 10 per cent for the previous year.

An industrial enterprise cannot stand still, and it is our policy to continue aiming at greater rationalisation of the industrial units so as to reduce the cost structure, and at the same time to increase their productivity by the use of new techniques.

Last year I referred to the introduction of the undistributed profits tax and its effect on young industries and although this tax has not been abolished, amendments were introduced during the year which have alleviated the position.

ANGLO-ALPHA CEMENT, LIMITED

The policy of controlling the price of cement is adversely affecting the operation and financial arrangement of the cement industry to such an extent that it is unable to set aside sufficient funds from its limited profits to build up reserves required by the industry to meet the increase in the demand without having to borrow funds for this purpose.

In the case of Anglo-Alpha Cement, the Company was fortunate in being able to secure from overseas a large proportion of the additional funds which the Company required for its programme of modernisation and expansion to meet the Country's increasing demand for cement.

The 5 per cent dividend was the same as the previous year.

SOUTH AFRICAN TORBANITE MINING AND REFINING COMPANY, LIMITED

The arrangements which the Company effected with the assistance of the Government for the refining of imported crude oil, in conjunction with indigenous supplies, is working satisfactorily and the marketing of the Company's petrol through the Sasol Marketing Company Limited is operating smoothly. The Company was able to record an improvement in the profits for the past financial year under these new arrangements as compared with the previous year's figure.

An Ordinary Dividend of 10 per cent was paid as compared with 7½ per cent for the previous year.

UNION LIME COMPANY, LIMITED

In spite of the additional output made available by the installation of two further kilns during 1955, it was impossible to meet customers' demands for lime and limestone due to the erratic and inadequate supply of railway trucks.

The expansion programme is continuing but this capital expenditure will not yield results until the railways are able to supply adequate transport as promised.

The issued capital was increased from £225,000 to £450,000 and a dividend of 15 per cent on the increased capital was paid as compared with 20 per cent for the previous year.

SOURCE OF CAPITAL REQUIREMENTS

I will now refer to a few matters of general interest.

The recent launching of the Riebeeck Gold Mine, in spite of the present disturbed state of the financial market, is yet another example of the faith that the Rand Mining Houses have in the long-term prospects of their mining ventures. In this instance the underwriters, who are the Anglo-American Corporation, General Mining and Finance Corporation and our Group, proceeded on the basis that the development of the country's Mining Industry is of paramount importance and should not wait on a revival in share market activity.

This brings me to a problem which has been referred to frequently in recent years and the solution of which is still the key to the rate of our economic development in this country. I refer to the capital famine.

While savings in this country have increased enormously, and while the degree of reinvestment of profits on the part of industrial and commercial undertakings has also increased, if we are to maintain even a reasonable momentum of progress such internal capital formation must be supplemented for many years by capital inflow from overseas.

Now, for a variety of reasons, capital is not coming into this country in the volume which is desirable. In the first place, the era of easy money which followed the postwar period has now passed. The creditor countries are faced with strong internal demands for their public utility undertakings and industries which are busily engaged in developing new techniques and products. The welfare state policy has resulted in more and more money being absorbed by public expenditure, calling for higher taxation, and a shrinkage of the amount of private money available for investment.

Finally, there are psychological factors which have operated against investment in South Africa, partly as a result of ignorance of our potentialities and our problems, and partly because certain aspects of our internal problems are unique enough to be dramatised and given a disproportionate significance.

As a country we can but continue to do all in our power to attract capital from overseas. But we must face up to the hard, sober fact that it is unlikely that the volume of the free flow of capital to which we have become accustomed in the past will be available in the future. We will have to depend more on our own resources.

It is unfortunate that at a time when we are forced to depend upon our own resources there should be such a marked apathy on the part of South African investors to invest in South African equities.

With our country's rapidly expanding economy and increased purchasing power the savings potentiality of our population is continually growing. The extraordinary resilience of the Union's cash position has been demonstrated of late when it is noted that there appear to be ample funds in both the hands of the banks and the building societies, whereas the reverse position was in evidence as recently as last August.

It is a matter of national importance to channel a portion of these available funds into mining and industrial equities, and every effort should be made to bring this home to the average citizen.

It is the function of private enterprise to be enterprising, otherwise there is no reason for its existence. It seems unfortunate that the private investor appears to be unwilling to invest in that enterprise which is essential if the country is to continue to progress. It is often said that taking risks is not the function of the private investor, and that is why many prefer to keep their money at fixed

rates of interest in various forms of traditional safe investments, which, with the progressive depreciation in the purchasing power of money results in their exposing themselves to the certainty of capital erosion, as against the opportunities of capital appreciation notwithstanding the uncertainties of equities.

As long as private enterprise is accepted as playing a necessary and important part in the country's advancement and prosperity the withholding of capital for this purpose would be a disservice to the country as a whole.

All around us there are great projects which have been brought to fruition by private enterprise in this country and brought it wealth and prosperity, and in this we see tangible signs of risks well taken. In all aspects of our economy, risks have been taken by the public at large, and the public at large have benefited from the results.

The restoration of a commensurate proportion of private savings for the acquisition of equities will in the aggregate, re-establish the pattern of finance which in the past had started and maintained the turning of the wheels of mining, industry, and commerce, in which pattern the Stock Exchange has played an invaluable part in mobilising the supply of capital needs for the country's economic expansion.

CONCLUSION

In conclusion it is my pleasure to place on record the Board's appreciation of the services rendered during the year by the Executives and Staff of your Company at the Head and London Offices.

The Report and Accounts for the year ended June 30, 1956, were then adopted, the retiring Director, Mr C. H. Leon, was re-elected and the Auditor's remuneration for the year was fixed.

INDIAN IRON & STEEL COMPANY

IMPROVED RESULTS

MR T. LESLIE MARTIN'S REVIEW

The annual general meeting of The Indian Iron & Steel Company, Limited, was held on November 30th in Calcutta.

Mr T. Leslie Martin, the chairman, in the course of his speech, said: Last year I stated that it was extremely unlikely that the production and trading results of that year would be repeated and that the large increase in the revenue and consequent profits could only be regarded as a windfall. Happily, my prognostications have proved entirely wrong and very wide off the mark. From the Report and Accounts for the year 1955-1956 you will have seen that the results of the previous year have actually been exceeded.

PRODUCTION

The Company's total production of 7,06,986 tons of iron fell short of the figure of the previous year by less than 9,000 tons. The output, however, of your Burnpur Blast Furnaces which provide the hot iron for steel making fell from 5,17,899 tons to 4,73,172 tons. This was due to the fact that No. 2 Furnace was off production for periodical re-lining. The loss of production on this account, however, proved to be much less than had originally been envisaged as, by improved re-lining technique, the work was completed in a very much shorter period than on any previous occasion.

With the change over of two of the Steel Melting Furnaces from Producer Gas Fuel to tar firing we were able, and are now in a position, to utilise a greater proportion of steel scrap in our furnaces than was formerly the case. As an offset to the inevitable drop in the availability of iron for steel making resulting from the closure and re-lining of No. 2 Blast Furnace, an intensive drive for the procurement of steel scrap from local sources was launched and carried out with such success that it was possible to make good the anticipated deficit and even to surpass last year's production tonnage of ingot steel by some three thousand tons. A further benefit was received by reason of the fact that the Rolling Mills were able to produce a larger proportion of the output in the form of finished steel commanding a larger margin of profit than semi-finished steel such as billets, blooms and slabs.

The production of iron from your Kulti Blast Furnace was 233,814 tons as against 197,702 tons in 1954-55, since both Furnaces were in full production throughout the year. In addition to the benefit of the consequent increased availability in the sale of pig iron, full advantage was taken of a larger allotment of iron, sanctioned by Government, for use in the Kulti foundries. This enabled an increase in the production tonnage of Spun Pipes and General Castings of some sixteen thousand tons which, again, had a marked effect on the satisfactory trading for the year under review.

PROFIT

Taking these factors into account an increase in profits of some Rs. 70,00,000/- has been realised for the year. From this amount we are required to set aside Rs. 29,47,838/- to a Special Fund to be utilised solely for the purpose of our expansion programme.

As to the future, I can only say, in view of the excellent results for the year 1955-56, that despite the many difficulties encountered your Burnpur Works have worked to full capacity and that until this capacity is augmented by the extensions now in progress, which will gradually come into operation, no appreciable increase in output can justifiably be looked for. Also, it must be remembered that it is not unlikely we may have to contend with increasing difficulties in the operation of the existing plant owing to the disorganisation caused by the expansion works in progress. I would, therefore, ask you to bear this in mind when forecasting possible results over the next year or so.

FINANCE

The Accounts show the transfer of a sum of Rs. 7,00,000/- to General Development Reserve. You may feel some doubt on the necessity for such transfer, having regard to the very large amounts set aside on the other extensions reserves. I would, therefore, like to explain that the sum in question represents the approximate reduction in the normal taxation liability for the year by reason of the Development Rebate allowed by Government exempting from taxation 25 per cent of the cost of the new plant and machinery installed.

The consideration underlying this concession is that the saving in tax should be set aside for development purposes. We count to a large extent on the continuance of this rebate for financing both the 1953 and 1955 extensions and it is very desirable that this position should be recognised by the immediate institution of a General Development Reserve as a separate item of the reserves.

DIVIDENDS

In view of the substantial increase in the amount of profits earned your Directors had naturally wished to mark the position by some increased distribution on the Ordinary share capital. Every endeavour was accordingly made to obtain the approval of Government to the admission of the shareholders to an increased participation in the profits, but Government have found themselves again unable to agree at this stage to an increase in the rate of dividend. Though the position is disappointing to us all and is one which your Directors greatly regret, as I advised you under similar circumstances last year, the orders of Government cannot be ignored nor their legality challenged without serious detriment to the interest of the Company.

It is incumbent upon us, therefore, to accept the decision of the Government with good grace. To the extent that profits earned are retained in the business the finance of the expansion programme and the ultimate repayment of the loans that are being incurred is facilitated. Also, we may derive such consolation, as we may, for the present restriction of dividend from the assurance that has been given by Government in their letter dated September 22, 1956. It has been stated in that letter that the mobilisation of the available resources for the completion of the expansion programme is in the long term in the interests of the shareholders "as ultimately they will have their full share of the increased profits."

FURTHER EXTENSIONS

Particulars of the further expansion to an annual output capacity of 800,000 tons of saleable steel which, at the request of Government, has been agreed to, have been given in the Board's Circular Letter of November 5, 1956. In my speech to you last year I explained that no decision as to the undertaking of this further expansion could be arrived at until the revised sales retention prices of steel to be operative as from April 1, 1955, had been notified by Government and we had thereby been enabled to forecast with some reasonable degree of accuracy the future financial position of the Company.

The revised retention prices were communicated to the Company in February, 1956, and were fixed at a satisfactory level. The further expansion was, therefore, approved by your Board and the necessary financial negotiations for securing the finance to cover the cost put in hand. As you are aware, this programme provides mainly for an increase in the finishing mills capacity. It is scheduled for completion under normal conditions early in the second half of 1959.

The above does not purport to be a report of the proceedings of the Annual General Meeting, a copy of which will be sent to shareholders in due course.

MITCHELLS & BUTLERS LIMITED

LARGE MODERNISATION AND BUILDING PROGRAMME

MR ROBERT H. BUTLER'S STATEMENT

The Sixty-ninth Annual General Meeting of the Ordinary Stockholders of Mitchells & Butlers Limited will be held at The White Horse, Birmingham, on Monday, December 31, 1956. The following is an extract from the circulated statement of the Chairman, Mr Robert H. Butler :

ACCOUNTS

The Trading Profit for the year shows a very small decline on last year. This result your Directors consider satisfactory, in view of ever rising costs and a very bad summer which caused a slight falling off in Beer Sales. The Net Profit shows a larger decline which is due to higher rates of Profits Tax imposed in the Autumn and April Budgets. In fact, Taxation this year takes 11s. 4d. in every £ of our Trading Profit.

I referred last year to the injustice of the Profits Tax to Equity Holders, and this has been still further aggravated by the recent additional imposition ; but another taxation anomaly to which we, as very large owners of retail premises are subject is that there are no initial or wear and tear allowances for these premises, such as there are for industrial buildings.

The result of this, of course, is that instead of the cost of replacement being charged against profits over the years, more and more reserves have to be built up for this purpose and it is with this in mind that your Board are again retaining for use in the business, out of profits of the year, sums larger than the net dividend paid to Ordinary Stockholders.

As I mention later on, we have started on large programmes of building licensed houses and in modernising and improving the Brewery. In fact, during the year, we have spent some £500,000 on new licensed houses. It is very necessary therefore, to maintain a strong liquid cash position.

THE YEAR'S TRADING

The year's trading can be divided into two periods. Until June sales showed an increase, the upward trend we had enjoyed during the previous financial year being well maintained. From that time onwards, however, we suffered one of the most dismal summers of recent years, and it could hardly be expected that this would not affect beer sales as compared with last year, the chief sufferers being our larger On Licences and country type houses. Short time working and redundancy in the Midlands, which led to lower earnings for a large number of workers, and the increase in prices of bottled goods which we were compelled to make to help retailers meet the continuous rise in the cost of running licensed houses, also played their part in reversing the upward trend.

I am pleased to say, however, that the resulting decrease in beer sales was not nearly so great as seemed likely at one time, and was in fact largely offset by the pleasing increase in our Wines and Spirits sales, which constitute an all-time record.

The demand for our Spirits, and in particular for our famous Dumbarton Whisky, continues to increase. It is a testimony to our policy of maintaining the highest possible standard of age and quality, a standard which is unsurpassed anywhere in the country.

The increasing demand for our Wines is another pleasing feature of last year's operations. Personal visits to the Wine producing countries, expert purchasing, and careful supervision right through to the consumer enable us not only to maintain the highest standards, but to ensure a price at which our customers know they are receiving good value for their money.

RECONSTRUCTION IN BREWERY

We are ever conscious of the fact that in order to maintain the high standard of our beer we have to be constantly studying the latest developments in plant and equipment and planning methods, and as a result of the experience gained on the Continent and in America we have been enabled to incorporate in the reconstruction which is now taking place in our Fermenting Block the most recent developments in brewing practice. We are also modernising our Power Station and when this work has been carried out it will effectively help the labour situation and lower the costs of production.

BUILDING PROGRAMME

This year we have embarked on an extensive building programme and altogether we shall have completed more new fully licensed premises than in any comparable period previously in the history of the Company. Fifteen will have been opened during the course of this year. I should like to make it clear, however, that the trade of these new houses is not all new barrelage in spite of the tremendous Capital Expenditure involved. For the most part it replaces the trade of houses which have been closed under redevelopment schemes, etc.

These new houses, which are most attractive, have been well received by our customers and are already established social centres. From the trading results so far achieved, which have been most gratifying, there is little doubt that the provision of these facilities has fulfilled a much needed requirement in each of the districts concerned. They are in and around Birmingham and its neighbouring towns, and Nottingham, Leicester and Derby.

RECENT ACQUISITIONS

We have recently purchased "The Raven" and "The Exchange Vaults," two fully-licensed houses at Ludlow, where we were previously not represented.

Further afield, our interests in North Wales have been extended by the recent acquisition of the Morville Hotel at Rhyl, which we feel will prove a valuable asset to the Company. In addition to its residential facilities it will provide the opportunity for our many friends to obtain their favourite beverage when visiting this popular holiday resort.

In Llandudno, our licensed house "The Parade," which we acquired in 1954, has now been modernised and brought up to the standard we aim at in our houses.

In the Free Trade competition has been steadily increasing during recent years and shows no signs of abating. However, we are well organised to meet it. Our beers enjoy a growing popularity in an ever widening area and to meet this demand and to provide the service for which we are so well known, we have established depots in appropriate areas.

Our Export Pale Ale has been a great favourite with the public for many years, and our customers tell us that our Mild Ale has never been better.

BEER PRICES

Prices of our draught beers, in common with those of the majority of Midland brewers, have not been increased since 1951, although in most parts of the country brewers found it necessary to increase their prices earlier in the year.

The Government rightly include beer in their Cost-of-Living index, and we feel that Midland brewers have performed a public service by keeping prices of their draught beer down in the face of difficulties. It is our intention to hold the present prices as long as possible, but this cannot be done indefinitely if costs continue to rise. As an example of the magnitude of this problem, increased costs in our Managed Houses during the past year of Wages, Fuel, Electricity, Rates and additional purchase tax on a variety of goods, amount to about £200,000.

Added to these still rising costs, taxation on beer still remains at a level which is far too high, and I hope in the interest of all concerned the Chancellor may one day heed our appeals to him for relief.

NEGOTIATIONS WITH ANSELLS

In my last Annual Statement I referred to the discussions taking place between the Boards of your Company and of Messrs. Ansells Brewery Limited. These discussions were carried out on a very friendly basis, but while they proved useful to some extent no arrangement to the mutual advantage of the two Companies was found by the respective Boards to be possible and an appropriate announcement was made through the Press. Such discussions then ceased and no resumption is envisaged by your Board in any form.

OIL SUPPLY RESTRICTION AND PETROL RATIONING

As we go to Press the Suez crisis is far from being resolved, and the resulting difficulties which will be created by the fuel oil and petrol shortages naturally give cause for grave concern. We are, however, taking active steps to minimise the effect of these shortages and we are hopeful that production will be fully maintained.

On the delivery side some reorganisation will be necessary and we shall be compelled to ask for the co-operation and the goodwill of our many customers in any steps we have to take to meet our difficulties.

GLAXO LABORATORIES

SATISFACTORY INCREASE IN VOLUME OF SALES

PRODUCTION OF POLIO VACCINE ESTABLISHED

SIR HARRY JEPHCOTT'S TRIBUTE TO STOCKHOLDERS AND STAFF

The twenty-second annual general meeting of Glaxo Laboratories Limited was held on December 10th in London. Sir Harry Jephcott, MSc, FRIC, FPS, the chairman, presided.

The following is an extract from his review, which had been circulated with the report and accounts for the year ended June 30, 1956 :

The provision of facilities for the continued expansion of the Company's business, both at home and overseas, has necessitated further investment in fixed assets of some £800,000 during the year at home and £500,000 overseas, all of which has been found from the undistributed profits of previous years. As a result, the issued capital is again unrepresentative of the capital invested, and it is proposed to capitalise £1,592,700 of the Capital Reserves and to issue to stockholders one additional 10s. Share for every two 10s. units of Ordinary Stock held. The consent of the Capital Issues Committee has been received.

At the same time, opportunity is being taken to eliminate the formal structure of 1s Ordinary Shares transferable in 10s. units, and to make the Ordinary Share unit one of 10s. converted to stock.

TRADING CONDITIONS

The results for the year were somewhat more favourable than might have been expected from the Half-Yearly Statement. In part this was due to some improvement in prices but more substantially to an increase in the volume of business during the second half of the year. In the finality, the turnover of the Company and its oversea subsidiaries showed an increase of more than 10 per cent over the preceding year. The net profits before tax did not, however, improve to an equal extent.

At home our turnover showed a satisfactory increase, both in volume and value. In some export markets conditions continue highly competitive and, although the volume of our direct exports increased, the value only equalled the preceding year.

On the other hand, our oversea subsidiary Companies contributed substantially to an overall increase in sales. With their manufacturing facilities these Companies are well placed to take advantage of the rising demand for the Company's products. We are now beginning to reap the fruits of the efforts and large investments we have made in developing these Companies.

With one exception, all the subsidiaries have shown a satisfactory net profit this year and their remittances to the parent Company have increased significantly. The increase in income from our oversea subsidiary Companies has not been secured to the detriment of the subsidiaries themselves. We recognise the need to strengthen these Companies, and profits have been retained in their Accounts this year to three times the extent of the previous year.

These favourable results have been achieved in markets which, although developing, are not without problems of their own. Inflationary conditions, leading to continuously rising local costs as well as to exchange shortages and difficulties of securing imported supplies, often enormously complicate the planning of future production.

In some countries, efforts to repress inflation by price control add to the complications. The challenge of competition must always be faced but, here again, the difficulties have increased as our products have had to compete, not only with surplus production from other countries but frequently also with the subsidised production of Government-sponsored local enterprises.

EXPANDING FACILITIES OVERSEAS

In spite of all the difficulties and uncertainties that oversea trading presents, which, indeed, have made us resolve further to strengthen our Exchange Reserve by the allocation of £100,000, the Board remains convinced that the development of our oversea interests is a wise policy. It has been strengthened in its view by the results for the past year.

Further developments are in contemplation or in hand at our subsidiary Companies in the Argentine, India, Pakistan, New Zealand, Italy and elsewhere. In some instances we may need to provide additional capital both for fixed assets and to finance increasing business.

We are well satisfied with the progress we are making in oversea markets. This is best exemplified by the fact that no less than two-thirds of the Company's consolidated turnover is in oversea markets.

Our recently acquired subsidiary—The Murphy Chemical Company, Limited—had a satisfactory year, during which progress was made both in turnover and in profitability. Its technical staff is now working in close collaboration with that of the parent Company and, in due course, the full benefits of co-operation will be secured to our mutual advantage.

NEW DEVELOPMENTS

During the past two or three years the Company has undertaken development tasks of very considerable magnitude. Notable amongst these have been the production of the poliomyelitis vaccine, and a new synthesis of cortisone.

A considerable quantity of poliomyelitis vaccine has been produced answering the exacting standards set by the Ministry of Health and the Medical Research Council, and very many doses have been administered with advantage and without ill-effect. Great credit is due to the staff of our virus unit for the excellence of their work.

Cortisone and other closely related substances are now being manufactured upon a substantial scale, although not to the full extent necessary to meet our requirements. Production is being expanded as rapidly as increased supplies of raw material become available. Here again I wish to express my warm appreciation of the efforts of our staff engaged upon this project. An outstanding piece of research has been developed into a process that has proved to be economic and is being operated on a commercial scale.

The Company has entered into an agreement under which it will manufacture synthetic vitamin A upon a large scale. Construction of the plant is well advanced and supplies are expected to be available towards the end of our financial year.

FACTORS FOR PROGRESS

The good results of the past year have not been achieved without great efforts and have been due to three factors : the consistent support by the stockholders of the Board's policy of ploughing back into the business a large proportion of the annual profits ; the introduction of new processes, and the general expansion of our activities, which this policy has made possible ; and, above all the loyalty and zeal of all grades of the staff at home and overseas. So long as we can continue to enjoy these advantages we may look forward with reasonable confidence, whatever the difficulties ahead.

The report and accounts were adopted and, at the subsequent extraordinary general meeting, resolutions were passed for the reorganisation of the Share Capital of the Company, the capitalisation of reserves and scrip issue, and the amendment of the Articles of Association.

HERRBURGER BROOKS LIMITED

(Manufacturers of Pianoforte Actions, Keys, etc.)

CONTINUED SATISFACTORY PROGRESS

The thirty-sixth annual ordinary general meeting of Herrburger Brooks Limited was held on December 12th in London, Sir Louis Sterling (the chairman) presiding.

The following is an extract from his circulated statement: During the year under review the business of the Company continued satisfactorily. There was a slight reduction in the requirements of the Home Piano Manufacturing Trade which is still largely concerned with export. The volume of direct export sales of the Company to overseas markets was more than fully maintained while new business was obtained by production and sale of articles for kindred types of trades with the result that as a whole there was a considerable increase in the year's earnings.

At the beginning of the current year business showed a reduction but now appears to be regaining a satisfactory level. Costs of Labour and Material, however, continue to rise and although a steady demand for Pianos still exists almost the world over there is a general resistance to price increases. If, however, these matters can be controlled the Directors view the future with confidence.

Last year reference was made to a proposal to raise approximately £50,000 by a "rights issue," but the Directors decided to defer the matter until conditions improve.

The report was adopted.

DEBENHAMS LIMITED

POLICY OF EXPANSION

MR J. BEDFORD ON PROVISION OF FURTHER FINANCE

The annual general meeting of Debenhams Limited was held on December 11th in London, Mr J. Bedford, OBE (Chairman and Managing Director), presiding.

The following is an extract from his circulated statement:

The Consolidated Trading Profit for the year ended July 31, 1956, amounts to £5,244,379 which shows an increase of £219,248 over the figure for last year. After deducting interest and depreciation charges, together with £14,787, against £112,443, in respect of unearned profit on Hire Purchase Debtors, the Net Profit before taxation is £4,622,988, an increase of £256,931. The reduction in the provision for unearned profit on Hire Purchase Debtors arises from the fact that this provision was created for the first time last year.

The major part of the increase in net profit has been absorbed by a higher charge for taxation which totals £2,620,819 against £2,473,929 last year; profits tax itself requires £943,070 against £554,909. Nearly £500,000 of the total charge for profits tax arises through distributions; approximately £160,000 of this amount represents tax at the distributive rate on dividends paid to Preference Shareholders of the Parent Company and Subsidiary Companies. Even now the full effect of the increased rates has not been felt because they were introduced in October, 1955, during the year under review. I do not wish to give the impression that I am unmindful of the difficulties facing the Government in their efforts to combat inflation and consumer spending. I must, however, protest most strongly against the heightening and continuance of a tax which, both within and outside business circles, is regarded as a bad tax and which is borne entirely by the Ordinary Shareholders, thus hitting risk capital upon which industry and commerce depend.

The Net Profit available for appropriation by the Parent Company is £1,175,833. The Directors recommend that, after payment of the Preference Dividends, the same allocations be made as last year, namely, £150,000 be transferred to General Reserve and a Final Dividend of 2s. per share (making 2s. 9d. for the year) be paid on the Ordinary Shares. The balance carried forward to the next account is increased by £17,283.

The Directors are fully conscious of the need for care in the financial field during these difficult days and every project involving cash expenditure is subjected to detailed investigation, but I am sure you will agree that no business can afford to stand still in these highly competitive times. By exercising the strictest control, it has been possible to delay so far a major financing operation; however, I should mention that Treasury permission is still in being regarding the five million pound Debenture Stock Issue which was postponed because of the sharp increase in money rates in February 1955.

Notwithstanding the continuing restrictions on credit in the money market, it is the intention to expand our Group of businesses into towns where we are not represented and to broaden even further the base of the Group as opportunities occur. As the share capital of the Parent Company is at present fully issued, the Directors consider that it would be in the best interests of the shareholders to increase the Authorised Capital so that in the event of the Company deciding to acquire additional businesses and to implement the purchase of such businesses by the exchange of shares, unissued shares would be available. An Extraordinary Resolution will accordingly be proposed at the Annual General Meeting for the purpose of increasing the Authorised Capital by the creation of an additional 5 million Ordinary Shares of 10s. each. Advantage is to be taken at the same meeting of proposing, by Special Resolution, alterations to certain Articles of Association of the Company.

TRADING

We are the only large Group of Departmental Stores with such a high proportion of its businesses in the luxury and middle class trade. The shifting pattern of income groups has resulted in the largest proportion of the spending power of the public being transferred to the weekly wage earners. This trend has naturally benefited our popular stores, the results of which compare favourably with their competitors. During the last few years we have built up a Central Buying Organisation that has enabled our popular stores to compete with the chain store businesses and it is our policy to expand this side of our business and also to enter the chain store field when a suitable group can be acquired.

REVALUATION OF PROPERTIES

We have instructed Messrs Hillier, Parker, May & Rowden and Messrs Healey & Baker to carry out a revaluation of the properties in the Group in order that we may review our insurances and re-assess whether the assets of the Group are being used to the best advantage. If any of our businesses are found wanting in this latter respect, energetic steps will be taken to remedy the matter.

RATING ASSESSMENTS

You will remember that in the report last year your attention was drawn to the increased charge for rates which the Company would have to bear as a result of the new rating assessments; these came into force in April last. The forebodings on this head have, in the event, been proved correct, the rateable value of the Group having been increased by £564,000. On the existing rate poundage, which experience shows will surely tend to rise, but which for the moment has mitigated to some extent the effects of these new assessments, the additional rate cost to the Company for the current year will be no less than £290,000.

The present turmoil of world affairs, the continued rise in expenses, render the task of forecasting the future almost impossible but I am glad to say that our turnover this year shows a satisfactory increase. As our new stores come into trading, so will our position improve, and to that extent the immediate future can be viewed with reasonable confidence.

The report and accounts were adopted and the proposed increase of capital and amendments to the Company's Articles of Association were approved.

HECHT, LEVIS & KAHN

(Merchants in Raw Rubber and Other Commodities)

EXCEPTIONALLY FAVOURABLE TRADING CONDITIONS

The thirty-first annual general meeting of Hecht, Levis & Kahn Limited was held on December 10th in London, Mr James S. Saxby (the chairman) presiding.

The following is an extract from his circulated statement:

Trading conditions in the year under review were exceptionally favourable, and this is reflected in the results. Your Board, therefore, considered it right to propose not only a final dividend of 10 per cent which, together with the interim dividend, gives the same total as last year, but also a bonus of 10 per cent.

For a group such as ours, with associations in many parts of the world, results must depend in part on the degree of co-operation between members of the group. During the year under review we had numerous meetings with the management of our overseas associated companies, both by visits from them to London and from London overseas.

As in past years, our Paris friends, SAFIC Alcan & Cie., have been most successful. Our new subsidiary in Singapore, the Fred Waterhouse Co. Ltd., had a successful year, and in view of this we are strengthened in our belief that the acquisition of this manufacturing business will be of continuing value to us in the changing conditions of rubber trading. Our older subsidiary in Malaya and Singapore, Anglo-French & Bendixsens Ltd., also had a good year and showed considerable initiative in developing new outlets.

Our other subsidiaries in Amsterdam, in Antwerp, in Bremen, in Hongkong and in Saigon have continued to work closely with us and to make their contribution to the business of the group.

Our relationship with the Rubber Corporation of America is developing and we are sure we shall reap mutual benefit from it.

CURRENT PROSPECTS

Conditions during the last six months have been particularly difficult and disturbed. The credit squeeze, the general increase in interest rates, and the falling-off of car sales both here and in the United States, would in any case have hampered us. But the violent swings induced by political events in the Middle East have been a great disturbance. We shall continue to use our utmost endeavours to combat these difficult conditions.

Meanwhile we have been developing our plans for strengthening the operations of the group. Your Board have come to the conclusion that it would be advantageous to separate in the London organisation the function of watching over the general strategy of the group as a whole and that of conducting the day-to-day trading operations in London. We have, therefore, decided to set up a new subsidiary which will take over these day-to-day operations, leaving the parent company, Hecht, Levis & Kahn Limited, to act mainly as a co-ordinator of trading operations, finance and personnel policy.

We have also decided on a change in policy relating to interim dividends. We intend in future to recommend only one annual dividend when the results of the group for a whole year are known and when dividends have been declared by the subsidiaries.

The report was adopted.

AIRE WOOL COMPANY

(Woolcombers and Topmakers)

LORD BARNBY'S STATEMENT

The twenty-first annual general meeting of Aire Wool Company Limited was held on December 12th at Shipley, Yorkshire, Colonel Lord Barnby, CMG, CBE, MVO, the chairman, presiding.

The following is an extract from his statement circulated with the report and accounts for the year to July 31, 1956.

YEAR UNDER REVIEW

From the Consolidated Profit and Loss Account it will be seen that the Group profit for the year before Taxation was £190,860 compared with £204,104 last year. In keeping with many other Yorkshire wool textile concerns, the year's operations have been carried out under very difficult trading conditions. Each succeeding wool trading year certainly incorporates unpredictable price movements. Each result must depend considerably on the closing date.

In our case the Trading year reviewed had to bear much of the brunt of a steep decline in 1955 yet closed just before bringing in any advantage from a sharp advance in 1956. Such movements, of course, iron themselves out over the two year operation. I would here mention that for accountancy reasons consideration is being given to a change of date for our Trading year end.

The early part of the trading year received the impact of much pressure from bearish "forward" wool offerings from origin. This contributed to a widespread state of mind receptive to expectation of a lower level of values. This outlook evidently extended down the line into the retail sphere. A progressive running down of stocks presumably occurred. Buying this Autumn to rebuild these depleted stocks of merchandise gathered momentum as raw wool values began to rise. This has naturally carried commitments from top to cloth many weeks forward. So it can be said, as this is written, that continuing machinery activity is promising.

It was a year of high activity in the Worsted section in general, Home and Export trade both contributing handsomely in volume. Export of Tops in particular attained a high figure. Our own turnover was again a record high in volume but profitability was disappointing.

DIVIDEND

Since my last Statement, the Rights Issue, then foreshadowed, was completed. This added £152,988 to our liquid resources. From your Directors' Report, it will be seen that a final payment of 12½ per cent less Tax on the Ordinary Stock is again recommended making a total of 25 per cent less Tax for the year thus maintaining our former rate of Dividend on this increased Capital.

SOUTH AFRICAN INTERESTS

Our South African Associated concern has enjoyed high activity and its profits have been satisfactory. South African combed tops have now achieved wide acceptance. We feel this venture is fully proving its justification and consider its prospects encouraging.

WOOL POSITION

World Export Trade in Tops for 1955 was reported as 175 million lb. Report for the first quarter of 1956 indicates an annual basis of 192 million lb. Of this total 82 million lb was contributed by the UK, or 43 per cent. It seems debatable whether proposals for the UK to join a Free European Customs Union would be advantageous to us. We in UK currently enjoy—at around 12d. per lb for merino Tops—a relatively high Import Tariff.

Taking a broader survey, machinery activity in the Worsted Industry has now for several years happily remained high. But examination of available statistics seems to indicate that while world wool production progressively increases, we in the UK are barely maintaining our usual proportion of the world wool Clip; also we do not appear to be increasing our percentage of the total. UK installed machinery has probably been little increased in capacity.

As long as Exports of semi-manufactures continue, UK machinery activity, and therefore, employment, should remain high.

FUTURE OUTLOOK

The future course of wool values must in the tangled state of International Affairs continue to be largely influenced by monetary controls and movements. Under any tendency to inflation in any country wool is one of the most convenient "counters" for defensive action. Such demand is outside normal calculable demand against supply.

I have already referred to poor profitability of recent past (apart from luck in bold anticipation of price movements either way which we regard as apart from conventional routine). At current wool values and high money rates, reasonable calculated margins are essential to provide a cushion for unpredictable future movements, as well as a minimum current return on invested capital and written down equipment value.

It seems reasonable to suppose that in more and more countries under the world influences towards Nationalism there will continue a tendency to instal their own productive machinery. Freight rate increases may well increase the export of Tops from Australia.

Japan's supply of sterling can probably continue to be influenced by dollar earnings in supplement of sterling. Her wool-buying capacity must remain a factor to be followed.

Any review of prospects for a commodity of world wide use and mobility like raw wool would be incomplete without reference to the USA. Total consumer income there is reported as running around £660 per *capita* against £310 in UK. The population is increasing by nearly three million per annum, i.e., a gain of say between 40 and 45 million persons since 1939. Such tremendous income might at any time under the stimulus of fashion changes have a powerful impact on wool demand and on prices.

At time of writing our Order Books are satisfactory so we have promise of continuing good activity.

MANAGEMENT AND PERSONNEL

It remains for me on behalf of the Board to convey our thanks to every member of our organisation for their efforts during the year; in particular I would thank our Managing Director, Mr R. P. Pitcher, for his enthusiastic and untiring services.

The report and accounts were adopted.

DICTOGRAPH TELEPHONES

COMPANY'S UNIQUE REPUTATION

The twentieth annual general meeting of Dictograph Telephones Limited was held on December 13th in London.

In his circulated address, the Chairman, Mr Philip V. Summer, states: The net profit of the Group, after taxation of £99,615, amounts to £96,440 (last year £79,777). After writing down the value of goodwill from £50,000 to £1 Group Reserves now stand at £379,758 (last year £339,298).

Today your Company has rental agreements which contract to yield more than £2 million and an annual income from rental and maintenance contracts in excess of £400,000. Thus, if anything other than a nominal figure for goodwill is shown, it should be very much higher than the original cost of £90,004. I said seven years ago "the intrinsic value of goodwill was higher than at any time in the Company's history," and this is much more so today.

The Company's reputation is unique in the intercommunication telephone field and its products are as popular as ever. In addition to the Dictograph Loudspeaking Telephone System, we have installed a further number of Automatic Switchboards in connection with our Dictomatic System. Our "Sound and Time" Department has also attained a new sales record for Staff Location Systems, Clock and Time Recorder Systems.

Grampian Reproducers Limited, as forecast last year, has made a substantial contribution to Group profits. The report was adopted and a final dividend of 10 per cent, making 20 per cent for the year, was approved.

ANTOFAGASTA (CHILI) & BOLIVIA RAILWAY COMPANY, LIMITED

INCREASED RECEIPTS

The sixty-eighth annual general meeting of this company was held on December 11th in London, Mr H. C. Drayton, chairman, presiding.

The following is an extract from his circulated statement:

The net receipts from the operation of our railways and waterworks in 1955 were £682,802, an increase of £14,172 compared with 1954. After adding other income, exchange differences and £297,517 brought forward from 1954, and deducting fixed charges, appropriations for provisions and reserves and the 5 per cent Cumulative Preference dividends there is a credit balance of £943,872 after taking into account a dividend of £876,000 (£677,028 after taxation) received from the Bolivia Railway Company early in 1956 and accrued in our 1955 accounts. The Bolivian Government also received the pro rata proportion to which its 27 per cent Common Stockholding entitled it.

These payments were made largely out of funds which became available as a result of the settlement of United States income tax.

The appropriations in our Net Revenue Account for 1955 include three-and-a-half years' dividends on the Cumulative Preference Stock. This brought payments up to date at December 31, 1955. We have also paid the dividend for the first half year of 1956. The Board recommend a dividend of 4 per cent (less income tax) on the Consolidated Ordinary Stock—the first since 1930. The report and accounts were adopted.

THE WALMSLEY (BURY) GROUP

(Manufacturers of Pulp and Paper Making Machinery and Equipment)

POLICY OF BALANCED EXPANSION CONTINUED

The twenty-fourth annual general meeting of The Walmsley (Bury) Group Limited was held on December 7th at Bury.

Mr Alan Green, MP (the chairman), presided and in the course of his speech said:

The consolidated profit for the year is £632,232, as compared with last year's figure of £579,421. After charging taxation, the profit becomes £287,168 against £271,849 for the previous year. The profit attributable to outside shareholders in the subsidiary companies is £2,051, leaving a profit of £285,117 for the members of The Walmsley (Bury) Group Limited. Of this, £12,856 has been set aside to Pensions Reserves, leaving £272,261.

We are proposing, for your consideration, a final dividend of 20 per cent on the Ordinary Share Capital; this, with the interim of 5 per cent, makes a total for the year of 25 per cent less tax.

The liquid cash position is satisfactory. Total assets exceed current liabilities by £2,595,375, this being the Balance Sheet figure of the capital employed.

THE YEAR'S TRADING

There has been a substantial increase in the volume of work reaching, or on its way to, our customers. This increase is largely the product of our continuing policy of balanced expansion allied to a determination to keep the works well equipped, well maintained and rationally used and partly the fruit of selective sub-contracting.

The expansion in profits has not been as great as the expansion in turnover. I think you will agree that this, to some extent, is a natural result of the increase in sub-contracting. It also draws attention to the real need to restrain cost increases in this country. Increases in costs without a corresponding increase in the efficiency of the product must steadily reduce our ability to be competitive in world markets.

Last year I referred to the difficulties—principally shortage of skilled workers of all kinds—which prevented the speeding up of a contract which looked like being delayed. Those difficulties have continued, and so long as they do continue they will act as a powerful brake upon the deployment of the resources of the Group. It was in these circumstances that we were particularly attracted to the possibilities of co-operation with Millspaugh Limited, following that company's acquisition by Hadfields. We have placed very substantial orders with Millspaugh, and our good relationship continues with them on the basis of supplier and customer.

Since the end of the financial year work has progressed steadily upon our established orders. The flow of enquiries has continued to be heavy, costs have been reasonably stable, and our liquid position has remained satisfactory. There can, however, be no doubt that competition at home and abroad is strong. If enterprise in this country is overtaxed, or if costs at home rise faster than costs abroad, then we shall lose ground in those export markets which we believe are necessary to our stability.

The report and accounts were adopted.

W. & J. LAWLEY

The seventeenth annual general meeting of W. & J. Lawley Limited was held on December 12th in Birmingham, Mr H. J. Gaunt (Chairman and Joint Managing Director) presiding.

The following is an extract from his circulated address:

The Trading Profit amounts to £97,094 compared with £68,852 in the previous year. The Parent Company achieved a record turnover and satisfactory profits during the year in spite of a hardening of profit margins. In this year's Profit is included 7 months' profits of the wholly owned Subsidiary Company, E. Partridge & Company (Old Hill) Limited, which was acquired on January 2, 1956. The Subsidiary Company is doing an increasing trade and its profits are running at a higher rate than at the time of the acquisition a year ago.

Out of the Consolidated Net Profit of £79,986 Taxation requires £46,303 leaving £33,683. The proposed Dividend is £17,250, the allocations to Reserve by the two companies total £15,000 and there is a small increase in the carry forward.

The Directors propose a Dividend of 25 per cent less tax, the same. Revenue Reserves and Surplus total £118,495 compared with the Company's Issued Capital of £120,000 and the excess of current assets over current liabilities is £107,651.

Although we look forward to the future with confidence it is however very difficult to give any firm forecast of future prospects owing to the present complex situation.

The report was adopted.

Company Meeting

ELECTRIC & MUSICAL INDUSTRIES

("His Master's Voice"—Columbia—Marconiphone, etc.)

Mr. J. F. Lockwood emphasises that Britain owes her T/V Leadership to EMI

AT the EMI 25th Annual General Meeting held in London on December 13th Mr. J. F. Lockwood described how, in 1931, foreseeing the failure of Baird's mechanical T/V system, EMI commenced work on electronic high definition Television. For T/V cameras they developed the Emitron tube and for the receivers a revolutionary type of hard cathode ray tube with electron focusing: this gave birth to the present large cathode ray tube industry. By 1936 a complete electronic Television system was installed for the BBC, giving Britain a public T/V service years ahead of any other country. The EMI 405 line system still remains the British standard. The BBC use EMI cameras for their outstanding dramatic productions where high quality pictures are essential. EMI also supply the BBC and others with much specialised T/V equipment such as the Relay Links which facilitate the Eurovision programmes. The acknowledged outstanding brilliance of "HIS MASTER'S VOICE" and MARCONIPHONE TELEVISION RECEIVERS made by EMI is largely attributable to this unique experience in T/V technique.

During his speech Mr. Lockwood said: "We have been honoured in that one of the first Royal Warrants granted by Her Majesty the Queen was to The Gramophone Company Ltd. for the supply of Radio-Gramophones, Records, Radio, Television and Electrical Household Apparatus.

He then gave the following facts on EMI progress in the year under review:—

EMI IS BY FAR THE LARGEST RECORD MANUFACTURING and marketing organisation in the world. EMI sales of records (HMV, COLUMBIA, PARLOPHONE, CAPITOL, etc.) increased by 33 per cent. during the year: the total nearly equalled all competitors added together.

CAPITOL record sales exceeded all calculated expectations; in addition, EMI ANGEL has become one of the four leading classical record companies in America.

The great artists of the world are realising more and more the unequalled scope of the EMI Record marketing organisation.

EMIDICTA and MINIFON DICTATION MACHINES are still in strong demand. EMI MAGNETIC TAPE factory—the largest in Europe—doubled its output during the year, indicating a great future for these products.

The interests of EMI in ELECTRONIC CAPITAL GOODS include an exclusive Machine Tool control system, Computors, Stroboscopes, Oscilloscopes, Telemetry equipment, Radar, Guided-missile equipment, Colour and Monochrome Television transmission gear. EMI research and development resources in these fields are being used extensively by Government Services and large industrial organisations.

TOTAL SALES OF THE GROUP, £53,000,000 were £11,400,000 up on the previous year—the highest in the Company's history. Trading profit of the Group was £2,417,000—an increase of £542,000 over the previous year. The total assets of the Group have increased to £32,314,000.

EMI EXPORTS for the year approximated £4,500,000—a material increase on the previous year. A detailed survey of EMI business through branches and distributors in U.S.A., Canada, Australia, New Zealand, South Africa, France, Germany, Mediterranean countries, Scandinavia, the Far East and South America showed that in almost every country material progress has been registered during the year.

* *A full report of the Chairman's speech has been circulated to all stockholders. Copies will be sent gladly to interested readers on application.*

ANGLO-ECUADORIAN OILFIELDS LIMITED

INCREASED PROFITS

The thirty-eighth annual general meeting of Anglo-Ecuadorian Oilfields Limited was held on December 11th in London, Mr F. C. Bowring, chairman, presiding. The following is an extract from his circulated statement for the year ended March 31, 1956:

Crude oil production for the year was 327,621 tons. This was 1,040 tons less than the peak figure of 328,661 tons recorded last year. There was again an increase in shallow well production, but this was insufficient to offset the decline in production from the deeper horizons.

The Refinery at La Libertad operated at full capacity through the year, the total throughput of crude oil being 241,224 tons. The slightly smaller throughput compared with last year is due to a variety of causes, but mainly to some increase in time spent on repairs and maintenance. Sales of refined products continued to increase, but not as rapidly as in the previous two years.

The gasoline importation by your Company amounted to 15,758,568 gallons compared with 9,819,600 gallons for the previous year. These importations continue to involve your Company in heavy financial losses, which are increasing every year. Despite strong representations to the Government we have not as yet succeeded in obtaining any alleviation of this financial burden which we feel your Company should not be called upon to bear.

SELLING PRICES

The Government has not granted any increase in selling prices of products since those which became effective on March 9, 1955, and to which I made reference last year. The increases authorised at that time were less than those recommended by the Petroleum Commission set up by the Ecuadorian Government. No increase was granted on gasoline.

Representations continue to be made to the Government for an upward revision in the selling prices of all products, and especially of gasoline.

The new Contract with the Ecuadorian Government, referred to last year, was signed on January 4, 1956.

The development of the new pool found on the concession of Carolina Oil Company was continued throughout the year with variable, but on the whole satisfactory results. Nine wells were completed. Of these, three were brought in with initial production of over 100 barrels per day, four were moderate producers, the initial production ranging from 24 to 75 barrels per day and two gave only one or two barrels per day.

Production for the year amounted to 362,221 barrels, compared with 258,182 barrels for the previous year. The increase in crude oil production, together with a reduction of over £20,000 in drilling expenses resulted in a profit of £95,744.

The consolidated net profit of the Group arising from trading activities during the year at £955,551 compares with the net profits for 1955 before deduction of British Taxation of £632,428 (net after British Taxation £334,633). Your Board recommend that £187,500 be set aside for the payment of a dividend of tenpence for each 6s. 8d. of Ordinary Stock of the Company now in issue for and in respect of no specified period.

The report and accounts were adopted.

CROMPTON PARKINSON LIMITED

ACTIVE DEVELOPMENT OVERSEAS

HOME FACTORIES EXPANSION

MR ALBERT PARKINSON'S REVIEW

The forty-third annual general meeting of Crompton Parkinson Limited was held on December 12th, in London. Mr Albert Parkinson, MBE, the Chairman, presided. The following is an extract from his Statement:

Last year I expressed concern at the general economic prospect, which I felt would inevitably face your Company with problems and difficulties not of its own making and largely beyond its own control. Today, I regret that I cannot say that this apprehension was unjustified. I can, however, take pleasure in reporting to you that difficult operating conditions have been met and mainly overcome by your Company in a most satisfactory and successful way.

In keeping with the Company's policy of entrusting greater responsibility to younger men, Mr M. H. L. Lewis has been appointed an Assistant Managing Director, and Mr Michael Parkinson an Executive Director.

The Consolidated Profit and Loss Account shows that while there is little change in the Surplus from Trading, Income from Trade Investments has substantially improved. The increase of £87,000 derives mainly from the receipt of the first dividend from Noyes (Australia) Proprietary Limited, a jointly owned Selling Company formed in 1954. Having regard to our considerable capital commitments and current conditions, your Directors feel it is prudent not to recommend any increase in the distribution of the year's surplus. The Interim Dividend of 4 per cent already declared and paid, together with the Final Dividend of 6 per cent and the Special Cash Bonus of a similar amount now recommended, will again make a total distribution of 16 per cent for the year.

OVERSEAS

In my remarks to you last year I dwelt briefly on our plans to go forward with the expansion of our manufacturing facilities in Australia. At Campbelltown our 250-acre site is now in its first stage of development. In India we are extending our range of manufacture, particularly in the field of Switchgear, and in Canada our new Switchgear factory at Brantford, Ontario, has commenced production and is rapidly expanding its output to satisfy a full order book. I reiterate the belief which your Directors have in the future development of the British Commonwealth and the correctness of their policy of expanding your Company's Commonwealth activities whenever and wherever a suitable opportunity arises. The expansion of your Company's overseas activities in no way reduces or takes the place of our need to improve and expand our facilities at home to as great a degree as is prudent, and we have committed ourselves to a substantial programme of expansion and improvement.

THE OUTLOOK

The economic conditions which surround us, and under which we have to carry on our business, are no better than they were a year ago. Inflation and rising costs affect all our activities and, in spite of our efforts, must invariably tend to reduce our competitiveness overseas and our margin of profitability at home and abroad.

BIRMID INDUSTRIES

SATISFACTORY PROFITS

The annual general meeting of Birmid Industries, Limited, was held on December 11th at Birmingham.

Mr Edward Player (Deputy-Chairman and Managing Director) presided in the absence of the Chairman, The Most Honourable the Marquess of Exeter, KCMG.

The following is an extract from the chairman's circulated address:

In making my usual comments on the Accounts for the Financial Year ended July 31, 1956, I am pleased to report that the level of activity in the Group Companies has been well maintained. Correspondingly profits also have kept at a satisfactory level, despite basic material and wage increases much exceeding any advances in selling prices. For this we have to thank the technical advances made in our methods, and the diligence and foresight of the administration of the various Companies.

I would repeat that any serious fall in demand would depress profit margins, owing to the consequent undue proportion of fixed overheads which would then enter into our costs.

I can assure you, however, that your Directors are constantly alert to adopt whatever new ideas or machinery seem likely to improve efficiency and quality. Much of the capital expenditure now appearing in the accounts is devoted to these ends. I have no doubt that, in the event, our policy will be justified.

STRENGTH OF RESOURCES

The Consolidated Balance Sheet shows that the total of Capital and Reserves now stands at £11,156,337, an increase of £2,954,443 over last year. Thus the Issued Capital is covered some three and a half times and the proposed Dividend of 10 per cent plus Bonus of 7½ per cent represents a return of 5 per cent gross on the total Capital and Reserves employed in the Group.

Demand and output kept at a satisfactory level for most of the financial year. The recession in the motor and other trades later in the year, however, caused a reduction in our activities, mainly in the foundries.

Our Companies' products are in the main semi-finished and thus not available for direct export. The exception is in light alloy wrought goods, in which field Birmetals maintains a valuable proportion of sales.

Additionally, this company now makes and exports an Etching Machine made under licence from the Dow Chemical Company of USA. This machine etches special magnesium alloy plates, producing line and half-tone engravings of a very high order of quality.

As to the foundries, about 50 per cent of their products form essential components of such valuable exports as Motor Vehicles, Aircraft and engines, and general engineering products.

As regards the future, I shall not venture on prophecy, knowing how prophets are regarded in their own country. I must say, however, that for the next year or two we shall face a buyers' market in most sections, with lower demand and keener competition. We believe that, in enterprise, technical knowledge and experience, and in manufacturing facilities, we are well equipped to meet sterner conditions, and to secure our share of available business.

The report and accounts were adopted.

HARRISONS & CROSFIELD LIMITED

INCREASED PROFIT AND DIVIDEND

The forty-eighth annual general meeting of Harrisons & Crosfield, Limited, was held on December 10th, in London.

Sir Eric Miller, the chairman, presided and in the course of his speech said: It is gratifying that the good start which I was able to report to you 12 months ago was sustained to the end of the period, the gross profit for the year to June 30, 1956, before depreciation, taxation, etc., amounted to £1,884,000, an increase of £240,000 on the previous year.

Nearly all the increase in the gross profit is absorbed by taxation, which at £916,000 takes £236,000 more than in the previous year, so that, after deducting this and all charges, the net profit is only £18,000 up at £601,000. The final dividend of 10 per cent will make 15 per cent for the year on £1,500,000 Deferred Ordinary Stock, against the previous year's total of 20 per cent on the then issued Stock of £1 million, equivalent to 13½ per cent on the present Stock.

TEA

Prices in world tea markets during 1956 have not registered such wide fluctuations as they did in the previous two years, but a notable feature has been the very high level to which competitive demand raised prices for the limited quantities of fine tea available.

The price concertina has closed and there is now a much smaller margin between the prices realised by this class of tea and the better liquoring Assams. There are now keen buyers of the lower qualities, which have risen by no less than 1/7d. per lb within the last month.

Such violent price movements are most disconcerting to all concerned in production and distribution. There is plenty of tea to come forward and an easier price situation may be expected to develop in the New Year. World production may be only 10 million lb less than in 1955. Even so, it is running ahead of normal absorption. The future for producers of plain teas is dependent on the wholesome habit of tea-drinking being more encouraged.

RUBBER

A year ago the price of No. 1 RSS was at the inflated level of 40d. per lb. I did not, however, foresee that by the end of May the price would be down to 22d. per lb. More recent events leading up to the blocking of the Canal have brought the spot price for No. 1 RSS up to around 32½d. in London.

World consumption of Natural and Synthetic Rubber during 1956 is running at a rate of around 3 million tons per annum. In the USA the proportion of Natural used seems to be stabilising around 38 to 39 per cent. So long as Natural is available in ample quantities European manufacturers outside the Iron Curtain are using Synthetic on only a moderate scale.

All the indications are that there will be a fairly close balance between production and consumption of Natural Rubber in 1956. As any substantial increase in the production of Natural can at best be gradual and as the world must not find itself short of rubber, some increase in synthetic producing capacity is a wise precaution. These violent fluctuations are most disconcerting to the Industry. Expansion in the use of motor transport in practically every country in the world is a certainty. The report was adopted.

LILLYWHITES LIMITED

RECORD TURNOVER

EXPORTS INCREASED

The twenty-third annual general meeting of Lillywhites Limited was held on December 12th in London, Mr H. J. Benedictus, ACA (the chairman), presiding.

The following is an extract from his circulated statement:

The consolidated net profit for the past year is higher than last year by £4,463, or, after taxation and the deduction of that part of the profit due to shareholders outside the group, by £1,042. Taxation, unfortunately, accounts for £3,600 more than last year. The turnover of your Company constitutes a record but the higher profit resulting has been almost completely absorbed by rising expenses.

The main increases have occurred in the items of rates and wages. In my statement last year I referred briefly to the new assessments on shop property and said that although we had not yet been informed of the proposed new assessments in our case, it was certain that they would be much higher than in the past. This forecast was unfortunately justified. The total burden of rates borne by your Company is 64 per cent higher than last year.

It is proposed to repeat the dividend we paid last year, namely, a final dividend of 20 per cent, making 30 per cent for the year, together with a tax-free distribution of 5 per cent.

MERLIMAU PEGOH, LIMITED

CASH DISTRIBUTION FORESHADOWED

The forty-seventh annual general meeting of Merlimau Pegoh, Limited was held on December 5th in London, Sir Harry Townend (the chairman) presiding.

The following is an extract from his circulated statement: The group working profit before taxation amounted to £284,059 as compared with £166,733 for the previous year. The total crop for the group rose to 7,489,100 lb in the year under review from 7,301,600 lb in the previous year.

It has been the policy of the Board for some time past to dispose of certain outlying divisions where labour is difficult to obtain, and I am pleased to advise you that we have been successful in arranging the sale of Ayer Pa'abas Division of Pegoh Estate. The proceeds amounted to some £28,000. Ayer Tengah Estate has also been sold for approximately £37,000. This estate was owned by Ayer Tengah Rubber Estates, Limited which is a wholly owned subsidiary of Merlimau Pegoh (Eastern), Limited, which in turn is a wholly owned subsidiary of your Company. Merlimau Pegoh (Eastern), Limited also held shares in Alor Gajah Rubber Estate, Limited which Company has also sold its estate.

Ayer Tengah Rubber Estates, Limited and Merlimau Pegoh (Eastern), Limited will, in due course, go into voluntary liquidation. It is anticipated that the amount which will be received as a result of these liquidations will be sufficient to enable your Directors to recommend a cash distribution, not subject to income tax, of not less than 10 per cent on the Ordinary Stock of your Company and to provide the appropriate profits tax.

The replanting programme is proceeding according to plan. During the current year we are replanting some 1,200 acres and next year it is hoped to deal with at least a further 1,400 acres. The total crop for the current year to date shows an improvement over the corresponding period last year.

The report was adopted.

WOLVERHAMPTON DIE CASTING COMPANY

FACTORS AFFECTING RESULTS

The nineteenth annual general meeting of The Wolverhampton Die Casting Company Limited was held on December 12th at Wolverhampton, Mr W. C. Sproson, FSAA, chairman, presiding.

The following is an extract from his circulated statement:

The financial year to June 30, 1956, started with our Order Book very healthy and industry active and optimistic. However, in February the requirements of the consumer goods industries generally, and the motor trade in particular fell off considerably in consequence of a reduction in exports coupled with the Government policy of reducing sales on the Home market. Ours is essentially a "jobbing" business, and our production programme is governed entirely by our customers' requirements. Therefore, your Board felt it unwise to make drastic cuts in the labour force until such times as it had been proved beyond doubt that the set-back to the industries we serve was of more than a temporary nature.

The Group Profit amounted to £146,229 compared with £189,494 for the previous year. The Taxation provisions on the Profits of the year are £63,660. The directors propose a final dividend of 20 per cent, less income tax, on the Ordinary shares.

Since the end of the last financial year our trading position has not improved to any material extent, nor can any great improvement be looked for until there is an increase in the requirements for the motor and other consumer goods industries.

The report and accounts were adopted.

NEW SKI SERVICE

We are continuing the dry ski school, which we have operated now for some years with considerable success. This enables a skier to go immediately on the slopes without having to waste his precious time abroad in getting fit. This year, too, we have introduced a scheme for hiring ski boots. This essential part of a skier's equipment is an expensive item, and by hiring them the novice is enabled to enjoy his holiday at a minimum of expense.

Our Export Department has once more increased its sales, and we like to think that we are helping the nation, in however small a way, by collecting a certain amount of dollars. With the increasing number of visitors to this country it is reasonable to hope that our sales to them will continue to grow. The report was adopted.

APPOINTMENTS

UNIVERSITY OF GLASGOW

LECTURESHIP IN ECONOMETRICS AND ECONOMIC STATISTICS

Applications are invited for a Lectureship in Econometrics and Economic Statistics. Salary scale: £650 x £50–£1,350. Initial salary according to experience and qualifications. F.S.S.U. and family allowance benefits.

Applications (six copies) should be lodged, not later than December 31, 1956, with the undersigned, from whom further particulars may be obtained.

ROBT. T. HUTCHESON,
Secretary of University Court.

A SENIOR LONDON ADVERTISING AGENCY will have a vacancy shortly for a marketing man on an important group of accounts. The job will be to apply market research principles to the client's planning problems. Familiarity with market research methods and their practical limitations is therefore essential, although the successful applicant need not necessarily have become expert in carrying out field surveys in all their practical detail.

The important points are that he should have sufficient business acumen to grasp selling problems as they crop up, and enough familiarity with market research to recognise where it can contribute to their solution.

The Agency is of long standing, and is highly regarded by its competitors.—Box 573.

NATIONAL COAL BOARD, Northern (N & C) Division, invite applications for superannuable appointments in their Organisation and Methods Branch at Divisional Headquarters, Newcastle-upon-Tyne. The successful candidates will be required to undertake studies, within the Division, of office organisation, staff and office methods and mechanisation.

Applicants should preferably have experience in O & M or similar work, a recognised professional qualification or University degree, and experience of position of responsibility in a large organisation. A knowledge of the Coal Industry would be an advantage. Salary within the scale of £1,085 x £35—£1,475, according to qualifications and experience.

Applications, giving date of birth and full details of education, qualifications and experience, to Staff Director, National Coal Board, Northern (N & C) Division, Whitley Road, Longbenton, Newcastle-upon-Tyne, 12, by December 21, 1956. Please quote OM3.

THE WHITE FISH AUTHORITY invite applications for a Junior Executive appointment as Research Assistant in the Economics and Statistics Department. The duties of the post will be primarily concerned with the Authority's current programme of research into earnings, expenses and productivity of various sections of the white fish producing and distributing systems.

Applicants should be University graduates, preferably with a degree in economics or statistics, and experience in a commercial statistical office, while not essential, would be an advantage.

Salary scale £625 x £35—£800, the point of entry depending on qualifications and experience. A contributory pension scheme is in operation, and luncheon vouchers and a five-day week are among other conditions of service.

Applications, giving names of two referees, should be sent to the Secretary/Solicitor, White Fish Authority, Tilbury House, Petty France, S.W.1, within seven days of the date of this advertisement.

MARKET ANALYSIS.—Expanding firm of high-class Woollen Merchants (West End) is establishing new post for initial analysis of full sales potential in many markets (Home and Export), and for subsequent detailed measurement of progress. Candidates, preferably female and aged 23-25, should possess University degree or sound knowledge economics, languages an advantage. Successful applicant must be capable of working alone from published data and of submitting complete analyses to Managing Director.—Box 577.

ADMINISTRATIVE OFFICER required by the N.C.B.'s Marketing Department at London Headquarters. Duties include both general administration and Committee work, the latter requiring the preparation of minutes and papers on commercial and allied technical subjects relating to the Board's marketing operations. Proved administrative ability and a high standard of drafting are essential. Appointment (superannuable) according to qualifications and experience within inclusive scale £1,145–£1,575 p.a. (male).

Write, with full particulars of age, education, qualifications and experience, to National Coal Board, Staff Department, Hobart House, London, S.W.1, marking envelope N.513. Before December 27, 1956.

EDUCATION OFFICER required by the Steel Company of Wales Limited (Steel Division).

The successful candidate will be head of the Education and Training Department in the Steel Division.

He will be responsible for a wide variety of training schemes for juveniles and adult operatives, craftsmen and foremen. Initiative and administrative ability are necessary considerations, and a knowledge of engineering and/or technical education will be an advantage.

The salary will be in accordance with age and qualifications.

Those wishing to apply should write for official Application Form to:—

Superintendent, Personnel Services, The Steel Company of Wales Limited (Steel Division), Abbey Works, Port Talbot, Glam.

APPLICATIONS are invited for appointment of Head of Marketing Research section of the Metal Box Company, Ltd. Experience of market research among manufacturers and retailers is of greater importance than consumer research experience. Apply, quoting reference ISZ/1, to Staff Division, The Metal Box Company, Ltd., The Langham, Portland Place, London, W.1.

ECONOMICS. A. C. Nielsen Co., Ltd., Oxford, require graduate for work on general economic trends, Marketing research experience unnecessary. Write full details, qualifications, experience, etc., to Personnel Manager, 109 St. Aldate's, Oxford.

RESEARCH OFFICER required by market research company to handle statistical side of surveys. Applicants should be under 30 and qualified in statistics or mathematics.—Write full details Box 582.

MARKET RESEARCH

The Export Market Research Department of a large engineering group invites applications for three vacancies:—

A Senior Post, requiring an imaginative economist, preferably between 28 and 40 years of age, to follow and interpret home and export market trends. He will be responsible for directing and developing the Economic Analysis and Interpretation side of the Department's work. Experience in the application of economics in industry and a flair for short and lucid presentation are essential.

Two Assistant Posts, which also demand a talent for clear and brief exposition in plain English:—

(1) Requiring a male University Graduate to handle the collation and interpretation of statistics produced by subsidiary companies. A good degree in Economics is needed, and a familiarity with the industrial application of statistics.

(2) Requiring a male or female University Graduate to collect information relevant to the Group's activities, and produce a regular Bulletin.

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Further details of the proposed Trust and of the Board's Terms and Conditions of Service can be obtained from:

The London Representative,
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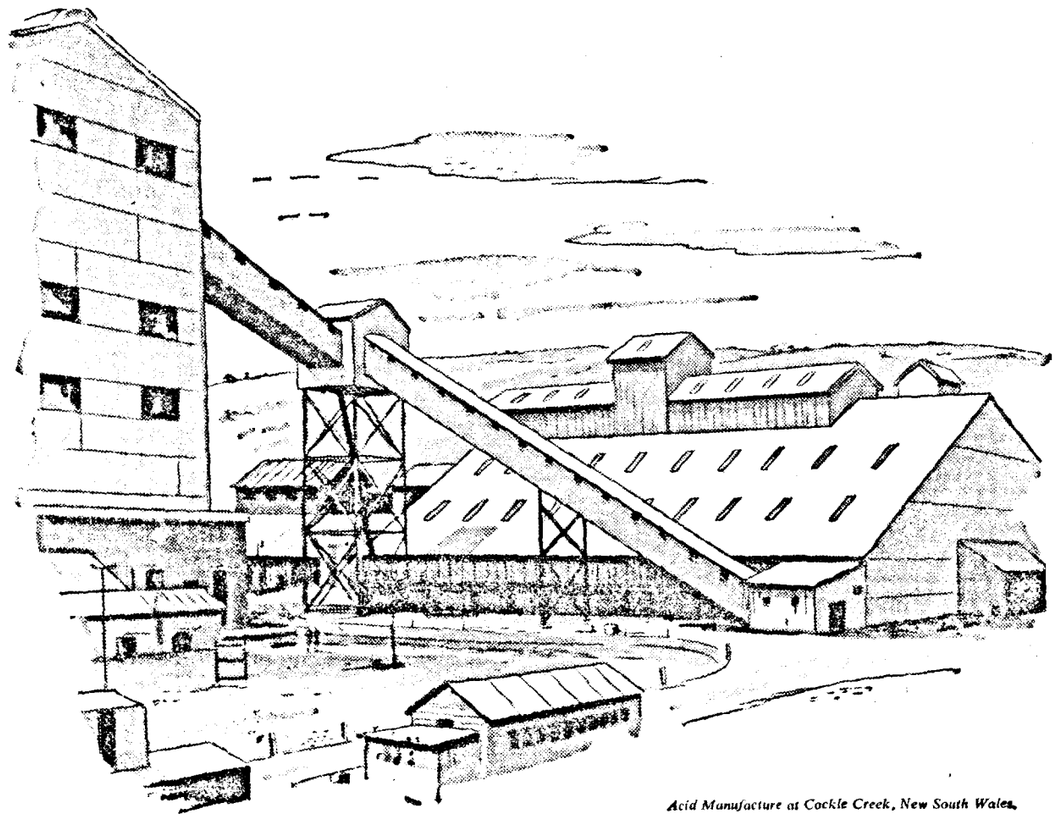

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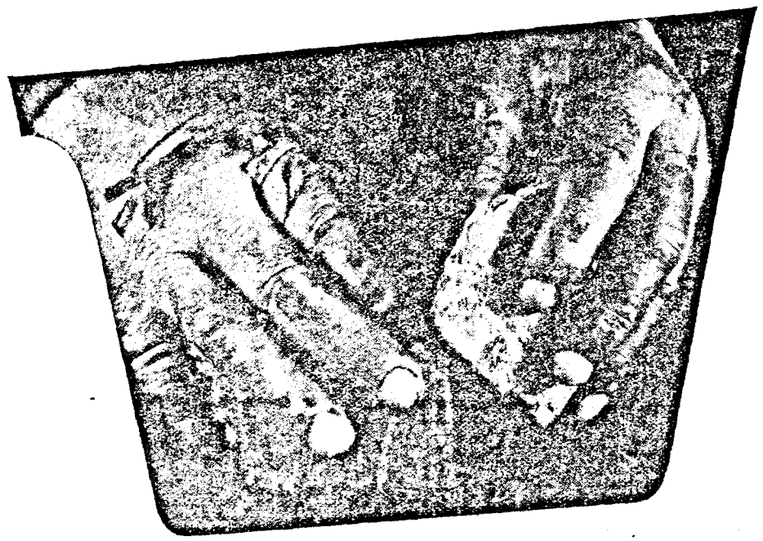

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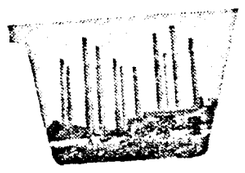

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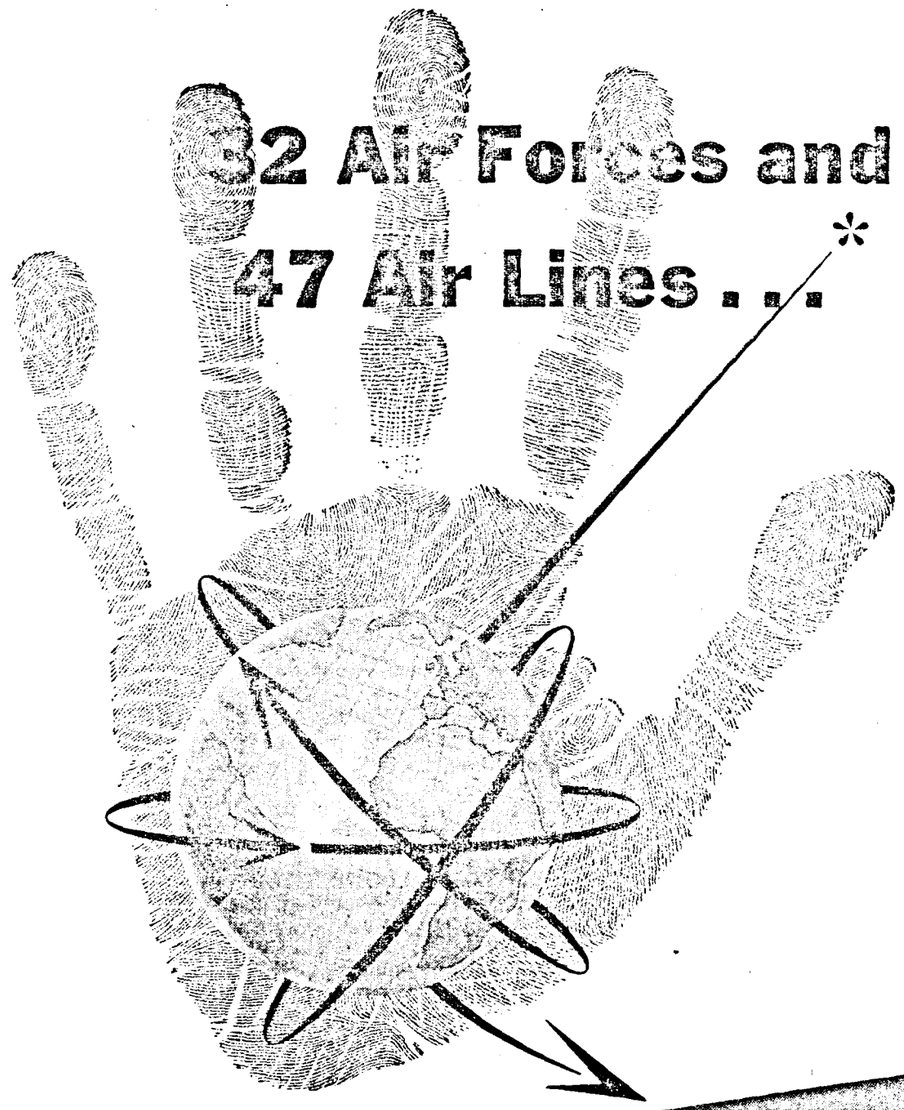

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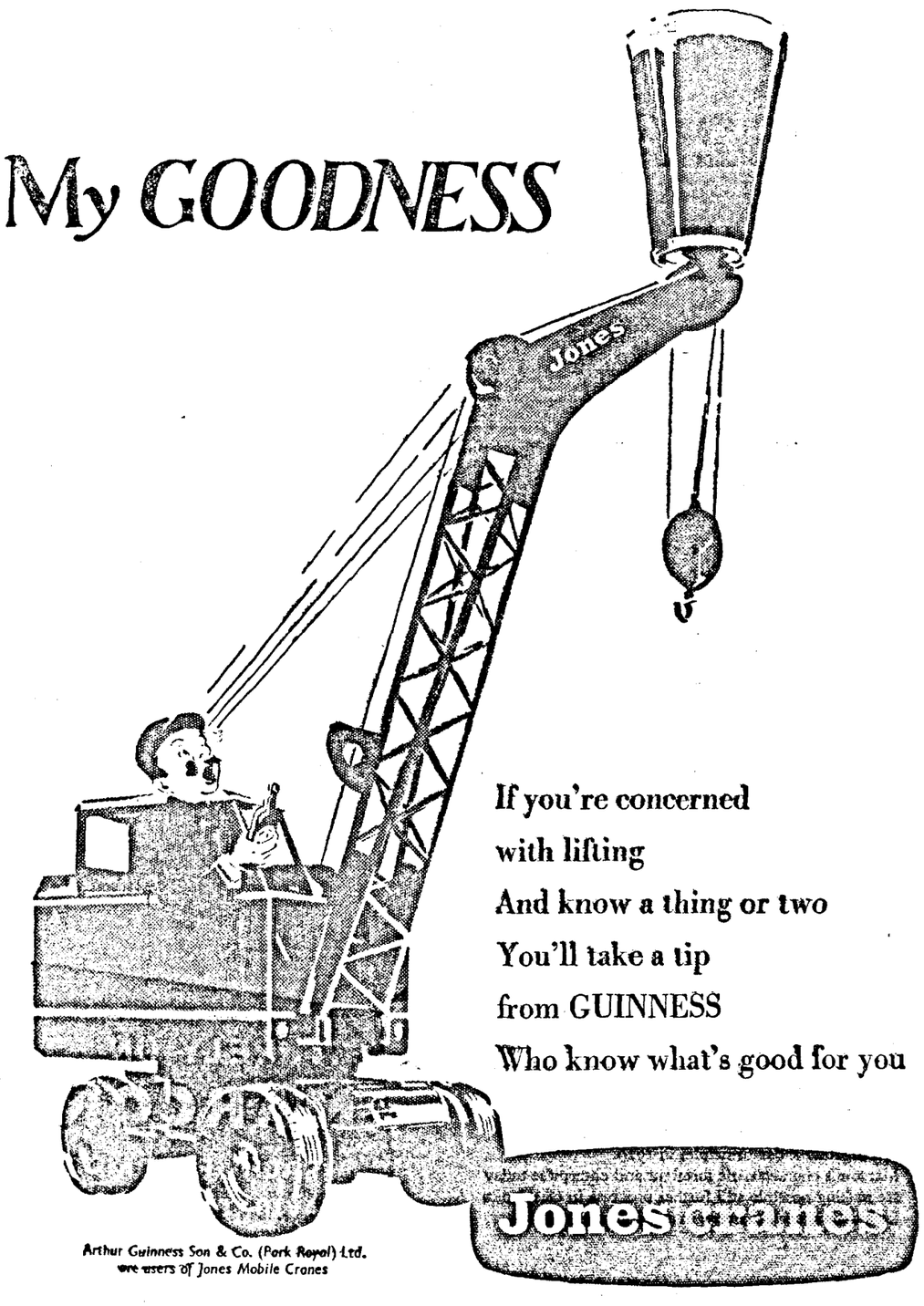

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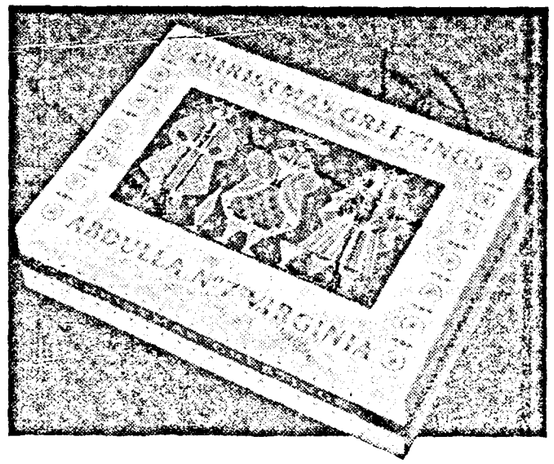

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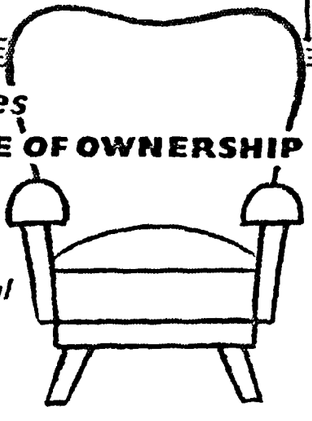

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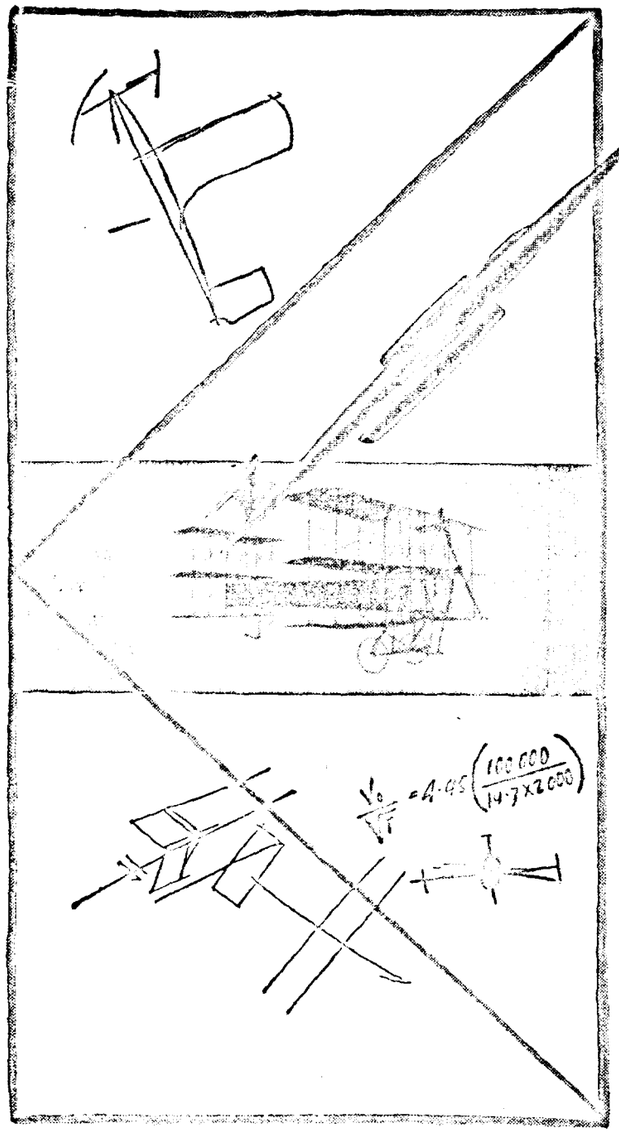

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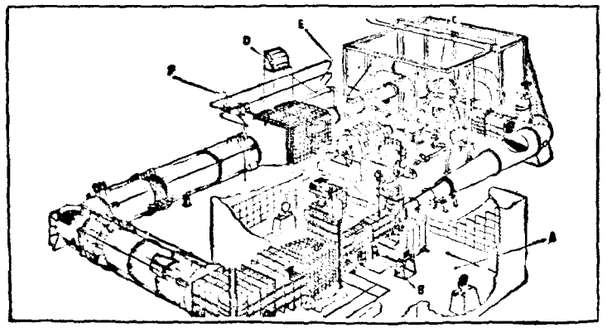

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The Happy Science

TRAVELLERS who returned to certain parts of North Africa in the mid-1940s discovered that there had been a social revolution there during the war. Previously, when local Arabs trekked between their villages, their wives had walked twenty yards behind them ; now their wives walked twenty yards in front. Research showed that the change had occurred about 1943, when allied troops were advancing across the country. The reason for the change was that, at that time, there were a lot of land mines about.

At approximately the same period, the more hag-ridden nations of the west were making a rather similar change in the functions of their economists. Previously economists' main job was to analyse what was happening ; now their main usefulness—if they have any—is considered to be that they ought to be able to give some warning of the awful catastrophes that might befall. And, since the role of Cassandra, for Malthus's and Mrs Martineau's heirs, is a gruesomely enjoyable one, economists have taken to this resurrected role with gusto. It is not a difficult role, particularly at this time. The speculation against the pound, the danger of devaluation, the prospect of labour trouble, the possible spread of unemployment, the blocked canal, petrol rationing, Mr Macmillan's hint of higher income tax : all these have to be faced. And that makes quite a lot of land mines. It is conceivable that, in the early part of 1957, a number of people now reading this article may be going to be blown up.

Certainly, let the economists give proper warning of these short-term perils. But in the interests of accuracy, and in the spirit of the Christmas season, they have a second, less grim duty to perform. In the last few weeks, it is politics that has seemed to be the gloomy science ; economics has been the tempering one. It is mainly politicians who have been saying that, because of recent events, the British people may be permanently impoverished. The economic retort to them is simple: the long-term standard of living of a nation depends mainly on its level of, and capacity for, production ; and a few general statistics about the possible outlook for production will show clearly enough, and seasonably enough, that hope need not be abandoned yet.

In the years 1953, 1954 and 1955, Britain's national product—in real terms but in pounds of today's prices—rose by between £500 and £750 million a year. This was because productive capacity was rising by that amount, and because (in the economic circumstances of those years) it was possible for the Government to keep the reins loose enough to allow full use to be made of that expanding capacity. In 1956, because the fruits of the investment boom that started in 1955 began to mature, productive capacity should have increased by some figure near the top of this range—that is, by about £750 million. In fact, however, Britain has not been able to go on making full use of its productive capacity—partly because to do so would have meant the purchase of too many imported raw materials, but mainly because the trade unions were unwise enough (so long as the policy of expansion

lasted) to demand wage increases in excess of even this rate of increasing productivity, and so were pricing British goods out of foreign markets. In consequence, there has had to be a credit squeeze, and the country's rate of production now is barely above the 1955 level.

Next year, because of investment that has already been set afoot, one would guess that productive capacity should expand by about the same amount as in 1956—that is, by another £750 million or so. Once the present post-Suez and trade union troubles can be surmounted, and if Britain can return to a policy of flat-out use of its capacity, then the level of production a year from now could, according to these theoretical calculations, be at an annual rate of some £1,500 million above the level Britain is enjoying at the moment. Even if these figures are sensibly scaled down, to £1,000 million or so, this would represent the greatest national enrichment that this country has ever achieved over any twelve months during a period of peace.

That is the vista just beyond the land mines. Anybody who draws attention to it must immediately hedge his optimism about attaining it. Perhaps the British economy will never get across the minefield. Perhaps, even if it does not get blown up, the Government will decide to play for safety by not advancing; that could be not the least of the misfortunes from an uncertain Government at this time. Britain can sit down in a hole somewhere, resting on its present level of underproduction, because in the open spaces beyond it feels that it has no shelter or protection. Perhaps—even if all goes well about sterling and the clearing of the canal and wage restraint—it is a little optimistic to think that Britain could get back to completely full production by the end of 1957; certainly, in the first part of 1957, production is more likely to go down. Perhaps. . . . But enough of perhaps. This is a week for thinking of pie; next week is the one for resolutions. And the pie is not merely in the sky; anybody who looks at the last two years' investment figures may reasonably conclude that quite a lot of it should already be in the oven. Twelve months from now, with this dynamic just beginning to pulse through the economy, with this call on the bank of stored-up industrial potential still to be made, it is not altogether impossible that we may be looking forward to a bumper New Year. A Happy 1958 to us all.

Russia's Predicament

WHEN the Russian tanks rolled back into Budapest seven weeks ago, most people assumed that the Hungarian revolt against communist rule and Russian domination would be swiftly crushed. They were wrong. General armed resistance has been overcome, but patriot guerrilla activity persists; Mr Kadar's demand for the surrender of arms has been largely ignored; the great majority of Hungarians still reject the authority of his puppet government. The country's mines and factories are still virtually at a standstill. In spite of growing persecution and mounting difficulties, the workers' councils are still the real source of authority. With a courage that must by now be born of despair more than hope, without a Kossuth to rally them, the Hungarians still doggedly pursue the goal of freedom for which they took up arms.

Whatever may now happen to the Hungarians, they have dealt the Russians a damaging blow. If their resistance had been snuffed out in a few days, the free world would have made its protests and turned back to its affairs, while communists in Prague, Belgrade, Rome and Peking would have swallowed the myth of a counter-revolutionary terror nipped in the bud by timely Soviet intervention. But the Hungarians' refusal to submit has rubbed everyone's noses in their struggle for freedom and forced the Russians into a classic demonstration of a self-defeating policy. In the West, it has re-awakened Nato to the need for vigilance and saved it from the waste of time and strength in recriminations over Suez. In the uncommitted countries of Asia it must hinder the Russians' busy efforts to extend their influence and control; the equivocal attitudes of some of those countries towards Hungary become more blatantly untenable the longer the resistance lasts.

In the communist world the resistance to the Soviet army has had, if not yet a disrupting, at least a deeply disturbing effect. As the weeks have gone on it must have become increasingly difficult for a Marxist not to see that in Hungary the Russians are trying to crush not counter-revolution but workers' councils—the descendants of the soviets of 1917. Mr Kardelj cannot be the only communist today who feels that the official communist talk of "counter-revolution" serves only as "an artificial means of allaying . . . socialist consciences." Yet the ability to swallow Moscow's version of recent events in Hungary has become the acid test of a "good" communist. The Poles and the Jugoslavs have failed the test, and Mr Khrushchev's patient efforts to entice Marshal Tito back into the Soviet orbit have received a perhaps final setback. Signor Togliatti has scraped by at the cost of much of his own popularity, and of gravely dividing and weakening the largest communist party in Western Europe. Not since the Nazi-Soviet pact have the discipline and cohesion of the communist world undergone such strain.

The Russian leaders must be aware of these damaging repercussions and must by now be desperately anxious to find a solution to their Hungarian problem. It is hard to see where they are going to discover it. Certainly, they could cut the knot and employ all the force

of which they are capable; indeed, they may still do so; but their hesitations are plain to see. It cannot suit their diplomatic book to be branded formally as aggressors, or to be saddled with the crimes of Hitler. World opinion and United Nations resolutions are not wholly without effect on them. What is more, they cannot but see that total repression will neither produce a workable and self-supporting Hungarian satellite, nor help them to establish a stable relationship with the rest of communist eastern Europe.

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They are now occupying key factories with Kadar militia in an attempt to force the workers back to their benches at the point of the tommy-gun. But without wholesale massacre they will not get far like this. Surprisingly, perhaps, the puppet government does not seem to be carrying out its threats to dismiss, and thus deprive of cash, the workers who clock in merely to collect their pay packets. It has, however, issued a decree which will mean, in effect, that most workers will get only 80 per cent of the wages due in December and that the miners will only be paid for what coal they dig, generally no more than enough for local needs. This step will tighten the financial screw on the workers. But the key to the industrial problem lies in the mines, and there the Russians are singularly helpless. It is not only that many of the mines have been flooded or in other ways put out of commission. Faced with desperate men prepared to blow up their mines, their enemies and themselves together, the Russians have poor prospects of either driving them back to work, or of introducing forced labour to take their place.

It still does not look as if the Hungarian people will abandon their passive resistance until the Russian army has withdrawn. But even if it does eventually go, the problem of finding a political settlement acceptable both to the Russians and to the Hungarians will be hardly less difficult. No doubt the Russians would be glad to settle for a Gomulka-type solution. But is that still possible? For the time being, the Poles have won their game with the Russians because they were content to play for fairly low stakes. The Hungarians chose to play for very high stakes; they may lose; but if even now a compromise is contrived, will they rest content with an arrangement which, however great an advance on a stalinist regime, still remains only the first early staging-post on the road to freedom? One condition for a Gomulka solution is lacking in Hungary, in any event: there is no Hungarian Gomulka, apart from Mr Nagy, who, to judge from his last utterances before he was silenced, has progressed far beyond the Polish leader's position. Moreover, a Polish solution is possible only where the communist party remains not only in being, but in good trim. In Hungary, communism has been so discredited and cast off that the communist party has considered it prudent to take a new name; and, even so, it is evidently not finding it easy to persuade old party members to rejoin.

Lack of popular support and scarcity of really convinced adherents did not prevent the communists, after the last war, from infiltrating the other parties and finally acquiring power through an electoral swindle. The trick of 1947 does not lend itself to being played twice, and it is unlikely that the Hungarian communists have the strength to do it. The Russians may not agree; their present tactics seem to be an attempt to reduce the political opposition to the communists' own state of ineffectiveness. In the first weeks of the revolt they and Mr Kadar made the mistake of conceding a political status to the workers' councils by negotiating with them on political matters. They are now trying to remedy this error by prohibiting the councils, except those in individual factories, arresting their leaders, subjecting an increasing number of those arrested to judicial murder and, eventually, packing the councils with "yesmen" by means of faked elections.

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If these tactics should have some success, the Russians may hope that they can impose some form of puppet regime more successfully than in the past—provided they can find someone willing to take over Mr Kadar's thankless task. Independent observers calculate that there are sufficient stocks of food, fuel and consumer goods to keep the Hungarians going for a month or two. Even if at the end of that time they are forced to knuckle under and give up their passive resistance—and this can by no means be taken for granted—the Russians will have achieved no more than an unreliable temporary submission until trouble blows up somewhere else; they will not have reached anything like a solution.

In this predicament, the sensible course for the Russians would be to cut their losses in Hungary, and try to undo the damage they have done to themselves through their intervention by withdrawing and letting the Hungarians order their own affairs. The Nato powers could, and should, help them to reach such a decision by making it quite clear that they have no strategic interest in Hungary, and no intention of trying to establish bases there, but that, on the contrary, they are prepared to accept and guarantee Hungary's neutrality.. Yet for the Russians such a course contains a risk of the gradual loss of all their eastern European system. If they give up Hungary, can they stop the Poles, the Czechs and the rest from seeking their own way too?

The Soviet leaders are faced with a question that admits of no answer that is satisfactory to them. They may argue that, even if they withdrew from Hungary, they could still play their cards skilfully enough to impose a Gomulka solution on those countries where

serious trouble developed. On the other hand they may now feel that regimes intermediate between communism and freedom are inherently unstable—as indeed they are—and that it would be rash to allow them to spread. This is a choice which no one can make easy for them. The risk of upheaval in eastern Europe which a retreat from Hungary would entail is inherent in the system of empire that Stalin set up; and, however much his successors may try to modify the system, the risk remains.

Poland's German Frontier

OF all the changes in the map of Europe in 1945, the most fraught with future trouble was the new frontier between Poland and Germany along the rivers Oder and western Neisse. Poland's gains in east Prussia, Pomerania and Silesia were on such a scale that Sir Winston Churchill wrote later: "For the future peace of Europe here was a wrong beside which Alsace-Lorraine and the Danzig corridor were but trifles. One day the Germans would want their territory back and the Poles would not be able to stop them." The western statesmen at one stage claimed that the eastern, not the western, Neisse river was the frontier under discussion. The truth seems to be that they looked at the map too late.

The victors attempted to make the change more lasting than the territorial grabbings of the past by the twentieth-century expedient of expelling the German inhabitants *en masse*. German minorities had for centuries played a creative part in eastern Europe, building cities and universities, pioneering trade, but they had become in the age of nationalism a source of unrest and the excuse for German aggression. Learning from Hitler, the embittered Slavs, backed by the allies, determined to root them out. "These large transferences," Mr Churchill said of Poland in the House of Commons, "are more possible in modern conditions than they ever were before." And so 12 million Germans, over 7 million of them from the lands taken by Poland, were herded with great suffering into shrunken Potsdam Germany. The map was cleaned up, but the national grievance which might cause a future war was not exorcised. Instead of a large minority within Poland agitating for return to Germany, the expelled German inhabitants have become a pressure group within Germany itself.

The frontier problem has been masked since 1945 by the greater problem of the division of Germany between east and west. Though west Germany legally claims the lost territories, the question has seemed remote to most west Germans, for before it can have any practical meaning, they must regain the Soviet zone—"central Germany," as they are careful to call it—which lies between. The Pankow regime, under Russian orders, has recognised the Polish German frontier as final. But once the Soviet Zone and west Germany were reunited, German feeling would quickly focus on the lost eastern lands; their recovery, as many Germans put it, would be the final stage in "reunification."

But the most unfortunate implication of the new frontier today is for Poland's relations with Russia. Russia, as the only great power to recognise the present line, holds Poland virtually as a political prisoner. Any Polish government, communist or democratic, must feel dependent on the Russian guarantee, and the might behind it, as security against a German *revanche*. The Russians took care to rub this in when Mr Gomulka visited Moscow in November. Poland's dependence on the former German lands was made total by the territorial sacrifices exacted by Russia in east Poland in 1945, which forced it to shift westward the whole centre of its economy and national life. Five or six million Poles now live in the new territory. Many of the heavy industries so important to Polish economic plans are centred on Silesia. Poland is thus utterly committed to the westward move, and consequently to the partition of what is left of Germany.

Nysa (Polish) = Neisse (German)

It is sometimes forgotten how actively the western powers helped to forge this chain. At the Teheran conference in 1943, it was Mr Churchill who, after some discussion, proposed the formula that "in principle the home of the Polish state and nation should be between the so-called Curzon Line and the line of the Oder"; though in retrospect he condemned what was done. Both Mr Roosevelt and Mr Churchill were at that time intent on weakening Germany, above all by destroying Prussia, which they believed to be the home of German militarism; they wished to create a strong Poland, between Russia and Germany; since their powerful Russian ally had claims on Poland it seemed to the great mapmakers that

the solution was to shift Poland westward "like soldiers taking two paces left close," as Mr Churchill put it.

By the time of the Yalta meeting in 1945, the western statesmen were having second thoughts. Stalin had forced on Poland a puppet communist regime and thus opened the breach between east and west. The western statesmen were having growing doubts about the wisdom and humanity of mass deportations, on the scale entailed by the Oder-Neisse line; Mr Eden had discussed with the Americans a Polish frontier which ran mainly to the east of the Oder. "It would be a pity to stuff the Polish goose so full of German food that it died of indigestion," Mr Churchill remarked. But by then Stalin and the Poles were firmly claiming the present frontier, and during the conference the Poles announced that they had taken over the administration of the regions beyond it in the wake of the Red Army. Against the fact of Russian occupation. Mr Churchill's rearguard action at Potsdam could do little to affect the issue; the only concession the western powers could obtain was a statement implying that the new frontier was provisional: its "final delimination should await the peace settlement." The western powers had been accomplices in the great geographical game of shifting Poland westward. Their second thoughts merely tied Poland tighter than ever to Russia, which alone supported it against German claims.

The western powers are today powerless to break Russia's grasp. It has been suggested that a public guarantee by them on the same lines as Russia's might help to free Poland from its yoke; but in practice it might do more harm than good. Its effect in Germany would certainly be dangerous. The west German government would feel itself deprived of a bargaining counter by its friends, and with nothing to show for it; all those nationalist forces which are most intransigent about the eastern frontier, and which have never liked the western alliance, would be stimulated.

Above all, such a guarantee would be ineffective; it would not give Poland itself real security or lay the ghost of German aggressive designs; the French alliance and the British guarantee did not help Poland in 1939. The fact is that to survive at all, Poland must retain the friendship of one of its great neighbours, Germany or Russia; and it would be a rash Polish government which would abandon its Russian alliance today so long as it had no understanding with Germany. The Oder-Neisse frontier problem concerns all the great powers, because its settlement is essential to a stable European peace, but the solution must be found by Germany and Poland. And a western initiative can hardly come from any quarter but west Germany itself.

This does not mean that Britain and the United States should not have a clear public attitude. Their attitude in the past has been too vague and has encouraged by silence the German notion that because the loss of the eastern lands was imposed by Russian force, Germany's capitalist allies might support her in getting them back. They would not, and it does no service to allow it to be supposed that they would. If Britain cannot give unqualified outright support to the frontier as it is, it certainly cannot endorse the quite unrealistic German claim to the 1937 line, and it should make this clear. Poland, bled first by Germany and then by Russia, must not be partitioned again. And on grounds of plain humanity, while the wrong of driving 8 million Germans from their homes can never be condoned, a new expulsion of the 5 million Poles now settled there has to be opposed for exactly the same reason. The western powers should make clear their interest in a peaceful and humane settlement between Poland and Germany, but any western initiative for such a settlement must lie with Germany.

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Until recently, German attitudes have not given much cause for hope. Refugee leaders agitate continuously for the return of the lost territories. Feeling among the refugees themselves seems fairly moderate. Most have begun to put down roots in western Germany and their children are beginning to feel at home there. Many, it seems, might choose to stay where they are, even if they were given a chance to return to their old homes. But their political leaders have made it their business to keep alive the longing to return. Their first claim is embodied in a principle which they have invented, "the right to the homeland"—that is, the individual refugee's right to return home; in itself, a human and unexceptionable sentiment. But in its wake there follow naturally more dangerous claims to the lands themselves. Maps, sponsored by the refugee organisations and showing the twofold retreat of the German frontiers since 1914, imply that the lands should return to German rule.

Many moderate people in Germany do not share these extreme views, but refugee votes are precious; indeed, they are capable of tipping the electoral scale. Both the Social Democrats and the Christian Democrats have felt obliged to pay lip service, at least, both to the "right to the homeland" and to the more specific claim to the 1937 frontier. These attitudes, however plausible politically and legally, do not help the Poles to trust the German will for a settlement, or the German public to accept realities.

Yet with the thaw in eastern Europe, the hard crust of German attitudes has at last begun to melt. Evidently, the states of eastern Europe are no longer the mummies that they were. Diplomatic representation in Prague and Warsaw is worth more than it was two years ago. The Social Democrats and many other German politicians feel that negotiations there may be an invaluable accompaniment to the talks in Moscow which must precede any general European and German settlement, and it is clear that the main issues which the Germans can fruitfully discuss with the Poles and Czechs will be the Oder-Neisse line and the lesser but parallel problem of the Sudetenland. If the West Germans

can reach an understanding with them on these questions, they will weaken Russia's hold on all eastern Europe. Sudden moves would be unwise while Poland is still a Russian hostage, but a gradual, unobtrusive effort by the Germans to build up an understanding could make it easier for the Poles to edge gradually out of the Russian orbit. Such a rapprochement would reduce still further Russia's diminished political capital in eastern Europe; at the same time, by reducing the Polish and Czech hostility to German reunification, and by reducing the danger that reunification might be followed by trouble in eastern Europe, it would tend to bring a general European settlement nearer.

Diplomatic activity alone will not get far with the Poles, so long as Germany's political leaders continue to pay lip-service to nationalist claims. There have been a few encouraging signs that leaders of both the SPD and the CDU see the necessity of educating their people in political realities. In London last May, Herr von Brentano, the German foreign minister, declared: "I think the German nation may one day have to take a decision whether to renounce the other territories if thereby the 17 million Germans of the Soviet zone can be freed." More recently, Professor Carlo Schmid, a leading Social Democrat, spoke at length on similar lines, attacking the "taboo" which German politicians had erected round the subject of the eastern lands. Both parties have repudiated these utterances, but in the German press there have been growing efforts to explain that reunification with the Soviet zone may have to be bought with a sacrifice beyond. Dr Adenauer himself, though he maintains the legal claim to the 1937 frontier, has gone out of his way to emphasise his willingness to negotiate with an "independent Poland."

Most Germans, including moderate political leaders, still seem unaware how big a price they may have to pay. Dr Adenauer himself cherishes the idea of a condominium rule and hopes that the Poles will eventually allow individual refugees to return and live, if they wish, under Polish or condominium rule; in this way the "right to the homeland" would be preserved. The outlook does not seem particularly good for either of these notions. Limited resettlement might be allowed in certain areas, since their population now is 6 or 7 million, compared with 9 million before the war, but the Poles are unlikely ever to accept unlimited German immigration, with all the dangers of a new minority problem. Germany, it is true, can offer Poland certain concessions—precious capital and, of course, a valuable political friendship if Poland should evolve to real independence in a settled free Europe. But German offers would have to be remarkably firm and attractive to make it possible for the Poles to listen.

The process of educating opinion in west Germany thus still has far to go. Little more is likely to be achieved before the next election; even then, a rare political courage will be needed. It may be a long while, too, before Poland attains a sufficient independence to grasp with safety a proffered German hand. A German move to settle the frontier issue will not take a sudden trick for the west; but it will probably have to precede any general European settlement.

Goodwill Limited

THE makers of Christmas cards need not have worried about "unfair competition" from the tax-free card (designed without charge by Signor Annigoni and produced without charge by Messrs Raphael Tuck), which the Lord Mayor's office is selling in aid of the Hungarian relief fund. So far only a quarter of a million of these Hungarian cards have been sold, compared with some 510 or 515 million other cards that the British people are expected to buy this Christmas. For such a minute fraction of his industry's turnover, it was the more ill-judged for the President of the Greetings Card Association, Mr N. H. Sharpe—who makes his living out of brotherly love—to protest about the "incursion into commerce" by good causes and about the Chancellor's discrimination in relieving the Hungarian card of purchase tax. It is evident that if the Chancellor is not on Mr Sharpe's side, everything else is. The annual total of cards sold in this country rises steadily with each Christmas; over the last six years it has increased by 86 million, or by 6 cards to nearly 40 cards per family. What is the explanation for this monstrous surge of printed bonhomie?

One fact that gives the makers a particularly good wicket is that the Christmas card habit feeds upon itself. Once you have entered a name on your Christmas card list it can be removed only by death or by persistent failure on the part of the recipient to send one back—which requires a ruthless strength of will of which few are capable. Another bull point for this cancerous growth is that the collector's instinct, which in some form exists in almost everyone, makes people take a pride in the sheer quantity of litter on their chimney-pieces and shelves, the more so as this is an index of their popularity. (In the United States this business of popularity rating is taken even more seriously). A third favourable influence is the ever-growing quantity of Christmas cards sent out by business firms; not only are they a way of reminding one's contacts of one's existence, but they also have the great merit of being chargeable to expenses.

All these manifestations of the Christmas spirit make the greetings card industry an increasingly prosperous affair. But there is another profitable influence at work. This is the growing habit of sending cards on other

occasions, which bring the total number of greetings cards sent in a year to 1,000 million. Birthday cards are nothing new; but birthdays, as the manufacturers know, are all too often forgotten, so now you can send a "belated birthday" card, with a drawing, say, of a doleful bloodhound moaning "I forgot your birthday." Having successfully persuaded the British that dutiful children send a card to Mother on Mother's Day, the manufacturers, following the American example, are somehow putting it about that Father will be very sad if he does not have his Day too. This is doubly enterprising, because whereas Mother's Day has some faint religious flavour and is celebrated on Mothering Sunday, Father's Day is fixed not by the church calendar but by commercial interests without benefit of clergy.

There is also a new line in cards to be sent where once one wrote a letter. No need now to puzzle over a new way of saying thank you for a delightful weekend or for the charming dinner party; no need, when a friend goes into hospital, to strike just the right balance between commiseration and confidence; no need even for that fruitless search for words of comfort to the bereaved. There is a card for every occasion. The greatest boon, perhaps, is that the whole business of thanking for Christmas presents can be despatched with a dozen cards. In short, just when the nation is spending ever vaster sums on teaching children to express themselves in writing this is becoming increasingly unnecessary. All one needs is enough reading ability to choose the right card for the right occasion, so as not to send, say, condolences to the newly engaged or congratulations to the bereaved.

On second thoughts, there are possibilities even on those lines. In the United States there is a flourishing trade in "hate" cards. On Saint Valentine's Day you can not only send a card to your current girl friend; you can also send one to the girl who jilted you last year, saying "shucks to you, I've got someone much nicer," or words to that effect. A card with the wish, "I hope you die" is useful for all sorts of situations; it would have been invaluable to some readers of *The Economist* in recent weeks. But these great possibilities the British trade has yet to explore properly.

At present, it seems, the British trade is expanding not by forming public taste but by studying it. One big firm reports a change in taste towards a "contemporary" design; but this does not mean that the stage coach, the cottage or church in the snow, the candles, the fir cones and the robin have been banished. The robin, perhaps, is a bit *démodé*; the others remain, although in designs that are simpler and neater. An ever-growing public exchanges reproductions of the same masterpieces in the Tate and National Galleries. A new development, however, is that apparently people actually read the text inside Christmas cards, which may not presage an improvement in the standard of the poetry but should lead to some de-sugaring of the sentiments. The modern idea is that the verse must strike a more "sincere" note, like this one accompanying a picture of the mad crush round a Christmas card counter:

> I went to get your greeting
> And look what I went through,
> But really it was worth it
> For someone nice as you.

The makers, who are just about to start work on the designs for Christmas 1958, say that the trend is for cards to be even more contemporary and even more sincere. A really sincere verse would read like this:

> I went to get your greeting
> And look what I went through,
> I only send the silly thing
> Since I've had one from you.

Provided, however, that they do not overdo the sincerity, the makers seem safe—unfortunately—from any rebellion by the British people against the tyranny of Christmas cards, or any reversion to the idea that their function is to maintain a contact with absent friends to whom one has not had time to write. A few may have the sense to imitate one pioneer who sends cards only every other year, and those on Christmas Eve, to embarrass friends who sent him cards last year but who will not send them to him this year because he did not then reply. But his unimpeachable system is against the general trend.

President Pierce

Theoretically, perhaps, hereditary monarchy is indefensible. . . . But on a comparison of the actual working of monarchies and democracies, we do not find that the latter avoid the very mischiefs and absurdities which they allege as the special arguments against Royalty. We have had ample proof, in modern as in ancient times, that the choice of a people is no surer guarantee of fitness than the accident of birth. . . . The elected chief magistrate of a republic may be as weak, as foolish . . . as easily led astray by bad advisers, as the first-born of a Royal house. . . . Mr Pierce is an example. Few monarchs in late years have shown less capacity or have done more mischief. Few have brought more discredit on the nation they governed, or excited greater grief and shame among its wise and sober citizens. Few poorer creatures ever wielded the destinies of an hereditary Empire. Few sovereigns, born in the purple, ever fell more completely into the hands of evil men, or were ever used as more pliant and shameless tools. Few, moreover, since the days of Darius, who was chosen because his horse neighed before that of any other candidate—were ever elevated more entirely and strangely by an accident. . . . The President's Message has one considerable merit—it is his last. In other respects it is one of the most undignified, untruthful, and unseemly documents that was ever issued by a great potentate to a great assembly. More than half of it is occupied with clumsy and verbose special pleading in defence of his conduct on the Slave-extension question generally and on the Kansas struggle in particular. His argument consists almost wholly of a misrepresentation of the facts of the case, all the more foolish and audacious that it is addressed to an audience and published among a people who must be perfectly conscious of its incorrectness.

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December 20, 1856

Notes of the Week

Return from Goldeneye

SIR ANTHONY EDEN must be as puzzled as everybody else about how to interpret his welcome home ; the sense of bewilderment is certainly shared by the Conservative MPs who were supposed to welcome him. When he arrived at London airport, undoubtedly bronzed and arguably fit, he made a long statement before the television cameras which could have been called hearty and confident—but has in fact been widely called (by Tory MPs) a mixture of bluster and bluff about his personal position. There followed an hour and a half with his doctor, who afterwards " expressed complete satisfaction at the beneficial results of his enforced rest " ; after reading this statement through several times, one could interpret it as being almost as non-committal as a speech by Mr. Butler, but it is fair to say that it has not in fact been widely so interpreted.

Then, on Monday, Sir Anthony entered the House towards the end of question time. For the record: one Tory MP stood up to cheer and then sat down again ; Dame Horsbrugh led upwards of a dozen other MPs in waving their order papers, but not for very long ; there was a murmur of applause which threatened to fade away after only fifteen seconds, and then was more widely picked up because it was realised that this would be a debacle. Some commentators have said that between a third and a half of Tory MPs in the chamber did not applaud at all ; but this seems to have been due not so much to deliberate abstention as to the fact that many MPs were already busy discussing with their neighbours what a thin reception the Prime Minister was getting. The discreet manner of Sir Anthony's entry may have had something to do with it. Sir Anthony's reception by the 1922 committee on Tuesday, although still not exactly enthusiastic, is reported to have been rather less confidence-shattering. He seems to have talked there as much about progressive domestic policy as about foreign policy, but attracted more questions than applause.

The Heir Too Apparent

IT is fair to conclude from Sir Anthony's reception this week that the Conservative party in Parliament is not now excitedly enamoured of its leader. It is just possible to argue that it is inclined to treat him as a scapegoat ; but it has adopted so many scapegoats in the past few weeks—and all of them for such short periods—that this might not be as important as it sounds. There are two major factors which suggest that present Tory disappointment with Sir Anthony should not yet be regarded as an incipient revolt. One is that the MPs who are disappointed with him seem to be disappointed for such widely varying reasons. Some criticise him for ever starting the Suez adventure ; more attack him for calling it off. Most surprisingly, many Tory MPs who would otherwise accept what has been done say that they have been outraged by seeing the Prime Minister fly off to Jamaica for three weeks, just when the policy which he had made so personal an affair was nearing the centre of the storm belt. Bournemouth might just have been all right, but Jamaica, it is being said, was disastrously exotic. This surely is the least of the many reasons for criticising Sir Anthony.

The other major factor in Sir Anthony's favour is that a segment of his bitterest critics are even more hostile to his only potential successor. (Most Tories are now at last coming round to recognise who that successor would be ; if Sir Anthony were to lay down the Premiership tomorrow, there is really no doubt that the Queen would be constitutionally bound to send for Mr Butler). Because of this split among the critics, and because of the imminence of the Christmas recess, Sir Anthony seems likely to have an extended breathing space in which to make a determined new start. It is not a happy sign that the only cabinet change he is said to be contemplating (apart from possible alterations in the sub-departments responsible for defence) is the final departure of Sir Walter Monckton, and his replacement by Dr Charles Hill, acting as the Government's high-powered public relations officer. Dr Hill's brand of *bonhomie* has its place, but not at this level. It is to be hoped Sir Anthony does not imagine that fruitier exhortations to keep our bowels open are an adequate substitute for a new foreign policy.

Plan for Cyprus

LORD RADCLIFFE has made a good job of his constitutional proposals for Cyprus. He treats the Cypriots as an " adult people " who, when they are invited to assume political responsibility, deserve as generous an offer as " the conditions of the problem " allow. He has done his best, but within severe limits which make it impossible to feel any confidence that the plan will take the poison out of the Cyprus atmosphere. The Governor is to control not only defence and foreign affairs, but also internal security without a time limit. On other matters the Cypriot chief minister, cabinet and Legislative Assembly would govern with the Governor playing the part of a constitutional head of state.

Lord Radcliffe has been ingenious in devising methods of soothing out possible points of friction. The first concerns the dividing line that will constantly have to be drawn between the powers reserved to the Governor and those

reserved to the Legislative Assembly ; he points out that some matters, such as immigration, will sometimes affect defence and internal security and sometimes not. He hopes that by the device of a Joint Council of Cyprus, in which both the Governor and the Cypriot ministers can fully and freely discuss their plans, it will be possible to avoid the suspicion that largely arises out of " each side's ignorance of what the other is up to."

The second important point of friction is the position of the Turkish minority. Lord Radcliffe rightly rejects the demand that 18 per cent of the island's population should have equal representation with the Greek 80 per cent. But he is confident that the guarantees offered to the Turkish minority are no mere " paper " guarantees. They include a provision that six out of the 24 elected seats in the Assembly will be reserved for the Turks, the consent of four of whom will be necessary for any legislation affecting Turkish laws, customs and institutions.

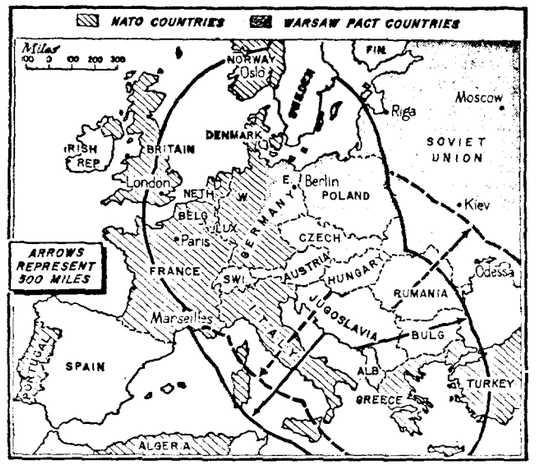
If Lord Radcliffe's constitutional gadgets could have been put to work in a calm and auspicious atmosphere, Cyprus might really be on the way to a solution. The British Government has indeed tried to sweeten the atmosphere. Mr Lennox-Boyd took the trouble to fly to Athens and Ankara to explain the new proposals, and in Cyprus some of the most repressive security measures have been lifted. But will the Colonial Secretary's vague mention of the application of self-determination satisfy the Greeks ? It seems not ; the extent of the reserved powers and the talk of a possible partition have made their first reaction hostile. Will Archbishop Makarios respond to the British Government's gesture of consulting him about the Radcliffe report with the much bigger gesture that is needed to break the deadlock ? If he makes it, will Eoka obey him ? Will the authorities in Cyprus settle for surrender terms that the terrorists will accept ? The answers to these questions will determine whether the attempt to escape from this miserable deadlock can have a chance of success.

"Open Skies" and Open Doors

DISARMAMENT is a seasonable Christmas topic, but this winter there is something strange at first sight about the appearance of new projects in this sphere. The Red Army is now crouched massively in Hungary as well as in east Germany. Soviet supplies of arms to Egypt and Syria have contributed to the alarms of recent weeks. The Atlantic Council has held a nervous session and its European members have obtained an American promise of tactical nuclear equipment, albeit minus the warheads. Russia has given unusual publicity to its nuclear test explosions ; Britain holds to its plan to test a hydrogen bomb early next year. It was a strange background against which the latest American suggestions (discussed at more length on page 1050) were unofficially launched.

These suggestions may now be formally put forward—at the United Nations, or in diplomatic Notes drafted after consultation in the Atlantic Council—or the Americans may pause to study the reactions to their trial balloon. The pause might be quite a long one, for Moscow at least did not hasten to get out a swift retort. But " more haste, less speed " has become the guiding axiom in the great disarmament debate, which has lately taken the form of a leisurely exchange of letters and messages.

In Russia's last contribution to this exchange, on November 17th, the most spectacular element was an offer to accept Mr Eisenhower's " open skies " idea for aerial inspection —but only within a zone extending 500 miles each side of the dividing line between the Atlantic and the Warsaw allies. As the map shows, the proposal left it uncertain just



where the limits of the zone would fall: it has found no favour in the West. The new American suggestions are, however, something more than an attempt simply to offset Russia's last statement in terms of propaganda. Mr Eisenhower and Mr Dulles will not look for early Soviet acceptance of their latest terms ; but they evidently feel that at a time of strain it is more than ever important to keep the disarmament door open—and perhaps the door to a European settlement too.

Clearing the Canal

GENERAL WHEELER, who commands the UN salvage operation at the Suez Canal, has asked for six specialised vessels of the Anglo-French salvage fleet to speed the operation south of Port Said. He had 19 vessels of a fleet of 31, to be provided by E. M. Svitzer of Copenhagen and L. Smit and Company of Rotterdam, already at Port Said, but the Royal Navy has some unique equipment which he needs. There is, in particular, a ship with monstrous jaws which can bite on a sunken vessel and swing it clear of the channel. By such equipment the canal could be cleared from Port Said to Suez within two months for the transit of ships up to 10,000 tons.

He has, apparently, asked that they should be emptied of their British crews and manned by experts he has assembled This looks like an excursion into politics, but it may arise from a well-founded belief that he cannot proceed quickly with his technical job if President Nasser impedes it. If necessary, Britain, being committed to speedy clearance and to support of the UN operation, should agree.

President Nasser should equally be persuaded to forget his prestige. Cares for the economic difficulties of western Europe sit lightly on him (although not all the countries have been his enemies in this affair), but it is surprising that he should be careless of his Asiatic friends. India, for example, believes it suffers proportionately greater than Britain by the closing of the canal. He has some economic benefit for himself, and the credit of reasonableness, to gain by permitting the Anglo-French fleet to reinforce that of the UN. The conditions of co-operation could be arranged with Mr Hammerskjold. In short, he has nothing to lose.

The clearing of the first limited channel, enabling maritime commerce to achieve a degree of normality, is the urgent matter. The second phase, that of freeing the canal for big ships, will take time and General Wheeler's fleet can probably undertake it as well as any other. Smit and Svitzer are highly experienced firms.

The question of Anglo-French vessels continuing the clearance of Port Said harbour with their crews wearing the UN insignia and safeguarded by UN forces, is a separate matter from the clearance of the canal to the south. It will take them another two weeks to complete their work and General Wheeler wants them to do it.

Whose Enemy?

If President Nasser has been able through recent weeks to preserve intact the security of the densely populated Nile delta, he should be able to use his army for effective purposes of security along the canal while British and French salvage ships combine with the United Nations fleet in clearing it. He and his efficient Minister of Interior, Zacharia Mohieddin, have a good record for maintaining internal security.

Battle of the Border

The following report is based on despatches by our special correspondent lately in Northern Ireland and our regular correspondent in Dublin:

After the expenditure of a great deal of ammunition in the past ten days both by the Irish Republican Army and the Ulster forces, several policemen have been wounded; a number of gunmen have been captured and are liable to be interned for long periods; damage to property estimated at £100,000 has been done. But, so far, nobody has been killed; nothing irretrievable has happened to awake the fanaticism from which reprisals and counter-reprisals might develop. Both the Ulster and the Republican governments would deplore anything of the kind. Would the IRA? If so, it is carrying out a risky little exercise in brinkmanship. If not, what would its ultimate objective be, since ineffective violence keeps the two Irelands still more bitterly divided, and bears heaviest on the minorities? Perhaps, after a week of "war," the position of the three parties involved may be summed up as follows:

(1) **The IRA(s).** There are in fact two gunmen groups in operation: the IRA proper—whose headquarters are Dublin, and which may have nearly 1,000 members, mostly non-combatant—and the more ruthless *Saor Uladh*, which operates in Ulster, acquires its bitterness from Belfast, and does not confine its objectives to British military installations. The former has been heavily involved in the latest fighting; at least one "soldier from the front line" has been displayed to an admiring audience in Dublin. There will be more danger of murder of specials and civilians if *Saor Uladh* joins in determinedly. The IRA has threatened to keep up the raids over Christmas, and has appealed for donations. At the moment it can feel that (*a*) it has proved to its American backers that the dollars it gets are earned; (*b*) it has given a nasty jolt to the "supine" Costello coalition in the South. It can scarcely hope to do more than this, unless it wants martyrs in the Belfast courts to keep the propaganda weapon fed with ammunition. On the other hand, the condemnation of its action by the Dublin government gives it an excuse to disengage now. This would enable it to retain its popularity in the South without risking unpleasant consequences for its organisation there.

(2) **The Ulster Government.** This is placed in a predicament. On the one hand, it does not want the IRA outrages played up as a regular war; this would be bad for its industrial plans, and would embarrass the British government abroad. On the other hand, the IRA outrages are naturally bitterly resented by loyalists in Ulster; at least some members of Lord Brookeborough's government must feel that they are good for internal politics, since they harden support for the idea that the often-divided Stormont government basically stands for the survival of the six counties as part of the United Kingdom. Stormont's temptation is to play down the IRA abroad, but up at home; but it must not play it up too much even at home, because, while the B-specials are reasonably in hand, the Orange Lodges can produce ugly bigots with firearms, who could emulate the IRA (and probably more efficiently) if they were roused. It hopes that its recent call for restraint, coupled with Sir Anthony Eden's statement on diplomatic moves, will calm things down.

(3) **The Republican Government.** This comes off worst of all. It longs for a quiet life, as it is falling down on so many domestic issues. Mr Costello's majority is only five. Though nearly all sensible Irishmen realise that IRA violence gets them nowhere, and the IRA would win little support if it put up parliamentary candidates in the South, repression of the "army"—any action in which the Republican government seemed to be acting in concert with Stormont—would be unpopular. (It would also, however, be easy since IRA leaders are known to the Irish police). It is quite possible that Mr de Valera's chances of coming back have already been strengthened (though he is as strongly against IRA action as any Southern politician). But it would be still worse for the South to back a campaign of murder; the statement that unofficial armies cannot be tolerated was the least the government could do.

How far is it a very small least? Police and troops have in fact been sent to the border, with instructions not to hurt anyone but to stop or deflect Eire-based raiders. Attempts have been made to censor press reports of the IRA rally in Dublin, and the government is as anxious as anyone that nobody should be killed and executed. The press is concentrating on Hungary, on Ronnie Delaney's win in the 1,500 metres at Melbourne, and the entries for the Lincolnshire. But, as in Ulster, but for opposite reasons, there is the feeling that these incidents keep the border and the "partition of Ireland" in the public eye.

It is, however, notable that the two periods in which it has appeared to break down have involved British troops. The first was in 1953 when he was putting on the pressure for an Anglo-Egyptian agreement and the second this month when he was presumed to be harrying the departure of the Anglo-French forces. The common view is that he has been scoring a cheap victory by building a claim to have driven out the British by guerrilla action. General Stockwell has wisely foiled him, if that were his aim, by withdrawing into a barbed wire enclosure.

One can reasonably doubt, however, whether President Nasser was either directing or encouraging the recent incidents in the Port Said region. When the time came to stop the trouble in the Canal Zone in 1953, he was by no means sure that he could do it. After imposing security measures which in the event proved adequate, he anxiously warned the British Government that he could not guarantee that "Moslem Brothers and Communists" would not stage another coup against the British troops. The situation is now very similar. President Nasser armed the civilians in the Port Said region to resist the British and French invasion; it is a fair guess that not all those he armed are now under his control.

It may well be that he has armed large numbers of his internal enemies—perhaps those dissidents he disarmed and in some cases gaoled in 1953. Zacharia Mohieddin and his secret police spent many months of 1954 stripping the civilian population of the towns of arms and explosives which the Moslem Brotherhood was prepared to use against the regime. It will now have to be done all over again in Port Said, Ismailia, Suez and Alexandria. (It is notable that he did not arm the people of Cairo or the delta towns.) It is not beyond the bounds of possibility that some of the people who caused trouble for the British troops recently are equally not averse to causing trouble for President Nasser.

Truths But No Dares

In its pamphlet *The Truth About Suez* the Labour party has dexterously evaded the fact that the Suez crisis was the extravagant explosion of the Middle East situation as a whole. Its "truth" concerns the Government's handling of the extravaganza. The facts are argued with cogency but a curious defensiveness, as though the Labour party feels in some way uneasy at standing simply for "the rule of law . . . Britain's obligations under the Charter of the United Nations." The Government's errors are attacked ingeniously enough; but where are the constructive conclusions?

The pamphlet contrives to expound a policy for the Middle East in 139 words at the end of 20 pages. Negotiations over the canal must be resumed on the basis of UN principles; the UN force must remain to police the frontiers; there must be a Middle East settlement; the state of war between the Arab States and Israel must end; the Arab economic blockade of Israel must end, too; the problem of the Arab refugees must be solved; the Arab states and Israel must be guaranteed against aggression; there must be a warning issued against armed intervention by any country. All this, and heaven too.

The pamphlet is evidently intended to persuade an electorate which possibly took nostalgic pleasure in hearing the British lion roar—even if it happened to roar in the wrong place and at the wrong time. It argues rightly enough that Britain ought not to deceive its allies, disturb Commonwealth loyalties and break UN principles. The Labour party has yet to support its case with a reasoned presentation of a Middle East policy. What is called policy here is no more than a statement of aspirations which neither Labour nor the Tories can expect to achieve—unless by the careful execution in concert with other nations of a consistent and carefully constructed plan. Mr Bevan might try his hand at devising it.

Masters of Our House

Primacy is a term which is sometimes applied to Parliament, and sometimes to prima donnas. There fortunately seems to be some force in the recesses of the British constitution, or else of British common sense, which acts as a corrective influence whenever the two meanings of the term appear to be in danger of getting mixed up. Consider the history of the "fourteen day rule." At one period last year the mood of Parliament appeared to be in favour of maintaining—even strengthening—restrictions on free discussion on the radio and television of matters that were soon to be debated in Parliament. This was a case of Parliament imposing restrictions in what it regarded as the interests of Parliament, but against what most outside people regarded as the interests of the public—and of free expression. Despite Parliament's apparently determined mood in the summer of 1955, the restrictions were eventually referred to a select committee. The select committee, debarred from recommending abolition of the restrictions, recommended that they should be reduced to the smallest practicable extent. Now the Government has gone further and suspended the restrictions for an "experimental period" of six months, during which there will be informal arrangements to ensure that the radio and television services "continue to act in a way which does not derogate from the primacy of Parliament as the forum for debating the affairs of the nation." After this six months, the next stage of the retreat to free speech can, one hopes, be guessed.

The way in which the public interest has gradually prevailed about the fourteen day rule is one of two reasons why it does not seem appropriate for *The Economist* to comment too forcefully upon another incident in Parliament this week. The second reason is the desire of the Editor not to be incarcerated in the Tower. To put this other incident in a setting which not all MPs may have appreciated: three years ago (see page 8 of the Report from the Select Committee on Members' Expenses) an official of the inland revenue publicly agreed that on such matters as tax claims "we probably question Members of Parliament rather less than most people." It is therefore not altogether surprising that some popular newspapers, which like to make a fuss about this sort of thing, have suggested or stated that politicians (which MPs take to mean MPs) have not had their claims for supplementary petrol questioned closely either. If this were true, it would

be understandable and—except to people who make a dull fetish of fairness—not very important; but the House has now decided, against the original inclination of the Speaker, that two allegations to this effect (one in what was meant to be a humorous cartoon) should be referred to the committee of privileges, as possible contempts of Parliament. Further comment upon this matter, while the committee is sitting, might itself be regarded as contemptuous; it must be left to MPs themselves to think out where they think they are going.

Nato's European Head

M. SPAAK'S appointment as secretary-general of the North Atlantic Treaty Organisation symbolises the new hope that the Palais de Chaillot can become the political as well as the military hub of the Atlantic community. The farewell tributes to Lord Ismay were well deserved. A distinguished officer and a man of sense, he has drawn on his experience of wartime co-operation and commonwealth statesmanship to establish a feeling of common purpose in Nato's daily work. But M. Spaak will bring a new political weight to the post. At the centre of the efforts by Nato members to evolve common policies there will be a powerful personal drive and political authority. And M. Spaak's stature as a European leader should qualify him especially to bring together the errant policies of the European partners.

Common political attitudes will not be created by one man; and they will take time to evolve. But the meetings last week, whose work and results are discussed more fully in an article on page 1057, produced a valuable new commitment by members to consult together, and revealed, especially in private talks—between Mr Dulles and his British and French colleagues, between the British and Germans—a strong common desire to overcome differences. A strong Secretary-General can do much to keep this alive, to nudge members into fulfilling their commitment to consult, to take the lead in resolving differences and evolving common policies. By the time he takes over in April, M. Spaak hopes, the Cyprus dispute, the worst of Nato's inner differences, will be resolved. But even if it is, he will have plenty of constructive opportunities in other fields. The council, for example, discussed events in eastern Europe with lively interest; but its members have yet to evolve a clear and concerted political policy towards it which will help to shift Russia towards a satisfactory European settlement. Such a common policy might do much to sustain the military alliance, particularly with Germany.

The Defence Partnership

THE most urgent need for the evolution of a common Nato policy lies in defence itself. This Christmas, for example, Britain and Germany are once more settling down to a bout of bargaining over German financial support for the British Army of the Rhine. Both economically and politically, Britain has a strong case for further help next year, and the German Government, with its flush exchange reserves, and aware that it has retreated from the spirit of its military obligations, seems disposed to agree to a further financial contribution. But though agreement may be reached the alliance may first be strained once more by unpleasant national haggling.

The revival of the issue of support costs is a symptom of a wider problem. Partly on military, but still more on political and economic grounds, many Nato powers are reconsidering the fundamentals of defence, seeking to reduce costs mainly by cutting the numbers of the ground forces, and hoping at the same time to evolve forces suited to the exigencies of tactical atomic war. The change in German policy has been the most spectacular so far, but both Britain and the US are also considering reductions in manpower and fundamental changes in military organisation. Until recently this general reappraisal has tended to go on in piecemeal national fashion, punctuated by bilateral bargaining when issues like support costs arise. Much political strain on the alliance could be avoided, and its military effectiveness increased, if common policies based on the new technical military needs, and on what the partners are really able and prepared to pay, can be worked out soon.

A vital first step in this direction is the "political directive to the military" which the Nato Council approved last week, and which embodies the conclusions of three years' study within Nato of the new military needs. But the common Nato policy to implement it has yet to come. Western European Union may have to be given new importance and used as an instrument to produce the European side of that policy.

Magi[3]

THE Three Wise Men who brought the first Christmas presents, 1,956 years ago, rode out of the East; but it is in the West that the cult of the Magi has been most faithfully preserved, and lately it seems to have moved into the field of international politics, if not as a cult,

Derivations of the Day

Far-sighted people who are already worrying about how to use their Christmas book tokens in the year 2056 may appreciate this preview of entries from a dictionary to be published in that year.

anti-americanism, n. (happily obs.). Disease rife in Gt. Britain in mid-20th C., among left-wingers in the early 1950s and among right-wingers in the late 1950s.

anti-semitism, n. (obs.?). Disease rife among Arabs, the principal semitic group, in mid-20th C. (etym. obscure, poss. due to simple error of reversal).

bolshie, a. Awkward, unco-operative. (f. *Bolshoi* ballet troupe, which, it is said, made difficulties about coming to London to perform c. 1956.)

discussion, n. Negotiation, usu. prolonged and wordy. (Etym, dub., poss. f. celebrated international wrangle about a *discus* thrower before 1956 Olympic games.)

eden, n. Legendary abode of peace. (Prob. f. slogan used in Br. election campaign of 1955.)

force, n. Violence; mil. strength; troops; *use of f.*, a right renounced by nations in 1945 and insisted upon in 1956; *when an international f. meets an immovable object,* scientific hypothesis deriv. f. events of 1956.

marxmanship, n. Devotion to obs. system of dictatorship, wh. flor. briefly in mid.-20th C. (poss. deriv. f. role of Russ. tank gunners in Hungary in 1956).

pilot, n. Navigator of aircraft, or (obs.) ship; *dropping the pp.*, dismissing key employees (f. Egyptian government's action in 1956); *jesting p.*, one who speaks irresponsibly (f. claims pp. made at that time that they were indispensable); *Pontius p.*, a navigator who, while steering a ship, disclaims responsibility for its course (see *butler*).

pole, n. Stick used to prod or goad; formerly usu. stuck in mud, now often quite straight and upright; *pp. apart,* independent position; *up the p.*, slogan expressing approval of such a position.

skewer, n. Thin instrument for penetrating a lumpish mass. (Corruption of *scua,* device briefly fashionable in 1956.)

swizz, n. (obs. slang). Effort to confuse or defraud, usu. unsuccessful; esp. in phrase "it's a swizz." (Corruption of *Suez,* scene of several such attempts.)

swizz guard, n. Small body of diehards. (deriv as prec.)

swizzle, n. & v.t. (1) (Make an) effort to confuse or defraud (as prec.); (2) (stir an) intoxicating, frothy drink.

tony, n. Sufferer from schizophrenia. (f. mid-20th C. advertising slogan, "Which twin is the Tony?")

warhead, n. Explosive element in military machine. (Poss. f. name of Br. War Minister in 1956.)

The Other Refugees

AN illogical result of the deep division of feelings over the intervention in Egypt is that even the plight of the British, French, and Jewish refugees who have been cast on the world as a result of it gets a lukewarm response. Hungary has taken up much of the money and the sympathy. The United Nations, not in sympathy with the countries concerned, and engrossed in delicate negotiations with President Nasser, has put no protest on record. But although there are excuses, this disinterest, especially from the refugees' compatriots, is shameful. The threat of mass expulsions has been cancelled, but several thousand people, without money or possessions, have already been arbitrarily pushed out of Egypt and about 50,000 more, the great majority of whom are Jews, are in danger of being squeezed out by economic pressure.

British. At the end of November about 13,000 British subjects were reported in Egypt. Of these, roughly half were Maltese, about 5,000 were Cypriots and 1,700 former residents of the United Kingdom. So far approximately 2,000 refugees have reached Britain; this excludes the many hundreds who are not destitute though they have lost everything they had in Egypt. It is impossible to know how many more will come, especially since several groups are on their way by circuitous routes, but the Swiss Legation, which has been managing the exodus, reports that Egyptian pressure to leave may intensify, and if this is so, the total number of British refugees might be close on 5,000.

On arrival the refugees are met by the Red Cross. They can then get small sums of money from the National Assistance Board or the Anglo-Egyptian Aid Society and about 1,500 of them have been housed in government hostels and camps. The Anglo-Egyptian Aid Society (86 Strand, W.C.2), a small voluntary organisation which for the last 20 years has been helping a trickle of displaced Britishers, is in great need of money. It has been given £100,000 of public funds but this can only be doled out on the inadequate National Assistance scale and anything more than that must come from unofficial sources: so far subscriptions approach £5,000, but more is needed.

The majority of British refugees are Maltese, many of whose families have lived for generations in Egypt, keeping their British passports only for the benefit of the consular or mixed courts. They are in a particularly unhappy position. Apart from the legal ruling that only former residents of Malta can return, the overcrowded island could not absorb them.

The Cypriots, who are regarded by the Egyptians as Greek citizens holding British passports, will probably mostly remain in Egypt (although a good many left with the first batches). But nearly all the remaining 1,700 United Kingdom citizens are expected to return. So far about two-thirds have left Egypt, not counting the 450 members of the Suez Canal Base Contractors' Group who have been interned but whose approaching release has been announced. Some British citizens are told by the police to leave; others are forced out by the sequestering of their firms and property. Nearly all are losing all their possessions, but many of them, particularly the teachers (about 130 of whom have returned), the doctors and the missionaries sorrow less over their material losses than the probable destruction of their life's work.

French. Of the 9,000 French reported in Egypt in November, just under half have so far left. It is believed that a high proportion of those remaining in Egypt have now had notice to quit, and nearly all of them are eventually expected back in France.

Approximately two-thirds of the French subjects are former residents of France. The others are North African, mainly Jews. There are many hard cases, particularly among these latter and also among the many small business men and shopkeepers.

Jews. The situation for the 45,000-50,000 Jews in Egypt is considerably graver than for either the British or French. About half of them are believed to be stateless: former citizens of the Ottoman empire, they have always lived in Egypt but have never succeeded in acquiring Egyptian nationality. Egyptian Jews are estimated to account for between 5,000-10,000; about 6,000 are Italian and the remainder of various European and Middle East nationalities.

To date, about 500 Jewish families have been served with expulsion orders, but another 1,000 individuals are known to be detained or imprisoned and many others are being harassed economically. Israel would take the stateless, but many of them, having lived for generations in Egypt, do not want to go there and are engaged on a desperate hunt for visas. Several countries have offered them visas for transit to Israel: few will take them in permanently.

Economic pressure on the Jews is becoming very tight. Firms are being sequestered and in some cases private property too. Since many of the Jews in Egypt are wealthy, this policy may have the double aim of forcing them out and helping Egypt's revenue. But however impossible their life becomes, their departure from Egypt may be delayed by the elusiveness of visas and the tragic uncertainty of where they should go.

then as a cure-all. Today, whenever statesmen are at a loss, somebody suggests the appointment of a special committee of three. The North Atlantic Treaty Organisation resorted to Three Wise Men almost as soon as it ran into trouble over "burden sharing." The United Nations has often used three-man committees of good offices: sometimes with effect, as in Indonesia, sometimes without, as in the case of the patient efforts of Sir Benegal Rau and two colleagues to mollify Peking's bellicose representative, General Wu, in 1950—an occasion immortalised in the comment that "Rau did all the wooing and Wu did all the rowing."

In current usage, Three Wise Men are a very different thing from a triumvirate, either in the classical, the Muscovite, or the present-day Tory sense of that word. They wield no authority; as Parkinson showed in *The Economist* of November 3rd, five is the smallest practicable membership for a ruling junta, committee or cabinet. The modern Magi are a species of what Mr Colin Wilson would probably call inside-outsiders. They know quite as much about the problem as the politicians who are nominally responsible for solving it, but they are not called in until it has been well fouled up. Then they are told to take it away and produce a report, preferably not until the statesmen have enjoyed a quiet Christmas. So off go Dr Gold, Sir O. Frankincense and M. Myrrh to take soundings, question specialists, and agree on a cautiously non-emotive draft. Months later they come lolloping back on their weary camels and lay their joint offering at the feet of those who sent them into the desert, and who would probably be happier if they had stayed out there a bit longer. They are not in the least surprised when, after each and every statesman has praised the acumen, lucidity and incisiveness of the Frankincense Report, it is tacitly agreed to do nothing whatever about it.

Magi are thick on the ground this Christmas, with three working on Euratom, three appointed by the UN to get the Canal cleared, and Nato's three, who have now completed the task set them in the spring. In the report to Nato there is an ominous hint of a third Parkinson's Law, for this year's Three Wise Men suggest that in the event of future difficulties the organisation should have recourse to—yes—Three Wise Men. Magi to the power of three, in fact.

Nuri Speaks Out

THE Iraqi prime minister, Nuri es-Said, broadcast on Sunday to his people and other Arabs an exposition of his policy and the historical derivation of it. It was, as might have been expected from the one statesman of stature in the Arab Middle East, a convincing justification of his line of action in recent years. There are two causes for regret. Only a small proportion of the Arabs would hear it, and censorships would dilute its effect in print; and the broadcast should have been made often and much earlier.

His condemnation of communist subversion in the Middle East is justified by facts which are well known but have been forgotten in the turmoil of crises and propaganda during the past 18 months. His warning to Egypt that the Czech arms deal, necessary though it might be, could drag Egypt through a dangerous door that Russia was opening for her, has to a large extent been borne out. His description of Nehru's earlier and equivocal position on regional defence shows how mutable "nehruism" can be.

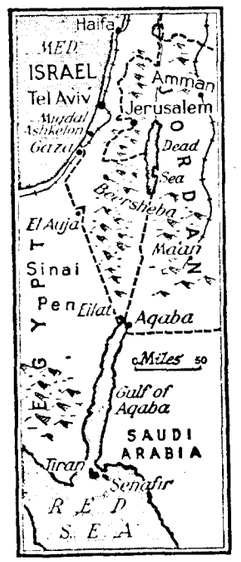
Nuri Pasha's prescience is hardly in doubt. He has been right at very many of the conclaves of Arab leaders ever since 1944, when he advised the nascent Arab League to forget its "national aspirations" until it secured from the West a settlement of the Palestine problem.

Yet—and this is perhaps one of the most significant facts of political life in the region—he has almost always been over-ruled in the conduct of regional policy. Powerful though he is in Iraq, despite the progress and stability he has given to his own country, his influence upon the minds of the Arabs has declined steadily. A Nuri policy may be wise, but it is seldom welcome beyond Iraq's western frontier.

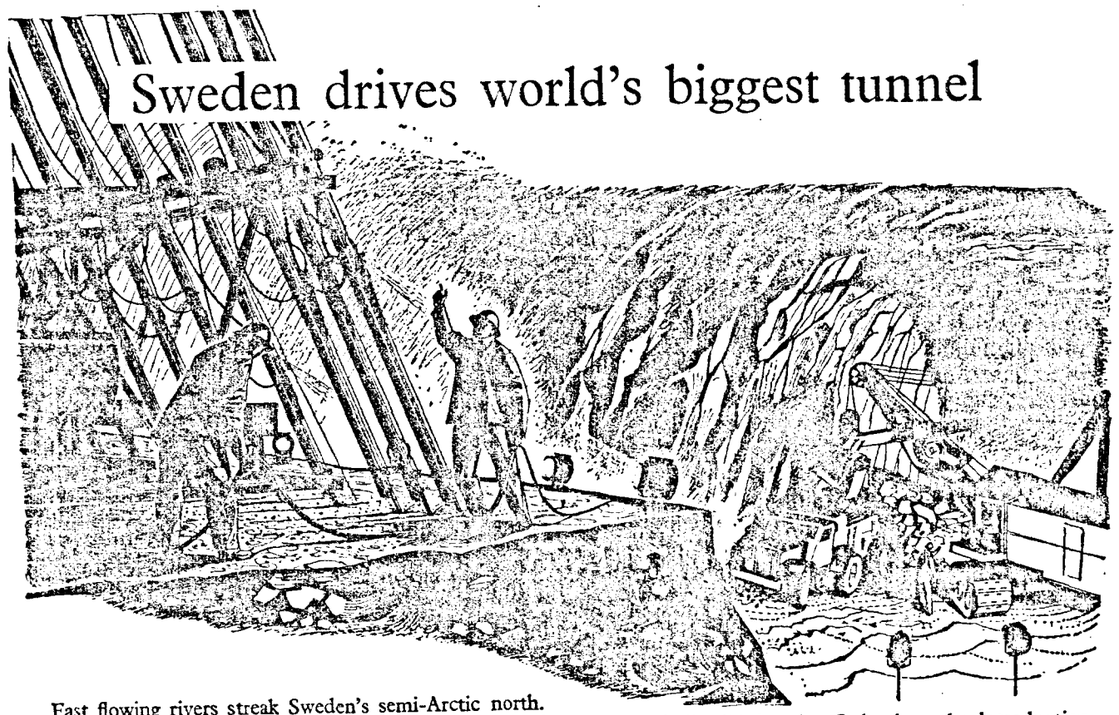
There are many reasons for this, not least the errors of British policy. Judging by reports, the Iraqi prime minister found it inconvenient to mention Britain in his broadcast, because the British attack on Egypt has made his long-standing fidelity to Britain the weakness in his armour. Most probably, the difficulties which now beset him as a result of the Suez affair have led him to defend his policy in public speech. It is a pity that such a crisis was needed to make him explain; his contempt for common opinion is one reason for the decline of his influence.

An Israeli Pipeline?

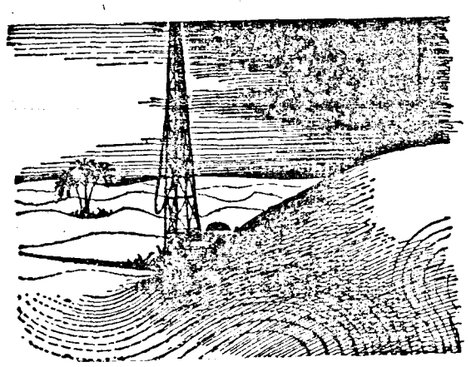
M. PINEAU, in the heat of parliamentary battle, said on Tuesday that work was to begin in a few weeks on an oil pipeline across the Negev from the Gulf of Aqaba to the Mediterranean. Pressed further, he indicated that France would support and assist the project. The idea of a pipeline from Eilat, via Beersheba, to Ashkelon and the Haifa refinery is not new, but has been in Israeli minds for a long time; and the Israeli government has had a survey made. Like other ideas for alternative routes, it was given new impetus by President Nasser's seizure of the Suez Canal; but the crisis that followed made it politically more ticklish than ever. Members of the Arab League would be unlikely to let their oil travel by an Israeli route. Other Moslem states might, but the chances of their doing so will be greater if the scheme is not presented as part of an anti-Arab campaign. This may explain why the Israelis have sensibly been reticent about the scheme. Now that M. Pineau has revealed a French interest, more may be learned about the scale of what is proposed.



Sweden drives world's biggest tunnel



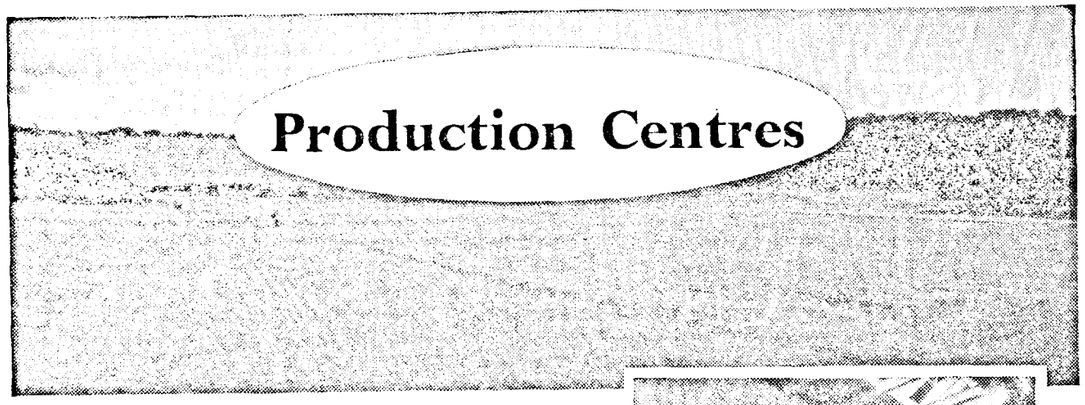
Fast flowing rivers streak Sweden's semi-Arctic north. For a country without either coal or oil, a source of cheap, abundant power. At Stornorrfors on the River Ume, the biggest of Sweden's many projects for hydro-electricity nears completion. It is here that water discharged by the turbines in the underground power house will travel the two and a half miles back to the river through a tunnel 49 feet wide and 85 feet high.
There was a time when a tunnel of this size would never have been attempted. Equipment to do the job fast and economically didn't exist. Only since the introduction of the Swedish Method of rock-drilling, pioneered by Atlas Copco and the Sandvik Steelworks in collaboration with Swedish engineers, has tunnelling on this scale been practical. Today, huge tunnels and cathedral-like power houses below ground are commonplace. Witness Stornorrfors, the world's biggest tunnel, where they are drilling 500 feet per man shift with Atlas Copco rock drills in the excavation of two million cubic yards of rock.



Oil drilling in the Sahara

Compressed air is versatile. Atlas Copco provide the means for all its many applications. In the Algerian Sahara, where large-scale drilling operations are in progress, compressed air is being used instead of water as a bore-hole scavenger. Atlas Copco CT air-cooled compressors, mounted on trucks, provide the air needed to blow pulverised rock, sand and dust to the surface.
The Atlas Copco Group of Companies is responsible for the manufacture of compressed air equipment and its distribution and servicing in 90 countries throughout the world. Group Headquarters: Atlas Copco AB, Stockholm 1.

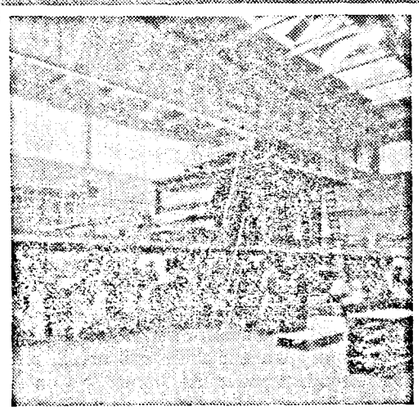
Atlas Copco puts compressed air to work for the world



Site Clearance at East Kilbride, June 1955

From Site Preparation to Production in 14 months

This factory, designed for the printing of the "Radio Times" in Scotland, was built by Cubitts' Scottish Company on behalf of the East Kilbride Development Corporation for Messrs. Waterlow & Sons Limited. The building, which has a ground floor area of 58,000 sq. ft., was ready for occupation only 14 months after site clearance began. Cubitts are pleased to acknowledge the efficient teamwork of their own and their sub-contractors' men who made this result possible.



First Press in operation, August 1956

Architects — East Kilbride Development Corporation
Engineer for reinforced concrete frame — H. G. Cousins, Esq., B.Sc., M.I.C.E., M.I.Struct.E.

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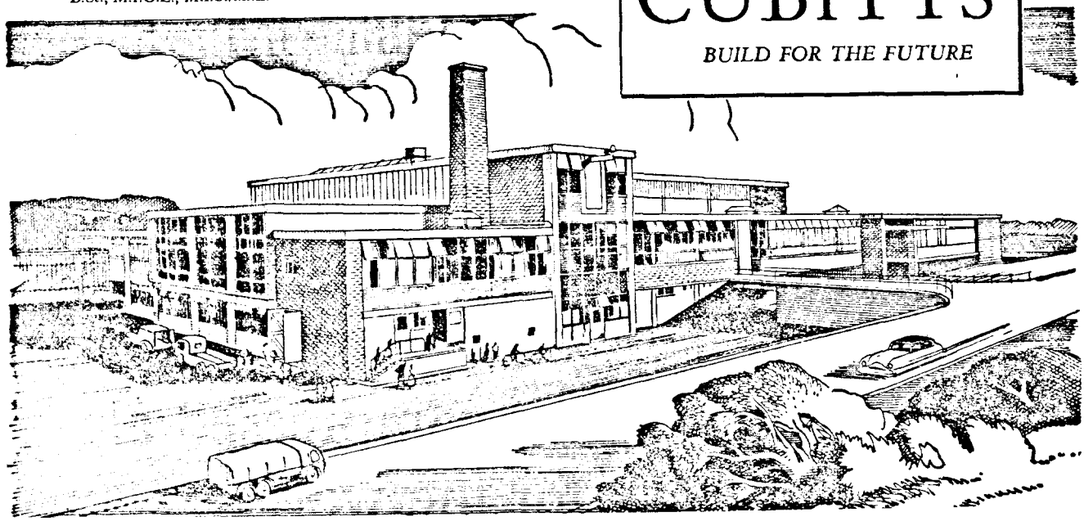

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Aid for Hard Pressed Schools

THE Minister of Education announced this week that he would reopen, on conditions to be announced later, the list of direct grant schools, which has been closed to applications for the past eleven years. A direct grant school is so-called because it gets its grant from the Ministry of Education, and is not maintained by the local authority. The grant amounts to £36 for each pupil of secondary school age, or £40 for those doing advanced work in the sixth form; and there is also a contribution towards teachers' superannuation. In return for this help the school must get its fees approved by the Ministry; must include local authority or other approved people on its board of governors; and, most important, must put the first 25 per cent of its places each year at the disposal of the local authority (which pays the fees), and a further 25 per cent if the local authority wants them. For the rest the school can charge fees, which are usually about £40 a year nowadays, but which must be graduated according to ability to pay—the Ministry making up the balance for those paying less than the full amount.

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At present there are 164 direct grant schools, containing 75,000 pupils, and including some famous schools such as Manchester Grammar School, King Edward's, Birmingham, and the Royal Grammar School, Newcastle, as well as some whose academic distinction is not at all clear. In these days of rising costs there are probably several independent schools, particularly girls' schools, which might be glad of the generous help of a direct grant. Some of these may be among the seventy schools that used to be on the list, but were turned off in 1945. On what principle they were turned off, and four others admitted, is not quite clear, but the late Ellen Wilkinson, who was then the Minister, seemed sometimes to refuse a grant and so force a school into the arms of the local authority so that all, and not merely a maximum of half, its places should be free. Other schools, however, may not have wanted to apply for fear of a greater encroachment on their freedom; this fear should have diminished in the last eleven years.

The direct grant system is well worth extending, because it allows schools with a fine tradition to maintain their character in spite of all the economic pressures that now bear down on them. It has probably, indeed, an even more important future: in some adaptation of it may lie the answer, financial and social, to the problems which sooner or later will beset the public schools.

Belgrade-Moscow Fusillade

THE battle of words between Jugoslavs and Russians over the Hungarian revolt shows no sign of abating. Mr Kardelj's analysis of the Hungarian crisis to the Jugoslav parliament last week has provoked an angry rebuttal in *Pravda*. This week's visit by a Jugoslav delegation to Warsaw to discuss the problems of "socialism in the contemporary world" will hardly make the Russians any more tolerant of the Jugoslavs' independent and critical attitude, or still the Russian fear that the Jugoslavs may pour dangerous thoughts into receptive Polish ears.

For Mr Kardelj beat about the bush a good deal less than did Marshal Tito in his Pula speech last month—and in Russian eyes that speech was bad enough. Mr Kardelj said bluntly that the heart of the matter in Hungary was that a majority of the working class rose against "a regime which proclaimed itself to be socialist" and that this revolt provoked the intervention of another socialist country. He pointed out that "the belief that a party, by the very fact of calling itself Communist, ensures that its rule is progressive and democratic is a grave anti-Marxist blunder." Hungary, he said, needed "radical changes in the political system, not a change of personages and the correction of individual errors." On the Soviet intervention, Mr Kardelj was thoroughly scathing. He said it could play "no decisive role whatsoever in Hungary" and was really due to "the relationship of forces in the existing international situation"; it had nothing to do with socialism.

It is not surprising that the Jugoslavs should be growing more outspokenly critical of Soviet policy, quite apart from the disenchantment with Mr Kadar caused by Mr Nagy's abduction. They have never lacked the courage of their convictions, and in Hungary today their cherished belief in the vital part of workers' councils in socialist development seems in danger of being trampled underfoot. But Mr Kardelj does not appear to realise that his suggestions for putting Hungary straight again on the socialist path are based on a false assumption—that the Hungarian people want to go on living in a one-party Marxist state, with or without the latest improvements.

Army Efficiency

MANY people, reading the report and recommendations of the committee headed by Sir John Wolfenden into the use made of national service manpower in the army, will be tempted to hope that the abolition of national service will dispose of the entire difficulty. This would be shortsighted—first, because even substantial reductions in army commitments would probably still leave the country with the need for some sort of selective obligation to serve; second, because some of the committee's recommendations bear upon the possibility of increasing the attractions of professional soldiering; and third, because the committee offers some suggestions towards improving the efficiency of the army as a whole. Yet, undoubtedly, the main problem revolves round the national serviceman's universal feeling (common in all conscripts everywhere) that his two years of service is "an infliction to be undergone rather than a duty to the nation." What the professional soldier will do cheerfully (sometimes blasphemously cheerfully), the conscript tends to regard as "bull."

The committee urges that during training the national serviceman should as far as possible be given a sense of progressive development of his skills, both as soldier and tradesman, rather than one of meaningless repetition; this

should become easier as the forces are equipped with more complicated modern arms. On the other hand, the committee proposes to reduce soldiers' chores by extending civilianisation—which is already proceeding apace—though, as the Army Council retorts, it may tend to ignore problems of accommodation for civilians. But it makes a strong point with the argument that three civilians could do the work of five national servicemen on supply work and save a lot of money. It is also right that the use of civilians in bases overseas should be explored. This is a common sense, not a sensationalist, report. There is everything to be said for improving army public relations with the national serviceman. The army's quite proper reply is that its main job is to make him into a soldier; and even a modern soldier, in his psychology—indeed in his spiritual condition—is something different from a comfortable, well-trained, uniformed technician. The further from this latter state, however, the more—in general—the pity. Are all apostles of the "soldier-like" yet fully seized of that?

The Melton Mood

Our special correspondent visited Melton Mowbray last week-end, to report on the mood at the by-election caused there by the resignation of Mr Anthony Nutting (Conservative majority last time 10,780) because of his disagreement with the Government's Suez policy. The result of the poll—which was a straight fight between Miss Mervyn Pike (Conservative) and Mr Ted Masters (Labour)—was to be announced just after "The Economist" (printed early this week because of holiday transport arrangements) went to press.

AN ancient in a Melton pub-cle mistaking a stray journalist for the Labour candidate, croaked repeatedly, "We'll beat them this time, Sir." No doubt, as ignorant of electoral law as of electoral personalities, he was hoping for a free drink: in any case, he was one of the only Labour voters to show himself so sanguine, and one of the few in either party to show very much interest in the whole election. In the village halls and schools used by both parties for their meetings the tentative Christmas decorations on the walls showed one good reason for a lack of interest, and the drenching rain outside showed another. Both parties, however, seemed satisfied with the sizes of their meetings in the circumstances; both also agreed that questions from those audiences were few and far between. The candidates worked their way through the common topics, which were roughly as follows:

(1) **Rent Control.** A damp squib in a country area where those who are not owner-occupiers mostly live in farm cottages or council houses.

(2) **Farm Supports.** Miss Pike claimed credit for them; Mr Masters said they were merely a continuation of more successful Labour measures. Neither view drew many questions.

(3) **Education.** Miss Pike declared her attachment to small village schools. Mr Masters, himself a London schoolmaster, wanted improvements and rationalisation on a larger scale. No questions.

(4) **Inevitably, Suez.** Contrary to some reports that have appeared elsewhere, this issue still seemed to your correspondent to put all others in the shade; the impression that the electorate was bored with it arose partly because some professional politicians and commentators are bored with it, and partly because people found it hard to recapture at a political meeting the careless rapture of those endless arguments at home and in the pubs in the last few weeks. But those who asked questions on this topic *did* so more to air their own information or prejudices than to find out the candidates' viewpoints; on other subjects the questions were negligible.

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More alive than the political issues were the personal ones. Rightly or wrongly, many Conservatives felt that the local party association had behaved shabbily to Mr Nutting over his resignation: he is a popular figure in the district. Many Conservatives also felt that it was wrong that this very conservative constituency should be represented by a woman, and not a local woman at that. Those who saw Miss Pike must have realised that she is the equal of any man at handling a meeting (she is tired of being referred to as a "hockey type" in the papers). Mr Masters also made a good impression at meetings, although he, too, is not a local—there were some mutters of its being a carpet-bag election. But Mr Masters was certainly at a disadvantage in arousing indignation, righteous or otherwise, while Miss Pike was good at this. "Be enthusiastic," she would cry. Her main slogan was that the best Christmas present the electors could give to Sir Anthony was an increased majority.

Her *élan* was such that nobody noticed the past tense when she claimed "Our policies were working": even Mr Masters's quotations from Lord Tedder had no moral impact to compare with that aroused by Miss Pike on the subject of British greatness as manifested in Calder Hall—although she did not make it plain just what this state project had to do with her election platform. This approach was undoubtedly more effective than Mr Masters's careful condemnation of the Suez action: Miss Pike's meetings at times took on the atmosphere of a good Church of England service, with the squire and his lady in the front row, and a solid backing of girls recently graduated from the Pony Club—somehow bearing an uncanny resemblance to Lady Eden.

For what it is worth, the local expectation last weekend of a cut in the Conservative majority seemed to be based on anticipation of Tory abstentions rather than of Labour conversions. Three main points were made about this: (*a*) most of the liberally inclined voters (a Liberal candidate got 5,518 votes at the election in 1950 and 9,510 in 1945) are also property-owning democrats who were not expected to vote Labour, although it was felt that some might not vote at all; (*b*) it was argued that the ranks of the abstainers might be swelled not only by personal supporters of Mr Nutting, but by some "gunboat Tories" who were angry with the Government for not going on with their action (it is perhaps significant that Captain Waterhouse was due to speak for Miss Pike, but did not because of a reputedly diplomatic cold); (*c*) one of the most important questions of all was whether some outlying Conservatives would be reluctant to use their precious petrol in voting for a Government which had just rationed it. This constituency may not be a very significant guide to opinion in the country, because of the lack of impact of the Rents Bill, which could well be the main bone of political contention at the much more marginal North Lewisham by-election next month (Conservative majority there last time 3,236). One left Melton expecting Sir Anthony to get his Christmas present; whether it was as generous as Miss Pike hoped the reader will by this time know.

Letters to the Editor

Cleaning Up Sinai

SIR—You do not do justice in your last issue to the proposal to make the whole Sinai peninsula "world territory" under the United Nations. Of course, those nations which have provided contingents for Unef will not provide them in perpetuity; nor would it be desirable for them to do so. If the UN General Assembly has any grain of sense, it will keep in being the officers directly recruited by General Burns and replace the present troops of Unef with individually recruited personnel, selected on the same basis as members of the United Nations secretariat. Such a constabulary should be stationed permanently, not in New York, where it would be little use, but in the Sinai Peninsula, where it could maintain a strategic territory in a demilitarised state.

Secondly, the Gaza strip, whether Egyptians, Israelis or UN are in control, is not large enough for the permanent settlement of 218,000 Arab refugees who inhabit it; whereas the coastal strip of the Sinai Peninsula and the eastern side of the Suez Canal, if developed, could provide a permanent home for those refugees.—Yours faithfully,

House of Commons HENRY USBORNE

[The purpose of the Note "Cleaning up Sinai" last week was to clarify *The Economist*'s proposal for Sinai, not to criticise Mr Usborne's, which, as he makes clear, is different and politically more ambitious.—EDITOR.]

No Retreat from Oil

SIR—Your article on our fuel prospects certainly indicates, with alarming clarity, the cost in terms of capital resources, dollar expenditure and political uncertainty of our future fuel requirements. The basis of your calculation is that "nothing has changed in the coal situation" and that this is the best we can expect in the future.

The cost is so high that it seems worth while itemising a few of the assumptions which underlie your expectation of a static coal output:

(a) It is assumed that we know the location of the easiest coal to mine. Not a great deal of effort has or is being spent in surveying or drilling, although the inadequacy of our knowledge is well illustrated by the continuing discovery of new opencast sites—the easiest to locate.

(b) The estimates of new coal-face capacity which can be brought into production is based on existing rates of shaft sinking and mine construction, despite the fact that these rates compare most unfavourably with the US, South African, and Scandinavian achievements.

(c) A labour and staff shortage is accepted as inevitable in a full employment society. Presumably it is assumed to be impossible, now or in the future, to get the industry to accept foreign workers, or German or American mine managers and technicians.

(d) Advances in mine mechanisation and the developments of new techniques are apparently expected to add little or nothing to the total output of the industry. This appreciation of their efforts must be rather discouraging to the people involved in developing, for example, the hydraulic transport of coal from the face to the pit head, or the underground gasification of coal.

Considering the stakes involved, it would surely be worth while to review these assumptions.—Yours faithfully,

London, S.W.7 B. H. WORMSLEY

The Bill that Got Away

SIR—I notice in your issue of December 1st you repeat the assertion that "cash bets by post" might be legally accepted ("as they already can in Scotland") under new legislation in England and Wales.

May I point out that this is a misstatement. The confusion is due to the fact that the provisions of the Betting Act of 1853 (making postal ready-money betting illegal) were not implemented in Scotland till 1874. But thereafter the illegality of ready-money postal betting applied to Scotland as well as England and Wales.—Yours faithfully,

J. CLARK GIBSON

The Churches' Committee on Gambling

Press Standards

SIR—The "sensible new code of press relations with hospitals" was neither "negotiated" nor "suggested" by the Press Council, as you say in your Note of December 1st. It was evolved by a joint committee of the medical profession and the press, held under the auspices of the British Medical Association, on which all the major newspaper organisations were represented either directly or through observers. Invaluable as Sir Linton Andrews's personal contribution was to the success of this committee, I am quite sure that he would disclaim any monopoly for his council in the committee's "achievement."—Yours faithfully, JOHN PRINGLE

British Medical Association

Appeal from Keele

SIR—The University College of North Staffordshire has recently launched an appeal for £500,000 for building funds. May we draw the attention of your readers to the College's urgent needs for undergraduate accommodation, facilities for scientific research, and for a library? The College is wholly residential, but nearly 400 of the 600 students are still housed in 15-year-old army huts. The College plans to expand to a total of 800 students in the next five years, so that new hostels are required, not only as replacements for the huts, but to accommodate the increased numbers: hostels for 600 students in all. The scientific laboratories are badly in need of extensions in order that research programmes can be carried forward without competing for space with the teaching of undergraduates. The College has as yet no separate library building and more than half its books are still in store.

We hope that the special features of the college have now become widely enough known and appreciated for the response to this appeal to be generous. Contributions should be sent to the Registrar, University College of North Staffordshire, Keele, Staffs, who will be glad to supply further information.—Yours faithfully,

JOSIAH WEDGWOOD
GEORGE BARNES

University College of North Staffordshire

Petrol Rationing

SIR—The obviously equitable way of dealing with the petrol shortage would be for the supporters of the Prime Minister's policy to forego, in loyalty to their leader, the pleasures of private motoring, and for ration-books to be issued only in exchange for certified copies of letters of protest written to members of Parliament on or before the date of the ceasefire. It could surely be assumed that it would become a point of honour for members, regardless of their party affiliations, to return the originals of all such letters to their authors, and also that there would be no danger of the emergence of a black market in forged documents, since it would become socially precarious for known supporters of the government to be observed in public at the wheel.—Yours faithfully,

London, SW.1 ROLAND OLIVER

Trade with America

SIR—The British Association for American Studies has commissioned us to make a thorough survey of sources, both printed and manuscript, in this country which relate in any way to the history of our political, social and economic relations with the United States. There must be many business firms and trade associations who have records or archives on trade with the United States or on investment there in the nineteenth century. Such archives, however small, can often be of great importance to the economic historian. May we ask any of your readers who are the owners, trustees, or custodians of such archives to be kind enough, as a service to scholarship, to write to us about them?—Yours faithfully,

H. L. BEALES
B. R. CRICK

Institute for Historical Research, Senate House, Malet Street, London, W.C.1

though nothing more substantial than the Queen's compliments rewarded him. But her godson Harington, leaving his well-loved wife and Somerset manor to seek an appointment at court which eluded him till James's reign, had to walk warily; Elizabeth praised his Orlando Furioso (after she had made him improve it) but was incensed by his pseudo-classical satire on the water-closet he invented. Although she relented, and called him a "merry poet," she purloined his design for palace use. Mary Frith is, perhaps, the happiest of the five: she sought no royal favour; indeed, she became by professional skill and reliability a Queen of the London underworld. She wore male attire, enjoyed strong drink and tobacco, lived till 1659, proved her royalism by robbing General Fairfax, and when she died was preparing a rousing welcome for Charles II.

Anglo-Florentines

THE GOLDEN RING.
By Giuliana Artom Treves. Translated by Sylvia Sprigge.
Longmans. 232 pages. 21s.

THE title of this book is a quotation from the tablet erected by the municipality of Florence in 1861 in memory of Elizabeth Barrett Browning, "whose poems forged a golden ring between Italy and England." She and Robert Browning belonged to the [illegible] of "Anglo-Florentines," who lived in Florence around 1848 to 1859 and who wholeheartedly espoused the cause of Italian independence. They watched the Tuscan contribution to the "false dawn" of the Italian *Risorgimento* in 1848-49—the flight of the Grand Duke Leopold II and his return, accompanied by white-uniformed Austrian soldiers, a few months later. Ten years later they cheered from the sidelines Tuscany's final liberation from Austrian control and in their writings pleaded passionately that England should unequivocally support the cause of Italian unity.

The Brownings were only the most distinguished of the group. There was Walter Savage Landor, whose quarrelsome nature was a sore trial to the Florentine authorities; he brought Cavour, Mazzini and Garibaldi, among other Italians of the period, into his Imaginary Dialogues, and he loosed his thunder on behalf of Italian liberty in the English liberal magazine, *Examiner*. There was Thomas Adolphus Trollope, who studied Italian history and whose literary output was considerable (it was 56 volumes), although far less than that of his famous brother. And there were many others, American as well as English, whose names are now largely forgotten.

At this period, Florence was not only a home for many voluntary English exiles; it was also a great centre for English tourists. (Signora Treves records that the Grand-Duke once "let it be known that, in the interests of tourism, his Court receptions were intended to attract quantity rather than quality.") Some of these visitors were famous, others not; most of them were amusing, and some were distinctly eccentric. Not many of them took much interest in Italian politics. A few, like Charles Dickens and George Eliot, came to gather material for their books. Most did the round of the churches and galleries. Very few had any real contact with the living Italian people. Ruskin positively disliked them; to him they were, in the author's words, "unworthy guardians of unappreciated treasures." Nathaniel Hawthorne simply ignored them and was quite taken aback by their friendliness.

Even the *Italianissimi* Anglo-Florentines moved little in Italian circles. But their contribution, through the influencing of English public opinion, to the success of the Italian *Risorgimento* was later recognised in Italy. This book is a further tribute. It is both scholarly and lively, and Signora Treves has been so fortunate in her translator that one hardly ever realises that the book is a translation.

Shorter Notices

THE BUSINESS ENCYCLOPEDIA AND LEGAL ADVISER: *Volumes I-V. Sixth Edition.*
BUSINESS CORRESPONDENCE.
Edited by Thos. H. Lewis.
Caxton Publishing Company. £11 17s. 6d.

This large work will already be widely known; for it was first published in 1903. But the previous edition appeared as long ago as 1932, and the many changes that have taken place since then in the world of business make this, the sixth, edition especially valuable. The contributions are distinctly uneven in quality, but the encyclopædia as a whole contains a vast amount of useful information. It not only defines such phrases as "marine-store dealer," "set-off," "allonge," but also gives the legal position of parties to various transactions. Further, it contains a considerable amount of legal and other advice—for instance, on packaging as an aid to advertising. All the items are arranged alphabetically, with plenty of cross-references, so that any subject can be quickly looked up.

The volume on business correspondence, which gives a collection of specimen letters for business people, will not be so widely used; but it has the virtue of being refreshingly free from "insts.," "ults.," and their like.

★

THE PRESIDENT OF THE UNITED STATES.
By E. B. Fincher.
Abelard-Schuman. 192 pages. 15s.

Here is a simple, popular and trustworthy account of the American Presidency by an American author who adds nothing to Messrs Hyman, Corwin, Laski or Binkley, but who admirably digests them. It should attract many readers in what is, after all, a short life. And while remaining properly dispassionate, Dr Fincher does not make the sad mistake found in many American popular writings of mistaking objectivity for neutrality at the expense of life and relevance. Only once does his simplification collapse into lack of clarity: the early history of the electoral college is indeed irredeemably complicated.

"No one may share his power, no one may share his loneliness"—the book gives a very good picture of the vast possibilities for variation in the meaning, power and conduct of the office according to the character of the man who holds it. Written at an American "Junior College" level, it would be an admirable gift for a sixth former interested in current affairs, to be covertly read by the donor. Perhaps Dr Fincher has restrained himself too much in the amount of the familiar folk-lore of the American Presidency which he gives. Should not every schoolboy know that Garfield was assassinated by a "disappointed office-seeker" and McKinley by an anarchist? But such restraint is at least enviable. The book has a large number of the proper period illustrations.

★

THE FABER ATLAS.
Edited by D. J. Sinclair.
Faber. 32s. 6d.

Most atlases follow a traditional pattern of maps to which we have been long familiar from childhood. Mr Sinclair has tried to improve upon traditional methods and in so doing has lost continuity. Nevertheless students will find this one extremely useful for geographical or economic studies.

Great Britain has received plenty of coverage, too much perhaps. Apart from physical maps, which also include railways and canals, the atlas gives, among other things, examples of geological structure, industries, power, land use and population. In all thirty-three pages have been devoted to these islands. The section of ten maps of various industrial and agricultural areas on 1:200,000 scale is of doubtful value, since they show little else other than contrasts in relief and size between one area and another. Two new features which might be of interest to the agricultural student are types of village and types of farming.

The continents are illustrated with physical, political, economic and vegetation maps accompanied by smaller scale maps of the continent covering such details as climate, population, religion and peoples. These are additional to the political and physical maps of areas within the continents. Plans of London, Paris, New York, Moscow and Canberra are interspersed throughout the atlas on easily convertible scales (as are all the maps) and they offer a clear picture of the comparative size and layout of these cities.

The atlas, which has been produced in Vienna and printed in England, is a fine example of a combination of good cartography and printing.

Books Received

PEARS' CYCLOPÆDIA: *Sixty-fifth edition.* Edited by L. Mary Barker. *A. and F. Pears.* 1,024 pages. 15s.

WAGES: *revised edition.*
By Maurice Dobb. Introduction by C. W. Guillebaud. *Cambridge University Press.* London: *Nisbet.* 216 pages. 8s. 6d.

THE GUINNESS BOOK OF RECORDS: *second edition revised and enlarged.*
Guinness Superlatives. 272 pages. 9s. 6d.

GERMANY.
By Martin Hürlimann. *Thames and Hudson.* 288 pages. 50s.
A book of photographs.

HOW TO VISIT THE BRITISH PARLIAMENT.
By Roy Pryce. *The Hansard Society.* 12 pages. 1s.

American Survey

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

Middle of the Crossroads

Washington, D.C.

THE record of President Eisenhower's political leadership during his first term does not suggest that either the pressing moral issue of ensuring civil rights to Negroes or the complex political dilemma which that issue poses for his party is likely to be resolved in a clearcut or decisive fashion during his next four years in office. This prospect is not encouraging for those Negro voters who shifted, often in spectacular numbers, from their normal Democratic allegiance to support Mr Eisenhower in the November election, or for those students of political science who dream fondly of a national two-party system, neatly and coherently organised.

The recent election made plain the terms of the Republican dilemma. Although Mr Eisenhower won a great victory, his party for the twelfth time in the last fourteen biennial congressional elections failed to gain control of either House of Congress. Having been unsuccessful in all their efforts for the last twenty-six years, except in 1946 and 1952, the Republicans are in danger of sinking, at the congressional level, into a chronic minority. How is the party to cure this persistent weakness in the future when it has not been able to overcome it in the recent past, even with the help of its hero candidate, Mr Eisenhower?

Since the party is already entrenched in the farm belt of the Midwest and is sufficiently strong in the new suburbs and in the Rocky Mountain and Pacific Coast states for those areas to offer only marginal prospects for improvement, it must make converts in the present Democratic strongholds: the large northern cities and the solid South. Mr Eisenhower made deep inroads in both, but Republican candidates for lesser offices, with scattered exceptions, did not. But, in the northern cities and even more in the South, the Negro voters demonstrated in the presidential contest that they can be detached from the Democratic party.

Logically, the Republicans have two alternatives. They can emphasise their support for civil rights and thereby consolidate their new strength among Negro voters in the North and also, if the voting rights of Negroes in the rural South can be protected more adequately by federal law than at present, extend their gains in the South. Or they can write off the President's popularity among Negroes as ephemeral and concentrate on building for the first time a real Republican organisation among the conservative white voters in the South who are restless in the Democratic party. Politicians resist the claims of such logic, however, for their natural wish is to have their cake and eat it.

Although the Republican party, for more than half a century, has been of divided mind on whether to rely in the South on Negro Republicans or on what was formerly known as "the lily white" faction, this question has only become acute in the last dozen years as the Democrats have proved themselves to be the new majority party in the country. Mr Eisenhower might have formulated the question precisely and resolved it consciously; instead, however, his contribution has rather been to blur the issue and to postpone a decision. The political part natural to him is that of the moderate, the conciliator, the man above partisan strife and factional pressure. He has been rewarded with enormous political dividends, for in the last election he drew the support, for quite different reasons, of many conservative white southern voters and of Negroes as well.

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BUSINESS EXPENDITURE

Mr Eisenhower rejected the advice, given by former Governor Byrnes of South Carolina after the 1952 election, that the "Eisenhower Democrats" should be drawn into a revitalised Republican party organisation in the South. The President's political advisers were undoubtedly wary of taking into the Republican organisation the very conservatives whose dissidence has long plagued the Democrats. Instead, they adopted a passive policy, and the result was evident on election day this year. Mr Eisenhower again carried Texas, Florida and Virginia by handsome majorities, but his party took only one out of 22 house seats in Texas, one out of 8 in Florida, and two out of 10 in Virginia. Had the Republicans won half of the seats in these three states, they would now control the House of Representatives.

If the President has not moved actively to broaden the party's base in the South, neither has he adopted an aggressive position on behalf of civil rights which might permanently consolidate for the Republicans his own personal popularity in the Negro community. During his first term, Mr Eisenhower sustained the general principle of equal democratic rights in his pronouncements at press conferences and advanced it in practice wherever, as in the District of Columbia and the military establishments, the federal government had direct responsibilities. Beyond this he did not go, even in the controversy over racial integration in the schools, and not until the spring of this year, his fourth year in office, did his Administration submit a programme of civil rights legislation to Congress. On the basis of this record, last November's swing of the Negro vote to him seems to be not an expression of thanks for tangible favours conferred but rather a protest against Senator Eastland of Mississippi, Senator-elect Talmadge of Georgia, and other extreme racists whose Democratic

allegiance burdened Mr Stevenson. "A vote for Stevenson is a vote for Eastland" was a persuasive Republican battle cry in Negro neighbourhoods.

The present Republican strategy is to mark time, if developments in the South allow it, in the belief that over the next decade gradual integration in the South will ameliorate racial bitterness and accelerate the speed at which the once solid South is becoming politically fluid. Thus the party can hope to gain support among younger white voters in the South without bringing reactionary Democratic irreconcilables into its own house or estranging Negro voters.

This cautious policy, so much in harmony with the President's own inclinations, may prove wiser than either of the present seemingly logical alternatives, for the situation in the South is probably too complex and too knotted with emotion to yield to any calculated political direction. The same policy, however, does not afford much hope of revising the Senate's "filibuster" rule, which makes the passage of civil rights legislation virtually impossible. Only almost unanimous Republican support could bring about revision and this unanimity is not likely unless the President intervenes actively. In the circumstances, the Republicans may content themselves with compiling a relatively better record than the Democrats in Congress on test votes and exploiting the divisions within the opposition. These partisan tactics have served well in the past but they are not likely to hasten either a reformation of the party or the passage of civil rights legislation.

Wooing the Uncommitted

MR NEHRU has gone to Washington, to build a bridge with Mr Eisenhower between East and West, at a time when both he and the President are in a more constructive mood than they would have been last summer when the meeting was originally supposed to have taken place. For recent events in Hungary and Egypt have made Mr Nehru less attached to the Soviet Union and Mr Eisenhower more ardent in his wooing of the uncommitted countries in Africa and Asia—and elsewhere, too, it would seem, from his readiness to be visited by Marshal Tito.

Whether or not the timing was intentional, nothing could have been better designed to put the mind of the peace-loving Mr Nehru in a suitably sympathetic frame for meeting that of Mr Eisenhower than last week's calculated and detailed "leak" to the press of the new American proposals on disarmament. According to the stories published simultaneously by a group of the best-informed Washington correspondents, these have been under consideration by the National Security Council for some time and are to be presented at the resumed talks on disarmament at the United Nations. It may be, however, that the proposals, as they have now appeared in the press, are merely those which Mr Stassen, the President's adviser on disarmament, who is said to have been responsible for the leak, would like to present to the United Nations, not those with which he will in fact be charged. Meanwhile the scheme seems to be at least a background paper for the President's reply to Marshal Bulganin's letter of November 17th; coupled with the tensions in the satellite countries, this letter is new thought in Washington to offer some promise of breaking the deadlock which has been strangling any hope of a mutual reduction in armaments.

According to the story, the President, prepared to take a risk for the sake of progress towards peace, has insisted on this new, flexible, approach to disarmament against the advice of his military experts. The most novel proposal is for a limitation on long-range missiles and other new weapons, but this would depend on a full system of inspection being set up. The United States would now, however, be willing to reduce its military manpower, in step with other countries, while the inspection system was still only in the process of being established. Moreover, the United States would no longer insist on aerial inspection alone, but would accept ground inspection. A further suggestion, that priority be given as Marshal Bulganin has proposed to exploring the possibility of a considerable withdrawal of American and Russian forces from the areas covered by the North Atlantic and Warsaw Pacts, was firmly, although perhaps only temporarily, squashed by Mr Dulles on his return from Paris. In his view no reduction in Nato's strength is justified as long as the potential Soviet power in Europe is as large as it is today.

Out of the Frying Pan

PRESIDENT EISENHOWER'S rejection of higher duties on fish puts him back on the liberal trade policy lines to which he naturally gravitates unless domestic pressures are too strong, as they were just before the election in the case of woollens. The higher tariff on fish fillets unanimously recommended by the Tariff Commission would, in his view, have done less for New England's fishermen than the measures for greater efficiency already approved by Congress, while it would have done demonstrable harm to Canada, Iceland and Norway, three allied nations whose economic strength, the President said, "is of strategic importance to us in the continuing struggle against Communism."

Conceivably foreknowledge of the President's decision was a factor in Iceland's agreement to allow the United States to continue to use the base at Keflavik. In any case, it would have been costly shortsightedness, in view of Iceland's economic straits, to make it even harder for the islanders to earn a living and even more necessary for the United States to come to their aid. America has been taking over a quarter of Iceland's fish fillets, its main export. Soviet Russia takes most of the rest, an economic tie which neither Iceland nor the US State Department wish to see tightened.

Before he eats his Christmas turkey, Mr Eisenhower must make up his mind on another tariff issue—the doubled duties on velveteen recommended by the Tariff Commission which are a symptom of the insistent demand for protection against textile imports from Japan and other low-wage countries. Japan's willingness to limit its cotton exports voluntarily is conditioned, however, on the Administration doing what it can to avert other restrictions. The risk the government must weigh is that too liberal a trade policy may stiffen congressional resistance to the President's determination to press once more for American membership of the Organisation for Trade Co-operation.

Boom or Growth?

FROM A CORRESPONDENT IN NEW YORK

THOSE who fear a downturn in the American economy claim persistently that the present boom in capital goods must inevitably be followed by a collapse in this type of spending. Business expenditures for new plants and equipment have now been rising since early in 1955; this year they are exceeding the 1955 total by 22 per cent, and the latest survey by the McGraw-Hill Department of Economics indicates that there will be another increase of 11 per cent in 1957. Moreover, the plans reported in the survey—conducted in November and early December—did not include many last-minute additions that will be made later, nor, apparently, did they allow for the coming impact of the Suez crisis on oil and other industries. There may, therefore, actually be an increase of as much as 15 per cent in 1957, which would make this by far the largest, as well as the longest, boom in capital goods on record.

In fact this may not be a boom in the usual sense, but a continuing upsurge that does not have the usual cyclical perils. The most interesting result of the McGraw-Hill survey is not the predicted increase of 11 per cent or more in 1957 spending; this had already been foreshadowed in the surveys of the Department of Commerce, and in the financial reports of most producers of capital goods. What is new in the McGraw-Hill survey is that it shows continuing strength through 1958. About two-thirds of the companies surveyed plan to maintain or increase their spending again in that year. Only 30 per cent plan to spend less than in 1957—even though the capital goods boom should by all conventional signs reach its peak then. Throughout the postwar period, capital expenditures have shown a definite cycle—less violent than in the preceding decades, but nevertheless quite discernible. It has been a pattern of three good years and one lean year; following the boom of 1955 to 1957, many forecasters have assumed that 1958 might be the usual off year. In fact, certain leading indicators, such as orders for durable goods, rising interest rates and the trend of new capital issues, have suggested that there would be some downturn before the end of 1957, although, on the other hand, backlogs of work on order have shown no decline. Practically no one had expected that the capital boom would continue for another two years, but that is what now seems to be the prospect.

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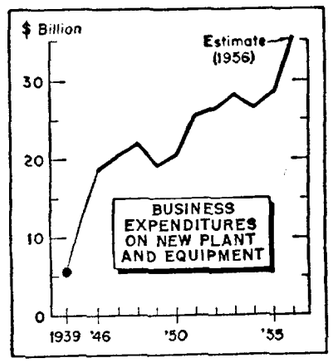
To be sure, the rate of increase is slowing down. In the key area of manufacturing, the rise next year will be only 14 per cent, compared with 34 per cent this year. Moreover, some of the increase in 1957 will undoubtedly represent a deferment of work that could not be completed in 1956 because of shortages of steel and other materials. But the dollar figures for 1957 are still most impressive: $14.4 billion worth of new plant and equipment is to be installed by manufacturing industries, and outlays of $40.2 billion are planned by all private business. McGraw-Hill asked companies how much higher they expected prices for capital goods to go in 1957, and the answers averaged 6 per cent for business as a whole. This still leaves a gain of 5 per cent in planned physical volume.

What is the explanation of this steady increase, with no sign of a downturn, in a type of expenditure which in theory is held to be inevitably unstable because a few years of heavy capital spending are supposed to increase plant and equipment to a point at which demand must become less? One answer is the terrific pace of research in manufacturing industry; over $6 billion is to be spent on this in 1957. It is surely significant that among the largest increases planned in spending for 1957 are those of the chemical, aircraft and electrical machinery industries, which lead all others in spending on research. On looking at the statistics, the petroleum industry would seem to have little need for more refining capacity; it produced a surplus in 1956. But expenditures on new plant are being increased by 50 per cent next year, to instal new processes that will result in higher quality fuels for cars and aircraft, and to make scores of new chemicals which, research has shown, can be derived from oil. Capital spending will evidently be down next year in some of the industries that are little touched by research—textiles, clothing, lumber, furniture and retail trades—but these account for only a small part of total investment.

Another answer, at least in the present situation, is that manufacturing industry has been outrunning its resources of fuel, power, transportation and raw materials. Typically, these take longer to develop than new manufacturing capacity, and the companies in such basic industries are just beginning to catch up—or to try to catch up—with the tremendous expansion of the past two years in manufacturing. The electric power industry plans a 25 per cent increase in its capital expenditures for 1957, and there are to be large increases also in the mining, petroleum, railroad and other transportation fields. It seems entirely possible that in all these supporting industries investment may continue to rise for years to come. The United States is only one country in a world which is scrambling for raw materials, and its domestic supplies depend increasingly on tapping difficult areas—such as the offshore oil deposits—or developing substitutes that require heavy capital investment, as do the plants to extract oil from shale or to convert low-grade iron ores into usable metal. All this requires more transportation for materials, and finished goods, too, are moved around more and more as the population spreads out.



Source: US Department of Commerce and Securities and Exchange Commission.

Finally, there is confidence in the future, in the growth of population that statisticians are charting for the nineteen-sixties and the growth of incomes that spokesmen of both political parties claim as a national goal. Companies do not want to be caught short by this future. They have had some experience in recent years of trying to expand capacity in a hurry, and most feel that they have lost sales while cursing the building contractor. If the economy is to grow as it is expected to do, it seems worth while to build new capacity in advance. This sort of gradual expansion may be what is changing the pattern of capital investment from one of ups and downs to a steady rise.

Steel's Banns

AFTER two years of hesitation the Bethlehem Steel Corporation and the Youngstown Sheet and Tube Company have taken the plunge towards a merger and landed, as the Department of Justice promised they would, in the courts. Bethlehem is the second largest company in the steel industry, Youngstown the sixth. Together their assets total $2.6 billion, compared with $3.6 billion for the giant US Steel Corporation. If the courts allow it, the merger will be one of the largest in American industrial history. The anti-trust suit to prevent it is, in terms of the assets involved, the biggest ever undertaken. Bethlehem, which plans to exchange its shares for the assets of the smaller company, would have a capacity of nearly 26 million tons of steel; with US Steel's 39 million tons, the two companies would control about half the country's output.

The Department of Justice contends, however, that such a merger violates section 7 of the Clayton Anti-trust Act, as amended in 1950 to bring it abreast of the newest corporate tactics in the march towards bigness. This forbids the purchase of assets, as well as shares, when the effect would be to lessen competition or to tend to create a monopoly. The government asserts that already four companies produce 60 per cent or more of most steel products. Bethlehem and Youngstown's case is that they are competitors to only a small extent. The Youngstown plants are in Ohio and Illinois, while those of Bethlehem are on the east and west coasts. A merger, they argue, may well intensify rather than reduce competition and enable Bethlehem to meet US Steel on more even terms.

The companies are anxious for a speedy decision—that is in something over a year rather than the five years many anti-trust suits last—and they may get it. The government is eager for a judicial test of the Clayton Act amendments and both sides have had enough warning to be well prepared. Under an expediting law an appeal would go straight to the Supreme Court whose ruling may be a landmark in the shifting and never-ending battle over bigness in industry.

Atomic Olive Branch

MR LEWIS STRAUSS, chairman of the Atomic Energy Commission, is holding out a sheaf of olive branches to the new Democratic Congress in the hope, presumably, that it will look more favourably than did its predecessor on him personally and on the government's programme for the industrial development of nuclear energy. Without this peace offering, criticism of Mr Strauss would have been stepped up rather than down, as a result of recent evidence that Britain is far ahead of the United States in producing electric power from atomic plants. But now he has practically admitted that his critics were right when they charged that America's atomic development was being held up by his insistence on leaving it to private enterprise and by the government's over-strict security regulations.

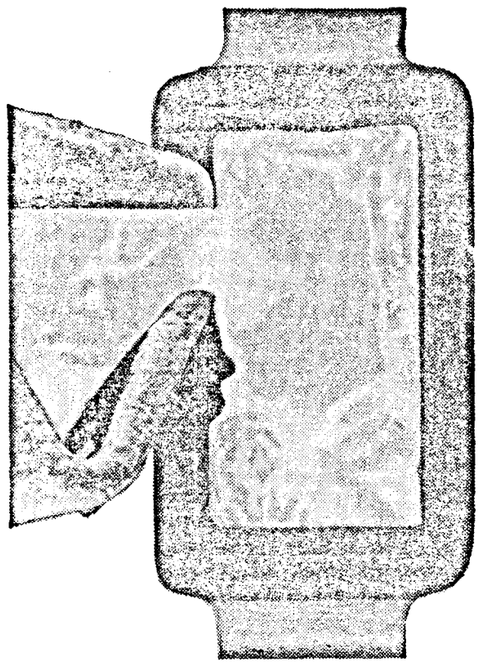
Mr Strauss has announced a personal plan, which the other commissioners are expected to approve; it is a relation of the "crash programme" for government construction of atomic power plants which the Democrats tried to force on him during the last Congress. The primary purpose is to get another five reactors, of various new types, into operation during 1962; eighteen plants should be working by then under existing plans. The additions would be built by the government if private industry failed to undertake them promptly but, in order to help private companies to do the job, Mr Strauss wants the AEC to assume a greater share of the research and development costs, to reduce its charges for nuclear fuel and to ease its licensing regulations. In return for all this, Mr Strauss hopes that Congress will at last allow the government to supplement private insurance against damage claims if there is a serious accident in a nuclear plant.

The next day, as a result of revised classifications agreed with Britain and Canada, the AEC announced that it was in the process of releasing a large amount of hitherto secret information. This includes details of the first full-scale civilian atomic plant in America, of various experimental reactors and of the manufacture of heavy water, all of which should speed the development of nuclear power for civilian purposes. The immediate effect of the relaxation was the release for the first time of figures on America's production of uranium since July, 1955; earlier figures have not been given. Output of both raw ore and of uranium concentrate has been going up steadily since then, with 3 million tons of the first and 6,000 tons of the second being produced this year. The commission also reported that there are 12 uranium mills in operation in the United States and that known reserves of uranium are about 60 million tons, two-thirds of it in New Mexico.

Election Day

LAST Monday, it is presumed, Mr Eisenhower and Mr Nixon were re-elected as President and Vice President of the United States for a second term. For the first Monday after the second Wednesday in December is the day on which the 531 members of the electoral college, for whom the voters actually cast their ballots on November 6th, meet in their various state capitals to choose the President and Vice President. It is almost unheard of nowadays for the electors to exercise their right of free choice—although in 1948 one Democrat from Tennessee did desert Mr Truman, the candidate who had won the state's popular vote. It is therefore nearly certain that 457 electoral votes were given to the Republican candidates on Monday and 74 to Mr Stevenson and Senator Kefauver. But it will not be absolutely certain until January 7th, when the sealed lists are opened before a joint session of Congress by Mr Nixon in his capacity as President of the Senate.

Even the final, or almost final, figures for the popular vote on November 6th are only just available. Rhode Island has not quite finished counting its absentee ballots (as a result, the governorship is still in doubt) and therefore the figures are not yet official. But they are put at 35,575,420 votes for Mr Eisenhower to 26,033,066 for Mr Stevenson. President Eisenhower, with the largest majority ever obtained by a Republican candidate—Mr Roosevelt's was



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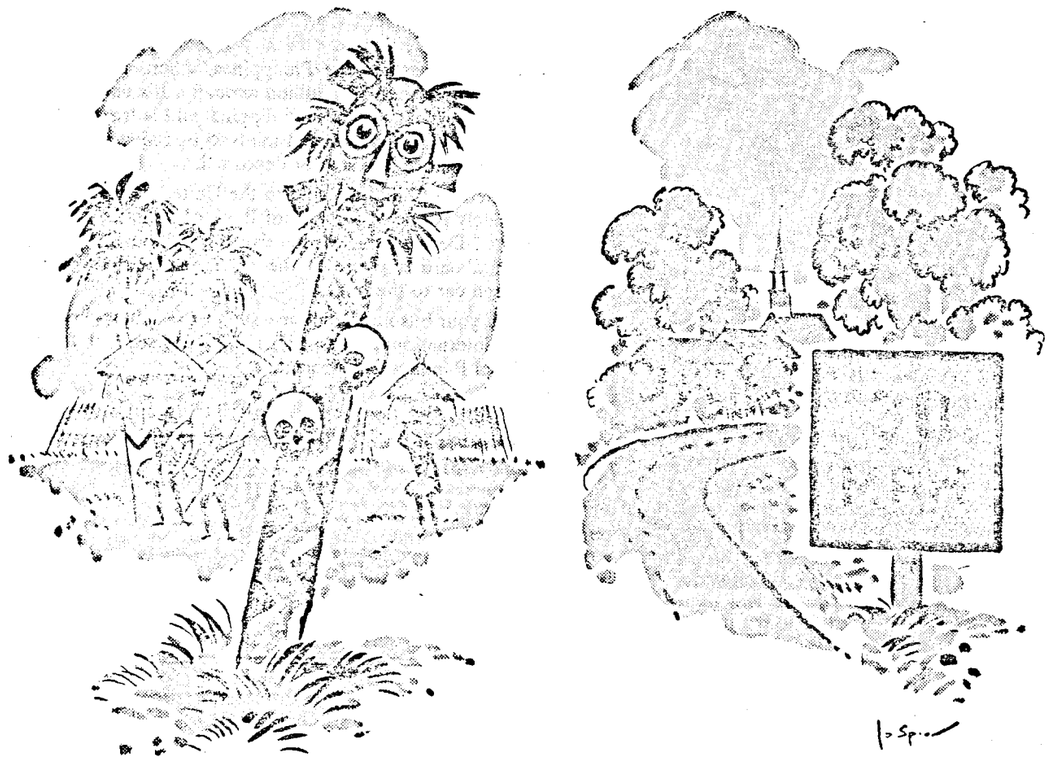


PROTECTION

SCHLUMBERGER
THE OIL MAN'S
PROTECTION

11 million in 1936—had 1.6 million more votes than in 1952, while Mr Stevenson had 1.3 million less. He also had about 3 million less than the total given to Democratic candidates for the House of Representatives this year, according to the calculations of *US News and World Report*. Mr Eisenhower, on the other hand, was given about 8 million more votes than were Republican candidates for the House. In the presidential election 417,090 votes were cast for candidates other than those of the two major parties; three-quarters of these votes went to the various branches of the states' rights party. The total popular vote came to 62,025,576, breaking 1952's record by 500,000. But only 60 per cent of the people of voting age went to the polls, compared with 63 per cent in 1952.

Not So Merry Christmas?

MANY shopkeepers entered the last week before Christmas seriously worried that their stockings were not going to be stuffed nearly as full by the customers as had been expected. If these fears are justified, January will bring even more sensational price reductions than usual, in order to clear overloaded shelves for the new spring stock. They were piled high with goods—a growing proportion of them from abroad—in the autumn in the belief that Christmas trade this year would break the 1955 record by about 10 per cent. But already in November there was disquiet because the shoppers were not coming in to buy as fast as they should. In the last few weeks, with sales running several points below the comparable period of 1955, the figures have definitely been disturbing for merchants who often do as much as a quarter of their annual business at Christmas time.

There is plenty of money to spend, although for some people instalment payments on new cars and other things bought on credit may leave little ready cash. Personal incomes have been rising for months and in October reached the record annual rate of $332.6 billion, $3.1 billion above the previous month. Ordinary retail trade has been running ahead of last year and, when they spend, consumers seem to be spending lavishly; according to most reports, they are "up-trading," buying better quality goods and luxury articles. But the Suez crisis, perhaps because it shook optimism about the future, seems to have kept people out of shops instead of rushing them into panic buying, and the mild weather has discouraged interest alike in fur coats for mothers and skates for children. The main hope of the shopkeepers now is that customers have also been discouraged by the plentiful supply of attractive gifts from buying as early as they used to do and that they will be crowding in to push up the records this week — and particularly next Monday, an extra shopping day when many offices will be closed.

Another change in the pattern of retail trade may also have something to do with the depressing statistics. The most recent and easily available of the figures—the only ones for December—cover only department stores and it is questionable whether these figures are as good a guide to the general trend of trade as they once were. For more and more buying is now done in suburban shopping centres, spread among a number of neighbouring shops rather than one large store, in the supermarkets which often carry substantial quantities of Christmas goods—toys and presents as well as food—and in the cut-price discount houses. Some of these traders are quite happy about their Christmas business and, when the figures are finally added up, the total gains may be much nearer the forecasts than are the results of some individual stores.

Disney's Kingdom

FROM A CORRESPONDENT IN CALIFORNIA

THE Christmas holidays will provide precisely the right excuse for thousands of parents who themselves want to visit Disneyland, one of California's most flourishing tourist attractions. For, whatever the intentions of its creators, Walt Disney's magic kingdom clearly fulfils the fantasy wishes of grownups. Of nearly six million visitors since Disneyland opened in April, 1955, three-quarters have been adults. The battlements, towers and lights of Disneyland—far more golden to their owner than the orange groves they displaced—lie a few miles outside Los Angeles. And the fame of this private enterprise has penetrated even the iron curtain. It was the one place that a group of Russians, on their way home from the Olympic games, wanted to visit during a fifteen-hour stopover in Los Angeles, outranking in attractiveness even a trip through the Hollywood studios.

As many as 29,678 visitors have paid their admissions in a single day. Some come by air, for airline tickets to Disneyland can be bought anywhere in the world; it has its own heliport and helicopter service from Los Angeles. But most come, not by air, train, or bus, but by private car. The parking lot, at 100 acres, is nearly twice the size of the 60-acre amusement park and can accommodate 12,500 automobiles. At the nearby Disneyland Hotel, guests have space reserved for another thousand cars, each one, according to a hotel brochure, "treated like a guest, too, every service right at hand."

Combining the atmosphere of a world's fair, a commercial exhibition, and the Festival Gardens, Disneyland offers five extremely ingeniously created areas of illusion: Main Street, USA; Tomorrowland; Fantasyland; Frontierland; and Adventureland. Fantasy is blended with good business and the whole is dedicated, in Walt Disney's own words, "to the ideals, the dreams and the hard facts that have created America."

Once inside the great wall, the visitor finds himself on Main Street, USA, which recreates "the carefree era of the 1890s on a typical small town Main Street—cornestone of the American Way of Life." Here those seeking "fond memories of the past" may climb aboard an old-fashioned fire engine, ride in a surrey, see old, silent movies, or wander, free of charge, into an antiquated pharmacy, sponsored by a drug company.

In Tomorrowland, there is the "Rocket to the Moon," a ten-minute trip sponsored by an airline. For fifty cents space adventurers are seated in circular tiers looking down at a large screen, showing a changing view of the earth as the "rocket" leaves. Another screen shows the moon as the "ship" approaches it. Hidden film projectors, blasts from the "rockets", and tiny air hammers under

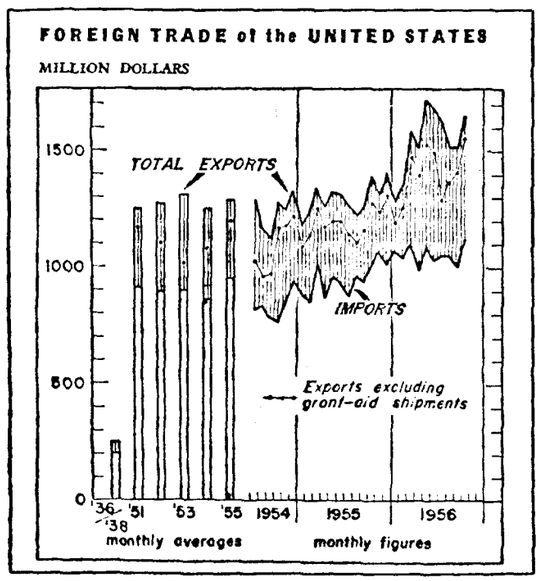
the seats combine to create the illusion of interplanetary flight, under very comfortable conditions, except perhaps for the occasional small child who bursts into tears at the loud noise of the " blast-off." Not quite so educational are Tomorrowland's " astrojets " which give everyone the thrill of piloting his own jet plane, with the safety of attachment to a central turning tower. It is in Tomorrowland that most of the commercial exhibits are situated. Here a dairy association extolls the virtues of drinking lots of milk. Hard by are displays of automobiles, oil products, aluminium, paint and chemical supplies.

From the world of the future, the eager visitor may be carried, by Swiss funicular, high over the park to Fantasyland, where a miniature canal boat winds its way through " Storybook Land," a creation, in miniature, of many fairytale settings. On the " Peter Pan Ride " he is whisked into the air, in a sailboat, into the story of Wendy and Peter. Little trains, sedate flying elephants and small cars, together with a Mickey Mouse movie theatre and a variety of other amusements complete all the fun of the fair in Disneydress. And for the hungry, there is the " Pirate Ship " restaurant, sponsored by a tuna fish company.

In Frontierland, rides in covered wagons, stagecoaches, Indian war canoes, mining trains and river steamers are offered to those seeking to " meet the challenge of wilderness and desert." Amiable guides deliver good-natured and jesting commentaries on the wonders of the miniature deserts, mines, caves and islands crossed by the visitors.

One of the most popular attractions in the park, the " Jungle River Boat Ride," draws thousands to Adventureland. Here, in a small river boat, manned by a helmsman-guide, dressed in a bush jacket, the tourist-explorers are taken through African and South American jungles. Authentic vegetation lines the river banks, a waterfall sprays the boat and, in the water, models of hippopotami charge the passengers, only to be driven off by blank bullets fired from the stage gun of the guide. In the jungle itself, realistic models of lions roar, elephants trumpet, giraffes nibble and natives poise blow guns, close to the ruins of a Cambodian temple. It is in this technical area of creating illusion that Disney's genius shows most clearly. The noises of the jungle are there along the river ; the smell of the mine is in the train tunnel.

Disneyland also demonstrates another gift of its creator—that of coining money. Soft drink and food concessions pay handsomely ; so do the commercial exhibits. With the economy of the true artist, Mr Disney has turned even the sets of his old films into assets ; they can be seen for ten cents. Disney painting books, caps, and souvenirs are all on sale. Nor is a day in Disneyland cheap. For an adult to go on all the rides would cost more than $10. In fact the average visitor spends only $2.29, but even this helps to explain why there are three adults to every child on Mr Disney's magic carpet.



Coming Out in the Wash

THE way in which the household appliance industry is being put through the wringer has been hung out on the line for all to see by the announcement that the Avco Manufacturing Corporation has stopped making its Bendix laundry equipment and its Crosley products, mainly refrigerators and radios. The company had been losing money on both and now prefers to concentrate on its profitable operations in other fields, particularly on work for the government. But the further announcement that the Bendix name and facilities have been acquired by the Philco Corporation, another big maker of electrical appliances, shows how the industry's difficulties may eventually be ironed out—provided the anti-trust division of the Department of Justice and the congressional friends of small businessmen do not crumple things up again.

During the past year the industry has been going through a period of cut-throat competition, caused by too much output rather than by too few sales, which has curtailed the profits of manufacturers and dealers alike. The outcome is expected to be the concentration of production in a few large companies, as has happened in the automobile industry ; Avco's withdrawal from the appliance field and Philco's expansion are only the latest example of something which has been going on for some time. These large companies are likely all to make a full line of electrical household appliances ; this practice enables a firm to advertise all its products under one brand name and to cancel seasonal declines in demand for one article by making more of another.

For this reason Philco began to manufacture laundry equipment some time ago and found itself in a field where the demand is far from saturated, as it very nearly is for such things as refrigerators and electric cookers. Output of these has fallen substantially this year, while far more washing machines and clothes driers are being produced—and bought—than in 1955. In taking over Bendix, moreover, Philco obtained more than much-needed, additional manufacturing facilities and a famous name which to many women is synonymous with " washing machine." It also gained extra distributors and dealers for its products. Many of these are reluctant to carry more than two or three makes of any particular appliance and some manufacturers are therefore short of retail outlets.

The World Overseas

Nato's Watershed

FROM OUR PARIS CORRESPONDENT

BEFORE the Nato Council met last week, Lord Ismay told a press conference that " this would be the most important Council meeting since Lisbon." On the whole, the grand diplomatic week in Paris seems to have justified him, and the ministers have gone home fairly well satisfied and certainly happier than they came. The urgent need was to restore the feeling of belonging to the same clan and not, as recently, to a collection of feuding families ; the opportunity was to make the best of the reconciliation and put the alliance on a firmer footing. Progress on both scores has made this the most successful Nato meeting for a long time.

The amount of restored cordiality between Mr Dulles and Messrs Selwyn Lloyd and Pineau should not be exaggerated. But the American agreement to press Mr Hammarskjöld to get Colonel Nasser to accept the use of British and French salvage ships in clearing the canal has improved the outlook whatever the mental reservations on both sides about further policy. In fact, Mr Dulles, summing up the achievements of the council meeting gave first mention to the contacts outside the conference room. The lunch between the British and German ministers was another success of the same order, and has improved the chances of agreement on the German financial contribution to the upkeep of British forces in Germany. In the council meetings, the tone of discussion seems to have been franker than usual—and except over Cyprus, when the Greek foreign minister compared Archbishop Makarios's confinement to Cardinal Mindszenty's, " frank " does not seem to have been a euphemism for " angry." The very dangers of disunity led this time to effective discussion on the Middle East and Eastern Europe even before the council, on the last day, accepted the " three wise men's " proposals for increased political consultation.

It depends on one's temperament whether one sees this reform as possibly historic, or probably a facade. The principle of political consultation is not new in Nato ; the careful observance of it would be. At least, as one observer put it, " the Nato treaty would not originally have been signed if these provisions had been included." The reform not only extracts from the governments a promise to inform each other about " any development which significantly affects the alliance," it also strengthens the obstacles to breaking it. The Secretary-General, who becomes chairman even of the ministerial council meetings, has " the right " to raise " any subject which is of common Nato interest " (i.e., " consultation "), and " the right and duty " to bring up problems which " may threaten the solidarity and effectiveness of the alliance " (i.e., " conciliation "). He cannot impose conciliation ; but if his good offices are accepted, he can choose any three national heads of delegations to form a conciliation tribunal. Finally, there would, as the Germans suggested, be an " annual review " of political consultation as there already is of military performance, to make it embarrassing for a country to default.

This is no rape of national sovereignties. But, henceforth, a country's failure to consult becomes a sin of commission, and not just of omission as in the past ; and the Secretary-General and the other governments are there as watchdogs to raise unpleasant questions. After Suez, the small countries especially will be so sensitive about the principle of consultation that this will be an incentive to consult.

What of the countries that have most interests outside the Nato area ? Mr Dulles's reservation of America's right in urgent cases to act without asking Nato, and his reminder of his country's treaty responsibilities to thirty other nations, are said to have brought smiles to the faces of Mr Selwyn Lloyd and M. Pineau, and have been interpreted in the French press as undermining the reform. But most of those who heard him took him to mean that America would consult to the maximum, except in the understandable cases where its published treaty arrangements (for example, the defence of Formosa) commit it to the same kind of automatic or priority actions as exist, to Europe's advantage, within Nato. Even Mr Selwyn Lloyd's " cautious welcome," which appeared to equate consultation with the duty of the members of the alliance to back up the governments that consult them—and was doubtless influenced by the difficult dialectic of the Anglo-French diplomatic position after Suez—seems to have been chiefly a plea for the necessary alignment of policies, which must obviously be the normal aim of consultation.

The opinion of M. Spaak, whose view as the future secretary-general is particularly relevant, seems to be that there is almost more danger of an abuse by too much consultation than by too little, and that the new system must not be depreciated by needless use. Yet if it is to work, civil servants must get into the habit of considering other member countries when preparing plans—always a troublesome business. A delicate balance will have to be found. A critical time for the new system will no doubt come when consultation has become common enough to be a nuisance but not to be normal procedure.

The other important achievement of the council has been

the flowering of three years' thought on atomic warfare into the "Political Directive to the Military" which the ministers have now approved. For the first time, in this document, two of the basic facts of atomic warfare—that it is fantastically costly to prepare and catastrophically short in the act—are fully worked into Nato defence planning. The reliance on the ultimate deterrent of thermo-nuclear war, the "forward strategy" and the stress on the need to make limited enemy attacks impossible by being strong enough to nip them in the bud or turn them into general actions, all remain. But the remnants of last war conditions that still affected thinking a few years ago are dropped. Large manpower reserves mobilisable only some time after the battle has begun; great supply depots; and the large World War Two divisions they served—all these are gradually becoming obsolete. The new concept increases the importance of the radar warning system and reduces the role of the navy, which, with its carriers, retains functions in attack but little in the long defence of sea lanes traditional in British history. One can imagine that if this new directive were carried to its ultimate limit on land, it would point to professional armies (composed as the latest American and German theory tends to favour, of self-supporting combat groups supplied by air) with huge fire-power and great mobility but relatively few men. The maximum force would go into the front line army: this is no doubt why Shape remains so anxious to have the German contingent and, even though it is now prepared to have fewer men, wants as many—though smaller—divisions as before.

More Expensive Weapons

That is the prospect. The immediate reality is more modest. For, if the directive is addressed to the military who must prepare the detailed plans, the power to make it work lies with the governments. How they react to it in the next year will be more important than the directive itself. As no one at Nato ever tires of repeating, the situation is "evolutionary." It will take several years to work gradually towards an army effectively embodying the new concepts. This is partly because there are many special problems. There are those of countries like Britain and France, which have other places than Europe to worry about (though the French have promised to return two crack divisions to the central front next year); and there are those of countries like Turkey, where the conscript army is not only a social tradition, but the main instrument of primary education. But above all the problems will be of cost and of production.

Though it is true that the savings in reserve manpower and in scrapped weapons and supplies will be significant, they will be more than compensated by the ever-rising cost of new weapons. It is probably a snare and delusion to hope, as the British Government has seemed to do in thrifty moments, for both more efficient and cheaper defence. And no one sees defence spending rising in Europe in the near future. This situation is likely to create important new pressures, first of all in production. For the Americans, the alternative to greatly increasing aid (their decision to supply to allied units "dual purpose" rocket launchers and guns, without the atomic warheads, was announced in the Council) seems to be to help finance the production of these weapons in Europe itself. But these weapons could hardly be produced indiscriminately everywhere. So that Mr Wilson, the United States Defence Secretary, saw a "co-ordinated and integrated" arms production programme in Western Europe as the only long-term solution. Second, and partly following from this, there will be financial pressures. As the cost of arms rises, and it becomes more and more prohibitive for smaller countries to pay for up-to-date Nato equipment, the stronger appear the advantages of introducing for the new weapons the system of multilateral financing already used for the "infrastructure" of roads and bases, and by which each country pays a share of the common cost.

This Nato council meeting thus shows every sign of being a watershed in the development of the alliance. Perhaps the best guarantee of its future is the general feeling that it must grow and is not to be sapped by the pressures of divergent national interests. "Can a loose association of sovereign states hold together at all without the common binding force of fear?" asked the "three wise men" in their report, without staying for an answer. Beneath the reconciliation of recent days, there has been a certain unease, due partly to the fresh wounds of Suez, but partly also to the new sense of the disproportion between the power of the United States and that of all its allies, including Britain. What would happen should American interest one day diverge from that of the rest of Nato? It may have been a sense of this, as well as unwillingness to be sold on Signor Martino's plan for an elected Western European Union Assembly, which prompted Mr Selwyn Lloyd to formulate his rather woolly "grand design" of a "strong European community" functioning within the Atlantic community, and to envisage "one Atlantic Assembly." A "strong European community" does seem necessary in the long run to balance the alliance and therefore to increase its cohesion. It is perhaps more than coincidence that the *main issue of foreign policy in France in the next two* months is expected to be European integration.

No Cheer for Togliatti

BY A CORRESPONDENT

THIS is a bleak mid-winter for Signor Togliatti. A blood red cloud obscures the Moscow star; there are no good tidings and little goodwill for him this Christmas. He has been a communist since the birth of the Italian party in 1921, and won many victories: perhaps he accounts the recent eighth party congress as another, but none can have been so hollow. In his main aim, the prevention of a split in the ranks, he succeeded: he succeeded, too, in suppressing any effective challenge to his leadership. Discontented though it is, the party was cajoled into sending conforming delegates to Rome, and these then had no option but to vote in his list of candidates for the central committee. The most that dissenters could do was to cancel names from that list. ("This seems to me," said Signor Amendola, one of Signor Togliatti's lieutenants, "to be the most democratic way. To allow a choice between many names would create a deplorable confusion among the comrades.")

Out of the 1064 voting delegates some 40 dared to cancel Signor Togliatti's name—sufficient to give him only the

The case of *Merodon equestris* . . .

In England's south-western counties of Devon and Cornwall the growing of Spring flowers is an important industry; but one which, for many years past, has suffered considerably from the attack of the Narcissus bulb fly, *M. equestris*.

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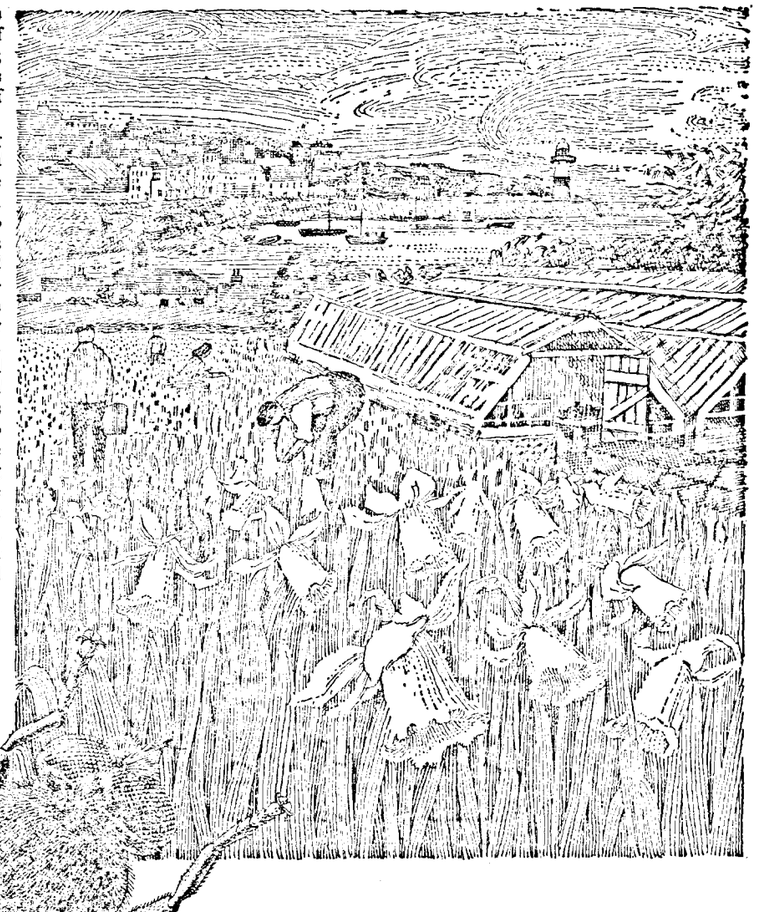

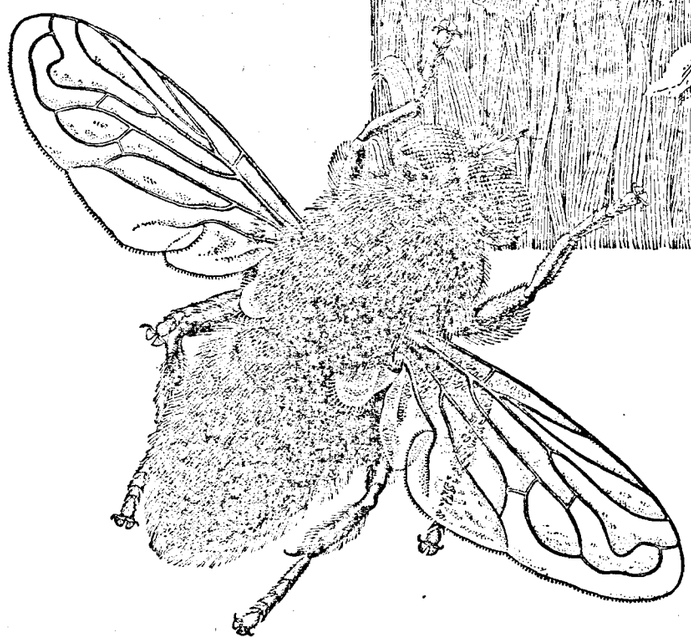

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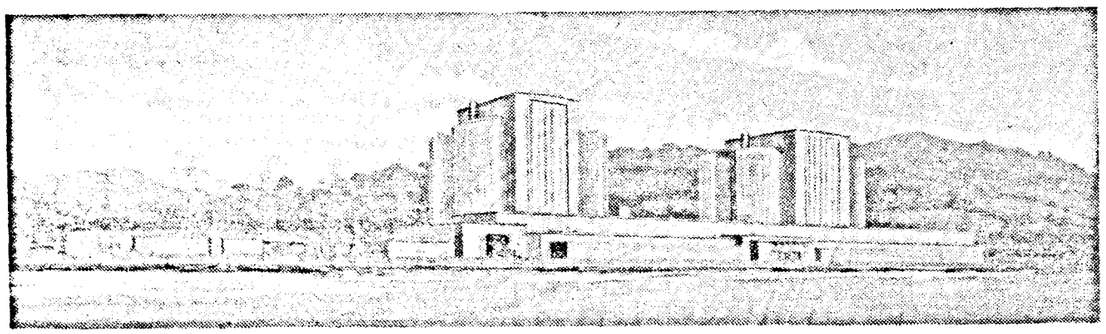

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twenty-fourth out of the 110 places available. But he can shrug this off, just as he can make light of the vote in the Roman federation where, presented as head of the list, he was voted into fourth place. Neither vote is more than an affront to his pride: he is still solidly in control of the apparatus of the party with young men faithful to him both at the centre and the periphery. His more outspoken opponents, such as Signor Onofri and Signor Giolitti, have been excluded from power, and isolated: his two heirs-apparent, Signor Amendola and Signor Pajetta, conveniently cancelled each other out in the vote, well behind even the twenty-fourth place.

The bastions of internal power appear therefore to be still secure: but the question is whether, in shoring up his own power, he has not destroyed that of his party. For a long time the two have appeared to be synonymous. There is no doubt that hitherto Signor Togliatti's firm control of the Italian communists has been a condition of their success. He devised a policy that could appeal to the idealism of the intellectuals, the class interest of the industrial workers, and the primitive needs of the agrarian labourers, and at the same time provide an organisation more powerful, pervasive and skilful than any of those of his rivals. Signor Togliatti has been more than the party's boss: he has also been its myth maker, its theologian, its ideological tightrope walker. But now, buffeted by events in Moscow, Warsaw and Budapest, he has been forced into too many contortions on the sagging wire. He could balance the body of Stalin—just; he could even stand on his head to Marshal Tito, and keep his balance; but his tricks have become too frequent. Although he still clings to the wire (and it was significant that he refused to commit himself to the positions of either the French or Jugoslav parties whose representatives approached him recently) his theology has been exposed, and his myths destroyed.

The Party's Fading Zeal

Until recently the Italian communists could claim with some appearance of truth that theirs was a democratic party. It had fought the Fascists, helped to bring in the Republic; co-operated in the making of the constitution, and pressed for its observance. The spell it wove on this theme was sufficient to overcome doubts among its intellectual élite. But now the spell has been broken. Even its own journalists have revolted, and at the congress both the young men like Signor Giolitti, and hardened campaigners like Signor Gullo and Signor Terracini, as well as Signor Di Vittorio (the trade union leader who revolted over Hungary) protested at the party's treatment of dissenters. Signor Togliatti paid lip service to their cause, but hastened to add that fractional groups were not to be tolerated; that democratic centralism was to remain, that "we are not a party which discusses, but a revolutionary party." And he justified the repression in Hungary in terms of the necessities of the Revolution. As one of the party hierarchs said at the congress: "A real communist must not have doubts or crises of conscience. His temper is measured by his loyalty to the Soviet Union." Such is the reality of Signor Togliatti's latest invention—"polycentric" communism.

It is a hard doctrine, and not one which many of the industrial workers in the party now find easy to stomach. Their revulsion was evident in the force of Signor Di Vittorio's initial outburst, and although in the meantime he had been forced to retract, it was reflected again in his insistence at the congress that the trade union movement should be allowed autonomous development, and not merely harnessed to abstract schemes, acting as a "conveyor belt" for the party. On the other hand, for the many agrarian workers who form so large a part of its base (especially in the south) the present crisis may not at first sight seem so severe. The communist party for them is still the party which promises (literally in its election symbols) a plough and the "rebirth of the south." In such areas ideological doubts are almost irrelevant—but not quite, for in some cities such as Naples and Taranto, there was a pre-congress revolt, and at the congress itself the communist hero of the south, the Calabrian deputy, Signor Gullo, made one of the most critical speeches. Even there the ranks begin to waver.

Evidence that the rank and file are suffering from the collapse of the party's ideology is afforded not only by the criticisms that have been made in local meetings, and the widespread failure to renew membership, but also by the absence from the pre-congress elections of more than half the nominal members. Internal zeal is fading—and as it fades, by so much more will the party's electoral pull. Signor Togliatti struggles to keep alive the pretence that the party remains the guarantee of unity of the working classes in the country, but here Signor Nenni and the spectre of socialist reunification cast an ominous shadow. The two socialist parties are still in the toils, and it may well be that reunification when it comes will only be partial. Even so Signor Togliatti must fear it. And as he looks across the road from his party headquarters to the building occupied by the Christian Democrats he must fear, too, Signor Fanfani's known desire to precipitate a general election. For although Signor Togliatti may be secure for the moment in his own party, he has no army to help him through his troubles, and no answer to free elections.

Japan After Mr Hatoyama

FROM OUR CORRESPONDENT IN TOKYO

THE long uncertainty about the identity of Japan's new prime minister, with its accompanying intrigues and sudden enthusiasms for the chances of obscure outsiders, ended last week with the election, after an open vote, of Mr Tanzan Ishibashi as president of the Liberal-Democratic party. The divisions within the party had made it impossible to reach agreement by negotiation behind the scenes as has always been done before; since it was formed only a year ago after a merger of the two conservative parties it has developed no fewer than ten factions.

As successor to the ailing Mr Hatoyama, the factions were offered their choice of Mr Nobusuke Kishi, the party secretary, who modestly described himself as "a fourth-grade *go* player"; Mr Mitsujiro Ishii, who claimed a sea-green incorruptibility by revealing that he had never in his life given a *geisha* party; and the far more vigorous Mr Tanzan Ishibashi, who declared, "I don't want to brag, but my policy is the only salvation for Japan." Behind the arras of those three figures there constantly skipped an agile Polonius in the person of Mr Ichiro Kono, who is heartly disliked by all ten factions but who has his hands firmly on the financial lever of the American food loans counterpart funds, and who has become Mr Hatoyama's

soothsayer and, for all practical political purposes, the prime minister's keeper. It was rumoured that Mr Kono had promised to give Mr Kishi his full support in return for his own appointment as party secretary, if Mr Kishi should be successful. This appointment, combined with his financial power would have enabled Mr Kono to dominate the party and perhaps stand as president himself in a few years' time. But the hostility which he has aroused during the past year outweighed his influence and destroyed the chances of his nominee; after an inconclusive first ballot his opponents combined to vote for Mr Ishibashi, who thus gained the necessary clear majority by seven votes.

None of the three candidates could hold out any real prospect that his election would put an end to the party's grievous state of civil war. All three offered, however, to keep the Liberal-Democrats in power, each hinting that under any other leadership than his own the party was bound to go down in defeat at the hands of the Socialists. And, asked what the Liberal-Democrat party ought to do to keep the rising Socialist tide in check, all three contenders for the premiership returned remarkably similar answers. Their near unanimity on the point was far more interesting than their claims as individuals; for, in fact, the Japanese Socialists, while growing in strength, are not yet ready to govern, and the Liberal-Democrats, with all their internal schisms (the Socialists are not without their own), are almost certainly going to stay in power over the next two or three crucial years. Thus the shape of Japanese politics after Mr Hatoyama could be inferred with reasonable safety even before his successor was finally chosen.

The Cost of Nationalism

It is not a prospect calculated to give much comfort to the United States or, perhaps, to the West as a whole. Japan's weakened conservatives, for the first time since the Pacific war ended, are trying hard to read the mind of the Japanese voter, and especially the new, postwar generation voter, instead of the mind of Washington. What they believe they see there is a distinct trend towards socialism (or national-socialism) at home, and neutrality in foreign affairs. Mr Kishi said the younger generation regarded the Liberal-Democrats as "out-and-out American stooges": he and his two rivals alike demanded "readjustment" of Japanese-American relations, through "revision" of the United States-Japan Security Pact. And it is noteworthy that, though American officials in Tokyo tend to regard Mr Ishibashi as the man most likely to be "unco-operative," with Mr Ishii as the most co-operative, and Mr Kishi somewhere in between, it was in fact Mr Ishii who talked outrightly about the Japanese-American pact being finally abolished, once it had been "revised," while Mr Kishi talked about "restoring Japan to a leading position in Asia."

Hand in hand with these strictures on the present defence arrangements with the United States went proposals for a new Japanese economic policy. Mr Ishibashi was foremost in talking about the need for the United States to "mend its ways," by which he clearly meant American trade policies—he is an enthusiast for increased trade with China, deplores COCOM, and is highly critical of America's (and also Western Europe's) attitude to Japanese goods. He also made a bid to steal at least the right-wing Socialists' clothes, by pooh-poohing State ownership of industries but urging the "socialisation of capital," and offering Japan's unemployed a Keynesian policy of providing more jobs through increased government spending.

Fighting to hold its own against the Socialists, Japan's Liberal-Democrat party is clearly being urged along new paths. But Japanese conservatism is a much stronger force than the weak group of conservative-minded men who compose that party. The new paths may turn out after all to be old channels, already dug and simply waiting for the tide of revived Japanese political feeling to flow into them. The new Japanese voters who have been hearkening to the Socialists may listen even more avidly if the cry for less dependence on America—which has so far been the Socialists' winning card—is transformed into a more positive cry for a strong Japan getting ready to regain a position of leadership in Asia. The Socialists cannot utter it, for their insistence on neutrality is rooted in pacifism, while the Japanese Communists would clearly make Japan a mere appendage of Russia or China, and being an appendage of anybody is just what the Japanese mind is now revolting against. But in postwar Japan the old card of nationalism has still to be played. Mr Ishibashi may either find it or have it forced upon him: it is clearly back in the pack.

In China's Shadow

Diem's Way

FROM OUR SPECIAL CORRESPONDENT

To return to Saigon after four and a half years is to find a country transformed, and not merely by the advent of peace. In mid-1952, the dominant impression was perhaps the apathy of the Vietnamese shadow administration that was the façade of "independence in the framework of the French Union." Today the apathy has vanished, with the faces of the French citizens of Vietnamese blood who ran Bao Dai's successive governments. The ministers and civil servants of the new Vietnam do not merely work hard—fourteen to sixteen hours a day is common—but also with will, enthusiasm and brimming confidence.

How far is their confidence justified? The first essential of success—stability—has certanly been achieved. There are still isolated acts of terrorism in the villages, but the point is that they are isolated. Out of a situation that seemed desperate eighteen months ago, President Ngo Dinh Diem has produced an order and calm that must be envied in Burma and Indonesia, and even in Malaya. No one in the government is naive enough to believe that all the thousands of ex-Viet Minh guerrillas who have "rallied" to the government in the past year and a half are irrevocably lost to communism. But many are, and the others can be watched.

To President Diem and his supporters the way ahead may well seem less perilous than the treacherous shoals already traversed. Yet it could be disastrous to underestimate the protracted and arduous job still to be done. But whereas the past job was political and military—the consolidation of power—the work now to come is economic and social. Economically, the country has to be made able to stand on its own feet and dispense with American aid; socially, it must be given order without resorting to communist-type repression, and a new set of social values and incentives. In the long run, the price of failure is communism and colonisation of the whole country—instead of only the northern half of it—by China.

The measure of the problem is that the Americans still provide about 70 per cent of the Vietnamese budget. They pay Vietnamese soldiers and civil servants. This will not go on for ever, and the drive for viability has been launched after fifteen years of war or civil war, after generations of tolerated corruption, and with a serious, though not desperate, shortage of trained administrators and technicians. It would be foolish to expect spectacular results within a year of the proclamation of the republic, and indeed, the government has made a slow and cautious start. But a start has been made. Last spring there were 27,000 importers, most of them small, in South Vietnam, all of them taking advantage of America's dollars and collectively clogging the administrative machine. Now there are fewer than 2,000, the others having fallen by the wayside by failing to deposit with the government 350,000 piastres (£1,750 at the free rate) as a guarantee of solvency. The Chinese community, more than a million strong, has long had a stranglehold on Vietnamese internal trade, specialising in usury and, like other Chinese communities in south-east Asia, a law unto itself in matters of accountancy and tax evasion. The drastic decrees of last autumn, forcing them to take Vietnamese citizenship or go out of business, are designed to retain Chinese skill while abolishing Chinese extra-territorial privileges (and also, politically, to prove that the Vietnamese worm can turn against its traditional oppressors). Until recently, the streets of Saigon and of Cholon, its Chinese twin, were clogged with "barrow-boys," officially regarded as æsthetically offensive and economically superfluous. In good time for the celebrations of the first anniversary of the republic on October 26th, a decree requiring stallholders to open proper shops drove thousands of them into the villages, leaving Saigon cleaner, perhaps, than any other Asian city. In the villages, land awaits those who want it. The tentative agrarian reform programme launched in the early days of the Diem regime has proved a failure. But under a new decree published in October, absentee landlords are to be dispossessed, with compensation, and landless peasants are to have an opportunity to buy their own plots.

Unpopular Measures

Such measures are making the government unpopular, and indeed their immediate effect is to make matters worse. Mr Diem himself makes no attempt to disguise the unpopularity of his measures, and considers it a risk that has to be taken. In his quiet voice, with his occasional gentle smile, gazing into a far horizon, lighting cigarettes and stubbing them out less than half consumed, he explains to the visiting correspondent the abuses that have handicapped Vietnam's development and the methods he feels he must adopt to overcome them. Until further notice—how many years hence, nobody knows—Mr Diem will continue to exercise his paternalistic rule. That it is authoritarian cannot be denied: opposition politicians are closely watched, and security measures would seem excessive if one forgot for one moment that this is a country that was nearly lost to anarchy or communism. But although Mr Diem creates conditions under which recalcitrants cannot flourish, he does not liquidate the recalcitrants themselves.

In strictly economic terms, the government's methods cannot, of themselves, produce a solution. Positive measures are needed. It is intended that these should be enshrined in the forthcoming five-year plan, which is to be launched some time in the new year. Power resources are to be increased; a firm of Italian consultants is making a survey. Small manufacturing industries are to be set up. There, again, something of a social revolution has to be accomplished. Neither Vietnamese nor Chinese of affluence have the habit of investment; usury and speculation are traditional. Mr Diem has set himself to encourage local investment and, to do so, is prepared—to the dismay of some of his American advisers—to set up joint enterprises in which the government would hold 50 per cent of the stock. But he does not propose to imitate the example of the Burmese joint ventures, for he intends the government to contract out after stability has been achieved.

In tackling their difficult problems the Vietnamese have enviable resources of energy and intelligence. It is certainly within their power to solve them—given a guarantee against aggression from the north, American aid for at least five more years, and at least ten more years in office for the tireless Mr Diem.

Ghana's Difficult Birth

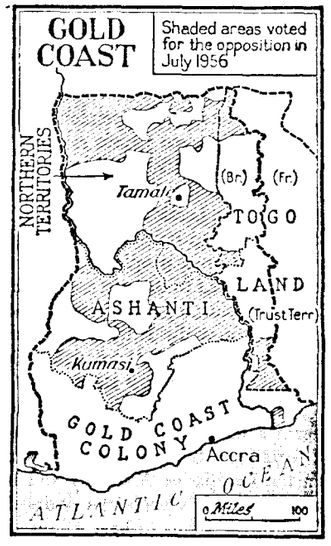
On the eve of independence, the new state of Ghana has shown some serious cracks. The country's politicians, who, after only six years' apprenticeship in self-government are in a position of exceptional responsibility, know that if those cracks break open it would be not only a tragedy for their 5 million citizens, but also a grave set-back for other African colonial peoples whose progress towards independence is geared to the success of the Ghana experiment. But the two political parties have reached so complete a deadlock that it is now the British Government which, despite principles of non-interference, will probably have to try to patch the fabric of the new state.

The Ashanti threat to break away from the colony and form a separate state was the last weapon of the National Liberation Movement, an opposition badly out-numbered in the Legislative Assembly and bitterly mistrustful of the majority party's intentions under the proposed constitution. The threat seems to have bounced off the shoulders of the Convention People's Party, but has made its mark on its second target, the British House of Commons. During the second reading of the Independence Bill, and on Tuesday when it was considered in committee, Members of Parliament tempered their good wishes for Ghana's independence with anxiety lest the country should not be united to receive it. Although time is getting very short (independence day is on March 6th), Ghana's constitution, which may not follow quite as closely on the Gold Coast government's proposals, as was originally expected, will be discussed again in Parliament. In addition, a visit to Accra by a parliamentary delegation or the Colonial Secretary himself, if he can find the time, will probably be necessary.

The trouble between the two Gold Coast parties stems from the CPP's over-confidence in the power of their two-thirds majority and the opposition's mistrust of government promises. Dr Nkrumah's party has felt secure enough to make almost no firm concessions to the opposition, who, on their side, put no faith in expressions of good intent. The NLM's two most important demands are for a greater degree of regional devolution, including regional assemblies with authority to raise revenue, and for safeguards against changing the constitution. The government's point of view is

that at present it is after no more than a working constitution which will carry it through independence until such time as (perhaps in three years) it appoints a constituent assembly to work out a final and sovereign constitution. This makeshift constitution should be simple, especially as, in the view of the more cynical members of the government, any concessions agreed to now could be changed at will under the present amendment laws.

The opposition are well aware that unless the amendment law is tightened, any concessions obtained now are precarious, but they also know that it is more difficult to take something away than to refuse its granting. Unable to make any impression on the CPP's solid front in the Assembly, they announced in a resolution to the Colonial Secretary their intention to secede. They could never have expected that this resolution would be accepted: their object was to convince the British Government that they were not bluffing.



Ghana's constitution will be written in the form of a British order in council, consolidating earlier constitutional instruments, amending clauses which are outdated by Ghana's new status, and making some additions. It had been thought that the order in council would follow very closely the lines of the Gold Coast government's proposals, but in last week's debate Mr Lennox - Boyd, speaking of the regional assemblies, only said that "the highest possible regard" would be paid to the views of the Gold Coast government, adding: "But it might be desirable to define the scope and continuance of these regional bodies a little more precisely." This could only be done by writing it into the order in council.

Members of Parliament on both sides of the House doubted the wisdom of several of the Gold Coast proposals. In particular they urged that some securer way should be found of making the public service and judiciary independent of political influence, and that the process for amending the constitution should be made more difficult. They also pressed for a chance of debating the constitution before it became law, and since a draft order in council is technically impossible, Mr Lennox-Boyd promised to try to produce a White Paper containing the constitution proposals which could be discussed again both in Westminster and Accra. He has not yet said who will be laying the British Government's proposals before the Gold Coast government.

Although, with the hope of new negotiation, the threat of civil war has receded, Dr Nkrumah's government must have been interested in the Colonial Secretary's statement on the position of the British officers and NCOs commanding the Gold Coast troops. Although after independence day they will come under direct Ghana command, the British Government reserves the right to withdraw them from service.

Colombo Plan Progress

THE twenty nations which make up the Colombo plan organisation finished their conference in New Zealand with an encouraging communiqué. National income in the area has continued to rise slightly faster than the population has increased, and efforts have been made to balance increases in capital investment with increases in consumption so that financial and social stability have been maintained. Next year, it is hoped to raise public investment in all the member countries by 25 per cent to nearly £1,000 million; most of this will be provided by their own efforts.

Apart from the chronic lack of capital, the greatest need of these countries is for trained technicians; the need increases as the development programmes unfold. Training schemes, however, are expanding rapidly and there is an encouraging increase in the number of trainees sent from one Asian country to another for specialised education. This enables the individual concerned to learn his job in conditions not too different from those in which he will later have to work. Nepalese tuberculosis nurses are training in Ceylon. The Malayan Federation is training Burmese forest officers in timber production and Ceylonese experts in rubber research and canning. Pakistan is training a Burmese port administration officer and te[illegible] Indonesian agricultural officers, and is teaching thirty junio[illegible]xecutives from various Asian countries railway signalling and organisation. India has provided 462 training places in the last year and a considerable number of experts for managerial and advisory work. Including training given by the western countries, 1,552 places have been provided during the past year and 180 experts sent out. Progress has also been made in establishing training institutions of all kinds within the countries of the area. The western nations have given many kinds of assistance from electronic apparatus for the University of Peshawar to handwork tools for a North Borneo primary school. Britain is sending a senior income tax officer to teach in the Lahore Finance Academy. The United States has promised to contribute $20 million towards a regional nuclear centre in the Philippines. The technical and human problems to be overcome are still immense, but the development of the Colombo Plan countries is gathering momentum.

"Motor Business"

The December issue of this quarterly research bulletin for the motor and allied industries is now available. It will include:
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Price indices of used cars and vans.
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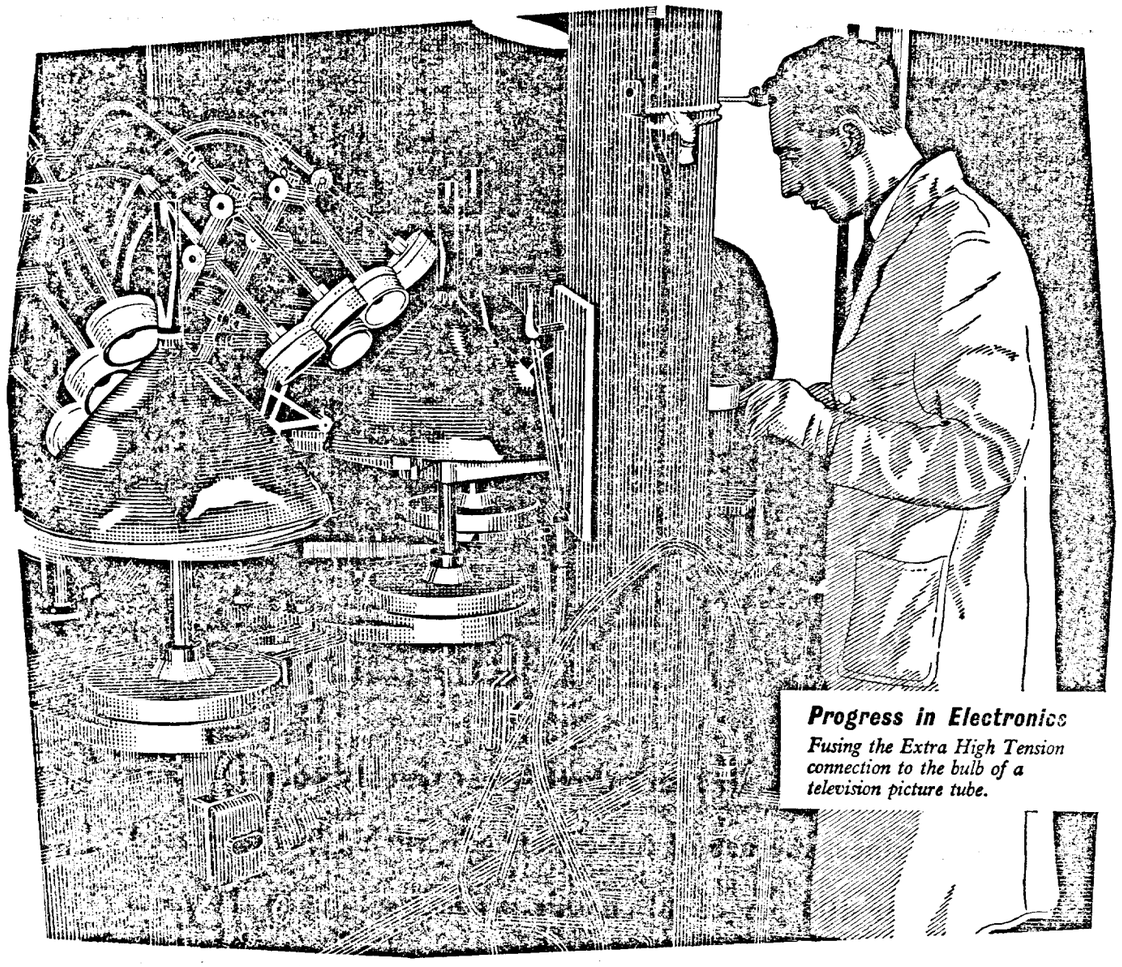

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THE BUSINESS WORLD

The Price of Steel Expansion

STEELMASTERS in Britain have long been convinced that the price of steel is too important to be left to the market, and governments in Britain that it is too important to be left to the steelmasters; so it is now left to the Iron and Steel Board. This is, indeed, perhaps the board's most important single job; certainly the one through which it can most generally fulfil its responsibility of "promoting the efficient, economic and adequate supply under competitive conditions of iron and steel products." For economic growth in Britain depends fairly crucially upon the expansion of steel capacity here; and the expansion of steel capacity depends ultimately upon the price Britain is prepared to pay for its steel. The responsibility is obviously heavy, and the job is complex. The rules the board uses to "determine" maximum prices for iron and steel products are clearly important. And in deciding upon the price increases that came into force on Monday, which average 6 per cent but include much greater increases for certain products, the board has made at least one significant change in those rules.

This price increase followed a review, not only of the industry's operating costs, but of its "standard margins" for depreciation and profit on capital employed. The board last reviewed these margins at the end of 1954, and it could not have delayed doing so again very much longer. It has been the review of these margins that has accounted for the larger than average increases allowed on plates, heavy sections, and foundry iron, which have gone up by more than 10 per cent.

The board collects regular details of operating costs from iron and steel producers. In covering these operating costs in the price, it takes the average costs for the producers making any group of products, leaving out the most inefficient plants. The worst plants, therefore, pay part of the cost of inefficiency; and plants with more than average efficiency get more than average profit, though not nearly as much as they would in periods of high demand in a free market. The last price increase it allowed, in May this year, covered certain increases in the prices of scrap and imported raw materials, but left the industry to absorb other increases in cost that had arisen from paying higher wages and transport charges. These outstanding increases, plus the rise in coal prices this summer and increases in local rates, probably amounted to something over £30 million a year, which the industry has had to absorb until this week.

In allowing for margins, the board uses two different definitions of "capital employed" in steel. For the purpose of covering depreciation provisions, it reckons the industry's capacity at replacement costs, the price of putting up the same plant today. The formula it originally used was to allow depreciation upon the reducing balance system applied to a plant at replacement cost, written down halfway through a 25-year depreciation life. In its latest review of margins it appears to have simplified this depreciation formula somewhat, but the actual proportion of plant cost allowed seems to be much the same.

In allowing the "standard margin" for profit, the board values the industry's fixed capital at its historical cost, written down by Inland Revenue rates of depreciation, and allows for whatever capital a company expects to spend on plant that will come into production in the next two years (hence the need for a review of margins at least once every two years). It counts in stocks and work in progress, and a proportion of liquid assets; then allows a percentage for profit based upon "normal" working of the plant in relation to its capacity. At higher rates of operation, as for example in the recent upsurge of steel demand, this of course gives a rather better return on the steelmakers' capital. The rate of profit allowed has never been published; by standards in other industries, it is probably fairly frugal.

The board, incidentally, concerns itself with home costs, margins and prices only. The industry is welcome to make what export premiums it can get on the steel it sells abroad, but the quantity it exports is limited by informal agreement. So the rates of profit that steelmakers have been able to show in their accounts for good years such as 1954-55 include a good deal more than the profit on home sales of steel. Apart from exports, many steelmakers have been extending their activities further into fabrication, turning the steel upon which their selling profits would be regulated into goods outside the net of price control. There is no reason why steel consumers at home should get the benefits of these extra elements of steel enterprise: they want more steel here, and ought to pay the full price here.

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These are the rules by which steel prices have been set for a good many years now; the board, like earlier authorities who have had the job, has revised and refined them only in detail. The pattern is at least familiar to the industry, though there may be arguments over detail. The main argument that the industry launches against it is concerned with results, not with method; that these prices do not give it the rate of return on home sales of steel that would be reasonable for an industry expected to continue such rapid expansion. This is almost certainly true, and in the latest review the board has made one significant concession to the argument—though not nearly as much as the steelmakers are convinced they require.

In addition to calculating the prices according to these normal rules, the board has made a study of what might be called the "ideal costs" of producing a range of iron and steel products. It has gathered data upon the best existing practice both in Britain and abroad, enabling it to estimate broadly what might be the total costs, running costs plus all capital charges, of producing the major products at a new integrated steelworks, built at today's prices, but also incorporating all today's operating improvements. And it has used these estimates of "ideal costs" to see what kind of margin the prices calculated by the existing rules would give a new and efficient steel plant today. In cases where the margin looked hopelessly inadequate, it has revised the prices upwards—bringing the return that could be achieved on putting up, for example, a new plate mill more into line with what the prices would offer on new plant to make other products.

These further adjustments have been moderate. They go only part of the way towards making it about as profitable to put up new plants in one section of the industry as another; the industry would probably say "not much more unprofitable." But they do represent a first step towards tackling one of the industry's most awkward problems of expansion: the kinds of steelmaking where existing plant is comparatively efficient and technical changes since it was put in offer no radical reductions in cost. In such sections of steelmaking, the much higher capital cost of a new plant would more than offset the economies it offered in operating costs; at the existing level of prices it would simply not pay to put up a new plant. The adjustments in the latest prices set by the board at least begin to face the problem that until recently it has been unprofitable to build new plant to make several of the steel products of which the shortage is now greatest and for which demand is rising most sharply. Where existing plant is much less efficient than the best up-to-date practice, the reductions in running costs offered by new plant go much farther to offset the higher capital costs of new capacity: so prices calculated on the existing formula give a more reasonable return. This may explain why billets, for example, get less than the average increase under this new set of price increases: it had often been argued that these too were priced too low to make expansion pay.

These adjustments have shifted the balance of the new prices, not raised the total amount of the increase. This looks to be slightly under £50 million a year: a sizeable ridge across Mr Macmillan's plateau, but one which most consumers seem to have accepted as inevitable. They might well count themselves lucky—in immediate prices, though not in future supplies of steel. The steel producers have not yet commented upon these prices in any detail; but it is no secret that the amount they have been allowed is only about half of what they believe they need.

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This is not yet an "expansion price" for steel, which would allow steelmakers to finance their heavy future investment from internal resources or distribute dividends that would attract the new capital from outside. But it may have opened the road towards such a price, which Britain ought to be paying. Theoretically, there is not much doubt about the way to set a price for steel in an industry that has to expand as Britain needs this one to expand—assuming the industry and the Government go on disbelieving in a free market. It would be to set a price that would cover running costs and depreciation at a new and up-to-the-minute plant and give a profit comparable with that earned in other highly capitalised industries—a price that would make it worth the industry's while to expand where it saw the demand rising, or even for newcomers to start in steel. The introduction of such an idea, even if at present only as a means of adjusting the existing average-cost formula, is a significant beginning; the industry, as well as the board, ought to consider how such an "ideal cost" formula could practically be strengthened to bear the whole weight of price determination. And the quicker the better—if British steel is to get the capital that it needs to underpin Britain's future.

Economics of Milesmanship

THIS is a sorry Christmas for the motorist, and sorriest of all for the man who won't be able to get as much as the standard 200 miles a month from his ration of petrol. If he has a prewar car in poor condition—or a car of very high horsepower—it will be difficult. In each of the petrol rationing ranges, on the other hand, a number of unusually economical cars will score much higher mileages (as Standard and BMC have not been slow to declare). But apart from these, any owner of a postwar car of moderate horsepower and in reasonable condition, should have only himself to blame if he cannot get at least 250 miles a month from his ration. And he can do it fairly economically, if he counts his ordinary motoring worth while.

If a motorist has a 1500 cc car of fairly recent origin, he must reckon that, writing off his car over seven or eight years, he must allow £100 a year for interest and depreciation. Insurance and tax will add £35-£40 to this; and, with the cost of those repairs that are a function of time rather than mileage, his standing costs will be about £150 a year—and that is assuming he has not to pay the rent of a garage. With petrol at 6s. a gallon, his fuel bill, if he can do 30 miles to the gallon, will be 2.4d. per mile; and the cost of tyres, lubricants, and of those repairs which are a function of mileage rather than of time, will make his running costs a full 3d. a mile. On 200 miles a month, his standing charges of £150 a year would be 1s. 3d. a mile; so, under rationing, his motoring is costing him 1s. 6d. a mile in all.

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Few motorists count their motoring costs so coldbloodedly; and it is fair to assume that most of them would hold that, even in this present stringency, motoring gives them their money's worth and more. It is not stretching things unduly to assume that, for most, the value of each extra mile over and above the standard 200 a month might be reckoned as at least half the cost of each of these standard miles a month. These motorists, then, might put the gross value of "marginal mileage" at about 9d. a mile—which is roughly what he ordinarily paid per mile if he was doing say 6,000 miles a year before petrol prices and duty went up. This gives the basis of an economic calculus on which to figure out the cost of this and that, and the value of doing what one can to help oneself.

The first thing a motorist could do to get all the mileage he could was to start the period of rationing with the best liquid position he could. If his tank was full at the beginning of rationing, that, at eight gallons, or 240 miles, was worth, say, £9 to him. While so accurate a reckoning may not have been vouchsafed to all motorists, there seem to have been few motorists to whom the principle had not—no doubt in a dim and cloudy way—been clear, to judge from the queues at the pumps. It was lawful also to have in store two metal containers, each containing two gallons with a gross "marginal mile" value of £4-5, less the cost of the petrol, and of the rubber siphon—lawful, that is, if the containers were in a brick-built garage and clearly marked "Petroleum Spirit—Highly Inflammable." An important point in the management of the liquid balances is, of course, to ensure that its consumption is spread to give the optimum return over the period of rationing. The motorist must contrive not to find himself, at the end of rationing, with more than enough petrol to drive his car to within walking distance of the nearest pump. He must not be in the condition, that is to say, which the authorities report most shipwrecked mariners are rescued—ravaged with the pangs of thirst and hunger and with hardly any of their stores of food and water consumed.

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After fitting a lock to the petrol tank, the next important point in milesmanship is to ensure that the car is in as good shape for the purpose as reasonably can be. The carburettor is the point at which improvement can most readily be achieved. If a car has done 25,000 miles or more, it may well pay to fit a new carburettor "detuned" in the trade phrase, or with smaller jets. An improvement in mileage of 10-15 per cent is a reasonable expectation, or, say, 30 miles a month, which the calculus values at 15s. to 22s. 6d. If rationing lasts for four months, the cost of replacement, say £6 10s., will have been about half covered, and in subsequent running—with more gallons a month—the balance will easily be justified. But if his carburettor is already in good condition, the modest cost of fitting smaller jets will certainly be justified.

Another step which can hardly fail to yield a profit is—for the winter months—to remove the fan. In general, the higher the water temperature, the more economically a car will run; but the designer has to arrange his cooling so as to make sure that the car will not boil in summer in fairly severe traffic conditions. Thus, there will be some gain from running the engine at a higher temperature. On top of this, and to greater advantage, is the saving of the power consumed by the fan. This varies with different cars and different speeds, but at high speed the fan may take up to 10 per cent of the engine's power; at the speed at which the petrol-thrifty driver goes, it may save 4-5 per cent of fuel to dispense with it. In driving, the three enemies of milesmanship are the brake, the gear box and the accelerator pedal. All the energy lost when a car is braked has to be given back—if the *status quo* of speed is to be restored—by consumption of petrol. Thus, for

milesmanship, the less the driver has to slow down the better ; and this can be accomplished by keeping down his maintained speed, and, on corners, dropping it as little as the exigencies of traffic permit.

A measure of the cost of speed and, above all, of acceleration, can be taken from figures of petrol consumption established in the road tests by *The Motor*. Taking ten typical cars in the range between 1,100 cc and 1,600 cc, whose ration is 7½ gallons a month—the petrol consumption at a steady speed of 30 miles an hour is 44.1 miles per gallon ; at 40 mph it is 39.7, or a reduction in mileage of 10 per cent ; and at 50 mph it is 35.3, a further reduction of 11 per cent. And the average mileage per gallon over the period of test for those cars, which will certainly have included a great deal of running with more generous speed and acceleration than the petrol-thrifty motorist under rationing would allow himself, was 30½.

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There is one point in the combination of milesmanship with the achievement of reasonable journey times that is perhaps not generally appreciated. The accomplishment of good average speeds depends very little on covering parts of the journey at 80 miles an hour, rather than at 60 mph. A few simple calculations will show that the time saved in covering miles at 35 mph rather than 25 mph is apt to be much greater. The motorist who wants to get reasonably quickly from A to B, but at the same time to achieve a proper standard of milesmanship, must keep this constantly in mind. We all know by now that to storm up hills in second or third gear will be grossly extravagant in petrol ; but if the aim is to make reasonable journey times thriftily, we need not eschew a reasonably high speed up not very severe hills. The good milesman approaching a slope can often, without heavy penalty, afford to increase his speed from 30 to 40 mph, and without using his throttle too much, allow his speed to fall off gradually to, say, 35 or 30 mph by the time he reaches the crest. This will give him better fuel economy than he will get by restraining his accelerator foot to the point where he has either to suffer a labouring engine or to change gear—and give him time in hand to allow of lower speeds on the level.

The volume of traffic on the road in these restricted days is going to be a help to good milesmanship. Most of it in the open country will be travelling at a more uniform speed than in happier days, and there will be less of it. Already experience is showing eager drivers who in normal times expect to get from A to B in 85 per cent or 90 per cent of the time taken by less eager types, that in present conditions they can make accustomed journeys within 5 per cent of their accustomed time, while still observing quite a high standard of milesmanship—and perhaps saving 15-20 per cent on their consumption.

Business Notes

The City's Christmas Box

COULD investors find £5 million for the City Corporation's own loan ? As this edition of *The Economist* goes to press it seems clear that they did, though without excessive enthusiasm. Lists closed at 10.05 on Thursday. The terms of the loan were to Investors' liking, but not to their delight. The coupon (5¼ per cent), the date (1976-79) and the price (£97 per cent) all fit neatly into the present market pattern. The flat yield is £5 8s. 3d. per cent compared with £5 8s. 9d. currently obtainable on the London County Council 5¼ per cent stock and the yield to redemption on the latest date is £5 9s. 8d. per cent, compared with £5 8s. 9d. on the LCC stock. Most important among the loan's features is that the City Corporation has been persuaded to break the stream of ultra-short issues and placings by which local authorities have been lately raising money. Those five and seven year stocks fulfilled a useful purpose and had a special appeal to a select class of investors—the Trustee Savings Banks. But some recent results show that the appetite for them can soon cloy. Wisely the City has gone for a twenty-year stock, which should enjoy a wider appeal.

The City Corporation's borrowing operation and the success just announced of the offer by Leyland Motors of its offer of 2,478,161 ordinary shares to stockholders fit in well enough with the prevailing tone of the markets, which have been running into the Christmas holiday steady without being boisterous, active or even particularly confident. Those who make issues over this period incur the additional calculated risks of running in competition with the ICI £40 million issue and of having chosen a time of year when money is liable to become scarce. But the general behaviour of the markets—particularly of the gilt-edged market—has not—for a pre-Christmas week—been discouraging. Only the smallest of declines in the level of industrial share prices has on balance occurred over the week. *The Economist* Indicator on Wednesday stood at 183.3 compared with 185.8 a week earlier. Gilt-edged have fared a little better, gently rising in a broadening market. One point of Christmas cheer that the markets provide is the evidence of slightly

greater confidence in sterling. The premium that dollar stock command over Wall Street prices has calculated on the rate of the day shrunk a little further—to 6 per cent compared with 6¼ per cent.

Oil on the Ration

THE Minister of Fuel and Power is still hoping not to have to cut industry's fuel oil supplies by more than 10 per cent, but this is a calculated risk. If a bigger total cut has to be made, it will mean an allocation scheme, and presumably this is being made ready: but he hopes it will not be required. The present flow of fuel oil will be sufficient to cover 90 per cent of industry's normal supplies only for the next two months. Mr Aubrey Jones promised that he would give as long a notice as he could of any further restriction—at least a month. And he suggested that industry should reckon on the shortage lasting six months, purely "as an estimate for planning purposes"; whether it does last that long depends of course upon the speed of clearance operations at Suez. Allocation of fuel oil would probably be preferable to the appeals machinery the Ministry has set up to tackle complaints about the further cut in diesel supplies to industry—which will be 20 per cent from the end of this month.

Administrative factors, however—the time and staff available, and the vastly greater number of vehicles on the road than at the time of the last petrol rationing scheme—set the practicable limits to the present rationing system for motor fuels. Most of the current barrage of complaints seem to arise from a failure to appreciate this—and that a cut of 25 per cent in oil supplies, when only 20 per cent of petrol consumption goes on private motoring, must mean somebody getting hurt. The case for this kind of rationing has not been explained too well. The decision to allow a basic car ration of 200 miles a month, equivalent to roughly half the present normal average consumption, and also to the old basic ration of 90 miles plus the innumerable special compassionate allowances, was intended to free the administrative machine for applications for supplementaries from the more essential business purposes—such as the firm whose block basic ration for all the cars it operates is inadequate to keep production going. (Even so, applications for supplementary petrol have already arrived for almost half the cars in the country.) But this decision, as against one that might have set a lower basic ration, inevitably meant that the "pleasure motorist" was not treated too badly: and without a fuller explanation of the reasons for this choice it has not helped business acceptance of this fact.

The basic ration for goods vehicles was set to allow a larger grant of supplementaries, mainly for lorries that move essential traffic—such as feeder services to the ports—and goods that could not be shifted to railways. But dealing with applications for supplementary rations from among half a million operators of over a million goods vehicles was bound to take some time. Although the Ministry of Transport was foolish to delay disclosure of its policy for supplementaries until a fortnight ago, and to stipulate at first that half the basic ration had to be used before supplementaries could be even applied for, the only alternative rationing scheme would be a flat rate ration with no supplementaries and no flexibility.

A Tip for 1957?

DETAILS of Imperial Chemical Industries' offer of £40 million 5½ per cent Convertible Loan Stock 1977/79 at £96 were posted over last week-end. Stockholders (who alone can apply) will have the Christmas break in which to consider whether the stock does not rank among the best market prospects for the new year. Applications (with £10 per cent deposit) have to be in by January 2nd. Two features stand out clearly in the full announcement: first that the expansion schemes of the group are so massive that this issue, though it is the biggest company issue ever attempted on the Stock Exchange, can only cover part of them ; and second, that the new stock offers investors a most attractively protected two-way option—either equity or fixed interest investment at they prefer to regard it.

ICI's capital investment in the ten years up to and including 1955 was approximately £300 million. Of that total £210 million was provided from internal resources and only £90 million from the investing public (from the total previous issues of loan stock). There seems no reason to suppose that that sort of proportion in the company's financing will be much altered in the future. Capital projects already sanctioned by the Board amount to £85 million and it remains the company's policy "substantially to finance capital expenditure from internal resources." Continuous investment means new plants continually coming into production. That perhaps explains why, the directors who agree that their policy of stable prices "is having its effect on profit margins," they can still report the value of the group's sales in the first nine months of this year as ahead of those of the same months of 1955.

Considered as a fixed interest stock of 20-22 years' life, yielding £5 14s. 6d. per cent flat and £5 16s. 3d. to redemption on the final date the new stock can boast a fine cover ; interest service is more than eight times covered on the average profits of the last three years, and principal more than four times on net assets. The other way of regarding the loan stock is as a protected interest in the group's equity. The company seems likely to be far more fortunate in the timing of its issue than was apparent when the directors sanctioned it three weeks ago. At 37s. 3d. the price of ICI Ordinary is now within striking distance of the first conversion option price (40s. in July, 1950). It seems hardly believable that this conversion option or one of the other two (41s. 9d. in July, 1959, or 43s. 8d. in July, 1960) will not be worth exercising. There is naturally the appropriate guarantee to adjust the option scale proportionately if there should be a capitalisation issue during the option's currency.

The Institute and the Society

PROPOSALS have been put forward to integrate the Society of Incorporated Accountants, which had 10,945 members at the end of last June, with the Institute of Chartered Accountants, which had 19,112 members at that date. The need for unity in the accountancy profession has been under discussion for years ; these proposals may turn the discussion in a new direction, but they will not

still the debate. The essential details of the proposals are these:

(1) The national groupings, England and Wales, Scotland and Ireland, are to be retained. No single body for the whole of the United Kingdom is to be set up, though a joint standing committee is proposed to discuss matters of common interest.

(2) Those members of the Society whose qualifications include practical experience in the offices of public accountants (including the "bye-law" candidates of the Society) will become fellows or associates of the Institute.

(3) Those members of the Society whose qualifications do not include such experience will form a new class of members called "Incorporated Accountants" with the opportunity, on satisfying certain conditions, of becoming Chartered Accountants. Most of these Incorporated Accountants will be members admitted to the Society through service with the Treasurer's department of a public or local authority.

(4) Existing students will be able to complete their training with a view to becoming either Chartered Accountants or Incorporated Accountants.

(5) No new students will be accepted for training to become Incorporated Accountants. Thus, after a transitional period of many years, this body will consist only of Chartered Accountants, one of whose essential qualifications is a period under articles with a member of the Institute. To provide for this, a member of the Institute will be allowed to train four pupils (and at the discretion of the Council a greater number) instead of two—a step more welcome in the biggest offices than in the small firm.

Thus it appears the Institute has set the pace, notably on qualifications. One reason why it favours integration seems to be a fear that the Society would broaden the base of its recruitment to accept service in industry as a qualification. Fierce discussions about these proposals are likely to occur in the profession—and should be welcomed there, though members of both organisations must avoid being stiff-necked or up-stage. The new proposals, if they go through, will establish one body, demanding high standards of training and of qualification, with a massive—and even a dominant—voice in the profession. Yet in the past the friendly rivalry between the Institute and the Society has been good for both and for the profession as a whole, and the experience of other giant authoritative institutions suggests that without care voices, especially those from the lower ranks, can be muffled. That and an unthinking devotion to tradition should be avoided. This integration cannot avoid having an effect on the standing of other accountancy institutions, especially the Association of Certified and Corporate Accountants, and it should not be forgotten that these bodies have their value in training men who are not able to take up articles.

Sterling Steady

CONFIDENCE in sterling has not slipped back after the boost it received early last week from the Chancellor's grand measures to reinforce the reserves. That is the fundamentally reassuring conclusion of this week's second thoughts in the exchange market. The initial lift has admittedly not been carried further, and on a number of fronts there has been a little weakening; the closing of the short accounts has not been carried far. The predominant attitude is to wait and see. But that in itself is a big improvement. Before Mr Macmillan's show of strength the disposition was to sell.

The best performance in the market has been made by the vital rate against the US dollar. On Tuesday of last week, on the news of the grant of credit facilities of $1,300 million at the International Monetary Fund, this jumped from $2.78¼-⅜, at which it had been supported by the authorities on most days since the Anglo-French ultimatum of end-October, to $2.78⅜-½; and early this week, following a slight easing around the weekend, this level was regained. Transferable sterling too has maintained its rise, to around $2.75, and security sterling has shown a smaller further advance to just over $2.60.

On the other side of the picture, the rates against Continental currencies have fallen back rather sharply, though in a thin market. Many Continental dealers were apparently preparing to keep short over the holidays. The continued caution is reflected also in the widening again of the forward discounts on sterling, against the dollar to 1 cent one month forward and 3 cents three months. The height of these discounts—equivalent to nearly 3¼ per cent per annum—and of that still placed on security sterling (which in the early summer was quoted within 1 per cent of the official parity) reflect the extent to which full confidence in sterling is still lacking.

Bank Advances Still Falling

THE underlying trend of bank advances to the private sector of the economy is still downwards. This conclusion emerges from the latest quarterly classified return of advances made in Great Britain by all members of the British Bankers' Association, which modifies the impression given by the two latest monthly statements from the clearing banks. Between August and November total advances dropped by nearly £72 million to £1,930 million, but £29 million of this decline was attributable to net repayments by the public utilities group and £2 million to the local authorities. Private-sector advances thus declined by £40 million, to £1,750 million; this is a somewhat larger contraction than occurred in the preceding quarter (£31 million), though it falls far short of the major movement experienced in the corresponding period last year, when the first response to Mr Butler's squeeze was being felt. Over the whole period of fifteen months, the contraction amounts to 8.6 per cent. Total advances made within Great Britain by the clearing banks alone—their "true" totals are now separately noted in the BBA return—fell during the quarter by £65 million, to £1,683 million; the monthly statement from the Treasury shows that £24 million of this decline was caused by repayments by the state boards out of the proceeds of their borrowings from the Exchequer under the new system started last August.

The decline in the BBA total occurred in spite of additional borrowings by a number of the classified groups, but in none of these was there any large expansion. The big engineering group, now almost as large as agriculture, has absorbed an additional £6 million, at £213 million; its growth since the credit squeeze began amounts to £47 million. By contrast, the retail trade group, which also rose slightly during the quarter, shows a fall of £20 million over the year, at £163 million. The largest declines, proportionately, in the industrial groups occurred in "other" textiles (cotton and wool are shown separately, and the latter rose), down by £6.7 million; leather and rubber, by £2.6 million; and building materials, by £2.4 million. Agriculture's decline of £5½ million was smaller than that in the corresponding period last year, but the £3 million decline in food, drink and tobacco contrasted with substantial increases both in 1955 and 1954.

The squeeze upon the personal sector shows no sign of easing: personal and professional borrowings declined by £14 million, to £315 million; since their peak in May, 1955, they have contracted by 21 per cent. Advances to hire-purchase finance houses declined by only £2.2 million; but, at £23 million, they have been almost halved since the summer of last year.

Television in the Red

THE sheer size of the losses made by Associated Rediffusion during its first two years of commercial television have a breathtaking quality about them. In a year when most observers believed that the company was about a million pounds in the red, it actually lost close on £2 million; between the end of April and the end of September this year another £1,250,000 went the same way. Associated Rediffusion has a capital consisting of £500,000 in ordinary £1 shares, a further £500,000 loan stock and £3 million in advances from shareholders; its two biggest shareholders are Associated Newspapers and Rediffusion Ltd. Its losses from November, 1954, when it was formed to the end of last September have been put by the chairman at "nearly £3,250,000." This carries the company somewhat beyond the period covered by the accounts, which ended on April 30th when the loss was £1,950,000, of which slightly more than half has been charged to goodwill. Capital expenditure during the period came to £1,600,000 and in addition the company has considerable stocks of filmed programmes. The auditors said that "we have been unable to satisfy ourselves" that the market value of these programmes amounted to the £800,000 with which they are credited; but the secretary, Mr A. W. Groocock, points out in his report that the figure represented the cost of the films, which had been bought by A-R, after deducting sums "in respect of showings during the period and the proceeds of sales effected. Pending greater experience of the markets than that which it has yet been possible to gain, it is the view of the directors that it is reasonable to include the films at that figure."

The cause for losses on this scale were partly circumstantial, but partly also due to errors in policy. Associated-Rediffusion faced the most difficult task of any of the four programme contractors of the Independent Television Authority, that of putting on five days of programmes every week on the London transmitter when there was no other commercial station with which to share their cost. Associated Television, providing only two days of programmes during the weekend, was not under the same pressure. The services were also started before the two pioneering contractors had time to set up their organisation, equip their studios, train their staffs or even find their programmes. But when all this has been said, Associated-Rediffusion cannot claim to be entirely the victim of circumstances.

Too Many Programmes

WHEN commercial television began, the two London contractors set themselves the task of putting on five hours of programmes a day, which for Associated Rediffusion meant 35 hours of entertainment a week. It is this haste that caused the losses. The BBC, with its huge organisation, had taken several years to build up to this number of hours' transmission a day. A company starting from scratch has to pay highly for sometimes inferior material and artists in order to have something to keep in front of its cameras. Waste, inefficiency and extravagance were inevitable. The quality of the programmes in turn was reflected in the viewing figures, and advertising revenue began to falter. Many of these difficulties might have been avoided if Associated Rediffusion had set itself a more modest target and had been content with, say, three hours of programmes a day at the start. The subsequent elimination of waste and over-staffing, streamlining the business organisation and mercilessly culling the programmes has been painful and cannot have been helped by a bewildering number of top-level staff changes. But Associated Rediffusion is now a leaner and healthier organisation because of it.

It was doubly unfortunate that the company's reorganisation was taking place during a period when the advertisers were making their own re-appraisal of commercial television. Advertisers melted away with the snows, so that not only Associated Rediffusion, but all four contractors, were offering them a good deal of what amounted to free advertising time. This explains why, in spite of drastic reorganisation, the company lost a further £1,250,000 in the next five months after the ending of the present accounts. Only now, with the publication of the winter schedules and the new advertising charges for the coming year, has television advertising really got under way, and the chairman said on Tuesday that the company was now operating at a profit.

These are the first accounts to be published by any of the four contractors. They are not, however, likely to set the pattern for the rest, partly because of the special circumstances that are likely to affect only Associated Rediffusion and partly because for two companies at least, Granada and Associated British Cinemas, a late start meant that they could buy programmes from the London stations. The development of networking is the one factor, more than any other, that is setting commercial television financially on its feet.

Help for Lead and Zinc

BEHIND the lead and zinc mining industries in America and other countries stands the many-sided role of the United States "strategic" stock. For some time now the American government has used that stock to absorb the

surplus output of domestic mines; it has also used it to absorb the metal obtained from foreign producers in exchange for surplus American farm products. Both operations have had the effect of bolstering world prices of lead and zinc. Recently the original goals for purchases from domestic mines seemed in danger of being reached, and future purchases were in doubt. Those doubts now appear to have been removed. According to a report from New York, an official of the Office of Defence Mobilisation has said that purchases will continue during the immediate future; the stockpile goals have been "adjusted." Other officials have indicated that the bartering of farm products for foreign metal will continue. Prices strengthened further on the news, with prompt lead closing in London on Wednesday at £116 10s. a ton and prompt zinc at £102 15s.

Northern Assurance Scheme

IT is always difficult in a capital reorganisation to be fair to all classes of shareholders. In the proposals for straightening out the highly complex capital rights of Northern Assurance, and at the same time for raising new capital, the company and its financial advisers, Helbert Wagg and Company, have had a difficult wall to scale.

1. The company will raise about £3,850,000 by an issue of between 1,400,000 and 1,700,000 ordinary shares of £1 each at between 45s. and 55s. a share according to market conditions. One fifth of this issue will be offered to participating preference shareholders and the balance to ordinary shareholders.

2. The existing ordinary capital is £401,661 in £10 (£1 paid) ordinary shares, quoted in the market at £32 each. By what is in effect a nine for one free scrip issue this will be replaced by 4,016,610 ordinary shares of £1 each, fully paid. On the present ordinary capital the 1956 dividend will be 140 per cent, compared with 120 per cent in 1956.

3. The existing £502,500 of £7 10s. participating preference shares will be exchanged into ordinary shares of £1 each. In 1955 these shares received a fixed dividend of 6 per cent plus a participating dividend of 8.9552 per cent. The participating dividend is calculated by a complicated formula which in effect is to make these shares a low geared equity rather than a fixed interest stock. The market price is £28. The £502,500 of preference capital will be exchanged into 502,500 of £1 ordinary shares, plus a one for three free scrip issue of 167,500 of £1 ordinary shares. Thus in exchange for each £1 of preference capital holders will get £1¼ of ordinary capital. In lieu of the 1956 participating preference dividend (and slightly exceeding it in value) a special dividend of 12 per cent will be declared on the 502,500 shares that are being converted—not on the additional shares being issued to preference shareholders. For 1955 the income of the owner of 20 preference shares was £22 8s. 7d.; for 1956 through the special dividend it will be £27; for 1957, assuming no effective increase on the 1956 ordinary dividend, it would work out at £28.

Thus for a higher income, the preference shareholder is asked to give up his preferential rights on liquidation. Ordinary shareholders might regret the reduction in their gearing as the price of getting rid of a complicated preference capital but both classes should benefit from the better marketability of the ordinary shares, for the big scrip issue will make the price far less "heavy." And there is the possibility of a higher income and better dividends on one class of capital when the new funds are put to use in expanding the company's business at home and overseas.

Coal Payout Finished

WITH the issue on Saturday of £325,000 of 3½ per cent Treasury stock 1977/80 taken at the market price of £75¼ per £100 stock, the state finished paying for the coal mines. Just a fortnight short of ten years after nationalisation (on January 1, 1947) the amount of the bill is known and paid. In round figures it was £292 million, of which £242 million has been discharged by the issue of about £262 million (nominal) of the Treasury 3½ per cent stock, taken at various prices according to the market at the date of issue, and about £50 million in cash. In addition, during the ten year period the dispossessed coal owners have drawn £63.4 million of interim income.

In retrospect, thanks to inflation, the state has obtained the coal mines and their ancillaries at a price that may have been fair in relation to 1947 values, but must be modest compared with those of 1956. The price of the "assets of coal industry value" was settled by arbitration at £164,660,000 (under £1 of investment per ton of annual output), the balance is made up of £126.7 million for the ancillaries and of £700,000 for severance payments.

Nylon's Strength

SINCE the Suez crisis, customers for nylon yarn have begun in many cases to double their orders, even though nylon uses no petroleum chemicals. This has been a sharp reminder that although there is no actual scarcity of yarn, output is only barely able to keep up with demand. Production is limited by the capacity of Imperial Chemical Industries to produce the polymer out of which the yarn is spun. At present this is 15,000 tons of polymer a year; new plant now under construction will add a further 10,000 tons. The spinning plant of British Nylon Spinners at Pontypool has a capacity of 30 million pounds of yarn a year, with additional plant working in the Bemberg factory it now owns. Assuming that about a million pounds of polymer goes to the plastics industry, this leaves something between 32 and 33 million pounds for yarn production.

Nylon stockings have now been on the market for ten years, and their production is running at 17 million pairs a month, but the developing markets for nylon are elsewhere. There has been a remarkable increase recently in the use of nylon overalls in industry and the development of knitting techniques using yarn almost as it comes from the spinarette (eliminating the expense of intermediate processing) has cut the cost of knitted nylon cloth to a level where it is a serious competitor of rayon for cheap underwear. Nylon has not before been regarded as one of the cheaper

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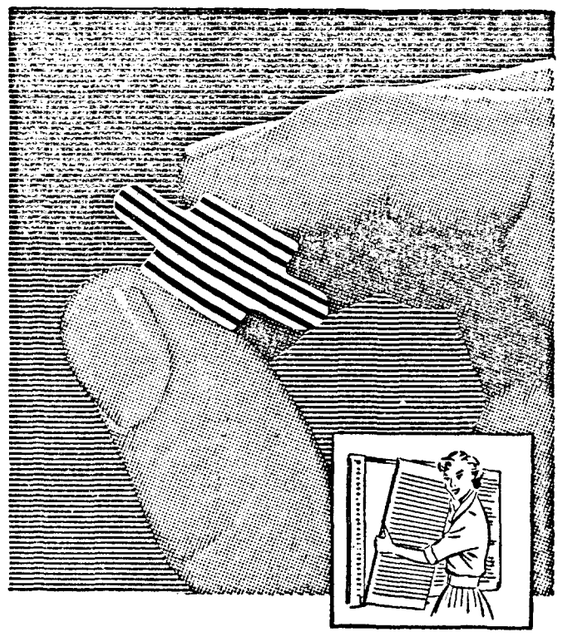

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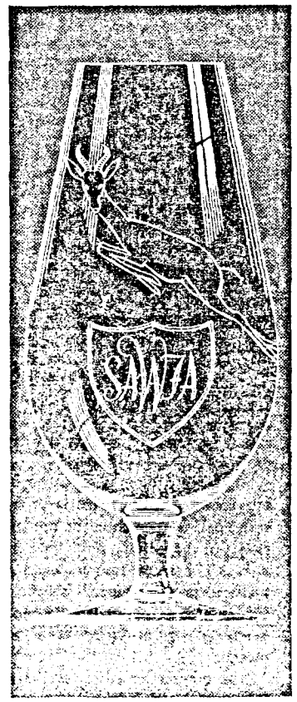


SOUTH AFRICAN SHERRY

textile fibres, and this welcome prospect of a mass market accounts for the mood of buoyancy that characterises British Nylon Spinners in spite of competition from both ICI's "terylene" and from new nylon producers.

Attempts have been made this summer to break the exclusive hold of nylon on the stocking industry by using highly twisted "terylene" yarns. These feel warmer than nylon but have the admittedly disconcerting habit of, wet or dry, never losing the shape of the wearer's leg. It is too early to say how strong a hold "terylene" will gain as a stocking yarn. But British Nylon Spinners have also taken the step this year of licensing two producers, British Enka and British Celanese, to spin nylon yarn in this country. This opens up quite a different type of competition. It is not clear yet where these companies are intended to get their polymer. They may have to rely largely on imports, but before these licences were given the only competition that BNS had to fear was from imported yarn spun abroad. With three producers it may now be possible to stop the irritating habit of issuing monthly production figures for synthetic yarns in which nylon, rayon and "terylene" are all lumped together under one umbrella.

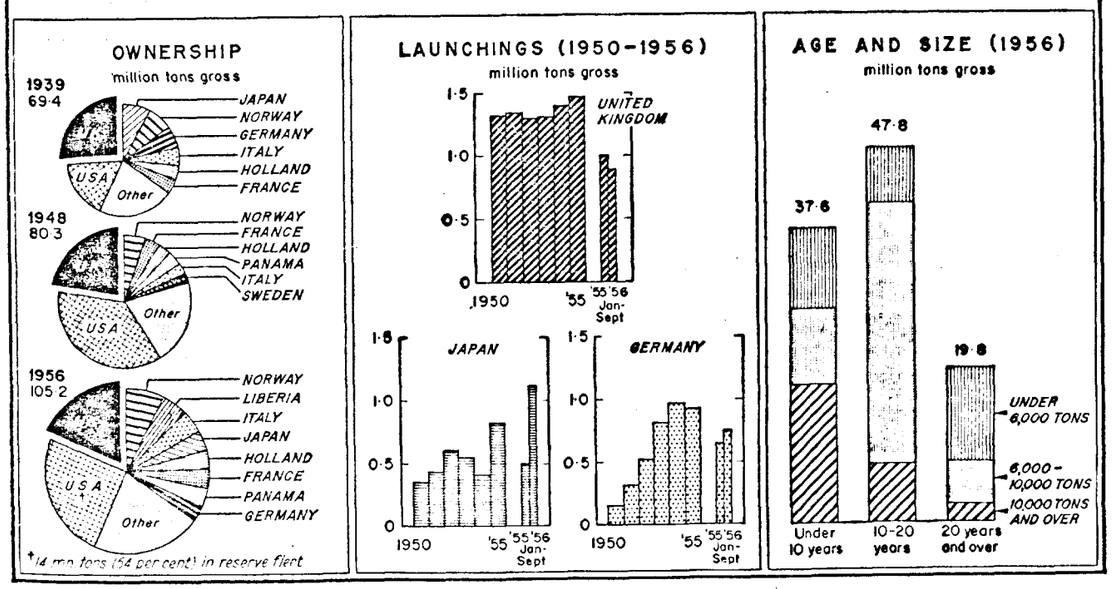
New Plans for BSA

DESPITE the crowds and the camera men, Tuesday's meeting of the Birmingham Small Arms Company was but a pale reflection of the great row of last August. A meeting at which the only mention of Lady Docker's dress bill came from Lady Docker herself, at which no one called for a poll, and which though contentious ended in a vote of thanks to the chairman, is certainly an improvement for that unhappy company. Naturally the breach resulting from Sir Bernard Docker's dismissal is not healed. Naturally Sir Bernard and Lady Docker opposed the re-election of the retiring directors (though the re-election was carried on a show of hands). Equally naturally Sir Bernard felt obliged to express his doubts both about the reduction in the dividend from 10 per cent to 8 per cent, and the ability of the board to make profits for the shareholders.

Real interest, however, centred around the account which the new chairman, Mr J. Y. Sangster, gave of the board's decisions on the recommendations so far put forward by Lazard Brothers and Deloitte, Plender, Griffiths & Company. Finality has not been reached, but this much Mr Sangster disclosed. The group is to be rearranged with BSA as a holding company controlling wholly owned operating subsidiaries, and some sections of these, particularly the Small Heath (motor cycles) group, are to be reorganised. The board of the parent company is to be reconstructed so as to consist of senior executives drawn from the subsidiaries plus experts from outside, and will supervise broad policy and control finance. The profit-earning sections of the group are to be strengthened, and the board promised "to take whatever steps are necessary to eliminate losses."

So far so good. Some shareholders must have felt that Mr Sangster, despite his tactful and courteous handling of the meeting, might have gone further. All attempts to draw from him any breakdown of the relative importance of BSA's wide range of interests—machine tools, steel, motor cycles, cycles, and motor cars—brought little more information than had been disclosed in the report, namely that steel and machine tools had done well but that the motor car section had incurred heavy losses. Shareholders may have felt that even if turnover and profits could not be broken down by sections, they might have been given some rough idea of the extent to which the group leans on each of its sections.

WORLD MERCHANT SHIPPING



Whither House Prices?

Two events in prospect must cause house buyers to think about prices, though they will not find it a simple matter to form a new view. Mr Sandys's Rent Bill should soon go on the Statute Book. Many rents must go up and therefore house purchase should become relatively more attractive. Moreover, it is the general view in the building society movement that the societies will have more money available for financing house purchase in 1957 and if that happens the effective demand for houses for sale should also be increased. On the face of it the prices of existing houses, which rose by approximately 9 per cent during 1955 and the first half of this year according to the Co-operative Permanent Building Society's indices, might go on rising and the slight fall shown in the third quarter of 1956 might, as expected, be no more than seasonal. The movement of house building costs is also still upwards and may continue in that direction, pulling the prices of older houses along with it, despite the reported increase in productivity in the house building industry. Material costs are still going up whilst building operatives whose wages are adjusted to the cost of living index can expect automatic increases next February; a claim for an additional 4d. an hour is also pending.

It would be far too simple to assume that the Rent Bill plus the hope for greater availability of loans from building societies would automatically speed an increase in house prices that was to be expected anyhow. The greater availability of funds should be moderate—not big enough to outstrip the already heavy demand for mortgages; and the landlords, though they have been kept on short commons for many years, will not overplay their hand. The first increases in rents are expected to be moderate and to impinge mainly on those houses with abnormally low rents at present. Meanwhile, in terms of numbers the supply of houses is approximating more closely to the demand, so that scarcity value is being eliminated. And rent increases may produce useful by-products that will further enlarge the prospective supply. Some people, particularly single persons living alone, may be tempted to seek cheaper and smaller quarters and thus to make more accommodation available. It is certainly also possible that a proportion of the properties freed from control will be put up for sale, and finally a proportion of the extra rents will be used to make overdue improvements in the properties. The higher rents may thus in part represent better value for money and some people who would otherwise have bought houses may continue to rent them.

To that complex of influences must be added the effect both long term and short term, of the Suez affair. The first effect of dearer oil should be to raise prices; the longer term effect may be to act as a brake on industry, to cause unemployment or under-employment, and therefore to damp down house prices. On balance these contending factors seem to experts in housing to point towards a continuing rise in house prices over the next few months. Further ahead the results may for a time be in the opposite direction.

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Treasury Bill Tactics

The Treasury bill allotment rate for 91-day bills last week eased by ⅛ per cent, carrying it below 5 per cent—actually £4 19s. 1.54d. per cent—for the first time since early November. The immediate cause of this movement was a reversal of tactics by the discount houses, which, after cutting their bid price for 91-day bills by 2d. per cent in the previous week, raised it again by 6d., with the object of making good a recent depletion of their portfolios of these bills. Such tactics as these, although they arise from an increase in the general appetite for bills, seem to have been largely technical.

Since the end of October, following the precedent set at the same time last year, the Treasury had been diluting its borrowings against the standard 91-day bills by offering also 63-day bills, with the object of securing a greater build-up of maturities in the weeks of heavy tax collections (and thus of Exchequer surpluses) early in the new year. These bills are of little interest to "outside" tenderers for Treasury bills, so that almost all of them have been allotted to the discount houses; and in their market dealings these houses have found, moreover, that clearing banks have preferred to buy from them longer bills. Given the increase in its portfolios of 63-day bills the market had not found it necessary—or even practicable—to compete strongly for the 91-day bills; but by mid-December its holdings of these were becoming severely depleted and it therefore deemed it expedient to make sure of a good allotment.

This particular technical influence has now run its course. The 63-day issues were started a week earlier than in 1955 (with the result that the first maturities actually fall on December 31st) and were made in considerably larger amounts—to a total of £560 million in eight weeks, compared with £380 million in seven weeks last year. The maturities of them will now extend until February 23rd, by which time the peak phase of tax-gathering will have ended; at yesterday's bill tender, accordingly, no more 63-day paper was offered. During the first four weeks of the new year total maturities will be some £200 million larger than in the similar weeks of 1955, at £1,420 million, but, in consequence of this heavy concentration, in the ensuing four weeks they will generally be less than in 1955.

How flexible is YOUR transport?

ALTHOUGH the fuel position will necessitate some alteration to their nationwide road services, British Road Services will continue to do their utmost to meet the requirements of traders in close collaboration with British Railways, and where traffic is beyond the capacity of available trunk road services they will hand it to the Railways for the trunk haul.

British Road Services are a highly organized and nationwide concern, with the vast resources of the British Transport Commission behind them. They possess an enthusiastic staff, sound technical knowledge and are equipped to carry your most ordinary and your most extraordinary loads with speed, safety and punctuality, and moreover they have the *flexibility* needed to serve your interests well during the continuation of the fuel rationing period.

Great advantages to you

A fleet of vehicles, of all kinds, ensures the provision of those best suited to your requirements. Or, in emergency, vehicles can be rapidly adapted to meet your special needs. Constant research provides equipment of the most up-to-date design, and the B.R.S. nationwide engineering service keeps it in peak condition. A teleprinter network linking all depots, and radio control vans operating at ports, facilitate control and increase efficiency. These are remarkable advantages which only a great organization can offer. They are of special advantage during the present difficulties.

Sound planning

With the current need for fuel economy, greater care than ever must be taken to ensure that there is no unavoidable wastage of transport resources, and B.R.S., in close collaboration with British Railways, will be exerting all their efforts to meet the national needs to the very best of their ability. To this end, the keen and experienced representatives of British Road Services are eager to discuss your transport problems with you, to advise on the best way of despatching your traffics and on the types of vehicles available for your special requirements, and to co-operate with you in improving methods and promoting all possible economies. Just telephone your local man. Action will follow immediately.

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Cheaper Woodpulp

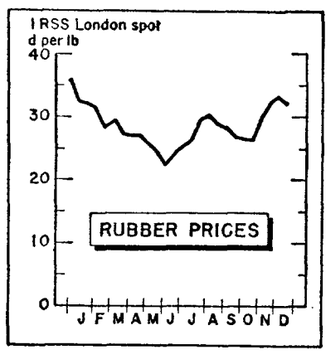
FOR the first time in 3½ years paper manufacturers are paying less for woodpulp, which accounts for roughly half the cost of making paper. During that period there was a massive growth in world output of paper and in demand for woodpulp, and Scandinavian woodpulp prices rose by an average of nearly 20 per cent. Now the various chemical grades have fallen by between 15s. to 30s. a ton for shipments in the first half of 1957; bleached sulphite, used mainly for printing and writing paper, will cost £59 a ton cif UK and unbleached sulphate, the most important grade for wrapping paper, £48 a ton. Supplies of mechanical pulp, the chief constituent of newsprint, are still rather tight and the price has fallen by only 5s. to £33 a ton. The reductions have occurred despite the rise in oil prices and in shipping freights; many Swedish and Norwegian mills depend on oil for power.

There are several reasons for the weakening in the market. Productive capacity in Scandinavia has steadily expanded—in 1956 alone by roughly 300,000 tons or 8 per cent—and Scandinavian mills export as much as two-fifths of their production. The expansion of the North American pulp industries has been far more impressive, and even though the bulk of their output is absorbed at home the exportable supply has increased. Traditionally a net importer of woodpulp from Europe, the United States has become a net exporter to Europe during the past two years, and Russia has emerged as a small exporter. Scandinavian producers are experiencing increased competition. American and Russian pulp is occasionally offered at a discount of up to £2 a ton on Scandinavian prices.

While supplies of pulp have grown, demand has lately tended to ease. With a few exceptions the leading paper industries in Europe are still forging ahead, but the pace of expansion has slackened. The exceptions include the british paper industry, which takes over half of Scandinavia's exports of woodpulp. Although the industry has more machines running this year than in 1955, total output has not exceeded the 1955 rate of 3½ million tons a year; latterly, indeed, some mills have had to reduce output. The slackening in activity is reflected in a fall in imports of chemical woodpulp for paper-making; imports amounted to 1,028,000 tons in the first ten months of the year, 57,000 tons less than in the same period of 1955. The next two weeks may reveal whether the fall in pulp prices will lead to cheaper paper.

Rubber Growers' Good Year

THE natural rubber growers can scarcely complain of the prices obtained this year. Prices have as usual fluctuated sharply, but they have never been what a consumer would call cheap. In the first eleven months of this year the spot price in London for the top grade of sheet rubber averaged 28½d. a lb, only 5½d. less than the unexpectedly high average realised in the whole of 1955. The current price of about 31½d. a lb is not far below the highest point reached since the fighting in Egypt. Lately the strength of the market has been partly technical. To make up for the delay in sending rubber round the Cape consumers bought substantial quantities for December shipment from the East, and then Russia entered the market for 10/12,000 tons, also for December shipment. The top grade usually bought by Russia is often rather scarce, and sellers in Singapore who had failed to cover their sales were squeezed.



But there is no doubt that natural rubber is at present basically sound. This year world production and consumption have once more been closely balanced, at just under 1.9 million tons. The sharp fall in consumption in the United States and Britain has been offset by heavy buying by Communist countries, particularly Russia. Imports into Russia this year are expected to amount to about 120,000 tons, nearly 100,000 tons more than in 1955, and imports into China are expected to show an increase of 30,000 tons to about 100,000 tons. Total imports into Communist countries are put at about 300,000 tons, twice as high as in 1955. The rubber trade would dearly like to know how much of these imports are going into consumption and how much—if any—into stock. Accounting as they now do for about 16 per cent of world consumption of natural rubber, any marked change in the Communist countries' purchases in 1957 could have an appreciable effect on prices.

SHORTER NOTES

Syria has refused to accept sterling for any exports to the United Kingdom made under contracts signed after November 4th; it has demanded that payment shall be made in dollars, Swiss francs or Belgian francs. As British exporters are not free, under the exchange control, to make payment in such currencies it is likely that this demand will bring trade to a standstill.

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On December 14th the effective export quotas in the International Sugar Agreement were increased by five per cent of the basic tonnages, to 4,573,375 tons, and the initial export quotas for 1957 were raised (by 222,000 tons) to the same figure. The Sugar council will meet in London again on January 29th.

★

Ranks, the flour milling group, announces a sharp increase in profits for the year ended September 1st. Group net profit rose from £2,381,000 (which included non-recurring credits of £467,000, but was struck after charging £250,000 for construction reserve) to £2,536,000. The final dividend, maintained at 6 per cent and the bonus of 5 per cent, again made a total distribution of 20 per cent for the year. The first interim dividend for the current financial year is, however, raised from 4 per cent to 5 per cent.

Company Notes

STEEL PROFITS. The latest batch of results from the steel companies presents the same picture as did those of the steel companies discussed in these columns last week. Bigger outputs, thanks to the coming into production of new equipment and plant, have usually been achieved so that total profits have sometimes risen. But margins of profit (with higher costs pressing against stable prices) have generally been reduced. And shareholders are to receive the same dividends as in 1954-55.

Colvilles has reported an increase in production and its profits, before all charges, have risen from £8,095,735 to £8,759,923. The ordinary dividend has been left unchanged at 11 per cent, absorbing £632,500 out of a net profit of £2,786,263 (against £2,552,271 in 1954-55). On this dividend the £1 shares yield 6.7 per cent at 32s. 9d. Finance, as promised in the prospectus, is coming from the Iron and Steel Realisation Agency. The company has arranged to call up the balance of 15s. on each of the 4 million £1 preference shares owned by the agency and arrangements have been made to defer the date by which the balance of the debenture stock requires to be subscribed by ISHRA. Commenting on the year's results the directors say that "during the later part of the year, increases took place in the cost of coal, wages and transport for which no adjustment was made in the selling prices of steel products. The effect of these increased costs is only reflected to a limited extent in this year's accounts."

The Steel Company of Wales is still owned to ISHRA, to which it has again paid an ordinary dividend of 6 per cent. Its trading profits in the year to September 29th fell from £18,313,299 to £14,228,057 and its net profits from £6,052,662 to £4,000,397. "The reduction of £4 million in trading profits," the directors explain, "was due to loss of output caused by an embargo on overtime by the maintenance workers at the company's principal works, to increased costs not recovered by appropriate increases in controlled selling prices and to the incidence of the heavy cost of bringing large new production units to an economic level of output."

ARTHUR GUINNESS. There is nothing to startle investors in the preliminary statement of Arthur Guinness for the year to September 30th, the traditional financial year of the brewers. The total ordinary distribution has been left unchanged at 25 per cent, as had been foreshadowed by Lord Iveagh six months ago when, in announcing the higher interim dividend, he said an increase in the total payment was unlikely. On this dividend the 10s. stock units yield £6 1s. per cent on the current price of 41s. 3d.

The whole of the increase in the group's profits seems to have come from brewing. Again this is not surprising, for many of the brewers this year, despite the wet summer, have reported higher profits and many of them have again found that the most profitable end of the trade is the sale of bottled beers on a national scale—a market in which Guinness has for many years been strongly established. The profits earned by the group from its non-brewing interests—that is largely the confectionery interests it has through William Nuttall—have fallen from £786,000 to £699,000. But the consolidated trading profit has risen from £6,371,000 to £7,097,000, so that trading profits from brewing must have advanced from £5,585,000 to £6,398,000—a handsome increase.

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TURNER AND NEWALL. Slowly and cautiously, as profits have continued to rise, the directors of Turner and Newall have raised the ordinary dividend. This year, following on an increase in profits before tax from £12,494,817 to £13,343,819, the dividend was raised from 25 to 27½ per cent. Even granted the conservative policy of the board, it must have been an easy decision to take, for the group has massive earnings and substantial liquid resources. Thus the announcement by the chairman, Sir Walker Shepherd, that the group will spend at least another £12 million on development, in addition to its immediate capital commitments of £3,800,000, will not disturb investors who buy the £1 units (yielding 5½ per cent at the current price of 103s. 1½d. xd.) as long term growth stocks. The group has about £31½ million in liquid assets.

Why this the biggest of the British asbestos companies continues to think in terms of expansion when the immediate prospect is of slightly lower profits is set out clearly in Sir Walker Shepherd's statement. His remarks show why the £1 units class themselves among the growth stocks of the unspectacular kind. He said: "The trading for the second half of the past financial year was at a somewhat lower level than in the first half, but the difference was not significant, and a modest decline in volume obtained in the United Kingdom was more than offset by increased prosperity in our overseas companies. We anticipate that the group will remain prosperous but at a level which, so far as we can see at present, is likely to be rather lower than that which we have experienced during the past two years. It is not possible to be more specific, but we are continuing to expand wherever an appropriate opportunity presents itself, and we have no fears for the future, which should give us good results even though somewhat below the record levels of the past few years."

Investors may draw two conclusions. First, expansion of the group's overseas interests is likely to be bigger than developments at home. Secondly, the directors are not likely to throw their bonnets over the windmill and to replace a conservative dividend policy with a really generous one. For equity shareholders the advance will remain at a walking pace.

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TANGANYIKA CONCESSIONS. The accounts of "Tanks" are a fascinating jigsaw. Often in recent years the result of the piecing together has also been instructive. It is so again in the accounts just issued for the year ended July 31st. Shareholders already know the net result—a net profit after tax of £3,982,612, against £3,000,830, and a total ordinary dividend for the year of 90 per cent, against 70 per cent. For that result the riches of the Belgian Congo represented by the holding of about 14 per cent of the capital of Union Minière du Haut Katanga plus a mining royalty on that company's area are far the most important element. Out of a total revenue of £4,340,931, dividends from Union Minière (which paid 2,200 Belgian francs per share, against 1,600) plus the mining royalties accounted for £3,578,325 (against £2,596,269 out of £3,253,207). The other main source of income, the holding of 90 per cent of the share capital and all the debenture stock of the Benguela Railway yielded a mere £642,504, compared with £582,292. The results from that important westward outlet from central Africa were, however, a little better than the figures suggest; the net working revenue of the railway was up by £237,000 and the parent company has found it convenient to hold the railway's ordinary dividend at 11 escudos per share and to use the available resources for the advance redemption of £404,900 of the income debentures.

Shareholders may also find intriguing the possibilities of one of the group's interests that does not so far contribute to group revenue at all—Tanganyika Holdings, owned as to 50 per cent by "Tanks" and 50 per cent by Zambesia Exploring Company. Tanganyika Holdings is a 30 per cent partner with Rio Tinto in prospecting in Northern Rhodesia, and it has subscribed for 50,000 £1 shares and has an option over a further 50,000 in Rhodesia-Katanga, which in turn owns 35¾ per cent of the Kanshansi Copper Mining Company now busy equipping its mine.

Doubtless the Belgian Congo investment will remain much the most important single revenue producer for Tanganyika Concessions, and that despite that company's multiplicity of minerals it is primarily a copper, cobalt and zinc producer. It may surprise some shareholders to find that in 1955 uranium was only 1.5 per cent of Union Minière's mining revenue. A new and more favourable contract has since been negotiated, but the conventional base metals must still be decisive and Tanganyika Concessions must share the fluctuations of other copper mining shares.

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HAWKER SIDDELEY. In the preliminary statement Hawker Siddeley

published profit figures without showing the charge for depreciation, though nothing had been put to replacement reserve (against £1 million). The full accounts now reveal that the depreciation charge has risen sharply (from £2,853,493 to £3,935,856) and that gross trading profits have advanced more sharply than the preliminary statement suggested. Before all charges, trading profits have gone up from £15,641,289 to £16,894,056.

The consolidated balance sheet reveals the importance of the group's new Canadian interests. The fixed assets of the Canadian Car and Foundry Company have been included at their original cost to that company, at £10,838,744 with an accumulated depreciation provision of £5,556,553. The value of the Hawker Siddeley group's land and buildings, at cost, has risen from £18,432,272 to £25,640,260, and of plant and machinery, etc., also at cost, from £12,679,958 to £28,822,512. Outstanding capital commitments on July 31st were estimated at £3,700,000. Over the financial year stocks rose from £27,047,256 to £39,840,498. This increase in physical capital left the group short of cash. Bank and cash balances fell from £8,665,098 to £2,152,501 and the group had to borrow £6,341,885 from the banks. On the new dividend of 10 per cent, against the equivalent of 8¾ per cent, the £1 units yield 5¾ per cent at the current price of 37s. xd.

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RADIO RENTALS. An effective increase of 2½ per cent in the dividend and a jump of 28 per cent in gross profits from a radio and television renting concern is more than enough to make investors blink with surprise. Yet when Radio Rentals published these results, its 5s. shares gained only 6d., to stand at 23s. 9d. An explanation can be found to fit both occurrences, though shareholders will have to await the chairman's speech for confirmation of it.

In the year to August 31st after charging £1,533,901 for depreciation, the gross profit was £1,028,586, compared with £802,286, after charging £1,254,685. After tax, the net profit was £570,163, against £533,045, and the net ordinary dividend absorbed £116,195, against £98,972. Allowing for the recent 100 per cent free scrip issue, the dividend rate has in effect been raised from 20 to 22½ per cent.

The explanation may be this: in the first six months of the latest financial year the company did extraordinarily well out of the boom in rentals on radio and television sets which followed in the train of the first set of hire-purchase restrictions. So well, in fact, that the continuing inflow of rents may have more than offset in the profit figures the decline in new rentals which followed on the new set of restrictions last February. Then, for the first time, rentals as well as hire-purchase agreements came under control and a nine months' rental in advance was required from a new subscriber. If there has been a decline in business since February, it would be mainly reflected in the results of the current financial year.

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BRITISH INSULATED. The maintained interim ordinary dividend of 4 per cent from British Insulated Callender's Cables points to a maintained total payment of 12½ per cent. So, too, do the interim profit figures for the six months to June 30th and the comments the directors make upon the figures. Strictly comparable figures between the first six months of 1956 and of 1955 are not available; earnings between January and June this year are compared with one half of the year's figures in 1955. This comparison suggests that profit margins have been trimmed for in the first six months of this year the group earned a profit before tax of £3,983,000 on a turnover of £68 million, as compared with £4,813,000 on a turnover of £59 million.

In the last half of this year, the directors add, the results have run at a "satisfactory level" but "due to present disturbed conditions and the increasing difficulty of passing over higher costs, it is anticipated that whilst satisfactory results will be achieved for the full year they will not reach the record level of 1955."

LONDON STOCK EXCHANGE

Next Account begins: January 2nd

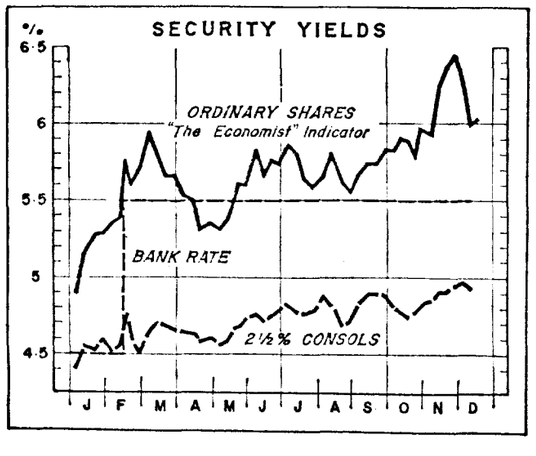
Next Contango Day: January 2nd

Next Settlement Day: January 8th

Although gilt-edged stocks declined early in the week prices quickly recovered and after an all-round improvement on Wednesday most issues closed higher on balance. The improvement extended to the shorts, 4 per cent Conversion 1957/58 gaining ¼ to 97⅛, and 2 per cent Exchequer 1960 and 2 per cent Conversion 1958/59 gaining ⅛ and 3/16 respectively. New corporation stocks weakened on the announcement of further loans; 5½ per cent LCC 1977/81 fell ½ to 1⅛ premium and 5¼ per cent West Ham 1966 slipped back to 3 discount. The list for the 5½ per cent City of London closed at 10.5 a.m. on Thursday. The seasonal decline in business chiefly affected the stocks which rose spectacularly last week, but Clarke Chapman jumped 7s. 6d. to 126s. 10½d. and GEC gained 1s. to 47s. 6d. Head Wrightson lost 1s. 3d. to 115s. and AEI 1s. 9d. to 65s. 9d. Most stocks were steady; *The Economist* indicator was slightly lower at 183.3.

Banks were stronger, Lloyds rising 2s. to 48s. 3d., but insurance shares declined. Northern Assurance gained 1½ to 34 on the capital reorganisation plan. Ford advanced to 29s. 6d. last Friday, but fell back to 28s. 1½d. this week. BSA dropped 1s. 3d. to 20s. 10½d. following the meeting. Steel shares receded, particularly Dorman Long, which declined to 24s. 9d. following the results. Land Securities gained 2s. 3d. to 22s. 6d. xd on the property deals.

Oils were subdued, but Royal Dutch improved on Wednesday to 15⅝. British Petroleum was lower, Burmah rose 1s. 6d. to 83s. and Shell recovered to show a small gain by Wednesday. Kaffirs were a good market, due to the expected disclosure of further information about their uranium interests. Klerksdorp gained 1s. 6d. to 6s., Dominion Reefs 1s. 6d. to 18s. 6d. and Luipaards Vlei 1s. 9d. to 13s. 3d. Coppers recovered, Nchanga regaining ⅝ to 12⅝ and Rhodesia-Katanga spurting 6s. 3d. to 52s.



STOCK EXCHANGE INDICATORS

"The Economist" Indicator

1956	Indicator*	Yield %	1956 High	1956 Low	1955 Low
Nov. 21	173·7	6·36		375 tons,	
,, 28	170·0	6·45			
Dec. 5	176·4	6·24		(by 222,	
,, 12	185·8	5·95		will mee	
,, 19	183·3	6·03	210·4 (Jan. 4)	176 (Nov. 2c	175·2 (Mar. 23)
				ay 20)	

"Financial Times" Indices

1956	Ord. Index†	Ord. Yield	Fixed Int.‡	2½ Consols Yield	Bargains Marked	1956	1955
		%		%		High	High
Dec. 12	175·5	6·15	91·66	4·93	8,587	203·5 (Jan. 3)	233·9 (July 21)
,, 13	175·2	6·16	91·48	4·94	8,060		
,, 14	175·9	6·14	91·49	4·94	7,248	Low	Low
,, 17	175·2	6·16	91·51	4·94	8,693	161·5 (Nov. 29)	175·7 (Mar. 15)
,, 18	174·5	6·19	91·46	4·94	6,258		
,, 19	174·3	6·20	91·43	4·90	5,605		

Bases:—* 1953=100. † July 1, 1935=100. ‡ 1928=100.

LONDON ACTIVE SECURITIES

Prices, Jan. 1 to Dec. 19, 1956 High	Prices, Jan. 1 to Dec. 19, 1956 Low	BRITISH FUNDS AND GUARANTEED STOCKS	Price, Dec. 12, 1956	Price, Dec. 19, 1956	Net Yield, Dec. 19, 1956 £ s. d.	Gross Yield, Dec. 19, 1956 £ s. d.
98⅛	97	Funding 2½% '52-57	98⅛	98⅛	3 19 9	5 4 3
95⅛	93½	War Loan 3½% '55-59	94⅛	94⅛	3 12 9	5 0 11
91⅛	88⅛	Funding 2½% '56-61	90⅞	89⅞	3 19 3	5 2 11
100⅛	99⅛	Exchequer 5% 1957	99⅜	100	2 16 2	5 0 2
98⅛	97	Conversion 4% '57-58	97⅛	97⅛	3 14 6	5 9 5
97⅛	95⅜	Serial Funding 2½% 1957	97⅛	97⅛	3 16 5	4 18 1
94⅛	91	Conversion 2½% '58-59	93⅛	93⅜	4 9 8	5 6 10
92⅛	88⅛	Exchequer 2½% 1960	90⅛	90⅛	4 5 3	5 5 5
95⅛	92½	Exchequer 3% 1960	93⅛	93⅛	3 14 9	5 4 0
88½	83	Savings Bonds 3% '55-65	85½	85⅛	3 15 2	5 4 6
82⅛	77⅛	Funding 3% '59-69	78⅛	78⅛	3 19 10	5 9 11
92⅛	84½	Funding 4% '60-90	85⅛	85⅛	2 19 9	4 17 11
81⅞	75½	Savings Bonds 3% '60-70	76½	76⅛	4 0 3	5 11 2
98⅛	97⅛	Conversion 4½% 1962	98⅛	98⅛	3 2 11	5 4 9
91⅛	88⅛	Exchequer 3½% '62-63	89⅛	89⅛	3 11 8	4 18 11
87⅛	83⅞	Exchequer 2½% '63-64	84⅛	84⅛	3 18 4	5 2 1
81⅛	76½	Savings Bonds 2½% '64-67	78	78⅛	4 1 5	5 6 4
76⅛	71⅛	Savings Bonds 3½% '65-75	72⅛	73	3 16 1	5 8 1
96⅛	90	Victory 4% '20-76	90⅛	90⅛	3 9 1	5 7 3
83⅛	78	Funding 3% '66-68	79⅛	79⅛	4 0 2	5 10 9
88⅛	81⅞	Conversion 3½% 1969	83⅛	83⅛	3 16 5	5 10 11
83⅛	74⅛	Treas. 3½% '77-80	75⅛	75⅛	3 11 6	5 7 3
84⅛	74⅛	Treas. 3½% '79-81	75⅛	76⅛	3 10 8	5 7 3
72⅛	64⅛	Redemption 3% '86-96	65⅛	65⅛	3 5 11	5 0 10
81⅛	73⅛	Funding 3½% 1999-2004	73⅛	73⅛	3 1 4	4 18 8
84⅛	76	Consols 4% aft. Feb. '57	77⅛	77	3 0 6	5 6 0
77	68	War L'n 3½% aft. Dec. '52	69⅛	69⅛	2 18 3	5 1 4
76⅞	67⅛	Conv. 3½% aft. April '61	68⅛	69	2 18 9	5 2 7
66⅛	58⅛	Treas. 3% aft. April '66	60	60⅛	2 17 7	5 0 8
56⅛	49⅛	Consols 2½%	50⅛	50⅛	2 16 5	4 18 1
56⅛	50	Treas. 2½% aft. April '75	50⅛	51	2 16 9	4 19 1
98⅛	90	Br. Elec. 4½% '67-69	90⅛	91⅛	3 11 0	5 13 3
80⅛	72⅛	Br. Elec. 3% '68-73	73⅛	73⅛	3 19 3	5 10 7
78⅛	71⅛	Br. Elec. 3% '74-77	72	72⅛	3 14 5	5 6 5
95	85⅛	Br. Elec. 4½% '74-79	85⅛	85⅛	3 7 7	5 8 5
83⅛	74⅛	Br. Elec. 3½% '76-79	75⅛	76	3 11 6	5 7 2
90⅛	84⅛	Br. Gas 4% '69-72	85	85⅛	3 12 6	5 11 7
87⅛	80	Br. Gas 3½% '69-71	80⅛	80⅛	3 15 7	5 10 6
73⅛	65⅛	Br. Gas 3% '90-95	66	66⅛	3 6 0	5 0 8
80⅛	72⅛	Br. Trans. 3% '68-73	73⅛	73⅛	3 19 3	5 10 7
90⅛	81⅛	Br. Trans. 4% '72-77	82⅜	82⅛	3 9 7	5 8 3
73⅛	65⅛	Br. Trans. 3% '78-88	66⅜	66⅛	3 9 10	5 3 4

Prices, Jan. 1 to Dec. 19, 1956 High	Prices, Jan. 1 to Dec. 19, 1956 Low	Last Two Dividends (a) (b) (c)	ORDINARY STOCKS	Price, Dec. 12, 1956	Price, Dec. 19, 1956	Yield, Dec. 19, 1956 £ s. d.
		% %	STEEL & ENGINEERING			
85/6	64/-	8 b	7 a Babcock & Wilcox £1	75/7½	71/10½	4 2 11
13/-	9/4½	14 c	4 a Cammell Laird 5/-	11/9	11 6	6 1 9
35/-	22/9	3 a	5 b Dorman Long £1	27/9	24 9	6 9 4
54/9	39/-	8½ b	3½ a Guest Keen N'fold £1	45/-	45/-	5 6 8
55/6	41/6	6 b	4 a Metal Box £1	46/3*	44/-*	4 10 11
75/-	51/2½	5 a	12½ b Stewarts & Lloyds £1	63/3	62/-	5 12 1
48/-	29/10½	8 b	4 a Summers (John) £1	34/3	35/6	6 15 3
58/9	46/6	11 b	3 a Swan Hunter £1	58/-	58/-	4 16 7
49/9	32/-	4 a	8½ b United Steel £1	35/6*	34 6*	7 4 11
44/7½	32/4½	7½ b	2½ a Vickers £1	40/4½	39/10½	5 0 4
			TEXTILES			
24/9	19/4½	6 b	4 a Bradford Dyers £1	23/-	22/6	8 17 9
23/7½	13/-	5 b	1½ a Brit. Celanese £1	13/6	13/6	9 12 7
25/10½	20/7½	6½ b	2½ a Coats (J. & P.) £1	23/-	22/6	7 15 7
44/-	29/-	6 b	4 a Courtaulds £1	33/6	32/6	6 3 1
21/3	12/3	5 a	5 b Fine Spinners £1	16/-	17/-	11 15 4
30/3	22/3	7½ b	5 a Lancs. Cotton £1	29/9	29/6	8 9 6
33/3	26/-	2½ a	10 b Patons & Baldwins £1	31/-	30/6	8 3 11
			MOTORS & AIRCRAFT			
22/4½	15/10½	6½ b	3½ a Bristol Aeroplane 10/-	19/6	18/6	5 8 1
44/3	25/9	2½ a	5 b Ford Motor £1	28/3	28/6	5 5 3
49/3	29/9	3 a	7 b Hawker Siddeley £1	39/4½*	37/3*	5 7 5
47/3	38/10½	10 c	12½ c Leyland Motors £1	41/3	41/10½	5 19 6
115/10½	85/6	12½ b	5 a Rolls-Royce £1	110/-	110/-	3 3 8
			SHOPS & STORES			
18/10½	12/9½	14 c	3 a Boots Pure Drug 5/-	15/3	15/-	4 13 4
41/4½	29/-	7½ a	20 b Debenhams 10/-	33/9	34 9	7 18 4
44/9	30/1½	47½ b	15 a Gt. Universal 'A' 5/-	34/-	32 6	9 12 4
71/1½	54/9½	32½ b	20 a Marks & Spen. 'A' 5/-	60/6	59/-	4 8 11
25/10½	19/-	20 b	12½ a United Drapery 5/-	21/-	21/-	7 14 7
64/10½	51/-	36½ b	20 a Woolworth 5/-	56/6	57/3	4 18 10
			OIL			
183/9	99/-	†10 b	†5 a British Petroleum £1	133/1½	129/4½	4 0 8
117/9	63/-	12½ b	5 a Burmah £1	83/9	84/4½	4 3 0

Statistics

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

British		Overseas	
Prices and Wages	Dec. 1st	Western Europe:	
Production and Consumption	Dec. 8th	Production and Trade	This week
Manpower	Dec. 15th	British Commonwealth	Dec. 8th
External Trade	This week	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Dec. 15th
Industrial Profits	Oct. 13th	United States	Dec. 1st
World Trade	Oct. 13th		

UK External Trade

Imports are valued c.i.f.; exports f.o.b. Total trade unless otherwise stated.

	Unit	Monthly averages			1955			1956			
		1953	1954	1955	Sept.	Oct.	Nov.	Aug.	Sept.	Oct.	Nov.
VALUE											
Imports:											
Total	£ million	278·6	281·2	324·1	304·8	333·8	341·5	322·3	295·2	354·3	319·6
Food, drink and tobacco	„	109·6	110·5	120·1	105·8	122·1	126·4	111·1	107·6	139·4	126·4
Basic materials	„	87·9	85·4	93·8	91·5	94·8	98·3	100·5	90·2	93·6	88·4
Mineral fuels and lubricants	„	26·1	27·4	34·1	34·5	34·5	35·9	40·9	31·0	36·9	26·2
Manufactures	„	53·6	56·6	74·8	71·7	81·1	79·7	69·1	65·1	82·7	77·6
Exports of UK produce:											
Total	„	215·2	222·9	242·2	243·6	268·0	252·2	253·4	222·3	294·9	291·9
Manufactures	„	174·8	180·9	199·0	199·5	219·7	214·3	211·0	179·5	241·1	238·2
Re-exports	„	8·3	8·4	9·9	10·6	12·8	10·0	8·2	9·2	12·7	14·8
Balance of trade (exports *less* imports)	„	− 54·6	− 49·9	− 72·0	− 50·6	− 53·0	− 69·3	− 60·7	− 63·7	− 46·7	− 12·9
VOLUME											
Imports	1954=100	99	100	112	114[3]	...	114[4]	110	100	118	...
Exports	„	96	100	107	107[3]	...	114[4]	107	97	126	...
BY AREA											
Imports:											
Dollar area—total	£ million	52·9	51·6	70·2	71·1	74·4	77·4	66·9	68·0	82·5	89·2
„ USA	„	21·1	23·5	35·1	35·4	40·3	42·5	24·3	33·1	39·9	47·1
„ Canada	„	25·5	22·7	28·6	28·6	28·3	29·0	33·5	28·4	33·9	33·8
Non-sterling OEEC countries	„	64·0	68·1	79·6	83·4	84·8	90·1	79·6	79·9	90·6	81·1
Sterling area	„	125·3	124·8	131·1	106·5	125·4	124·3	121·2	107·7	129·4	109·1
Exports:											
Dollar area—total	„	33·7	31·3	34·8	34·3	41·9	35·5	42·1	39·9	51·2	53·7
„ USA	„	14·3	13·3	16·6	17·3	20·6	16·5	21·3	21·4	26·2	26·5
„ Canada	„	13·4	11·3	12·1	12·1	14·2	12·7	14·3	12·9	16·9	18·5
Non-sterling OEEC countries	„	62·2	64·7	68·1	63·8	70·9	76·8	71·4	64·1	91·1	84·8
Sterling area	„	105·8	112·2	121·0	128·3	135·3	129·9	117·9	101·3	131·7	131·2
Balance of trade (exports *less* imports):											
Dollar area	„	− 19·2	− 20·3	− 35·4	− 36·8	− 32·5	− 41·9	− 24·8	− 28·1	− 31·3	− 35·5
Non-sterling OEEC countries	„	− 1·8	− 3·4	− 11·5	− 19·6	− 13·9	− 13·3	− 8·2	− 15·8	+ 0·5	+ 3·7
Sterling area	„	− 19·5	− 12·6	− 10·1	+ 21·8	+ 9·9	+ 5·6	− 3·3	− 6·4	+ 2·3	+ 22·1
TRADE IN SELECTED COMMODITIES											
Imports:											
Wheat	'000 tons	335·0	283·6	375·4	324·6	355·5	319·4	348·4	277·4	422·9	382·6
Meat	„	63·1	56·3	67·1	68·8	73·3	73·7	71·8	60·7	74·7	83·4
Sugar, unrefined	„	247·4	201·2	186·6	167·3	205·7	169·1	154·2	128·0	223·0	165·4
Raw cotton [1]	„	27·5	30·8	24·2	17·8	21·3	24·4	22·0	27·8	24·9	27·5
Raw wool, sheep's and lambs' [1]	mn. lb.	63·2	51·6	55·3	16·2	37·8	49·2	31·1	30·3	35·5	53·9
Rubber, natural and synthetic [1]	'000 tons	18·4	20·6	24·6	23·4	20·8	25·0	25·4	24·1	23·1	1·6
Softwood	'000 stds.	119·1	122·0	140·6	211·2	187·5	171·2	173·8	136·2	137·8	117·5
Woodpulp	'000 tons	133·7	159·8	137·0	205·2	172·2	196·1	201·0	211·8	204·3	202·2
Crude petroleum	mn. galls.	558	606	602	589	587	568	802	590	685	419
Exports of UK produce:											
Coal, including bunkers	'000 tons	1,400	1,351	1,196	1,312	1,395	1,341	780	682	815	887
Woven piece-goods—cotton	mn.sq.yds	59	53	46	46	43	47	38	33	43	45
„ „ wool[3]	'000 sq. yds.	8,710	8,204	8,963	8,351	9,895	9,278	10,689[3]	7,748[3]	10,476[3]	9,703
Passenger cars and chassis	number	25,181	30,487	31,100	30,594	29,961	27,757	22,894	21,376	25,683	24,366
Commercial vehicles and chassis	„	9,196	10,535	13,121	13,409	14,884	12,868	9,657	9,702	10,621	10,509
Agricultural tractors	„	7,807	8,908	8,720	9,213	7,235	6,544	6,547	5,382	6,451	7,046
Machinery—electrical	£'000	5,023	4,923	5,163	5,349	5,497	5,419	5,317	3,820	5,561	5,443
„ other	„	30,145	30,553	34,669	33,082	38,282	37,018	37,644	31,249	40,771	40,933
Chemicals, elements and compounds	„	3,968	4,214	4,419	4,694	4,655	4,404	4,805	4,561	5,559	5,244

(1) Retained imports. (2) Average for third quarter. (3) Excluding fents from January, 1956. (4) Average for fourth quarter.

Production and Trade in Western Europe

	Austria	Belgium	Denmark	France	Germany, F.R.	Greece	Ireland	Italy	Netherlands	Norway	Sweden	Turkey
INDUSTRIAL PRODUCTION [1] (1953 = 100)												
1948	54	87	82	79	...	52	70	62	70	70	90	69
1954	114	106	109	109	112	122	103	109	110	109	104	109
1955	133	116	111	121	129	130	107	118	118	113	111	...
1956, May	132	130	112	142	144	133	} 106[6]	{ 132	129	109	120	...
„ June	146	127	113	139	138	134		130	130	124	117	...
„ July	133	111	74	128	135	134	...	135	121	78	61	...
„ August	137	118	113	96	133	132	...	110	122	119	109	...
„ September	...	...	120	133	143	135	...	...	122	128	...	...
VALUE OF EXTERNAL TRADE [2]												
Monthly averages or calendar months	mn. schillings	mn. francs	mn. kroner	'000 mn. francs	mn. D. marks	mn. drachmas[3]	mn. £	'000 mn. lire	mn. guilders	mn. kroner	mn. kroner	mn. lira
	IMPORTS (c. i. f.)											
1948	243	7,249	285	56·08	264[5]	152[6]	11·36	70·36	414	310	413	64·2
1954	1,416	10,561	674	123·11	1,601	825	14·99	127·04	905	606	766	111·6
1955	1,922	11,790	678	136·74	2,029	955	17·03	140·93	1,016	649	861	116·1
1956, May	2,030	13,699	939	174·34	2,228	1,121	15·86	169·16	1,136	880	980	107·1
„ June	2,118	13,687	767	175·39	2,419	1,181	15·66	176·04	1,222	792	964	91·9
„ July	2,391	13,156	689	166·24	2,391	1,119	15·15	169·37	1,227	661	880	112·4
„ August	1,993	13,128	769	150·03	2,314	1,021	11·51	148·49	1,156	658	915	83·0
„ September	1,975	...	752	151·11	2,381	...	12·33	138·94	1,191	623	961	81·9
	EXPORTS (f. o. b.)											
1948	165	6,171	228	36·18	151[5]	39[6]	4·11	47·99	226	172	332	45·9
1954	1,321	9,581	554	121·94	1,832	380	9·61	85·33	764	347	683	78·1
1955	1,514	11,566	608	139·94	2,142	457	9·19	96·72	851	377	744	73·1
1956, May	1,758	14,175	676	129·33	2,495	241	8·04	106·35	933	472	897	79·8
„ June	1,919	13,873	711	138·90	2,760	266	9·28	106·57	899	449	974	44·6
„ July	1,870	12,148	604	134·68	2,580	197	9·51	116·87	796	427	923	37·6
„ August	1,848	12,105	628	120·05	2,448	213	8·41	108·35	857	419	839	36·8
„ September	1,988	...	599	118·06	2,630	...	9·96	109·08	999	483	954	45·1
	BALANCE											
1948	− 78	− 1,078	− 57	−19·90	− 113	− 113	− 7·25	−22·37	− 188	− 138	− 81	− 18·3
1954	− 95	− 980	− 120	− 1·17	+ 231	− 445	− 5·38	−41·71	− 141	− 259	− 83	− 33·5
1955	− 408	− 224	− 70	+ 3·20	+ 113	− 498	− 7·84	−44·21	− 165	− 272	− 117	− 43·0
1956, May	− 332	+ 476	− 263	−45·01	+ 267	− 880	− 7·82	−62·81	− 203	− 408	− 83	− 27·3
„ June	− 199	+ 186	− 56	−36·49	+ 341	− 915	− 6·38	−69·47	− 323	− 343	+ 10	− 47·3
„ July	− 521	− 1,008	− 85	−31·56	+ 189	− 922	− 5·64	−52·50	− 431	− 234	+ 43	− 74·8
„ August	− 145	− 1,023	− 141	−29·98	+ 134	− 808	− 3·10	−40·14	− 299	− 239	− 76	− 46·2
„ September	+ 13	...	− 153	−33·05	+ 249	...	− 2·37	−29·86	− 192	− 140	− 27	− 36·8
VOLUME OF EXTERNAL TRADE [2] (1953 = 100)												
	IMPORTS											
1948	48	86	59	84	...	...	90	57	64	71	85	46
1954	139	110	121	108	125	117	98	104	126	114	115	99
1955	198	122	120	122	152	135	108	113	146	119	128	91
1956, May	209	130	} 129[6]	{ 150	163	157	96	133	153	152	} 142[6]	{ ...
„ June	209	131		154	175	159	95	135	162	136		...
„ July	244	125	...	139	173	146	91	122	164	123	...	...
„ August	201	...	...	132	168	136	71	...	154	121	...	...
„ September	196	...	...	...	173	...	...	...	...	112	...	...
	EXPORTS											
1948	37	69	48	48	...	...	55	66	34	70	69	55
1954	122	109	108	116	124	111	102	107	113	115	110	95
1955	136	127	118	134	142	121	94	124	124	117	115	71
1956, May	151	136	} 121[6]	{ 117	160	64	85	138	129	178	} 132[6]	{ ...
„ June	160	136		124	175	64	100	136	126	133		...
„ July	159	118	...	117	164	53	103	153	118	125	...	...
„ August	155	...	...	106	156	55	92	...	126	118	...	...
„ September	170	...	...	...	167	...	...	...	...	141	...	...

(1) This covers mining, manufacturing, electricity and manufactured gas with the following exceptions: Denmark excludes mining; Greece, mining and manufactured gas; Ireland and Sweden, electricity and manufactured gas; and Austria, manufactured gas. Germany excludes West Berlin. (2) Special trade (excluding re-exports) with the exception of Ireland which covers general trade with exports seasonally adjusted. Belgium includes Luxemburg. Italy includes Trieste. (3) New drachmas introduced May 1, 1954 (1 new drachma=1,000 old drachmas). (4) Thousand million drachmas. (5) Bizonal area. (6) Average for second quarter.

Financial Statistics

EXCHEQUER RETURNS

For the week ended December 15th, 1956, there was an "above-line" deficit (after allowing for Sinking Funds) of £48,087,000 compared with a deficit of £16,127,000 in the previous week and a deficit of £17,943,000 in the corresponding period of last year. Net expenditure "below-line" last week reached £29,211,000, bringing the total deficit to £777,936,000 (£742,885,000 in 1955-56).

£'000	Estimate, 1956-57	April 1, 1955 to Dec. 17, 1955	April 1, 1956 to Dec. 15, 1956	Week ended Dec. 17, 1955	Week ended Dec. 15, 1956
Ord. Revenue					
Income Tax	2085,500	668,642	745,956	18,599	23,389
Surtax	144,000	42,900	49,700	1,900	2,300
Death Duties	170,000	126,900	117,200	3,300	3,300
Stamps	58,900	51,700	44,200	1,400	1,100
Profits Tax, EPT	216,750	146,300	143,050	2,400	4,300
Excess Profits Levy	4,000	15,500	3,600	200	...
Special Contribution and other Inland Revenue	1,000	350	270	...	...
Total Inland Rev.	2680,150	1052,292	1103,916	27,790	34,389
Customs	1204,000	841,048	856,488	21,763	25,547
Excise	953,350	606,700	647,110	5,760	7,445
Total Customs and Excise	2157,350	1447,748	1513,598	27,523	32,992
Motor Duties	92,000	23,514	25,342	122	446
PO (Net Receipts)	...	9,250	14,450	250	1,150
Broadcast Licences	28,000	14,800	16,400	...	...
Sundry Loans	30,000	26,402	28,531	145	185
Miscellaneous	200,000	113,160	128,224	631	2,364
Total	5137,500	2687,166	2830,461	56,461	71,526
Ord. Expenditure					
Debt interest	670,000	457,375	517,369	386	21,092
Payments to N. Ireland Exchequer	61,000	37,148	41,991	...	...
Other Cons. Fund	10,000	6,489	5,465	198	1
Supply Services	3941,918	2482,575	2719,047	73,100	97,600
Total	4682,918	2983,587	3283,860	73,684	118693
Sinking Funds	37,000	24,730	23,986	720	920
"Above-line" Surplus or Deficit	— 321,151	— 477,385	— 17,943	— 48,087	
"Below-line" Net Expenditure	421,734	300,551	26,903	29,211	
Total Surplus or Deficit	742,885	777,936	44,846	77,298	
Net Receipts from:					
Tax Reserve Certificates	138,990	173,767	1,458	1,686	
Savings Certificates	11,500	48,200	...	1,900	
Defence Bonds	—19,537	—30,869	1,005	128	
Premium Savings Bonds	...	50,100	...	400	

FLOATING DEBT

(£ million)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Total Floating Debt
1955					
Dec. 17	3,530·0	1,992·4	237·7	2·0	5,762·1
1956					
Sept. 15	3,540·0	1,324·9	256·8	...	5,121·7
„ 22	3,590·0	1,325·1	254·5	...	5,169·6
„ 30	3,610·0	1,388·2	238·0	...	5,186·2
Oct. 6	3,610·0	1,338·8	253·7	2·3	5,204·8
„ 13	3,610·0	1,323·7	248·3	1·0	5,182·0
„ 20	3,610·0	1,343·2	255·9	...	5,218·0
„ 27	3,610·0	1,378·9	245·2	0·8	5,234·9
Nov. 3	3,610·0	1,360·2	263·6	...	5,233·7
„ 10	3,610·0	1,341·2	258·7	1·8	5,211·6
„ 17	3,610·0	1,285·0	293·4	2·3	5,188·6
„ 24	3,610·0	1,265·9	259·6	0·8	5,116·2
Dec. 1	3,630·0	1,276·5	227·3	1·0	5,134·8
„ 8	3,630·0	1,310·9	208·5	2·0	5,171·4
„ 15	3,610·0	1,343·7	260·2	...	5,163·9

THE MONEY MARKET

THE market made a sharp cut in its discount rate at the Treasury bill tender on Friday last. It raised its bid for the 91-day bills by 6d. to £98 15s. 3d., marking the lowest discount rate since May, and by 5d. to £99 2s. 11d. per cent for the offer of £60 million of 63-day bills, the last in the current series. The market's tactics were designed primarily to secure a larger share of the bills; at the preceding tender, following the reduction in its bid by 2d. per cent, its allotment rate on the 91-day bills dropped to 24 per cent; last week this jumped to 55 per cent. Although the offer had been raised by £10 million, to £230 million, it was under allotted by this amount. The market succeeded in taking outsiders by surprise in the extent of its adjustment, though applications fell by £13.4 million to £361.9 million. At yesterday's tender, the offer was £280 million of three months' bills.

Credit conditions in Lombard Street turned unusually easy on Saturday, and throughout the first three days of this week funds have been abundant, and some remained unlent. Dealing rates in February and March securities have fallen to $4\frac{21}{32}$ per cent, and some overnight loans from outside sources have been reported at rates down to 1 per cent.

The London gold market has this week received some of the Soviet gold recently sold in Switzerland against transferable sterling.

LONDON MONEY RATES

	%		%
Bank rate (from 4½% 16/2/56)	5½	**Discount rates**	
Deposit rates (max.)		Bank bills: 60 days	5⅛–5⅜
Bank	3½	3 months	5⅛–5⅜
Discount houses	3½*	4 months	5⅛–5⅜
		6 months	5⅛–5⅜
Money Day-to-day	3½–4½	Fine trade bills:	
Short periods	4½	3 months	6–6½
Treas. bills 2 months	4⅛	4 months	6–6½
3 months	4⅛	6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Dec. 21, 1955	Dec. 12, 1956	Dec. 1 1956
Issue Department:*			
Notes in circulation	1,889·6	1,976·2	1,997·
Notes in banking dept.	10·7	49·1	28·
Govt. debt and securities*	1,896·3	2,021·2	2,021·
Other securities	0·7	0·8	0·
Gold coin and bullion	0·4	0·4	0·
Coin other than gold coin	3·0	3·0	3·
Banking Department:			
Deposits:			
Public accounts	18·8	17·6	12·
Bankers	221·3	209·6	200·
Others	71·0	73·3	76·
Total	311·1	300·5	289·
Securities:			
Government	282·4	239·1	254·
Discounts and advances	11·1	11·2	6·
Other	17·2	17·0	16·
Total	310·7	267·3	277·
Banking department reserve	21·9	51·1	30·
"Proportion"	% 6·9	% 17·0	% 10·

* Government debt is £11,015,100, capital £14,553,0 Fiduciary issue increased to £2,025 million from £1,975 milli on December 12, 1956.

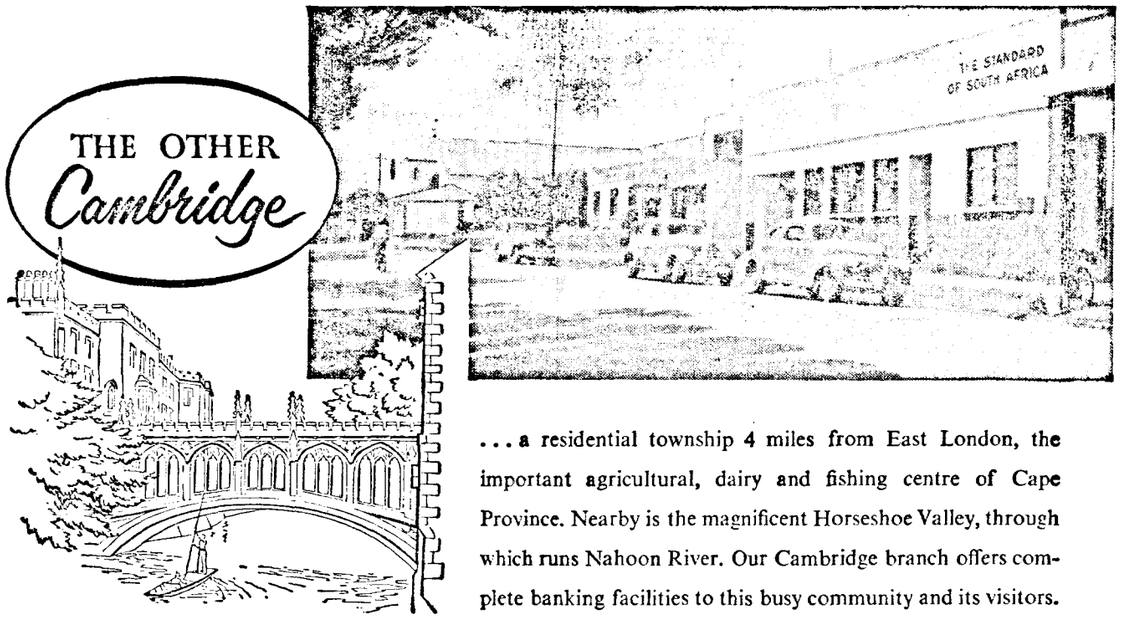
TREASURY BILLS

Date of Tender	Amount (£ million) Offered	Applied for	Three Months' Bill Average Rate of Allotment	Allotte at Ma Rate
1955	*91 Day* 220·0 *63 Day* 60·0	365·0	s. d. 81 5·22	% 69
1956	*91 Day*			
Sept. 14	290·0	404·2	102 0·77	61
„ 21	280·0	380·0	103 4·86	55
„ 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	56
„ 12	280·0	403·6	102 2·21	55
„ 19	280·0†	392·9	100 2·12	66
	91 Day *63 Day*			
„ 26	200·0 60·0	412·4	99 9·85	30
Nov. 2	200·0 70·0	405·8	99 11·55	36
„ 9	200·0 80·0	419·1	99 10·86	27
„ 16	190·0 90·0	396·1	100 0·00	39
„ 23	210·0 80·0	440·6	100 3·34	30
„ 30	220·0 70·0‡	403·3	100 4·69	52
Dec. 7	220·0 60·0	441·0	100 10·28	24
„ 14	230·0§ 60·0	424·9	99 1·54	55

* On December 14th tenders for 91 day bills at £98 15s. secured 55 per cent and 63 day bills at £99 2s. 11d. secur 96 per cent, higher tenders being allotted in full. The offer yesterday was for £280 million at 91 day bills. † Allotme cut to £260·0 million. ‡ Allotment cut to £60·0 millio § Allotment cut to £220·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: December 19	Market Rates: Spot: December 13	December 14	December 15	December 17	December 18	December 1
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·7
Canadian $	...	2·67⅞–2·67⅞	2·67⅞–2·67⅞	2·67⅞–2·67⅞	2·66⅞–2·66⅞	2·67–2·67⅛	2·67⅛–2·6
French Fr.	972·65–987·35	984⅛–984⅛	984–984½	983⅞–985⅞	983⅞–984	982⅞–983⅝	982⅛–982
Swiss Fr.	12·15⅛–12·33⅛	12·25⅛–12·25⅛	12·25⅛–12·25⅛	12·24⅛–12·25	12·25⅛–12·25⅛	12·24⅛–12·25⅛	12·24⅛–12·
Belgian Fr.	138·95–141·05	140·15–140·20	140·00–140·05	139·97½–140·02½	140·05–140·10	140·05–140·10	140·02½–140·
Dutch Gld.	10·56–10·72	10·64½–10·64½	10·63⅞–10·64	10·63⅞–10·64	10·64½–10·64½	10·64⅜–10·64⅜	10·64½–10·
W. Ger. D Mk.	11·27⅜–11·84½	11·72½–11·73	11·71½–11·72	11·71⅜–11·71⅞	11·71⅜–11·72	11·70⅝–11·70⅝	11·70⅜–11
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·
Italian Lire	1756½–1762½	1756–1757	1755–1756	1754½–1755½	1755–1756	1754–1755	1753–1754
Swedish Kr.	14·37½–14·55½	14·46½–14·46½	14·45½–14·46	14·45⅝–14·45⅝	14·45⅝–14·46½	14·45⅝–14·46⅛	14·45–14·4
Danish Kr.	19·19½–19·48½	19·37½–19·37½	19·37–19·37½	19·37–19·37½	19·37⅜–19·38⅛	19·37⅜–19·38⅛	19·37½–19·
Norwegian Kr.	19·85–20·15	19·94½–19·95	19·94–19·94½	19·93–19·93½	19·94½–19·94½	19·94–19·94½	19·93–19·
One Month Forward Rates							
United States $		1–⅛c. pm	1–⅛c. pm	1–⅛c. pm	1–1⅛c. pm	1–1⅛c. pm	1–⅛c. pr
Canadian $		⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛–⅛c. pm	⅛ pm–par	⅛c. pm–⅛c.
French Fr.		½–1½ dis	½–1½ dis	½–1½ dis	½–1½ dis	½–1½ dis	½–1½ dis
Swiss Fr.		4⅛–4⅛c. pm	4⅛–4⅛c. pm	4⅛–4⅛c. pm	4⅛–4⅛c. pm	4⅛–4⅛c. pm	4⅛–4c. pm
Belgian Fr.		⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm	⅛–⅛ pm
Dutch Gld.		3⅛–3⅛c. pm	3⅛–3⅛c. pm	3⅛–3c. pm	3⅛–2⅞c. pm	3⅛–3c. pm	3⅛–3c. pm
W. Ger. D Mk.		4⅛–3⅝pf. pm	4⅛–4⅛pf. pm	4⅛–4⅛pf. pm	3⅝–3⅛pf. pm	3⅝–3⅛pf. pm	3⅝–3pf. pm
Italian Lire		3 pm-par	3 pm-par	3 pm-par	3 pm-par	3 pm-par	3 pm-par
Swedish Kr.		3–10 pm	3–10 pm	3–10 pm	3–10 pm	3–10 pm	3–10 pm
Danish Kr.		5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm	5–20 pm
Norwegian Kr.		20 pm-par	20 pm-par	20 pm-par	20 pm-par	20 pm-par	20 pm-par
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/5½	250/5½	...	250/5½	250/4½	250/4½



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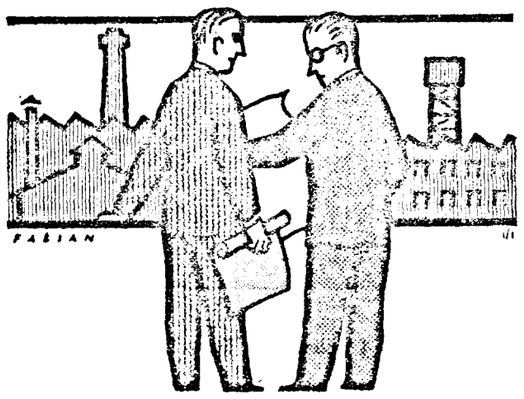

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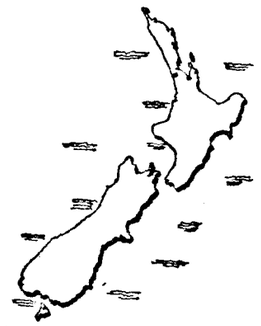

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COMPANY MEETINGS

JOSEPH LUCAS (INDUSTRIES) LIMITED

INCREASED DEMAND FOR AIRCRAFT EQUIPMENT

SIGNIFICANT CHANGE IN MOTOR TRADE

RECORD EXPORT ACHIEVEMENTS

The fifty-ninth Annual General Meeting of Joseph Lucas (Industries) Limited was held at the Queens Hotel, Birmingham, on December 17th. Mr A. B. Waring, the Chairman of the Company, presided, and in his statement to the shareholders said:

The Consolidated Profit and Loss Account of the Company and its Subsidiaries for the financial year which ended on July 31, 1956, is presented in a more simplified form than in previous years. It will be seen that, after making adequate allowances for Taxation, Depreciation and other charges, the result of the year's activities is a Net Profit of £1,519,722 compared with £2,207,087 in the previous financial year.

DIVIDEND

The Directors recommend that appropriations be made from this Net Profit by the payment of a final dividend on the Ordinary Shares and on the Redeemable Preference Shares of 1s. a share, which with the Interim Dividend of 6d. a share already paid makes 1s. 6d. less Income Tax for the year and by confirmation of the dividends already paid on the Preference Shares. The net total of these dividends amounts to £614,736 (1955 £614,563). It is further recommended that £70,000 be allocated to Employees' Funds and £500,000 to the General Reserve, both as last year. Of the balance, £237,336 has been retained in the books of Subsidiary Companies and £97,650 has been carried forward by the Parent Company.

In the Statement accompanying the 1955 Accounts reference was made to representations concerning the small proportion of the total Dividend on Ordinary Shares distributed as Interim Dividend and accordingly the Directors recommended in March last an Interim Dividend of 6d. a share, which compared with 3d. a share in previous years. In the notice accompanying the recommendation it was explained that this increase would have no influence on the total Dividend for the year and in the event it has been set off against the Final Dividend with the result that the total Dividend for the year is the same as for the previous year.

THE MOTOR TRADE

During the year covered by the Accounts a most significant change overtook the Motor Car Industry which resulted in its demands on the Company being substantially reduced. On the other hand the Heavy Vehicle Industry remained stable in its requirements and there was an increase in the demand for Aircraft Equipment. Service requirements for both vehicle and aircraft equipment, spares and accessories were fully maintained throughout the year.

The mood of the Motor Car Industry at the outset of the financial year was one of optimism and expansion of the kind that had prevailed almost without a break since the end of the war. The principal manufacturers had embarked on expansion schemes designed to increase the total productive capacity of the industry by a further 50 per cent over the previous year's record total and half of this increase was expected to materialise during the year. The first six months did indeed show an improvement of 15 per cent over the first six months of the previous year, but then came the change and in the second half of the year production in fact fell to 12 per cent less than in the corresponding period. The reasons for the change are well known. Firstly, import restrictions imposed by Australia and New Zealand—the British Motor Industry's best overseas customers—reduced overseas shipments. Then at home came the higher rate of purchase tax, credit restrictions and increased hire purchase deposits. It is not possible for large factories engaged on making complicated engineering products like modern motor cars and employing many thousands of people, to change direction as rapidly as Governments can issue restriction orders or raise Bank rates. Over-production was inevitable during the period of re-adjustment and the position was made worse by uncertainty as to the eventual level of demand that would arise under the new conditions. Manufacturers of motor cycles, the equipment for which provides an important section of our business, were similarly affected.

Our own factories producing motor car equipment were working at record levels of output until January and schemes of expansion were under way to provide the capacity that our customers anticipated they would need later. By the end of July, however, our output had been reduced by no less than one third, due to the lower demand from the vehicle manufacturers and to the necessity for reducing our own stocks which, while only adequate for the previous high level of activity, suddenly became quite disproportionate to the contracting demand. The period of re-adjustment was not completed within the financial year and the current year opened in August with a rate of output for motor car equipment only half that of January last. The consequence of the change has been most unfortunate. It was necessary to give notice to large numbers of workers in the factories and offices and to discontinue all overtime working. We believe that those workpeople who had given loyal service to the Company but were now unhappily affected, appreciated the efforts we made to minimise any hardship involved.

Another unfortunate result of the fall in demand has been the worsening effect on our manufacturing costs. We were already finding difficulty in meeting the rising costs of materials and wages, which had increased at a rate which could not be offset by improved methods or other manufacturing economies. Only the growing volume of output in the early part of the year enabled us to trade profitably without seeking price increases of a substantial nature. The fall in demand in the second half of the year led us immediately into a trading loss in this section of the business. Recourse to major increases in our selling prices would be violently resisted by the Motor Car manufacturers for whom further increases in the costs of materials or wages would have the most unfortunate repercussion on their fortunes particularly in the export markets. Our manufacturing activities have now been contracted and rigorous economies are being instituted while, at the same time, we are continuing to raise the productivity of materials, plant and people so that we can continue to give the fullest possible support to our customers in the face of present-day difficulties.

The immediate outlook for the future of the Car Industry, apart from any short term effects of petrol rationing, is clouded by the increase in purchase tax to 60 per cent and the restrictions on hire purchase transactions together with the credit squeeze. All these measures were taken with the object of reducing home sales and in this they have certainly succeeded. In 1955 there were over 6½ million vehicles on the roads on which £485 million was paid in purchase tax, petrol tax and licence fees. In 1956, with the increase in purchase tax, more still will be paid and the owner of a new car must anticipate paying on the average nearly £2 a week in taxes; nevertheless, the possession of a motor car is a well recognised index of a family's standard of living and it has been said that the ownership of a car ranks higher than almost anything else on the priority list of most families. Even in June this year despite all restrictions there were 40,000 new registrations in this Country. This is remarkable when it is realised that a private purchaser of a £400 car has to find an additional £200 for purchase tax and if he wishes to use hire purchase has to find half the total cost in cash for the initial payment.

Whilst on the subject of taxation we cannot help but remind ourselves that, in spite of this penal taxation on road vehicles, we still remain the only industrial country, large or small, that does not possess a single inter-city trunk road worthy of the name capable of reducing the cost and improving the efficiency of road transport.

In spite of all the difficulties that assail the Motor Industry due to the struggle against inflation at home and the increasing competition abroad, which comes particularly from Germany with France and Italy also taking advantage of any opportunities that arise, there are nevertheless very good grounds for optimism when we look further ahead. The Industry has complete confidence in its future. It has always been vigorous and adaptable and it has never lacked confidence. Effect is still being given to its major schemes for expanding and providing for more efficient production; these additional facilities will become fully effective when restrictions are eased at home and overseas demands increase.

COMMERCIAL VEHICLE INDUSTRY

The Heavy Commercial Vehicle Industry has established an extremely good name in export markets for the quality and performance of its vehicles and as a result it has maintained its position and trade overseas. In the Light Commercial Vehicle field there has been still further extension of the use of diesel engines, bringing increased demands

on us for fuel injection equipment. We also supply fuel injection equipment, lighting, starting and brakes for tractors and although the production of these vehicles fell during the year, this was due in part to a change-over in models. Two-thirds of all the tractors made in this country are exported and it is anticipated that overseas demands will increase in the coming year.

It is remarkable that in spite of the adversities met in the second half of the year and the changed conditions that these brought, the export achievements of the British Motor Industry were a record, the value of total exports of vehicles, components for assembly, spare parts and accessories being 14 per cent higher than in the previous year. This Company's own direct exports were fully maintained. Our overseas Subsidiaries engaged on manufacture, distribution and servicing of our products now employ more than 2,000 people and we are represented in all parts of the World.

AIRCRAFT INDUSTRY

In the Aircraft Equipment field, in which we employ more than 10,000 people, the demands on us have been more than maintained in spite of the reduction in the armaments programme. This has been in part due to the success of British aircraft and British turbine engines which power the great majority of Commonwealth, American and Foreign civil aircraft.

The experience that we have gained in the application of combustion and fuel control to aircraft engines is now also being directed, as mentioned in a previous report, to marine, industrial and domestic purposes. In order to further this development, a subsidiary sales Company has been formed with the title of Joseph Lucas (Hydraulic and Combustion) Limited. While it is not anticipated that the growth of this new activity can be other than slow, some promising applications have already been made. In particular, work has been carried out in conjunction with the Admiralty for naval vessels and an oil-burning installation using our equipment has been fitted on H.M. Yacht *Britannia*. We have been informed that the cleanliness of combustion and the absence of smoke attained by this vessel when fitted with our equipment have set an entirely new standard.

The various activities of the Company are supported by well established development, design and research groups staffed by 2,000 engineers, draughtsmen and laboratory personnel. The greater part of the work of these groups is in improving and adapting the design of existing products but much has been achieved in developing entirely new devices for the aircraft and road vehicle industries and in this connection it will be seen from the Notes to the Accounts that during the year over £150,000 was received for Royalties and Foreign Manufacturing Rights. An insight into the range of activities in which one of our groups is involved can be gained from the brochure entitled "Into the Jet Age" issued with the Accounts.

In a year when industrial problems of exceptional difficulty were faced the Company has had reason to be most grateful for the loyal and consistent support received from employees and particularly from those of its workpeople who were among the first to suffer from the change in fortune of the Motor Car Industry.

Finally, the Shareholders will be pleased and honoured to know that by command of The Queen, the Company has been appointed, by Royal Warrant, suppliers of Electrical Equipment to Her Majesty.

The Directors' report was adopted.

HEENAN GROUP LIMITED

RECORD OUTPUT ACHIEVED

MR CHARLES HILL REPORTS ANOTHER GOOD YEAR

The fifty-fourth annual general meeting of Heenan Group Limited was held on December 17th at Worcester Engineering Works, Worcester, Mr Charles L. Hill (the Chairman) presiding.

The following is an extract from his circulated statement:

It is my pleasure to report that for the first time in the Company's history the profits have passed the half-million mark. The Group net profit, before taxation, of £505,900 compares with £449,485 last year. After deducting taxation of £282,369 against £232,449 and outside shareholders' minority interest of £22, the net profit of the Group is £223,509 which, at the same level, compares with £217,009 in 1955.

In 1955 the balance of orders increased by one-third to £5,750,000; at the close of this year the Group order books stood at £5,450,000. This is no mean achievement having regard to the record output of the Group and to the inclusion in the previous year's figures of two very large contracts.

Commenting on why relatively large sums were appropriated to General Reserve each year, Mr Hill said that inflation was the reason and was in effect a provision against the fall in value of the £. He continued: Any other policy would result in the works of the Group being left in due course with worn-out and obsolete plant and machinery.

SCRIP ISSUE PROPOSALS

The General Reserve with this year's appropriation of £150,000 now stands at £860,000. On previous occasions I have referred to the policy of the Board of financing the Group's high level of trading out of its existing resources and it remains the intention of the Board to continue this policy for as long as circumstances permit without recourse to the raising of further permanent capital for that purpose. The Reserves are, however, fully tied up in fixed assets or in providing essential working capital and, with a view to bringing the issued capital more into line with that employed in the business, your directors propose to capitalise part of the Reserves by the issue of new Ordinary Shares of 5s. each, credited as fully paid up, on a one-for-one basis. Treasury consent has been given to these capitalisation proposals.

I must make it clear that this issue does not in itself imply an increase in the effective rate of dividend; your directors will consider next year's profit on its merits with regard to all the circumstances at the time.

In this respect I add a word of warning. It is becoming increasingly evident that the continuous rise in costs over a number of years is now having its effect on profit margins; buyers in overseas markets and at home are resisting price increases and it is frequently the case of a sale at a low profit or no sale at all. The operating subsidiaries in the Group have been making every effort to reduce costs of production by all possible means, including the redesign of products, improved methods of manufacture and the installation of new machine tools, as it is only in this way that they can maintain their position in the world's markets.

SUBSIDIARIES

All the operating Companies have contributed to the Group profits.

Heenan & Froude Ltd. The Engine Test Plant Section has made further progress in its development programme and, in particular, the prototype of a new streamlined dynamometer of entirely novel design has been built which will eventually replace the existing range of the smaller hydraulic dynamometers. Plant completed during the year included a Helicopter Engine Test Plant of unique design, an advanced type of Chassis dynamometer which should prove of wide interest to the motor and oil industries, and eight electric dynamometers to operate at a very high degree of accuracy. Deliveries of, and new orders for, engine test plant of all types have been at high levels.

Sales of Eddy Current Couplings have again increased substantially. Automation calls for more complex methods of control and synchronisation which these couplings with their electronic control equipment are well able to satisfy. Water-cooled Couplings have been added to the range.

With a view to facilitating production and increasing efficiency, the Automatic Machine Section has reduced the range of Automatic Wire and Strip forming Machines from eighteen to six standard types by revising and producing new designs.

The Municipal Engineering Division has been fully engaged on existing contracts and in preparing new schemes for refuse disposal and incinerator plants for Municipal authorities and in the industrial field.

IMPROVED PRODUCTION

Fielding & Platt Ltd., have improved their production during the year under review and continue to receive valuable orders both for the home and export markets. The Company is making a very useful contribution in the field of special purpose equipment associated with the industrial applications of Atomic Energy and recent orders in this field have been encouraging.

The record tonnage output achieved last year by Court Works Ltd., has been maintained.

The Stafford Works of W. G. Bagnall Ltd. have concentrated during the past year on the design and production of Diesel mechanical shunting locomotives. Seventeen have been ordered by New Zealand Government Railways and seven are now being built for the National Coal Board.

Orders received by Morton Machine Co. Ltd., during the year were the highest in the history of the Company and equipment has been exported to sixteen countries.

Orders received by Industrial Waste Eliminators Ltd. during the year were not far short of the previous year.

A satisfactory year has been recorded by Associated Locomotive Equipment Ltd., for whose precision equipment there has been a continuous demand from home and overseas railways.

The report was adopted and the capitalisation and scrip issue proposals sanctioned at an Extraordinary General Meeting.

OK BAZAARS (1929)

(Incorporated in the Union of South Africa)

SATISFACTORY TRADING RESULTS

SUBSTANTIAL INCREASE IN TURNOVER

NEW BRANCHES OPENED

The twenty-seventh annual general meeting of OK Bazaars (1929), Limited, will be held on December 31, 1956, at Johannesburg.

The following is an extract from the circulated Report of the Directors on the accounts for the year ended June 30, 1956:

CAPITAL

During the year under review, the Authorised Capital of the Company was increased by £520,230 by the creation of 300,000 6 per cent Redeemable Fourth Cumulative Preference Shares of £1 each, 495,920 Ordinary Shares of 5s. each, 100,000 "A" Ordinary Shares of 5s. each and 285,000 "B" Ordinary Shares of 5s. each. The Issued Capital of the Company was increased by £493,656 comprised of Preference Share Capital £300,000 and Ordinary Share Capital £193,656. Of the increase in the Issued Share Capital, 190,396 Ordinary, 66,666 "A" Ordinary and 236,733 "B" Ordinary Shares were allotted pursuant to the offer made on February 4, 1956, to Shareholders to subscribe for one new Ordinary, "A" Ordinary or "B" Ordinary Share for each six Shares held in the respective classes. The 300,000 Redeemable Fourth Cumulative Preference Shares and 140,415 Ordinary and 140,415 "B" Ordinary Shares were issued in exchange for the Preference and Ordinary Shares respectively in CTC Bazaars (South Africa) Limited in terms of an offer made on February 7, 1956. The revised Capital structure is set out in detail in Note 2 attached to the Accounts and the above-mentioned allotments are subject to the qualification referred to in Note 1.

PROFIT

The net profit of the parent Company for the year under review after providing for all expenses and taxation was £943,800 as compared with £847,906 for the previous year. The amount available for allocation and appropriation in the accounts of the parent Company has been dealt with as set out below:

1955		£	1956 £
2,174,168	Balance brought forward from previous year		2,114,257
847,906	*Add:* Profit for the year		934,800
3,022,074			3,058,057
	Deduct: Preference dividends	57,400	
	Interim dividend of 20 per cent declared June 19, 1956, since paid	168,870	
	Interim dividend of 5 per cent declared November 20, 1956, payable December 29, 1956	42,218	
187,539			268,488
2,774,535			2,789,569
400,000	*Deduct:* Transfer to capital reserve		350,000
2,374,535	Balance which your directors recommend be dealt with as follows:—		2,439,569
	For the payment of a final dividend of 35 per cent on January 31, 1957, (making a distribution for the year of 60 per cent) to holders of Ordinary, "A" Ordinary and "B" Ordinary shares		295,523
2,114,257	Balance to be carried forward		2,144,046

The interim dividend of 5 per cent payable on December 29, 1956, was declared to avoid the incidence of Undistributed Profits Tax.

CONSOLIDATED ACCOUNTS

Shareholders are referred to the Consolidated Accounts of the Company and its Subsidiaries, which show the position of the Group as a whole. The Consolidated Net Profit, after deducting all expenses, taxation, interests of outside shareholders and preliminary expenses of certain subsidiary companies, is £1,153,283, which compares with £1,109,165 for 1955. The 1955 figure included an amount of £133,682, being a capital profit realised on the disposal of certain fixed assets. The net addition to Capital Reserve of £294,676 is explained in Note 3 on the accounts. The Capital and the Reserves which represent the interests of Ordinary Shareholders have been increased from £7,604,441 in 1955 to £9,547,096 in 1956 and the total shareholders' interests from £8,644,441 to £10,887,096. The increase in the value of fixed assets is due to the purchase of land, the erection of buildings, the equipment of new branches and the modernisation of existing stores. The provision for replacement and renewal of fixtures and for modernisation and maintenance of shop premises and equipment has been increased from £139,908 in 1955 to £241,758 in 1956. Trading stocks are £5,349,789, a decrease of £248,783 on the 1955 figure, notwithstanding the opening of new branches and a substantial increase in turnover. There has been no change in trade investments during the year.

CTC Bazaars (South Africa) Limited.—Your Company now owns the entire issued share capital of CTC Bazaars (South Africa) Limited, being 300,000 5½ per cent Cumulative Preference Shares of nominal value £1 each and 3,099,240 Ordinary Shares of nominal value 5s. each. The premium arising from the exchange of shares in CTC Bazaars (South Africa) Limited not previously held by the Company has been credited to "Share Premium" account. The trading results of CTC Bazaars (South Africa) Limited for the year ended June 30, 1956, showed a slight improvement on the previous year, but as that company is now a wholly-owned subsidiary, no dividend has been declared on the ordinary share capital.

DEVELOPMENT

Since the last Directors' Report, new branches have been opened at Worcester in the Cape Province, Virginia in the Orange Free State and Springs in the Transvaal; the last-mentioned branch replaced the small store in which we have traded for many years. In October, 1956, the extensions to our Vanderbijl Park, Transvaal, branch were completed and the trading area doubled. A new branch was opened in November, 1956, at Kimberley in the Cape Province, where previously we operated in leased premises which were inadequate. The Company has also purchased a number of building sites for future expansion and development and special reference is made to the purchase of the quarter acre corner, known as Heath's Buildings, adjoining the Johannesburg premises, which will enable the Company to expand the store at a later date to cover the entire acre block.

The modernisation of our shops continues to be an important part of our trading policy and accordingly additional provision has been made in the Company's accounts. Sites have been purchased at Port Elizabeth, Salisbury and East London adjoining the properties that are on long term leases from Federated Stores Limited, with the intention of enlarging the branches at those centres. Arrangements have been made with Federated Stores Limited for the acquisition of these sites, for the erection of buildings thereon and for leases to run concurrently with the existing leases. In the Welkom area of the Orange Free State we have enlarged our store premises. One of the native trading stores in this area which was leased has, since the close of the accounts, been sold at a profit.

MANAGEMENT AGREEMENT

In terms of the Agreement approved by shareholders at an Extraordinary General Meeting held on October 5, 1951, Federated Stores Limited was appointed Manager and Consultant to the Company for a period of five years from July 1, 1951, and made available to the Company the services of Messrs M. Miller and S. Cohen as Joint Managing Directors. The Agreement has been renewed by mutual consent of the respective Boards for a further period of five years from July 1, 1956.

DIRECTORS

The retiring Directors are Messrs A. Schwarz and L. M. Miller, who being eligible, offer themselves for re-election.

GENERAL

We again take this opportunity of complimenting South African manufacturers on the

continued improvement of their products which constitute the major portion of our requirements.

Steps are being taken to bring the Company's Articles of Association up to date and a notice convening an Extraordinary General Meeting for this purpose will be sent to shareholders at a later date.

The progress of our organisation and the satisfactory trading results could not have been accomplished without the co-operation and the efficient services of our employees. We continue to give attention to the improvement of staff amenities and we take this opportunity of extending to all members of the staff our thanks and appreciation for their services. This year, as in previous years, bonuses were paid to the staff.

THE BRITISH MOTOR CORPORATION, LIMITED

POLICY OF EXPANSION

SIR LEONARD LORD'S STATEMENT

The fifth annual general meeting of the British Motor Corporation, Limited, was held on December 18th at Longbridge Works, Birmingham, Mr G. W. Harriman, CBE, deputy chairman and joint managing director, presiding in the absence of Sir Leonard Lord, KBE, chairman and joint managing director.

Mr Harriman, addressing the meeting, said: I am sure I can speak for everyone here today if I say how much we miss Sir Leonard Lord. I am pleased indeed to tell you that he has been at one or other of our various factories every day, but he is not undertaking any public duties at the present time.

The following are extracts from his statement circulated with the report and accounts for the year to July 31, 1956:

I bid you welcome to Longbridge in these new attractive surroundings. This building became essential to enable us to exhibit on one floor the great range of products from our factories, and as a fitting place to entertain visitors from home and overseas.

Conditions have changed radically during the past year. The sky has become overcast with restrictions designed to discourage customers. Viewed against this sombre background our results are far from disappointing.

Production for the year was 439,558 vehicles. Of these 252,412 were for the Home market, and 187,146 were exported. In our previous financial year we produced 418,705 vehicles.

The effects of the credit squeeze began to be apparent in January. From then we had to reduce the rate of production.

It is a tribute to the resilience of the Corporation's structure that we were able to continue until the end of June without any reduction of the labour force. When we came at last to the regretful decision that redundancy was unavoidable the majority of the employees faced the situation with understanding and loyalty, for which I now wish to express gratitude.

OVERSEAS ACTIVITIES

Progress in Export markets was hindered by widespread credit and import restrictions. In New Zealand we suffered a one-third cut in import quotas for 1956. In Australia, successive reductions of quotas have reduced the value of our exports by 52½ per cent since March, 1955.

Fortunately there is another side to the picture. Our factories at Sydney, in which we have an investment of £5 million, have begun the manufacture of "B" type engines and transmission units. We have planned for an output of 1,000 cars a week in Australia, and as soon as the presses are installed for the production of body panels in the new Sydney factory, our locally produced vehicles will be almost 100 per cent Australian.

In South Africa the plant is operating most efficiently. Output for the year was 3,053 units. South Africa is one of the few markets where there is an increase of import quotas for 1957.

To the USA and Canada we exported 22,756 cars, an increase of 22.7 per cent. Our cars secured over 56 per cent of the total registrations of British vehicles in the USA for the eight months to the end of last August.

SUCCESSFUL NEW MODELS

In the year under review we introduced two new models which have proved very successful. The first was the Austin "105," a high performance version of the popular A.90 with many desirable extra features including overdrive. The second was a light commercial vehicle of 15 cwt capacity, known as the J.2 in the Morris range and A.152 in the Austin range. This model enjoyed instantaneous success and our production resources are straining their utmost to meet demand.

We have made real progress in supplying Replacement Parts. We have been involved in the major operation of consolidating the entire Parts organisation in a new building at Cowley. With this centralisation almost accomplished I am confident of our ability to meet all demands from anywhere in the world.

FUTURE DEVELOPMENT

With the present political and economic uncertainties, it is neither easy nor wise to predict the course of events. We may ask whether we have been wise in embarking on a programme of further development. The Report shows a capital expenditure for the year of £9,157,000 and a further commitment of £6,820,000.

Never in the past, viewed over a reasonable period, have we been wrong in pursuing a policy of expansion.

We have had a very successful Motor Show, and are leading the British motor industry and the Continent in the adoption of 2-pedal control on popular models. We have greatly improved the small cars by equipping them with larger engines of higher efficiency, which will enable them to surpass the performance of their Continental rivals.

Another notable event was the opening in April of our new Training College near Warwick. We are optimistic that in this development we have the means of ensuring that there will be, for promotion from within our organisation, the right type of executive ability to shoulder the responsibilities of the future.

The report and accounts were adopted.

HARRIS LEBUS LIMITED

SATISFACTORY RESULTS

The ninth annual general meeting of Harris Lebus Limited was held on December 18th in London, Sir Herman Lebus, CBE, JP (chairman and managing director), presiding.

The following is an extract from his circulated review for the period of 52 weeks to July 13, 1956:

The accounts show a profit of £607,724 after providing for all charges, including depreciation, compared with £653,501 for the 52 weeks to July 15, 1955. The proposed Ordinary dividend is 9 per cent, less tax.

The difficulties which have beset the furniture industry have had some effect on the activities of your Company which have suffered as a result, although, in the light of the general experience of the industry, the results shown must be considered most satisfactory.

In October, 1955, purchase tax at the rate of 5 per cent was imposed on furniture. In February, 1956, the Chancellor increased the bank rate from 4½ per cent to 5½ per cent. The minimum deposit required in respect of hire purchase agreements for furniture was increased from 15 per cent to 20 per cent with effect from February, 1956, no deposit having been required prior to February, 1955. Thus, in the space of one year furniture has been subjected to both purchase tax and hire purchase restrictions.

These restrictions should be accepted for the time being as in the national interest and, accordingly, for the ultimate good of the furniture industry itself. We do hope, however, that the time is not far distant when the Chancellor will feel justified in taking steps towards the gradual relaxation of these restrictions.

INCREASED TURNOVER

Although the industry has suffered considerably, the high standard of value and reliability of LEBUS FURNITURE has ensured that, in spite of a decrease in the total furniture market, the turnover of your Company in the year under review has increased, as has its share of the available market.

Development and construction of machinery to our own design and specification in our own engineering shops to suit the needs of improved methods of production have continued. Research into the latest techniques of the use of materials and methods of construction has been stepped up. In both these ways your Company maintains the lead in the technical side of furniture manufacture which it has enjoyed for many years.

Your Board decided that until contemporary furniture of outstanding design and value could be produced by your Company in adequate quantity, it would refrain from entering this rather specialised market. During the year a range of furniture, bearing the Company's trade name "LINK," was introduced and advertised in the national Press. The results of this campaign have been gratifying.

In a year characterised by increasing costs and increasing Government restrictions on consumption, I am gratified to report the results shown by this year's figures and that we have been able to maintain the dividend and to make provision for developments that the Company has in hand in the long-term interest of stockholders and employees alike.

The report and accounts were adopted

TURNER & NEWALL LIMITED

HIGH LEVEL OF TRADING AND MANUFACTURING ACTIVITY

INCREASED VOLUME OF EXPORT BUSINESS

SIR WALKER SHEPHERD'S REVIEW OF WIDESPREAD OPERATIONS

The Annual General Meeting of Turner & Newall Limited will be held on January 8, 1957, at the Chartered Accountants Hall, Manchester, when it is expected that, in the absence of the Chairman of the Company, Sir Walker Shepherd, on business in North America, the Deputy Chairman, Mr H. Hanson, will preside.

Sir Walker Shepherd's Statement to the Stockholders has been circulated to them with the Report and Accounts and, after dealing with the Accounts of the Company, it contains a detailed review of the Company's operations during the year to September 30, 1956, both at home and abroad.

The following are extracts from the Statement:

I wish to refer to the death of Sir Samuel Turner, LLD, JP, which took place in December of last year at a date subsequent to the issue of our last year's report, but before our Annual General Meeting in January 1956. Sir Samuel Turner was an original Director of this Company on its formation in 1920, and was its Chairman from 1929 until 1944, when he retired from executive duties. During the whole of his very lengthy connection with the business, he was outstanding in ability and devotion to duty, and was a wise and skilful leader, inspiring all those with whom he came into contact. Even after his retirement from executive work, and later during the long period of his final illness, he continued to take a lively interest in our affairs. The Board have lost a great friend, and we shall miss him for a long time.

ASBESTOS TEXTILE PRODUCTS

On the Asbestos Textile side a high level of trading and manufacturing activity has been maintained at the Rochdale factory of Turner Brothers Asbestos Company Limited for the greater part of the year, although a slight downward tendency became apparent towards the end of the period. In view of encouraging indications of increasing demand in various directions, this may be reversed during the current year, but much depends on international developments, as this Company has an important stake in export markets. Demand for the Company's belting products also fell away to a limited extent during the latter part of the period, but the results for the year as a whole in this field have been satisfactory, while prospects for the current year have been enhanced by a substantial contract from the National Coal Board for fire-resisting conveyor belting.

Good progress has been made with the modernisation and enlargement of the factory at Rochdale, the benefits of which are now beginning to be felt. In addition, the new asbestos textile and plastics factory at Hindley Green is coming into commission, with the planned transfer of various processes from Rochdale and from the Leeds factory of J. W. Roberts Limited. There will be increased production of "Durestos" resinated asbestos moulding materials from this factory early in 1957. Production of asbestos textiles and processed fibre at the Leeds factory of J. W. Roberts Limited has been pressed throughout the year to the limit of its capacity, which has been temporarily enlarged. Progressive relief will, however, be afforded by the above-mentioned transfer of manufacturing processes to Hindley Green.

Further progress has been made with the development of Sprayed "Limpet" Asbestos, notably in overseas markets, and also (despite transitional difficulties) with the "Ferobestos" range of technical plastics taken over from Ferodo Limited. The construction of new premises for J. W. Roberts Limited, near Bolton, is now well in hand. In both these Companies, much effort has been devoted during the year to related research and development activities, which are of crucial importance to their future growth. Further attention has also been given, with success, to the application of work study methods to factory operations.

RECORD "FERODO" SALES

It is gratifying to be able to report that the sales of "Ferodo" brake and clutch linings were the highest ever recorded, increases being shown in both home and export markets. There was, however, a reduction in demand during the latter part of the year due to the lower output of motor vehicles, and profit margins were affected by rising costs which were not passed on to customers. The immediate outlook in the home market is still uncertain, but research and development work have continued very actively and new materials have been developed which it is confidently expected will help to strengthen the position of the Company. The increase in exports is especially satisfactory in view of the transfer of the "Ferobestos" range of technical plastics to J. W. Roberts Limited. In spite of import restrictions in certain countries there are good prospects of further expansion. Sales of "Ferodo" stairtreads and railway brake blocks showed satisfactory progress, and a large three-year contract for the latter has been obtained from the New South Wales Railways, which is the first time that non-metallic blocks have been used by any Commonwealth railway.

ASBESTOS CEMENT CO.

The six factories of Turners Asbestos Cement Company Limited have operated at a high level of activity and the results reported by this member of the Group compare favourably with those for previous years. This Company manufactures a wide range of products for the building and civil engineering industries under the trade marks "Everite," "Turnall" and "Poilite," and for the electrical industry under the trade marks "Sindanyo" and "Silluminite"; products carrrying these marks have an excellent reputation and demand for them has been well maintained both at home and abroad. As was expected, conditions in overseas markets became progressively more difficult and in these circumstances the fact that export turnover increased once again is noteworthy; included in this turnover is an order for over five hundred miles of "Everite" asbestos cement pressure pipes for water mains in Egypt, which was completed and despatched during the year. Improvement of plant and methods of production is one of the main objectives of the Company, with the result that expenditure under these headings will continue as new developments are translated from research to manufacturing processes. Current trading is being affected at home and abroad by many factors which are outside our control, but the Company is in a good position to take full advantage of every available trading opportunity.

WASHINGTON CHEMICAL CO.

Whilst the results achieved by The Washington Chemical Company Limited were on the whole satisfactory, there was a temporary decline in the consumption of some of its products by certain industries in the home market. Trading conditions overseas remain very competitive but, nevertheless, the sale of the Company's chemical goods almost attained the level of the previous year. Newalls Insulation Company Limited has again experienced a lively demand for its services and products, with the result that the record figures reported last year were exceeded. The Land and Marine Departments completed many large contracts during the year, and were again entrusted with important insulation work on several power stations, an atomic power plant, passenger liners and tankers. In the export field the sale by Newalls of its well-known magnesia and asbestos insulations exceeded very substantially the figures of the previous year.

INCREASED VOLUME OF EXPORTS

As our manufacturing companies located in the United Kingdom export to so many widely differing overseas territories and industries, their experience during the year has naturally varied in detail but, regarded as a whole, the volume of export business was in excess of the satisfactory figures of the previous year. Continuation of this favourable position will depend, in part, on the political situation which, in certain circumstances, could result in the cancellation of some of the contracts and orders already received.

DIVIDEND RECOMMENDATION

This year your Board recommend a final dividend of 22½ per cent on the Ordinary Stock making, with the interim dividend of 5 per cent already paid, a total distribution of 27½ per cent for the year. This compares with last year's total distribution of 25 per cent and your Directors consider it to be satisfactory. Trading profits are slightly up on those of a year ago but prevailing National conditions counsel restraint in many directions. Your Board have, nevertheless, felt justified in recommending this modest increase in dividend after taking all relevant factors into account.

THE OUTLOOK

In my statement of last year, I indicated that we expected that for the first half of this year our organisation would remain highly prosperous, but that we could not see clearly, at that time, what was likely to happen in the second half of the year. The trading for the second half of the past financial year was at a somewhat lower level than

the first half, but the difference was not significant, and a modest decline in volume obtained by our companies operating in the United Kingdom was more than offset by increased prosperity in our overseas companies. As regards the immediate future, we anticipate that the Group will remain prosperous but at a level which, so far as we can see at present, is likely to be rather lower than that which we have experienced during the past two years. With so many uncertain factors at the moment, both nationally and internationally, it is not possible to be more specific, but we are continuing to expand wherever an appropriate opportunity presents itself, and we have no fears for the future, which should give us good results even though somewhat below the record levels of the past few years.

KENDALL AND GENT LIMITED

(Machine Tool Makers)

SATISFACTORY VOLUME OF ORDERS

The ordinary general meeting of Kendall and Gent Limited was held on December 14th at Victoria Works, Manchester.

Mr F. C. Mosley (Chairman and Managing Director) presided, and in the course of his speech, said: The net profit is £78,239. We are again making full provision for taxation by reserving the sum of £37,000, and your Directors recommend placing £10.000 to General Reserve Fund. With regard to the Subsidiary Company, we are glad to report another successful year.

This year the 5 per cent interim and total 20 per cent dividend is paid on the whole of the new capital of £200,000.

TRADING CONDITIONS

This year was one of the most difficult, and results were seriously affected by the non-ability to obtain the skilled labour which is essential for our products. We also suffered severely from a shortage of materials which was most pronounced in the early part of the year.

Had we been able to keep up deliveries against orders "on hand," instead of having the machines still as "work in progress," the results would have been much happier.

Your Board is pleased to report that in spite of increased trading difficulties due to foreign competition, the order book has been maintained at a satisfactory high level. Increasing costs, due to annual wage awards are, however, making it difficult to meet competition, particularly in overseas markets.

I referred last year to the difficulties we were experiencing in overseas markets, and though these difficulties are still with us, we are glad to say that the present position is slightly better than a year ago. We must not forget that we are members of a very large selling organisation, which is most ably represented in all overseas markets, and your Board feel confident that, if we can only obtain stabilisation of costs, we shall receive our fair share of overseas business.

Regarding the balance of orders "on hand," I am glad to say that the orders received during the year have exceeded the Works output, and since the close of the financial year the Board, having regard to all the circumstances, consider the orders received to be satisfactory.

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

J. GLIKSTEN & SON

(Timber Producers and Importers)

EXPORT TRADE EXPANSION

The fifty-first annual general meeting of J. Gliksten & Son, Limited, was held on December 19th in London, Mr S. G. Gliksten (chairman and managing director) presiding.

The following is an extract from his circulated statement:

The Group's revenue from trading amounts to £855,933 compared with £972,051 last year. The net profit remaining after taxation is £261,630 which is adequate, after meeting the Preference Dividend, to provide substantial transfers to reserves and to maintain the dividend on Ordinary Stock at 35 per cent, as last year.

Consolidated Balance Sheet: Current Assets exceed Current Liabilities by £2,221,905 which is a ratio of nearly 2½:1. There is no substantial alteration in stocks and debtors but current liabilities have been reduced by nearly £300,000. Bank overdrafts have been reduced and further reductions have been made since the close of the financial year, which achievement in present circumstances may be regarded with considerable satisfaction.

Despite the credit squeeze we have been able to finance and develop our business and yet comply with the Government's expressed wish that bank accommodation should be reduced by 10 per cent overall. A careful review of our known and estimated requirements during the next year indicates that the resources at our disposal should be adequate to finance the Group's business.

GENERAL SURVEY

Trading conditions during the past year have again been difficult and highly competitive, although the Group turnover in terms of money and volume of goods was approximately the same as during the previous year. The fall in Group profits was mainly accounted for by a disastrous fall in the price of imported plywood by upwards of 25 per cent. As a result stocks and goods arising from forward contracts had to be sold or written down to prices considerably below cost. I feel that this market has now reached stability, although it is understood that producers' prices are hardly sufficient to cover the cost of production.

In the Gold Coast production of logs and lumber was 20 per cent in excess of last year's record figures, and with our plant and equipment there in excellent condition I anticipate an even greater production during the coming year.

Our Mahogany and Pine operations in British Honduras were also extremely satisfactory, although the Pine production was somewhat lower than in the previous year owing to inclement weather conditions. With the demand for this lumber in the Caribbean areas constantly increasing, we hope to step up our production to meet our customers' requirements.

Our export trading continues to grow and sales to overseas territories during the last year were considerably in excess of £1 million, whilst sales to the dollar area were in excess of $1 million.

During the period since the close of the Accounts turnover has been in accordance with expectations and trading results continue to be satisfactory.

The report was adopted.

CALOR GAS HOLDING COMPANY, LIMITED

INCREASED TURNOVER

The eighth annual general meeting of the Calor Gas Holding Company, Limited, was held on December 17th, in London, Mr W. L. M. O'Connor, CBE, chairman, presiding. The following is his circulated statement for the year to July 31, 1956:

You will see from the Consolidated Profit and Loss Account that the profits amount to £486,853 after charging £418,354 for depreciation as compared with a profit of £543,187 after charging £374,328 depreciation for the previous year. Taxation on the profits for the year amounted to £209,772.

The Directors have transferred £61,800 to Special Reserve in respect of Investment Allowances and an explanatory note is given on page 10 of the report. The Directors have also transferred £125,000 to General Reserve, and this together with the transfer to Special Reserve and taking into account the increase in the Profit and Loss balance carried forward, namely £377, makes a total of £187,177 retained in the business out of the year's profits.

Our turnover has again increased in England and Wales, Scotland and Ireland, but in common with most businesses our expenses have also risen. During the year to July 31, 1956, the cost of new cylinders amounted to £563,760, making the total expenditure during the eight years to July 31, 1956, £3,107,000.

Our outstanding commitments for Capital Expenditure at July 31, 1956, amounting to £345,000, are considerably less than at July 31, 1955, and the reduction is due to the greater part of the cost of our new filling station and equipment at Millbrook, near Fawley, having been incurred during the year. In order to provide additional cylinders for the Company's continuing expansion it is always necessary to place contracts well ahead for their manufacture and this item accounts for the greater part of the Capital Commitments at July 31, 1956.

DIVIDEND 37½ PER CENT

The transfer of £125,000 to General Reserve brings the General Reserve Account up to £475,000, and a final dividend of 25 per cent is recommended, making with the interim a total of 37½ per cent for the year.

Turning to the Consolidated Balance Sheet you will see that the Current Liabilities and Provisions have increased by £335,900 and that they exceeded current assets by £72,199 as compared with an excess of current assets of £340,836 at July 31, 1955. This position has been brought about by the heavy capital expenditure during the year on new cylinders and on the new filling station at Millbrook.

With regard to the current year, our new filling station at Millbrook which commenced filling in May, is now in full operation. Sales since July 31, 1956, compare favourably with the corresponding period of last year, although adverse credit conditions and hire purchase restrictions have made the task more difficult.

I do not think we shall feel the full benefit of our exceptional Capital Expenditure during the current financial year but in the absence of any unexpected change in trading conditions, I anticipate that we can again look forward to another satisfactory year.

The report and accounts were adopted.

AUSTRALIA AND NEW ZEALAND BANK LIMITED

SATISFACTORY RESULT OF YEAR'S OPERATIONS

SIR GEOFFREY C. GIBBS'S REVIEW

The annual general meeting of Australia and New Zealand Bank Limited will be held on January 9th in London.

The following are extracts from the statement by the chairman, The Honourable Sir Geoffrey C. Gibbs, KCMG, circulated with the report and accounts:

AUSTRALIA

Rapid national development continues in Australia and the past year has been one of buoyant business conditions accompanied by full employment and a high level of investment. The difficulties arising from an adverse balance of overseas payments, a high rate of private and public expenditure and the reappearance of inflation, to which I made reference last year, were accentuated in the current period. As a result, the resurgence of inflationary forces has been the dominant feature of the Australian economic scene during 1956.

One of the most encouraging features of Australia's economy in recent years has been the substantial capital imports, estimated to total nearly £A150 million during 1955-56.

The provision of capital to finance the current rate of national development remains one of Australia's greatest problems. This problem is very closely linked with inflation, and stresses the need for appropriate measures to reduce expenditure on current consumption and stimulate savings at home, while steps are taken to borrow abroad as much capital as can be obtained on reasonable terms.

Under the direction of the Central Bank, monetary policy has been designed to offset inflationary trends, and a broad objective of credit restraint has been followed by the trading banks. The liquid resources of the banking system declined under the influence of the adverse balance of payments. The Central Bank, in pursuing its policy of credit restraint, has not made any substantial releases from Special Account. Moreover, as a further measure of credit control, a liquidity convention has been introduced under which the trading banks are to maintain a certain agreed minimum ratio of liquid items (cash, including deposits with the Central Bank, treasury bills, and government securities) to total deposits. This is in addition to Special Account lodgments.

Advances of the major trading banks declined by £A44 million between September, 1955, and September, 1956, compared with an increase of £A88 million in the preceding 12 months. Deposits declined by £A11 million in the same period, compared with small increases of £A9.5 million in the preceding 12 months and £A87 million between September, 1953, and September, 1954.

In accord with the objectives of the monetary authorities, the trading banks have maintained a selective advance policy, endeavouring to channel advances particularly to those industries which would help to correct the adverse balance of payments by expanding exports or replacing imports. In addition, every effort has been made to direct borrowing of a long-term nature to sources of finance outside the banking system. It is clear that in existing conditions this general credit policy must be maintained.

NEW ZEALAND

Considerable progress in reducing inflationary pressures and in restraining excess demand for imports was made in New Zealand in the year under review, and the greater stability of prices and wages achieved in the previous year was maintained. Trade and business conditions nevertheless remained very active and capital expenditure reached new record levels.

There is cause for satisfaction that greater stability has been achieved without reversion to a greater measure of direct controls, but care is necessary to ensure that restrictive credit policies are not pushed too far.

Overseas assets of the New Zealand banking system were reduced to an uncomfortably low figure last December by the high level of imports which followed the removal of exchange control upon imports at the end of 1954, and by additional requirements to finance meat and dairy exports following the reversion to free marketing. These assets made a good seasonal recovery in the first half of 1956, and, at the end of September, were at about the same level as they had been twelve months previously. In response to more restrained demand, private imports were running at a rather lower level, although the reduction was not so great as had been hoped for. Nevertheless, adequate stocks of imported goods were held and it was felt that a continuation of current trends would restore a satisfactory balance in overseas accounts without recourse to direct controls.

New Zealand's record in gradually dismantling import controls in recent years has been outstanding, and although some difficult re-adjustments have had to be made in consequence, the move towards greater freedom is of major benefit to the community as a whole. In recent months an examination of remaining import restrictions has been undertaken as part of a complete overhaul of the tariff system.

In seeking to contain demand within currently available resources, the authorities have continued to favour overall strategic controls acting through the level of bank credit, the structure of interest rates and the composition of the national Budget as against the tactical and piecemeal physical controls which had formerly dominated the economy. Budgetary policy, however, and the structure of controlled interest rates, did not lend adequate support to the policy of credit restraint, so that a greater burden was carried by the latter than need otherwise have been the case. Better co-ordination is expected in the present year, for although government expenditure is to remain high, the trend in savings accounts has improved and the substantial oversubscription to a government loan floated in July indicates that the higher rates of interest now offered, ranging up to 4¾ per cent per annum for an 11-year term, have a public appeal.

ACCOUNTS

The significant improvement in our liquidity position, when compared with last year, is reflected by an overall increase of £A9 million in the aggregate of the first four items on the Assets side of the Balance Sheet. Investments show an increase of £A4 million, but the restriction in Advances which has been imposed in line with Central Bank policy has brought a reduction of £A20 million in Loans and Advances to Customers and it is unfortunate that we have to direct some of our energies to the unprofitable task of reducing this asset item. During the year under review import restrictions have taken effect as indicated by decreases in Bills Receivable and Remittances in Transit and Liabilities of Customers for Acceptances and on Confirmed Credits. Our Bank Premises figure has gone up by £A1 million as we continue our branch extension, but as I mentioned last year we are, in response to the Australian Prime Minister's appeal, slowing down our expenditure under this head for the time being.

On the liabilities side we show a reduction of £A11¼ million in Current, Deposit and Other Accounts, although fortunately this is more than offset by the amount of the broadly comparable item Depositors' Balances and Other Accounts in the Australia and New Zealand Savings Bank Accounts.

The profit (after taxation and transfers to contingencies accounts) amounts to £A1,005,909. Your Directors have felt justified in recommending a final dividend for the year of 8 per cent less tax, which, together with the interim dividend of 4 per cent already paid, enables us to maintain last year's increased distribution of 12 per cent less tax. We think there is no little cause for satisfaction in the year's results, especially in view of the considerable increases in expenses, in particular the salary increases in Australia and New Zealand which are due largely to award increments.

At the time of writing this statement it is even more difficult than usual to forecast the trend of profits during the current year, owing to the crisis in the Middle East. We can only hope that a satisfactory solution may be found to this issue and that there may be laid the foundations of a lasting peace in that area which is so vital to this country, Australia and New Zealand.

SAVINGS BANK

A wholly owned subsidiary company was registered to operate a savings bank under the name of Australia and New Zealand Savings Bank Limited, repayment of deposits being guaranteed by the parent company.

The response since the opening of the Savings Bank in January, 1956, is very gratifying. At the end of September last total deposits were £A22 million spread over some 135,000 accounts and satisfactory progress continues.

THE STANDARD MOTOR COMPANY, LIMITED

(Manufacturers of Standard and Triumph Cars, Ferguson Tractors and Standard Commercial Vehicles and Diesel Engines)

RESULTS REFLECT YEAR OF CONSIDERABLE DIFFICULTY

LORD TEDDER ON LABOUR AND COST PROBLEMS

The fifty-third annual general meeting of The Standard Motor Company was held on December 19th at Coventry, Lord Tedder, GCB, Chairman of the Company, presiding.

The following are extracts from his statement which was circulated with the Report and Accounts: The Group Profit for the year, before taxation, is £806,788, compared with £3,474,797 in the previous year. In addition, provisions made in earlier years, now no longer necessary, amounting to £518,000, have been brought into credit. After deducting taxation, and £105,117 for profits retained in the Accounts of Subsidiary Companies, the balance to be added to the Company's Revenue Reserves is £573,004.

The Accounts presented to you cover a year in which the Company, in common with the rest of the Motor Industry, has faced considerable difficulties arising from the Government's limitation of credit, increased purchase tax on motor vehicles and restrictive legislation introduced in our largest export markets—Australia and New Zealand. All these factors caused a recession in sales and, therefore, reduced volume-production, resulting in increased manufacturing costs, this position having been further aggravated by rising costs of materials resulting from continuing wage awards.

The Company has also had a major domestic problem due to the changeover of tractor production to a new model. Last year I referred to the dislocation of production which would result from this changeover, and to the consequent loss of output. I also referred to the considerable capital and revenue expenditure involved, and I emphasised the need to conserve our resources accordingly. The changeover of tractor production was, however, further complicated and delayed by labour disputes.

DIVIDEND REDUCED

The combined effect of the national and domestic situation has been to denude the Company's resources. Bearing this in mind, therefore, together with the fact that we are not able to visualise any substantial relief during the next financial year from restrictions both at home and overseas, the Board is of the opinion that it would be undesirable to adhere to the dividend policy which they have followed for the last five years, and they therefore recommend that the dividend be reduced from 12 per cent to 8 per cent.

During the year we sold 79,360 Cars and 52,869 Tractors, a total of 132,229 Units, a reduction of 37,327 Units compared with last year. Of these sales, the Cars exported by ourselves and the Tractors exported by the Massey-Harris-Ferguson Organisation have totalled 77,279 Units.

NEW MODELS AND ACHIEVEMENTS

In 1956 Standard and Triumph Cars once again distinguished themselves in the field of International motoring, and added to their reputation for high performance, reliability and economy. Many successes have been recorded, the most outstanding being: the Safety and Comfort Prize for the Vanguard III in the Monte Carlo Rally; the first three places in the Circuit of Ireland 1,000 Mile Trial won by Triumph Sports Cars—thus repeating their successes of the previous year; the Tulip Rally of Holland, where Standard Family Eight Saloons took 2nd, 3rd, 4th and 5th places and the team award, and—the greatest success of all—the Alpine Rally, with Triumph TR3's securing the most sweeping success in the history of the event by gaining five Alpine Cups, the first five places in the Class, the much-coveted Team Prize and many other awards.

At this year's Commercial and International Motor Shows at Earls Court the Company exhibited the new version of its Vanguard III de Luxe; the new Vanguard Estate Car and the Sportsman; its full range of 8/10 hp cars and commercial vehicles, and the new and considerably improved Triumph TR3 Sports Car incorporating disc brakes. All these new models have been very well received. Considerable interest, also, was shown in the Newton Two-Pedal Control which we have so far incorporated in our 10 hp saloons, estate cars and vans. As you know, this eliminates the clutch pedal and brings those vehicles into line with modern practice, which is developing towards completely automatic transmission.

OVERSEAS INTERESTS

Our Overseas interests in Australia, Brazil, Eire, France, India, New Zealand and South Africa continue to operate satisfactorily, and fully justify the Directors' policy of progressive development in those countries. In addition, we have Marketing Organisations in the USA and Canada. In spite of many difficulties, the Company has, in the last twelve months, increased its exports of motor cars by 7.3 per cent—our exports to the USA have increased by 50 per cent during the first six months of this year.

LARGE BUYER OF COMPANY'S SHARES

For several months there has been considerable speculation as to the identity of the large buyer of the Company's Shares, culminating in an application to the Board of Trade, to which we gave our support, for the appointment of an Inspector to reveal that identity. Since then, the identity of the buyer has been made known to me in confidence. I am, therefore, not in a position to disclose this identity, but I have no reason to regard the buyer as being other than friendly or as likely to interfere with our plans to continue aggressively in the car and tractor business. This being so, the Directors have withdrawn their support to the Application to the Board of Trade.

EFFORTS TO STRENGTHEN COMPANY'S ECONOMY

In the year ahead we shall reach maximum production of the new tractor. We shall complete our installation at Beans Industries for a new Government contract, and put to full utilisation the new facilities available there. We have also planned to effect more intensive utilisation of the total floor area in certain sections of our Organisation by exercising control over a greater proportion of the prime cost of our products. Although these plans cannot make a full contribution in our current financial year we are satisfied that, as they come into operation, they will progressively strengthen the Company's economy.

TRADE UNIONS' UNREALISTIC POLICY

To sum up, I am sure that you will expect me to say something about the labour problems which have faced the Organisation during our changeover of tractor production. You will recollect that, last year, I referred to the need for improving production methods and to the apprehension with which this form of progress is viewed by some people—the fear of unemployment never being far from the introduction of new techniques.

We planned that the tractor changeover would take place in the spring, when car production normally reaches its peak, so that, by the redeployment of labour from tractor to car production during the changeover, redundancy might be kept to a minimum.

However, the restrictions introduced by the Government, which could not have been anticipated, completely disrupted this aspect of our planning. The increase in purchase tax, together with the drastic credit restrictions, seriously affected our car sales and we were faced with the unpleasant task of declaring a heavy redundancy.

We always have in mind the human problems involved in a redundancy of this description, but we had to consider the future wellbeing of the Company and, therefore, of its employees, in deciding the action which was ultimately taken. In order to alleviate hardship, we paid what we considered to be adequate compensation in the circumstances.

Almost overnight we found ourselves at variance with the Trade Unions. These differences did not arise through lack of consultation; in fact, consultations regarding this problem had been in progress for several months. The focal point of difference with the Trade Unions was their unrealistic policy at that time of "no redundancy under any circumstances."

Although we were unable to reach agreement with the Trade Unions, it is worthy of note that the methods we adopted have since been used by the Unions as a basis for negotiating agreements with employers both locally and nationally.

Arising from these troubles many lessons have been learned, not the least important being the ultimate recognition by the Trade Unions that it is economically impossible for employers to bear the cost of retaining employees and paying wages without the income from production.

If we are to maintain our position as a great trading nation, everyone must pay greater regard in the future to the impact of the cost of wages on the cost of our products. We are justly proud of our products but we must bear in mind that ultimately it is the price factor which will determine our progress in the markets of the world.

The report and accounts were adopted.

BRITISH OVERSEAS MINING ASSOCIATION

URGENT NEED FOR TAX RELIEF

HOPES FOR EARLY INTRODUCTION OF "OVERSEAS TRADE CORPORATIONS"

The eleventh ordinary general meeting of British Overseas Mining Association was held on December 19th at 49 Moorgate, London, E.C.

Mr S. E. Taylor, DSC, the president, who was in the chair, in the course of his speech said:

My predecessor as President of the Association, when addressing last year's general meeting, referred to the recommendation made by the Royal Commission on the Taxation of Profits and Income that a new category of companies should be established under the style of "overseas trade corporations," which would be liable to UK taxation in respect of distributed profits only.

The Chancellor of the Exchequer informed the House of Commons on June 19th last in the course of a debate on the Committee stage of the Finance Bill that he had a great deal of sympathy with this recommendation and promised to give careful consideration to the possibility of introducing legislation to give effect to it in the 1957 Finance Bill.

I sincerely hope that my successor may be in the happy position next year of reporting to you that legislative effect has been given to this recommendation and that the efforts of this Association over a number of years to secure adequate recognition of the tax problems of the overseas mining industry will have been thus rewarded.

VARIETY OF COMPANIES IN THE INDUSTRY

The mining interests represented by this Association fall broadly into three classes. The first class consists of companies which operate in overseas mining fields and are managed and controlled in the United Kingdom. Some very important operating companies have already ceased to be managed and controlled in the United Kingdom, but a number of valuable overseas mineral deposits still remain under the direct control of UK companies. It must be to the advantage of this country's economy to create tax conditions under which that control can be retained.

The trek of British mining companies overseas has been due, of course, to other factors besides taxation, but a liberal and progressive policy in the UK tax field would at least provide good argument for countering the strong non-tax factors pulling such companies out of the UK tax jurisdiction.

The second class consists of holding and co-ordinating companies which hold share control of, or have substantial investments in, mining companies managed and controlled overseas. The growth of the UK holding company, with widespread interests in mining companies overseas, is in part a necessary development in giving local participation in overseas mining ventures and in part an attempt to minimise the UK tax burden. UK taxation on the dividends receivable by the UK holding company is an obstacle to the reinvestment of its funds in new exploration and development projects in overseas territories.

The third class consists of mining finance houses which explore, develop and finance overseas mining fields, setting up operating companies overseas to exploit and operate successful mines. These operating companies are closely associated with the sponsoring UK company, but are not necessarily subsidiary companies, though the operating and managerial links may be very strong.

Both the holding companies and the finance houses are concerned with all aspects of mining, from the location of new deposits, the search for which under modern conditions demands continual expenditure on a scale which only companies with large capital resources can support, to the ultimate exploitation of such deposits.

It is the usual practice to form new companies to work the deposits when the stage of exploitation is reached, but the shareholdings, both of the holding companies and the finance houses, in such operating companies are of a nature far removed from the "portfolio investments" which, in the view of the Royal Commission, ought to be excluded from the scope of "overseas trade corporations."

The first class of company, namely the UK operating company, falls clearly within the narrowest definition of "overseas trade corporations." In the opinion of this Association, the second and third classes of companies should also be recognised as falling within that category, and it is of the greatest importance to the future of the British overseas mining industry that the legislation introducing "overseas trade corporations" should be so drafted.

"OVERSEAS TRADE CORPORATIONS" IN RELATION TO "PIONEER INDUSTRIES RELIEFS"

In his speech on the Committee stage of the Finance Bill, 1956, the Chancellor promised to introduce legislation with retrospective effect in the following year's Finance Bill to deal with the frustration by the UK tax system of "pioneer industries reliefs" granted overseas. He expressed the view that the bigger question, namely "overseas trade corporations," would settle the smaller one, namely the frustration of "pioneer industries reliefs," but the Association ventures to suggest that this assumption is not accurate.

It is true, of course, that the introduction of "overseas trade corporations" would confer tax relief over a wider range than the granting of reciprocal relief in respect of pioneer industries, however widely such industries might be defined in the promised legislation.

The Association suggests, however, that UK companies, which might not fall within the definition of "overseas trade corporations," would be eligible for reciprocal "pioneer industries reliefs," and that it would seem unfair to deprive them of the promised benefit under the latter heading merely because they cannot qualify for benefit under the former heading.

In the Association's view, the correct procedure would be to grant reciprocal "pioneer industries reliefs" to all companies eligible for them and, when the company falls within the definition of "overseas trade corporations," to take the "pioneer industries reliefs" into account in calculating the rate of UK tax at which the company would account to the Revenue in respect of its dividends.

The Association has already outlined its views to the Government on the subject of "pioneer industries reliefs" and "overseas trade corporations." Whatever may be the financial difficulties next spring, the Government is committed to the introduction of new legislation to end the frustration of overseas tax concessions, and I venture to hope that it will also recognise the urgency of introducing the concept of "overseas trade corporations" in order to retain and stimulate the important contribution which the British overseas mining industry makes to the economy of the United Kingdom and the Commonwealth.

The report for the year ended September 30, 1956, was unanimously adopted.

Mr A. M. Baer was elected president and Mr Clifford Waite vice president for the ensuing year and the proceedings terminated with a vote of thanks to the retiring president.

SECOND INDUSTRIAL TRUST

RIGHTS ISSUE

The forty-fifth annual general meeting of the Second Industrial Trust Limited was held on December 13th in London.

The following are extracts from the Chairman's speech which was read by Sir Norman Touche, Bt.:

Our total revenue again showed an increase; at over £249,000 it was some £17,000 more than in the previous year. Our liability for Income Tax and Profits Tax is, of course, larger as a result of the increase in revenue. Our net revenue was £108,000. We now recommend a Final Dividend on the Ordinary Stock of 20 per cent, making 28 per cent for the year.

During the course of the last financial year your Board has frequently found itself unable to take advantage of favourable opportunities for investment through lack of liquid resources. To overcome this difficulty, your Board sought the permission of the Capital Issues Committee to issue the balance of Authorised Ordinary Capital. This permission has been granted, and we are proposing to make a rights issue to Ordinary Stockholders of one new Ordinary Share of £1 at 80s. per Share for each £4 nominal of Ordinary Stock held on November 26, 1956. These new shares will rank *pari passu* with the existing Stock. We hope, always providing, of course, that conditions do not materially alter meanwhile, to pay a dividend for the current year of not less than 25 per cent on the Ordinary Capital as increased.

We are also proposing that the Capital be increased from £1 million, to £1,500,000, so that the Board shall have Shares available for future issues if they so wish.

It has never been more difficult than now to see what lies ahead. I still have faith in the future of this country, and, if my faith is justified, then there can be no doubt that this Trust will share in that future.

The report was adopted and the increase of capital was approved.

VOKES LIMITED

GROUP ACTIVITIES CONTINUE TO EXPAND

SATISFACTORY ORDER BOOK POSITION

SIR IAN STEWART-RICHARDSON ON LOWER PROFIT MARGINS

The Nineteenth Annual General Meeting of Vokes Limited was held on December 18th at the Albion Hotel, Woking, Surrey.

Sir Ian Stewart-Richardson, Bt, chairman of the company, presided. The following is an extract from his statement, which had been circulated with the report and accounts:

It will be noted that whilst there has been a reasonable expansion in the trading surplus earned prior to taxation, that after deducting the tax payable—which incidentally absorbs some 54 per cent of this surplus—there is only a small increase in the amount available for distribution as compared with the previous year. This increase in taxation is mainly due to the higher charge for Profits Tax caused by the increased rates of Profits Tax and the considerably greater Ordinary shareholding to be serviced. This latter arises from the rights issue made to the Ordinary shareholders in June of this year which increased the capital by 250,000 4s. Ordinary Shares, and the placing in October, 1956, of a further 500,000 4s. Ordinary Shares.

To enable the most satisfactory price to be obtained for the shares and avoid having two classes of Ordinary Shares on the market at the same time, it was agreed that the new shares should rank *pari passu* in all respects with the then existing Ordinary Shares.

The activities of the Group have continued to expand both as to the Parent Company, and the Subsidiaries, and the Associate Company.

Considerable work has been and is still being done on new designs and development in all branches of the Group's products, and whilst this type of work is costly it is highly necessary to enable the Company to keep in the forefront in an industry which is becoming increasingly more competitive.

By August of this year the further building programme mentioned in my last statement was completed, and the occupation of these new buildings was effected immediately after the holiday period. It is not anticipated that there will be any further major capital expenditure on new buildings in the near future.

STREAM-LINE FILTERS ACQUISITION

Referring to my previous observations on the placing of the 500,000 Ordinary Shares in October of this year, these shares were utilised to finance the purchase of the business of Stream-Line Filters Ltd., exclusive of its Subsidiary and Associated Companies, and this business is now operating as a wholly-owned subsidiary of Vokes Ltd. I would like to point out that the business of Stream-Line Filters Ltd. is old and well established and is complementary to that of Vokes Ltd., and its acquisition should considerably broaden the field of the Group as a whole. I would further point out that as the acquisition was not completed until October 5th this year it had no effect on the trading surplus for the year under review, although it materially affected the amount of dividend and taxation payable. Its trading results as from October 5, 1956, to June 30, 1957, will be incorporated in the figures for the Group next year.

It is proposed to increase the Nominal Capital of the Company to £900,000. The Directors consider it prudent to have the necessary capital available should opportunity arise for further expansion of the Group's activities.

THE OUTLOOK

At the date of writing due to world conditions it is impossible to make a useful forecast as to the results of trading for the current year. All I can tell shareholders is that results for the period from July 1st last to date have been satisfactory and the order book may also be considered satisfactory. Had conditions remained normal I would have forecast another favourable year's trading but with the proviso that profit margins are definitely decreasing and that the price factor is becoming increasingly important in obtaining orders. Shareholders will no doubt have noticed this trend from the reports of other business concerns.

Therefore as a natural corollary it is only by increasing our production by widening the scope of our sales that it will be possible to maintain the satisfactory ratio of profit to capital which has been achieved over the past years. It is for this reason that the increased rate in the recommended distribution per share is to be made by way of a bonus payment.

I would like to conclude by thanking all employees of the Company for their excellent efforts to date and especially those who were responsible for the very smooth changeover into the new buildings effected immediately prior to and during the holiday period.

The report was adopted; and the recommendations of the Board were unanimously approved.

CONSOLIDATED GOLD FIELDS OF SOUTH AFRICA

LARGER NET PROFIT

The annual general meeting of this company was held on December 13th in London.

Mr Robert Annan, chairman, in the course of his speech, said: The accounts of the operating Company show a working profit for the year of £1,936,000. The principal contribution is made by dividends and interest on our investments, which at £1,862,000 again constitute a record. The net profit for the year is £1,072,000, an increase of £123,000.

It is essential to the life of our business that we should continue to find, and bring to production, new mines to replace those now being worked out. The world demand for metals and minerals is increasing so much that the discovery of new sources of these raw materials is a matter of urgency if the present rate of industrial expansion is to be maintained. It is our desire not only to expand our business but also to broaden its basis both geographically and by turning increasing attention to base metals and to the many minerals now required by industry as well as to those sources of power on which all industry depends. With these objects in view we have kept up a steady programme of exploration which has recently been intensified.

On August 27th last a circular was sent to members of this Company and of The Central Mining and Investment Corporation, Limited, announcing that the two companies had started discussions with a view to a merger of their interests. These discussions are continuing. The report and accounts were adopted.

THE TANJONG MALIM RUBBER COMPANY, LTD.

CHAIRMAN'S STATEMENT

The annual general meeting of the Tanjong Malim Rubber Company, Limited, was held on December 18th, in London. The following is the statement by the chairman, Mr H. H. Facer, CBE:

It is gratifying to record another successful year's working and an advance in gross profits from £113,327 for the previous twelve months to £156,194 for the period under review. On the other hand it is very discouraging to have to find from that profit no less than £93,045 or 56.6 per cent to meet our tax commitments.

The enhanced profit is due mainly to a more favourable average price for the commodity this year which has enabled us to sell our produce at about threepence a pound more than in the previous year. Another factor, and one which is cause for congratulation to all those concerned is the increase of crop from 3,119,000 pounds to 3,319,000. This increase of 200,000 pounds from rubber in bearing, of which two thirds is made up of old seedlings, is a remarkable achievement. It is the more creditable in that the result has been achieved under circumstances of stress to which our staff have had, perforce, to become accustomed. Although there were no serious incidents on the estate during the period, reports of terrorist activities have continued to be received from time to time.

As a result of this increased prosperity your Directors are pleased to be able to recommend to you that a dividend of 2s. per share free of tax, shall be declared in respect of this year. The fact that our labourers have participated in this increased prosperity is evidenced by the fact that our estate costs have risen by 20.5 per cent on an increased crop of about 6.4 per cent. The increases in wages have been the result of negotiations between the Employees and the Workers' Unions, and although there was rather serious trouble in May of this year, it can be said that the negotiating machinery as between employers and employed in the rubber producing industry runs much more smoothly than in other undertakings in Malaya.

When I addressed you last year I laid emphasis on the urgency of our replanting programme, and expressed our intention of stepping up the programme in future years. Effect is being given to this intention and this year we are replanting 370 acres of our old rubber. In spite of this the Manager is confident that there will be no noticeable loss of crop. During the second half of 1957, we expect to take into tapping the first of our postwar replantings and from then onwards have a steadily increasing crop from new areas coming into bearing. The crop from these areas should make up for the loss from the larger areas scheduled to be replanted in following years.

Not only are we modernising our plantations, but we are at the same time carrying out a programme of replacing our out-of-date accommodation and improving amenities on the estate for our working labour force. Standards which found favour in the early part of the century are no longer permissible nor desirable, and any measures designed to improve the living conditions of those on whom the success of our efforts depend, are important as factors in smooth and economic working. Last year we erected 32 units of new lines and during the current year we have budgeted to put up a further 48 units. This programme will be continued until we have modernised the whole of our living accommodation.

THE ALUMINIUM CASTINGS COMPANY LIMITED

RECORD TURNOVER AND PROFITS

VITAL NEED TO CONSERVE RESOURCES

The Fiftieth Annual General Meeting of the Aluminium Castings Company Limited was held on December 14th in Glasgow, Mr . K. Calder, chairman and managing irector, presiding.

The following is an extract from his tatement:

It is particularly fitting that in this—the arent company's fiftieth year of operation —I am able to report both record turnover nd profits.

Trading profits increased by just over 141,000 to £508,450, an increase of some 8 per cent, and net profits before taxation ncreased to £342,901, against £264,200 last ear, after charging increased sums of 81,523 against £56,810 for depreciation nd £51,917 against £19,281 for interest.

The taxation charge of £157,211 was ower than the profits should normally bear, ue to the fact that no Canadian income ax was payable consequent upon the pplication of accelerated depreciation llowances.

The net profit after tax was, therefore, he very satisfactory figure of £185,690, an ncrease of £55,267 over the previous year.

After deducting appropriations totalling £10,088 and £23,228 for the servicing of the Preference share capital and bringing in the balance of £257,193 from last year, the available balance was £409,567, which your directors recommend should be carried forward.

The consolidated balance sheet now reflected the addition to the group of the Canadian subsidiary and the purchase during the year of new factory premises in the United Kingdom and as a result net fixed assets had increased during the year from £448,247 to £817,725.

The directors in May last repaid the loan of £112,500, which was repayable by 1965. This was financed by a temporary loan at call of £120,000—to be converted into 6 per Cent Redeemable Preference share capital—but in the interval market conditions deteriorated and the directors had decided to postpone the projected conversion operation.

Opportunity was taken, however, to reissue for cash at par, over a period, a total of 30,000 6 per Cent Redeemable Preference shares.

SUBSIDIARY COMPANIES

Since the close of the year the group has acquired Trent Foundries Limited, which specialises in sand casting and non-ferrous alloys.

At Aluminium Bronze Company Limited output advanced by over one-third, with a more than commensurate increase in earnings, but towards the close of the year it fell away as a result of the recession in the motor trade.

Atkinson's Agricultural Appliances Limited and its subsidiary, Atkinson-Hacker Tractor Company, Limited, showed an overall increase in output, but in the current year there has been a noticeably reduced demand from the agricultural industry.

The Bright group of companies again increased output, but profit margins declined. The full impact of the decline in the motor trade has been felt only in the current year.

Negotiations are in hand for the manufacture of the Bright patented products in Germany and for an expansion of the activities of the French licensee.

Burnley Aircraft Products Limited, again had a successful year, although there was a slight reduction in output due to difficulty in obtaining supplies of certain raw materials.

Renfrew Aircraft and Engineering Company Limited, made a very satisfactory contribution to group profits in its first year of operation and in the current year output has continued to advance, and with more than a corresponding improvement in earnings.

I am sure that members will join with me in expressing our very real appreciation of the success which has been achieved by the Canadian company under the able direction of its president, Mr G. E. Woods-Humphery.

Scottish Aluminium Ware Limited, succeeded in increasing output and while a loss still arose this was materially reduced. The company is now producing "Luxaflex" venetian blinds.

Trent Foundries Limited is showing satisfactory progress.

The Verichrome Plating Companies at Walsall and Larkhall both had satisfactory years and, while output showed a small decline, earnings improved.

Despite the record profits, it is with very real regret that the directors feel unable to recommend a dividend but the need to conserve the company's resources is still a paramount necessity.

The consent of the Capital Issues Committee has, however, been obtained to the capitalisation of reserves and undivided profits to the extent of £225,000 and details of the proposals will be circulated within the next few weeks.

I am sure that members will join me in expressing thanks to my co-directors and to all employees of the group, both in the United Kingdom and overseas, for their hard work in achieving these record results.

In the current year, which started off well, we are now beset with most difficult conditions and the most that I can say is that the wide diversification of our interests should assist in maintaining a reasonable overall picture provided that no further unforeseen adverse developments arise.

The report and accounts were adopted.

SMITHS

S. SMITH & SONS (ENGLAND) LTD.

ANNUAL GENERAL MEETING—FINANCIAL YEAR 1955/6.

OPERATING DIVISIONS:

Motor Accessory:	Instruments for Cars, Motor Cycles, Commercial Vehicles and Agricultural Tractors; Car Heaters; Fluecol Anti-Freeze; K.L.G. Plugs.
Clock and Watch:	Mechanical Alarms; Sectric Clocks; Strikes; Chimes; Pocket, Wrist and Stop Watches; Clock Systems; Time Recorders; Timers.
Aviation:	Automatic Pilots; Engine Flight and Airframe Instruments; Aviation Systems (Fuel Contents, Jet Temperature Control).
Industrial Instruments:	Revolution Indicators; Hand Tachometers; Counters; Pressure Gauges; Railway Speed Indicators; Remote Indication.
Kelvin & Hughes:	Marine, Aircraft & Industrial Instruments.

Extracts from the Speech of Mr. Ralph Gordon-Smith, Chairman and Managing Director.

PROFIT MARGINS: Profit margins generally continue to reduce, particularly in the mass production sections of the Group, due to increased wages and competition. The trend in the Group has been towards an increase in total sales volume but with smaller margins—the overall result being a continuing increase in total capital employed but with a smaller net profit return.

MOTOR ACCESSORY DIVISION: We are diversifying our products both inside and outside the automotive industry and expanding our research and development resources. This policy will provide a "cushion" against reduced calls for our traditional automotive products.

CLOCK AND WATCH DIVISION: The turnover of the division reached a record level, but sales of various timing and switching devices for domestic electrical apparatus were adversely affected by the credit squeeze. It is hoped that this setback will be temporary.

AVIATION DIVISION: Our policy of expanding our technical and productive resources is enabling us to play a leading part in our sphere in the aviation industry. Examples of this are the successful introduction of the Smiths integrated flight system, where the most promising results have been achieved, and, in association with Bristol Aero Engines Ltd., a contribution to the solution of the "flame out" trouble experienced in the engines of the Britannia aircraft.

INDUSTRIAL INSTRUMENTS DIVISION: Greater manufacturing and development facilities have been provided to meet the ever-growing demand for the products of this division.

KELVIN & HUGHES: Diversification of products continues, not only by the introduction of new lines, but by developments in existing fields. Two new Echo Sounders, a new miniature radar set and a miniature Asdic have been marketed and further progress has been made in developing equipment in the field of non-destructive testing of materials.

FUTURE PROSPECTS: Aircraft, Industrial and Marine activities are continuing to expand and order books are very large, but the demand for Clocks and Watches is now at a slightly lower level. The immediate prospects for the Motor Accessory division are obscure, being affected by factors outside our control, but we are confident that, given normal conditions, the motor industry should soon re-establish itself at a reasonably satisfactory level.

BERKELEY PROPERTY AND INVESTMENT COMPANY

SATISFACTORY RESULTS

MR J. H. HAMBRO'S STATEMENT

The thirty-second ordinary general meeting of The Berkeley Property and Investment Company Limited was held on December 18th in London, Mr J. H. Hambro, CMG (chairman), presiding. The following is an extract from the chairman's circulated statement:

The results achieved by the Group for the year to June 30th last will, I hope, be regarded as satisfactory.

Freehold and Leasehold properties now amount to just over £5 million, an increase of some £700,000 on last year. This increase is largely due to development in Canada, but during the year under review our policy of selective modification of the property portfolio has been continued and this also is a contributory factor.

Against this, on the other side of the Balance Sheet there is an increase of £138,000 in our mortgages and a bank overdraft of £290,442. This bank overdraft has now been extinguished and represented temporary finance in Canada pending completion of Berkeley House, Toronto. It has been replaced by permanent mortgage money in accordance with the arrangements made before the start of the construction. Thus the liquid position of the Company has been improved to this extent.

INCREASED PROFIT

The profit for the year before taxation is £286,263, an increase of some £32,000 on the previous year. The earnings of our trading subsidiaries show some slight falling off, but as a whole these continue to show a very satisfactory return on the capital employed. Revenue from properties and investments is increased by £41,000.

Increased income entails increased demands from the Inland Revenue, and this year income tax, profits tax and overseas income tax take £151,587 against £136,910 last year, leaving us with a net profit after taxation of £134,676. This is an increase of £18,000 over the corresponding figure for last year.

A substantial sum (£42,036) has again been provided out of taxed income for depreciation of freehold properties, this is largely attributable to our policy of obtaining the full benefit of the more favourable attitude of the Canadian Tax Authorities who do not subscribe to the view held by the Inland Revenue here that buildings constitute non-wasting assets.

An Interim Dividend of 3 per cent has already been paid on the Ordinary Stock, and provision has been made in the Accounts for a Final Dividend of 5 per cent, making a total of 8 per cent for the year. After providing for these dividends and the Preference Dividend we carry forward a balance of £174,289, an increase of some £27,500 over last year's carry forward.

During a recent visit to Canada I had an opportunity of inspecting the Company's properties in the Dominion. I am very pleased to be able to tell you that these and our other investments there are all of a high order. For the time being it is necessary to balance the claims of revenue and liquidity as credit availability in Canada is at present very restricted, although directed more by the operation of natural economic laws than by governmental regulations. It is our aim that the Company should be well placed to take advantage of any attractive opportunities which present themselves.

The report and accounts were adopted.

THE BIRMINGHAM SMALL ARMS COMPANY

REORGANISATION OF GROUP'S STRUCTURE

The ninety-fifth annual general meeting of The Birmingham Small Arms Company Limited was held on December 18th in London, Mr J. Y. Sangster (the Chairman) presiding.

In his speech the Chairman commented on the factors which had contributed to the drop in profits, and in the course of a detailed review of the Subsidiary Companies' activities he said:

The Tools Division has continued to expand and has made a most important contribution to Group Profits.

The Steel Division has achieved an all-time record of sales amounting to an increase of almost 25 per cent over the previous year.

The new Titanium Plant laid down at Jessops a year ago is now in operation. Titanium is forecast as being of major significance in the aircraft world and substantial orders have already been placed with us by some of the leading aircraft firms.

Very severe losses have been sustained by the Subsidiary Companies engaged in the Motor Car Industry. The outlook is anything but favourable.

BSA Motor Cycles Limited, and Ariel Motors Limited, both experienced a falling-off in demand in the Home Market. In the export field sales have been well maintained despite strong competition. Triumph Engineering Company Limited enjoyed another successful year. Sales of Triumph Motor Cycles both in numbers and in value exceeded the sales of the previous year.

Our bicycle business has incurred losses for several years past and your Board have this most unsatisfactory position constantly under review.

BSA Guns Limited.—An important scheme to modernise our production facilities is now nearing completion.

The Redditch Factory engaged on the production of Jet Blades for Aircraft Engines as well as a number of other smaller manufacturing units, have all made valuable contributions to Group Profit.

FUTURE ORGANISATION

The Board asked Lazard Brothers & Company Limited and Messrs Deloitte, Plender, Griffiths & Company in July last to investigate and advise them on the structure and organisation of the Group. The work is not yet finished. But it has progressed far enough to enable your Board to take certain decisions. The structure of the Group will be rearranged so that the Parent Company becomes a Holding Company with a series of wholly owned operating Subsidiaries.

As an essential part of this rearrangement, some sections are being regrouped in a more natural form. The Board will be reconstructed so as to consist of leading executives and outside Directors of wide technical and business experience.

The report was adopted, and the total dividend of 8 per cent for the year was approved.

ASSOCIATED BRITISH MALTSTERS

SUBSTANTIALLY IMPROVED RESULTS

SIR NUTCOMBE HUME ON EXPANSION OF EXPORT BUSINESS

The thirty-fifth annual general meeting of Associated British Maltsters Limited will be held on January 14th, in London.

The following is an extract from the statement by the Chairman, Sir Nutcombe Hume, KBE, MC, circulated with the Report and Accounts:

My forecast of a more satisfactory trading year has been realised and we can report profits in the twelve months ended July 31, 1956, of £381,494 by comparison with £311,540 in the preceding 11 months, but you need no reminder from me that last summer's barley harvest had to be gathered in worse conditions than for many years. We cannot, of course, face such an event with impunity, but today we are able to handle a wet harvest far better than would have been possible before we spent so much money on modernising many of our maltings and increasing our drying facilities. Nevertheless you must expect next year's accounts to show lower profits.

It gives your Directors no sense of satisfaction to spend so much out of retained profits on capital expenditure, but we are still convinced that this is necessary to maintain our profit-earning capacity in the changing trade conditions. It is obvious that, except in a year of exceptionally fine hot weather, beer sales in this country cannot be maintained whilst the enormous weight of taxation is laid upon them. In the struggle to do so Brewers are amalgamating and seeking, as we are, to maintain profits by economies and increased efficiency.

POLICY OF "STREAMLINING" THE GROUP

Your Board is served by a number of committees which specialise on the several aspects of the Group's activities—for instance, Raw Material supplies, Production and Research, Sales, Transport—and guided by their advice the Directors keep under constant review the improvement of our organisation. From being at first a rather loosely knit amalgamation of 15 separate trading companies we are adopting methods of "streamlining" the Group.

To that end we built the big, highly efficient and successful malt factory at Louth and are well forward with another in Yorkshire, which we expect to be in partial operation in 1957 and to be complete in 1958. This will enable us to give up using a number of old maltings, with a consequent gain in all-round efficiency and a saving in the high cost of maintaining them. By integrating our transport we are saving expenses whilst giving our customers a better service; and in the field of research we are constantly devising improved methods of manufacture.

Our Export Company has again expanded its trade and developed all over the world, and its products are being progressively accepted as part of their standard blends by a large number of overseas breweries. Expressions of appreciation reach us continuously about the high quality of our material and services.

We therefore feel we can face the future with some degree of confidence. We have a good team of individuals at the Board and every other level in the business, and our gratitude is due to them for the hard work they do. We have good and improving equipment which we are putting to better use as time goes on. It will only be circumstances outside our control which could prevent us from maintaining our position in the forefront of the malting industry.

NETHERLANDS BANK OF SOUTH AFRICA

FURTHER SATISFACTORY EXPANSION

The Sixth Ordinary General Meeting of Shareholders of Netherlands Bank of South Africa Limited was held on December 19, 1956, in Pretoria, Mr J. P. Kakebeeke (the Chairman) presiding.

The following is an extract from his circularised statement:

The results for the financial year 1955-56 were again favourable. The figures demonstrate a further satisfactory expansion of the bank's activities.

POSITION OF THE BANK

It is pleasing to note that although the net profit was slightly less than last year's figure, the total income was again higher, even after taking into consideration a certain increase in cost for maintaining a higher liquidity which was considered advisable in prevailing circumstances. Mainly as a result of the improvement which was introduced last year in salary scales and the initial expenses connected with the opening of new branches, expenditure showed a higher level than last year.

As customary, all additions to furniture, office equipment and stationery were written off. Adequate provision has been made for taxation, possible bad and doubtful debts, depreciation of bank buildings and for the usual strengthening of the Staff Pension Fund.

During the year new branches were opened at Windhoek (SWA), Pietermaritzburg, Klerksdorp and Gwelo (Southern Rhodesia). A sub-branch was established at Pinetown. To improve the service to customers agencies were opened in various centres. I like to mention especially the Motor Bank service, recently introduced in Johannesburg, which endeavours to meet parking difficulties of clients. In November of this year a branch in the new shopping centre of Wynberg was added to our offices in the Cape Town area.

The activities of our London office were maintained at a high level and the expansion of our offices in Southern Rhodesia continued in a satisfactory way.

With reference to your Directors' report, I wish to mention that the Directors recommend to strengthen the Reserve by a further amount of £100,000 which Reserve will then reach the figure of £800,000. Your Directors also recommend a dividend of 8½ per cent (1s. 9d. per share), the same as last year. It is further proposed that a special depreciation of £25,000 be made on bank buildings.

The continued favourable development of the Union and the Territories where our bank operates permits us to look to the future with confidence. However, it would be imprudent to neglect the warning of the recent international events. The instability of the international political scene has to be reckoned with as a disturbing element that may present itself unexpectedly and suddenly.

The Report and Accounts were adopted.

THE SCOTTISH AUSTRALIAN COMPANY

A HEALTHY STATE OF AFFAIRS

The annual general meeting of The Scottish Australian Company Limited was held on December 14th in London.

Mr J. Norman Eggar (Chairman and Managing Director) presided, and, in the course of his speech, said:

There never was a year which better illustrated the ups and downs and vicissitudes of our industry than that under review. When I last addressed you conditions almost everywhere were reasonably good. Then came a period of severe floods on many properties in Queensland and New South Wales, and the shearers' strike which lasted for ten months in Queensland and for six months in New South Wales. The strike in New South Wales came to an end early in July with an uneasy sort of truce, but in Queensland continued until October.

Consolidated Profit and Loss Account: Wool proceeds are up by £106,022, but sales of livestock less by £14,536, so the net increase over the previous year is £91,486. The wool clip taken to account reached 10,973 bales, 1,510 bales more than in 1955, and the average price was slightly higher. Very good wheat and other crops increased our revenue from that source by £16,109.

United Kingdom and Australian taxation absorbed £285,806, a very small increase on last year. The amount available for distribution is £411,304, which compares with £484,012 at June 30, 1955.

After payment of the dividends on the Guaranteed Preference Stocks, the interim and, if approved, final dividends on the Consolidated Ordinary Stock, £246,587 is carried forward as compared with £204,881 brought in.

The Balance Sheet reveals a very healthy state of affairs, and I feel that we can face the future with confidence. Indeed, I have great faith in the future of the Australian Pastoral Industry and of our Company in particular, provided we are allowed to pursue our policy without let or hindrance.

BOARD'S POLICY

Before closing, I want to say something about that policy. During the last ten years we have spent on new properties, i.e., freehold land, leasehold and improvements, and on working plant, £1,143,083, and on improving our older properties, buildings, fencing, water supply, etc., clearing, pasture improvement and working plant, £626,976, a total capital expenditure of £1,770,059. All this we have managed out of our own resources. We often hear appeals for more outside capital to be invested in Australia. We have not been backward in investment. I submit that we deserve commendation from Commonwealth and State governments alike. Is it too much to ask that we shall not be further dispossessed? In the last five years we have lost to Soldier and Closer Settlement and from Government leases falling in and not being renewed, 280,000 acres, and we know that we are to lose over 300,000 acres in the next two years. Our constant preoccupation is, therefore, how to maintain and increase the earning capacity of your Company, by losing no opportunity to acquire new properties. These are far more costly than they were ten years ago, and we consider that it is essential to keep our position liquid so as to have funds available to embrace opportunities when they arrive.

The report and accounts were adopted.

BETTS AND COMPANY

IMPROVED PROFIT POSITION

The seventy-sixth annual general meeting of Betts and Company Limited was held on December 14th, in London.

Sir S. Harold Gillett, MC, FCA, the Chairman, in the course of his speech, said: The results show marked improvement over the previous year. The Trading Profit increased from £59,571 to £93,631, following an improvement in output of about 14 per cent and despite the lack of a dividend from our former Subsidiary Company, Etablissements Betts et Blanchard, S a RL, as I forecast last year, the Net Profit before Taxation showed a satisfactory increase from £15,083 to £42,232. The net earnings, after Taxation, were £14,713, as against £8,752.

With this improvement, your Board recommends an increase in the total dividend for the year from 5 per cent to 7½ per cent.

There has been a definite improvement in the liquid position of the Parent Company for the Bank Overdraft has been eliminated, and the excess of Current Assets over Current liabilities has increased from £188,938 to £203,166.

Betts and Company Limited has sold 7,050 Shares in Etablissements Betts et Blanchard at a very satisfactory price, and now only holds 47½ per cent of that Company's Issued Capital.

As regards the outlook for the current year, our order book is satisfactory, our factories are producing at an improved rate, and the estimated profits to date are appreciably higher than they were at the corresponding date a year ago. The report was adopted.

STERLING ESTATES

The twenty-ninth annual general meeting of Sterling Estates Limited was held on December 19th in London, Mr Douglas Overall, JP, FAI, chairman, presiding. The following are extracts from his circulated statement:

I concluded my statement last year by informing Shareholders that a large percentage of anticipated expenditure in the then current year would be invested in new developments on which there would be no immediate return, the effect of which developments would not be apparent until the year ending September 30, 1957. Certain of the developments, then referred to, however, have been completed earlier than was expected, contributing to a substantial increase in rental income which for the year under review totals £214,782.

The Gross Rental Income of the Group at £214,782 shows an increase of £22,208 over that of last year. Income from the Associated Company has also increased and this, together with Compensation received under the Town and Country Planning Act, 1954, and interest thereon, gives a total income in the year of £233,015. Outgoings —apart from higher interest charges—remain consistent, leaving a net income, subject to taxation, of £122,511. Your Directors recommend a final dividend of 7 per cent, making a total of 10 per cent for the year.

Group expenditure on developments and purchases during the year totals £372,085 and capital commitments at the close of the year amounted to a further £105,080.

Notwithstanding present day difficulties and subject to no further increase in taxation, interest rates, or other adverse conditions, I am confident that the company should continue to show steady progress.

CORONATION SYNDICATE LIMITED

(Incorporated in the Union of South Africa)

The annual general meeting was held at Johannesburg on December 14, 1956. Mr J. H. Mitchell, OBE, presided, and in the course of his speech said:

The steady improvement in group mine working profits, which has been a feature of the annual report for the last three years, has continued, and the total working profits amount to £219,790, in comparison with £191,561 in respect of the previous year.

Your directors feel that the profit record of the company justifies a further increase in total distribution of 2½ per cent, and you will, therefore, be asked to sanction a final dividend of 12½ per cent, making a total distribution for the year of 22½ per cent.

Operations at the Arcturus mine have yielded excellent results. The working profit was £61,166 before charging depreciation in comparison with £37,918.

The Muriel mine continues to play an important part in the success of your company. The working profit for the year before charging depreciation was £111,307 in comparison with £124,229 for the previous year.

Last year I said that the life of the Tebekwe mine was drawing to a close and I must now report that the payable ore reserves were depleted during the year. The profit before charging depreciation amounted to £38,509 compared with £16,332.

The Butterfly mine, I regret to say, has also had to close down. A gross working profit of £497, before charging depreciation, was made. The report was adopted.

J. BROCKHOUSE & COMPANY

The fifty-ninth annual general meeting of J. Brockhouse & Company Limited was held on December 19th at West Bromwich, Mr J. L. Brockhouse, MA (chairman and managing director), presiding.

The following are extracts from his circulated statement:

I am able to report a further substantial improvement in profit for the Group and it is particularly pleasing to note that the Overseas Investments are now beginning to make a contribution.

Your Company is engaged exclusively in the engineering field, and the guiding principle of the Board is to see that its equipment and facilities for those specialities in engineering for which we feel we are best suited are maintained at the highest efficiency possible, and if this is done successfully, both the long and short term interests of the Company will be best served.

Four years ago I spoke of reorganisation, the principal factor of this reorganisation was to limit our endeavours within the compass of our facilities; facilities of finance, and more particularly trained personnel. We are beginning to reap some benefit and should continue to see improvements as this policy develops.

In common with most Engineering Companies, we are seeing a slight falling off in the order book, but I do not anticipate any serious fall in output, at least for the first six months of the current year.

The report was adopted and a total dividend of 7½ per cent on the Ordinary Stock was approved.

HECTOR WHALING LIMITED

FACTORS AFFECTING RESULTS

The twenty-eighth ordinary general meeting of Hector Whaling Limited was held on December 17th in London, Mr R. de B. Trouton (the chairman) presiding.

The following is an extract from his circulated statement: Your Directors regret having to submit such disappointing accounts. The lack of success in the whaling operations was, in the Directors' opinion, due to a normal hazard of the industry in that relatively few whales were found in the particular areas searched by the *Balaena* expedition.

We have examined our methods of operation with special care and as a result have made many modifications to the *Balaena* expedition. Owing to these modifications and since there are no special grounds for anticipating a repetition of the poor catch of the past season, we should look forward to the coming year with reasonable confidence.

The trading profits for the year amounted to only £97,969, a decrease of £834,024. This was attributable to our very much reduced production as a result of catching many fewer baleen whales—a total of 1,296 compared with 2,642. Our operating costs for the year show a small decrease.

Our tankers and our refrigerated vessel show greatly improved earnings since the end of the whaling season, but these by no means reflect the high level of freights now current in the tanker trade. After careful consideration your Directors are recommending the payment of 10 per cent for the year on the Ordinary shares which, with 7½ per cent paid on the Preferred Ordinary Shares, will leave a balance of £107,688 to be carried forward in the Consolidated Profit and Loss Account. In reaching this decision your Board have taken into consideration the prospects for the coming whaling season and for tanker earnings.

Production last year was the lowest ever recorded by the *Balaena* expedition.

Owing to the great scarcity of whales in the areas in which she was fishing and the wide dispersal of those whales, the distance moved by *Balaena* during the baleen season was nearly twice that in the previous year. The additional speed involved resulted in a steam shortage which interfered in the production of by-products and also made the ferrying of meat to the freezing vessel *Bransfield* and of meat meal to our tanker *Thule* far more difficult. Our tonnage of meat and meat meal was thereby seriously reduced. To guard against a repetition of this occurrence we have installed two additional boilers in *Balaena* thus giving her a much greater reserve of steam.

SALES

Last season's whale oil was sold at prices averaging £87 per ton. The only sales as yet completed by us for the coming year are those of frozen meat of which we have sold the entire 1956-57 season's production at an advance in price of nearly £20 per ton over the average price secured last year.

CURRENT OPERATIONS

In the 1956/57 season there will be an additional Japanese floating factory, bringing the total number of expeditions operating in the Antarctic to 20. The number of blue whale units permitted for the pelagic floating factories as a whole has been further reduced by the International Whaling Commission from 15,000 to 14,500. We expect the *Balaena's* catch will exceed the unfortunate results of last year, but because of the reduction in blue whale units and the increased competition with which she has now to contend, it must not be expected that she will produce as big a total as in former years.

The future of the whaling industry is obscure. There is good reason to believe, however, that the tanker trade, in which the company is also engaged, has much more assured prospects. Your Directors have therefore decided to expand this side of the company's business. The tankers will be owned and operated by wholly owned subsidiaries which we have formed in the Bahamas. We have adopted this course since we believe that by so doing these vessels will be able to compete with fleets that secure the advantage of trading under a "flag of convenience." We are under obligations to provide funds to enable these subsidiaries to fulfil their obligations under their building contracts and I am glad to be able to inform you that the Company has made satisfactory financial arrangements to enable us so to do.

The report was adopted.

BROWN BAYLEY'S STEEL WORKS LIMITED

CAPITAL REORGANISATION FORESHADOWED

MR J. W. GARTON'S STATEMENT

The thirty-eighth ordinary general meeting of Brown Bayley's Steel Works Limited was held on December 14th at Sheffield, Mr J. W. Garton, JP (the chairman), presiding.

The following is his circulated statement: I mentioned in my report last year that your Directors had asked their legal and financial advisers to consider the possibility of a scheme to reorganise the Company's capital.

Your Directors had in mind that such a scheme should:

(a) Reduce the "top heavy" quotation per share.

(b) Bring the capital of the Company more into line with its net asset position.

(c) Render the dividend expressed as a percentage of the issued share capital more realistic. Whilst (a) above could easily be met by sub-dividing the existing shares into shares of, say, 6d. each, this would not meet points (b) and (c).

Your Directors are now considering a scheme which will meet all three points, but they have been advised that before recommending it they should obtain a ruling from the Inland Revenue that it will not involve your Company in the loss of the relief from profits tax in respect of retained profits which it has received in the past, and which amounts to approximately £160,000 (i.e., over 10s. per share). The necessary submission has been made to the Inland Revenue, and as soon as possible after its outcome is known further information will be given to the Shareholders.

ACCOUNTS

The Profit and Loss Account, after tax, shows a balance of £90,767, to which has been added an excess taxation provision of £1,260, giving a total net profit available to shareholders of £92,027. As it is the intention of your Directors to distribute all the dividends received from the subsidiary companies, less administration charges, they

recommend that £93,750 (6s. 3d. per share) be paid as Ordinary Dividend for the year, out of which an interim Dividend of £37,500 has already been paid.

SUBSIDIARY COMPANIES

The Hoffmann Manufacturing Company Limited: The Accounts of this Company for the year to December 31, 1955, are published as part of the Directors' Report. These accounts show a net profit, after taxation, of £536,688, which compares with £509,280 in 1954. The amount distributed by way of dividends was £116,667, compared with £112,500 in 1954.

Brown Bayley Steels Limited: The first set of accounts since this company became denationalised were published in February of this year for the year ending October 1, 1955. These accounts are also published as part of the Directors' Report. In the Prospectus issued, the Directors estimated the profits for the year ending October 1, 1955, to be in the neighbourhood of £650,000 after charging depreciation but before charging Debenture Interest. The profit shown in the Consolidated Profit and Loss Account for the year was £654,618, after charging depreciation but before charging Debenture Interest. A final dividend of 5 per cent, less tax, was made, making the total for the year 8 per cent, less tax.

Farnley Housing Association: No dividends were received from this Association, but the interest-free loan to this Association has been decreased during the year from £5,300 to £5,000.

The Report and Accounts were adopted, and the retiring Director, Mr E. Lawrence N. Tuck, LLB, was re-elected.

APPOINTMENTS

THE UNIVERSITY OF MANCHESTER

SIMON FELLOWSHIPS

The University offers a number of Simon Fellowships for advanced study or research in the social sciences, this term is used in a wide sense to include not only Economics, Government, etc., but equally, fields such as Education, Jurisprudence and Social Medicine. Values within the range £800-£1,350 per annum (Simon Research Fellowships), or within the range of £1,400-£1,750 per annum (Simon Senior Research Fellowships), according to qualifications and experience. They are open to members of the public services as well as to persons with academic experience.—Applications should be sent by January 15, 1957, to the Registrar, the University, Manchester, 13, from whom further particulars may be obtained, and who will be pleased to answer any enquiries regarding the scope of the Fellowships.

THE INCORPORATED NORTHERN RHODESIA CHAMBER OF MINES, LIMITED, KITWE, NORTHERN RHODESIA

Applications are invited for the post of Secretary to the Chamber, which is expected to become vacant shortly. The duties of the post, which is of a highly responsible and confidential nature, include the following:—

The Secretary is responsible to the Chamber's Director and Executive Committee for the provision of efficient clerical and secretarial services to the various departments and committees of the Chamber, and for their co-ordination and supervision. He is personally in charge of high level committee work, and of certain of the more specialised of the Chamber's functions. He is responsible for the maintenance of the Chamber's property, including buildings and houses, and for the administration of subordinate staff. In addition, he acts as Company Secretary of the Incorporated Company.

QUALIFICATIONS

Applicants must have a good education and record, and recent and substantial experience in responsible positions in industry entailing duties of a similar nature to those outlined above.

The possession of secretarial and accountancy qualifications will be an advantage, but is of less importance than character and experience of the right kind preferably in a mining industry.

Maximum age 45, but this may be relaxed in the case of applicants who are otherwise exceptionally well qualified.

A medical examination will be required before appointment and applicants must be in first-class health.

TERMS

Starting salary will be according to experience, but will not be less than £2,150 per annum, basic. In addition, the post carries the following benefits:—

Cost of living allowance, at present amounting to £5 4s. per month; a "Copper bonus" which fluctuates with the price of copper, and currently amounts to 60½ per cent of basic pay; a house with basic furniture at a sub-economic rent; generous leave; pension and medical benefit schemes. The Company will provide first-class fares for the successful applicant and his family from his home to Kitwe.

APPLICATIONS

Applications (in duplicate and preferably typed) should be forwarded by air mail to the Secretary, Northern Rhodesia Chamber of Mines, P.O. Box 114, Kitwe, Northern Rhodesia, marked "Confidential—Secretary," so as to arrive not later than January 15, 1957.

They should contain the following particulars in the order given here:—

1. Name, age, family, nationality and religion.
2. Full details of education, degrees and professional qualifications, with dates.
3. Positions held since leaving school/University, including war service, if any, in chronological order.
4. Full particulars of present position.
5. Names of two referees (for possible future use, with applicant's permission).
6. Date when services can be made available.
7. General information regarding eligibility and regarding outside interests.

Applications will be treated in strict confidence.

Applicants may be called for interview either in London or in Africa, at the expense of the Company.

Applicants who are employed in the Copper-Mining Industry of Northern Rhodesia should submit their applications through their mine management.

COOPER BROTHERS & CO. require a qualified accountant with wide experience and fluent French for a tour of two years in Central Africa. The post is a permanent one leading to exceptional prospects either in Africa or in Europe at the conclusion of the tour. Apply in writing to 14 George Street, Mansion House, London, E.C.4.

RESEARCH IN ECONOMICS AND FINANCE

HOUBLON-NORMAN AWARDS

THE TRUSTEES OF THE HOUBLON-NORMAN FUND invite applications for FELLOWSHIPS or GRANTS in aid of RESEARCH into the working of industry and finance in Great Britain and elsewhere and the economic conditions affecting them.

FELLOWSHIPS, which are intended for experienced research workers, are awarded for full-time research for one year, which may be renewed for a second year. GRANTS are awarded for either full-time or part-time work. The amount of the awards, which will take effect from October 1, 1957, will depend upon the circumstances of the candidate and the probable expenses of his work.

Candidates must be British subjects normally resident in the United Kingdom.

Forms of application, which may be obtained from the Secretary of the Fund, c/o the Bank of England, London, E.C.2, should be returned not later than March 1st.

FINANCIAL DIRECTOR

A.P.V. Company Ltd., manufacturers of specialised equipment for the Chemical, Dairy and Brewery industries at home and abroad, require qualified accountant and experienced executive to join the Board immediately with a view to succeeding present Financial Director who is reaching retiring age shortly. Duties to include responsibility for the Accounting and Secretarial Departments, advice to the Board on formulation of financial policy, and responsibility for its implementation in the parent company and its U.K. and overseas subsidiaries. Preferred age 35 to 45 years. Experience in the engineering industry desirable. Good commencing salary according to age and qualifications. Future prospects unusually good for applicant of real ability.—Write, giving full particulars of qualifications, experience and present remuneration and responsibilities, to the Managing Director, The A.P.V. Company Ltd., Manor Royal, Crawley, Sussex.

HOUSING TRUST CHIEF EXECUTIVE DESIGNATE

The Western Region Production Development Board, with the approval and support of the Government of the Western Region of Nigeria, intends to establish a Western Region Housing Trust. The objects of the Trust will be the development of Housing Estates as well as fostering the growth of home ownership. Applications are invited for the post of Chief Executive Officer Designate of the Trust. In the preliminary stages his chief duties will be to assist in drafting legislation and in drawing up plans for the establishment and operation of the Trust. During this period he will be engaged on the staff of the Board but, subject to satisfactory performance, will become the Chief Officer of the Trust when formed. His duties will then include (a) organising the development of housing estates and (b) promoting home-ownership on building society lines.

Applicants should possess wide administrative experience in such fields as planning, development and financing of housing areas and of home ownership schemes. Academic and professional qualifications will be an advantage.

Salary will be £2,500-£3,500, point of entry depending on qualifications and experience.

Further details of the proposed Trust and of the Board's Terms and Conditions of Service can be obtained from:

The London Representative,
Western Region Production Development Board,
18 Grosvenor Gardens,
London, S.W.1,

to whom applications, giving full details of experience, qualifications, etc., should be addressed; replies to reach him not later than January 31, 1957.

General Terms of Employment: House, with basic furniture, provided at rental of £150 per annum; Provident Fund; Outfit Allowance £60; Free Medical Service; Free passage for wife; home leave at full pay at the rate of five days per month of overseas service. Low income tax.

AN EXECUTIVE DIRECTOR is required by a large group to take charge of a small number of manufacturing companies within the United Kingdom. Position carries a salary of £5,000 upwards, with excellent pension provision and bonus on profits. Applicants, within 42-55 year age group, must have superior engineering qualifications with emphasis upon production of electrical equipment. Only executives with top ranking responsibilities and outstanding administrative achievements covering fields of finance, sales and the production of capital equipment should apply. All replies held in guaranteed strictest confidence. Apply with complete details age, education, personal background and experience to Cooper Brothers & Co., Chartered Accountants, 14 George Street, Mansion House, London, E.C.4.

A TOP LEVEL EXECUTIVE

A large, prosperous and expanding British Company engaged in a vital process industry wishes to strengthen its top level management as most of the present Executive Directors are due for retirement at varying times during the next few years.

Over a period of more than 50 years the Company has attained a unique position in its industry by generous personnel policies, by the introduction of modern plant and production methods and by competitive marketing.

Applications are invited from Executives within the approximate age group 38-48 who have already had Board level experience and who after a short introductory period could assume full Director responsibilities. Consideration would also be given to outstanding applicants who for special reasons have not yet attained Board level.

The position available can be approached by way of Sales, Accounting, Finance or Production experience, but candidates must be top level administrators possessed of highest personal qualities and with proved ability to direct, maintain and develop a successful management team. The salary offered will be fully commensurate with the applicant's qualifications and abilities, but a commencing level of from £5,000-£7,000 per annum is envisaged.

Candidates should submit full details of age, education, qualifications, experience and salary to Box 584. Applications will be completely confidential as initial scrutiny will be carried out by an outside professional firm.

NATIONAL COAL BOARD invite applications for a superannuable appointment in their Organisation and Methods Group at London Headquarters, to undertake studies of office organisation, staffing and office methods and mechanisation. Applicants should preferably have experience in O and M, or similar work, a recognised professional qualification or University degree, and experience in a position of responsibility in a large organisation. Salary within inclusive scale £1,159-£1,575 (male) according to qualifications and experience.

Write, with full particulars of age, education, qualifications and experience, to National Coal Board, Staff Dept., Hobart House, London, S.W.1, marking envelope X.517F, before December 27, 1956.

GENERAL MANAGER

required by
COOPER, McDOUGALL & ROBERTSON LTD.

for the DIVISION now being formed to take charge of their commercial and production interest in the United Kingdom. Responsibilities of the post include planning and management of all marketing and production of the Division and the profitable development of new products. Candidates should have wide administrative and sales experience, with proven ability as a senior executive in a large manufacturing Company. Age 35 to 45. Salary according to experience and qualifications, but not less than £3,000 p.a. on appointment. The position is pensionable and carries with it a seat on the Divisional Board. To the right man, this post offers opportunity of early promotion in an old-established and world-famous Company. Applicants should send details of age, education, experience, present position and remuneration in strict confidence to: The Divisional Chairman, Cooper, McDougall & Robertson Ltd. (U.K. Division), Cooper House, Berkhamsted, Herts.

WORKS MANAGER required urgently to take charge of production and general management of one of the largest electrical manufacturing units in South Africa. Must have wide and sound experience of Works organisation and production systems as applicable to the manufacture of motors, transformers and switchgear.—Box 586.

THE CO-OPERATIVE WHOLESALE SOCIETY LIMITED invites applications from proved leaders of Organisation and Methods teams for the position of Head of an O. and M. Department soon to be commenced at the Headquarters of the Society in Manchester. The inception of such a Department, recruitment of supporting personnel, training and direction of assignments will require to be undertaken by the successful applicant. The position is an important one and a commensurate salary will be paid.

This position is being re-advertised. Any candidate who applied previously is eligible to be considered if they repeat their application.

Intending candidates should write for an application form to the Secretary and Executive Officer, Co-operative Wholesale Society Limited, 1 Balloon Street, Manchester, 4.

LADY graduate (Dublin) Sept. 1956. First class Honours B.Comm. degree seeks progressive opening in London—preferably market research or personnel—as trainee or assistant.—Box 587.

The Economist: Annual Air Subscription Rates

Australia: £8.5s. (sterling)
Canada: $21.50 or £7.14s.
East Africa: £5.5s.
Egypt: £5.5s.
Europe (except Poland): £4.15s.
Gibraltar, Malta: £3.15s.
Hongkong: £7
India & Ceylon: £6
Iran: £6
Israel: £6
Japan: £9
Malaya: £6.15s.
Iraq: £6
New Zealand: £9 (sterling)
Nigeria, Gold Coast: £5.5s.
Pakistan: £6
Rhodesia (N. & S.): £5.10s.
S. America and W. Indies: £7.15s.
Sudan: £5.10s.
Union of S. Africa: £5.10s.
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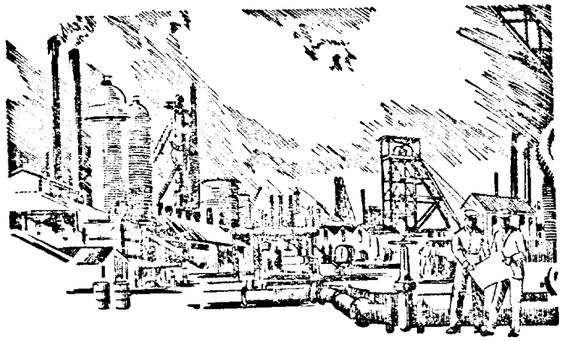

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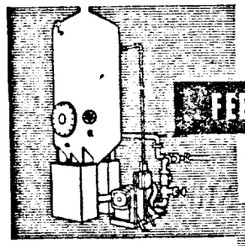

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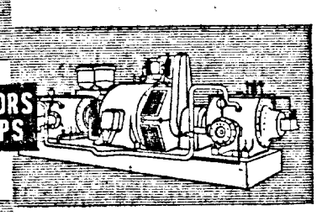

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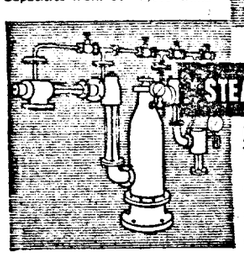

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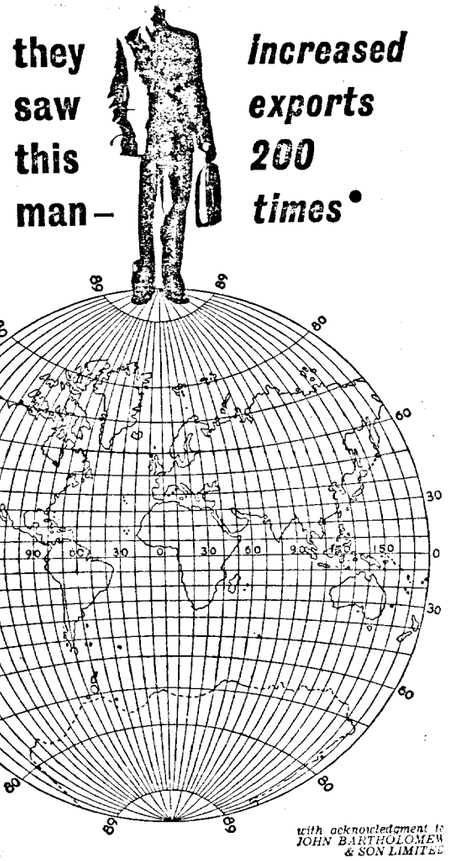

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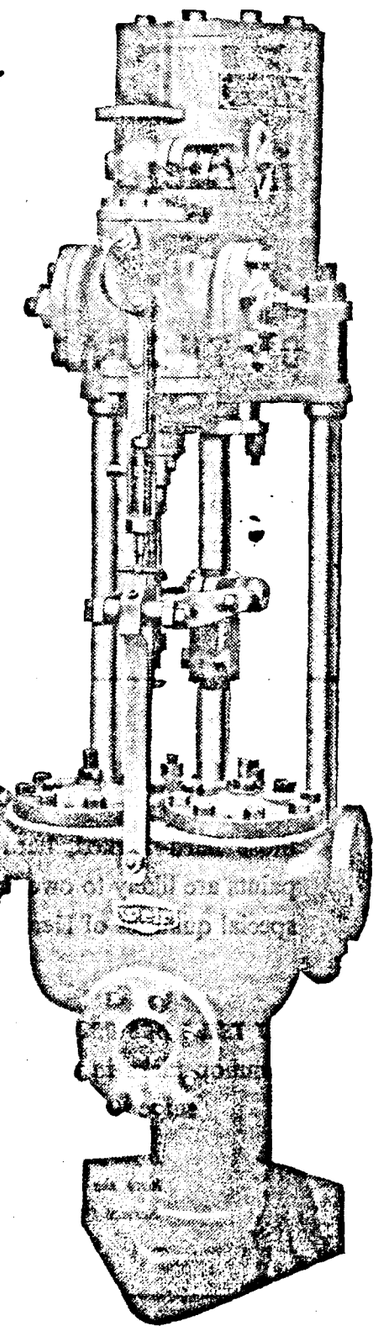

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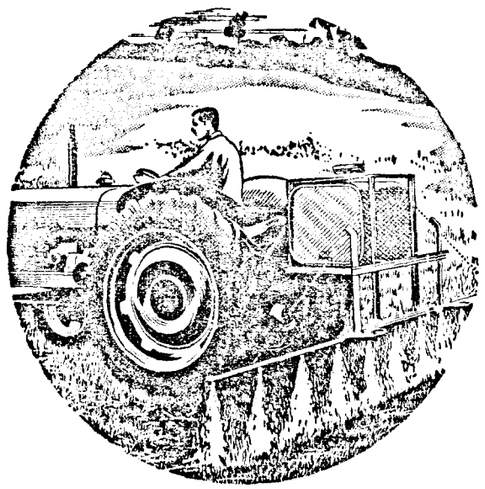

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Ring in the New

THE turn of the year, it seems, has become the season for casting Prime Ministers' horoscopes. It is just under a year since it was solemnly announced from No. 10 Downing Street that there was no truth in the rumour that Sir Anthony Eden was going to resign in favour of Mr Butler. Presumably, if the Prime Minister's public relations arrangements had not been put for the time being into cold storage, the same announcement might be expected any day now. The circumstances, however, are very different. Then the puzzle was to explain the Tory campaign against Sir Anthony Eden so soon after he had taken over, and when on the home front at any rate his Government was doing reasonably well. Now the question is whether the present Government, in its post-Suez mood, is still capable of governing.

Let it be frankly confessed that we do not know the answer; *The Economist's* widening ambit has not yet embraced astrology. But it is possible, indeed it is a duty, to indicate before the Old Year is out the reasons for disquiet, and the principles upon which a new look at national policy ought to be based. In purely party terms—and *The Economist* does not disguise its independent view that progressive Conservatism is still, all things considered, the best medicine for the country at this stage—the out-swing in the Melton by-election is added evidence that the Government will have to regain impetus and resolution if disillusionment, and abstention at the polls, are not to set off a series of Conservative reverses. Rightly or wrongly, the impression is that the Government, its breath knocked out of it by the Suez debacle (which its leader does not admit), has reached a dead end; and that its supporters, whatever their earlier views and whatever their loyalty now, are at a loss when faced with the bill for what has happened. The rather pathetic gestures of the Government before the Christmas break to propitiate shopkeepers and the purchasers and producers of cars—with even the suggestion of a retreat from the thawing of rents—spring from weakness and irresolution, not principle. There is no fresh start this way for a Conservative Government; and there will be no fresh start in any way until the Cabinet has recovered its self-confidence and Parliament its confidence in the Cabinet.

A year ago it was both reasonable and just to defend the Prime Minister from the critics behind him. His Government was obviously more business-like in its daily doings than that of his predecessor. In economic matters, and especially in the fight against inflation and in the advance against monopoly and restriction, it was still travelling the right road, as indeed it went on doing until the demon king in Cairo came to loom larger than life. It seemed necessary, however, even in January to add two saving clauses to the testimonial: one was "leaving aside the larger issues of Middle Eastern policy"; the other was to record the uneasy feeling that, while the current Tory criticisms were absurdly exaggerated, "just such a campaign might be justified

and necessary before the end of 1956." This is one of the instances where the role of the successful prophet, however unwitting, is entirely distasteful.

For the moment, with the uneasy ranks closed, the recipe is apparently no change; and the risk, inevitably, is drift. The first need is for a coherent Government with a coherent policy, open eyes and an open mind; and the proper prescription is easy enough to determine. Put most simply, it is that policy, at home and abroad, should be, at all points, related to resources. The Conservatives have the opportunity, if they now learn their lesson aright, to do for foreign policy what Mr Butler has done for home policy: a liberal, two-way partnership with American, Commonwealth and European allies; a resolve to see, without either rancour or the false sense of prestige that has too long dogged our diplomacy, that this country plays with its friends its appropriate part, no less and no more, in the world's affairs; and the decision to recognise always that the measure of Britain's ability and influence abroad is the state and strength of Britain itself. The accumulation and release of native resources to the best advantage : this is the core and test of all sound policies.

Moscow and the Middle East

AMONG the strangest features of the recent strange weeks have been the announcements that Soviet arms, technicians and advisers—in short, Russian influence—have been "discovered" in the Middle East. This discovery has more in common with Columbus's trick with the egg than with his voyages; it was a glimpse of the obvious, not an unveiling of the unknown. Almost all the evidence of Russia's growing activity in this area was available beforehand and had actually been reported in considerable detail by western chanceries and newspapers.

The remarkable thing about the Soviet campaign in the Middle East is not that it has begun, but that it did not begin earlier. Soviet aspirations in the Mediterranean and in the Arab world do not date from yesterday. One of the first moves made after the 1917 revolution was the calling of a congress of eastern peoples at Baku, at which the Moslems were exhorted to embark on a *Jehad*, a holy war against the British Empire; and subversive activities of this sort were one of the main obstacles to the establishment of normal relations between the young Soviet republic and the western powers. Although the prewar plan to foster national revolutionary movements in Asia failed, the age-old Russian dream of access to the warm seas of the south was not abandoned. During the abortive negotiations for a division of spoils between Russia and Nazi Germany between 1939 and 1941, Mr Molotov specifically insisted on Soviet control over the Black Sea Straits. After the war, Russia made several attempts to spread its influence southward through Iran and Turkey. There were many reasons why these attempts were half-hearted and came to nothing. A Russia exhausted by war had little to offer its southern neighbours. Stalin feared that too much Islamic propaganda might find an awkward echo among the Moslem populations of the Central Asian republics. Even more he wanted to avoid the risk of precipitating a world war.

His successors inherited a much more favourable position. Nuclear stalemate made western atomic threats less likely. Economic recovery at home enabled them to put some prizes into the diplomatic bag. The Bandoeng conference of the Afro-Asian states early in 1955 encouraged them in the belief that a neutral third force could be used with the greatest profit in the Middle East to deprive the western powers of control over vital areas of oil supply. Whether the formation, under British auspices, of the Baghdad alliance prompted a shift in Soviet policy or was merely a pretext for bolder action, may be debated; but undoubtedly it did contribute to determine the shape of Russian strategy. Since Egypt or Syria were hostile to the Baghdad Pact, they could be made to serve as the nucleus of a movement which would undermine the influence of Britain and of the West as a whole.

So a full-scale campaign of blandishment, pressure and incitement was developed stage by stage. Mr Shepilov's journey to Cairo in the summer of last year opened the way for a larger two-way traffic of all sorts of missions, delegations and "VIP" guests. The idea of spreading revolutionary ferment in the Arab world was shelved for the time being, and priority was given to the encouragement, by any means, of anti-western nationalism. This became the only test of Soviet favours; and thus communist Russia has come to be seen making gestures of the warmest friendship and approval towards the rulers of countries where the mildest agitation for socialist reform is a punishable crime. Some of the world's most reactionary potentates have, for the same reason, been given the red-carpet treatment in Moscow.

The Arab-Israeli dispute fitted perfectly into this grand design, and the Russian attitude towards Israel provides an excellent illustration of the changing line. At the birth of that new state, with Britain still uncertain about its future, Russia and the United States were its godparents in the United Nations. Yet, during the past two years, the Arab countries have been able to bank on Soviet support in the UN or anywhere else in their campaign against Israel. This support did not merely take the form of votes; arms as well as economic offers from the Soviet block soon became an important element in the new strategy. Previously the western powers, enjoying a virtual monopoly of the supply of

arms to the Arabs and to Israel, had sought to "ration" it in such a way as to avert an explosion. But once the Russians decided to break this monopoly, there was no way of eliminating their competition, while to have formally admitted them to the "ring" of suppliers would have meant admitting their right to a voice in deciding the affairs of a part of the world hitherto considered as a western preserve.

Nothing was done to resolve this dilemma, and so Czech and Soviet arms, including tanks and jet fighters, became trumps in the Middle Eastern game. That they were being shipped in large quantities to Egypt and that Syria was also getting a share was everybody's secret (fairly accurate figures were published early in July). It is by no means certain, however, that the Russians ever intended these munitions to be used to annihilate Israel, for that would remove the only interest which links communist Russia with Arab nationalism. It is tension and continued frontier violence, not a war that might settle matters once for all, that seem to suit the Russians' aims in this area. Admittedly, they spoke with a bellicose voice when British and French troops landed in Egypt. But this was not a situation of their own choosing. They had to serve notice that they would not willingly watch the reassertion of western power and influence in the Middle East.

Mr Khrushchev and his colleagues can now contemplate the balance-sheet of the Suez crisis with real satisfaction. They have made great gains in prestige and popularity. Scarcely an Arab doubts that the Anglo-French forces were halted by the skilfully worded Soviet "ultimatum." Russia has advanced its claim to be the true champion of the struggle against imperialism. The loss of Soviet equipment abandoned by Colonel Nasser's troops in Sinai and of planes destroyed on the ground may seem to the Russians a comparatively small price to pay for such gains—and they may well learn the lesson that in future it will be wise not to place too many weapons in the inexperienced hands of the Arabs, but to concentrate on training them, sending them more "experts" and expanding their own Middle Eastern cadres.

It will not be easy to halt the advance of the Russians, let alone to dislodge them from their newly acquired positions. They have one great advantage in the Middle East—the fact that none of their vital interests is at stake there. True, they have stepped up their trade with the Arab countries, particularly with Egypt, which last year sent them a quarter of its exports. But none of the commodities involved is really indispensable to them. Middle Eastern oil, which is a life-blood for the West European economies, would merely be an extra for the Soviet Union. Thanks to the exploitation of the "Second Baku" fields in the Ural region, Soviet oil production has been rising rapidly, reaching 83 million tons this year. Together with the Rumanian output, it should top the 100 million mark for the first time next year, and supply seems to be keeping up with the growing demand. The Russians' objective is not to gain control over the oil of the Middle East, but to jeopardise the West's access to it. To keep the area in turmoil and to foster antagonism to the West is success enough for them for the time being.

Only one thing mars this bright outlook for the Kremlin. The western powers may also have learnt something. A new western policy co-ordinated under American leadership and disposing of the resources of the United States would prove a much tougher proposition for the Russians. They must be aware of this, for they have taken great pains in their propaganda, especially to the Arab world, to put the blame for intervention on the western powers as a whole and not only on France and Britain. The United States has been represented as an imperialist wolf in anti-colonial sheep's clothing, covertly backing and even inspiring the Anglo-French intervention in Egypt, and standing apparently aloof merely for tactical purposes.

But the Russian attempt to tar America with the Anglo-French brush seems unlikely to succeed while Mr Eisenhower holds to his United Nations line—and this may prove the weakest point in the apparently strong Soviet position, particularly if the United States now comes forward with new offers of economic help for the Middle East. Moscow has been thunderously silent on the question of aid for the Arab world since the Aswan dam scheme collapsed in July. Can it afford to remain silent? But can it compete against America in a straight contest for Middle Eastern goodwill?

The Desire for Wealth

Do not let us give way to the notion that our limited space and great wealth are the causes of our pilfering habits. . . . Our increasing wealth is the necessary result of increasing skill and knowledge. It was promoted by the greater knowledge of free trade and by the improved commercial policy which began to be very conspicuous in 1842. It is promoted by every increase in productive power, whether in the agriculturist, the manufacturer, or the merchant. It is increased by the opening of new markets as well as by the taking of new land into cultivation. Our wealth has increased faster than our population, and its increase facilitates further increases. It is now a worn-out error "that the progress of society in one age impedes its progress in the succeeding age." The reverse is the fact, and the progress of all Europe, especially of England, has latterly been in an accelerating, not a retarding ratio. The progress in skill and knowledge, and wealth, is what we emphatically call by one word civilisation, and it is a contradiction or an absurdity to regard this as a cause of criminality. We must go on in this career, it is obviously the ordained course of society, and with it increased criminality is incompatible. Let us, therefore, dismiss from our minds the hackneyed and false creed that the multitude of people and the great amount of wealth within the physical confines of England are the causes of the intensity of the desire of gain, which leads to such an increase of criminality.

The Economist

December 27, 1856

Population Marking Time

SPECULATION about future trends of the population of these islands is a recognised diversion for the alarmists. Fears of under-population now jostle out the Malthusian fears of over-population. That the population is an ageing one is an all too familiar fact, that a decline in it is probable is widely accepted, and it is but a short step for the gloomy to see in this the eclipse of the British people. Can we, in fact, wars and plagues apart, make any reasonable assumptions about our future numbers ?

The Royal Commission on Population, reporting in 1949, foresaw three possible future trends—with widely differing implications—but were reluctant to declare one more likely than another. Now, with ten years of postwar experience to draw on, the official demographers chance their hand more boldly. Their recent forecasts, summarised in Table I, should dispel gloom :

TABLE I
HOW THE POPULATION IS EXPECTED TO CHANGE
(Millions: United Kingdom)

	Ages			Total Population
	0–14	15–64	65 and over	
1955	11·7	33·8	5·8	51·2
1965	11·0	34·7	6·5	52·2
1975	10·8	34·4	7·8	53·0
1985	10·8	34·2	8·3	53·3
1995	10·4	34·1	8·3	52·8

Source: Government Actuary's Department and Registrars General.

they depict a gradual addition to our numbers of up to two millions over the next thirty years, and then a gentle turn of the tide. But by the end of the century there should still be rather more people in the United Kingdom than there are today and, in spite of the larger proportion of the old among them, just as many of working age. The population prospect for the rest of the century is a surprisingly stable one.

What lies behind these figures and how speculative are they ? Three factors determine whether a population shall increase or decrease—births, deaths and migration. Predictions ahead are based on how these factors have been behaving in the past and what changes seem probable in the future. Let us look first at some of the familiar facts about birth and death rates given in Table II. In the first three decades of this century the natural increase—that is, the excess of births over deaths—was high; it well exceeded the net loss through emigration of 2½ million people in the thirty years. When the birth rate fell in the 1930s, the smaller natural increase was bolstered up by a net immigration into Britain of about half a million people during the decade. Now, after the abnormal influences of the war years have subsided, birth and death rates are much the same as in the 1930s, but once again there seems to be a loss on the turnover of people arriving in and out of the country ; recent trends from Jamaica and elsewhere, however, make conjecture about the future rather hazardous.

These general birth and death rates—the crude rates as the demographers call them—are the measures that matter most in counting the change in numbers, but they gloss over what is really happening to the fertility and the mortality of the population. The rate at which people have children is determined in the long run by the proportion of the adult population who get married and by the average size of family they have. To relate births to the total size of an ageing population, in which a smaller proportion represents women of child-bearing age, produces a less favourable picture of fertility than is justified. More people are marrying today and marrying younger than in the 1930s ; in the real sense fertility is higher. The death rate is influenced by the age distribution of the population ; other things being equal, an older population will naturally have a higher death rate than a young one.

★

In forecasting changes, all these factors have to be taken into account. The marriage rate can be predicted with some certainty and the mortality rate within reasonable limits. We are left with migration and family size as the big question marks. What have the crystal gazers to say ? They conjecture that there will be a net outward migration in future of 32,000 persons each year, and that births will decline from their present annual level of 74 for every thousand women of child-bearing age (a measure reflecting both marriage rates and fertility) to 69 in 1980 and subsequently remain unchanged at 67.

The hazards in these forecasts now become apparent. If it turns out that there is an outward balance of migrants but it is twice the size assumed, the population in thirty years' time will be a million less than predicted; if, on the other hand, emigration is no more or less than immigration, the population will be a million more. Again, the average family of tomorrow might be much bigger or much smaller than that of today : nobody can really say. Nevertheless, the assumptions made are the most reasonable ones available. One can go so far as to say that it will be surprising if this century sees much change in the size of the population in Britain.

But if it is agreed that the population is likely to be a stationary one, this still leaves plenty of room for variations in its age structure. The likely errors in forecasting future mortality will not affect the total population very much, but can make a big difference to the numbers of old people at different dates in the

future. Demographers, like most people, believe that the further progress of medical science will reduce premature mortality ; they think that deaths at ages under 45 will decline over the next twenty-five years down to about one-half their present-day rates, with progressively smaller improvements at older ages.

Halving a death-rate within any age range sounds staggering, but Table III shows how relatively small the chance of death is for younger people, once they have survived the first year of life, and how these rates have, in fact, been pared away even since the 1930s. The figures look so small, indeed, that it is hard to grasp their significance, but Table IV shows the striking effect on longevity. Much of the improvement has been in infant mortality : boy babies born today have a reasonable hope of living nine years longer than those born twenty-five years ago, girl babies ten years longer ; but even for a 25-year-old, the expectation of life has been lengthened by three years for a man and five years for a woman.

What are the main risks to life and which have been reduced ? One of the worst risks, oddly enough, is birth itself. By far the greater part of the continued fall in infant mortality is accounted for by fewer deaths at ages four weeks to twelve months ; deaths in the first four weeks of life, particularly in the first week, tend to remain persistently high and account for two-thirds of the total number of infant deaths. This so-called neonatal rate should be regarded in association with a stillbirth rate that also refuses to come down,

TABLE II
THE PAST RECORD
(United Kingdom)

	Millions	Per Thousand Population		
	Population*	Birth Rate	Death Rate	Natural Increase
1900–02	38·2	28·6	17·3	11·3
1910–12	42·1	24·6	14·1	10·5
1920–22	44·0	23·1	12·7	10·4
1930–32	46·0	16·3	12·2	4·1
1950–52	50·2	15·9	11·9	4·0
1955	51·0	15·4	11·7	3·7

* Home population at mid-year of three-year intervals.

TABLE III
CHANCES OF DEATH AT DIFFERENT AGES
(Rates per 1,000 of the population in different age groups: United Kingdom)

Ages	MEN		WOMEN	
	1930–32	1955	1930–32	1955
Under 1	79·0	30·0	60·0	23·0
1– 4	8·0	1·1	7·2	1·0
5–19	2·1	0·6	2·0	0·4
20–34	3·4	1·3	3·2	0·8
35–44	5·7	2·6	4·6	2·0
45–54	11·3	7·8	8·3	4·8
55–64	23·7	22·3	17·6	11·6
65–74	57·9	54·4	43·7	33·1
75 & over	149·0	143·0	128·0	112·0

TABLE IV
EXPECTATION OF LIFE
(Average age to which a person is likely to live: Great Britain)

Having Reached Age:	MEN		WOMEN	
	1930–32	1955	1930–32	1955
0	58½	67½	62½	72½
5	65	69½	68	74½
25	67½	70½	70½	75½
45	70½	72	73	76½
65	76½	77	78	80

TABLE V
CHANGES IN CAUSES OF DEATH
(England and Wales)

Cause of Death	Average 1930–32		1955	
	Number of Deaths	Percentage of all Deaths	Number of Deaths	Percentage of all Deaths
	(Thous.)	%	(Thous.)	%
Cancer (all forms)	59·3	12·4	91·3	17·6
Cancer—*Lung*	*3·4*	*0·7*	*17·3*	*3·3*
Coronary disease	6·7	1·4	70·6	13·6
Other heart diseases .	91·4	19·2	97·5	18·8
Other circulatory diseases	23·8	5·0	24·1	4·6
Strokes	26·2	5·5	74·2	14·3
Bronchitis & pneumonia.....	52·0	10·9	50·6	9·7
Tuberculosis	35·1	7·4	6·5	1·3
Common infectious diseases	9·6	2·0	0·3	0·1
Peptic ulcers.....	4·1	0·9	5·5	1·1
Accidents	15·3	3·2	16·2	3·1
Other deaths	153·6	32·1	82·0	15·8
TOTAL DEATHS	477·1	100·0	518·9	100·0

TABLE VI
WHAT WE NOW DIE OF AT DIFFERENT AGES
(Percentages of total deaths in each age group in 1955: England and Wales)

Cause of Death	MEN AT AGES:—			WOMEN AT AGES:—		
	25–44	45–64	65 & over	25–44	45–64	65 & over
Cancer (all forms)...	19·4	26·5	15·6	30·8	34·1	13·0
Cancer—*Lung*	*5·2*	*11·6*	*3·5*	*1·7*	*2·4*	*0·6*
Coronary disease....	10·6	22·3	16·1	2·0	10·2	11·5
Other heart diseases.	7·6	7·9	20·5	11·2	12·0	26·6
Other circulatory diseases.....	2·1	2·7	5·3	2·1	3·3	6·0
Strokes	3·8	8·2	14·7	6·0	14·3	19·3
Bronchitis & pneumonia	4·6	10·9	11·9	3·9	5·4	8·5
Tuberculosis	7·2	3·1	0·7	8·0	1·3	0·2
Peptic ulcers	1·7	2·0	1·4	0·6	0·7	0·6
Accidents	17·2	3·0	1·7	3·9	1·7	2·4
Other deaths	25·7	13·4	12·0	31·5	16·9	11·8
TOTAL DEATHS ...	100·0	100·0	100·0	100·0	100·0	100·0

for it is often a matter of chance whether a baby is born dead or is born alive only to die shortly after birth. In both cases, death is often associated with toxæmia of pregnancy, and further improvements in antenatal care may reduce this risk to child life.

It is in childhood and adolescence that preventive and curative measures have achieved their most striking success. Deaths from common infectious diseases—measles, whooping cough and diphtheria—have fallen to about one-thirtieth of the figure they were twenty-five years ago. There has been a big fall, too, in deaths from bronchitis and pneumonia, which used to take a large toll of young children, and which are still a common cause of death among the old. Tuberculosis, formerly regarded as the chief danger to the younger age groups, and indeed an important cause of death up to middle age, shows a dramatic decline in mortality.

Is there a black side to the picture? Obviously as more people survive the risks of childhood and youth, there will be an increase in the total number of deaths from illnesses to which the older age groups are more susceptible. Cancer, as Table V shows, is thus a much more important cause of death that it was in 1930-32, and the rise in deaths from lung cancer has offset much of the fall in deaths from tuberculosis. Mention should also perhaps be made of the increase in deaths from leukæmia. Although small in total, they have doubled in the last twenty-five years to 2,224, and about a third of these were of younger people and children. As the population grows older, there is also bound to be an increase in deaths from heart disease and strokes. A more important question is whether there has been a real increase in all these more intractable diseases in the middle-age groups—in, that is, people aged 45-64. The difficulty here is that in trying to compare deaths from certain diseases now and twenty-five years ago, one comes up against questions of classification and diagnosis that make comparisons invalid. For instance, coronary thrombosis as a cause of death was not recognised until this century, and it is not therefore surprising that registered deaths from disease of the coronary arteries were only about 6,000 in 1930. But by 1940, they were still fewer than 19,000. Some of the big rise since then must represent a real increase, and now the death rate per million men living in the 45-64 age group is two to three times what it was at the outbreak of the war. Up to now it has been a predominantly male disease.

Cancer and coronary disease are therefore, as Table VI shows, the hazards of middle age. They account for nearly one-half the deaths between the ages of 45 and 64. They have rightly been called the twentieth-century killers, and it is not surprising that a vast amount of medical research is now being devoted to them. Only if it bears fruit are we likely to find new cohorts of the middle aged living to enjoy their pensions.

Notes of the Week

Canal Blackmail

EGYPTIAN permission for canal clearance is still grudging and piecemeal. Although salvage operations have started at Suez, President Nasser, by not yet giving the United Nations *carte blanche* to clear the canal, is reserving his ace. Although the original agreement with Mr Hammarskjöld only specified the departure of troops from the canal area, the Egyptians' delaying tactics show that they are dissatisfied with their bargain. Having speeded the departure of the Anglo-French force by making its withdrawal a prerequisite of canal clearance, President Nasser now shows signs of wanting to repeat this manœuvre against the Israelis.

Although the Egyptian government has agreed that salvage should begin, it is still holding out over the use of British and French salvage ships. General Wheeler, the United Nations salvage chief, who has already signed contracts for two British and one French vessel, was believed on Thursday not yet to have got permission to move the six ships he particularly needs from Port Said harbour. This is clearly stalling on Nasser's part. After stripping the British navy of their uniforms, and accepting their help in clearing Port Said harbour, he could have allowed them to go further down the canal without losing any face. But Israeli intentions over the Gaza strip will soon be crucial and until then Nasser wants to hold his hand. United Nations patience with Egypt so far seems to have been drawn from a widow's cruse, but if complete permission for salvage is really made conditional on Israeli withdrawal from Gaza, President Nasser may find that he has overplayed a good hand.

Two of Mr Hammarskjöld's lieutenants have been sent off to Egypt with canal clearance and the Israeli withdrawal on their briefs: Mr Katzin, a South African in charge of the administrative side of canal clearance; and Mr Cordier a history professor from Ohio, who is executive assistant to the Secretary-General and manager of the Assembly. Last month, when he discussed the preliminaries of canal clearance with Mr Hammarskjöld in Cairo, President Nasser could still profit by the Anglo-French disgrace. In these new talks, he will surely bring up the changeable attitude of the British over their salvage vessels and the bellicose utterances of the Admiralty, both of which are believed to have caused the UN secretariat considerable irritation. But the First Lord's comments at Port Said two weeks ago, when he said that his advisers "greeted with total incredulity" the United Nations' claim about the way the canal could be cleared without use of the Anglo-French fleet, now seem to be justified, even if their expression was ill-timed. Lord Hailsham was widely criticised for his remarks (and all the more because of his earlier anti-American speech at Oxford), but the deadlock which has been reached over the six Anglo-French salvage vessels shows at least that General Wheeler is anxious to have these ships. President Nasser may find that in the coming bargaining session he will have to give as well as take.

Rating Plan—or Scuttle?

MR SANDYS'S decision to apply a 20 per cent relief to the rateable values of shops, offices, and other commercial properties in England and Wales can be defended up to a point on grounds of proportionate equity. The recent revaluation rated houses on the basis of 1939 rentals, and continued the 75 per cent rebate for industry and freight transport together with complete exemption for agriculture. By contrast, it left shops and offices with the unenviable liability of paying full rates on full current rental values, with a consequent considerable increase in their share of the total rate burden. Mr Sandys's last-minute concession embodied in the Rating and Valuation Bill, will go a very long way to restore the *status quo ante*, so far as shops and commercial premises are concerned. It appears that their share of the total rate burden (after allowing for the revaluation of Crown property) will now drop to around 35 per cent, not much higher than the 32 per cent which they bore before revaluation.

This might seem fair. But what is so ominous is that this concession appears once again to take valuation practice one step away from its proper goal—which is the full and equal rating of all kinds of property on the same basis of current rental values. It was the virtue of the recent revaluation, with which the Minister is now tampering, that it represented a long stride forward in the right direction. If, instead of derating shops and offices, the Minister had rerated industry and agriculture, the end of the road would have been in sight. Moreover, he would have drawn the shopkeepers' sting by transferring their extra burden to industry and agriculture. Everything would then have been ready for putting housing valuations too upon a current basis—which could have been done at the next quinquenial review or, at the very latest, at the one after, depending upon the speed with which the easing of rent restriction takes effect.

It is possible that the Minister is planning to move towards the right goal by devious and subtle means. He has promised, early in the New Year, to make a statement about local government financial reform and this may include provision for some degree at least of industrial and agricultural rerating. Perhaps Mr Sandys's idea is to aim at giving commerce and industry and (if he dares) agriculture a rather similar degree of rating relief. Then the concessions could be withdrawn at the same time as housing is eventually revalued upwards—a timetable which would make this final step a great deal easier politically than it will otherwise be. If this indeed is Mr Sandys's plan, he deserves credit for prescient wisdom. But, alas, it seems far more likely that he may be giving in to the shopkeepers' insistent clamour—which after all must have been foreseen when the basis for revaluation was settled. Otherwise why delay an announcement about industrial rerating which could have eased his task and averted the charge that he is milking the householder to appease the shopkeeper? There were good grounds for appeasing the exasperated small shopkeeper by the withdrawal of the restrictive and grandmotherly Shop Hours Bill; there are no such grounds for appeasing the embattled shopocracy over rates. Mr Sandys's next statement will show whether he is launched on a sensible rating plan—or playing a badly rehearsed part in an ill-conceived electioneering one.

Athens Hangs Back

THE British Government's effort to get the Cyprus question off to a new and more promising start does not seem to have turned out well as yet. The Greek government, led by Mr Karamanlis, has been behaving as if it were anxious to reach a reasonable compromise solution; but now that the British Government is showing some willingness to meet it half-way—and it must be remembered that it is not easy for the present British Government to make political concessions in the eastern Mediterranean just now—the Greeks are holding back and making difficulties.

Mr Lennox-Boyd could have made matters easier by being more specific about self-determination, to the extent of stating that the islanders could choose their future status so many years afer the introduction of self-government. Since the emergency is by no means over, this would still have been pretty vague. It was also unfortunate that the Colonial Secretary should have found it necessary to mention the possibility of partition. In itself, it is unlikely that partitioning the island would provide a permanent solution, however attractive a sop it may be to the Turks; self-determination is a concept that can easily be reduced to absurdity. But it will be a great pity if the Greeks use partition as a red herring to divert attention from the real merit of the Radcliffe proposals. It is true that these leave extensive reserve powers in the hands of the Governor. But it is nonsense to say that the proposed constitution is neither liberal nor democratic. Naturally a great deal would depend upon the spirit in which it was worked in practice. But it is reasonably clear that it would be difficult for the Governor to flout the wishes of the democratically elected Assembly unless the elected majority and the ministers were engaged in subversion themselves.

The Greek government's attitude may be determined by the need to keep up with the opposition parties, which lost no time in expressing their disapproval of the Radcliffe proposals. But if it persists in opposition—it is reported that it has even threatened Washington with a change in the "orientation" of Greece—then the suspicion will inevitably arise that it is afraid of the consequences of putting the

Radcliffe constitution to work. In other words, it will look as if the Greeks are afraid of the possibility that the Cypriots may end by finding self-government more attractive than enosis.

The Law and the Union

In the Chancery Division last week damages of £500 were awarded against members of the West Hartlepool district committee of the Amalgamated Engineering Union, in an action brought against them by Mr Huntley, an engineer and member of the union. Because Mr Huntley had refused to take part in a one-day stoppage of work which he believed to be illegal, the district committee had done their best to expel him from the union, had stopped him getting any work in their district, had even gone so far as to persuade another district committee, in whose area Mr Huntley tried to get work, to prevent him from doing so there. The defendants pleaded that they were protected under the Trades Disputes Act of 1906, which prevents those engaged in trade disputes from being sued for civil conspiracy; the judge held that they were not so protected, because, although they may have begun their machinations against Mr Huntley in the belief that they were acting in such a dispute, the way in which they conducted them showed that they were really motivated by a personal grudge. They had been expressly told by the general secretary that they had no powers and no right to expel Mr Huntley, and that reprimand or at the most a fine would fit the case of his departure from the orthodox path. Thus in purporting to act in the interests of the union they were acting against it, and were engaged in a conspiracy to injure Mr Huntley.

This verdict does not dispose, unfortunately, of all cases where a union member is expelled or sent to coventry, or otherwise victimised, for taking part in a strike of which he does not approve. Much depends on whether the defendants can or cannot claim that they were acting in a "trade dispute," and so claim the protection of the 1906 Act; they were not so protected in this case because they themselves had no powers of expulsion and because they had failed to get their executive to sanction it. But this case deserves to rank with three others that have lately somewhat modified the tyranny that union members may suffer at their leaders' hands at various levels: the Bonsor case, which established that a man wrongfully expelled can sue his union for damages, and two cases which have established that a man cannot be expelled from the union of his choice because the TUC disputes committee says he should belong to some other. It is worth two cheers for the freedom of the individual.

Red Peril

Mr Woodrow Wyatt has for some time been conducting a campaign against communist infiltration into the trade unions—a campaign which is the more effective because he is known to be a Labour party man. His most spectacular success was a television broadcast in which he pointed out the possibility that another communist might be about to be elected to the executive council of the Amalgamated Engineering Union; largely as a result of this, the poll went up from 9 to 12 per cent of the union's membership, and the communist was roundly defeated. Some articles of his in *Illustrated* have now been reprinted as a pamphlet, "The Peril in Our Midst."

He neatly sums up the tactics whereby communists so often gain their positions as "the skilful use of apathy." Often they are the only people who can stand listening to each other's (deliberately?) boring speeches at meetings; when they have filibustered everyone not on their side into the nearest pub, they elect each other to office and pass their own resolutions. Often rank-and-file members who have no desire for communist leaders are too little interested in elections to find out the political views of candidates—and in case they should try to do so, some communist-dominated unions have deployed rules preventing candidates for office from mentioning their policy.

Mr Wyatt mentions as an example of communist activity the case of the Briggs motor bodies works where, with a communist shop stewards committee, there were 289 stoppages of work for trivial reasons in 15 months. His error, perhaps, is to paint too highly coloured a picture of communist plotting, so that trade unionists may not recognise in these portraits the leaders whom they know and respect. Mr Arthur Horner, General Secretary of the National Union of Mineworkers, for example, is a communist who is widely admired as an able negotiator and as one who has done much for his union. To deny that many communist leaders are sincerely convinced that they are acting in their members' interests, long-term or short-term, is to underestimate their real strength. This pamphlet sensibly suggests that the unions should pay their officials better. If they did this and took legal and financial advice as the American unions do, they might find that communists were no longer the only people prepared to give up their time to such poorly rewarded service.

Lieutenant Moorhouse

Lieutenant Moorhouse, it now appears certain, is dead. "It is a difficult situation," President Nasser is reported to have told the MP to whom he gave the news, "when civilians have arms." Such an admission will do nothing to mitigate the anger in this country. Many hundreds of men have died in the Egyptian adventure, and there is no excuse to be made for their deaths; but the stealthy killing of a captive, alone and helpless, is an act of a different kind from killing in battle in the codes of most men, Christian or Muslim. Anger and disgust are natural and right.

These justifiable emotions ought not to lead the British public to jettison its sense of proportion or to forget the order of events. Neither President Nasser nor his people, wrong-headed as both can be, can have had any conceivable ground for supposing their interests to be served by the murder of Lieutenant Moorhouse. Nor could it be President Nasser's interest to admit that he cannot control all

the irregulars whom he has armed, unless the admission were true. Repulsive as the crime is, it comes at the end of a chain of violent actions, which, once started, could not be controlled or kept within ethical bounds. The guilt for this young man's death lies on his kidnappers, but the responsibility for it is more widely spread; shame, as well as anger, ought to be among the emotions felt in Britain.

Resurrecting Malenkovism

The central committee of the Soviet Communist party sat in conference for five days until Christmas Eve. To judge by the official report, for the first time since Stalin's death Mr Khrushchev was not a principal speaker and the directing body of the ruling Soviet party did not discuss international affairs in its plenary session. Economic problems at home apparently filled the agenda. The draftsmen of the current five-year plan (1956-60) came under fire for underestimating the available resources and the perspectives opened by technological change. The savings which it should be possible to make in a revised version will be used to bolster the consumer industries and, particularly, to step up the building of houses, by far the greatest worry of the average Russian. Criticism must have been violent and the changes may be important, since on the morrow Mr Mikhail Saburov, Russia's chief planner since 1949 (after the elimination of Voznessensky), was dismissed from the section of the *Gosplan* dealing with current planning.

Further reports may reveal that foreign affairs did also come under discussion, but even if they were not debated directly, the events in Poland and Hungary must have influenced the internal economic decisions. It was an easy lesson to draw from recent upheavals that the best way to avoid their repetition, or their spreading to Soviet territory, would be to shift the emphasis of "liberalisation" from the political to the economic field, to precede further measures of relaxation by steps to improve the standard of living. Though the communiqué still repeats the orthodox formula about the absolute priority of heavy industry, this week's meeting might well mark a shift in Soviet policy towards greater concern for the consumer. A real housing drive would play a key part in such a new programme.

During the short premiership of Mr Malenkov, this seemed to be the pattern of liberalisation. The explosive failures of Mr Khrushchev's methods may have put his predecessor in a new light, but the revival of a policy does not necessarily mean the return of its author. A special session of the Supreme Soviet, to be held early in the new year, should show how strong are the echoes of the Hungarian rising and how important are the changes they have precipitated in Soviet policies and leadership.

Mr Chou on Tour

Mr Chou En-lai's tour is not at an end; he is to visit the capitals of the Soviet Union and Poland in January. This part of his peregrinations emphasises the importance China has acquired in the communist world. Russian papers are at pains to stress Chinese approval of the second Soviet intervention in Hungary. On the other hand, the rumour has it that Peking encouraged the Poles in October in their defiance of Moscow's blind orders. Polish delegates at the congress of the Chinese communist party were apparently prodded by their Chinese colleagues to follow their own road without undue respect for Russian advice.

Recent tendencies to question Moscow's position as the Rome of the communist movement strengthen China's hand. Untroubled by peripheral revolts, and with no Stalin to bury, Peking can play the role of arbiter in the communist councils. During his short stay in Russia Mr Chou En-lai may well ask, in exchange for his country's moral backing, not only for more economic aid, but also for a more liberal policy towards the former satellites. A trip to Warsaw will provide him with an excellent opportunity of showing his country's natural liking for Signor Togliatti's idea of "polycentrism" within the communist world. Peking, though anxious to preserve the strength of the communist movement, may see the present as a good occasion to break Moscow's monopoly of power.

The Mental Hospitals

The Royal Commission on the lunacy laws is now preparing its report and presumably making up its mind whether the present system of certifying mental patients should be abolished or at least greatly modified. In the meantime, the Ministry of Health's latest report* gives some information on the numbers concerned.

At the end of last year there were 150,572 patients in hospitals approved under the Lunacy and Mental Treatment Acts, that is, about 35 per cent of all patients in all hospitals, and nearly three-quarters of them were certified. But for admissions to mental hospitals the proportions are reversed; three-quarters of the 78,586 patients admitted last year were "voluntary" patients, which does not necessarily mean that they were less ill than the certified but rather reflects current policy to avoid certification wherever possible. The report also throws some light on the proportion of new patients who become chronic. In the younger age groups —under 55—80-85 per cent are discharged within twelve months of their admission. Over the age of 55, the percentage falls and fewer than half of the over sixty-fives are discharged; but if allowance is made for the large numbers of the old who die soon after they are admitted, it is probably true that the proportion of mentally ill patients who become chronic is roughly 20 per cent at all ages. Unfortunately, the report does not distinguish between new admissions and new cases; many patients are admitted and discharged several times in one year.

The prospects for the chronic mental patient are not so bleak as they were, though the hospitals are still handicapped by difficulties in recruiting the right sort of staff, particularly for their male patients. Another difficulty is that even chronic cases could often be discharged if they had somewhere to live, while others do not need full hospital care but only some hospital supervision and treatment. A section of the report describes the interesting experiments that are being carried out to provide facilities outside the mental hospital walls—day hospitals, day centres, night hospitals,

* Annual Report, Part II. Cmd. 16. 9s.

psychiatric units in general hospitals. The Royal Commission is not concerned with accommodation or treatment. But any radical change in the laws relating to mentally ill patients is, in the long run, inextricably bound up with a greater variety in the resources for caring for them.

Curbs for the Club?

PRIVATE bills introduced by members of the House of Lords do not usually get very far ; it is to be hoped that Lord Merthyr's Licensing (Amendment) Bill will be no exception. The aim of the bill is to curb the part played in the evasion of existing licensing laws by clubs, a proportion of which have come to be retail outlets for liquor in competition with public houses and outside the control of the licensing magistrates. This, apparently, is very irritating to the magistrates ; for if this bill meets with their general approval—and Lord Merthyr is the chairman of their association—it is plain that their main concern is to administer the law as it stands even more onerously and with even more powers to interfere with the liberty of the subject, rather than to use their influence to have a thoroughly bad law, sustained by minority pressure groups, brought into line with the needs of an adult and generally sober-minded community which has many other ways of spending its time than in a gin-palace.

The licensing trade will welcome the bill. As custom for the pubs (thanks partly to out-of-date restrictions on the amenities they can offer) declines, the clubs have grown—from 6,000 in 1900 to 22,000 today. Their hours are more flexible ; they can offer music, games, dancing and fellowship besides the stimulus available from the bar ; and families with their children can go to them in the convenient Continental way. No doubt some of them are " continental " in a less desirable sense ; it might be right, as part of a wider law, to restrict the sale or supply of liquor to persons under 18. But the basic point about Lord Merthyr's bill is that it would give magistrates immense powers to interfere with people's rights to get together in their own way on private premises—laying down all sorts of rules about the premises, the antecedents of the club conveners and so on. All this is seen wholly in the context of competition with the pubs—but is it to end up with rules about the circumstances in which one gives a bottle-party or invites the neighbours in to beer-and-TV ? It will, if the magistrates, the publicans and the temperance idealists get half a chance. And if it does not end up there it will fail in its main aim—to stop evasion. So long as some freedom remains, some other means of evading a bad licensing law will always be found. Lord Merthyr should drop his bill ; and the Government should turn to licensing law reform.

Naval Discipline

THE Select Committee on the Naval Discipline Act has done a seamanlike job in preparing a draft bill to bring the present Act little changed since 1911 and indeed still substantially the Act of 1866 into line with modern ideas and such new developments as Commonwealth navies, communist infiltration, conscription, the Wrens, flying-machines, and a more expressionist attitude to profanity—as well as with the disciplinary codes in the other services. The death penalty remains, though it has been removed for some offences. As it has been imposed only once in the last 100 years it now exists mainly as an awful warning of the eternal verities behind the Articles of War ; and in the navy's view it is also a salutary reminder of the heinousness of such offences as mutiny, even non-violent mutiny, which can endanger life in ships or submarines at sea. A number of new offences have been added, of which perhaps the most significant is " aiding the enemy, whilst a prisoner of war " ; it is clearly intended that the penalties shall take account of the degree of torture or brain-washing employed.

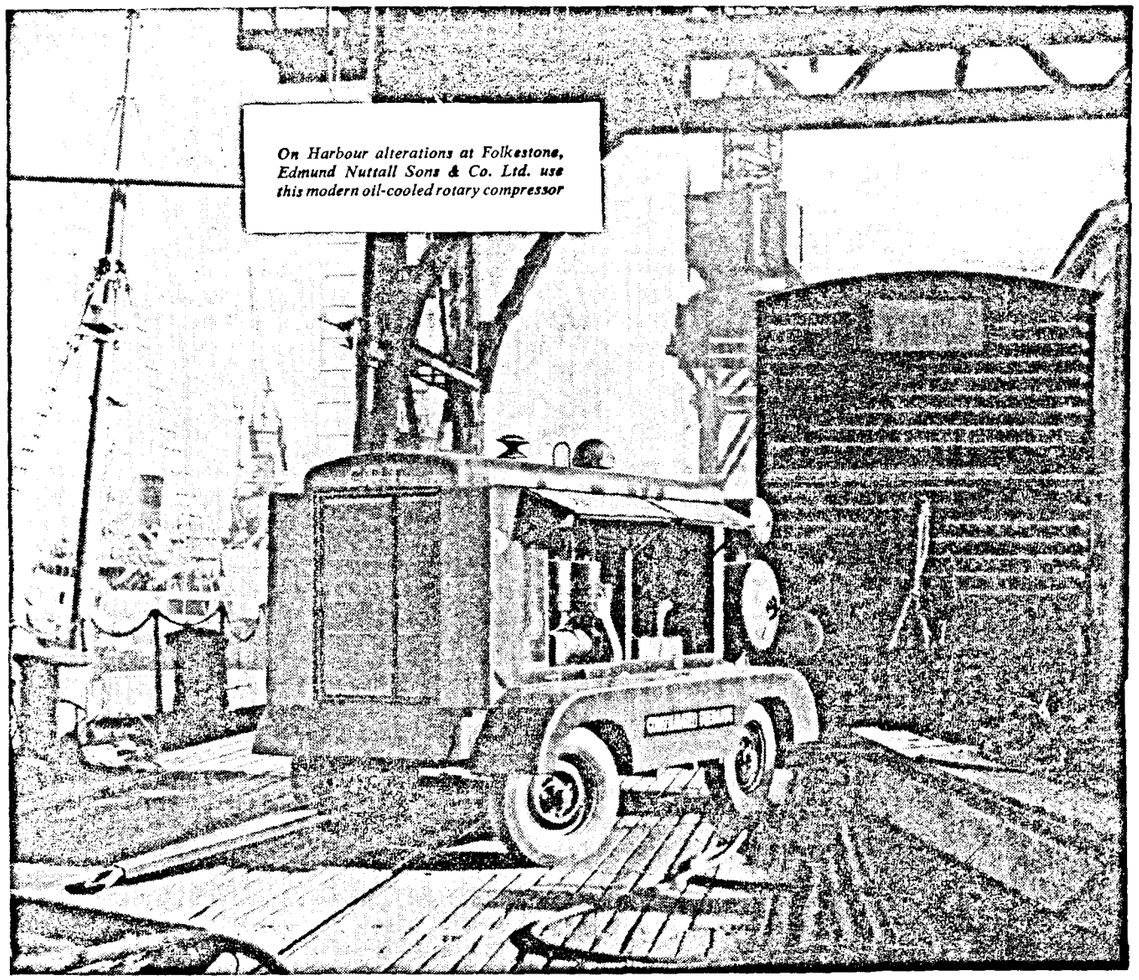
Sensible changes are suggested for the conduct and staffing of courts martial (the provision that the entire ship's company of a ship sunk by enemy action must be court martialled has long disappeared); and the committee deals in detail with the apparently unfair differences between naval and army discipline. It points out that it is possible for the army to enforce its code rather differently in peacetime and wartime ; but whether in peace or war a ship at sea is always in risk of hazard besides being a dangerous box of tricks. Discipline of a high order can alone prevent accidents. Perhaps there is some departure from the admirable logic of this approach in the committee's judgment that it would not be " fair " to operate the naval code more laxly in shore establishments than in ships ; this, at any rate, is a point that Parliament should argue about.

Any sort of discipline is irksome ; and modern warships are shorter than ever of " swinging space." But since the Act of 1911 was passed a warship no longer contains 300 or 400 stokers in a complement of 800 ; naval discipline is now essentially related to the teamwork of educated men operating a scientific but dangerous mechanism in conditions of great personal responsibility. On the whole, the authors of the draft bill have understood this ; if the bill becomes law it will not change the essential character of naval discipline, but may make it easier to maintain in an unstuffy and sensible way.

Germany's Foreign Policy Initiatives

DR ADENAUER'S meetings with Mr Nehru and with Mr Smirnov, the new Soviet ambassador in Bonn, reveal a growing animation in German foreign policy. The meeting with Mr Smirnov, the first which the Chancellor has had with the new ambassador, took place after Dr Adenauer had made it clear that he would at last like to use diplomatic relations between the two countries to discuss reunification. It had been encouraged on the Russian side by the gesture of handing the German ambassador in Moscow a copy of the latest Russian disarmament proposals. The German Chancellor's meeting with Mr Nehru was hastily improvised and more general in scope, but it may be related to these moves.

The two meetings are but the latest of a number of tokens of fresh thinking in Bonn, particularly about Eastern Europe. At the meeting of the Nato Council it was Herr



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the things they say!

Did you see in the press the other day how short of engineering technologists we are becoming? Every year, it seems, there are more than 50,000 new technologists in Russia, and more than 20,000 in America. But the figure for Britain is only 3,000!

Yes, it's a big problem, all right.

What I want to know is: Why doesn't industry do something about it? After all, it's industrial firms that need the technologists — they should help the Universities to produce them.

Many do. For instance, I.C.I. gives over £200,000 to the Universities every year for a variety of purposes, including research fellowships and grants to their scientific departments for the materials and equipment needed in research.

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Yes, and that's not the whole story, for I.C.I. recently started, at several Universities, a new scheme of Transfer Scholarships. These will enable young men who haven't studied Science at school to prepare themselves to take it at the University. This scheme will do something to help us get the *extra* technologists that Britain so badly needs.

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von Brentano who expounded the problems which would arise for Nato and the world if violent unrest should spread from Hungary or Poland to East Germany. West Germans would be presented with the cruel alternative of watching their countrymen crushed, or intervening and risking a third world war. For a German it required great courage to conclude, as Herr von Brentano did, that West Germany and its allies should do everything they could to discourage an East German rising—a sharp reversal of many of the vague suggestions which have come from western broadcasting stations and politicians in the past. Herr von Brentano also made the first efforts by a Nato statesman to suggest the principles for a wider Nato policy in Eastern Europe. Eschewing grandiose diplomatic propositions, he suggested that the Nato powers should support five principles for the East European nations—the rights to self-determination and self-government; national sovereignty; freedom to decide their own social order; freedom from foreign pressure by military, economic or political methods; and the inviolability of human rights.

These principles are an encouragement to the peoples of Eastern Europe, but the moderation with which Herr von Brentano stated them seems designed to still Russian fears of western ambitions. Evidently he feels that an attempt by the west to prod Russia into making big concessions because of its present difficulties would defeat itself. Eastern Europe must be allowed to evolve unurged; the west must maintain its strength and unity, but await, cautiously yet with alertness, any opportunity to shift the diplomatic log-jam in Europe.

Pegs for Holes

Too much vague talking is done about youth and its problems, particularly in regard to national service: two new documents may help to dispose of some vague anxieties, but will certainly substitute some real ones. The first of these is a detailed study,* by the Nuffield Foundation, of the careers of 568 Glasgow boys who left school in 1947 at the earliest permitted age of 14, and have now finished their national service. The circumstances of this group are perhaps unusually depressing, and the brightest boys of their age-group are excluded as they presumably stayed on at school after the minimum leaving age. But none of this alters the most disturbing point made by the study: 41 per cent of those who had been apprentices at the age of 17 and then went off to national service were not in skilled work at the age of 22; among those who had been rejected as unfit for national service, 64 per cent remained in skilled jobs. Yet those who were accepted for service generally had the advantages of both physique and brains over those rejected. This drain of potentially skilled men is a waste both for the men and for the country.

One trouble is that, on coming out of the army, a strong young man can so easily pick up good money in unskilled work that he does not bother to finish his training in the hope of longer-term rewards. There are not enough specialised jobs to employ the skilled men when they are called up, and they are too often put to work below their capacity with the inevitable loss of morale and of practice in their skill. This seems an insuperable problem for as long as national service is necessary; but the second document, the report of the National Youth Employment Council for 1953-56, has some good ideas.

The council, which has placed some 40 per cent of school leavers in their first job in recent years, has as its practical aim to help young people to find work which will be of permanent interest to them; and so to attract them back into their old jobs when they leave the forces after the inevitable break. It is by finding young people jobs in which they are interested (and by doing more to persuade them to be interested in suitable jobs) that they can be prevented from falling into crime—as 15 per cent of the group studied in Glasgow had done. The council does its best—perhaps greater interest should be taken in suggestions about how it could do more than its present best—to combat the ignorance and apathy from which restlessness and crime spring. Its work will become more and more necessary as the numbers of those leaving school rise in the next few years. In an age when successive governments look too eagerly to such unpublicised social services for economies in expenditure, it is worth protesting loudly that there should be no cuts in this department, please.

* *In Their Early Twenties*, by T. Ferguson and J. Punnison. Oxford. 12s. 6d.

The French Version

M. MOLLET has mustered his majority at the end of the foreign affairs debate in the French Assembly. When historians one day ponder the rights and wrongs of intervention, the postcript which the debate added to the Egyptian affair will be significant. M. Pineau, the minister of foreign affairs, after asking what "collusion" meant, argued that France and the United Kingdom knew about "Israel's intentions and Egypt's threats" and, naturally, consulted each other. He was in a semantic mood, too, about American knowledge of the Anglo-French action. It all depended on what one meant by "keeping informed." The United States government knew about the feelings, disillusions and military preparations of its allies; all it did not know was what they were going to do.

Though the French prime minister asserted that France could not wait for an American change of heart, as it had done until 1917 and 1942, his appeals to jingoism or to Munich carried little weight. The French verdict may in the end be that of M. Edgar Faure, that the expedition was ill-conceived and badly carried out. Other considerations caused the Assembly to treat the government leniently—as M. Reynaud put it, to view it as an administration that was down, not to be kicked now but to be judged later on its subsequent performance. The French judgment will tend to grow in severity as other subjects are added to the Suez indictment.

M. Mendès-France in Opposition

BREAKING the uneasy silence he had kept for a year, M. Mendès-France has attacked the French government in open parliamentary debate. At the beginning of the year the Republican Front of Socialists and Radicals

emerged from the general election with increased strength, but without an absolute majority in the Assembly. After an unsuccessful bid for the ministry of foreign affairs, M. Mendès-France reluctantly accepted a vice-premiership without portfolio in M. Mollet's cabinet. He remained there until the end of May despite a growing distaste for the government's policy, particularly in Algeria. Even after he resigned he remained a prisoner of the dead electoral alliance. Trying hard not to break ties with the Socialists, he could express his opposition only by abstaining, as he did in the vote on the Suez expedition. In this week's foreign affairs debate, however, such inhibitions did not restrain him from delivering a strong indictment of the government.

The balance sheet of the Suez affair which he drew up contrasted violently with the dressed-up versions produced by the French ministers. France, in his opinion, had unnecessarily undermined the Atlantic alliance and had lost the affection of its friends, as well as the good will and moral prestige it still had in the Arab world. It had stopped its own oil supplies and strengthened Russia's position in the Middle East without achieving anything, not even a loss of face by Colonel Nasser. Western ships sailing to break the Egyptian blockade of the Gulf of Aqaba would not have provoked the same indignation in the world as did the Port Said landing.

More important still, in the long run, was his declaration that France cannot have an effective foreign policy until it has solved the Algerian crisis. He expressly gave his backing to the idea of a North African federation—consisting of Algeria, Tunisia and Morocco—linked with France. He did not say just how this could be achieved and there will probably be no opportunity in the near future to test the new tricks this supreme gamesman has in his bag. The cold reception which greeted his speech was symptomatic. He has few supporters in the Assembly beyond a handful of faithfuls who have survived the series of purges and splits in the Radical party since he took over the leadership. The Right, and many "Europeans," hate him; the Socialists are imprisoned in their party discipline. But M. Mendès-France is used to crying in the wilderness and, in the general whitewashing mood, it is no bad thing that he has regained his voice.

Mr Lim Returns

If Mr Lim Yew Hock, the Chief Minister of Singapore, is taking back with him a Chinese New Year present to his country, he is keeping it well wrapped up, and evidently marked "not to be opened till March"—when the plenary constitutional conference over Singapore's future will open. Yet Mr Lim's talks with the Colonial Secretary have left him in good spirits about his preliminary mission, and there is reason to think that his formula for solving the vexed problem of security of the Singapore base after independence has been accepted as a working basis by the Colonial Office. The formula is that while there should be a security council to watch political developments in Singapore which might threaten the base, the council should have equal British and Singapore representation, but with a chairman from the Federation of Malaya who would have the casting vote. The Colonial Office's final view on this formula is evidently being held back until it can assess how long after independence for the federation the Tengku and this moderate government can be expected to retain power.

There is more resistance, curiously enough, to Mr Lim's second request—that not only should the chairman of the security council be Malay, but the Governor-General of the new city-state should be Asian. Mr Lim urges that a British governor-general would suggest to the people that the old colonial system continued; he argues that loyalty to the Queen over and above local (in Singapore often municipal) politics could better be secured by an Asian representative of the Crown. The Colonial Office is understandably holding out for at least a "Soulbury interlude" on the Ceylon pattern; but Mr Lim can urge the precedent of Pakistan, where Mr Jinnah became the King's representative immediately upon independence. The cases are widely different, yet what really matters to the British is the smooth functioning of the base. If an acceptable Asian governor-general could be found, the Colonial Office would be well advised to take the cash and let the credit go.

Egypt's Sterling

By its agreement with Egypt, the British Government is committed, if Egypt so requests, to release £20 million of Egypt's blocked sterling on January 1st and transfer it to current account. The Government may allow the transfer rather than repudiate its word, although the act may arouse some severe criticism. Those who believe that the money will be poured freely into President Nasser's purse should, however, bear in mind the sterling restrictions which were imposed on Egypt immediately after the nationalisation of the Suez Canal Company. These removed Egypt from the transferable account area and brought its sterling transactions under British exchange control. Egypt will not be free to shop where, or when, it likes with the £20 million. The money will merely be transferred from one blocked account at the Bank of England to another.

Roughly speaking, the releases of 1955 covered the deficit on Egypt's balance of trade with Britain; in other words, they bought goods from Britain, which were unrequited exports but which oiled a few cogs of British industry and commerce. At the moment, there is no opportunity to trade with Egypt, but one must assume, or at least hope, that during the year relations will reach the stage when trade can be done again. In that case the coming releases could play the part in Anglo-Egyptian trade which they played in 1955 and 1956.

The temptation to withhold the release on January 1st may nevertheless be acute. The Egyptian government has sequestrated nearly £200 million of British capital, and President Nasser has admitted (or boasted) that he has used the contents of the British military depots in the Canal zone to make up the losses he suffered in Sinai. The Egyptian foreign minister, Dr Mahmoud Fawzi, has already raised the question of compensation to Egypt for the damage done by the bombing and invasion, and what British assets the Egyptian government hold will clearly be counters in the ultimate bargain.

There are, naturally, those in Britain who say that the sterling balances, which are now about £103 million, should be held doubly secure against the final settlement. But it seems imprudent to break an agreement which has lasting value for British credit, when other restrictions already provide an effective control on Egypt's sterling assets in London. The decision surely depends on the calculation of future relations with Egypt and on the general credit of sterling. It would be unwise to behave as though the present Anglo-Egyptian enmity is perpetual.

A Global ICS?

Some of the ideas mooted by the Secretary-General of the United Nations in the introduction to his last annual report had a refreshingly controversial character. Admittedly, he made a theoretician's error when he argued that much larger international funds for economic development ought to be provided before there is any general disarmament rather than after; any taxpayer could demolish this logic with a few terse words. Another proposal, however, deserves to get the attention of the Assembly. Mr Hammarskjöld again sent up a trial balloon which he first released in Montreal in May. He then urged the creation of "a career service under international responsibility for qualified men and women of any nationality" prepared to "devote a significant part of their lives to work in the less developed areas of the world as public officials, integrated in the national administrations of those countries while maintaining their international status."

There is a very sound point here. The UN programme of technical assistance for under-developed countries suffers from two particularly severe limitations; it is matched neither in capital nor in administrators. Even when the capital is available to finance the projects advised by a foreign technical expert, they often remain unfulfilled because the country concerned lacks competent administrators. Some newly independent countries recognise this lack and employ foreigners in their civil services, but others are more sensitive about alien influence. They might, however, readily obtain administrative talent from the "neutral" United Nations. That, in a nutshell, is Mr Hammarskjöld's idea.

Delicate problems would arise, no doubt. How could an international official's oath of loyalty be reconciled with loyalty to one government? The Charter stipulates that UN staff shall neither seek nor take orders from any government; and, if this difficulty can be overcome, an international civil servant working in a national administration would still risk getting both himself and the UN involved in local political turmoil. Among other problems would be the usual one of differentials in pay.

Mr Hammarskjöld's idea has engaged little attention at the UN Assembly so far. Since it was first put up, some shift in emphasis has been noticeable; there is now less talk of the need to create a whole new agency, and it is being suggested that the United Nations might begin by acting as an employment bureau, keeping records of vacancies and offers of service, but leaving actual negotiations to be handled by the government and the prospective international civil servant in each case. A sizeable tree might grow in time from this acorn.

Ceylon Swings Back

The municipal elections recently held in Ceylon show a startling swing away from Mr Bandaranaike's party, the People's United Front. Out of 181 candidates only 65 were successful (5 out of 28 in Colombo), while the United National Party won 51 seats out of 88 contested. Mr Bandaranaike explains this defeat by saying that his party depends for support more on the rural than the urban areas; Sir John Kotelawala, the UNP leader, attributes his success to the "prevailing chaos" caused by the Bandaranaike government.

> The police have been rendered ineffective . . . the life of the individual is in danger. Each extremist is encouraged by the government, not because it agrees with the agitators, but because it is afraid to stand up to them. There is no cabinet responsibility. Each minister is a prime minister unto himself.

Mr Bandaranaike's government, which achieved a sweeping and unexpected victory against the UNP in April, must be having to learn administration by trial and error; some confusion is only to be expected.

The Prime Minister also seems to have found it easier to criticise Sir John Kotelawala's efforts to cope with Ceylon's vast problems than to do better himself. The population is increasing at a rate of 2.8 per cent a year; unemployment, according to a Central Bank Survey, stood at 500,000 last year—a seventh of the labour force; economic prosperity is dependent on the plantation crops. None of these problems can be solved quickly and they would only have been aggravated if Mr Bandaranaike, following his election programme, had nationalised passenger transport, excluded foreigners from the tea and rubber plantations, and turned the British out of their bases at Trincomalee and Katunayake. On these issues he has behaved with caution and moderation. His minister of transport is studying the effect of nationalisation in India, and has said that "he will not rush into a scheme which will not be 100 per cent successful." It has been made clear that the foreign-owned plantations will be left alone for the time being.

This caution, together with administrative inexperience and the unpopular decision to compromise on the language question, may have lost the government the voters who had been won only temporarily from the UNP. At any rate there is evidently no tendency to drift still further left. The pendulum is swinging back the other way.

Radiating Ignorance

A full year ago, the United Nations set up a scientific committee to study the effects of atomic radiation. This move was inspired by widespread anxiety about the effects of radiation, particularly those caused by the uncontrolled testing of nuclear weapons. No progress having been made while the problem was dealt with as a political issue, several governments—that of India, in particular—urged that it should be transferred to the scientists. It was hoped that

men who based their conclusions on objective scientific fact would be able to agree on recommendations more quickly than politicians and diplomats.

The committee has now issued its first report, and an uninformative document it is, too. It would seem that it has elected officers, recruited a small staff, discussed the scope of its work, and invited governments to submit information to it. The committee has received more than fifty reports on natural and artificial radiation and radioactivity, but has not been able to announce even tentative conclusions on the hazards of atomic radiation. Indeed, the committee noted "the need for more research and data before final conclusions can be reached." The international community did not expect the UN committee to reach "final conclusions" in a year, but it was not unreasonable to look for some tentative recommendations. Has the belief that "taking it out of the politicians' hands" leads to speedy results been exposed as just another optimist's fallacy?

Poland Prepares for Elections

WARSAW must be getting used to exalted Soviet visitors. Last week was the turn of Mr Shepilov and Marshal Zhukov. Unlike their illustrious colleagues who took the same road (Mr Khrushchev and company), the new guests did not come to bully the Poles into obedience. Their visit was a sequel to the amicable negotiations in Moscow, in which the Poles agreed to have Soviet forces on their soil, while the Russians agreed that these troops should not be moved without prior Polish consent. Mr Shepilov's and Marshal Zhukov's ostensible purpose was to settle the details and endorse the agreement. Were two senior ministers needed for so modest a task? They may have seized the occasion to consult the Poles on east European events and foreign affairs in general as well as to warn them against too much political initiative or against the disruptive effect which a Warsaw-Belgrade axis might have on Polish-Soviet relations. Mr Shepilov played one chord which finds a ready echo in Poland: he spoke of the German threat, about to be increased, he said, by the supply of atomic weapons to the growing West German army.

Mr Gomulka's friendly but firm handling of the Russians is approved by the bulk of his compatriots, though for a variety of conflicting reasons. Indeed, most observers maintain that if a personal plebiscite were held at this stage Mr Gomulka would probably win an absolute majority. But next month's elections will not provide a real test. No opposition will be allowed. Only the national front of the United Workers' party and its satellites, the Peasant and Democratic parties, can present candidates and local electoral committees of that front will supervise the selection.

The voting and the electoral campaign should, however, give some insight into the prevailing mood. Voters will have a degree of choice, since the number of candidates will exceed the seats available by about a third. Besides, out of 700 candidates only 70 or 80 will be nominated at the centre. The regional committees, which choose the rest, will find it hard to ignore entirely the pressure of popular opinion and particularly the views of workers in big factories. It is also to be wondered what test is to be applied to judge past performance: a general bar on "former Stalinists" would exclude almost all prominent political figures. It will be interesting to watch next month how Poland sets about instilling some life into its moribund parliamentary institutions.

Modern Times

A REPORT entitled "A Study of Attitudes Towards Factory Work" (HMSO, 10s.) was published last week under the auspices of the Medical Research Council. This is based on a survey carried out between 1946 and 1950 in three factories, two making cars and one comprising metal mills, and it deals not only with attitudes towards the job itself, but also to group payments and bonus schemes. It lays no claim to anything but the most tentative conclusions, but some of these are worth studying, and certainly point the way to further investigations.

One such tentative conclusion seems to be that the smaller and more repetitive the tasks into which the work has been divided, the less the satisfaction that the workers get out of it; and the smaller the groups into which the workers themselves have been divided for the purpose of incentive schemes, the greater the interest such schemes will arouse. This, however, as far as the first conclusion is concerned, is true only very broadly. As the report shows, there is a shifting borderline between contentment due to familiarity and the absence of strain on the one hand, and boredom due to repetition on the other. The figures and comments cited suggest that it is above all the younger workers who find excessive repetition trying; as they get older they tend to relapse into complacent apathy. The conclusion about the need for small groups for incentive schemes is true more generally, partly because the feeling of fellowship which they encourage is an important factor in morale. Very important too is the way the scheme itself is administered, and the skill with which the time study engineers have arranged a work programme that satisfies both the keen and quick worker on the one hand and the slow and steady one on the other.

We regret that we can no longer accept orders for the 1957 edition of The Economist Diary. The size of the edition was substantially greater than for 1956 but it was, nevertheless, insufficient to meet the heavy demand from home and overseas.

We suggest that you may still be able to obtain a copy from one of the leading bookshops and stationers. If you wish to ensure that you are not too late next year you can instruct us to notify you when the 1958 edition is ready. All you need do is to write your name and address on the back of a postcard and send it addressed to:

1958 DIARY, THE ECONOMIST, 22 RYDER ST. LONDON SW1

Books & Publications

A Landmark in Scholarship

DOCUMENTS IN MYCENAEAN GREEK.
By Michael Ventris and John Chadwick.
Cambridge University Press. 452 pages. 84s.

MICHAEL VENTRIS'S announcement in 1952 of his interpretation of the script then known as Minoan Linear B, and of his discovery that it is an archaic form of Greek, was a major event. Since that time scholars in many countries have been working on his results and extending them, and this sumptuous book is the first general report on their results. It is written in terms which can be followed, with an effort which is well worth while, by anyone who has had an ordinary classical education.

Ventris's achievement was one of pure logic, in the best tradition of cryptography. He started with one reasonable assumption, that the script was a syllabary. He did not assume at the start that the language was Greek: in fact, he did not believe it. But by comparing his material he was able, bit by bit, to fit most of the characters into a grid where all the vertical columns had the same vowels and all the horizontal lines the same consonants. The clue was found when he realised that five groups of three similar words, given certain assumptions for the value of their characters, would yield three Greek derivatives of the names of five of the principal Cretan towns. From that moment onwards further proof poured in. Of course it has not been plain sailing, and there are still disbelievers. The material is thin; beside proper names only 650 words have been identified so far. The syllabary is grossly inappropriate to Greek and yields many ambiguities. The documents are terse and obscure, and much remains uninterpreted. But the general thesis is convincing, and few would deny that we have before us Greek documents which antedate Homer by many centuries.

The first third of the book, including a foreword by Professor Wace, contains a very thorough introduction, covering the archæological background, the process of decipherment, the nature of the script, the language used, and a summary of what emerges from the documents. Then follow three hundred of the documents, transcribed and translated with copious notes. Finally, there are a vocabulary and a name-list. The whole is written with admirable clarity; it is a model of style and exposition.

And now that we have them, what are these documents? The simple Englishman, with his classical education, must cast aside his preconceptions, or rather recognise them for the first time. The scholar draws on archaeological evidence, but the ordinary man thinks of Greece primarily in literary terms; he knows the epithets better than he knows the dull machinery of Greek life; Mycenae is a backcloth to the Oresteia. But in the real Mycenaean world, if we may trust the surviving evidence, writing was used only for bureaucratic purposes. What we have left is a sample, selected by the accidents of time, from the registry of the Crown Estates Commissioners and similar bodies. The main interests of this heroic age, as disclosed to posterity, were land registration and rationing. Doubtless they had poetry, and we know that they were interested in the visual arts. But writing was for the civil servant. The civilisation described was fairly elaborate, far more so than that described by Homer. They had no money, but they got on remarkably well without it. There were dozens of trades, and every tradesman got his monthly ration of food. It is not clear how far they were slaves. There are indications of some differentials for skill, but not very high ones. In short, it appears that some of man's earliest instincts were those of the National Union of Railwaymen; the first flowering of civilisation was a controlled economy; and, when one turns to the name-list, one finds without surprise among the surviving names *pa-ro*, which, according to the rules of spelling which the authors give, could stand for Balogh.

No personal documents remain, not even legal ones such as contracts between individuals: nothing but lists of men and women (for rationing and military purposes), of livestock and agricultural produce, of tribute and offerings, and of royal possessions such as furniture and arms. One or two names of oxen survive, remarkably like those which cows are given today. There are also a good many land registers, of the greatest obscurity; the system of land tenure is not yet convincingly explained. But, for all the dryness of their content, the documents are fascinating, not least because the names of so many gods and men are familiar. We do not meet the heroes whom one has known from childhood, but humbler characters bearing the same names and living their queer, elaborate, authority-ridden lives, which, though hardly glimpsed, seem so familiar.

Two things remain to be said. First, the highest praise is due to the Cambridge Press for the production of a very difficult book; it is a joy to look at and to handle. Second, and most important, it was in print and bound before Ventris's lamentable death in a motor accident last September. Young though he was, he had made his great contribution to scholarship; and this admirable book, more fascinating than anything comparable for many years, serves as a noble memorial to him.

Modern Egyptology

A FAMILY IN EGYPT.
By Mary Rowlatt.
Robert Hale. 232 pages. 18s.
THE SPHINX AWAKES.
By Gerald Sparrow.
Robert Hale. 217 pages. 21s.

THE difference between these two books on Egypt is not just that one looks back and the other ahead, but that the first is like an elegant, meticulous water-colour and the second like a series of snapshots so hastily taken that there was not time to give the film a proper turn between the clicks of the shutter.

Miss Mary Rowlatt comes of a family that has lived in Egypt since its great-great grandfather sold corn to Wellington in the Peninsula. To the question: "Do you speak Arabic?" generations of its children have answered: "Oomaal" ("What do you take me for?"). She did the rounds that young girls did between the wars—the sight-seeing, the first-aid classes and the parties—as often in Egyptian as in European company.

As a result, her book is a monument to a relationship that vanished when modern airlines began to transport Britisher and Egyptian apart at all moments of human joy or stress—when hot weathers and holidays, illnesses and even honeymoons were no longer spent within eye and earshot of one another. Other links snapped when two world wars introduced into Egypt a British population able and keen to live an exclusively British life. The book reveals much in the tale of a picnic party assaulted by a peasant with a mattock, but saved because a Rowlatt was there to explain that no one had recognised that particular piece of desert as his seed-bed; the party left with "a present of several cucumbers."

Family diaries of the kind that survive when the same house is lived in for forty-seven years make an agreeable start to the story; its interesting end tells of recent visits during which Miss Rowlatt tries to assess what caused the revolution as well as what it is trying to do against the ancient odds. In a simple, pleasant way, she shows Egypt as a land of laughter as well as of needs and ambitions.

Judge Sparrow flew to Cairo under an April sky "frowning like a spoilt debutante" and was back in time for the tulips (presumably in the same year; he leaves his reader guessing about dates, even to the extent of uselessly mentioning huge sums lost or earned on crops without giving the period to which they refer). His slapdash book is interesting only because, being based on what he was told by young men in power but with little experience of other countries,

it reveals how the junta sees the world. His trip convinces him that "in the not too distant future a new flag will fly over the desert Arab lands"—the flag of a united Islam under Egyptian leadership. To his mind, Egyptian plans are "more mature, more detailed and more practical" than most people imagine. (He does not specify the only really practical one, which is the export of teachers.) His perspective shows Iraq dwarfed by middle distance into "one of the smallest of the good companions"; and, beyond it, Iran and Pakistan included in the target area. His estimate will flatter Egypt's vanity, but mar its repute in several capitals of whose likely reactions he and his Egyptian informants are ignorant. He prints, but never draws the lesson from, a perspicacious reckoning by President Nasser which states that "the word 'positive action' may on paper be sufficient to solve the problem. But in life . . . it is not sufficient."

Scrappy surveys of the armed forces, land reform, industry and the high dam scheme are marred by being brought up to date in some particulars but not in others, with no indications which facts relate to 1956, and which do not. Some of the sweeping assertions are already falsified by events that would have been allowed for with a writer with a better knowledge of the rest of the Middle East. The hackneyed comparison with Ataturk is made without remembering that—in a century and a region geared to combat imperialism—the Turk was closing down an empire and the Egyptian apparently wants to found one.

The Living Past

ATLAS OF THE BIBLE.
By L. H. Grollenberg.
Nelson. 116 pages. 70s.

IN the Middle East the past lives long. Father Grollenberg's superb book helps ordinary people to understand why this is so. The work of a Dominican priest who is a Biblical scholar by profession, has travelled all over Palestine, and has visited the neighbouring countries, the "Atlas of the Bible" uses text, maps and photographs to bring the biblical background to life. The text skims the cream of biblical scholarship to describe the geographical setting and trace the history of the ancient Hebrews from the earliest days to the destruction of the temple by Titus. The maps in the text and two end-papers show on various scales the ancient world from the Aegean Sea to the Caspian (with the sites of forgotten capitals and of modern oil wells shown cheek by jowl on one of them), giving special attention to the historical geography of Palestine. The index of places and persons contains the name of every town and village, every mountain and valley, every region, river, country and people mentioned in the Bible. Finally—and the special glory of the book—more than 400 photographs convey an idea of the country, the cities, ancient peoples, cultures and religions which must bring to life much of the Bible story which is otherwise hard to understand. At their political, moral, and religious core many of our modern problems are as old as time. Not least among the merits of this splendid work is that it helps us to see them in perspective.

Shopkeeping Nation?

LIFE IN BRITAIN.
By J. D. Scott.
Eyre and Spottiswoode. 286 pages. 25s.

MR SCOTT has undertaken a difficult task and in one respect has succeeded. His guide to British life is very readable. He tells a good deal about British social life, religions, politics, the machineries of government and of law, politics, education, the welfare state, the press and the BBC. All this could be as dry as dust were it not treated by a lively mind, were it not for comments such as that on Lloyd George's insurance scheme: "The days were not so very long gone when ladies had slapped their footmen's faces; and now they were to lick their stamps," or on how you behave if you are a social climber from Coventry:

> Naturally you do not know an oak from an elm and can hardly tell a fox-hound from a Borzoi; but with care you need not give yourself away, and if you have occasion to mention it you will—without actually lying—give your place of birth as Warwickshire.

But is this guide written for people inside or outside Britain? Trying to please both, Mr Scott seems to flit from the needs of one to the needs of the other; many of the little side-thrusts will certainly be lost on the foreigner, amusing though they will be to the British reader. Some of the treatment is too slick: the terms of trade, for instance, shed all their complications as they emerge as an all-powerful factor in the country's prosperity. What many readers, however, will criticise in this book is that it has found no room for literature, music or the arts. No mention is made of any British author or musician, of ballet queues or the popularity of modern art exhibitions at galleries such as the Tate. We have to agree statistically that it is "the Light Programme audience, that immense public of working people with an increasingly bourgeois outlook, which is the emergent class in Britain." But numbers are not everything in these matters. Need Mr Scott make us out more uncivilised than we are?

Artful Aid to Advertisers

THE TYPOGRAPHY OF PRESS ADVERTISEMENT.
By Kenneth Day.
Benn. 320 pages. 70s.

THE layman, if he thinks about advertising at all, may be mildly surprised that a book called "The Typography of Press Advertisement" should run to over three hundred pages. What Mr Day in fact has to offer is a book that covers not only typography but many other aspects of advertising.

The only previous comparable work, Sir Francis Meynell's "The Typography of Newspaper Advertisements," appeared in 1929. Now, nearly thirty years later, a revaluation of the subject is called for. Changes in type styles and fashions and completely new techniques are displayed in a "gallery" of some one hundred and fifty advertisements reproduced on newsprint; it is fascinating to trace earlier trends to their culmination and to detect the start of new ones.

Mr Day begins by relating the press and the copy to the typographer and establishes those commonsense principles underlying the tackling of a specific job, such as the questions: "What is to be advertised and to whom is the appeal addressed?" "What size of space and where is it to appear?" "Is there a continuity to be maintained?" and "What trade rivals have to be competed with?" From this sound start and with his feet ever on the ground, Mr Day expounds on type, stressing legibility, distinctiveness, suitability for reproduction, and follows with chapters on typefounders and trade-setters, layout, illustration. He describes the pioneer work of Meynell, Morison, Johnston and Gill; the dynamic effect on layout of the asymmetric conceptions of Gropius and Bayer at the Bauhaus; "scientific" American approaches; the stimulus of the introduction of "Sans" and the present vogue for nineteenth century revivals. After presenting many comparative text-settings and more than two hundred display faces, he ends with an important chapter on type measurement.

Mr Day's book is obviously the product of most careful research and he has consulted a formidable list of specialists in their various fields. The cross-referencing has been painstaking and a useful book list is appended. This will become a standard work on the bookshelves of advertising agencies—and even of their clients.

An Unsatisfactory Device

DELEGATION IN LOCAL GOVERNMENT.
By Peter G. Richards.
Allen and Unwin. 184 pages. 20s.

DELEGATION in local government refers to the county councils' growing practice of delegating some of their functions (relating, for example, to house planning or health) to smaller authorities on an agency basis. The growth of this practice is less the result of its intrinsic merits than of the need to appease the major local authorities, who have lost so many of their direct powers, and to guard against "remote" administration. Mr Richards's book is timely, because the local authority associations are now pressing for a considerable extension and strengthening of delegation arrangements—largely, once again, as a means of soothing the vanity and increasing the vitality of the smaller local authorities.

Mr Richards's account brings out the intrinsic difficulties of working delegation satisfactorily. The right principles are easy to state; these are that the county council should lay down general policy, and approve broad estimates annually, leaving considerable administrative discretion to the smaller authority. But the fact that the county foots the whole bill is an inhibiting factor—especially since the smaller authority, having been made to contribute to the county rate, is anxious to capture as much of the total expenditure as possible. Delegation works best with a function, such as town planning control, where little money is involved save that repaid by the central government.

It also seems to work best in the largest counties, like Lancashire and Surrey, where delegation is intrinsically more necessary and where there is less rivalry between the county itself and the larger county districts. It is noteworthy that two-thirds of the 158 divisional executives for education are concentrated in seven large cities, and that half the counties have not set up divisional executives at all. In most counties, delegation is patchy in character and a potent source of delays and disputes. Mr Richards defends the system by arguing that it has reduced the otherwise excessive power of such bureaucrats as the county education officer. But this is hardly an adequate reason for extending an intrinsically unsatisfactory device. It would be much better to regroup the smaller local authorities in a way that would enable them to administer more functions in their own right.

Saints and Sinners

SAINTS OF SIND.
By Peter Mayne.
Murray. 200 pages. 18s.

THERE is little of serious interest, but plenty to amuse, in this account of Mr Mayne's meanderings around the shrines of Sind, his encounters with some of the *pirs*, and adventures in the company of their rather disreputable hangers-on. The reader is left with the impression that so accomplished a writer might have been better employed than in the observation of these pinchbeck "saints" whose contribution to society is of such doubtful value and who are not usually, in themselves, particularly interesting characters. Nevertheless it must be recognised that the *pirs* do occupy an important position in the rural society not only of Sind, but of West Pakistan in general; and if they were worth a book Mr Mayne, with his sardonic eye resting affectionately on saint and sinner alike, was the man to write it.

Yet at times one suspects that Mr Mayne found a good deal of all this rather boring. It is only when he looks back to the thirties and forties and recounts the fantastic story of the Pir Pagaro—sixth in the line—that the reader becomes really wide-eyed. This monster of depravity was regarded as God, no less, by about half a million followers, most of whom belonged to the fanatical sect known as "Hurs." Their reverence for him was in no way abated by the revelations in the ghastly "Boy in the Box" case, which took him to prison for six years. He was finally, and most deservedly, brought to the gallows in 1943, but not before he had established a reign of terror over vast areas of Sind. The story, briefly but pungently told, provides a commentary on the dangers inherent in the system of hereditary "saintship," and on the mentality of the rural Sindi.

Books Received

THE UNITED STATES IN WORLD AFFAIRS, 1954.
By Richard P. Stebbins.
New York: *Council on Foreign Relations.* London: *Royal Institute of International Affairs.* 498 pages. 48s.

LLOYD'S CALENDAR, 1957.
The Corporation of Lloyd's. 756 pages. 10s. 6d.

Letters to the Editor

Bravado

SIR—I disagreed with your early strictures on our action in Suez, so I appreciated your likening the United States to Achilles remaining in his tent.

I recall that Achilles had been openly advocating that his fellow-in-arms, Agamemnon, follow his (unsolicited) advice over a certain matter of more concern to Agamemnon than to Achilles. Agamemnon finally complied, but was in the happy position of being able to impose a small penalty on Achilles—to couple responsibility with principle.

Achilles promptly retired to his tent in a pique; whilst he sulked, his side was hard pressed and came near defeat. Your simile is a good one.—Yours faithfully,
M. D. WOOLLEN
Alexandria, Va, USA

"Who Wouldn't?"

SIR—Before the mists of legend distort beyond recognition one of the best stories of my day at Oxford, may I seek space in your columns to correct and amplify Mr Betjeman's version of it as quoted in your review of "The Compleat Imbiber" on December 15th?

As both the principals are now dead, I can see no reason for withholding their names. The "reverend head of an Oxford college" was the very Rev. Lancelot Ridley Phelps, Provost of Oriel, under whom I had the privilege to sit for the last two years of his tenure. The other party to the affair was Ernest Edward Jenner, who had been imported by the Provost in 1927 in a laudable (and successful) effort to improve the classical knowledge of those of us who were reading Honour Moderations. The point of the story as related by Mr John Betjeman is largely lost if one does not recognise the two personalities involved; Jenner was not a guest at High Table but a classical tutor of the college, and his views in the matter of indulgence in drink and tobacco were very well known to the Provost, who took occasion to tease him about them from time to time. The story also loses yet more of its pith if from it is omitted the Provost's habit of triplicating his utterances. The incident is reputed to have occurred over coffee in the Provost's lodgings, and the actual dialogue, as credibly reported at the time, went as follows:

> *Provost:* Mr Jenner, Sir, may I press you to a glass of port, a glass of port, a glass of port?
> *Jenner:* Mr Provost, on no account. Sir, I would rather commit adultery.
> *Provost:* My dear Sir, who wouldn't, I mean to say, who wouldn't, who wouldn't?

The whole incident was enshrined in memorable Homeric hexameters by the present Camden Professor of Ancient History in the University of Oxford, whose lines were circulated, like Shakespeare's sonnets, to his private friends. I regret that the passage of nearly thirty years has left only two words of them in my mind, but they are perhaps worth recording, for those who knew and revered the Provost—κερδαλεοδ φελψ.—Yours faithfully,
DENIS O'NEILL
Savile Club, W.1

Petrol Rationing

SIR—Your notes on this subject prompt me to call attention to the advantages of a pedal cycle as a means of urban travel. As a middle-aged professional man who cycles into London daily from his home some nine miles out I can vouch for the considerable saving in time each week, apart from the 14s. 2d. in fares (or much more if a motor car is used). Once the muscles have become used to the exercise, the daily journey becomes a great pleasure, inducing a feeling of well-being and ridding the mind of worries. And the parking problem disappears. It would be a beneficent outcome to the present troubles if cycling to work became recognised as respectable. At present I am at pains to conceal my bicycle from my colleagues.—Yours faithfully,
J. P. H. WALTON
Merton, S.W.19

American Survey

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

Christmas Spirits

Washington, D.C.

THE publishers of one of America's glossier magazines, in an attempt to explain why the Christmas issue is "different" from the other eleven issues, concluded that people themselves are different at Christmas. But it can equally be argued that people are just more intensely the same. The early birds are earlier, sometimes with cards addressed and parcels wrapped in July, and the procrastinators are later and may even be caught at the post office on December 26th, which is not a holiday in the United States. Collectively, Americans at Christmas are more charitable and acquisitive, more sentimental and cynical, more harried and devil-may-care, more guilt-ridden and joyous, more hostile and loving, in infinite combinations, than at any other time of year. From the tawdry glare of Main Street to the costly shimmer of Fifth Avenue, the crowds have an abstracted look, partly because of the difficulty of finding a plain, non-mink-covered fly-swatter for Aunt Julie, but also because, by emphasising the ideals while reflecting the shortcomings of the American way of life, the Christmas season precipitates a state of national ambivalence, magnified this year by heightened concern with the uneasy state of the world.

As the benevolent spirit of Christmas, Santa Claus (Father Christmas) often gets tangled in the contradictions of the American scene. Demonstrating his versatility as a symbol of peace, he recently appeared on an Air Force base with his sleigh drawn by four Nike guided missiles and led by a fifth, smaller one, with a blinking red nose, named Rudolph. Though America's only "saint" is castigated for fostering too much "getting" commercially and too much "giving" politically, most Americans approve of him as a representation of love for children, generosity, and faith in an abundant future. In spite of much hard-headed scorn for fantasy, they show real ingenuity in the art of encouraging young children to "believe in Santa." Even such an institution as the Post Office, not usually noted for its contribution to mythology, harbours letters addressed in wobbly writing to Mr Santa Claus, North Pole, instead of returning them stamped with a chilly "unknown." That children have a right to a happy Christmas is an unspoken tenet of the American creed. Scrooge, as the evil spirit of the holiday season and a term of opprobrium, has just undergone the final phase of Americanisation and become the star of a TV musical, and the ghost of Marley can still occasionally be heard clanking in both commercial and charitable appeals.

Most people, who begin to wonder in December whether they will be able to "survive" Christmas and emerge triumphant on January 2nd from the welter of paper and tangled ribbon to "start the New Year right," are driven not only by commercial pressures but by the accumulated obligations of the year; they feel they must catch up with their correspondence, mend social fences, give to charity, and become reacquainted with their children. There are few excuses for the millions who are caught unawares by the onrush of the Christmas season. It is heralded in October when catalogues swirl through the mails to fall in gaudy piles in the living room; it looms in November when Sunday papers and slick magazines swell with tidings of jewellery and toys; but "Christmas is at our throats" in December, when cities and towns disappear under blankets of synthetic snow and public address systems shatter the quiet with "Silent Night" in wavering legato.

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It is a popular theme at Christmas to blame advertisers and promoters for foisting more and more extravagant items on an unsuspecting public by the unscrupulous manipulation of its better nature. It is seldom noted that the public, trying out its new affluence and unprejudiced tastes, is sometimes far ahead of the unsuspecting hucksters in its enthusiasm for expensive and foolish baubles and, with little sinister manipulation, can clean out a shop's supply of such luxuries in a day. This year there has been special enthusiasm for imported items like perfumes and embroidered bed sheets. "The man who has everything" is increasingly an object of charitable concern, and his wants occupy pages of advertising. Each year produces a collection of new gadgets, catering to the never-even-dreamed-of whims of such as he, and giving nightmares to harried sales clerks called upon to help decide whether a certain parakeet would really like a "xylophone for birds." The poor shopper, exhausted by the strain of pairing up ordinary friends and relations with the glittering array on the counters, may be overwhelmed with nostalgia for the good old days when children gave home-made pen wipers and adults home-baked fruit cakes. Meanwhile, both adult and juvenile enthusiasms, and possibly frustrations, are reflected in the toys, particularly all kinds of electronic gadgets and dolls who wear ermine, get sick, or can be rescued from bedraggled waifdom.

The most depressing feature of the commercial Christmas spirit is that it spreads a synthetic sugar coating over a genuine occasion, covering sincere sentiments with viscous sentimentality and sticky coyness almost impossible to rub off. Underneath all the ballyhoo lies a complicated pattern of group and family observances and expressions of the Christmas spirit as varied as the structure of the United States. Church attendance has risen and the churches are fighting against the "paganisation" of Christmas. Christmas Eve and Christmas Day see the revival of family traditions and rituals of tree decorating and carol singing by which each family is linked to its past and to each other. Undistorted by commercial glare, the accumulated gifts and thoughts of the last few weeks are unwrapped and exposed to view and people have a fleeting opportunity to take a secret second look at themselves and beyond. This year relief organisations were swamped with requests from families who wanted to take Hungarians to live in their homes, and the growing acceptance of Christmas as symbolic of the unifying principles in the world was re-emphasised when President Eisenhower, by lighting a Christmas tree, opened a pageant of peace to which fifty-one nations and all forty-eight states contributed.

Mission to the Refugees

MR NIXON'S dramatic Christmas eve trip to the refugee camps in Austria and Germany is further evidence of his determination, and Mr Eisenhower's, that the Vice President should play a larger and more active role in the second Eisenhower Administration than he did during the first. Cynical commentators see his journey as part of a continuing effort to build himself into presidential timber by 1960. But it is hard to imagine anyone—aside from the President himself — who could carry a more authoritative promise of help to come, both to the refugees and their overwhelmed Austrian hosts; or who, having convinced himself, as Mr Nixon evidently has, of the need, could do more to persuade Congress that America must shoulder a larger share of the burden.

The Hungarian crisis has shown that the United States, the great traditional land of asylum, is so strangled in restrictive legislation that it has been unable, with the best will in the world, to do as much, proportionately, as many poorer and smaller countries. Of the 21,300 Hungarians expected to come into the United States by the time Congress reassembles, only 6,300, admitted under the three-year Refugee Relief Act, which expires next week, have been accepted as immigrants. The remaining 15,000, moving under the greatest transatlantic air and sea lift in history, are being smuggled in through the "parole" loophole in the McCarran-Walter Act which was intended only for individuals seeking asylum. They can be given permanent refuge only by Act of Congress. Financial aid has been more generous: in all, the President has allocated $5 million to the United Nations, and private generosity has provided more than $9 million in cash and kind. But these private contributions are slackening, although with more than 70,000 Hungarian refugees still in Austria, and the flow over the border continuing, the need is greater than ever.

The first fruits of Mr Nixon's trip may be the announcement that the processing of refugees will continue; the expectation is that more Hungarians—perhaps as many as 50,000 in all—may be admitted. But what the Vice President has recommended to the President this week and will discuss with congressional leaders next week almost certainly will include, beside immediate financial help to Austria, and perhaps to other small nations whose generosity has outrun their resources, some permanent standby authority for the President to open America's doors to other refugees from oppression. This is the least America can do. But the Administration also has high hopes that the tragic flood of Hungarian refugees may sweep Congress toward the liberalisation of the immigration law for which both President Truman and President Eisenhower have pleaded in vain.

Scrooge at the Fed?

REPRESENTATIVE Wright Patman chose the season of goodwill for yet another of his attempts to brand the Federal Reserve Board as the Scrooge of the American economy. Nor, since Mr Patman will be chairman of the Joint Economic Committee in the new Congress, can the board expect a peaceful New Year. At Mr Patman's latest examination of the tight squeeze which the Federal Reserve is keeping on the country's supply of credit in the interests of economic stability, the board's chairman, Mr Martin, naturally refused to accept the suggestion that its policy had been proved ineffective by the continued rise in the cost of living. He contended that this inflationary pressure would have been much greater if interest charges had not been allowed to reflect the growing demand for money. Mr Martin pointed out that the discount rate at the Federal Reserve Banks, the interest they charge on money borrowed by other banks, had not led the market but had followed it. In fact, in the last few weeks the discount rate, held at 3 per cent since August, has lagged behind the market; the rate on short-term Treasury Bills has been well above 3 per cent and touched new peaks regularly until December 18th, when it reached 3.331 per cent. This week the yield fell a little and is likely to drop still more now that the Christmas demand for money and the Treasury's special financing operations are both over.

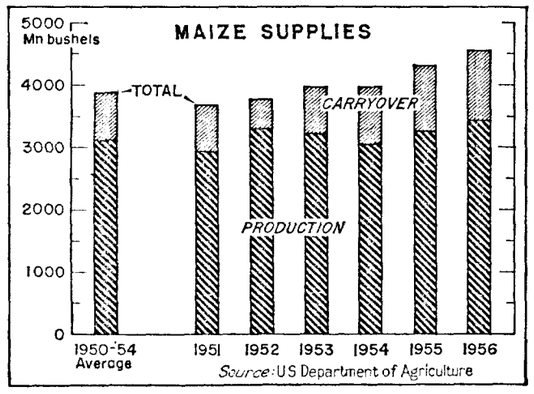
To Mr Patman's most telling argument, that the high cost of borrowing was delaying essential public works, particularly schools, Mr Martin replied that cheap money would inflate the prices of materials and labour and thus delay the building of schools even more by making them prohibitively expensive. But on this point Mr Patman found a surprising ally—Mr Elliott Bell, editor and publisher of *Business Week*, who, it is said, would have been the Republican Secretary of the Treasury had Mr Dewey been elected in 1948. Mr Bell believes that the present reliance on monetary controls to check inflation is distorting the economy in many ways. He agrees with Mr Patman that the credit squeeze is not only diverting money from social needs but also restricting small businessmen unnecessarily, and that rising interest rates present no obstacle to the main driving force of the boom, capital expansion by large corporations, since for them interest paid is a tax-deductible expense.

Mr Bell did not press his earlier suggestion for a National Economic Council to co-ordinate the basic economic policies of government agencies and of the Federal Reserve—a pro-

posal which was widely criticised as threatening the independence of the central bank. But he did advocate a special presidential commission to conduct a comprehensive long-range study of the country's monetary system, comparable to the one which led to the establishment of the Federal Reserve System in 1913. Since then lending has ceased to be a preserve of the banks and many new agencies, such as savings associations and consumer credit companies, are also involved in monetary operations. Mr Patman agrees that a study is necessary but thinks that it should—and obviously intends that it shall—be carried out by Congress.

Maize in a Muddle

UNLIKE producers of other basic crops, maize farmers this month had to choose between two complicated schemes for reducing their surpluses and qualifying for price supports. When they failed to muster quite enough votes to extend into 1959 this year's temporary soil bank scheme for controlling their production, they did themselves a bad turn and gave the Department of Agriculture a headache. Under the old acreage allotment scheme, which comes back into force, permitted plantings are automatically determined by the size of the surplus. This year supplies of maize, after the second largest crop on record, are so big that acreage will have to be cut to 37 million from the 51 million allowed for 1956 under the soil bank scheme ; no farmer who exceeds his share of the total will



be entitled to the price support of $1.36 a bushel for the 1957 crop. Past experience shows that the tighter the acreage restrictions on maize, most of which is fed to stock where it is grown, the less likely they are to be observed.

The soil bank scheme would have permitted production on 51 million acres, with a slightly lower price support next year of $1.31 a bushel for farmers who co-operated with the soil bank by withdrawing at least 15 per cent of their maize land from use. Increases in the compensation paid to farmers who retire their land in this way have been announced, but only since the vote was taken. Even so, over 60 per cent voted for this plan. But enough were fearful of the power it gave to an "unsympathetic" Secretary of Agriculture to fix support prices at his own discretion in 1958 and 1959 to deny the plan the required two-thirds majority. With acreage allotments, supports may vary only between 75 and 90 per cent of parity, a calculated figure which is meant to represent a fair return to the farmer.

The minority, led by the left-wing Farmers' Union, was counting on Senator Humphrey's promise that he would persuade Congress to let maize farmers have the best of both worlds by raising the acreage allotment to 49 million acres. Now the Secretary of Agriculture has announced that the Administration will take the initiative in asking Congress for a "workable plan"—presumably a version of the rejected scheme. This may mean reopening a political Pandora's box. But unless some new plan is forthcoming, many maize farmers may reluctantly decide to forgo their right to price supports and their participation in the soil bank for all their crops. This would be a heavy blow after a year when crop production, on the smallest acreage in twenty years, has equalled past records. The Administration's inclination is to move away from restrictions and subsidies, but not so fast that the result is further over-production, falling prices, and an end to the hope that farm income next year may continue its gentle rise.

Entertainment's Stepchild

FROM A CORRESPONDENT IN LOS ANGELES

LIKE the heroine in one of its own films whose husband is away on a dangerous mission, Hollywood is today trying to keep a stiff upper lip about its current troubles while anxiously searching for signs that its worries may be over. Unfortunately, there is no assured happy ending to the economic plot in which the film makers are now involved, although there is indeed good cause for worry. The industry is one in which statistical information is rarely available or accurate but at least it is clear that, since the last war, the costs of film production have increased while annual attendances have dropped sharply.

No one knows exactly why cinema attendances slumped from an estimated average of 82 million persons a week in 1946 to as low as 46 million in 1955. The counter-attractions of television are no longer accepted as the only explanation. Bad films certainly account for much of the lessened popularity of the movies, since there is a great deal more competition for the consumer's entertainment dollar now than there was during the boom years of the war when the armed forces represented an enormous, willing captive audience for almost any film. The tremendous postwar shift to suburbia has also greatly affected America's cinema-going habits. It is this movement to the outskirts of the cities from their overcrowded centres that accounts for the sharply increased popularity of open air drive-in theatres. They are concentrated in the suburbs where more land is available than in the cities ; in 1948 there were only 800 drive-ins while today there are more than 5,000 and the peak season for cinema-going is now summer, not winter.

Just as the conditions in which motion pictures are being seen have changed tremendously, so too has their making and distribution. The Hollywood studios no longer control, as they once did, the theatres where their products are shown. Forced by the courts to give up their ownership of the theatres just as television was cutting into their audiences, film studios found it necessary to change their selling methods and to look for substitute markets abroad. Fifteen years ago, foreign sales represented only 20 to 25 per cent of a film's total income ; today they bring to the studios 45 per cent of their returns. Without this overseas market, Hollywood might easily have been involved in a collapse as spectacular, colossal and stupendous as one of its own productions. And it is because Hollywood casts such covetous eyes on the foreign market that more films with "international" appeal are being made, often starring actors and actresses from Britain and the Continent.

Film production today also reflects the industry's attempt to adapt itself to its new role as the stepchild of the entertainment world. Rising costs—it required $50 million more in 1955 to produce 225 fewer films than fifteen years earlier—and a marked increase in the number of films made by independent producers have changed the whole character of the major studios. No company today keeps a large number of highly paid stars under long-term contracts and the number of films made abroad on foreign locations by major studios has tripled since 1946. More and more studios are also making films for television.

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Many of the films produced this year came from independent companies using, in most cases, the facilities of the major studios for production and distribution, with the majors usually putting up part at least of the money. To the actors and actresses, directors, writers and producers, independent production through a corporate entity offers great tax advantages: they do not draw large salaries but instead they share the profits ; these are considered as capital gains and are taxable at a substantially lower rate than are salaries. In some cases, the independents do not even use the services of a major studio and there is one major company—United Artists—which no longer owns any production facilities, restricting its entire activity to the distribution of films made by independents. A recent announcement by the government that it intends to impose a much less favourable and more costly tax structure upon such operations has aroused vigorous protest from trade unions, producers' organisations and the agents', actors', directors', and writers' guilds. Fearful that such tax changes will result in still more films being produced abroad, these groups have formed a committee to oppose the proposed changes at congressional hearings expected late in January. The current shifts in management at the Metro-Goldwyn-Mayer studios underline the general movement towards more decentralised operations in the film industry. Dissatisfied with its financial progress, the company has got rid of its head of production by settling his contract for a substantial sum. MGM is now expected to rely increasingly, like other studios, upon independent producers for its future output of films.

There is no necessary correlation between the cost of a film and whether it is made by a major studio or by an independent although, as a general rule, independent productions rarely cost as much as those of major studios. While many expensive films flop, nevertheless a cheap film is never a smash hit financially. For some of the major companies a few high budget films with popular appeal have turned a loss into a profit for the year: without the box-office success of "From Here to Eternity," "The Caine Mutiny" and "Picnic," for example, Columbia Pictures might very well present a much more gloomy financial picture than it does at present. Other studios, not so fortunate, have had to meet their financial problems by selling their backlog of old films to television interests ; this year almost all of the major studios have made their pre-1948 pictures available for television.

If, in the next few years, the entertainment seeker can choose between seeing a not-too-old film without cost on television, or paying an admission fee of as high as $2 to see a new film, he may very well remain comfortably seated in his chair at home, getting up during the commercials for another bottle of beer from the refrigerator. The sale of old films for showing on television screens has been bitterly attacked by some exhibitors who complain that not enough good new films are being produced now to bring adequate audiences to the theatres. For their part, the producers argue that the movie theatres are dirty, that more attention is paid to selling popcorn than to projecting the films properly and that rowdies are allowed to disturb the performance, so that the neighbourhood cinema has changed from a family theatre to a resort for juvenile delinquents.

Already the explorers of the industry are reconnoitring various experimental schemes which would enable movie fans to select and pay for the newest picture of their choice without moving from their homes. It seems certain that the film industry, which has undergone a whole series of sharp changes in its fifty years of life, will make every effort to adapt itself to showing movies under whatever conditions the viewers demand. If these conditions require the disappearance of the present cinema theatres and their replacement by open-air drive-ins for the late spring and summer and pay-as-you-view television for the autumn and winter months, the producers will attempt to meet the demand. With or without theatres, there will always be films.

Emergency Oil

IT is nearly two months since the first emergency supplies of American oil were shipped to Europe, and nearly three weeks since the Middle East Emergency Committee in Washington began to co-ordinate the redeployment of the American tanker fleet. Partly because a large number of tankers were temporarily available for loading in the Gulf of Mexico, and partly because the first flush of emergency supplies could be taken from existing stocks, shipments of American oil to Europe reached an average rate of 650,000 barrels a day during the three weeks ending on December 12th. This easily exceeded the minimum target of 500,000 barrels a day subsequently set by the MEEC. But this initial success, which was achieved by the oil companies acting individually, cannot yet be taken as a guarantee that Europe's emergency supplies are assured at a level of 75 to 80 per cent of normal consumption until the Suez Canal is open again. For the co-ordination of tanker movements, although freed from the shadow of the anti-trust laws, has been made more difficult by renewed uncertainties about the extent of the additional supplies expected to be available for export in January from the Gulf of Mexico, and especially from Texas.

The companies which purchase oil from Texas fields have asked the Texas Railroad Commission, the state regulatory authority, to raise permissible output in Texas in January by about 300,000 barrels a day—nearly 10 per cent —above the December "allowables." But the producers, particularly in West Texas, which has most of the state's reserve capacity, fear that the inadequacy of existing pipelines would make it impossible to move additional output on this scale off the field. Some crude oil buyers, admitting that pipeline facilities are insufficient in parts of Texas, claim that the additional quantities could be moved to the coast if the commission could be persuaded to depart from its usual practice and allot specially large allowables to wells in fields where some spare pipeline capacity still remains. This suggestion is strongly opposed by the producers in the less well-connected fields in West Texas, who urge that, even if it causes delay, they should be assisted to market all of the oil which they are already permitted to produce (but cannot transport and sell), before the allowables for other producers are raised. A decision by the commission on this point, postponed until after Christmas, is urgently needed to enable new routing instructions to be given to tankers now arriving in Europe.

Mothballs Go to Sea

THE American government's "mothball" fleet, which at one time seemed likely to be left rotting on the shelf indefinitely with its cargoes of surplus grain, has suddenly become the belle of the ball. Twenty-eight shipping companies which have been petitioning the Federal Maritime Board to release a total of nearly 150 vessels are being allowed to commission 40 of them, in addition to 30 which were authorised earlier, for the express purpose of carrying government sponsored cargoes of grain and other perishable commodities. In the hard-pressed coal trade, where applications have been made for the release of another 150 ships, a Federal Maritime Board examiner has recommended that 69 should be released, in addition to the 30 or so Liberty ships already freed. But even if the Board accepts this recommendation, and all of these ships, totalling nearly 200, are in fact taken out of the reserve fleet, it will be a long time before many of them can be put into service. It takes several months to recondition a mothballed vessel, and even when the ships are ready, there is some doubt whether sufficient crew, and particularly engineering officers, can be obtained without a further delay.

Although the American government has this widow's cruse of dry-cargo freighters, it has had to scrape the barrel to add anything to the oil tanker fleet. Only 18 have been taken out of reserve, and there are very few more tankers to spare. Here the shortage can be met only in the longer run, when new tankers now on order or being built come into service. Every day brings more announcements of plans by the oil companies and independent operators to build tankers, but the government's part has so far been largely confined to insuring mortgages and permitting operators to transfer their vessels from the American flag to foreign flags (under which it is possible to make larger profits) on condition that they undertake to build new tankers in American yards. In spite of anguished pleas by the shipbuilders the government has definitely refused to give any priority to the supply of scarce steel plate for building tankers, on the ground that this would lead inevitably to full scale controls over the distribution of all steel supplies.

No New Year for *Collier's*

TWO of the oldest and most popular American magazines made their last appearance this month as the Crowell-Collier Publishing Corporation decided to discontinue both *Collier's* and the *Woman's Home Companion*, each with a circulation of over 4 million. Their earnings had been falling almost continuously since 1946 and this year their losses totalled $7.5 million although the company as a whole lost only $2.5 million. The decision to throw *Collier's* and the *Companion* overboard in order to keep the profitable book-publishing subsidiary afloat was taken by a group of Manhattan and Chicago industrialists who last year put new capital into the enterprise. More light may be thrown on the methods by which they gained control by a coming investigation by the Securities and Exchange Commission of the sale in 1955 and 1956 of $4 million of debentures as a private offering.

Great efforts had been made in the past three years to save the 68-year-old *Collier's* from the consequences of earlier mismanagement. Mr Paul Smith was brought in in 1953 to build a new *Collier's*—a "magazine in depth," and a more fitting successor to the *Collier's* which in the early days of the century made a crusading reputation and published writings by Henry James, Kipling, Conan Doyle, and Richard Harding Davis. Nearly $10 million in new funds was raised for the company's three magazines before a tight money market cut off further finance. Finally, last summer, the *American* was abandoned to lighten the load. The circulation of *Collier's* reached a new peak, but advertisers remained unimpressed, although for magazines as a whole advertising revenue is at record levels. The *Woman's Home Companion* has been losing money since 1953, unable to keep up with the more enterprising women's journals.

Three big magazine publishers, the Curtis Publishing Company, the Hearst interests and the McCall Corporation, are now negotiating to take over the *Companion's* subscription list. That of *Collier's* has been taken over by *Look*, the Cowles' picture magazine, but in this picking up of the pieces 2,400 employees had little to hope for as the new year began.

SHORTER NOTES

The next United States Ambassador to the Court of St James is almost certain to be Mr John H. Whitney, a 52-year-old financier who is also interested in racing, a liberal Republican, who went to Oxford.

★

Rhode Island has finally finished counting its absentee ballots and the Republican candidate for Governor, Mr Del Sesto, has won by over 500 votes. The Democrats, who have held the Governorship for 18 years, are challenging the constitutionality of absentee voting in the state; without these votes, their candidate had a majority of 190.

The World Overseas

China's Collective Miracle

FROM OUR SPECIAL CORRESPONDENT IN PEKING

"GO slow at first but fast at the end." This, they say, in Peking, is the mainspring of the Mao Tse-tung regime's policy in general, and the secret of the peaceful revolution in farming collectivisation in particular. When spring sowing starts next year, 90 per cent of China's 500 million peasants will have been successfully merged into collective farming units. This is a tremendous achievement. It has evidently been accomplished without compulsion or threat. It is the terrifying result of sweet but implacable comradely reasonableness, of organised persuasion, of illimitable discussion, of unrelenting pressure. It is a feat to make Stalin's old Ukrainian wounds ooze in the Red Square Mausoleum.

No Chinese, it seems clear, has been compelled by law to join a co-operative or to turn over his production to a higher level collective unit. There have been no heads on poles. In theory, a peasant can still resist or reject the State's embrace. It would be hard for him, of course; but it would be hard for him in the sense that he would be ostracised as a leper rather than shot as a rogue elephant. The sturdiest individualist has been talked, rather than forced, into compliance. And, in the payoff, the evidence suggests that the peasant will be better off under collectivisation. True, this may be as much a condemnation of the appalling conditions under which he laboured before "liberation" as a tribute to the superiority of applied socialism in farming *per se*. But it becomes a demonstrable fact, nonetheless.

For six years the party seemed to tinker with land reform and collective farming. There were mutual aid teams and technical advisers and hot-gospelling cadres and mild but persistent propaganda campaigns and a leisurely-spreading infection of co-operativism. The seed was being sown—but slowly. By the beginning of last year, the process even seemed to be halting and lumbering into reverse in some districts; small landlords were re-emerging; some peasants were paying others to till their land and actually buying the rights to others' land.

Then, in July, 1955, Comrade Mao, the father figure and the Marxist reincarnation of a benevolent and omniscient Emperor, struck; he called an end to the softening-up and fixed apparently impossible targets for collectivisation. The "go-slow" phase was over; the "fast-at-the-end" spurt was ordered. A horde of inhumanly articulate activists, who seemingly never slept or maintained a moment of silence, descended on the peasants. There was unending argument, irresistible discussion, eternal self-examination and self-criticism. Reports suggest that some recalcitrants succumbed through sheer physical exhaustion to talk, talk, talk, to tireless repetition of party chapter and verse, logic and promise. All the aims have been won, even surpassed. The philosophic westerner may well sweat over the nightmarish prospect of an Asian world surrendering wearily but inevitably to the superhuman persuasion and talkathon reasonableness of these blue-uniformed robots.

Having pledged the goods, the regime must now deliver them. In the curious fashion in which news seeps out in Peking, it has become known that Comrade Mao has decreed that, come what may, the peasants must be better off under collectivisation this year and next year than they were in transition last year. It is generally agreed that, in concentration on the basic crops of grain and cotton, there has been partial and calculated neglect of subsidiary farming in pigs—especially and riskily, pigs—poultry and peasant handicrafts. These subsidiary farming lines once represented 30 per cent of China's peasant income. The regime will have to compensate for this deficiency, whatever the success in increased grain and cotton output. The word is that the provisional second five-year plan will be unhesitatingly revised, at the expense of heavy industry and even defence, if the peasants' lot can only thus be improved.

Meanwhile, there is strong evidence that, with benign official approval, the limited free market for certain products is flourishing. The visitor may daily note the crowds around individual pedlars of fish, pork, mutton, beef and other produce at Peking street corners, selling in capitalist rivalry to the State stores. The onward rolling tide of collectivisation can still tolerate eddies and shallows. While this degree of flexibility continues, the regime must presumably be confident of its strength and ultimate success.

The headlong population multiplication proceeds awesomely. There is now a natural increase of one million a month. "Six hundred million Chinese are not too many," the Chinese experts insist in interviews. "Not even 700 million—so long as we can feed and clothe them all, keep them employed, healthy and happy." The Welfare Department is emphatic that there is no birth control "campaign" as such: contraceptives are "available" but are not being "popularised." The only suggestion of official interest in this prodigious fecundity is a hardening tendency to discourage early marriages—not so much to reduce the size of families as to delay the appearance of the first born. Some western observers believe that the regime may go slow on mechanisation of farming to avoid a fearsome

problem of displaced labour. An objection to this logic is that mechanised farming has become a symbol of progress: the buxom girl at the tractor is proof of emancipation. However, no one can doubt that if Comrade Mao decides that the time has come to counsel birth control, a similar miracle in restraint will be decreed as has been achieved in collectivisation — with, presumably and frighteningly, the same success. "Go slow at first and fast at the end."

(*Footnote*: During the ten minutes taken to skim this fragmentary report, the population of China has increased by more than 230 head.)

The Case of Otto John

BY A CORRESPONDENT

WHEN the head of the West German Federal Office for the Protection of the Constitution went East on July 20, 1954, and soon after began to utter communist propaganda, his friends were at a loss for an explanation and his foes were delighted. The Federal Ministry of the Interior—to which his office was subordinate—considered that he had been abducted. This theory was received with almost universal ridicule. When Dr John returned to the West seventeen months later, he too said that he had been kidnapped, and indeed the fact of his return might have been taken as proof of this. But it was certainly not taken as conclusive proof ; *prima facie* his activities in the Russian zone were treasonable and he was put under arrest.

His trial, which began on November 12th, has just ended in a sentence of four years' penal servitude from which the year he spent in custody while the case was being prepared will be deducted. The prosecution had only asked for a term of not more than two years on the grounds that what mattered was the verdict and that the Federal Republic could afford to pass a light sentence. The judges, however, found that one could not let off lightly a man who had held such a high office.

He had been accused of betraying real official secrets and communicating invented ones, and of aiding a government whose aim it was to overthrow the constitution of the Federal Republic. Publishing faked secrets may be thought harmless or even laudable unless it is realised that they were most effective communist propaganda and that the gravamen of the charge is the propaganda aid he gave to the communists. The prosecution held that he had gone to the Russian sector of Berlin voluntarily and decided to stay there after talking to Soviet officials. The defence stated that he had been taken there after being drugged and that, once in the power of the Russians, he had to pretend to co-operate in order to win their confidence without which he could neither have escaped again nor avoided death, deportation or brainwashing. This defence was not accepted although it could not be conclusively disproved. The effects of the drug as he described them were unusual, its administration could not be established, and the length and nature of his collaboration struck the court as excessive. For seventeen months he had consistently acted the part of a sincere defector. The court could not believe that he was playacting all the time or that the Soviet authorities would have risked producing a kidnapped collaborator at a press conference a mere three weeks after his abduction.

Be that as it may. With his worries about Germany's re-militarisation and about the re-emergence of the Nazis he was, as a high official in the Federal Ministry of the Interior said, in good company. As Dr John himself stressed at his trial, such worries do not prove that he went East of his own free will. But it was his mere presence and apparent co-operation with the communists that did the harm. Indeed one of the most puzzling aspects of his trial was his inability to appreciate this. The presiding judge would slowly, by patient persuasion, wrest an admission from him that a public announcement by the chief guardian of the Federal constitution at the height of the battle for the European Defence Community treaty (which in fact the accused favoured) that its opponents were right, that there were secret understandings connected with it and that the Gehlen intelligence organisation was getting more active in France, harmed the policy of the Federal Republic and the unity of the West ; then the defendant would claim that the harm was confined to those who believed communist propaganda. There was never a clear admission that by his person, by the office he had held, by the consistency and apparent spontaneity of his performance he lent that propaganda a weight which it had not had before. It is, of course, very difficult to assess the damage. But it is wrong to deny it. (It should, however, be kept in mind that the accused was a sick man, had been advised to undergo an operation before the trial, and was probably not in good form.)

As for the danger of brainwashing, there had, in fact, been deliberations in his office on what a member of it should do if he found himself in the power of the other side. It was decided that he should pretend to collaborate and give away small secrets in order to preserve the important ones. But no provision was made for propaganda. It was propaganda the Russians wanted—and got—in his case, far more than his secrets. One of the aims in this propaganda was, as Dr John himself put it, to make the Germans "reunification addicts." The progress of German opinion in this direction is shown by the way the trial was reported and commented on. The defendant got a fair hearing in court, but the hearing he got in the public mind was unfair. Obviously there has to be selection in reporting, but the credulity of some serious German commentators struck one as somewhat selective. They appeared to believe what fitted in with their ideas ; and what did not sometimes hardly seemed to register. This was apparent not only among his old detractors and those whom they had influenced, but also among those who felt cheated of a martyr to the cause of German reunification. In 1954, much of the German press had indulged in an orgy of libel against the man who could not answer back. In 1956, it was all more decorous and restrained, though still colourful enough to amount to contempt of court by British standards. There is every reason not to add British contempt by lightly suggesting that the trial was unfair.

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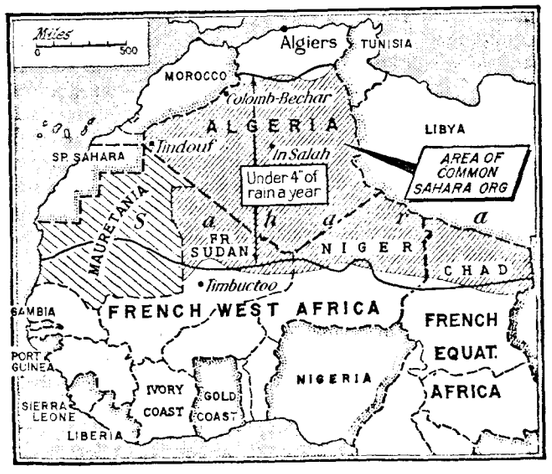
Developing The Sahara

GREAT wealth is believed to lie beneath the Sahara. Preliminary surveys have indicated the existence of iron ore deposits near the Moroccan frontier, of uranium in the extreme south of Algeria, and of copper in Mauretania. Deposits of coal, tin, chromium and manganese are also reported. But in these days the most tantalising prospect must seem the hope of striking oil near the Libyan border. Such a vision of riches in the desert was outlined to the French deputies this month, when they debated the future status of the Sahara.

Politically the Sahara is not a unit. Its bulk lies in southern Algeria, while the rest is divided between Mauretania, the Sudan, the Niger and the Chad. In order to facilitate the exploration and exploitation of its vast resources the French Assembly has now approved the creation of a Common Organisation of the Sahara. Economic unity will not be extended to the political field, largely because such a territorial reorganisation would have looked too much like an attempt to save what could still be saved from an Algerian debacle. The new economic region will be run by a special delegate of the French government assisted by a technical committee and a control commission.



The scheme is as attractive as it is big. French capital and skill will not be enough to carry it out, and France will have to interest foreign investors in this venture. Will they be keen on sinking their capital in the desert if the success as the rear is threatened by chronic civil war ? The success of the desert seems to be one of many problems solution for of which is tied to the finding of a solution of a French Algeria. If none is found, the dazzling mirage from the Sahara will economy enriched by raw materials turn out to be yet another

Birds' Eye View of Canada—II

Where Malthus Is No Prophet

BY OUR SPECIAL CORRESPONDENT

TREES looked like shrubs in the spacious countryside ; the small houses were set at wide intervals along the lake. The Hudson's Bay Company's store was stocked, necessarily, to supply all wants. Yellowknife is a man's town, built on gold. The nearest big shopping centre, Edmonton, lies 700 miles to the south.

To a tourist on a fleeting visit this solitude has a romantic appeal. People compelled to live there all the year round feel differently ; so do the mining companies, faced with the difficulty of getting manpower. Higher wages and the refunding of fares after a certain period of work are two methods used to keep this multilingual labour force fairly stable. People go so far north to get money quickly. Some actually do go south again after a year or two with substantial savings ; others cannot stand the loneliness for long ; still others drown it in whisky.

Yellowknife presents in a nutshell the problem of the unconquered North, a question of distances even more than of climate. The North-Western Territories of Canada, lying above the 60th parallel, cover an area of about 1.5 million square miles, equivalent to one-third of continental Europe, but Yellowknife, with its 3,000 inhabitants, accounts for nearly one-fifth of the total population. A few thousand Eskimos, dependent on the vagaries of the fur trade ; a few thousand Indians, fitting uneasily into the new pattern of life ; and less than 6,000 white people in key positions—these are the only inhabitants of this vast area. It is potentially one of the richest in the world. Furs and gold are no longer the only lure. Pitchblende extracted at Port Radium yields radium salts, uranium and cobalt, while no longer territory is apparently a geologist's paradise. But the major shift of population northwards lies in the future. For the meantime, each new strike by the pioneering explorers will help the growth of the secondary industries in the more hospitable and populated South.

Canadians lag far behind the Russians in developing their "Siberia." Hitherto neither shortage of materials nor pressure of population have been a sufficient incentive. Indeed, Canada has to look for foreign labour to maintain its pace of expansion. Immigration is no longer controlled by the land available. The bulk of newcomers are entering

other branches of the economy. Though the birth-rate has risen appreciably from the depressed level of the 'thirties—it averaged about 2 per cent in the last five years—the Canadian government seems sufficiently confident in the future to continue encouraging immigration on a large scale. During the postwar decade the population of Canada was swollen by 1.2 million newcomers, of whom more than half were men of working age.

No random sample can give an accurate picture of the life of these new Canadians. Reactions vary from place to place and from person to person. Two young Londoners who reached Vancouver at the time of a seasonal recession described the rough time they had to begin with. Several professional people also complained that the first steps were difficult. It seems generally agreed, however, that once settled the newcomers enjoy a higher standard of life than they had in their country of origin.

To say that the average weekly wage in Canada last year was over £20 means little, because exchange rates are deceptive. Migrants, who stick to a similar job, however, confirm that their real wages are much higher. A pattern-maker—admittedly a skilled workman—who had moved from an English foundry to Edmonton may serve as an illustration. We drove to his spotless bungalow in a big American car. The drawing room was dominated by a giant television screen. In the kitchen stood a man-size refrigerator (he was still just below the " deep freeze class "), a washing machine, a special ironing device and all sorts of other gadgets. He thought it would have taken a life-time back home to acquire everything that he had collected here in a few years. He, for one, was glad of the change and spoke nostalgically only of his *Daily Mirror* and the League soccer game on Saturday.

More sophisticated expatriates from London risk finding Canada's cultural life somewhat provincial. This may be the price of its industrial revolution. Fast growing countries tend to have little time for cultural luxuries. But by now wealthy Canada should be able to develop its own distinctive voice from out of its mixed heritage. Some people wonder whether the American-inspired passion for more and different gadgets is not hindering such a development.

People do not, however, emigrate in search of culture. They leave Europe in order to seek better living conditions overseas. As long as its extraordinary postwar boom lasts, Canada, with its higher wages, lower taxes and greater opportunities, will attract men, particularly young men, from Britain and the European continent. Each time clouds gather on the economic or the political horizon in Europe this flow of migrants will quicken, as it is doing now.

(Concluded ; the first article appeared on December 15th)

Seasonal Hangovers for Swedes?

FROM OUR CORRESPONDENT IN SCANDINAVIA

IN Sweden, the festive season has had a darker side since the end of liquor-rationing in October, 1955. Alcoholism has increased alarmingly, although the government has used all publicity media to combat drunkenness. This November it rushed a law through the *Riksdag* increasing the retail price of spirits by 30 per cent. There are no signs, however, that either exhortations or higher prices have altered the habits of normal consumers, still less those of confirmed drinkers.

The Swedes' reputation for stiff formality when sober, and noisy hilarity in their cups is not altogether without foundation. Strangers to Swedish restaurants are often disconcerted to find themselves transfixed by a basilisk glare from the head waiter, who is liable to prosecution and fining if guests become obstreperous. During the period of partial prohibition in Sweden, Danes would avoid Elsinore and the Nyhavn area of Copenhagen at weekends because hordes of Swedes came over to drink and brawl. Various explanations for the Swedish tendency to tipsiness have been given. The long cold winters with short daylight hours probably enhance the attractions of the bottle. Moreover, Sweden is a new-rich country, where prosperity sometimes outdistances habits of restraint.

For 36 years before October, 1955, Swedish consumption of alcohol was regulated by a system devised by Dr. Ivan Bratt. Only monopoly stores, privately run under strict government supervision, retailed strong liquor. When controls ended, two million persons over 25 held a *motbok*, or ration book. Men were limited to three litres of spirits per month and women to two litres per quarter. Sales of wine and weak beer (of 2.8 per cent alcohol content) by these stores were unrestricted. Strong beer (of 4.5 per cent alcohol content) was obtainable only from chemists on a doctor's prescription. In restaurants, the sale of drinks unaccompanied by food was forbidden. This gave rise to the unkind saying: " Norwegians eat to live, Danes live to eat, but Swedes eat to drink."

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In 1944, a parliamentary committee, including teetotallers, recommended the lifting of controls. Fourteen months ago, its recommendations were implemented, and the sale of spirits and strong beer by the stores was unrestricted to customers over 21. Restaurant sales of strong beer became legal, but the *mattvang*, or obligatory snack, remained. Drivers suspected of drunkenness are still subjected to a compulsory blood test, and a minute proportion of alcohol in the blood brings Draconian penalties.

The new regulations have spelt ruin for many restaurateurs, since Swedes can now drink without restriction and more cheaply at home. A number of " SARA " state-owned restaurants have been forced to close, despite the provision of improved food and service. The overall consumption of liquor, however, has risen steeply during 1956, and drunkenness has increased with startling suddenness. In the holiday month of June, there were 10,364 cases—6,000 more than in June, 1955, and an all-time record. In the first six months of 1956, consumption of alcohol rose by 36 per cent, and over the last twelve months the average amount drunk per head of population has risen from 3.9 to 4.6 litres. Higher retail sales accounted for the entire increase ; restaurant sales declined by 32 per cent in the first half of 1956. Expenditure seems to be overwhelmingly on spirits, with only about one-seventh on milder tipples.

This alcoholic tendency presents a real danger for Sweden, which in many ways is so enlightened and progressive. But it must be remembered that the end of prohibition in Norway and Finland had equally alarming results which, however, turned out to be only temporary.

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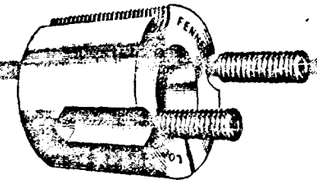

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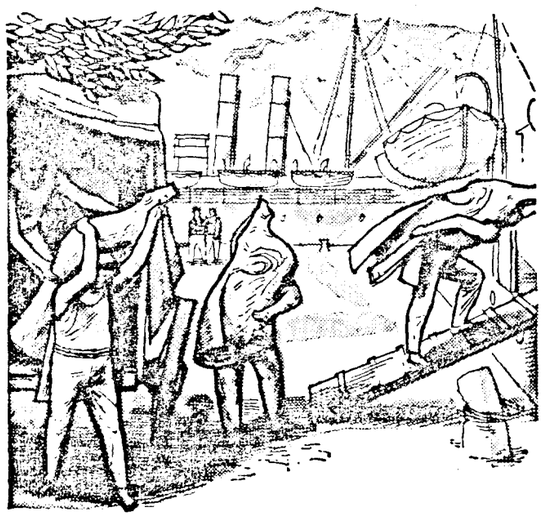

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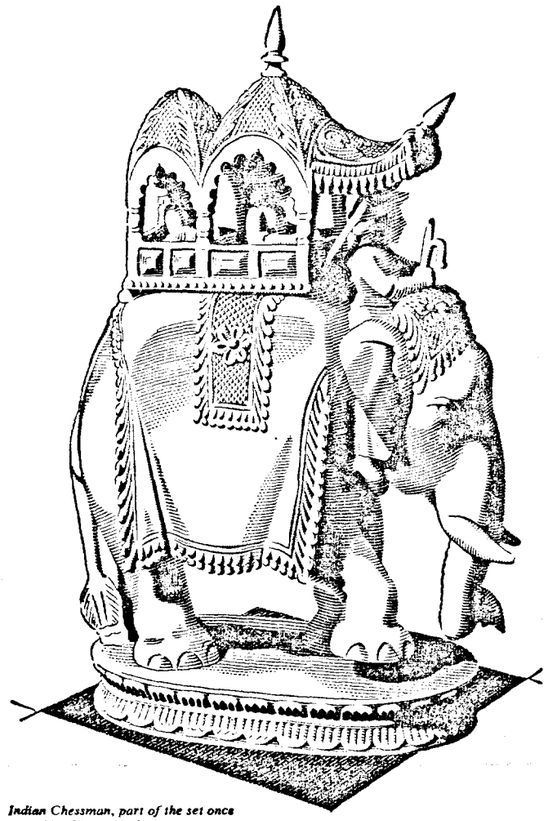

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THE BUSINESS WORLD

Stockpiling Scotch

WHISKY, whisky, everywhere ; but not enough to drink. At least, there are 190 million proof gallons in casks cramming the Scottish distilleries, and only 6 million gallons a year are allowed the thirsty British drinker.

The end of the whisky famine has been approaching for some years. In recent weeks the prophecies of plenty have been intensified ; and hopes have run high in the licensed trade. But the voice of the sceptic keeps breaking in ; licensees and merchants complain bitterly that the distillers raise false hopes by advertising which stimulates demand that cannot be satisfied. The best-known brands must be better known than ever: but they are not readily to be had at every off-licence.

Those who have foreseen an end to the long parched years since 1939 were right to have been optimistic. Scotch whisky production and stocks have been increasing rapidly since the end of the war. By 1949 production had climbed back to the 1938 level of some 28 to 30 million gallons a year. By 1952 stocks were as large as in 1938, and they were still growing. Of course, they were ill-balanced: much of the whisky was young. But it looked as if there would be enough by 1955 or 1956 to meet demand at current prices.

What upset this nice calculation was an unforeseen increase in demand, which roughly kept pace with increasing supplies—but some distance ahead of them. In 1951-52 (April to March) overseas sales were 11.2 million gallons, more than in 1939-40. Since then they have risen to 15.4 million in 1955-56. Few people in the trade had foreseen such an increase ; moreover, they also failed to anticipate the expansion in home demand. As recently as 1952-53 home consumption was only 3.8 million gallons, barely more than half the 7 million a year immediately before the war. Yet some in the industry could see little hope of the home market expanding to much beyond 4 million gallons unless the price could be reduced by a cut in the duty. The duty has not been cut ; it is still £1 4s. 7d. a bottle ; moreover, the retail price has gone up from £1 15s. to £1 16s. Yet consumption had risen to 5.8 million gallons in 1955-56, and it will probably exceed 6 million gallons in the year ending next March. It is true that many young people who knew not Scotch went over to gin, and that rum saw its chance and took it. But the population was some eight per cent greater than before the war. The new wave of emancipation of women with wages and salaries of their own increased the demand for short drinks. Public houses have been going over from beer licences to full licences. And increased brand advertising, inhibited though it is and self-frustrating as some of it may be, probably helped a trend that would have come anyway. But the great mistake was to overlook the continuing effects of inflation and overfull employment.

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And what now ? Has success gone to the distillers' heads ? They have stepped up production and piled up stocks. Annual production has grown from 29 million gallons in 1949-50 to nearly 39 million in 1954-55. Stocks have soared from 138 million gallons in 1952 to 181 million in March of this year, 186 million in September, and around 190 million today, a third more than before the war. This promises higher saleable supplies in the next few years. How much higher, it is not easy to calculate. About two per cent is lost each year by evaporation and in the blending and bottling of the whisky. A less calculable determinant of supplies is the period of maturing. When is Scotch mature ? The law says it may not be sold under three years. The industry says it is not generally ripe for sale under seven years. What does the consumer say?

Whisky is certainly drinkable under seven years: distillers are in fact plagued by the export of "immature" whiskies, mostly to South America, where it is mixed with local spirits and sold under Scottish names. The industry is jealous of the reputation of Scotch, and would shudder at the suggestion that it

sell younger whiskies. Whether there would be a demand for lighter-bodied whiskies, as there is in the USA, and whether lasting damage is being done to the home market for whisky by the continuing deprivation, are pertinent questions. Can maturing be accelerated? The process itself is fey. It is known that whisky matures more quickly in smaller than in large casks, and (it is believed) faster in oak than in other casks and in damp than in dry warehouses. Attempts have been made to hasten maturation artificially; but it is said there is no substitute for the cask. Yet if more grain whiskies, which mature in four years, were added to blends, the average age would come down and supplies go up.

Whatever the issues here, if the figure of seven years is applied to annual output since 1950, the amounts of "mature" whisky available for sale in the next six years appear to be:

	Million gallons		*Million gallons*
1957	24	1960	22
1958	22½	1961	27
1959	25	1962	32

These figures must be read not as annual forecasts but as points on a trend, for in each year it may be possible to draw on stocks left unsold from previous years. The sharply upward trend is clear enough. Will this flood of whisky find ready buyers at current prices?

Since overseas markets account for nearly three-quarters of total sales, it must be said at once that no safe assessment of future demand can be made except within very wide limits. The export trade has certain attractions over the home trade. It is more profitable; it is simpler; sales are generally made to two or three import agents instead of hundreds or thousands of wholesalers and retailers; and there is no tax to finance. Yet it also has its headaches of political, financial and sociological complexities. The silly squabble with the USA which threatened to harm Scotch exports to that market (8 million gallons in 1955 out of total exports of about 16 million) has been sensibly resolved: not only was the limit of £2,500 on whiskey imports from North America to Britain removed last month, but whiskey imports from all countries were placed on the Open General Licence. For the first time the British drinker is to be offered Old Grand Dad Kentucky whiskey, imported by Gilbey's.

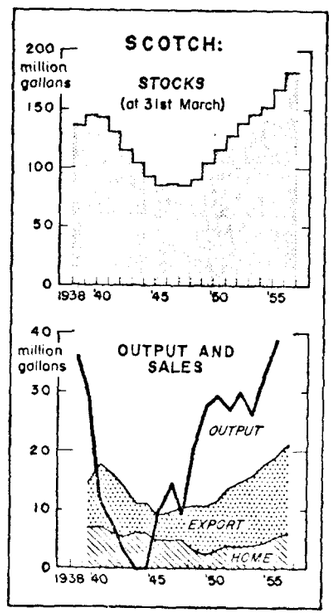
The second largest buyer of Scotch is Europe, with about one million gallons last year. In Norway, Sweden and Finland, State monopolies fix a high price; in France, Norway, Denmark and Spain quotas restrict imports. Some of these restrictions would be abolished in the European common market. The third largest buyer, Canada (850,000 gallons), restricts imports through the higher mark-up fixed by the provincial Liquor Commissioners for Scotch than for Canadian whiskies. New Zealand (700,000 gallons), Australia (600,000 gallons) and South Africa (570,000 gallons) have also imposed restrictions of various kinds.

If overseas markets remain unpredictable, it is in the home market that plans can best be laid. Here, gin and rum will not yield their gains easily. "Smirnoff" Vodka has been introduced by Gilbey's, and "Czar Alexander" is to be publicised by J. & W. Nicholson. American bourbon and Canadian rye have an open field. Wine is racing ahead. The trend towards soft, sweet drinks must not be underestimated. And there is hardly much chance of a cut in the whisky duty. But Scotch advertising can become more imaginative: it will need to be if it is to influence people who have rarely touched it. There will be scope for more such innovations as Grant's triangular bottle, heralded with a wealth of Gaelic literary talent.

On a long view, a continuing upward trend in incomes may be safely assumed. Yet for the next few years the movement in income may not be so favourable, and this may direct attention to lower-priced drinks. The greatest problem remains that of ensuring that demand continues to keep pace with increasing supplies.

So far this year sales have been good. Home sales for the six months, April to September, were 2.54 million gallons, against 2.34 million; overseas sales for the seven months, April to October, were 10.06 million gallons, against 9.22 million. For the year to the end of March, total sales may reach 22.5 million gallons. If consumption goes on rising at this rate, the sellers' market may continue till perhaps 1960.

There is a chance, however, that the sellers' market may end quite soon. High interest rates and the annual loss must in any case discourage hoarding. Increasing supplies would then depress prices below current levels unless demand were maintained. Lighter whiskies, and more variety in what Scotch has to offer, might help by tapping new levels of demand. If this failed, prices would have to ease. The collective maintenance of maximum prices through the Scotch Whisky Association has been abandoned. But the power given by the Restrictive Trade Practices Act to the individual distiller to maintain prices might be unavailing, even if he wanted to use it. Even now localised price cuts cannot be ruled out, when sales are seasonally low. To stop them spreading, the emphasis in the next few years would have to be on persuasive selling.



Sugar Roundabout

The last of Britain's prewar terminal markets will be reopened next week, when futures trading in raw sugar will be resumed after an interval of seventeen years. Trading will take place in the London Commodity Exchange, Plantation House. The contract is for raw cane sugar, cif London/Liverpool, and prices are quoted in shillings and pence per cwt. The minimum trading unit is 50 tons, and March is the first delivery month. Commonwealth and foreign sugar will be deliverable. The complicated scheme that has been devised for the resumption of private trading is described below.

ON January 1st the British Government and sugar trade start to play at make-believe. The game is to pretend that a free market in sugar exists. The prizes, which are not competitive, are these: the Government, for seventeen years the sole importer of raw sugar for home consumption, will nominally rid itself of one of the last vestiges of state trading; the private trade, with all Britain's imports of raw sugar then in its hands, will reopen its terminal market and should be able to exert more influence on the world price; finally, industrial users of refined sugar will have rather more freedom of choice than before.

The rules of the new game are designed to give Britain the best of both worlds. The British market in sugar remains as sheltered and exclusive as before, but the semblance of freedom is there. The imports to be returned to private hands are of three kinds. There are the 1½ million tons of Commonwealth sugar that Britain undertakes to buy each year, at a fixed and annually negotiated price; about 200,000 tons of Commonwealth sugar that find a market here at the world price, plus the preference; and a smaller quantity of foreign sugar, also sold at the world price. (Imports of raw sugar for refining and export were completely returned to private hands at the beginning of 1954.)

As the fixed price of Commonwealth sugar is usually higher than the world price some means had to be found to induce the private trade to buy it. The method adopted in the Sugar Act 1956 was to set up a Sugar Board to buy fixed-price sugar from the producers, and re-sell at the (lower) world price, the board recovering the loss from the consumer by a surcharge on all imports of sugar, molasses and goods containing sugar. The surcharge will equate that loss over a period and thus enable the board to balance its accounts "taking one year with another." The consumer will continue to pay a price that averages out the cost of fixed-price and world price sugar, but it is expected that the refiners' price will generally move with the world price and that changes in the surcharge will be made only at infrequent intervals.

As events have turned out the initial fixing of the surcharge will be difficult in a way that was not foreseen. The Act did not exclude the possibility that the world price might rise to or above the fixed price but it seemed unlikely. In recent weeks it has actually happened. The world sugar market is always sensitive to political news, and the Suez crisis found it exceptionally vulnerable. For the first time for years the market was free of burdensome stocks; it faced a smaller harvest of beet sugar on the Continent and the likelihood that the East European exporters would have little to spare. Buyers rushed to assure themselves of supplies and the spot price quickly shot up by 15s. to a peak of 48s. 6d. a cwt cif UK; it has since dropped back to about 47s. a cwt. That figure is almost the same as the fixed price of Commonwealth sugar for 1957—nominally 42s. 2d. a cwt, which includes an allowance for freight at 1939 rates. Adding about 8s. to allow for present rates of freight, and subtracting the value of the preference, 3s. 9d., the real fixed price is about 46s. 6d. a cwt.

If the board could assume that the world price would remain at about its present level there might be no need to impose a surcharge. (If the world price rose again, and stayed there, the board would make a profit, the surplus would be distributed to the persons paying sugar duty and the domestic price could be reduced.) But the price is now liable to change sharply, and the likely average over the next few months is anyone's guess. If the board considers it prudent to assume that the price will weaken, it may recommend a modest surcharge and hope for the best.

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Though the board does not formally start its work until January 1st, it has already had to make some sales to keep the pipeline full. Some sugar already afloat under the Government's contracts has been sold and some not yet shipped. Sales are made through the brokers, acting either as the board's agents or as principals. The board is not normally allowed to store or transport sugar; it has to sell free at side in the country of origin, "at the best price reasonably obtainable, having regard to the date of delivery and other terms and conditions of sale."

That leaves the board little freedom to withhold offers, and as there is only one major buyer in this country—Tate & Lyle—the board appears to be a potential weak seller. But the weakness may be more apparent than real. The board's yardstick is the world price, and Britain's imports do not play a dominant part in determining that price. If the board were considered to be under undue pressure the Minister of Agriculture and Food could exercise the ultimate sanction of directing it to store or transport.

Moreover the board will offer to the market little

more than half the 1½ million tons of fixed-price sugar it has to sell. About 700,000 tons a year is to be sold under a " block " contract to Tate & Lyle. This refiner buys a large tonnage of foreign sugar (for its export trade in refined), under contracts that allow it to price the sugar at an average of market values over a period, and presumably it wished to have a similar contract with the board. It so happens that this kind of contract suits the board as well.

Between November and February deliveries of sugar to the British market are far in excess of current requirements, partly because arrivals of Commonwealth sugar are then seasonally high, but mainly because the home beet crop is refined in the autumn months. Hitherto the Ministry has stored the excess, at an appreciable cost. In future, Tate & Lyle will take up the excess by accepting deliveries under its block contract at an agreed rate each month. The company has two compensations for the costs incurred. It will have a measure of flexibility in pricing that should usually enable it to price that sugar against its sales of refined, thus eliminating the risk of changes in the fas price. As it is assured of a large portion of its needs for the home trade, it will have more freedom of manœuvre in buying the remainder.

Trading in the futures market will no doubt be small at first but there seems to be no reason why the market should not become firmly established in time. The physical turnover in London is not directly related to the turnover in futures, but it should be big enough to give the futures market adequate support. In addition to just under two million tons imported for home consumption each year the refiners import 6-700,000 tons of raw sugar for their export trade in refined, and London has international trade of about one million tons. The market should also attract business from foreign producers and refiners even though their physical transactions do not pass through London. It may seem a pity that the resumption of futures trading has been delayed until now. Had it begun two months ago the trade and speculative interest provoked by the sharp rise in prices might have given the market a flying start.

The complicated system set up under the Sugar Act has two divergent aims : to fulfil Britain's obligations towards Commonwealth sugar and to re-establish the London market. The obligations to the Commonwealth will be fulfilled. This round-about method of fulfilling them will be judged by whether London is able to create a market that offers the sugar trade here and abroad a realistic index of spot and future values and satisfactory facilities for hedging. The New York market, which trades on a free on board Cuba basis, is criticised for being unrepresentative at times ; London now has the opportunity to show that it can do better.

Business Notes

Ex-Im Joins the Parade

THE negotiations for the loan from the Export-Import Bank have been concluded with that same expedition that has marked all the other exercises in which the Chancellor has been engaged for the " parading " of the reinforcements for the gold and dollar reserves. A joint statement on the eve of the holiday from the Bank and the British Embassy in Washington reported the granting of a line of credit for $500 million, against the pledging of an undisclosed amount of the British Treasury's portfolio of dollar securities (which Mr Macmillan recently stated to be now valued at between $750 and $1,000 million).

As expected, the credit is available to finance British purchases in the United States, not only of oil, but of other commodities normally purchased, including tobacco. Presumably, in consideration of the special purpose of the operation, and of the fact that specific security has been deposited, the interest charge on drawings will be substantially less than the Bank's customary lending rates ; it will be 4½ per cent. The facility is available for drawings at any time within the next twelve months, but if necessary it could probably be re-negotiated, to the extent of any amount unutilised, at the end of that period. Repayments will be spread over four years, in nine half-yearly instalments, starting three years after the date of each drawing.

Given the big reinforcement of the reserves by the purchase of dollars from the International Monetary Fund—the $562 million comprising the gold and first credit tranches will figure in the end-December gold statement—there is no real need for any drawings to be made on the Export-Import credit. But the Treasury apparently intends to finance American purchases in this way so as to leave the maximum display of cash in the till—and thus to impress international speculators with the strength of the reserves held by Britain in its capacity as banker for the world's users of sterling. Together with the IMF " stand-by " facility of $738 million and the $104 million saving achieved when the waiver is sanctioned by Congress, the total special reinforcements paraded and immediately available will be equivalent to only $60 million less than the amount actually in the till on November 30th.

Russian Gold Sales

STERLING and the British reserves have received some relief from the renewed sales of Soviet gold. Russian sterling balances had fallen to a point at which immediate reinforcement was needed, and during the first three weeks of December some $30 million worth of gold was sold in Europe. About half of it was sold in London and most of the balance eventually found its way there. With the proceeds of their sales the Russians bought transferable sterling, thus securing the most favourable price for their metal. The Soviet gold sales must be given part of the credit for the recovery in transferable sterling which has moved up to $2.75 compared with a low point of $2.73½ at the end of November.

It is not the only cause of the recovery in the transferable rate, nor has it yet gone far. Official sterling has risen (following the Chancellor's mobilisation of the reserves) to $2.78⅜, whereas before the Chancellor's action it was hanging around the support point of $2.78¼-$^{3}/_{16}$. But there is little evidence yet of covering of the substantial bear accounts outstanding in the forward market. Some of these have been built up by foreign concerns with subsidiaries and other interests in the sterling area. These firms do not normally cover their commitments in the sterling area by forward sales, but now think it advisable to hedge against devaluation. In consequence the discount on forward sterling has widened to a point at which in terms of dollars it represents an interest rate of about 4 per cent per annum. This is about twice the figure indicated by the margin between short-term interest rates in London and in New York. The renewing of short accounts in sterling is therefore becoming expensive. With the reinforcement of the published reserves and the dismissal of early expectations of a devaluation of sterling, it is reasonable to expect substantial covering operations in the forward market.

Egypt's Currency Moves

THE mobilising of the second line of defence behind sterling has absorbed public attention and the efforts of Egypt to mobilise the reserves of credit behind the piastre have passed with less attention. The Egyptian moves are nevertheless significant. A second credit of 20 million Swiss francs has been arranged for Egypt by communist China. As in the previous operation in August the francs have been provided by selling sterling in the transferable market in Zurich. The two credits amounting together to the equivalent of £4¼ million are to be ultimately repaid by exports of Egyptian cotton. Moreover, following the drawing by Egypt at the end of September of $15 million from the International Monetary Fund, it has become known that £5 million worth of gold has been bought on Egyptian account. It was bought on the Continent but indirectly it came from the London market. The strong presumption therefore is that Egypt has converted the dollars drawn from the IMF into gold. Already any risk of having the dollars blocked had been astutely evaded by requiring the drawing from the IMF to be made in Canadian dollars. Reports now come from Washington that Egypt is negotiating a further withdrawal of $15 million from the IMF. That sum would be well within the 25 per cent of the Egyptian quota that can be withdrawn within twelve months. But unlike the first drawing (which was from the gold tranche) it would not be automatically granted: the demand would have to be justified on grounds of temporary balance of payments difficulties. Under the Anglo-Egyptian agreement of 1955 Egypt should also have the right on or after January 1st to transfer £20 million sterling from its No. 2 account to its No. 1 account at the Bank of England. Such a transfer, however, would for the moment be merely a pointless moving of £20 million from one blocked account to another, because since July 27th the No. 1 account has been as effectively blocked as the No. 2 account.

Profitable Year for the Banks

THIS past year, it seems safe to assume, has been a satisfactory one for the big joint stock banks, from the point of view of current earnings. Interest rates through the year have been at their highest for a quarter of a century ; and, except through its impact upon gilt-edged values, dear money has not thrust upon the banks any such strains as were its normal accompaniment in former times. In particular, they have not had to face any burden of bad debts. The average volume of resources employed through the year has, it is true, contracted significantly, even when judged by the standards of prewar phases of deflation. The average level of net deposits of the clearing banks during the eleven months for which figures are available was fully 3 per cent less than the similar average for 1955. The steep fall in fact took place during 1955 ; in the past twelve months there has been little further decline. From the point of view of bank earnings, however, the effects of this decline have certainly been more than offset by the rise in interest rates.

Slightly more than two-thirds of the decline in average deposits has its counterpart in the contraction of average advances ; these have fallen by nearly 7 per cent, but the average rate of interest earned on them must have risen by fully one-fifth. Average investment portfolios have contracted even more sharply, by about 8½ per cent, partly in consequence of writing-down, but mainly because of outright sales and redemptions at maturity. During the past twelve months this last factor has been by far the most important, affording scope for reinvestment at the higher yield level. Even so, the average rate earned on the portfolios cannot have risen as much as has that on advances. Total interest receipts from investments probably declined, but any such decline must have been small beside the

substantial increase in earnings from money market assets. The average volume of these assets expanded by roughly 6 per cent, and the average rate earned on them rose by rather more than the increase in Bank rate. Total earnings from this source may have increased by as much as 40 per cent—or by just about enough to offset the big increase in the cost to the banks of the interest allowances on balances on deposit accounts. From the interest accounts as a whole, therefore, the banks have evidently secured a considerable net gain—against which there has to be set a further increase in the bill for salaries and pensions, and the continued rise in general charges. Though the revenue accounts look stronger, present conditions of uncertainty at home and abroad are hardly propitious for any further general move towards increased dividends.

Modifications for Motor HP

THE Board of Trade has gone back more than all the way on the additional restrictions it imposed on the hire purchase of cars, light vans and motor cycles in February. The minimum initial deposit then went up from 33⅓ per cent to 50 per cent; it now comes down to 20 per cent. At the same time the Control of Hiring Order that required the deposit of nine months' rental in advance where these motors, vans and cycles are hired—not hire-purchased—has been revoked, but the hiring order, which prohibits rebates of rentals based on the value of the goods, remains in force. These temporary changes apply to these goods only. The reasons for them are obvious. The impact of the hire purchase restrictions, the credit squeeze and the prospect of petrol rationing has been cumulatively drastic. The growth in hire purchase trading in motor cars had already been brought to a halt before petrol rationing. The ration now can be trusted to do much of the work of the hire purchase controls, and it will cause no surprise if the number of contracts for December shows a sharp fall.

Whether the turn about was wisely thought out, and whether it will bring much relief to the motor trade are quite different questions. Some hire purchase finance houses have their doubts. A maximum deposit as low as 20 per cent (on a 24-month contract) seems to some of them intrinsically risky. They would have preferred between 25 and 33⅓ per cent, but they fear that competition will force them down to the new Government minimum, because hire purchase houses are now well supplied with cash. That may be irrational, for it is not the business of the Government to prevent the finance houses from trading on unsound terms.

A second doubt concerns the inconsistency of removing entirely the provision that nine months' rent must be put down in order to obtain a car on hire. The finance houses see little virtue in this since they feel that if deposits under hire purchase contracts are as low as 20 per cent few people will be obliged to use hiring as an alternative. The form of hiring agreement that many finance houses now use calls for a deposit of about 25 per cent at the beginning of the hiring agreement. Under the new rules they could dispense with this. It is doubtful whether many of them will do so; it is more likely hiring business may slow down.

Baby Aspirin for the Car Trade

THIS has been a brutally disappointing year for the motor industry, and 1957 may be as bad or worse. The oil shortage will probably continue to affect demand for cars in Britain well into the peak spring period of sales—and demand for extra cars in quite a number of Britain's most important export markets. At the moment, the industry is working a great deal of short-time, and dismissals are still going on. Motor output in November was down nearly 30 per cent, compared with 12 months before. The industry never expected to be busy now, but by mid-January it would have been raising its schedules in anticipation of the rise in sales at Easter. Nobody now counts upon those sales rising as usual, and unless oil supplies are restored to full volume by April or so a large part of the early summer sales cannot be counted upon either.

It is not very clear whether the Government's sudden measures to assist the industry to sell cars at home and abroad "for the time being" will make much difference; these might be described as doses of baby aspirin rather than shots in the arm. Certainly there is no need to restrain car sales by requiring large hire-purchase deposits when the cars are not going to be sold anyway; but whether the chance of more credit will help sales of new cars seems doubtful. It might assist a margin of second-hand purchasers, who can get some quite impressive bargains from the showrooms today; and since the car market is broadly one whole, this must assist dealers over some very lean months. Similarly, the Export Credit Department's new readiness to stretch its insurance of credit given by manufacturers here to distributors overseas may give some assistance to marginal exports; the department is going to work much more closely with the makers on these transactions.

Post-Suez Trade

THE detailed returns of overseas trade in November reveal the extent of the fall in imports from the East caused by the blocking of the Suez Canal. (Exports were not affected last month because the ships to carry them were already in or approaching British ports when the Canal was closed.) In total, imports fell by £34.7 million to £319.6 million cif, of which roughly £20 million is attributable to the delay in arrivals from the East—delays that were especially severe because many ships were nearing Suez when they had to be turned back round the Cape. Arrivals from Australia, exceptionally, were actually higher than the average for the previous ten months, partly because some ships on the Australian run had been rerouted before the canal was closed. From other countries east of Suez, however, imports fell by about two-fifths.

Arrivals of oil were naturally the hardest hit. Imports of oil and products from the Middle East and Sarawak fell by over one-half between October and November, to a value of £10½ million. A rise of £2 million in imports from the United States and Venezuela was offset by a fall in imports from the West Indies, so that total imports fell by £10.7 million, or nearly 30 per cent, to £26.2 million.

In volume, crude oil fell by nearly 40 per cent to 419 million gallons, motor spirit by 10 per cent to 46.8 million gallons and gas, diesel and fuel oil by nearly 50 per cent to 61.7 million gallons. Among other commodities, arrivals of rubber from Malaya and Indonesia dropped by nearly 60 per cent to 10,000 tons, and arrivals of tea from India and Ceylon dropped by 25 per cent to 28.7 million lb. The December figures should show some recovery in imports. The worst of the post-Suez delays are past, and the fall in imports of oil from the Middle East will be partly made good by heavier shipments from the American continent. The converse applies to the export figures in December, which will be affected more severely than in the following months.

There was little change in the composition of exports last month. The total of £291.9 million fob was only £3 million less than in October, and the daily rate was easily the highest ever. Though shipments of engineering products remain high, the upsurge from the low average of the third quarter is largely attributable to increased shipments of other goods—steel and non-ferrous metals, manufactures other than engineering products, coal and petroleum products, food and beverages; and to a revival in cotton and wool textiles. Export prices as a whole remained at 107 (1954 = 100) in November, but prices of imports rose again by one point to 107, and the terms of trade worsened by a further point to 100.

The Vulcan Report

IN his statement to the House of Commons on the crash of the Vulcan bomber at London Airport three months ago, the Secretary of State for Air said that the immediate cause was failure by the ground controller who was "talking-down" the aircraft to warn the pilot that he was well below his proper glide path. The last message given to the pilot was that he was 80 feet above, not below, the glide path. Seven seconds after this message the wheels of the Vulcan hit a cabbage field at a point 700 yards from the threshold of the runway. This is no doubt factually correct, but the investigator who carried out a separate investigation for the Ministry of Transport at the end of the RAF inquiry questioned whether there was time in those last few seconds for the pilot to regain height, whatever warning he received from ground control. This report of Dr Touch, but not the RAF's own inquiry, will be made public as soon as it can be printed and will give more technical background than Mr Birch was able to include in his statement. Long before this last rapid loss of height, the pilot had, according to Mr Birch, made the twin errors of deciding to fly as low as 300 feet in bad visibility before he finally made up his mind whether to attempt to land at London Airport, or divert to another, clearer airfield. And having made that decision, he then flew below even this dangerously low ceiling.

Responsibility for the accident is therefore divided between the pilot and the controller on the ground. In the rain an official reception committee was waiting for the Vulcan. The pilot decided to attempt just one landing at London, intending to divert if it failed. It remains to be explained why London airport was chosen as the terminal for a military flight. Mr Birch's answer that hundreds of military aircraft have landed at London Airport hardly covers the special case of the Vulcan, which cannot be classed with essentially conventional aircraft like Canberras. The Vulcan is the first big aircraft to be built with a delta planform, and the only one to have no tail—features that cause its handling properties, especially during landing, to differ from conventional aircraft. As Dr Touch has said in his report, the unusual speed of the aircraft and the number of corrections in azimuth (as distinct from elevation) made during the talk-down are extenuating circumstances so far as the ground control staff is concerned.

Not a Capital New Year?

EVEN before the canal was closed, and the economic effects of closure realised, the manufacturing firms that regularly supply the Board of Trade with information about their investment plans were thinking of spending very little more on capital equipment next year than they had expected to do this year—only one per cent more, in fact. This was slightly better than their first forecasts of one per cent less, which they made last summer. They now expect their outlay on new plant, machinery and vehicles to rise by three per cent in 1957 instead of by one per cent, and their expenditure on new building work to fall by only seven per cent against nine per cent. But events at Suez may have caused some businesses to think again; the motor industry, which was intending to spend about the same on plant and machinery and a third less on buildings, will almost certainly be revising its intentions.

INVESTMENT BY MANUFACTURING INDUSTRY

	Actual 1954	Changes		
		1954–55*	1955–56†	1956–57†
	£ mn.	%	%	%
Non-metalliferous mining	25·2	+21	+ 7	+ 9
Chemicals	94·9	+13	+31	+13
Metal Manufacture	71·3	+13	+41	+14
Iron and steel	61·6	+14	+40	+15
Metal using (excl. vehicles)	128·5	+25	+10	− 8
Vehicles	48·9	+75	+33	− 5
Motor vehicles	29·3	+95	+22	− 5
Textiles and clothing	79·9	+16	− 7	−12
Food, drink and tobacco	76·1	+25	+21	nil
Paper and printing	40·2	+50	+52	− 4
Other manufacturing	27·3	+36	+18	− 8
Total	592·4	+27	+21	+ 1

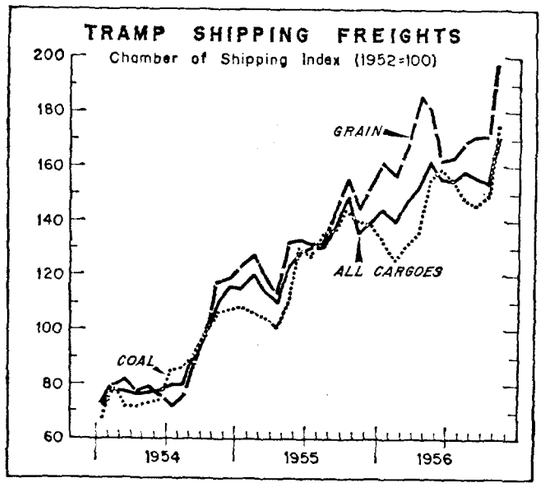
* Actual. † Comparing forecast for coming year with forecast for previous year.

But the tempo of manufacturing investment was quite clearly slowing down well before October. In 1955 it rose by 27 per cent—to about £750 million if the expenditures of the firms in the Board of Trade's sample are grossed up to cover all manufacturing industry. They had expected to spend rather more than that, about £800 million. This year a further, but smaller, advance was forecast—an in-

crease of 21 per cent on that forecast for 1955, or about £960 million altogether. Up to September total spending on investment was just about 21 per cent above what was actually spent in the same period of 1955, but the rate of increase had been falling steadily with each quarter. When the full year's figures are available the total will probably be somewhat less than the forecast, and this year's investment will probably amount to £880-£890 million. Next year's total, it seems, will be about the same.

Shipping Freights Ease

EUROPE'S winter requirements of coal and grain would have pressed heavily upon the tramp tonnage available for bulk dry cargoes, even without the closing of the Suez Canal and the Middle Eastern pipelines. As it is, this additional pressure of demand quickly forced freight rates above Korean peaks, and the rise went on without interruption until a fortnight ago despite the arrival of the first of the cargo ships to be released from the United States reserve fleet. By the second week of December 119s. 6d. a ton—the highest rate ever—was paid for a prompt vessel for coal from Hampton Roads to Antwerp. But since then



tramp freights for all commodities, apart from sugar, have slipped back a little and business in time charters has all but come to a stop. Just before Christmas coal freights had dropped to 100s. a ton for March loading and to 103s. for prompt vessels—but this was still well above the prices of about 70s. a ton that were paid in July.

Charterers have been helped in their efforts to keep the rise in freights in check by the return of most of the 70 merchantmen requisitioned in August by the British Government and by the arrival of more ships released from the American "mothball" fleet. So far 112 vessels (including 18 tankers) have been marked for "re-activation" and the Federal Maritime Board examiner has recommended that another 69 be released though it will be some time before all these extra vessels can be put into service and manned.

US Cotton's Come-back

NO one would have believed a year ago that the United States could dump abroad 6 million bales of cotton without wrecking world markets. Yet its sales have exceeded that figure, prices are firm, and it now expects to sell over 7 million bales. In November the American government's agency, the Commodity Credit Corporation, added a carrying charge of 0.25 cents a lb to its selling prices, and is adding a further 0.15 cents in each subsequent month. The CCC has always levied carrying charges on its domestic sales, but this was the first time that it felt it could pass those charges on to export sales. In fact buyers have been prepared to pay the carrying charges and something more for middling inch cotton; at the latest sale the average price realised was 26.88 cents a lb, showing a net gain of about 0.3 cents since carrying charges were introduced. The CCC will shortly have to retire from the market. Since April it has sold 6,180,000 bales, and is now virtually sold out. The 6 million bales that are surplus from the 1955 crop will become its property on January 1st, but they may not be ready for sale before the middle of February. Only some 2.2 million of the 6,180,000 bales sold by the CCC has been exported so far. Shipments could not begin until the 1956-57 season opened on August 1st, nor could foreign markets have absorbed the cotton so fast. As buyers had up to one year in which to ship they sold a large part of the cotton to domestic mills and replaced it later from the free market when they made their sales abroad. Private guesses are that roughly three-quarters of the cotton sold by the CCC has been re-sold for export.

The United States lost its export markets because its prices were too high; it is winning them back by becoming the cheapest seller. The basic export price is about 8 cents a lb below the domestic level, a subsidy amounting to a massive $250 million on its sales to date. But though under orders to meet the market the CCC, helped by the fact that there has been little selling pressure from foreign producers, has used its price-cutting powers with restraint. With confidence in prices re-established, and with stocks in consuming countries low, American expectations of total exports of over 7 million bales this season—compared with only 2.2 million last season—do not look unrealistic.

Surprise from Lancashire Cotton

GOOD cheer for investors in the cotton textile industry is seasonable and in recent times uncommon. Lancashire Cotton Corporation has raised its ordinary dividend from 12½ to 17½ per cent. The stock market was taken completely by surprise and the £1 stock units were immediately marked up from 30s. 3d. to 35s. 9d. To explain this decision the directors say that for many years the corporation has ploughed back profits and utilised them in the purchase of modern plant and machinery and that the time has now come when an increase in the return to ordinary shareholders should be made. It is a commendable decision.

Not less unexpected is the news that in the year to October 31st trading profits rose from £2.8 million to £2.9 million; after a bigger tax charge the net profits were £1,574,188, against £1,583,511. So the increased dividend is buttressed not only by a conservative past but also by a more prosperous present, though the industry has not as a whole been prosperous. The directors in their own minds must also have made some estimate of the future and their decision seems to imply favourable expectations.

An Expert on Aircraft Development

IT was a pity Sir Arnold Hall had to be speaking as far away as Washington when he delivered the Wright Brothers lecture last week. He was talking about aircraft development from the standpoint of one who was until fairly recently the director of the Royal Aircraft Establishment at Farnborough, and whose office became a clearing house for the difficulties of the British aircraft industry. Time after time Sir Arnold's lecture touched as lightly and revealingly as a spotlight on the main weaknesses of the system that has governed the development and procurement of aircraft in this country. What he said no doubt applies equally to other countries, but a British audience would have had the most to learn from it.

He stressed a point that the services are always reluctant to accept, namely, that the Mark I in any series is almost always disappointing. "They form, however, the essential foundation for development; it is usually the Mark II design—an amended version of the first—which brings the exploitation of the scientific foundation within full view." Aircraft designers are clever but not clairvoyant; they cannot visualise on the drawing board all the modifications and improvements the design requires. Nor can they possibly foresee whether experience in using the aircraft will not suggest a change in emphasis, such as faster climb at the expense of reduced endurance in flight, of heavier armament or greater range at the expense of speed. Measure this statement of Sir Arnold's against aircraft development in this country during the past few years and it begins to look as if the services, because they always feel short of money, are trying always to obtain the Mark II without the Mark I, never realising that they cannot have one without the other. So much is said in the service ministries about waiting for improved performance, so little about the principle hammered out by Sir Arnold, that aircraft development is made up of the front legs of a tortoise and the back legs of a hare. Every so many years a radical advance is made, from piston-engined speeds to jet speeds, from subsonic to supersonic. But in between times, aircraft evolve as gradually as anything else in nature. This is a lesson learnt by the Americans, Russians and French, but not, apparently, by the British, although there are one or two exceptions.

Retail Business

CUSTOMER TRENDS

This is a new quarterly bulletin for those interested in the home market for consumer goods. It includes short and long-term forecasts of sales by different outlets and merchandise groups, regional surveys and reports on special investigations.

Full particulars from the compilers:

THE ECONOMIST INTELLIGENCE UNIT LTD.
22, Ryder Street, London, S.W.1.
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Strong and Mild in Beer Profits

THIS year the trading profits of breweries have been mostly higher. But the increases have rarely been large; and there have been reductions here and there. In spite of the cold winter and the wet summer, beer production from January to October was fractionally higher than in 1955, but while firms in the industrial North-West, North-East and South Wales generally did better, many in the South and in the Midlands did not do so well. Increasing wine and spirit sales seem to have helped brewers everywhere; so have rising sales of soft drinks, not least of perry. The catering and hotel trade helped some brewers, particularly those with managed houses. The good harvest of 1955 reduced barley and malt costs. Some, but not all, brewers are benefiting from the continuing changeover from draught to bottled beer. The modernisation of brewing and bottling equipment of the past few years is being reflected in lower overhead costs. There has been a general tightening all round, including the closing of redundant houses and the transfer of licences to more populous districts.

Higher profits have often come through reductions in costs following amalgamations and mergers. These have varied causes—the small firm's lack of funds for development and its difficulty in finding death duties and the growing firm's desire for additional retail outlets. But the industry is plainly trying to "rationalise" itself by concentrating its production into the most efficient units. Often, neighbouring firms have combined to strengthen each other. Usher's Wiltshire Brewery, for example, has closed Arnold & Hancock's Taunton brewery and Crewkerne maltings.

Brewers' profits would have been higher if their expenditure on public house improvements ranked for tax relief; brewers claim that this outlay is necessary to maintain trade in changing social conditions. In some cases development has been held up by the credit squeeze, but breweries with reserves have been able to go ahead. The increases in the price of bottled beers here and there throughout the year have helped to offset higher wages, fuel costs, rates, and purchase tax on materials and equipment.

The outlook for brewing profits is not clear. Beer sales may be reduced by industrial dislocations; or there may be a return to lower-priced (and less profitable) draught beers. Costs look like increasing in many directions; higher rates will particularly affect brewers with managed houses; the poor harvest this year will probably raise hop and barley prices, and the cost of new houses is rising.

Rhodesia's Western Outlet

THE railway agreement reached between Rhodesia Railways, the Congo railway (Compagnie du Chemin de Fer du Bas-Congo au Katanga) and the Benguela Railway company has now been ratified by all the authorities concerned and will operate as from January 1st. For the mining and other industries of central Africa it may prove an important step in relieving central Africa's transport bottleneck; for shareholders of Tanganyika Concessions, which owns the Benguela railway it has a more personal interest, and for the ports of Beira and Lourenço Marques it introduces an element of competition that may in the end prove healthy. The agreement permits traffic inwards and outwards from the Rhodesian copperbelt to go at equalised through rates of freight either eastward to Beira or westwards through the Congo and Angola to Lobito. The low rail freight on copper from the copperbelt to the ports has been almost doubled, rising from £8 a ton to £15 a ton. So the spare capacity of the Benguela railway, one of the few railways of the world that makes a profit and pays an ordinary dividend, can now be used. So can the fine natural port of Lobito which is some 2,600 miles nearer to London than is Beira.

There is a limitation on the tonnage of copper that may go westwards to Lobito. For other commodities both inwards and outwards there will be for twelve months at least free choice. The details of the maximum amount of copper to be carried by the Benguela system and the division of the freight income between the three railway systems have not been disclosed. Shareholders wishing to make estimates may find it useful to assume that the Benguela railway with its long stretch of line will get about half the freight income on the through traffic. That railway is known to have about 15,000 tons a month of spare inward capacity which it should now have a fair chance of using. Its outward copper traffic is likely to start small and rise gradually though it is likely always to remain a fairly small fraction of the total. The company's ratio of gross receipts to net receipts at present about 50:50 should improve as its spare capacity comes into use.

Selection Trust Copper Issues

DESPITE the timing of the announcement of the free scrip issues from the Selection Trust group of copper companies—just before Christmas and not long after a warning from the chairman Sir Ronald Prain, that dividends may be reduced—sensible shareholders will not regard the capitalisation issues as an unexpected Christmas box. The two mining companies, Roan Antelope and Mufulira, are each to make four for five free scrip issues. The holding company, Rhodesian Selection Trust, which draws the bulk of its income from its holding of just under two thirds of Mufulira's capital is to make a one for one issue. The decision is a logical sequel to the growth of these undertakings financed largely from retained earnings.

When the companies emigrated to Rhodesia in 1953 capitalisation issues followed. Since then the mines of the copperbelt have prospered, their investment has proceeded at a great pace and their wealth has not passed unnoticed either by the politicians or trade unions. The shares went up on the announcement: Roan 5s. units by 9d. to 25s. 9d. and Rhodesian Selection Trust 5s. units by 1s. 6d. to 45s. In terms of percentage on nominal capital, dividends are "heavy"—Roan 62½ per cent, Rhodesian Selection Trust 75 per cent and the privately held Mufulira 78⅛ per cent. Those figures are reason enough to explain the decision to capitalise share premiums and reserves.

Kaffir Dividends

BY the end of this year the South African gold mines will have produced about 16 million fine ounces of gold, compared with 14,600,000 ounces in 1955. Working profits before tax from gold this year will approach £63 million, compared with £44 million last year, and from uranium about £24 million, against £17½ million. A good number of the older Rand producers are near the end of their life, though for some of them life has been extended by uranium production. Hence the whole of the increase in production and in profits has come from the mines in the Orange Free State and the Far West Rand while production on the Rand has been declining. Costs, whether they are measured per ton milled or per fine ounce produced, have fallen for the new producers and this is due mainly to bigger throughputs. Costs at the older mines have risen, though the rise has not been unusually steep, and most of them are still short of native labour.

LATEST PAYMENTS

	June, 1956 s.	d.	Dec., 1956 s.	d.
Anglo-American				
Brakpan 5s.	0	4½	0	6
Daggaf't'n. 5s.	2	9	2	9
E. Dagga. 10s.	0	9	0	9
S. A. Land 3s. 6d.	1	6	1	6
Springs 5s.	0	2½	0	3
Vaal Reefs 5s.	...		1	0
W. Reefs 5s.	1	3	1	3
Cons. Gold Fields				
Libanon 10s.	0	3½	0	3½
Luipaards 2s.	0	9	0	10½
Rietfontein 5s.	1	1	1	1
Robinson 7s. 6d.	0	3	0	6
Simmer 2s. 6d.	0	5	0	5
Sub Nigel 10s.	3	0	2	4½
Venterspost 10s.	0	9	0	10½
Vlakfontein 10s.	0	9	0	10
Vogels. 10s.	1	8	1	6
W. Drief't'n. 10s.	2	9	3	0
W. Wit. 2s. 6d.	1	3	1	3
Johannesburg Cons.				
E. Champ 2s. 6d.	0	3	0	7
Govt. Gold 5s.	0	3	0	3
Randfontein £1	2	6	2	6
Anglo-Transvaal				
Hartebeest. 10s.	1	0	1	6
Rand Leases 10s.	0	3	0	1½
Central Mining				
Blyvoor. 2s. 6d.	1	0	1	0
City Deep £1	...		0	6
Cons. Main £1	2	0	1	6
Crown Mines 10s.	3	0	2	0
Durban Deep 10s.	1	3	1	6
E. Rand Prop. 10s.	2	0	2	6
Modder. East £1	1	0	1	0
Rand Mines 5s.	2	9	3	0
Transvaal Gold £1	0	5	0	10
General Mining				
E. Rand Exts. 5s.	...		0	6
S. Roodepoort 10s.	1	1½	1	1½
S. Van Ryn 2s.	...		0	2
Stilfontein 5s.	0	6	0	6
W. Rand Cons. 10s.	1	9	2	3
Union Corporation				
East Geduld 4s.	2	0	2	3
Geduld £1	6	9	7	6
Grootvlei 5s.	1	1	1	4
Marievale 10s.	1	0	1	3

This is the background to the Christmas Kaffir dividends shown in the accompanying table. These dividends were up to expectations and there were no startling surprises, either good or bad. The market in Kaffir shares was climbing slowly until the middle of this year, but since then it has fallen into the doldrums and despite the recovery in prices after the Suez crisis prices now of the OFS and Klerksdorp mines are generally slightly lower than they were twelve months ago. The possibility of some recovery in Kaffirs has been talked about in the City. Whether those hopes are fulfilled depends only partly on the rising profitability of the new mines; it will also reflect the desire that investors in some countries may feel for a currency hedge.

Montague Burton's Better Profits

THE full accounts of Montague Burton for the year to August 31st add a few more details to the preliminary statement, showing a little more clearly the improvement in earnings that has been achieved. In the last financial year the gross trading profit of £2,799,280 was actually better than the profit of £2,748,017 earned in the previous 17 months. The new management of this group of multiple tailors seems to have made its impact. Soon after its arrival many building restrictions were removed and this has enabled the group to carry through a programme of modernising its shops. Twelve months ago Montague Burton was also acutely short of ready-to-wear garments; but that has now been corrected, with a consequent growth in stock values from £5,704,691 to £6,718,047. The chairman, Mr Lionel Jacobson, says that sales since the beginning of September have given "cause for satisfaction and reasonable confidence in the future." Such sentiments must have been in the minds of directors when in effect they raised the dividend from 14.1 to 17½ per cent.

Competition in Whaling

THE main whaling season in the Antarctic, for baleen whales, starts on January 7th. The game has always been risky and now it is becoming more competitive. The total catch is limited by international agreement, but there is no restriction on the number of expeditions taking part. The number this season has risen from 19 to 20, with the entry of another Japanese fleet, and the permissible total catch has been reduced by 500 to 14,500 blue whales or the equivalent in oil (it was 16,000 in 1953). As each expedition tries to catch the maximum number before the limit is reached, the number of catching vessels tends to expand; the season becomes shorter and costs go up. This season all the whaling firms except the Russian agreed to revive restrictions on the number of catchers; that will bring some relief, but evidently it is not enough for some firms. The Union Whaling Company of South Africa has recently sold its factory ship and eight catchers to Japanese owners, and now Chr. Salvesen and Co. of Leith, one of the major firms, is negotiating the sale to another Japanese concern of one factory ship and seven catchers, roughly one-third of its fleet. Hector Whaling, another British firm, is maintaining its fleet, but is prudently enlarging its interests in the tanker trade.

The Japanese have an advantage in costs; they pay lower wages and have a profitable home market for whale meat. Some time ago the Japanese bought the Onassis fleet, and when the present negotiations are completed their fleets will number six, a three-fold expansion in almost three years. Salvesen's view, and it is shared by Norwegian and some other firms, is that costs should be kept down by restricting the number of expeditions taking part. They are aware that Russia is contemplating the building of another four fleets, the first of which is believed to have been ordered. The Norwegians have even pressed their government to withdraw from the International Whaling Convention if expansion goes on. The convention forbids the restriction of expeditions and the allocation of the catch by quota and it would be extremely difficult to persuade all the member governments to change those rules. The convention was drawn up to preserve the stock of whales; it is not concerned with the economics of whaling. Whether restriction of entry is in fact desirable is open to doubt.

Research Seeks the Dollar

AS the Dollar Exports Council has recently pointed out, British exports still represent a much smaller share of the United States, Canadian, and South American dollar account markets than they did before the war. The United States has at last surpassed Australia as the largest single market for British exports—but there are 167 million people in America, and only 9 million in Australia.

The Council has recently been emphasising the need for more and better market research in North American markets. The latest effort has been sponsored by the Institute of Incorporated Practitioners of Advertising, at its own expense. Six market surveys are now nearing completion, and as the advertising firms responsible for them are in most cases closely associated with American companies, they should not lack local colour. One survey, on the North American market for toys, points out that American and Canadian parents together spend more on toys alone then they spend on all British goods. Another looks to the American trend towards the construction of new houses with fitted wall-to-wall carpets to provide a useful market for the British broadloom carpet industry. Other surveys deal with quality foods, children's footwear, sports goods and biscuits. No one who has been exposed for long periods to the American "cookie"—the word "biscuit" has another meaning in America—will doubt that British biscuit makers could penetrate a far larger segment of this American market than they have so far.

SHORTER NOTES

The note circulation reached a new peak on Christmas eve, at £1,997.7 million, but was only £700,000 higher than at the date of the previous Bank return. Since the third week of October it had expanded by £123.6 million, or by fractionally less than in the corresponding period last year. By comparison with the 1955 Christmas peak it has climbed by £108 million, whereas at the August holiday peak (£1,979 million) its expansion over twelve months was £118 million. In the calendar year 1954 its rise was £131 million.

★

The Corporation of the City of London's issue of £5 million 5¼ per cent stock (1976-79) at £97 was oversubscribed. Applicants for up to £5,000 received full allotment and above that amount 69 per cent of their applications with a minimum of £5,000. The stock opened at ⅛ premium.

Statistics

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

British		Overseas	
Prices and Wages	This week	Western Europe:	
Production and Consumption	Dec. 8th	Production and Trade	Dec. 22nd
Manpower	Dec. 15th	British Commonwealth	Dec. 8th
External Trade	Dec. 22nd	Western Europe:	
Financial Statistics	This week	Prices and Money Supply	Dec. 15th
Industrial Profits	Oct. 13th	United States	This week
		World Trade	Oct. 13th

Prices and Wages

	Unit	1953	1954	1955	1955			1956			
		mid-June			Dec. 6	Dec. 13	Dec. 20	Nov. 27	Dec. 4	Dec. 11	Dec. 1
WORLD PRICES											
Commodity Price Indicator: [1]											
All items	1952=100	89	99	93	96	95	95	99	99	98	98
Food	,,	95·2	119·6	92·0	91·8	89·9	88·7	100·3	98·2	98·5	98·
Fibres [2]	,,	87·0	88·7	83·2	78·9	78·8	79·8	94·0	93·8	94·5	95·
Metals	,,	80·0	81·5	95·7	105·2	106·9	107·3	97·1	96·5	93·4	95·
Other items	,,	95·9	93·5	106·9	112·3	110·5	110·8	105·9	108·2	105·3	105·
		Monthly averages			1955			1956			
BRITISH WHOLESALE PRICES		1953	1954	1955	Sept.	Oct.	Nov.	Aug.	Sept.	Oct.	Nov.
Materials used in:	June 30,										
Non-food manufacturing (excl. fuel)	1949=100	145·8	143·5	152·4	155·9	153·1	153·1	155·8	157·1	155·4	159·
Mechanical engineering	,,	145·7	150·4	168·1	175·4	173·2	174·6	178·0	178·7	177·8	178·
Electrical machinery	,,	155·2	160·5	185·7	193·9	189·7	192·8	187·1	188·1	185·8	186·
Building and civil engineering	,,	130·4	131·4	137·3	139·5	139·4	139·8	143·2	143·2	143·1	143·
House building	,,	128·7	130·7	137·1	139·4	139·4	139·7	143·0	145·0	143·2	143·
Products of:											
Non-food manufacturing (excl. fuel)	,,	125·2	125·5	129·6	130·9	131·4	132·0	136·0	136·4	136·4	136·
Food manufacturing	,,	138·6	139·1	143·9	144·0	144·3	144·2	148·1	147·7	150·7	151·
Commodities:											
Cotton, raw [3]	,,	140·6	155·0	149·7	150·5	143·8	138·2	155·5	153·2	153·5	157·
Wool, raw	,,	171·1	160·8	142·0	129·5	130·9	131·2	144·8	156·3	152·7	158·
Rubber, No. 1 RSS, one month future	,,	199·1	197·9	329·9	422·2	360·0	360·9	291·0	280·4	268·6	309·
Softwood, imported	,,	143·1	145·0	154·9	156·0	156·1	156·3	155·6	155·6	155·4	155·
Copper, ex-warehouse [3]	,,	217·6	213·4	295·7	322·3	306·7	319·7	260·2	259·2	242·9	239
UK RETAIL PRICES											
Interim index:	June 17,										
All items	1947=100	140	143	149	150	152	154	157	157	158	1
	Jan. 15,										
All items	1952=100	105·8	107·7	112·6	113·2	114·4	116·2	102·3 [4]	102·1 [4]	102·7 [4]	103·
Food	,,	111·3	114·2	122·8	123·6	125·9	123·0	101·7 [4]	100·8 [4]	101·8 [4]	102·
All items	1938=100 [5]	228	232	242	243	246	250	255	254	256	2
Food	,,	233	239	257	259	264	268	267	265	268	2
Rent and rates	,,	129	134	138	138	139	140	146	146	147	1
Clothing	,,	253	255	256	255	256	258	263	263	264	2
Fuel and light	,,	207	216	228	235	236	244	251	253	254	2
Household durable goods	,,	286	284	288	287	291	300	309	309	309	3
Drink	,,	256	257	260	261	261	261	266	266	268	2
Tobacco	,,	387	387	389	388	388	397	418	418	418	
Purchasing power of £ (based on all consumer spending)	1938=100	42	41	39	39	39	38	37	37	37	
UK TERMS OF TRADE											
Import prices:	1954=100	101	100	103	103	103	104	103	104	106	
All items		97	100	101	96	98	100	99	99	103	
Food, drink and tobacco	,,	103	100	104	105	105	104	106	107	107	
Basic materials	,,										
Export prices:		101	100	102	103	103	103	106	107	107	
All items	,,	101	100	102	103	104	104	106	107	107	
All manufactures	,,	105	100	104	105	107	107	112	111	111	
Metals	,,	100	100	103	104	104	105	108	109	109	
Engineering products	,,	99	100	100	100	99	98	99	101	100	
Textiles (excluding clothing)	,,										
Terms of trade:		100	100	101	100	100	101	97	97	99	
Ratio of import to export prices	,,										
SHIPPING FREIGHTS											
Tramp shipping freights (fixed in sterling)	1952=100	77·5	85·1	127·7	138·1	148·9	135·5	157·9	156·1	153·6	1
UK WAGES											
Weekly wage rates:	June 30,										
All workers	1947=100	136	142	151	153	153	154	165	165	165	
Men	,,	134	140	150	152	152	152	163	163	163	
Women	,,	140	146	155	156	156	157	167	168	169	
Weekly earnings: [6]											
All workers	s. d.	160 1	171 9	187 2	...	187 2	...	197 9 [7]	...	...	
Men	,,	189 2	204 5	222 11	...	222 11	...	235 4 [7]	...	...	
Women	,,	102 5	108 2	115 5	...	115 5	...	119 9 [7]	...	...	
	Oct.,										
All workers	1938=100	301	323	351	...	351	...	371 [7]	...	...	
Men	,,	274	296	323	...	323	...	341 [7]	...	...	
Women	,,	315	333	355	...	355	...	368 [7]	...	...	

[1] The Alexandria spot quotations for Karnak and Ashmouni cotton have been replaced by the current month futures quotation at Alexandria. [2] Figu up to July, 1953, relate to delivered prices and subsequently to ex-warehouse prices of H.C. electrolytic copper; from May, 1955, onwards the proport of copper sold at fixed prices has been taken into account. [3] The interim index of retail prices has been linked back to 1938 with the aid of calculati made by Professor R. G. D. Allen for the London and Cambridge Economic Service. [4] New series based on January 17, 1956=100. [5] Surveys m twice a year; annual figures relate to October survey. [6] Revised series based on Liverpool spot market prices, as from July 1, 1954. [7] Latest figu which are for April 1956.

US Statistics

Monthly averages or calendar months except where annual rates are shown.

PRICES AND WAGES

	Wholesale prices		Consumer prices				External prices			Stock prices	Average weekly earnings in manufacturing	
	All commodities	Farm products	All items	Food	Clothing	Housing	Import	Export	Terms of trade	Composite index	At current prices	At 1955 prices
	1947–49=100						1948=100			1939=100	$	
1939	50·1	36·5	59·4	47·1	52·5	76·1	42	48	88	100·0	23·86	45·97
1954	110·3	95·6	114·8	112·6	104·3	119·1	120	101	119	229·8	71·86	71·65
1955	110·7	89·6	114·5	110·9	103·7	120·0	119	102	117	304·6	76·52	76·52
1956, July	114·0	90·0	117·0	114·8	105·3	121·8	123	106	116	359·4	79·00	77·30
,, August	114·7	89·1	116·8	113·1	105·5	122·2	122	105	116	359·4	79·79	78·23
,, September	115·5	90·1	117·1	113·1	106·5	122·5	...	...	...	344·8	81·40	79·57
,, October	115·6	88·4	117·7	113·1	106·8	122·8	...	...	...	341·6	82·21	79·97
,, November	115·9	87·9	...	...	...	...	...	...	...	338·5	82·42	...

PRODUCTION AND MANPOWER

	Gross national product	Total industrial production	Manufacturing production						Building	Civilian employment [2]		
			Durable goods			Non-durable goods						
	Seasonally adjusted annual rate		Total	Metals	Vehicles, etc.	Total	Textiles, clothing	Chemicals and petroleum products	New construction; seasonally adjusted annual rates	Total labour force	Total employment	Unemployed as % of labour force
	$ billion	Index 1947–49=100; seasonally adjusted							$ billion	thousands		% rate
1939	91·1	58	49	54	47	66	80	49	8·2	55,230	45,750	17·2
1954	360·7	125	137	108	175	116	100	142	37·8	64,468	61,238	5·0
1955	390·9	139	155	140	203	126	109	159	43·0	65,847	63,193	4·0
1956, July	413·8	136	148	68	191	127	106	166	44·7	69,489	66,655	4·1
,, August		142	158	124	194	129	107	167	44·6	68,947	66,752	3·2
,, September		145	164	148	198	129	108	168	44·3	68,069	66,071	2·9
,, October	...	146	164	147	201	130	111	167	43·9	68,082	66,174	2·8
,, November	...	147	166	149	213	131	112	168	44·6	67,732	65,269	3·6

TRADE

	Personal consumption Annual rates	All business [1]		Total retail [1]		Imports for US consumption			Exports of US merchandise		Volume of trade	
		Sales	Stocks	Sales	Stocks	Total	Crude materials	Semi-manuf'res	Total	Finished goods	Imports	Exports
		$ billion; seasonally adjusted				$ million					1948=100	
1939	67·6	10·8	20·1	3·5	5·5	190	62	41	260	139	76	53
1954	236·5	46·7	76·9	14·2	22·1	853	200	193	1,247	811	120	119
1955	254·0	51·7	82·2	15·5	23·9	944	237	231	1,279	782	134	120
1956, May	263·7 [2]	54·4	85·1	15·9	23·9	1,072	264	257	1,686	1,015	148	152
,, June		54·3	85·6	16·0	23·8	1,028	246	244	1,674	1,004	142	151
,, July		52·7	85·8	16·0	23·8	1,045	248	236	1,602	1,048	144	145
,, August	266·8	54·5	86·1	16·3	23·7	1,043	262	248	1,507	879	144	138
,, September		53·9	86·5	16·0	23·4	996	...	...	1,507	821	...	...
,, October	...	54·9	87·1	16·0 [3]	23·3	1,131	...	...	1,644	886	...	...

PURCHASING POWER AND FINANCE

	Personal income			Consumer credit		Banking statistics [4]		Budget expenditure [4]		Bond yields		
	Total	Labour income	Farm income	Total	Instalment	Investments	Loans	Total	Surplus or deficit	3-month Treasury bills	Taxable Govt. bonds	Corporate Aaa bonds
	$ billion; seasonally adjusted annual rates			$ billion, end of period		$ billion; end of period		$ billion		Per cent per annum		
1939	72·9	46·6	4·3	7·22	4·50	23·4	17·2	9·0	— 3·9	0·023	...	3·01
1954	287·3	201·8	12·5	32·29	23·57	85·3	70·6	67·8	— 3·1	0·953	2·52	2·90
1955	306·1	217·4	11·7	38·65	29·02	78·3	82·6	64·6	— 4·2	1·753	2·80	3·06
1956, June	324·9	232·5	11·1	39·45	30·08	73·1	86·9	6·9	+ 4·7	2·527	2·89	3·27
,, July	324·3	231·3	11·5	39·48	30·30	72·4	87·1	5·5	— 2·1	2·334	2·97	3·28
,, August	328·1	234·4	11·7	39·88	30·64	73·6	87·5	5·9	— 0·9	2·606	3·15	3·43
,, September	329·5	235·8	11·6	40·07	30·71	73·5	88·5	4·9	+ 1·3	2·850	3·19	3·56
,, October	332·6	237·6	12·4	40·20	30·81	73·7	88·8	6·0	— 2·8	2·961	3·18	3·59
,, November	...	...	...	...	...	...	...	...	...	3·000	3·30	3·69

[1] 1939 figures calculated on the basis of a smaller sample. [2] 1939 figures not strictly comparable with rest of series; stocks are at end of period. [3] All commercial banks. [4] Annual figures are totals for the fiscal year ended June 30th. [5] Average for second quarter. [6] Figure for November, 1956 was $16·6 billion.

Financial Statistics

LONDON STOCK EXCHANGE

Next Account begins: January 2nd
Next Contango Day: January 2nd
Next Settlement Day: January 8th

THOUGH a reduced amount of business was done on the Stock Exchange up to the start of the holiday, it was done in the main at rising prices. Helped by the higher tender for Treasury bills, gilt-edged continued to improve and short-dated stocks rose sharply, 2 per cent Conversion 1958/59 jumping ½ to 94⅜ xd and 2 per cent Exchequer 1960 ⅛ to 91⅝. The new Corporation of London loan started at ⅛ premium and rose to ¼ premium. The *Financial Times* index of industrial ordinary shares improved from 174.3 last Wednesday to 177.8 at the close on Monday. The advance in the shorts continued on Thursday.

Motor shares were firmer on the cut in deposit requirements; Ford rose 10½d. to 29s. and BMC improved to 7s. Standard recovered to 6s. after easing following the chairman's statement. Stores improved on the proposed reduction in the rateable values of shops; Woolworth gained 3s. 6d. to 60s. 10½d. and Marks and Spencer "A" 2s. 1½d. to close at the same price. Cotton textiles were boosted by the unexpected increase in the dividend of Lancashire Cotton, which subsequently leapt 6s. 4½d. to 35s. 7½d. English Sewing Cotton gained 2s. 7½d. to 32s. 3d. and Fine Spinners 1s. 6d. to 18s. 6d. On the projected expansion of Terylene production ICI rose 1s. 9d. to 39s. The industrial market, however, was a little easier on Thursday.

Oil shares rose, British Petroleum reaching 133s. 9d., Burmah 85s. 7½d. and Shell 148s.; but the recent political unrest lowered South African gold mines, although some shares recovered on Monday. The capitalisation proposals led to a rise of 1s. 3d. to 45s. in Rhodesian Selection Trust and a rise of 7½d. to 25s. 9d. in Roan Antelope. Rio Tinto gained 3s. 1½d. to 88s. 9d. On news of the bauxite development Consolidated Zinc advanced a further 5s. to 74s. and British Aluminium rose 1s. 6d. to 68s. 6d.

FINANCIAL TIMES INDICES

1956	Security Indices: Ord.*	Security Indices: Fixed Int.†	Yields: 2½% Consols	Yields: Ord.
Dec. 19	174·3	91·43	4·90	6·20
„ 20	176·1	91·60	4·89	6·13
„ 21	177·4	91·71	4·87	6·16
„ 24	177·8	91·75	4·85	6·14
1956, High	203·5 (Jan. 3)	99·37 (Jan. 3)	Bargains Marked 1956	
„ Low	161·5 (Nov. 29)	91·43 (Dec. 19)	Dec. 19	5,605
1955, High	223·9 (July 21)	115·97 (Jan. 7)	„ 20	5,670
„ Low	175·7 (Mar. 15)	98·23 (Sept. 2)	„ 21	5,863
			„ 24	4,478

* July 1, 1935 = 100. † 1928 = 100.

THE MONEY MARKET

THE discount houses raised their bid for 91-day Treasury bills still further at the pre-holiday tender, by 3d. to £98 15s. 6d. per cent, and thereby achieved an increase from 55 to 68 per cent in the proportion of their applications allotted. On the whole allotment of £280 million the average discount rate accordingly fell from £4 19s. 1.54d. to £4 18s. 1.43d. per cent, its lowest since Bank rate rose to 5½ per cent in mid-February. At yesterday's tender the offering was £270 million.

Tighter conditions ruled in the short loan market—before the week-end chiefly on account of tax transfers on the Thursday, when the authorities gave substantial aid; and on Christmas Eve because of the market's unusually heavy payments for bills. Official assistance on that day was on a small scale, as on Friday, but rates for new money generally did not rise above 4½ to 4¾ per cent, and on both days eased towards the close. Since the bill tender "hot" bills and March dates have been sold at 4⅛ per cent (and occasionally 4⅛ per cent), compared with 4⅞ per cent last week.

In the last four working days before the holiday the note circulation expanded by only £0.7 million, to £1,997.8 million.

Sterling in New York eased ¼c to $2.78⅜ on Thursday of last week and held steady until Christmas Eve, when it closed at $2.78⅛. Gold then rose by ½d. to 250s. 7d. a fine ounce.

LONDON MONEY RATES

	%		%
Bank rate (from 4½%, 16/2/56)	5½	**Discount rates**	
Deposit rates (max.)		Bank bills: 60 days	5–5⅛
Bank	3½	3 months	5–5⅛
Discount houses	3¾*	4 months	5–5⅛
		6 months	5⅛–5⅛
Money Day-to-day	3½–4½		
Short periods	4½	**Fine trade bills:**	
Treas. bills 2 months	4⅜	3 months	6–6½
3 months	4⅜	4 months	6–6½
		6 months	6–7

* Call money.

BANK OF ENGLAND RETURNS

(£ million)	Dec. 28, 1955	Dec. 19, 1956	Dec. 2[illegible] 1956
Issue Department:*			
Notes in circulation	1,889·6	1,997·0	1,997·[illegible]
Notes in banking dept.	10·7	28·4	27·[illegible]
Govt. debt and securities*	1,896·3	2,021·2	2,021·[illegible]
Other securities	0·7	0·8	0·[illegible]
Gold coin and bullion	0·4	0·4	0·[illegible]
Coin other than gold coin	3·0	3·0	3·[illegible]
Banking Department:			
Deposits:			
Public accounts	12·0	12·9	11·[illegible]
Bankers	245·2	200·5	203·[illegible]
Others	71·7	76·5	74·[illegible]
Total	332·1	289·9	290·[illegible]
Securities:			
Government	282·7	254·1	250·[illegible]
Discounts and advances	37·7	6·6	11·[illegible]
Other	16·9	16·9	16·[illegible]
Total	337·3	277·6	278·[illegible]
Banking department reserve	13·1	30·3	29·[illegible]
"Proportion"	% 3·9	% 10·4	% 10·[illegible]

* Government debt is £11,015,100, capital £14,553,[illegible] Fiduciary issue increased to £2,025 million from £1,975 mil[illegible] on December 12, 1956.

TREASURY BILLS

Date of Tender	Amount (£ million): Offered	Amount (£ million): Applied for	Three Months' Bills: Average Rate of Allotment	Three Months' Bills: Allotte[illegible] at Ma[illegible] Rate
1955	*91 Day*		s. d.	%
Dec. 23	280·0	353·5	82 9·13	73
1956				
Sept. 21	280·0	380·0	103 4·86	55
„ 28	280·0	406·0	101 9·86	67
Oct. 5	280·0	424·9	101 1·51	58
„ 12	280·0	403·6	102 2·21	56
„ 19	280·0†	392·9	100 2·12	66
	91 Day *63 Day*			
„ 26	200·0 60·0	412·4	99 9·85	30
Nov. 2	200·0 70·0	405·8	99 11·55	36
„ 9	200·0 80·0	419·1	99 10·86	27
„ 16	190·0 90·0	396·1	100 0·00	39
„ 23	210·0 80·0	440·6	100 3·34	30
„ 30	220·0 70·0‡	403·3	100 4·69	52
Dec. 7	220·0 60·0	441·0	100 10·28	24
„ 14	230·0§ 60·0	424·9	99 1·54	56
	91 Day			
„ 21	280·0	379·8	98 1·43	68

* On December 21st tenders for 91 day bills at £98 15s. secured 68 per cent, higher tenders being allotted in f[illegible] The offering yesterday was for £270 million at 91 day t[illegible] † Allotment cut to £260·0 million. ‡ Allotment cut to £6[illegible] million. § Allotment cut to £220·0 million.

LONDON CLOSING EXCHANGE RATES AND GOLD PRICE

	Official Rates: December 24	Market Rates: Spot: December 18	December 19	December 20	December 21	December 22	December [illegible]
United States $	2·78–2·82	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78⅜	2·78⅛–2·78[illegible]
Canadian $	...	2·67–2·67⅛	2·67⅛–2·67⅜	2·67⅜–2·67½	2·67⅜–2·67½	2·67⅛–2·67⅜	2·67½–2·6[illegible]
French Fr.	972·65–987·35	982⅞–983⅛	982⅛–982⅜	982⅜–982⅝	985⅛–983⅜	982⅛–983	982⅜–983[illegible]
Swiss Fr.	13·15⅛–13·33⅛	12·24⅜–12·25⅛	12·24⅜–12·24⅜	12·24⅛–12·24⅜	12·25⅛–12·24	12·23⅛–12·23⅛	12·23⅛–12·[illegible]
Belgian Fr.	138·95–141·05	140·05–140·10	140·02½–140·01½	140·10–140·15	140·15–140·20	140·15–140·20	140·[illegible]
Dutch Gld.	10·56–10·72	10·64⅜–10·64½	10·64½–10·64⅜	10·65–10·65⅛	10·65–10·65½	10·65½–10·65⅜	10·65⅝–10·[illegible]
W. Ger. D.Mk.	11·67⅛–11·84⅜	11·70⅝–11·70⅞	11·70⅝–11·70⅞	11·70⅜–11·70⅝	11·70⅜–11·71	11·70⅞–11·71	11·70⅞–11·[illegible]
Portuguese Esc.	79·90–81·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·10	80·00–80·[illegible]
Italian Lire	1756½–1762½	1754–1755	1753–1754	1753–1754	1753½–1754½	1754½–1755½	1754½–1755[illegible]
Swedish Kr.	14·37½–14·59½	14·45⅝–14·46⅛	14·45⅛–14·45⅛	14·45⅛–14·45⅝	14·45⅛–14·45⅝	14·45–14·45⅛	14·45–14·[illegible]
Danish Kr.	19·19½–19·48½	19·37½–19·38	19·37½–19·38	19·37½–19·38	19·37½–19·38	19·37½–19·38	19·37½–19·[illegible]
Norwegian Kr.	19·85–20·15	19·94–19·94½	19·93–19·93½	19·92½–19·93½	19·92½–19·93½	19·92½–19·93½	19·92½–19·[illegible]
One Month Forward Rates							
United States $		1½–1⅜c. pm	1⅜–1⅛c. pm	1–⅞c. pm	⅞–¾c. pm	¾–⅝c. pm	⅝–½c. pm
Canadian $		⅜c. pm–par	½c. pm–⅛c. dis	⅜c. pm–⅛c. dis	½c. pm–¼c. dis	¼c. pm–⅛c. dis	⅜c. pm–⅛c. dis
French Fr.		⅜–1⅛ dis	⅜–1⅛ dis	⅝–1⅜ dis	⅝–1⅜ dis	⅝–1⅜ dis	⅝–1⅜ dis
Swiss Fr.		4⅛–3⅞c. pm	4⅛–4c. pm	4⅛–4c. pm	4⅛–4c. pm	4⅛–4c. pm	4⅛–4c. pm
Belgian Fr.		⅛–¼ pm	⅛–¼ pm	¼–½ pm	¼–½ pm	¼–½ pm	¼–½ pm
Dutch Gld.		3⅛–3c. pm	3⅛–3c. pm	3⅛–3c. pm	3⅛–3⅛c. pm	3⅛–3⅛c. pm	3⅛–3⅛c. pm
W. Ger. D.Mk.		3½–3⅛pf. pm	3½–3pf. pm	3½–2½pf. pm	3½–2½pf. pm	3½–2½pf. pm	3½–2½pf. pm
Italian Lire		3 pm–par	3 pm–par	3 pm–par	3 pm–par	3 pm–par	3 pm–par
Swedish Kr.		3–1o pm	3–1o pm	3–1o pm	3–1o pm	3–1o pm	3–1o pm
Danish Kr.		5–2o pm	5–2o pm	5–2o pm	5–2o pm	5–2o pm	5–2o pm
Norwegian Kr.		2o pm–par	2o pm–par	2o pm par	2o pm–par	2o pm–par	2o pm–par
Gold Price at Fixing							
Price (s. d. per fine oz.)		250/4½	250/4½	250/5	250/6½	...	250/7

As 1956 draws to a close we look back on a year of memories made happy by fruitful associations in the field of foreign and domestic enterprise.

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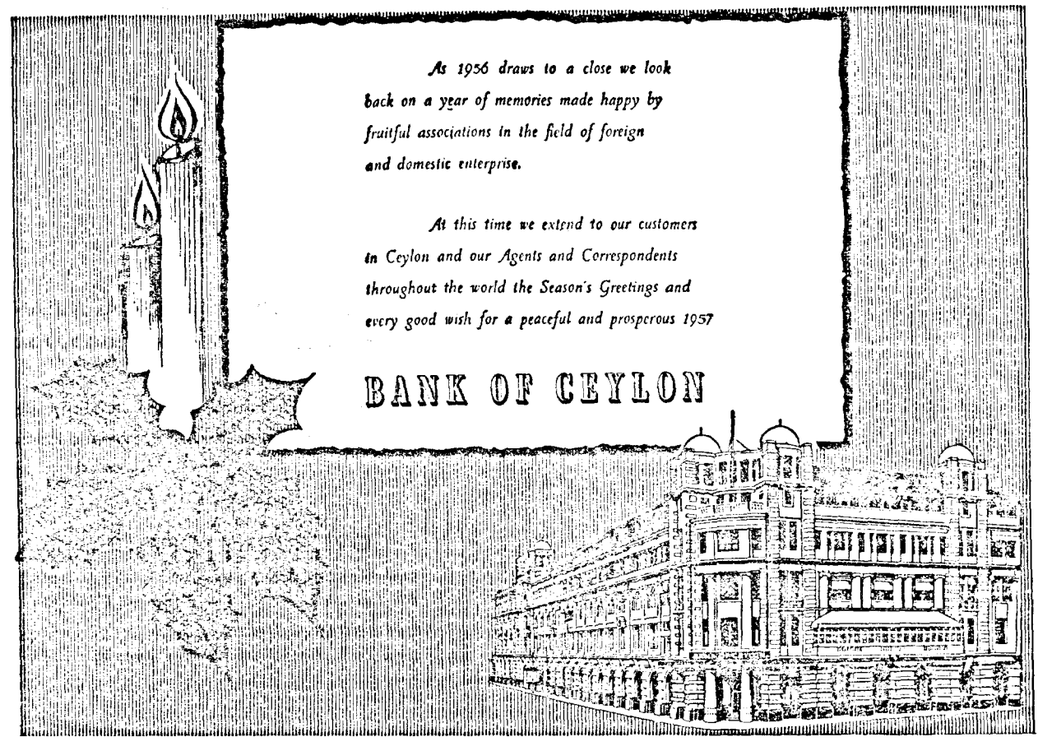

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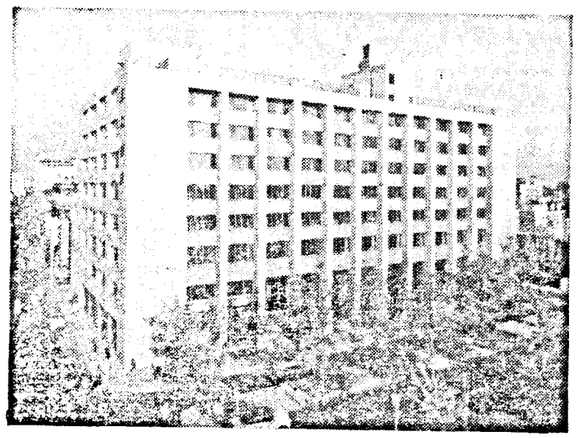

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LORD ROWALLAN'S VIEWS

The One Hundred and Thirty-first Annual General Meeting of the Proprietors of The National Bank of Scotland Limited was held in the Bank's Head Office, Edinburgh, on December 20th, the Right Honourable Lord Rowallan, KBE, MC, TD, DL, the Governor of the Bank, presiding.

The Governor said: I have to report that during the year we lost the services of Mr Cyril E. Lloyd, MInstCE, who had been an esteemed Member of the Ordinary Board since 1934. Mr Lloyd's resignation, which followed his retiral from the Board of Lloyds Bank Limited, was accepted with much regret, and our good wishes attend him in the wider leisure that he now enjoys.

To fill the vacancy thus created, the Directors were fortunate in securing the services of Mr Hugh Fraser, DL, JP. Mr Fraser's record is too well known to call for repetition here. I will only say that in him the other Members of the Ordinary Board have found an agreeable colleague, whose wide experience and expert knowledge of the intricacies of modern business will greatly assist their deliberations. In due course you will be invited to confirm Mr Fraser's appointment, and meantime I welcome him heartily to his first Annual General Meeting.

MR W. H. FRASER'S RETIREMENT

The Proprietors will learn with deep regret that Mr W. H. Fraser, the present Chairman of the Board, has intimated that he will not be seeking re-election to that position in the New Year. As you know, Mr Fraser has served the Bank with marked ability and distinction for a long period. It was in 1925 that he first joined the Board, over which he has presided most acceptably since 1942, and we are indeed sorry that he finds it necessary now to ask to be relieved of the duties involved in the Chairmanship. We are, however, happy that he has agreed to continue as a Member of the Ordinary Board, and we trust that he may long be spared to give his colleagues and the Executive of the Bank the benefit of his wise counsels.

It is proposed that Mr Fraser's place as Chairman should be taken by Sir Wilfrid Ayre, who has been an ordinary Director since 1946 and during the year succeeded Mr Fraser as this Bank's representative on the Board of Lloyds Bank Limited. Sir Wilfrid will bring to bear on his new office a wide knowledge of men and affairs, and I am sure that you would like me to wish him well.

THE BANK'S ACCOUNTS

Although still short of the record 1954 figures, the totals of the Balance Sheet now submitted show an encouraging increase on those of last year. Doubtless part of this can be attributed to the creeping inflation that unfortunately still continues, but on the other hand there have been some notable additions to the Bank's business, and these are partly reflected in the Deposits, which, at £106,600,000, are higher by £1,300,000. Notes in circulation have gone up by no less than £1 million to a new record of £12,900,000, and here again we have evidence of increased business. To set against these liabilities to the public totalling nearly £120 million, we had cash resources of £48 million, representing a liquidity ratio of 40 per cent, which, although very full in more normal times, is nevertheless, as I am sure you will agree, desirable in these uncertain days.

Advances to customers and Bills Discounted together came to £24,700,000. This figure, which is practically identical with that for 1955, might at first glance suggest there had been some slackening in the policy of Credit Restriction, but that is not the case. You will recall that a year ago I indicated that because of future lending commitments it might be difficult to hold the whole of the reduction in advances then seen, and the fact that we have been able to meet these commitments and to undertake fresh ones, equally justifiable in the national interest, is the measure of our success otherwise in trimming our sails to the economic winds.

GOVERNMENT SECURITIES

Investments in British Government Securities at just over £51 million show little change on the year, but due to causes of which you are all too well aware, the depreciation has increased and now stands at nearly £3,700,000. That is a formidable sum, but since all these investments have fixed maturity dates, the majority falling due within ten years, it is still a reasonable assumption that the whole depreciation will be recovered in due time and in the ordinary course of business. In arriving at this figure, no transfers have been made during the year, either from Inner Reserves or from Profits, to write down the book value of the securities. The other major item in the Balance Sheet relates to Acceptances, Endorsements, Guarantees and other Obligations, which again show some expansion at £6,200,000.

The Profits at £343,000 are £7.000 higher than last year. It is proposed that Dividends should be repeated on the same basis as for 1955, and the other allocations from Profits are £125,000 to the Contingent Fund and £90,000 to the Trustees for the Officers' Pension Fund, the increased allocation for Pensions being designed to meet the additional liability for past service resting on the Fund through successive salary increases. The carry forward of £136,000 shows a modest increase.

TRADE CONDITIONS

Broadly speaking, Scottish trade and industry has had another good year, although there have again been complaints of shortages in certain types of steel, a matter perhaps not unconnected with the difficulty of obtaining adequate supplies of coking coal. It is unfortunately the case that despite large sums poured into the pits in recent years, the output of coal shows no sign of a return to prewar levels. Coal is still this country's main raw material. It remains—and according to the experts will for many years remain—essential to our economy, because expanded supplies of power from other sources are barely sufficient to keep pace with increasing demands, and it is lamentable that for one reason or another we seem unable to get it out of the ground in sufficient quantities.

In Scotland, the position is particularly bad, because deep-mined coal output, expressed as a percentage of total United Kingdom production, declined from 13 in 1939 to 10¼ in 1955, the actual fall being 8¼ million tons. To what extent, one wonders, does this tie up with Scottish unemployment, which at the end of last September was more than twice the average for Great Britain as a whole? And when, with home requirements fully met, are we likely again to see our Scottish ports astir with the loading of "black diamonds," which on balance have now become a net import although in a single year before the war we exported no less than 6 million tons?

NOTABLE PART IN EXPORT DRIVE

Most of our other industries, in particular heavy and electrical engineering, shipbuilding, woollen manufacturing and distilling, have played a notable part in the export drive. They have suffered the draining away through penal taxation of funds needed for capital expansion: they have battled with shortages of all kinds, including that of skilled labour: they have been beset by strikes: and still they have produced the goods of a quality and at a price which have enabled them not only to meet but to overcome severe overseas competition. Being private enterprises, they have had no apparently bottomless national purse to draw from: they covered their own overheads, or went out of business. Yet they have beaten, hands down, that great basic industry of coal-mining, from which under public ownership so much was expected.

Surely there is something sadly amiss here? We scrape and struggle to meet our foreign commitments, while all the time a substance for which many nations of the world are clamouring lies under our very feet. If we could only bring it to the surface, the impact on that forward-looking and adventurous spirit that still exists in Scotland could literally be tremendous. It could transform our national life. By assisting Britain to regain economic stability, it could help remove the shackles that meantime hamper general business activity, and in the resultant upsurge of production the Banks would be free to play their full and normal part.

I cannot leave the Scottish scene without reference to the American concerns now setting up new factories here, as well as others that have recently tabled plans for expansion. Let us see to it that our friends from across the Atlantic are made to feel at home, that they get the goods and services they require as and when they need them, and that their experience of Scottish brawn and Scottish brains is such that others may yet follow. And let us not forget the debt we owe to the Scottish Council (Development and Industry) for all it has done to attract new industries to Scotland.

FINANCIAL SITUATION

Last year I said that however unpleasant the consequences might be, this Bank would do its best to apply the policy of Credit Restriction, not because we liked that policy, but because we regarded it as an essential part of the various measures designed to bring the country back on to an even economic keel. We can, I think, reasonably claim that we have honoured our promise, and a glance at the Advances figures published quarterly by the British Bankers' Association suggests that our banking friends on both sides of the Border can probably say the same.

What, however, of undertakings given in other quarters? For example, has the Government drastically cut its own spending which is by far the biggest single factor having a direct bearing on the country's economic health ? We know it is easy for Governments to find reasons for failing to prune expenditure exactly as planned, and we are fully aware of the fact that additional outlays, undreamed of a year ago, have had to be faced, but we think there is still room for economy : and economy, particularly in Public expenditure, is what, more than anything, this country needs.

Again, last year I suggested that our people had developed the habit of expecting a standard of living not always justified by national production. Is there any evidence even yet of a proper appreciation of the fact that a country's real wealth consists, not in wages and salaries paid, but in the goods and services produced ? I personally take leave to doubt it, and my views are supported by the new wages claims recently granted and still pending.

GOLD & DOLLAR RESERVES

Critics may point to the record export figures for the month of October. In reply, I ask them to take a look at Britain's Gold and Dollar Reserves. At the end of October, 1955, our Gold and Dollar Reserves were, in round figures, 2,300 million dollars. A year later they had fallen to 2,240 million dollars, and that despite the record exports referred to, as well as a fortuitous intake of nearly 180 million dollars through the Trinidad Oil deal.

Consider these facts, and you have the measure of the limited success that had attended our efforts before the impact of Suez began to be felt. It is true that we had arrested the rake's progress of 1955, but we were still a long way from achieving the comfortable surplus on overseas payments that would enable us satisfactorily to build up these Reserves. We had tried the orthodox methods, in particular higher interest rates : we had experimented with unorthodox methods like Credit Restriction, but we had failed to tackle the root problem which—let us be honest—is embraced in one word, " production."

GRAVE INTERNATIONAL EVENTS

This speech was prepared in the shadow of grave international events, the full consequences of which no-one can foresee. Already there have been ominous signs, such as the 279 million dollar drain on our Gold and Dollar Reserves during November, the decision to seek a waiver of the United States and Canadian Loan interest payments and the application to withdraw a proportion of our dollar quota from the International Monetary Fund.

It is not for me to argue the rights and wrongs of the Government actions underlying these developments, or indeed to criticise the measures so far proposed to counter them, although I must say that I view with considerable misgiving the increased duty on fuels for road transport. Clearly, however, the interruption of our Middle East oil supplies is going to place a heavy additional strain on our economy. It is therefore absolutely essential that we should close our ranks, forget party differences and divergencies of view as between capital and labour, and stand shoulder to shoulder economically as we did militarily at the time of Dunkirk. The realisation is at last being borne in upon a nation reluctant to face facts that there are in this world dark forces, whose avowed intention it is to humble in the dust the important remnant of a once invincible British Empire, a remnant that still stands as a bastion for freedom, honour and truth.

These forces are not in the least particular how they gain their ends: on balance, they may prefer to work through " peaceful " penetration, because they know, none better, that economic chaos is the perfect forcing bed for their devilish doctrines. Until quite recently, they probably had reason to congratulate themselves. Now, I sincerely believe, they will find a Britain resolute in its determination to work out its own salvation in face of all adverse factors, both at home and abroad. If this should prove to be the case, there is no doubt that we shall ultimately win through.

TRIBUTE TO STAFF

Finally, I desire on behalf of Directors, Shareholders and customers alike to acknowledge once more the loyal and efficient service rendered to the Bank by the officials and staff at Head Office, London and Glasgow and at the Branches throughout the country. A year ago I acknowledged the marked ability with which Mr Alexander had guided the affairs of the Bank and upheld its prestige during his first and very difficult year of office as General Manager. The past year has been no less difficult and his conduct of the Bank's affairs no less distinguished.

The Report and Accounts were adopted.

McCARTHY, RODWAY LIMITED

(Inc. in the Union of S. Africa)

AN EVENTFUL YEAR

MR J. B. McCARTHY ON FURTHER ACQUISITIONS

The twentieth annual general meeting of McCarthy, Rodway Limited was held on December 21st in Durban, Mr J. B. McCarthy (the chairman) presiding.

The following is his circulated address:

The financial year which ended on June 30, 1956, was an eventful one for your Company and the Balance Sheets and Accounts which you will study before the Annual General Meeting on December 21st reflect many changes from last year's figures. In my review of this year's activities, I will deal mainly with the Group undertaking as a whole.

The results shown by the Group may be considered satisfactory in relation to the Capital employed, although operating costs have increased, while taxation is naturally greater.

The Board decided to increase the dividend as you are all by now aware, and they were influenced in making this decision by the fact that they felt that some return should be given on the employment of profits retained in the past.

In the Holding Company's Accounts, it was decided to merge the specific Dividend Equalisation Reserve of £100,000 into the more general Revenue Reserve, the title of which denotes that it has been built up from revenue profits set aside. This reserve provides capital in the meantime for the general expansion of business and could, if the need arose, be drawn upon for distribution to Shareholders.

RAPIDLY INCREASING COMPETITION

Shareholders' Funds have advanced and it is pleasing to note that this has been possible in spite of increasing costs and the now rapidly increasing competition which is being met in all branches of the Motor Industry. To achieve this improvement it has been necessary to mortgage some property and to use some short term loan money, in addition to Bank overdraft facilities, at some cost to us.

A glance at the totals of the Consolidated Balance Sheet will show that it is a very changed document. You will see that the figures dealt with are very much greater than you have been used to seeing in it and I must tell you that this is the result of further acquisitions of Subsidiary Companies.

The details of the acquisition of Forsdick Motors Limited have been set out in the Directors' Report, and also the manner in which Motor Assemblies Limited became a Subsidiary.

I would like to explain that the purpose of acquiring Forsdick Motors Limited was to achieve economy of operation by the eventual merging of servicing and spare part operations common to the vehicles marketed by both Companies, as well as to offer to the public a fuller range of types and models of passenger and commercial vehicles produced by overseas manufacturers.

It will also be possible, by pooling the resources of both Companies' selling organisations in the country districts, to create economic distribution centres throughout our territory.

In assessing the purchase price of the shares acquired, it became necessary to revalue the land and buildings of the Subsidiaries and it was decided to re-value the land and buildings of the Holding Company in conformity, to show a true reflection of this asset in the Consolidated Balance Sheet.

IMPORT CONTROL

As I am sure you are all aware, imports of vehicles into this Country are governed by a rigid system of import control. It is pleasing, however, to report that within the past few weeks additional allocations of exchange have been made to certain importers of cars selling in South Africa at £700 or less.

Although your Company was not, at first,

included when these additional permits were granted, I am glad to say that after pressing representations, the Director of Imports and Exports has agreed that we will be given our share of these additional permits for the import of Nuffield products.

It is obvious that relaxation of import control in this lower price field will result in increased competition, but I am confident that the products we import will still be in short supply, due to their popularity and the new models now available, when the Director again reviews the import position in April next.

In view of the unsettled state of world affairs, it is not possible to predict what the future holds for us, but suffice to say that providing we are guaranteed supplies from overseas on the basis of our present imports, I see no reason why your Company's progress should not continue.

I offer my sincerest gratitude to all members of the Board and staff whatever their particular vocation may be. They have all contributed their efforts towards yet another successful year and you will wish me, I know, to thank them on your behalf.

The report and accounts were adopted.

THE STRAND HOTEL LIMITED

The forty-ninth annual general meeting of The Strand Hotel Limited was held on December 20th in London, Mr S. I. Salmon, the Chairman, presiding.

The following are extracts from his statement which had been circulated with the Report and Accounts for the year ended September 30, 1956.

The Trading Account balance together with loan and other interest received amounts to £264,393, an increase of £17,797 over that of last year. The net profit of £68,806 is slightly less, due mainly to the higher amount required for taxation. We are still having to contend with rising costs, and although we have increased our charges we have only kept pace with the higher costs of wages, food and many of the other items of expenditure.

It has been mentioned before, and we make no apology for repeating it, that the hotel industry is particularly hard hit by purchase tax which adds substantially to the high costs of replacing equipment and the rise in the rates of the tax this year has meant a further material increase in our expenditure. By the withdrawal of the investment allowance on the purchase of plant we have lost a very welcome but short lived tax benefit.

We are constantly reminded of the industry's value as an earner of foreign currency. The hotels of this country have the major responsibility of creating a favourable impression on an ever-growing number of tourists. The potentiality of earning foreign currency through the tourist trade is almost limitless, and hotels should be given encouragement to play their full part in developing their attractions so as to compete successfully with other European countries. In present conditions the industry is not financially able to do all that is necessary without receiving some consideration from the Government. Hotel buildings represent very costly fixed assets which, because of changing demands, depreciate far more quickly than industrial buildings. Yet the latter qualify for an appreciable tax concession on the cost of their buildings, whereas hotels are specifically excluded and are expected to expand and to modernise their property and equipment at high cost out of a restricted revenue without any such tax allowance. The report was adopted

SAMUEL OSBORN AND COMPANY, LIMITED

RECORD TURNOVER

HIGHER COSTS LARGELY ABSORBED

MR FRANK A. HURST ON EXPORT TRADE ACHIEVEMENTS

The fifty-first annual general meeting of Samuel Osborn and Company, Limited, was held on December 19th at Sheffield.

Mr Frank A. Hurst (chairman and managing director), who presided, said:

The fifty-first Annual Report and Accounts are in your hands and will be taken as read. (Agreed.)

The Manufacturing and Trading Profit for the year ended July 31, 1956, amounted to £1,256,122, which is considerably higher than the corresponding figure in the preceding year.

The Company, now in its one hundred and fourth year, has had the busiest year in its long history, and, in view of the restraint we have exercised by absorbing many of the increases in the costs of supplies and services rather than increase prices, the financial result of the year's trading must be regarded as most satisfactory. Naturally, absorbing these higher costs has made the ratio of profit to turnover lower this year, but that we expected.

RISING COSTS CAUSING CONCERN

The seemingly prevalent idea that industry can carry on absorbing increased costs, wages, rates and the charges for water, gas, fuel and electricity is a matter which causes grave concern, particularly is this so in regard to the country's ability to export, but, even in domestic supplies, these continuing advances can only result in increases in the cost of living. It is industry's experience that greater output lowers percentage overheads, but in national and municipal undertakings the overheads seem to increase proportionately, no matter how high the sales' value, and require to be met by raising prices to users and consumers.

Skilled labour is still in very short supply and outputs could be increased if suitable labour were available as we have good order books in most of our departments.

Increased turnover means greater amounts locked up in working capital. The Consolidated Balance Sheet shows a higher proportionate increase in Debtors than in Stocks and, as this does not result from an extension of the period of credit, it is a good and a healthy sign. In the months to come additional money will be locked up because it will take longer for our products to reach many of our overseas customers while use of the Suez Canal is denied to mercantile shipping ; delays will also occur in deliveries in this country because of lack of the full use of road transport. It is impossible to gauge the effect of current events on our future trading but it seems clear that supply and distribution will present difficult problems.

It is of interest to note that about a year ago we, as a company, were threatened by the Arab countries and told that either we must abandon our vigorous young subsidiary in Israel, erect a factory of equal size in Egypt or be boycotted by all the Arab countries. We told them then—a year ago—that we had no intention of abandoning our Israeli company and that they could carry on and blacklist us.

RECORD EXPORT SALES

Included in the record turnover referred to in the Directors' Report is a record value of direct export sales. We cannot estimate with any degree of accuracy the value of indirect export sales, but we know that the total value of our export sales—direct and indirect—forms a substantial part of our turnover. That is an achievement of which we are justly proud, but in the light of present international events, you will understand that we view the immediate future with some apprehension.

I stated last year that the Low Moor companies had been able to supply the parent company with billets which enabled the mills and forges to work to the fullest capacity the labour situation would allow. I am pleased to report that this help has continued and, in addition to that, I am glad to say that the Low Moor companies showed a profit as the result of the year's trading. The purchase of the Low Moor companies has been amply justified in that it has profitably employed funds surplus to our previous requirements.

It was stated in the Directors' Report that the first buildings to be erected on the land recently purchased at Holbrook, a few miles outside Sheffield, would house a specialised steel foundry. The contract for these buildings, which will cost approximately £200,000, was placed a few days ago.

NEED TO CONSERVE RESOURCES

You will have seen from the Statement of Accounts that taxation for the year under review is a very large sum, namely, £640,691. That such heavy amounts have to be paid out indicates the need for building up the liquid resources of the Company, and, apart from that, the further need to be in a position to pay for extensions and replacements, keeping in mind that annual replacements are not nearly covered by the capital allowances granted in a year by the Inland Revenue.

Our organisation has been free of any labour trouble during the year and in every direction our relations are excellent. We are indeed proud of our staff and workpeople in our home as well as in our overseas factories and houses, and to all I have pleasure in recording my very sincere thanks for the splendid services they have rendered; thanks also are due to my co-Directors for their unfailing co-operation.

Lord Chandos has spoken of those who work for an organisation as having invested their time and their lives in the industry, and of the necessity for the employer to do all possible to give continuity of employment. I can say with full assurance that such is the great aim of the Board of this Company.

The report and accounts were adopted and a final dividend of 20 per cent, making 32½ per cent for the year, was approved.

THE MIDLAND TAR DISTILLERS LIMITED

IMPROVED RESULTS OFFSET BY HIGHER TAXATION

FURTHER DEVELOPMENT PROJECTS IN HAND

The thirty-fourth annual meeting of The Midland Tar Distillers Limited was held on December 20th at the registered office, Springfield Chemical Works, Oldbury.

Mr Stanley Robinson (the Chairman) presided and, in the course of his speech, said:

The trading profit for the year at £416,589 shows an increase of £25,000 compared with the previous year. The increase in interest rates is reflected in the figure of Bank Interest and Interest on Short Term Loans, which has almost doubled during the year to a figure of £22,700.

Unfortunately, these increases are more than offset by an increase of nearly £40,000 in taxation based on the profit of the year. Since the rate of Profits Tax has been increased I fear that a still higher proportion of our profits will be taken in taxation in the year to June, 1957.

From the surplus available your Directors recommend that the Dividend on the Ordinary Shares be at the rate of 10 per cent, less tax, as in the last two years and that appropriations of £50,000 each be made to the Reserve for Obsolescence and Increased Replacement Costs and to the General Reserve. So long as prices continue to rise we must continue to set money aside for the replacement of our assets at enhanced costs.

BALANCE SHEET FEATURES

As I told you last year we have closed our Birkenhead and Wolverhampton Works. The Birkenhead site is now cleared of plant and most of the plant has been dismantled at Wolverhampton. Moreover, we have done quite a lot of work at Oldbury in demolishing plant which has been superseded by the new plant at Four Ashes.

On the Balance Sheet of The Midland Tar Distillers Limited the item "Amount due from Subsidiary Company" has increased from £86,000 to £295,000 for two reasons. In the first place we had built up an abnormally large stock of Acid in view of the probability of a dock strike in America. In the second place, Midland Storage Inc, a new Company, has been incorporated in the United States of America, to buy and operate a storage installation in New Jersey. This was done primarily with the object of facilitating the shipping, loading and storage of our own Tar Acids exported to America, but there are also a number of storage tanks on the site which are not required for Tar Acids and these are being let for the storage of other products. So far the purchase of this installation has been financed by the retention in America of the proceeds of the sales of Tar Acids, but we are hoping to raise loan capital in America. You will, I am sure, be interested to know that since The Midland Tar Distillers Inc was incorporated in America in March, 1953, nearly 2¾ million dollars have been remitted to this country—the proceeds of the sales of Tar Acids.

RECONSTRUCTION OF NECHELLS WORKS

Finally, I must draw your attention to the Commitments for Capital Expenditure shown on the Balance Sheets at £120,000. This was the amount of our actual commitments at June 30, 1956, but we are planning to do more than that. By a readjustment of the intake of Crude Tar at our Nechells Works a large proportion of which is delivered by pipeline, we can increase the throughput considerably. The Works is due for reconstruction and we are, therefore, embarking on this project. The chief item in our programme is the replacement of the pot stills by a continuous tube still, which we have in fact ordered. This is a major operation involving many ancillary projects and will take about two years to complete. The capital cost seems likely to be not less than £400,000 but the servicing of this (plus the depreciation both of which are provided for in our Tar Agreement) will be more than offset by greater throughput and improved yields, etc., and will also give us a much needed reserve of spare capacity.

I should like to refer once more to the fact that under the terms of our Agreement with our Tar Producers a very large proportion of any benefit obtained by higher prices, or increased efficiencies, is passed on in the price we pay for Crude Tar, so that the increased profit arising from this expenditure will go largely to the Producers of Tar.

WORKS COMPLETE

Our Four Ashes Works is now complete and working up to designed capacity, and in the case of several of the units the yields are in excess of those anticipated. This is due to the excellent design and to the capable handling by the personnel concerned.

Our Oldbury Works where the bulk of our Crude Tar is distilled in continuous stills continues to make very satisfactory progress.

The Managers of our small Works have all done a very good year's work, and I am sure you are grateful to them for their labours.

During the emergency of the last few weeks one of our basic products, Coal Tar Fuel, has come very much into the limelight and an unprecedented demand has arisen to replace oil cut off by the closing of the Suez Canal.

We are doing everything in our power to meet the demand, but supplies available are strictly limited. In this matter we are of course co-operating with our friends in the industry.

I must point out, however, that quite apart from emergencies Coal Tar Fuel has established itself as a first-class fuel, particularly for use in steelworks where its low sulphur content and other qualities make it invaluable. It is no new product and we have sold large quantities for years, and I have no doubt we will continue to do so.

So far as products generally are concerned there is no significant change to report.

The report and accounts were adopted and a dividend of 10 per cent on the Ordinary shares was approved.

THE INDUSTRIAL CREDIT COMPANY LIMITED

At the twenty-third Ordinary General Meeting, in Dublin, on December 13th, the Chairman, Dr J. P. Beddy, in the course of his speech, said: Assets have increased by £55,451 during the year. Though the increase in Investments shown by the Balance Sheet is £15,717, additional Investments of approximately £120,000 were acquired. The Balance Sheet does not reflect this increase, mainly because transfers from Reserve for Contingencies and Loans and Advances Reserve increased the Investment Reserve and, consequently, reduced the Balance Sheet figure for Investments, which are shown at net cost after deducting Reserve.

The Gross Profit for the year is higher by £11,087. The Net Profit at £78,907 is little more than that of the previous year because of additional expenses, which almost offset the increase in the Gross Profit. Of total expenses of £67,653, Bank Interest accounted for 63 per cent.

Deducting from the Net Profit the provision for Income Tax, and adding the balance of profits brought forward £8?,004 remains available for allocation. Your Directors recommend a dividend of ? per cent per annum. This would absorb £43,750, and, of the remaining £38,?54, they recommend a transfer of £12,?00 to Investment and Other Reserves, which would leave £25,754 to be carried forward to the next Account.

The capital requirements of your Company will be implemented in so far as immediate requirements are concerned by the calling up of the remaining part of the Company's Issued Share Capital. The extent and form of the future financing of the Company have yet to be settled.

LAKE VIEW AND STAR LIMITED

SIR JOSEPH BALL'S REVIEW

The Forty-Sixth Annual General Meeting of Lake View and Star Limited was held on December 20th in London.

Su Joseph Ball, KBE (the Chairman), in the course of his speech, said: There was a slight overall decrease in the working profit. The amount available for appropriation from mining operations this year was £444,166, as against £447,454 last year.

An interim dividend of 9d. per share was paid during the year, and a final dividend of 1s. 3d. per share is now recommended.

Total development footage for the year at 28,163 feet showed an increase of 305 feet over the figure for the preceding year. Ore reserves at July 1, 1956, amounted to 3,668,000 short tons, at 4.77 dwt per ton. Tonnage milled during the year was 740,518 tons (an increase of 8,909 tons), averaging 4.71 dwt.

The Australian Government has freed altogether from Australian taxation the profits derived from gold mining, but in the case of companies operating in Australia, but registered in this country, this concession has been frustrated by the UK tax system.

The Chancellor of the Exchequer undertook to consider introducing legislation in 1957 to deal with this. Since then the financial situation of the UK has deteriorated, and the budgetary and balance of payments positions may well rule out the introduction of reliefs in the next Budget. Your Directors have therefore decided to prepare an application for the transfer of the Company to Australia. The report was adopted.

APPOINTMENTS

INIVERSITY COLLEGE OF THE GOLD COAST

Applications are invited for Lecturership in Agricultural rganisation and Economy. Post-graduate research xperience in Agricultural Economics essential. Salary cale £950 x £50 to £1,600 p.a. Entry point determined y qualifications and experience. Family allowance £100 a per child (maximum £500 p.a.). Outfit allowance. S.S.U. Passages for appointee, wife and maximum of ve children, on appointment, normal termination and eave. Part-furnished accommodation at rent not exceedng 7.5 per cent of salary.

Detailed applications (10 copies), naming three eferees, by January 31, 1957, to Secretary, Inter-University Council for Higher Education Overseas, 29 Woburn quare, London, W.C.1, from whom further particulars ay be obtained.

MANAGEMENT SELECTION LIMITED have been retained to advise on the selection of the

MANAGING DIRECTOR

of a large and well-known public company with world-wide connections manufacturing and distributing abrasives and refractories. The position carries full responsibility for the Company which is split into divisions on a product basis with a top functional group including well equipped central research laboratories. The present Managing Director has evolved a successful policy of delegating decisions to men able to use their opportunity. Considerable capital development and expansion is planned.

Candidates must have wide industrial and general management experience, preferably with a practical production background. Experience in abrasives, paper or similar process industry helpful. A degree, preferably in chemical engineering or other technology, would be a Salary recommendation. Probable age 45-55. Salary subject to negotiation but would be of interest to men earning £4,000 and upwards.

Enquiries, from earning £4,000 and upwards, be addressed to brief personal details. Should Selection Limited, H. E. Roff, Management W.1, quoting reference Stratton Street, London, will be passed to our client[s]. No information being aware of their identity without candidates permission after personal discussion.

ECONOMIST

A management vacancy exists in the Statistical Department of a company engaged in the manufacture of branded consumer goods on mass production lines. The services of the department are available to all divisions of the company, and the members work as a team on a wide range of interesting topics.

The present vacancy calls for an applicant, man or woman, under 30 years of age, with a good degree in economics with statistics, as the work immediately envisaged lies mainly in the fields of consumer demand and commodity analysis.

Commencing salary will be dependent on qualifications and experience in the specified fields but will be not less than £1,000 p.a.

Applications, giving in the first instance brief particulars of qualifications, experience and salaries earned, are invited for this pensionable appointment from candidates determined to make a rewarding career in this work.—Box 585.

TRAINING OFFICER required by The Steel Company of Wales Limited (Steel Division), Port Talbot.

The successful candidate will be responsible to the Education Officer for the selection and training of potential foremen and for the administration of development projects for existing foremen in a large integrated and expanding Steel Company.

An honours degree in social subjects such as psychology, sociology or economics would be an advantage.

Those wishing to apply should write for official Application Form to:

Superintendent, Personnel Services,
The Steel Company of Wales Limited
(Steel Division),
Abbey Works,
Port Talbot, Glam.

IMPORTANT British mining company with increasing Commonwealth interests requires a male economist aged 25-32 to work as assistant to their economic adviser in London. A degree and some practical statistical experience is essential. Commencing salary not less than £750 per annum dependent on age and experience. Contributory pension scheme.—Applications, stating experience and qualifications, should be addressed to Box X.257, c/o Streets, 110 Old Broad Street, E.C.2.

A LEADING firm of Stockbrokers has a vacancy for a graduate economist to undertake investment studies of particular companies. Industrial experience in finance or accountancy essential. Age about 30. Good Prospects for man with suitable personality. Initial salary, according to experience, up to £1,250 per annum with participation in a bonus scheme. Interviews mid-January.—Reply Box 588.

COOPER BROTHERS & CO. require a qualified tant with wide experience and fi[rst] tour of two years in Central Afr[ica] permanent one leading to exce[llent] in Africa or in Europe. Apply in writing to 14 London, E.C.4.

WORKS MANAGER requ[ired] urgently to take charge of production and general management of one of the largest electrical manufacturing [units] in South Africa. Must have wide and sound experience of Works organisation and production systems as applicable to the manufacture of motors, transformers and switchgear.—Box 586.

UNIVERSITY OF LONDON

LEON FELLOWSHIP

Applications are invited for the Leon Fellowship for Research (preferably in the fields of Economics or Education) for the Session 1957-58. The Fellowship is of the value of not less than £500 a year, and is tenable in the first instance for one year. It is not essential that candidates should be members of a University, but they are expected to put forward a programme of research of an advanced character and to produce evidence that they can carry it out. Selected candidates will be required to attend for interview.—Further particulars should be obtained from the Academic Registrar, University of London, Senate House, London, W.C.1, and applications for the Fellowship must be received not later than February 1, 1957.

CHIEF MECHANI[CAL] ENGINEER

Leading [manufacturing] Group of Compan[ies] Mechanical Engineer. [He] should have universit[y] degree or equivalent, and associate membership of one of the senior professional institutions.

Site or shop experience essential with approximately ten years post graduate design, with proved ability in the design of mechanical handling machinery, pipe layouts, pressure vessels, heat exchangers, pumping installations, and associated electrics and instrumentation. Candidates must be knowledgeable in industrial economics and estimating applied to plant design. Experience of modern construction methods essential. Should be able administrator. Substantial four-figure salary, bonus, pension plan and assistance accommodation, etc.

Responsibilities include development of mechanical handling machinery, designs for industrial plants, and management of team of design engineers and related personnel.

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Applications are invited for the post of Secretary to the Chamber, which is expected to become vacant shortly. The duties of the post, which is of a highly responsible and confidential nature, include the following:—

The Secretary is responsible to the Chamber's Director and Executive Committee for the provision of efficient clerical and secretarial services to the various departments and committees of the Chamber, and for their co-ordination and supervision. He is also personally in charge of high level committees work, and of certain of the more specialised of the Chamber's functions. He is responsible for the maintenance of the Chamber's property, including buildings and houses, and for the administration of subordinate staff. In addition, he acts as Company Secretary of the Incorporated Company.

QUALIFICATIONS

Applicants must have a good education and record, and recent and substantial experience in responsible positions in industry entailing duties of a similar nature to those outlined above.

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APPLICATIONS

Applications (in duplicate and preferably typed) should be forwarded by air mail to the Secretary, Northern Rhodesia Chamber of Mines, P.O. Box 194, Kitwe, Northern Rhodesia, marked "Confidential—Secretary," so as to arrive not later than January 15, 1957.

They should contain the following particulars in the order given here:—1. Name, nationality and religion.

2. Education, degrees and professional states.
3. Present position, leaving school/University, including any, in chronological order.
4. Date when services (for possible future use, with applicant's [illegible] consent).
5. Date when [illegible] can be made available.
6. General [illegible] regarding eligibility and regarding outside [illegible].

Applications will be treated in strict confidence.

Applicants may be called for interview either in London or in Africa, at the expense of the Company.

Applicants who are employed in the Copper-Mining Industry of Northern Rhodesia should submit their applications through their mine management.

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Applications are invited from ENGINEERS AND SCIENTISTS for a senior appointment in the Technical Policy Branch of the Industrial Group at Risley, near Warrington, Lancs.

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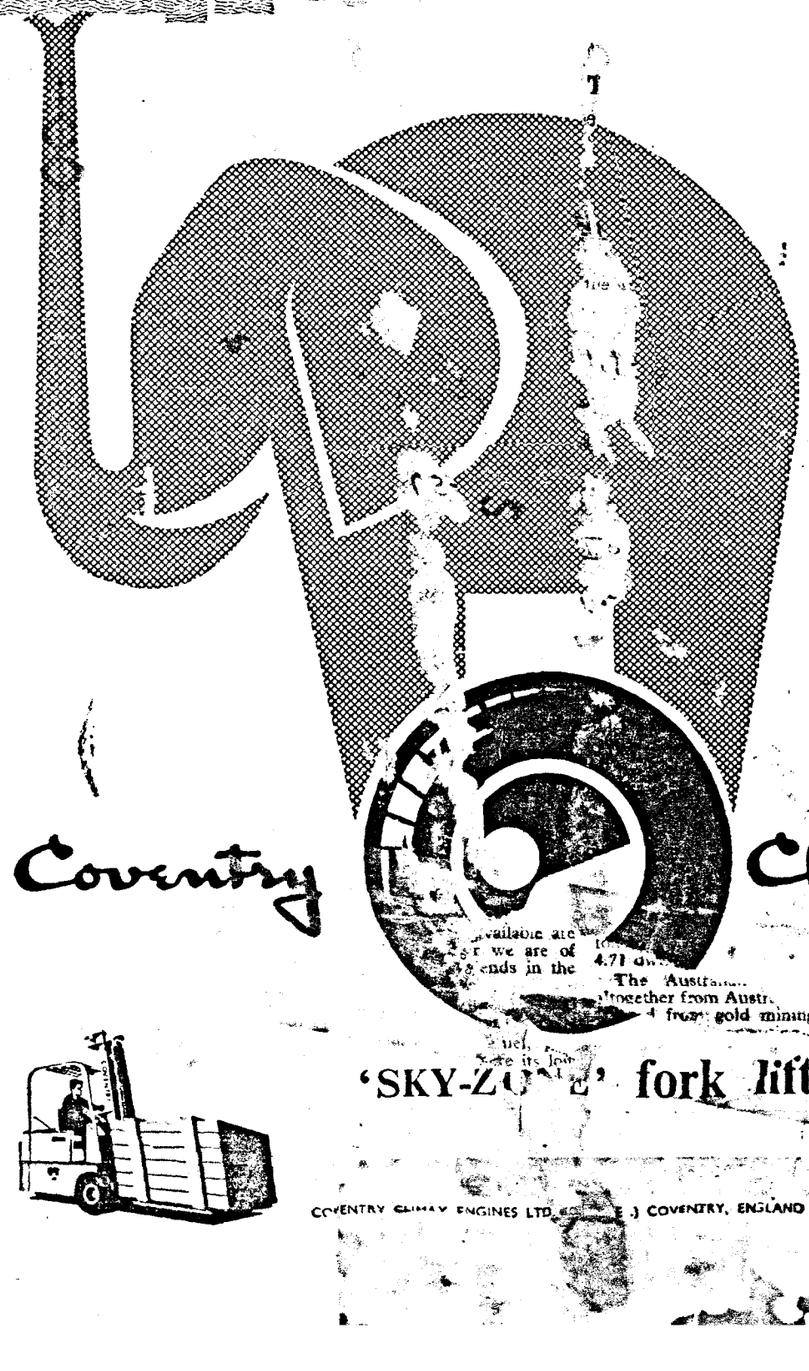

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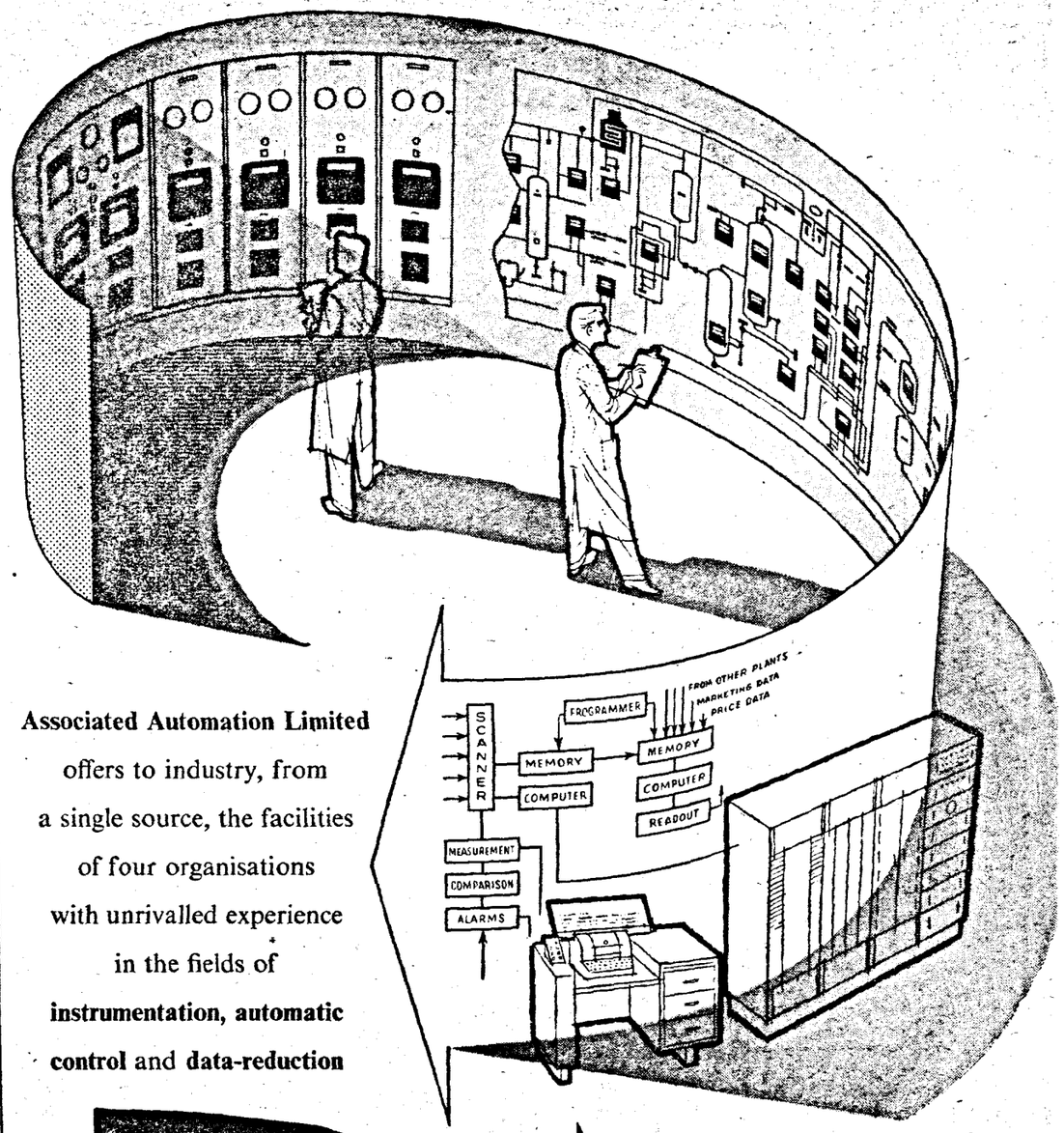
AUTOMATION IN PERSPECTIVE

No sensible man today would pretend that he has answers to all the questions that throng in about the complex and curiously exciting set of technical developments hidden behind this vague vogue word. But any sensible man needs some rough working impressions concerning some of the broad questions about automation:

What is it? (and what it isn't): Where is it to be found in industry now, and where is it likely to go forward fastest? When does it pay? Does it seem likely to affect employment so much as to hurt labour? How does it seem likely to suit Britain's ambitions for the future?

This is an attempt to clear away some of the confusion now blurring those questions.



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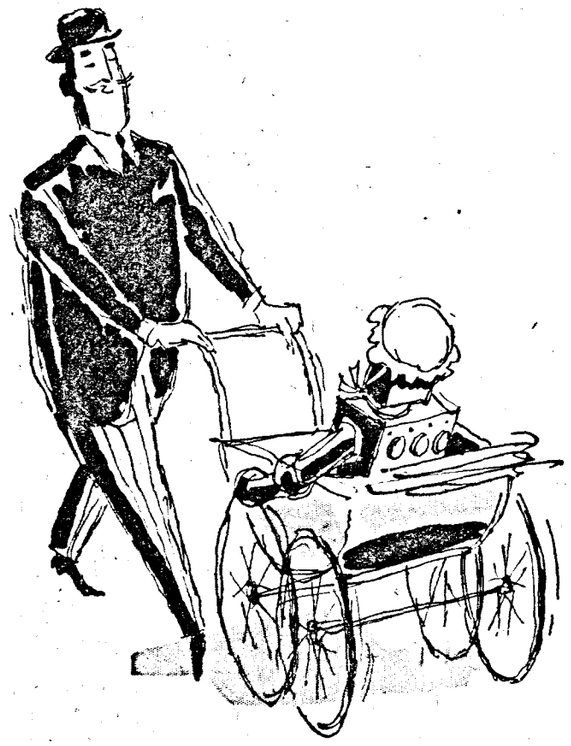

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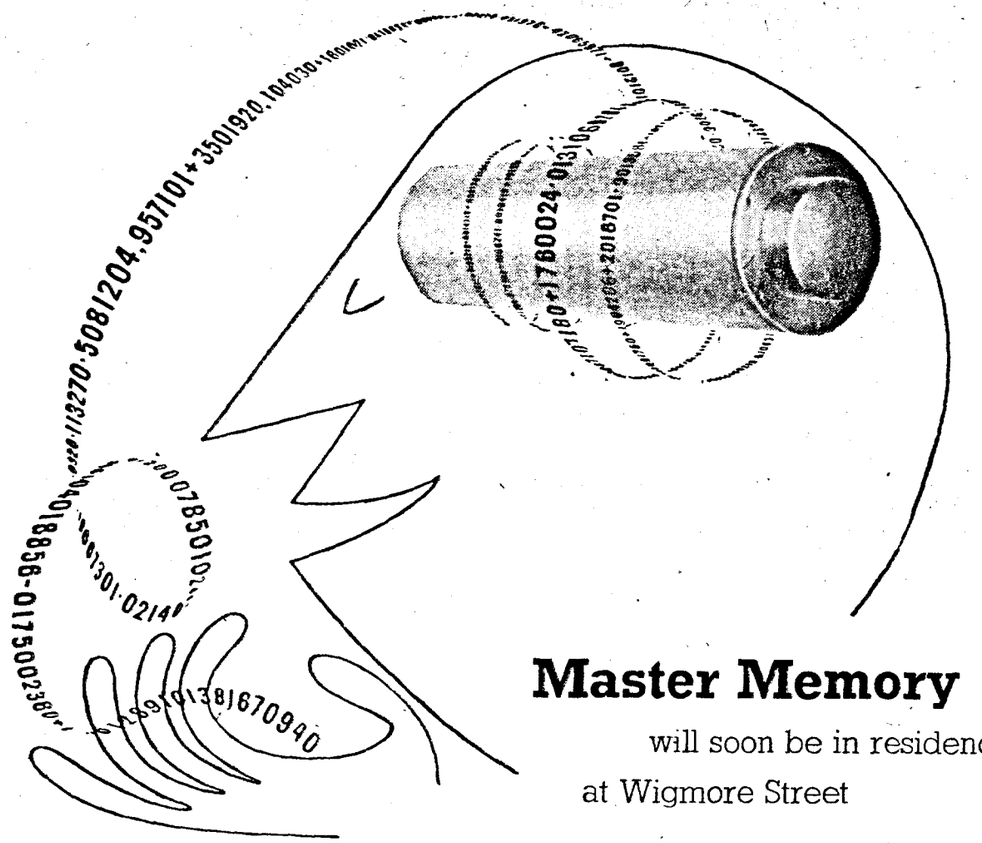

IBM's new computing centre, which is due to open later this year, will be based in the first instance on a type 650 high speed digital machine. Data and programmes are stored in its 'memory'—a magnetic drum measuring only 4 ins. by 16 ins., which spins at 12,500 revolutions per minute. Ease of programming, reliability and speed make this equipment a powerful tool in research, accounting and management, thus enabling the industrialist, the accountant and the scientist to adopt a revolutionary approach to their many vital problems.

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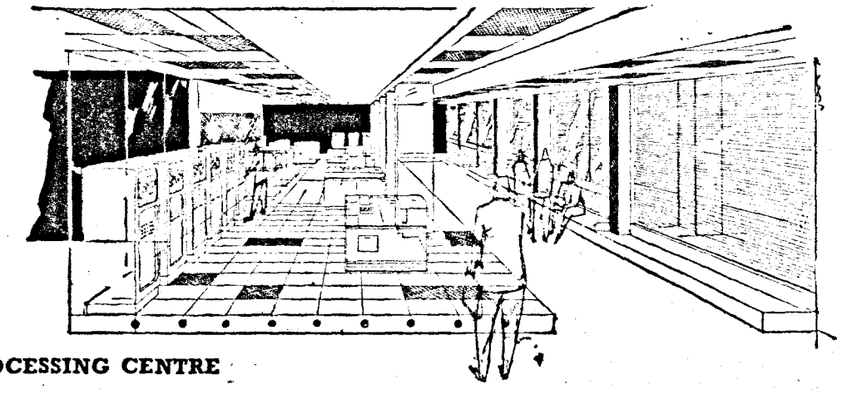

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AUTOMATION IN PERSPECTIVE

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What Is It?

Machinery for Judgment

IT was once said of a servo-mechanism, which is a rather artful device that plays a key part in automation, that "It is nearly as hard for the practitioners of the servo art to agree on a definition as it is for a group of theologians to agree on sin." The same could certainly be said of "automation" itself—a word that was coined to describe certain automatic handling devices, but which has been extended to the whole range of automatic controls in industry.

This word is bandied about so loosely today in popular discussion of almost any new machine put in anywhere that some of the irritated experts have tried to produce sharp, exactly limited definitions of what automation is and what it isn't. Their definitions, unfortunately, seldom coincide: the subject is still in the stage where restrictive definition simply isn't useful.

For the most satisfactory "definitions" one can find of automation tend to be of the portmanteau kind. Take, for example, Lord Halsbury's:

> a contemporary group of independent advances in the field of mechanisation which characteristically employ discriminatory devices and automatic controls . . . including transfer machining, automatic assembly, the whole field of control engineering and that part of communication engineering concerned with data processing, accountancy, and calculation involving the use of electronic computers.

That may sound more like a list than a definition. But these techniques do have enough in common to deserve linking by a label. And what they have in common does answer the plain man's inevitable question: "How does automation differ from the other mechanisation that's been going on for centuries? What's new about it?"

Perhaps this answer can best be put in terms of the human activity in industry that these two machine processes can ease or replace. Mechanisation can usefully be thought of as replacing men's physical effort by mechanical energy; one can reserve the label "automation" for machinery which goes further and tends to replace men's judgment—the discrimination still required for the precise adjustment of a process from most "machine minders." Already mechanisation has hopelessly outclassed human brawn in most industrial processes as a source of physical energy. To apply automation to such mechanised processes dispenses with much of the operator's mental activity in controlling the machine's performance.

What's new about it? Certainly it is not hard to discover examples of automation early in the history of mechanisation. James Watt's early steam engines, for example, clearly illustrate the difference between the two. The engine, using steam to convert the heat from a fire into mechanical energy to drive a shaft, is a prime example of mechanisation to replace men's physical effort. But the familiar fly-ball governor that Watt devised for his engine in about 1788, in which balls spinning out from a shaft revolving at the speed of the engine are used to regulate the steam pressure, is a perfect example of automation. Elements of what would now be called automation, too, existed in many other early industrial processes—such as the auxiliary vanes that blow a windmill round into the wind, the Jacquard loom that weaves a pattern according to the directions of a punched card, and the copying lathe that machines metal following the contours of a pattern.

Whether or not it is profitable to define automation, engineers and managers should find it fairly easy to distinguish from other forms of mechanisation; and from now on they are going to get plenty of practice. Other people, however, may care less about the label. It is not much use explaining to a man whose job is being taken over by a machine whether that is an example of automation or merely of simple mechanisation; and it may not be much use telling an accountant or an economist either.

In a period when conventional mechanisation has still a long way to go in many fields of industry and commerce at the same time as automation has appeared on the scene, it would certainly be unprofitable to try to disentangle the social and economic consequences of the two. Of necessity, rather than by choice, one must relax the finer technical distinctions in considering the social and economic effects of machines replacing people in jobs, in the coming years, to a greater degree than ever before.

Where Is It?

Automation in Being

ONE of the essential ideas behind automation, more important than the mechanical devices that translate it into hardware, is the notion of linking a sequence of industrial operations into a continuous process without manhandling the workpiece between operations. Among the industries where this began first, and has been most widely developed, are precisely those where the very nature of the materials concerned made manhandling difficult.

A man cannot hold a liquid in his hands; he cannot encompass and may not even be able to see or smell a gas. So the chemical process industries, from the first, required the operator to work from outside the vat, the retort, the pipe—turning taps, opening valves, watching levels, looking at the colour or thickness of a mixture.

In the newer continuous processes, such as oil refining, the material flows through a succession of stills, columns and reactors, undergoing a sequence of separate metamorphoses until it emerges as a new product or a selection of new ones. The condition of the material at any point in the continuous process becomes more critically important. The changes are taking place simultaneously as the product flows along the line, not successively in one place. So at any single point in the continuous process the condition of the material has to be kept constant. At these points, instruments are required to keep the operator informed of the condition of the material and enable him if necessary to adjust this by altering conditions at an earlier state of the process. The use of automatic devices which carry out these adjustments by feeding back signals to correct the deviations from the required level has followed naturally.

Most units of modern continuous chemical processes contain a wide variety of instrumentation and automatic control devices, often recording or indicating plant performance electrically but actually gauging and readjusting it pneumatically or hydraulically; electronics is used comparatively seldom. Instrumentation and automatic control, plus the need to handle vast volumes of liquid and gas, have brought about the huge capital investment per head often instanced in oil refining and chemicals. Costly units of plant may be operated continuously with no more than two operators on duty to keep an eye on the dials and re-set control instruments if major disturbances take place: two, quite simply, because one might drop dead.

To the ordinary man "process industries" generally mean oil refining and chemicals. In fact, they include other industries such as glass, metal manufacture, and paper making, where materials undergo chemical as well as physical change and pass from the liquid to the solid state. In some of the food processing industries and in packaging hygiene as well as technical considerations make it profitable to offer the product "untouched by human hand."

Continuous processes in engineering began in about 1910, when Henry Ford installed a moving conveyor for the assembly of fly-wheel magnetos. Shortly afterwards the assembly line principle was extended to complete motor-car bodies: the result was the famous "Model T" Ford. Thirty years later Ford's successors extended his idea of production as a continuous flow into machine shops, press shops and foundries that feed the assembly line. It was to describe this second technical break through that a Ford executive, Mr D. S. Harder, first coined the word automation.

Detroit Automation

Similar methods of mechanical handling and of "transfer machining" have been adopted in greater or lesser degree, in the motor industries in Britain, in France—where Renault has been described as the most highly automatic motor plant in the world—in Russia and more recently in Germany. Similar techniques have also been adopted on a more limited scale in other engineering industries. But because of the stimulus given to the development of automatic methods in the metal goods industries by the sheer size of American automobile output, these developments in automatic machining of separate solid articles are generally called "Detroit automation."

This began with the linking together of separate standard machines by mechanical handling devices to eliminate slow and laborious manual handling between operations. Parts may be transferred from one machine tool to another on a conveyor line, or the machines may be grouped in a circle so that the part can be presented to each in turn by a single rotary transfer table. In more highly integrated shops the parts may be loaded into the machines, accurately positioned for machining, machined, and then moved on to the next stage all in one automatic operation, even if the part has to be rotated or turned over for the next machining stage.

In the pressed metal shops where body parts are made, some of the American plants are beginning to use automatic loading devices to speed up operations. The pieces of sheet metal are automatically inserted between the dies, and as they come into position actuate the press. After the press stroke has formed the part, it is raised and extracted by a device known as the "iron hand"—one of the few instances where automatic machinery comes anywhere near the cartoonist's idea of the "robot in the factory."

"Detroit automation" at its peak involves the use of mammoth special-purpose machines, containing a long line of different machine tools that perform successive operations on each part as the part is moved from one to the next by transfer mechanisms built into the machine. One such machine which makes V8 engine blocks is 350 ft long and performs 555 successive machining operations. But although this allows even greater speed and precision, and saves factory space and labour, there are comparatively few companies, even in the United States, where such huge machines can be economically employed. Though an American car engine, or its basic parts, may outlast several generations of body styling, not all makers, even during this longer "life" of the engine, can sell the huge quantities of cars required to make such equipment pay.

Automation in Detroit came from the concept of the assembly line. But today, paradoxically enough, much less automatic machinery and much more manual labour is used in assembly than in the machine shops which feed it with parts. Elaborate systems of mechanical handling are used in all motor factories to feed the assembly line—for example,

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The British Tabulating Machine Company Ltd has marketed Hollerith punched card equipment for half a century. The Company's view, in applying electronics to its business, was that the impact of electronics in the office machinery field would be evolutionary, not revolutionary. Research and development were accordingly directed along three channels, and the progress achieved to date in each is considerable.

1 Electronics have been employed to develop the range of Hollerith punched card machines.

The Electronic Multiplier, introduced in 1951, is now used in a large number of punched card installations. It performs at high speed the three common arithmetical functions—addition, subtraction and multiplication, and embodies a special feature for P.A.Y.E.

The 550 Electronic Calculator includes division in its operations, and has storage and increased capacity for more complicated calculating and checking.

These two machines are now being followed by the 555 Electronic Calculator, with magnetic drum storage and capacity for still more involved calculating. Pre-determined programming enables it to deal with variable conditions arising in the main flow of calculating.

2 The Hec 2M Electronic Computer, designed for resolving scientific and mathematical problems, was introduced in 1953. These Computers are now being used by Government and Industry, mainly for research and scientific data processing. Here jobs tend to be those involving a comparatively small amount of original data, requiring an extensive and prolonged degree of calculation, with complex programming.

3 To meet demands from business and industry, the Company designed the Hec General-Purpose Electronic Computer. This Computer will process large quantities of data and exercise considerable discrimination during calculating. It features ample storage and programming. Hec General-Purpose Computers, while satisfying all the needs of large business, meet economically the requirements of smaller undertakings. Many of these Computers have been ordered, and deliveries commence this year.

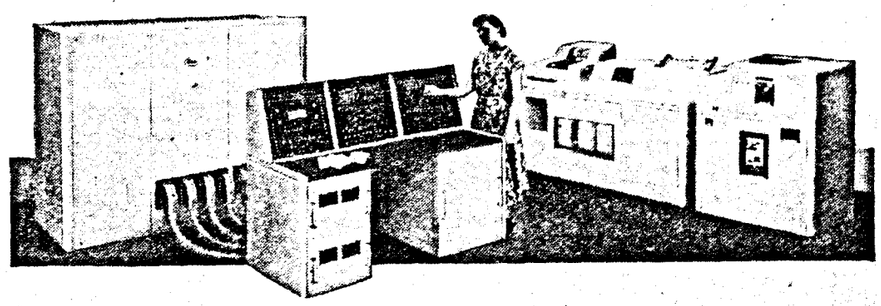
Punched cards, themselves a form of storage, are the input to the machines described. Output may be in punched cards, or it may be printed.

FUTURE POLICY

The British Tabulating Machine Company Ltd is alive to the fact that higher speeds of operation, larger and more flexible memories, and alternative forms of input and output, such, for example, as magnetic tape, will be required in certain circumstances. As one step towards satisfying this trend it has recently formed, in association with the Laboratory for Electronics, of Boston, Mass., the International Computer Corporation. The immediate purpose of completing the design and development of a computer with certain novel features, is already well ahead.

The Company's interests now extend beyond the purely business and office machinery field—into the application of computers to process and production control in all its forms. As was recently announced, B.T.M. have entered into an association with the General Electric Company in forming a new Development Company, whose interest will cover the whole field in which computers and like devices can be employed, including the field of automation.

Hec General-Purpose Electronic Computer



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Austin's automatic marshalling system that brings all the component parts to the assembly line by conveyor in exactly the right sequence. Moreover, men on the assembly line have all the power tools and lifting devices they need close to their hand. Mechanisation is feasible, too, in sub-assembly. But cars are still finally put together by hand.

Where automatic assembly has begun to become economic —outside the motor industry—this has happened only after the entire process and product have been re-designed. The best example of this is the introduction of the printed circuit into electric and electronic equipment. The "rat's nest" of wires in a conventional radio set, for example, was far too complex to be connected and soldered to separate components by machine. But when all the necessary wiring circuits are "printed" on to a baseboard by printing circuits on to a plastic board coated with metal foil and then etching the surface clean so that the metal remains only in the circuit "wires" thus formed, it offers a simpler basis for automatic assembly.

The printed circuit was originally developed in Britain, and shortly after the war an automatic production line was designed here that would turn out baseboards with the required electronic circuits printed into them, ready for components to be plugged in. Much of the American radio industry has now gone over to a further elaboration in which the components themselves are inserted by automatic machines and automatically soldered. In Britain printed circuits are used, but not, so far, automatic assembly.

Computers in Commerce

If the "electronic brains" that first awed and then amused American television audiences by predicting election results had been nicknamed "electronic digestive systems," the popular conception of the role of computers in factories and offices might have been a little nearer the truth. For the electronic computer cannot operate outside closely defined limits. It can do only what it has been programmed to do; that is to say it has to be given precise instructions about what to do with every piece of information it receives, and how to do it.

The *forte* of any computer is a phenomenal ability to remember what it has been told (and to recall facts when they are wanted) and the amazing speed—often as many as 8,000 calculations per second—with which it can perform mathematical and logical operations (in accordance with its instructions) using this store of knowledge and any new information it is given.

The use of large computer systems in Britain is still mainly for calculations in research, but in the United States several score are already employed on a commercial scale. They can be most easily justified in large organisations where large volumes of relatively simple routine work have to be done. Typical tasks that can be undertaken economically by the computer are the preparation of payrolls, sales accounts and dividend cheques in any large firm, the handling of cheques in banks, and the preparation of premium notices in insurance companies. In Government departments, such as a census bureau, the computer can greatly assist the statisticians to collect and collate more information and make it available more quickly.

One limit to the use of computers in offices is at present set by their high initial cost—the complete American systems, for example, may cost as much as $1 million to buy or $30,000 a month to rent.

Another limit is set by the time consumed in converting original information into a form in which it can be used by the computer. This is still done by typists or punch card operators, many of whom have to be employed to keep the machine going at its full capacity. Methods of recording original information in a form in which it can be fed directly into the computer are already in use on a limited scale, especially in banks. But to enable these methods to be more widely applied, complete re-arrangement of routine office procedure may be necessary.

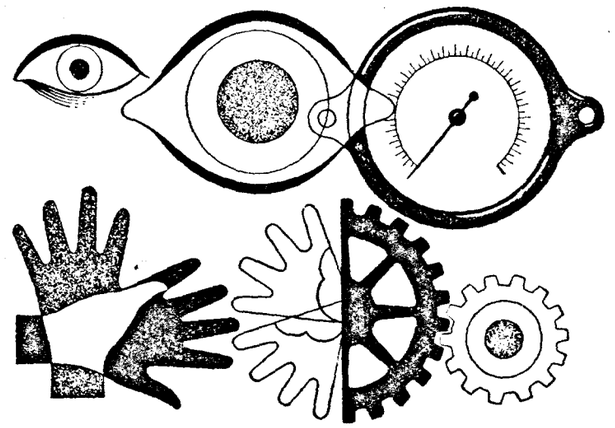
Where Is It Going?

Tomorrow's Technology

FOUR main forms of automation are already in practical use—process control engineering, transfer machining, mechanical assembly and communications engineering. What further advances can be expected in the near future in these and possibly other fields? One cannot look purely at technical possibilities; technically, if costs could be disregarded, it is hard to think of an industrial operation that could not, with existing devices, be made automatic. Transfer machinery, for example, could reach a point that would outdo Heath Robinson. What limits the use of transfer machinery, as it does of Heath Robinson's inventions, is not the physical impossibility of doing the job by machinery or mechanical linkage, but the inability to do it as cheaply as a man. One must consider the technological developments that are in the immediate foreground, within sight of paying, not the limitless technical horizon.

First, existing automatic equipment may be widened by standardising it so that it can be produced in quantity. Much transfer equipment is still "custom built" for a single application. If factory layout can be redesigned so that the same piece of standard transfer equipment can be used by a number of different firms, and possibly in a number of different operations within the same factory, it can be made more cheaply. It will never be possible to get long runs of complete machines; but the use of standard sub-assemblies such as cutting heads in several types of machine tool, or standard vessels in process plant, may allow cheaper production in the capital equipment industries.

Secondly, anything that will increase the volume of work done by a machine will make it cheaper to run. This means either running more of a single part through the machine, or making the machine adaptable enough to deal with a number of different parts. Redesign of the whole range of products produced in a factory, so that several different products can use the same standard components may greatly increase the volume of output of each component and make the installation of more automatic methods worthwhile. And if a piece of transfer equip



How Automatic Can You Get?

In modern production processes it is normal to control automatically a number of related variables. The eventual product is analysed. If it is found that there could have been a more effective setting of the process controllers, they are changed for the next day's run.

But imagine that, as the product comes off the production line or out of the pipe line, it is immediately analysed and the process controllers *automatically* re-set to the optimum settings to produce an even better product.

Although this cannot yet be realised, it is no pipe dream. It is something which Sunvic Controls have been working on for many years —and is just one example of the extra facilities they will be offering in the course of time towards increased production efficiency in industry. This kind of research naturally attracts some of the best brains in industry, and there is always room at Sunvic for younger men with scientific or technical qualifications who are interested in joining a fast-expanding Company engaged in absorbing and important work.

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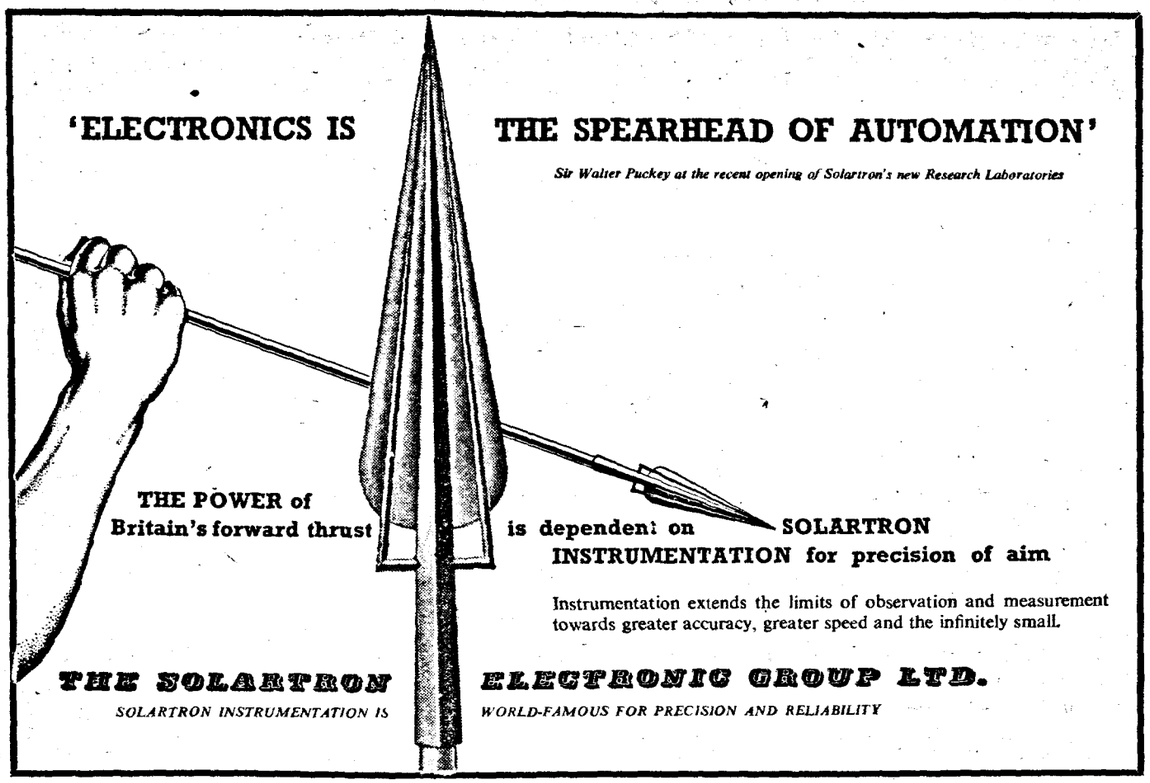
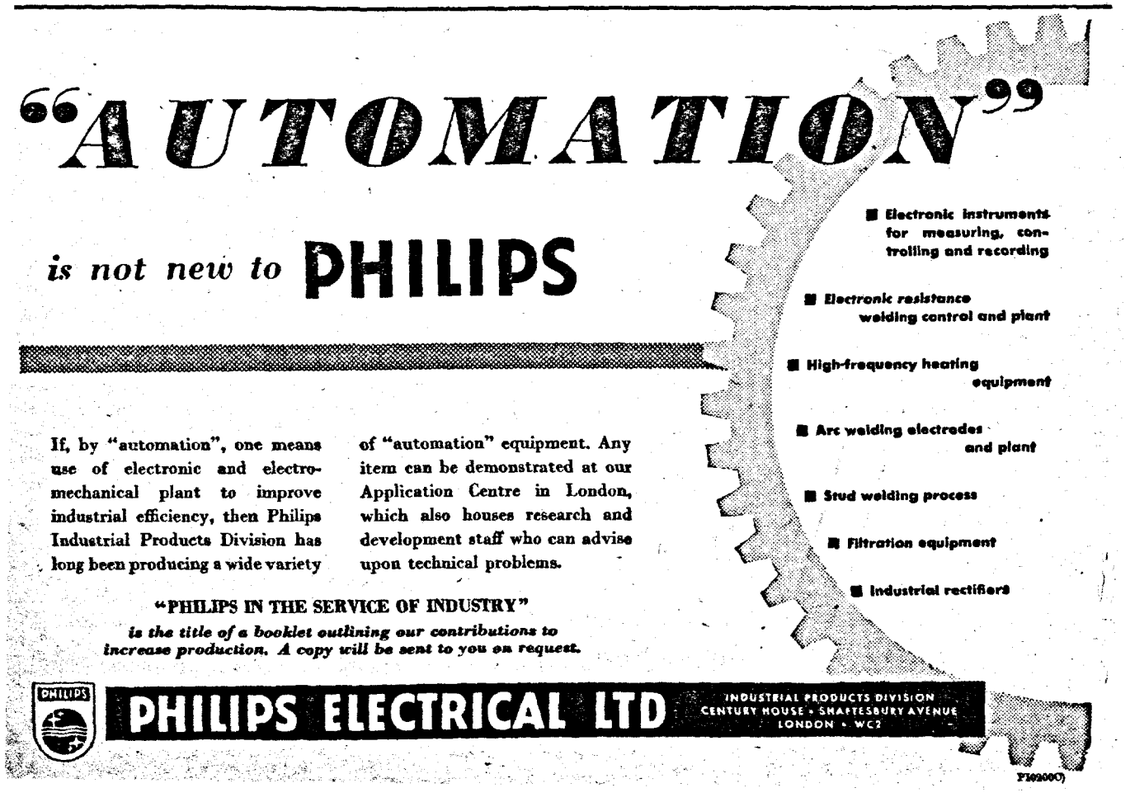




ment can be adapted without excessive cost to changes in the design of the product, its life can be prolonged. Such flexibility can sometimes be achieved by constructing the transfer mechanism in several sections, only some of which need to be replaced when the design is changed.

Tape Control of Machines

At the other end of the scale—the use of more automatic equipment for very short runs, as in prototype production—the much publicised computer-controlled machine tool may have a place. In such a machine, the design to be milled by the machine tool is first translated into the mathematical "language" in which it can be transferred to punched tape and fed into a computer. The computer in turn produces instructions on magnetic tape which can be used to control the movements of the machine tool. If more than 50 of the same part are required, it would probably be cheaper to set up an automatic tool by hand, for example making a master pattern for the machine tool to follow. But if only small quantities—as for example in making aircraft prototypes—are required it does not pay to set up standard automatic tools, and prototype parts are today generally machined out by hand-controlled tools.

Tape-controlled tools, together with the computer, may cost ten times as much as the hand-operated tool; but the computer prepares the instructions on tape ten times faster than the tools can carry them out, so that one computer can "set up" ten machine tools. In cases, therefore, when about ten tape-controlled machine tools can be kept in full operation or programmes prepared for other firms' tools on a rental basis, they may be more economic than hand tools. But how often will there be enough work at any one time in the production of prototypes or job lots to make tape-controlled tools fully economic? Once an operation has been "set up" on tape, repeat orders could be filled without resetting the machines. But the price of both tool and computer will have to be considerably reduced before this technique can be widely applied outside the toolroom or prototype work.

Tape control of machine operations, however, might have a considerable future in the field of automatic assembly, where little has so far been achieved outside the field of electronics. The key point in automatic electronic assembly has been the redesign of the product and the process, in order to perform the function of the original product by a new one of a shape that can be automatically assembled.

This entire re-thinking of the problem of production, by considering alternative radically changed designs which might suit automatic assembly rather than looking for some way of producing the existing product automatically, is the essence of further technological advance. Kitchen equipment such as the refrigerator, for example, contains fewer components, of simpler shapes, than the thousands that go into a car, and undergoes fewer radical changes in shape through fashion. In making such goods automatic assembly might pay sooner.

In the process industries, to the outsider, plants already in many cases seem to approach "the automatic factory." There appears to be no major technological barrier to further extension of the use of feedback controls, though instruments to make continuous analysis of the final quality of products, which exist, have still to be fully linked into control systems. Controls can be made to operate with extreme accuracy, though the problem of maintaining that accuracy over a long period and securing against breakdown is still a real one. But much control equipment is expensive: this, plus lack of engineering talent, is still limiting the rate at which existing control systems are being applied in more conservative sections of these industries.

In theory, it is now possible to design control systems for a whole integrated plant, in which a master controller, taking into account the optimum possibilities of the plant as well as the quality and rate of its final products, would either continuously reset other controllers throughout the plant to bring about the best results or would control all the variables itself. In practice, none yet seem to be operating. Here again, redesign may be the answer—perhaps of the process rather than the product. As yet, not all chemical plant designers quite grasp the possibilities, for example in speed of operation, that the degree of automatic control now practicable may offer them.

From the jobs of research and routine clerical work where it is now being gradually applied, the computer seems likely to enter much more directly into the production field. Both in the control of series of processes and perhaps in co-ordinating the work of different "automated" departments in engineering, it may be used to work out the optimum programme of operations, taking account of stocks of material and work in progress. How this would be applied might vary. A workshop full of separate hand-controlled machines turning out several products might gain real benefits of "automation" by employing these machines according to a programme, which could be worked out in a short time rented on a computer, that made the optimal use of their combined capacity.

Could a Computer Run the Plant?

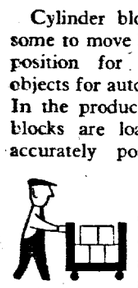
But the same ability of the computer may be used to maximise the output of a complex continuous plant, by finding the best possible combination of the many variables that may affect plant operation and controlling the plant to achieve this continuously. Such master controllers might even take into account not only the internal factors affecting the rate and quality of final output, but conceivably some data from outside as well, for example on stocks.

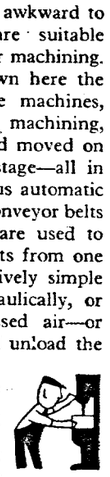
There are fascinations but also massive problems for management in the idea of a computer constantly receiving and digesting masses of information on sales, stocks, prices and costs at all levels of production and sifting out only what variances really matter. The further notion that such a computer might not be far from controlling operations in all parts of a plant at their most profitable rate might be less practicable. For even the most advanced computer can do only what it has been programmed to do. And there are many important variables, especially in interpreting the significance of market trends in order to look forward and plan operations, where no machine could even approach the quality of good human judgment.

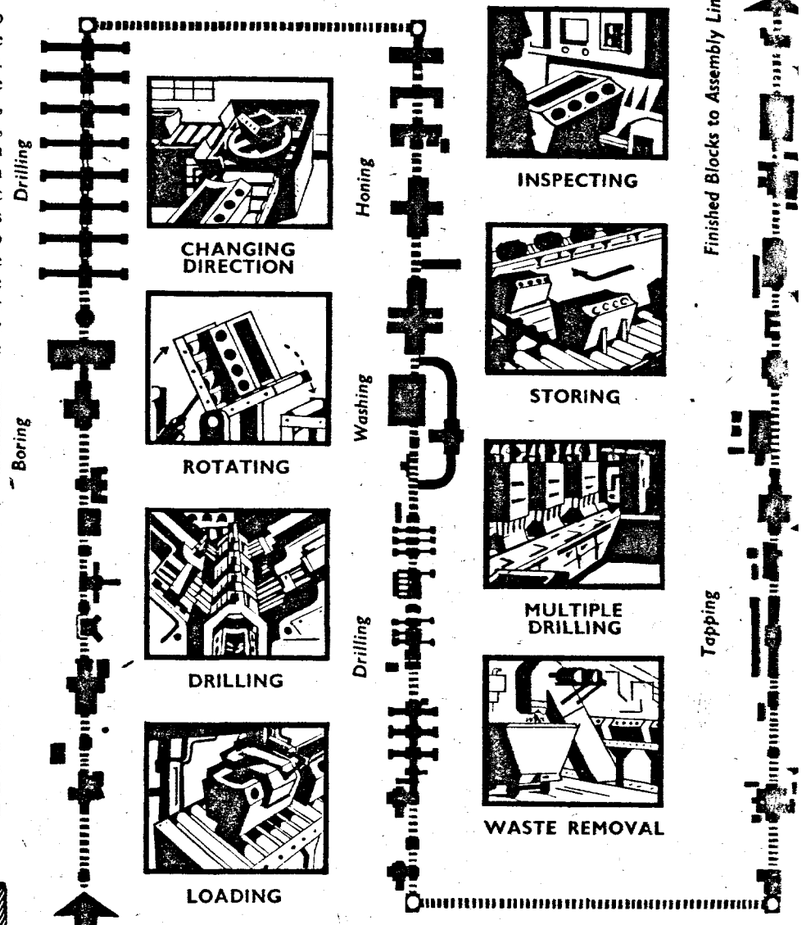
Supplying data for the commercial computer, incidentally, may present huge problems for conventional accountancy; in order to serve management properly, the machines will require a continuous flood of costing estimates and information. In narrowing the spark gap of managerial decision either in the plant or in the office, the role of the computer has its limits. But as an aid to management, digesting information with a speed of selection and computation otherwise unobtainable, it is certain to have wide repercussions throughout many branches of industry.

THREE APPLICATIONS OF AUTOMATION

Cylinder blocks, heavy and cumbersome to move by hand, and awkward to position for machining, are suitable objects for automatic transfer machining. In the production line shown here the blocks are loaded into the machines, accurately positioned for machining, machined, and moved on to the next stage—all in one continuous automatic operation. Conveyor belts and shuttles are used to move the parts from one machine to the next. Relatively simple mechanisms, operated hydraulically, or electrically, or by compressed air—or merely by gravity—load and unload the machines, rotate the parts and turn them over where necessary for the next machining stage. Some of the loading and unloading equipment, and the machine tools themselves, are actuated by interlocking electrical systems in which the switches and relays are set off by the moving parts themselves. The angle of the cutting tools may be automatically adjusted to allow for tool wear. Storage links on the conveyor system are provided to enable production to be maintained if a machine breaks down. Under-floor conveyors remove the metal chips from machines for disposal as scrap, and some machines have their own apron conveyors and magnetic separators to collect and reclaim the cutting oils.



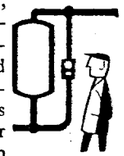


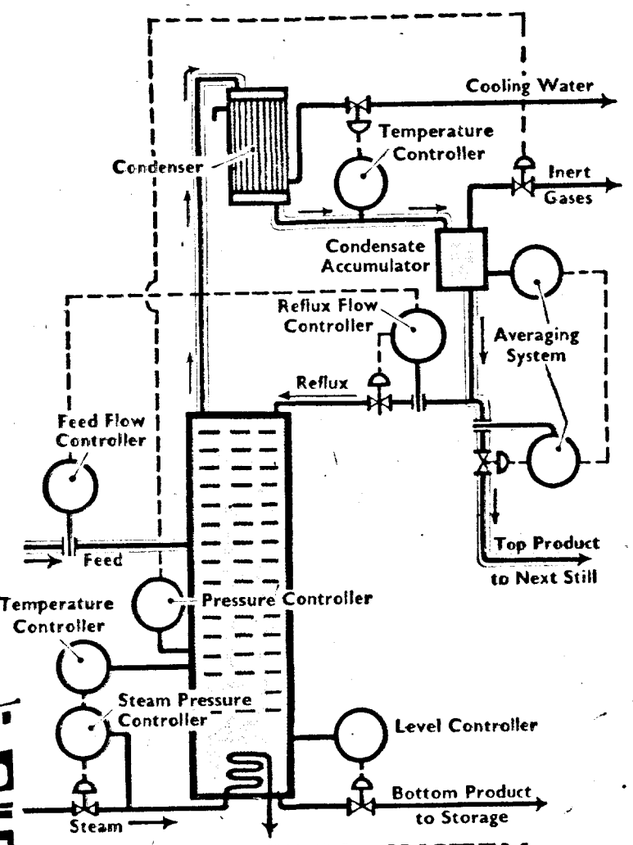


CYLINDER BLOCK PRODUCTION LINE
Simplified Layout

Chemical plants, where the product is usually a liquid or a gas, are most readily operated by automatic controls. In a simple process the operator may look at a temperature gauge and then use his own judgment in deciding whether to adjust the valve controlling the rate of flow of the liquid into the vessel. As a further step the rate of input may be automatically modified whenever the temperature in the vessel reaches a pre-set level.

The distillation column shown here is part of a plant using more advanced automatic controls. The temperature controller, for example, at the bottom left of the diagram, measures the temperature inside the distillation column and compares it with the desired temperature. If the actual temperature is too high or too low, the controller automatically changes the steam pressure until the temperature in the vessel has reached the desired level. Sometimes several separate control systems are linked together into an "integrated" system. Thus in this example (redrawn from one described by Mr A. J. Young of ICI to the Institute of Production Engineers' conference last year, the temperature controller is aided by a steam pressure controller, which has the sole function of adjusting the steam pressure and keeping it steady at the value demanded by the temperature controller. Output fluctuations, if they cannot otherwise be avoided, can be smoothed out for the benefit of the next still by an averaging system which keeps the flow of the top product fairly constant by varying the level in the condensate accumulator.

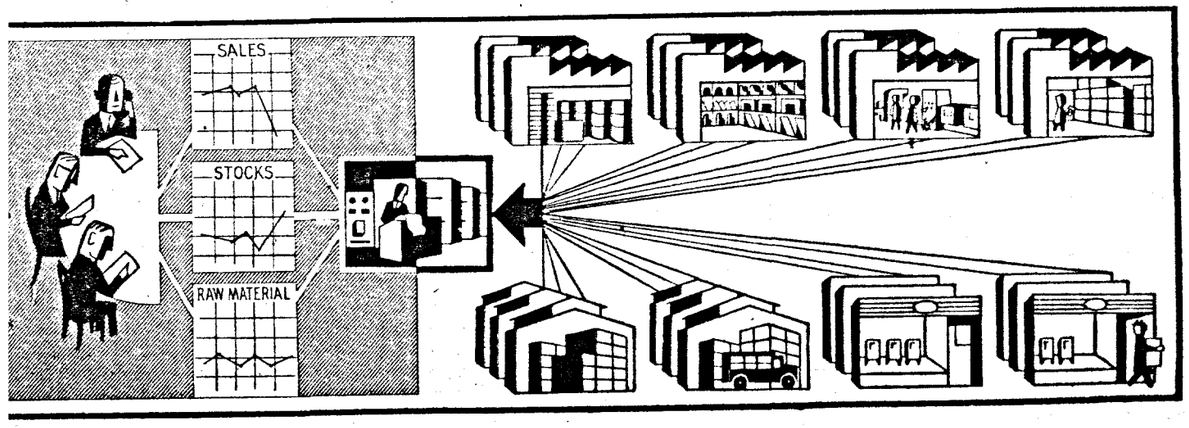




CONTROL SYSTEM FOR A DISTILLATION COLUMN

COMPUTERS IN COMMERCE

Electronic computers, or data processing systems, cannot take the place of management, but they can enable managers to make quicker and better decisions. In this diagram, a computer system is shown collecting information on sales, stocks and work in progress at each stage of the business, from the factory floor to the retail outlet. After collating all these figures, it processes them to show up significant changes and trends which may call for fast decisions on production or marketing policy. In this role the main advantage of the computer is its speed. If the same job were done by hand the market information might well be out of date before it could be acted upon. The computer reduces to a minimum the time lag between marketing decisions and the changes on which they are based.



Will It Pay?

Accounting for Automation

CONSIDER two examples of automation drawn from actual practice:

A year or two ago, the works manager was taking an English visitor round the justly famous "automated" Ford engine plant in Cleveland, Ohio. Reaching a point where a worker—most unusually—was actually putting certain small liner bearings into the engine block by hand, he turned defensively to the visitor and almost snarled. "Go on, now ask me why we haven't put in a machine to replace *him*?"

His visitor, taken aback, said mildly: "All right, why haven't you put one in?"

"We did," retorted his host with the air of a man bitterly inured to this particular silly question. "We did. We costed it. And then we took it out. He does the job cheaper."

★

At Ardeer in Ayrshire, Imperial Chemical Industries' Nobel Division has recently put in a new continuous plant to make nitro-glycerine, that soupy, fearsome brown liquid that is the basis of practically all non-nuclear explosives, where the whole of the operations will be remotely controlled from a concrete blockhouse 80 feet away on the other side of a hill. The operator watches flowmeters and temperature gauges that give him constant and instant control over this simple but terribly dangerous process. He will eventually watch one vital characteristic that it would be hard to meter, the "interface" between two liquids where one is swirling on top of another, through the visual monitor of a closed-circuit television link.

This plant already incorporates an automatic arrangement by which any major disturbance would cause the continuous process to stop and dump its dangerous contents into a drowning tank. Later, some use of feedback controls by which input of materials might continuously be adjusted according to the state of the mixture may be introduced. But this new plant has not reduced the number of men on the process, nor increased the throughput. Its capital cost was considerably higher than that of the plant it replaced. "It gives us no significant improvement in costs at all," said a director at Ardeer recently. "What it gives us is extra safety. That justifies the investment."

A businessman's decision whether or not to invest in automation, as these two cases illustrate, may arise from the closest costing of every single operation where a machine can do a man's job; at the other extreme, the savings that automation offers may not be easily measurable in financial terms at all. It is certain that a large proportion of the investment that some industries have put into automation so far, has been decided upon with only the sketchiest calculation whether it could be justified on cost grounds. In this early stage, when the new techniques are emerging, development teams have been able to proselytise the new doctrine, and sell their esoteric wares, partly on the basis of technological emulation—"keeping up with the Robot-Joneses." For the big companies, generally conscious of rapid change and inclined to emphasise research and development much more now than in the thirties, the need to keep abreast of innovating competitors is a very real managerial incentive.

The close costing of more automatic against less automatic single operations implied in the above anecdote from the Cleveland engine plant is in practice, so far, seldom in evidence when automation is being demonstrated—more's the pity. Often the savings are indirect. For example, an automatic unit is nearly always more consistent in the quality of its output than one controlled by a human operator. For a time, the man can probably control a machine's performance as well or better than instruments; but his performance fades as he gets tired. This steadiness of operation close to standards often may save raw materials, and may well save more energy than the automatic controls consume.

Such indirect savings, properly considered, are clearly economic. So, in a cold-blooded but very real sense, is safety, which protects property as well as people; any company wants to take care of both. But they may not be easy to explain in terms of pounds, shillings, and pence when, for example, an engineer is trying to justify the installation of automatic control into an existing process plant.

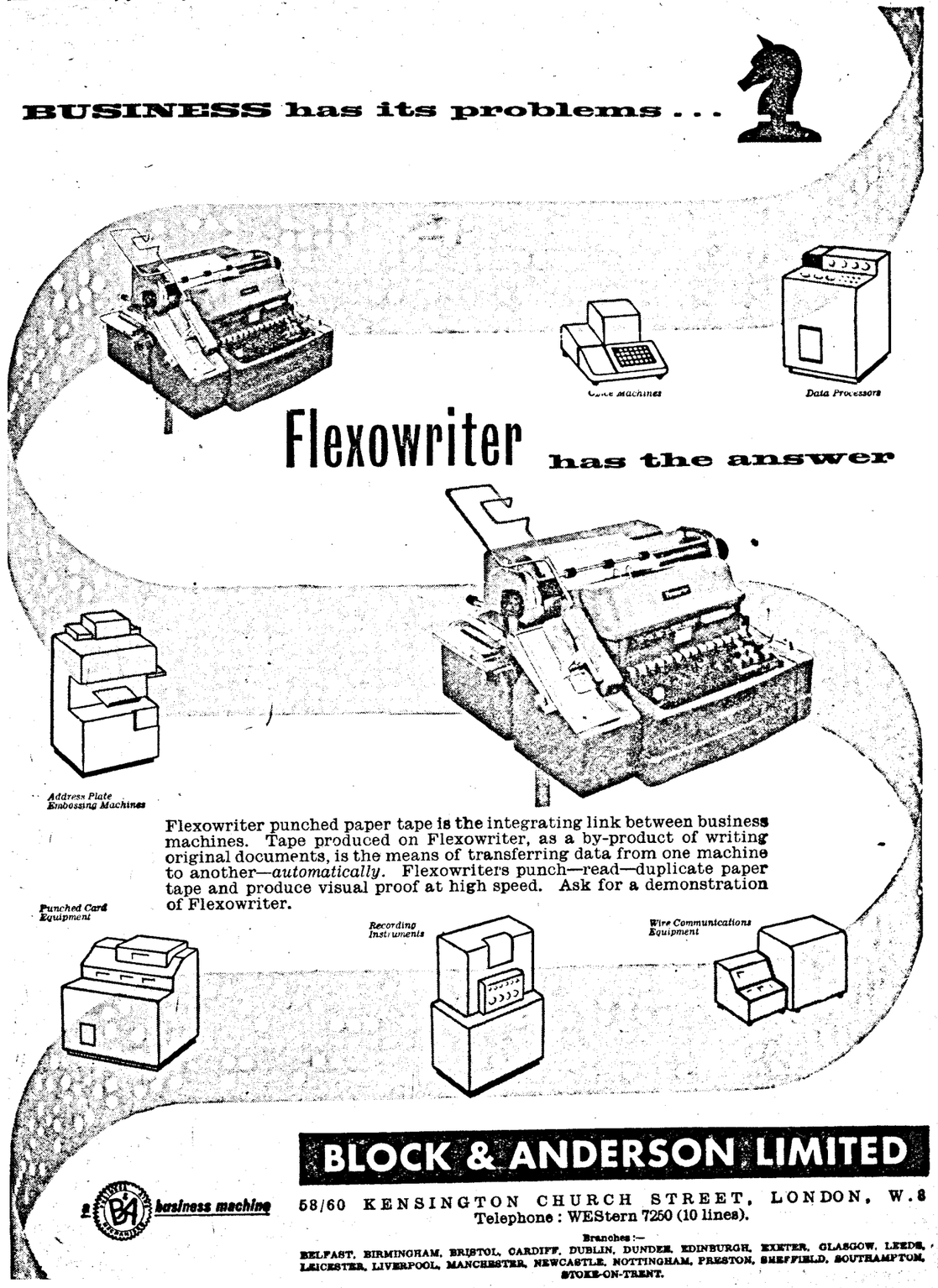
There are examples, mainly in the process industries, where certain forms of production simply could not be achieved with manual control. Certain complex operations in oil refining and chemical engineering—polyethylene is an instance often cited—require control to be maintained within critical limits at different points in such constant interdependence that no team of human operators could work together smoothly enough. In other plants, the higher speeds that automatic operation makes possible enable equipment to be worked closer to its theoretical capacity.

The Price of Automatic Plant

In physical terms, such advantages of automation might be classed as capital-saving. How far are they offset in practice by the extra investment required to make plant automatic? The answers, even from companies that count their investment in automation to be successful enough to warrant publicity, vary considerably. Automation in the Ford engine plant in Cleveland, for example, is said to have raised the total capital investment in the plant, taking account of savings in space, by about 25 per cent. On the other hand, in the process industries the installation of control instruments that are not cheap themselves has sometimes been said to have made no difference to the total capital investment, or even to have reduced it—by eliminating, for example, storage tanks between processes that cost much more than the instruments.

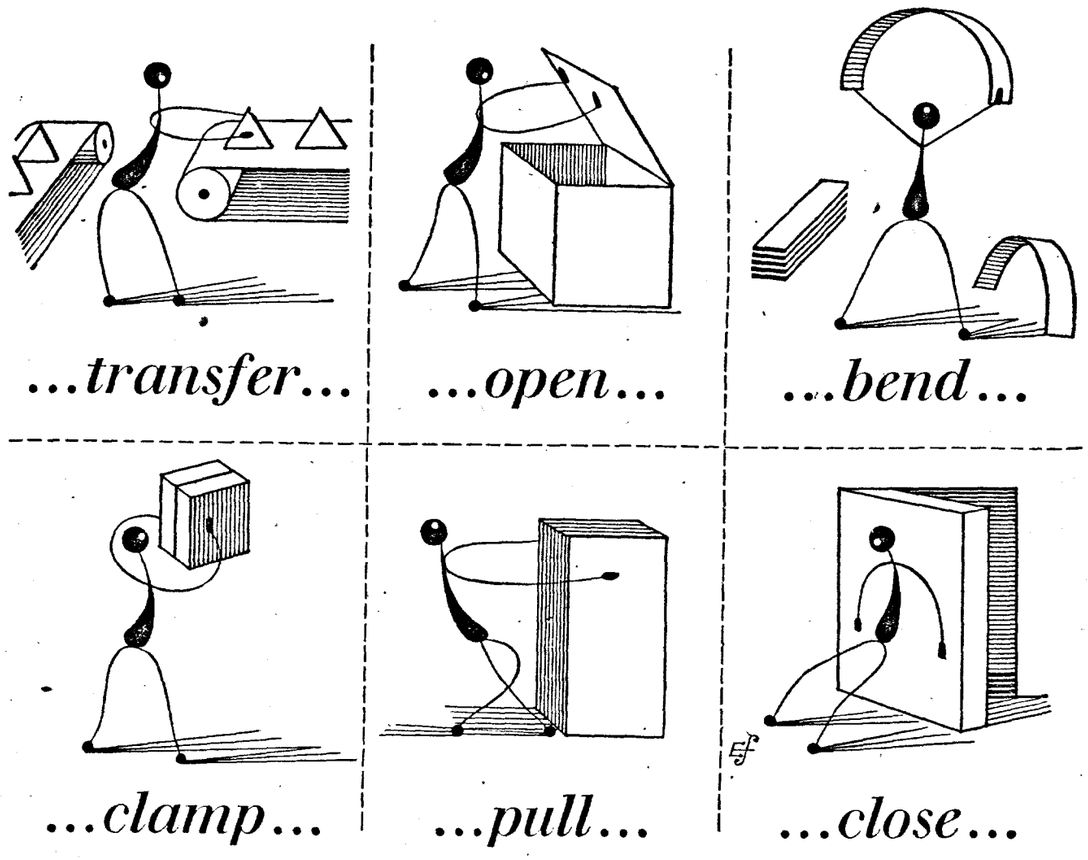
But it would be optimistic to count on such offsetting savings in the total capital cost of automation very often. Moreover, where they do occur they may be associated with the loss of flexibility that is a real economic disadvantage—though a hard one to cost—of certain automatic processes. One ought generally to allow for a somewhat higher capital investment in automatic than non-automatic processes. But very often output rises much more than in proportion, so that "per unit of output," automation is capital-saving in a cost sense too—particularly when multiple-shift working is introduced to justify the investment. In other cases, capital costs per unit may rise, but offsetting savings in other elements of cost, materials or labour, may justify investment in automation.

The main incentive for industrial investment since the



Hymatic Automation

IS THE NAME FOR MACHINES THAT



. . . roll, clean, sort, lift, turn, grasp and shelve. Hymatic Automation is thus invaluable in the automatic and selective transfer of parts from one process to the next, from conveyor to conveyor; in unloading one machine and loading the next; or in quick clamping to hold parts during machining. All designs of Hymatic Automation are made for specific tasks but are readily adaptable to others.

Hymatic Automation covers the whole problem—the design of the circuit—the machine—the means of control.

Hymatic Automation, therefore, has a place in your programme of productivity improvement.

Perhaps in your Works, too, there are jobs where it is possible for people to burn or cut themselves, strain or crush themselves, lose fingers or even a hand; or perhaps there are jobs for which you just cannot find people.

In all events CONSULT

Hymatic Automation

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war has been a growing confidence that demand will keep on expanding. The cost savings that automation offers—and in particular the savings in labour costs per unit—have presented themselves as the most economical way to meet that larger demand, often in the face of a shortage of labour. Many business men might certainly agree that it would be a worthwhile exercise in itself to reduce labour costs per unit of output even if demand were stable, if only to get more reliable performance. How much they might be prepared to invest in automation simply to do so is less easy to guess.

Come rain or fine, expansion or deflation, the installation of automatic equipment is certainly likely to cause significant changes in the nature of industrial costs. Capital charges will tend to bulk larger in total costs. Even when initial capital costs per unit are reduced by the higher rate of production, accelerated wear and faster obsolescence during a period of accelerated innovation may require higher depreciation charges. As workers directly on production are reduced, wages will be related more to the time spent in tending expensive plant than to a rate of output that they can hardly influence. More of the people in the plant may be upgraded into technical and minor management jobs that carry salaries; and the guaranteed wages or severance pay that trade unions may be able to wring from management as the price of labour's co-operation will tend to blur the distinction between a wage and a salary. Even the labour costs of an automatic process, therefore, may tend to become much less variable with output.

Investment in automation, almost inescapably, therefore, tends to be investment in stability of output, employment and demand—at least over the life of the equipment. This need for stability may be offset by the technical flexibility that it may later be possible to achieve by building alternative product mixes and designs into a plant or factory that embodies automation, but not wholly removed. This sets two alternative limits to the degree of automation that any given company can afford. Either one must be able to assume steady demand—as one can, perhaps, in industries such as flour milling, or in companies making standard engineering components that change very seldom—or automation can only be chosen if the cost advantages it offers are so great as to allow the equipment to pay its initial cost off faster. Such economic factors associated with automation, as well as technical considerations, do suggest that its effects upon output—and on employment—may be concentrated in particular sectors of the economy.

Will It Hurt?

Changing Men's Skills

"The machine had about 80 drills and 22 blocks going through. You had to watch all the time. Every few minutes you had to watch to see everything was all right. And the machines had so many lights and switches—about 90 lights. It sure is hard on your mind."

MR TYLACK, a 61-year-old job setter, who after 27 years in a Ford foundry machine shop found he could not stand the pace on a new transfer machine, had met automation at first hand. Not many workers, even in the United States, really have; but throughout the world the idea of automation "sure is hard" on workers' imaginations. Major savings in labour by automation, clearly, are technically possible. But they are commercially feasible only when they offer a cut in total production costs. It is from this perspective, and not through rosy (or menacing) clouds of theoretical possibilities, that the probable impact of automation should be assessed. And it suggests that there are two main fields within which its effect, certainly on the kind of employment and possibly on the numbers employed, might be significant in one way or another—on the factory floor in manufacturing, and in offices throughout the economy.

Manufacturing in Britain accounts for about 40 per cent of the country's employed population. Within it the groups where automation is already advancing and may be impending are a substantial but not very large slice. Oil and chemicals together employ only about 6 per cent of the manufacturing labour force; but other process industries, if one includes those in the building materials, food, and packaging fields, would probably add another 10 per cent; and metal manufacture another 6 per cent. The motor industry, where in Britain automation is already fairly advanced considering the present scale of output, employs some 500,000, and electronics, where it could arrive rapidly, perhaps 200,000 people—together another 8 per cent.

Many of the two million other people employed in electrical and general engineering are employed on capital goods and jobbing work where the scope for automatic control of production is much smaller, but automation might be expected eventually to be possible in some proportion of the firms in the metal-using industries that produce components and small metal sub-assemblies. The number of people in industries where automation might significantly affect total employment on production—not the number whose employment would in fact be affected—might thus be close on 40 per cent of manufacturing labour; perhaps 15 per cent of the people employed in Britain.

These are the industries in which automation offers significant savings in cost and will promote changes in the labour force. It does not follow that it will cause significant cuts in their total employment. The effect of automation on labour is often pictured as a comparison between say 10 men producing a given output with existing equipment, and a new automatic process that will produce the same output with only one man to supervise it. A displacement ratio of this order is not impossible, though it is seldom achieved in practice. Even when it is, the comparison ignores the manhours spent in redesigning the process and in designing, producing, programming, and above all maintaining the new automatic equipment.

Moreover, there are two ways of reducing labour costs: producing the same output as before with less labour, or using the same amount of labour to produce more output. So far, automation has almost always been installed to produce more. In many cases it would not be economic

except at higher production rates — which often means employing as many, or almost as many men as were employed before. Moreover, automation is likely to affect only certain departments. One may cite the experience of the Ford company in the United States, where automation has been carried as far as anywhere in engineering. Out of the company's 146,000 hourly workers in 1955, no more than 10,000 were employed in the plants where automatic production lines were installed.

Some 30 per cent of Ford's production workers were, however, employed on assembly, and if the experience of the electronics industry in redesigning products for automatic assembly can be repeated in other areas, the effect on labour could be much more significant. In the American electronics industry, automatic assembly, when it has been applied, has apparently brought striking reductions in labour costs per unit—but during a period in which the total output of television sets has been increasing, so that employment has not declined in full proportion.

This year's redundancies in Detroit—and in Britain—have been because the industry has been unable to sell its cars at the rate for which it planned its production facilities, not because of automation. Clearly, investment in automation equipment calls for more critical assessment of the sales forecasts according to which the installation can be expected to pay off. But it is in the interest of management, as well as labour, to use such expensive equipment at its optimum rate as long as possible.

Computer versus Clerk

There are roughly 2½ million clerks and typists in Britain spread right across the economy. Many are in manufacturing, so the two totals of workers in sectors where automation may soon arrive overlap to some extent. In the few places where computers have so far been introduced, particularly in the United States, their introduction has not interrupted a steady rise in the office labour force. The introduction of punch card systems and other office equipment on a large scale during the last decade in both Britain and the USA has coincided with a rapid rise in the number of office workers. These are encouraging trends for the office worker who fears that the machine may take away his livelihood, but it is rather too early to be confident that they will continue. The productivity of routine office workers can be increased immensely by large-scale data processing systems. If the initial cost of computers can be cut, and if the bottleneck now caused by the need to translate all the original data manually into the punch cards or punched or magnetic tape that the computer can cope with, can be eliminated, a very considerable degree of labour-saving might become practicable in the office.

These are the points in the economy where automation may offer significant savings in labour—which could be taken out in cutting employment, raising output, shorter hours, or some of all three. What of the effect on the individual men and women concerned? Will all of those displaced from their present routines and skills be able to fill new vacancies that may be offered in their stead?

Within the metal-using industries the skilled man most affected by automation is the skilled craftsman who sets up and operates machine tools. His work has already changed in important ways during the last two decades with the development of standard automatic lathes, milling and boring machines and other faster single and multi-purpose tools. In cases where automation has arrived his place will

be at the control board, supervising a series of operations where his former tasks are carried out automatically.

More Skill or Less?

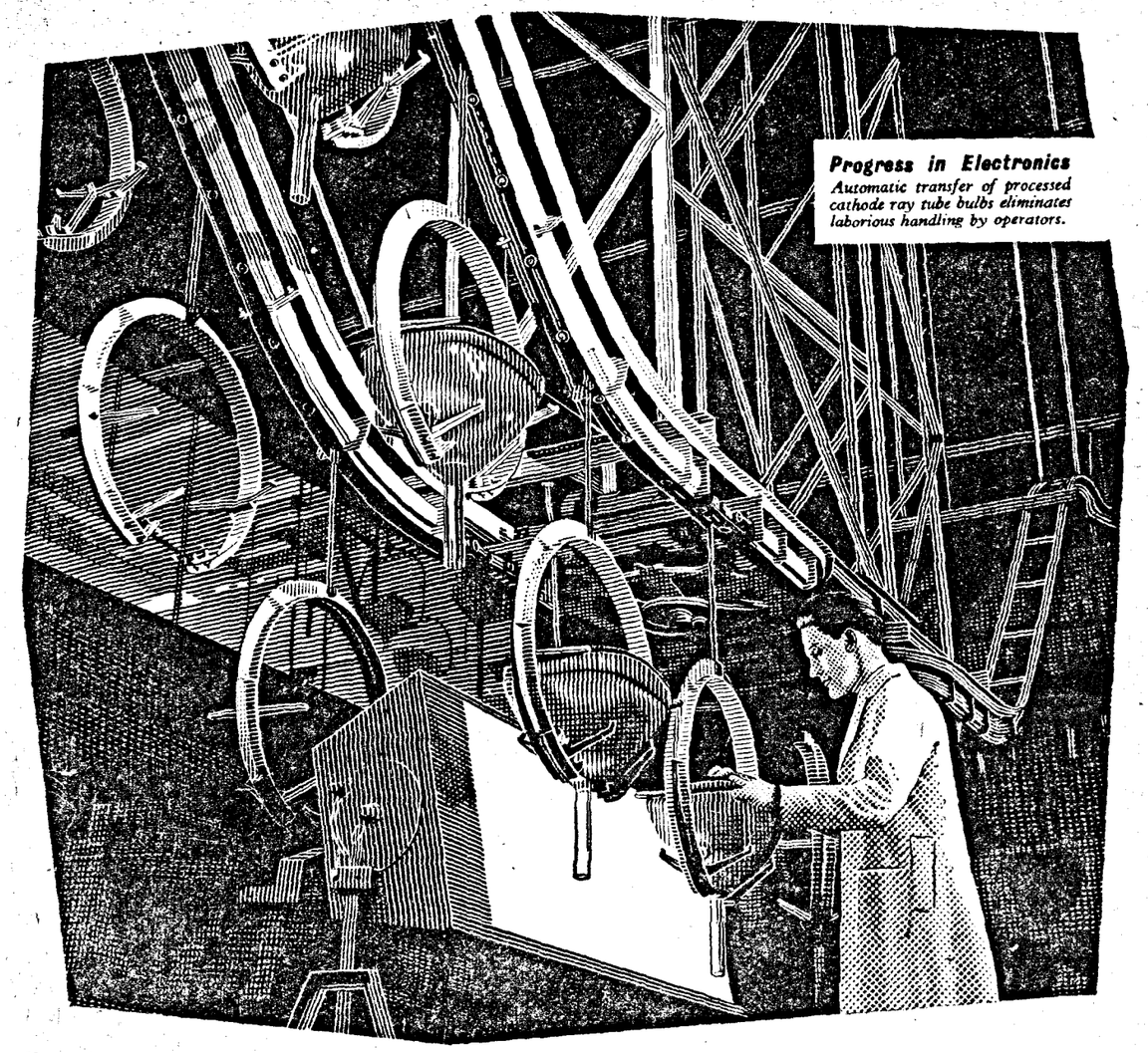
Whether these new tasks call for more skill or less is a moot point. The machines will have taken over much of the craftsman's manual dexterity. They certainly place on the fewer remaining operators the heavier responsibility of controlling a much larger and faster series of operations. The supervisor of a huge automatic tool or of a large distillation process appears to do little but watch a bewildering proliferation of coloured lights and dials on his control panel and, in machining, occasionally to replace tool bits according to a maintenance schedule. But if something goes wrong he must take immediate action; a breakdown will cost far more than it used to. In the experience of most companies, provided that a comprehensive re-training course is given to skilled machinists and foremen, this changeover to the new forms of skill, or of patient alertness, can be made fairly smoothly. But the older man, who is faced with a change of this sort quite late in his working life, is likely to find the strain of adapting to the new machine a heavy one.

Demand for electricians and maintenance engineers of all sorts seems certain to increase as control mechanisms become more complex to instal and repair. How far the extra demands of automatic machinery on maintenance men may offset cuts in production workers, and how skilled the extra maintenance men need be, is difficult to assess. The maintenance of actual control systems may well require a higher standard of skill, but "planned maintenance" of the mechanically operated automatic machinery—which reduces the need for diagnosis by the maintenance men—can be carried out by not very skilled labour.

The extra technologists and technicians required—systems engineers and designers, and perhaps mathematicians—can be met only by higher education and professional training. Though they are not wholly encircled by trade unions, these professions for the most part cannot be entered in mid-career. The only way in which the new balance of skills can be achieved is by training more of the students and apprentices of today to be the technologists and technicians for tomorrow's automation.

But for the unskilled and semi-skilled—and for older people less able to learn new tricks—automation does raise more real fears. Unless these types of worker can learn enough new skill to tend automatic machines or do the simpler maintenance jobs, there seems little doubt, they will have to drift out of the factories in which automation has come. First, they may gravitate into less automatic factories in similar fields: later, perhaps into industries in which automation is making least headway—in mining, transport, distribution and service trades of all sorts. If total output is rising in the economy—and it is unlikely that much progress in automation will occur unless it is—more goods will have to be moved and sold: moreover, there seems little doubt that the demand for services will continue to rise.

It would be painting a falsely rosy picture to suggest that the semi-skilled labourer or mediocre clerk who has not the mental capacity to re-train for more demanding jobs will be able to hold his place on the job ladder. The displaced office worker may be as well paid elsewhere, though with less social prestige. But the unskilled worker in a production shop, is at present, for various reasons, exceptionally well paid. That makes him expensive to use—and liable to be displaced by automation.



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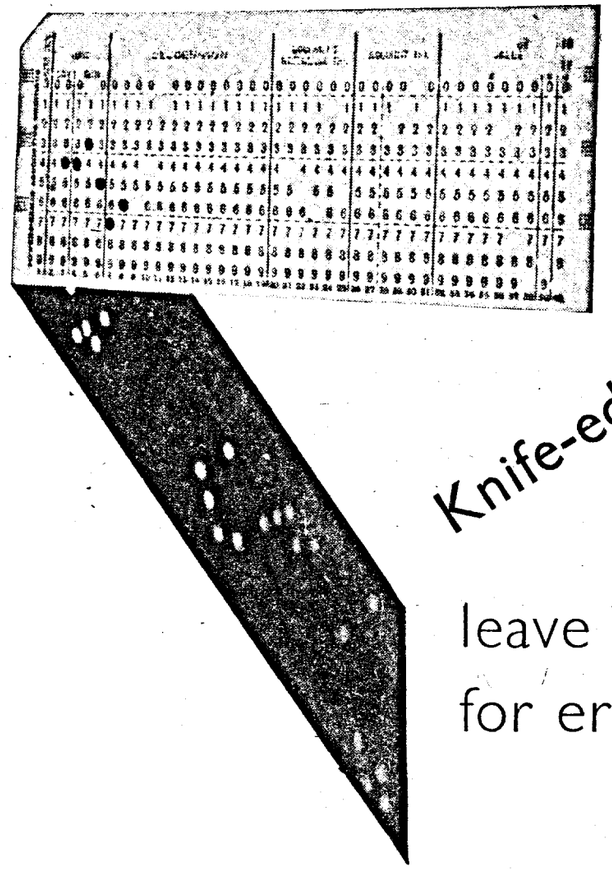

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Automation for Success

AUTOMATION is an emerging and rather special kind of technological change. And technological change—innovation plus the fuller application of improved techniques—is the prime mover of further growth in a mature industrial economy such as Britain's. Since the war it has contributed to a sustained growth of the national income that has been faster than at almost any other time this century. But if such a rate of expansion is to be kept up, on the average of good years and bad, technology—including automation—will have to contribute yet more in future.

Now it is fairly clear that the working population in Britain cannot go on expanding as fast as it has since the war—about 5 per cent in the last seven years, for example—for very long. The population of working age, between 15 and 64, is indeed likely to have grown rather less than the total population in 25 years' time—though for a period in the sixties it will be rather bigger in relation to total population than it is now or will be in 1980. On the other hand, the labour force has recently been growing much more than calculations about those age groups would have suggested, mainly because more women have been going out to work. It might be fair to guess that the actual number of people in jobs might rise as much as total population or indeed slightly more: in 25 years' time it might well be 5 per cent higher. That means an average annual rise of only about a quarter of one per cent per year over the long haul, though in the earlier years of the period the growth will certainly continue a good deal faster than that.

The recent expansion in "gross domestic product," it should be noted, has been based on a much more rapid growth of output in industry and, in particular, in manufacturing, where output rose between 1948 and 1955 by almost exactly 5 per cent each year. This is the dynamic element in national output: its remarkable rate of growth has come mainly from a rise in productivity per head of about 3½ per cent each year, but also from a rise in its labour force of about 1½ per cent each year, which is a good deal faster than the working population as a whole has been rising. Manufacturing has been drawing in people from other industries and services.

Almost certainly the main impetus in economic expansion must continue to come from manufacturing, which is certainly the sector that offers the widest front for technological advance. But it can no longer count on a growth in its labour force at the recent rate. The question therefore seems to be not whether automation may displace large numbers of employees from manufacturing, but whether it can make up for a much slower rate of growth in the labour force of this industrial group.

The Arithmetic of Optimism

If expansion of national income of the order of 3 per cent a year should "require" a rise of 5 per cent yearly in the manufacturing section of national output, the arithmetic is simple. Even if automation meshed in with other technological change to offer an average rise in productivity in the manufacturing industries of about 4½ per cent per year, much more than has been achieved recently, then these industries would still need to increase their labour force more than the average to support economic expansion at its recent rate—taking in some of those clerks who can't stand up to the computer? Five per cent per year from technological change—right across manufacturing—certainly, would offer the desired support for total economic expansion with no increase in the manufacturing labour force beyond what it is now: and if any enthusiast for automation likes to bid six per cent a year, then one might have to reckon with a decline in manufacturing employment of about one per cent every year—or double the standard of living in 20 years, not 25. Somewhat slower rates of total growth might be all that Britain could achieve in practice—in which case the great improvements in manufacturing productivity which automation may offer might leave some slack in the manufacturing labour force. But the working week today, held up by overtime, is as long as before the war. Some reduction in working hours—since overtime is less useful on the shift work that automatic equipment may require—is surely on the cards in future.

Moreover, the rise in their combined productivity that the British manufacturing industries as a whole have been able to achieve, 3½ per cent, has in its turn derived largely from much faster increases in productivity in industries such as chemicals and oil, paper and printing, and the engineering group, and from transferring labour to them from industries where productivity has risen more slowly. The achievement of much higher average rates of growth in manufacturing as a whole postulates much faster growth yet in such industries.

The Price of Productivity

The crudest arithmetic of current trends in economic growth, therefore, seems to offer automation plenty to do without throwing workers on the scrapheap. Such mechanical extrapolation should not be pushed too far, and in a non-technical journal there is no use in taking it beyond the broadest of industrial groupings. But in the present anxious ferment about the displacement of labour through automation it does perhaps offer an idea for a piece of what might be called "public relations research."

It is an open secret that a body of official economists and statisticians have recently been engaged in an exercise or, the "long term prospects"—taking 5-10 years rather than 25 as "long"—for developments in the major sectors of the British economy and what these might imply. There has also recently been no obvious shortage of eminent scientists and technologists in these main industrial fields willing to prophesy about technical change. The linking of what productivity the technologists expect will—not "could conceivably"—be achieved, with how the economic pundits expect the main industrial groups and the labour available to alter in size, might offer some broad guesswork about employment trends in future which could be no worse, for example, than that in which the Ministry of Labour was indulging a few years ago. This might be an exercise for the Government, the FBI, or the TUC: if it were clearly an honest job within its limits, it could be politically useful.

Such a survey would need, as this pilot one does, to be equally honest about the fact that if automation need not throw workers on the scrapheap, it will certainly need a

lot of them to change what they do in their jobs, where they work in their industries, and for some of them the industries and areas where they work. The price of steadily increasing comfort for most people, on these optimistic economic ambitions, would be, at any time, considerably increasing discomfort for some; for everybody, perhaps, more change during their working lives than they might choose. This is a real cost, which will have to be paid if Britain is to hold the pace of technical advance that its competitors certainly will; some monetary elements in it might well be repaid to the individual. Unemployment and retraining pay more realistically geared to current earnings, severance pay, transferable pensions systems—all require study by the Government as well as employers and trade unions. Britain does not need to follow Russia with a Minister of Automation; but it could well do with a Minister of Labour Mobility.

This optimism about fitting automation into Britain's hopes of economic growth is not in any sense intended to scout deeper questions about whether these hopes are practicable: first, the big question whether such a rate of growth can be achieved in such a way as to pay Britain's way internationally, and secondly the interlocked and hardly smaller one whether it can be achieved without a debilitating rate of internal inflation. Automation will only be worth having if it can help answer those questions, but it is only part of the answer: and if Britain cannot afford such a rate of growth, it will probably not be able to afford much automation either. The same applies to the possibility of a slump that is always there to hedge every economic bet. But if these things happen, in the short run we are all poor anyway.

Automation, admittedly, displays some tendencies that will take ingenuity to fit into Britain's future. In an economy that must always be more widely deployed in the world than the American or the Russian, serving always a broader variety of customers to earn its living, some of the dinosaur engineering of Detroit will never be worth while. Against every mechanical advance in productivity the British engineer will have to reckon flexibility more than his American counterpart needs to. But it is perhaps not too much to hope that he will display some ingenuity in doing so. Every highly industrialised nation—Germany as well as Britain and America—will have to reckon its own advantages and disadvantages in making use of this chance of much greater productivity. But it is a fair guess that none of these nations will be able to compete without it, and that Britain's major competitors will certainly stay in the forefront of technical innovation.

Obstacles to Automation

What are the main obstacles to Britain's staying in the front rank, too? First, perhaps, the fears of trade union rank and file, and to some extent the structure of these unions. As regards automation, the restrictive practices of labour are more hampering than the restrictive practices of business. Demarcation lines between skills that need to be merged or changed, the instinct to featherbed a new machine with men left over from jobs that die, the levelling process of the general unions that cuts down the value of skill, the age limits on entry into skilled trades and sometimes the unrealistic apprenticeship ratios—all of these, as sensible men in the unions know, clog technological drive. The constant pressure for higher wages which, sensibly applied, is the proper business of unions, does not; indeed, it plays an important part in driving management to accept even more efficient machines, and in offering industry the expanding demand that makes heavy investment worth while.

Obstacles from the side of management, in a period of economic growth, may impede automation less. Cartel arrangements are used less in a climate of economic expansion, whether or not official disapproval and investigation discourages them. And business concentration cannot at present, in all honesty, be said to be holding back automation in Britain; it is mainly in the concentrations that one finds it, or its earnest missionaries, because bigger business has the pick of the technological talent and has caught the taste of innovation. It is difficult to avoid the suspicion that bigness and automation, in practice, may develop together.

One may regret that not many industries in Britain are big enough for competition between giants, and hope that many smaller businesses will apply automation more ingeniously, though a good deal of what is said about this is soothing syrup. One of the areas of small-scale enterprise that could obviously affect the rate of automation is the instrument industry itself. A few years ago, this industry had some major weak points in research, and was perhaps overreliant on its customers' ideas. Today, it is more strongly based, scientifically as well as commercially; indeed, the need is perhaps for more capital and business acumen to buttress a few of the liveliest companies. The machinery industries, again, are devoting less attention to automatic control than some of their foreign competitors.

Training the Talent

But immeasurably the most important brake on automation and the other technological change Britain needs to keep its place in the world lies in training the talent. There is no need to repeat the flesh-creeping figures of Russian output of scientists and technologists, or to suggest the emulation of America's massive output of fairly well-educated human beings. These are the constant refrains of the fifties, and perhaps they are being plugged hard enough. They remain inescapable—and incidentally much truer, in any sense that matters yet, than that insidious argument about automation being much too complex for more than a fraction of the population to cope with.

It certainly seems likely that industries in which automation plays an increasing part will have less and less use for the person who cannot hope to be more than an unskilled labourer. These people must expect to be sifted down into less demanding occupations, and at best to benefit less than the average from any general rise in the standard of living. But educational standards in general ought to rise over the years, making fuller use of the nation's reservoir of intelligence: is the standard required for employment in industries using automation likely to exclude so large a proportion of ordinary people?

The technologist may claim that it is conclusively proved that not more than 20 per cent of the population have the intelligence to become technologists (to which the response of the average sensual man is liable to be "Goodness, isn't that enough?"). It will perhaps be time to worry about that when Britain is training all the young people who have the intelligence to achieve that honour—saving a few to interpret their esoteric languages to the stupid rest of us. It will require the common intelligence, the human understanding and the *nous* of many men outside the laboratories and workshops to make technology, and the automation that is the latest of its advances, the basis of Britain's future.

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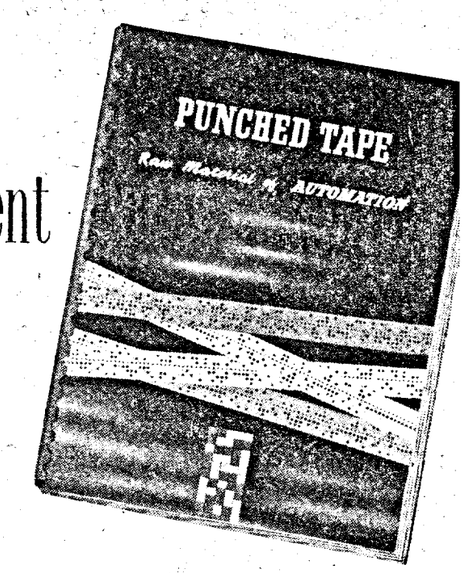

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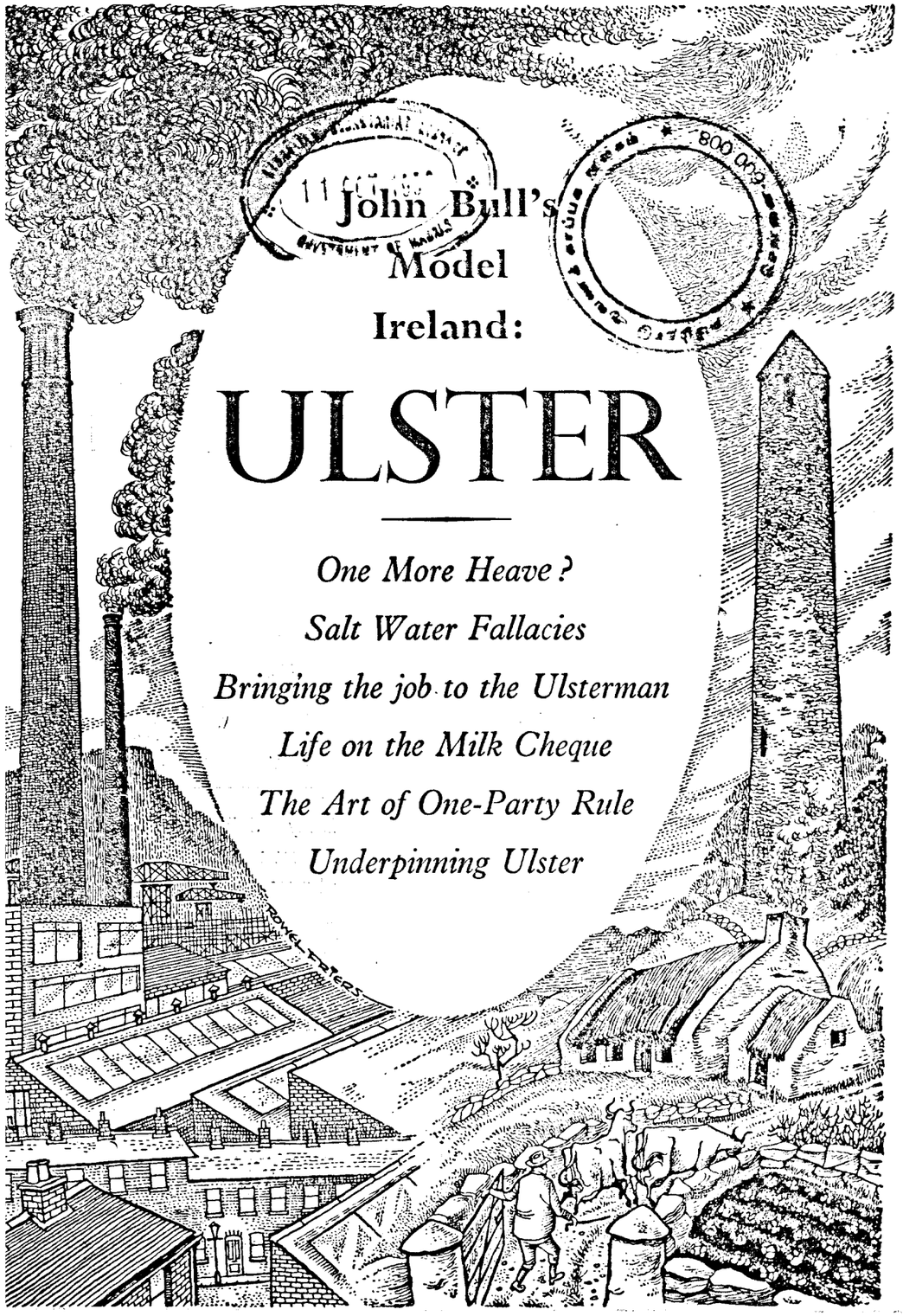

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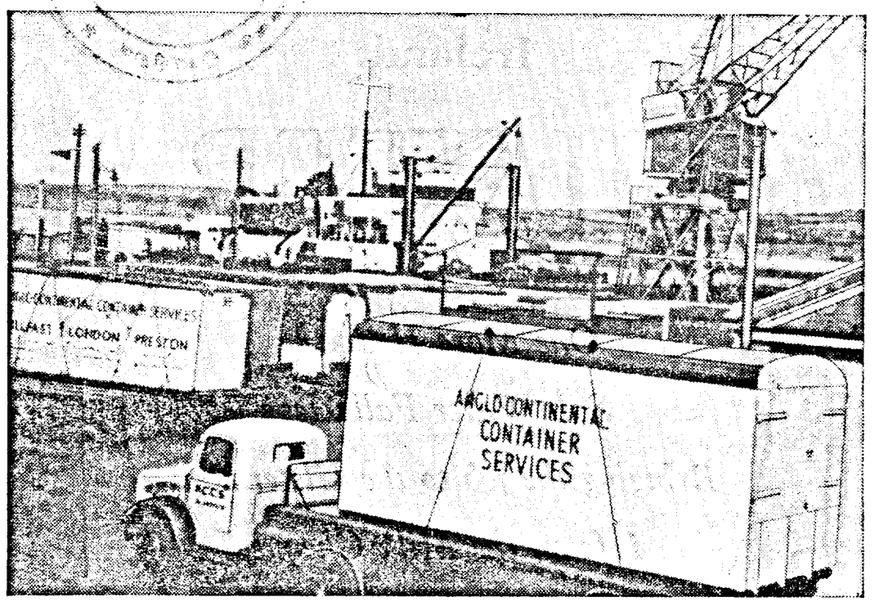

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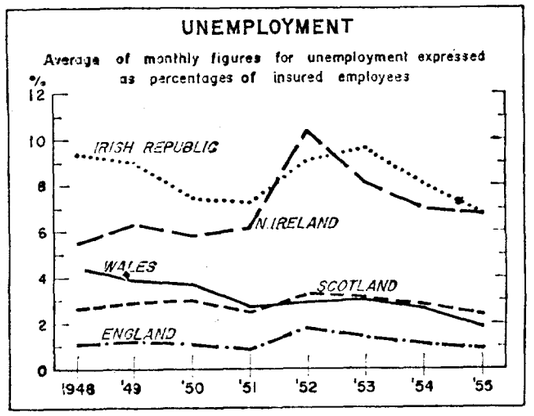
One More Heave?

As the Irish Republic faces the prospect of a declining population and cuts back its imports to meet an economic crisis, Ulster anticipates an increase in its population of ten per cent by 1979 and has formally been exempted by the United Kingdom Treasury from the credit squeeze. The only welfare state benefit which Ulster people do not share equally with English, Welsh or Scots is legal aid—and Ulster's thousand pulpits could not but oppose subsidies for divorce. In other benefits, whether for unemployment, health or education, Ulster is nearing parity with Britain—the school-leaving age goes up next year ; where facilities lag behind United Kingdom standards, the leeway is being made up by the British taxpayer. Wage rates are mostly maintained at mainland levels by the trade unions whose headquarters are in London. It has been necessary to put a pale round the province to keep out job and welfare hunting citizens of the Republic in the form of the Safeguarding of Employment Act.

Never, in fact, did the border divide two ways of life so satisfactorily to Orangemen as today. For twenty years Ulster stuck to the British connection when there seemed little but the dole and neglect to show for it. Now Orangemen can work up the argument that not only would freedom of religious conscience be forfeit if the Unionist party ever lost an election, but half the wages packet and freedom from doctors' bills as well. It is true that between 1946 and 1950 Unionists opposed at Westminster, in loyalty to the Tory whip, socialist measures which subsequently Unionists at Stormont, out of loyalty to the Imperial Parliament, voted for. But then Unionists opposed home rule itself ; when they duly discovered that so far from encouraging separatism, it necessitated keeping in close step with Britain, they realised its merits. So with cradle-to-grave social services: a thing so repugnant to the Catholic Hierarchy cannot but find favour in the eyes of even an old-fashioned non-conformist Ulster radical. And now that the Republic is forced to tighten its belt in step with Britain, while Ulster is free to continue priming the pump, the cup of Northern Irish pleasure is nearly full.



But not quite full—for Ulster's unemployment, at 6.8 per cent, conforms to the Irish rather than the British level. After thirty-five years under home rule, Ulster, it is claimed, is really beginning to bear comparison with the other parts of the United Kingdom; the formula, "equal burdens, equal benefits," is bearing fruit in a new buoyancy. New industries, diversifying the traditional pattern of "linen and ships," have created over 30,000 new jobs ; the impact of the social services may be measured in the death rate, which by 1955 was down to 11.1 per 1,000 compared with 11.7 in England and 12.6 in the Republic—and 15.4 in Ulster in 1923 ; the rate of house building exceeds that of Britain. Yet full employment does not go with these things so far. For a country which between the wars had an unemployment rate of 20 per cent, the present level of 6.8 per cent, however, does not look unduly discouraging. On a working population of 470,000 it amounts to not much more than 30,000. Would not one last heave—perhaps by the attraction of four or five large British or American firms—sop up this puddle of joblessness for good and all ?

Ulster, however, is not a development area nearing its full complement of new factories. To think of it in that light is to misconceive its economic problem. Besides being the remotest British province, it is also a state—and a state whose whole policy turns on the determination of the majority to remain part of the United Kingdom and separate from the rest of Ireland. It is true that Ulstermen do not think of it as a state. Belfast has not the air of a capital, as Dublin has—elegantly and authentically. Belfast is all too grimly a British industrial provincial city, with a parliament house in bad taste unconvincingly set in a suburb at the end of a trolley-line. And this is exactly what the Ulsterman wishes it to be—a provincial centre. London is his capital. But Ulster is a state nevertheless—even if a state within a state—determined to preserve itself. To the dominant Protestant majority, remaining part of the United Kingdom means paying the same taxes, obeying the same laws, possessing the same liberties, fighting the same wars, receiving the same social services and enjoying the same standard of life as any other six counties of England or Scotland. Remaining separate from Ireland means not only remaining the majority, but also means being strong compared with the south, not depopulated. There must be enough Ulstermen, both as voters and as "specials," to vote Ulster British and keep out the IRA. The difficulty is to achieve both these objectives, since in strict economic terms they are contradictory. Either you can have the standard of life—which means full employment—*or* you can have the population. But not, in a fringe province, both.

The effort made in the last ten years to jack up the province's standard of living is not however a by-product of postwar British social policy. It was a political necessity. It was possible to tolerate the big lag in Ulster levels of employment, earnings and amenities behind British before the war because jobs on the mainland were hard to get by anybody ; it became risky when too many jobs in Britain were chasing too few English workpeople. Too many Ulster Protestant voters might have joined the chase. But to raise standards to the Ulsterman also means raising costs to the Ulster industrialist, and perpetuating the shortage of jobs that drives the Ulsterman abroad. Ulster, enjoying full British standards, cannot agree to find its own level in the British economy like the Scottish highlands. Its policy is to seek from Britain not merely "development area

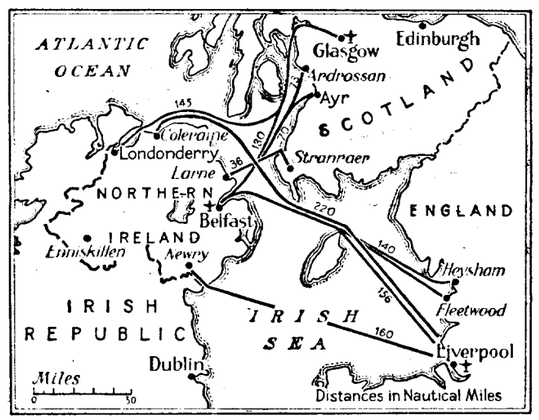
treatment" but a broad range of financial and economic adjustments which will give full employment in Ulster at British living standards for a rising Ulster population.

Almost from the first days of devolution Ulster politicians have pressed Britain for such adjustments. The most important step was taken in the twenties in the change of the role of the "imperial contribution"—the agreed proportion of Ulster's revenue earmarked as Ulster's share in shared United Kingdom overheads like defence. Clearly if taxation is uniform, and the imperial contribution forms a fixed proportion of national overheads, the balance of Ulster revenue may fluctuate and may be inadequate to provide services in Ulster of the same quality as in Britain. This was originally envisaged; but it was not long before the formula was stood on its head—and for many years the cost of Ulster services has been the first charge on Ulster revenue, and the "imperial contribution" has become a residuary item, which has at times fallen near zero, and (as a separate analysis shows) is more than offset by other payments from Britain to Ulster.

The principle has in fact been tacitly accepted that Ulster can be a deficit or "subsidised" area. The real problem raised by the rate of unemployment is not whether one more heave will end it, but whether it can be ended at all; what measures, at what cost, can so neutralise the province's natural disadvantages that both the indices which Ulster politicians must watch—the rate of unemployment and the rate of emigration—will drop towards safe levels.

Salt Water Fallacies

ULSTER'S economic handicaps are not easily to be overcome. Its main if not the only indigenous source of wealth is its grassland fed by an abundant rainfall. Its location is a handicap to the growth of industry based on resources drawn from elsewhere, and its small population—2.7 per cent of that of the United Kingdom—provides too limited a market for industries to produce for local use, other than building. In 1935 half Ulster's output of manufactures was for export compared with a quarter of the United Kingdom's. Linen and shipbuilding incurred no competitive disadvantage in the cost of delivery of the finished product (1 per cent on the value of linen), and in raw materials linen was partly, though decreasingly, based on a home grown fibre, while the shipbuilding industry was able to arrange that steel should be delivered to Belfast at the prices ruling at other shipyards in the United Kingdom. Linen and shipbuilding fit well into Ulster's economy—linen in the country districts provides work for rural female labour, and in the Belfast area for the womenfolk from households whose main breadwinner is in shipbuilding or engineering. But it was Ulster's misfortune (and still is) that linen is a luxury article and ships are capital goods—the demand for which is liable to periodic slumps. Both were hit by the recession in 1952-53.



Other industries have been attracted naturally to Northern Ireland, but they have a narrow range. Other textiles assort well with linen, using much the same skills and often similar processes; and the transport disadvantage is also little more than that experienced by linen. Cotton textiles, which can import their raw material direct, probably add no more than 5 per cent to their cost through transport. The manufacture of carpets, both for export and the mainland market, is also favoured to some extent as it can import wool direct. Processes based on textiles, like tyre fabrics, can also stand the transport burden; so can some light industries producing goods whose value is great in relation to their bulk and cost of raw materials, and a large proportion of whose output can be shipped directly overseas. All these, of course, mainly employ female labour; and the favourable labour cost indeed may permit them to operate in the rural areas despite the high cost of Ulster road transport. But it is far more difficult to attract the heavy industry which employs men; it must be able to follow the example of BTH at Larne, which will export heavy alternators overseas. Country towns suffer from male unemployment; which however is persistent for more reasons than the purely economic. "Are you married—or working?" is the unkind question asked of men in Londonderry; but the balance might be restored if the breeding of whippets could be put on a regular commercial basis.

Nor are the prospects for the expansion of Ulster's established industries very hopeful. Shipbuilding is confined to a single firm—Harland and Wolff—and capacity is booked far ahead; but it is not very likely to employ more men—indeed the switch from liners to tankers involves the redundancy of craftsmen in the fitting out trades. The linen industry shrank steadily between the wars and the decline recommenced in 1951. Founded on cheap labour and cheap flax the industry now enjoys neither, and though the fabric itself is unrivalled for many purposes, it also now has many competitors. It suffers from an archaic wages system, although this problem is being tackled; labour turnover is high. It is often alleged that it ought to re-equip faster, but linen looms, unlike cotton and other looms cannot be easily modernised, and much of the modern machinery lately installed produces poorer cloth. Experiments with the mixing of linen with other fibres were disastrous and did great harm to Irish linen's good name. Linen, in fact,

must stand on its own, as something unique. This requires research not into blends, but into improved quality, methods and wider uses in industry than clothing or napery. To hold its consumer market good and determined publicity is vital. In fact both research and publicity are inadequate; firms are out of date, managements tired. But when a firm is efficiently run and its linen imaginatively marketed it often finds difficulty in coping with the press of orders. It may be that the industry is now nearing bedrock; but competition from the Continent, where more scientific research is being done, promises to become troublesome, and it is not easy to feel great confidence about the future.

Every attempt to broaden the range of industry in Ulster thus comes back in the end to transport costs. How serious is this today, quite apart from the cramping effects it has had in the past? No single measure or index can be offered; and special rates are legion and secret. The Irish sea involves Ulster firms in both direct and indirect additional costs. The direct cost is the sea freight, in which the cost of loading and unloading at the docks may be the most serious component; it is paid both ways—on materials inwards and goods outwards unless the latter are for export. Sea freight requires, in addition, heavier packing, which puts an extra cost on materials and sub-assemblies inwards and goods outwards—unless for export. Additional indirect expenses are the losses incurred in breakage by dock handling. Another, perhaps the most important of all, is the delays caused by shipping. Delays are costly enough in Britain; but there is the alternative of road and rail, and individual firms can run their own fleets of lorries to any part of the island if marketing conditions make it advisable. Except in the rare cases when it can use airfreight, the Ulster firm is at the mercy of the shipping bottleneck. There is, too, a certain managerial disadvantage in operating a branch factory so far from the mainland.

The cost of the sea link, moreover, is raised to Ulster by the inefficiency of port facilities. At Heysham, for example, sidings are inadequate and the hold up of trucks may make it longer to deliver cloth to Burnley than to New York. Dockers work so slowly that only 600 tons can be loaded on to ships of 1,500 tons capacity; even before the war they could load only 1,100 tons. Knocking off on Saturday afternoons for football often means that goods loaded on Friday night in Belfast return to Belfast on Monday morning before being offloaded finally in Liverpool on Tuesday. Freight rates tend to be raised to Ulster by rates agreements between Coast Lines and the Transport Commission. There is also solid reason to believe that profits by merchants in the coal trade are higher than those ruling in Britain.

All this is the natural result of a lack of competition. Competition is, however, now provided by the cross-channel container and vehicle ferry services between Larne and Preston; but they are still relatively dear, except for goods

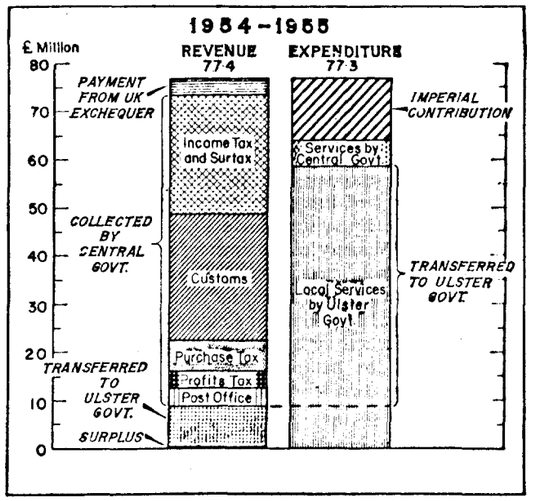
Finance Under Devolution

THE accompanying diagram illustrates the "federal" system of Ulster finance. On the revenue side, the Central government in London collects nearly 90 per cent of the taxes, direct and indirect and at United Kingdom rates—only the remaining taxes, described as "transferred," which are collected by the Ulster authorities can be varied locally (and are—for example, estate duties are lower than in Britain). In addition to the taxes collected in Ulster the Central government adds from the United Kingdom exchequer a small sum, treated as a receipt by Ulster, to equalise the cost of the social services, which cost more to apply in Ulster conditions than in Britain.

On the expenditure side, the Central government retains from the 90 per cent of the Ulster revenue which it collects (*a*) an amount to pay for Ulster services run from London—such as the post offices, the Supreme Court, etc., and (*b*) the "imperial contribution" which is the amount agreed between the two governments as representing Ulster's share of defence and other United Kingdom overheads. This sum is in theory agreed by the Joint Exchequer Board, which, however, meets very rarely; and its procedure is obscure. Less these sums, Ulster receipts are handed back to be added to taxes locally collected to meet expenditure in Ulster.

But this equation does not include all transfers between the governments. There are agricultural and food subsidies which in 1954-55 amounted to about £10 million, but are now less; and the tax on undistributed profits of British companies owned by Ulster residents must be added. Professor C. F. Carter of Queens University calculated that these sums, with the exchequer contribution, amounted in 1952-53 to £21 million against an "imperial contribution" of £19 million. In 1954-55 the imperial contribution of £12 million was similarly offset, and perhaps negative also. In 1956-57 the imperial contribution is also estimated at £12 million, but agricultural subsidies have fallen.

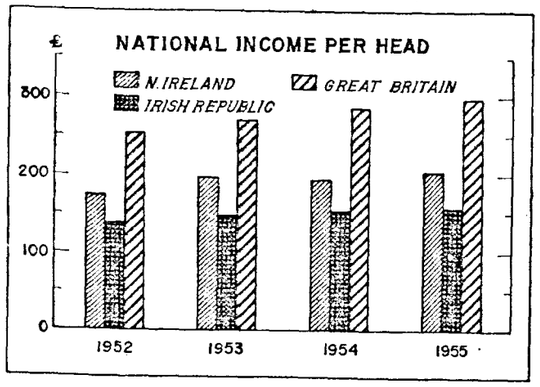
But it must be emphasised that financial relations between the two countries are never fully explained and are the result of confidential discussions between the two sets of officials dealing with finance in London and Belfast. In any case, it is not fair to accept the figures entirely on their face value—for even now in some respects Ulster is spending less on social services per head than Britain, and not giving fully equivalent services. This point is overlooked by Mr Labras



O'Nuallain's analysis which simply on the figures showed that between 1921 and 1939 there had been a net "contribution" from Britain of £2.7 million, and between 1946 and 1950 one of £5.1 million (he does not dispute that the imperial contribution in the war years aggregated £80 million). When there is no parity of services, Ulster under devolution is entitled to claim that it is overtaxed compared with other "deficit" areas—such as the Scottish highlands.

of high value. Their great advantage is that they cut down packing costs and losses. The clearest measure of the heavy disadvantage of sea transport is shown in the subsidy of 17s. a ton which the Ulster government makes to industrial users of coal, costing the exchequer £750,000 a year. Without this subsidy, steam coal which is delivered to, say, Birmingham for £4 13s. a ton costs £6 1s. a ton in Belfast.

The transport handicap, by narrowing the range of industry and keeping the Ulster cost of living up, has impoverished the entire economy. Salt water is no barrier to money, and Ulster's savings, denied local opportunities, have flowed to Britain in search of higher yields and wider variety of stocks. Over £400 million has been invested by Ulstermen in Britain, against a mere quarter of this sum invested by British capitalists in Ulster. Local firms are smaller and a higher proportion are private companies than in Britain. Business enterprise depends rather on the family tradition than on the professional manager and the public company. The average capital of the Ulster firm is barely 75 per cent that in Britain, and 60 per cent of industrial capital is in private companies against 36 per cent in Britain. Remoteness, limited capital, and family firms in modern Ulster have meant only too often lack of enterprise; unemployment and cheap labour have discouraged modernisation of plant as well as of management and of marketing techniques. While the return to the Ulster investor is thus often unattractive, the rate of gross profit has to be much higher. Contracts acceptable on a ten per cent margin in Britain must offer 20 per cent to the Ulster contractor.



These disadvantages are reflected in Ulster's lower income per head—£205 per head in 1954 compared with £299 in Britain and £159 in the Irish Republic. The predominance of agriculture is partly responsible for this figure; but industrial earnings are also lower than in Britain corresponding to the fact that net output per worker averages only 75-80 per cent of the British level. But since 1939 both income and earnings have been rising faster in Ulster than in Britain—before the war, national income per head was only just over 50 per cent of British. Clearly this means that the possibility of setting lower labour costs against higher transport and production costs in Ulster is diminishing. When profit margins are everywhere getting narrower and price competition in home or export markets more severe, this must tell against location of operations across the Irish Sea.

Bringing the job to the Ulsterman

NORTHERN IRELAND began its attempt to counteract these cost disadvantages, and to diversify its narrow industrial base, before the war; by making substantial grants it pulled in over 50 firms employing 6,000 workpeople in the thirties. There are now two kinds of subsidy, one to encourage the modernisation and re-equipment of established firms, the other to attract new manufacturers. These provisions leave a great deal of discretion to the Ulster Ministry of Commerce, and great enterprise has been shown in meeting every "prospect" in a down-to-earth business spirit; the spearhead of the effort is the Northern Ireland Development Council. There is, however, some dissatisfaction with the way in which the Board of Trade in London has presented Ulster's claims when a British firm was considering the relative merits of the various development areas.

Under the Re-equipment of Industry and Capital Grants to Industry (N.I.) Acts outright grants have been made to meet a third to a quarter of the cost of improved buildings or new plant; about £21 million has been spent or earmarked. It amounts in effect to an extra investment allowance and recognises the perennial shortage of capital which causes small Ulster firms to lag behind. The industries development acts make the initial establishment of firms cheap and easy; both standard and specialised factories are built and let at subsidised rentals, and grants are made towards new machinery. The government usually builds approach roads and, for large factories in new locations, housing estates. In theory, it seeks manufactures that employ mainly males, and it offers bigger concessions to firms that will go to remoter areas where unemployment is heavy, such as Londonderry. Nor are these the only inducements. At a time when shortage of labour, associated with soaring labour costs, curbed the expansion of firms in Britain, Ulster offered an "overspill" area where labour was readily available. Now that labour difficulties in Britain have been eased, but working capital is harder to find, Ulster offers not only a cheap factory and plant; the removal of CIC restraints on bank advances for Ulster development makes it possible to raise money to cover the rest of the cost of expansion despite the credit squeeze in Britain.

To examine these measures critically is in no way to denigrate them. If Ulster is not to remain largely a breeding reserve for factory labour in Britain they were necessary. It is fair to say, too, that if they leave Ulster's basic disabilities untouched, they are doing something to impart new momentum in the economy. The narrowness of Ulster's industrial base created a shortage of skilled labour—whose wage rates often exceed the British level—which these new industries may correct, perhaps attracting back some of the skilled men who have left. They are certainly extending the range of semi-skilled employment and training new skills, thus creating new labour resources locally. Nor is all expansion government-sponsored; some firms have opened up

No C.I.C. squeeze on factory development in Northern Ireland

Unused resources to be developed—

SAYS THE CHANCELLOR OF THE EXCHEQUER

In a letter to the Chairman of the Capital Issues Committee the Chancellor of the Exchequer said of Northern Ireland—"There, in contrast to the rest of the U.K., are unused resources which might be developed for the benefit of our economy as a whole. I am therefore writing to let you know that the Treasury will be ready in principle to consent to proposals to raise money exclusively for investment in Northern Ireland . . ."

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Government-built factories to meet your needs on rental (from as little as 9d. per sq. ft. per annum) or on repayment.

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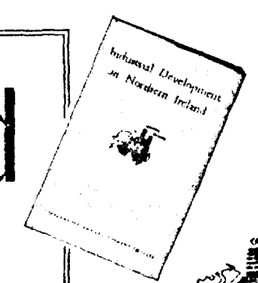
AND . . . the opportunity to raise money in Great Britain for investment in Northern Ireland.

FULL INFORMATION
The Council (Chairman, Lord Chandos) has prepared a practical Memorandum of the facts a businessman wants to know. Write for it in strict confidence to the NORTHERN IRELAND DEVELOPMENT COUNCIL, DEPT. E1, 13 LOWER REGENT STREET, LONDON SW1 (Tel: WHI 0651) or to the Ministry of Commerce, Dept. E1, Belfast.

Northern Ireland
—centre of growing industry



114 new firms have opened up in Northern Ireland since the War, including: BRITISH THOMSON-HOUSTON CO. LTD. COURTAULDS, LIMITED · BRITISH TABULATING MACHINE CO. LTD. · METAL BOX CO. LTD. · HUGHES TOOL CO. LTD. (U.S.A.) BEHR MANNING LTD. (U.S.A.) · PYE, LTD. · BERKSHIRE KNITTING (ULSTER) LTD. (U.S.A.) · LINES BROS. LTD. · LOTUS LTD.

in Ulster on their own, on an assessment of cost advantages. But the question is still whether these measures are enough —whether, to put it crudely, the subsidy is even now adequate.

It is one thing to attract new firms as the result of "overspill" in a time of expansion in the United Kingdom; it is another to correct a permanent disadvantage in operating costs which in the end must tend to overhaul reduced capital costs and inhibit further growth—as well as secondary growth in the form of service and sub-contracting industries. It may be assumed that the greater number of firms attracted to Ulster fit the traditional pattern of making goods for export whose value-to-weight ratio is high—and for those "out west" in Londonderry and Enniskillen very high indeed. This leaves Ulster as dependent as ever on the sensitivity of export trades—pulling more than its weight in the export effort. The province remains largely cut off from manufacture for the mass British market, yet its local standard of living is chained to the United Kingdom level by its having to import, at extra cost, most of its consumable goods from Britain (and if resale price maintenance goes, Ulster prices might be raised above the British level to carry the full extra transport cost). As it is, a council house in Ulster costs up to 12½ per cent more to build than in England and Wales.

★

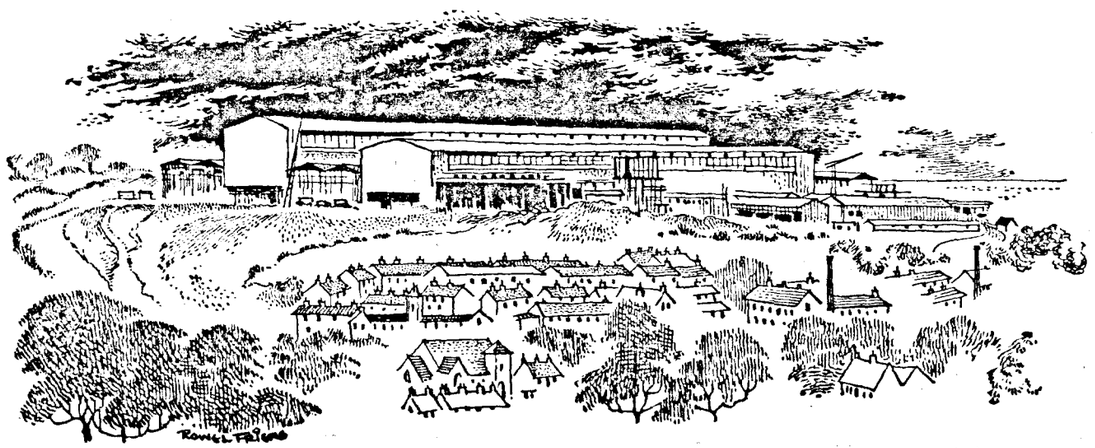
There is also a dilemma over wage costs. Parity requires that if the cost of living in Ulster is as high as on the mainland, wages should also be around the British level; but one of the attractions held out to Ulster manufacturers is that labour costs are lower. This is undoubtedly true. Average weekly earnings (as opposed to rates) are rather over 80 per cent of British. This, however, is partly because the proportion of unskilled and female labour in Ulster is far higher than in Britain—and the proportion of "non-productive" or administrative workers is lower. Labour costs, on the other hand, are at present lower because labour turnover is less, less overtime is worked, and all sorts of special wage payments are unnecessary in a region where unemployment discourages the blackmailing of employers, even in shipbuilding. But wages have been rising fast compared with their prewar level; as in Britain the differentials between skilled and unskilled work have

narrowed and women's wages have risen steeply. Statistics show that trade disputes have been as frequent and lengthy in Ulster as in Britain, though since 1953 have been less.

The older industries are in fact bitterly complaining of this. Linen manufacturers declare that the new factories do not take the unemployed, but cream the best of the women workers at higher wages; and that firms originally established on an undertaking to employ men, quickly turn over to women and even juveniles to reduce their labour cost—a common experience in the British development areas. These complaints are echoed by many of the newer industries whose managers say "We don't want any *more* factories round here anyway." The risk of pushing up earnings and employment with one hand, therefore, is that unemployment is being created elsewhere in the Northern Irish economy with the other.

It is not easy to assess the extent to which this has happened, because the definition of insurable workers has changed. But between 1948 and 1955 the insured labour force in work fell by 3,000—from 444,000 to 441,000; but those employed in agriculture fell by 11,000 and those in the linen industry fell by 7,000 while other declining industries put another 10,000 out of work; in the same period 5,800 were added to the unemployed. The number taken on by industries assisted by the government in those seven years was about 14,000. Services took on another 3,000 in that period and building (mostly government-subsidised) 4,000 more. Therefore it would appear that government-generated activity did little more than help to offset adverse changes elsewhere in the Ulster economy.

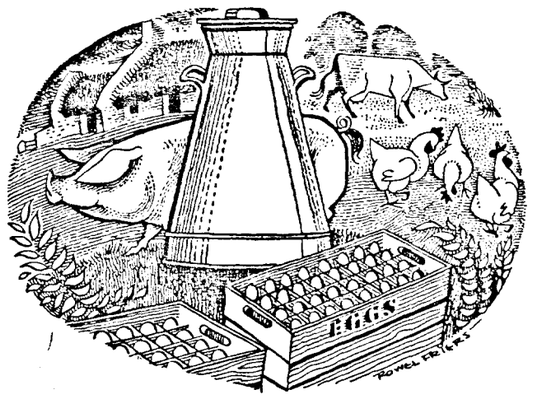
Looking ahead, the industrial working population is expected to increase (at the present rate of migration) by about 16,000 by 1961. If the present rate of expansion by government assisted firms is maintained—both those already established and new ones that are expected to provide 500 new jobs a year—another 10,000 new jobs will be created. These figures hardly suggest that unless non-assisted industry expands more rapidly, there will be any great improvement in Ulster unemployment. Clearly a further decline in linen would make things worse—and it is badly squeezed between rising costs and the competition of synthetics. So would a further fall in insured agricultural employment. And what happens if there is a drift from the land by the self-employed—the peasant or, more probably, his children?



Life on the Milk Cheque

THE decontrol of food in 1953 was a heavy blow to the Ulster peasant farmer. For twelve years he had suffered no competitive disadvantage against the English or Scots farmer in the transport of his beef, pigs, eggs and mutton to the English market, as all prices were the same guaranteed prices, whether in Londonderry or Sussex. Milk is now the only product paid for at full English subsidised rates. Indeed it is more heavily subsidised. Eighty per cent of British production is liquid milk for consumption, the balance going to the processer, and the whole bought at 3s. 1d. a gallon, even though the processer pays only 1s. 6d. In Ulster farmers also get 3s. 1d. a gallon, though only 55 per cent is for liquid consumption, and the rest goes to the processer. Milk production has been rising by about 3¼ million gallons a year since the war; in 1956 it began to increase even faster.

This concentration on milk is the inevitable resort of the small farmer who cannot do chancier lines in a big way. Apologists for Ulster agriculture argue that it is intensive agriculture. The Ministry of Agriculture's analysis of the financial results of a sample of farms shows—inevitably—that the smaller the farm the higher the profit per acre; but the sample also tends to be weighted in favour of the efficient small farmer, if only because it relies on ability to keep detailed and accurate accounts. No less important, the profits of the small farms do not take into account the value of the labour of the farmer and his wife. In fact, the average undercapitalised small farmer in Ulster survives by immensely long hours and a very compressible standard of living. The average holding is under 30 acres; of 90,000 "farms" a third are beween 1 and 15 acres. The number of owners is increasing; but since 1945, mainly because so much land has (rightly) gone back to pasture, 17,000 full-time agricultural workers have left the land, 8,000 part-time workers, 14,000 farmers' sons and daughters.



Pigs are, with milk, the most profitable line to small farmers, but the guaranteed market which the farmer gets for his milk deprives him of any incentive to feed skim to pigs, so production is based on imported feeding stuffs. A 200 lb pig which fetches £19 10s. in the market costs an average farmer £17 10s. to grow; a devoted pigman may sell for £20 against costs of £16. A well-capitalised 15 acre farm with 8 sows and 100 pigs on hand, will produce 200 pigs a year for a profit of £800; the ordinary Ulster pig-keeper will have but two sows and earn £200 from them. In eggs, the other small farmer's stand-by, saturation point has been reached.

Ulster beef is now a gamble. The cost of transport on fat cattle and the wastage in weight fall on the farmer. The Ulster farmer complains that when his opposite number in Scotland makes a handsome profit, at £6 a cwt he can hardly break even. In 1953-54 the average profit per acre of a cattle farm in the Ministry's sample—on a farm of 100 acres—was half that on a pig-and-poultry holding. The Ulster cattle farmer has more reason to be discouraged than the British, and herds have shrunk further in the past two years. Clearly incentives for beef and milk are the wrong way round.

There are, therefore, all the portents of a severe agricultural depression. This, however, is not because farming is basically unprofitable. Ulster is magnificent cattle country, and an efficient farm can make large profits at present prices. A well-run 100-acre dairy with 60 cows shows a clear profit of 1s. a gallon on milk. The country is well adapted to balanced units of 400-500 acres, which could produce milk at 2s. a gallon and make a profit on beef. Such farms can make full use of the grass growth in summer, much of which is now wasted, because small farmers, despite generous improvement grants, cannot make silage, fail to drain land properly, and even now retain many inferior beasts. But such farms are rare because capital to mechanise and stock them is lacking, and land is still absurdly dear—often selling at £100 to £120 an acre. The reason is, of course, that the small peasant, who came into existence as the result of the generous provisions of the Irish Land Acts, is reluctant to sell out—and understandably, since in the past there has been no industrial job to go to; the alternative to sticking it out on a subsistence level was to emigrate overseas. Though so many farm-workers have left the land, the small farmers cling grimly to their uneconomic holdings, which are, in the ultimate resort, a family insurance against a renewed industrial depression. Even when efficient farmers can buy land, its high price exhausts their resources, and it is hard to acquire in convenient parcels.

In the past there has certainly been much concealed unemployment on the land, and there may still be some. It now seems certain that most of the natural increase of the rural population, which totals about 500,000 will want urban jobs. If so, industry would have to absorb not merely the natural increase of the present industrial labour force population, about 4,500 a year, but nearly the entire natural increase, which is about 13,500 a year (less emigration—now about 5,000 a year). These figures assume that the bulk of the peasantry will stay on the land. They may if subsidised—and they are vital to the balance of political power in rural constituencies. On the other hand, if consolidation of holdings brought a really efficient agricultural economy based on grassland management into existence, as profitable as in New Zealand or Denmark, the present agricultural labour force of about 150,000 could probably be cut to

100,000 or less—50,000-70,000 operating large and medium farms and the remainder on highly capitalised smallholdings producing pigs intensively or operating poultry farms round Belfast. The rest would need industrial jobs.

This, reduced to its simplest, and indeed to over-simplified terms, is Ulster's agricultural dilemma. The subsidies needed to bolster an inefficient agriculture will subtract from what could be put into industry. Left to find its own level unsupported by subsidies, agriculture will throw a mass of green labour on the labour exchanges; unless somehow the starveling peasant clings to his holding this could shake the political balance to its foundations.

The Art of One-Party Rule

THE Unionist party in Ulster has enjoyed a monopoly of power to a degree unrivalled in any British country except perhaps by the Labour party in Queensland; and a change in Ulster is even more unthinkable than in Queensland. The Republic is now ready to offer Ulster generous terms for its adherence—apparently the same degree of political devolution within a united Ireland as it now has within the United Kingdom (Stormont, English law, no compulsory Erse and *The Observer* on Sundays). But what may now be acceptable to Dublin at a time when tributes are being paid to the memory of John Redmond, the moderate home-ruler, is no longer acceptable to Belfast; it would mean leaving not only the United Kingdom but the Commonwealth. Besides, the border does not only divide Protestant-dominated Ireland from Catholic-dominated Ireland, or welfare-for-all Ireland from sink-or-swim (across the channel) Ireland; it is the unifying principle of the Unionist party.

The political clock stands at 1921; and to cross to Belfast is to make contact once again with religious attitudes which have been long overlaid elsewhere in Europe. Playing for one's own side forces people whose Sunday observance would be perfunctory in Britain to go to kirk or chapel, convinced that the solidarity of the other party in going to mass is making a political point against partition. Belfast's bookshops seem each to be the propaganda office of a missionary sect, in depressing contrast with those of Dublin which are catholic, civilised, charming—and censored. Graffiti on Belfast walls have doctrinal force. One by-product of this bigotry is Ulster's low rate of juvenile delinquency, illegitimacy and vicious crime. On the other hand, personnel managers of the new factories have to make it clear that arguments developing on the production line over the validity of Anglican orders or the claims of the Roman curia must be settled—on pain of dismissal—off the firm's premises.

But there are other issues; and to the thankful delight of a hopelessly fragmented opposition in Stormont, they usually split the Unionist party. There is first the perennial need to reconcile British legislation, re-enacted in Ulster to maintain uniformity, with provincial interests. Secondly, there is the conflict between left and right wing viewpoints, often at war in the person of the same Unionist MP sitting for a working-class constituency. Thirdly, there is the chasm between urban and rural interests—the latter being far stronger in Stormont than in Westminster.

Thus, for example, when family allowances were increased for the third and succeeding children in Britain, the Ulster government, mindful that Catholics have large families, tried to confine their own provision to the third child only; and great was the glee in Orange circles until protestant parents set up a howl that they would have, for their taxation, exactly what Britain had, and made common cause with the outraged Hierarchy in Belfast. The principle of uniformity prevailed. Only when there is no conflict of social interests can Ulster easily diverge from the British pattern, even when this is a socialist one. Thus the government has been able to make minor concessions in taxation; in the interests of the family firm, estate duties are somewhat lighter in Ulster. Again, a Unionist backbencher's revolt secured very big modifications in the Statistics of Trade bill, though clearly it is desirable to have statistical uniformity between Britain and Northern Ireland; but Unionist conservatism saw a chance at last of asserting its principles without danger, and forced the government to emasculate the bill.

On the other hand a perfectly sensible Rent Derestriction bill brought forward earlier this year by the government to prevent Belfast housing declining faster and give conscientious landlords some justice, caused the resignation of the Attorney-General and the revolt of several other MPs under pressure from their working class constituency organisations. A hint that closure of the uneconomic railway system had been decided in principle brought roars of protest from the west, which declared it was being abandoned, as well as from a column of railwaymen which marched on Stormont.

Such splits never lead to defeats in the House—though the government came within an ace of it on a clause in the Dog Licence bill this summer. Normally, the government measure is pushed out first; then opposition and lobbying develop; then the party splits; then a compromise is

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In the present industrial resurgence which Northern Ireland is enjoying, oxygen makes an outstanding contribution. At the new British Oxygen works at Castlereagh Estate, Belfast, plant has been installed to produce oxygen and other gases to meet the present and future requirements of the Country.

Complementary to meeting the needs of industry is the supply of medical gases essential to the continued efficiency of Ulster's hospitals for whom British Oxygen maintain a 24-hour service.

To-day, Northern Ireland can claim a rise of 25% over the pre-war figure for industrial employment, and takes pride in the lowest figure ever recorded in the country for infant mortality. As "The Times Weekly Review" Survey of Northern Ireland recently put it, "These are two boasts of Northern Ireland today and a share of the credit in both is claimed by the British Oxygen Company Limited."

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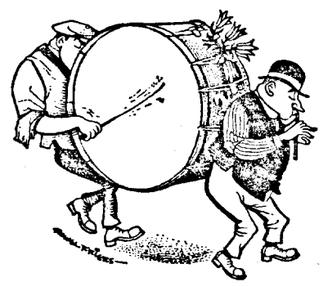
reached privately at a parliamentary party members' meeting; finally the government measure is withdrawn or amended and passed with the usual Unionist majority. Sometimes a minister falls in this process; it is indeed the one means by which the Prime Minister can progressively change the cabinet—though in the Derestriction bill crisis the Attorney-General, Mr Warnock, was apparently somewhat surprised that, even under the Ulster rules of the game, he could not remain in the cabinet and lead the opposition to the bill. The Prime Minister can himself only be eased out of office by a palace revolt staged by backbenchers.

Behind the party works the Orange order with the twofold task of keeping the protestant electorate fervent on the basic issue and the government aware of threatened splits on class issues. Perhaps its most important purpose is by means of mystical rituals to maintain the solidarity of capitalists, shopkeepers, artisans and unemployed. At election time and at the tribal festival on July 12th it takes the populace back to 1689 and is grateful for an IRA raid to lend verisimilitude to the proceedings. Jokes at its expense are most frequently heard among the graceless Unionist MPs at Stormont.



The real work of an opposition is, in fact, done inside the Unionist party. The official opposition does not call itself an opposition, and on day-to-day affairs often does not bother to oppose. It does not recognise Stormont as a legal parliament and feels it has to be careful not to build up any impression of doing so. It is left to the individual members whether they will take their salaries and attend, and record their opposition in speeches and votes, or record an even more implacable opposition by not attending at all. The latter are mainly Sinn Fein; all, of course, are anti-partitionists. Those that attend fight on issues that rouse the Church, such as financial provision for catholic schools (higher than in Britain), or for the Mater Infirmorum Hospital in Belfast, which on religious grounds has contracted out of the health scheme, but in taking protestant as well as catholic patients expects state support without the secular inquisition of the Ministry of Health.

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But this does not amount to a policy. Protestants in Ulster argue that the weakness of the anti-partitionists in politics reflects the fact that the catholic voter is being won over to Union by the social services, as well as by a growing suspicion that life in free and theocratic Ireland is not all it might be; that, indeed, the opposition would be reborn if it would only accept Union and fight the government as an alternative, but loyal, government. The opposition members do not agree; even if they did, they say, the British system of single-member constituencies puts them in a permanent and hopeless minority. Where they might hope to gain some limited power—in the field of local government where in particular areas Catholics heavily predominate—they say they are cheated of it by gerrymandering. The local government electorate, which has property and residential franchise, not adult suffrage as in Britain, is weighted in favour of the more prosperous protestant community. Where that is not enough, as in Londonderry, Nationalists point out that though Catholics are in the majority, the curious pattern of constituency boundaries confines them to one-third of the seats in the council. (In Londonderry, the Protestants retort, as they show the visitors round the walls that stood the siege of 1689, "We built this town; it is asking human nature a lot to hand it over to people who didn't build it.") Catholics allege not only electoral discrimination, but a good deal of discrimination in business and in the civil service. Where secular passions run high, it would be naif to think that they do not affect a man's chances of promotion; but there are Catholics in leading positions in Belfast, and it is freely said that they fill their establishment with—Catholics. The opposition comforts itself with the fact that though Catholics are only 35 per cent of the whole population, they are 43 per cent of the population under one year old. There has, in fact, been no increase in the proportion of Catholics in the population since 1921; a higher birth-rate may be offset by a higher emigration rate. This balance, if full employment is achieved, may not remain; even so, demographers think it will take fully 100 years for the catholic electorate to exceed 50 per cent of the total—by which time, Protestants suggest, the south will be so depopulated as to present no danger.

The Ulster Labour party was extinguished by the election of 1949, but it may regain two seats in the next election. It does not thrive because catholic Labour cannot be socialist and protestant Labour is easily accused of splitting the partitionist vote. Unionists claim to have put through all the socialism any protestant working family can want, and so far it is a valid, if slightly hypocritical, claim; it remains to be seen what would happen under another Labour government.

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Deadlock thus persists, and this takes the serious interest out of provincial politics. This in turn does not make for an able type of provincial MP; finding cabinet ministers of any calibre is becoming very difficult indeed—so much so that the progress made by Ulster in the past ten years must frankly be largely credited to its intelligent and knowledgeable provincial civil service. In fact the average Ulsterman thinks of Stormont as essentially there to keep Ulster in the United Kingdom—all the more so since the Government of Ireland Act, 1949, gave to the Northern Irish parliament, and took away from Westminster, the right to decide on the status of Ulster. This, so to speak, is the casket in the white mausoleum which is Stormont. For the rest, the Ulster public considers that its provincial MPs are well paid to pass on the changing British way of life as laid down progressively by Westminster legislation with as little variation and as few vapours as possible. The Catholic sees it simply as the headquarters of a highly-organised one-party state in which he has no chance at all.

This is bad for Ulster, because clearly Stormont has an important task besides that of keeping Irish politics out of Westminster. Devolution, as this analysis shows, is not a rubber stamp. It is still, economically if not politically, an unsolved problem. The Ulster parliament needs to be free to assess Ulster's situation in the light of facts rather than religious passion. For a time is coming when solutions will have to be faced more radical than any yet tried.

Underpinning Ulster

THE logic of the foregoing analysis is that full employment at a high and rising level of earnings and income is only attainable if the rate of migration is allowed to increase, and a smaller Ulster population is grouped round a highly efficient labour-saving agriculture and specialised export industries. In such an Ulster "the west" would be thinly populated, the country towns shrunken, the railways abandoned. It might even be too thinly populated to hold politically.

To this there is only one alternative: to accept the obligation to keep Ulster going as a general overhead and responsibility of the United Kingdom on a point of principle—upholding the right to self-determination of the protestant majority (so long as it is a majority) and on a point of national expediency: the unquestioned use of the Ulster ports in the event of another battle of the Atlantic.

At this point, the solution of "returning" Ulster to Ireland may be shelved. The result would be a heavy fall in Ulster's living standards, catholic and protestant alike, unless—probably even if—the Republic returned economically as well as politically to the United Kingdom. The two Irelands are not complementary but competitive in their relation to Britain. In fact, Britain is lucky to have to worry about parity for only six counties—not for 32. The south has muffed the chance of a first-rate grievance here.

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Another possibility, however, which has been canvassed in the past, would be for Ulster to have dominion status, which would give it complete control over its own internal finances and its external trade. As a dominion, Ulster would be in a position to impose a much lower rate of income tax than the United Kingdom, which would in itself do much to make the location of the country for industry—even more for shipping lines—more attractive; and it could impose protective tariffs. It could also keep its defence expenditure extremely low—on the pattern of some other dominions—in the certainty that in the last resort it could rely on Britain for defence. The difficulty of reconciling United Kingdom taxation with growing industries has in the past caused some Ulstermen to think along these lines. But if it is true, as seems most probable, that over the years Ulster has on balance been subsidised to the extent of the "imperial contribution" from Britain, dominion status would not enable the country to lower taxation without lowering social services, which would simply mean that population would be drained to Britain in exactly the way that it is in Southern Ireland; nor does it follow that even tariffs and lower taxes would bring enough industries to Northern Ireland in view of its very small internal market. On balance the advantage of remaining completely integrated with Britain seem vastly to outweigh the disadvantages.

If this is agreed, one is simply left with the practical problem of adjusting the economic relations of the province with the mainland under the existing system of devolution. On this basis, it may be accepted at once that much of what the Ulster government is doing to attract new industries is inevitable. But the fact must be faced that it is not a temporary expedient; in one form or another Ulster will have to continue to be treated as a development area. The hunt for new industries whose cost-structure fits reasonably into Ulster conditions will have to go on. The view that Ulster needs to attract the manufacture of some of the new instrumentation processes connected with automation has much to recommend it—for clearly the final cost is extremely high in relation to the cost of raw materials and their transport. Computers and calculating machines are already being made in the province. The Ministry of Supply could help by its allocation of defence contracts, specifically by extending atomic and other research to Ulster. This might increase the cadre of highly trained workers; but the danger is that it would tend to draw more upon the female than male working force and once again this would further force up labour costs for the province as a whole.

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Sooner or later it will be necessary to take the shorthorn by the horns and rationalise Ulster's biggest industry—agriculture. If industry is diversified through the rural areas this need not be disastrous to them. But it is a fair criticism of Ulster agriculture that too few processing industries are based on it. More liquid milk should be processed and the pigkeeper relieved of his feeding-stuff bills by adequate supplies of skim milk to add to potatoes. But the most obvious gap is an industry based on Northern Ireland's meat, which is potentially by far the most important product of its agricultural land. At present almost the only fat cattle slaughtered in Ulster is the small proportion used as fresh meat locally. Traditionally, all export of meat is on the hoof. If this export was in the form of carcase meat, it would provide raw materials for leather and other industries, and would greatly economise in transport.

At present the Ministry of Agriculture in Northern Ireland is not convinced that this is possible, and points out that efforts along this line have failed in Southern Ireland; but it seems eminently a case for providing just those favourable conditions for private investment which have been used to bring in industry under the Grants for Industry Acts. It remains economic nonsense that Ulster beef if delivered live to the English market fails to provide the producer with a fair return, and if delivered in carcase (when it is commonly fresher in London than Scotch beef) receives only Argentinian prices. Vested English interests are part of the trouble—and what are 12 Ulster MPs in Westminster for if not to fight them?

Undoubtedly something has been gained by the new principle that United Kingdom fiscal policy should be flexible enough to be applied differently in Ulster than in, for example, the Midlands; but it has yet to be seen how effective the CIC "exemption" will prove in the long run. While there may be no check on bank assistance to industry in Northern Ireland, there is a limit to the extent that Ulster banks can allow their local advances to rise without running down their London balances too far.

Another question is how the chronic tendency of Ulster to lose capital to the mainland can be reversed. The diversification of local industry should help. But there is a strong case for some sort of finance and investment corporation which would attract small savings and assist small

and medium-sized firms, especially the preponderant family firm, to expand and modernise. If it could enable more family firms to become public companies this in itself would widen the opportunities for local investment.

These possibilities, however, leave untouched the problem of rising labour costs. If the policy of the trade unions is to oppose any "deviation" of wage rates in Ulster from the British norm, while the policy of the government is to achieve full employment, clearly the present advantage of "relatively cheap and abundant" labour in Ulster will disappear—and it is the one advantage which effectively offsets the extra transport costs. It is, however, an advantage which can, in fact, only continue to the extent that both the government's and the trade unions' policies fall short of achievement. But the trade unions show no disposition to make any concessions to the province's special difficulties.

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But all such considerations in the last resort turn on the improvement of the transport position. This is recognised in the existing coal subsidy; but it leaves the vested interests of the shipping companies and the dockers and the state of the ports so comfortably undisturbed that it is an argument against further subsidisation. Yet all logic suggests that if, failing all else, subsidies there must be, a subsidy at the point of transport is the best way of equalising the position of the province and the mainland; of diffusing the subsidy through the economy, agriculture with industry, the Ulster consumer with the Ulster manufacturer.

The multiplicity of cross-channel rates and arrangements offer formidable difficulties. No subsidy could be contemplated until inefficiency is weeded out; indeed the first step is to revive competition. (There were once two rival shipping lines between Londonderry and Glasgow, whose rate war ended when one was offering a single fare at 6d., and the other at 6d. with a complimentary bottle of Guinness.) The growth of cheap air freighting will help. In theory, an enterprising Ulster government might provide its own competitive service; at present, though the country whose affairs it regulates is utterly dependent on the efficiency and cheapness of cross-channel transport, it has no control whatever over rates or facilities. Yet it has nationalised—beginning as far back as 1935—internal transport. Its record under nationalisation is not a happy precedent, for the cost of road haulage is twice that in Britain—in effect industrial transport is having to subsidise common carrier services and private lorries are pirating the cream of the traffic. The Ulster government has the

chance to buy a controlling interest in the Larne-Preston road vehicle ferry service but lost this to the British Transport Commission. There now seems little to be done except to seek to acquire the Coast Lines Anglo-Ulster service. It would be *ultra vires* for Stormont to introduce a bill to do this—but again what are 12 Ulster MPs in Westminster for? Perhaps, however, the best Stormont can do is to press for re-equipment of the docks.

Thus a reduction in the cost of cross-channel sea transport alone seems to go to the heart of Ulster's economic and political needs. But subsidies are a solution from which the British government would shrink, for fear that every other fringe area would demand the same assistance. Even if it were confident, as it should be, to shipping, all outlying islands might think themselves eligible. It could also make trouble with the Republic, for Belfast would infallibly become its entrepot—and the border would heat up.

Any set of subsidies, of course, are paid for by the British taxpayer. Even if they are paid for out of the Ulster exchequer, their burden is, or should be, passed to Britain via the reduction of the imperial contribution. It is probable that the cost of extra sea transport burdens Ulster industry and agriculture by at least £10-12 million a year directly; and if a large part of this were carried by Britain, the "contribution" would have to be converted into a deficiency payment from London. The omens are that in any event the rising cost of parity in social services will make it ever harder for Ulster to balance its subordinate budget. But there is nothing unreasonable about such a deficiency position given agreement on the political objectives. Even today, when the imperial contribution is a mere contra-entry in Anglo-Ulster accounts, the cost per head to Britain for paying Ulster's share of defence overheads is little more than 10s. a year; and the relief to the Ulster economy is at least £10 per head. There are no moral objections to stepping it up—provided that what is being done, and why, is quite clear.

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The only alternative is for all Irishmen to look upon their island, in its economic relationship with the factory over the water, quite differently. An undivided Ireland, most of which lived in Britain and which amounted to little more than Britain's factory farm, efficiently producing dairy produce and meat for highly paid workpeople in both of John Bull's islands, and preserving for them a countryside in which to take holidays from a "subtopian" Britain, might make economic sense—but it would be the total negation of Irish history and temperament.

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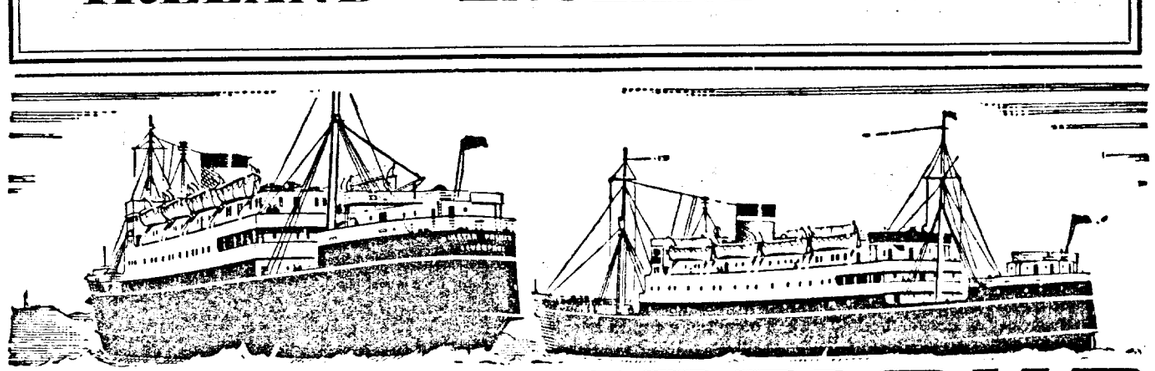

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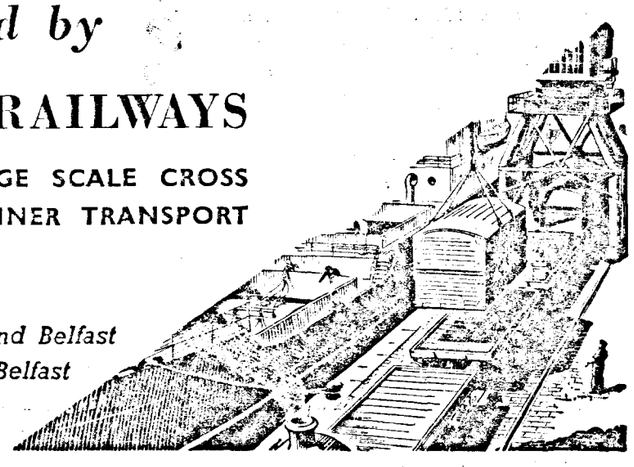

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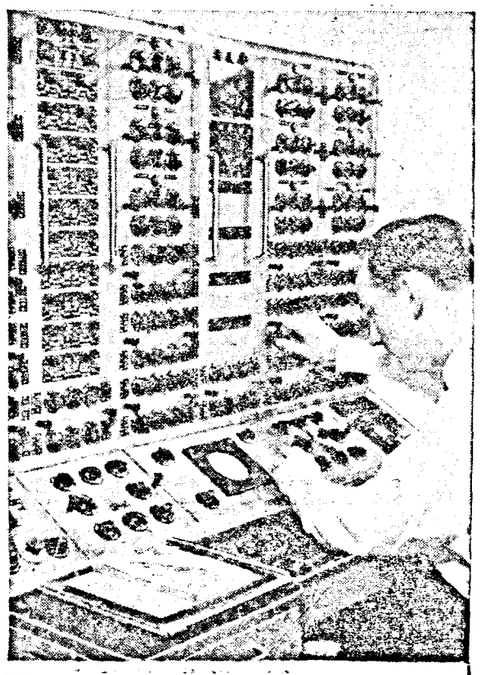

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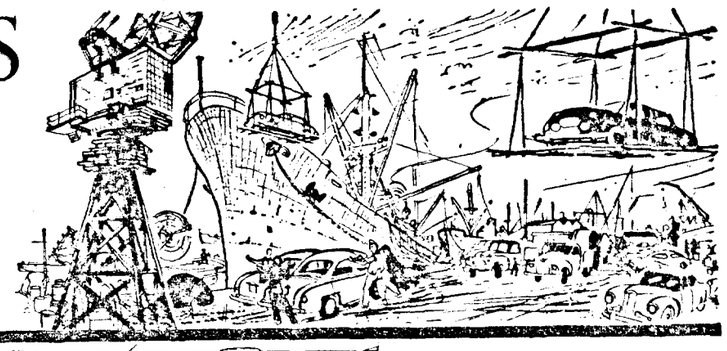

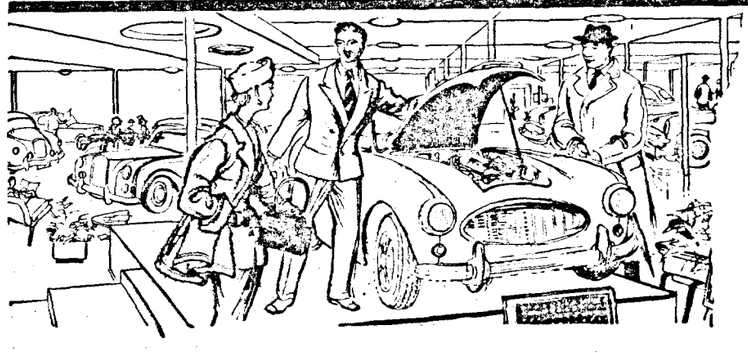

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Expansion in Check

A YEAR ago, the motor car industry was enjoying the final stages of a boom which, with little intermission, had lasted since the end of the war. While there were clouds to be seen, there were few who would have predicted that by the time of this year's Motor Show, the change in the weather would have been so complete. The measure of the change is given by decreases, compared with last year, for July and August, the last two months for which figures are available, of 30 per cent in production and in home registrations. For an industry that for the four years 1951 to 1955 had averaged annual increases of 17 per cent in production and of 38 per cent in home registrations; an industry with plans for expansion involving the investment of many tens of millions of pounds; an industry which depends for its profits very much on the last 10 per cent of full output, and on the proportion of its sales in the home market—for such an industry, the impact of decreases of this order is very severe.

For the first half of this year, fall in demand was greater, both absolutely and proportionately, in the export markets, and especially severe in the Australasian markets which were taking more than 15 per cent of the total output; though exports to the unprotected markets—i.e. those outside the Commonwealth—are holding up reasonably well. Up to the end of June, the fall in sales to the home market was less than 10 per cent. But it has since increased sharply, and it is undoubtedly this which must be causing the greatest anxiety in the board rooms. These are the sales to which the manufacturer must look for the greater contribution to overheads and profits. And the state of the home trade seems likely to become worse, and to stay worse for some time, before it becomes better.

The fall in home sales is due partly to the change in the general economic climate, but perhaps mainly to those parts of the Government's anti-inflationary policy that weigh particularly heavily on the motor car industry, namely the increase in purchase tax and the more stringent limitations on hire purchase. The influence of the latter, the hire purchase restrictions, has been exaggerated; it has operated much more in an indirect way, that is, through its effect on the used car market, than directly. The reduction in HP contracts for new cars for the nine months up to the end of September was only 7,500, representing no more than a fifth of the fall in total new registrations up to the end of August, and probably no more than one-sixth of the figure for the first three-quarters of the year. The effect on new car sales of HP restrictions is much more felt by their influence on second-hand car prices. The influence of the fall in the latter has been that the allowance against a new car that can be obtained for a two- or three-year-old car is today much less than it was a year ago. Since the increase in tax, and the small price increases in most models, will have put the new price up by roughly 10 per cent, it means that a purchaser of a new car at, say, £700 trading in a similar car two or three years old will have to find something like £150 more cash than he would have needed a year ago. With unrestricted hire purchase the number of additional motorists, the prices of second-hand cars, and the sales of new cars, would certainly all have been much higher.

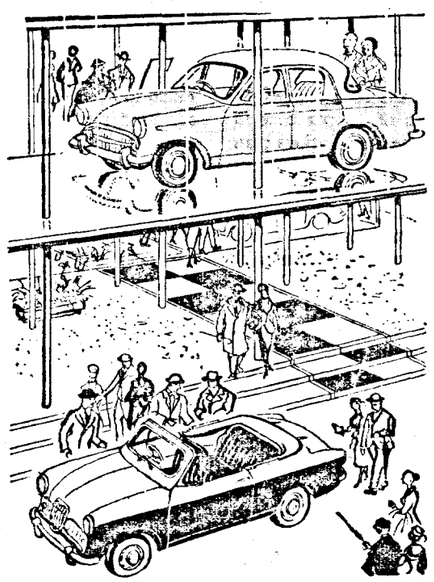
The effect on earnings of the motor car manufacturers

of the changed position is well illustrated by the figures published by Ford last week, showing that for the first half of 1956, the net profit before tax was half that for the first half of 1955. From Ford's figures, it seems likely that their output of cars for each half year was about 100,000 units, so that the other manufacturers' output may have shown a fall of between 35,000 and 40,000 units, or 10 per cent. For the third quarter, against last year's output of 200,000 units, this year's total is likely to be nearly 30 per cent down ; and for some of the manufacturers the fall may well be as much as 40 per cent—a level which must approach the vanishing point for net profits.

It is clear enough that the Government's policies have weighed more heavily on the motor industry—more heavily than on any other major industry, except for the radio trades. The discomforts of the motor car manufacturers have certainly played a big part in reducing the fevered conditions of the economy as a whole, and will have helped to change the attitude of both employers and employees in the engineering industries to wage increases which threaten our competitive position. But it does not follow from this that all the effects have necessarily been of net advantage to the country.

One of the major effects aimed at by official policy has been, by softening the home market, to increase the pressure on manufacturers to export. The motor car industry since the war has been as export-minded as any industry. In the early postwar years, Government action was unquestionably a very effective stimulus to that attitude ; and the industry's economic characteristics make it certain that that state of mind will not change. In the first place, the potential volume of sales in the home market—even with a much more enlightened attitude on the part of the authorities to the treatment of motoring than can be expected—is unlikely to be large enough to absorb year by year the full output of its expanding productive capacity. In the second place, the structure of its costs—the big difference between average production cost per unit, and the marginal net cost at which the last 20 per cent of output can be made—makes it attractive to add export sales even though the net price obtained for exports ex-works is significantly less than in the home market. The additional cars that have been exported this year as a result of restrictions in the home market could probably be numbered in thousands rather than tens of thousands.

The effect of the recession in the motor car industry on the availability of labour, particularly in the Midlands, has probably been marginal rather than really important. The reduced labour requirements have led much more to a reduction of overtime, and to three- or four-day working weeks, rather than to actual redundancy, patent though the latter has been among the car manufacturers and their suppliers. The labour that has become redundant has obviously eased the problems of some under-manned sections of the economy—road or rail transport, the post office, and other services. But little contribution can have been made to the skilled labour required by, for example, the manufacturers of electrical plant ; for the motor car manufacturers make relatively little use of such skilled labour, and will have made every effort to retain such men as they have.



In the long-term interests of the economy as a whole, it is probably to be hoped that the present deliberately assisted motor recession in the home market need not last, let us say, through the whole of 1957. It is essential to the economy that this industry should be able to keep a really substantial share of the Continental market and of other unprotected markets—such as the South American. British motor costs can only be competitive if the increased manufacturing capacity to which present expansion plans lead is, in fact, laid down and if a substantial proportion of it, when installed, is operated at somewhere near a full load factor. Without a buoyant home market, that will not happen. This applies not only to the motor car manufacturers themselves, but also to their various component suppliers, whose costs make up a very substantial part of the total cost of the finished product. Both Germany and France at the moment enjoy a larger home market than this country. In the long run this is probably the most important single determinant of manufacturing costs.

If too long a continuation of the present restrictive measures is likely to impair the industry's power to contribute to the strength of Britain's economy, there are other effects that will in the long run contribute to its efficiency. No industry can grow as fast as the motor car manufacturing industry has grown since the war without grave danger of extravagant practices developing ; and in a period of constantly rising profits, all sorts of items of overhead expenditure are apt to be allowed to pass unchallenged which would be cut out in leaner times. The motor car industry has shown less signs of extravagance in the lush booming years than might well have been expected ; but since the tide turned, there have been welcome symptoms of tighter control of spending. In direct costs, too, the bracing effects of enforced frugality are showing themselves.

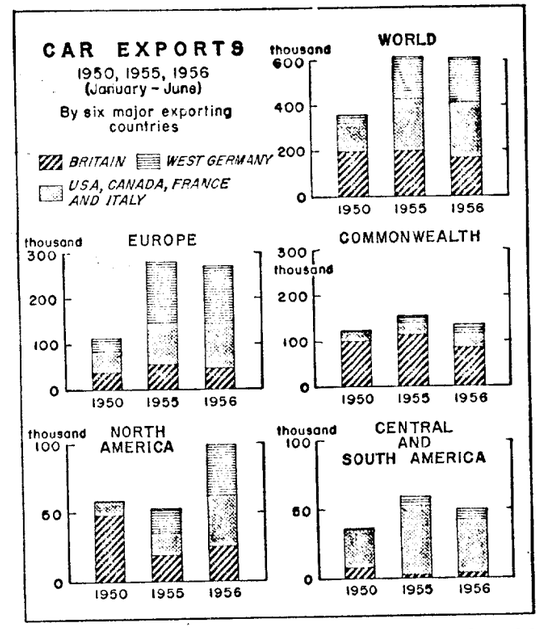
In all sorts of ways, the general sharpening of competition must bring benefits in the long run. In respect of finish, and of design, the more bracing atmosphere should bring improvement, both large and small. When there are three avid customers for each vehicle which can be produced, minor modifications that involve loss of output are deferred. This year when the greatest problem is to increase sales, rather greater boldness has prevailed in modifying models for the coming season. And in the longer run major innovations that may involve serious changes in production equipment are more readily considered by manufacturers who are either not so prosperous that they have no need to consider them, or too short of resources to be able to afford them.

Weakness Abroad

THE background to the 15 per cent fall in British car exports this year contains few excuses for the car manufacturers. The total world trade in cars has certainly not kept up its recent rate of increase—between the first half of this year and last it has stayed virtually stationary at just over 100,000 vehicles a month, after an increase of a third between 1954 and 1955 and an overall growth of 60 per cent since 1952. But the present sharp drop in British (and American) overseas shipments has been almost wholly offset by a further growth in the foreign sales of West German, French and Italian manufacturers.

The predominance of Commonwealth markets in Britain's total efforts, and the consequent vulnerability to frequent import cuts by Australia (still this country's biggest single car market) and New Zealand, is the first and perhaps rather obvious explanation for this abrupt change in fortune. Despite popular belief, moreover, these markets have not since the war been those with the fastest rate of growth. World shipments to all Commonwealth countries (other than Canada) this year are still only 10 per cent higher in volume than in 1950, and are likely to be actually lower than in 1951. In contrast, the expansion of the Continental car markets over the same period has become almost proverbial.

But this cannot be the whole of the story, for the present one-third drop in British exports to sterling Commonwealth markets has been accompanied by a decline of an eighth in our exports to this prosperous European market and a rise of more than a third in Continental shipments to sterling Commonwealth markets. Nor can tariffs account fully for this sharp discrepancy even though the different rates and bases of import and sales duties can have a most complex result upon final prices in comparable markets, as is shown in the table at the bottom of the page.



The cut this year in British exports to the preferential Australian market, for example, has taken place while other exporters have increased their sales. Similar divergences can be seen in the South African market, where there are no preferential rates for British cars, and in the depressed American market where British sales have just about held their own compared with 1955 whereas German sales, principally of Volkswagen, have jumped by 150 per cent. In the last resort, sales in these free markets depend on the designs makers have to offer.

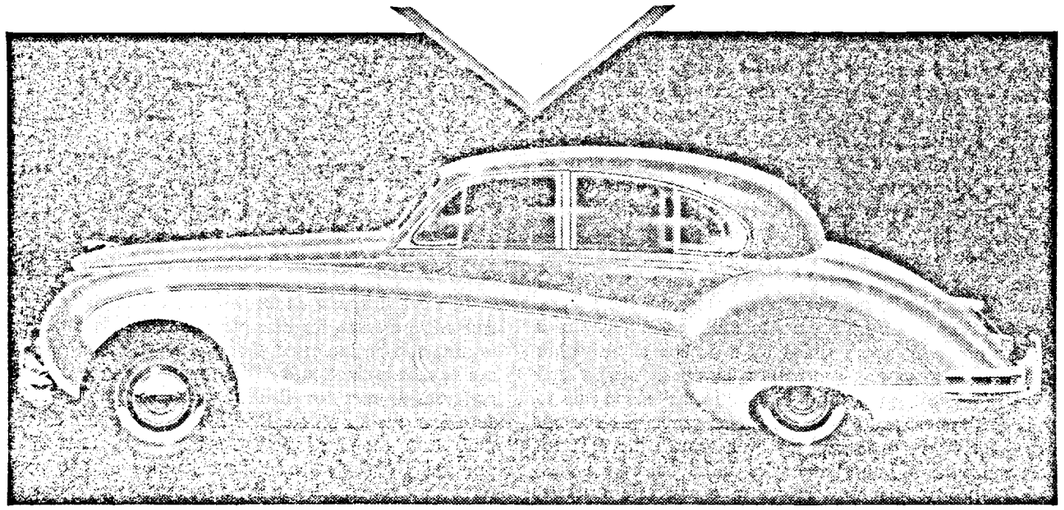
What Cars Cost in Different Markets

Prices in £ Sterling equivalents

Model	Belgium	Nether-lands	Denmark	Norway	Sweden	Switzer-land	South Africa	Australia	New Zealand
Fiat 600	435	420	645	535	420	403	...	670	...
Renault 4cv	435	395	612	534	369	440	518	691	745
Austin A.30 2-door	500	461	722	564	427	460	527	688	608
Morris Minor 2-door	483	468	789	594	481	487	537	678	620
Volkswagen Standard	460	427	684	...	...	454	...	...	...
Volkswagen de Luxe	541	493	778	607	481	525	569	786	812
DKW	725	601	928	744	588	692	...	...	...
Ford Anglia de Luxe	483	498	789	617	507	527	554	740	617
„ Prefect de Luxe	517	530	858	689	552	588	581	794	678
„ Consul Mark II	726	658	1,148	929	756	729	758	990	852
Opel Olympia Rekord	609	580	952	779	607	604	660	...	...
Fiat 1100 Standard	578	565	868	...	549	566	...	...	...
Peugeot 203	...	658	987	744	626	650	...	962	1,192
Hillman Minx de Luxe	685	622	1,052	789	674	688	713	907	845
Morris Oxford	722	705	1,056	799	671	731	742	918	890
Austin A.50	718	645	971	797	662	729	730	950	850
Ford Zephyr Mark II	806	752	1,316	1,009	829	855	823	1,071	949
Vauxhall Velox	722	693	1,175	929	743	810	785	1,014	907
Peugeot 403	779	...	1,259	909	746	802	947	1,120	1,379
Renault Fregate	722	708	1,267	944	656	806	907	1,198	1,406
Simca Versailles	880	833	1,359	1,054	816	936	...	...	...
Opel Kapitan	884	831	1,357	1,089	859	952	936	...	...
Standard Vanguard	827	809	1,276	...	775	838	816	1,071	1,085
Fiat 1400	806	807	1,186	954	...	812	...	1,142	...
Chevrolet Bel Air	1,242	1,208	2,137	1,379	1,221	1,254	1,230	1,479	1,238

JAGUAR ANNOUNCE THE

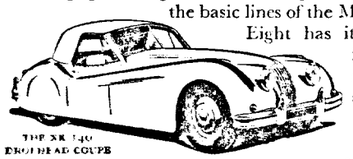
mark eight VIII



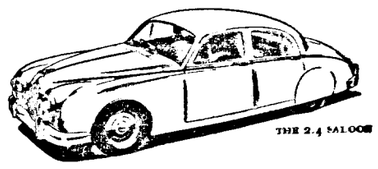
A new luxury model now joins the Jaguar range

Here to join the world-famous Mark VII, XK and 2.4 litre models, is the Mark Eight—one of the most luxurious models ever offered as a series production car. Interior furnishings, cabinet work, fitments and accessories are in the tradition of refinement and craftsmanship usually associated only with the art of specialist coachbuilders, whilst a degree of mechanical refinement has been achieved which stamps this car as outstanding even amongst the distinguished Jaguar range which it now joins. Whilst preserving the basic lines of the Mark VII, the Mark Eight has its own distinctive frontal appearance and is offered in a wide range of two-tone exterior colours. It is available either with Automatic Transmission or Overdrive, or with normal manually-operated gearbox. Amongst the many interior refinements are flush-folding occasional tables in the rear compartment, hand-finished polished walnut fittings, deep pile rugs and extra-deep luxurious Dunlopillo cushions upholstered in specially selected fine grain soft-tanned leather.

MECHANICAL ADVANCES *include new cylinder head and induction system with type HD6 SU carburetters and twin exhausts. An important advance in the operation of the Automatic Transmission system is the fingertip control which enables the intermediate gear to be held indefinitely, and a new brake pedal layout permitting the use of either left or right foot.*



THE XK 140 DROPHEAD COUPE



THE 2.4 SALOON

The current range of models continues for 1957:—
The Mark VII 3½ litre Saloon, with Automatic Transmission (*now* with new fingertip control as Mark Eight), Overdrive or normal gearbox.
The 2.4 litre Saloon, Special Equipment and standard models.
The XK140 3½ litre Open Sports. The XK140 3½ litre Fixed Head Coupe. The XK140 3½ litre Drophead Coupe.
The 'D' type 3½ litre Competition Model.

VISIT STAND 152 EARLS COURT

Cars for 1957

THIS year's emphasis at Earls Court has gone into a steady tidying-up of existing models rather than designing new ones, so far as outward styling is concerned—plus the offer of extra power and the elimination of the clutch and the gearbox. Even where a designer deems it less expensive or more palatable to the driver to retain the old-fashioned "box of cogs" he usually arranges for an overdrive to be available, if only as an optional extra.

Of Britain's big combines, **Vauxhall** has contented itself since last year with minor styling changes and slight increases in power from its car engines; BMC, Ford, Standard and the Rootes Group have made more significant changes of detail.

Austin, following high-speed endurance tests on the German motor roads, has put an enlarged engine into the former A30 economy car, which increases the horsepower by six and justifies retitling this model the Austin A35. The compression ratio of the A50 has been stepped up, while a six-cylinder has been substituted for the former four-cylinder power unit in the sports Austin-Healey. In addition, Austin has altered its styling: the A35 has a wrap-round back window not found on the A30 and smaller wheels have altered the appearance of the A50. The extra power increase on the A35 is obtained by using a compression ratio of 8.3 to 1, which may be a debatable step to take with an economy car that will be driven by many unskilled owners who want the cheapest of motoring. The Austin-Healey 100-six possesses 12 more bhp than the earlier four-cylinder car, but as the weight of what is now a 2/4-seater has increased, the performance increase may not be so great as the the gain in horsepower. New Austin models are the high-performance two-carburettor A105 saloon and the interesting Princess Mk.4 luxury saloon and limousine: the Princess has power-assisted steering, Borg-Warner automatic transmission and a two-carburettor engine in a revised chassis with vacuum-servo brakes, and offers dignity and luxury for a price that is notably lower than that of most competitors in this limited field.

The same enlarged high-compression engines and certain styling changes have gone into the 1957 **Morris** range; the Morris Minor sharing with the Austin A35 the 950 cc, 8.3 to 1 compression ratio engine. The sports MGs are unchanged except for a bigger back window on the Magnette saloon and a hard-top for the MGA. Similarly, Riley and Wolseley exhibit no major changes, a Wolseley 15/50 of greater power and floor gear lever having recently been introduced.

Ford brought out revised examples of its Consul, Zephyr and Zodiac models shortly after the 1955 London Show and these well-established cars, with larger engines, more rearward weight to improve wheel grip, and minor but important mechanical changes such as more powerful brakes, render the bigger Dagenham-built Fords best-sellers in the family-car and "lower middle-class" markets. There is still no sign of overhead-valve power units for the smaller Fords: the Anglia, Prefect, and Popular are unchanged.

Standard has a promising medium-sized car in the Vanguard III, which it offers in de luxe form and as the Vanguard Sportsman, with an engine of increased power that has borrowed features from that very successful sports car, the Triumph TR3 (to which disc brakes have now been fitted). Unlike any other major maker, Standard has been prepared to reduce the price of the small 8 and 10 hp Standards and has made a significant step forward by offering two-pedal control (an automatic clutch) as an optional extra on one of its small models.

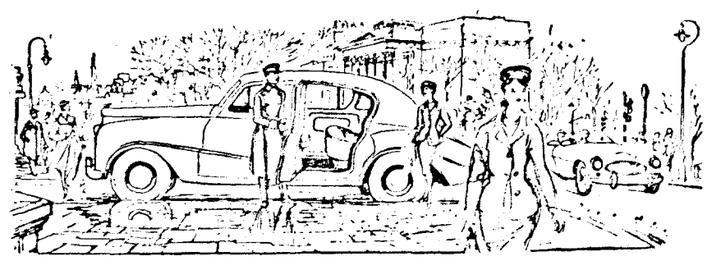
Rootes produce a wide range of cars to meet many needs, of which the adoption of automatic transmission on the comparatively inexpensive **Humber** Super Snipe, the introduction of a two-carburettor engine of greater power for the 1.4-litre **Sunbeam** Rapier, and the recent addition of the new **Hillman** Minx, a family car of outstanding performance and good appearance, constitute the group's contribution to the year's changes. In addition, Rootes have extended gay-look colour schemes to the utilitarian Hillman Husky and have settled the fate of **Singer,** which now emerges from a period of rumour and counter-rumour as the de luxe Gazelle, retaining the well-known Singer single overhead-camshaft engine in the same unitary body-chassis structure as serves the Minx and Rapier.

Away from the mass-produced cars of the Big Five progress is less apparent, and some manufacturers, like **Bristol, Armstrong-Siddeley, Alvis, Morgan, A.C., Aston Martin, Lagonda** and **Daimler** are expressing themselves as content with their 1955 designs. Aston Martin, however, have a beautiful Spyder export model, an open sports two-seater styled by Touring of Milan on the DB2/4 chassis, using a revised cylinder head to achieve greater power.

In the field of high-performance cars **Bentley** has a raised compression engine with larger inlet valves and carburettors to further enhance the 115 mph performance of the Continental; **Rolls-Royce** also is introducing power-assisted steering and refrigerated air-conditioning on the export models. The plastic-bodied Jensen 541 makes a notable contribution to better braking by the adoption of Dunlop disc brakes on all wheels, and the sports Triumph TR3 now has Girling disc brakes on the front wheels.

Jaguar basks in the success of its recent 2.4-litre high-performance saloons, but offers as something even more recent a Mk.VIII version of the 3½-litre saloon, a better-looking and better-equipped edition of the popular Mk.VII. **Rover** has cleaned up the external appearance of the three saloons that comprise its luxury range, offers further increase in performance of the "90" in the 105S and its own design of automatic transmission as an alternative to a manual gearbox in the 105R.

On the Continent the same theme prevails of styling changes being the only ones, made for the sake of change. **Renault** have a much-needed simplified gear shift and slightly higher gear ratios on the Fregate, DKW have found two more horse-power and revised styling for their three-cylinder two-stroke, and BMW are in production with their handsome V8 507 sports model. **Mercedes-Benz** have introduced a convertible on the 220S chassis and **Volkswagen** looks like being able to bridge another year or more without major design change by reason of the anticipated demand for the Ghia-styled Karmann coupe, which is perhaps the world's smartest car using production components.



On the Commercial Side

IN autumn 1956, the state of affairs in the British commercial vehicle industry presents a very different picture to that of the passenger car manufacturers. The further one gets from the light vehicles which have so much in common with passenger cars, the greater is the contrast between the business being done in commercial vehicles and the present troubles of the passenger car industry. In vehicles of over 6 tons carrying capacity, the production for export in the first half of 1955 was about the same as that for the whole of 1953 ; while the corresponding figure for the first half of 1956 shows a further increase of almost 20 per cent above 1955.

The British industry does not produce nor does British commerce use the numbers of small powered trucks that are so common in any continental town and countryside—often based on power plants and other components of motor scooters or light motor cycles, more often with three wheels than with four, with air-cooled engines more often than water-cooled, and two strokes more common than four strokes. It may be that the higher minimum standard of living makes such units relatively less economical in a country where youths are not available at such low rates of wages to drive, or rather, to ride, them.

Vans and the Car Maker

In the field immediately above this minimum class of vehicle, the market is dominated by the five large motor car manufacturers, chiefly Ford, BMC, and Rootes. Standard does not seem to have exploited as much as it might have the opportunities of small commercial vans offered by its 8 and 10 hp cars, though they have lately shown more interest in the possibilities of commercial versions of these and of the Vanguard, and have broken new ground in offering two-pedal control made by Newton & Bennett—to whose system reference is made on page 16. Vauxhall, producing no engine of less than 1,500 cc, can hardly offer an economical vehicle below the 15 cwt carrying capacity, though in sizes above this, going well up into the range of carrying capacities covered chiefly by the specialist manufacturers, the strength of the Bedford challenge is greater than that of the other passenger car makers.

For commercial vehicles which can use the mechanical components of mass-produced motor cars—engines, gear boxes, steering gear, axles, and so on—the low cost of these components makes it almost impossible for other manufacturers to compete. But outside the range where these low-cost components rule the roost, the pattern of manufacture is quite different to that characteristic of passenger cars.

There is effective competition to the passenger car manufacturers down to carrying capacities as low as 25 cwt, owing to the economy of the diesel engine. For commercial vehicles, the average number of hours of utilisation per year is much higher than for the average passenger car, so the annual fuel saving is greater ; while the high weight and noise level of the diesel are less disadvantageous than with a passenger car. Thus such a small maker as the Trojan Company, and a moderate-sized company such as Seddon, both making use of the ubiquitous and low-priced Perkins diesel engines, can compete in the 20-30 cwt capacity range with petrol-engined vehicles of the passenger car makers. The latter, however, are not letting this particular market go by default, for BMC, Standard, and now Rootes, have produced diesel engines of about 2¼ litres to power similar vehicles.

The difference in pattern between the structure of the passenger car industry and the commercial vehicle industry is shown by the large number of separate manufacturers, and the great difference in size between the smallest and the largest producing unit, in commercial vehicles. In the passenger car field, the manufacturer with a production rate of 100 units a week cannot hope to compete in price with similar models whose production rate is ten times as great. But in the commercial vehicle field there are firms building, and apparently making both ends meet by building, a very small number a week of lorries or buses of a type similar to those made, at ten or even twenty times the rate of output, by the largest manufacturers.

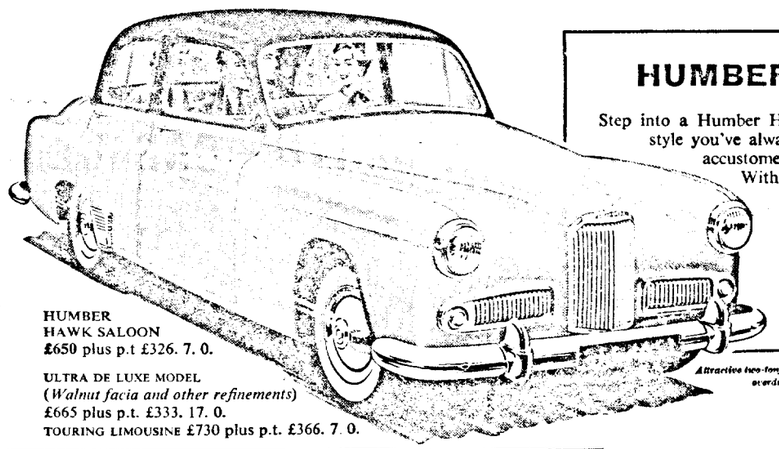
No important motor car manufacturer buys engines for his more important models from outside ; but in the commercial vehicle field there are a number of proprietary engines available. F. Perkins of Peterborough is probably the largest, and lowest cost, builder of diesel engines in the world: its products power most of the vehicles of, for example, Seddon, and have been offered in some of their vehicles by Ford, Vauxhall and other of the giants, and also of some of the medium-sized manufacturers such as Dodge (a division of Chrysler Motors) and Guy. Diesel engines by Gardner of Patricroft are used by ERF, by Foden and others. Henry Meadows of Wolverhampton supplies engines to several builders ; and vehicles recently announced by ERF are powered by Rolls-Royce oil engines.

The Heavy Builders

In the bus field, also, a pattern emerges very different from that of the motor car manufacturers. One of the largest passenger road transport undertakings, the Birmingham Midland Motor Omnibus company, actually builds its own vehicles, while the number of firms building bus and coach bodies are as numerous, and as varied in size, as the firms building goods vehicles. It is a remarkable fact that, while there are in the heavy-vehicle field so many more manufacturers building non-specialised vehicles than in the passenger car field, the proportion of the total output coming from the factories of the largest producers is greater than in the passenger car field. It is probable that the Leyland group does more than half the total business in the classes it covers, roughly from five tons capacity upwards, with an annual output that is probably nearer 15,000 than 10,000 vehicles ; in the smaller range, down to the 20 cwt capacity limit, Bedford's may have an equal hold. In the heavy range the Leyland group is perhaps the biggest manufacturer in the world. Its output in the top weight classes may well be greater than that of any of the American manufacturers, such as GM or White, with the probable exception of International Harvester. The parent works at Leyland have a history going back to before the days of the petrol-engined motor-car—their

Humber

for luxury and value



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Step into a Humber Hawk and drive in the style you've always wanted to become accustomed to! *It's great motoring.* With its performance-packed engine... its roomy interior and low cost—under a thousand inclusive—the six-seater Hawk is today's finest big-car value!

HUMBER HAWK SALOON £650 plus p.t £326. 7. 0.

ULTRA DE LUXE MODEL (*Walnut facia and other refinements*) £665 plus p.t. £333. 17. 0.

TOURING LIMOUSINE £730 plus p.t. £366. 7. 0.

Attractive two-tone colour schemes (Standard Saloon), overdrive, white-wall tyres and chromium rimfinishers available as extras.

HUMBER SUPER SNIPE

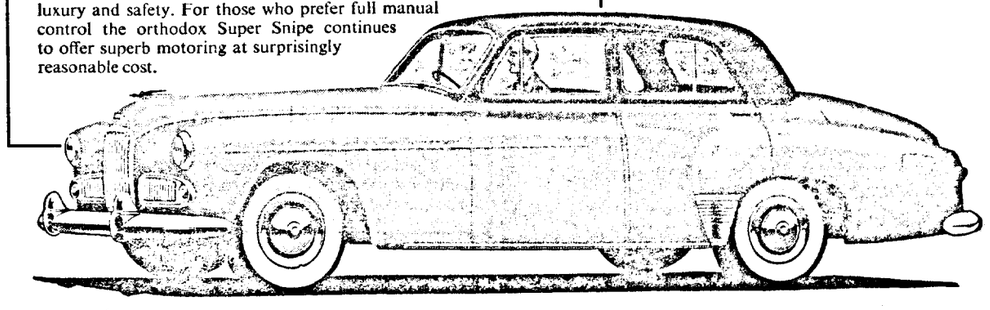
The Lowest-price Luxury Car with Fully Automatic Transmission

No car more aptly named than the handsome *Super* Snipe. Now—fitted with the world-proved Borg-Warner fully automatic transmission (as an extra)—it is still further advanced in performance, luxury and safety. For those who prefer full manual control the orthodox Super Snipe continues to offer superb motoring at surprisingly reasonable cost.

• HUMBER SUPER SNIPE SALOON £950 plus p.t. £476. 7. 0.

With automatic transmission £1,075 plus p.t. £538. 17. 0.

• *Available with overdrive £45 extra, plus p.t.*



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How Leyland enterprise is helping national stability

EXPORTS are the life blood of our national economy! Of course we all *know* how vital is the need to export, but here is what Leyland is *doing* about it.

By making surveys of the post-war transport needs of the world, and pursuing a vigorous policy of developing and producing the right types of vehicles for those export markets, we have now built up the largest export business in heavy-duty road vehicles in the world.

Not only does 30% of the entire British heavy vehicle output to overseas come from the Leyland factories, but taking a conservative estimate, at least 10% OF THE ENTIRE WORLD EXPORTS in this class are designed, built and sent overseas by Leyland! Despite the heavy demands for Leyland products in this country, figures for the last 12 months show that 70% of our entire output goes abroad.

That is how we are contributing to the national need today, and current orders indicate a substantial increase in the future.

By raising the reputation of British trucks and buses to the highest pinnacle and providing an unequalled service to transport everywhere, we at Leyland link our own well-being with the greater prosperity of the nation both now and in the future.

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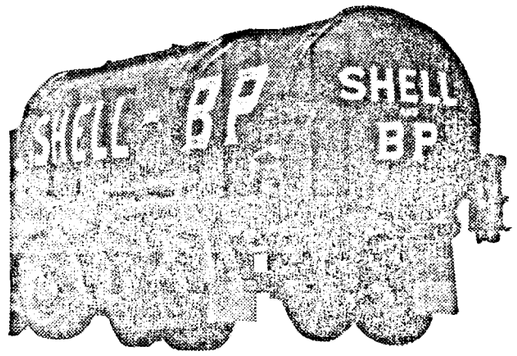
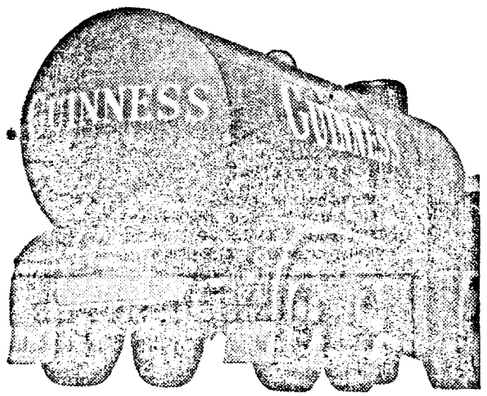


These two have something in common . . .

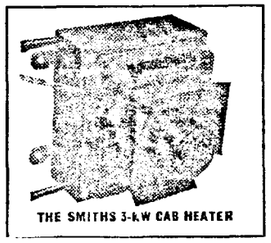
A SMITHS CAB HEATER



Shell-Mex B.P. and Guinness are two of many famous companies who have installed Smiths cab heaters in their fleets. They have done so because they believe in making their drivers warm and comfortable; they believe in giving them the safest possible driving conditions; and they believe in helping them to keep fit.

Smiths are Britain's largest producers of vehicle heating equipment and their extensive research and development programmes include the sending of fleets of vehicles to the coldest parts of Europe and Canada where heaters can be tested under the severest working conditions.

Thanks to Smiths research and Smiths production resources, the Smiths cab heater is the most efficient equipment of its kind—yet its price is very competitive.



THE SMITHS 3-kW CAB HEATER

* Compact and easy to fit, size 8¼" x 7¾" x 7½".
* High heat output of 67.8 BThU/Hour.°F.T.D. with total airflow of 126 c.ft./min.
* Maximum forced air flow for demisting of 30 cu.ft./min.
* Sturdy and simple construction ensures reliability.
* Models for 6, 12 or 24 volt operation.
* Retail price £12.10s.0d. including full kit of accessories.

SMITHS TRANSPORT VEHICLE CAB HEATERS

one of SMITHS *accessories for better transport*

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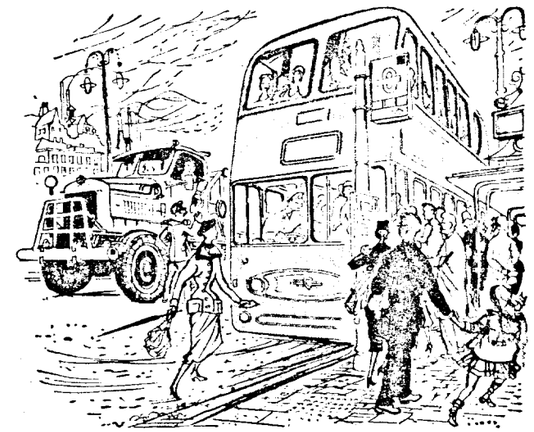
THE MOTOR ACCESSORY DIVISION OF S. SMITH & SONS (ENGLAND) LIMITED

predecessor, the Lancashire Steam Carriage Company, was formed in the 90s. In recent years the group has absorbed the Albion Company in Scotland, which has extended the output of the group into a smaller size of vehicle than Leyland make, while the recent absorption of Scammell's of Watford, extends its interests in the heaviest field. With these extensions to the range of the group's vehicles, Leyland can very reasonably claim to be the leading British manufacturer by every important criterion: the volume of its output; the range of its products; the geographical diversity of its operations, with licensees in the USA and arrangements of one sort or another for vehicle production



in all the important countries of the Commonwealth, as well as Belgium, Denmark, Holland, Israel and Spain; and also, most judges would allow, in technical progressiveness.

The most serious competitor to Leyland, and the only unit which in any way approaches it in size or in range, is the Associated Commercial Vehicles group. The old Associated Equipment Company, which a quarter of a century ago was part of the Underground group and still builds three-quarters of London's buses, was the most important component of this group. It was expanded by the addition of a couple of firms of vehicle builders who, in retrospect, hardly seem to have added strength to the group, and by the addition also of Park Royal Vehicles, a builder of bus bodies, acquired some seven years ago, which has certainly brought it strength, both in the manufacturing capacity added, and in the reinforcement of the group's top management.

Diesels in the Lorry

In the field of goods vehicles the most striking recent development is the continuing growth in the dominance of diesel-engined vehicles. Among the real "heavies"—the vehicles of six tons carrying capacity or more—the proportion of petrol-engined vehicles has for many years been no more than five per cent; as one goes down the range to the smaller commercial vehicles, the proportion of petrol engines grows, but each year witnesses fresh gains for the diesel. On the record of new registrations this year, diesels outnumber petrol engines by 2 to 1 in the class immediately below 3 tons, and much more heavily in every group above this limit. The 2¼-litre diesel engines made by BMC, Rootes and Standard referred to above are likely to accelerate the trend to diesel power in the smaller goods vehicles. As this goes on, the increasing volume of production of such engines will reduce the excess cost of the more economical power plant. The time is now in sight when the extra cost of a diesel plant for small vehicles will be of the order of £20 or so, not much more than a tenth of the figure that applied a few years ago.

Another tendency which continues to gather momentum is the use of light alloys for commercial vehicle bodies. The increasing use of aluminium on passenger cars is measured in a few lbs per vehicle; but in a growing number of commercial vehicles aluminium is being used for the decking and for other major structural parts in such quantities that the amount of the metal used and the weight saved are both to be reckoned in hundredweights per vehicle. The tendency to light alloy bodies has hitherto been most pronounced in the heavier class of goods vehicle, and been particularly strong in vehicles near the 3-ton unladen weight limit, for which the economies of a 30 mph speed can earn a handsome dividend on the cost of weight saving.

Britain Catches the Bus

These two developments in haulage vehicles constitute a strengthening of tendencies already prevalent for some years. Among the buses and coaches more important changes in design are occurring which will give the public service vehicle of the future more of the comfort and of other characteristics of postwar passenger cars. The important changes in public service vehicles are well shown in three examples. The first is the bus developed by the Birmingham and Midland Motor Omnibus Company for manufacture in its own workshops for use on its own routes. The second is the Routemaster, developed by AEC in collaboration with London Transport: the prototype was put in service last year and is understood to have proved satisfactory. The third, and probably the most important in respect of its technical features and its export potentialities, and from the point of view of the generality of transport operators—and users—in this country and abroad, is the *Atlantean* 78-seater bus announced last month by Leyland. In terms of technical innovation and styling, this is perhaps the most impressive vehicle that has come from any section of the British motor industry since the war. It uses a rear engine and semi-automatic transmission: unitary body construction, taking a leaf from the book of the passenger car builders, with independent front suspension; and a floor line lower by several inches than bus passengers have been accustomed to in conventional vehicles. The *Atlantean* admits its passengers at the front, through doors power-operated by the driver, who is well placed to see the whole of the lower platform. It is a vehicle that seems to be as practical functionally as it is distinguished æsthetically. Taken as a whole, the *Atlantean* shows that the British heavy vehicle industry has a technical mastery which need fear no comparison with its overseas competitors. The figures quoted above show the liveliness of this industry, and the success it is achieving in the world markets. One can have little doubt that if the English passenger car industry were in its own field as efficient, British motor cars would by now have a more secure grip on the world's markets.

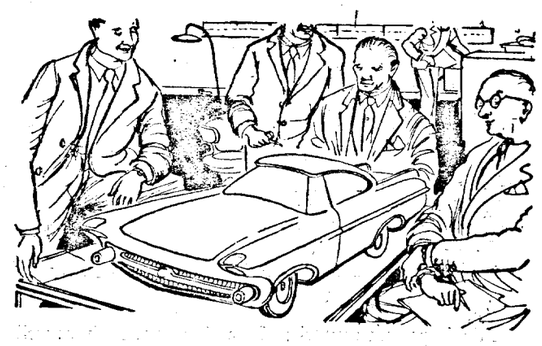
The Design Problem

IF a moralist desired to illustrate the uncertainty and unpredictability of human affairs, he could hardly find more apt material than is furnished by the design of a motor-car for large-scale production and sale. The finished product will be the outcome of some five years of thought and effort by a great many people. It will be the result of the interaction of the various personalities in the sales, design and manufacturing departments of the motor-car manufacturers' own organisation and of a number of outside suppliers. The amount of money committed before the first production car is supplied to a customer is liable to be more than £10 million. But until the customers have started to buy, it is hardly more possible to judge whether or not it will be a commercial success than it is possible for a theatrical impresario to be certain of the success of a play or a publisher to be certain of the success of a book. Indeed, the parallel may go further ; for just as a play or a book may seem to be a failure in the first weeks of its public opening but in the longer run be a great success, so there are cases of motor-cars which at their first appearance seemed unlikely to yield a profit but in the long run have been highly profitable.

There is no more dramatic case history than that of the design of the Volkswagen, which in the outcome has been the most successful design in the history of the European industry. The original project was conceived in 1930 by Dr Porsche, already one of the most famous designers in the world, as the most economical transportation possible for a family of four. Within a year Dr Porsche and his team had crystallised their ideas into a design which was very close to that of the present-day Volkswagen, except that the engine was a radial three-cylinder instead of the flat four-cylinder. But no private German manufacturer could see sufficient merit in his project to back it. Eventually Hitler became interested in its possibilities, and insisted that manufacturers should build and test a large series of prototypes. Even then none of them thought the design worth adopting ; and it was left to Dr Ley's Labour Front to take the necessary steps to arrange its production. After the war, when the success of the military version of the VW had proved some of the merits of the design, the British industry was offered the opportunity of taking over the design and what remained of the manufacturing plant. They took the same view as their German counterparts before the war.

The history of the VW shows how uncertain is the judgment of those who should be best qualified to judge of the prospective success of a new design. The effect of it can be traced in the postwar history of the continental automobile industry. There is now a far greater readiness than before the war in the major factories to allow designers of proved ability to work out their ideas on unorthodox lines and to find the best answer they can to the problem, without being too closely trammelled by the view of the sales staff or by the limitation of existing manufacturing facilities. The results are manifest in the range of unorthodox vehicles produced, with such outstanding success, by factories on the Continent. The 4 cv Renault followed Dr Porsche's course in locating the engine at the rear. The Fiat 600 did not pioneer any particular innovation: its strength lies rather in using features developed elsewhere in a supremely practical combination of "minimum motoring," though Fiat is said to have in mind something more unconventional.

Citroen did not need the example of VW to prove that an unorthodox design could be a commercial success. Its own unconventional front-wheel-drive vehicle, of which the original was introduced in 1932, were until last year the only medium-size passenger cars it made. Citroen have continued to exploit the possibilities of front-wheel drive with two radically unorthodox vehicles: the 2 cv Citroen, which is the smallest vehicle produced by any major manufacturer in the world and the DS19, the impressive postwar successor to its larger front-wheel drive saloons. In these important examples of advanced Continental design, the originality displayed consists rather more in the boldness of the engineering conception of the vehicle as a whole—the disposition of the weights, and so on—than in any great mechanical ingenuity in detail ; though the

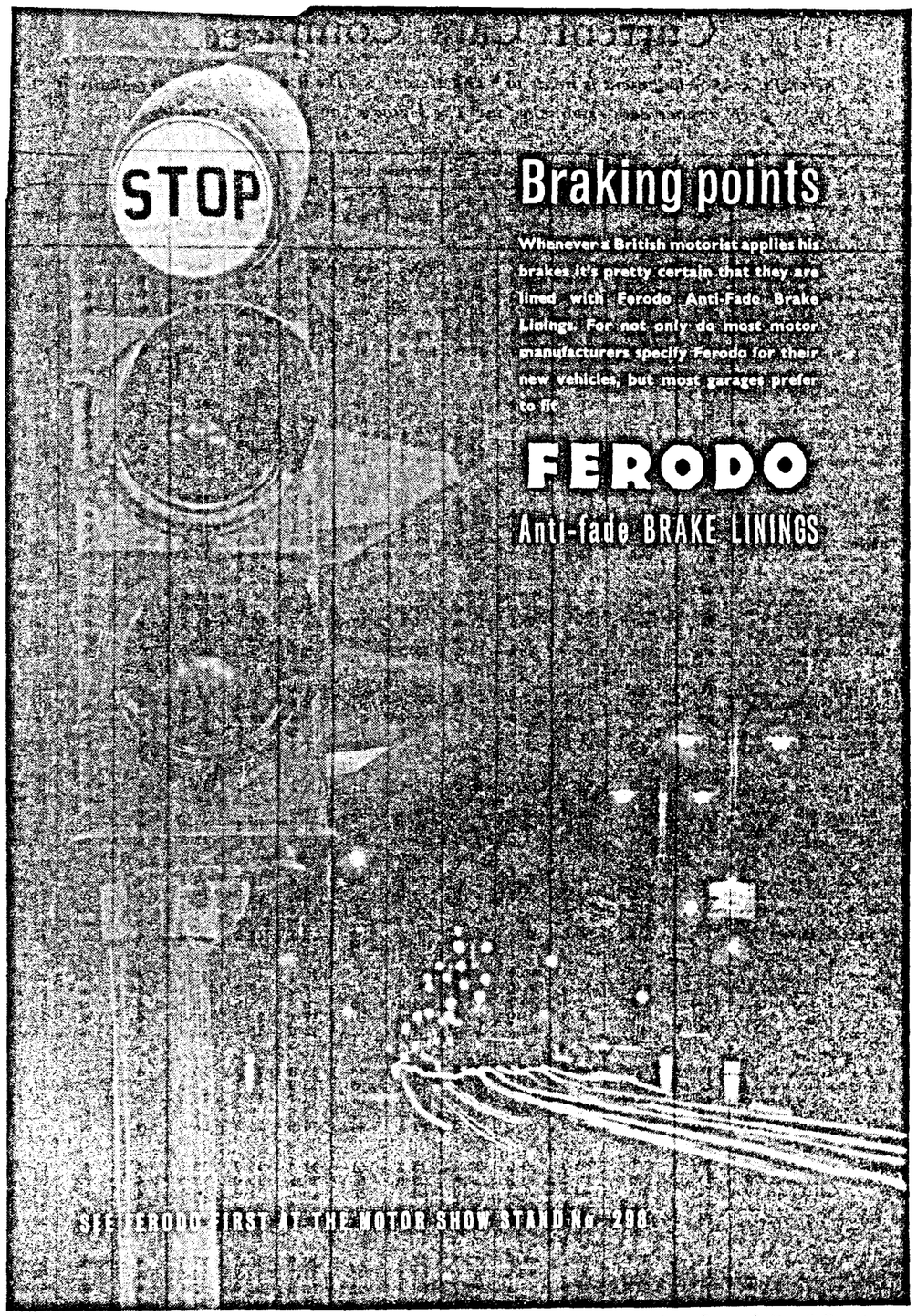


Citroen DS19 has this in plenty. And the appearance of the vehicle has in every case been subordinated to other considerations.

Styling in Detroit

In the design of American automobiles, on the other hand, the order of procedure is entirely different. Design proceeds from the outside inwards, and the stylist is quite as important in the hierarchy as the engineer. The stylist knows fairly accurately what volumes he has to allow to house the mechanical components of the car, and what spaces will be required for the passengers and their baggage. His task is to provide an envelope for this package which will appeal to the public taste of the moment, as he and the commercial side of the factory interpret it, and which will lend itself as readily as possible to the changes which can be seen in the future. If the stylist and those who direct him foresee that in three years' time the public will like the bodies of their cars to be longer, wider and lower, and that thereafter there is likely to be some reaction towards more moderate dimensions, he must make sure that the automobile he designs will lend itself to modifications in accordance with those trends. The working-out of the design of the automobile within the envelope for which primarily the stylist has been responsible is broken up between various specialist groups—the specialists in power plant, in transmissions, suspensions, and so on. All these specialists work closely with the production engineers.

(*Continued on page 14*)



Current Cars Compared

Grateful acknowledgment is made to "The Motor" for the use of this table of technical performance data established in "The Motor's" authoritative road tests.

Model (in descending order of kerb weight)	Kerb Weight (cwt)	Price (excluding PT) £	Price (excluding PT) d. per lb	Fuel Consumption † Standard m.p.g.	Fuel Consumption "The Motor" Road Test m.p.g.	Maximum Speed Level m.p.h.	Maximum Speed 1 in 20 m.p.h.	Max. Gradient in Top Gear 1 in	Acceleration Top Gear 10-30 mph secs.	Acceleration 0-50 mph through Gears secs.	Engine No. of Cylinders	Engine Valves	Engine Bore mm.	Engine Stroke mm.	
Packard Clipper	38¾	2,395	132·6	24·5	16·6	113·4	95	4·3	4·2	8·4	8	o.	96·80	88·90	1
Rolls-Royce Silver Cloud	38	3,590	202·8	22·0	14·5	102·9	83	7·7	...	10·0	6	o.	95·30	114·50	2
Daimler Regency Mark II	36½	995	58·5	22·8	15·7	82·8	68	10·0	10·3	15·4	6	o.	82·50	107·90	3
Humber Super Snipe (with automatic BW transmission)	36¼	1,075	63·6	21·0	15·3	97·0	...	...	3·8	11·3	6	o.	89·00	111·00	4
Jaguar Mark VII (with overdrive)	34¼	1,185	73·1	25·7	18·8	104·3	91	9·7	6·9	9·8	6	o.	83·00	106·00	5
Armstrong Siddeley Sapphire (automatic transmission)	33	1,404	91·1	24·2	16·8	95·9	78	...	3·7	11·4	6	o.	90·00	90·00	6
Plymouth	31½	1,656	112·6	24·0	15·1	99·6	87	10·4	6·7	9·4	8	o.	90·50	82·55	7
Ford Fairlane V8 Sedan	31½	$2,212	42·5	21·5	14·2	96·1	...	6·5	3·9	11·2	8	o.	91·95	93·80	8
Riley Pathfinder	30½	940	66·1	27·7	19·5	99·5	80	10·1	10·5	11·7	6	o.	80·50	120·00	9
Rover 90 (with overdrive)	29½	976	71·6	33·3	21·2	91·4	78	9·1	9·9	13·8	6	o.	73·00	105·00	10
Wolseley 6/90	29¼	806	59·1	30·3	21·6	96·0	80	8·9	9·2	12·5	6	o.	79·38	88·90	11
BMW Type 501 V8	28	1,638	125·2	28·3	18·6	100·2	...	9·5	10·2	11·0	8	o.	74·00	75·00	12
Humber Hawk	28	650	49·7	31·3	22·2	80·0	64	9·1	8·9	15·3	4	o.	81·00	110·00	13
Sunbeam Mark III	27½	765	59·1	38·8	22·1	93·6	75	9·0	10·3	12·4	6	o.	81·00	110·00	14
Morris Isis	27	607	48·2	32·8	26·2	90·0	...	9·3	9·4	12·2	6	o.	79·40	89·00	15
Jaguar 2·4 litre	27	953	75·8	34·3	18·25	101·5	...	7·9	88·2	11·0	6	o.	83·00	76·50	16
Austin A105	26¼	756	61·2	27·8	22·0	91·2	...	8·6	7·8	11·0	4	o.	79·40	89·00	17
Mercedes-Benz 220A	26	1,500	123·9	30·6	21·0	94·5	80	9·2	10·1	11·7	6	o.	80·00	72·80	18
Armstrong Siddeley Sapphire 234	26	940	77·5	...	...	...	...	...	...	...	4	o.	70·00	100·00	19
Austin A90 (with overdrive)	25¾	665	55·3	33·2	21·6	86·3	...	8·7	9·0	12·6	6	o.	79·40	89·00	20
Aston Martin DB2-4	24¾	2,050	177·3	32·8	23·0	118·5	105	7·4	8·0	8·2	6	o.	83·00	96·00	21
Standard Vanguard Sportsman	24½	820	70·9	39·3	25·6	90·7	...	8·4	8·6	12·5	4	o.	85·00	92·00	22
Standard Vanguard III	24	599	53·5	37·0	25·9	83·7	...	8·9	10·9	13·8	4	o.	85·00	92·00	23
Hudson Rambler	24¼	$1,642	40·6	35·0	23·1	85·7	71	6·5	7·2	12·3	6	o.	79·40	107·90	24
Ford Zodiac II	23¾	645	58·2	28·5	21·5	87·9	...	7·3	8·1	11·3	6	o.	82·60	79·50	25
Vauxhall Cresta	22¾	640	60·3	32·5	23·5	82·2	...	9·1	9·7	13·8	4	o.	79·40	76·20	26
Citroen DS19	22¼	1,150	109·7	...	...	...	...	...	...	...	4	o.	78·00	100·00	27
Alfa Romeo 1900	22·6	1,695	160·8	34·0	22·8	102·8	95	11·2	...	12·8	6	o.	82·50	89·00	28
Ford Consul II	22	520	50·7	34·2	22·1	79·3	...	10·6	11·1	14·8	4	o.	82·60	79·50	29
Morris Oxford II	21½	565	56·4	38·0	28·2	74·2	61	10·6	11·5	18·5	6	o.	73·00	89·00	30
Morris Cowley	21	532	54·4	41·3	28·0	71·9	54	11·4	11·9	19·8	4	o.	65·48	89·00	31
Austin A50	20½	514	55·7	38·5	28·0	73·6	58	9·5	10·9	18·2	4	o.	73·00	89·00	32
Borgward Isabella	19½	806	87·5	...	32·0	77·2	...	12·4	14·3	14·8	4	o.	75·00	84·00	33
Holden	22	...	...	...	...	...	...	...	...	...	6	o.	76·20	79·40	34
Hillman New Minx de Luxe	19½	515	56·6	38·3	29·8	78·6	...	11·1	12·0	16·0	4	o.	76·20	76·20	35
Volvo 444K	19	...	...	40·7	29·7	75·5	...	11·1	12·0	16·9	4	o.	75·00	80·00	36
Triumph TR3	19	680	76·8	41·0	27·1	105·3	...	8·4	9·2	7·5	4	o.	83·00	92·00	37
Austin Healey	18¾	762	88·4	36·7	22·5	106·0	90	6·9	6·6	8·5	4	o.	87·30	111·10	38
MG Series, MGA	18¼	640	75·2	43·0	26·7	97·8	80	11·1	11·0	10·8	4	o.	73·00	89·00	39
Simca Aronde	18	609½	72·6	41·3	26·4	82·6	...	12·0	12·3	15·0	4	o.	74·00	75·00	40
Hillman Husky	18	415	49·4	40·2	33·4	65·0	46	13·5	12·7	24·3	4	s.	65·00	95·00	41
DKW Sonderklasse	17¼	652	78·6	43·5	33·8	75·2	56	13·9	19·1	17·3	3	2 st'ke	71·00	76·00	42
Fiat 1100	17	578½	72·9	46·8	34·0	77·5	57	13·4	15·2	16·4	4	o.	68·00	75·00	43
Nash Metropolitan	16¾	$1,825	64·9	36·0	26·3	76·3	...	8·6	9·3	14·6	4	o.	75·00	89·00	44
Morris Minor II	15¼	401	54·5	51·3	39·3	62·3	44	14·9	15·9	28·6	4	o.	58·00	76·00	45
Ford Anglia	15½	360	50·5	39·5	30·3	70·2	51	11·4	13·2	18·5	4	s.	63·50	92·50	46
Standard Ten	15	385	55·1	46·2	34·4	69·0	51	13·2	15·0	22·2	4	o.	63·00	76·00	47
Ford Popular	14½	275	40·7	41·3	36·4	60·3	50	10·6	11·8	24·1	4	s.	63·50	92·50	48
Volkswagen de Luxe	14	492½	75·4	45·2	30·8	68·2	...	14·9	20·2	18·2	4	o.	77·00	64·00	49
Austin A50 (2 door)	14	360	55·1	51·5	43·5	64·7	51	12·4	15·7	24·5	4	o.	58·00	76·00	50
Standard Family Eight	14¼	379	56·1	44·6	37·3	62·1	...	14·9	15·7	27·7	4	o.	58·00	76·00	51
Renault 4 cv	11¾	422½	77·2	53·3	47·7	62·1	47	11·7	12·7	24·2	4	o.	54·50	80·00	52
Fiat 600	11¼	412½	78·6	53·3	44·7	58·3	22	19·5	23·0	32·5	4	o.	60·00	56·00	53
Citroen 2 cv Type A2	10½	398	81·2	*68·7	49·7	47·2	...	21·3	30·0	*27·0	2	o.	66·00	62·00	54
Iso Isetta	6¼	...	...	*65·8	50·4	44·9	...	35·0	...	*35·8	2	2 st'ke	65·00	46·00	55

* Mean of 20, 30, and 40 mph. † Mean of 30, 40 and 50 mph.

Power, Price and Performance

	Engine Bore/Stroke	Engine Cubic Capacity	Engine Cwts. per litre	Engine BHP	Engine At Revs. per min.	Engine Comp. Ratio	Dimensions Panel to Rear Squab ins.	Dimensions Width Front Seat ins.	Dimensions Front Seat to Roof ins.	Dimensions Width Rear Seat ins.	Dimensions Rear Seat to Roof ins.	Length Wheelbase	Length Overall	
1	1·09	5,243	7·4	225	4,600	8·50	77½	60	44	61½	38½	10′ 2½″	17′ 11″	Packard Clipper
2	0·83	4,887	7·8	...	...	6·60	72½	55½	40½	56½	37½	10′ 3″	17′ 8″	Rolls-Royce Silver Cloud
3	0·77	3,468	9·5	107	4,000	6·50	75	55½	39	55	35	9′ 6″	16′ 3⅜″	Daimler Regency Mark II
4	0·80	4,139	9·8	122	3,600	7·13	72	56	42	57½	37½	9′ 7¾″	16′ 4″	Humber Super Snipe (with automatic BW transmission)
5	0·78	3,442	10·1	190	5,500	8·00	73	49½	42	58½	38	10′ 0″	16′ 4½″	Jaguar Mark VII (with overdrive)
6	1·00	3,435	9·2	125	4,700	7·00	69	56½	40	57	37	9′ 6″	16′ 1″	Armstrong Siddeley Sapphire (automatic transmission)
7	1·10	4,260	7·4	167	4,400	7·60	74	62	38	61	36	9′ 7″	16′ 8″	Plymouth
8	0·98	4,457	7·0	176	4,400	8·40	75½	60½	40	59½	37	9′ 7½″	16′ 6½″	Ford Fairlane V 8 Sedan
9	0·67	2,443	12·5	110	4,500	7·25	66½	55	39	57	37	9′ 5½″	15′ 5″	Riley Pathfinder
10	0·67	2,638	10·1	93	4,500	7·50	72	55	39	55	37	9′ 3½″	14′ 10½″	Rover 90 (with overdrive)
11	0·89	2,639	11·1	95	4,500	7·30	70½	56½	39½	57	36	9′ 5½″	15′ 8″	Wolseley 6/90
12	0·99	2,580	10·9	100	4,800	7·00	69	56½	37	55	34½	9′ 3½″	15′ 6½″	BMW Type 501 V 8
13	0·74	2,267	12·4	70	4,000	7·00	74	53	39	56	36	8′ 9½″	15′ 1½″	Humber Hawk
14	0·74	2,267	12·2	77	4,100	7·42	63	50½	40	52	34	8′ 1⅜″	14′ 0½″	Sunbeam Mark III
15	0·89	2,639	10·2	86	4,250	7·25	74	55	42½	55	37½	8′ 11½″	14′ 10″	Morris Isis
16	1·09	2,483	10·9	112	5,750	8·00	67	58	43	58½	44½	8′ 11½″	15′ 1″	Jaguar 2·4 litre
17	0·89	2,639	10·0	102	4,600	8·25	68	55	43	55	37½	8′ 7½″	14′ 3″	Austin A105
18	1·10	2,195	11·8	92	4,800	7·60	71	57	39	57	36	9′ 3″	15′ 6″	Mercedes-Benz 220A
19	0·70	2,290	11·4	120	5,000	7·50	...	...	...	...	...	9′ 3″	15′ 0″	Armstrong Siddeley Sapphire 234
20	0·89	2,639	10·2	85	4,000	7·30	68	55	43	55	38	8′ 7½″	14′ 2½″	Austin A90 (with overdrive)
21	0·86	2,922	8·5	140	5,000	8·20	56	55	34	41	34	8′ 5″	14′ 1½″	Aston Martin DB2-4
22	0·92	2,088	11·9	90	4,500	8·00	66	54	41	54	35	8′ 6″	14′ 5½″	Standard Vanguard Sportsman
23	0·92	2,088	11·5	68	4,200	7·50	66	55	41	54	35	8′ 6½″	14′ 3½″	Standard Vanguard III
24	0·73	3,205	7·5	90	3,800	7·50	70	57	38	57	34	9′ 0″	15′ 6″	Hudson Rambler
25	1·04	2,553	9·3	86	4,200	7·80	69½	56½	41	56	37	8′ 11″	15′ 0½″	Ford Zodiac II
26	1·04	2,262	10·0	67½	4,000	7·30	73	55	42	55	37	8′ 7″	14′ 4″	Vauxhall Cresta
27	0·78	1,911	11·8	75	4,500	7·50	...	...	...	...	...	10′ 3″	15′ 9″	Citroen DS19
28	0·93	1,884	12·0	93	5,400	7·50	63½	57	38	52	36	8′ 8″	14′ 6″	Alfa Romeo 1900
29	1·04	1,702	12·9	59	4,200	7·80	69½	56½	41	56½	36½	8′ 8½″	14′ 4½″	Ford Consul II
30	0·82	1,489	14·4	50	4,800	7·43	76	55	35	56	38	8′ 1″	14′ 2″	Morris Oxford II
31	0·74	1,200	17·5	42	4,500	7·20	76	55	36	56	38	8′ 1″	14′ 1″	Morris Cowley
32	0·82	1,489	13·8	50	4,400	7·20	68	52	39	52	36	8′ 3½″	13′ 6½″	Austin A50
33	0·89	1,493	13·2	60	4,500	6·80	...	53	39	59	33	8′ 6½″	14′ 4″	Borgward Isabella
34	0·96	2,170	10·1	70	4,000	...	...	...	...	...	...	8′ 10″	...	Holden
35	1·00	1,390	14·0	51	4,600	8·00	68½	51	43	52	36	8′ 0″	13′ 4½″	Hillman New Minx de Luxe
36	0·94	1,414	13·4	51	4,500	7·30	65	48	41	51½	37½	8′ 6″	14′ 9″	Volvo 444K
37	0·90	1,991	9·5	100	5,000	8·50	43½	44	38½	...	...	7′ 4″	12′ 5″	Triumph TR3
38	0·79	2,660	7·0	90	4,000	7·50	...	59½	33	...	...	7′ 6″	12′ 7½″	Austin Healey
39	0·82	1,489	12·3	68	5,500	8·30	32½	48	37½	...	...	7′ 10″	13′ 0″	MG Series, MGA
40	0·99	1,290	13·9	48	4,500	6·80	65½	52	40	53	36	8′ 0″	13′ 5½″	Simca Aronde
41	0·68	1,265	14·2	35	4,100	6·63	59	49½	39	52	35	7′ 0″	12′ 4″	Hillman Husky
42	0·93	806	19·3	34	4,000	6·50	62	48½	31	41	32	7′ 8″	13′ 0″	DKW Sonderklasse
43	0·91	1,089	15·6	35·5	4,400	6·70	67½	47½	36½	49	34½	7′ 8″	12′ 4½″	Fiat 1100
44	0·82	1,489	11·3	52	4,500	7·20	55	49	40½	48	...	7′ 1″	12′ 5½″	Nash Metropolitan
45	0·76	803	19·6	30	4,800	7·20	58	48	36	47½	35	7′ 2″	12′ 4″	Morris Minor II
46	0·69	1,172	13·0	36	4,400	7·00	64	49	40	47	36	7′ 3″	12′ 7½″	Ford Anglia
47	0·85	948	15·8	33	4,500	7·00	59	49	38	48	35	7′ 0″	12′ 1″	Standard Ten
48	0·69	1,172	12·4	31	4,000	6·16	64	40	37	48	37	7′ 6″	12′ 7½″	Ford Popular
49	1·19	1,192	11·8	36	3,700	6·60	60	48	42	52	34½	7′ 10½″	13′ 4″	Volkswagen de Luxe
50	0·76	803	17·4	28	4,800	7·20	57½	50	37	47	35	6′ 7½″	11′ 4½″	Austin A50 (2 door)
51	0·76	803	18·1	28	4,500	7·00	60	48½	41½	48	34½	7′ 0″	11′ 10″	Standard Family Eight
52	0·68	747	15·7	21	4,100	7·25	62	45	39	46	36	6′ 10½″	11′ 11″	Renault 4 cv
53	1·07	633	17·8	21·5	4,600	7·00	60	47½	38	47	35	6′ 6½″	10′ 6½″	Fiat 600
54	1·07	425	24·7	12	3,500	6·20	61	46	42½	48	36	7′ 9½″	12′ 4¾″	Citroen 2 cv Type A2
55	1·35	256	28·6	9·5	4,500	6·50	...	48	36	...	...	4′ 11″	7′ 4½″	Iso Isetta

(*Continued from page* 10)

The pattern of American design strategy depends, of course, on the general acceptance of one particular shape and size of automobile by the great majority of its customers —a roomy six-seater, with a large trunk ; a V8 engine with maximum power ranging from a little below 200 bhp upwards ; automatic transmission ; independent suspension in front and a beam axle behind ; a structure in which most of the strength is concentrated in a frame below the body, and comparatively little contributed by the body itself.

This generally conservative attitude in Detroit to the design of the car as a whole is, however, accompanied by great ingenuity and skill in the various engineering sections. For example, the development of automatic transmissions has shown a boldness and a soundness that deserves the highest praise.

Just as history has encouraged the European designer in unorthodoxy, so has history discouraged unorthodoxy in the American market. The last major single adventure in automobile design by any American manufacturer was the Chrysler Airflow car of the middle thirties, which was several jumps ahead of contemporary American design ; which used the whole body to obtain structural strength in a way which Continental and British engineering opinion would hold to be in advance of today's American practice ; and which gave the customer obvious advantages in the way of riding comfort and performance. Yet the car as a whole was not acceptable to the American public ; and in the final outcome must have been accounted a serious money loser to Chrysler. Since then the American industry as a whole, and in particular Chrysler—which is generally considered to be fully able to hold its own in engineering ability with the much larger GM and Ford organisations—has been exceedingly conscious that the dangers of being too far ahead of the public thinking are nearly as great as the dangers of being behind.

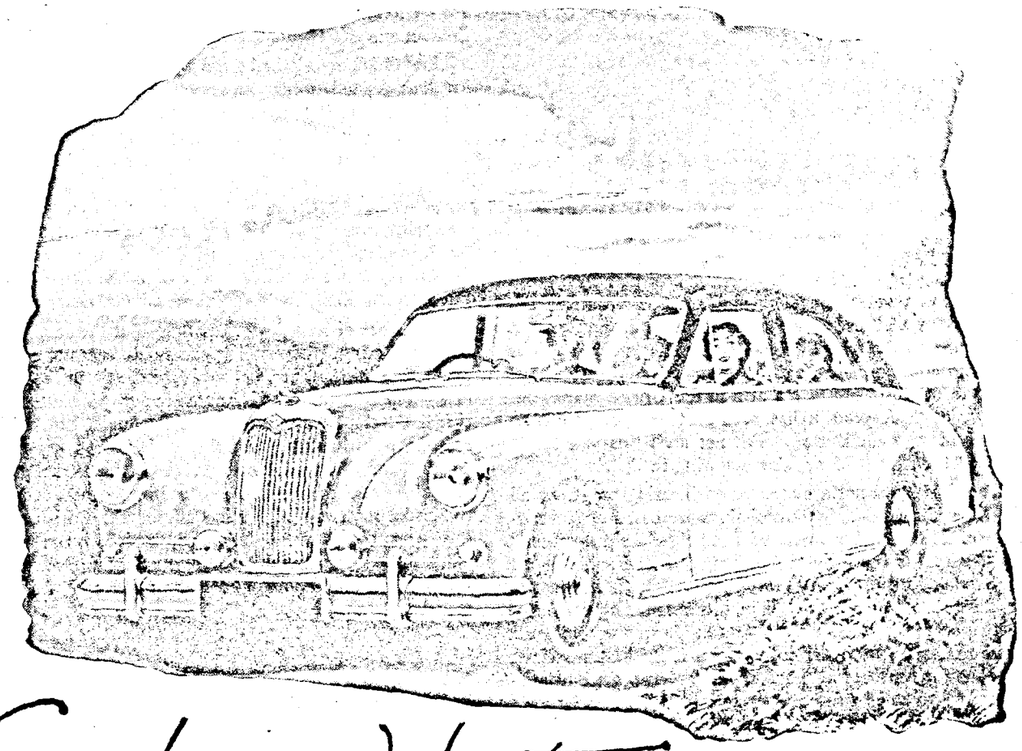
Britain's Design Strategy

Design strategy in Britain has been much more akin to that of the American industry than of the Continental. In the case of Ford and Vauxhall, the thinking that has dominated their design policy has rather been the thinking of Detroit than of Dagenham or Luton. There is in both cases a partnership in design between the British organisations and their parents in the USA, and the impact of individual personalities plays its part. The balance of power in design in the Ford organisation has certainly shifted of late ; in the designs of the future, Dagenham will have greater initiative than it has had in the past. At Luton, on the other hand, as in other European parts of GM, the degree of local autonomy has probably in recent years become less rather than more. But in both organisations there are now in senior design positions men of less than middle age who are primarily vehicle designers—on the Continental pattern, rather than the specialised engineers, power plant specialists or what have you met in Detroit.

One of the partners who came together to form Britain's largest motor producer, the British Motor Corporation, Morris, has behind it what is probably the most distinguished piece of all-round motor engineering to be achieved by any major British manufacturer since the war, the Morris Minor. Since BMC was formed, this outstanding small car has already been once re-engined with the same 803-cc power unit as the small Austin A.30 ; and this year both have been given a more powerful 950-cc engine that takes them into a rather different class of performance —perhaps at the cost of economy. But in recent years the design of BMC cars, particularly in the medium range and particularly in body styling, has undoubtedly made a weaker impression than that of the American-controlled factories. The same should perhaps be said of Standard, if not of Rootes—though the smaller Standard cars have proved highly successful in their various versions. The new Hillman Minx shows that unerring ability to style a car for its own rather cosy, middle-class market that Rootes have often displayed.

It is probably fair to say that the main engineering effort of BMC in recent years has gone into the improvement of production methods rather than into the design of the cars produced. In last year's motor boom, BMC increased its output much more than any of the other producers, drawing further ahead ; this year, perhaps inevitably, it is generally believed to have suffered more in sales than its main American-controlled rivals. The production side of BMC is technically first rate ; but the design side has certainly been inhibited by the fact that in this organisation developments have for the most part had to be fitted into the straitjacket of a programme primarily conceived in terms of production facilities. Nor have BMC car bodies on the whole been outstanding examples of styling—in spite of the fact that since the war there have been more changes in the body panels of the Austin range than any other major motor car manufacturer on this side of the Atlantic has felt able to afford. The BMC, with the largest total unit rate of output in Europe, should have been able to keep the cost of body tools per car produced to a lower figure than any of its competitors: whether it has is doubtful. But the value for money that it has achieved, in terms of eye appeal, must have disappointed it.

It is to be hoped that with the return to BMC a year ago of Issigonis, the designer—before BMC days—of the Morris Minor, vehicles of greater distinction are to be expected. But two or three selling seasons are likely to pass before any radically new vehicle from his drawing board can be expected to be coming off the end of the assembly line. Even if he is capable of wiping the eye of every individual designer in Europe—a large assumption—it would be more hopeful to expect that he will be able singlehanded to equal the efforts of designers in other factories, whose work is supported by an apparatus for the most thorough possible exploration of the requirements of the market and the prejudices and desires of the customer—such an apparatus as Ford International, for example, commands.



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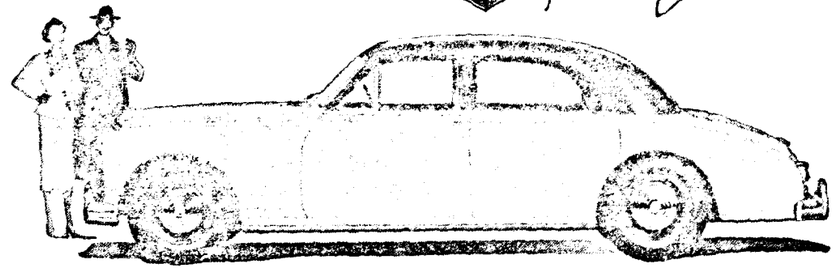

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Two-Pedal Motoring

ONE of the earliest constructors of a successful motor car, M. Panhard of Panhard and Levassor, declared of the original sliding gear-box, "C'est brutale, mais ça marche." If M. Panhard were alive today he would find it difficult to believe that for all the improvements in speed, power, suspension, and low production cost that have taken place in 50 years of development, most cars outside the United States still use a mechanism to transmit power from the engine to the wheels that apart from synchro-mesh is the same brutal one he knew. Automatic transmission took until the late forties to take a grip in the United States, but for two or three years it has been standard equipment on most vehicles from Detroit. But not until this year has it touched the fringes of popular motoring in Britain.

The time-lag is not a matter of engineering progress: all the American automatic transmissions are based upon variations of fluid couplings, derived from the "fluid flywheel" first devised by Fottinger in Germany and further developed by Sinclair in this country. Nor, necessarily, is it a matter of drivers' conservatism. When the automatic gear-boxes first appeared in the United States, American motorists there raised all the expert objections that British enthusiasts now do; nevertheless, most of them have since wholeheartedly accepted two-pedal motoring. Drivers who used to pride themselves on their gear-changing skill have found that after a brief experience on automatic transmission they would not be without it.

The obstacle here has been the cost of making an automatic transmission for European cars. These are complex mechanisms, and comparatively heavy. In the United States, mass-produced in very high volume, they can nowadays be had for no great increase in price, and the 250 lb they may add in weight is easily lost in the massive, powerful automobiles of Detroit. European motor engines are far less powerful; but the weight of the transmission cannot be scaled down in direct proportion, and the far lower volume of output has so far meant that each individual transmission costs more than in the United States. Only Rolls-Royce, among British makers, has been prepared to invest completely afresh in the expensive plant required to build these transmissions here. It is now making the General Motors Hydramatic box for its own Rolls-Royce and Bentley cars, and for the Armstrong Siddeley Sapphires.

Some years ago Jaguar began to fit Borg-Warner automatic transmission in its larger models for the American market, and to try out a few with this transmission on selected customers in Britain. Borg-Warner has now begun to produce this box in a plant run by its British subsidiary at Letchworth. The heavy capital investment required to produce automatic transmission equipment appears in this factory to have been partly obviated by the liberal use of machinery shipped from the parent American factories—equipment now made obsolescent by the much larger production runs for this equipment that the American market now requires, but still efficient enough for the much lower rates of output needed for British requirements. At Earl's Court this year, the Borg-Warner transmission is offered upon the Jaguar Mark VIII, Daimler, Austin Princess, A.95 and A.105, the Morris Isis, the Wolseley 6/90, the Ford Zodiac, and the Humber Super Snipe.

How much extra weight and cost automatic transmission involves depends upon the structure of the car into which it is fitted and the gear-box it replaces: on the Ford Zodiac, for example, it adds about 150 lb. And even when built by equipment that has partly earned its keep elsewhere, it is also costly—about £170-£190, including purchase tax. The first British automatic transmission to challenge these well-tried American designs is a torque convertor offered by Rover on its new 105R model, though Standard is known to be interested in the Salerni box that has been fitted to Mr Ferguson's experimental vehicles.

A number of British devices that offer the motorist two-pedal motoring, while falling somewhat short of full automatic transmission, are, however, appearing in the 1956-57 cars. These include the Manumatic automatically operated clutch developed by Automotive Products, Ltd, which is available on the Sapphire, the Wolseley 15/50, and the Austin A.50, Morris Oxford, and MG Magnette; this adds about £60 to the price of the cars. But the most economical two-pedal motoring innovation offered the British motorist this year comes from Standard, which is offering the "Standrive" automatic clutch made by Newton and Bennett for only about £20 extra upon one of its 10-hp models.

Improving the Ride

IN the early thirties, a high proportion of the cars manufactured in all the producing countries showed a similar pattern of suspension systems; beam axles front and rear, each supporting the hull through a pair of fore and aft "semi-elliptic"—which came to mean, more or less flat—leaf springs. The first major breach—measured in quantities—in this uniformity came when Buick introduced independent front-wheel suspension under the title of "knee-action." The basic mechanism of this was originated by Mercedes-Benz, and consisted of two wishbones mounted one above the other—the upper being shorter than the lower—on axes roughly parallel to the axis of the car. This is still by a long way the commonest form of front wheel suspension throughout the world; in most cases coil springs are used though in some cases it is found more convenient to use fore and aft torsion rods, usually with the lower wishbone attached to a torsion rod.

Though much is talked about the virtue of independence in front springing—because the movement of one front wheel does not directly affect the movement of the other—the real virtue of it is the much greater range of movement that it permits. A comfortable ride demands long slow movements, not short jerky ones; and this in turn demands a range of spring movement of six to eight inches rather than two or three inches. A comfortable ride also demands widely spaced weights; too great a concentration of weight leads to undesirable reactions between the front and the rear axle. Thus for a comfortable ride, the axis of the front wheels has to fall within the fore and aft limits of the engine block, so that with a rigid beam from one wheel to the other, it could only be achieved, either by reducing ground clear-

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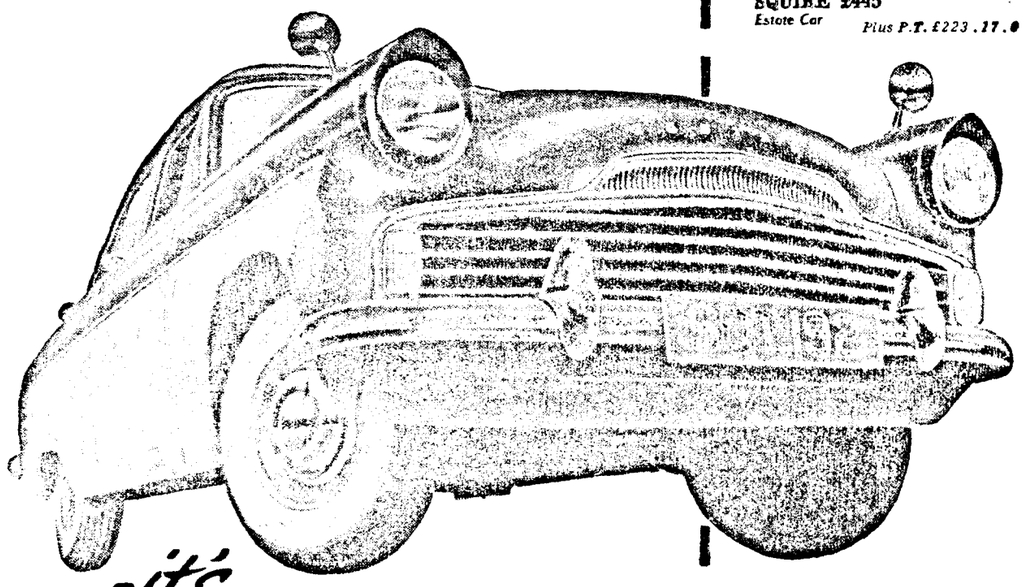

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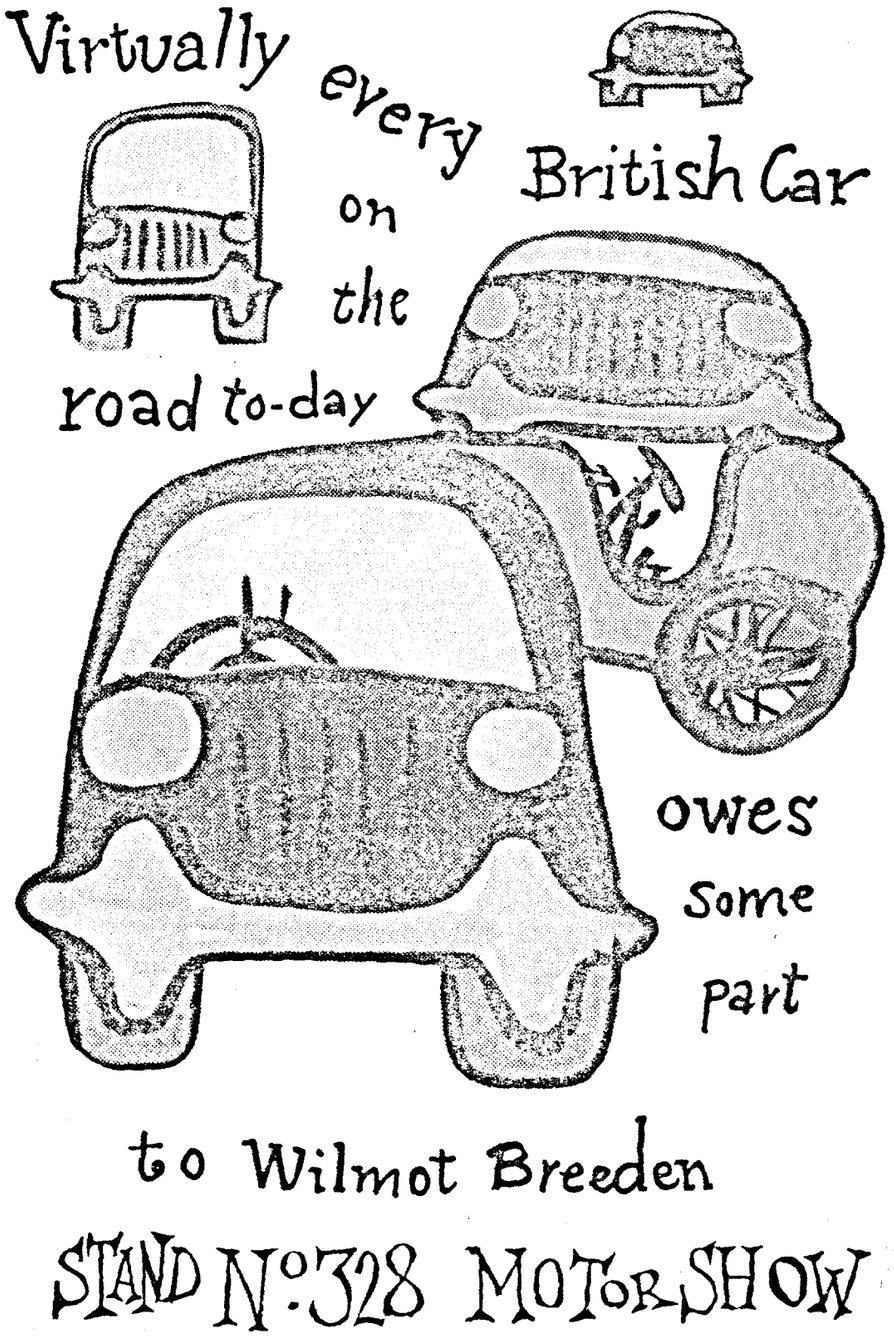

nce, or raising the centre of gravity of the engine, beyond what is desirable. If the rigid beam goes, a much more omfortable ride becomes practicable.

The second important factor after the need for a omfortable ride is the need to reduce the unsprung weight f the wheel and what moves with it, so that the wheel can nore easily follow the contours of the road without disurbing the hull of the automobile. (The tendency to maller wheels, incidentally, helps this: and with the saving n first cost, and the many advantages smaller wheels give o the designer seeking the most intensive use possible of very cubic inch of space, this tendency is likely to coninue.) For the rear axle, this reduction in weight is better chieved with independent wheels, and with the crown wheel and differential mounted on the hull rather than as part of the axle. Such an arrangement is nearly unavoidable on a rear-engined car; and on the Continent its merits from the point of view of road-holding has led to its widespread adoption on front-engined cars. It involves greater cost, however, and makes it less easy to insulate the hull—with its sounding potentialities—from the vibrations set up by the gear teeth in the crown wheel and differential. In the USA, where freedom from noise and vibration is at a premium, and where most roads are so good that road-holding is at a discount, compared to Continental requirements, independent rear springing has made no impact at all. In this country it is fitted only on expensive, high-performance cars, such as the Lagonda.

Further refinements in suspension called for are to eliminate or reduce fore and aft pitch, and to make suspension adjust itself to varying loads in the body. Pitch can be reduced by inter-connecting the front and rear wheels on each side in exactly the same way as an anti-roll bar reduces roll; but there seems to be no case of the application of this until the recent adoption by Packard of its "level ride" suspension, in the front and rear wheels are connected to arms, one on each side of a (roughly) fore and aft torsion rod. This suspension makes use of a second parallel torsion rod on each side; one end of this rod is connected by levers to an intermediate point on the main torsion rod, and the other end is attached to the chassis through a mechanism which applies greater or less twist to it so as to compensate for any variation in the proportion of total weight carried respectively by the front and the rear axle. Variations in weight are usually, of course, due to extra passengers in the rear seats or load in the boot; the effect of the Packard mechanism is that such extra weight, instead of putting the car, say, 3 inches further down on its rear wheels, puts it down 1½ inches alike on the front and rear wheels.

The Citroen solution to the suspension problem is bolder still and achieves still more. In its 2 cv car the suspension is arranged to carry the load by a system of bell cranks to coil springs, the front and rear suspension on each side being inter-dependent in operation. This very successful design has been followed by the DS19, in which a hydraulic power linkage is employed to activate the suspension system. The final element in this system is air compressed by a diaphragm in a metal hemisphere, the other half of the sphere being filled with oil on the other side of the diaphragm. The oil leads back to a lever connected to the road wheels; and the reservoir adds or subtracts oil from the inter-connecting column so that the height above the ground of the vehicle at rest is the same, whatever the load carried. The pneumatic element, which is the last stage in the suspension, has the very desirable characteristic of progressiveness, so that each pound of added load gives a smaller displacement. This allows soft springing over small bumps to be combined with hard springing under more extreme displacement, so that, with a limited range of total movement, softer springing than would otherwise be possible can be had over a fairly wide range of bumps.

The Influence of Racing

MOTOR racing today is a business proposition—for the race organisers, for the specialised builders of *Grand Prix* cars, and for the world-famous drivers who can demand substantial fees before they appear. As a public spectacle, a *Grand Prix* race can attract 80,000 spectators in Britain, up to a quarter of a million abroad. Only intense competition between the leading exponents—Ferrari, Maserati, Vanwall, and Connaught—maintains the technical status of these high-speed machines, which otherwise might deteriorate into mere circus apparatus. But apart from this entertainment aspect of motor-racing, how far is the construction and operation of competition cars of any real value to a practical motor industry that has to sell cars for the ordinary driver on the ordinary road? This is a recurrent question, to which different makers have given varying answers since motor racing first appeared on the scene—not long after the motor itself.

In those early days the open roads of Europe and the United States had an obvious and direct significance to the horseless carriage, both as advertisement and as "research," in that they increased the incentive for ingenious mechanics all over the world—but particularly in France and America—to get better performance out of their creaking buggies. Emile Levassor won the first race on record, from Paris to Bordeaux and back, in a 4 hp Panhard in 1895 (732 miles at 14.91 mph); 1898 saw Charron win the Paris-Amsterdam-Paris race (901½ miles at 27.3 mph) in a Panhard of 8 hp. These early races stimulated engineers to seek greater power from primitive petrol motors, focused attention on pneumatic, as opposed to solid rubber, tyres and, perhaps as important, drew public attention to the possibilities these new-fangled vehicles possessed for fast travel over long distances.

Such long-distance road races came to an end in Europe only on account of the appalling disasters (as they seemed at the time, with the Le Mans catastrophe 52 years distant) that marred the Paris-Madrid race of 1903. Gabriel's streamlined 70 hp Mors had averaged 65.3 mph when the contest was stopped by the authorities at Bordeaux because so many accidents had resulted, due to hundreds of thousands of unpoliced spectators encroaching in the path of the cars. Tragedy did not stop racing; it merely transferred races to closed circuits where spectators could be properly protected. But the purpose of racing underwent a change. Whereas the trans-Continental contests had been a crucible for experiment and demonstration, confined almost exclusively to the French industry, the increasing efficiency of the motor vehicle and its growing sales to

the public called for races in which different nations' industries could compete.

In the early Gordon Bennett competitions, each country fielded a team of cars, the next race in the series being held in the country that had produced the winning car the previous year. These races were not wholly successful, because the competing cars were not nationally-built machines but the best cars of particular manufacturers, chosen to represent their country after eliminating trials had been held. At first competition was keen as firms built larger and larger-engined cars of more and more flimsy construction in an attempt to hold the honour of representing their country—France won the 1905 race with a car of 96 hp—but when one make proved superior even before trials were run, and because France dominated the contests, other makes and countries lost interest.

The *Grand Prix* Formulae

The *Grand Prix* race held in France in 1906 to replace the Gordon Bennett race had a more lasting appeal: this race, and the various formulæ set down to limit the cars allowed to race in it, have indeed dominated motor racing in Europe for many years, just as the Indianapolis races, with their very different demands upon peak design for one particular circuit, have dominated American racing. It became a race of manufacturers, each keen to build winning cars for the resultant publicity; as the rules changed each year, many valuable technical lessons were learned in consequence.

This period of racing crystallised the whole principle of the *Grand Prix* contest, which has continued from that day on: different fixtures were arranged for cars limited first to 3-litres, next to 2-litres, then to 1½-litres engine capacity. European manufacturers adopted different policies. Some entered half-heartedly, merely to have cars something akin to their catalogue models in the race. Others, such as Peugeot, formed separate racing departments and built racers of very advanced design and fabulously expensive construction, concerned to secure victory at all costs. In Britain, Sunbeam copied openly the victorious cars of other nations, because they considered it vital for their name to be on the winning car, no matter how far removed its design from the production Sunbeam models. The different formulæ in Britain and the United States partly inhibited any "cross-fertilisation" of design, though Duesenberg came across the Atlantic in the twenties to register notable successes with a basically different pattern of racing car.

The car-buying public may have been confused by these varying attitudes, yet undoubtedly in Europe and in the United States the cars it bought benefited from racing. Fuel restrictions and weight limits led to highly efficient small engines, with twin-overhead-camshafts to promote good breathing through the valve ports. Rising speeds called for front-wheel-brakes, shock-absorbers, and detachable wheels to counter the strain imposed on tyres. The post-1918 engine-capacity limits which brought the supercharger to perfection also taught designers how to build reliability into minute power units running at very high crankshaft speeds from which stemmed the "over-square" dimensions which spell long engine life in modern everyday usage. These racing cars, too, along with aircraft, were offering ordinary motoring the by-product of advances in metallurgy, as they have continued to do.

After the first world war, purchasers of motor vehicles, although far more numerous than before it, were less affluent, buying mass-produced and competitively priced vehicles that showed only a small margin of profit—and certainly left no surplus for the construction of costly racing cars in whose victories the public was in any case scarcely interested. Racing survived for two reasons. One was the turn to sports-car racing, in which the competing cars had to bear a reasonable resemblance to the catalogued product, and to race with lamps, windscreens, mudguards and even hoods in place. The series of Bentley victories at Le Mans and the revival of the TT race in Ireland in 1928, when Kaye Don won with a Lea-Francis, caused widespread interest in this class of racing. The other thing that saved motor racing was the realisation, first by Mussolini and then by Hitler, that success in *Grand Prix* contests held enormous political propaganda value. Alfa-Romeo for Italy, Auto-Union and Mercedes-Benz for Germany were encouraged to build world-beating cars from 1934 until the outbreak of war, competing jealously in some of the most fabulous motor-racing of all time.

After the second world war, spectator interest in racing enabled specialised manufacturers, notably Ferrari and Maserati, to build *Grand Prix* cars, paying for the effort from starting money paid by race organisers (recouped in turn by big takings at the gate) and also by bonuses from petrol, oil, tyre and accessory companies, who saw valuable publicity for their products in racing's prevailing popularity. In England, moreover, the building of *Grand Prix* cars became a hobby of industrialists, particularly those associated with the motor components industry.

Racing Sports Cars

But *Grand Prix* racing since the war has become too costly for the big motor manufacturers: in 1955 the last major maker still concerned with it, Mercedes-Benz, withdrew from racing, stating that it had reached the limits of development with its postwar range of "Formula I" racing cars. The next step in racing cars, to many, seems to be the use of a gas turbine power unit, and there remains some conjecture whether Mercedes-Benz might come back to racing with such a car.

Sports-car racing, however, has until now continued to interest specialised makers, notably Jaguar and Aston Martin, in this country and, more recently, makers in the United States. Freedom in the rules for such racing has resulted in the development of road-equipped sports-racing cars parading as prototypes for the showrooms of tomorrow: to such machines we owe research into aerodynamic bodies, fuel injection and disc brakes, all of which are soon liable to benefit the ordinary motorist. Jaguar, which this week decided that it would retire from sports car racing—though its announcement left the door open for a return in a couple of seasons or so—has reaped considerable advantages. Whereas the Sunbeam that won the French *Grand Prix* in 1923 bore not the slightest resemblance to production Sunbeams of that era, the Jaguar that won this year's Le Mans race possesses an engine virtually identical with that under the bonnet of any Jaguar Mk VII saloon. The engine of the Aston Martin that finished second in the same race is not dissimilar to that in the Lagonda car built by the same company, one of which has recently been supplied to the Duke of Edinburgh. Both of these British power units employ the system of valve location and actuation that emanated in the minds of the Peugeot engineers back in 1912 from a desire to win the *Grand Prix* for their company.

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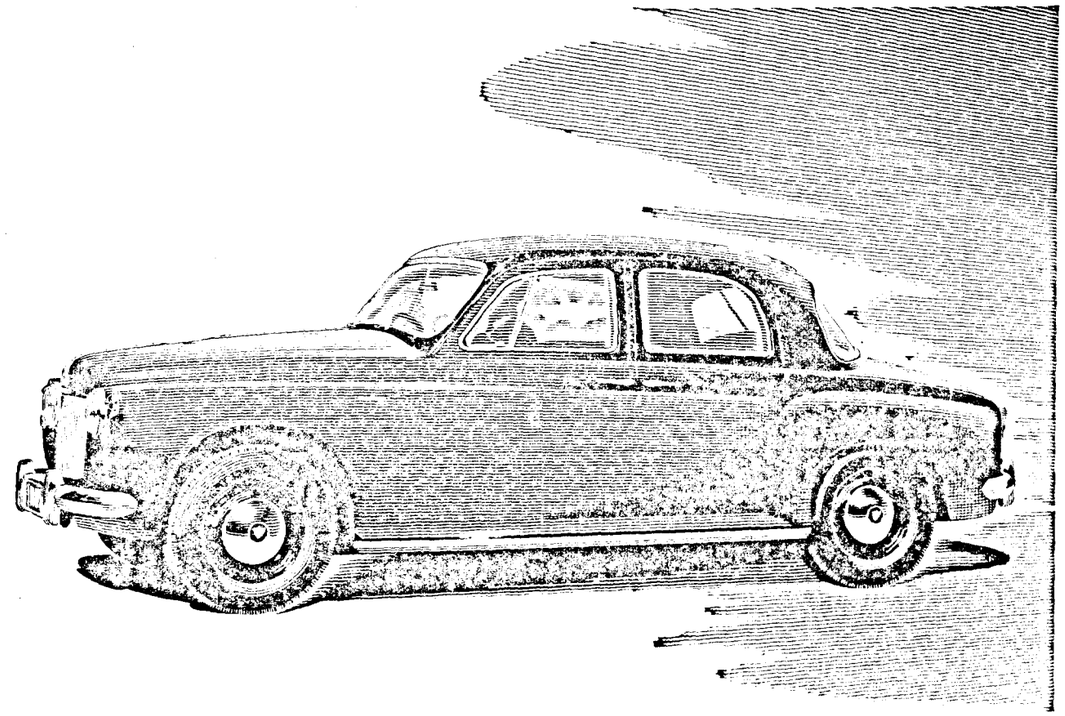

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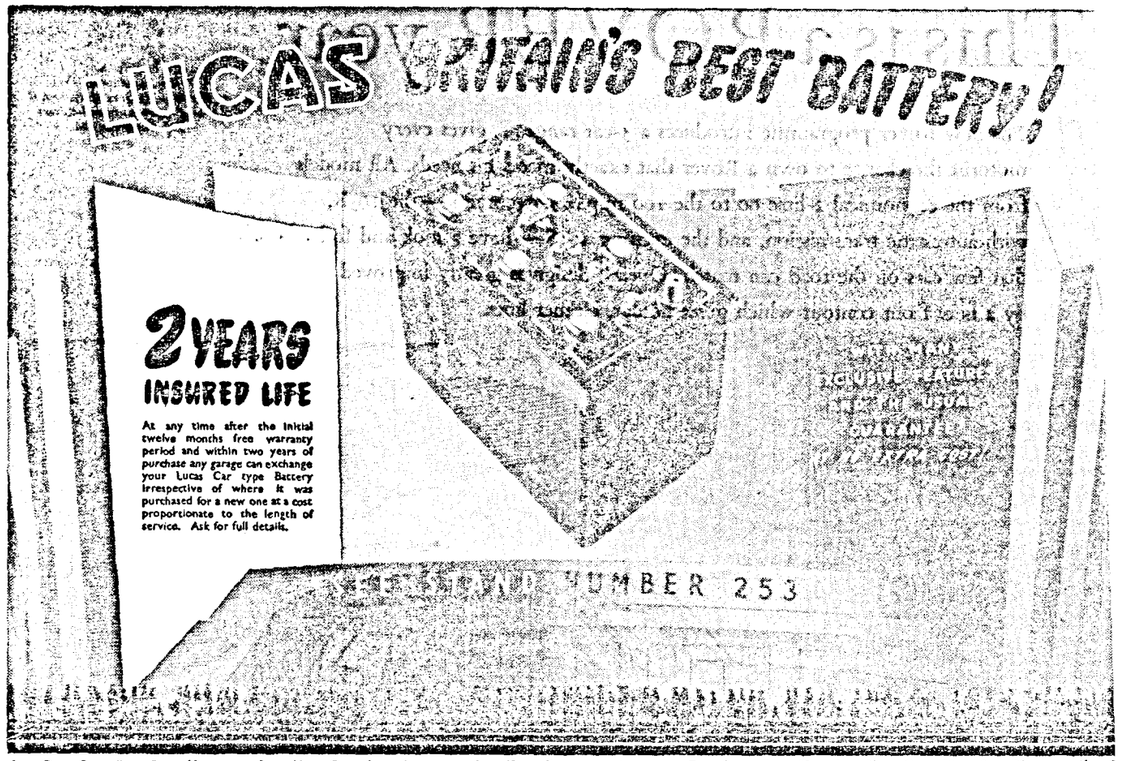

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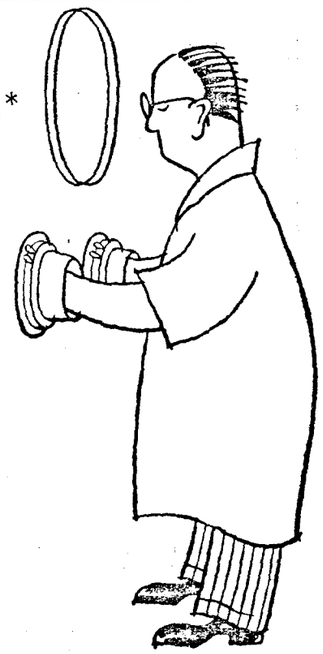

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How Much Smaller?

IN building the smallest range of conventional cars to seat four adults, the British industry has not kept up with its competitors on the Continent. Apart from the ubiquitous Volkswagen, which is perhaps a little above the range, foreign competition has come chiefly from France, with the 4 cv Renault and the 2 cv Citroen, and from Italy, whose 600 cc Fiat is perhaps the best answer yet to the design problem of cars of this size. But a number of manufacturers on the Continent are now seeking to exploit the possibilities of even smaller cars, and are achieving serious volumes of sales.

The greatest success so far in this microscopic field is the Lloyd, made at Bremen by a branch of the Borgward organisation. Initially this car was produced with a two-stroke twin cylinder engine of 250 cc, which was later supplemented by a similar 400 cc engine, the engine and gear box being mounted at the front and driving the front wheels. The success of these cars led to the addition of a version with a 600 cc engine; and the total output of the different versions is now reported to be in excess of 200 a day. No other motor car manufacturer has yet tackled this market, but the German Auto-Union, whose smallest car at present marketed is the DKW, are reported to be exploring the possibilities, and it is rumoured that Fiats intend to make a small (450 cc) car on a large scale.

With these exceptions, the motor car factories of Europe seem to have thought the possibilities of such very small vehicles not sufficiently interesting, or the manufacture to be unsuitable for their own facilities. But other manufacturers, in the aircraft, motor cycle and other fields, have had more impelling reasons to seek new products. The Isetta, of Italian origin, is probably in larger production than any other miniature except for the Lloyd, though not so much in Italy as in Germany, where the BMW motor cycle factory at Munich is said to be building nearly 200 a day.

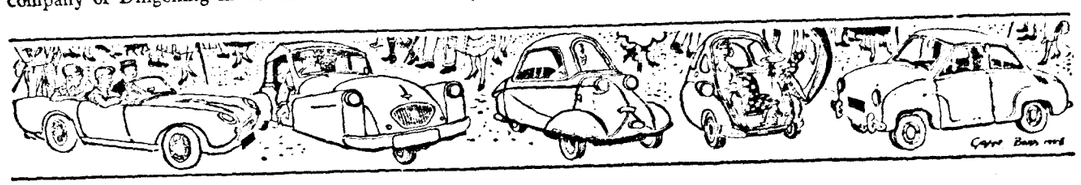
Heinkel, the aircraft manufacturers, of Stuttgart, have begun this summer to produce a very similar vehicle, with a smaller engine (174 cc, developing 9 bhp), but with a single rear wheel and with accommodation behind the front seats for two children. This probably represents the ultimate in economical transportation for a small family; the performance seems to be less than is likely to be generally acceptable. Messerschmitt have tackled the problem with a three-wheeled vehicle, also powered by a 174 cc engine, which can seat only two passengers and those in tandem, so that its amenities are rather to be compared with those of a covered-in motor cycle than those of a car. It is, however, reported that this company will shortly produce a four-wheeled car with side-by-side seating.

Probably the most promising of all the designs that have so far been marketed comes not from an aircraft factory or a motor cycle factory, but a firm of agricultural machinery makers—the Goggomobil, made by the Hans Glas Isaria company of Dingolfing in Bavaria. This has a body that looks like a two-door saloon, with every dimension reduced to the minimum consistent with reasonable space for two adults in the front seats and two children behind them; so that with a rack on the roof, a small family can be accommodated. Road holding and general behaviour are excellent, and an enterprising driver can achieve average speeds which one would hardly believe possible.

Such a vehicle obviously will not offer family transportation in the class of an Austin A.35 of today; but it offers much more than the original Baby Austin used to, at all events before the latter was equipped with a saloon body. In volume comparable to the A.35, the cost of production of the Goggomobil should be less than two-thirds as great, and the running costs should bear approximately the same relation. It is not surprising that, with production starting only 18 months ago, 25,000 units were made and sold in the first 12 months, and extensions to the works are to give a capacity of 200 units a day. Three other important German motor cycle manufacturers are preparing to produce small vehicles for the same market. The NSU company of Neckarsulm, whose products include the "NSU Quickly," a 25 cc powered cycle, of which increasing numbers have been imported into this country, expect to be producing within a year a vehicle which will be a little bigger than any of the "miniatures," and almost in the class of the Renault 4 cv. Zundapp of Nürnberg are to produce the "Delta" car designed and exhibited by the Dornier aircraft firm. This is perhaps the most original in design of all these vehicles: the engine is placed in the centre of the wheel base, with the two front passengers facing forward and the two rear passengers facing backwards—an arrangement which harks back to the dog-cart, and would seem likely to encounter rather serious sales resistance.

★

Development and production of miniature cars in this country has so far been on a very modest scale. The largest production has been of the Bond Minicar, a three-wheeler with a front-mounted Villiers engine of 197 cc and a single bench seat. A more advanced and original design is the Berkeley, designed by the originator of the Bond; this is a four-wheeler with a two-cylinder air-cooled British Anzani two-stroke engine in front, developing 15 bhp, with a total weight of the order of 6 cwt. The construction is a clever combination of a steel and light alloy frame with fibre-glass plastic body, resembling a modern open sports car. Fibre glass construction has never yet been developed as a really low cost way of making body panels in large quantities; but if this could be done the Berkeley might be capable of production in quantities at a low enough price for marketing on a substantial scale—which can hardly be said of any other British vehicle in this class.



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AUTUMN 19 BOOKS 56

Chapmanship

BOOKS were the first consumer goods to be mass produced. But today they are so far from being considered a mass product that no normal advertising agency would think it worthwhile to go out after publishers' accounts. Pushing consumer goods, from scent to soap and from cars to kitchen equipment, is lucrative business for advertising specialists, who buy for that purpose advertising space by the acre, and even TV time by the hour, and on a service fee of twelve and half or fifteen per cent do well enough for themselves. But books must be advertised title by title, and few if any have runs long enough and a turnover large enough to justify an advertising allocation of more than a few hundred pounds.

This is not even peanuts to an agency. The average expenditure per head on books in Britain is now 17s. 6d., the price of one long novel or one not-so-long non-fiction work, and it compares with the £2 a head spent on newspapers and magazines by adults and 17s. a head spent by children on periodicals. If it were possible to start a campaign to buy books, as it is to drink milk, there might be something in it for the skill of the space salesman, the copywriter, the artist in "media"; but to spend 7½ per cent of the estimated receipts of a 15s. book with an expected sale of 5,000 provides an advertising appropriation of £187. There would be £312 for a 12s. 6d. novel with a sale of 10,000; about £1,500 for one with a sale of 50,000 —virtually in the best-seller class. When it is considered that a single "six inch" in a Sunday paper, on the book page and displaying maybe three titles, costs around £80, the publisher's problem begins to emerge.

It is at any rate clear that every penny spent on advertising a book—and, more important, winning free publicity for it—must tell; and it is timely that a book has now appeared, aptly entitled "Sales on a Shoestring,"* which suggests in some detail how this may be done. It is aimed, of course, primarily at publishers, but anyone with the welfare of books at heart, and certainly anybody interested in the looking-glass economics of book-publishing, will find it good reading. It reveals, for example, how the late Mr Chester Wilmot's "Struggle for Europe" was launched by Collins upon its victorious career as a best seller for £2,923. But it did not achieve sales of millions on the publicity purchasable directly by that sum; the publicity which it achieved, and which sold it, was worth hundreds of thousands. The difference between the maker of soap and the maker of books is that the former must buy virtually all his publicity—and is only too delighted when by chance his product is favourably mentioned by a disinterested and prominent person. The maker of books normally regards his advertising outlay as the first stage in a two stage propellant mechanism. It ignites the charge which really sends sales soaring. What matters to a book's sales are the reviews it gets, the feature articles it inspires, the discussion it provokes, its own capacity to become (as soap never does) straight news. It must please its public when it homes on to it; but it needs enough bought advertising to make sure that it will home to its public and there start the gratifying process of "snowballing" sales and publicity together.

As the author of "Sales on a Shoestring" points out, advertising can sell a book, but it can never sell a book in the way it sells soap—a given expenditure producing a given sale. It is also, *per contra*, true that a book may delight the reviewers, and even be mentioned by a prime minister, and still not sell. Textbooks can be made known to their whole market for an advertising appropriation of less than 5 per cent of the expected sale—and when this is spent either it captures that market or it does not. But for the general run of general books, the publisher's art lies in compounding just that explosive mixture of advertising and publicity in the various simple media he can afford which will send the book off to find its own friends and create its own publicity. With average luck, a worthy book creates enough to ensure sales that pay for itself; but here and there it does much more, and the excitement of publishing is to pick the winners that will rocket to best sellerdom.

First there are the notices in the booksellers' trade papers; then there comes the preparation of other simple "promotion material"—show cases, leaflets, and the like; then comes the sending out of review copies; then the normal press advertising—and occasionally a special stunt, which may range in kind from a superb lecture by a man like Chester Wilmot to an invited audience of booksellers and experts to watch the heaving of a brick through a book-

* Sales on a Shoestring. By S. Hyde. *Deutsch.* 170 pages. 18s.

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shop window by an actress (Mr Hyde describes both kinds). It is all very simple, inexpensive and indeed amateur; and then, once in a hundred or a thousand times, comes the moment described by Sir Allen Lane in the introduction to this book, when a book like "Nineteen Eighty-Four" is adapted for television and sells 27,000 copies in three days.

But this is, in large part, the art and gamble of selling one book against another; what can be said of the possibility of widening the market for books as a whole, for selling books against washing machines or cinema seats? On this point, Mr Hyde has much less to offer. "Read a good book" has never conquered a new reading public from countless hoardings or tube posters. Co-operative ventures among publishers have not been successful and "book festivals" and suchlike are hard to evaluate. The state teaches its citizens to read, though only a smallish proportion actually to read a book; some publishers wish that all council houses were fitted not only with a boiler but a shelf marked "space for books." But Sir Allen Lane is stating the simple fact when he declares that "the public at large is not book conscious."

Is it, however, certain that the traditional method of making books news, and so winning news page as well as feature page headlines for them, has reached its limit? Is it certain that the time-honoured search for lower production costs and prices—if not absolutely, at least relatively to other goods—can go no further? Television has evidently created a new medium of free advertising for books—and especially for authors. But there are other methods too. It is reported that before long a new company will be distributing a prefabricated double page of book reviews, publishers' advertisements and literary notes by reviewers and authors of the first rank to a chain of non-competing provincial newspapers. It is clear from what Mr Hyde says, moreover, that booksellers themselves could do far more, even on a shoestring, to make the public "book conscious."

The great achievement of the paper-backed editions, led by Penguins, was to create a new market for books, which, contrary to predictions, has not harmed the book between stiff boards, or the specialist bookseller, but has helped both. The next question which the book trade should ask itself is whether even the sacred net book agreement is still necessary. Is not the real need to create as many outlets for books as possible—even between the sweets and smokes counters—at any cut prices which the efficient demi-chapman can afford, in the faith that this will bring even more customers to the efficient specialist book shop with its big stocks and its sound service and publicity methods? There is no reason why doubling the standard of living in 25 years should merely double the average purchase of books, at present prices. There is every reason to hope that a much larger part of that higher standard can be taken out in the ownership of books. Surely some of the millions of man-hours of new leisure that are prophesied will be devoted to reading? They will be if the book trade sets itself to the task of ensuring that they are.

Mr Gladstone's Wife

MRS. GLADSTONE.
By Georgina Battiscombe.
Constable. 263 pages. 21s.

MR GLADSTONE'S appearance was so terrifying in old age, and the style of his speeches could be so prolix, that it is sometimes hard to remember that he was the most friendly and genial of conversationalists, master of a family language of outstanding terseness, and a man who could only with difficulty be prevented from riding on a roundabout at a country fair while Prime Minister. This delightful portrait of his marriage to Catherine Glynne is valuable for the light it throws on him as well as on her; and Mrs Battiscombe writes of both with wisdom and insight.

Mrs Gladstone, a lively, untidy, impulsive aristocrat, often caring little for her time's conventions, made a strange yet effective foil to her equally lively and far more methodical husband. His energy was fabulous, but her own was remarkable; she thought nothing of travelling round the outskirts of London all day and entertaining at a great dinner in the evening, although she hated the fuss of great entertainments. Much of her life, and almost all her money, was spent in charitable work of various kinds; and she insisted on actually getting out into the homes of working people, instead of restricting her charity to drawing-room committees. Splendid generosity and lovable character made her adored by hundreds of children and cripples; and she managed her own large family, by a series of brilliant improvisations, at the same time. The mainspring of her life, through nearly sixty years of marriage, was profound love for her husband. "I feel so incomplete without you," she once wrote to him when they were apart; and in the seventies she told her niece that to sit in the gallery of the Commons "is almost my only real relaxation. . . . I can look at him and be at peace." She was little interested in politics, but so entirely devoted to him, and so convinced of his rightness, that she was the most powerful factor in keeping him active (because she knew he really wanted to be active) in the front rank of party strife long after prudence would have taken any more ordinary couple into final retirement.

Mrs Battiscombe brings her characters vividly alive, and succeeds in conveying the essential goodness of the Gladstones without a trace of sanctimoniousness. She concludes that

> He had been four times Prime Minister of England, one of the most famous figures of his age and generation; she had simply been his wife, but those who knew them both might judge that she too was not unworthy a place in Westminster Abbey.

"A Most Contentious Figure"

FEAR GOD AND DREAD NOUGHT: *Volume II, The correspondence of Admiral of the Fleet Lord Fisher of Kilverstone.* Edited by Arthur J. Marder.
Cape. 521 pages. 35s.

THIS second volume of Professor Marder's cullings from Lord Fisher's voluminous correspondence is even more fascinating than the first (published in 1952); and it is good news that, rather than curtail his selections, the editor has decided that a third and final volume is to follow. The period here covered falls naturally into two phases, the first from 1904-10, when Fisher was First Sea Lord and at the height of his power and influence, and the second from 1910-14, when he was out of office, but still wielded great influence over naval (and sometimes wider) affairs through his close friendship with Reginald McKenna and Lord Esher, and his more intermittent admiration for McKenna's successor at the Admiralty, Churchill.

It was a period of revolutionary changes in the navy, for almost all of which Fisher was responsible; and the new fleet which he created was the one that fought and defeated the central European powers in the first world war. By no means all Fisher's reforms were adopted at the time, and many of them aroused savage opposition, both in and outside the Navy. But the list of his accomplishments is only less remarkable than the fact that many of the reforms which he advocated, but failed to get accepted, have since been adopted. The big-gun battleship, the water-tube boiler, the turbine, the redistribution of the fleet to meet the German menace, the Naval War College, oil-fired boilers, the reforms in the entry and training of officers, and many measures to improve the status and ameliorate the lot of the lower deck were all in great measure due to his imagination and fiery energy. He failed to gain equality for the engineer officers, or to widen the basis of selection for the navy by state-paid education ("this democratic country won't stand for an aristocratic Navy"); but both these measures were introduced quite recently.

His vision and prescience were astonishing. In 1911 he foretold the autumn of 1914 as the date of Armageddon; when flying was in its infancy he foresaw the revolution that maritime aircraft would achieve ("Stamp out protected cruisers and hurry up aviation"). Tolerance and moderation were as foreign to his nature as dishonesty and self-interest were abhorrent to him. His enemies were all "skunks," "pimps," "sneaks" (or worse), and his friends were invariably "beloved"—unless or until they opposed him.

In his judgment of people Fisher was, however, too prone to base his opinions only on how far they helped or hindered his own designs. Thus his repeated strictures on Haldane certainly show a lack of appreciation of a fine administrator's brilliant mind. Nor was Jellicoe, whom Fisher ensured should command the fleet in war, "the best officer since Nelson." He was, however, the right Controller to push through the First Sea Lord's technical reforms. In wanting Hankey as the new secretary of the Committee of Imperial Defence, however, Fisher made a splendid choice. Much light is here thrown on the long-drawn quarrel with Lord Charles Beresford, and it is impossible not to feel that the greater right was on Fisher's side. After all, Fisher did agree to Beresford being given the Channel command, in spite of previous intemperate criticisms of his policy; but his magnanimity produced no response, and the final breach came when, at a levee, Beresford refused the proffered hand and turned his back.

This correspondence reveals a warm-hearted, devoted and unselfish character. And what delicious reading his letters now make—not least for their outrageous indiscretions. Indeed, the period might be called "the age of indiscretion." Lord Esher sends him "all the most secret news," and the Admiral writes to Mrs McKenna, "Now for some secrets." Moreover, Fisher himself sent his innermost thoughts to journalists like Arnold White, W. T. Stead and, for a time J. L. Garvin. All of which was, no doubt, as reprehensible as the leaks from the Naval Intelligence Department and the CID here described. It seems true to say that Fisher's lack of restraint encouraged others to imitate him—sometimes with unfortunate consequences for the Admiralty and the navy. Nearly all his letters bristle with injunctions that they are to be burnt when read; but fortunately for the historian, these injunctions were regularly disregarded by the recipients. Fisher himself destroyed all but a dozen of the letters he received from Edward VII; yet the warmth of the friendship between the Admiral and "the greatest friend I ever had" stands fully revealed in those that he kept. Towards George V, however, he felt quite differently, probably because, as Prince of Wales, he was too friendly to Beresford.

Professor Marder has edited the collection with exemplary care and skill. His explanatory introductions to each phase give exactly the background needed by the reader; he traces all of Fisher's allusions—many of which, like the description of Haldane as "Napoleon B. Fosco," are highly obscure; he corrects the Admiral's many misquotations, and the footnotes provide the links needed to turn sporadic correspondence into historical narrative. This is a book of great value to everyone interested in the political and diplomatic events of the Edwardian era; and Fisher's own reputation is certainly enhanced by the publication of his correspondence. His epitaph may justly be the remark made by Sir Robert Arbuthnot in 1914: "All that is best and most modern here [that is, in the fleet] is the creation of Lord Fisher."

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Readable Russia

RUSSIA WITHOUT STALIN.
By Edward Crankshaw.
Michael Joseph. 287 pages. 18s.

"WHEN there are no pretty girls, and when he does not have to make a speech because Mr Khrushchev is doing all the talking, he has the quietly purring air of a cat that has been at the cream." That is Marshal Bulganin, the Soviet premier. "I have watched him, in Belgrade, making mistake after mistake in his determination to charm Marshal Tito and the Jugoslavs; and I have seen him each time registering the fact that, without knowing why, he had said or done the wrong thing—and never after that making the same mistake again." That is Mr Khrushchev. What a pleasure to find a book on Russia written with the wealth of knowledge that is Mr Crankshaw's, but well written: penetrating but lively, free from the deadweight of dubious statistics and Marxist jargon, picturing the Russian people and their leaders as human beings, neither robots nor supermen. Experts on Soviet affairs seldom see eye to eye (and thank goodness for that; it will be a sad day when western political analysis sinks to the dreary level of *Pravda*'s strict conformity). Mr Crankshaw's judgments will not command complete approval among his fellow pundits, nor will the general reader necessarily accept as gospel some of his more sweeping statements. But he has made a further welcome contribution—his fourth in book form—to the study of modern Russia, and a book which ought to be widely read is none the worse for being highly readable.

Mr Crankshaw's last visit to Russia was at the time of Dr Adenauer's mission there a year ago, and events have overtaken both him and his publishers in some respects; for example, Mr Khrushchev's now world-famous "secret" speech was still wrapped in mystery when this book was written. Yet it is written in such a forward-looking manner that there is nothing musty about it. The description of the contemporary Russian scene is undated as well as vivid: the clash of puritanism and cynicism, the racketeers, the young idealists, the rival cults (equally nauseating whether they are religious, political or pure snob); the problems symbolised by the headshawled peasant women snoring among the ghastly grandeurs of Moscow airport; the secret, withdrawn lives of the ruling cliques, their voluntary isolation from the world of less privileged beings, the scandals repeatedly set off by the antics of their pampered offspring; the hesitations and defiant gestures of writers and others who yearn to let off steam but are unsure how far they dare go. This is a convincing picture of Russia as Stalin has left it, with its new industrial might and its old, maddening, occasionally charming, more than Irish fecklessness; its vast material resources, its cumbrous bottlenecked mechanisms for exploiting them. Mr Crankshaw's testimony to the still acute scarcity of dependable and skilled manpower is perhaps a healthy corrective now that we are constantly being told that Russia is turning out hordes of scientists and technicians; the human element is as important here as the statistics, and Russians are very human.

Mr Crankshaw's main theme can perhaps be summarised like this. The human spirit survives in Russia despite the inhuman pressures to which Stalin subjected it; the "1984" technique has proved a failure, even when applied to young minds that have known nothing but "conditioning" propaganda. Yet, because Russians are Russians rather than because they are communists, this spirit is not the individualist one familiar to the western world: "communal effort, the subordination of the individual to society, is in her [Russia's] blood." And, while this makes the task of Mr Khrushchev and his colleagues an easier one, there is much reason to suspect that, now that Stalin's relatively simple aims and methods are a thing of the past, his successors are not at all clear how to define their task.

German Martyrs

DYING WE LIVE.
Harvill Press. 224 pages. 16s.

IT is sometimes good to be reminded that, when all is said and done, men are moved to face torture and death for other than material motives. At bottom, the Germans who opposed the Nazi regime were individualists moved by the fundamental spirit of humanity rather than by politics. Their conflict was essentially one between Christian ethics, unconsciously imbibed in childhood even by agnostics, and a deliberate return to pre-Christian barbarism, in which the worst human instincts were raised to patriotic virtues. It took the Hitlerite experiment in atavism to bring home the ease with which civilised Europeans can become scientific barbarians once a leader and propaganda inculcated the creed that it was high treason to follow the basic tenets of Christian behaviour.

This is the lesson behind this collection of letters written from the condemned cell by the most varied group of opponents of Nazism. It is less obvious, and a more fruitful warning, than the lesson that the spirit cannot be quelled, and that martyrs face death calmly, trusting in God and a future life, without hatred towards their persecutors, troubled only by the suffering caused to their wives, mothers and children. It is not only priests and pastors who transcended their mundane natures in this way. The book contains letters from young workmen (the opening note from a farmhand who died for refusing to join the SS is a classic of its kind), Prussian landowners and officers, with other representatives of "materialistic" professions. The same spirit runs through them all, and it is as moving as it is inspiring.

Melancholy Ministry

THE CHATHAM ADMINISTRATION, 1766-1768.
By John Brooke.
Macmillan. 414 pages. 36s.

TWENTY-FIVE years ago Sir Lewis Namier published his "England in the Age of the American Revolution," a book which completed his decisive destruction of many myths long propagated by historians and which began a detailed reconstruction of the political history of George III's reign. That reconstruction was carried out, not in terms of parties and principles, but through a minute analysis of shifting interests and connections; and it ended with the promise of a further volume on the rise of party. Since then Sir Lewis's teachings have been generally accepted and his methods adopted by other historians in other fields. Now, with the help of the scholars collaborating with him on the "History of Parliament," he is able to redeem his old promise. Mr Brooke's volume is the first to appear in a series designed to provide a political narrative of the years 1754-1784. It is both fitting and fortunate that Sir Lewis, whose early work so largely destroyed the credit of the old narratives, should inspire and direct the writing of the new narrative.

Mr Brooke describes his subject, Chatham's last ministry, as "curious and melancholy." Chatham formed an administration designed to ride above faction and to achieve loyal unity; he succeeded only in alienating opinion and in hardening the party groups. It is with the composition and manœuvres of these party groups that Mr Brooke is concerned. He leaves the reasons for Chatham's failure to the biographer; and he warns the reader expecting a discussion of great political issues that "all other questions—the American problem, relations with the East India Company, or foreign affairs—were subordinate to party conflict." Mr Brooke's instrument is the microscope. He remarks of his work that "to read through these documents is a tiresome experience: the mind wearies with trying to follow the intricacies of time, place, and action." Some readers may feel the same lassitude when following the shifting intrigues and combinations in a narrative which follows not only the days but also the hours; for the eye kept close to the microscope is easily tired. Much of this is historian's history, admirably exact but demanding professional knowledge if the allusions are to be understood.

But Mr Brooke introduces wider perspectives in two splendid central chapters of analysis. In particular his chapter on "Party in the Age of Grafton and Chatham" stands out as combining a brilliant summary of Sir Lewis Namier's teaching on the structure of politics with an aerial survey of the whole ground which the new series of volumes is designed to cover. Throughout, the severity of the scholarship is relieved by the quiet pungency of Mr Brooke's writing and by deft character sketches. He compares the vivid and uncontrolled imagination of Horace Walpole with that of Burke, the one expressed in a sham Gothic romance, the other in the political myth of the "Double Cabinet" and the "King's Friends." Of Rockingham he observes that he "has shone in history with the reflected light of other men: the friend of Saville, the patron of Burke, the ally of Fox."

Chatham, Mr Brooke concludes, was the last English statesman to attempt to rule without the aid of party. Mr Brooke tells us in one of his forward glances that the most significant development in the history of party lay in the petitioning movement of 1780, which arose outside Parliament; and it is to be hoped that he will soon give us his second volume.

Andean Indian

THE ANDES.
By Claude Arthaud and François Hébert-Stevens.
Thames and Hudson. 208 pages. 50s.

IT is the Andeans, rather than the mountains, that fascinate these two photographers; and that is fortunate, for they are photographers who can also write. Choosing to turn their cameras on to the twenty million Indians who chew their coca, grow their corn and potatoes, drink and dance and mate at roughly the altitude of Mont Blanc, they have accompanied their beautifully reproduced pictures with text as charming as it is perceptive. In two pages, for instance, they give us the Uru, who live on floating, artificial "islands" of reeds on Lake Titicaca, 13,000 feet above sea level, and deny that they belong to the human race. The authors dismiss the Incas summarily—"like the Spaniards, but a moment in the history of the Andes." Their concern is with the slightly incredible, apparently everlasting Indian of the great ranges, who from time to time has acknowledged other masters but in reality serves only the mountains and their sinister deities.

The Andean Indian is no beauty to European eyes, and the occasional garish splendour of his feast-day clothes is often blighted by borrowings from Europe such as a black bowler hat for women. But his dancing has other qualities than beauty; it has more meaning than anything else in his life. "The dance is the only literature of illiterate peoples, their only means of reliving the past." This statement might be challenged by Homer's Greeks or by other peoples with a treasury of recited saga and precept; but the authors may fairly apply it to the Andeans, and they have done well to focus on dances and festivals, devil masks, processions, weddings, and the brawls that accompany such events. Each group of photographs is interpreted in light and delicate prose, which owes much to the translation of Eric Earnshaw Smith.

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Frock Coats at Grips

MEN AND POWER: 1917-18.
By Lord Beaverbrook.
Hutchinson. 448 pages. 25s.

LOOKING back on the 1900s from the turn of the twenty-first century, some literary critic can well exclaim at this book as a curiosity. "Lord Beaverbrook (he will write) let a quarter of the century elapse between the volumes of his memories of the first World War." The first instalment of "Politicians and the War" appeared in 1928, the second in 1932. This is the third: serial readers have had a long wait.

What difference does it make to performance when an author writes at seventy-five instead of forty, at long range instead of when memory is fresh? Not much to the punch and the highlights, provided that he was wont, as Lord Beaverbrook was, to write down a good deal while still tingling from the impact of events. The phrase or comment that carries the reader right into Kitchener's den, or Cherkley, or No. 10 are unimpaired ("It flashed across my mind 'This will put his pipe out.' And it did"). The big change wrought by time is the availability of other men's memoirs and papers. Lord Beaverbrook is an ardent collector of these. By gift, legacy and purchase, he now controls the world's most important private collection of papers on the first world war, including Lloyd George's, Bonar Law's, Lord Bennett's, Lady Lloyd George's and his own. As a result, the third volume of his story is endorsed by quotations, whereas the first two stand mainly on his word. The extracts chosen are so pungent that the tale gains, not loses, from the switch from single to multiple pairs of eyes and ears.

The purpose of the three volumes was to show "the immense importance of the civilian aspect of war direction" and the tale seldom leaves London. The stupendous backcloth is only mistily seen —Passchendaele, the all-out submarine war, the American entry, the Russian revolution, the near-miss scored by the German offensive in March, 1918. Against this, the frock-coated Titans clash and coalesce. Times, however bad, are never constantly desperate, and blackish news is the optimum cause of recrimination and struggles for power. Therefore, the two dangerous years covered are punctuated by battles in Whitehall almost as grim as those in France. The contestants are politicians on one side, technicians on the other. Bonar Law at the Treasury v. Cunliffe at the Bank, Lloyd George v. Jellicoe, Rothermere v. Trenchard, and Ll. G. v. the Generals. Will Lord Beaverbrook live long enough to write other projected books and to say whether the ballast and technical competence of Churchill reduced this element of struggle during the second world war?

Owing to the wealth of published memoirs on the period, it is only here and there that figures stand out in a new light, though the book includes many documents hitherto unpublished. The personal appraisal of Lloyd George, both at his zenith and over the short period of his decline in office, is the most interesting in the book. Too often, perhaps, Lord Beaverbrook's apparently balanced estimates are weighted, selectively by his prejudices; and a chapter that could well have been left out, since it is unimportant and less dignified than the rest of the book, is that on Lord Curzon's foibles; they have been revealed too often. The book is improved by illustrations that really illustrate, since each man is summed up in the photograph chosen; first prize goes to that of Lord Northcliffe, addressing (in an unusual sense of the word) his golf ball.

Lord Beaverbrook reveals himself chiefly as a go-between until he comes to the tale of the first Ministry of Information, which will move all who toiled in Malet Street in 1939-1945. He invites judgment, not as a participant, but as an author, and by this standard he ranks high. By the other, he must be rated—with Churchill—as a member of the worshipful company of men who recover from bites while dogs die.

New St Paul's

REBUILDING ST PAUL'S AFTER THE GREAT FIRE OF LONDON.
By Jane Lang.
Oxford University Press. 280 pages. 42s.

OLD St Paul's, "That sacred pile, so vast, so high," dominated Tudor London. Architecturally it became the dominion of an exacting cripple. From 1561, when lightning destroyed the tall spire, the building was a problem. Elizabeth contributed to the repair of the roof. Charles I and Inigo Jones did much to turn the fabric into a renaissance church. But complete repair could only be prodigiously expensive and Charles II, after the destruction wrought during the Interregnum, had barely set the work on foot again before the Great Fire of 1666 engulfed city and cathedral alike. For a while Charles's commissioners struggled to produce out of the ruined nave a place for services, only to discover in April, 1668, that the damage was irreparable. Later in the year they appointed Wren as surveyor—that is, architect. Thereafter their visions of repair were gradually replaced by Wren's visions of a great new cathedral, not in the outmoded Gothic desired by the clergy, but in the new style of contemporary European taste. For the next half-century the story of St Paul's became the story of Wren's struggle to evolve and achieve the present cathedral.

That story is largely available in the mass of original documents printed (1924-43) by the Wren Society. Miss Lang has taken the relevant parts of those twenty volumes and from their difficult pages produced a clear-cut narrative. Writing with vigour and enthusiasm, she has made it a fascinating tale—the tale of the cathedral as seen by Wren. Nephew of a bishop, son of a dean of Windsor, Savilian professor of astronomy at Oxford, modest, good humoured, a balanced man of genius who found his greatest fulfilment in architecture yet remained an inquirer after truth in many fields—this admixture produced in Wren a Surveyor General of His Majesty's Works whose achievements in England are still unsurpassed. Before the Fire he had been the boldest of those consulted by the Commissioners considering the cathedral. In 1669 he is shown proposing a modest building, complete in itself, rather than a vast project for which funds might never be available. Overruled, and with 1670 providing a small regular income from a duty on coal imported into London, he designed a splendid domed cathedral approved by Charles, but rejected by the clergy when a scale model had been made. In 1675 the "warrant" design was accepted and the foundation stone of the present building laid. This time there was no scale model and the architect was able to develop his plans as the building grew. Its progress was slow, for funds were small—perhaps £6,000 a year—and Wren determined to build as a whole and not, as many of the clergy wished, in sections. Throughout the history of the venture, there was this uncertainty. Finance depended on parliamentary extensions of the coal dues, Wren's own post on the vicissitudes of politics. A Whig ministry meant danger, war an interruption of the vital stone convoys from Portland. A new reign might even bring a set of commissioners averse to Wren or to his ideas, and the construction went on through five reigns and one revolution.

All this, the author brings out, heightening the dramatic effect by placing St Paul's in the foreground of events. She makes clear how craftsmen spent their working lives on the building and that gifted men of many crafts contributed to its success—Gibbons, Cibber, Pearce, Tijou and Father Smith, as well as building contractors of the first rank in their own day. If the cathedral was only one of the notable building projects of the period, it was, for Wren, the greatest, and its progress is faithfully chronicled: in 1697 a formal thanksgiving service in the choir; in 1699 the opening of the north-west chapel; in 1708 the completion of dome and lantern, followed by the slow years of detailed finishing, including the anxious work of tackling settlements. A young man when he dealt with old St Paul's, Wren was ninety-one when the new was finished.

The tale of the work is timely and should be read by many. Good illustrations and an excellent format enhance it. If a table of dates would help, errors are few. The specialist will mark places where further research is needed, or a footnote should indicate that an alternative view is possible. Yet he, like the ordinary reader, will enjoy his reading, his respect for architect and building both enhanced.

The Unoriginal Part

THE FABULOUS ORIGINALS.
By Irving Wallace.
Longmans. 311 pages. 21s.

MR WALLACE has written a readable book about the real life people on whom a number of characters in fiction were based. He gives five a chapter each: Dr Bell, as the original of Sherlock Holmes; Claire Clairmont ("The Aspern Papers"); Lady Ellenborough (Balzac's "Lys dans la Vallée"); Deacon Brodie, as the inspiration of "Dr Jekyll and Mr Hyde"; Mary Rogers, the undoubted original of "The Mystery of Marie Roget"; and, inevitably, Alexander Selkirk. Mr Wallace ends up with a chapter of shorter studies.

The author is at his best when the connection between the two lives, fictional and real, is close. The stories of Mary Rogers and of Claire Clairmont's last days are fascinating; but Mr Wallace does not resist the temptation to stray away from the episode that inspired the writer. Lady Ellenborough was Balzac's mistress for two months of her youth, and nothing of the long story of her later life, which Mr Wallace gives in potted form, is relevant to the *Comédie Humaine*. Nor does a superficial account of Claire Clairmont's youth help to illuminate "The Aspern Papers."

However interesting the models for these fictional characters may be, they are the unoriginal part of the novel; the important part is what the author adds to them. One suspects that Mr Wallace's passion for these origins has driven out most of his feeling for the creative side of the novels; they are only source material for his investigations. Furthermore, this concentration of interest falsifies his judgment: he picks on one human model, and regards that as the only important factor. For example, he regards Deacon Brodie, a hypocritical Scot who led a double life in the dullest sense, as the sole inspiration of "Dr Jekyll and Mr Hyde." Certainly Brodie played a part: Stevenson was deeply interested in his life. But Mr Wallace's concentration on this dullish feature leads him to underrate Stevenson's personal contribution and to ignore the thread of double character which, as a morbid by-product of Calvinism, runs through Scottish life and literature. He never mentions Lord Grange or the "Justified Sinner," which were certainly as familiar to Stevenson and far more significant to his theme.

A book of this kind is hard to steer between pedestrian learning and journalism. Mr Wallace runs straight for the latter. In spite of a bold reference in the preface to "basic research" there is little original in it beside the word in the title, and his British personalities are seen through the spectacles of Los Angeles, whence he writes. He is not an inspired biographer and his touch is rather vulgar; but his subjects are good ones, he is a competent journalist, and his book is fun.

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Georgian Vice and Virtue

THE FIRST FOUR GEORGES.
By J. H. Plumb.
Batsford. 188 pages. 21s.

ALMOST a century ago Thackeray drew his lively and telling sketches of the first four Georges. Whig principles and severe moral standards combined to make him unsympathetic to these monarchs. George I was forgiven as preferable to worse alternatives. George II "tainted a great society by a bad example." Of George IV he wrote: "our eyes turn away, shocked, from this monstrous image of pride, vanity, weakness." Only to George III was he kindly disposed, since that monarch, despite his political wrongheadedness, "was pure in heart, honest in intent." Now Mr Plumb, who has recently given us a first masterly volume of his life of Walpole, has painted a conversation piece of the four Georges and their times with the vitality and frankness of a literary Hogarth. For Whig principles Mr Plumb substitutes historical understanding; for Victorian disapproval of moral laxity and extravagance he substitutes the psychological approach and an aesthetic appreciation of artistic achievement.

Using Hervey's memoirs which so repelled Thackeray, Mr Plumb tells with zest the story of the pathological quarrels that envenomed the court of George II. In contrast, he finds no virtue in George III's dreary domesticity. George's fifteen legitimate children constituted a record for a British king, but Mr Plumb considers this fidelity to an unattractive wife a possible contributory cause of his recurrent insanity. George IV's unpopularity is attributed chiefly to his unlucky marriage to a woman whose manners "were largely of the farmyard and the taproom." And his passion for building appeared the more outrageous because it was one to which the British royal family had not been addicted since the days of William III. Thackeray would have been shocked by Mr Plumb's plea that "regal self-indulgence, particularly in building and in the decorative arts, is almost always to the public advantage"; and he would have been extremely surprised by the suggestion that George IV, with his sense of theatre and fondness for public progresses, "was showing the way that the monarchy would have to go if it were to survive into an industrial and democratic society."

But Mr Plumb is interested in the political role of the Georges as well as in their personalities. The monarchy was still the centre of political life, and the heirs-apparent provided a natural rallying point for the opposition. Here Mr Plumb is on ground made familiar by Sir Lewis Namier and his followers; but he is never dull or merely derivative, and he gives us a superb portrait gallery of the leading politicians. He is also able to look beyond these to the more general forces of political change, to the economic effects of war and conquest and to the changes in taste and opinion. He enjoys being provocative. "Rarely," he says of England in this period, "has the world known a more aggressive society." And, despite his warm appreciation of the greater artistic achievements of the time, he is no enthusiast for the Georgian period generally. "Half the attraction of Georgian art," he tells us, "is due to the absolute poverty of what came before and what came after."

"The First Four Georges" is a short book, wonderfully compact but never didactic, and written with an enjoyable verve and stimulating informality. It is admirably produced and illustrated, though with one irritating slip: George III is shown on horseback at the battle of Dettingen, an action which should be credited to his grandfather.

Pour Encourager

CONQUEST OF DISABILITY.
Edited by Sir Ian Fraser.
Odhams. 224 pages. 15s.

WARS disable heroes and make heroes of disabled men. This collected testimony of the ways in which crippling disabilities have been conquered, sometimes almost miraculously, is not intended to glorify the few—though some famous conquerors give evidence—but to encourage the many. The brief tales are, inevitably, uneven. Most of them are more successful in telling, often movingly and sometimes dramatically, what individual men and women have been able to achieve than in telling how they did it.

But all the tales have the same message, direct or implied, both to other disabled people and to their friends and neighbours, whose part is decisive in the process of coming to free terms with life and livelihood. The obstacles, even more than the disability itself, are "self-pity, misplaced sympathy, false sentiment." The goal, at whatever the balance of activity that can be won, is independence, without selfishness. The conditions of success are acceptance of the facts (but not of needless limitations), hard work, patience and "nerve."

It is in peacetime that the heroes have to make their terms, with the glamour gone; and peace has, unendingly, its own casualties. Some of the testimony may seem out of ordinary reach; above all, perhaps, the blind and dumb or deaf who make do with the touch of their fingers; the blind who, robbed of even that touch because they have no hands, none the less win out; and the limbless who walk and work and play.

But there are really no classes, no frontiers, of disability. "For the war-disabled," one maimed contributor writes, "the way back to usefulness is relatively easy, particularly in the middle of a war, and if your disability is obvious." Especially in youth, the disability that is not seen may be hardest to conquer. The blind men in this book rate deafness worse. The tribute (and the encouragement) here is not to heroes, but to ordinary men and women.

Speed and Manoeuvre

THE RACING CAR: *Development and Design.*
By Cecil Clutton, Cyril Posthumus, and Denis Jenkinson.
Batsford. 288 pages, 105 illustrations. 25s.

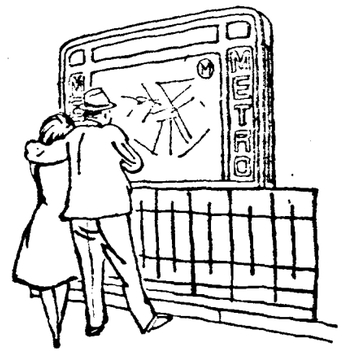
THIS is primarily a book for the enthusiast, but outsiders whose devotion to motor racing amounts to less than thraldom will find in it a good deal of information on the two questions that so often divert the non-initiate. How much has motor racing contributed to the development of the ordinary motor car? And why, when speeds of about 100 mph were being achieved in races nearly fifty years ago, are races still being won today at speeds that do not appear much faster, in spite of the intense technical expertise that has been lavished on racing car design in the meantime?

The three authors of this book—Mr Clutton deals with racing cars from 1895 to 1915, Mr Posthumus with the classic years from 1919 to 1933, and Mr Jenkinson with the period of German dominance in the thirties and the revival of *Grand Prix* racing after the war—answer the first question roundly in their joint preface. The adage that the racing car of today is the touring car of tomorrow, they think, had considerable truth up to 1900 (when, indeed, the racing car as such had hardly emerged, but developments put into cars for the great road races steadily advanced the mechanical art). "It has subsequently been true only to the extent that tomorrow never comes." The ordinary car, certainly, has benefited by lessons of design learned at least the more rapidly because racing cars have continued to press upon the frontiers of engineering technique—and particularly of metallurgy. But the demands of the racing car, during the fifty years in which it has been capable of manœuvre at speeds and in conditions that are seldom possible with the ordinary cars—and roads—of today, have been utterly different; and research for the two breeds of car has run on parallel lines, occasionally interconnected by contributions in both directions, rather than along the same one. The technical lineage of racing is admirably traced and illustrated here.

The second question, why speeds have not advanced in accordance with the growing complexity of racing car design, is based in part on the simple confusion of maximum speeds then and average speeds in our own time. But it is true that speed in itself, for many years, has ceased to be the primary object of European racing car design: repeatedly the complaint of "too fast" has been raised, and successive *Grand Prix* formulæ have been designed to rule out (successfully or not) the pursuit of sheer speed through brute engine power in massive and almost unmanageable vehicles. This restraint has been imposed partly because such machines were often associated with the pre-eminence of one nation or marque and the withdrawal of outclassed competitors; but also because of the strain upon the drivers, who have to manœuvre them over difficult courses. The giant Mercedes-Benz and Auto-Union cars of 1937, capable of close on 200 mph, were perhaps the most powerful and fastest *Grand Prix* cars ever made; but only a handful of drivers could cope with them.

This book closes with the end of an era in postwar motor racing, after the retirement of Mercedes-Benz from racing at the end of 1955. This left Ferrari and Maserati as established marques in the field (assisted by Lancia and Fiat, in different ways), with the British Vanwall, BRM and Connaught cars (all backed by firms outside car manufacture as such), and from France, back in racing after about seventeen years, the famous name of Bugatti.

Chinoiseries



THE SILENT TRAVELLER IN PARIS.
By Chiang Yee.
Methuen. 285 pages. 30s.

PARIS has been sung by poets of all countries and scrutinised and described by observers from most distant lands. Now it is the turn of a Chinaman to pay tribute to the *Cité Lumière*. Mr Chiang Yee, the silent traveller, has moved across the Channel, with his pen and sketch-book, attracted by the glittering city. The result of his peregrinations is most fascinating when it keeps its oriental originality. The thought of Chinese artists worrying because they cannot easily grow beards in imitation of their colleagues of "Man-pa-la-su" (Montparnasse) is one of the book's many astonishing associations. The comparison of the *Buttes Chaumont* to famous Chinese gardens has poetic undertones. Mr Chiang's occasional verse is fresh and the sketches (one of which is reproduced here) are at their best when they are most Chinese.

Paris is as inscrutable as a Chinaman's face. Each one sees in it a different image: the capital of art, the birthplace of revolutions or an entrancing old courtesan. Each writer also adds to it something of his vision. After so many stereotyped conducted tours it is a pleasure to explore Paris, and to rediscover some of its aspects, in the company of such a cultured and yet unspoilt Oriental guide.

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An Approach to Modern Physics

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LONGMANS

A Word in Search of a Meaning

WHAT the ordinary reader needs to know about automation is probably a good deal less than he may have been led to believe in the last year or so. In recent months this roaring bandwagon of "informed discussion" in 1955-56 has slowed down somewhat; some of the more inveterate riders, indeed, have climbed off. Lord Halsbury, for example, who must have delivered as many papers and speeches about automation in its prime as any man (one of them is included in the collection edited by Mr Hugh-Jones), now denies that the vague word has any independent meaning at all, or that the subject as such really exists. Not all his collaborators, or the authors of the other volumes listed at the bottom of page 11, would be so ready to aver that they have spent so long arguing about nothing. But in the carefully inconclusive conclusions that several of them reach it is possible to sense the same feeling of going out by the same door wherein they went.

If this were merely the waning of a pretentious verbal fashion, so much the better; and certainly if some of the exaggerated fears about the immediate effects of automation on employment subside with the public discussion, that will be a positive gain. But there seemed reason to hope that this was one of the rare subjects about which physical and social scientists might have been able to say something useful together; if so, any economist must regret that so far they have not.

One reason for the grip that automation took on the public mind centred on precisely that point. It seemed obvious that the economic and social implications of a rate of technological change that might become far more rapid than anything we have known might be large ones: but that was the only thing about them that was obvious. The public looked to the engineer and the economist, primarily, to explain broadly what those large implications might turn out to be. In vain: it has received no explanations, though it has heard a few disturbing and many reassuring noises.

It would be easy to put this failure down to the steadfast reluctance of most economists to think in quantitative terms; but this time unfair, because for once the engineers have been equally reluctant. Out of the comparatively few and not always consistent things that economic theory has to say about the reasons why industry invests in more productive equipment, most economists have picked one reassuring generalisation: that automation, like all other mechanisation, will create more jobs than it destroys. That generalisation seems to have held good not only over the long history of man's development of hand tools but during the last two hundred years of accelerated development of mechanical equipment. Nevertheless, it is based upon extrapolating the economic effects of a rate of technological change that neither economists nor engineers have yet devised any way to measure—which does not necessarily warrant its application to some new and much faster rate, if that is indeed what automation means.

The few disturbing noises that have been made about the economic effects of automation have come precisely from economists and engineers who have attempted, in some vague way, to envisage an entirely different rate of change. Thus one economist, assuming that in general automation will fairly quickly offer economies of about three-quarters in labour input per unit of output, feels that automation may greatly increase inequalities of income and bring about an increase in the numbers of domestic servants; and one engineer, considering a mechanised operation in open-cast lignite mining that gives the operator some 40,000 times the productivity of an average underground miner, foresees a vast lack of purchasing power. Thus Dr Einzig is concerned to hammer home his point that "The Economic Consequences of Automation" are not just the economic consequences of *mechanisation continued* as before; and Mr Soule to see in the "Do It Yourself" movement the first stirrings of the natural man reasserting his right to do as a hobby what the machine has now made it quite uneconomic for him to do for pay (or to pay some other emancipated labourer to do). There is plenty of naivety here, and loose thinking: Dr Einzig, having cut out and saddled his hobby-horse from the corral, proceeds to ride it off "every which way," and Mr Soule ends in a romantic glow. Neither would claim to have measured the rates of technological change implied in "ordinary mechanisation" and "automation" (which would inevitably, however measured, shade one into the other); but they have at least conceived the possibility that a much faster rate might shift the timing and the emphasis of economic development.

These, the most speculative of the books listed below (with one significant exception), are notable less in themselves than in emphasising the shortcomings of the more "practical" approach which some of the others make very competently to this subject, at several levels. Mr Macmillan's Third Programme talks are by far the best (and the cheapest) outline of the subject for the educated non-technician, better written than the creditable but rather disjointed short survey produced this summer (in a last-minute hurry) by the Department of Scientific and Industrial Research. Mr Cleator and Dr Pyke are writing at a more popular level: the first more attractively, because of a genuine knack for describing actual machines and saying what they do. Mr Williams and Mr Levin both write practically about a sector of industry where automation may make more changes more quickly than on the factory floor, the office. Mr Levin considers the subject more widely, but for this country his book is expensive.

No reading about automation, and the wider background of theory from which its developments stand out in highly publicised relief, would be complete without some taste of the writings of Norbert Wiener: and that ordinary reader whom one advises not to get immersed in too much automation might even take "The Human Use of Human Beings" and let the rest above go by. Many first-class minds have been devoted to cybernetics, the theory of control in organic and inorganic systems, and its application in automatic machines and elsewhere: only one genius, equipped with compassion as well as lucidity, has happened to write about it. Dr Wiener's discussion replaces automation in the background that indeed gives it some of its public appeal—in among speculations on the wider possibilities of machinery that can perform some of the functions of man's brain as well as his muscle, on the computers that can calculate far faster than thought and on the smaller, more complex analogue devices that can "learn" by their own errors, and indeed "choose" between alternative courses of action. Most people's instinctive hankering after some unifying concept of general application in the sciences may well explain part of the uneasy fascination that automation, the computers, and the vaguely-glimpsed theory of cybernetics, have exercised over the public mind and may continue to do, even if the economists and engineers remain unable to measure and interpret them. This is a recurrent, and usually a vain hankering, but not a naïve one: it seems indeed to be built into the human brain, as a tendency towards "problem-solving" may be built by that brain into man's latest, most complex artefacts.

★

Automation in Theory and Practice. By E. M. Hugh-Jones. *Basil Blackwell.* 140 pages. 12s. 6d.

The Economic Consequences of Automation. By Paul Einzig. *Secker and Warburg.* 237 pages. 21s.

What Automation Does to Human Beings. By George Soule. *Sidgwick and Jackson.* 191 pages. 15s.

Automation: Friend or Foe? By R. H. Macmillan. *Cambridge University Press.* 108 pages. 8s. 6d.

Automation. Department of Scientific and Industrial Research. *HMSO.* 106 pages. 6s.

The Robot Era. By P. E. Cleator. *Allen and Unwin.* 172 pages. 16s.

Automation: Its Purpose and Future. By Magnus Pyke. *Hutchinson.* 191 pages. 16s.

The Electronic Office. By R. H. Williams. *Gee and Company.* 63 pages. 15s.

Office Work and Automation. By Howard S. Levin. *Chapman and Hall.* 219 pages. 36s.

The Human Use of Human Beings. By Norbert Wiener. *Eyre and Spottiswoode.* 199 pages. 18s.

Books about Books

CRITICAL APPROACHES TO LITERATURE.
By David Daiches.
Longmans. 404 pages. 25s.

DR DAICHES has organised his material in three parts. Part One ("The Philosophical Inquiry") surveys, more or less on historical principles, the problem of the nature and function of literature. Part Two ("Practical Criticism") watches representative critics at work. Part Three ("Literary Criticism and Related Disciplines") maps the frontiers of criticism proper with scholarship, psychology and sociology, and concludes with a discussion of "criticism and the cultural context." The book is thus formidably comprehensive. On page 9 we learn that "the *Ion* is the most elaborate presentation in the ancient world of the notion of poetry as pure inspiration," and on page 372 that "Bateson divides the history of English poetry into six consecutive schools." Between Plato and Bateson not much is left out, although Dr Daiches is himself a little worried lest he has not done justice to the "Chicago school." For critics as well as poets form schools in Dr Daiches's world—a fortunate circumstance making it possible to marshal them in an orderly way for expository purposes, each appropriately equipped with so many pages or sentences in the way of *loci critici*. The whole performance is highly professional and up to date; it will be regarded by many hard-pressed students as quite enormously convenient.

Yet some misgivings suggest themselves. The teacher is really doing too much of the job—with more and more expertness as it grows increasingly difficult with the centuries. "One can illustrate Plato's view of literature by a quotation of half a dozen pages," Dr Daiches says. But with Mr Edmund Wilson it is another matter: "the reader . . . must go to these essays himself." It is to be doubted whether every reader will. And indeed the simple if quite industrious student, thus masterfully catered for, is perhaps to be forgiven if he concludes that one book on the books about books will see him through. Again, Dr Daiches is comprehensive rather than catholic; his bias is analytical; he seldom directs attention to qualities such as taste and zest. Hazlitt is always a touchstone here. Dr Daiches allows him to have been (in a significant word) "salutary," but he scarcely kindles to him. Hazlitt will be found to make a poor show in the index—even although he seems there to be credited with some rather celebrated pages by Matthew Arnold.

But these strictures must be qualified by the observation that Dr Daiches himself is far from regarding his own book as self-contained. He is constantly dropping hints of further explorations and comparisons that may be made. The reader who goes into a library and prosecutes these will emerge grateful for the guidance he has received.

Home & Abroad

Lord Strang

'A beautiful and satisfying book, excellently constructed and eloquently expressed.' *The Times Literary Supplement.* 'This diplomatic Bible . . . a very nourishing book.' — Harold Nicolson, *Observer.* Illustrated. 21/-

A Grave for a Dolphin

Alberto Denti di Pirajno

Traveller's tales from Africa by the author of *A Cure for Serpents.* 'True or purely imaginative, the stories are enchanting. So are most of the pictures.' *Daily Telegraph.* Illustrated. 15/-

The Schellenberg Memoirs

Walter Schellenberg
Introduction by Alan Bullock

Schellenberg became head of the unified German secret services after the death of Canaris. He wrote to recall the glamour of his past rather than to whitewash himself or the Nazis, and produced thereby a remarkably illuminating book. Translated by Louis Hagen. Illustrated. *November 15.* 25/-

Gold is Where you Hide it

W. Stanley Moss

The author of *Ill Met by Moonlight* describes his private investigation into the fate of the Reichsbank treasure, buried in Bavaria on the collapse of Germany. *November 29.* 12/6

Time & Tide Anthology

Edited by Anthony Lejeune, with an Introduction by Lady Rhondda

A selection from thirty-two years of *Time & Tide*, ranging from political commentary to competitions and a card game invented by Osbert Lancaster. *November 15.* 21/-

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CHATTO & WINDUS

Exposition of Mr Nehru

JAWAHARLAL NEHRU.
By Frank Moraes.
London and New York: *The Macmillan Company*. 521 pages. 35s.

CONVERSATIONS WITH MR NEHRU.
By Tibor Mende.
Secker and Warburg. 144 pages. 10s. 6d.

MR MORAES has written what should for long remain the standard reference work on Mr Nehru. Any foreign minister, diplomat, banker, or overseas trader ought, with the aid of this exposition of Mr Nehru's aims, views and record, to be able to make a reasonable forecast of what to expect from New Delhi. Hasty reading of Mr Nehru's speeches suggests that in world affairs he is an idealist of the Gilbert Murray era and temperament, but, interspersed with the noble, strikingly phrased and utterly sincere aspirations, the more leisurely reader will find *obiter dicta* that reveal Mr Nehru's feet to be well planted on the earth.

Many people will interpret the facts adduced by Mr Moraes as implying that India's foreign policy assumes three things. First, were either power block to violate India's sovereignty, the other would come to India's aid; therefore, secondly, there is no point in forming an alliance with either as this would merely provoke the hostility of the other and commit India to additional armaments expenditure better diverted to economic development. Moreover, as long as it is uncommitted to either block, India will be wooed by both for its vast potentials and, therefore, thirdly, can hope to exercise influence out of proportion to its present small physical power. Although the thought does not occur to Mr Moraes, India's record towards its neighbours suggests that Indian policies are orthodox: attempts by any foreign power to influence events in the "spheres" of Nepal, Bhutan or Kashmir are regarded as hostile acts ultimately to be met by force, if necessary. As for Pakistan, India's sense of the balance of power impels it to maintain (what is reported to be) a threefold superiority in arms. The statement of these facts should evoke neither resentment in India nor criticism elsewhere, since they confirm that the principles of India's foreign policy differ neither in the expression of idealism, nor in the application of realism, from those accepted in London and Washington, Moscow and Peking.

In economics, Mr Moraes insists on Mr Nehru's "scientific Marxianism" and a superficial reading suggests that he is an orthodox socialist of the old school, but when Mr Nehru's officially proclaimed policy to achieve a society of "Socialistic pattern" in India is studied in detail, it is clear that he is eclectic and practical rather than Marxist or doctrinaire. Provided, for example, that private enterprise accepts a secondary place in the national economy, Mr Nehru is ready not merely to tolerate it but actively and positively to encourage it (even by means of credit grants where necessary), which is more than can be said of socialists in many other countries. Lastly it is clear that Mr Nehru is a sincere democrat, seeking socialism not by secret police, forced savings or labour, but by persuasion and voluntary sacrifices.

Mr Nehru is a willing conversationalist. As Dr Radhakrishnan once said of him "He knows a good deal about a good many things." Unfortunately Mr Mende was so anxious to avoid any crudity that the tactfully diffuse expression of his questions encouraged Mr Nehru's amiable weakness for thinking-aloud rambles over vast horizons, leaving a trail of cosmic verities punctuated with cheerful handfuls of "—and so on and so forths." Nevertheless a tidy minded reader will pick up valuable litter scattered about Mr Mende's little book.

Connoisseur's Guide

THE TUDOR PERIOD 1500-1603.
LATE GEORGIAN 1760-1810.
Edited by Ralph Edwards and L. G. G. Ramsey.
The Connoisseur Period Guides. 192 pages and 96 illustrations each. 42s. each.

IT is tempting to draw parallels between one age and another and it is easy to say that the reigns of Elizabeth I and George III shared an exuberant vitality. Perhaps it is fortuitous that they are featured in the first two volumes to be published in a series of six designed to describe the arts and crafts in Britain, period by period, from 1500 to 1860. But reading the two volumes together makes a fascinating comparison.

The Elizabethan age was the first great period in our domestic architecture, a peculiarly English compromise between the splendid and the homely. It was an age which first saw refinements such as comfortable chairs, feather beds, tablecloths, pewter instead of wooden spoons, plaster ceilings and pictures hung on the wall. The reign of George III saw the culmination of all this; it was the heyday of a society that rested upon the country house basking in the delicacy of the designs of the Adam brothers, in the elegant craftsmanship displayed in furniture and ornaments.

All this and much more is depicted in these two handsome volumes. Each contains chapters from different contributors on the different facets of the artistic side of living—architecture, furniture, painting, pottery, glass, metalwork, costumes, jewellery—to take a selection. Each contains lovely photographs. In recapturing the past by bringing together the arts of a period these books make their own contribution to social history although the emphasis is inevitably, although not entirely, on the stately ways of living, for this is a connoisseurs' guide. Even so, it is strange that a chapter on Tudor architecture, condensed though it had to be, finds no room for the black-and-white half-timbered style of the time. But generally these guides are authoritative as well as delightful to look at.

A Village Rediscovered

ASK THE FELLOWS WHO CUT THE HAY.
By G. E. Evans.
Faber. 250 pages. 25s.

THE title is facetious and misleading, for this is a serious book about an agricultural community, one of the best of its kind. The author—a stranger and unarmed with previous knowledge of the locality—went to live in the small Suffolk village of Blaxhall. He became interested in the old parish, from traces still recognisable beneath the social and technical changes of the present generation, started to investigate and has now recovered a familiar and fascinating story. But his work is far more than a patient academic exercise. True, he has studied the documents—the contents of the parish chest, the tithe map, the school registers. More important, he has translated the experiences and memories of a group of old people, each one associated with some distinctive aspect of the life of the community.

There was Robert Savage, shepherd and smuggler, and Priscilla his wife, an authority on cottage and household crafts. There were George Rope and John Goddard, two old farmers, whose combined lives spanned a hundred and forty years, wherein methods of husbandry altered from the medieval to the modern. In George Rope's time, they used the flail and the sieve on the open barn floor, aided by the through-draught from the open doors on both sides of the building, a practice descended from biblical times and even earlier. John Goddard saw the introduction of the reaper-binder and the threshing machine, which have now given way to the combine harvester. Henry Puttock was parish clerk and bell-ringer, and had acquainted himself with all the administrative history of the village. Katherine Messenger remembered the early days of the church school, and Mr Evans reproduces some interesting examples of lessons in elementary mathematics given at the time, all couched in agricultural terms and conforming with the latest modern practice. There was, lastly, Joseph Row, farmhand and malister, a source of information about the village inn, about home-brewed beer, and also about smuggling, which seems to have been as popular and respectable an occupation as in Cornwall—all classes took part in it except the squire.

The presentation of the subject is therefore original, arresting and always human. Although a stranger, Mr Evans understands both consciously and instinctively these old Suffolk country people and the things they remember: instinctively, because he catches all the hints about customs and attitudes that no longer apply; consciously, because he troubles to define briefly but accurately the technology and terminology of all the crafts and trades and traditions, which he could so easily have left unexplained to bemuse the romantic reader. The book is a mine of information, but this is offered so unpretentiously that it reads as easily as a quiet book of memoirs. The photographs are of great interest, and it was a happy idea to reproduce some of Bewick's engravings, one of which is given here.

View from a Giant

PICASSO.
By Frank Elgar and Robert Maillard.
Translated by F. Scarfe.
Thames and Hudson. 315 pages. 25s.

"THE painter makes paintings in the urgent need to discharge his own emotions and visions." The words are Picasso's. The turbulence of his emotions, the infinite variety and originality of his visions exist for everyone to see in an output as bewilderingly vast as that achieved by any artist at any time; and the urgency of the process cannot be doubted. For Picasso, one is aware, art is a weapon—a weapon for attacking every manner of artistic convention and for enlarging the frontiers of art itself; a weapon to be turned against tyranny and brutality (Guernica is only one, though probably the finest, example); a weapon, too, it must be admitted, for brandishing in shock attacks on critics and the public. No wonder the critic, confronting the need to classify the still unclassifiable, to interpret and understand the frequently unintelligible, has felt baffled. No wonder the public, the plain man (and where modern art is concerned, most men find it most restful to be plain) has felt that Picasso was not to be trusted—"the man is trying to make a monkey of me."

But now, at 75, the lineaments of the giant are becoming more clearly discernible—a process that, for English readers, will be greatly speeded up by MM. Elgar and Maillard's admirable book now translated from the French and replete with some 450 illustrations, many in colour of a generally high standard. M. Elgar's study is a model of expository writing, and is full of real understanding; his admiration for Picasso's work, though enthusiastic to a degree, is far from being wholly uncritical. M. Maillard contributes a brief biographical background and a good many penetrating sidelights into the bargain. The two essays, both organised chronologically, run through the book side by side. This method has much to commend it, though the inevitable difficulty of fitting the 200 or so illustrations that appear in the body of the book (one of which is printed in reverse) into the same strict pattern makes cross-reference unnecessarily slow at times. Page references should surely take the place of the chronological ones throughout the text. But this is a very minor fault in a book which is both excellent in itself and excellent value for money as well—a worthy addition to the already immense literature on Picasso. By showing how much of his work is "representational" and by elucidating so much that is not, the authors provide an ideal introduction to a "jack of all trades of genius"—painter, potter, lithographer, sculptor and etcher—whose outlook is not only larger than life but also, in Mr Bernard Berenson's phrase, truly "life enhancing."

Escape to Germany

THE ONE THAT GOT AWAY.
By Kendal Burt and James Leasor.
Collins with *Michael Joseph*. 255 pages. 16s.

OBERLEUTNANT VON WERRA was a German fighter pilot who was shot down during the Battle of Britain. He distinguished himself by escaping twice from prisoner-of-war camps in this country, although he was recaptured on each occasion. His third attempt, made during a train journey across Canada while he was being transferred to a new camp, was successful. Von Werra, persistent, courageous and tremendously self-confident, was a line-shooter *par excellence*. This, combined with his capacity to speak reasonably fluent English, enabled him during his second British escape attempt to brazen his way through all manner of difficulties on to a RAF station and actually into the cockpit of a Hurricane. His luck, though phenomenal, was no greater than his effrontery deserved. The circumstances of the whole episode are a trifle obscure, but perhaps inevitably.

Readers of the many excellent accounts of escapes by British prisoners-of-war will enjoy this book, which offers, apart from anything else, some interesting comparisons between German and British interrogation methods, security precautions, tunnelling and escape techniques and so on. But all good adventure stories depend primarily on excitement: can the hero overcome impossible odds and outwit his diabolically clever opponents? There is no shortage of excitement in this book, and the authors cope successfully with the minor difficulty that the diabolically clever opponents are just ordinary, likeable British people in a Britain at war, while the hero is an enemy fighter pilot—and a far from wholly likeable one at that. One's sympathies are predominantly with von Werra—which is entirely as it should be. In short, the two authors, and their two publishers, can be complimented on a successful combined operation on a modest scale. Von Werra, after finding his way back to Germany, died unspectacularly on active service.

Fleet Street Long Ago

THE NEWSMEN OF QUEEN ANNE.
By William B. Ewald, Jr.
Blackwell. 243 pages. 22s. 6d.

ALTHOUGH millions of people read the *News of the World* every Sunday, the proprietors of that and other similar journals know better than to print a paperful of news of the world. They know that their customers are not passionately absorbed by the world, but are instead gripped to exclusion by the flesh.

Mr Ewald reveals that the proprietors of two hundred and fifty years ago were no less perceptive. He has compiled extracts from twenty-seven newspapers published during the reign of Queen Anne. By 1702 newspaper publishing was already as fiercely competitive as it would ever become, and these extracts demonstrate how steadfastly the human mind retains its interest in gambling, bloody crime, sexual love, patent medicines and superstitious religion. Of the twelve headings under which Mr Ewald has grouped his material, two only relate to news of events at home and abroad. By this method Mr Ewald reflects a picture of life, as seen by the reporters and advertisers, in the early eighteenth century. So much for those who may take up the book for pleasure. For others, the book offers specimens of newswriting as it was then practised, and much that illustrates the history of public taste.

Newspapers seeking to entertain rather than to instruct are the creation of publishers and printers. Because the newspaper is printed it can be published with frequency; but must be sold at the lowest possible price. Hence, the number of copies sold has always been the criterion of success, and few proprietors have ever been willing to jeopardise sales. There is this to be said, however, for the restricted paragraphs given to newspaper readers in Queen Anne's reign. Printed news was censored by the Government, and Mr Ewald's selection demonstrates how tepid and trivial were the items that filtered through. Those who sought uncensored news existed then as now, and by subscription to a bookseller could obtain manuscript news-letters, written by journalists whose services were private, laborious and expensive. Grub Street was not the province of scribes so employed. They provided the solid fare of home and foreign politics, adjusted to the subscriber's profession or rank.

Public taste, longer lived than official censorship, has always deformed the printed newspaper. Thus it is that the manuscript newsletter is the true ancestor of the serious, "class" newspaper such as the fourpenny sheet known to us. Hence the recent loss to the British Museum or the Bodleian Library of the twenty volumes of the Newdigate newsletters, sold in July and destined for America, is crippling to British historians. Mr Ewald draws only on printed material, but he found already no less than five collections in America, and but one in this country—which he admits, rightly, as the principal, the Burney Collection in the British Museum. He might, nevertheless, have found it worth while to cite from the Hope Collection in the Bodleian Library.

★

Recognition of the newspaper and newsletter as a historical source is more readily appreciated by American scholars and students than by their colleagues in this country. The documentation of British journalism having been begun by Muddiman's *Handlist*, succeeding British scholars proceed far too slowly with the subject, and meanwhile the tools are vanishing across the Atlantic. The present book has not the detail substantially to benefit scholarship in this country. But the introduction usefully collects information on the range, typography, printing, and the circulation and finance of the twenty-seven newspapers surveyed. Biographical details, compiled from authoritative sources, of journals and journalists are included in an appendix.

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View of a Maze

MARCEL PROUST AND DELIVERANCE FROM TIME.
By Germaine Brée.
Chatto and Windus. 256 pages. 21s.

LIKE a long and complex orchestral work, like a vast piece of architecture—the similes recur in the novel itself—Proust's masterpiece is impossible to appreciate at all fully on a first reading, and goes on yielding fresh insights, on repeated acquaintance, to the limits of the reader's intelligence and sensibility. Intelligence, sensibility, and on the practical level mere leisure and energy to explore the Proustian labyrinth, fail for the vast majority of readers far short of what is needed for full appreciation; and what is likeliest to escape attention and understanding, far more so than subtleties of individual character, acuteness of social observation, or psychological penetration, is precisely the architectural quality, the main organising principle, of the "Recherche du Temps Perdu."

It is on architectural quality that Professor Brée concentrates in this illuminating essay; in the words of Mr Angus Wilson's introduction, on the total statement and structure of the novel. While she has much that is enlightening to say about particular situations, characters, implicit or explicit theories, her main concern is with the contribution of each of these to a central process; that by which all the themes stated or latent in the child's-eye vision of Combray are developed or orchestrated through subsequent "discontinuous blocks of experience," and at last triumphantly harmonised when, in "Le Temps Retrouvé," the narrator rediscovers his vocation. To the ordinary reader of Proust—the reader who knows "Du Côté de Chez Swann" pretty well, "A l'Ombre des Jeunes Filles en Fleur," "Le Côté de Guermantes," and "Sodome et Gomorrhe," rather less, who has either just managed or just failed to struggle through the obsessive aridities of "La Prisonnière," has recovered a little breath with "La Fugitive," and has reached the end of "Le Temps Retrouvé" in a state of awed exhaustion—Mlle. Brée's book is like an aerial view of a particularly tortuous maze; except that in this maze there are, contrary to the unguided reader's impression, no blind alleys.

There are moments when Mlle. Brée, insisting on the architectural relevance of this or that almost self-contained essay, bravura passage or historical disquisition, is something less than convincing. Proust was a genius, his novel is a masterpiece of construction—yes. But even under Mlle. Brée's guidance it is almost impossible to feel that every leisurely digression into literary or artistic criticism, etymology, strategy, or fashion-commentary really belongs, with the inevitability of great art, to the "main statement and structure"; that "they are never gratuitous, never included merely for decorative effect," nor, in the posthumously published volumes, relics of an experimental mood, which later consideration would have discarded. Setting Mlle. Brée's confidence alongside the agonising indecisions of the Gallimard editors before Proust's snowstorm of loose sheets, pasted-on marginal extensions, erasures and, still worse, lack of erasures, one is reminded of that brilliant essay in which Mr Lionel Trilling ascribes to one of Mr E. M. Forster's novels a splendid structure of Goethean symbolism which Mr Forster regretfully denies ever having intended. Yet perhaps it is one of the marks of a work of genius that the interrelations of its parts are more complex or deeper-rooted than even its author is aware. Whether or not she proves too much, Mlle. Brée's book is the best companion to Proust ever likely to be written.

Unity in Diversity

ADONIS AND THE ALPHABET.
By Aldous Huxley.
Chatto and Windus. 285 pages. 18s.

"LUCIAN, Astarte, the alphabet, sparrows in church, St Dominic, the Albigenses. . . ." And also Renaissance polyphony, also Eckhart and Zen, tunny-fish, Mormon architecture; also the Great Mother and sewage disposal, Mallarmé, etymology, Toulouse-Lautrec, and Male Continence. Some of Mr Huxley's verbal rhythms are highly infectious; if only the essential quality of his mind were equally so. That quality is made up of a rich variety of characteristics. Erudition is one; freedom to range through diverse worlds of art, literature, history, philosophy, science and metaphysics. Sensitivity to the nature of words, their undertones and overtones, connotations and associations, is another. But above all Mr Huxley's mind is one to which no fact out of its vast store of facts is isolated or inert, in which everything illuminates and cross-fertilises everything else. No memory-tight, emotion-tight bulkheads deny the relevance of the alphabet to Adonis, of sewage to "Les Précieuses Ridicules," or of the education of the kinæsthetic sense to the Divine Ground.

This characteristic makes him the most consistently and delightfully stimulating of contemporary writers; but it is one for which he pays a heavy price—that of a constant and agonising awareness of incongruity. Leakproof mental bulkheads, after all, serve a useful psychological purpose. Thanks to them the mass of mankind can quarantine those facts and feelings which, tolerable in isolation, jar intolerably on contact. It is common enough in adolescence to feel a sense of despairing outrage because idols have feet of clay, because the most magnificent human body is a *saccus stercoris*, because history past and present is studded with ghastly cruelties and destructive stupidities, because the loftiest sensations can be analysed into physiological tricks. In time a variously proportioned mixture of callousness, discriminating forgetfulness, humour and resignation anaesthetises the normal adult. Mr Huxley has never

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developed a protective callous; he forgets nothing; he has, for all his brilliant and pervasive wit, no sense of humour; and he refuses to resign himself. Beginning with "Eyeless in Gaza"—perhaps indeed earlier—he appears on the contrary obsessed with the need to feel and convey every incongruity as excruciatingly as possible.

On the human level, the lesson is conveyed, all harmony and wholeness are an illusion. Reconciliation can only be achieved at the mystic's level, where "all things shall be well and all manner of things shall be well"; a comfortless message for those lacking the mystic's gifts, a merely irritating one for those who erect an automatic defensive barrier at the first mention of the Not-Self or Suchness. Mysticism or no mysticism, Mr Huxley has not found reconciliation easy. To love mankind is one thing, to get over hating mankind's guts, in the literal sense, is another; and Mr Huxley, unable to quarantine the notion of guts behind a mental bulkhead, can forget his disgust for them no more than did Swift. Hatred was dominant in the deliberately atrocious "Ape and Essence" and "Devils of London." Here, the goal of detachment is nearer. These essays can be read for intellectual enjoyment of their richly various orchestration, for the delight in sheer virtuosity, for their occasional wisdom, for their courageous crankiness; in the corpus of Mr Huxley's work their lasting role is to mark a stage in a spiritual autobiography.

A Prodigy Grows Up

YEHUDI MENUHIN.
By Robert Magidoff.
Hale. 286 pages. 21s.

BOOKS about world-famous executive musicians written during their lifetime, however full of good stories, are seldom worth much as serious biographies. Mr Magidoff's biography of the violinist Yehudi Menuhin is a striking exception. He manages most skilfully to combine the story of Menuhin's phenomenal career as a musician with full-length portraits not only of Menuhin as a person, but also of his parents and sisters, the remarkable "Biblical Family Menuhin," as his teacher Enesco called them: his beautiful, tyrannical, high-principled mother Marutha, whose iron will governed all her son's actions till after he reached adulthood; his solicitous father Moshe, who accompanied him at all his lessons and on all his concert tours all over the world till he married; and his two gifted sisters Hephzibah and Yaltah. In this way we get a vivid idea of the background that formed his personality.

The domination of the mother and the loving care of the father protected Yehudi from many of the dangers of his astonishing career as child and boy prodigy; but they shielded him so effectivel from the real problems of life that as an adult he was faced with serious psychological difficulties. Later there came technical musical problems, the delayed results of his amazing virtuosity as child and boy. It is clear that Mr Menuhin has been remarkably candid with his biographer and the result is an account which rings true throughout.

The book is full of amusing and revealing stories of the musicians whom Menuhin encountered: his teachers, Louis Persinger, Georges Enesco and Adolf Busch; Toscanini, who, interrupted by the telephone while rehearsing with Yehudi, tore the telephone wire out of the wall and then, much relieved, continued the rehearsal; Elgar, who when the 14-year-old Yehudi had played the first thirty bars of his concerto to him stopped him to say, "Enough, it cannot be done better, let's go to the races"; Bartok, who after hearing Yehudi play the first movement of his concerto said, "I thought works were only played that way long after the composers were dead."

Mr Magidoff has a true knowledge of music and a clear insight into the joys and difficulties of the executive musician; he has penetrated deeply into the inner character of the boy and the man; and he is also a skilful and entertaining writer. One need not be a musician to enjoy and profit by his book.

Aborigines and Convicts

JOHN GRAHAM: CONVICT, 1824.

New Edition.
By Robert Gibbings.
Dent. 129 pages. 15s.

MERCILESS sentences, the hulks, the floggings, the prison ships and exile to an empty land are a part of Australian and imperial history which it is comforting to forget. We are reminded of it by Robert Gibbings's woodcuts and narrative, which has been out of print for some years.

John Graham is the hero—a true hero, for, cast in a different mould than that of the statesman or the soldier, he displayed heroic qualities. For stealing six pounds of hemp he was sentenced to seven years' transportation. After two years in the penal settlement he disappeared into the bush and became a member of an aborigine tribe, being claimed by a woman as the spirit of her dead husband. Impulsively, he gave himself up to the authorities six years later. As a prisoner he was able, through the trust the aborigines had in him, to rescue a Mrs. Fraser from their hands and earn his ticket of leave. The extraordinary story is brought boldly and vividly to life in this vignette.

Fair Stood the Wind . . .

THE AGINCOURT WAR.
By Alfred H. Burne.
Eyre and Spottiswoode. 359 pages. 35s.

IT is not easy to pierce the romantic haze surrounding Agincourt—the haze created by the drab history books of childhood and later by the rhythm of Drayton's ballad and Shakespeare's ringing, shouting poetry. The legend was re-created brilliantly in the film of *Henry V*: the gathering momentum of the charge of the French knights and the riderless white charger cantering across the field of dead.

The illusion is shattered when Colonel Burne reminds us that the French knights and men-at-arms charged on foot. In the place of illusion he sets a calm reconstruction of what probably happened. In its way his reconstruction is just as exciting as the romantic lie. Agincourt is set in its place—the actual battle occupying only a few pages—in the Hundred Years War. Following up his excellent book on "The Crecy War" by one equally as good, Colonel Burne has written a military history of the whole of the Hundred Years War which should long remain the definitive account. Using the sober eye of the staff officer, going back to the original sources and blending reason with imagination he exposes the war, not fancifully but convincingly. From Henry V at Harfleur to St. Joan at Orleans and to the death of Talbot at Castillon, the narrative moves at a round pace until the English are finally ousted from France.

At Crecy, Poitiers and Agincourt the long bow reigned supreme, the missile weapon, as so often in military history, blunting the edge of shock tactics. But better defences were devised, in this period armour being thickened, and the pendulum swung back again. By the end of the war cannon had begun to dominate the siege, though not as yet the battlefield. And by its end the feudal levies had disappeared and armies were made up of soldiers who fought for pay and loot. The twilight of the middle ages had begun.

Perhaps only two criticisms can be made of Colonel Burne's analysis of this absorbing war. He concentrates his attention on the set pieces of the battle and the large siege, dismissing in a few sentences the gradual erosion of English power as the French occupied one fortified town after another. In doing so he seems to do such a Fabian strategist as Bertrand Dugueschn less than full justice and to emphasise the tactical reasons for the English defeat at the expense of the strategical ones. And in his discussion of tactics, relying on his favourite weapon "Inherent Military Probability," Colonel Burne makes the campaigns and battles almost too tidy. Muddles and mistakes are as much a part of war as an eye for ground. Perhaps because he has such a good eye, Colonel Burne does not give quite enough weight to the possibilities of miscalculations and errors.

The First Four Georges

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This reassessment—as entertaining as it is shrewd—of the personal roles of the Hanoverian monarchs is by a writer described by Raymond Mortimer in the Sunday *Times* as "one of the most enjoyable of living historians, a scholar with a lively mind."
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Non-Philosophic Historian

ENGLISHMEN AND OTHERS.
By A. J. P. Taylor.
Hamish Hamilton. 192 pages. 18s.

FEW contemporary historians can rise so high as Mr A. J. P. Taylor as witness, in this latest volume of offprints, a masterly little essay on "The Outbreak of the First World War"; few can sink so low, not merely in the occasional unworthy gibe, but in sustained attempts to argue against the evidence, as in his account of the motives of the powers in the Moscow negotiations of the summer of 1939. He himself is content to claim that he is not a "philosophic historian" and has "no system, no moral interpretation."

This does not tell us much—why then write so much and with such passion and power? Is it really only to clear his own mind, as he claims? Perhaps what he writes of others might help. He describes a contemporary in a well-deserved tribute as "a man of confident judgment, anxious—as every great historian must be—to reach a wide audience and capable of giving events their true historical setting." Of a nineteenth-century worthy he says, "As an essayist his subjects were chosen for him by the books which he had to review. He took a theme; made up his mind about it; and wrote his ideas fast, in time to catch the press. He had not time to hesitate; and there has never been a historian who doubted so little." Mr Taylor would like to be Mr Hugh Trevor-Roper; but it is the latter description that fits him. He is, in fact, the Macaulay of our own day, and like Macaulay thinks liberty "supremely important." But this may not be enough. For much of history, particularly the history of war and peace which is Mr Taylor's chosen theme, demands judgments which, if not strictly philosophic, do at least demand a coherent set of values; otherwise the reader is going to be let down with a bump.

OTHER BOOKS RECEIVED

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Edited by Ian Gilmour and Iain Hamilton.
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Edited by Thomas Balston. *Bles.* 45 pages. 6s.

ROUND THE ISLAND: *Sardinia re-explored.*
By H. W. Freeman. *Chapman and Hall.* 261 pages. 21s.

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By Lord Gorell. *Odhams.* 320 pages. 25s.

CLARE BOOTHE LUCE: *an ambassador extraordinary.*
By Alden Hatch. *Heinemann.* 258 pages. 21s.

GREAT OPERA HOUSES: *a traveller's guide to their history and traditions.*
By Spike Hughes. *Weidenfeld and Nicolson.* 362 pages. 32s. 6d.

CARNIVAL BOUND.
By Bruce Russell. *Macmillan.* 242 pages. 21s.

MY TWO WORLDS: *an autobiography.*
By Nora Wydenbruck. *Longmans.* 201 pages. 21s.

ATHENS.
By Martin Hürlimann and Rex Warner. *Thames and Hudson.* 120 pages. 25s.

LONDON.
By Martin Hürlimann. *Thames and Hudson.* 117 pages. 25s.

LAWS AND FLAWS.
By Edward F. Iwi. *Odhams.* 224 pages. 21s.

MR NORRIS AND I.
By Gerald Hamilton. Prologue by Christopher Isherwood. Epilogue by Maurice Richardson. *Allan Wingate,* 176 pages. 15s.

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The Times Publishing Company. 175 pages. 12s. 6d.

ROBERT BENCHLEY.
By Nathaniel Benchley. *Cassell.* 258 pages. 18s.

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By Robert Benchley. *Cassell.* 333 pages. 18s.

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Edited by Nicholas Bentley. *Deutsch.* 176 pages. 15s.

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By Mathilde Windisch-Graetz. *Cassell.* 120 pages. 42s.

A PARTRIDGE YEAR.
By Esmond Lynn-Allen and A. W. P. Robertson. *Bles.* 84 pages. 12s. 6d.

THE SKY AND THE STARS.
By Albert Préjean. Translated by Virginia Graham. *The Harvill Press.* 216 pages. 18s.

THE SANGER STORY.
By John Lukens. *Hodder and Stoughton.* 256 pages. 16s.

ON CLIMBING.
By Charles Evans. *Museum Press.* 191 pages. 30s.

SIMPSON'S HISTORY OF ARCHITECTURAL DEVELOPMENT: *Volume I, Ancient and Classical Architecture.*
By Hugh Plommer. *Longmans.* 384 pages. 35s.

THE BEDSIDE 'GUARDIAN' 5: *a selection from the Manchester Guardian 1955-56.*
Foreword by Ivor Brown. Cartoons by Low.
Collins. 256 pages. 13s. 6d.

MY DEAR DOROTHEA: *a practical system of moral education for females embodied in a letter to a young person of that sex.*
By Bernard Shaw. Illustrated by Clare Winsten. *Phoenix House.* 55 pages. 9s. 6d.

THE PHOENIX BOOK OF MODERN AMERICAN HUMOUR.
Edited by Michael Barsley. *Phoenix House.* 256 pages. 12s. 6d.

The most carefully finished essay in this book is one on "John Bright and the Crimean War"—two favourite subjects come together. It ends: "The Munich settlement of 1938 was implicit in Bright's opposition to the Crimean War. I am not sure whether this condemn's Bright's attitude or justifies Munich." Should not a historian know where he stands on such an issue? The result of a failure to find what ground one is standing on is that one cannot hold on to the sympathies of others; and since Mr Taylor always states conclusions and never argues cases, one finds oneself now sympathising, as with his attacks on the extraordinary obscurantism about historical sources still maintained by British officialdom, and now dismissing as wilfully provocative, for instance his announced preference for either revolution or conservatism as against moderate reform.

Occasionally we even get an error of fact. Colonel Robins was not American military representative in Russia at the time of the Bolshevik Revolution; his colonelcy was in the Red Cross. When Mr Taylor writes of the Crimean War, "The Danube, not the Suez Canal, was the only waterway involved," he belabours the obvious. The first spadeful of sand was not turned (by one of those Egyptians, no doubt, whose mythical fate has provided such excellent oratorical stuff for Colonel Nasser) until three years after the war was over.

Lyrical Realist

HEINRICH HEINE.
By E. M. Butler.
Hogarth Press. 303 pages. 21s.

"ON Heine, of all German authors who survived Goethe, incomparably the largest portion of Goethe's mantle fell." It is almost a century since Matthew Arnold set Heine thus before English readers. In Goethe's "profound, imperturbable naturalism . . . absolutely fatal to all routine thinking" Heine had his share; he destroyed an obsolete romantic convention; all his power as a writer, proceeding largely from the union of "so much wit with so much pathos," was thrown into "a life and death battle with Philistinism"; he has a just claim to be accounted, as he wished, "a brave soldier in the Liberation War of humanity."

Professor Butler is agreed that liberation was decidedly needed. "Of all the periods of the past and of all the countries in the world," she declares roundly, "Prussia between 1813 and 1848 wears the heaviest and dreariest aspect." And she sketches, incisively and with authority, the largely disabling climate of opinion in which Heine grew up, and in which he remained alive and effective only at fearful cost. The ambivalence of his attitude alike to his native country and to his race, his rootlessness, the many faults of character and errors in conduct upon which Arnold, with his emphasis on "eternally needful moral deliverance," comes down so heavily: all these are presented fully and dispassionately in the present narrative, taking their place in a life which is at once individually fascinating and of the greatest documentary significance for its age. And there is perhaps in Miss Butler's concluding paragraphs some implicit comment upon the judgment to which Arnold eventually comes. "To pursue Heine with moral questionings," she writes, "is like chasing a will-o'-the-wisp and landing in a psychological bog; to abandon the pursuit is to become aware of radiance in the air."

But Heine's final radiance resides in his poetry. It is easier now than in Arnold's time to distinguish that poetry's importance: Heine is the first lyrical realist, perhaps the first modern poet to deny the existence of "unpoetical" themes. Yet to render something of the quality of his verse into English is difficult, and Professor Butler cites Mr George Rylands as declaring that, along with Horace, he ranks as the most untranslatable of the poets. Undeterred by this, she has herself supplied translations of a number of the poems in the original metres, and has, moreover, availed herself of versions of others by Mr F. L. Lucas. A substantial body of verse, for the most part directly relevant to the biographical purpose of the book, is thus made available to English readers.

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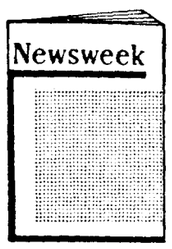

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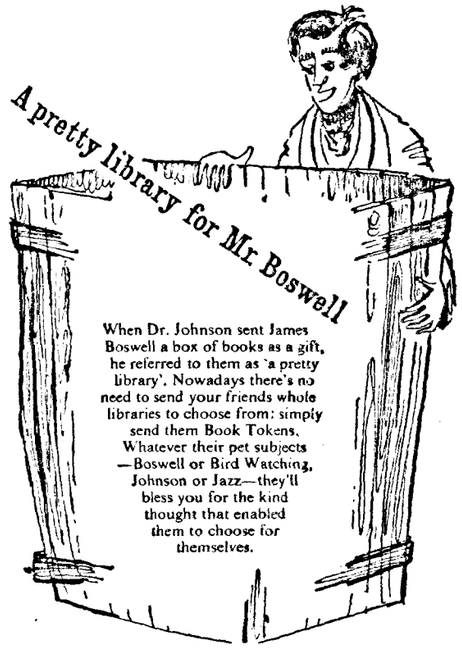

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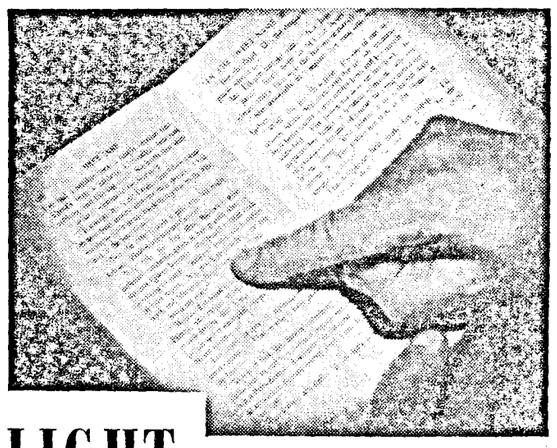

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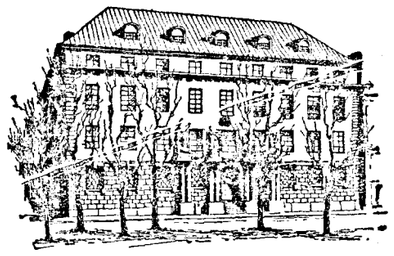

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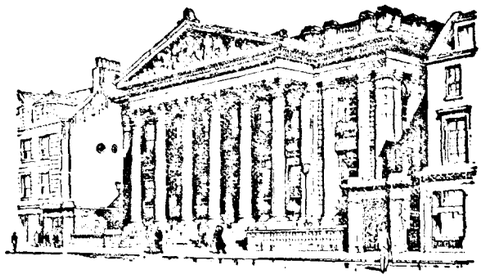

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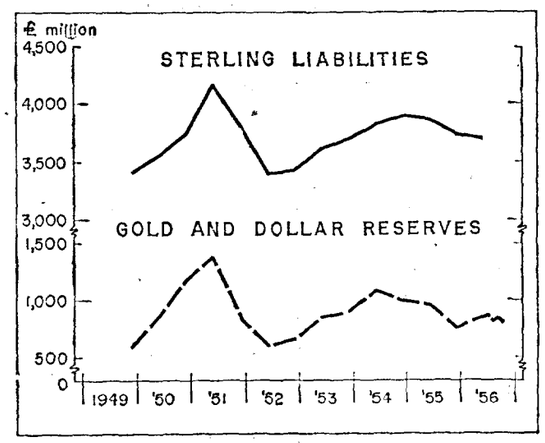
How Vulnerable is Sterling?

THE Middle East crisis has inevitably thrust a new burden upon sterling, obliterating almost overnight the modest improvement that had just begun to show itself after the political and seasonal strains of the summer and early autumn. As yet, it is impossible to frame any dependable estimates of what this new emergency may mean for sterling and for Britain's balance of payments. Since the future strains defy estimation, the only reliable way of assessing the resistance that may be offered to them is to take stock of sterling's health as it was on the eve of the crisis. Among overseas observers it is widely assumed that the difficulties of recent years have had an almost continuously debilitating effect, reducing sterling to a condition of exceptional vulnerability to any new shock such as this. That, however, is too superficial a view. Vulnerable sterling may be, but it is not exceptionally so. If all factors are taken into account it can be shown that there has been a net strengthening in recent years, notwithstanding the new sources of pressure—actual or potential—that have been opened up by the various steps to liberalise Britain's trade and payments.



During the past year, admittedly, many of the superficial appearances have favoured the pessimistic view. Through the greater part of 1956, sterling's valuation in the exchange markets, not only in terms of dollars but also of most Continental currencies, has been below par and somewhere near the lower gold point. If the capital windfall from the sale of the Trinidad Oil Company to the United States is left out of account, the gold and dollar reserves suffered a net loss of $230 million in the twelve months to the end of October. Again, during the greater part of the year, the market for sterling has been subject to a succession of adverse rumours. Continental bankers and exchange dealers have been intoning an almost unanimous chorus on the theme of sterling devaluation—regarding that, if not as imminent, then at least as something that is bound to happen sooner or later.

Hence the year's pressure on sterling has been due very much more to psychological than to commercial factors. The fear of devaluation has involved a substantial running down of working balances in sterling held by many overseas countries; and it has also caused the "leads and lags" in international payments to move adversely. Most traders in the sterling area with foreign currency payments to provide for have covered their commitments at the first possible opportunity; conversely most traders in the non-sterling area having sterling payments to make have postponed the exchange operation until the last possible moment and have, so far as was possible, attempted to live on sterling credit.

It has been authoritatively estimated that the total swing of the pendulum of "leads and lags" in sterling payments throughout the world can affect the gold and dollar reserve by no less than £400 million. That, it should be emphasised, represents the extremity of the possible swing; there is no suggestion that during the past year the adverse movement has been of any such magnitude. By the beginning of 1956 sterling was already technically "short." The balances maintained here by traders outside the sterling area had for the most part been reduced very close to their practical working minimum. Nevertheless, the psychological influences continued to play against sterling, especially after Colonel Nasser's nationalisation of the Suez Canal at end-July. It would be reasonable to estimate that, through a further reduction of working balances and by the use of every conceivable device to raise credit in terms of sterling, the "leads and lags" in international payments during this year moved further against sterling to the extent of some £100 million. After this movement the pendulum may indeed be at or near its extreme point; this means that, when eventually a return of confidence permits a swing back to the neutral position, the balance of payments as a whole will benefit not only from the relief from the previous strain but from the closing of the short positions. Naturally, this hidden reserve cannot be mobilised unless and until confidence in sterling is restored to the point at which all fears of a devaluation are dispelled. Until such time the world outside the sterling area will continue to live from hand to mouth in its sterling requirements.

A judgment on sterling cannot, however, be based on the events of the past year; it requires a longer sweep back. If that retrospect goes back to 1952, i.e. to the beginning of the policy of economic freedom and the end of the Korean eddies in the balance of payments, it can be claimed that the position of sterling has improved. The United Kingdom has over this period repaid a substantial part of its debt to the non-sterling area, though over the same period it has increased its short-term debt to the overseas sterling area. On December 31, 1951, the United Kingdom's sterling liabilities to non-sterling area countries totalled £1,018 million; by the end of 1955 they had been reduced by £248 million to £770 million. Over the same period the sterling liabilities to sterling area countries had risen from £2,791 million to £2,972 million, this rise being wholly attributable to the growth of the balances of the colonies, which rose from £928 million to £1,281 million. Britain's debit balance in the European Payments Union was reduced from £166 million to £121 million. In these four years,

therefore, the increase in the debt to sterling area countries was appreciably less than the reduction in liabilities to non-sterling area countries. This trend has continued in the first half of this year. On the basis of the adjusted figures given in the latest White Paper on the balance of payments (which amends the series, from end-1952, by excluding overseas loans to the UK government expressed in sterling), it appears that during the first six months of this year the sterling holdings of non-sterling countries fell further, from £693 million to £649 million, i.e. by £44 million, while those of sterling area countries increased by £22 million only, from £2,879 million to £2,901 million.

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Once again, virtually the whole of the increase reflected the balances of the Colonies. To keep this problem of the rapid growth of these balances in perspective, it is important to remember that the Colonies have only rudimentary currency and banking systems, so that the expansion of their trade and prosperity tends in the first instance to be reflected in the growth of their external reserves, rather than in an expansion of their own domestic currency and credit. That tendency has been encouraged by the policy of the commodity boards, which have sterilised some of their export income, and this sterilised income has been kept in London—as the only place in which it could be kept. Another reason why the colonial balances in London have grown so consistently is that the United Kingdom has continued to lend to these territories on long term. The fact that long-term capital exports by Britain to the Colonies proceed side by side with short-term capital imports from them suggests that the relationship is not a stable one; in particular it threatens difficulties for Britain and for sterling as the territories achieve independence and, in any case, as the pace of their development quickens. But it provides at least a partial riposte to the familiar accusation that the United Kingdom has in fact been living on the backs of the Colonies for some years past.

The growth of net indebtedness to the Colonies partly explains Britain's ability to reduce, over these past four years or so, its indebtedness to non-sterling countries. But the fact remains that, if these non-sterling debts had not been repaid, the gold and dollar reserves would have been correspondingly stronger. The net decline of £77 million that occurred in those reserves from end-1951 to end-1955 would have been replaced by a significant net gain. It is interesting to note how close has been the correlation between movements in the United Kingdom's sterling liabilities and the fluctuations in the gold and dollar reserve. The accompanying chart, which shows these two curves since end-1949 (taking sterling liabilities on the old basis of coverage) suggests that the changes in the gold and dollar reserve have been much more a function of Britain's activities as an international banker than of fluctuations in its own balance of payments.

By the beginning of 1956 the United Kingdom had repaid all the surplus balances held by countries outside the sterling area except those of Egypt, certain Middle East countries, China and Japan. The Egyptian special balances were being released under a long-term agreement and since the emergence of the Suez crisis all Egyptian balances have been immobilised. This year the Chinese and the Japanese have been running down their sterling balances and there has been some tendency towards reduction on the part of the Middle East countries outside the sterling area. These movements account for a good deal of the strain that sterling has suffered. The pressure may have been costly to the reserve, but it is well to bear in mind that it has involved an equivalent reduction in current liabilities. The net condition of the capital account remains unaffected.

To this consolation there can be added the fact that, in the first half of the year at least, the trend of Britain's balance of payments on current account was notably better than was suggested by experience in the exchange markets. In that half-year, it may be recalled, current payments as a whole showed a surplus of £144 million, compared with only £18 million in the first half of 1955 (and a deficit of £107 million in the second half). Moreover, during the first half of this year the rate of improvement in the gold and dollar reserves and sterling liabilities, considered together, was better than for any six-month period since 1950. Over this period the United Kingdom gained £95 million of gold and at the same time reduced its total sterling liabilities by £22 million. During the third quarter, although the gold losses must have been largely a consequence of the adverse swing in the "leads and lags," there was evidently a net deterioration—if only because of the impact of substantial outward capital payments on oil account, payments that may have swamped the contrary effect of the Trinidad Oil sale. Now, in the final quarter, there is the threat that to this deterioration there may be added a recrudescence of strain on the current account. Yet there is still a fair chance that, over the year as a whole, there will have been a perceptible improvement in the net short-term balance of non-sterling assets and liabilities—through a reduction in the excess of those liabilities over the total of gold and dollar reserves.

★

No less noteworthy is the fact that during the year sterling has shown no sign of declining in importance as an international currency. Despite the adverse psychological atmosphere in which it has had to play its part, all the evidence suggests that it has been used more widely than ever as the currency in terms of which international trade is transacted. Dollars and Swiss francs still tend to be regarded as reserve currencies and not as trading currencies; and in spite of the difficulties the movement towards greater freedom in the use of sterling has made further progress. Quite recently, too, there has been a further annihilation of exchange control forms—no less welcome for the fact that these new procedural concessions extend only to small transactions. The use of sterling in the various commodity schemes has expanded steadily and, thanks to the experience that has been gained, these schemes are now working with admirable smoothness. The main threat to them in their first phase came from the discount at which transferable sterling was quoted before the Exchange Equalisation Account was given authority to intervene in this market. Ever since that intervention began in February, 1955, the margin between the rates for transferable and for official sterling has kept well within the 2 per cent discount that roughly marks the point at which shunting becomes possible. In this particular context, the most disturbing consequence of the Middle East crisis has been the tendency in recent weeks towards a widening of this discount; by the end of the first week of November it had exceeded 1¾ per cent, though in the subsequent week it narrowed slightly.

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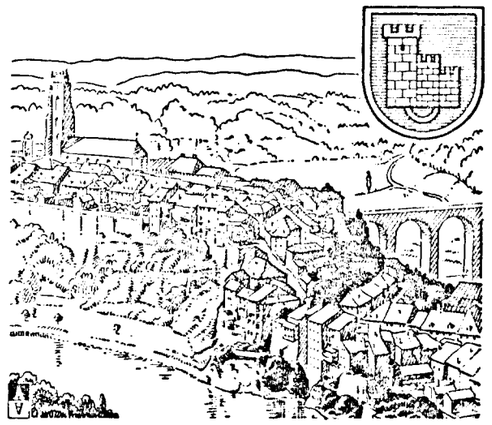

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At the same time the discount on security sterling and the parallel premium on dollar securities quoted in London have risen to about 10 per cent. These rates for switch sterling should not directly affect the use of sterling in international trade as such; but the loosening of the links of exchange control within the sterling area, and in particular at its Middle East peripheries, has caused so many acknowledged leaks between the four main types of sterling—official, transferable, switch and resident—that they are in fact to be regarded as different but interconnected parts of the same currency, so that weakness of one must drag down the others. It was the recognition of this fact that led to the official intervention, first in the market for transferable sterling and later (indirectly through sales of dollar securities in London) in that for switch sterling. That intervention was prompted by the sharp rise in the London premium on dollar securities that was touched off in early August by the uncertainties following the Suez nationalisation. So far, however, the damage to the non-official types of sterling has not been such as to bring the official parity into question.

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The fact that despite the forces arrayed against it sterling has not slipped from its supremacy as an international currency during the past year is due to negative as well as positive causes, namely the absence of any real competition from other contestants for the world title. The currency often regarded as the hardest of all, the Swiss franc, is essentially the hoarders' currency and the refuge for capital fleeing from the perils of devaluation and of excessively harsh fiscal treatment in its home country. Switzerland, for that reason, remains the one country in the free world where credit is still abundant; and the country has in recent years become one of the most important long-term lenders in the international capital market.

The German mark is acquiring virtues of transferability and the "Beko" mark (limited convertibility mark) is being widely used in the multilateral settlement of trade with Western Germany. But it is not an international currency. There is no German money market and banking system that could be used for financing the international trade of third party countries. The rate of the Beko mark has, rather surprisingly, followed very closely that for transferable sterling—suggesting that the German transferable currency has very little individuality of its own. The German balance of payments remains in persistent and large credit, and evidence of this may be seen in the virtual abandonment recently of all restrictions on German travel allowances and in the liberalisation of imports not only from OEEC but from dollar countries. Far-ranging relaxations have also been made in controls on capital movements; the chief restriction now indeed is on incoming movements. But, partly because the German mark has been firm to the point at which it has attracted rumours of up-valuation, this strength of the balance of payments and of the currency has militated against the wider use of the mark in international transactions. No trader wishes to be short of a currency that may appreciate—and in any case the interest cost of being short of marks has been almost prohibitive. The unrelenting policy of credit restraint pursued by the Bank deutscher Laender is an effective deterrent to the achievement of a world role for the mark.

Moves towards greater freedom of payments have also been made in such countries as Belgium where gold transactions and capital movements have been virtually freed, and in Italy where the freeing of the foreign bank note market has been linked to a lifting of restrictions on capital remittances. But at no point can this advance towards greater freedom be said to have aroused any challenge to the position of sterling, backed by the banking machinery of the City of London, as the most important currency in international commerce.

Federal Reserve Faces its Critics

BY A WASHINGTON CORRESPONDENT

MONETARY policy in the United States during the past year has been active, tough and mostly successful. Though the extraordinary pace of business has been sustained and even increased, prices have risen only slightly. Yet, as the year draws to its close, voices of discontent with monetary policy have been heard, and the Federal Reserve System itself appears to be facing some potentially baffling problems in 1957.

The United States, it deserves to be recalled, is almost alone among major industrial powers in having a central bank authority that is effectively independent of the executive branch of the Government. This much-reassured independence—asserted in 1951 after a bitter struggle with the Truman Administration, though previously technically affirmed by law — has been dramatically illustrated and dramatically challenged this year. It was illustrated when, in April, the Secretary of the Treasury, the Secretary of Commerce and the chairman of the President's Council of Economic Advisers all opposed the increase in the rediscount rate—from 2½ to 2¾ per cent at most Reserve banks. The difference of views broke into print and was, in the end, conceded publicly by the three Government spokesmen in answers to a questionnaire submitted by a Congressional committee.

The striking result of all this was not so much that even a Republican Administration had difficulty in swallowing the degree of monetary restraint thought proper by the central bank, but the position of the President in backing the Federal Reserve. Shortly after the dispute Mr Eisenhower was asked about it at his news conference. He indirectly confirmed the difference of view and then proceeded, with an unexpected familiarity with the issue involved, to state unequivocally that he thought it best for the country that the Reserve System should not be subject to his command. Three times later in the year the question came up in one form or another at news conferences, and on each occasion the President took the same stand. In the stately marble building on Constitution Avenue that houses the Board of

Governors of the Federal Reserve there was, needless to say, much rubbing of hands.

Nonetheless, in this election year, the challenge to the "Fed's" independence could not be dismissed as readily as that. In the first place, it was indeed a year of very tight money—the tightest since the panic period of 1933. The trend of the Treasury bill rate was steadily upwards, until by October it reached a shade over 3 per cent, compared with as little as 0.6 per cent at the low point of the 1954 recession. In the Truman and Roosevelt days, the critics repeatedly recalled, a 3 per cent rate had been considered grossly excessive even for long-term bonds. The Reserve System's rediscount rate has risen in six steps, from 1½ per cent in 1954-55 to 3 per cent. Even more significant than the actual rise in rates was the tension in the supply of credit, largely because the "Fed" open market operations kept the banks pinched for funds. It is widely believed that more borrowers have been turned away or had their needs less than fully met this year than ever before in history, though there are no statistics on the point. What the statistics show is that bank loans mounted steadily, and a near-record number of borrowers was being accommodated. But cries of anguish were soon heard. As always, that elusive entity called "small business" was to be, and believed itself to be, the chief victim of the squeeze, though farmers and homebuyers, too, found themselves constricted.

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As a result of this noisy outcry, hard money inevitably became an issue in the election. Mr Stevenson did not labour it, but he used it frequently. Of course he blamed hard money on the Republicans—even though the Republicans he was blaming had been, at least for a while, nearly as unhappy about it as he was. What was perhaps worse from the viewpoint of the Federal Reserve, some public commentators revived the argument that it was wrong to charge an Administration with responsibility for the economy—as all American administrations are charged by the Employment Act of 1946—while denying it any control over the crucial weapon of monetary policy. Several of Mr Stevenson's chief economic advisers were known to believe that the law should be rewritten in order to make the Federal Reserve more responsible to the President, and this view was publicised by some commentators that have never been numbered in the soft-money school.

Finally, following the familiar course in such controversies on both sides of the Atlantic, criticism mounted against the allegedly unjust effects of the "bluntness" of general monetary restraint as distinct from restraint confined to the places where restraint was supposed to be most needed. Thus the mortgage market was said to have suffered far more drastically than any other sector, while hire-purchase financing was scarcely affected at all. Again, large business borrowers were said to be able to find finance easily by one means or another, whereas the small man, who has to rely on the commercial banks, was supposedly always turned away empty-handed. Yet again, since the cost of borrowing not only to the Federal Government but to State and Local government bodies was rising, would not taxes rise too? Especially for the State and Local authorities, was this not an ironic and unfortunate blow to governments desperately short of funds to build much-needed schools, roads, water supply systems, and the like? This whole barrage of half-baked but popularly appealing criticism reached Congress,

and for the first time since the Federal Reserve broke free in 1951 the attack on its policy was loud enough to be taken seriously. Next month the indefatigable Representative Patman of Texas will launch still another inquiry into the hard money situation by his sub-committee of the Joint Economic Committee.

Through it all the Federal Reserve has maintained a dignified calm. It has tried to present its case simply, to explain that too many people want to do too many things, and that any looser strings over bank lending and investing would simply inflate the money supply and eventually prices. There was need to avert the danger, of which the Federal Reserve discerned some signs, that the economy might launch into another speculative orgy—with an inevitable aftermath of collapse. But if the "Fed" patiently explained these home-truths, it still seemed to relish its role of grumpy sobriety at a time of exuberance almost everywhere else. It was studying, at the request of the Administration, the usefulness of selective credit controls over such things as hire-purchase and mortgage credit, but there were few signs that it would recommend their adoption. In a word, the Federal Reserve felt that in an imperfect world the American economy in 1956 was doing very well indeed, and that inflation would be much more cruel than hard money could ever be.

Assuming that the "Fed" manages to withstand the onslaught, and assuming no serious move is made in Congress to alter its independent status, it will still be likely to face a difficult problem in the year ahead. Up to now restraint has been cushioned in its specific effect upon bank lending by the vast backlog of investments possessed by the banking system as a result, largely, of World War II. Ever since the tighter credit policy began early in 1955 the banks have been selling investments in order to make loans. The figures are striking. In the last year alone the so-called "reporting" banks—the leading banks of 94 cities—have increased total loans by $5.9 billion and reduced their holdings of government securities by $4.6 billion. More and more banks have crept up past what some consider to be the checkpoint in their assets structures—that is no more than 50 per cent of deposits in loans, the rest in investments and other assets. The net result of the shift in bank assets has been a firm check on the growth of the money supply and hence a restraint on prices, though an inevitable concomitant of such a shift in assets is some increase in the velocity of the turnover of the existing money supply.

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The question at the moment is whether the banks some day soon are going to decide that they will sell no more investments or have none left that they can sell without undue loss. At that point, if it comes, a squeeze on business loans might no longer seem avoidable. The Federal Reserve, in such an eventuality, would have to strike a very delicate balance between two extremes—on the one hand to supply reserves to the banking system to enable it to expand loans without making offsetting sales of investments, thereby increasing the total money supply, and, on the other hand, to continue its policy of restraint which, if too severe, could thrust the economy into a new recession. Recent experience encourages the hope that the judgment of the "Fed" will be equal to the delicacy of the task—but much will turn upon the circumspectness of the economic policies that lie beyond its sphere of action.

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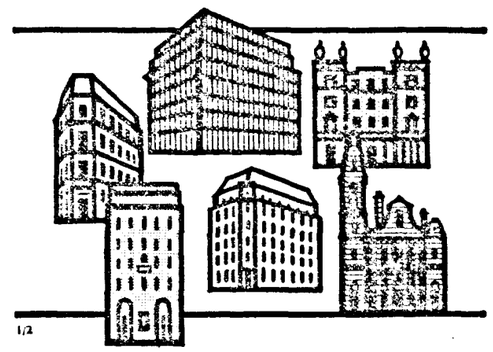

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Brazil and the Hague Club

BRAZIL in these past two years has experienced a notable improvement in its balance of payments, enabling the country to break away from some of the rigid bilateralism that had constricted its external trade and payments since the collapse of the post-Korea commodity boom. This loosening of the bilateral bonds has been achieved by a system of limited convertibility operated through what is known as the Hague Club, and it extends to Brazilian trade with the currency areas of the members of the Club. At present there are eight member countries, all in Western Europe, but the membership may soon be increased. This system merits examination not only because of its importance to Brazil and its trading partners and creditors, but also for the lessons it offers to other countries that may hope to progress by easy stages from bilateral to more liberal trading practices.

In the calendar year 1955 Brazil's balance on visible trade (with imports valued cif) swung from the deficit of US $68 million experienced in 1954 to a surplus of $117 million. A Working Party appointed by the Brazilian government to investigate problems of the balance of payments had forecast a deterioration this year; but in fact, in the first half of 1956, there was a further improvement. During that period the visible surplus was running at an annual rate of $290 million. The recent strength of the free cruzeiro and the rise in the Bank of Brazil's gold and foreign exchange holding suggest that the improvement has so far been maintained, and President Kubitschek has publicly forecast a favourable trade balance of some US $250 million in the current fiscal year.

The major reason for the improvement is not far to seek: it is the firmness of the New York price of coffee. Brazil's dependence upon coffee has diminished slightly in recent years, but that commodity still accounts for over 60 per cent of Brazil's exports. At the beginning of this year most experts predicted that coffee prices would drop; the Working Party based its forecasts on the assumption that New York coffee prices would average 10 cents a pound less than in 1955. So far they have been proved unduly pessimistic. The New York price has hovered stubbornly around its 1955 level of 60 cents. Brazilian shipments have been larger, so that the country's total export receipts have held up well despite a decline in earnings from cotton and cocoa, its other staple exports.

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This welcome improvement in export earnings, however, hardly touches the fundamental problem of the balance of payments. Like any other primary-production economy that is passing through a phase of industrialisation, Brazil suffers from a chronic tendency for imports to outstrip exports—a tendency that is severely aggravated by the country's almost pathetic dependence upon the outside world for supplies of fuel and other basic materials. The recent firmness of the coffee price and the current revival of foreign investment in Brazil cannot be regarded as affording more than a respite from this perennial problem.

The respite has sufficed, however, to enable Brazil to establish a wider convertibility of the cruzeiro, and this has greatly facilitated trade, especially with Britain. The initiative was taken by Brazil early last year and the mechanics of the new system were agreed at a series of meetings with representatives of three of the country's main creditors—Britain, Germany and the Netherlands—at the Hague and Rio de Janeiro between May and July, 1955. The key to these arrangements was the fact that, under the bilateral regime, a dominant and indeed privileged position in the Brazilian market had been acquired by Germany. As a result of earlier strains in Brazil's payments with Germany, the cruzeiro had a differentially low valuation in terms of the Deutschmark, giving Brazilian exporters a special incentive to sell to Germany, and giving German merchants scope for profitable entrepot business in Brazilian produce for re-sale to other European countries. Brazil's earnings in the currencies of these other countries, and especially of sterling, suffered correspondingly, and British exporters were hard hit. Brazil's annual sterling earnings were never large and after £15 million of them had been earmarked for oil purchases and £6 million for repayments of arrears of commercial debts, there was little available for the purchase of British goods. The practice of the Brazilian authorities was to offer the available foreign exchange, in its several watertight bilateral categories, for sale to Brazilian importers by auction; towards the end of 1954 no sterling at all was on offer at these auctions, so that Anglo-Brazilian trade dropped away sharply.

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Brazil soon saw the disadvantages of this situation and in the spring of last year the authorities increased the bonuses on exports to the sterling area. This lessened the differential advantage enjoyed by German traders, but no satisfactory solution was possible so long as Brazil's export proceeds, under the bilateral agreements, were spendable only in the currency areas in which they were earned. The next step, therefore, involving a concession by Germany, was to arrange a limited convertibility of export proceeds. This step was formally taken in August, 1955, when the "Hague Club" began operations. It was agreed that Brazilian earnings of the currencies of the three initial participants—sterling, marks and guilders—should be pooled in a single account that could be used for purchases from any of the three countries. The pooled exchange is known as "pool dollars"—a unit of account, not an actual currency, analogous to the EPU "units." This arrangement considerably relieved Brazil's sterling shortage. The marked increase that has taken place this year in Britain's exports to Brazil—in the first nine months of this year they totalled £10.5 million against £4.8 million in the same months of 1955—owes much to it. The success of the Club may be judged from the number of new members admitted. Belgium, Luxemburg, Austria, Italy and France joined during its first year of operations, thus widening the area of convertibility, and the Scandinavian countries and Japan are at the moment discussing membership.

While the new arrangements favoured British exporters they also materially benefited German creditors—possibly at the expense of British creditors. This effect arises in two

ways—partly by the repercussion upon the plan for dealing with Brazil's commercial debts to Britain, and partly through a new arrangement directly affecting the German creditors. Under the Debt Agreement with the United Kingdom negotiated in 1953, Brazil agreed to repay its British creditors by annual instalments of not less than £6 million; a larger sum, computed on a sliding scale, was to be paid in years in which Brazil's sterling earnings exceeded £35 million.

Under the new arrangements, however, it is impossible to calculate precisely what the sterling earnings are, so that this latter undertaking cannot be enforced. On the other hand, the settlement of Brazil's debts to German traders has been speeded up, in consequence not so much of the Hague system as such as of a parallel agreement whereby British and Dutch, and not merely German, purchases from Brazil could be financed by drawing on the cruzeiro balances in the German-Brazilian clearing account. These balances, saleable only at a discount, comprise Brazil's arrears of indebtedness to German exporters. The discount at which these so-called "clearing dollars" were obtainable —representing, of course, a corresponding sacrifice by the creditors—provided a strong incentive to use them in paying for imports from Brazil, thus accelerating the repayment of the indebtedness to Germany. It is believed, indeed, that most of this indebtedness, which in August, 1955, totalled about £20 million, has now been liquidated. Brazil has kept to the strict letter of the debt agreement with Britain; since 1953, thanks partly to a drawing of £10 million in sterling from the IMF, the country has reduced its indebtedness to British exporters from £60 to £26 million. Brazil's dollar debts have been successfully funded, and since then the inflow of American capital has been notably stimulated.

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While the adoption of the pooling system has necessarily established uniform valuations for the cruzeiro in terms of each of the European currencies concerned, it has not been accompanied by any dismantling of Brazil's system of differential rates for different categories of payments (and exports). These rates are still determined by the auction system which is the means by which the Brazilian authorities ensure that foreign exchange is available for all imports licensed. At the weekly auctions the importers bid not for actual exchange but for an exchange certificate that confers the right to receive an import licence for goods of the category concerned and the right to purchase the appropriate foreign exchange at the official (import) rate. The prices bid and paid for the certificates are, therefore, premia over that uniform rate.

Imports are divided into five categories according to their degree of essentiality, and the differential exchange premia are in effect determined by the amount of available exchange allotted by the Bank of Brazil to each category for the purpose of the auctions. The "essential" food and raw materials of the first two categories get the biggest allotments and thus command the lowest exchange premia, so that they enter relatively cheaply, while the higher rates of premium that obtain for the competitive manufactures and "luxuries" of categories IV and V push up the cruzeiro cost of those imports (the volume of which is limited by the block allotments). The exchange premia thus operate as a varying tariff to protect domestic industries.

The official import rate is, therefore, completely artificial, and its artificiality is measurable by the size of the premia. A recent auctions the ACL or pool "dollar" certificates (conveying the right to buy any of the currencies of the Hague Club—the "Area of Limited Convertibility") for category IV imports have been fetching around 156 cruzeiros to the pool "dollar," the official exchange rate for which is 18.82 cruzeiros. When an exchange tax of 10 per cent of the official rate has been added, this represents an effective rate of 177 cruzeiros to the dollar, so that for this category of imports the cruzeiro has a value equivalent to barely a tenth of the official rate.

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Export exchange rates are equally artificial. Here the effective, and also differential, rates are determined from commodity to commodity by means of a series of varying export bonuses. For non-trade transactions there is a free market in cruzeiros. The free cruzeiro fell sharply in the early months of this year reaching 240 to the pound in May, but it has since recovered strongly and now stands at about 184. This recovery, however, is probably largely the result of widespread evasion of the Government's exchange regulations. The cheapness of the cruzeiro when bought for the making of financial transfers to Brazil is a temptation especially to the coffee exporters, who are required to sell on the basis of a high-value cruzeiro; but if they under-invoice their shipments and, by arrangement with the overseas importer, receive payment for the undisclosed balance in the form of a private remittance exchangeable into cruzeiros at the free rate, they can make a surreptitious profit (which the importer of course will share).

The artificiality of the whole system of multiple exchange rates has been freely admitted for many months, but the oft-promised currency reform never materialises. In May, after rumours that a radical reform was imminent, the Government contented itself with increases of up to 33⅓ per cent in the export bonuses on certain minor commodities; these changes, while achieving yet another *de facto* devaluation, did nothing to rid the system of its glaring defects. The great obstacle to a radical reform of the currency appears to be the coffee price. Since coffee receives the lowest of the export bonuses, a devaluation of the cruzeiro that did away with the whole bonus system would certainly establish the cruzeiro at a lower exchange value than the present effective rate applicable to coffee; hence the price of coffee in terms of cruzeiros would certainly rise. The extent to which that rise might be offset by a consequential fall in export prices would depend on the strength of the coffee market at the time. If export prices fell correspondingly, Brazil's dollar receipts would suffer a sharp fall and the main immediate benefit of devaluation would be lost.

The Government at the moment seems to be pinning its faith upon the success of its industrialisation programme, but despite the high level of interest rates enforced—commercial bank overdraft rates range from 12 to 15 per cent—inflation still appears to be gaining ground. The next move is likely to be on the trade front and to take the form of a far-reaching recasting of the customs tariff, with the object of obviating discriminatory exchange rates for imports and thus paving the way for a substantial simplification of the exchanges. Brazil's progress towards multilateralism in the past year has been appreciable; but it is only the first step on a very long journey.

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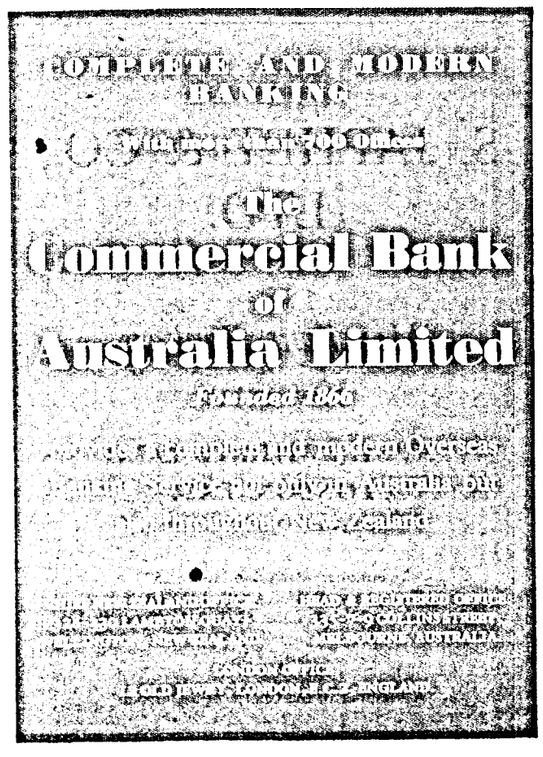

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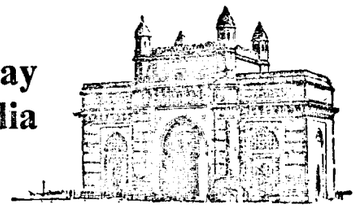

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Belgium Tackles Banking Reform

BY A BRUSSELS CORRESPONDENT

BANKING in Belgium has in recent months been subjected to a number of important reforms: and the possibility of further important and controversial changes has been publicly aired. The topic of reform is not a new one; the Belgian banking system has experienced a number of difficulties in recent years, and the banks themselves have not been reticent in asking for some of their shackles to be loosened. The significant point at the present juncture is that the reforms under discussion have recently involved recommendations by the National Bank, promises by the Finance Minister, and positive (though undefined) action by the Banking Commission, which is effectively the policeman of the law by which banking is regulated.

The Belgian franc has long been among the hardest currencies of the world, convertible in all but name and quoted against the dollar at the official parity, or even at a premium. There is, therefore, nothing sensational in the promised "return to gold," to the extent of fixing a statutory price for the metal and defining by law the minimum gold cover to be held by the National Bank against the note issue. All this has the air of a dignified formality, but a formality none the less. In this context, the one really significant feature is the promise of M. Liebaert, the Finance Minister, to include a provision that the gold parity may in future be varied only by Act of Parliament.

More important, though less tangible, is the reform in commercial banking already effected by the Banking Commission. The reform in question has been carried through without legislation; the Commission itself is the sole judge of its effectiveness; and it has not actually stated of what it consists. The reform is an attempt to repair, on the basis of existing legislative powers, the shortcomings of the Banking Order of 1935, which was designed primarily to prevent the banks from controlling industry but which, in the enthusiasm of the moment, forgot to prevent industry from controlling the banks.

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The ground for reform was prepared by the conflict of loyalties that seemed for some time to be shaking the structure of the Banque de Bruxelles, the second largest of the Belgian banks. The details of the conflict never became public, and it is not possible to put them together from the stormy Annual General Meeting held last June. The conflict seems to have been between the view on credit policy taken by the responsible head executives of the bank and that put forward by the industrial finance group that is the bank's principal shareholder. The controversy engendered a great deal of heat and a major lawsuit, and eventually culminated in the group in question putting forward a nominee for a vacancy on the bank's board. The fact that this nominee was M. Paul van Zeeland who, as Prime Minister, had borne a major share in the responsibility for the 1935 Order, lent the situation a certain piquancy.

The Banking Commission seized on the nominee directorship and focused its attention anew upon the problem of ensuring that bank policy is not subject to influence from any outside source. Though, in doing this, it was doing only what many other nations have already done in their own way, the attack was an important one. Belgium is not a banking country; bank accounts are not conventionally held by the small man. For ordinary business the banking system of the post office is cheap and efficient, and every tradesman and business house prints the number of its postal account on its letter-heading. The banks are, first and foremost, bankers for the companies associated in the groups that are their main shareholders; and the recent case marked the first time that the effectiveness of the control held had been seriously questioned.

The liquidation of a large part of the concentrated holdings of bank shares is now expected. There is, however, every reason for doubting whether this in itself will suffice to mitigate the control. The Commission evidently shares the doubt, for it insists that what really counts is a change of heart. The spirit of the law is clear enough; banking decisions are to be taken by banking men in the light of banking principles. In most countries this sounds like old stuff; but in Belgium, where the banks grew up as appanages of the industrial finance groups, it will be a reform indeed.

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Meanwhile, a further measure of official reform has been promised by M. Liebaert in a rather cryptic passage in a luncheon speech. He is preparing, he said, a series of measures "concerning deposits in the Caisse d'Epargne [the post office savings bank], public credit and the system of banking coefficients, with a view in particular to creating conditions that will make it possible, by the operation of an open market policy, to adapt monetary circulation to the needs of the economy, taking account of trade cycle fluctuations."

The reference to the Caisse d'Epargne is probably no more than a project to raise the ceiling beyond which individual accounts are no longer entitled to the maximum interest rate payable. The reference to the banking coefficients seems intended to imply, at least in the first instance, a more subtle use of the compulsory cash ratio than is made at present. The ratio, which is fixed by the Banking Commission without obligation to consult anybody else, has remained at six per cent for a number of years; and the National Bank, in its report for 1955, pointed out that the opportunity of raising or lowering the ratio would be a potent instrument of credit control. Such manipulation would be outside the present competence of the Banking Commission. One of the measures now contemplated may be the provision of machinery for an official review of the ratio.

The references to public credit and to open market policy appear to have wider implications. Another passage in the National Bank's report pointed out that the absence of any scope for pursuing an open market policy, by the buying and selling of Government bills, was a serious gap in the Bank's armoury. The point here is that the National Bank's

holding of Treasury paper and Government guaranteed paper is limited by statutory convention to frs. 10,000 million. The Treasury treats this limit as an overdraft sanction ; and the National Bank cannot buy bills in the market for the simple reason that Treasury borrowing, habitually almost to the stipulated limit, has usually left it with pretty well as much of this paper as the law allows it to hold.

The scope for open market operations by the central bank is limited in another way. The National Bank cannot go into the market as a seller of Treasury paper, for the simple reason that there are no buyers. The commercial banks, which would normally constitute the main market, are always holders of as much in short-dated Government securities as they can conveniently hold, and are therefore unlikely to want any more. This results from the so-called cover coefficient, another obligation imposed on the banks by, or through, the Banking Commission, requiring them to keep 65 per cent of their deposits in the form of Government securities. Moreover, the banks are obliged to keep half their short-dated deposits in the form of maturities of twelve months or under, yielding a maximum return of less than two per cent. Whatever may have been the pretext for the introduction of this regulation, its obvious function now is to bolster up the Treasury's borrowing capacity. In doing so, it creates a false set of interest rates. If the banks are compelled to lend so much of their money cheaply, it follows that overdrafts must cost more.

At this point the public credit, the banking coefficients and the open market policy are inextricably mixed. Governor Frère of the National Bank has always been

hostile to long-term debtors, however privileged, who masquerade as short-term ones for the sake of borrowing cheaply. It is significant that M. Liebaert, very shortly after his speech—in which he made much of the check to the growth of the national debt—launched another public loan. It may be that the forthcoming new arrangements will include a funding of the Treasury's overdraft embodied in the National Bank's bill holding, thus giving the National Bank scope to buy Treasury bills if it so desires. It may be too that an effective relaxation of the cover coefficient is contemplated, so that the banks may be enabled to choose their own maturities when deciding what to do with depositors' money. These are two possibilities ; and it is difficult to see how either could be usefully attempted without the other.

It seems, then, that there is a real possibility that Belgian banking will now be freed from its strait-jacket, and that the financial system will be reformed to enable the franc to maintain its status by orthodox means. It does not, however, necessarily follow that M. Liebaert, if he contemplates reforms on the lines he has seemed to imply, will necessarily be able to get them as far as the statute book. He is a liberal in a socialist-dominated Government, and he is a financial technician among laymen. Increased freedom for the banks may run counter to the ideas of his socialist colleagues, and his detailed proposals may fail to command approval if they are not fully understood. It was certainly surprising that so little of the scheme found a place in the Government's recent announcement of measures to counter the dangers of inflation. It would be a pity to have to conclude that this was because they were lacking in popular appeal.

Battle of the Bundesbank

BY A FRANKFURT CORRESPONDENT

THE forthright and independent policy pursued by the Bank deutscher Laender has won much admiration (and evoked not a little envy) among central bankers and their friends in other countries. Yet within Germany the Bank has long been under fire from a number of directions. Plans to replace the "Bank of German States" by a *Bundesbank* (Bank of the Federal Republic) have been under discussion for many years, and in the late summer the Government at last published its bill. This confirmed the fears of many of the staunch advocates of continued autonomy of the bank vis-a-vis the Federal Government, and also threatened to diminish the influence of the States. Last month, indeed, the Government's bill was rejected by the *Bundesrat*—the second chamber that represents the State governments.

The Bank deutscher Laender was established in March, 1948, by the Western occupation powers. There was at that time no central government in Western Germany ; the federal structure of the central banking system resulted primarily from the desire of the US authorities to introduce a principle resembling that of their own Federal Reserve System, thus ensuring an adequate "deconcentration" of power. Central banks were set up in each of the eleven States or *Lands* (subsequently reduced to nine), and these provided the capital and the board of directors (*Zentralbankrat*) of a central institution at Frankfurt. However, the German Parliamentary Council convened in September, 1948, to draw up the constitution quickly expressed its desire to amend the central banking system established by the Allies. Accordingly the Basic Law for the Federal Republic incorporated a provision requiring the legislature to "establish a Bank of Currency and Issue as a *Bundesbank*."

★

Towards the end of 1952 the Federal Cabinet approved a draft Federal Bank law prepared by the Ministry of Finance. As a general principle the draft provided for the retention of the federal system. The Minister of Finance, Herr Schaeffer, was not anxious to take over the large unredeemable equalisation claims given to the Land central banks in the course of the currency reform ; and a further pressure for a federal solution was provided by his Bavarian constituents. On the other hand, Herr Schaeffer's draft law would have established an influence on the part of the central government that could hardly be brought into line with the principle of independence of the central bank. Indeed, the plan originally envisaged an arbitration body which, with the Federal Chancellor in the chair, was to resolve any differences of opinion arising between the Government and the Bank.

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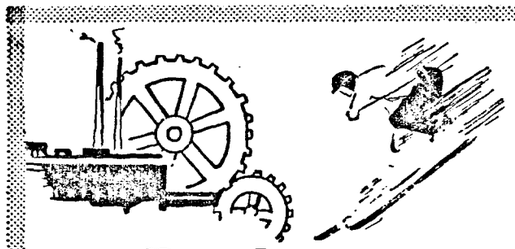

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It was public knowledge that this plan, which was approved by the *Bundesrat*, was strongly opposed by Professor Erhard, the Minister for Economics, to whom responsibility for monetary policy had repeatedly been granted by the *Bundestag* (the chamber of deputies). Dr Erhard was at once anxious to maintain the independence of the central bank and to move towards a more centralised system. The alternative draft prepared by his Ministry was not put to the vote in the Cabinet, but a similar draft was placed before the *Bundestag* by the Free Democratic party. This provided for a centralised system that in many respects was reminiscent of the structure of the former Reichsbank. By the time the two competing plans came before the *Bundestag* in 1953, the Parliamentary term was nearing its end, and both drafts were shelved.

Since then, the centre of controversy in the debate has moved from the issue of the structure of the new central bank to that of its status. The relationship between the German Government and the Bank deutscher Laender is legally as follows:

> The Bank deutscher Laender shall be bound to give due consideration to the general economic policy of the Federal Government, and to support such policy within the scope of its [the Bank's] task.

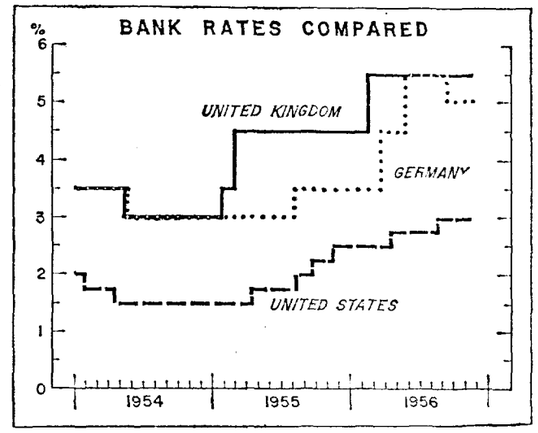
The Minister of Finance and the Minister for Economics, or their permanent deputies, are entitled to take part in the meetings of the board of directors of the Bank, as representatives of the Government. They may also request the convention of a meeting. They hold no vote, but may propose motions. And if one of the Government's representatives should hold that a resolution proposed by the Board of the Bank is in conflict with the general economic policy of the Federal Government, he may demand suspension of the resolution for a period not exceeding eight days.

★

These well-balanced provisions have enabled the Bank, under the vigorous leadership of Dr Vocke, to follow consistently and irrespective of political pressures its task of maintaining the stability of the currency. In this the Bank has been highly successful, to the evident benefit of the German economy. But in the process the Bank has clashed openly with the Government.

A certain tension first made its appearance about a year ago, when full employment had been almost reached and additional expenditures on armaments and social services seemed imminent. It was no longer possible to contain the demands by further expansion, until then so much favoured by Dr Erhard; and both he and Herr Schaeffer agreed with the Bank deutscher Laender that a shift in cyclical policy had become imperative. The two Ministers and the Bank closed their ranks; for in many other quarters—in the Cabinet, in trade and industry, in trade unions—the necessity of applying the brakes was not recognised. Many people could not easily accept the fact that the miracle of extraordinary increases in production had run its course.

In early March this year the Bank Deutscher Laender duly raised the re-discount rate from 3½ to 4½ per cent. In May, it made a further increase to 5½ per cent. In a speech delivered in public shortly afterwards, Dr Adenauer sharply criticised the increase and disclaimed the sanction of the two Ministers in whose presence the Bank had taken its decision.



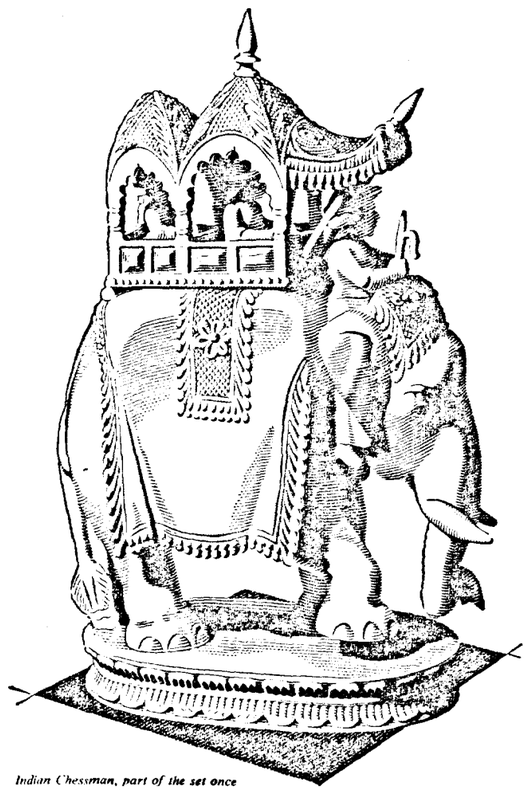
The Bank, protected in its independence by reference to its constitution — Dr Adenauer himself had described the Bank as "a law unto itself" — upheld its policy, which succeeded in slowing down the pace of the boom. By September, consequently, the Bank was able to feel satisfied that the state of the domestic economy permitted a reduction in the re-discount rate to 5 per cent, a reduction that was needed to check the large and unwanted inflow of foreign funds that began in the summer in response to rumours of an upvaluation of the deutschmark.

The recent conflict of opinion has naturally sharpened the controversy about the degree of influence to be accorded to the Government in the new central bank. A few months ago a new draft was submitted to the Cabinet by the Federal Ministry for Economics, which is now in charge of monetary and credit policy. The plan, formulated by the Government into a bill, is intended to be a compromise, making some concessions to the federalists.

This solution, however, is not satisfactory. It proposes a mammoth board of directors, comprising a central group appointed by the Federal Government and directors of what are to be more or less branch offices appointed by the *Bundesrat*. In the Bank deutscher Laender, it may be recalled, the directors of the board at Frankfurt are themselves the presidents of the Land banks, who are in turn appointed by the Land governments.

The Federal Government is thus now seeking to extend its influence over appointments in the central banking system; and in addition, it is seeking powers to offset a major instrument of the Bank's armoury—its open market operations. Under the bill, the central bank is given powers to purchase or sell Federal Treasury bills or bonds to a total of DM 4,000 million—but at the same time the Minister of Finance is empowered to transact reverse operations on the open market to a total of DM 2,000 million. The representatives of the central bank have strongly opposed the inclusion of this provision. Another feature of the plan that has met with considerable opposition from the Bank and from most financial circles is the provision for a marked increase in the ceiling on credit granted by the Bank to the State.

The deficiencies of the new draft, however, are at the moment not the main source of concern of bankers and the public; this is focused rather on the haste with which, now that next year's election campaign is already beginning to take shape and that the differences between Dr Erhard, Herr Schaeffer and Dr Adenauer are still apparent, the Government is trying to push the law through during the present sitting of Parliament. It is widely feared that the Chancellor may be inclined to draw the central bank closer into the



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political atmosphere of Bonn. Some observers maintain that the Chancellor desires in future to extend his right under the Basic Law, to determine "the directives of policy" to embrace action in the monetary field. This interpretation may be mistaken; but mistrust has recently been increased by the deletion from the draft law, at Dr Adenauer's request, of the provision that the legal seat of the central bank should continue to be at Frankfurt.

★

The long constitutional dispute about the degree of centralisation in the new central banking system is thus still rife; but the division of opinion is no longer clear-cut. Thus many centralists who also have the independence of the Bank at heart are today convinced that, in view of the political tension, the best course is to retain the existing central banking system, which, although federal in form, functions in practice as a centralised institution. While the commercial banking system deals exclusively through the Land banks, the operations of these banks—their re-discount rates, their minimum reserve requirements and their open market policy—follow strictly the lines laid down by the Bank deutscher Laender. And as the board of the central institution is made up by the presidents of the Land banks, there is little scope for friction. Many observers now hold, therefore, that discussion of the Federal Bank Law should be deferred until it can be kept reasonably free from political considerations.

When the *Bundesrat* recently rejected the Government's Bill in its present form it affirmed that, if necessary, it would not hesitate to bring the dispute before the Federal Constitutional Court. The Federal Government quickly retorted by repudiating the objections of the *Bundesrat*, declaring that the Basic Law prescribes a *Bundesbank*, and that in its opinion there is no need for the law to be approved by the federal chamber. Whatever the outcome of this conflict, the chances that the Bill may become law in the present Parliament seem to be diminishing.

In retrospect over this long debate, one remarkable element of progress is clearly discernible. The plan to restrict the independence of the central bank by the establishment of an arbitration body has been completely discarded, and none of the other original proposals curtailing the autonomy of the central bank has come up for further discussion, at least not in the open. It appears that in Germany today the independence of the Bank is generally accepted as both natural and desirable. The German nation, experienced as it is in inflations, knows that the stability of the currency is best assured only so long as the Bank is capable of acting of its own accord and is directed by independent and expert personalities. Indeed, the confidence that is today placed in the central bank by all sections of the population derives largely from the Bank's independence of action and its isolation from the whims of day-to-day politics. It is the strength of this foothold that the Bank deutscher Laender has gained in German public opinion and in the German press that provides the best safeguard that the Government will be forced in any new law to retain, openly, the status of autonomy for the new central bank.

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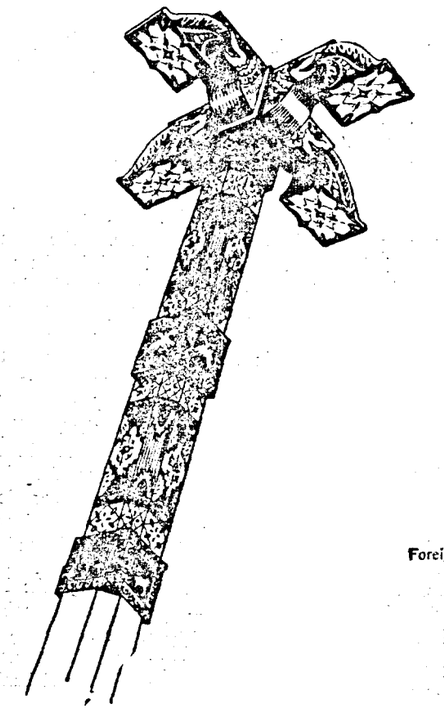

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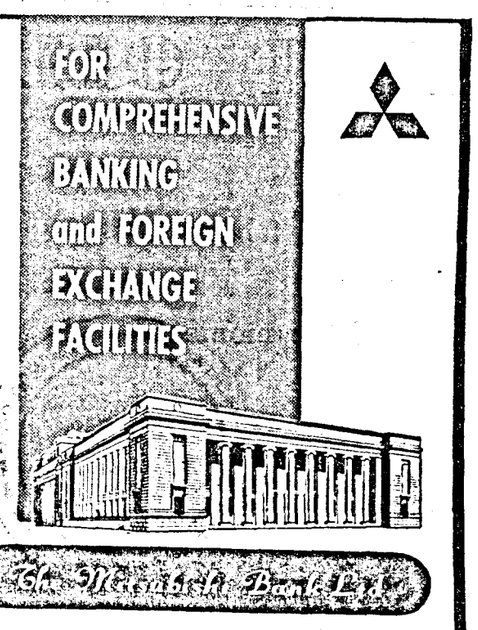

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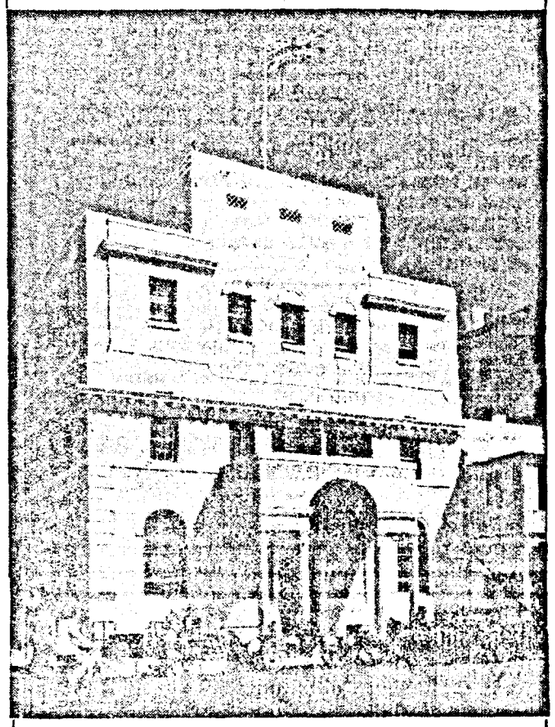

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Advances.....	24,83,29,000	24,44,64,000	32,10,97,000	34,11,02,000
Internal Business				
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(Drafts, Telegraphic Transfers, Mail Transfers Issued)				
Total Bills purchased and collected (Inland)	30,40,93,000	83,69,83,000	50,61,45,000	50,93,00,000
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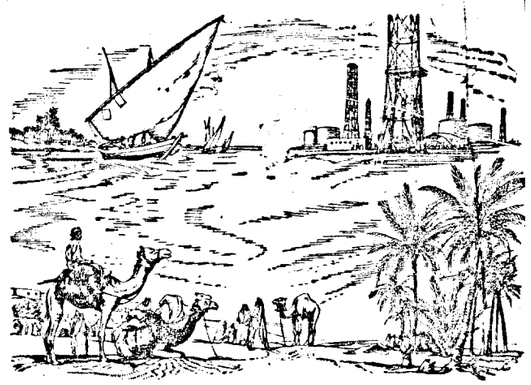

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